

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



FINANCIAL STATEMENT AUDIT
AS OF AND FOR THE TWO YEARS
ENDED JUNE 30, 2009 AND 2008
ISSUED DECEMBER 9, 2009

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 28, 2009

Independent Auditor's Report
on the Financial Statements

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the years ended June 30, 2009 and June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2009 and June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Temporary Legislative Auditor

MH:JR:EFS:PEP:dI

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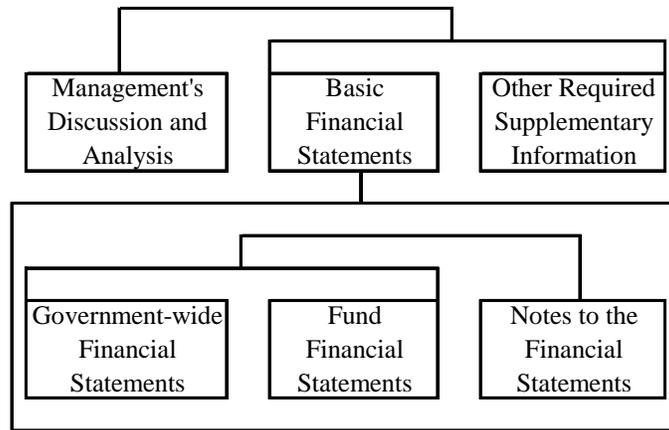
Management's Discussion and Analysis of the Louisiana Stadium and Exposition District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the years ended June 30, 2009 and June 30, 2008. This document focuses on the current year's 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 begins on page 12.

FINANCIAL HIGHLIGHTS

- The District's assets of business-type activities exceeded liabilities at the close of fiscal years 2009 and 2008 by \$308,382,886 and \$306,864,849, respectively. The net assets increased by \$1,518,037 (.5%) during fiscal year 2009. The liabilities of governmental activities exceeded assets at the close of fiscal years 2009 and 2008 by \$230,073,732 and \$229,393,546, respectively. The net assets of governmental activities decreased by \$680,186 (.3%) during fiscal year 2009.
- The District's operating and nonoperating revenue of business-type activities increased by \$19,283,040 (29%) and operating and nonoperating expenses of business-type activities decreased by \$6,974,550 (8%).
 - a. Revenue increases are a result of funding from the State of Louisiana to cover operating shortfall and increases in slot revenues.
 - b. The decrease of \$6,974,550 in operating and nonoperating business activity is mainly due to no inducement payment to the Hornets (budgeted \$6,825,000) as they attained the benchmark outlined in their contract offset by payment for the purchase of the Tournament Players Club of Louisiana, Inc.
- The revenues of governmental activities decreased by \$1,783,705 (13%) and expenditures decreased by \$4,391,703 (34%). The decrease in revenue results mainly from the increased swap payments required for debt service. The decrease in expenses results mainly from decreased interest expense and auction fees due to purchase of Series A, B, and C of the District's bonds by the State of Louisiana.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

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

BASIC FINANCIAL STATEMENTS

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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

The District has two kinds of funds:

- Governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader of the financial statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- Proprietary funds, like government-wide statements, provide both long- and short-term financial information. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detailed and additional information such as cash flows.

FINANCIAL ANALYSIS OF THE ENTITY

Net Assets
As of June 30, 2009, 2008, and 2007
(in thousands)

	2009	2008	2007
Current and other assets	\$67,546	\$65,668	\$80,640
Capital assets	340,637	346,685	347,518
Total assets	<u>408,183</u>	<u>412,353</u>	<u>428,158</u>
Other liabilities	49,072	55,036	43,429
Long-term debt outstanding	280,802	279,846	278,890
Total liabilities	<u>329,874</u>	<u>334,882</u>	<u>322,319</u>
Net assets:			
Invested in capital assets, net of debt	63,515	73,313	103,364
Restricted	29,633	15,946	13,759
Unrestricted	(14,839)	(11,788)	(11,284)
Total net assets	<u>\$78,309</u>	<u>\$77,471</u>	<u>\$105,839</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Changes in Net Assets
For the Years Ended June 30, 2009, 2008, and 2007
(in thousands)

	2009	2008	2007
REVENUES			
Program revenues:			
Charges for services	\$35,244	\$34,293	\$22,530
Grants and contributions	19,524	10,563	75,922
General revenues:			
Hotel occupancy taxes	30,805	33,639	29,557
State appropriations	20,446	7,383	
Players' tax	4,200	1,531	1,007
Pari-Mutuel Live Racing Facility Slots	2,642	992	
Investment earnings	711	2,237	3,039
Total revenues	<u>113,572</u>	<u>90,638</u>	<u>132,055</u>
PROGRAM EXPENSES			
Interest on long-term debt	11,196	12,802	6,903
Facility operation	101,466	106,204	72,471
Total expenses	<u>112,662</u>	<u>119,006</u>	<u>79,374</u>
Loss on disposal of capital assets	72	NONE	NONE
INCREASE (Decrease) IN NET ASSETS	<u>\$838</u>	<u>(\$28,368)</u>	<u>\$52,681</u>

The District's total revenues increased from 2008 to 2009 by \$22,933,990 (25%). The total cost of all programs and services decreased by \$6,343,672 (5%). The increase in total revenues is due primarily to state appropriations to cover shortfall of the District. The decrease in cost of programs and services results from decreased inducement payments to professional sports teams.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009 and 2008, the District has \$340,637,240 and \$346,685,440, respectively, invested in capital assets, net of accumulated depreciation of \$98,934,957 and \$75,105,860, respectively, including land, buildings and improvements, and furniture and fixtures and equipment.

(in thousands)

	2009	2008	2007
Land	\$13,944	\$13,944	\$13,944
Buildings and improvements	302,229	316,447	266,043
Furniture and fixtures and equipment	9,824	9,371	5,105
Construction-in-progress	14,640	6,923	62,426
Total	\$340,637	\$346,685	\$347,518

Debt

The District has \$294,325,000 in revenue bonds outstanding at June 30, 2009 and June 30, 2008. During the year ended June 30, 2006, the District issued Series 2006A, 2006B, 2006C, and 2006D bonds totaling \$294,325,000 for the purposes of refunding the District's existing debt, providing funds for enhancements to the Louisiana Superdome, and providing working capital for the District's operations. During the years ended June 30, 2009 and June 30, 2008, the District was not required to make debt service payments on the Series 2006 bonds. The District's 2006 Series A, Series B, and Series C bonds carried a AAA rating at June 30, 2007. In July 2008, Moody's Investors Service assigned the Baa3 rating on the bonds. The District's 2006 Series D bonds are not rated.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Staffing requirements and operating expenses due to the Louisiana Superdome and Arena 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 obligation to sports teams

The District has incurred operating gains and losses for fiscal years ended June 30, 2009 and June 30, 2008, respectively. During fiscal years 2009 and 2008, the District's net assets increased \$837,851 and decreased \$28,368,105, respectively. The decrease in 2008 was primarily due to decreased capital appropriations for construction projects that were substantially completed during the year, increased operations, increased depreciation, and increased inducement payments to sports franchises. Current projections by management of the District indicate that losses are anticipated in future years because of increased interest expense and contractual obligations to sports teams.

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

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

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

Statement of Net Assets, June 30, 2009 and June 30, 2008

	2009		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents (note 2)	\$14,233,845	\$20,446,295	\$34,680,140
Accounts receivable (net)		1,264,725	1,264,725
Due from State of Louisiana (note 3)	2,000,000	16,010,038	18,010,038
Due from other funds (note 4)			
Inventory of materials and supplies		150,131	150,131
Prepaid expenses		41,367	41,367
Restricted assets: (notes 2 and 9)			
Working capital account - cash		3,624,327	3,624,327
Renewal and Replacement Reserve Account - cash and cash equivalents		5,905,549	5,905,549
Economic Development Fund Account - cash and cash equivalents		9,819	9,819
New Orleans Area Tourism and Economic Development Fund - cash and cash equivalents			
Community Development Block Grant - cash and cash equivalents			
Construction and Operations Trust Account - cash and equivalents			
Concessionaire Fund - receivable		360,044	360,044
Deferred inducement - entertainment district construction (note 15)		3,500,000	3,500,000
Capital assets, net of accumulated depreciation (note 5)	30,815,104	309,822,136	340,637,240
Total assets	<u>47,048,949</u>	<u>361,134,431</u>	<u>408,183,380</u>
LIABILITIES			
Accounts payable and accrued expenses		23,156,049	23,156,049
Payable to SMG		1,000,228	1,000,228
Payable to Saints		1,100,000	1,100,000
Due to other funds (note 4)			
Saints inducements payable (note 15)		8,692,517	8,692,517
Deferred revenue and security deposits		31,065	31,065
Compensated absences (note 1-J)		301,614	301,614
Advance deposits on future events		10,700,072	10,700,072

(Continued)

The accompanying notes are an integral part of this statement.

Statement A

2008		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
\$10,524,164	\$15,898,503	\$26,422,667
	331,800	331,800
2,000,000	33,281,691	35,281,691
335,162		335,162
	151,531	151,531
	58,415	58,415
	1,028,282	1,028,282
	1,760,288	1,760,288
	9,733	9,733
	111,525	111,525
	2,135	2,135
	174,723	174,723
<u>31,119,027</u>	<u>315,566,413</u>	<u>346,685,440</u>
<u>43,978,353</u>	<u>368,375,039</u>	<u>412,353,392</u>
	23,373,464	23,373,464
	1,990,774	1,990,774
	335,162	335,162
	19,645,010	19,645,010
	299,873	299,873
	8,095,907	8,095,907

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
Statement of Net Assets, June 30, 2009 and June 30, 2008

	2009		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
LIABILITIES (CONT.)			
Accrued bond interest payable	\$3,820,346		\$3,820,346
Advance from State of Louisiana (note 17)		\$270,000	270,000
Noncurrent liabilities:			
Due in more than one year:			
Bonds payable (note 6), reported net of unamortized issuance and escrow costs of \$21,022,665 (2009) and \$21,978,863 (2008)	273,302,335		273,302,335
Note payable (note 18)		7,500,000	7,500,000
Total liabilities	<u>277,122,681</u>	<u>52,751,545</u>	<u>329,874,226</u>
NET ASSETS			
Invested in capital assets, net of related debt	(246,307,577)	309,822,136	63,514,559
Restricted for:			
Debt service	16,233,837		16,233,837
Capital projects	8		8
Working capital		3,624,327	3,624,327
Renewal and replacement		5,905,549	5,905,549
Economic development		9,819	9,819
Community Development Block Grant New Orleans Area Tourism and Economic Development Fund			
Concessionaire reserve		360,044	360,044
Deferred inducement - entertainment district construction deposit		3,500,000	3,500,000
Unrestricted		<u>(14,838,989)</u>	<u>(14,838,989)</u>
TOTAL NET ASSETS	<u><u>(\$230,073,732)</u></u>	<u><u>\$308,382,886</u></u>	<u><u>\$78,309,154</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement A

2008		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
\$1,025,762		\$1,025,762
	\$270,000	270,000
272,346,137		272,346,137
	7,500,000	7,500,000
<u>273,371,899</u>	<u>61,510,190</u>	<u>334,882,089</u>
(242,252,872)	315,566,413	73,313,541
12,859,318		12,859,318
8		8
	1,028,282	1,028,282
	1,760,288	1,760,288
	9,733	9,733
	2,135	2,135
	111,525	111,525
	174,723	174,723
	<u>(11,788,250)</u>	<u>(11,788,250)</u>
<u>(\$229,393,546)</u>	<u>\$306,864,849</u>	<u>\$77,471,303</u>

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

**Statement of Activities
For the Year Ended June 30, 2009**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>	
		<u>CHARGES FOR SERVICES</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
Governmental activities:			
Facility operation	\$1,415,621		
Interest on bonds	11,196,562		
Total governmental activities	12,612,183	NONE	NONE
Business-type activities - facility operation	100,050,164	\$35,243,657	\$19,524,293
TOTAL	\$112,662,347	\$35,243,657	\$19,524,293
General revenues:			
Taxes: (note 9)			
Hotel occupancy taxes, levied for general purposes			
Hotel occupancy taxes, levied for debt service			
State appropriations			
Players' tax			
Pari-Mutuel Live Racing Facility Slots			
Unrestricted investment earnings			
Transfers in (out)			
Loss on disposal of capital assets			
Total general revenues and transfers			
Change in net assets			
NET ASSETS, BEGINNING OF YEAR, RESTATED (note 21)			
TOTAL NET ASSETS, END OF YEAR			

(Continued)

The accompanying notes are an integral part of this statement.

Statement B

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
(\$1,415,621)		(\$1,415,621)
(11,196,562)		(11,196,562)
(12,612,183)	NONE	(12,612,183)
NONE	(\$45,282,214)	(45,282,214)
(12,612,183)	(45,282,214)	(57,894,397)
	18,898,311	18,898,311
11,906,883		11,906,883
	20,445,956	20,445,956
	4,199,856	4,199,856
	2,642,291	2,642,291
388,105	322,552	710,657
(362,991)	362,991	
	(71,706)	(71,706)
11,931,997	46,800,251	58,732,248
(680,186)	1,518,037	837,851
(229,393,546)	306,864,849	77,471,303
(\$230,073,732)	\$308,382,886	\$78,309,154

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
Statement of Activities
For the Year Ended June 30, 2008

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>	
		<u>CHARGES FOR SERVICES</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
Governmental activities:			
Facility operation	\$1,700,675		
Interest on bonds	12,802,224		
Total governmental activities	14,502,899	NONE	NONE
Business-type activities - facility operation	104,503,120	\$34,292,958	\$10,562,999
TOTAL	\$119,006,019	\$34,292,958	\$10,562,999

General revenues:

- Taxes: (note 9)
 - Hotel occupancy taxes, levied for general purposes
 - Hotel occupancy taxes, levied for debt service
- State appropriations
- Players' tax
- Pari-Mutuel Live Racing Facility Slots
- Unrestricted investment earnings
- Transfers in (out)
 - Total general revenues and transfers

Change in net assets

NET ASSETS, BEGINNING OF YEAR

TOTAL NET ASSETS, END OF YEAR

(Continued)

The accompanying notes are an integral part of this statement.

Statement B

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
(\$1,700,675)		(\$1,700,675)
(12,802,224)		(12,802,224)
(14,502,899)	NONE	(14,502,899)
NONE	(\$59,647,163)	(59,647,163)
(14,502,899)	(59,647,163)	(74,150,062)
	21,357,652	21,357,652
12,281,468		12,281,468
	7,382,786	7,382,786
	1,531,228	1,531,228
	991,461	991,461
1,797,225	440,137	2,237,362
(26,179,371)	26,179,371	
(12,100,678)	57,882,635	45,781,957
(26,603,577)	(1,764,528)	(28,368,105)
(202,789,969)	308,629,377	105,839,408
(\$229,393,546)	\$306,864,849	\$77,471,303

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

GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2009 and June 30, 2008

	2009		
	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents (note 2)	\$14,233,837	\$8	\$14,233,845
Due from State of Louisiana (note 3)	2,000,000		2,000,000
Due from other funds (note 4)			
TOTAL ASSETS	\$16,233,837	\$8	\$16,233,845
LIABILITIES AND FUND BALANCES			
Liabilities	NONE	NONE	NONE
Fund balance reserved for:			
Debt service	\$16,233,837		\$16,233,837
Capital projects		\$8	8
Total fund balance	16,233,837	8	16,233,845
TOTAL LIABILITIES AND FUND BALANCES	\$16,233,837	\$8	\$16,233,845
Total fund balances, as presented in this statement			\$16,233,845
Amounts presented for governmental activities in the Statement of Net Assets are different because:			
Accrued bond interest is reported in the Statement of Net Assets but is not due and payable in the current period and therefore is not reported as a liability of the fund balance sheet.			(3,820,346)
Long-term liabilities are reported in the Statement of Net Assets but are not due and payable in the current period and therefore are not reported as liabilities of the fund balance sheet.			(273,302,335)
Capital assets reported in the Statement of Net Assets are not financial resources.			30,815,104
NET ASSETS OF GOVERNMENTAL ACTIVITIES			(\$230,073,732)

The accompanying notes are an integral part of this statement.

Statement C

2008		
DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
\$10,524,156	\$8	\$10,524,164
2,000,000		2,000,000
335,162		335,162
<u>\$12,859,318</u>	<u>\$8</u>	<u>\$12,859,326</u>
NONE	NONE	NONE
\$12,859,318		\$12,859,318
	\$8	8
<u>12,859,318</u>	<u>8</u>	<u>12,859,326</u>
<u>\$12,859,318</u>	<u>\$8</u>	<u>\$12,859,326</u>
		\$12,859,326
		(1,025,762)
		(272,346,137)
		<u>31,119,027</u>
		<u>(\$229,393,546)</u>

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

GOVERNMENTAL FUNDS

**Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Years Ended June 30, 2009 and June 30, 2008

	2009		
	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Hotel occupancy tax (note 9)	\$11,906,883		\$11,906,883
Interest earnings	388,105		388,105
Total revenues	<u>12,294,988</u>	NONE	<u>12,294,988</u>
EXPENDITURES			
Capital outlay		\$615,273	615,273
Debt service:			
Interest	7,445,780		7,445,780
Other	496,425		496,425
Total expenditures	<u>7,942,205</u>	<u>615,273</u>	<u>8,557,478</u>
Excess (deficiency) of revenues over expenditures	<u>4,352,783</u>	<u>(615,273)</u>	<u>3,737,510</u>
OTHER FINANCING SOURCES (Uses)			
Transfers in		615,273	615,273
Transfers out	(978,264)		(978,264)
Total other financing sources (uses)	<u>(978,264)</u>	<u>615,273</u>	<u>(362,991)</u>
Net change in fund balances	3,374,519	NONE	3,374,519
Fund balances at beginning of year	<u>12,859,318</u>	<u>8</u>	<u>12,859,326</u>
Fund balances at end of year	<u><u>\$16,233,837</u></u>	<u><u>\$8</u></u>	<u><u>\$16,233,845</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement D

2008		
DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
\$12,281,468		\$12,281,468
1,797,225		1,797,225
<u>14,078,693</u>	NONE	<u>14,078,693</u>
	\$1,335,790	1,335,790
10,820,264		10,820,264
793,127		793,127
<u>11,613,391</u>	<u>1,335,790</u>	<u>12,949,181</u>
<u>2,465,302</u>	<u>(1,335,790)</u>	<u>1,129,512</u>
	1,335,790	1,335,790
<u>(27,515,161)</u>		<u>(27,515,161)</u>
<u>(27,515,161)</u>	<u>1,335,790</u>	<u>(26,179,371)</u>
(25,049,859)	NONE	(25,049,859)
<u>37,909,177</u>	<u>8</u>	<u>37,909,185</u>
<u>\$12,859,318</u>	<u>\$8</u>	<u>\$12,859,326</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Years Ended June 30, 2009 and June 30, 2008

	2009		
	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Net change in fund balances, as presented in this statement			\$3,374,519
Amounts presented for governmental activities in the Statement of Activities are different because:			
Governmental funds report interest expense on bonds only when the expense is due for payment while the Statement of Activities reports bond interest as it is incurred.			(2,794,584)
Governmental funds do not include amortization expense for bonds, escrow and issuance costs.			(956,198)
Governmental funds report the acquisition of capital assets as expenditures of the period in which the asset is acquired, but this amount is reported as capital assets and depreciated each period in the government-wide financial statements. This is the amount by which depreciation (\$919,196) exceeded capital outlay (\$615,273) in the current period (2009) and by which capital outlay (\$1,335,790) exceeded depreciation (\$907,548) in the prior period (2008).			(303,923)
Change in net assets of governmental activities as reported on the Statement of Activities			(\$680,186)

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

2008		
<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
		(\$25,049,859)
		(1,025,762)
		(956,198)
		<u>428,242</u>
		<u><u>(\$26,603,577)</u></u>

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

PROPRIETARY FUNDS

Balance Sheet, June 30, 2009 and June 30, 2008

	JUNE 30, 2009		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
ASSETS			
Current assets:			
Cash and cash equivalents (note 2)	\$15,586,158	\$4,860,137	\$20,446,295
Accounts receivable	1,073,403	191,322	1,264,725
Due from State of Louisiana (note 3)	15,150,854	859,184	16,010,038
Due from other fund	3,036,860		3,036,860
Inventory	99,459	50,672	150,131
Prepaid expenses	38,383	2,984	41,367
Total current assets	<u>34,985,117</u>	<u>5,964,299</u>	<u>40,949,416</u>
Restricted assets: (notes 2 and 9)			
Working Capital Account - cash	3,624,327		3,624,327
Renewal and Replacement Reserve Account - cash and cash equivalents	5,426,408	479,141	5,905,549
Economic Development Fund Account - cash and cash equivalents	9,819		9,819
Community Development Block Grant - cash and cash equivalents			
New Orleans Area Tourism and Economic Development Fund - cash and cash equivalents			
Concessionaire Fund - receivable		360,044	360,044
Deferred inducement - entertainment district construction	3,500,000		3,500,000
Total restricted assets	<u>12,560,554</u>	<u>839,185</u>	<u>13,399,739</u>
Capital assets, net of accumulated depreciation (note 5)	<u>227,840,766</u>	<u>81,981,370</u>	<u>309,822,136</u>
TOTAL ASSETS	<u><u>\$275,386,437</u></u>	<u><u>\$88,784,854</u></u>	<u><u>\$364,171,291</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement E

JUNE 30, 2008		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$11,206,296	\$4,692,207	\$15,898,503
293,330	38,470	331,800
33,052,322	229,369	33,281,691
3,600,000		3,600,000
93,343	58,188	151,531
54,074	4,341	58,415
<u>48,299,365</u>	<u>5,022,575</u>	<u>53,321,940</u>
1,028,282		1,028,282
803,917	956,371	1,760,288
9,733		9,733
2,135		2,135
111,525		111,525
	174,723	174,723
<u>1,955,592</u>	<u>1,131,094</u>	<u>3,086,686</u>
<u>228,948,206</u>	<u>86,618,207</u>	<u>315,566,413</u>
<u>\$279,203,163</u>	<u>\$92,771,876</u>	<u>\$371,975,039</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Balance Sheet, June 30, 2009 and June 30, 2008

	JUNE 30, 2009		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$18,029,936	\$5,126,113	\$23,156,049
Payable to SMG	615,228	385,000	1,000,228
Payable to Saints	1,100,000		1,100,000
Saints inducements payable (note 15)	7,833,333	859,184	8,692,517
Deferred revenue and security deposits	31,065		31,065
Compensated absences (note 1-J)	259,875	41,739	301,614
Funds held in escrow for future events	6,967,680	3,732,392	10,700,072
Advance from State of Louisiana (note 17)		270,000	270,000
Due to other fund		3,036,860	3,036,860
Total current liabilities	<u>34,837,117</u>	<u>13,451,288</u>	<u>48,288,405</u>
Noncurrent liabilities - note payable (note 18)	7,500,000	NONE	7,500,000
Total liabilities	<u>42,337,117</u>	<u>13,451,288</u>	<u>55,788,405</u>
NET ASSETS			
Invested in capital assets, net of related debt	227,840,766	81,981,370	309,822,136
Restricted	12,560,554	839,185	13,399,739
Unrestricted	(7,352,000)	(7,486,989)	(14,838,989)
Total net assets	<u>233,049,320</u>	<u>75,333,566</u>	<u>308,382,886</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$275,386,437</u></u>	<u><u>\$88,784,854</u></u>	<u><u>\$364,171,291</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement E

JUNE 30, 2008		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$11,765,900	\$11,607,564	\$23,373,464
1,589,314	401,460	1,990,774
19,645,010		19,645,010
263,842	36,031	299,873
4,999,477	3,096,430	8,095,907
	270,000	270,000
335,162	3,600,000	3,935,162
38,598,705	19,011,485	57,610,190
7,500,000	NONE	7,500,000
46,098,705	19,011,485	65,110,190
228,948,206	86,618,207	315,566,413
1,955,592	1,131,094	3,086,686
2,200,660	(13,988,910)	(11,788,250)
233,104,458	73,760,391	306,864,849
<u>\$279,203,163</u>	<u>\$92,771,876</u>	<u>\$371,975,039</u>

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

PROPRIETARY FUNDS

Statement of Revenues, Expenses, and

Changes in Fund Net Assets

For the Years Ended June 30, 2009 and June 30, 2008

	JUNE 30, 2009		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
OPERATING REVENUES			
Event rental:			
Football	\$1,125,500	\$80,000	\$1,205,500
Basketball		75,316	75,316
Conventions and trade shows	284,568		284,568
High school sports	67,478		67,478
Musical events and entertainment	333,500	1,416,391	1,749,891
Other events	203,848	70,000	273,848
Reimbursement event costs	4,919,786	4,348,842	9,268,628
Total event rental	6,934,680	5,990,549	12,925,229
Parking	2,422,731	1,232,818	3,655,549
Concessions	4,976,225	4,195,525	9,171,750
Box suite rental	6,422,211	1,002,622	7,424,833
Advertising and broadcasting	60,704		60,704
Commercial office rental	400,251		400,251
Land rental	188,272		188,272
Ticket incentive	293,676	672,984	966,660
Other	182,098	268,311	450,409
Total operating revenues	21,880,848	13,362,809	35,243,657
OPERATING EXPENSES			
Salaries, wages, and benefits	8,438,292	2,436,684	10,874,976
Utilities	3,796,615	1,458,269	5,254,884
Repairs and maintenance	1,338,851	380,592	1,719,443
Management fee - SMG (note 13)	980,839	420,360	1,401,199
Marketing Fund contribution	1,100,000		1,100,000
Saints lease inducement payments (note 15)	11,190,532		11,190,532
Other inducement payments (note 16)		3,509,067	3,509,067
Professional fees	1,821,637	99,733	1,921,370
Professional sports staffing	1,108,008	1,391,851	2,499,859
Insurance	3,620,005	1,207,747	4,827,752
Direct event expense	4,230,246	4,863,209	9,093,455
Advertising and public relations	35,628	30,830	66,458
Rent		326,500	326,500
Other operating expenses	1,752,344	732,118	2,484,462
Total operating expenses	39,412,997	16,856,960	56,269,957

(Continued)

The accompanying notes are an integral part of this statement.

Statement F

JUNE 30, 2008		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$1,200,000	\$145,394	\$1,345,394
	133,364	133,364
351,655		351,655
74,001		74,001
228,000	1,157,321	1,385,321
329,100	91,000	420,100
4,096,434	3,270,160	7,366,594
6,279,190	4,797,239	11,076,429
2,324,589	1,377,786	3,702,375
6,802,066	3,390,393	10,192,459
5,757,683	739,310	6,496,993
112,854		112,854
329,169		329,169
205,388		205,388
252,704	826,322	1,079,026
949,607	148,658	1,098,265
23,013,250	11,279,708	34,292,958
8,561,021	2,052,940	10,613,961
4,754,619	1,727,136	6,481,755
1,478,660	408,012	1,886,672
936,739	401,460	1,338,199
1,100,000		1,100,000
11,170,002		11,170,002
	3,642,952	3,642,952
986,765	225,548	1,212,313
4,452,076	1,249,016	5,701,092
4,319,841	4,449,012	8,768,853
532,840	248,934	781,774
2,696,865	838,009	3,534,874
40,989,428	15,243,019	56,232,447

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Years Ended June 30, 2009 and June 30, 2008

	JUNE 30, 2009		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
Operating loss before depreciation	(\$17,532,149)	(\$3,494,151)	(\$21,026,300)
Depreciation	16,703,370	6,240,969	22,944,339
Operating loss	(34,235,519)	(9,735,120)	(43,970,639)
NONOPERATING REVENUE (Expenses)			
Hotel occupancy tax (note 9)	18,898,311		18,898,311
Interest revenue	282,510	40,042	322,552
State appropriations	20,445,956		20,445,956
Other Saints inducements (note 15)	(18,728,700)		(18,728,700)
Other Hornets inducements (note 16)		(994,945)	(994,945)
Pari-Mutuel Live Racing Facility Slots	2,642,291		2,642,291
State grants		358,589	358,589
FEMA	4,697,889		4,697,889
Other expenses	(1,112,223)		(1,112,223)
Players' tax	3,340,672	859,184	4,199,856
Loss on disposal of capital assets	(62,887)	(8,819)	(71,706)
Total nonoperating revenue (expenses)	30,403,819	254,051	30,657,870
Gain (loss) before transfers	(3,831,700)	(9,481,069)	(13,312,769)
Transfers in		11,054,244	11,054,244
Transfers (out)	(10,691,253)		(10,691,253)
Net transfers	(10,691,253)	11,054,244	362,991
Capital contributions	14,467,815	NONE	14,467,815
Change in net assets	(55,138)	1,573,175	1,518,037
Net assets, beginning of year, restated (note 21)	233,104,458	73,760,391	306,864,849
NET ASSETS, END OF YEAR	\$233,049,320	\$75,333,566	\$308,382,886

(Concluded)

The accompanying notes are an integral part of this statement.

Statement F

JUNE 30, 2008		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
(\$17,976,178)	(\$3,963,311)	(\$21,939,489)
14,556,510	5,794,529	20,351,039
<u>(32,532,688)</u>	<u>(9,757,840)</u>	<u>(42,290,528)</u>
21,357,652		21,357,652
320,242	119,895	440,137
7,382,786		7,382,786
(18,775,784)		(18,775,784)
	(9,143,850)	(9,143,850)
991,461		991,461
731,561	229,369	960,930
568,909		568,909
1,192,705	338,523	1,531,228
<u>13,769,532</u>	<u>(8,456,063)</u>	<u>5,313,469</u>
<u>(18,763,156)</u>	<u>(18,213,903)</u>	<u>(36,977,059)</u>
19,970,611	6,650,674	26,621,285
(441,914)		(441,914)
<u>19,528,697</u>	<u>6,650,674</u>	<u>26,179,371</u>
<u>8,760,836</u>	<u>272,324</u>	<u>9,033,160</u>
9,526,377	(11,290,905)	(1,764,528)
<u>223,578,081</u>	<u>85,051,296</u>	<u>308,629,377</u>
<u>\$233,104,458</u>	<u>\$73,760,391</u>	<u>\$306,864,849</u>

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

PROPRIETARY FUNDS

Statement of Cash Flows

For the Years Ended June 30, 2009 and June 30, 2008

	JUNE 30, 2009		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$21,100,775	\$13,024,636	\$34,125,411
Payments to suppliers	(30,511,551)	(19,736,871)	(50,248,422)
Payments for salaries and related expenses	(8,653,396)	(2,547,097)	(11,200,493)
Net cash (used) by operating activities	<u>(18,064,172)</u>	<u>(9,259,332)</u>	<u>(27,323,504)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Players' tax	2,987,973		2,987,973
Other Hornets inducements		(135,761)	(135,761)
Operating grants/transfers	(8,398,221)	10,658,702	2,260,481
Tax revenue	19,436,106		19,436,106
State appropriations	26,795,956		26,795,956
Other Saints inducements	(14,395,367)		(14,395,367)
Net cash provided by noncapital financing activities	<u>26,426,447</u>	<u>10,522,941</u>	<u>36,949,388</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital appropriations	4,697,889		4,697,889
Purchases of capital assets	(1,857,850)	(1,612,951)	(3,470,801)
Net cash provided (used) by capital and related financing activities	<u>2,840,039</u>	<u>(1,612,951)</u>	<u>1,227,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	282,510	40,042	322,552
Net cash provided by investing activities	<u>282,510</u>	<u>40,042</u>	<u>322,552</u>
Net increase (decrease) in cash and cash equivalents	11,484,824	(309,300)	11,175,524
Cash and cash equivalents, beginning of year	13,161,888	5,648,578	18,810,466
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$24,646,712</u></u>	<u><u>\$5,339,278</u></u>	<u><u>\$29,985,990</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement G

JUNE 30, 2008		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
\$23,298,328	\$11,519,597	\$34,817,925
(37,752,628)	(11,749,284)	(49,501,912)
(8,372,538)	(1,942,727)	(10,315,265)
<u>(22,826,838)</u>	<u>(2,172,414)</u>	<u>(24,999,252)</u>
1,192,705	338,523	1,531,228
	(2,774,191)	(2,774,191)
18,950,726	6,650,674	25,601,400
21,875,288		21,875,288
1,032,786		1,032,786
<u>(25,054,580)</u>		<u>(25,054,580)</u>
<u>17,996,925</u>	<u>4,215,006</u>	<u>22,211,931</u>
4,086,167	272,324	4,358,491
<u>(4,933,845)</u>	<u>(1,157,481)</u>	<u>(6,091,326)</u>
<u>(847,678)</u>	<u>(885,157)</u>	<u>(1,732,835)</u>
320,242	119,895	440,137
<u>320,242</u>	<u>119,895</u>	<u>440,137</u>
(5,357,349)	1,277,330	(4,080,019)
<u>18,519,237</u>	<u>4,371,248</u>	<u>22,890,485</u>
<u>\$13,161,888</u>	<u>\$5,648,578</u>	<u>\$18,810,466</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Years Ended June 30, 2009 and June 30, 2008

	JUNE 30, 2009		
	ENTERPRISE FUNDS		
	LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating loss	(\$34,235,519)	(\$9,735,120)	(\$43,970,639)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	16,703,370	6,240,969	22,944,339
Changes in net assets and liabilities:			
(Increase) in restricted assets		(185,321)	(185,321)
(Increase) decrease in receivables	(780,073)	(152,852)	(932,925)
(Increase) decrease in inventory	(6,116)	7,516	1,400
Decrease in prepaid expenses	15,691	1,357	17,048
(Decrease) increase in accounts payable and accrued expenses	(844,202)	(6,497,911)	(7,342,113)
(Decrease) increase in deferred revenue	(126,037)	635,962	509,925
(Decrease) increase in due to other funds	(755,522)	420,360	(335,162)
Increase in funds held in escrow	1,968,203		1,968,203
(Decrease) increase in compensated absences	(3,967)	5,708	1,741
Net cash provided (used) by operating activities	<u>(\$18,064,172)</u>	<u>(\$9,259,332)</u>	<u>(\$27,323,504)</u>
NONCASH CAPITAL FINANCING ACTIVITIES			
State construction projects	<u>\$14,467,815</u>	<u>NONE</u>	<u>\$14,467,815</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement G

JUNE 30, 2008		
ENTERPRISE FUNDS		
LOUISIANA SUPERDOME	NEW ORLEANS ARENA	TOTAL
(\$32,532,688)	(\$9,757,840)	(\$42,290,528)
14,556,510	5,794,529	20,351,039
	(36,218)	(36,218)
285,078	276,107	561,185
(72,556)	(32,700)	(105,256)
4,656	373	5,029
(6,245,089)	378,199	(5,866,890)
125,006	1,199,121	1,324,127
335,162		335,162
634,223		634,223
82,860	6,015	88,875
<u>(\$22,826,838)</u>	<u>(\$2,172,414)</u>	<u>(\$24,999,252)</u>
<u>\$4,226,452</u>	<u>NONE</u>	<u>\$4,226,452</u>

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INTRODUCTION

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

The District does not allocate indirect costs.

D. FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

Proprietary Fund

Enterprise funds are used to account for activities (a) that are operated in a manner similar to private business, where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues include activities that have characteristics of exchange transactions, such as event rentals and concession sales. Nonoperating revenues result from nonexchange or ancillary activities. Operating expenses generally include transactions resulting from providing goods or services, such as payments to vendors for goods or services and payments for salaries, wages, and benefits. Nonoperating expenses include transactions resulting from inducement payments, remediation expenses, and losses on disposal of capital assets.

The District has two enterprise funds that are used to account for the operations of the Superdome and the Arena. The District has contracted with SMG to manage both facilities. Future enterprise funds may be established as various activities of the District are placed in operation.

E. BASIS OF ACCOUNTING

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

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

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

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

F. RESTRICTED ASSETS AND LIABILITIES

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

G. INVENTORIES

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

H. CAPITAL ASSETS

Capital assets acquired or constructed are recorded at cost. Donated capital assets are valued at estimated fair value on the date donated or contributed. Depreciation is charged to expense over the estimated useful lives of the assets and is determined using the straight-line method. Expenditures for maintenance and repairs which do not materially extend the useful life of the asset are charged to expense as incurred. Interest expense is capitalized during the construction period for long-term construction projects. For movable property, the District's capitalization policy includes all items with a unit cost of \$1,000 or more and an estimated useful life greater than one year. Buildings and improvements costing \$1,000 or more are capitalized.

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

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

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

I. REVENUE RECOGNITION

Event rentals, including advance deposits, are recognized as revenue in the period in which the event is held. Annual box suite rentals are recognized in the period earned. Unearned receipts for event rentals and box suite rentals are included in deferred revenue.

Revenues from the hotel occupancy tax are recognized in the month such amounts are collected by the hotel proprietors.

J. COMPENSATED ABSENCES

Under the Management Agreement with SMG, all employees engaged in managing and operating the Superdome and the Arena are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 30 days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union agreements. At the end of any fiscal year, an employee can carry forward no more than 192 hours in vacation, and upon termination, an employee is paid for 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to 15 days of vacation per year with no carryforward provision. The accumulated net provision by the District for unpaid vacation benefits due employees of SMG as of June 30, 2009 and June 30, 2008 was \$301,614 and \$299,873, respectively.

SMG employees earn six days per year of sick leave with no carryforward provision. Members of the Teamsters Union earn six days of sick leave per year which can be accumulated with no limit. Accumulated sick leave is not paid upon termination of employment; therefore, no liability has been recognized.

K. CASH FLOW INFORMATION

For the purpose of the statement of cash flows, the District considers all highly-liquid investments (including restricted assets) with a term of three months or less from maturity to be cash equivalents.

L. INTERFUND ACTIVITY

Interfund activity is reported as loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. During the year ended June 30, 2009, the Debt Service Fund transferred \$978,264 to the Proprietary Funds and the Proprietary Funds transferred \$615,273 to the Capital Projects Funds. For the year ended June 30, 2008, the Debt Service Fund transferred \$26,621,285 to the Proprietary Funds and \$893,876 to the Capital Projects Funds and the Proprietary Funds transferred \$441,914 to the Capital Projects Funds. 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.

2. CASH AND CASH EQUIVALENTS

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

maturities of three months or less. Cash and cash equivalents are recorded at cost, which approximates market. Cash and cash equivalents consist of the following at June 30, 2009 and June 30, 2008:

	2009		2008	
	Bank Balance	Book Balance	Bank Balance	Book Balance
Cash on hand		\$64,607		\$80,171
Demand deposits	\$28,913,526	29,921,391	\$16,308,253	3,418,931
Money market funds	14,233,837	14,233,837	5,286,348	5,286,349
Repurchase agreements			15,311,372	15,311,372
Guaranteed investment contracts			5,237,807	5,237,807
Total	<u>\$43,147,363</u>	<u>\$44,219,835</u>	<u>\$42,143,780</u>	<u>\$29,334,630</u>

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

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$14,233,845	\$20,446,295	\$34,680,140	\$10,524,164	\$15,898,503	\$26,422,667
Restricted assets		9,539,695	9,539,695		2,911,963	2,911,963
Total	<u>\$14,233,845</u>	<u>\$29,985,990</u>	<u>\$44,219,835</u>	<u>\$10,524,164</u>	<u>\$18,810,466</u>	<u>\$29,334,630</u>

The District's deposits are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District's deposit policy for custodial credit risk conforms to state law. Under state law, deposits in banks must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

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

The District's investments in cash equivalents are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not limit the amount of its holdings of securities by counterparties. At June 30, 2009 and June 30, 2008, the District's funds invested in guaranteed investment contracts, Repurchase Agreements, and Money Market funds were held by a counterparty in the name of the District. Money Market investments for 2009 consist of the Dreyfus Institutional Reserves Treasury Fund (Symbol DRRXX), which is rated Aaa by

Moody's and AAAM by Standard and Poor's. The funds holdings consist exclusively of short-term U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations.

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, 2009 and June 30, 2008, all cash equivalents had maturities of 30 days or less; therefore, the District was not exposed to interest rate risk. The type of investments allowed by the investment policy (as detailed above) ensures that the District is not exposed to credit risk, concentration of credit risk, and foreign currency risk.

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from the State of Louisiana for hotel occupancy tax collections, appropriations, and grants totaled \$18,010,038 and \$35,281,691 at June 30, 2009 and June 30, 2008, respectively.

4. DUE TO/DUE FROM OTHER FUNDS

The financial statements include due to/due from other funds totaling \$335,162 at June 30, 2008, which represents bond proceeds due to or from the debt service fund construction and operation trust accounts to the Superdome fund for construction expenses.

5. CAPITAL ASSETS

Following are schedules of capital assets for the year ended June 30, 2009:

Governmental Activities

	Balance July 1, 2008	Additions	Deletions/ Transfers	Balance June 30, 2009
Buildings and improvements:				
Baseball stadium	\$26,277,453	\$465,927		\$26,743,380
Outdoor practice facility complex	6,565,115			6,565,115
Indoor practice facility	6,459,360			6,459,360
TPC golf facility		149,346		149,346
Total	39,301,928	615,273	NONE	39,917,201
Less accumulated depreciation	(8,182,901)	(919,196)	NONE	(9,102,097)
Total	\$31,119,027	(\$303,923)	NONE	\$30,815,104

Business-Type Activities

	Balance July 1, 2008	Additions	Deletions/ Transfers	Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$13,944,160			\$13,944,160
Construction-in-progress	6,923,407	\$13,453,369	(\$5,737,214)	14,639,562
Total	<u>\$20,867,567</u>	<u>\$13,453,369</u>	<u>(\$5,737,214)</u>	<u>\$28,583,722</u>
Other capital assets:				
Buildings and improvements	\$347,333,807	\$8,459,321	(\$1,433,934)	\$354,359,194
Furniture and fixtures and equipment	14,287,998	3,635,579	(1,211,497)	16,712,080
Less accumulated depreciation	(66,922,959)	(22,909,901)	NONE	(89,832,860)
Total other capital assets	<u>\$294,698,846</u>	<u>(\$10,815,001)</u>	<u>(\$2,645,431)</u>	<u>\$281,238,414</u>
Capital asset summary:				
Capital assets not being depreciated	\$20,867,567	\$13,453,369	(\$5,737,214)	\$28,583,722
Other capital assets, at cost	361,621,805	12,094,900	(2,645,431)	371,071,274
Total cost of capital assets	382,489,372	25,548,269	(8,382,645)	399,654,996
Less accumulated depreciation	(66,922,959)	(22,909,901)	NONE	(89,832,860)
Capital assets, net	<u>\$315,566,413</u>	<u>\$2,638,368</u>	<u>(\$8,382,645)</u>	<u>\$309,822,136</u>

Following are schedules of capital assets for the year ended June 30, 2008:

Governmental Activities

	Balance July 1, 2007	Additions	Deletions/ Transfers	Balance June 30, 2008
Buildings and improvements:				
Baseball stadium	\$24,941,663	\$1,335,790		\$26,277,453
Outdoor practice facility complex	6,565,115			6,565,115
Indoor practice facility	6,459,360			6,459,360
Total	37,966,138	1,335,790	NONE	39,301,928
Less accumulated depreciation	(7,275,353)	(907,548)	NONE	(8,182,901)
Total	<u>\$30,690,785</u>	<u>\$428,242</u>	<u>NONE</u>	<u>\$31,119,027</u>

Business-Type Activities

	Balance July 1, 2007	Additions	Deletions/ Transfers	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$13,944,160			\$13,944,160
Construction-in-progress	62,426,428	\$3,074,150	(\$58,577,171)	6,923,407
Total	<u>\$76,370,588</u>	<u>\$3,074,150</u>	<u>(\$58,577,171)</u>	<u>\$20,867,567</u>
Other capital assets:				
Buildings and improvements	\$278,262,230	\$69,173,471	(\$101,894)	\$347,333,807
Furniture and fixtures and equipment	8,798,215	5,585,746	(95,963)	14,287,998
Less accumulated depreciation	(46,602,986)	(20,319,973)	NONE	(66,922,959)
Total other capital assets	<u>\$240,457,459</u>	<u>\$54,439,244</u>	<u>(\$197,857)</u>	<u>\$294,698,846</u>

Business-Type Activities (Cont.)

	Balance July 1, 2007	Additions	Deletions/ Transfers	Balance June 30, 2008
Capital asset summary:				
Capital assets not being depreciated	\$76,370,588	\$3,074,150	(\$58,577,171)	\$20,867,567
Other capital assets, at cost	287,060,445	74,759,217	(197,857)	361,621,805
Total cost of capital assets	363,431,033	77,833,367	(58,775,028)	382,489,372
Less accumulated depreciation	(46,602,986)	(20,319,973)	NONE	(66,922,959)
Capital assets, net	<u>\$316,828,047</u>	<u>\$57,513,394</u>	<u>(\$58,775,028)</u>	<u>\$315,566,413</u>

At June 30, 2008, the Louisiana Superdome, which is included in the District's business-type activities capital assets, had substantially completed an extensive construction project to repair damages resulting from Hurricane Katrina and its aftermath and to provide upgrades and enhancements to portions of the existing building. Phase I of the project, which consists of repairing the existing Superdome structure and its contents to pre-hurricane Katrina condition, was originally budgeted at \$129,000,000. Phase I of the project was completed for the reopening of the Louisiana Superdome on September 25, 2006.

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

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

The Phase III-A project, louvers and glass windows in the club rooms, was completed during the year ended June 30, 2009. The Phase III-B project is the entire exterior skin. It is an \$18,000,000 project, \$6,000,000 of which is FEMA funded. The remaining \$12,000,000 will be funded by the State of Louisiana.

6. BONDS PAYABLE

The bond issues outstanding at June 30, 2009, and changes in long-term debt for the two years then ended are as follows:

Governmental Activities

	Balance July 1, 2007	Additions	Payments	Balance June 30, 2009	Amounts Due Within One Year
Series 2006A (interest variable; maturing by 2036)	\$84,675,000			\$84,675,000	
Series 2006B (interest variable; maturing by 2036)	84,650,000			84,650,000	
Series 2006C (interest variable; maturing by 2036)	69,150,000			69,150,000	
Series 2006D (interest variable; maturing by 2036)	55,850,000			55,850,000	
Total	<u>\$294,325,000</u>	<u>NONE</u>	<u>NONE</u>	<u>\$294,325,000</u>	<u>NONE</u>

On March 23, 2006, the District issued \$294,325,000 of Series 2006 Revenue and Refunding bonds. The purposes of the issue were to refund approximately \$197,000,000 of the District's existing outstanding bonds and other long-term debt, to provide approximately \$40,000,000 for construction of enhancements to the Louisiana Superdome, to provide approximately \$25,000,000 for future operations of the District, and to provide for the costs of issuance of the bonds. The bonds are secured by a pledge of the Hotel Occupancy Tax and excess annual revenues of the District. The bonds are reported in the 2009 Statement of Net Assets, net of unamortized issuance costs of \$13,527,910 and escrow costs of \$7,494,755. The bonds are reported in the 2008 Statement of Net Assets, net of unamortized issuance costs of \$14,034,883 and escrow costs of \$7,943,980.

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

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

The annual requirements to amortize all District bonds outstanding at June 30, 2009, (excluding support fees) are presented in the following schedule. The schedule uses rates as of June 30, 2009, for debt service requirements of the variable-rate bonds and interest rate swap payments, assuming current interest rates remain the same for their term. As rates vary, variable-rate bond interest payments and net swap payments will vary.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

<u>Fiscal Year</u>	<u>Interest Rate Swap (Note 8)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$12,961,393		\$7,786,337	\$20,747,730
2011	12,961,393		7,786,337	20,747,730
2012	12,961,393	\$5,900,000	8,065,587	26,926,980
2013	12,705,300	6,225,000	7,900,796	26,831,096
2014	12,435,016	6,575,000	8,134,251	27,144,267
2015-2019	57,582,326	38,275,000	37,624,399	133,481,725
2020-2024	48,295,655	49,475,000	31,488,976	129,259,631
2025-2029	36,215,968	64,175,000	23,553,904	123,944,872
2030-2034	20,443,961	83,525,000	13,258,264	117,227,225
2035-2036	2,705,677	40,175,000	1,750,128	44,630,805
	<u>\$229,268,082</u>	<u>\$294,325,000</u>	<u>\$147,348,979</u>	<u>\$670,942,061</u>

Other significant bond features are as follows:

1. The Series 2006A, 2006B, and 2006C bonds are insured by Financial Guaranty Insurance Company (FGIC).
2. The bonds are not guaranteed by the State of Louisiana.
3. The bonds may be redeemed prior to maturity at the sole discretion of the District.

The debt service fund has assets available of \$16,233,837 and \$12,859,318 at June 30, 2009 and June 30, 2008, respectively, for payment of the bonds included in governmental activities. Each month, the Hotel Occupancy Tax pays the debt service accounts (a) the interest amount that will be sufficient when accumulated to pay the next installment of interest on the bonds and (b) the principal amount that will be sufficient when accumulated to pay the principal of any of the bonds becoming due and payable.

The 2006 bonds Series 2006A, 2006B, 2006C were issued in the auction rate mode. During the year ended June 30, 2008, a disruption in the auction rate market occurred because of, among other reasons, FGIC being downgraded below the “triple-A” ratings originally assigned to the bonds. As a result of the disruption, many auctions for the bonds during the year did not clear causing the bonds to be traded as high as the Maximum Rate of 12%, and the debt service requirements of the District dramatically increased. On February 13, 2009, Moody's Investors Service (Moody's) confirmed the Baa3 ratings on the District's Series 2006A, 2006B, 2006C, and 2006D bonds. The Series 2006A, 2006B, and 2006C bonds are insured by FGIC, which as of March 24, 2009, had its rating withdrawn. Confirmation of the District's Baa3 rating was based upon the credit strength supplied by a trustee-controlled first lien on the pledged revenue stream of the 4% tax on hotel occupancy in Orleans and Jefferson parishes, along with revenues generated by the District from events taking place in the Louisiana Superdome and New Orleans Arena. Equally considered in the confirmation of the rating is the strong and ongoing support provided by the State of Louisiana.

Pursuant to additional guidance by the Internal Revenue Service (IRS) and Act No. 2 of the 2008 Second Extraordinary Session of the Louisiana Legislature, the Governor, on October 2, 2008, issued a second directive and certification directing the State to continue to own the bonds for the length of time permitted by the IRS, or such other shorter time period as determined by the District and the State. On October 3, 2008, the State Bond Commission and the Joint Legislative Committee on the Budget agreed and approved of the governor's directive authorizing the State's continued investment in the Series 2006A, 2006B, and 2006C bonds by participating in auctions until the IRS deadline of December 31, 2009. The State participated in auctions occurring in October 2008 and anticipates participating in future auctions. The State, as of June 30, 2009, owns \$84,575,000 (99.9%) of the Series 2006A bonds at an interest rate of 2.14%; \$84,325,000 (99.6%) of the Series 2006B bonds at an interest rate of 2.26%; and \$66,275,000 (95.8%) of the Series 2006C bonds at an interest rate of 2.26%.

7. DEFEASED BONDS

To refund prior outstanding bonds of the District during the year ended June 30, 2006, portions of the proceeds of the Series 2006A (\$59,312,451); Series 2006B (\$59,312,451); Series 2006C (\$64,775,534); and Series 2006D (\$22,734,345) were deposited and held in irrevocable trust escrow accounts created pursuant to escrow deposit agreements dated March 1, 2006, between the District and the escrow trustee. In addition, portions of the proceeds of the Series 1998A and Series 1998B bonds (\$144,910,260), plus an additional \$4 million of sinking fund monies together with certain other funds and/or securities, were previously deposited and held in irrevocable trust escrow accounts created pursuant to an escrow deposit agreement dated December 1, 1998, between the District and the escrow trustee. On the date of delivery of the bonds, the District directed the escrow trustee to enter into escrow reinvestment agreements. Pursuant to the escrow reinvestment agreements, the reinvestment agreement provider provided monies and government obligations to be deposited to an irrevocable trust. The monies and government obligations on deposit in the escrow accounts, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due through and including the earliest redemption dates for each series of bonds refunded by the Series 2006 and Series 1998A and Series 1998B bonds. As a result, the refunded bonds are considered to be legally defeased and no longer a liability of the District. At June 30, 2009 and 2008, the amounts outstanding on the refunded bonds are \$138,775,000 and \$140,865,000, respectively.

8. INTEREST RATE HEDGE AGREEMENTS

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

Objective of the interest rate hedge agreements: As a means to lower its overall borrowing costs, specifically for the first several years, when compared against fixed-rate bonds, the District entered into the interest rate hedge agreements, the intention of which was to effectively change the variable interest rate on the bonds to a fixed rate of 2% for all series from inception up to but excluding July 1, 2009. After July 1, 2009, the fixed rate would change to 4.414% for the 2006A and 2006B bonds, 4.463% for the 2006C bonds, and 6.781% for the 2006D bonds. In addition to

the fixed rates paid under the swap agreements, each of the variable rate bond series has annual support costs of approximately 0.25%. The net borrowing costs of the synthetic fixed rate structure, when compared to a traditional fixed rate bond issue, should be lower through 2009.

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

Fair value: The fair value of the swap agreement as of June 30, 2009, which is not reported in the financial statements, was \$68,645,342 in favor of MLCS. The fair value was provided by MLCS and is based on mid-market levels at the close of business on June 30, 2009.

Credit risk: Credit risk is the risk that a counterparty will not fulfill its obligations. At June 30, 2009, the District is not exposed to credit risk because the fair value of the agreement was in MLCS's favor. However, should interest rates change and the fair value of the agreement become in the District's favor, the District would become exposed to credit risk. Merrill Lynch & Co., Inc., who guarantees all payments of MLCS, was rated "A/Stable/A-1" by Standard & Poor's effective May 8, 2009. To mitigate the potential for credit risk, the hedge agreement includes provisions for collateral thresholds and transfer amounts that correspond to the credit rating of Merrill Lynch & Co., Inc.'s senior unsecured debt and rating.

Interest rate risk: Interest rate risk is the risk that an adverse change in variable interest rates will increase the overall cost of borrowing for the District. Interest rate hedge agreements used to hedge variable rate bonds that extend through the maturity of the related debt effectively eliminate the interest rate risk, unless the hedge agreement is terminated prior to maturity. At June 30, 2009, the District has no plans to terminate the hedge agreements but maintains the right to actively manage its debt portfolio as opportunities arise.

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

Termination risk: Termination risk is the risk that an unscheduled early termination of the hedge agreements will affect the District's asset/liability strategy or will result in a significant unanticipated termination payment to the counterparty. The District or the counterparty may terminate the hedges if the other party fails to perform under the terms of the contract. The hedges may also be terminated by the District or the counterparty if the other party's credit quality rating falls below "Baa3" as issued by Moody's Investors Service or "BBB-" as issued by

Standard & Poor's. If the hedges are terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the hedge has a fair value in favor of MLCS, the District would be liable to the counterparty for a payment equal to the agreement's fair value.

9. REVENUE SOURCES AND REQUIRED RESTRICTED ASSETS

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

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

Of the \$30,805,194 of Hotel Occupancy Tax earned for the year ended June 30, 2009, \$11,906,883 was used for debt service requirements and \$18,898,311 was used by the District for operational needs. No monies were available for funding of the other requirements.

Of the \$33,639,120 of Hotel Occupancy Tax earned for the year ended June 30, 2008, \$12,281,468 was used for debt service requirements and \$21,357,652 was used by the District for operational needs. No monies were available for funding of the other requirements.

Various acts of the legislature, bond resolutions and indentures and agreements impose the establishment of various restricted accounts that are restricted as to the use of monies deposited therein. These accounts are as follows:

Working Capital Account

This fund was initially established using \$500,000 from the proceeds of the first Series of revenue bonds to provide a reserve for payment of the District's operating and maintenance costs. Section 11 of the Amended and Restated Lease Agreement between the District and the State dated April 1, 1994, re-created this fund using the \$500,000 from the old working capital account plus an additional \$1,000,000 transferred from the Bond Fund established by the Basic Bond Resolution of Series 1994A.

The monies on deposit in the Working Capital Fund shall be disbursed and paid out solely for the payment of invoices and unpaid operating expenses. However, transfers from the fund must be replenished from operations and may be made in annual installments at the end of each fiscal year over a period of more than one year.

Renewal and Replacement Reserve Account

This account was established to accumulate monies for major maintenance, repairs, renewals, and replacements that are not annually recurring. Excess unrestricted funds at year-end are to be transferred to this account as required by various acts of the State Legislature. During the years ended June 30, 2009 and June 30, 2008, no funds from operations were required to be deposited into the reserve. Deposits to the account were made from nonoperating sources.

Economic Development Fund Account

This account was established by Act 624 of the 1991 Regular Session of the Louisiana Legislature for the purpose of developing and engaging in marketing, promotional, and economic development activities on behalf of the District, the development of special projects benefiting the District and the State, and facility planning and expansion programs.

New Orleans Area Tourism and Economic Development Fund Account

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

Community Development Block Grant Account

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

Construction and Operations Trust Fund Account

This account was established by the official statement of the Series 2006 Revenue and Refunding bonds which provided for deposit of approximately \$40,000,000 of Series 2006A and 2006B bond proceeds to be deposited in the account and expended for ongoing construction of enhancements and improvements to the Louisiana Superdome and deposit of approximately \$25,000,000 of Series 2006D bond proceeds to be expended for future operations of the District. The construction was substantially complete and the remaining operations funds transferred to the Dome in the year ended June 30, 2008.

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2009 and 2008, \$5,915,368 and \$1,881,546, respectively, were restricted by enabling legislation.

10. USE OF ESTIMATES

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

11. RENTALS FROM NONCANCELABLE OPERATING LEASES (LESSOR LEASES)

Commitments for future revenue under noncancelable operating leases as of June 30, 2009, are as follows:

<u>Year Ended June 30</u>	Commercial Office Space	Real Estate	Total
2010	\$177,688	\$205,388	\$383,076
2011	156,886		156,886
2012	154,425		154,425
2013	127,053		127,053
2014	98,587		98,587
Total	<u>\$714,639</u>	<u>\$205,388</u>	<u>\$920,027</u>

Many of the leases contain provisions whereby the annual rentals are to be adjusted by the percentage increase in the Consumer Price Index or other factors which cannot be determined at this time. The District is also a party to other leases in which the annual rentals are based on a percentage of the lessees' annual revenues or on gate receipts and are, therefore, not included in these totals.

Lease revenues, not including box suite revenues, for the years ended June 30, 2009 and June 30, 2008, were \$616,606 and \$559,557, respectively.

12. PENSION AND PROFIT SHARING PLANS

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

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

Total pension expense for this plan was \$68,088 and \$124,130 for the years ended June 30, 2009 and June 30, 2008, respectively.

Effective January 1, 2009, SMG temporarily suspended the employer match for 401K contributions.

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

13. MANAGEMENT AGREEMENT

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

Pursuant to the amendment to the Management Agreement on July 1, 2003, the compensation to SMG for its services beginning the year ended June 30, 2007, is the combination of a fixed fee, incentive fee, and bonus fee capped at \$1,500,000, subject to adjustments per the Management Agreement. The cap is increased if SMG contributes manager's capital to the District and decreased in the succeeding fiscal year if repaid by the District. The increase in the cap is 30% of the manager's contribution outstanding. However, if any outstanding manager's contribution is repaid to SMG on or before July 1, 2006, the decreased cap will not be effective for the year beginning July 1, 2006. On March 23, 2006, the District repaid a \$2,000,000 contribution made by SMG during the year ended June 30, 2003. During the fiscal years ended June 30, 2009 and June 30, 2008, SMG made no additional contributions.

Pursuant to the amendment, beginning in the year ended June 30, 2007, compensation paid to SMG for its services at the Louisiana Superdome and New Orleans Arena will consist of a base fee, incentive fee, and bonus fee. The annual "base fee" is \$700,000 for the Louisiana Superdome and \$300,000 for the New Orleans Arena. The "incentive fee" will consist of 10% of the adjusted net income of the Louisiana Superdome and New Orleans Arena, subject to limits established in the agreement. The "bonus fee" will be computed using a percentage 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 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.

**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, 2009, the District is involved in pending and threatened litigation. The District's legal counselors assess the likelihood of material adverse judgments as remote or are unable to express opinions on the probable outcome of the proceedings.

15. SUPERDOME LEASE AGREEMENT

The New Orleans Saints lease the Superdome, under an agreement dated September 30, 1994, as amended, with the State of Louisiana, the District, SMG, and the New Orleans Saints Limited Partnership (the Club), a National Football League (NFL) football franchise. The Agreement provides, among other things, certain inducements in the form of reduced rentals and the assignment of certain revenues attributable, directly or indirectly, to the presence of the Club in the Louisiana Superdome in exchange for the Club remaining in the Louisiana Superdome through the end of the 2010 NFL season. The assignment of revenues resulted in inducements of \$11,190,532 and \$11,170,002 for the years ended June 30, 2009 and June 30, 2008, respectively.

During the year ended June 30, 2009, the Club was scheduled to receive \$23,500,000 of other inducements for the 2008 football season. Of the additional inducements, \$1,271,300 was paid to the Club from operating revenue during the year ended June 30, 2009. On August 4, 2009, the Club was paid the remainder of the additional inducements for the 2008 football season in the amount of \$7,833,333 from nonoperating revenue which was accrued as an accounts payable for the year ended June 30, 2009, of which \$4,333,333 was expensed to Saints Inducements Payable and \$3,500,000 was reported as a deferred charge for a deposit on the Entertainment District Construction.

Per the Memoranda of Understanding, Saints Stadium Agreement dated April 30, 2009, between the State, the Club, the District, SMG, and the Zelia, L.L.C. (a Saints affiliate), the \$3.5 million represents a reduction in additional Saints inducements and the District is required to set these funds aside in the "Entertainment District Improvement Account" for the sole purpose of capital improvements at the Entertainment District and any remaining funds are to be used for other District capital projects.

During the year ended June 30, 2008, the Club was scheduled to receive \$20,000,000 of other inducements for the 2007 football season. Of the additional inducements, \$1,224,216 was paid to the Club from operating revenue during the year ended June 30, 2008.

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

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

In addition, the Club, in accordance with the Agreement, constructed additional box suites as permanent alterations to the Louisiana Superdome. Title to these suites vest in the District, subject to the rights of the State under the lease of the Louisiana Superdome and the rights of the Club as set forth in the Agreement. The Club has the right throughout the term of the Agreement to receive lease receipts derived from these additional box suites. In the event the Club is entitled to cancel the Agreement as the result of insufficient State funding under its lease of the Louisiana Superdome, the Club will have the right to a reduction in the rent payable to the District until such time as the Club receives the various inducements, in full, as defined in the Agreement.

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

16. ARENA USE AGREEMENT

On May 2, 2002, the District entered into a use agreement with the Hornets NBA Limited Partnership (Hornets), a franchise of the National Basketball Association, under which the Hornets would relocate to New Orleans and play all home basketball games in the Arena. In January 2008, the Arena use agreement was amended to end June 30, 2014. The Hornets shall pay a termination fee of at least \$10 million to the State if the lease is terminated before June 30, 2013. The rent payable by the Hornets for use of the Arena shall equal 60% of concession revenue for the season.

Should the Hornets revenue fall below certain benchmark amounts, the State is required to reimburse the Hornets an amount to cause the Hornets revenue to equal the benchmark. For the year ended June 30, 2007, the State's cap on this reimbursement shall be \$2 million, increased at a rate of 5% annually for each basketball season subsequent to the 2002-2003 season. No reimbursements were made for the year ended June 30, 2007. Under the amended agreement for 2008, the State's cap on this reimbursement was \$6.5 million. During the year ended June 30, 2008, the Hornets were paid \$6,369,659 as an additional inducement for the revenue benchmark and \$338,523 from the players' tax. In addition, the Hornets were paid a special capital reimbursement of \$2,435,668 during 2008 per the terms of the amended agreement. During the year ended June 30, 2009, the Hornets revenue exceeded the benchmark amount. The Hornets were paid \$859,184 from the players' tax and a special capital reimbursement of \$135,761.

The Hornets are paid 40% of the total concession revenue while the remaining 60% is retained by the District for the Hornets rent. The 40% paid to the Hornets is recorded as inducements expense. The Hornets are also paid the parking revenue, net of the parking expenses as

inducements. The total payments to the Hornets for concessions and parking revenue for the 2008-2009 and 2007-2008 seasons amounted to \$3,509,067 and \$3,642,952, respectively, and are recorded as operating expenses for the years ended June 30, 2009 and June 30, 2008.

17. ADVANCE FROM THE STATE OF LOUISIANA

In August 2006, the State established a new seed money advance to the District for \$770,000 of which \$500,000 was repaid in the year ended June 30, 2007. The balance due to the State at June 30, 2009, is \$270,000.

18. NOTE PAYABLE

The District received a \$7,500,000 loan from the Louisiana Economic Development Corporation on June 30, 2004. The purpose of the loan is for the payment of contractual obligations of the State through the District relative to professional franchises. The loan bears interest at a rate per annum equal to the yield on six-month U.S. Treasury Bonds, to be adjusted annually. The note is to be paid on an annual basis, beginning after the end of fiscal year 2006, only after the payment in full of all contractual, necessary, statutory, and usual charges of the District, and if the District's revenue for such fiscal year exceeds the District's revenue for fiscal year 2005, as adjusted by the increase in the consumer price index. All unpaid principal and accrued interest shall be due and payable on June 30, 2012. It is not possible to estimate the future maturities of the loan on an annual basis because of the repayment terms.

19. COOPERATIVE ENDEAVOR AGREEMENTS

On July 1, 2002, the District entered into a cooperative endeavor agreement with the Louisiana Department of Treasury to undertake capital improvements totaling \$10,002,800 for the NBA upgrades to the New Orleans Arena for the Hornets to play home games. The total amount of the agreement, as amended in June 2004 to provide additional funding of \$6,500,000 for the improvements, is \$16,502,800. Of this amount, \$15,049,982 has been expended as of June 30, 2009.

On January 11, 2007, the District entered into a cooperative endeavor agreement with the Louisiana Department of Culture, Recreation and Tourism to receive Community Development Block Grant funds as reimbursement of funds expended for marketing in the New Orleans region and southwest Louisiana. The District will be reimbursed up to a maximum of \$1,000,000. The District has received reimbursements, totaling \$994,950, of Community Development Block Grant funds as of June 30, 2009.

In August 2007, the District entered into a cooperative endeavor agreement with Jefferson Parish for use of the Alario Center as a temporary practice facility for the Hornets for the years ended June 30, 2008 and June 30, 2009. The agreement requires the District to provide funding to Jefferson Parish for its expenses, costs, and foregone revenues. The parties agreed the funding would total \$326,580 for the year ended June 30, 2009, and \$250,000 for the year ended June 30, 2008.

Effective November 25, 2008, the State, The Players Club (TPC), the District, and the Division of Administration (DOA) entered into an agreement and a cooperative endeavor in order for the State to acquire the TPC's Louisiana golf course property and to transfer from the State and DOA to the District all State and DOA jurisdiction over and authority for the oversight and administration of the Tournament Players Club Golf Facility Parcel 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.

20. WORKING CAPITAL AND FINANCIAL POSITION

During the years ended June 30, 2008 and 2009, the District experienced losses because of inducement payments required by lease agreements with professional sports franchises (see notes 15 and 16) and a disruption in the auction rate market for the District's bonds (see note 6). As a result of this disruption, many auctions for the bonds did not clear causing the bonds to be traded as high as the Maximum Rate, which caused the debt service requirements of the District to dramatically increase during the year ended June 30, 2008, and affected the monies available to the District to meet the debt service payments and other financial obligations. The losses were financed by a supplemental appropriation to the District of \$19,487,908 for fiscal year 2009 and \$6,350,000 for fiscal year 2008. In May 2008, the State purchased most of the Series 2006A, 2006B, and 2006C auction rate bonds at an interest rate of 2.9% until December 31, 2009, the length of time permitted by the IRS.

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

21. RESTATEMENT OF BEGINNING NET ASSETS

The beginning net assets as reflected on Statements B and F for fiscal year 2009 have been restated to reflect the following changes:

	Statement B		
	Governmental Activities	Business-Type Activities	Total
Net assets at June 30, 2008	(\$229,393,546)	\$307,750,457	\$78,356,911
Prior year expenses:			
Insurance		(559,394)	(559,394)
Marketing Fund contribution		(326,214)	(326,214)
	(\$229,393,546)	\$306,864,849	\$77,471,303

	Statement F - Enterprise Funds		
	Louisiana Superdome	New Orleans Arena	Total
Net assets at June 30, 2008	\$233,990,066	\$73,760,391	\$307,750,457
Prior year expenses:			
Insurance	(559,394)		(559,394)
Marketing Fund contribution	(326,214)		(326,214)
	\$233,104,458	\$73,760,391	\$306,864,849

22. SUBSEQUENT EVENTS

District's Bonds

Pursuant to additional guidance by the IRS and Act No. 2 of the 2008 Second Extraordinary Session of the Louisiana Legislature, the Louisiana Governor, on October 2, 2008, issued a second directive and certification directing the State to continue to own the bonds for the length of time permitted by the IRS, or such other shorter time period as determined by the District and the State. On October 3, 2008, the State Bond Commission and the Joint Legislative Committee on the Budget agreed and approved of the governor's directive authorizing the State's continued investment in the Series 2006A, 2006B, and 2006C bonds by participating in auctions and have approved the IRS extended deadline of December 31, 2009. The State participated in auctions occurring in October 2008, August 2009, and October 2009 and anticipates participating in future auctions if necessary. The State currently owns \$84,575,000 (99.9%) of the Series 2006A bonds at an interest rate of 1.25%; \$84,650,000 (100%) of the Series 2006B bonds at an interest rate of 1.25%; and \$67,525,000 (97.65%) of the Series 2006C bonds at an interest rate of 1.25%.

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**SCHEDULE OF PER DIEM PAID TO COMMISSIONERS
For the Year Ended June 30, 2009**

Included in the operating expenses of the financial statements of the District is the compensation of the commissioners of the District. In accordance with the State of Louisiana, the commissioners are allowed to receive a per diem to attend board meetings of the District. The accompanying schedule presents the per diem expenses incurred for the fiscal year ended June 30, 2009.

**ANNUAL FISCAL REPORT TO THE OFFICE OF
THE GOVERNOR, DIVISION OF ADMINISTRATION,
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY
As of and for the Year Ended June 30, 2009**

The annual fiscal report presents the financial position of the District, as of June 30, 2009, and the results of its changes in fund net assets and its cash flows for the year then ended. This report contains information in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.

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

**Schedule of Per Diem Paid to Commissioners
For the Year Ended June 30, 2009**

David Chozen, Commissioner

\$300

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Louisiana Stadium and Exposition District
STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2009

Louisiana Stadium and Exposition District
Post Office Box 52439
New Orleans, Louisiana 70152

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Office of Statewide Reporting
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Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, M. David Weidler, Senior Director of Finance and Administration of the Louisiana Stadium and Exposition District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Stadium and Exposition District at June 30, 2009 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 13th day of October, 2009.

M. David Weidler
Signature of Agency Official

Larry M. Rode
NOTARY PUBLIC

Prepared by: M. David Weidler

Title: Senior Director of Finance and Administration

Telephone No.: 504-587-3850

Date: 10/13/09

Email Address: David.Weidler@superdome.com

Louisiana Stadium and Exposition District
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2009

C O N T E N T S

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**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
BALANCE SHEET
AS OF JUNE 30, 2009**

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 34,680,140
Investments	
Receivables (net of allowance for doubtful accounts)(Note U)	<u>19,274,763</u>
Due from other funds (Note Y)	
Due from federal government	
Inventories	<u>150,131</u>
Prepayments	<u>41,367</u>
Notes receivable	
Other current assets	
Total current assets	<u>54,146,401</u>

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	<u>9,539,695</u>
Investments	
Receivables	<u>360,044</u>
Investments	
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	13,944,160
Buildings and improvements	302,229,236
Machinery and equipment	9,824,282
Infrastructure	
Construction-in-progress	<u>14,639,562</u>
Other noncurrent assets	<u>3,500,000</u>
Total noncurrent assets	<u>354,036,979</u>
Total assets	<u>\$ 408,183,380</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 33,948,794
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	<u>10,731,137</u>
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	<u>301,614</u>
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Bonds payable	
Other long-term liabilities	<u>4,090,346</u>
Total current liabilities	<u>49,071,891</u>

NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	
Capital lease obligations	
Claims and litigation payable	
Notes payable	<u>7,500,000</u>
Bonds payable (net of \$21,022,665 unamortized costs)	<u>273,302,335</u>
OPEB payable	
Other long-term liabilities	
Total noncurrent liabilities	<u>280,802,335</u>
Total liabilities	<u>329,874,226</u>

NET ASSETS

Invested in capital assets, net of related debt	<u>63,514,559</u>
Restricted for:	
Capital projects	<u>8</u>
Debt service	<u>16,233,837</u>
Unemployment compensation	
Other specific purposes	<u>13,399,739</u>
Unrestricted	<u>(14,838,989)</u>
Total net assets	<u>78,309,154</u>
Total liabilities and net assets	<u>\$ 408,183,380</u>

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

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Statement C

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Entity	\$ 112,662,347	\$ 35,243,657	\$ _____	\$ 19,524,293	\$ (57,894,397)
General revenues:					
Taxes					37,647,341
State appropriations					20,445,956
Grants and contributions not restricted to specific programs					_____
Interest					710,657
Miscellaneous					(71,706)
Special items					_____
Extraordinary item - Loss on impairment of capital assets					_____
Transfers					_____
Total general revenues, special items, and transfers					58,732,248
Change in net assets					837,851
Net assets - beginning as restated					77,471,303
Net assets - ending					\$ 78,309,154

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

**Statement D
(continued)**

Cash flows from operating activities		
Cash received from customers	\$ 34,125,411	
Cash payments to suppliers for goods and services	(50,248,422)	
Cash payments to employees for services	(11,200,493)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>(27,323,504)</u>
Cash flows from non-capital financing activities		
State appropriations	26,795,956	
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received	2,076,569	
Transfers in		
Transfers out		
Other	19,799,833	
Net cash provided(used) by non-capital financing activities		<u>48,672,358</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities	(7,445,780)	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(3,470,801)	
Proceeds from sale of capital assets		
Capital contributions	4,697,889	
Other	(955,615)	
Net cash provided(used) by capital and related financing activities		<u>(7,174,307)</u>
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	710,658	
Net cash provided(used) by investing activities		<u>710,658</u>
Net increase(decrease) in cash and cash equivalents		<u>14,885,205</u>
Cash and cash equivalents at beginning of year		<u>29,334,630</u>
Cash and cash equivalents at end of year		<u>\$ 44,219,835</u>

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2009

INTRODUCTION

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

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

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

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

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

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

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Louisiana Stadium and Exposition District present information only as to the transactions of the programs of the District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

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

Expense Recognition

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

B. BUDGETARY ACCOUNTING (not applicable)

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2009

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

The deposits at June 30, 2009, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Govt securities Money Market and/Guaranteed Investment Contracts</u>	<u>Total</u>
Balance per agency books	\$ 29,921,391	\$ _____	\$ 14,233,837	\$ 44,155,228
Deposits in bank accounts per bank	\$ _____	\$ _____	\$ _____	\$ -
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$ 28,913,526	\$ _____	\$ 14,233,837	\$ 43,147,363
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency <u>but not in the entity's name.</u>	\$ _____	\$ _____	\$ _____	\$ -

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

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

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Capital One</u>	<u>Enterprise Funds</u>	\$ 28,913,526
2. <u>Bank of New York</u>	<u>Debt Service Fund</u>	14,233,837
3. _____	_____	_____
4. _____	_____	_____
Total		\$ <u>43,147,363</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ _____
Petty cash	\$ <u>64,607</u>

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2009

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

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

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

The District's investments in Cash Equivalents are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not limit the amount of its holdings of securities by counterparties. At June 30, 2009, the District's invested in Guaranteed Investment Contracts, Repurchase Agreements, and Money Market Funds were held by a counterparty in the name of the District. Money Market investments for 2009 consist of the Bank of New York Dreyfus Institutional Reserves Treasury Fund, which is rated AAAM by Standard and Poors. The fund's holdings consist exclusively of short-term U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations

As a means of limiting its exposure to fair value losses arising from rising interest rates (interest rate risk), the investment policy prescribed by Louisiana law establishes limits for investments with maturities of 30 days or longer and establishes parameters for interest rates of certain investments. As of June 30, 2009 all Cash Equivalents had maturities of 30 days or less; therefore, the District was not exposed to interest rate risk. The type of investments allowed by the investment policy (as detailed above) ensures that the District is not exposed to credit risk, concentration of credit risk, and foreign currency risk.

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS (not applicable)

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2009

	Year ended June 30, 2009							
	Balance 6/30/2008	Prior Period Adjustments		Adjusted Balance 6/30/2008	Additions	Transfers	Retirements	Balance 6/30/2009
		Adj. after submitted to OSRAP (+or-)	Restatements (+or-)					
Capital assets not being depreciated								
Land	\$ 13,944,160	\$	\$	\$ 13,944,160	\$	\$	\$	\$ 13,944,160
Non-depreciable land improvements				--				--
Capitalized collections				--				--
Construction in progress	6,923,406			6,923,406	13,453,369	(5,737,213)		14,639,562
Total capital assets not being depreciated	20,867,566	--	--	20,867,566	13,453,369	(5,737,213)	--	28,583,722
Other capital assets								
Machinery and equipment	14,294,400			14,294,400	1,576,356	2,059,223	(1,211,497)	16,718,482
Less accumulated depreciation	(4,921,572)			(4,921,572)	(1,972,628)			(6,894,200)
Total Machinery and equipment	9,372,828	--	--	9,372,828	(396,272)	2,059,223	(1,211,497)	9,824,282
Buildings and improvements	386,629,332			386,629,332	5,396,604	3,677,990	(1,433,934)	394,269,992
Less accumulated depreciation	(70,184,287)			(70,184,287)	(21,856,469)			(92,040,756)
Total buildings and improvements	316,445,045	--	--	316,445,045	(16,459,865)	3,677,990	(1,433,934)	302,229,236
Depreciable land improvements				--				--
Less accumulated depreciation				--				--
Total depreciable land improvements	--	--	--	--	--	--	--	--
Infrastructure				--				--
Less accumulated depreciation				--				--
Total infrastructure	--	--	--	--	--	--	--	--
Total other capital assets	325,817,873	--	--	325,817,873	(16,856,137)	5,737,213	(2,645,431)	312,053,518
Capital Asset Summary:								
Capital assets not being depreciated	20,867,566	--	--	20,867,566	13,453,369	(5,737,213)	--	28,583,722
Other capital assets, at cost	400,923,732	--	--	400,923,732	6,972,960	5,737,213	(2,645,431)	410,988,474
Total cost of capital assets	421,791,298	--	--	421,791,298	20,426,329	--	(2,645,431)	439,572,196
Less accumulated depreciation	(75,105,859)	--	--	(75,105,859)	(23,829,097)	--	--	(98,934,956)
Capital assets, net	\$ 346,685,439	\$ --	\$ --	\$ 346,685,439	\$ (3,402,768)	\$ --	\$ (2,645,431)	\$ 340,637,240

E. INVENTORIES

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

F. RESTRICTED ASSETS

Restricted assets in the District at June 30, 2009, reflected at \$13,399,739 in the non-current assets section on Statement A, consist of \$9,539,695 in cash with fiscal agent, \$360,044 in receivables, and \$3,500,000 in deferred charges. The cash and receivables are restricted for construction, renewals and replacements,

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2009

economic development and the restricted use for concessionaire. The deferred charge is the portion of the professional sports inducement payable restricted for construction of the Entertainment District.

G. LEAVE

1. COMPENSATED ABSENCES

Under the Management Agreement with SMG, all employees engaged in managing and operating the Superdome and the Arena are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 30 days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union agreements. At the end of any fiscal year, an employee can carry forward no more than 192 hours in vacation, and upon termination, an employee is paid for 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to 15 days of vacation per year with no carry forward provision. The accumulated net provision by the District for unpaid vacation benefits due employees of SMG as of June 30, 2009, was \$301,614.

2. COMPENSATORY LEAVE **(not applicable)**

H. RETIREMENT SYSTEM (not applicable)

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

J. LEASES

1. OPERATING LEASES

In August 2007, LSED entered into a cooperative endeavor agreement with Jefferson Parish for use of the Alario Center as a temporary practice facility for the Hornets for the years ended June 30, 2008 and 2009. The agreement requires LSED to provide funding to Jefferson Parish for its expenses, costs, and foregone revenues. The parties agreed funding for the two years would total \$326,580.

2. CAPITAL LEASES **(not applicable)**

3. LESSOR DIRECT FINANCING LEASES **(not applicable)**

4. LESSOR – OPERATING LEASE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectability and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of June 30, 2009.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2009

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2010	\$ 177,689	\$ 205,388	\$ -	\$ -	\$ 383,077
2011	156,886				156,886
2012	154,245				154,245
2013	127,053				127,053
2014	98,587				98,587
Total	\$ 714,460	\$ 205,388	\$ -	\$ -	\$ 919,848

Current year lease revenues received in fiscal year 2009 totaled \$616,606.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2009:
(Balances at June 30th should include current and non-current portion of long-term liabilities.)

	Balance June 30, 2008	Year ended June 30, 2009		Balance June 30, 2009	Amounts due within one year
		Additions	Reductions		
Notes and bonds payable:					
Notes payable	\$ 7,500,000	\$ -	\$ -	\$ 7,500,000	\$ -
Bonds payable	294,325,000			294,325,000	
Total notes and bonds	<u>301,825,000</u>	<u>--</u>	<u>--</u>	<u>301,825,000</u>	<u>--</u>
Other liabilities:					
Contracts payable				--	--
Compensated absences payable				--	--
Capital lease obligations				--	--
Claims and litigation				--	--
OPEB payable				--	--
Other long-term liabilities	270,000			270,000	270,000
Total other liabilities	<u>270,000</u>	<u>--</u>	<u>--</u>	<u>270,000</u>	<u>270,000</u>
Total long-term liabilities	\$ <u>302,095,000</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>302,095,000</u>	\$ <u>270,000</u>

Note: Bonds presented in the Balance Sheet net of \$21,022,665 of unamortized Escrow and Issuance Costs.

L. CONTINGENT LIABILITIES (not applicable)

M. RELATED PARTY TRANSACTIONS (not applicable)

N. ACCOUNTING CHANGES (not applicable)

O. IN-KIND CONTRIBUTIONS (not applicable)

P. DEFEASED ISSUES (not applicable)

Q. REVENUES – PLEDGED OR SOLD (GASB 48) (not applicable)

Hotel Occupancy Tax

Louisiana Stadium and Exposition District issued revenue bonds for \$294,325,000 in 2006 to refund all or a portion of prior debt, to pay operational expenses of the District, and to finance the cost of

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2009

the new construction projects in or around New Orleans, such as the betterments at the Superdome, the baseball stadium, basketball facility, the football training facility, and the multipurpose facility. The bonds are secured by a pledge of all revenues of the District that are not previously dedicated for another use; however, the hotel occupancy tax revenues in the parishes of Orleans and Jefferson are expected to be the primary source of funding. The District has committed all revenues, especially the hotel occupancy tax, to cover principal and interest requirements until the bonds are fully paid and discharged in 2037. Total revenues for fiscal year ended June 30, 2009, are approximately \$94,000,000. Total principal and interest remaining on the bonds is \$294,325,000 and \$147,348,979 respectively. Interest paid for the current year was \$7,445,780 with no principal payment due.

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

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

T. SHORT-TERM DEBT (not applicable)

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2009, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Governmental Activities	\$	\$	\$ 2,000,000	\$	\$ 2,000,000
Business Type Activities	1,276,295		16,030,038		17,306,333
Gross receivables	\$ -	\$ -	\$ -	\$ -	\$ -
Less allowance for uncollectible accounts	(11,570)	-	-	-	(11,570)
Receivables, net	\$ 1,264,725	\$ -	\$ 18,030,038	\$ -	\$ 19,294,763
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2009, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Business Type Activities	\$ 33,456,815	\$ 491,979	\$	\$	\$ 33,948,794
Total payables	\$ 33,456,815	\$ 491,979	\$ -	\$ -	\$ 33,948,794

W. SUBSEQUENT EVENTS (not applicable)

X. SEGMENT INFORMATION (not applicable)

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2009**

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

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS (not applicable)

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2009.

Ending net assets 6/30/08 as reported to OSRAP on PY AFR	*Adjustments to end net assets 6/30/08 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/08) + or (-)	Beg net assets @ 7/1/08 as restated
78,356,911	\$	(885,608)	\$ 77,471,303

Beginning balance was adjusted to correct an error in prior year liability to ORM for insurance expense.

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

Of the total net assets reported on Statement A at June 30, 2009, \$5,915,368 are restricted by enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation.

<u>Purpose of Restriction</u>	<u>LA Revised Statute Authorizing Revenue</u>	<u>Amount</u>
Renewal and Replacement Reserve Account		\$ 5,905,549
Economic Development Fund		9,819
Total		\$ 5,915,368

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

DD. EMPLOYEE TERMINATION BENEFITS (not applicable)

EE. POLLUTION REMEDIATION OBLIGATIONS (BTA) (not applicable)

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2009
(Fiscal close)

Name	Amount
David Chozen, Commissioner	\$ 300
Total	\$ 300

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

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2009**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
Louisiana Economic Development Corporation	June 2004	\$7,500,000	\$7,500,000	NONE	\$7,500,000	Variable	\$_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
_____	_____	_____	_____	-	_____	_____	_____
Total		<u>\$7,500,000</u>	<u>\$7,500,000</u>	<u>NONE</u>	<u>\$7,500,000</u>		<u>\$_____</u>

*Send copies of new amortization schedules

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2009**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/08	Redeemed (Issued)	Principal Outstanding 6/30/09	Interest Rates	Interest Outstanding 6/30/09
Series 2006A	March 2006	\$84,675,000	\$84,675,000	\$ _____	\$84,675,000	Variable	\$104,305,048
Series 2006B	March 2006	84,650,000	84,650,000	_____	84,650,000	Variable	104,262,461
Series 2006C	March 2006	69,150,000	69,150,000	_____	69,150,000	Variable	85,833,970
Series 2006D	March 2006	55,850,000	55,850,000	_____	55,850,000	Variable	82,215,582
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		<u>\$294,325,000</u>	<u>\$294,325,000</u>	<u>\$ _____</u>	<u>\$294,325,000</u>		<u>\$376,617,061</u>

*Send copies of new amortization schedules

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

<u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2010	\$ _____	\$ _____	\$ _____	\$ _____ --
2011	_____	_____	_____	_____ --
2012	_____	_____	_____	_____ --
2013	_____	_____	_____	_____ --
2014	_____	_____	_____	_____ --
2015-2019	_____	_____	_____	_____ --
2020-2024	_____	_____	_____	_____ --
2025-2029	_____	_____	_____	_____ --
2030-2034	_____	_____	_____	_____ --
Total	\$ _____ --	\$ _____ --	\$ _____ --	\$ _____ --

SCHEDULE 4-A

STATE OF LOUISIANA
 _____ (BTA)
SCHEDULE OF NOTES PAYABLE AMORTIZATION
 For the Year Ended June 30, 20__

Fiscal Year Ending:	Principal	Interest
2010	\$ _____	\$ _____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
2030-2034	_____	_____
 Total	 \$ _____ --	 \$ _____ --

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2009**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2010	\$ _____	\$ 20,747,730
2011	_____	20,747,730
2012	5,900,000	21,026,980
2013	6,225,000	20,606,096
2014	6,575,000	20,569,267
2015	6,925,000	20,093,608
2016	7,225,000	19,592,371
2017	7,625,000	19,069,103
2018	8,025,000	18,516,707
2019	8,475,000	17,934,936
2020	8,875,000	17,320,245
2021	9,400,000	16,676,178
2022	9,875,000	15,993,634
2023	10,425,000	15,276,158
2024	10,900,000	14,518,416
2025	11,525,000	13,725,745
2026	12,175,000	12,887,004
2027	12,775,000	12,000,435
2028	13,475,000	11,069,582
2029	14,225,000	10,087,106
2030	14,950,000	9,049,456
2031	15,775,000	7,958,172
2032	16,675,000	6,805,913
2033	17,575,000	5,587,121
2034	18,550,000	4,301,563
2035	19,550,000	2,943,903
2036	20,625,000	1,511,902
Total	\$ <u>294,325,000</u>	\$ <u>376,617,061</u>

SCHEDULE 4-C

STATE OF LOUISIANA
(BTA)
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
JUNE 30, 2009

	Financial Statement	Adjustments	ISIS Appropriation Report-08/14/09	Revised Budget	Variance Positive/(Negative)
Revenues:					
Intergovernmental Revenues	\$ _____	\$ _____	\$ _____ -	\$ _____	\$ _____ -
Federal Funds	_____	_____	_____ -	_____	_____ -
Sales of Commodities and Services	_____	_____	_____ -	_____	_____ -
Other	_____	_____	_____ -	_____	_____ -
Total appropriated revenues	_____ -	_____ -	_____ -	_____ -	_____ -
Expenses:					
Cost of goods sold	\$ _____	\$ _____	\$ _____ -	\$ _____	\$ _____ -
Personal services	_____	_____	_____ -	_____	_____ -
Travel	_____	_____	_____ -	_____	_____ -
Operating Services	_____	_____	_____ -	_____	_____ -
Supplies	_____	_____	_____ -	_____	_____ -
Professional services	_____	_____	_____ -	_____	_____ -
Other charges	_____	_____	_____ -	_____	_____ -
Capital outlay	_____	_____	_____ -	_____	_____ -
Interagency transfers	_____	_____	_____ -	_____	_____ -
Debt service	_____	_____	_____ -	_____	_____ -
Other:					
Bad debts	_____	_____	_____ -	_____	_____ -
Depreciation	_____	_____	_____ -	_____	_____ -
Compensated absences	_____	_____	_____ -	_____	_____ -
Interest expense	_____	_____	_____ -	_____	_____ -
Other (identify)	_____	_____	_____ -	_____	_____ -
Total appropriated expenses	_____ -	_____ -	_____ -	_____ -	_____ -
Excess (deficiency) of revenues over expenses (budget basis)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

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

STATE OF LOUISIANA

(BTA)

**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
June 30, 2009**

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

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

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT (BTA)
COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>113,571,904</u>	\$ <u>90,637,914</u>	\$ <u>22,933,990</u>	\$ <u>25%</u>
Expenses	<u>112,662,347</u>	<u>118,120,411</u>	<u>(5,458,064)</u>	<u>5%</u>
2) Capital assets	<u>340,637,240</u>	<u>346,685,440</u>	<u>(6,048,200)</u>	<u>17%</u>
Long-term debt	<u>280,802,335</u>	<u>279,846,137</u>	<u>956,198</u>	<u>0%</u>
Net Assets	<u>78,309,154</u>	<u>78,356,911</u>	<u>47,757</u>	<u>0%</u>

Explanation for change:

Revenues increased due to increase in state appropriation of \$13,036,170 (from FY08 appropriation applicable to FY09), and increased construction projects from OFPC of \$8,961,294.

Expenses decreased by 5% due to decreased additional professional sports team inducement to the Hornets, which decreased by \$8,148,905.

Capital assets decreased by \$6,048,200, the amount that depreciation expense was in excess of current year capital acquisitions.

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 28, 2009

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

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

New Orleans, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the years ended June 30, 2009 and June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 28, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the District's management and Board of Commissioners and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Temporary Legislative Auditor

MH:JR:EFS:PEP:dl

LSED09