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LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

General Purpose Financial Statements

June 30, 1999

With Independent Auditors' Report Thereon

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

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LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Principal Officials

June 30, 1999

Board of Commissioners

<u>Current Board</u>

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

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, 1999, 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, 1999, 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 17, 1999, 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.

The year 2000 supplementary information on page 25 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

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 6 for the year ended June 30, 1999 is presented for purposes of additional analysis and is 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 LLP

September 17, 1999

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1999
with comparative totals for June 30, 1998

	Governmental fund types		Proprietary fund type	Account groups		Totals (memorandum only)	
	Debt service	Capital projects	Enterprise fund	General fixed assets	General long-term debt	1999	1998
Assets and Other Debits							
Assets:							
Cash and cash equivalents (note 3)	$ 9,192,324	287,127	17,439,435	-	-	26,918,886	20,685,555
Investments (note 3)	-	13,259,600	-	-	-	13,259,600	52,407,290
Accounts receivable	-	-	1,187,241	-	-	1,187,241	2,627,040
Signage license fee receivable	-	-	172,047	-	-	172,047	123,259
Due from the State of Louisiana (notes 4 and 8)	1,466,125	-	1,119,626	-	-	2,585,751	2,635,332
Inventory of materials and supplies	-	-	58,416	-	-	58,416	79,404
Prepaid expenses	-	-	54,485	-	-	54,485	44,715
Restricted assets (notes 3 and 8):							
Working Capital Account - cash	-	-	1,514,383	-	-	1,514,383	1,698,625
Renewal and Replacement Reserve Account - cash and cash equivalents	-	-	7,720,934	-	-	7,720,934	6,681,903
Concession Reserve Account - cash	-	-	-	-	-	-	816,185
Economic Development Fund Account:							
Cash and cash equivalents	-	-	1,396,729	-	-	1,396,729	1,477,653
Receivable (note 8)	-	-	166,000	-	-	166,000	166,000
Zephyrs capital improvement account - cash	-	192,419	-	-	-	192,419	101,856
Total restricted assets	-	192,419	10,798,046	-	-	10,990,465	10,942,222
Property, plant and equipment - at cost, less accumulated depreciation (note 5)	-	-	206,059,859	-	-	206,059,859	118,222,865
General fixed assets (note 5)	-	-	-	29,609,530	-	29,609,530	81,163,748
Other debits:							
Amount available in debt service fund (note 6)	-	-	-	-	10,658,449	10,658,449	17,628,072
Amount to be provided for retirement of general long-term debt	-	-	-	-	195,171,551	195,171,551	181,216,928
Total assets and other debits	$ 10,658,449	13,739,146	236,889,155	29,609,530	205,830,000	496,726,280	487,776,430

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1999
with comparative totals for June 30, 1998

	Governmental fund types		Proprietary fund type	Account groups		Totals (memorandum only)	
	Debt service	Capital projects	Enterprise fund	General fixed assets	General long-term debt	1999	1998
Liabilities, Equity and Other Credits							
Liabilities:							
Payable to SMG (note 12)	$ -	-	693,160	-	-	693,160	581,104
Accounts payable and accrued liabilities	-	-	4,594,306	-	-	4,594,306	1,232,365
Deferred income and security deposits	-	-	768,076	-	-	768,076	240,796
Compensated absences	-	-	196,810	-	-	196,810	184,452
Funds held in escrow for future events	-	-	4,038,130	-	-	4,038,130	2,562,646
Contracts payable	-	2,290,354	-	-	-	2,290,354	2,350,556
Retainage payable	-	2,821,905	-	-	-	2,821,905	2,772,565
Deferred concession incentive (note 7)	-	-	-	-	-	-	691,995
Bonds payable (note 6):						-	
Hotel Occupancy Tax Bonds - Series 1994A	-	-	-	-	14,005,000	14,005,000	63,500,000
Hotel Occupancy Tax Bonds - Series 1995A	-	-	-	-	3,650,000	3,650,000	14,150,000
Hotel Occupancy Tax Bonds - Series 1995B	-	-	-	-	33,745,000	33,745,000	46,625,000
Hotel Occupancy Tax Bonds - Series 1996	-	-	-	-	10,380,000	10,380,000	74,570,000
Hotel Occupancy Tax Refunding Bonds - Series 1998A	-	-	-	-	7,230,000	7,230,000	-
Hotel Occupancy Tax Refunding Bonds - Series 1998B	-	-	-	-	136,820,000	136,820,000	-
Total bonds payable	-	-	-	-	205,830,000	205,830,000	198,845,000
Total liabilities	-	5,112,259	10,290,482	-	205,830,000	221,232,741	209,461,479
Equity and other credits:							
Equity:							
Investment in general fixed assets	-	-	-	29,609,530	-	29,609,530	81,163,748
Contributed capital (note 9)	-	-	194,053,208	-	-	194,053,208	99,018,807
Retained earnings:							
Reserved for restricted assets	-	-	10,798,046	-	-	10,798,046	10,840,366
Unreserved	-	-	21,747,419	-	-	21,747,419	27,369,791
Total retained earnings	-	-	32,545,465	-	-	32,545,465	38,210,157
Fund balances:							
Reserved for capital projects	-	8,626,887	-	-	-	8,626,887	42,294,167
Reserved for debt service	10,658,449	-	-	-	-	10,658,449	17,628,072
Total fund balances	10,658,449	8,626,887	-	-	-	19,285,336	59,922,239
Total equity and other credits	10,658,449	8,626,887	226,598,673	29,609,530	-	275,493,539	278,314,951
Total liabilities, equity and other credits	$ 10,658,449	13,739,146	236,889,155	29,609,530	205,830,000	496,726,280	487,776,430

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

For the fiscal year ended June 30, 1999
with comparative totals for the fiscal year ended June 30, 1998

	Government Fund Types		Totals (memorandum only)	
	Debt service	Capital projects	1999	1998
Revenues:				
Hotel Occupancy Tax (note 8)	$ 13,700,831	-	13,700,831	13,334,041
Interest earnings	489,867	1,103,349	1,593,216	4,559,953
Other revenue	-	90,563	90,563	101,856
Total revenues	14,190,698	1,193,912	15,384,610	17,995,850
Expenditures:				
Capital expenditures	-	36,747,925	36,747,925	44,595,838
Debt service:				
Principal payments	2,855,000	-	2,855,000	2,375,000
Interest and bank charges	11,295,632	-	11,295,632	11,776,549
Advance Refunding Escrow	4,018,206	-	4,018,206	-
Issuance costs	646,882	-	646,882	26,785
Total expenditures	18,815,720	36,747,925	55,563,645	58,774,172
Deficiency of revenues over expenditures	(4,625,022)	(35,554,013)	(40,179,035)	(40,778,322)
Other financing sources (uses):				
Bond proceeds	144,910,260	-	144,910,260	-
Payment to Refunded Bond Escrow Agent	(147,254,861)	-	(147,254,861)	-
Other contributions (note 5)	-	1,886,733	1,886,733	5,154,776
Total other financing sources (uses)	(2,344,601)	1,886,733	(457,868)	5,154,776
Deficiency of revenues and other sources over expenditures and other uses	(6,969,623)	(33,667,280)	(40,636,903)	(35,623,546)
Fund balances at beginning of year	17,628,072	42,294,167	59,922,239	95,545,785
Fund balances at end of year	$ 10,658,449	8,626,887	19,285,336	59,922,239

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

For the fiscal year ended June 30, 1999
with comparative total for the fiscal year ended June 30, 1998

		1999	1998
Operating revenues:			
Event rental:			
Football	$	428,093	466,921
Basketball		51,507	2,706
Baseball		65,000	30,000
Conventions and trade shows		510,110	560,516
High school sports		114,380	104,118
Musical events and entertainment		736,941	843,537
Indoor super fair		258,298	64,812
Other events		403,585	514,981
Reimbursed event costs		3,917,787	3,138,239
Total event rental		6,485,701	5,725,830
Parking (note 10)		3,350,152	3,268,118
Concessions (note 7)		3,981,513	3,843,953
Box suite rental		2,583,887	2,425,778
Guided tours		145,218	211,221
Advertising and broadcasting		441,347	338,113
Commercial office rental (note 10)		420,400	428,739
Land rental (note 10)		308,057	400,297
Other		613,432	671,079
Total operating revenues		18,329,707	17,313,128
Operating expenses:			
Management company salaries and wages, including employee benefits (note 11)		9,231,864	8,760,112
Utilities		2,409,359	2,416,549
Repairs and maintenance		1,016,420	865,065
Management fee - payment to SMG (note 12)		2,222,714	2,066,674
Management fee - payment to Superdome Marketing and Promotional Fund (notes 12 and 13)		1,818,584	1,690,916
Management fee - payment to concessionaire (note 7)		250,000	250,000
Saints lease inducement payments (note 13)		4,907,486	4,465,808
Professional fees		575,772	586,978
Insurance		1,517,274	2,213,319
Direct event expenses		1,530,617	872,736
Advertising and public relations		259,302	133,695
Other		1,895,933	428,877
Total operating expenses		27,635,325	24,750,729

(Continued)

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

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

For the fiscal year ended June 30, 1999
with comparative total for the fiscal year ended June 30, 1998

		1999	1998
Operating loss before depreciation	$	(9,305,618)	(7,437,601)
Depreciation		(8,411,305)	(7,190,928)
Operating loss		(17,716,923)	(14,628,529)
Nonoperating revenue (expenses):			
Hotel occupancy tax (note 8)		14,480,304	12,602,925
Interest income		692,650	547,040
Excess hotel tax distributed		(2,972,130)	-
Other expenses		(148,593)	(176,011)
Total nonoperating revenue		12,052,231	12,973,954
Net loss		(5,664,692)	(1,654,575)
Retained earnings, beginning of year		38,210,157	39,864,732
Retained earnings, end of year	$	32,545,465	38,210,157

See accompanying notes to general purpose financial statements.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Statement of Cash Flows - Proprietary Fund Type

For the fiscal year ended June 30, 1999
with comparative totals for the fiscal year ended June 30, 1998

		1999	1998
Cash flows from operating activities:			
Operating loss	$	(17,716,923)	(14,628,529)
Adjustment to reconcile operating loss to net cash used by activities:			
Depreciation		8,411,305	7,190,928
Changes in operating assets and liabilities:			
Accounts receivable		(194,742)	(386,766)
Inventory and prepaids		11,218	(5,069)
Payable to SMG		112,056	404,438
Accounts payable and accrued liabilities		389,811	805,081
Deferred income, security deposits and funds held in escrow for future events		2,002,764	186,669
Compensated absences		12,358	13,725
Total adjustments		10,744,770	8,209,006
Net cash used by operating activities		(6,972,153)	(6,419,523)
Cash flows from noncapital financing activities		(125,000)	(125,000)
Cash flows from capital and related financing activities:			
Hotel Occupancy Tax received		14,879,622	12,385,069
Interest paid on bonds, loan and equipment obligations		(23,593)	(51,011)
Acquisition of fixed assets		(1,213,898)	(2,139,948)
Principal paid on concession incentive loan		(691,995)	(348,989)
Net cash provided by capital and related financing activities		12,950,136	9,845,121
Cash flows from investing activities - interest on investments		692,650	548,868
Net changes in cash and cash equivalents		6,545,633	3,849,466
Cash and cash equivalents at beginning of year		21,525,848	17,676,382
Cash and cash equivalents at end of year (note 3)	$	28,071,481	21,525,848

Noncash transactions - The District contributed $95,034,401 in building improvements to the Proprietary Fund during 1999.

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 currently constructing the New Orleans Arena (Arena) adjacent to the Superdome. The Arena is scheduled to open by the end of 1999. The District will be responsible for the management and operation of the Arena which has been delegated to a professional management organization.

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.

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 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 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 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 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. 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.

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 or until the establishment of an enterprise fund for assets related to a specific activity of the District.

- 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.

(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 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 are carried at fair value, except for investments in non-participating interest-earning investment contracts. Fair value is based on the last reported sales price if available; if not

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available, fair value is based on estimated market value. Non-participating, interest-earnings contracts are reported at cost unless the fair value of those contracts is significantly affected by impairment of the credit standing of the issuer or other factors.

(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

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 as plant and equipment by the District as of June 30, 1999. 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

(Continued)

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 SMG under the management agreement. 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 carry forward no more than 192 hours in vacation and upon termination, an employee is paid only for one hundred ninety-two 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, 1999 was $193,987.

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.

(Continued)

(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:

	1999		
	Bank Balance	Book Balance	Category
Demand deposits	$ 25,225,071	24,761,641	1
Certificates of deposit	3,502,259	3,502,259	1
Bank investment contract	13,259,600	13,259,600	1
Money market accounts	9,479,452	9,479,452	1
	$ 51,466,382	51,002,952	

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

	Governmental Fund	Enterprise Fund	Total
Cash and cash equivalents	$ 9,479,452	17,439,435	26,918,887
Restricted assets	192,419	10,798,046	10,990,465
Less noncash and cash equivalent amounts	-	166,000	166,000
Restricted assets - cash and cash equivalents	192,419	10,632,046	10,824,465
	$ 9,671,871	28,071,481	37,743,352

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, 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 investments are comprised of a guaranteed investment contract (interest rate of 5.8% maturing December 31, 1999) with a cost of $13,259,600 at June 30, 1999.

(4) Due from Other Governmental Units

Amounts due from the State of Louisiana for hotel occupancy tax collections amounted to $2,585,751 at June 30, 1999.

(5) Changes in Property, Plant and Equipment

Enterprise Fund - A summary of changes in property, plant and equipment as of June 30, 1999 is as follows:

	Balances July 1, 1998	Additions	Deletions/ Transfers	Balances June 30, 1999
Land	$ 13,733,325	-	-	13,733,325
Buildings and improvements	212,104,898	96,842,232	-	308,947,130
Furniture, fixtures and equipment	13,525,256	1,257,163	(3,758,965)	11,023,454
Construction in progress	1,929,137	1,302,186	(2,162,581)	1,068,742
	241,292,616	99,401,581	(5,921,546)	334,772,651
Less accumulated depreciation	(123,069,751)	(8,411,305)	2,768,264	(128,712,792)
	$ 118,222,865	90,990,276	(3,153,282)	206,059,859

Included in total additions for buildings and improvements of $96,842,232 is $3,564,828 of capitalized interest.

General Fixed Assets - A summary of changes in the District's property, plant and equipment as of June 30, 1999 is as follows:

	Balances July 1, 1998	Additions	Deletions/ Transfers	Balances June 30, 1999
Completed projects:				
Project #1	$ 22,879,347	165,068	-	23,044,415
Project #3	6,562,123	2,992	-	6,565,115
Construction in progress - Project #8	51,722,278	-	(51,722,278)	-
	$ 81,163,748	168,060	(51,722,278)	29,609,530

(Continued)

Projects of the District are as follows:

		Authorized Budget	Expenditures to Date	Remaining Commitment
Project:				
# 1 - Baseball Stadium	$	20,000,000	22,191,744	-
# 2/2a – Superdome Renovations		20,500,000	20,879,781	-
# 3 - Practice Facility		6,000,000	6,169,112	-
# 4 - Westbank Sports Recreational Center		7,000,000	7,145,452	-
# 4a - Bayou Signette Multi Use Facility		6,275,000	5,656,925	-
# 5a - Pontchartrain Center Expansion		1,500,000	1,567,222	-
# 5b - Pontchartrain Center Expansion - City of Kenner		-	2,642,298	-
# 6 - Gretna/Marrero Recreational Facility		1,000,000	1,031,957	-
# 7 - New Orleans Recreational Facilities		2,500,000	2,628,964	-
# 8 - Multipurpose Facility		84,000,000	78,441,407	5,558,593

Projects 1, 2/2a, 3 and 8 are facilities owned and/or overseen by the District. Projects 4A, 5B, 6, and 7 are projects undertaken by the District on land owned by other governmental entities. The District has the use of the land related to Projects 1 and 3 for 30 years at no cost.

During the year ended 1999, the District received the following contributions: $1,417,886 from the State of Louisiana for Project #4a; $4,059 from the City of New Orleans for Project #7; $464,788 from the New Orleans Brass Hockey Organization for Project #8, for total contributions of $1,886,733.

(6) Bonds Payable

Act 640 of 1993 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 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 defeased and the liability has been removed from the general long-term debt account group.

In December 1998, the District advance refunded portions of the 1994A, 1995A, 1995B and 1996 Series bonds to reduce its total debt service payments by almost $10.7 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $2.1 million.

The bond issues outstanding at June 30, 1999 and changes in general long-term debt for the year then ended are as follows:

		Balance July 1, 1998	Additions	Payments	Balance June 30, 1999
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	-	(49,495,000)	14,005,000
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	-	(10,500,000)	3,650,000
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)		46,625,000	-	(12,880,000)	33,745,000
Series 1996 (interest from 4.0% to 5.27%) – ($14,035,000 maturing by 2008, and $62,205,000 term bonds beginning 2016)		74,570,000	-	(64,190,000)	10,380,000
Series 1998 A (interest from 4.95% to 5.62%) – ($3,945,000 maturing by 2006, and $3,285,000 term bonds beginning 2009)		-	7,230,000	-	7,230,000

(Continued)

		Balance July 1, 1998	Additions	Payments	Balance June 30, 1999
Series 1998B (interest from 4.35% to 5.25%) ($53,075,000 maturing by 2018, $22,760,000 term bonds beginning 2021, and $60,985,000 term bonds beginning 2026)	$	-	136,820,000	-	136,820,000
	$	198,845,000	144,050,000	(137,065,000)	205,830,000

The Bonds mature as follows as of June 30, 1999:

		Principal	Interest	Total
Year ended June 30,				
2000	$	3,185,000	10,598,274	13,783,274
2001		3,520,000	10,264,261	13,784,261
2002		3,710,000	10,076,046	13,786,046
2003		3,905,000	9,875,918	13,780,918
2004		4,120,000	9,663,392	13,783,392
Next 5 years		24,225,000	44,677,252	68,902,252
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		38,405,000	2,944,625	41,349,625
	$	205,830,000	180,071,791	385,901,791

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) The trustee is Bank One, New Orleans, Louisiana.
(5) The District holds $13,739,146 in the Bond Construction fund which is committed for construction projects.

The debt service fund has assets available of $10,658,449 at June 30, 1999. 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.

(Continued)

(7) Deferred Concession Incentive

The Superdome's food and beverage operations are managed by a third-party manager, ARA Leisure Services, Inc. (ARA) through February 1999. Volume Services America became the new food and beverage manager beginning in March 1999. ARA had advanced the Superdome three million dollars for capital improvements to food and beverage assets. The payable amounted to $691,995 at June 30, 1998 and was paid in 1999.

Under the concession agreement with ARA and Volume Services America, the District recorded operating revenues from concessions of $3,849,797 for the year ended June 30, 1999. Management fees of $250,000 were paid by the District to ARA in 1999. No management fee was paid to Volume Services America in 1999.

(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 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.

During 1999, of the $28,230,719 of Hotel Occupancy Tax received for the twelve month period ended April 30, 1998, $13,351,094 was used for debt service requirements, $2,300,000 was deposited in the Renewal and Replacement Reserve Account, $9,607,495 was used by the District for operational needs, and $500,000 was distributed to the Greater New Orleans Sports Foundation. Excess hotel occupancy taxes remaining of $2,472,130 were distributed in the following manner: $191,343 to Jefferson Parish for tourism promotion; $1,320,365 to the City of New Orleans for use by the New Orleans Recreation Department; $150,058 to Xavier University; $300,117 to the Jefferson Parish Westbank Sports and Civic Center; $150,058 to the University of New Orleans; $150,058 to Southern University at New Orleans; and $210,131 to the New Orleans Visitors and Information Center.

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

- Working Capital Account

  This fund was initially established using $500,000 from the proceeds of the first Series of revenue bonds to provide a reserve for payment of the District's operating and maintenance costs. Section 11 of the Amended and Restated Lease Agreement between the District and the State 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.

- 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. For the year ended June 30, 1999, in accordance with Act 640, $2,300,000 was deposited into the account.

- 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. 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 assisting with the relocation of an NBA franchise.

- Concession Reserve Account

  Under the terms of the concession agreement entered into by SMG 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 SMG's approval.

(Continued)

Under the terms of the concession contract executed with Volume Services America beginning in March 1999, the concession reserve accounts were closed.

(9) Contributed Capital

The following summarizes the changes in contributed capital for the year ended June 30, 1999:

		Balance July 1, 1998	Additions	Balance June 30, 1999
Debt service	$	7,707,731	-	7,707,731
Equipment - Louisiana Superdome Marketing and Promotional Fund		609,604	-	609,604
Capital projects		90,701,472	95,034,401	185,735,873
	$	99,018,807	95,034,401	194,053,208

(10) Rentals from Noncancelable Operating Leases

Commitments for future revenue under noncancelable operating leases as of June 30, 1999 provide for future minimum rental payments as follows:

June 30,		Commercial Office Space	Real Estate	Garage – Poydras Square-Parking	Total
2000	$	284,672	292,683	502,329	1,079,684
2001		159,033	308,056	-	467,089
2002		148,587	308,056	-	456,643
2003		127,156	308,056	-	435,212
2004		42,500	308,056	-	350,556
2005 and thereafter to 2084		18,750	24,644,480	-	24,663,230
	$	780,698	26,169,387	502,329	27,452,414

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, 1999, not including box suite revenues, was $1,200,786.

(11) 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% to 15% of their eligible compensation for non-highly compensated employees and 5% for highly compensated employees. SMG will match 50% of the first 15% of eligible compensation contributed by employees. In addition to the matching contribution, SMG 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%

Total pension expense for this plan was approximately $64,774 for 1999.

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

(12) Management Agreement

Effective July 1, 1977, the District and the State of Louisiana entered into a management agreement with SMG, under which SMG assumed the responsibility for operating and maintaining the Louisiana Superdome. Effective June 19, 1998, the District and the State of Louisiana also entered into a management agreement with SMG to manage and operate the New Orleans Arena. Both contracts expire June 30, 2006, and contain certain renewal options. The compensation to SMG for its services related to the Louisiana Superdome 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 SMG 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 SMG. The compensation to SMG for its services related to the New Orleans Arena is based on the net operating income of the New Orleans Arena.

SMG, 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 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 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 (the Agreement), 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. The assignment of revenues resulted in inducements of $4,907,486 for the year ended June 30, 1999.

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 $909,292 in 1999.

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

During the year ended June 30, 1998, the major construction contractor for Project #1 has requested arbitration with the District for reimbursement of undetermined costs; the effect on the general purpose financial statements is not known.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Required Supplementary Information under Governmental Accounting Standards Board (GASB) Technical Bulletin 99-1

Year 2000 Disclosures
(Unaudited)

In October 1998, The Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1, Disclosures about Year 2000 Issues. The provision of the GASB technical bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, requires the Louisiana Stadium and Exposition District (District) to make disclosures about its state of readiness in addressing Year 2000 (Y2K) issues for internal computer systems and equipment. On March 29, 1999, GASB Technical Bulletin 99-1, which amended the previously issued disclosure requirements, allowed for the disclosure to be made in the required supplementary information.

The following is a summary of the necessary steps SMG has taken to ensure that the Louisiana Superdome is Year 2000 compliant and will continue to provide service to the public on and after January 1, 2000.

Awareness Stage

In the first quarter of 1998, SMG began a corporate-wide program identifying all building systems which may be affected by Y2K problems. A review of all operating systems was conducted and letters were sent to vendors contacted. SMG tested all the PCs in the building and any that failed were replaced. As of today, all PCs are compliant.

The two systems that did not pass the Y2K test are the Scoreboard and Message Board and the Lan and PC Network.

Remediation Stage

The Louisiana Superdome expended $150,000 to upgrade the Scoreboard and Message Board and the Lan and PC Networks so that they are now Y2K compliant.

Confirmation/Reassessment Stage

SMG has no additional plans to contact any vendors who have given us positive written responses to our inquiry and we will continue to assess our operational systems. A compliance statement is being required as part of the agreement with all new equipment purchased.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

SCHEDULES

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Schedule of Legislation

Year ended June 30, 1999

The Governor signed Act 1191 in June 1995 that amended Act 640. 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, 1999

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, 1999 were as follows:

		Travel Reimbursement	Per diem
Mark Delesdenier, Jr., Vice-Chairman	$	123	900
Alan Zaunbrecher, Commissioner		1,631	550
	$	1,754	1,450

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, 1999

	Working Capital Account	Renewal and Replacement Reserve Account	Concession Accounts	Economic Development Fund Account
Balance, June 30, 1998	$ 1,698,625	6,681,903	816,185	1,477,653
Sources:				
Excess proceeds of hotel occupancy tax	-	2,300,000	-	-
Percentage of concession revenue	-	-	448,490	-
Interest income	51,427	260,601	3,323	44,076
Total sources	51,427	2,560,601	451,813	44,076
Uses:				
Capital outlay	-	1,521,569	1,184,683	-
Sugarbowl	-	-	-	125,000
Cash transfers	235,670	-	83,315	-
Total uses	235,670	1,521,569	1,267,998	125,000
Balance, June 30, 1999	$ 1,514,382	7,720,935	-	1,396,729

See accompanying independent auditors' report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Combining Schedule of Balance Sheets - Enterprise Fund

June 30, 1999
(with comparative totals for June 30, 1998)

	Louisiana Superdome	New Orleans Arena	Total June 30, 1999	Total June 30, 1998
Cash and cash equivalents	$ 16,834,827	604,608	17,439,435	10,851,482
Accounts receivable	1,158,354	28,887	1,187,241	1,041,287
Signage license fee receivable	172,047	-	172,047	123,259
Due from the State of Louisiana	1,119,626	-	1,119,626	1,518,944
Inventory	58,416	-	58,416	79,404
Prepaid expenses	54,485	-	54,485	44,715
Restricted assets:				
Working capital account-cash	1,514,383	-	1,514,383	1,698,625
Renewal and replacement Reserve Account-cash and cash equivalents	7,720,934	-	7,720,934	6,681,903
Concession Reserve Account-cash	-	-	-	816,185
Economic Development Fund Account:				
Cash and cash equivalents	1,396,729	-	1,396,729	1,477,653
Receivable	166,000	-	166,000	166,000
Total restricted assets	10,798,046	-	10,798,046	10,840,366
Property, plant, and equipment- at cost, less accumulated depreciation	111,815,421	94,244,438	206,059,859	118,222,865
Total assets	$ 142,011,222	94,877,933	236,889,155	142,722,322
Liabilities, Equity, and Other Credits				
Liabilities:				
Payable to SMG	$ 672,708	20,452	693,160	581,104
Accounts payable and accrued liabilities	4,586,184	8,122	4,594,306	1,232,365
Deferred income and security deposits	253,859	514,217	768,076	240,796
Compensated absences	193,987	2,823	196,810	184,452
Funds held in escrow for future events	4,029,305	8,825	4,038,130	2,562,646
Deferred concession incentive	-	-	-	691,995
Total Liabilities	9,736,043	554,439	10,290,482	5,493,358
Equity and other credits:				
Contributed capital	99,227,543	94,825,665	194,053,208	99,018,807
Retained earnings:				
Reserved for restricted assets	10,798,046	-	10,798,046	10,840,366
Unreserved	22,249,590	(502,171)	21,747,419	27,369,791
Total retained earnings	33,047,636	(502,171)	32,545,465	38,210,157
Total equity and other credits	132,275,179	94,323,494	226,598,673	137,228,964
Total liabilities, equity, and other credits	$ 142,011,222	94,877,933	236,889,155	142,722,322

See accompanying independent auditors' report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Combining Schedule of Revenues, Expenses and Changes in Retained Earnings - Enterprise Fund

For the fiscal year ended June 30, 1999
(with comparative totals for the fiscal year ended June 30, 1998)

	Louisiana Superdome	New Orleans Arena	Total June 30, 1999	Total June 30, 1998
Operating revenues:				
Event rental:				
Football	$ 428,093	-	428,093	466,921
Basketball	51,507	-	51,507	2,706
Baseball	65,000	-	65,000	30,000
Conventions and trade shows	510,110	-	510,110	560,516
High School sports	114,380	-	114,380	104,118
Musical events and entertainment	736,941	-	736,941	843,537
Indoor Superfair	258,298	-	258,298	64,812
Other events	403,585	-	403,585	514,981
Reimbursed event costs	3,917,787	-	3,917,787	3,138,239
Total event rental	6,485,701	-	6,485,701	5,725,830
Parking	3,350,152	-	3,350,152	3,268,118
Concessions	3,981,513	-	3,981,513	3,843,953
Box suite rental	2,583,887	-	2,583,887	2,425,778
Guided tours	145,218	-	145,218	211,221
Advertising and broadcasting	441,347	-	441,347	338,113
Commercial office rental	420,400	-	420,400	428,739
Land rental	308,057	-	308,057	400,297
Other	613,116	316	613,432	671,079
Total operating revenues	18,329,391	316	18,329,707	17,313,128
Operating expenses:				
Salaries, wages, and benefits	9,089,198	142,666	9,231,864	8,760,112
Utilities	2,408,686	673	2,409,359	2,416,549
Repairs and maintenance	972,956	43,464	1,016,420	865,065
Management fee - payment to SMG	2,222,714	-	2,222,714	2,066,674
Management fee - payment to Superdome Marketing and Promotional Fund	1,818,584	-	1,818,584	1,690,916
Management fee - payment to Concessionaire	250,000	-	250,000	250,000
Saints lease inducement payments	4,907,486	-	4,907,486	4,465,808
Professional fees	444,176	131,596	575,772	586,978
Insurance	1,517,274	-	1,517,274	2,213,319
Direct event expense	1,530,617	-	1,530,617	872,736
Advertising and public relations	99,336	159,966	259,302	133,695
Other operating expenses	1,865,042	30,891	1,895,933	428,877
Total operating expenses	27,126,069	509,256	27,635,325	24,750,729
Operating loss before depreciation	(8,796,678)	(508,940)	(9,305,618)	(7,437,601)
Depreciation	(8,411,305)	-	(8,411,305)	(7,190,928)
Operating loss	(17,207,983)	(508,940)	(17,716,923)	(14,628,529)

(Continued)

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Combining Schedule of Revenues, Expenses and Changes in Retained Earnings - Enterprise Fund

For the fiscal year ended June 30, 1999
(with comparative totals for the fiscal year ended June 30, 1998)

	Louisiana Superdome	New Orleans Arena	Total June 30, 1999	Total June 30, 1998
Non-operating revenue (expenses):				
Hotel occupancy tax	$ 14,480,304	-	14,480,304	12,602,925
Interest Income	685,881	6,769	692,650	547,040
Excess hotel/motel tax distributed	(2,972,130)	-	(2,972,130)	-
Other expenses	(148,593)	-	(148,593)	(176,011)
Total non-operating	12,045,462	6,769	12,052,231	12,973,954
Net loss	(5,162,521)	(502,171)	(5,664,692)	(1,654,575)
Retained earnings, beginning of year	38,210,157	-	38,210,157	39,864,732
Retained earnings, end of year	$ 33,047,636	(502,171)	32,545,465	38,210,157

See accompanying independent auditors' report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT
NEW ORLEANS, LOUISIANA

Combining Schedule of Cash Flows - Enterprise Fund

For the fiscal year ended June 30, 1999
(with comparative totals for the fiscal year ended June 30, 1998)

	Louisiana Superdome	New Orleans Arena	Total June 30, 1999	Total June 30, 1998
Cash flows from operating activities:				
Operating loss	$ (17,207,983)	(508,940)	(17,716,923)	(14,628,529)
Adjustment to reconcile operating loss to net cash used by operating activities:				
Depreciation	8,411,305	-	8,411,305	7,190,928
Changes in operating assets and liabilities:				
Accounts receivable	(165,855)	(28,887)	(194,742)	(386,766)
Inventory and prepaids	11,218	-	11,218	(5,069)
Payable to SMG	91,604	20,452	112,056	404,438
Accounts payable and accrued liabilities	381,689	8,122	389,811	805,081
Deferred income, security deposits, and funds held in escrow	1,479,722	523,042	2,002,764	186,669
Compensated absences	9,535	2,823	12,358	13,725
Total adjustments	10,219,218	525,552	10,744,770	8,209,006
Net cash used by operating activities	(6,988,765)	16,612	(6,972,153)	(6,419,523)
Cash flows from noncapital financing activities	(125,000)	-	(125,000)	(125,000)
Cash flows from capital and related financing activities:				
Interest paid on bonds, loan, and equipment obligations	(23,593)	-	(23,593)	(51,011)
Acquisition of fixed assets	(1,795,125)	581,227	(1,213,898)	(2,139,948)
Principal paid on concession incentive	(691,995)	-	(691,995)	(348,989)
Hotel occupancy tax received	14,879,622	-	14,879,622	12,385,069
Cash flows from financing activities	12,368,909	581,227	12,950,136	9,845,121
Cash flows from investing activities - interest on investments	685,881	6,769	692,650	548,868
Net change in cash	5,941,025	604,608	6,545,633	3,849,466
Cash at beginning of year	21,525,848	-	21,525,848	17,676,382
Cash at end of year	$ 27,466,873	604,608	28,071,481	21,525,848

See accompanying independent auditors' report.

KPMG

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, 1999, and have issued our report thereon dated September 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standard 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.

KPMG LLP

September 17, 1999

KPMG

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, 1999 and 1998

With Independent Auditors' Report Thereon

KPMG

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

Independent Auditors' Report

Board of Commissioners
Louisiana Stadium and Exposition District and
Mr. Doug Thornton, 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 (under the provisions of Article 4.2 of the management agreement as amended between the State of Louisiana and SMG 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, 1999 and 1998. 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 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 audits provide 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 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 deficit improvement and base for the management fee computation, management fee computation and adjusted base deficit of the Louisiana Stadium and Exposition District for the years ended June 30, 1999 and 1998, 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 SMG and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 17, 1999

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Schedule of Deficit Improvement and Base
for the Management Fee Computation

For the years ended June 30, 1999 and 1998

		1999	1998
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 total amount of insurance expense that is excluded from the deficit.	$	(1,515,982)	(2,211,835)
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 1999 and 1998 for the principal purpose of increasing revenues and/or decreasing operating expenses was $-0- and $-0-, respectively. The depreciation related to these assets and prior acquisitions is to be added to the deficit.		32,958	40,579
LSED and SMG had agreed on November 5, 1993 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.		75,000	75,000
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		(4,907,485)	(4,465,807)
b. To include any imputed revenues to reduce the deficit		(1,490,731)	(1,300,758)
Net effect of the aforementioned items on the 1999 and 1998 deficits		(7,806,240)	(7,862,821)
Current deficit (operating loss before depreciation, amortization, management fee computation and other adjustments)		(2,652,153)	(3,891,811)
Adjusted deficit		(5,154,087)	(3,971,010)
Adjusted base deficit for the years ended June 30, 1999 and 1998 (as calculated hereafter)		(9,761,104)	(9,809,349)
Deficit improvement and base for the management fee computation	$	(14,915,191)	(13,780,359)

See accompanying independent auditors' report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Schedule of Management Fee Computation

For the years ended June 30, 1999 and 1998

		1999	1998
Deficit improvement and base for the management fee computation	$	14,915,191	13,780,359
30% of first $1,000,000		300,000	300,000
40% of next $1,750,000		700,000	700,000
25% of excess		3,041,298	2,757,590
Total management fee computation	$	4,041,298	3,757,590
Allocated to SMG	$	2,222,714	2,066,674
Allocated to Superdome Marketing and Promotional Fund - 45%	$	1,818,584	1,690,916

See accompanying independent auditors' report.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Schedule of Adjusted Base Deficit

For the years ended June 30, 1999 and 1998

		1999	1998
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		4,406,288	4,283,486
Adjustment for increase in utility rates		1,424,462	1,717,881
Adjustment for repair and maintenance hours		54,216	(68,156)
Other adjustments pursuant to Article 4.2 of the Management Agreement		(244,477)	(244,477)
Adjusted base deficit for the years ended June 30, 1999 and 1998	$	9,761,104	9,809,349

See accompanying independent auditors' report.

KPMG

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

September 17, 1999

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 Louisiana Stadium and Exposition District as of and for the year ended June 30, 1999, and have issued a report thereon dated September 17, 1999. Under generally accepted auditing standards, we are providing you with the attached information related to the conduct of our audit.

Our Responsibility Under Generally Accepted Auditing Standards

We have a responsibility to conduct our audit in accordance with generally accepted auditing standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, in planning and performing our audit, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

Furthermore, our audit, including the limited inquiries we made in connection with the Year 2000 issue, was not designed to, and does not, provide any assurance that a Year 2000 issue which may exist will be identified, on the adequacy of the District's remediation plans related to Year 2000 financial or operational issues, or on whether the District is or will become Year 2000 compliant. Year 2000 compliance is the responsibility of management.

Significant Accounting Policies

The significant accounting policies used by the District are described in note 2 to the financial statements.

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 financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the District's financial statements.

Consultation with Other Accountants

To the best of our knowledge management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of AU 625, "Reports on the Application of Accounting Principles."

Major Issues Discussed with Management Prior to Retention

During the proposal process, we did discuss a variety of matters with management, including the application of accounting principles and auditing standards. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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 SMG for their assistance in the successful completion of this audit.

This report is intended solely for the information of management of SMG, the Board of Commissioners, and 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.

Very truly yours,

KPMG LLP