

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



FINANCIAL STATEMENT AUDIT  
FOR THE YEAR ENDED JUNE 30, 2021  
ISSUED MARCH 23, 2022

**LOUISIANA LEGISLATIVE AUDITOR  
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ERNEST F. SUMMERVILLE, JR., CPA

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# TABLE OF CONTENTS

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	Page
Independent Auditor’s Report.....	2
Management’s Discussion and Analysis .....	5

## Statement

### Basic Financial Statements:

#### Government-Wide Financial Statements:

Statement of Net Position.....	A		12
Statement of Activities.....	B		14

#### Fund Financial Statements:

Balance Sheet - Governmental Funds .....	C		16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	D		18
Statement of Net Position - Proprietary Funds .....	E		20
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds .....	F		22
Statement of Cash Flows - Proprietary Funds.....	G		24
Notes to the Financial Statements .....			26

## Exhibit

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....			A
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LOUISIANA LEGISLATIVE AUDITOR  
MICHAEL J. "MIKE" WAGUESPACK, CPA

March 18, 2022

## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the state of Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, 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, 2021, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Emphasis of Matter Regarding Impact of COVID-19*

As discussed in note 21 to the financial statements, the COVID-19 pandemic has caused disruption in operations for the District, cancelled scheduled events at District facilities, and impacted the hotel tax revenues received by the District. Management's plans in regard to this matter are also described in note 21. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022, 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 solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

CJH:NM:RR:EFS:aa

LSED 2021



## MANAGEMENT’S DISCUSSION AND ANALYSIS

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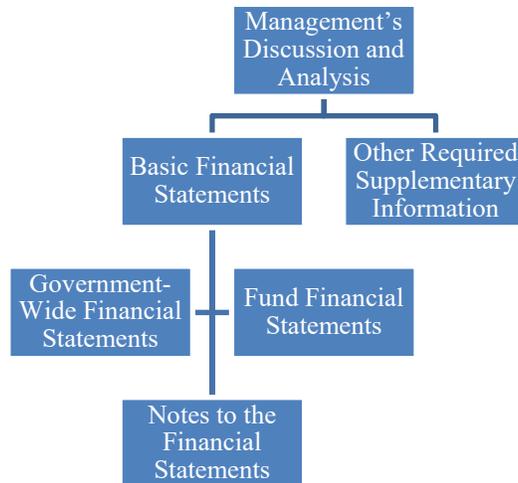
Management’s Discussion and Analysis of the Louisiana Stadium and Exposition District’s (the District) financial performance presents a narrative overview and analysis of the District’s financial activities for the year ended June 30, 2021. This document focuses on the current year’s activities, resulting changes, and currently-known facts in comparison with the prior year’s information. Please read this document in conjunction with the information contained in the District’s financial statements, which begin on page 12.

### FINANCIAL HIGHLIGHTS

- The District’s assets and deferred outflows of resources of business-type activities exceeded liabilities at the close of fiscal year 2021 by \$352,047,663. The net position of business-type activities increased by \$59,984,179 during fiscal year 2021. The liabilities of governmental activities exceeded assets and deferred outflows of resources at the close of fiscal year 2021 by \$316,796,592. The net position of governmental activities decreased by \$80,781,398 during fiscal year 2021.
- The District has received \$33,650,142 in capital contributions to its business-type activities for the year ended June 30, 2021. This represents an increase of \$25,971,500 over the prior fiscal year. The contributions fund various capital projects for improvements to the Louisiana Superdome.
- The District received \$28,159,472 of hotel occupancy taxes in its governmental activities for the year ended June 30, 2021. This represents a decrease of \$9,498,702 over the prior fiscal year. The decrease is the result of the COVID-19 pandemic and state and local emergency declarations which have restricted business, travel, and other economic activity.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the District established by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*:



This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements and related notes, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

## **BASIC FINANCIAL STATEMENTS**

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

## Government-Wide Statements

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

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

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

- Governmental activities, which include the General Fund, Debt Service Fund, and Capital Projects Fund
- Business-type activities, which include the operation of the Louisiana Superdome, Smoothie King Center, and Champions Square

## Fund Financial Statements

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

The District has two kinds of funds:

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

**FINANCIAL ANALYSIS OF THE DISTRICT**

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

**Net Position**  
**As of June 30, 2021, and 2020**  
**(in thousands)**

	<u>2021</u>	<u>2020</u>
Current and other assets	\$171,028	\$91,332
Capital assets	414,532	366,865
Total assets	<u>585,560</u>	<u>458,197</u>
Total deferred outflows of resources	<u>23,808</u>	<u>25,395</u>
Current and other liabilities	62,653	69,373
Long-term debt outstanding	511,464	358,171
Total liabilities	<u>574,117</u>	<u>427,544</u>
Net Position:		
Net investment in capital assets	114,822	149,013
Restricted	132,231	57,159
Unrestricted	<u>(211,802)</u>	<u>(150,124)</u>
Total net position	<u><u>\$35,251</u></u>	<u><u>\$56,048</u></u>

The District's total revenues of its governmental and business-type activities decreased by \$29,653,000 from 2020 to 2021. The total cost of all governmental and business-type activities programs and services decreased by \$36,412,000. The decrease in total revenues is due primarily to the COVID-19 pandemic which has severely impacted tourism and the hotel occupancy tax. The decrease in total cost is also primarily due to cutbacks made as a result of the COVID-19 pandemic.

**Changes in Net Position**  
**For the Years Ended June 30, 2021, and 2020**  
(in thousands)

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$9,910	\$53,112
Grants and contributions	39,329	9,774
General revenues:		
Hotel occupancy taxes	28,159	37,658
New Orleans Sports Franchise Fund	1,293	6,959
Pari-mutuel live racing facility slots	2,686	2,750
Players' tax	4,121	4,145
Interest and other income	665	1,418
Total revenues	<u>86,163</u>	<u>115,816</u>
<b>Program Expenses</b>		
Interest on long-term debt	16,623	14,121
Facility operation	90,337	129,251
Total expenses	<u>106,960</u>	<u>143,372</u>
<b>(Decrease) in Net Position</b>	<u><u>(\$20,797)</u></u>	<u><u>(\$27,556)</u></u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2021, and June 30, 2020, the District had \$414,532,055 and \$366,865,113, respectively, invested in capital assets, net of accumulated depreciation of \$497,998,025 and \$461,486,375, respectively, including land, buildings and improvements, furniture, fixtures, equipment, and construction-in-progress.

Capital assets as of June 30 (in thousands):

	<u>2021</u>	<u>2020</u>
Land	\$20,069	\$20,069
Building and improvements	239,331	268,190
Furniture, fixtures, and equipment	3,254	3,899
Construction-in-progress	<u>151,878</u>	<u>74,707</u>
Total	<u>\$414,532</u>	<u>\$366,865</u>

### Debt

The District had \$289,790,000 and \$300,480,000 in revenue bonds outstanding at June 30, 2021, and June 30, 2020, respectively. In January 2013, the District issued Series 2013A, 2013B, and 2013C Revenue Refunding Bonds totaling \$361,345,000 for the purpose of refunding the District's existing debt, providing funds for the termination of the fixed-rate hedge agreement and the interest rate swap agreement, and providing for the costs of issuance of the bonds. The District's required principal payment on the Series 2013 bonds of \$10,690,000 was due and paid on July 1, 2020.

The District issued \$70,000,000 of Bond Anticipation Notes Series 2021 on June 30, 2021, \$90,000,000 of Bond Anticipation Notes Series 2020 on July 1, 2020, and \$30,000,000 of Bond Anticipation Notes Series 2019 on September 11, 2019 to provide construction financing for the Louisiana Superdome Master Plan project.

### 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 based on the reduction of potential events in the Louisiana Superdome, Smoothie King Center, and Champions Square.
- Hotel occupancy tax revenue based on projections considering an expected reduction in events and conventions in New Orleans.
- Contractual obligations to professional sports franchises
- Evaluation of the ongoing COVID-19 pandemic and the impact on events and statutorily dedicated revenues, grants, and hotel occupancy taxes.

During fiscal year 2021, the District's net position decreased \$20,797,000, and during fiscal year 2020, the District's net position decreased \$27,556,000. The operating loss of the enterprise funds during fiscal year 2021, was funded by statutorily-dedicated revenues, grants, and hotel occupancy taxes, which were transferred from the General Fund, and capital contributions from the state. Current projections by management of the District indicate that operating losses will continue. Plans

to manage the deficit will be through budget management efforts which include a significant reduction of operational expenditures, including a decrease in fixed and variable costs, and a reduction of capital outlay.

### **CONTACTING THE DISTRICT'S MANAGEMENT**

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



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

**Statement of Net Position  
June 30, 2021**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents (note 2)	\$52,938,209	\$15,557,725	\$68,495,934
Accounts receivable	296,293	6,630,446	6,926,739
Due from State of Louisiana (note 3)	18,179,988		18,179,988
Internal balances	(3,958,361)	3,958,361	-
Prepaid expenses		32,752	32,752
Restricted assets: (notes 2, 6, and 9)			
Capital Outlay Reserve Account - cash and cash equivalents	72,869,636	3,995,822	76,865,458
Energy savings performance trust - cash and cash equivalents	101,516		101,516
Concessionaire Fund - receivable		390,046	390,046
Deposits		35,869	35,869
Capital assets, net of accumulated depreciation (note 4)	58,373,579	356,158,476	414,532,055
Total assets	<u>198,800,860</u>	<u>386,759,497</u>	<u>585,560,357</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	23,808,139		23,808,139
Total deferred charge on refunding	<u>23,808,139</u>	<u>NONE</u>	<u>23,808,139</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	804,866	5,247,959	6,052,825
Sports franchise obligations payable (notes 15 and 16)	1,700,000		1,700,000
Unearned revenue and security deposits		125,790	125,790
Compensated absences (note 1-J)	14,876	354,528	369,404
Advance deposits on future events		14,028,266	14,028,266
Other facility obligations payable	1,150,000		1,150,000
Construction contracts payable		11,213,288	11,213,288
Concessionaire payable		3,742,003	3,742,003
Accrued bond interest payable current portion	8,767,750		8,767,750
Bonds payable current portion, net (note 7)	13,561,833		13,561,833
Capital lease obligations current portion (note 6)	1,224,992		1,224,992
Judgments and settlements payable, current portion (note 5)	717,113		717,113
Noncurrent liabilities:			
Accrued bond interest payable	10,364,819		10,364,819
Bonds payable, net (note 7)	296,576,817		296,576,817
Bond anticipation note (note 8)	197,461,200		197,461,200
Capital lease obligations (note 6)	5,886,325		5,886,325
Judgments and settlements payable (note 5)	1,175,000		1,175,000
Total liabilities	<u>539,405,591</u>	<u>34,711,834</u>	<u>574,117,425</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**STATE OF LOUISIANA**  
**Statement of Net Position**  
**June 30, 2021**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>NET POSITION</b>			
Net investment in capital assets	(\$241,336,530)	\$356,158,476	\$114,821,946
Restricted for:			
Debt service	54,874,308		54,874,308
Capital outlay reserve	72,869,636	3,995,822	76,865,458
Concessionaire reserve		390,046	390,046
Energy savings performance	101,516		101,516
Unrestricted	(203,305,522)	(8,496,681)	(211,802,203)
<b>TOTAL NET POSITION</b>	<b>(\$316,796,592)</b>	<b>\$352,047,663</b>	<b>\$35,251,071</b>

(Concluded)

The accompanying notes are an integral part of this statement.



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

**Statement of Activities  
For the Year Ended June 30, 2021**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
Facility operation	\$12,611,571	\$698,044	\$444,047	\$1,203,168
Interest on bonds and capital leases	16,622,663			
Total governmental activities	29,234,234	698,044	444,047	1,203,168
Business-type activities:				
Facility operation	77,725,360	9,211,557	4,032,447	33,650,142
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$106,959,594</b>	<b>\$9,909,601</b>	<b>\$4,476,494</b>	<b>\$34,853,310</b>

General revenues:

Taxes:  
Hotel occupancy taxes (note 9)  
New Orleans Sports Franchise Fund  
Pari-mutuel live racing facility slots  
Players' tax  
Vehicle license plate royalties  
Miscellaneous  
Investment earnings  
Transfers in (out)  
Total general revenues and transfers

Change in net position

**NET POSITION, BEGINNING OF YEAR**

**TOTAL NET POSITION, END OF YEAR**

The accompanying notes are an integral part of this statement.

Statement B

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
(\$10,266,312)		(\$10,266,312)
(16,622,663)		(16,622,663)
(26,888,975)	NONE	(26,888,975)
NONE	(\$30,831,214)	(30,831,214)
(\$26,888,975)	(\$30,831,214)	(\$57,720,189)

\$28,159,472		\$28,159,472
1,292,718		\$1,292,718
2,685,638		\$2,685,638
4,120,548		\$4,120,548
500,027		\$500,027
108,239		\$108,239
39,739	\$16,589	\$56,328
(90,798,804)	90,798,804	-
(53,892,423)	90,815,393	\$36,922,970
(80,781,398)	59,984,179	(20,797,219)
(\$236,015,194)	\$292,063,484	\$56,048,290
(\$316,796,592)	\$352,047,663	\$35,251,071



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

**Balance Sheet  
June 30, 2021**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents (note 2)	\$2,106,834	\$50,831,367	\$8	\$52,938,209
Accounts receivable	296,293			296,293
Due from State of Louisiana (note 3)	14,137,047	4,042,941		18,179,988
Restricted assets: (notes 2, 6, and 9)				
Capital Outlay Reserve Account - cash and cash equivalents	72,869,636			72,869,636
Energy savings performance trust - cash and cash equivalents	101,516			101,516
<b>TOTAL ASSETS</b>	<b>\$89,511,326</b>	<b>\$54,874,308</b>	<b>\$8</b>	<b>\$144,385,642</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued expenses	\$804,866			\$804,866
Due to other funds	3,958,361			3,958,361
Sports franchise obligations payable (notes 15 and 16)	1,700,000			1,700,000
Other facility obligations payable	1,150,000			1,150,000
Compensated absences (note 1-J)	14,876			14,876
Total liabilities	7,628,103	NONE	NONE	\$7,628,103
Fund Balances:				
Restricted for - debt service		\$54,874,308		54,874,308
Restricted for - capital outlay reserve	72,869,636			72,869,636
Restricted for - energy savings performance	101,516			101,516
Assigned for - capital projects			\$8	8
Unassigned	8,912,071			8,912,071
Total fund balances	81,883,223	54,874,308	8	136,757,539
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$89,511,326</b>	<b>\$54,874,308</b>	<b>\$8</b>	<b>\$144,385,642</b>

(Continued)

The accompanying notes are an integral part of this statement.



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

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2021**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Hotel occupancy tax (note 9)	\$12,735,217	\$15,424,255		\$28,159,472
New Orleans Sports Franchise Fund	1,292,718			1,292,718
Pari-mutuel live racing facility slots	2,685,638			2,685,638
Players' tax	4,120,548			4,120,548
Vehicle license plate royalties	500,027			500,027
Facility event revenue	207,130			207,130
Interest earnings	32,663	7,076		39,739
Miscellaneous income	108,239			108,239
Total revenues	<u>21,682,180</u>	<u>15,431,331</u>	NONE	<u>37,113,511</u>
<b>EXPENDITURES</b>				
Salaries, wages, and benefits	569,661			569,661
Utilities	224,589			224,589
Management fee - ASM (note 13)	75,000			75,000
Professional fees	753,117			753,117
Insurance	444,047			444,047
Other Saints obligations (note 15)	2,069,317			2,069,317
Other Pelicans obligations (note 16)	3,708,917			3,708,917
Other facility obligations	1,228,738			1,228,738
Other expenditures	647,401			647,401
Capital outlay			\$2,557,073	2,557,073
Debt service:				
Principal	1,903,631	10,690,000		12,593,631
Interest	300,760	15,534,850		15,835,610
Issuance costs	793,930			793,930
Total expenditures	<u>12,719,108</u>	<u>26,224,850</u>	<u>2,557,073</u>	<u>41,501,031</u>
Excess (deficiency) of revenues over expenditures	<u>8,963,072</u>	<u>(10,793,519)</u>	<u>(2,557,073)</u>	<u>(4,387,520)</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**STATE OF LOUISIANA**  
**GOVERNMENTAL FUNDS**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2021**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		\$24,091,883	\$1,353,905	\$25,445,788
Transfers out	(\$116,244,592)			(116,244,592)
Proceeds from issuance of bond anticipation notes	169,133,100			169,133,100
State contributions	444,047			444,047
Capital contributions			1,203,168	1,203,168
Insurance recoveries	490,914			490,914
Total other financing sources (uses)	<u>53,823,469</u>	<u>24,091,883</u>	<u>2,557,073</u>	<u>80,472,425</u>
Net change in fund balances	62,786,541	13,298,364	NONE	76,084,905
Fund balances at beginning of year	<u>\$19,096,682</u>	<u>\$41,575,944</u>	<u>\$8</u>	<u>\$60,672,634</u>
Fund balances at end of year	<u>\$81,883,223</u>	<u>\$54,874,308</u>	<u>\$8</u>	<u>\$136,757,539</u>
Net change in fund balances, as presented in this statement				\$76,084,905
Amounts presented for governmental activities in the Statement of Activities are different because:				
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.				
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.				
(156,539,469)				
Governmental funds report interest expense only when the expense is due for payment, while the Statement of Activities reports bond interest as it is incurred.				
(3,332,062)				
Governmental funds do not include amortization for bond premium and refunding costs.				
2,545,009				
Governmental funds report the acquisition of capital assets as expenditures of the period in which the asset is acquired. In the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$2,557,073) exceeded depreciation (\$2,096,854) in the current period.				
<u>460,219</u>				
Change in net position of governmental activities as reported on the Statement of Activities				<u><u>(\$80,781,398)</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

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

**Statement of Net Position**  
**June 30, 2021**

	ENTERPRISE FUNDS			TOTAL
	LOUISIANA SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents (note 2)	\$1,719,646	\$13,557,132	\$280,947	\$15,557,725
Accounts receivable	6,221,687	344,305	64,454	6,630,446
Due from other funds	4,445,122	745,569	2,387,348	7,578,039
Prepaid expenses	27,029	5,723		32,752
Total current assets	<u>12,413,484</u>	<u>14,652,729</u>	<u>2,732,749</u>	<u>29,798,962</u>
Restricted assets: (notes 2 and 9)				
Capital outlay reserve account - cash and cash equivalents		3,995,822		3,995,822
Concessionaire Fund - receivable	16,779	373,267		390,046
Total restricted assets	<u>16,779</u>	<u>4,369,089</u>	<u>NONE</u>	<u>4,385,868</u>
Other assets:				
Capital assets, net of accumulated depreciation (note 4)	283,344,687	66,053,367	6,760,422	356,158,476
Deposits			35,869	35,869
Total other assets	<u>283,344,687</u>	<u>66,053,367</u>	<u>6,796,291</u>	<u>356,194,345</u>
<b>TOTAL ASSETS</b>	<u><u>\$295,774,950</u></u>	<u><u>\$85,075,185</u></u>	<u><u>\$9,529,040</u></u>	<u><u>\$390,379,175</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**STATE OF LOUISIANA**  
**PROPRIETARY FUNDS**  
**Statement of Net Position**  
**June 30, 2021**

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$1,970,988	\$828,956	\$2,448,015	\$5,247,959
Unearned revenue and security deposits	8,800	106,050	10,940	125,790
Compensated absences (note 1-J)	301,756	47,706	5,066	354,528
Funds held in escrow for future events	600,432	13,224,279	203,555	14,028,266
Construction contracts payable	11,213,288			11,213,288
Concessionaire payable	2,783,671	738,932	219,400	3,742,003
Due to other funds		3,600,000	19,678	3,619,678
Total current liabilities	<u>16,878,935</u>	<u>18,545,923</u>	<u>2,906,654</u>	<u>38,331,512</u>
Total liabilities	<u>\$16,878,935</u>	<u>\$18,545,923</u>	<u>\$2,906,654</u>	<u>\$38,331,512</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$283,344,687	\$66,053,367	\$6,760,422	\$356,158,476
Restricted	16,779	4,369,089		4,385,868
Unrestricted	(4,465,451)	(3,893,194)	(138,036)	(8,496,681)
Total net position	<u>278,896,015</u>	<u>66,529,262</u>	<u>6,622,386</u>	<u>352,047,663</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$295,774,950</u>	<u>\$85,075,185</u>	<u>\$9,529,040</u>	<u>\$390,379,175</u>

(Concluded)

The accompanying notes are an integral part of this statement.

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

**Statement of Revenues, Expenses, and  
Changes in Fund Net Position  
For the Year Ended June 30, 2021**

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
<b>OPERATING REVENUES</b>				
Event rental:				
Musical events and entertainment		\$35,000	\$750	\$35,750
High school and college sports	\$190,000			190,000
Other events	87,800	25,675		113,475
Reimbursement event costs	1,901,199	1,656,821	8,559	3,566,579
Total event rental	2,178,999	1,717,496	9,309	3,905,804
Concessions and souvenirs	378,498	652,433		1,030,931
Box suite rental	2,252,905			2,252,905
Parking	441,681	309,813	95,680	847,174
Ticket incentives	59			59
Lease income (note 10)	624,812	9,922		634,734
Advertising and broadcasting			108,032	108,032
Other	316,312	110,005	5,601	431,918
Total operating revenues	6,193,266	2,799,669	218,622	9,211,557
<b>OPERATING EXPENSES</b>				
Salaries, wages, and benefits	9,905,826	2,681,262	125,826	12,712,914
Utilities	4,086,756	1,081,984	340,356	5,509,096
Repairs and maintenance	1,759,495	474,370	56,272	2,290,137
Management fee - ASM (note 13)	603,994	258,855		862,849
Saints obligation payments (note 15)	2,621,552			2,621,552
Pelicans obligation payments (note 16)		806,191		806,191
Professional fees	326,754	84,083	11,484	422,321
Professional sports staffing	2,004,208	3,003,770		5,007,978
Insurance	3,165,698	866,749		4,032,447
Direct event expense	874,111	52,333	4,782	931,226
Advertising and public relations	15,518	7,075	6,085	28,678
Rent (note 12)			2,604,380	2,604,380
Other operating expenses	3,790,521	1,236,700	248,121	5,275,342
Total operating expenses	29,154,433	10,553,372	3,397,306	43,105,111
Operating loss before depreciation	(22,961,167)	(7,753,703)	(3,178,684)	(33,893,554)
Depreciation	25,340,322	7,981,491	1,298,436	34,620,249
Operating loss	(48,301,489)	(15,735,194)	(4,477,120)	(68,513,803)

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**STATE OF LOUISIANA**  
**PROPRIETARY FUNDS**  
**Statement of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**For the Year Ended June 30, 2021**

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
<b>NONOPERATING REVENUE</b>				
Interest revenue	\$867	\$14,046	\$1,676	\$16,589
Total nonoperating revenue	867	14,046	1,676	16,589
Loss before transfers and capital contributions	(48,300,622)	(15,721,148)	(4,475,444)	(68,497,214)
Transfers in	87,906,122	5,993,357	1,398,817	95,298,296
Transfers out	(4,499,492)			(4,499,492)
State contributions	3,165,698	866,749		4,032,447
Capital contributions	33,650,142			33,650,142
Change in net position	71,921,848	(8,861,042)	(3,076,627)	59,984,179
Net position, beginning of year	\$206,974,167	\$75,390,304	\$9,699,013	\$292,063,484
<b>NET POSITION, END OF YEAR</b>	<b>\$278,896,015</b>	<b>\$66,529,262</b>	<b>\$6,622,386</b>	<b>\$352,047,663</b>

(Concluded)

The accompanying notes are an integral part of this statement.

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

**Statement of Cash Flows  
For the Year Ended June 30, 2021**

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$6,316,115	\$7,184,329	\$320,051	\$13,820,495
Payments to suppliers	(13,519,170)	(6,329,696)	(3,049,354)	(22,898,220)
Payments for salaries and related expenses	(9,711,263)	(2,659,653)	(119,497)	(12,490,413)
Net cash (used) by operating activities	(16,914,318)	(1,805,020)	(2,848,800)	(21,568,138)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating grants/transfers	83,406,630	5,993,357	1,398,817	90,798,804
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital appropriations and contributions	31,343,727			31,343,727
Purchases of capital assets	(97,327,692)	(848,632)	(29,873)	(98,206,197)
Net cash (used) by capital and related financing activities	(65,983,965)	(848,632)	(29,873)	(66,862,470)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	867	14,046	1,676	16,589
Net increase (decrease) in cash and cash equivalents	509,214	3,353,751	(1,478,180)	2,384,785
Cash and cash equivalents, beginning of year	\$1,210,432	\$14,199,203	\$1,759,127	\$17,168,762
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$1,719,646</b>	<b>\$17,552,954</b>	<b>\$280,947</b>	<b>\$19,553,547</b>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STADIUM AND EXPOSITION DISTRICT**  
**STATE OF LOUISIANA**  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

	ENTERPRISE FUNDS			
	LOUISIANA SUPERDOME	SMOOTHIE KING CENTER	CHAMPIONS SQUARE	TOTAL
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) BY OPERATING ACTIVITIES</b>				
Operating loss	(\$48,301,489)	(\$15,735,194)	(\$4,477,120)	(\$68,513,803)
Adjustments to reconcile operating loss to net cash (used) by operating activities:				
Depreciation expense	25,340,322	7,981,491	1,298,436	34,620,249
Insurance paid by State	3,165,698	866,749		4,032,447
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(58,972)	1,424,448	(52,826)	1,312,650
Restricted assets	578,498	629,453		1,207,951
Inventory		5,434		5,434
Prepaid expenses	46,857	2,558		49,415
(Decrease) increase in:				
Accounts payable and accrued expenses	2,883,132	799,379	2,594,445	6,276,956
Compensated absences	93,462	6,019	3,155	102,636
Unearned revenue	(1,920)		(900)	(2,820)
Funds held in escrow	183,741	2,960,212	155,155	3,299,108
Due to/from other funds	(843,647)	(745,569)	(2,369,145)	(3,958,361)
Net cash (used) by operating activities	(\$16,914,318)	(\$1,805,020)	(\$2,848,800)	(\$21,568,138)

**SCHEDULE OF NONCASH INVESTING, CAPITAL,  
AND FINANCING ACTIVITIES:**

Louisiana Superdome	
Insurance paid by State	<u>\$3,165,698</u>
Smoothie King Center	
Insurance paid by State	<u>\$866,749</u>

(Concluded)

The accompanying notes are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

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

The District acquired a site and constructed thereon the Louisiana Superdome, which opened in August 1975. The Louisiana Superdome is leased by the District to the state pursuant to a Lease Agreement. The District initially managed and operated the Louisiana Superdome on behalf of the state pursuant to a management and operating agreement dated February 1, 1969. In 1976, Act No. 541 of the 1976 Regular Session of the State Legislature (Act No. 541) transferred the responsibility for the management and operation of the Louisiana Superdome to the Office of the Governor of the State and authorized the governor to delegate the management and operation of the Louisiana Superdome to a professional management organization. In 1977, the District was transferred to and placed in the Office of the Governor of the State pursuant to the Executive Reorganization Act. At the same time, Act No. 64 of the 1977 Regular Session of the State Legislature approved and authorized execution of a Management Agreement between the state and HMC Management Corporation (the predecessor in interest of SMG, which merged with AEG Facilities to form ASM Global (ASM) effective October 1, 2019, the current manager of the Louisiana Superdome), which was signed by the parties under date of June 30, 1977.

Louisiana Revised Statute 51:293.1 authorizes the District to sell or transfer the right to designate and use an alternative name to refer to the Louisiana Superdome. In October 2011, the New Orleans Saints entered into a naming rights agreement with the Mercedes-Benz Corporation to acquire the name and title sponsorship to the Louisiana Superdome. In July 2021, the New Orleans Saints entered into a 20-year naming rights agreement with Caesar Entertainment Inc. to acquire the name and title sponsorship to the Louisiana Superdome. The new name of the Louisiana Superdome became the Caesars Superdome (the Superdome).

Act No. 640 of the 1993 Regular Session of the State Legislature amended Act No. 541 to provide, among other things, for the construction of the New Orleans Arena (the Arena) and that all authority for the management and operation of all properties then or thereafter owned by or under the control of the District vested in the state, through the Office of the Governor, with continuing authority to delegate that authority and responsibility to a private management company. In 1998,

by a Fourth Amendment to the Management Agreement dated June 19, 1998, between the state, Facility Management of Louisiana, Inc. (formerly doing business under the name HMC Management Corporation), and ASM, the state delegated its management authority over the Arena to ASM. The District completed construction of the Arena adjacent to the Superdome in 1999, and the Arena opened for operations in October 1999 under the management of ASM.

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

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

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

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

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. BASIS OF PRESENTATION**

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

**B. REPORTING ENTITY**

The District is a component unit of the state of Louisiana as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*. 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 Position, both the governmental and business-type activities of the District are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

The net position of the District is reported in three parts: net investment in capital assets, restricted, and unrestricted. The District first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions 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 revenues (taxes, intergovernmental revenues, interest income, et cetera).

The District does not allocate indirect costs.

**D. FUND FINANCIAL STATEMENTS**

The financial transactions of the District are reported in individual major funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position,

revenues, and expenditures/expenses, as appropriate. Resources are allocated and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District does not have any special revenue funds. The following fund types are used by the District:

### **Governmental Funds**

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

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

Capital projects funds are used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds. The Capital Project Fund maintained by the District accounts for construction and improvement of the facilities of the District.

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

1. Non-spendable fund balance - amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact. There are no non-spendable amounts as of June 30, 2021.
2. Restricted fund balance - amounts that can be spent only for specific purposes because of the Constitution of the State of Louisiana, other state and federal laws, or externally imposed conditions by grantors, creditors, or voter approved propositions.
3. Committed fund balance - amounts that can be used only for specific purposes determined by a formal action by the District's board.
4. Assigned fund balance - amounts that are constrained by the District's intent that they will be used for specific purposes.
5. Unassigned fund balance - all other amounts not included elsewhere.

The District considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

The District also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

### **Proprietary Funds**

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

The District has three enterprise funds that are used to account for the operations of the Superdome, the Arena, and Champions Square. The District has contracted with ASM (formerly SMG) to manage all three facilities. Future enterprise funds may be established as various activities of the District are placed in operation.

## **E. BASIS OF ACCOUNTING**

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

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

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

Revenues from general sources consist primarily of the hotel occupancy tax, which is recognized in the month collected by the hotel proprietors. The hotel occupancy tax is used

to fund annual debt service requirements, operations, repairs and maintenance, and capital additions.

## **F. RESTRICTED ASSETS AND LIABILITIES**

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

## **G. INVENTORIES**

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

## **H. CAPITAL ASSETS**

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

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

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

The District is also party to various leases of office space. Those leases contain provisions whereby improvements were paid for by the lessee. These leasehold improvements have not been recorded by the District. Capital improvements to Champions Square are depreciated over the remaining term of the Entertainment District Master Lease Agreement as they are placed into service. The agreement extends through June 30, 2026.

**I. REVENUE RECOGNITION**

Event rentals, including advance deposits, are recognized as revenue in the period in which the event is held. Annual box suite rentals are recognized in the period earned. Unearned receipts for event rentals and box suite rentals are included in unearned revenue. Revenues from the hotel occupancy tax are recognized in the month such amounts are collected by the hotel proprietors.

**J. COMPENSATED ABSENCES**

Under the Management Agreement with ASM, all employees engaged in managing and operating the Superdome, Arena, and Champions Square are employees of ASM. ASM provides for compensated absences for its employees. ASM employees can earn 10 to 30 days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union agreements. At the end of any fiscal year, all employees can carry forward no more than the number of days earned during the fiscal year. Upon termination, a non-union employee is paid for up to 192 hours of accumulated vacation, if applicable. Members of the Craft Council and Teamsters Union are paid for accumulated vacation up to what they have earned during the year. The accumulated net provision by the District for unpaid vacation benefits due employees of ASM as of June 30, 2021, was \$369,404.

Non-union, full-time ASM employees earn ten days of sick leave per year and members of the Craft Council earn six days of sick leave per year with no carryforward provision. Members of the Teamsters Union earn six days of sick leave per year which can be accumulated up to a maximum of 192 hours. Accumulated sick leave is not paid upon termination of employment; therefore, no liability has been recognized.

**K. CASH FLOW INFORMATION**

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

**L. INTERFUND ACTIVITY**

Interfund activity is reported as loans or transfers. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation if within the same fund type. Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. All internal balances are eliminated in the total primary government column. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Receivables or payables between the primary government are reported on separate lines. During the year ended June 30, 2021, the General Fund transferred \$90,798,804 to the proprietary funds, \$24,091,883 to the Debt Service Fund, and \$1,353,905 to the Capital Projects Fund. Funds

transferred from governmental funds are no longer restricted for debt service or capital projects and are available for allowable uses of the proprietary funds.

#### M. 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.

#### N. ACCOUNTING PRONOUNCEMENTS

In June 2017, the Government Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is evaluating the potential impact of adoption on the District's financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

### 2. CASH AND CASH EQUIVALENTS

The District maintains cash on hand, cash on deposit with banks in demand deposit accounts, and cash in interest-bearing deposit accounts. The District maintains cash equivalents that consist of money market funds held in escrow by the bond trustee. Cash and cash equivalents are recorded at cost, which approximates market. Cash and cash equivalents consist of the following at June 30, 2021:

	Bank Balance	Book Balance
	<u>                    </u>	<u>                    </u>
Primary government:		
Cash on hand		\$12,800
Demand deposits	\$99,131,816	94,618,741
Money market funds	50,831,367	50,831,367
Total	<u>\$149,963,183</u>	<u>\$145,462,908</u>

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

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Cash and cash equivalents	\$52,938,209	\$15,557,725	\$68,495,934
Restricted assets	72,971,152	3,995,822	76,966,974
Total	\$125,909,361	\$19,553,547	\$145,462,908

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

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

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The District's investment policy does not limit the amount of its holdings of securities by counterparties. At June 30, 2021, the District's cash and cash equivalents are invested in money market funds held by a counterparty in the name of the District. Money market investments for 2021 consisted of the Goldman Sachs Financial Square Government Fund (Symbol FOAXX), which is rated Aaa-mf by Moody's and AAAm by Standard and Poor's. The fund's holdings consist exclusively of short-term U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations. The investments are not exposed to custodial credit risk or concentration of credit risk.

As a means of limiting its exposure to fair value losses arising from rising interest rates (interest rate risk), the investment policy prescribed by Louisiana law establishes limits for investments with maturities of 30 days or longer and establishes parameters for interest rates of certain investments. As of June 30, 2021, all cash equivalents had maturities of 30 days or less; therefore, the District was not exposed to interest rate risk. The type of investments allowed by the investment policy (as detailed above) ensures that the District is not exposed to credit risk, concentration of credit risk, and foreign currency risk.

### 3. DUE FROM STATE OF LOUISIANA

Amounts due from the state of Louisiana for hotel occupancy tax collections and appropriations totaled \$18,179,988 at June 30, 2021.

### 4. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

#### Governmental Activities

	Balance June 30, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$6,125,336			\$6,125,336
Construction-in-progress	2,206,844	\$805,345	(\$1,019,389)	1,992,800
Total capital assets not being depreciated	<u>\$8,332,180</u>	<u>\$805,345</u>	<u>(\$1,019,389)</u>	<u>\$8,118,136</u>
Other capital assets:				
Building and improvements:				
Shrine on Airline Stadium	\$29,193,573		\$1,019,389	\$30,212,962
Outdoor practice facility complex	6,565,115			6,565,115
Indoor practice facility	7,659,360			7,659,360
TPC golf facility	7,149,346	\$893,752		8,043,098
Pelicans training facility	10,000,919			10,000,919
Alario center	18,921,426	857,976		19,779,402
Less accumulated depreciation	<u>(29,908,559)</u>	<u>(2,096,854)</u>		<u>(32,005,413)</u>
Total other capital assets	<u>\$49,581,180</u>	<u>(\$345,126)</u>	<u>\$1,019,389</u>	<u>\$50,255,443</u>
Capital asset summary:				
Capital assets not depreciated	\$8,332,180	\$805,345	(\$1,019,389)	\$8,118,136
Other capital assets, at cost	<u>79,489,739</u>	<u>1,751,728</u>	<u>1,019,389</u>	<u>82,260,856</u>
Total cost of capital assets	87,821,919	2,557,073		90,378,992
Less accumulated depreciation	<u>(29,908,559)</u>	<u>(2,096,854)</u>		<u>(32,005,413)</u>
Capital assets, net	<u>\$57,913,360</u>	<u>\$460,219</u>		<u>\$58,373,579</u>

Depreciation expense of \$2,096,854 was charged to facility operations in governmental activities for the year ended June 30, 2021.

Depreciation expense of \$34,620,249 was charged to facility operations in business-type activities for the year ended June 30, 2021.

**Business-Type Activities**

	Balance June 30, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$13,944,160			\$13,944,160
Construction-in-progress	72,500,628	\$80,063,239	(\$2,678,931)	149,884,936
Total capital assets not being depreciated	<u>\$86,444,788</u>	<u>\$80,063,239</u>	<u>(\$2,678,931)</u>	<u>\$163,829,096</u>
Other capital assets:				
Building and improvements	\$605,102,986	\$791,664	\$2,678,931	\$608,573,581
Leasehold improvements	17,451,559	14,933		17,466,492
Furniture, fixtures, and equipment	31,530,236	984,046	(232,363)	32,281,919
Less accumulated depreciation	<u>(431,577,816)</u>	<u>(34,620,249)</u>	<u>205,453</u>	<u>(465,992,612)</u>
Total other capital assets	<u>\$222,506,965</u>	<u>(\$32,829,606)</u>	<u>\$2,652,021</u>	<u>\$192,329,380</u>
Capital asset summary:				
Capital assets not depreciated	\$86,444,788	\$80,063,239	(\$2,678,931)	\$163,829,096
Other capital assets, at cost	<u>654,084,781</u>	<u>1,790,643</u>	<u>2,446,568</u>	<u>658,321,992</u>
Total cost of capital assets	740,529,569	81,853,882	(232,363)	822,151,088
Less accumulated depreciation	<u>(431,577,816)</u>	<u>(34,620,249)</u>	<u>205,453</u>	<u>(465,992,612)</u>
Capital assets, net	<u>\$308,951,753</u>	<u>\$47,233,633</u>	<u>(\$26,910)</u>	<u>\$356,158,476</u>

A component of the 15-year extension of the New Orleans Saints lease agreement with the Superdome through 2025 was the state's approval to fund \$85,000,000 in funding for upgrades and improvements to the facility. These improvements have completely modernized the facility to include an expansion of the Plaza concourse, concession areas, restrooms, and elevators; addition of two ground-level clubs; new electrical, video, and audio systems; widening the ramp to the Gate A entrance; a permanent staircase to Champions Square; expansion of the team retail store; relocation of the press box to the 700 level; an additional 16 suites; and an additional 3,100 seats.

The Shrine on Airline stadium; the New Orleans Saints Practice Facilities; and the New Orleans Pelicans Training Facility are owned by the District. The District has the use of the land related to the Shrine on Airline and practice facilities for 60 years at no cost, expiring in April 2055.

### Louisiana Superdome Master Plan Project

During 2019, the District undertook a plan to construct, improve, equip, and furnish the facility (the Project). The District secured financing as described in Note 8. For the year ended June 30, 2021, the District had \$143,029,294 of construction-in-progress related to the Project. As of June 30, 2021, the District had commitments under the following two contracts, which are the largest related to the Project, as follows:

	Spent-to-Date	Remaining Commitment
Construction	\$97,034,401	\$11,261,423
Architect	\$19,920,190	\$21,418,331

### 5. JUDGMENTS AND SETTLEMENTS PAYABLE

On May 3, 2017, the Louisiana Supreme Court handed down its decision ordering the refunding of hotel occupancy taxes for the sales tax periods October 1, 1999, through June 30, 2004, plus interest to a local entity. The District will repay \$1,300,646 over a period of five years. Beginning on July 1, 2017, monthly installments of \$21,949 will be withheld from the hotel occupancy taxes collected by the Louisiana Department of Revenue on behalf of the District. During the year ended June 30, 2021, the District paid \$263,384. The District's future payments on the judgment are \$247,113 for the fiscal year ending June 30, 2022.

On May 28, 2020, the District entered into a settlement agreement with the city of New Orleans to remit payment for the use of the LaSalle street right-of-way between Poydras street and Girod street for event purposes dating back to January 2011 and through December 2020. The District shall pay a total of \$2,350,000 to the city of New Orleans over a five-year period beginning in May 2020. Subsequent payments of \$235,000 will be paid by the District on or before June 30<sup>th</sup> and December 31<sup>st</sup> beginning December 2020. During the year ended June 30, 2021, the District paid \$470,000. The District's future payments on this settlement are \$470,000 for the fiscal years ending June 30, 2022 through June 30, 2024, and \$235,000 for the fiscal year ending June 30, 2025.

### 6. CAPITAL LEASE - ENERGY SAVINGS PERFORMANCE CONTRACTS

The District has entered into an energy savings performance contract, whereby the District will lease from the vendor the necessary equipment for energy conservation measures applied to existing buildings that improve energy efficiency and are life cycle cost effective. The terms of the lease agreement expire in April 2026. A second lease agreement entered into during the year ended June 30, 2017, has a term which expires in January 2027. Each capital lease obligation at June 30, 2021, is payable in quarterly installments and has a 4.0% implicit rate of interest.

At June 30, 2021, future minimum lease payments under the capital lease obligation and the net present value of the future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2022	\$1,480,032
2023	1,489,206
2024	1,498,534
2025	1,508,018
2026	1,453,997
Thereafter	<u>463,938</u>
Total future minimum lease payments	7,893,725
Less amount representing interest	<u>(782,408)</u>
Present value of future minimum lease payments	7,111,317
Less current principal obligation	<u>(1,224,992)</u>
Total long-term principal obligation	<u><u>\$5,886,325</u></u>

Under the terms of the contract, the vendor has guaranteed the amount of energy and cost savings to be realized by the District. In the event the annual energy cost savings plus annual maintenance cost savings, less the annual new maintenance costs achieved during a guarantee year, is less than the energy and cost savings guarantee for the year, the vendor shall pay to the District an amount equal to the difference.

## 7. BONDS PAYABLE

The bond issues outstanding at June 30, 2021, and changes in long-term debt for the year then ended are as follows:

### Governmental Activities

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Series 2013A (various interest rates; maturing fiscal year 2037)	\$250,480,000		(\$10,690,000)	\$239,790,000	\$11,215,000
Direct Placement: Series 2013C (2.25% interest rates; maturing fiscal year 2040)	<u>50,000,000</u>			<u>50,000,000</u>	
Total outstanding principal	300,480,000	NONE	(10,690,000)	289,790,000	11,215,000
Add bond premium	<u>22,808,969</u>		<u>(2,460,319)</u>	<u>20,348,650</u>	<u>2,346,833</u>
Total bonds payable, net	<u><u>\$323,288,969</u></u>	<u><u>NONE</u></u>	<u><u>(\$13,150,319)</u></u>	<u><u>\$310,138,650</u></u>	<u><u>\$13,561,833</u></u>

On January 16, 2013, the District issued \$361,345,000 of Series 2013 Revenue Refunding Bonds. The purposes of the issue were to refund and defease approximately \$294,000,000 of the District's existing outstanding bonds, to provide approximately \$109,000,000 for the termination of the fixed-rate hedge agreement and interest rate swap agreement, and to provide for the costs of issuance of the bonds. The bonds are secured by a pledge of the hotel occupancy tax and excess

annual revenues of the District. See note 9 for additional information on pledged revenues. The bonds are reported in the 2021 Statement of Net Position, net of unamortized premiums of \$20,348,650.

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

At June 30, 2021, the District had a deferred charge on refunding totaling \$23,808,139, which resulted from the refunding of the Series 2006 Bonds. The deferred charged is being amortized over the life of the Series 2013 Bonds through 2036.

The annual requirements to amortize all District bonds outstanding at June 30, 2021 (excluding support fees), are presented in the following schedule.

Fiscal Year	Series 2013A		Direct Placement: Series 2013C	
	Principal	Interest	Principal	Interest
2022	\$11,215,000	\$11,474,963		\$750,361
2023	11,775,000	10,900,213		767,344
2024	12,335,000	10,322,463		784,710
2025	12,925,000	9,715,963		802,460
2026	13,570,000	9,053,588		820,622
2027-2031	78,215,000	34,609,750		4,390,154
2032-2036	99,415,000	12,885,331		4,909,817
2037-2040	340,000	8,363	\$50,000,000	39,705,447
Total	<u>\$239,790,000</u>	<u>\$98,970,634</u>	<u>\$50,000,000</u>	<u>\$52,930,915</u>

Other significant bond features are as follows:

1. The Series 2013A Bonds maturing on or after July 1, 2024, are subject to redemption prior to maturity at the option of the District.
2. The Series 2013B Bonds are not subject to optional redemption and have been fully redeemed as of June 30, 2018.
3. The Series 2013C Bonds were issued through a private placement with the state of Louisiana.
4. The Series 2013C Bonds are subject to redemption prior to maturity at the option of the District.

5. The Series 2013A Bonds contain a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment of principal or interest; or the hotel occupancy tax is eliminated, reduced or the District's share of the tax is reduced.

The Debt Service Fund had assets available of \$54,874,308 at June 30, 2021, for payment of the bonds included in governmental activities. Each month, the hotel occupancy tax pays the debt service accounts (a) the interest amount that will be sufficient when accumulated to pay the next installment of interest on the bonds and (b) the principal amount that will be sufficient when accumulated to pay the principal of any of the bonds becoming due and payable.

## 8. BOND ANTICIPATION NOTES

On September 11, 2019, the District issued a \$30,000,000 Bond Anticipation Note (BAN), Series 2019. The purposes of this note are to provide construction financing for the Louisiana Superdome Master Plan Project (the Project) and to pay the cost of issuance of the note. The note is the first tranche of the total \$350,000,000 authorized to be issued. The note shall mature on July 3, 2023 and shall bear interest at a rate of 1.78%.

On July 1, 2020, the District issued a \$90,000,000 Bond Anticipation Note, Series 2020. The purposes of this note are to provide construction financing for the Project, to pay the cost of issuance of the note, and to fund interest on the notes through January 2022. The note is the second tranche of the total \$350,000,000 authorized to be issued. The note shall mature on July 3, 2023 and shall bear interest at a rate of 5.0%. The note was issued at a premium which totaled \$5,015,700.

On June 30, 2021, the District issued a \$70,000,000 Bond Anticipation Note, Series 2021. The purposes of this note are to provide construction financing for the Project and to pay the cost of issuance of the note, and to fund interest on the notes through July 2023. The note is the third tranche of the total \$350,000,000 authorized to be issued. The note shall mature on July 3, 2023 and shall bear interest at a rate of 4.0%. The note was issued at a premium which totaled \$4,117,400.

Principal and interest payments due on the note as of June 30, 2021 are as follows:

Fiscal Year	BAN, Series 2019		BAN, Series 2020		BAN, Series 2021		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022		\$534,000		\$4,500,000		\$1,407,778		\$6,441,778
2023		534,000		4,500,000		2,800,000		7,834,000
2024	\$30,000,000	269,967	\$90,000,000	2,275,000	\$70,000,000	1,415,556	\$190,000,000	3,960,523
Total	\$30,000,000	\$1,337,967	\$90,000,000	\$11,275,000	\$70,000,000	\$5,623,334	\$190,000,000	\$18,236,301

The BANs are reported in the 2021 Statement of Net Position, including unamortized premiums of \$7,461,200.

## 9. REVENUE SOURCES AND REQUIRED RESTRICTED ASSETS

The District's bonds are secured by a pledge of all revenues of the District that are not previously dedicated for another use; however, the hotel occupancy tax revenues in the parishes of Orleans and Jefferson are expected to be the primary source of funding. These revenues will cover principal and interest requirements until the bonds are fully paid and discharged in 2039. Total revenue pledged for fiscal year ended June 30, 2021, was \$46,341,657. Total principal and interest remaining on the Series 2013 bonds; BAN, Series 2019; BAN, Series 2020; and BAN, Series 2021, was \$ 479,790,000 and \$ 170,137,850, respectively, as of June 30, 2021. For the current year, the District paid principal and interest payments of \$10,690,000 and \$15,534,850, respectively, on the Series 2013 Bonds and the BAN, Series 2019 and 2020.

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

As noted above, the hotel occupancy tax is pledged by the state for the payment of principal and interest on the District's bonds. Of the \$28,159,472 of hotel occupancy tax earned for the year ended June 30, 2021, \$15,424,255 was used for debt service requirements.

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

At June 30, 2021, after payment and satisfaction of all obligations of the District and after all operating expenses including depreciation, no excess monies were available for distribution.

The assets restricted for capital outlay are made up of the following accounts:

### **Renewal and Replacement Reserve Account**

This account was established to accumulate monies for major maintenance, repairs, renewals, and replacements that are not annually recurring. Excess unrestricted funds at year-end are to be transferred to this account as required by various acts of the state legislature. During the year ended June 30, 2021, no funds from operations were required to be deposited into the reserve. The total amount of deposits on reserve was \$9,032,696 as of June 30, 2021.

### Master Plan Account

The total amount of deposits from the issuance of the BANs (Note 8) restricted for capital outlay was \$67,832,762 as of June 30, 2021.

### 10. RENTALS FROM NONCANCELABLE OPERATING LEASES (LESSOR LEASES)

Commitments for future revenue under noncancelable operating leases as of June 30, 2021, are as follows:

Year Ended June 30,	Business-type Activities		Total
	Cellular Tower Leases	Office Space Lease	
2022	\$481,486	\$18,900	\$500,386
2023	125,166	18,900	144,066
2024	24,497		24,497
2025	24,838		24,838
2026	8,318		8,318
Total	<u>\$664,305</u>	<u>\$37,800</u>	<u>\$702,105</u>

The District leases office space within the Superdome to the Sunbelt Conference under a lease agreement until June 2023. It also leases space within the Superdome and Arena to various cell service providers under agreements expiring at varying intervals until fiscal year 2026.

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

Lease revenues, not including box suite revenues, for the year ended June 30, 2021, were \$634,734 for the District.

### 11. PENSION AND PROFIT SHARING PLANS

On April 1, 1992, the employees of ASM, paid indirectly by the District, became members of ASM's 401(k) plan (the Plan). Employees who are eligible to participate in the 401(k) plan may contribute between 1% and 60% of their eligible compensation for non-highly compensated employees and 5% for highly compensated employees up to the limits established by federal law. ASM will match 40% of the first 5% of eligible compensation contributed by employees. In addition to the matching contribution, ASM 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 the Plan was \$2,322 for the year ended June 30, 2021.

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

## 12. LEASE AND RENTAL COMMITMENTS

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

The total expense for operating leases during fiscal year 2021 amounted to \$2,604,380 for the District; of which, \$2,387,348 was payable at year end. The annual base rental payments are as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>
2022	\$2,521,360
2023	\$3,566,531
2024	\$3,714,662
2025	\$3,865,755
2026	\$4,019,870

The annual base rental payments include an annual 2% increase and a fixed incremental increase over the life of the leases.

### 13. MANAGEMENT AND SUPPORT SERVICES AGREEMENTS

Effective July 1, 1977, the state of Louisiana (the State) entered into a management agreement with HMC Management Corporation (which later changed its name to Facility Management of Louisiana, Inc.) (the Management Agreement). Effective June 19, 1998, the Management Agreement was amended to authorize the substitution of SMG (now operating as ASM after the merger of SMG and AEG Facilities effective October 1, 2019) for Facility Management of Louisiana, Inc., as manager under the agreement, and to include the Arena among the properties to be managed under the Management Agreement. Effective July 1, 2003, the Management Agreement was amended and the term of the agreement was extended until June 30, 2012. By the terms of this amendment, the state was required to notify ASM by June 30, 2011, if it elected not to extend the Management Agreement for an additional five years. ASM was not notified by the state and the Management Agreement was further extended for an additional five-year period ending June 30, 2017. On March 12, 2015, the seventh amendment to the Management Agreement extended the term of the agreement for an additional five years, ending June 30, 2022.

Pursuant to the amendment to the Management Agreement on July 1, 2003, beginning in the year ended June 30, 2007, compensation paid to ASM for its services at the Superdome and Arena will consist of a combination of base fee, incentive fee, and bonus fee. The annual “base fee” is \$700,000 for the Superdome and \$300,000 for the Arena. The “incentive fee” will consist of 10% of the adjusted net income of the Superdome and the Arena, subject to limits established in the agreement. The “bonus fee” will be computed using a percentage of the combined base fees derived from comparing the actual financial performance of the two buildings to budgeted performance. The combined fee paid to ASM (aggregate cap) for the year may not exceed \$1,500,000 as adjusted for the Consumer Price Index (CPI), outstanding manager’s capital contributed by ASM, and a fee increment determined by comparing actual fees earned for fiscal years ended June 30, 2004, 2005, and 2006, to those that would have been earned for those years had the revised fee structure been in effect for those years.

Effective July 1, 2017, the base fees for the Superdome and Arena are reduced by \$210,000 and \$90,000, respectively, less than the amount of their respective base fees as of June 30, 2017, increased in proportion to increases in the CPI published for June 2017 over that published for June 2016, provided that no such CPI increase shall exceed 4%. In addition, the aggregate cap shall not exceed an amount that is \$300,000 less than the aggregate cap as of June 30, 2017, increased in proportion to increases in the CPI published for June 2017 over that published for June 2016, provided that no such CPI increase shall exceed 4%. The amendment provides that ASM will contribute up to \$5,000,000 (manager’s capital) to the District upon written request from the state. The manager’s capital is a non-interest bearing, non-refundable contribution provided certain terms of the agreement are met in relation to the duration of the Management Agreement. Through June 30, 2021, ASM has contributed \$5,000,000 of manager’s capital.

Effective July 1, 2018, for each fiscal year, the base fees, the first tier of the incentive fee, and the aggregate cap are increased in proportion to increases in the CPI published for June immediately preceding the start of the applicable fiscal year over that published for the previous June, provided that no such CPI increase shall exceed 2%.

Effective October 1, 2008, the District entered into a Support Services Agreement with ASM to provide personnel and resources necessary to perform the administrative, accounting and finance, asset management, public relations, governmental matters, and other support services for other facilities. The services with respect to the other facilities and related matters are outside the current scope of the Management Agreement. These services are performed by ASM on behalf of the District, which retains final authority over the other facilities and approval for services. The other facilities consist of Champions Square adjacent the Superdome; the Alario Center in Westwego, Louisiana; the Saints Training Facility in Jefferson, Louisiana; the TPC Louisiana Golf Course in Avondale, Louisiana; and The Shrine (also known as Gold Mine) on Airline, in Metairie, Louisiana. For its services, ASM shall be entitled to receive an annual fee of \$150,000. On October 13, 2010, the agreement was amended to reduce the annual fee to \$75,000 to provide for the separation of services related to Champions Square.

#### **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, 2021, the District is involved in pending and threatened litigation. The District's legal counselors assess the likelihood of material adverse judgments as remote or are unable to express opinions on the probable outcomes of the proceedings.

#### **15. STADIUM AGREEMENT**

The New Orleans Saints lease the Superdome under an agreement (Stadium Agreement) dated September 15, 2009, as amended, with the state, the District, ASM, and the New Orleans Louisiana Saints L.L.C. (the Club), a National Football League (NFL) football franchise. The agreement amends and restates the previous lease agreement dated September 30, 1994, as amended. The agreement provides, among other things, certain annual payments in the form of reduced rentals and the assignment of certain revenues attributable, directly or indirectly, to the presence of the Club in the Superdome in exchange for the Club remaining in the Superdome through the end of the 2025 NFL season. The assignment of revenues resulted in payments totaling \$2,621,552 to the Club for the year ended June 30, 2021.

During the year ended June 30, 2021, the Club received other payments totaling \$2,069,317 representing amounts collected by the Louisiana Department of Revenue attributable to the income of nonresident NFL professional athletes.

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

The Club's eligible revenues, as defined in the Stadium Agreement, as amended and restated, exceeded the revenue benchmark for the year ended June 30, 2021, thus reducing the obligation to

pay additional inducements to the Club. The reduction in additional payment obligations was, in part, a result of the past naming rights agreement between the Club and the Mercedes-Benz Corporation. Granting the Club the ability to sell naming rights sponsorship was considered a key factor in lowering the state's economic exposure to future annual payment obligations. The naming rights revenues are included in the calculation of eligible revenue for each fiscal year under the terms of the Stadium Agreement.

## 16. ARENA USE AGREEMENTS

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

The Arena Use Agreement entitles the Pelicans to all realized revenues from home games including, but not limited to, ticket sales, 40% of gross concession revenues, net revenues from merchandise sales and parking, and various advertising revenues as defined in the agreement. These annual payment obligations are recorded as operating expenses of the Arena and totaled \$806,191 during fiscal year 2021. In return, the Pelicans will reimburse the District for 32% of game day expenses for regular season games and 100% for playoff games. It also provides for an annual payment, beginning in 2012, equal to the greater of \$300,000 (increased by 2% annually) or one-half of the net revenues from luxury box suite ticket sales for other Arena events. There was no expense recorded for the annual payment in fiscal year 2021, as agreed to by the Pelicans and ASM, due to cancellation of arena events as a result of the COVID-19 pandemic.

The Pelicans are also entitled to receive an amount equal to the income taxes collected by the Louisiana Department of Revenue attributable to the income of nonresident professional NBA sports franchise personnel. For fiscal year ended June 30, 2021, the Pelicans were paid \$2,008,917 from the nonresident players' tax.

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

additional annual payment for the revenue benchmark totaled \$1,700,000 during the year ended June 30, 2021. The annual payment was impacted by the COVID-19 pandemic which reduced the number of home games played in 2021 and cancelled all events held in Champion Square.

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

#### **17. NOLA GOLD AGREEMENT**

The District entered into an agreement with the NOLA Gold Rugby Club (NOLA Gold) to hold games at the Shrine on Airline (also referred to as the Gold Mine on Airline). Under the terms of the agreement, the baseball field at the Shrine on Airline was reconfigured into a field suitable to host rugby games at the expense of NOLA Gold. NOLA Gold hosted eight rugby games at the Gold Mine on Airline during the 2021 season.

#### **18. COOPERATIVE ENDEAVOR AGREEMENTS**

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

Effective April 20, 2017, the District and Jefferson Parish entered into a cooperative endeavor agreement whereby the District will provide development services to construct a recreational facility in Westwego, Louisiana, for the youth and citizens of Jefferson Parish. The project will be funded through capital outlay funds appropriated by the state of Louisiana to the District and specifically designated for the implementation of the project. Upon completion of the project, an act of transfer and conveyance will be executed, conveying ownership of the project site, land, improvements, and equipment located on or obtained for the project to Jefferson Parish. During the year ended June 30, 2017, the District acquired the land on which the facility will be located. As of June 30, 2021, initial design and planning on the project continues.

Effective March 28, 2019, the state, the District, and Jefferson Parish entered into an amended and restated management agreement whereby Jefferson Parish accepts the exclusive rights to manage, operate, market, and administer the Alario Center. The agreement is for an initial five-year term with an automatic five-year extension. Jefferson Parish will fund operating and maintenance costs of the Alario Center for the duration of the agreement.

#### **19. MASTER PLAN AND PROJECT**

In April 2019, the District and the Club have entered into an agreement whereby the District and the Club have agreed to split the costs of the architectural design services associated with Louisiana Superdome Master Plan (the Master Plan). Under the terms of the agreement, the District will be

responsible for 20% of the total architectural services design expenses and the Club will be responsible for the remaining 80%. The total cost of the of the design for the Master Plan was \$8,000,000.

The District and the Club agreed to split additional expenses associated with the Master Plan as construction costs are incurred at the District. The Club's contribution of \$33,650,142 represented 33% of the expenditures for construction during Phase 1 and 2 of the Master Plan.

## **20. HARRAH'S SETTLEMENT**

In June 2021, the State of Louisiana and Harrah's New Orleans Casino reached a settlement regarding unpaid hotel occupancy taxes. As part of the settlement, the District recorded a due from the state of Louisiana of \$11,008,891.

## **21. COVID-19 AND MANAGEMENT'S PLAN**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern," and on March 10, 2020, declared it to be a pandemic. In response to the COVID-19 pandemic, national and state emergency declarations are in effect, resulting in significant reductions, in business, travel, and other economic activity. On March 11, 2020, Louisiana Governor John Bel Edwards declared a public health emergency. Additional state and local declarations have placed restrictions and limitations on businesses and gatherings, which have impacted, and continued to impact the District.

The outbreak of COVID-19 has caused disruption in operations for the District, cancelled events scheduled to occur at District facilities, and impacted the hotel occupancy tax revenue received by the District. The District currently estimates a partial recovery in of the hotel occupancy tax revenue at the end of fiscal year 2022. The combination of this recovery along with the inflow of cash from the Harrah's settlement will provide the necessary cash flows for operations. The District will continue efforts to mitigate the effects caused by disruptions in operations through budget management efforts which include reduction of capital outlay and fixed and variable cost reductions.

## **22. SUBSEQUENT EVENTS**

As described in Note 1, on July 26, 2021, the new name of the Louisiana Superdome became the Caesars Superdome.

On December 16, 2021, the Louisiana Joint Legislative Committee on the Budget approved an allocation in the amount of \$26,800,000 to the District from the Louisiana Rescue Plan Fund. This allocation was made in conjunction with the District's purchase of its outstanding Revenue Refunding Bond Series 2013C (see below) and represents a portion of the State's total funding for the Louisiana Superdome Master Plan project.

On January 26, 2022, the District issued a Bond Anticipation Note, Series 2022A, in the amount of \$28,595,000 for the purpose of purchasing the District's outstanding Revenue Refunding Bond Series 2013C; funding the capitalized interest account; and paying certain costs of issuance of the note. The note shall mature on July 3, 2023, and shall bear interest at a rate of 1.872%. Upon the issuance of the Series 2022A Note, the District purchased and extinguished the 2013C Bonds, and the 2013C Bonds are no longer outstanding.

OTHER REPORT REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*

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Exhibit A

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





LOUISIANA LEGISLATIVE AUDITOR  
MICHAEL J. "MIKE" WAGUESPACK, CPA

March 18, 2022

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the state of Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2022. Our report was modified to include an emphasis of matter paragraph about the impact of the COVID-19 pandemic on operations of the District.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

CJH:NM:RR:EFS:aa

LSED 2021