

3427

REPORT

LOUISIANA STADIUM AND
EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

JUNE 30, 2004 AND 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-15-04

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

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LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Principal Officials

June 30, 2004 and 2003

Board of Commissioners

June 30, 2004

Tim Coulon	Chairman/Commissioner
Craig Saporito	Secretary/Commissioner
Rosemary Patterson	Commissioner
Warren Reuther	Commissioner
Clyde Simien	Commissioner
Sara Roberts	Commissioner

June 30, 2003

David Conroy	Chairman/Commissioner
Mark Delesdernier, Jr.	Vice-Chairman/Commissioner
David Brantley	Secretary/Treasurer/Commissioner
Clarence Barney	Commissioner
Donelson "Don" P. Stiel	Commissioner
Bert H. Jones	Commissioner
Alan A. Zaunbrecher	Commissioner



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.

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(1919-1985)

FELIX J. HRAPMANN, JR., C.P.A.

(1919-1990)

WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)

MEMBERS
AMERICAN INSTITUTE OF

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

August 10, 2004

To the Board of Commissioners of the
Louisiana Stadium and Exposition District
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Louisiana Stadium and Exposition District (the District), a component unit of the State of Louisiana, as of and for the years ended June 30, 2004 and 2003, as listed in the accompanying table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2004 and 2003, and the respective changes in financial position and the cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 - 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on pages 45 - 47 and Office of Statewide Reporting Package are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information on pages 45 - 47 and Office of Statewide Reporting Package have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Duplantier, Hrapmann, Hogan & Maher, L.L.P.

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

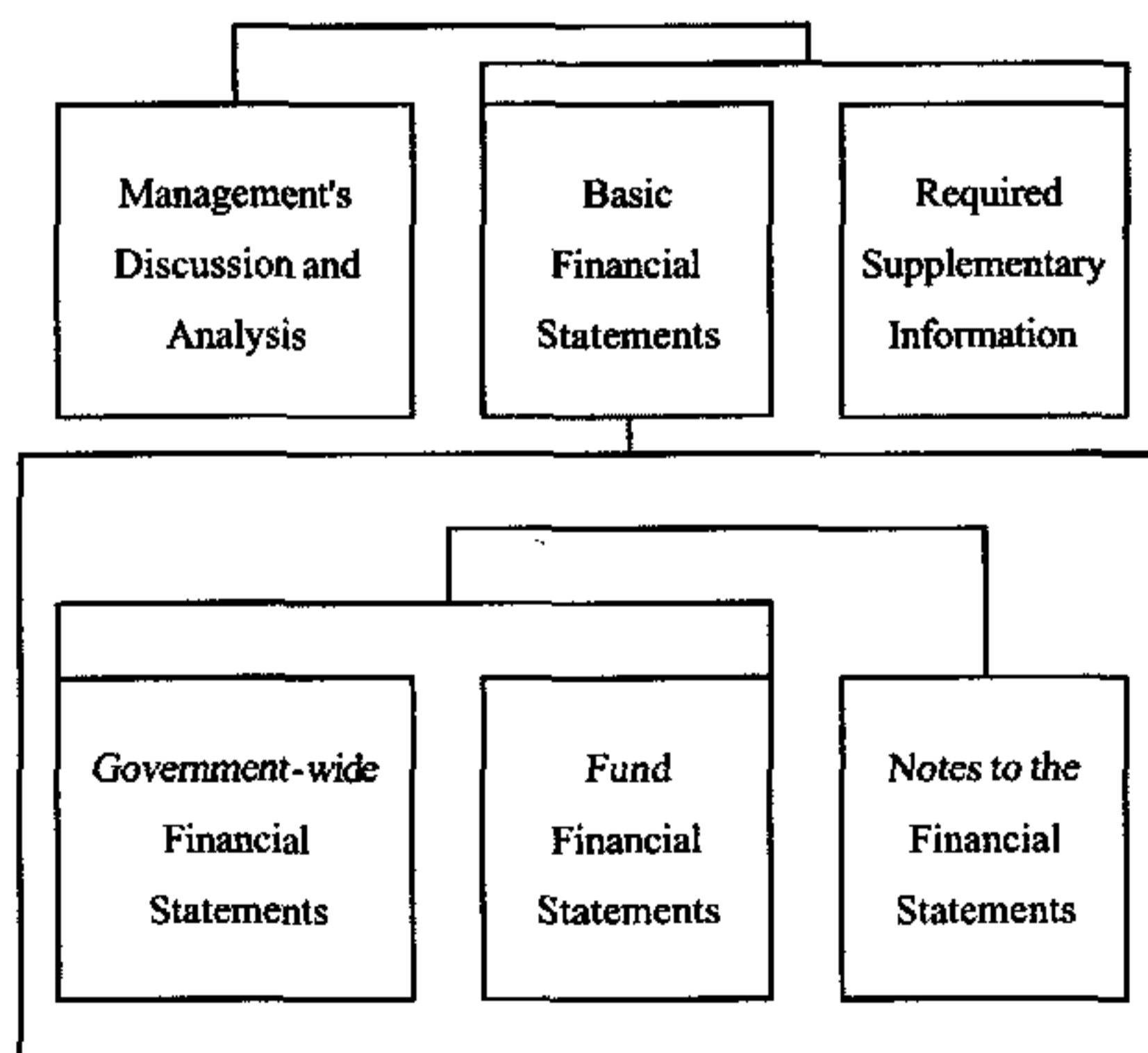
The Management's Discussion and Analysis of the Louisiana Stadium and Exposition District financial performance presents a narrative overview and analysis of Louisiana Stadium and Exposition District's financial activities for the years ended June 30, 2004 and 2003. This document focuses on the current 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 Louisiana Stadium and Exposition District financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- * The Louisiana Stadium and Exposition District's assets of business-type activities exceeded liabilities at the close of fiscal years 2004 and 2003 by \$179,666,924 and \$203,264,974, respectively. The net assets decreased by \$23,598,050 or 12% during fiscal year 2004. The liabilities of governmental activities exceeded assets at the close of fiscal years 2004 and 2003 by \$147,472,555 and \$154,009,392, respectively. The net assets increased by \$6,536,837 or 4% during fiscal year 2004.
- * The Louisiana Stadium and Exposition District's operating and non-operating revenue of business-type activities decreased \$16,406,224 (or 23%) while operating and non-operating expenses decreased \$3,184,960 (or 4%). The decrease in revenues results mainly from the receipt of contributions and state general fund revenue in the year ended June 30, 2003 that were not received in the year ended June 30, 2004. The decrease in expenses results from many factors including decreased grant disbursements in the year ended June 30, 2004, and the one-time Hornets relocation expenses incurred in the year ended June 30, 2003. The revenue of governmental activities decreased by \$2,548,401 (or 13%) while expenses decreased \$446,924 (or 4%). The decrease in revenue results mainly from the decrease in state general fund revenue. The decrease in expenses results from decreased interest expense and capital outlays.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



**LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required 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 like businesses.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The graph 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 Louisiana Stadium and Exposition District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section are as follows:

Government-wide Statements

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

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

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

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

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

Fund Financial Statements

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

The District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Assets
as of June 30, 2004 and 2003
(in thousands)

	Total	
	2004	2003
Current and other assets	\$ 43,849	\$ 40,939
Capital assets	225,338	238,095
Total assets	<u>269,187</u>	<u>279,034</u>
Other liabilities	35,868	38,268
Long-term debt outstanding	201,125	191,510
Total liabilities	<u>236,993</u>	<u>229,778</u>
Net assets:		
Invested in capital assets, net of debt	31,712	39,875
Restricted	10,079	11,253
Unrestricted	<u>(9,597)</u>	<u>(1,872)</u>
Total net assets	<u>\$ 32,194</u>	<u>\$ 49,256</u>

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

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

Statements of Revenue, Expenses and
Changes in Fund Net Assets
For the years ended June 30, 2004 and 2003
(in thousands)

	<u>2004</u>	<u>2003</u>
REVENUES		
Program revenues:		
Charges for services	\$ 30,597	\$ 32,112
Grants and contributions	2,583	18,921
General revenues:		
Hotel occupancy taxes	37,123	36,801
New Orleans Area Tourism Tax	--	1,270
Players' tax	900	676
Investment earnings	140	268
Total revenues	<u>71,343</u>	<u>90,048</u>
PROGRAM EXPENSES:		
Interest on long-term debt	9,553	9,773
Facility operation	<u>78,851</u>	<u>82,013</u>
Total expenses	<u>88,404</u>	<u>91,786</u>
DECREASE IN NET ASSETS	<u>\$ (17,061)</u>	<u>\$ (1,738)</u>

The Louisiana Stadium and Exposition District's total revenues decreased approximately \$18,705,000 (or 21%). The total cost of all programs and services decreased by approximately \$3,382,000 (or 4%). The decrease in total revenues results mainly from the receipt of contributions and state general fund revenue in the prior year. The decrease in cost of programs and services results mainly from many factors, including decreased grant disbursements in the year ended June 30, 2004 and the one-time Hornets relocation expense incurred in the year ended June 30, 2003.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004 and 2003, the Louisiana Stadium and Exposition District had \$225,337,555 and \$238,094,814, respectively, net of accumulated depreciation of \$167,405,302 and \$188,171,783, respectively, invested in capital assets, including land, buildings and improvements, furniture and fixtures and equipment.

	<u>2004</u>	<u>2003</u>
Land	\$ 13,944	\$ 13,944
Buildings and improvements	203,917	210,801
Furniture, fixtures and equipment	5,628	7,552
Construction in progress	<u>1,849</u>	<u>5,798</u>
Totals	<u>\$ 225,338</u>	<u>\$ 238,095</u>

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

The major additions for each fiscal year were improvements to buildings.

Debt

The Louisiana Stadium and Exposition District had \$93,625,000 in revenue bonds outstanding at June 30, 2004, compared to \$191,510,000 at June 30, 2003, an increase of 1%. During the year ended June 30, 2004, the District issued \$6,235,000 of bonds for the purpose of refinancing the costs of certain concessionaire improvements.

The Louisiana Stadium and Exposition District's bonds carried a AAA rating at June 30, 2004 and 2003.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Louisiana Stadium and Exposition District appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- * Scheduled events and estimated attendance
- * Hotel occupancy tax revenue fluctuations
- * Industry factors
- * Cost of living adjustments for salaries and other expenses

CONTACTING THE LOUISIANA STADIUM AND EXPOSITION DISTRICT MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Stadium and Exposition District's finances and to show the Louisiana Stadium and Exposition District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact M. David Weidler, Senior Director of Finance and Administration, Sugar Bowl Drive, New Orleans, Louisiana 70112.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF NET ASSETS
JUNE 30, 2004 AND 2003

	2004		Total
	Governmental Activities	Business Type Activities	
ASSETS:			
Cash and cash equivalents (Note 2)	\$ 10,066,988	\$ 15,212,097	\$ 25,279,085
Cash in transit (Note 17)	-	7,500,000	7,500,000
Accounts receivable	-	603,132	603,132
Due from State of Louisiana (Note 3)	2,378,474	5,498,848	7,877,322
Inventory of materials and supplies	-	119,094	119,094
Prepaid expenses	-	33,950	33,950
Restricted assets: (Notes 2 and 7)			
Working capital account - cash	-	208,411	208,411
Renewal and Replacement Reserve Account:			
Cash and cash equivalents	-	1,280,139	1,280,139
Economic Development Fund Account:			
Cash and cash equivalents	-	277,582	277,582
Zephyrs capital improvement account - cash	90,769	-	90,769
New Orleans Area Tourism and Economic Development Fund:			
Cash and cash equivalents	-	96,995	96,995
Concessionaire fund:			
Receivable	-	482,973	482,973
Capital assets, net of accumulated depreciation (Notes 1 and 4)	<u>32,184,262</u>	<u>193,153,293</u>	<u>225,337,555</u>
Total assets	<u>44,720,493</u>	<u>224,466,514</u>	<u>269,187,007</u>
LIABILITIES:			
Accounts payable and accrued expenses	26,189	8,133,994	8,160,183
Payable to SMG	-	877,047	877,047
Saints inducements payable (Note 12)	-	13,151,741	13,151,741
Hornets inducements payable (Note 14)	-	1,575,000	1,575,000
Deferred income and security deposits	-	177,685	177,685
Compensated absences	-	250,387	250,387
Advance deposits on future events	-	5,151,308	5,151,308
Accrued bond interest payable	4,776,859	-	4,776,859
Non-Current liabilities:			
Due within one year:			
Advance from State of Louisiana (Note 16)	-	500,000	500,000
Payable to Concessionaire (Note 6)	-	-	-
Bonds payable (Note 5)	4,345,000	200,000	4,545,000
Due in more than one year:			
Advance from State of Louisiana (Note 16)	-	1,247,428	1,247,428
Payable to Concessionaire (Note 6)	-	-	-
Bonds payable (Note 5)	183,045,000	6,035,000	189,080,000
Loan payable (Note 17)	-	7,500,000	7,500,000
Total liabilities	<u>192,193,048</u>	<u>44,799,590</u>	<u>236,992,638</u>
NET ASSETS:			
Invested in capital assets, net of related debt	(155,205,738)	186,918,293	31,712,555
Restricted for:			
Debt service	6,996,180	-	6,996,180
Capital projects	737,003	-	737,003
Working capital	-	208,411	208,411
Renewal and replacement	-	1,280,139	1,280,139
Economic development	-	277,582	277,582
New Orleans Area Tourism and Economic Development Fund	-	96,995	96,995
Concessionaire reserve	-	482,973	482,973
Unrestricted	-	(9,597,469)	(9,597,469)
TOTAL NET ASSETS	<u>\$ (147,472,555)</u>	<u>\$ 179,666,924</u>	<u>\$ 32,194,369</u>

See accompanying notes.

2003		
Governmental Activities	Business Type Activities	Total
\$ 9,629,662	\$ 19,273,586	\$ 28,903,248
-	-	-
-	824,520	824,520
3,855,135	2,999,405	6,854,540
-	149,547	149,547
-	41,160	41,160
-	206,038	206,038
-	1,943,733	1,943,733
-	536,446	536,446
65,942	-	65,942
-	1,162,377	1,162,377
-	251,794	251,794
<u>30,347,634</u>	<u>207,747,180</u>	<u>238,094,814</u>
<u>43,898,373</u>	<u>235,135,786</u>	<u>279,034,159</u>
1,511,333	7,118,700	8,630,033
-	862,547	862,547
-	10,689,093	10,689,093
-	1,500,000	1,500,000
-	182,428	182,428
-	271,368	271,368
-	4,289,017	4,289,017
4,886,432	-	4,886,432
-	-	-
-	609,996	609,996
4,120,000	-	4,120,000
-	247,428	247,428
-	6,100,235	6,100,235
187,390,000	-	187,390,000
<u>197,907,765</u>	<u>31,870,812</u>	<u>229,778,577</u>
(161,162,366)	201,036,949	39,874,583
6,746,430	-	6,746,430
406,544	-	406,544
-	206,038	206,038
-	1,943,733	1,943,733
-	536,446	536,446
-	1,162,377	1,162,377
-	251,794	251,794
-	(1,872,363)	(1,872,363)
<u>\$ (154,009,392)</u>	<u>\$ 203,264,974</u>	<u>\$ 49,255,582</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Governmental activities:						
Facility operation	\$ 803,587	\$ 60,000	\$ -	\$ 1,794,602	\$ -	\$ 1,794,602
Interest on bonds	9,553,377	-	-	(9,553,377)	-	(9,553,377)
Total governmental activities:	<u>10,356,964</u>	<u>60,000</u>	<u>2,538,189</u>	<u>(7,758,775)</u>	<u>-</u>	<u>(7,758,775)</u>
Business-type activities:						
Facility operation	78,048,066	30,537,357	45,141	-	(47,465,568)	(47,465,568)
TOTAL	<u>\$ 88,405,030</u>	<u>\$ 30,597,357</u>	<u>\$ 2,583,330</u>	<u>(7,758,775)</u>	<u>(47,465,568)</u>	<u>(55,224,343)</u>
General revenues:						
Taxes (Note 7):						
Hotel occupancy taxes, levied for general purposes					22,857,784	22,857,784
Hotel occupancy taxes, levied for debt service				14,265,124	-	14,265,124
New Orleans Area Tourism tax					-	-
Players' tax					900,339	900,339
Unrestricted investment earnings				30,488	109,395	139,883
Transfers				-	-	-
				<u>14,295,612</u>	<u>23,867,518</u>	<u>38,163,130</u>
					(23,598,050)	(17,061,213)
				6,536,837		
Change in net assets				<u>(154,009,392)</u>	<u>203,264,974</u>	<u>49,255,582</u>
Net assets, beginning of year						
TOTAL NET ASSETS, END OF YEAR				<u>\$ (147,472,555)</u>	<u>\$ 179,666,924</u>	<u>\$ 32,194,369</u>

See accompanying notes.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2003

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Governmental activities:							
Facility operation	\$ 1,031,021	\$ 110,000	\$ 1,092,976	\$ 3,921,171	\$ 4,093,126	\$ -	\$ 4,093,126
Interest on bonds	9,772,867	-	-	-	(9,772,867)	-	(9,772,867)
Total governmental activities:	<u>10,803,888</u>	<u>110,000</u>	<u>1,092,976</u>	<u>3,921,171</u>	<u>(5,679,741)</u>	<u>-</u>	<u>(5,679,741)</u>
Business-type activities:							
Facility operation	81,233,026	32,252,943	3,948,677	9,957,659	-	(35,073,747)	(35,073,747)
TOTAL	<u>\$ 92,036,914</u>	<u>\$ 32,362,943</u>	<u>\$ 5,041,653</u>	<u>\$ 13,878,830</u>	<u>(5,679,741)</u>	<u>(35,073,747)</u>	<u>(40,753,488)</u>
General revenues:							
Taxes (Note 7):							
Hotel occupancy taxes, levied for general purposes						22,545,222	22,545,222
Hotel occupancy taxes, levied for debt service					14,255,922	-	14,255,922
New Orleans Area Tourism tax						1,270,132	1,270,132
Players' tax						675,678	675,678
Unrestricted investment earnings					62,133	205,929	268,062
Transfers					(831,012)	831,012	-
					<u>13,487,043</u>	<u>25,527,973</u>	<u>39,015,016</u>
Total general revenues and transfers					7,807,302	(9,545,774)	(1,738,472)
Change in net assets					(161,816,694)	212,810,748	50,994,054
Net assets, beginning of year							
TOTAL NET ASSETS, END OF YEAR					<u>\$ (154,009,392)</u>	<u>\$ 203,264,974</u>	<u>\$ 49,255,582</u>

See accompanying notes.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 BALANCE SHEETS
 GOVERNMENTAL FUNDS
JUNE 30, 2004 AND 2003

	2004		
	Debt Service	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,394,565	\$ 763,192	\$ 10,157,757
Due from State of Louisiana	<u>2,378,474</u>	<u>-</u>	<u>2,378,474</u>
TOTAL ASSETS	<u>\$ 11,773,039</u>	<u>\$ 763,192</u>	<u>\$ 12,536,231</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ <u>-</u>	\$ <u>26,189</u>	\$ <u>26,189</u>
Fund balance reserved for:			
Debt service	11,773,039	-	11,773,039
Capital projects	<u>-</u>	<u>737,003</u>	<u>737,003</u>
Total fund balances	<u>11,773,039</u>	<u>737,003</u>	<u>12,510,042</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,773,039</u>	<u>\$ 763,192</u>	<u>\$ 12,536,231</u>
Total fund balances, as presented in this statement			\$ 12,510,042
Amounts presented for governmental activities in the Statement of Net Assets are different because:			
Accrued bond interest is reported in the Statement of Net Assets but is not due and payable in the current period and therefore is not reported as a liability of the fund balance sheets.			(4,776,859)
Long-term liabilities are reported in the Statement of Net Assets but are not due and payable in the current period and therefore are not reported as liabilities of fund balance sheets.			(187,390,000)
Capital assets reported in the Statement of Net Assets are not financial resources.			<u>32,184,262</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES			<u>\$ (147,472,555)</u>

See accompanying notes.

2003		
Debt Service	Capital Projects	Total Governmental Funds
\$ 9,255,006	\$ 440,598	\$ 9,695,604
<u>2,377,856</u>	<u>1,477,279</u>	<u>3,855,135</u>
<u>\$ 11,632,862</u>	<u>\$ 1,917,877</u>	<u>\$ 13,550,739</u>
\$ -	\$ 1,511,333	\$ 1,511,333
11,632,862	-	11,632,862
<u>-</u>	<u>406,544</u>	<u>406,544</u>
<u>11,632,862</u>	<u>406,544</u>	<u>12,039,406</u>
<u>\$ 11,632,862</u>	<u>\$ 1,917,877</u>	<u>\$ 13,550,739</u>
		\$ 12,039,406
		(4,886,432)
		(191,510,000)
		<u>30,347,634</u>
		<u>\$ (154,009,392)</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Debt Service	Capital Projects	Total Governmental Funds
REVENUES:			
Hotel occupancy tax	\$ 14,265,124	\$ -	\$ 14,265,124
State General Fund Revenue	-	2,538,189	2,538,189
Other revenue	-	60,000	60,000
Interest earnings	27,030	3,458	30,488
Total revenues	<u>14,292,154</u>	<u>2,601,647</u>	<u>16,893,801</u>
EXPENDITURES:			
Capital outlay	-	2,640,213	2,640,213
Debt service:			
Principal payments	4,120,000	-	4,120,000
Interest	9,662,952	-	9,662,952
Total expenditures	<u>13,782,952</u>	<u>2,640,213</u>	<u>16,423,165</u>
Excess (deficiency) of revenues over expenditures	<u>509,202</u>	<u>(38,566)</u>	<u>470,636</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	369,025	369,025
Transfers out	(369,025)	-	(369,025)
Total other financing sources (uses)	<u>(369,025)</u>	<u>369,025</u>	<u>-</u>
Net change in fund balances	140,177	330,459	470,636
Fund balance at beginning of year	<u>11,632,862</u>	<u>406,544</u>	<u>12,039,406</u>
Fund balance at end of year	<u>\$ 11,773,039</u>	<u>\$ 737,003</u>	<u>\$ 12,510,042</u>
Net change in fund balances, as presented in this statement			\$ 470,636
Amounts presented for governmental activities in the Statement of Activities are different because:			
Governmental funds report interest expense on bonds only when the expense is due for payment while the Statement of Activities reports bond interest as it is incurred.			109,575
Governmental funds report the acquisition of capital assets as expenditures of the period in which the asset is acquired but this amount is reported as capital assets and depreciated each period in the government-wide financial statements. This is the amount by which capital outlays (\$2,562,623) exceeded depreciation (\$725,997) in the current period.			1,836,626
Governmental funds report principal payments on bonds as an expense but this amount is reported as a reduction of debt in the government-wide financial activities.			<u>4,120,000</u>
Change in net assets of governmental activities as reported on the Statement of Activities			<u>\$ 6,536,837</u>

See accompanying notes.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Debt Service	Capital Projects	Total Governmental Funds
REVENUES:			
Hotel occupancy tax	\$ 14,255,922	\$ -	\$ 14,255,922
State General Fund Revenue	-	5,014,147	5,014,147
Other revenue	-	110,000	110,000
Interest earnings	48,116	14,017	62,133
Total revenues	<u>14,304,038</u>	<u>5,138,164</u>	<u>19,442,202</u>
EXPENDITURES:			
Capital outlay	-	4,531,248	4,531,248
Debt service:			
Principal payments	3,905,000	-	3,905,000
Interest	9,875,918	-	9,875,918
Total expenditures	<u>13,780,918</u>	<u>4,531,248</u>	<u>18,312,166</u>
Excess (deficiency) of revenues over expenditures	<u>523,120</u>	<u>606,916</u>	<u>1,130,036</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	468,098	468,098
Transfers out	(368,098)	(931,012)	(1,299,110)
Total other financing sources (uses)	<u>(368,098)</u>	<u>(462,914)</u>	<u>(831,012)</u>
Net change in fund balances	155,022	144,002	299,024
Fund balance at beginning of year	<u>11,477,840</u>	<u>262,542</u>	<u>11,740,382</u>
Fund balance at end of year	<u>\$ 11,632,862</u>	<u>\$ 406,544</u>	<u>\$ 12,039,406</u>
Net change in fund balances, as presented in this statement			\$ 299,024
Amounts presented for governmental activities in the Statement of Activities are different because:			
Governmental funds report interest expense on bonds only when the expense is due for payment while the Statement of Activities reports bond interest as it is incurred.			103,051
Governmental funds report the acquisition of capital assets as expenditures of the period in which the asset is acquired but this amount is reported as capital assets and depreciated each period in the government-wide financial statements. This is the amount by which capital outlays (\$4,178,802) exceeded depreciation (\$678,575) in the current period.			3,500,227
Governmental funds report principal payments on bonds as an expense but this amount is reported as a reduction of debt in the government-wide financial activities.			<u>3,905,000</u>
Change in net assets of governmental activities as reported on the Statement of Activities			<u>\$ 7,807,302</u>

See accompanying notes.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004 AND 2003

	June 30, 2004		
	Enterprise Funds		
	Louisiana Superdome	New Orleans Arena	Total
ASSETS:			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 13,011,544	\$ 2,200,553	\$ 15,212,097
Cash in transit (Note 17)	7,500,000	-	7,500,000
Accounts receivable	443,313	159,819	603,132
Due from State of Louisiana (Note 3)	5,498,848	-	5,498,848
Due from other fund	3,600,000	-	3,600,000
Inventory	76,337	42,757	119,094
Prepaid expenses	20,473	13,477	33,950
Total current assets	<u>30,150,515</u>	<u>2,416,606</u>	<u>32,567,121</u>
Restricted assets: (Notes 2 and 7)			
Working Capital Account - cash	208,411	-	208,411
Renewal and Replacement Reserve Account:			
Cash and cash equivalents	1,280,139	-	1,280,139
Economic Development Fund Account:			
Cash and cash equivalents	277,582	-	277,582
New Orleans Area Tourism and Economic Development Fund:			
Cash and cash equivalents	96,995	-	96,995
Concessionaire fund:			
Receivable	305,216	177,757	482,973
Total restricted assets	<u>2,168,343</u>	<u>177,757</u>	<u>2,346,100</u>
Capital assets, net of accumulated depreciation (Notes 1 and 4)	<u>91,931,790</u>	<u>101,221,503</u>	<u>193,153,293</u>
TOTAL ASSETS	\$ <u>124,250,648</u>	\$ <u>103,815,866</u>	\$ <u>228,066,514</u>
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 6,013,462	\$ 2,120,532	\$ 8,133,994
Payable to SMG	602,866	274,181	877,047
Saints inducements payable (Note 12)	13,151,741	-	13,151,741
Hornets inducements payable (Note 14)	-	1,575,000	1,575,000
Deferred income and security deposits	177,685	-	177,685
Compensated absences	222,845	27,542	250,387
Funds held in escrow for future events	4,115,416	1,035,892	5,151,308
Payable to Concessionaire (Note 6)	-	-	-
Bonds payable (Note 5)	-	200,000	200,000
Advance from State of Louisiana (Note 16)	500,000	-	500,000
Due to other fund	-	3,600,000	3,600,000
Total current liabilities	<u>24,784,015</u>	<u>8,833,147</u>	<u>33,617,162</u>
Noncurrent liabilities:			
Payable to Concessionaire (Note 6)	-	-	-
Advance from State of Louisiana (Note 16)	1,000,000	247,428	1,247,428
Bonds payable (Note 5)	-	6,035,000	6,035,000
Loan payable (Note 17)	7,500,000	-	7,500,000
Total long-term liabilities	<u>8,500,000</u>	<u>6,282,428</u>	<u>14,782,428</u>
Total liabilities	<u>33,284,015</u>	<u>15,115,575</u>	<u>48,399,590</u>
NET ASSETS			
Invested in capital assets, net of related debt	91,931,790	94,986,503	186,918,293
Restricted	2,168,343	177,757	2,346,100
Unrestricted	(3,133,500)	(6,463,969)	(9,597,469)
Total net assets	<u>90,966,633</u>	<u>88,700,291</u>	<u>179,666,924</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>124,250,648</u>	\$ <u>103,815,866</u>	\$ <u>228,066,514</u>

See accompanying notes.

June 30, 2003		
Enterprise Funds		
Louisiana Superdome	New Orleans Arena	Total
\$ 16,385,324	\$ 2,888,262	\$ 19,273,586
-	-	-
623,034	201,486	824,520
2,999,405	-	2,999,405
3,600,000	-	3,600,000
100,436	49,111	149,547
20,407	20,753	41,160
<u>23,728,606</u>	<u>3,159,612</u>	<u>26,888,218</u>
206,038	-	206,038
1,943,733	-	1,943,733
536,446	-	536,446
1,162,377	-	1,162,377
179,258	72,536	251,794
<u>4,027,852</u>	<u>72,536</u>	<u>4,100,388</u>
<u>100,313,026</u>	<u>107,434,154</u>	<u>207,747,180</u>
\$ <u>128,069,484</u>	\$ <u>110,666,302</u>	\$ <u>238,735,786</u>
\$ 5,954,881	\$ 1,163,819	\$ 7,118,700
594,032	268,515	862,547
10,689,093	-	10,689,093
-	1,500,000	1,500,000
182,428	-	182,428
241,219	30,149	271,368
3,469,689	819,328	4,289,017
-	609,996	609,996
-	-	-
-	-	-
-	3,600,000	3,600,000
<u>21,131,342</u>	<u>7,991,807</u>	<u>29,123,149</u>
-	6,100,235	6,100,235
-	247,428	247,428
-	-	-
-	-	-
-	6,347,663	6,347,663
<u>21,131,342</u>	<u>14,339,470</u>	<u>35,470,812</u>
100,313,026	100,723,923	201,036,949
4,027,852	72,536	4,100,388
2,597,264	(4,469,627)	(1,872,363)
<u>106,938,142</u>	<u>96,326,832</u>	<u>203,264,974</u>
\$ <u>128,069,484</u>	\$ <u>110,666,302</u>	\$ <u>238,735,786</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	June 30, 2004		
	Enterprise Funds		
	Louisiana Superdome	New Orleans Arena	Total
OPERATING REVENUES: (Note 1)			
Event rental:			
Football	\$ 1,100,000	\$ 87,922	\$ 1,187,922
Basketball	20,118	267,320	287,438
Conventions and trade shows	123,313	24,899	148,212
High school sports	65,487	-	65,487
Musical events and entertainment	207,500	600,738	808,238
Indoor Superfair	101,292	-	101,292
Other events	891,605	455,741	1,347,346
Reimbursement event costs	3,419,550	1,783,027	5,202,577
Total event rental	<u>5,928,865</u>	<u>3,219,647</u>	<u>9,148,512</u>
Parking	3,388,998	1,021,354	4,410,352
Concessions	6,279,121	3,038,181	9,317,302
Box suite rental	4,636,540	455,068	5,091,608
Advertising and broadcasting	400,000	-	400,000
Commercial office rental (Note 9)	374,638	-	374,638
Land rental (Note 9)	205,388	-	205,388
Ticket incentive	247,310	290,191	537,501
Other	990,349	61,707	1,052,056
Total operating revenues	<u>22,451,209</u>	<u>8,086,148</u>	<u>30,537,357</u>
OPERATING EXPENSES: (Note 1)			
Salaries, wages and benefits	10,621,431	3,675,097	14,296,528
Utilities	2,430,740	943,084	3,373,824
Repairs and maintenance	907,979	299,294	1,207,273
Management fee - SMG (Note 11)	2,305,774	274,181	2,579,955
Management fee - Superdome Marketing and Promotional Fund (Note 12)	2,325,334	-	2,325,334
Saints lease inducement payments (Note 12)	8,994,192	-	8,994,192
Hornet inducement payments (Note 14)	-	1,845,247	1,845,247
Voodoo inducement payments (Note 15)	-	230,437	230,437
Professional fees	543,148	50,707	593,855
Insurance	2,944,265	1,046,622	3,990,887
Direct event expense	1,628,761	1,005,917	2,634,678
Advertising and public relations	19,053	52,353	71,406
Other operating expenses	1,811,301	1,548,413	3,359,714
Total operating expenses	<u>34,531,978</u>	<u>10,971,352</u>	<u>45,503,330</u>
Operating loss before depreciation	(12,080,769)	(2,885,204)	(14,965,973)
Depreciation	9,178,913	6,669,108	15,848,021
Operating loss	<u>(2,259,682)</u>	<u>(9,554,312)</u>	<u>(30,813,994)</u>

(CONTINUED)

June 30, 2003		
Enterprise Funds		
Louisiana Superdome	New Orleans Arena	Total
\$ 1,166,571	\$ -	\$ 1,166,571
670,604	72,000	742,604
221,093	-	221,093
83,378	-	83,378
205,000	729,395	934,395
120,404	-	120,404
686,457	392,414	1,078,871
<u>3,315,463</u>	<u>1,685,497</u>	<u>5,000,960</u>
6,468,970	2,879,306	9,348,276
3,553,336	1,055,449	4,608,785
6,900,638	3,220,553	10,121,191
4,151,479	696,599	4,848,078
1,195,500	41,826	1,237,326
568,453	-	568,453
205,388	-	205,388
204,837	312,629	517,466
684,310	113,670	797,980
<u>23,932,911</u>	<u>8,320,032</u>	<u>32,252,943</u>
10,913,758	3,359,020	14,272,778
2,861,962	1,110,711	3,972,673
1,215,904	315,244	1,531,148
2,258,128	268,515	2,526,643
2,210,987	-	2,210,987
9,418,148	-	9,418,148
-	2,400,699	2,400,699
596,180	60,776	656,956
2,563,518	1,023,952	3,587,470
2,252,763	1,202,881	3,455,644
52,745	9,703	62,448
2,290,840	1,843,177	4,134,017
<u>36,634,933</u>	<u>11,594,678</u>	<u>48,229,611</u>
(12,702,022)	(3,274,646)	(15,976,668)
8,967,610	6,115,025	15,082,635
<u>(21,669,632)</u>	<u>(9,389,671)</u>	<u>(31,059,303)</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	June 30, 2004		
	Enterprise Funds		
	<u>Louisiana Superdome</u>	<u>New Orleans Arena</u>	<u>Total</u>
NON-OPERATING REVENUE (EXPENSES):			
Hotel occupancy tax (Note 7)	\$ 22,857,784	\$ -	\$ 22,857,784
New Orleans Area Tourism Tax	-	-	-
Grant disbursements	(972,089)	-	(972,089)
New Orleans Area Tourism and Economic Fund expenses	(97,546)	-	(97,546)
Interest revenue	82,071	27,324	109,395
Other Saints inducements (Note 12)	(14,052,080)	-	(14,052,080)
Other Hornets inducements (Note 14)	-	(1,575,000)	(1,575,000)
State general fund revenue	-	45,141	45,141
Contribution income (Note 11)	-	-	-
Players' tax	900,339	-	900,339
Hornets relocation expense (Note 14)	-	-	-
Total non-operating revenue (expenses)	<u>8,718,479</u>	<u>(1,502,535)</u>	<u>7,215,944</u>
Loss before transfers	(12,541,203)	(11,056,847)	(23,598,050)
Transfers in (out)	<u>(3,430,306)</u>	<u>3,430,306</u>	<u>-</u>
Change in net assets	(15,971,509)	(7,626,541)	(23,598,050)
Net assets, beginning of year	<u>106,938,142</u>	<u>96,326,832</u>	<u>203,264,974</u>
NET ASSETS, END OF YEAR	<u>\$ 90,966,633</u>	<u>\$ 88,700,291</u>	<u>\$ 179,666,924</u>

June 30, 2003		
Enterprise Funds		
Louisiana <u>Superdome</u>	New Orleans <u>Arena</u>	<u>Total</u>
\$ 22,545,222	\$ -	\$ 22,545,222
1,270,132	-	1,270,132
(2,959,451)	-	(2,959,451)
(346,558)	-	(346,558)
170,500	35,429	205,929
(11,364,771)	-	(11,364,771)
-	(1,500,000)	(1,500,000)
198,677	11,707,659	11,906,336
2,000,000	-	2,000,000
675,678	-	675,678
-	(1,750,000)	(1,750,000)
<u>12,189,429</u>	<u>8,493,088</u>	<u>20,682,517</u>
(9,480,203)	(896,583)	(10,376,786)
<u>(6,608,147)</u>	<u>7,439,159</u>	<u>831,012</u>
(16,088,350)	6,542,576	(9,545,774)
<u>123,026,492</u>	<u>89,784,256</u>	<u>212,810,748</u>
<u>\$ 106,938,142</u>	<u>\$ 96,326,832</u>	<u>\$ 203,264,974</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	June 30, 2004		
	Enterprise Funds		
	<u>Louisiana Superdome</u>	<u>New Orleans Arena</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 22,841,707	\$ 8,122,335	\$ 30,964,042
Payments to suppliers	(23,352,805)	(6,203,423)	(29,556,228)
Payments for salaries and related expenses	(10,639,805)	(3,677,704)	(14,317,509)
Net cash used by operating activities	<u>(11,150,903)</u>	<u>(1,758,792)</u>	<u>(12,909,695)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Contribution income	-	-	-
Advance from State	1,500,000	-	1,500,000
Loan proceeds	7,500,000	-	7,500,000
State general fund revenue	-	-	-
Hornets relocation expense	-	-	-
Other Hornets inducements	-	(1,500,000)	(1,500,000)
Operating grants/transfers	(3,430,306)	3,430,306	-
Tax revenue	21,060,002	-	21,060,002
Grant disbursements and administrative expenses	(1,069,635)	-	(1,069,635)
Other Saints inducements	(11,589,432)	-	(11,589,432)
Net cash provided by noncapital financing activities	<u>13,970,629</u>	<u>1,930,306</u>	<u>15,900,935</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
State General Fund Revenue	-	45,141	45,141
Proceeds from bonds	-	6,235,000	6,235,000
Purchases of capital assets	(761,044)	(456,457)	(1,217,501)
Payments on Concessionaire payable	-	(6,710,231)	(6,710,231)
Net cash used by capital and related financing activities	<u>(761,044)</u>	<u>(886,547)</u>	<u>(1,647,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends	82,071	27,324	109,395
Net cash provided by investing activities	<u>82,071</u>	<u>27,324</u>	<u>109,395</u>
Net increase (decrease) in cash and cash equivalents	2,140,753	(687,709)	1,453,044
Cash and cash equivalents, beginning of year	<u>20,233,918</u>	<u>2,888,262</u>	<u>23,122,180</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,374,671</u>	<u>\$ 2,200,553</u>	<u>\$ 24,575,224</u>

(CONTINUED)

June 30, 2003		
Enterprise Funds		
<u>Louisiana Superdome</u>	<u>New Orleans Arena</u>	<u>Total</u>
\$ 23,485,279	\$ 7,519,531	\$ 31,004,810
(22,476,152)	(7,594,896)	(30,071,048)
(10,914,113)	(3,349,382)	(14,263,495)
<u>(9,904,986)</u>	<u>(3,424,747)</u>	<u>(13,329,733)</u>
2,000,000	-	2,000,000
-	-	-
-	-	-
-	1,750,000	1,750,000
-	(1,750,000)	(1,750,000)
-	-	-
(5,569,431)	5,469,431	(100,000)
24,188,180	-	24,188,180
(3,306,009)	-	(3,306,009)
(8,098,766)	-	(8,098,766)
<u>9,213,974</u>	<u>5,469,431</u>	<u>14,683,405</u>
-	9,957,659	9,957,659
-	-	-
(1,343,947)	(10,391,161)	(11,735,108)
-	(583,696)	(583,696)
<u>(1,343,947)</u>	<u>(1,017,198)</u>	<u>(2,361,145)</u>
<u>170,500</u>	<u>35,429</u>	<u>205,929</u>
<u>170,500</u>	<u>35,429</u>	<u>205,929</u>
(1,864,459)	1,062,915	(801,544)
<u>22,098,377</u>	<u>1,825,347</u>	<u>23,923,724</u>
<u>\$ 20,233,918</u>	<u>\$ 2,888,262</u>	<u>\$ 23,122,180</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 STATEMENTS OF CASH FLOWS
 PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	June 30, 2004		
	Enterprise Funds		
	<u>Louisiana Superdome</u>	<u>New Orleans Arena</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	\$ (21,259,682)	\$ (9,554,312)	\$ (30,813,994)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	9,178,913	6,669,108	15,848,021
Changes in net assets and liabilities:			
Receivables	215,808	(63,554)	152,254
Inventory	24,099	6,354	30,453
Prepaid expenses	(66)	7,276	7,210
Accounts payable and accrued expenses	62,672	962,379	1,025,051
Deferred income	645,727	216,564	862,291
Compensated absences	(18,374)	(2,607)	(20,981)
Net cash used by operating activities	<u>\$ (11,150,903)</u>	<u>\$ (1,758,792)</u>	<u>\$ (12,909,695)</u>
NON-CASH FINANCING ACTIVITIES:			
Acquisition of capital assets by increase in concessionaire note payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2003		
<u>Enterprise Funds</u>		
<u>Louisiana Superdome</u>	<u>New Orleans Arena</u>	<u>Total</u>
\$ (21,669,632)	\$ (9,389,671)	\$ (31,059,303)
8,967,610	6,115,025	15,082,635
(132,337)	84,339	(47,998)
(12,389)	(25,713)	(38,102)
33,234	10,176	43,410
3,224,178	656,299	3,880,477
(315,295)	(884,840)	(1,200,135)
<u>(355)</u>	<u>9,638</u>	<u>9,283</u>
\$ <u>(9,904,986)</u>	\$ <u>(3,424,747)</u>	\$ <u>(13,329,733)</u>
\$ <u>-</u>	\$ <u>814,946</u>	\$ <u>814,946</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NATURE OF OPERATIONS:

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

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

Act 640 of the 1993 Regular Session of the State Legislature amended Act 541 to provide, among other things, for the construction of the Arena and further to provide that all authority for the management and operation of all properties then or thereafter owned by or under the control of the District vested in the State, through the Office of the Governor, with continuing authority to delegate that authority and responsibility to a private management company. In 1998, by a Fourth Amendment to the Management Agreement dated June 19, 1998 between the State, Facility Management of Louisiana, Inc. (formerly doing business under the name "HMC Management Corporation") and SMG, the State delegated its management authority over the Arena to SMG. The District completed construction of the New Orleans Arena (Arena) adjacent to the Superdome in 1999, and the Arena opened for operations in October 1999 under the management of SMG.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NATURE OF OPERATIONS: (Continued)

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The District applies the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Under Statement 34, the financial statements include:

- * Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- * Financial statements prepared using full accrual accounting for all of the District's activities.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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).

Reporting Entity:

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

Government-Wide Financial Statements:

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes 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, operating and capital grants. Program revenues must be directly associated with functions or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The District does not allocate indirect costs.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Financial Statements:

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

Governmental Funds:

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

Proprietary Fund:

- * Enterprise Fund – Enterprise Funds are used to account for activities (a) that are operated in a manner similar to private business – where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Nonoperating revenues result from nonexchange or ancillary activities. The District has two enterprise funds which are used to account for the operations of the Superdome and Arena. The District has contracted with SMG to manage both facilities. Future enterprise funds may be established as various activities of the District are placed in operation.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

* Accrual

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

* Modified Accrual

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. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

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

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 for specific board-designated purposes, such as to fulfill the District's obligations to the State under its Lease and Management and Operating Agreements. Assets of the Capital Projects Fund are to be used for construction purposes, and assets of the Debt Service Fund are to be used for debt service payments.

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.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

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

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

The District, acting through its management company, entered into signage exchanges as follows:

- (i) Signage Agreement between Facility Management of Louisiana, Inc., American Sign & Indicator Corp. and Diamond Vision, Inc. dated October 21, 1985 (relating to the Diamond Vision Panels, the scoreboards and the original Pylon).
- (ii) Agreement dated July 8, 1996 between SMG and Network International, Inc. (relating to the two auxiliary scoreboards).

Additionally in 1977, certain box suite rental revenues had been exchanged for a tenant constructing suites and the right to construct additional suites. The agreements contain certain provisions whereby title may pass to the District. These improvements have not been recorded as capital assets by the District as of June 30, 2004. If and when title to the improvements is vested in the District, the improvements will be recorded at their estimated fair value on the date title is transferred.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets: (Continued)

The District is also party to various other 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.

Revenue Recognition:

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

Compensated Absences

Under the Management Agreement with SMG all employees engaged in managing and operating the Superdome and the Arena are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 24 days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union agreements. At the end of any fiscal year, an employee can carryforward no more than 192 hours in vacation and, upon termination, an employee is paid only for 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to fifteen days of vacation per year with no carryforward provision. The accumulated net provision by the District for unpaid vacation benefits due employees of SMG as of June 30, 2004 and 2003 was \$250,387 and \$271,368, respectively.

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

Cash Flow Information:

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

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Interfund Activity:

Interfund activity is reported as loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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 U. S. Treasury Security money market accounts, repurchase agreements and U. S. Government Agency obligations with maturities of three months or less. Cash and cash equivalents are recorded at cost, which approximates market. Cash and cash equivalents consist of the following at June 30, 2004 and 2003:

	<u>2004</u>		<u>2003</u>	
	<u>Bank</u> <u>Balance</u>	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>	<u>Book</u> <u>Balance</u>
Cash on hand	\$ --	\$ 70,500	\$ --	\$ 32,500
Cash in transit	--	7,500,000	--	--
Demand deposits	16,527,334	15,321,076	20,363,322	22,734,133
Money market funds	9,416,987	9,416,987	9,629,663	9,629,663
Repurchase agreements	1,774,418	1,774,418	421,488	421,488
Federal National Mortgage Association	<u>650,000</u>	<u>650,000</u>	<u>--</u>	<u>--</u>
	<u>\$ 28,368,739</u>	<u>\$ 34,732,981</u>	<u>\$ 30,414,473</u>	<u>\$ 32,817,784</u>

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

	<u>June 30, 2004</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 10,066,988	\$ 15,212,097	\$ 25,279,085
Cash in transit	--	7,500,000	7,500,000
Restricted assets	<u>90,769</u>	<u>1,863,127</u>	<u>1,953,896</u>
	<u>\$ 10,157,757</u>	<u>\$ 24,575,224</u>	<u>\$ 34,732,981</u>
	<u>June 30, 2003</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 9,629,662	\$ 19,273,586	\$ 28,903,248
Restricted assets	<u>65,942</u>	<u>3,848,594</u>	<u>3,914,536</u>
	<u>\$ 9,695,604</u>	<u>\$ 23,122,180</u>	<u>\$ 32,817,784</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

2. CASH AND CASH EQUIVALENTS: (Continued)

The District's deposits are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District's deposit policy for custodial credit risk conforms to state law. Under state law, deposits in banks must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. As of June 30, 2004, \$16,427,334 of the District's bank balances of \$16,527,334 were uninsured and collateralized with securities held by the Federal Reserve Bank in the name of the District. As of June 30, 2003, \$20,263,322 of the District's bank balances of \$20,363,322 were uninsured and collateralized with securities held by the Federal Reserve Bank in the name of the District.

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

The District's investments in cash equivalents are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not limit the amount of its holdings of securities by counterparties. As of June 30, 2004 and 2003, the District's \$9,416,987 and \$9,629,663, respectively, of money market funds were held by a counterparty in the name of the District. At June 30, 2004, the District's \$650,000 Federal National Mortgage Association investment was held by a counterparty in the name of the District. At June 30, 2004 and 2003, the District's \$1,774,418 and \$421,488, respectively, of repurchase agreements were held by a counterparty, in the name of the District.

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 thirty days or longer and establishes parameters for interest rates of certain investments. As of June 30, 2004 and 2003, all cash equivalents had maturities of thirty days or less; therefore the District was not exposed to interest rate risk. The type of investments allowed by the investment policy (as detailed above) ensures that the District is not exposed to credit risk, concentration of credit risk and foreign currency risk.

3. DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from the State of Louisiana for hotel occupancy tax collections amounted to \$7,877,322, and \$5,178,583 at June 30, 2004 and 2003, respectively. Amounts due from the State of Louisiana for State General Fund Revenue amounted to \$1,675,957 at June 30, 2003.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

4. CAPITAL ASSETS:

Following are schedules of capital assets for the year ended June 30, 2004:

Business-Type Activities:

	<u>Balances</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balances</u> <u>June 30, 2004</u>
Land	\$ 13,944,160	\$ --	\$ --	\$ 13,944,160
Buildings and improvements	351,417,128	1,062,185	(35,317,858)	317,161,455
Furniture, fixtures and equipment	24,706,881	219,866	(2,019,640)	22,907,107
Construction in progress	<u>1,876,632</u>	<u>1,109,490</u>	<u>(1,137,408)</u>	<u>1,848,714</u>
	391,944,801	2,391,541	(38,474,906)	355,861,436
Less accumulated depreciation	<u>(184,197,621)</u>	<u>(15,848,021)</u>	<u>37,337,499</u>	<u>(162,708,143)</u>
	<u>\$ 207,747,180</u>	<u>\$ (13,456,480)</u>	<u>\$ (1,137,407)</u>	<u>\$ 193,153,293</u>

Governmental Activities:

	<u>Balances</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balances</u> <u>June 30, 2004</u>
Buildings and improvements:				
Baseball stadium	\$ 23,835,510	\$ 24,436	\$ --	\$ 23,859,946
Outdoor practice facility complex	6,565,115	--	--	6,565,115
Indoor practice facility	--	6,459,360	--	6,459,360
Construction in Progress	<u>3,921,171</u>	<u>2,538,189</u>	<u>(6,459,360)</u>	<u>--</u>
	34,321,796	9,021,985	(6,459,360)	36,884,421
Less accumulated depreciation	<u>(3,974,162)</u>	<u>(725,997)</u>	<u>--</u>	<u>(4,700,159)</u>
	<u>\$ 30,347,634</u>	<u>\$ 8,295,988</u>	<u>\$ (6,459,360)</u>	<u>\$ 32,184,262</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

4. CAPITAL ASSETS: (Continued)

Following are schedules of capital assets for the year ended June 30, 2003:

Business-Type Activities:

	<u>Balances</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balances</u> <u>June 30, 2003</u>
Land	\$ 13,944,160	\$ --	\$ --	\$ 13,944,160
Buildings and improvements	334,969,943	16,447,185	--	351,417,128
Furniture, fixtures and equipment	22,619,289	2,114,030	(26,438)	24,706,881
Construction in progress	<u>6,519,455</u>	<u>1,902,875</u>	<u>(6,545,698)</u>	<u>1,876,632</u>
	378,052,847	20,464,090	(6,572,136)	391,944,801
Less accumulated depreciation	<u>(169,116,242)</u>	<u>(15,082,635)</u>	<u>1,256</u>	<u>(184,197,621)</u>
	<u>\$ 208,936,605</u>	<u>\$ 5,381,455</u>	<u>\$ (6,570,880)</u>	<u>\$ 207,747,180</u>

Governmental Activities:

	<u>Balances</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balances</u> <u>June 30, 2003</u>
Buildings and improvements:				
Baseball stadium	\$ 23,577,880	\$ 257,630	\$ --	\$ 23,835,510
Outdoor practice facility complex	6,565,115	--	--	6,565,115
Construction in Progress	<u>--</u>	<u>3,921,171</u>	<u>--</u>	<u>3,921,171</u>
	30,142,995	4,178,801	--	34,321,796
Less accumulated depreciation	<u>(3,295,587)</u>	<u>(678,575)</u>	<u>--</u>	<u>(3,974,162)</u>
	<u>\$ 26,847,408</u>	<u>\$ 3,500,226</u>	<u>\$ --</u>	<u>\$ 30,347,634</u>

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

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

5. BONDS PAYABLE:

Act 640 of 1993 of the Louisiana Legislature provided for the District to issue \$215,000,000 of bonds designated to pay off the 1976 bond issue (\$60,000,000) and new construction projects in or around New Orleans, Louisiana (\$155,000,000). The construction projects generally were: baseball stadium, \$20,000,000; betterments at Superdome, \$20,500,000; football training facility, \$6,000,000; multi-purpose facility (including basketball), \$84,000,000; other projects, \$12,000,000 and other cost and purposes, \$12,500,000. All assets of the capital project and debt service funds are designated for these projects or restricted to service the bonds. The Hotel Occupancy Tax is pledged by the State to pay the bonds of the District.

In December 1998, the District issued \$7,230,000 of Taxable Hotel Occupancy Tax Refunding Bonds-Series 1998A and \$136,820,000 of Hotel Occupancy Tax Refunding Bonds-Series 1998B. The purpose of these bond issues was to provide monies to advance refund portions of the Series 1994A bonds, Series 1995A bonds, Series 1995B bonds, and Series 1996 bonds. The following principal portions of each of the bond issues were refunded: \$48,475,000 of the 1994A Series, \$10,500,000 of the 1995A Series, \$12,140,000 of the 1995B Series, and \$63,095,000 of the 1996 Series.

In order to refund the bonds, portions of the proceeds of the Series 1998A and Series 1998B bonds (\$144,910,260), plus an additional \$4 million of sinking fund monies together with certain other funds and/or securities, was deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated December 1, 1998 between the District and the escrow trustee. On the date of delivery of the bonds, the District directed the escrow trustee to enter into an escrow reinvestment agreement. Pursuant to the escrow reinvestment agreement, the reinvestment agreement provider provided monies and government obligations to be deposited to the escrow fund. The monies and government obligations on deposit in the escrow fund, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due through and including the earliest redemption dates for each series of bonds refunded by the 1998A Series and 1998B Series of bonds. As a result, the refunded bonds are considered to be legally defeased and no longer a liability of the District. At June 30, 2004 and 2003, the amount outstanding on the refunded portion is \$133,735,000 and \$133,854,000, respectively.

In May 2004, the District passed a resolution authorizing the issuance of \$6,235,000 of Taxable Revenue Refunding Bonds, Series 2004. The bonds were issued June 15, 2004 for the purpose of refinancing the costs of certain concessionaire improvements to the New Orleans Arena. The bonds are secured by a pledge of the Hotel Occupancy Tax and excess annual revenues.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

5. BONDS PAYABLE: (Continued)

The bond issues outstanding at June 30, 2004 and changes in long-term debt for the year then ended are as follows:

<u>Business-Type Activities:</u>					Amounts
	Balance			Balance	Due Within
	July 1, 2003	Additions	Payments	June 30, 2004	One Year
Series 2004 (interest of 6.38%; maturing by 2014)	\$ <u> --</u>	\$ <u>6,235,000</u>	\$ <u> --</u>	\$ <u>6,235,000</u>	\$ <u>200,000</u>
 <u>Governmental Activities:</u>					Amounts
	Balance			Balance	Due Within
	July 1, 2003	Additions	Payments	June 30, 2004	One Year
Series 1994A (interest from 5.4% to 5.9%; maturing by 2008)	\$ 9,325,000	\$ --	\$ 1,345,000	\$ 7,980,000	\$ 1,425,000
Series 1995A (interest from 4.8% to 5.7%; maturing by 2009)	2,545,000	--	310,000	2,235,000	325,000
Series 1995B (interest of 5.25%; maturing by 2021)	30,400,000	--	940,000	29,460,000	990,000
Series 1996 (interest from 4.2% to 5.2%; \$9,560,000 maturing by 2008)	6,860,000	--	1,000,000	5,860,000	1,050,000
Series 1998A (interest from 4.95% to 5.62%; \$2,765,000 maturing by 2006, and \$3,285,000 term bonds maturing 2009)	5,560,000	--	525,000	5,035,000	555,000
Series 1998B (interest from 4.35% to 5.25%; \$53,075,000 maturing by 2018, \$22,760,000 term bonds maturing 2021, and \$60,985,000 term bonds maturing 2026)	<u>136,820,000</u>	<u> --</u>	<u> --</u>	<u>136,820,000</u>	<u> --</u>
	<u>\$ 191,510,000</u>	<u>\$ --</u>	<u>\$ 4,120,000</u>	<u>\$ 187,390,000</u>	<u>\$ 4,345,000</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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5. BONDS PAYABLE: (Continued)

The bond issues outstanding at June 30, 2003 and changes in long-term debt for the year then ended are as follows:

Governmental Activities:

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2003</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Series 1994A (interest from 5.4% to 5.9%; maturing by 2008)	\$ 10,600,000	\$ --	\$ 1,275,000	\$ 9,325,000	\$ 1,345,000
Series 1995A (interest from 4.8% to 5.7%; maturing by 2009)	2,840,000	--	295,000	2,545,000	310,000
Series 1995B (interest of 5.25%; maturing by 2021)	31,300,000	--	900,000	30,400,000	940,000
Series 1996 (interest from 4.2% to 5.2%; \$9,560,000 maturing by 2008)	7,805,000	--	945,000	6,860,000	1,000,000
Series 1998A (interest from 4.95% to 5.62%; \$2,765,000 maturing by 2006, and \$3,285,000 term bonds maturing 2009)	6,050,000	--	490,000	5,560,000	525,000
Series 1998B (interest from 4.35% to 5.25%; \$53,075,000 maturing by 2018, \$22,760,000 term bonds maturing 2021, and \$60,985,000 term bonds maturing 2026)	<u>136,820,000</u>	<u>--</u>	<u>--</u>	<u>136,820,000</u>	<u>--</u>
	<u>\$195,415,000</u>	<u>\$ --</u>	<u>\$ 3,905,000</u>	<u>\$ 191,510,000</u>	<u>\$ 4,120,000</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
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JUNE 30, 2004 AND 2003

5. BONDS PAYABLE: (Continued)

The bonds mature as follows as of June 30, 2004:

Business-Type Activities:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 200,000	\$ 382,323	\$ 582,323
2006	200,000	385,033	585,033
2007	200,000	372,273	572,273
2008	200,000	359,513	559,513
2009	200,000	346,753	546,753
Next 5 years	<u>5,235,000</u>	<u>1,039,621</u>	<u>6,274,621</u>
	<u>\$ 6,235,000</u>	<u>\$ 2,885,516</u>	<u>\$ 9,120,516</u>

Governmental Activities:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 4,345,000	\$ 9,437,493	\$ 13,782,493
2006	4,580,000	9,201,020	13,781,020
2007	4,830,000	8,952,192	13,782,192
2008	5,095,000	8,685,566	13,780,566
2009	5,375,000	8,400,981	13,775,981
Next 5 years	31,425,000	37,482,854	68,907,854
Next 5 years	40,790,000	28,121,188	68,911,188
Next 5 years	52,545,000	16,367,981	68,912,981
Next 5 years	<u>38,405,000</u>	<u>2,944,625</u>	<u>41,349,625</u>
	<u>\$ 187,390,000</u>	<u>\$ 129,593,900</u>	<u>\$ 316,893,900</u>

Other significant bond features are:

- (1) The bonds are insured.
- (2) The bonds are not guaranteed by the State of Louisiana.
- (3) The bonds are subject to certain redemption options prior to maturity at the sole discretion of the District.

The debt service fund has assets available of \$11,773,039 and \$11,632,862 at June 30, 2004 and 2003, respectively, for payment of the bonds included in governmental activities. Each month, the Hotel Occupancy Tax pays the debt service accounts (a) the interest amount that will be sufficient when accumulated to pay the next installment of interest on the bonds and (b) the principal amount that will be sufficient when accumulated to pay the principal of any of the bonds becoming due and payable.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

6. PAYABLE TO CONCESSIONAIRE:

According to the agreement between Volume Services America and SMG, Volume Services was responsible for purchasing all of the concession equipment for the Arena. SMG, the management company for the District, was to reimburse Volume Services America for the purchases in the form of a note payable that is amortized over 15 years, which is the life of the agreement. The District as a party in interest will own the equipment purchased. The interest rate of the note was 12.75%. During the year ended June 30, 2003, additional equipment was purchased, which increased the note balance by \$814,946. During the year ended June 30, 2003, Volume Services America advanced \$234,810 to the District to fund the build out of concession stands for the Arena. This advance increased the note balance. The balance at June 30, 2003 was \$6,710,231. During the year ended June 30, 2004, the note payable was repaid in full with proceeds of bonds issued for that purpose.

7. REVENUE SOURCES AND REQUIRED RESTRICTED ASSETS:

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

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

Of the \$37,122,908 of Hotel Occupancy Tax earned for the year ended June 30, 2004, \$14,265,124 was used for debt service requirements and \$22,857,784 was used by the District for operational needs. No monies were available for funding of the other requirements.

Of the \$36,801,144 of Hotel Occupancy Tax earned for the year ended June 30, 2003, \$14,255,922 was used for debt service requirements, and \$22,545,222 was used by the District for operational needs. No monies were available for funding of the other requirements.

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

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
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7. REVENUE SOURCES AND REQUIRED RESTRICTED ASSETS: (Continued)

* Working Capital Account

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

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

* Renewal and Replacement Reserve Account

This account was established to accumulate monies for major maintenance, repairs, renewals and replacements that are not annually recurring. Excess unrestricted funds at year end are to be transferred to this account as required by various acts of the State Legislature. During the year ended June 30, 2004, \$95,000 from operations was deposited into the reserve. During the year ended June 30, 2003, \$276,602 was deposited into the account from prior year sources. An additional \$1,000,000 from operations was deposited to the Reserve during the year ended June 30, 2003.

* Economic Development Fund Account

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

* New Orleans Area Tourism and Economic Development Fund Account

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

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
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8. 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.

9. RENTALS FROM NONCANCELABLE OPERATING LEASES:

Commitments for future revenue under noncancellable operating leases as of June 30, 2004 are as follows:

Year Ended <u>June 30</u>	Commercial <u>Office Space</u>	<u>Real Estate</u>	Garage - Poydras Square- <u>Parking</u>	<u>Total</u>
2005	\$ 304,343	\$ 205,388	\$ 595,366	\$ 1,105,097
2006	201,350	205,388	595,366	1,002,104
2007	143,198	205,388	595,366	943,952
2008	63,333	205,388	595,366	864,087
2009	35,000	205,388	49,614	290,002
2010 - 2013	<u>122,499</u>	<u>599,048</u>	--	<u>721,547</u>
	<u>\$ 869,723</u>	<u>\$ 1,625,988</u>	<u>\$ 2,431,078</u>	<u>\$ 4,926,789</u>

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

Lease revenues, not including box suite revenues, for the years ended June 30, 2004 and 2003 were \$1,170,519 and \$1,420,742, respectively.

10. PENSION AND PROFIT SHARING PLANS:

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

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10. PENSION AND PROFIT SHARING PLANS: (Continued)

<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	66%
3 years or more	100%

Total pension expense for this plan was \$124,410 and \$124,707 for the years ended June 30, 2004 and 2003, respectively.

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.

11. MANAGEMENT AGREEMENT:

Effective July 1, 1977, the State of Louisiana entered into a management agreement with HMC Management Corporation (which later changed its name to Facility Management of Louisiana, Inc.) (the "Management Agreement"). Effective June 19, 1998, the Management Agreement was amended in order to authorize the substitution of SMG for Facility Management of Louisiana, Inc. as Manager under the agreement and to include the Arena among the properties to be managed by the Manager under the Management Agreement. Effective July 1, 2003, the Management Agreement was amended and the term of the Agreement was extended until June 30, 2012. For the years ended June 30, 2004 and 2003, the compensation to SMG for its services related to the Louisiana Superdome is dependent solely on achieving an improvement in the District's operating deficit over the year ended June 30, 1977. The operating deficit used in computing compensation to SMG differs from that in the accompanying financial statements due to adjustments for certain items such as depreciation and amortization, insurance, utility rates, inflation and other adjustments agreed to by the District and SMG. For services to be performed by SMG related to the New Orleans Arena, the State shall pay to SMG for each fiscal year a fixed fee equal to \$250,000 for each such fiscal year, prorated for any partial fiscal year based on the actual number of days elapsed, payable on September 30 following each fiscal year. The Arena management fee shall be increased annually for proportionate annual changes in the Consumer Price Index, provided that no such increase shall exceed 4% of the prior year's management fee. SMG shall not be entitled to receive any fees or other payments for its services with respect to the Arena other than the Arena Management Fee and the reimbursement of expenses pursuant to a Budget.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
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11. MANAGEMENT AGREEMENT: (Continued)

In 1986, Facility Management of Louisiana, Inc., in consideration for the renewal of the management agreement, agreed to establish a Marketing and Promotional Fund entitled the "Louisiana Superdome Marketing and Promotional Fund" (the Marketing Account). The sole purpose of the Marketing Account is to market and promote the Louisiana Superdome and the New Orleans Arena, as defined in the agreement, as amended. Payments to the Marketing Account are made by SMG based on its compensation during the term of the agreement. The Management agreement also provides that any unexpended monies in the Marketing Account that have not been committed which exceed \$100,000 shall be used to reduce operating costs of the Louisiana Superdome for the fiscal year during which the unexpended monies are accrued.

One-half of the payments to the Marketing Account are paid to the Saints in accordance with the Saints Lease Agreement. In promoting and marketing the Superdome, the Marketing Account supplements event rentals and expenses, and these amounts are recorded as event rental revenue and event expense.

Pursuant to the amendment to the management agreement on July 1, 2003, the compensation to SMG for its services beginning July 1, 2006 is the combination of a fixed fee, incentive fee and bonus fee subject to a cap of \$1,500,000. The cap is increased if SMG contributes manager's capital to the District and decreased in the succeeding fiscal year if repaid by the District. The increase in the cap is thirty percent (30%) of the manager's contribution outstanding. However, if the contribution is repaid to SMG on or before July 1, 2006, the decreased cap will not be effective for the year beginning July 1, 2006. During the year ended June 30, 2003, SMG made a contribution of \$2,000,000 to the District.

12. SUPERDOME LEASE AGREEMENT:

The New Orleans Saints lease the Superdome, under an agreement dated September 30, 1994 and amended July 3, 2002, between the State of Louisiana, the District, SMG, and New Orleans Saints Limited partnership (the Club), a National Football League football franchise. The Agreement provides, among other things, certain inducements in the form of reduced rentals and the assignment of certain revenues attributable, directly or indirectly, to the presence of the Club in the Louisiana Superdome in exchange for the Club remaining in the Louisiana Superdome through the end of the 2010 NFL season. The assignment of revenues resulted in inducements of \$8,046,272 and \$8,282,919 for the years ended June 30, 2004 and 2003, respectively.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
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12. SUPERDOME LEASE AGREEMENT: (Continued)

In addition to the assignment of revenues, the Club is to receive \$15,000,000 of other inducements for the 2003 football season. \$947,920 of the additional inducements were paid to the Club from operating revenue and \$900,339 of the additional inducements were paid to the Club from non-operating revenue during the year ended June 30, 2004. In July 2004, the Club was paid the remainder of the additional inducement for the 2003 football season in the amount of \$13,151,741 from non-operating revenue from the year ended June 30, 2004 and from the proceeds of a loan from the Louisiana Economic Development Corporation. This amount has been accrued as an expense for the year ended June 30, 2004.

In addition to the assignment of revenues, the Club received \$12,500,000 of other inducements for the 2002 football season. \$1,135,229 of the additional inducements were paid to the Club from operating revenue and \$675,678 of the additional inducements were paid to the Club from non-operating revenue during the year ended June 30, 2003. In July 2003, the Club was paid the remainder of the additional inducements for the 2002 football season in the amount of \$10,689,093 from non-operating revenue from the year ended June 30, 2003. This amount was accrued as an expense for the year ended June 30, 2003.

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

<u>Football Season</u>	<u>Amount</u>
2004	\$15,000,000
2005	15,000,000
2006	20,000,000
2007	20,000,000
2008	23,500,000
2009	23,500,000
2010	23,500,000

In January 2008 the State can decide not to pay the final three inducements. The Club can then terminate the Stadium Agreement without penalty.

The Saints are paid one-half of the amounts paid into the Marketing and Promotional Fund. The portion of the management fee payment to Superdome Marketing and Promotional Funds, which is allocable to the Saints, is \$1,162,667 and \$1,105,493 for the years ended June 30, 2004 and 2003, respectively.

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12. SUPERDOME LEASE AGREEMENT: (Continued)

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

13. LITIGATION:

At June 30, 2004, the District is involved in pending and threatened litigation. The District's legal counselors assess the likelihood of material adverse judgments as remote or are unable to express opinions on the probable outcome of the proceedings.

14. ARENA USE AGREEMENT - HORNETS:

On May 2, 2002 the District entered into a use agreement with the Hornets NBA Limited Partnership (Hornets), a franchise of the National Basketball Association, under which the Hornets would relocate to New Orleans and play all home basketball games in the Arena. The original term of the agreement ends June 30, 2012 with two five-year renewal options available for the Hornets to exercise through June 30, 2022. The Hornets shall pay a termination fee of \$10 million to the State if the lease is terminated prior to June 30, 2017.

The rent payable by the Hornets for use of the Arena shall equal 60% of concession revenue for the season. Should average attendance at Hornets home games fall below 11,000, a credit shall be applied against the rent based on the attendance shortfall. This credit will not exceed \$1,000,000, per season, increasing at a rate of 4% annually subsequent to the 2002-2003 basketball season. The Hornets are required to pay game day expenses only if such expenses exceed \$1,100,000 per year, increasing at a rate of 4% beginning on July 1, 2003. For the years ended June 30, 2004 and 2003, the Hornets were billed \$715,478 and \$521,601, respectively, for the game day expenses that exceeded the cap.

Should Hornets revenue fall below certain benchmark amounts, the State is required to reimburse the Hornets an amount to cause the Hornets revenue to equal the benchmark. The State's cap on this reimbursement shall be \$2 million, increasing at a rate of 5% annually for each basketball season subsequent to the 2002-2003 season. No reimbursements were made for the years ended June 30, 2004 and 2003.

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14. ARENA USE AGREEMENT - HORNETS: (Continued)

The proceeds generated by the sale of concessions at Hornets events are included in these financial statements as concession revenue. Additionally, the gross parking proceeds generated from Hornets events are included in these financial statements as parking revenues. The Hornets are paid 40% of the total concession revenue while the remaining 60% is retained by the District for the Hornet's rent. The 40% paid to the Hornets is recorded as inducements expense. The Hornets are paid the parking revenue, net of the parking expenses, as inducements also. The total payments to the Hornets for concessions and parking revenue for the 2003-2004 and 2002-2003 seasons amounted to \$1,845,247 and \$2,400,699, respectively, and are recorded as operating expenses for the years ended June 30, 2004 and 2003.

If the Hornets receive gross revenues from the sale of naming rights of less than \$2,500,000 in any fiscal year, then the District shall pay to the Hornets an amount equal to the difference between \$2,500,000 and the gross revenues received, provided that in no event shall the District pay more than \$1,500,000 to the Hornets for naming rights in any fiscal year. The \$2,500,000 and the \$1,500,000 will increase 5% each fiscal year, commencing with the year ended June 30, 2004. For the years ended June 30, 2004 and 2003, the Hornets were paid \$1,575,000 and \$1,500,000, respectively, for naming rights. These amounts are recorded as other Hornets inducements, a non-operating expense.

The Hornets were paid \$1,750,000 by the District for relocation expenses during the year ended June 30, 2003. The District received general fund revenue of \$1,750,000 from the State during the year ended June 30, 2003, to pay the Hornets expenses.

15. ARENA USE AGREEMENT – VOODOO:

On December 4, 2003, SMG, in its capacity as manager of the Arena, and New Orleans VooDoo Football, Inc. (the VooDoo) entered into a use agreement under which the VooDoo would play all home football games in the Arena. The initial term of the agreement ends with the last home game in the season ending in 2005 with two two-year renewal options available.

The rent payable by the VooDoo for the use of the Arena under the initial term of the agreement is a per game fee equal to \$1 per person of turnstile attendance, subject to a minimum fee of \$6,750 per game and a maximum fee of \$10,000 per game. Upon renewal of the agreement, the per person fee and the minimum and maximum per game fees will increase. Should turnstile attendance exceed certain levels during the regular season, the District shall pay an annual per person attendance credit to the VooDoo, not to exceed \$45,000 for any regular season.

The VooDoo shall pay all costs associated with staffing for home games, other than personnel for concessions and security, not to exceed a total of \$22,500 per game. The VooDoo shall also pay costs for conversion and set-up.

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15. ARENA USE AGREEMENT – VODOO: (Continued)

As inducements, the VooDoo receive an amount equal to the greater of 35% of gross parking revenues or 50% of net parking revenues for each home game. The VooDoo also receive an amount equal to the greater of 50% of net concession revenues from food, beverage and catering sales, or 15% of gross concession revenues from all areas of the facility except the Courtside Restaurant. The total payments to the VooDoo for parking and concessions for the 2004 season amounted to \$230,437 and are recorded as operating expenses for the year ended June 30, 2004.

16. ADVANCE FROM STATE OF LOUISIANA:

In March 1999, the State of Louisiana advanced seed money to the District to cover initial operating costs of the Arena. According to the initial agreement, the District is required to repay the advance over five years. The advance is renewable each year and repayment is made as funds are available. The balance due to the State at June 30, 2004 and 2003 was \$247,428.

In October 2003, the State of Louisiana advanced seed money to the District for operation of the Superdome and Arena. The District will repay the advance over three years, commencing with the year ended June 30, 2005. The balance due to the State at June 30, 2004 was \$1,500,000.

17. LOAN PAYABLE:

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

The \$7,500,000 loan proceeds are recorded as cash in transit at June 30, 2004. The proceeds were received on July 1, 2004.

18. RECLASSIFICATIONS:

Certain items from 2003 have been reclassified to conform with the 2004 classification.

19. WORKING CAPITAL AND FINANCIAL POSITION:

During the year ended June 30, 2004, the District experienced losses due to Saints and Hornets inducements which decreased unrestricted reserves of the business-type activities. The losses were financed with additional long-term debt. (See Note 17). Based on the current projections for the next fiscal year, the District may again incur a decrease in working capital and reserves unless non-operating revenues increase or the District receives aid from the State of Louisiana or other relief in meeting Saints and Hornets inducements or the inducements package is renegotiated. Management of the District is working to obtain other revenue sources and operating efficiencies to improve the financial position of the District.



DUPLANTIER, HRAPMANN,
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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

August 10, 2004

To the Board of Commissioners of the
Louisiana Stadium and Exposition District
New Orleans, Louisiana

We have audited the financial statements 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, 2004 and have issued our report thereon dated August 10, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Duplantier, Hrapmann, Hogan & Maher, L.L.P.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LEGISLATION
FOR THE YEAR ENDED JUNE 30, 2004

Article 14 Section 47 of the Constitution created the Louisiana Stadium and Exposition District. This Article authorizes the District to levy and collect a 4% occupancy tax on hotel rooms located within the District. It provides for the revenues of the District derived from any source whatsoever, including the Hotel Occupancy Tax, to be used as follows:

Bond Debt Service	As needed
District Operations	As needed
Renewal and Replacement Fund	\$2,300,000
Greater New Orleans Sports Foundation	\$ 500,000
Jefferson Parish	1 and 13/100% of gross hotel tax*
New Orleans Recreational Department	\$2,200,000*
Xavier University	\$ 250,000*
Southern University – New Orleans	\$ 250,000*
Westbank Sports and Civic Center	\$ 500,000*
University of New Orleans	
Hotel, Restaurant and Tourism	\$ 250,000*
New Orleans Visitor and Information Center	\$ 350,000*
Economic Development Fund of the District	Any remainder

Act No. 73 of the 2002 Legislative Session amended and reenacted L.R.S. 47:322:38, relative to the 1% state sales and use tax on hotel occupancy levied in Orleans Parish. It provides for the following dispositions of the tax collected:

Bond Debt Service	As needed
Ernest Morial Convention Center	
Phase IV Expansion Project Fund	\$2,000,000
New Orleans Sports Franchise Fund for:	
a) District operations	As needed
b) State general fund	Not to exceed \$1,750,000
c) New Orleans Economic Development Fund	Any remainder

*In the event the amount available is not sufficient to fully fund these distributions, the amount available shall be distributed on their pro rata basis.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION AND TRAVEL
 REIMBURSEMENT PAID TO COMMISSIONERS
YEAR ENDED JUNE 30, 2004

Included in operating expenses of the financial statements of the District is the compensation of the Commissioners of the District. In accordance with the State of Louisiana, the Commissioners receive a per diem and reimbursement for travel expenses incurred to attend Board meetings or other business of the District. The per diem and travel reimbursement expenses incurred for the fiscal year ended June 30, 2004 were as follows:

<u>Board Member</u>	<u>Position</u>	<u>Per Diem</u>	<u>Travel Reimbursement</u>
Tim Coulon	Chairman/Commissioner	\$ --	\$ --
Craig E. Saporito	Secretary/Commissioner	250	--
Rosemary Patterson	Commissioner	400	1,963
Warren Reuther	Commissioner	--	--
Clyde Simien	Commissioner	150	522
Sara Roberts	Commissioner	<u>100</u>	<u>265</u>
		<u>\$ 900</u>	<u>\$ 2,750</u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF CHANGES IN RESTRICTED CASH ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

JUNE 30, 2004

	<u>Working Capital Account</u>	<u>Renewal and Replacement Reserve Account</u>	<u>Economic Development Fund Account</u>	<u>New Orleans Area Tourism and Economic Development Fund Account</u>
Balance, beginning of year	\$ 206,038	\$ 1,943,733	\$ 536,446	\$ 1,162,377
Sources:				
Hotel occupancy tax funds	-	-	-	-
New Orleans Area Tourism Tax	-	-	-	-
Interest income	2,373	18,890	4,487	4,253
Cash transfers	-	95,000	66,271	-
Total sources	<u>2,373</u>	<u>113,890</u>	<u>70,758</u>	<u>4,253</u>
Uses:				
Capital outlay	-	(777,484)	(104,622)	-
Grant disbursements	-	-	-	(972,089)
Administration	-	-	-	(97,546)
Cash transfers	-	-	(225,000)	-
Total uses	<u>-</u>	<u>(777,484)</u>	<u>(329,622)</u>	<u>(1,069,635)</u>
Balance, end of year	<u>\$ 208,411</u>	<u>\$ 1,280,139</u>	<u>\$ 277,582</u>	<u>\$ 96,995</u>

JUNE 30, 2003

<u>Working Capital Account</u>	<u>Renewal and Replacement Reserve Account</u>	<u>Economic Development Fund Account</u>	<u>New Orleans Area Tourism and Economic Development Fund Account</u>
\$ <u>1,500,000</u>	\$ <u>1,987,068</u>	\$ <u>880,516</u>	\$ <u>4,427,225</u>
-	276,602	-	-
-	-	-	1,270,132
14,698	37,806	11,941	41,161
-	1,000,000	-	-
<u>14,698</u>	<u>1,314,408</u>	<u>11,941</u>	<u>1,311,293</u>
-	(1,257,743)	(356,011)	-
-	-	-	(2,959,451)
-	-	-	(346,558)
<u>(1,308,660)</u>	<u>(100,000)</u>	<u>-</u>	<u>(1,270,132)</u>
<u>(1,308,660)</u>	<u>(1,357,743)</u>	<u>(356,011)</u>	<u>(4,576,141)</u>
\$ <u><u>206,038</u></u>	\$ <u><u>1,943,733</u></u>	\$ <u><u>536,446</u></u>	\$ <u><u>1,162,377</u></u>

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2004

ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,
DIVISION OF ADMINISTRATION, OFFICE OF STATEWIDE
REPORTING AND ACCOUNTING POLICY

The supplementary information presents the financial position of the Louisiana Stadium and Exposition District as of June 30, 2004 and 2003, and the results of its operations for the years then ended. The information is presented in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
JUNE 30, 2004

FINANCIAL INFORMATION REQUIRED BY DIVISION OF
ADMINISTRATION, OFFICE OF STATEWIDE REPORTING
AND ACCOUNTING POLICY

LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2004

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**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2004**

Assets	
CURRENT ASSETS	
Cash and cash equivalents (Note C1)	\$ 32,779,085
Investments (Note C2)	
Receivables (net of allowance for doubtful accounts)(Note U)	8,480,454
Due from other funds	
Due from federal government	
Inventories	119,094
Prepayments	33,950
Notes receivable	
Other current assets	
Total current assets	41,412,583
NONCURRENT ASSETS:	
Restricted assets (Note F)	
Cash	1,953,896
Investments	
Receivables	482,973
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	13,944,160
Buildings and improvements	203,916,628
Machinery and equipment	5,628,053
Infrastructure	
Construction in progress	1,848,714
Other noncurrent assets	
Total noncurrent assets	227,774,424
Total assets	\$ 269,187,007
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable and accruals (Note V)	\$ 28,540,830
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	5,328,993
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities:	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	250,387
Capital lease obligations - (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	4,545,000
Other long-term liabilities	500,000
Total current liabilities	39,165,210
NON-CURRENT LIABILITIES:	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations (Note J)	
Loan payable	7,500,000
Liabilities payable from restricted assets (Note Z)	
Bonds payable	189,080,000
Other long-term liabilities	1,247,428
Total long-term liabilities	197,827,428
Total liabilities	236,992,638
NET ASSETS	
Invested in capital assets, net of related debt	31,712,555
Restricted for:	
Capital projects	737,003
Debt service	6,996,180
Unemployment compensation	
Other specific purposes	2,346,100
Unrestricted	(9,597,469)
Total net assets	32,194,369
Total liabilities and net assets	\$ 269,187,007

The accompanying notes are an integral part of this financial statement
Statement A

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004**

OPERATING REVENUES

Sales of commodities and services	\$ <u>30,597,357</u>
Assessments	<u> </u>
Use of money and property	<u> </u>
Licenses, permits, and fees	<u> </u>
Other	<u> </u>
Total operating revenues	<u>30,597,357</u>

OPERATING EXPENSES

Cost of sales and services	<u>45,580,917</u>
Administrative	<u> </u>
Depreciation	<u>16,574,018</u>
Amortization	<u> </u>
Total operating expenses	<u>62,154,935</u>

Operating income(loss)	<u>(31,557,578)</u>
------------------------	---------------------

NON-OPERATING REVENUES(EXPENSES)

State appropriations	<u> </u>
Intergovernmental revenues (expenses)	<u>2,583,330</u>
Taxes	<u>38,023,247</u>
Use of money and property	<u>(16,696,715)</u>
Gain (loss) on disposal of fixed assets	<u> </u>
Federal grants	<u> </u>
Interest expense	<u>(9,553,377)</u>
Other	<u>139,880</u>
Total non-operating revenues(expenses)	<u>14,496,365</u>

Income(loss) before contributions and transfers	<u>(17,061,213)</u>
---	---------------------

Capital contributions

Transfers in	<u> </u>
Transfers out	<u> </u>

Change in net assets	<u>(17,061,213)</u>
----------------------	---------------------

Total net assets – beginning as restated	<u>49,255,582</u>
--	-------------------

Total net assets – ending	<u>\$ 32,194,369</u>
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The accompanying notes are an integral part of this financial statement.

Statement B

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Component Unit: Louisiana Stadium and Exposition District	\$ <u>88,405,030</u>	\$ <u>30,597,357</u>	\$ <u>-</u>	\$ <u>2,583,330</u>	\$ <u>(55,224,343)</u>
General revenues:					
Taxes					<u>38,023,247</u>
State appropriations					<u> </u>
Grants and contributions not restricted to specific programs					<u> </u>
Interest					<u>139,883</u>
Miscellaneous					<u> </u>
Special items					<u> </u>
Transfers					<u> </u>
Total general revenues, special items, and transfers					<u>38,163,130</u>
Change in net assets					<u>(17,061,213)</u>
Net assets - beginning					<u>49,255,582</u>
Net assets - ending					\$ <u>32,194,369</u>

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

Statement C

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004**

Cash flows from operating activities

Cash received from customers	\$ 30,964,042	
Cash payments to suppliers for goods and services	(29,641,683)	
Cash payments to employees for services	(14,317,509)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	60,000	
Net cash used by operating activities		<u>(12,935,150)</u>

Cash flows from non-capital financing activities

Loan proceeds	7,500,000	
Hornets inducements	(1,500,000)	
Other Saints inducements	(11,589,432)	
Advance from the State	1,500,000	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Tax revenue	21,060,002	
Grant disbursement and administration	(1,069,635)	
Transfers Out		
Net cash provided by non-capital financing activities		<u>15,900,935</u>

Cash flows from capital and related financing activities

Proceeds from sale of bonds	6,235,000	
Principal paid on bonds	(4,120,000)	
Interest paid on bond maturities	(9,662,951)	
State General Fund revenue	2,967,633	
Payment on concessionaire note payable	(6,710,231)	
Interest paid on notes payable		
Acquisition/construction of capital assets	(4,164,428)	
Proceeds from sale of capital assets		
Capital contributions		
Tax revenue	14,264,506	
Net cash used by capital and related financing activities		<u>(1,190,471)</u>

Cash flows from investing activities

Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	139,883	
Net cash provided by investing activities		<u>139,883</u>

Net increase in cash and cash equivalents		1,915,197
Cash and cash equivalents at beginning of year		32,817,784
Cash and cash equivalents at end of year		<u>\$ 34,732,981</u>

The accompanying notes are an integral part of this statement.
Statement D

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004**

Reconciliation of operating loss to net cash used by operating activities:

Operating income(loss)		\$ <u>(31,557,578)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>16,574,018</u>	
Provision for uncollectible accounts	<u> </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>152,251</u>	
(Increase)decrease in due from other funds	<u> </u>	
(Increase)decrease in prepayments	<u>7,210</u>	
(Increase)decrease in inventories	<u>30,453</u>	
(Increase)decrease in other assets	<u> </u>	
Increase(decrease) in accounts payable and accruals	<u>1,017,186</u>	
Increase(decrease) in accrued payroll and related benefits	<u> </u>	
Increase(decrease) in compensated absences payable	<u>(20,981)</u>	
Increase(decrease) in due to other funds	<u> </u>	
Increase(decrease) in deferred revenues	<u>862,291</u>	
Increase(decrease) in other liabilities	<u> </u>	
Net cash used by operating activities		\$ <u>(12,935,150)</u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	<u> </u>
Contributions of fixed assets	<u> </u>
Purchases of equipment on account	<u> </u>
Asset trade-ins	<u> </u>
Other (specify)	<u> </u>
-----	<u> </u>
-----	<u> </u>
Total noncash investing, capital, and financing activities	<u> </u>

(Concluded)
The accompanying notes are an integral part of this statement.
Statement D

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

INTRODUCTION

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

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

Act 640 of the 1993 Regular Session of the State Legislature amended Act 541 to provide, among other things, for the construction of the Arena and further to provide that all authority for the management and operation of all properties then or thereafter owned by or under the control of the District vested in the State, through the Office of the Governor, with continuing authority to delegate that authority and responsibility to a private management company. In 1998, by a Fourth Amendment to the Management Agreement dated June 19, 1998 between the State, Facility Management of Louisiana, Inc. (formerly doing business under the name "HMC Management Corporation") and SMG, the State delegated its management authority over the Arena to SMG. The District completed construction of the New Orleans Arena (Arena) adjacent to the Superdome in 1999, and the Arena opened for operations in October 1999 under the management of SMG.

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

STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

INTRODUCTION (Continued)

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

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

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

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

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

Revenue Recognition

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

Expense Recognition

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

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B. BUDGETARY ACCOUNTING N/A

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Stadium and Exposition District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

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

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

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name.

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name.

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name.

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C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

The deposits at June 30, 2004, consisted of the following:

	Cash	Certificates of Deposit	Other (Describe)	Total
Deposits in bank accounts per balance sheet	\$ <u>22,821,076</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>22,821,076</u>
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
b. Uninsured and collateralized with securities held by the pledging institution	<u>16,427,334</u>	<u>-</u>	<u>-</u>	<u>16,427,334</u>
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total category 3 bank balances	<u>\$ 16,427,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,427,334</u>
Total bank balances (All categories including category 3 reported above)	<u>\$ 16,527,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,527,334</u>

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

Banking institution	Program	Amount
1. <u>Hibernia National Bank</u>	<u>\$ Enterprise Fund</u>	<u>\$ 16,436,565</u>
2. <u>Hibernia National Bank</u>	<u>Capital Project Fund</u>	<u>90,769</u>
3. _____	_____	_____
4. _____	_____	_____
Total	\$	<u>\$ 16,527,334</u>

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

Cash in State Treasury	\$ <u> </u>
Petty cash	\$ <u>70,500</u>

2. INVESTMENTS

The Louisiana Stadium and Exposition District does maintain investment accounts as authorized by LRS 49-327B.

Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value and applicable category of risk.

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C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name.

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name.

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

Type of Investment	<u>Amount Reported in Risk</u>		Total Reported Amount - All Categories (Including Category 3)	Total Fair Value - All Categories (Including Category 3)
	<u>Held by Counterparty</u>	<u>Category 3, if Any</u> Held by Counterparty's Trust Dept. or Agent Not in Entity's Name		
Repurchase agreements	\$ 1,774,418	\$ _____	\$ 1,774,418	\$ 1,774,418
U.S. Government securities	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
Money Market funds	9,416,987	_____	9,416,987	9,416,987
FNMA	650,000	_____	650,000	650,000
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	<u>11,841,405</u>	<u>-</u>	<u>\$ 11,841,405</u>	<u>\$ 11,841,405</u>

The District does not invest in derivatives as part of its investment policy. Accordingly, the exposure to risks from these investments is as follows:

credit risk	N/A
market risk	N/A
legal risk	N/A

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C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

3. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds _____ N/A _____
- b. Securities underlying reverse repurchase agreements _____ N/A _____
- c. Unrealized investment losses _____ N/A _____
- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
1. Carrying amount and market value at June 30 of securities to be resold _____ N/A _____
 2. Description of the terms of the agreement _____ N/A _____
- e. Losses during the year due to default by counterparties to deposit or investment transactions _____ N/A _____
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____ N/A _____

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____ N/A _____
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____ N/A _____

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____ N/A _____
- j. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements _____ N/A _____
- k. Market value on _____ (fiscal close), of the securities to be repurchased _____ N/A _____
- l. Description of the terms of the agreements to repurchase _____ N/A _____
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____ N/A _____
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____ N/A _____

**STATE OF LOUISIANA
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C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices N/A
- p. Basis for determining which investments, if any, are reported at amortized cost N/A
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool N/A
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares N/A
- s. Any involuntary participation in an external investment pool N/A
- t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate N/A
- u. Any income from investments associated with one fund that is assigned to another fund N/A

Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

- v. Briefly describe the deposit and /or investment policies related to the custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact. The District's deposit and investment policies conform to those prescribed by Louisiana law. The District's deposits are exposed to custodial credit risk. 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's investments in cash equivalents are exposed to custodial credit risk. The District's investment policy does not limit the amount of its holdings of securities by counterparties. The District was not exposed to interest rate risk. The investment policy prescribed by Louisiana Law establishes limits for investments with maturities of thirty days or longer and establishes parameters for interest rates of certain investments. As of June 30, 2004 and 2003, all cash equivalents had maturities of thirty days or less.
- w. List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments N/A
- x. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.) N/A
- y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount). N/A
- z. Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by, using one of the following 5 methods that is used to identify and manage interest rate risk: a) segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.) N/A
- aa. Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable. N/A

STATE OF LOUISIANA
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D. CAPITAL ASSETS – INCLUDING CAPITAL LEASES ASSETS

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

	Year ended June 30, 2004				Balance 6/30/2004
	Balance 6/30/2003	Additions	Transfers*	Retirements	
Capital assets not being depreciated					
Land	13,944,160	--	--	--	13,944,160
Non-depreciable land improvements	--	--	--	--	--
Capitalized collections	--	--	--	--	--
Construction in progress	5,797,803	3,647,679	(7,596,768)	--	1,848,714
Total capital assets not being depreciated	19,741,963	3,647,679	(7,596,768)	--	15,792,874
Other capital assets					
Furniture, fixtures, and equipment	24,706,881	219,866	--	(2,019,640)	24,926,747
Less accumulated depreciation	(16,634,017)	(2,664,677)	--	2,019,640	(19,298,694)
Total furniture, fixtures, and equipment	8,072,864	(2,444,811)	--	--	5,628,053
Buildings and improvements	381,817,753	7,545,981	--	(35,317,858)	389,363,734
Less accumulated depreciation	(171,537,766)	(13,909,340)	--	35,317,858	(185,447,106)
Total buildings and improvements	210,279,987	(6,363,359)	--	--	203,916,628
Depreciable land improvements	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--
Total depreciable land improvements	--	--	--	--	--
Infrastructure	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--
Total infrastructure	--	--	--	--	--
Total other capital assets	218,352,851	(8,808,170)	--	--	209,544,681
Capital Asset Summary:					
Capital assets not being depreciated	19,741,963	3,647,679	--	(7,596,768)	15,792,874
Other capital assets, at cost	406,524,634	7,765,847	--	(37,337,498)	376,952,983
Total cost of capital assets	426,266,597	11,413,526	--	(44,934,266)	392,745,857
Less accumulated depreciation	(188,171,783)	(16,574,017)	--	37,337,498	(167,408,302)
Capital assets, net	238,094,814	(5,160,491)	--	(7,596,768)	225,337,555

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

**STATE OF LOUISIANA
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E. INVENTORIES

The District's inventories are valued at cost, which approximates market. These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS

Restricted assets in the Louisiana Stadium and Exposition District at June 30, 2004, reflected at \$2,436,869 in the current assets section on Statement A, consist of \$1,953,896 in cash with fiscal agent, and \$482,973 in receivables.

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Stadium and Exposition District has the following policy on annual and sick leave:

Under the Management Agreement with SMG, all employees engaged in managing and operating the Superdome and the Arena are employees of SMG. SMG provides for compensated absences for its employees. SMG employees can earn 10 to 24 days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union agreements. At the end of any fiscal year, an employee can carryforward no more than 192 hours in vacation and, upon termination, an employee is paid only for 192 hours of accumulated vacation, if applicable. Members of the Teamsters Union earn eight to fifteen days of vacation per year with no carryforward provision. The accumulated net provision by the District for unpaid vacation benefits due employees of SMG as of June 30, 2004 was \$250,387.

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

2. COMPENSATORY LEAVE N/A

H. RETIREMENT SYSTEM N/A

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - N/A

J. LEASES

1. OPERATING LEASES N/A

2. CAPITAL LEASES N/A

3. LESSOR DIRECT FINANCING LEASES N/A

**STATE OF LOUISIANA
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J. LEASES (Continued)**4. LESSOR – OPERATING LEASE**

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

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of June 30, 2004.

Year Ended June 30.	Office Space	Equipment	Land	Garage Poydras	Total
2005	\$ 304,343	\$	\$ 205,388	\$ 595,366	\$ 1,105,097
2006	201,350		205,388	595,366	1,002,104
2007	143,198		205,388	595,366	943,952
2008	63,333		205,388	595,366	864,087
2009	35,000		205,388	49,614	290,002
2010 -2013	<u>122,499</u>		<u>599,048</u>	<u>0</u>	<u>721,547</u>
Total	<u>\$ 869,723</u>	<u>\$</u>	<u>\$ 1,625,988</u>	<u>\$ 2,431,078</u>	<u>\$ 4,926,789</u>

Current year lease revenues received in fiscal year ending June 30, 2004 totaled \$1,170,519.

**STATE OF LOUISIANA
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K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2004.

	Balance June 30, 2003	Year ended June 30, 2004		Balance June 30, 2004	Amounts due within one year
		Additions	Reductions		
Bonds and notes payable:					
Notes payable	\$ 6,945,041	\$	\$ (6,945,041)	\$	--
Reimbursement contracts payable					
Bonds payable	<u>191,510,000</u>	<u>6,235,000</u>	<u>(4,120,000)</u>	<u>193,625,000</u>	<u>4,345,000</u>
Total notes and bonds	<u>198,455,041</u>	<u>6,235,000</u>	<u>(11,065,041)</u>	<u>193,625,000</u>	<u>4,345,000</u>
Other liabilities:					
Advance from State of Louisiana	247,428	1,500,000		1,747,428	500,000
Loan payable		7,500,000		7,500,000	
Capital lease obligations					
Liabilities payable from restricted assets					
Claims and litigation					
Other long-term liabilities					
Total other liabilities	<u>247,428</u>	<u>9,000,000</u>	<u>--</u>	<u>9,247,428</u>	<u>500,000</u>
Total long-term liabilities	<u>198,702,469</u>	<u>15,235,000</u>	<u>(11,065,041)</u>	<u>202,872,428</u>	<u>4,845,000</u>

A detailed summary, by issues, of all debt outstanding at June 30, 2004, including outstanding interest of \$4,776,859 is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt.

L. LITIGATION

1. The Louisiana Stadium and Exposition District is a defendant in litigation seeking damages as follows:

<u>Date of Action</u>	<u>Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)</u>	<u>Primary Attorney</u>	<u>Damages Claimed</u>	<u>Insurance Coverage</u>
<u>2002</u>	<u>Downsouth Entertainment remote</u>	<u>Correro, Fishman, Haygood, Phelps, Walmsley & Casteix, LLP</u>	<u>\$ 300,000</u>	<u>\$ 0</u>
Totals			\$ <u>300,000</u>	\$ <u>0</u>

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L. LITIGATION (Continued)

The Louisiana Stadium and Exposition District's legal advisors are unable to estimate the effects on the financial statements for the above matter.

2. Attorney fees of \$365,496 were incurred for various matters in the current year and are reflected in the accompanying financial statements.

M. RELATED PARTY TRANSACTIONS N/A

N. ACCOUNTING CHANGES N/A

O. IN-KIND CONTRIBUTIONS N/A

P. DEFEASED ISSUES N/A

Q. COOPERATIVE ENDEAVORS

On July 1, 2002, the District entered into a cooperative endeavor agreement with the Louisiana Department of the Treasury to undertake capital improvements for the NBA upgrades to the New Orleans Arena to make the building a suitable place for the Hornets to play home games. The total amount of the agreement is \$10,002,800. \$9,957,659 had been spent through June 30, 2003 and \$10,002,800 had been spent through June 30, 2004.

On February 28, 2003, the District entered into a cooperative endeavor agreement with the Louisiana Department of the Treasury to provide 75 percent in the aggregate of the total funds required to build an NFL suitable indoor training facility and other improvements for the New Orleans Saints, not to exceed \$6,750,000. The total expenditures by the District under the terms of this agreement were \$3,921,171 as of June 30, 2003 and \$6,459,360 as of June 30, 2004.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) N/A

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS N/A

T. SHORT-TERM DEBT N/A

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
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U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2004, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
<u>Governmental activities</u>	\$ -	\$ -	\$ 2,378,474	\$ -	\$ 2,378,474
<u>Business activities</u>	603,132	-	5,498,848	-	6,101,980
Gross receivables	\$ 603,132	\$ -	\$ 7,877,322	\$ -	\$ 8,480,454
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ 603,132	\$ -	\$ 7,877,322	\$ -	\$ 8,480,454
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
<u>Government</u>	\$ 26,189	\$ -	\$ 4,776,859	\$ -	\$ 4,803,048
<u>Business</u>	8,133,994	-	-	15,603,788	23,737,782
Total payables	\$ 8,160,183	\$ -	\$ 4,776,859	\$ 15,603,788	\$ 28,540,830

W. SUBSEQUENT EVENTS N/A**X. SEGMENT INFORMATION**

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
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X. SEGMENT INFORMATION (Continued)

Type of goods or services provided by the segment-operation of recreational facilities and other facilities to accommodate conventions, exhibitions, athletic and other public meetings.

A. Condensed statement of net assets:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or business-type activities should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or business-type activities should be reported separately
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

	Segment #1
Current assets	\$ <u>41,412,583</u>
Due from other funds	<u> </u>
Capital assets	<u>225,337,555</u>
Other assets	<u>2,436,869</u>
Current liabilities	<u>39,165,210</u>
Due to other funds	<u> </u>
Long-term liabilities	<u>197,827,428</u>
Restricted net assets	<u>10,079,283</u>
Unrestricted net assets	<u>(9,597,469)</u>
Invested in capital assets, net of related debt	<u>31,712,555</u>

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

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X. SEGMENT INFORMATION (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	Segment #1
Operating revenues	\$ <u>30,597,357</u>
Operating expenses	<u>(45,580,917)</u>
Depreciation and amortization	<u>(16,574,018)</u>
Operating income (loss)	<u>(31,557,578)</u>
Nonoperating revenues (expenses)	<u>14,496,365</u>
Capital contributions/additions to permanent and term endowments	<u> </u>
Special and extraordinary items	<u> </u>
Transfers in	<u> </u>
Transfers out	<u> </u>
Change in net assets	<u>(17,061,213)</u>
Beginning net assets	<u>49,255,582</u>
Ending net assets	<u>32,194,369</u>

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	Segment #1
Net cash provided (used) by operating activities	\$ <u>(12,935,150)</u>
Net cash provided (used) by noncapital financing activities	<u>15,900,935</u>
Net cash provided (used) by capital and related financing activities	<u>(1,190,471)</u>
Net cash provided (used) by investing activities	<u>139,883</u>
Beginning cash and cash equivalent balances	<u>32,817,784</u>
Ending cash and cash equivalent balances	<u>34,732,981</u>

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

Y. DUE TO/DUE FROM AND TRANSFERS N/A

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS N/A

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS N/A

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF STATE FUNDING
FOR THE YEAR ENDED JUNE 30, 2004**

Description of Funding	\$	Amount
1. <u>Cooperative Endeavor Agreement</u>	\$	<u>45,141</u>
2. <u>Cooperative Endeavor Agreement</u>		<u>2,538,189</u>
3. _____		
4. _____		
5. _____		
6. _____		
7. _____		
8. _____		
9. _____		
10. _____		
Total	\$	<u><u>2,583,330</u></u>

STATE OF LOUISIANA
 LOUISIANA STADIUM AND EXPOSITION DISTRICT
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
JUNE 30, 2004

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	N/A Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$_____	\$_____	\$_____	\$_____	_____	\$_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		<u>\$_____</u>	<u>\$_____</u>	<u>\$_____</u>	<u>\$_____</u>		<u>\$_____</u>

*Send copies of new amortization schedules

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2004**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/03	Redeemed (Issued)	Principal Outstanding 6/30/04	Interest Rates	Interest Outstanding 6/30/04
Concessionaire note payable	1999	\$7,500,000	\$(6,945,041)	\$6,945,041	\$ --	12.75%	\$ --
Louisiana Economic Development Corporation	06/2004	\$7,500,000	\$-	\$(7,500,000)	\$(7,500,000)	Varies	\$ --
-----	-----	-----	-----	-----	-----	-----	-----
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Total		<u>\$15,000.00</u>	<u>\$(6,945,041)</u>	<u>\$(554,959)</u>	<u>\$(7,500,000)</u>	<u>\$</u>	<u>\$</u>

*Send copies of new amortization schedules

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2004**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/03	Redeemed (Issued)	Principal Outstanding 6/30/04	Interest Rates	Interest Outstanding 6/30/04
1994 -A	April 1994	\$63,500,000	\$(9,325,000)	\$1,345,000	\$(7,980,000)	5.4% - 5.9%	\$224,799
1995 -A	April 1995	14,150,000	(2,545,000)	310,000	(2,235,000)	4.8% - 5.7%	61,249
1995 - B	Nov 1995	48,000,000	(30,400,000)	940,000	(29,460,000)	5.25% 4.2% -	773,325
1996	Dec 1996	76,240,000	(6,860,000)	1,000,000	(5,860,000)	5.2% 4.95%-	146,708
1998 - A	Dec 1998	7,230,000	(5,560,000)	525,000	(5,035,000)	5.62% 4.35% -	3,430,991
1998 - B	Dec 1998	136,820,000	(136,820,000)	-	(136,820,000)	5.25%	139,787
*2004	Jun 2004	<u>6,235,000</u>	<u>-</u>	<u>(6,235,000)</u>	<u>(6,235,000)</u>	6.38%	<u>-</u>
Total		<u>\$ 352,175,000</u>	<u>\$ 191,510,000</u>	<u>\$(2,115,000)</u>	<u>\$(193,625,000)</u>		<u>\$ 4,776,859</u>

*Copies of new amortization schedules enclosed.

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2004**

N/A

Fiscal Year Ending:	Principal	Interest
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
Total	\$ _____ --	\$ _____ --

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2004**

N/A

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2005	\$ _____	\$ _____	\$ _____	\$ _____ --
2006	_____	_____	_____	_____ --
2007	_____	_____	_____	_____ --
2008	_____	_____	_____	_____ --
2009	_____	_____	_____	_____ --
2010-2014	_____	_____	_____	_____ --
2015-2019	_____	_____	_____	_____ --
2020-2024	_____	_____	_____	_____ --
2025-2029	_____	_____	_____	_____ --
 Total	 \$ _____ --	 \$ _____ --	 _____ --	 _____ --

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2004**

Ending-	Principal	Interest
2005	\$ <u>See note below</u>	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010-2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
Total	\$ <u>7,500,000.00</u>	\$ <u> --</u>

Note: Unable to determine amortization schedule due to the repayment terms of the note. See attached copy of note payable for terms.

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
SCHEDULE OF BONDS PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2004**

Fiscal Year Ending:	Principal	Interest
2005	\$ <u>4,545,000</u>	\$ <u>9,819,816</u>
2006	<u>4,780,000</u>	<u>9,586,053</u>
2007	<u>5,030,000</u>	<u>9,324,465</u>
2008	<u>5,295,000</u>	<u>9,045,079</u>
2009	<u>5,575,000</u>	<u>8,747,734</u>
2010	<u>6,605,000</u>	<u>8,443,845</u>
2011	<u>6,940,000</u>	<u>8,101,867</u>
2012	<u>7,300,000</u>	<u>7,736,760</u>
2013	<u>7,700,000</u>	<u>7,332,964</u>
2014	<u>8,115,000</u>	<u>6,907,039</u>
2015	<u>7,325,000</u>	<u>6,457,805</u>
2016	<u>7,720,000</u>	<u>6,062,875</u>
2017	<u>8,135,000</u>	<u>5,646,683</u>
2018	<u>8,575,000</u>	<u>5,208,044</u>
2019	<u>9,035,000</u>	<u>4,745,781</u>
2020	<u>9,505,000</u>	<u>4,277,206</u>
2021	<u>9,980,000</u>	<u>3,802,775</u>
2022	<u>10,480,000</u>	<u>3,304,500</u>
2023	<u>11,010,000</u>	<u>2,774,000</u>
2024	<u>11,570,000</u>	<u>2,209,500</u>
2025	<u>12,165,000</u>	<u>1,616,125</u>
2026	<u>12,790,000</u>	<u>992,250</u>
2027	<u>13,450,000</u>	<u>336,250</u>
2028	<u> </u>	<u> </u>
2029	<u> </u>	<u> </u>
Total	\$ <u>193,625,000</u>	\$ <u>132,479,416</u>

**STATE OF LOUISIANA
LOUISIANA STADIUM AND EXPOSITION DISTRICT
COMPARISON FIGURES
FOR THE YEAR ENDED JUNE 30, 2004**

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 70,626,444	\$ 90,047,828	\$ (19,421,384)	(22)%
Expenses	<u>88,405,027</u>	<u>91,786,292</u>	<u>(3,381,265)</u>	<u>(3)%</u>
2) Capital assets	<u>225,337,555</u>	<u>238,094,814</u>	<u>(12,757,259)</u>	<u>(5)%</u>
Long-term debt	<u>202,872,428</u>	<u>198,702,469</u>	<u>4,169,959</u>	<u>2%%</u>
Net Assets	<u>31,476,999</u>	<u>49,255,582</u>	<u>(17,778,583)</u>	<u>(36)%</u>
Explanation for change	Revenue – In 2003 Received \$16,337,153 more of state general fund revenue and contributions. Decrease in net assets due mainly to decrease in the revenues.			
3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 21,218,000	\$ 21,218,000	\$ 0	\$ 0%
Expenditures	<u>20,934,600</u>	<u>20,934,600</u>	<u>0</u>	<u>0%</u>
Explanation of change:	N/A			
	<u>2004 Final Budget</u>	<u>2004 Actual</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	<u>21,218,000</u>	<u>23,028,367</u>	<u>1,810,367</u>	<u>8.5%</u>
Expenditures	<u>20,934,600</u>	<u>19,987,019</u>	<u>947,581</u>	<u>4.5%</u>
Explanation of change:	The budget numbers do not include all non-operating revenue and expenditures and depreciation. Therefore, the actual numbers presented above include only those items that were budgeted.			

DEBT SERVICE SCHEDULE

Taxable Revenue Refunding Bonds, Series 2004
Louisiana Superdome and Exposition District

Dated Date:	15-Jun-04	Average Life:	7.253814	years (at par)
First Payment:	01-Dec-04	Net Interest Cost:	6.380000%	at par
Last Payment:	01-Jun-14	Accrued Interest:	None	
Delivery Date:	15-Jun-04			

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Calendar Year Debt Service
01-Dec-04			183,426.77	183,426.77	183,426.77
01-Jun-05	200,000	6.380%	198,896.50	398,896.50	
01-Dec-05			192,516.50	192,516.50	591,413.00
01-Jun-06	200,000	6.380%	192,516.50	392,516.50	
01-Dec-06			186,136.50	186,136.50	578,653.00
01-Jun-07	200,000	6.380%	186,136.50	386,136.50	
01-Dec-07			179,756.50	179,756.50	565,893.00
01-Jun-08	200,000	6.380%	179,756.50	379,756.50	
01-Dec-08			173,376.50	173,376.50	553,133.00
01-Jun-09	200,000	6.380%	173,376.50	373,376.50	
01-Dec-09			166,996.50	166,996.50	540,373.00
01-Jun-10	935,000	6.380%	166,996.50	1,101,996.50	
01-Dec-10			137,170.00	137,170.00	1,239,166.50
01-Jun-11	985,000	6.380%	137,170.00	1,122,170.00	
01-Dec-11			105,748.50	105,748.50	1,227,918.50
01-Jun-12	1,040,000	6.380%	105,748.50	1,145,748.50	
01-Dec-12			72,572.50	72,572.50	1,218,321.00
01-Jun-13	1,105,000	6.380%	72,572.50	1,177,572.50	
01-Dec-13			37,323.00	37,323.00	1,214,895.50
01-Jun-14	1,170,000	6.380%	37,323.00	1,207,323.00	1,207,323.00
TOTALS...	6,235,000		2,885,516.27	9,120,516.27	9,120,516.27

NOTE 1: The target for yield purposes consists of the total offering price of the bonds, plus accrued interest, minus the cost of any credit enhancement.

PROMISSORY NOTE

Baton Rouge, Louisiana
June 30, 2004

Pursuant to the authority of and the mandate contained in House Bill No. 619, Section 10, of the 2004 Regular Legislative Session, and the resulting loan of funds thereunder, as set forth in the Loan Agreement to which this Promissory Note is executed, the LOUISIANA STADIUM & EXPOSITION DISTRICT promises to pay to the LOUISIANA ECONOMIC DEVELOPMENT CORPORATION, the sum of SEVEN MILLION FIVE HUNDRED THOUSAND (\$7,500,000.00) Dollars, with interest at a rate per annum equal to the yield on SIX (6) Month United States Treasury Bonds, to be adjusted annually. The Note is to be paid on an annual basis beginning after the end of Fiscal year 2005-2006, commencing on June 30, 2005 and each anniversary thereof by the LOUISIANA STADIUM & EXPOSITION DISTRICT, but only after the payment in full of all contractual, necessary, statutory, and usual charges of the LOUISIANA STADIUM & EXPOSITION DISTRICT, including any indebtedness heretofore or hereafter issued by it, such loan to be paid from the revenues received by the LOUISIANA STADIUM & EXPOSITION DISTRICT in any fiscal year if such revenue for each fiscal year exceeds the amount of revenues received by the LOUISIANA STADIUM & EXPOSITION DISTRICT in Fiscal Year 2004-2005, as adjusted by an amount equal to the increase in the consumer price index between fiscal year 2004-2005 and the date of the receipt of the payment. All unpaid principal and accrued interest shall be due and payable on June 30, 2012.

Any payments hereunder may be prepaid before due date without penalty or fee. The failure of the holder to enforce any terms hereof shall not be deemed a waiver of any rights of the holder.

The Louisiana Stadium & Exposition District

By: Tim Coulon 
Tim Coulon, Chairman



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

August 10, 2004

Legislative Auditor
Engagement Processing
Post Office Box 94397
Baton Rouge, LA 70804-9373

Dear Sir or Madam:

SCHEDULES AND DATA COLLECTION FORM
SECTION 1: SUMMARY OF AUDITOR'S REPORTS

A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of the Louisiana Stadium and Exposition District as of and for the year ended June 30, 2004 and have issued our report thereon dated August 10, 2004. 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. Our audit as of June 30, 2004 resulted in an unqualified opinion.

B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING:

Internal Control:

Material weaknesses – None noted
Other conditions – None noted

Compliance:

Noncompliance material to financial statements – None noted

SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS:

N/A

B. PRIOR YEAR FINDINGS:

N/A

R E P O R T

**LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA**

SCHEDULES OF MANAGEMENT FEE COMPUTATION

JUNE 30, 2004 AND 2003

WITH INDEPENDENT AUDITORS' REPORT THEREON



**DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS

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.....**

**MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT

August 10, 2004

Board of Commissioners
Louisiana Stadium and Exposition District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Louisiana Stadium and Exposition District (LSED) for the years ended June 30, 2004 and 2003 and have issued our report thereon dated August 10, 2004. We have also audited the accompanying schedules of management fee computation (under the provisions of Article 4.2 of the management agreement as amended between the State of Louisiana and SMG dated June 13, 1977) for the years ended June 30, 2004 and 2003. The schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the schedules based on our audits.

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

We have been informed that Article 4.2 of the management agreement as amended between the State of Louisiana and SMG dated June 13, 1977, governs the contents of the schedules referred to in the first paragraph.

The accompanying schedules were prepared for the purpose of complying with the terms of the management agreement referred to in the first paragraph, and are not intended to be a complete presentation of the financial position and activity of the Louisiana Stadium and Exposition District.

In our opinion, the schedules referred to above present fairly, in all material respects, the management fee computation of the Louisiana Stadium and Exposition District for the years ended June 30, 2004 and 2003, as defined in the management agreement referred to in the first paragraph.

This report is intended solely for the information and use of the Board of Commissioners, management of SMG and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Duplantier, Hrapmann, Hogan & Maher, L.L.P.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 SCHEDULES OF MANAGEMENT FEE COMPUTATION
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Deficit improvement and base for management fee computation	\$ <u>19,419,634</u>	\$ <u>18,403,208</u>
30% of first - \$1,000,000	300,000	300,000
40% of next - \$1,750,000	700,000	700,000
25% of excess	<u>4,167,409</u>	<u>3,913,302</u>
TOTAL MANAGEMENT FEE COMPUTATION	\$ <u>5,167,409</u>	\$ <u>4,913,302</u>
45% Allocated to Superdome Marketing and Promotional Fund	<u>\$ 2,325,334</u>	<u>\$ 2,210,986</u>
55% Allocated to SMG	<u>\$ 2,842,075</u>	<u>\$ 2,702,316</u>
Management fee ceiling pursuant to Section 26.8.3(e) of the fourth amendment to the Management Agreement dated June 19, 1998, which relates to the opening of the New Orleans Arena	\$ 2,579,955	\$ 2,526,643
Less: Arena management fee pursuant to the Agreement	<u>(274,181)</u>	<u>(268,515)</u>
MAXIMUM MANAGEMENT FEE FOR SUPERDOME MANAGEMENT	\$ <u>2,305,774</u>	\$ <u>2,258,128</u>

See accompanying independent auditor's report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA
SCHEDULES OF MANAGEMENT FEE COMPUTATION
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
LSED and SMG have agreed that Article 1.1G(e) of the Agreement shall be interpreted to include workmen's compensation liability insurance in the amount of insurance expense that is excluded from the deficit	\$ 2,944,265	\$ 2,563,518
In accordance with Article 1.1G(a) of the Agreement, LSED and SMG have reviewed the capital asset additions and have determined that the cost of capital assets acquired in 2004 and 2003 for the principal purpose of increasing revenues and/or decreasing operating expenses was \$0. The depreciation related to these assets and prior acquisitions is to be added to the deficit	(14,118)	(14,118)
LSED and SMG agreed on November 5, 1973 that \$750,000 of the concessionaire's total additions for 1992 and 1993 was acquired for the principal purpose of decreasing operating expenses and/or increasing revenue. It is also agreed that the \$750,000 will be depreciated over 10 years	-	-
In Article 26.8.6 of the New Orleans Arena Management Contract, LSED and SMG have agreed that a concession shortfall adjustment is to be made to the Louisiana Superdome management fee computation if the operation of the food and beverage concession at the Louisiana Superdome is granted under a combined contract with the New Orleans Arena. The adjustment shall be the greater of (a) 37% of gross sales of food and beverage in the Louisiana Superdome, or (b) the actual amount of such sales actually paid to and retained by the State	-	-
LSED and SMG have agreed that Article 4.2(d) of the Agreement, as amended in the third amendment dated March 3, 1986, shall be interpreted as follows:		
a. To exclude any inducement payment from the deficit - Saints	8,846,271	12,307,817
b. To include any imputed revenues to reduce the deficit	<u>3,294,963</u>	<u>3,424,652</u>
Net effect of the aforementioned items on the 2004 and 2003 deficits	15,071,381	18,281,869
Current deficit (operating loss before depreciation, amortization, management fee computation and other adjustments)	<u>(7,107,853)</u>	<u>(11,135,471)</u>
Adjusted income	7,963,528	7,146,398
Adjusted base deficit for the years ended June 30, 2004 and 2003 (as calculated hereafter)	<u>11,456,106</u>	<u>11,256,810</u>
DEFICIT IMPROVEMENT AND BASE FOR THE MANAGEMENT FEE COMPUTATION	\$ <u>19,419,634</u>	\$ <u>18,403,208</u>

See accompanying independent auditor's report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
 NEW ORLEANS, LOUISIANA
 COMPUTATIONS OF ADJUSTED BASE DEFICIT
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Base deficit (operating loss before depreciation and amortization) for the year ended June 30, 1977	\$ 5,003,983	\$ 5,003,983
Adjustments required by the Management Agreement:		
Elimination of insurance excluded by Management Agreement	(883,368)	(883,368)
Adjustment for increase in consumer price index	5,326,327	5,122,362
Adjustment for increase in utility rates	2,119,600	2,035,087
Adjustment for repair and maintenance hours	134,041	223,223
Other adjustments pursuant to Article 4.2 of the Management Agreement	<u>(244,477)</u>	<u>(244,477)</u>
ADJUSTED BASE DEFICIT FOR THE YEARS ENDED JUNE 30, 2004 AND 2003	\$ <u>11,456,106</u>	\$ <u>11,256,810</u>

See accompanying independent auditor's report.