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LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

General Purpose Financial Statements

June 30, 1997

With Independent Auditors' Report Thereon

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

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June 30, 1997

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Principal Officials

June 30, 1997

Board of Commissioners

Current Board

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

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

Independent Auditors' Report

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

We have audited the general purpose 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, 1997, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 1997, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 1997, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information included in Schedules 1 through 3 for the year ended June 30, 1997 is presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick LLP

September 16, 1997

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1997
with comparative totals for June 30, 1996

Assets and Other Debits	Governmental fund types: Debt service	Governmental fund types: Capital projects	Proprietary fund type: Enterprise fund	Account groups: General fixed assets	Account groups: General long-term debt	Totals (memorandum only): 1997	Totals (memorandum only): 1996
Assets:							
Cash (note 3)	$ 9,591,573	80,156,077	4,540,006	-	-	94,287,656	57,239,039
Investments (note 3)	6,973,280	-	-	-	-	6,973,280	2,389,013
Accounts receivable	-	1,944,694	704,863	-	-	2,649,557	1,410,557
Signage license fee receivable	-	-	72,917	-	-	72,917	83,333
Due from the State of Louisiana (notes 4 and 8)	1,046,941	-	1,301,088	-	-	2,348,029	2,217,234
Inventory of materials and supplies	-	-	72,808	-	-	72,808	63,361
Prepaid expenses	-	-	46,240	-	-	46,240	68,786
Land acquisition deposit (notes 5 and 14)	-	-	-	-	-	-	3,000,000
Restricted assets (notes 3 and 8):							
Working Capital Account - cash	-	-	1,648,485	-	-	1,648,485	1,599,891
Renewal and Replacement Reserve Account:							
Cash and cash equivalents	-	-	5,943,513	-	-	5,943,513	6,805,572
Accrued interest receivable	-	-	-	-	-	-	8,875
Concession Reserve Account - cash	-	-	468,332	-	-	468,332	502,524
Economic Development Fund Account:							
Cash and cash equivalents	-	-	5,076,046	-	-	5,076,046	4,887,169
Receivable (note 8)			166,000	-	-	166,000	166,000
Accrued interest receivable	-	-	1,830	-	-	1,830	3,419
Total restricted assets	-	-	13,304,206	-	-	13,304,206	13,973,450
Property, plant and equipment - at cost, less accumulated depreciation (note 5)	-	-	122,992,143	-	-	122,992,143	102,789,070
General fixed assets (note 5)	-	-	-	44,951,968	-	44,951,968	27,315,310
Other debits:							
Amount available in debt service fund (note 6)	-	-	-	-	17,611,794	17,611,794	10,401,035
Amount to be provided for retirement of general long-term debt	-	-	-	-	183,608,206	183,608,206	115,248,965
Total assets and other debits	$ 17,611,794	82,100,771	143,034,271	44,951,968	201,220,000	488,918,804	336,199,153

(Continued)

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups, Continued

Liabilities, Equity and Other Credits	Governmental fund types: Debt service	Governmental fund types: Capital projects	Proprietary fund type: Enterprise fund	Account groups: General fixed assets	Account groups: General long-term debt	Totals (memorandum only): 1997	Totals (memorandum only): 1996
Liabilities:							
Payable to Facility Management of Louisiana (note 12)	$ -	-	176,666	-	-	176,666	1,098,704
Accounts payable and accrued liabilities	-	-	427,284	-	-	427,284	1,110,066
Deferred income and security deposits	-	-	220,561	-	-	220,561	207,767
Compensated absences	-	-	170,727	-	-	170,727	169,056
Funds held in escrow for future events	-	-	2,396,212	-	-	2,396,212	1,645,004
Contracts payable	-	3,282,324	-	-	-	3,282,324	3,334,408
Retainage payable	-	884,456	-	-	-	884,456	2,883,927
Hotel Occupancy Tax due to other governmental units (note 8)	-	-	-	-	-	-	2,646,494
Deferred concession incentive (note 7)	-	-	1,040,984	-	-	1,040,984	1,369,699
Bonds payable (note 6):							
Hotel Occupancy Tax Bonds - Series 1994A	-	-	-	-	63,500,000	63,500,000	63,500,000
Hotel Occupancy Tax Bonds - Series 1995A	-	-	-	-	14,150,000	14,150,000	14,150,000
Hotel Occupancy Tax Bonds - Series 1995B	-	-	-	-	47,330,000	47,330,000	48,000,000
Hotel Occupancy Tax Bonds - Series 1996	-	-	-	-	76,240,000	76,240,000	-
Total bonds payable	-	-	-	-	201,220,000	201,220,000	125,650,000
Total liabilities	-	4,166,780	4,432,434	-	201,220,000	209,819,214	140,115,125
Equity and other credits:							
Equity:							
Investment in general fixed assets	-	-	-	44,951,968	-	44,951,968	27,315,310
Contributed capital (note 9)	-	-	98,737,105	-	-	98,737,105	76,816,750
Retained earnings:							
Reserved for restricted assets		-	13,304,206	-	-	13,304,206	13,973,450
Unreserved	-	-	26,560,526	-	-	26,560,526	27,194,133
Total retained earnings	-	-	39,864,732	-	-	39,864,732	41,167,583
Fund balances:							
Reserved for capital projects	-	77,933,991	-	-	-	77,933,991	40,383,250
Reserved for debt service	17,611,794	-	-	-	-	17,611,794	10,401,135
Total fund balances	17,611,794	77,933,991	-	-	-	95,545,785	50,784,385
Total equity and other credits	17,611,794	77,933,991	138,601,837	44,951,968	-	279,099,590	196,084,028
Total liabilities, equity and other credits	$ 17,611,794	82,100,771	143,034,271	44,951,968	201,220,000	488,918,804	336,199,153

See accompanying notes to general purpose financial statements.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - All Governmental Fund Types

Year ended June 30, 1997
with comparative totals for the year ended June 30, 1996

	Government Fund Types		Totals (memorandum only)	
	Debt service	Capital projects	1997	1996
Revenues:				
Hotel Occupancy Tax	$ 12,122,684	-	12,122,684	7,411,744
Interest earnings	618,985	3,573,595	4,192,580	1,992,329
Total revenues	12,741,669	3,573,595	16,315,264	9,404,073
Expenditures:				
Capital expenditures	-	42,430,807	42,430,807	29,332,310
Debt service:				
Principal payments	670,000	-	670,000	-
Interest and bank charges	7,679,314	87,088	7,766,402	4,572,552
Issuance costs	849,365	-	849,365	624,759
Total expenditures	9,198,679	42,517,895	51,716,574	34,529,621
Excess (deficiency) of revenues over expenditures	3,542,990	(38,944,300)	(35,401,310)	(25,125,548)
Other financing sources (uses):				
Bond proceeds (note 6)	3,667,669	72,295,041	75,962,710	47,976,725
Other contributions (note 5)	-	4,200,000	4,200,000	2,430,453
Operating transfers in	-	-	-	500,000
Operating transfers out	-	-	-	(500,000)
Total other financing sources (uses)	3,667,669	76,495,041	80,162,710	50,407,178
Excess of revenues and other sources over expenditures and other uses	7,210,659	37,550,741	44,761,400	25,281,630
Fund balances at beginning of year	10,401,135	40,383,250	50,784,385	25,502,755
Fund balances at end of year	$ 17,611,794	77,933,991	95,545,785	50,784,385

See accompanying notes to general purpose financial statements.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type

Year ended June 30, 1997
with comparative total for the year ended June 30, 1996

	1997	1996
Operating revenues:		
Event rental:		
Football	$ 670,204	604,636
Basketball	50,658	401,039
Baseball	30,000	30,000
Conventions and trade shows	624,609	498,801
High school sports	110,278	74,934
Musical events and entertainment	508,582	430,232
Indoor super fair	155,609	-
Other events	418,801	607,672
Reimbursed event costs	3,427,061	3,268,056
Total event rental	5,995,802	5,915,370
Parking (note 10)	3,003,636	2,672,583
Concessions (note 7)	3,363,153	4,001,282
Box suite rental	2,895,291	2,616,661
Guided tours	248,016	217,954
Advertising and broadcasting	235,006	270,657
Commercial office rental (note 10)	386,576	376,735
Land rental (note 10)	400,297	400,297
Other	641,737	325,576
Total operating revenues	17,169,514	16,797,115
Operating expenses:		
Management company salaries and wages, including employee benefits (note 11)	9,309,302	8,645,454
Utilities	2,425,449	2,585,384
Repairs and maintenance	905,935	1,134,235
Management fee - payment to FML (note 12)	2,202,421	2,054,350
Management fee - payment to Superdome Marketing and Promotional Fund (notes 12 and 13)	1,468,281	1,369,566
Management fee - payment to concessionaire (note 7)	260,000	250,000
Saints lease inducement payments (note 13)	4,666,124	4,708,252
Superbowl XXXI rent, concessions, and parking	996,516	-
Professional fees	544,274	578,687
Insurance	2,482,295	2,842,399
Direct event expenses	563,990	925,319
Advertising and public relations	141,894	153,062
Other	368,808	502,846
Total operating expenses	26,335,289	25,749,554

(Continued)

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type, Continued

	1997	1996
Operating loss before depreciation	$ (9,165,775)	(8,952,439)
Depreciation	(5,763,798)	(5,708,845)
Operating loss	(14,929,573)	(14,661,284)
Nonoperating revenue (expenses):		
Hotel occupancy tax (note 8)	13,140,354	11,919,738
Interest income	557,653	735,138
Other expenses	(71,285)	(107,197)
Payments from Economic Development Fund (note 8)	-	(468,000)
Total nonoperating revenue	13,626,722	12,079,679
Net loss	(1,302,851)	(2,581,605)
Retained earnings, beginning of year	41,167,583	43,749,188
Retained earnings, end of year	$ 39,864,732	41,167,583

See accompanying notes to general purpose financial statements.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Statement of Cash Flows - Proprietary Fund Type

Year ended June 30, 1997
with comparative total for 1996

	1997	1996
Cash flows from operating activities:		
Operating loss	$ (14,929,573)	(14,661,284)
Adjustment to reconcile operating loss to net cash used by operating:		
Depreciation	5,763,798	5,708,845
Changes in operating assets and liabilities:		
Accounts receivable	716,110	(557,827)
Inventory and prepaids	13,099	865
Payable to Facility Management of Louisiana	(922,038)	240,070
Accounts payable and accrued liabilities	(682,782)	(175,579)
Deferred income, security deposits and funds held in escrow for future events	764,002	205,283
Compensated absences	1,671	21,900
Total adjustments	5,653,860	5,443,557
Net cash used by operating activities	(9,275,713)	(9,217,727)
Cash flows from noncapital financing activities:		
Decrease in receivables	-	34,000
Paid from Economic Development Fund	-	(468,000)
Net cash used by noncapital financing activities	-	(434,000)
Cash flows from capital and related financing activities:		
Interest paid on bonds, loan and equipment obligations	(71,285)	(107,197)
Acquisition of fixed assets	(4,046,516)	(7,686,588)
Principal paid on concession incentive	(328,715)	(309,619)
Hotel Occupancy Tax received	13,904,297	15,542,443
Hotel Occupancy Tax paid to other governments	(3,146,494)	(5,456,208)
Net cash provided by capital and related financing activities	6,311,287	1,982,831

(Continued)

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Statement of Cash Flows - Proprietary Fund Type, Continued

	1997	1996
Cash flows from investing activities - interest on investments	$ 568,117	737,460
Net changes in cash and cash equivalents	(2,396,309)	(6,931,436)
Cash and cash equivalents at beginning of year	20,072,691	27,004,127
Cash and cash equivalents at end of year (note 3)	$ 17,676,382	20,072,691

See accompanying notes to general purpose financial statements.

(1) Organization and Reporting Entity

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, by authority of Act No. 541 of the 1976 Regular Session of the State Legislature ("Act No. 541"), the responsibility for the management and operation of the Superdome was placed in the office of the Governor of the State, which was authorized 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. Notwithstanding such transfer, however, the Act 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.

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

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all facilities and properties incidental and necessary to a complex suitable for any or all types of sports and recreation, and shall exercise them in the name and on behalf of the District.

The District is a component unit of the State of Louisiana as defined by GASB 14, *The Financial Reporting Entity.* The accompanying component unit general purpose 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 both comprehensive and general purpose financial statements which include the activity contained in the accompanying component unit financial statements.

(2) Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

(a) Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, 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 and account groups are used by the District:

Governmental Funds

- Debt Service Fund - Debt Service Fund, 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 all bond issues outstanding.

- Capital Projects Fund - Capital Project Funds are used to account for the receipt and disbursement of the proceeds of general bond

(Continued)

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 all on-going construction projects of the District.

Proprietary Fund

- Enterprise Fund - Enterprise Funds are used to account for operations (a) that are operated in a manner similar to private business--where the intent of the governing body is that the cost (expense, including deprecation) 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. The District has one enterprise fund, which is used to account for the operations of the Superdome. The District has contracted with Facility Management of Louisiana (FML), a subsidiary of SMG, to manage the Superdome. Future enterprise funds will be established as various activities of the District are placed in operation.

Account Groups - Account groups are used to establish accounting control and accountability for the District's general fixed assets and general long-term debt. The following are the District's account groups:

- General Fixed Asset Account Group - This account group has been established to account for the general fixed assets of the District. All construction activity related to District projects is recorded in this account group until complete, after which the completed projects are transferred to an enterprise fund.

- General Long-Term Debt Account Group - This account group has been established to account for unmatured general obligation indebtedness of the District. The District reports long-term debt of its governmental funds at face value in this account group. Bond premiums and discounts as well as issuance costs, are reported in the governmental funds when received and/or paid. Bond proceeds are reported as an other financing source net of applicable premiums or discount. Issuance costs, even if withheld for the actual net proceeds received, are reported as debt service expenditures.

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(b) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resource measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental fund types use the modified accrual basis of accounting. Revenues are recorded when they become both measurable and available. Available means expected to be collected within the next two months for taxes and generally the next twelve months for other revenues. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred and if the liability is expected to be paid within the next twelve months, except for principal and interest expenditures on general long-term debt which are recorded when due. Liabilities which will not be normally liquidated with expendable available financial resources are recorded in the general long-term debt account group.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

The Enterprise Fund is maintained using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable. The District applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

Revenues from local sources consist primarily of the Hotel Occupancy Tax, which is recognized in the month in which it is collected by the State of Louisiana. The Hotel Occupancy Tax is used to fund annual debt service needs; any excess tax collections are first used by the Enterprise Fund to fund operations, after which remaining

(Continued)

funds are allocated to other specified governmental entities. Bond proceeds are recognized as other sources of funds in the governmental fund types at the time the bonds are issued.

(c) Investments

Investments, consisting of U.S. Treasury obligations, are carried at cost.

(d) 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 Funds are to be used for debt service payments.

(e) 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.

(f) Property, Plant and Equipment

Enterprise Fund - Property, plant and equipment acquired or constructed for the Enterprise Fund are recorded at cost. Donated equipment is valued at its 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. For those assets returned to the State, the net book value is charged against the capital contribution account.

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

Plant, building and improvements:	
Structure	40 years
Major components	10-20 years
Furniture, fixture and equipment	5-10 years

(Continued)

The District has exchanged the right for future advertising in return for the installation and construction or renovation of an advertising pylon, scoreboards, message and directional equipment systems. Additionally, certain box suite rental revenues have been exchanged for a tenant constructing suites and the right to construct additional suites. The agreements contain certain provisions whereby title will pass to the District. These improvements have not been recorded by the District as of June 30, 1996. 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.

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.

General Fixed Assets - Property, buildings and equipment recorded as expenditures in the Capital Projects Fund are capitalized in the general fixed asset account group at cost, including capitalized net interest costs, except for projects constructed on behalf of other governmental entities. No depreciation is charged.

(g) 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 State of Louisiana.

Amounts received from the State and local sources for the purposes of acquiring or constructing capital facilities are reflected as capital contributions in the enterprise fund and capital expenditures in the governmental funds.

(h) Compensated Absences

The District provides for compensated absences for the employees of FML under the management agreement. FML employees can earn twelve to eighteen days per year of vacation leave, depending on their length of employment and on certain collective bargaining and union

(Continued)

agreements. At the end of any fiscal year, an employee can carry forward no more than 160 hours in vacation and upon termination, an employee is paid only for one hundred sixty 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 Facility Management of Louisiana as of June 30, 1997 was $220,561.

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

(i) Contributed Capital

Contributions from the District and the State to the Enterprise Fund for the acquisition of property, plant and equipment are recorded as contributed capital in fund equity. No depreciation is charged to contributed capital.

(j) Cash Flow Information

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

(k) Total Column on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in those columns do not present financial position, results of operations, or cash flows, in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

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(3) Cash, Cash Equivalents and Investments

The District maintains cash on deposit with banks and other institutions in demand deposit accounts, interest-bearing deposit accounts and money market accounts. Cash and cash equivalents consist of the following:

	1997 Bank balance	1997 Book balance	Category
Demand deposits	$ 13,798,029	12,690,645	1
Certificates of deposit	4,985,737	4,985,737	1
Money market accounts	89,747,650	89,747,650	-
	$ 108,531,416	107,424,032	

Reconciliation of cash and cash equivalents to the combined balance sheet is as follows:

	Government Fund	Enterprise Fund	Total
Cash and cash equivalents	$ 89,747,650	4,540,006	94,287,656
Restricted assets	-	13,136,376	13,136,376
	$ 89,747,650	17,676,382	107,424,032

The collateral for the District's cash is categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent, but not in the District's name.

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 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

(Continued)

agencies. The investments are comprised of the following:

	Cost	Market value
U.S. Treasury note, interest rate of 6.750%, maturing June 30, 1999	$ 2,389,017	2,424,195
U.S. Treasury note, interest rate of 6.125%, maturing December 31, 2001	4,584,263	4,575,232
	$ 6,973,280	6,999,427

The investments are government-insured and are held in the name of the District in a trust department at a local financial institution.

(4) Due from Other Governmental Units

Amounts due from the State of Louisiana at June 30, 1997 for hotel occupancy tax collections amounted to $2,384,029 as of June 30, 1997.

(5) Changes in Property, Plant and Equipment

Enterprise Fund - A summary of changes in property, plant and equipment as of June 30, 1997 is as follows:

	Balances July 1, 1996	Additions	Deletions/ Transfers	Balances June 30, 1997
Land	$ 13,733,325	-	-	13,733,325
Buildings and improvements	179,174,358	26,981,948	-	206,156,306
Furniture, fixtures and equipment	12,650,703	511,021	(63,482)	13,098,242
Construction in progress	7,409,093	3,285,036	(4,811,037)	5,883,093
	212,967,479	30,778,005	(4,874,519)	238,870,966
Less accumulated depreciation	(110,178,409)	(5,763,798)	63,384	(115,878,823)
Total	$ 102,789,070			122,992,143

(Continued)

General Fixed Assets - A summary of changes in the District's property, plant and equipment as of June 30, 1997 is as follows:

	Balances July 1, 1996	Additions	Deletions/ Transfers	Balances June 30, 1997
Completed projects:				
Project #1	$ 3,195,512	18,534,994	-	21,730,506
Project #2/2A	11,709,409	10,210,946	(21,920,355)	-
Project #3	6,429,288	132,835	-	6,562,123
Construction in progress - Project #8	5,981,101	10,678,238	-	16,659,339
Total	$ 27,315,310	39,557,013	(21,920,355)	44,951,968

Included in additions of $39,557,013 is capitalized net interest expense of $5,439,143.

Projects of the District are as follows:

Project:	Authorized Budget	Expenditures to Date	Remaining Commitment
# 1 - Baseball Stadium	$ 20,000,000	$ 20,877,835	$ -
# 2/2A - Superdome Renovations	20,500,000	20,839,343	-
# 3 - Practice Facility	6,000,000	6,116,120	-
# 4 - Westbank Sports Recreational Center	7,000,000	5,147,585	1,852,415
# 5 - Ponchartrain Center Expansion	1,500,000	2,197,703	1,732,750
# 6 - Gretna/Marrero Recreational Facility	1,000,000	1,031,820	-
# 7 - New Orleans Recreational Facilities	2,500,000	1,990,659	509,341
# 8 - Multipurpose Facility	84,000,000	12,525,719	71,474,281

(Continued)

Projects 1, 2/2A, 3 and 8 are facilities owned and/or overseen by the District. Projects 4, 5, 6, and 7 are projects undertaken by the District and contributed by the District to other governmental entities. During 1996, the District received $2,430,453 from the City of Kenner as part of its contribution to Project #5. The District has also deposited $3,000,000 toward the acquisition of land related to Project #1 in 1996. During 1997, the land was purchased with title transferred to the Parish of Jefferson, Louisiana. In exchange for this land transfer, the District obtained the use of the land related to Projects 1 and 3 for 30 years at no cost.

During the year ended 1997, the District received contributions of $3,700,000 from the Parish of Jefferson, Louisiana and $500,000 from its leasee for Project #1, for total contributions of $4,200,000. These contributions are to be used for additional construction.

(6) Bonds Payable

Act 640 of the Louisiana Legislature provides 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 are: 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.

The bond issues outstanding at June 30, 1997 and changes in general long-term debt for the year then ended are as follows:

	Balance July 1, 1996	Additions	Payments	Balance June 30, 1997
Series 1994-A (interest from 5.4% to 6%) - ($17,045,000 maturing by 2009, and $46,455,000 term bonds beginning 2012)	$ 63,500,000	-	-	63,500,000
Series 1995-A (interest from 4.8% to 6.05%) - ($3,650,000 maturing by 2009, and $10,500,000 of term bonds beginning 2010)	14,150,000	-	-	14,150,000

(Continued)

	Balance July 1, 1996	Additions	Payments	Balance June 30, 1997
Series 1995-B (interest from 4.8% to 6.05%) - ($14,640,000 maturing 2010, $2,560,000 maturing 2021, and $30,800,000 of term bonds beginning 2015)	$ 48,000,000	-	670,000	47,330,000
Series 1996 (interest from 4.0% to 5.27%) - ($14,035,000 maturing by 2008, and $62,205,000 term bonds beginning 2016)	-	76,240,000	-	76,240,000
	$ 125,650,000	76,240,000	670,000	201,220,000

During 1997, the District issued $76,240,000 of bonds, the proceeds from which were used as follows:

Deposit to the capital projects fund	$ 72,295,041
Deposit to debt service fund	2,513,710
Underwriter discount and bond expenses	1,186,685
Original issue discount	244,564
	$ 76,240,000

The Bonds mature as follows as of June 30, 1997:

Year ended June 30,	Principal	Interest	Total
1998	$ 2,375,000	11,776,549	14,151,549
1999	2,855,000	11,295,633	14,150,633
2000	3,005,000	11,147,335	14,152,335
2001	3,165,000	10,988,418	14,153,418
2002	3,335,000	10,819,028	14,154,028
Next 5 years	19,580,000	51,177,404	70,757,404
Next 5 years	25,660,000	45,094,088	70,754,088
Next 5 years	34,230,000	36,530,173	70,760,173
Next 5 years	45,700,000	25,064,071	70,764,071
Next 5 years	61,315,000	9,450,476	70,765,476
	$ 201,220,000	223,343,175	424,563,175

(Continued)

Other significant bond features are:

(1) The bonds are insured.
(2) The bonds are not guaranteed by the State of Louisiana.
(3) Bonds are subject to certain redemption options prior to maturity at the sole discretion of the District.
(4) Approximately $47,000,000 of the 1994-A issue are subject to a mandatory sinking fund redemption beginning in 2010 to be determined by the trustee. Approximately $10,000,000 of Series 1995-A, 31,000,000 of 1995-B, and $62,205,000 of the 1996 Series are also subject to similar requirements also starting in 2010, 2015 and 2009, respectively.
(5) The trustee is First National Bank of Commerce, New Orleans, Louisiana.
(6) The District holds $79,537,326 in the Bond Construction fund which is committed for construction projects.

The debt service fund has assets available of $17,611,794 at June 30, 1997. 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. In addition, the accumulation of assets in the debt service fund includes an amount sufficient to pay one year's principal and interest on the bonds.

(7) Deferred Concession Incentive

The Superdome's food and beverage operations are managed by a third-party manager, ARA Leisure Services, Inc. (ARA), a partial owner of SMG, under an agreement which has been extended to July 17, 1998. Options for two more one-year renewal periods remain available under the terms of the agreement. The manager advanced the Superdome three million dollars for capital improvements to food and beverage assets. The payable by the Superdome to the manager has been renegotiated from its original terms and is due as follows:

Year ended June 30,	
1998	$ 348,989
1999	691,995
	$ 1,040,984

If the manager exercises the two renewal one-year options, the payments on the agreement are extended to $400,000 per year until paid.

Under the concession agreement with ARA, the District recorded operating

(Continued)

revenues from concessions of $3,363,153 for the year ended June 30, 1997. Management fees of $260,000 were paid by the District to ARA in 1997.

(8) 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 surplus 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, 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.

During 1997, of the $25,763,038 of Hotel Occupancy Tax received for the twelve month period ended April 30, 1997, $12,122,684 was used for debt service requirements, $2,300,000 was deposited in the Renewal and Replacement Reserve Account, $10,840,354 was used by the District for operational needs and $500,000 was remitted to the Greater New Orleans Sports Foundation.

(Continued)

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:

- <u>Working Capital Account</u>

  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 1994-A.

  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.

- <u>Renewal and Replacement Reserve Account</u>

  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. For the year ended June 30, 1997, in accordance with Act 640, $2,300,000 was deposited into the account.

- <u>Economic Development Fund Account</u>

  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. Excess unrestricted monies at year-end are transferred to this account.

  The account has receivables of $166,000, which amounts are for monies advanced for helping with the relocation of an NBA franchise.

(Continued)

- Concession Reserve Account

Under the terms of the concession agreement entered into by FML in August of 1990, the District is required to maintain the following restricted accounts:

- Capital Improvement Reserve Account - 2% of Concession Operating Revenues will be deposited into this account to provide a reserve for the payment of capital improvements.

- Marketing Reserve Account - 0.5% of Concession Operating Revenues will be deposited into this account to provide a reserve for the payment of marketing expenses.

- Repair and Maintenance Reserve Account - 1% of Concession Operating Revenues will be deposited into this account to provide a reserve for the payment of repair and maintenance expenses.

The above restricted accounts shall be held and administered by the concessionaire until such time that funds are withdrawn by the concessionaire with FML's approval.

(9) Contributed Capital

The following summarizes the changes in contributed capital for the year ended June 30, 1997:

	Balance July 1, 1996	Additions	Balance June 30, 1997
Debt service	$ 7,707,731	-	7,707,731
Equipment - Louisiana Superdome Marketing and Promotional Fund	609,604	-	609,604
Capital projects	68,499,415	21,920,355	90,419,770
Total	$ 76,816,750	21,920,355	98,737,105

(Continued)

(10) Rentals from Noncancelable Operating Leases

Commitments for future revenue under noncancelable operating leases as of June 30, 1997 provide for future minimum rental payments as follows:

June 30,	Commercial Office Space	Real Estate	Garage-Poydras Square-Parking	Total
1998	$ 385,716	400,297	532,329	1,318,342
1999	341,860	400,297	99,361	841,518
2000	259,541	400,297	30,000	689,838
2001	81,996	400,297	-	482,293
2002	40,998	400,297	-	441,295
2003 and thereafter to 2084	-	33,074,739	-	33,074,242

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 for the year ended June 30, 1997, not including box suite revenues, was $1,259,202.

(11) Pension and Profit Sharing Plans

On April 1, 1992, the employees of FML, 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% to 10% of their eligible compensation. FML will match 50% of the first 15% of eligible compensation contributed to employees. In addition to the matching contribution, FML will contribute 1% of employees' compensation to the Plan. To be eligible for this 1% contribution, employees must work at least 1,000 hours during the plan year and be employed by December 31st of the plan year. The vesting schedule is as follows:

Years of Vesting Service	Nonforfeitable Percentage
Less than 1	0%
1 year, but less than 2	33%
2 years, but less than 3	66%
3 years or more	100%

(Continued)

Total pension expense for this plan was approximately $66,700 for 1997.

Contributions are also made to pension plans for members of the Teamsters Union. The District does not guarantee the benefits granted by the Teamsters Union Plans.

(12) Management Agreement

Effective July 1, 1977, the District and the State of Louisiana entered into a management agreement with FML, under which FML assumed the responsibility for operating and maintaining the Louisiana Superdome. The contract expires June 30, 2006, and contains certain renewal options. The compensation to FML for its services is dependent solely on that company's achieving an improvement in the District's operating deficit over the year ended June 30, 1977. The operating deficit used in computing compensation to FML differs from that in the accompanying general purpose financial statements due to adjustments for certain items such as depreciation and amortization, insurance, increases in utility rates, inflation and other adjustments agreed to by the District and FML.

FML, in consideration for the renewal of the management agreement and the renewal option, 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, as defined in the agreement, as amended. Payments to the Marketing Account are made by FML 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. Excess unexpended monies of $225,000 are included in other income.

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 revenue.

(13) Lease Agreement

The New Orleans Saints lease the Superdome under an agreement dated September 30, 1994 and ending June 30, 2018, with certain renewal options, between the State of Louisiana, the District, FML, 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. The assignment of revenues resulted in inducements of $4,666,124 for the year ended June 30, 1997.

(Continued)

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 $734,141 for 1997.

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.

(14) Commitments

The District is a party to a cooperative agreement with Jefferson Parish, whereby it is obligated to acquire land contiguous to land owned by Jefferson Parish and used by the District for its Training Facility and Baseball Stadium (Projects 3 and 1, respectively). The District under its expropriation rights deposited during 1996 $3,000,000 in escrow for the acquisition. In 1997, the District acquired the expropriated land and titled the land to the Parish of Jefferson, Louisiana, as required by the cooperative agreement.

During 1997, the major construction contractor for Project #1 has requested arbitration with the District for reimbursement of undetermined costs; the effect on the financial statements is not known.

(15) Accounting Changes

In March 1997, the Governmental Accounting Standards Board issued Statement No. 31, *Accounting and Financial Reporting for Certain Investment and for External Investment Pools*. This Statement establishes accounting and reporting standards for all investments, requiring government entities to report most investment at fair market value. This Statement is effective for years beginning after June 15, 1997. The market value impact of the District investments, as presented in note 3, as of June 30, 1997, is an unrealized net gain of $26,147.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Schedule of Legislation

Year ended June 30, 1997

The Governor signed Act 1191 in June 1995 that amended Act 640 for the year ending June 30, 1997 and thereafter. This Act changed the allocation of monies paid annually by the District as follows:

Act 640 -	
Bond debt service	As needed
Superdome operations	As needed
Renewal and replacement fund	$2,300,000
Greater New Orleans Tourism and Convention Commission	25% of gross hotel tax
Jefferson Parish	1 and 13/100% of gross hotel tax
University of New Orleans	$250,000
Greater New Orleans Sports Foundation	$250,000
Economic Development fund	Any remainder
Act 1191 -	
Bond debt service	As needed
Superdome 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 Recreation Department	$2,200,000*
Xavier University	$250,000*
Southern University - New Orleans	$250,000*
Westbank Sports and Civic Center in Jefferson	$500,000*
University of New Orleans	$250,000*
New Orleans Visitors and Information Center	$350,000*
Economic Development Fund	Any remainder

* The above amounts are remitted if all necessary monies are available; otherwise, the entities are paid based on their prorata share of available funds.

See accompanying independent auditors' report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Schedule of Compensation and Travel
Reimbursement Paid to Commissioners

Year ended June 30, 1997

Included in operating expenses of the component unit 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 $50 per diem and reimbursements for travel expenses incurred to attend Board meetings or other business of the District. The per diem and travel reimbursement paid to Commissioners for the fiscal year ended June 30, 1997 were as follows:

	Travel Reimbursement	Per diem
Mark Delesdernier, Jr., Vice-Chairman	$ 274	1,400
Alan Zaunbrecher, Chairman	2,718	3,150
	$ 2,992	4,550

See accompanying independent auditors' report.

Schedule 3

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Changes in Restricted Cash Assets

For the year ended June 30, 1997

	Working Capital Account	Renewal and Replacement Reserve Account	Concession Accounts	Economic Development Fund Account
Balance, June 30, 1996	$ 1,599,891	6,805,572	502,524	4,887,169
Sources:				
Excess proceeds of hotel occupancy tax	-	2,300,000	-	-
Percentage of concession revenue	-	-	298,775	-
Interest income	48,594	207,997	11,681	188,877
Total sources	48,594	2,507,997	310,456	188,877
Uses - capital outlay	-	(3,370,056)	(344,648)	-
Total uses	-	(3,370,056)	(344,648)	-
Balance, June 30, 1997	$ 1,648,485	5,943,513	468,332	5,076,046

See accompanying independent auditors' report.

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

Independent Auditors' 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*

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

We have audited the general purpose 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, 1997, and have issued our report thereon dated September 16, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standard applicable to financial audit 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 for the information of management of Facility Management of Louisiana, the Board of Commissioners, and State of Louisiana Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

September 16, 1997

KPMG

The Global Leader

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Schedules of the Deficit Improvement and Base
for the Management Fee Computation,
Management Fee Computation,
and Adjusted Base Deficit for the
year ended June 30, 1977

June 30, 1997 and 1996

With Independent Auditors' Report Thereon

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

Independent Auditors' Report

Board of Commissioners
Louisiana Stadium and Exposition District and
Mr. Glenn Mon, Executive Vice-President
and General Manager
Facility Management of Louisiana:

We have audited the accompanying schedules of deficit improvement and base for the management fee computation, management fee computation and adjusted base deficit for the year ended June 30, 1977 (under the provisions of Article 4.2 of the management agreement as amended between the State of Louisiana and Facility Management of Louisiana (FML) dated June 13, 1977) in conjunction with the audit of the Louisiana Stadium and Exposition District's (LSED) financial statements for the years ended June 30, 1997 and 1996. The schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the schedules based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit 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 schedules. 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 audit provides a reasonable basis for our opinion.

The accompanying schedules were prepared for the purpose of complying with the terms of the management agreement referred to in the first paragraph, and is not intended to be a complete presentation of the Louisiana Stadium & Exposition District's revenues and expenses.

In our opinion, the schedules referred to above present fairly, in all material respects, the deficit improvement and base for the management fee computation, management fee computation and adjusted base deficit for the year ended June 30, 1977 of the Louisiana Stadium and Exposition District for the year ended June 30, 1997 and 1996, 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 and management of Facility Management of Louisiana and should not be used for any other purpose.

KPMG Peat Marwick LLP

September 16, 1997

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Schedule of Deficit Improvement and Base
for the Management Fee Computation

For the years ended June 30, 1997 and 1996

	1997	1996
LSED and FML have agreed that Article 1.1G(e) of the agreement shall be interpreted to include workmen's compensation liability insurance in the total amount of insurance expense that is excluded from the deficit.	$(2,482,295)	(2,842,399)
In accordance with Article 1.1G(a) of the agreement, LSED and FML have reviewed the capital asset additions and have determined that the cost of capital assets acquired in 1997 and 1996 for the principal purpose of increasing revenues and/or decreasing operating expenses was $24,752 and $40,000, respectively. The depreciation related to these assets and prior acquisitions is to be added to the deficit.	57,944	108,011
LSED and FML had agreed on November 5, 1993 that $750,000 of the consessionaire'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.	75,000	75,000
LSED and FML 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	(4,666,124)	(4,708,252)
b. To exclude any inducement payment from the deficit - Superbowl	(996,516)	-
c. To include any imputed revenues to reduce the deficit	(1,283,540)	(1,334,122)
Net effect of the aforementioned items on the 1997 and 1996 deficits	(9,295,531)	(8,701,762)

(Continued)

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Schedule of Deficit Improvement and Base
for the Management Fee Computation, Continued

	1997	1996
Current deficit (operating loss before depreciation and amortization and management fee computation)	$ (5,494,974)	(5,528,523)
Adjusted income	(3,800,557)	(3,173,239)
Adjusted base deficit for the year ended June 30, 1977 (as calculated hereafter)	(9,632,249)	(9,272,425)
Deficit improvement and base for the management fee computation	$(13,432,806)	(12,445,664)

See accompanying independent auditors' report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Schedule of Management Fee Computation

For the years ended June 30, 1997 and 1996

	1997	1996
Deficit improvement and base for the management fee computation	$ 13,432,806	12,445,664
30% of first $1,000,000	$ 300,000	300,000
40% of next $1,750,000	700,000	700,000
25% of excess	2,670,701	2,423,916
Total management fee computation	$ 3,670,701	3,423,916
Allocated to FML	$ 2,202,421	2,054,350
Allocated to Superdome Marketing and Promotional Fund - 40%	$ 1,468,280	1,369,566

See accompanying independent auditors' report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Schedule of Adjusted Base Deficit

For the years ended June 30, 1997 and 1996

	1997	1996
Base deficit (operating loss before depreciation and amortization) for the year ended June 30, 1997	$ 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	4,152,359	3,990,036
Adjustment for increase in utility rates	1,571,358	1,458,786
Adjustment for repair and maintenance hours	32,394	(52,535)
Other adjustments pursuant to Article 4.2 of the Management Agreement	(244,477)	(244,477)
Adjusted base deficit for the year ended June 30, 1977	$ 9,632,249	9,272,425

See accompanying independent auditors' report.

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

September 16, 1997

The Members of the Board
Louisiana Stadium and Exposition District

We have audited the general purpose financial statements of Louisiana Stadium and Exposition District as of and for the year ended June 30, 1997, and have issued a report thereon dated September 16, 1997. Under generally accepted auditing standards, we are providing you with the attached information related to the conduct of our audit.

This information is intended solely for the use of the Board and management and should not be used for any other purpose.

Very truly yours,

KPMG Peat Marwick LLP

LOUISIANA STADIUM AND EXPOSITION DISTRICT

June 30, 1997

Our Responsibility Under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards is to express an opinion on the general purpose financial statements of Louisiana Stadium and Exposition District (the District) as of and for the year ended June 30, 1997 based on our audit. In carrying out this responsibility, we assessed the risk that the general purpose financial statements may contain a material misstatement, either intentional or unintentional, and designed and conducted our audit to provide reasonable, not absolute, assurance of detecting misstatements that are material to the general purpose financial statements. In addition, we considered the internal control structure of the District to gain a basic understanding of the accounting system in order to design an effective and efficient audit approach, although not for the purpose of providing specific assurance on the internal control structure.

Significant Accounting Policies

The significant accounting policies used by the District are described in the "Summary of Significant Accounting Policies" note to the general purpose financial statements.

We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of the significance of the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There are no areas of significant management judgment.

Significant Audit Adjustments

We have recorded adjustments to reflect the transactions in the capital projects and debt service funds.

Disagreements With Management

There were no disagreements with management on general purpose financial accounting and reporting matters which, if not satisfactorily resolved, would have caused a modification of our report on the District's 1997 general purpose financial statements.

Consultation With Other Accountants

To the best of our knowledge, management has not consulted with or obtained an opinion, written or oral, from other independent accountants during the past year which were subject to the requirements of Statement on Auditing Standards No. 50, "Reporting on the Application of Accounting Principles."

Major Issues Discussed With Management Prior to Retention

There have been no major issues discussed with management prior to our retention as your auditors.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit. We appreciate the opportunity to serve as the independent auditors of the District and would like to express our thanks to FML for their assistance in the successful completion of this audit.