

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Financial Statements and Supplemental Schedules

December 31, 2020

(With Independent Auditors' Report Thereon)



**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

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## **Independent Auditors' Report**

New Orleans Aviation Board and the  
City Council of the City of New Orleans, Louisiana:

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

We have audited the accompanying financial statements of the Louis Armstrong New Orleans International Airport (the Airport), a proprietary component unit of the City of New Orleans, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the Louis Armstrong New Orleans International Airport as of December 31, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 19 and the schedules presented on pages 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the Airport's basic financial statements. Supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules 1, 2, and 4 have been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplemental schedules 1, 2, and 4 are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Schedule 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.



Metairie, Louisiana  
November 30, 2021

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2020 and 2019

(Unaudited)

This narrative discussion and analysis is intended to serve as an introduction to the Louis Armstrong New Orleans International Airport's basic financial statements for the fiscal years ended December 31, 2020 and 2019, with selected comparative information for the fiscal year ended December 31, 2018. The information presented here should be read in conjunction with the financial statements, footnotes, and supplementary information in this report.

**Financial Highlights**

- The assets and deferred outflows of the Louis Armstrong New Orleans International Airport (the Airport) exceeded its liabilities and deferred inflows at December 31, 2020 by \$590,219,569 (net position).
- The Airport's total net position decreased by \$33,883,123 or 5.43%.
- The US Government provided the Airport with \$42.7 million in emergency relief funds under the CARES Act, which distributed \$10 billion to US airports. These funds are being used consistently with the priorities of the federal government.

**Overview of the Financial Statements**

The Louis Armstrong New Orleans International Airport (the Airport) is structured as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land and easements, over their useful lives. See the notes to the financial statements for a summary of the Airport's significant accounting policies.

Following this Management Discussion and Analysis (MD&A) are the basic financial statements and supplemental schedules of the Airport. This information taken collectively is designed to provide readers with an understanding of the Airport's finances.

The statements of net position present information on all of the Airport's assets and deferred outflows, and liabilities and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Airport's financial position.

The statements of revenues, expenses, and changes in net position present information showing how the Airport's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods.

The principal operating revenues of the Airport are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, customer facility charges, federal grants, and other revenues not related to the operations of the Airport are non-operating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are non-operating expenses.

The statements of cash flows relate to the flows of cash and cash equivalents. Consequently, only transactions that affect the Airport's cash accounts are recorded in these statements. A reconciliation is a part of these statements to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.

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(Unaudited)

**Financial Position**

Total assets and deferred outflows of resources decreased by \$82,384,130 (4.1%) this year due primarily to the decrease in net capital projects by \$25,205,221, a decrease in cash and cash equivalents by \$8,299,694, and a decrease in investments by \$44,863,965 (12.1%). Capital projects decreased due to excess depreciation over current year fixed asset additions. Investments decreased as a result of volatile market conditions during 2020 and cash decreased due to the decrease in revenue in 2020 primarily due to the COVID-19 pandemic. Total liabilities and deferred inflows decreased by \$48,501,007 (3.5%) primarily resulting from a decrease in bonds payable of \$25,592,366 and accounts payable and accrued expenses of \$11,841,702. Bonds payable decreased as a result of principal payments made in 2020. Accounts payable decreased due to payments made on outstanding payable balances before the end of the fiscal year.

The largest portion of the Airport's net position, at \$291,352,835 (49.4%) at 2020 and \$301,641,603 (48.3%) at 2019, represents its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Airport uses these assets to provide services to its passengers, visitors, and tenants of the airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Airport's net position, \$263,906,574 (44.7%) at 2020 and \$272,925,435 (43.7%) at 2019, represents resources that are subject to restrictions from contributors, bond indentures, and state and federal regulations on how they may be used. The remaining balance of unrestricted net position, \$34,960,160 (5.9%) at 2020 and \$49,535,654 (7.9%) at 2019, may be used to meet the Airport's ongoing obligations.

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**Summary of Net Position** (in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Current assets:			
Unrestricted assets	\$ 75,358	\$ 111,620	\$ 142,167
Restricted assets	55,166	57,373	56,176
Noncurrent assets:			
Unrestricted assets	1,603	1,625	1,564
Restricted assets	247,452	264,471	369,678
Net capital assets	<u>1,542,460</u>	<u>1,567,665</u>	<u>1,387,935</u>
Total assets	<u>\$ 1,922,039</u>	<u>\$ 2,002,754</u>	<u>\$ 1,957,520</u>
Deferred Outflows of Resources:			
Deferred amounts related to pension liability	\$ 6,821	\$ 9,167	\$ 8,974
Deferred amounts related to OPEB liability	2,090	1,155	-
Deferred losses on advance refunding	4,674	4,933	4,782
Total deferred outflows	<u>\$ 13,585</u>	<u>\$ 15,255</u>	<u>\$ 13,756</u>
Liabilities:			
Current liabilities	\$ 74,328	\$ 101,090	\$ 116,292
Noncurrent liabilities	<u>1,229,375</u>	<u>1,250,988</u>	<u>1,295,468</u>
Total liabilities	<u>\$ 1,303,703</u>	<u>\$ 1,352,078</u>	<u>\$ 1,411,760</u>
Deferred Inflows of Resources:			
Deferred amounts related to pension liability	\$ 3,641	\$ 2,751	\$ 1,294
Deferred amounts related to OPEB liability	541	586	631
Deferred amounts related to service concession arrangement	<u>37,520</u>	<u>38,491</u>	<u>-</u>
Total deferred inflows	<u>\$ 41,702</u>	<u>\$ 41,828</u>	<u>\$ 1,925</u>
Net Position:			
Net investment in capital assets	\$ 291,353	\$ 301,642	\$ 295,016
Restricted	263,907	272,925	231,049
Unrestricted	<u>34,960</u>	<u>49,536</u>	<u>31,526</u>
Total net position	<u>\$ 590,220</u>	<u>\$ 624,103</u>	<u>\$ 557,591</u>



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**Debt Activity**

At December 31, 2020 and 2019, the Airport had total debt outstanding of \$1,217,536,165 and \$1,242,154,057, respectively. The Airport's debt represents bonds secured solely by operating, Passenger Facility Charge (PFC) and Customer Facility Charges (CFC) revenue. As of the date of the audit all required bond and loan principal and interest payments have been made.

**Outstanding Debt** (in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Bonds payable:			
Revenue Refunding Bonds 2009A-C	\$ -	\$ -	\$ 11,225
GO Zone PFC Revenue Bonds 2010A-B	-	-	53,641
Revenue Bonds 2015A-B	565,325	565,325	565,325
Revenue Bonds 2017A-D	396,710	416,930	420,690
GO Zone CFC Revenue Bonds 2018	82,565	82,565	82,565
GO Zone Revenue Bonds 2019	23,800	23,800	-
Unamortized bond discount	(289)	(312)	(750)
Unamortized bond premium	89,404	94,800	95,803
Loans payable:			
Series 2017 Interim Drawdown Notes	60,021	59,046	54,822
	<u>\$ 1,217,536</u>	<u>\$ 1,242,154</u>	<u>\$ 1,283,321</u>

More detailed information on long-term debt can be found in Note 7 of the accompanying financial statements.

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**Capital Assets**

The Airport's investment in capital assets for the years ended December 31, 2020 and 2019 is presented in the following tables. The total increase for the years ended December 31, 2020 and 2019 was 1.6% and 9.8%, respectively, before accumulated depreciation. The increase is due to the completion of last remaining items related to the new terminal. A majority of these items were completed in 2019, which caused a greater increase in the prior year. The significant increase in assets was offset by a decrease in construction in progress during the year for the following major projects:

Project	Approximate cost during FY 2020(not including capitalized interest)
North Terminal Project Design/Construction	\$24 million
Roadways Development Program	\$9 million
Planning Services	\$3 million
Project	Approximate cost during FY 2019(not including capitalized interest)
North Terminal Project Design/Construction	\$110 million
Roadways Development Program	\$30 million

More detailed information on capital assets can be found in Note 6 of the accompanying financial statements.

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**Net Capital Assets** (in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 78,139	\$ 78,031	\$ 77,980
Air rights	22,282	22,282	22,282
Land improvements	505,452	505,452	505,322
Buildings and furnishings	1,637,304	1,596,091	420,969
Equipment	11,298	10,983	10,764
Computers	1,535	1,535	1,359
Utilities	57,029	57,030	53,413
Heliport	3,074	3,073	3,074
Fuel Tank Farm	39,118	39,118	-
HP Finance Lease	728	-	-
Construction in progress	19,376	24,851	1,034,709
Total capital assets	<u>2,375,335</u>	<u>2,338,446</u>	<u>2,129,872</u>
Less accumulated depreciation	<u>832,875</u>	<u>770,781</u>	<u>710,601</u>
Net capital assets	<u>\$ 1,542,460</u>	<u>\$ 1,567,665</u>	<u>\$ 1,419,271</u>

**Airlines Rates and Charges**

As previously discussed, an Airline Airport Use and Lease Agreement became effective January 1, 2009. Actual rates for 2020, 2019, and 2018 are included in the table below.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Terminal building rental rates (per sq. ft.)	\$112.86	\$101.92	\$66.69
Landing fee rate (per 1,000 lbs.)	1.81	1.30	0.49
Apron use fee rate (per sq. ft.)	1.14	1.68	1.25
Loading bridge use fee (per bridge)	-	4,523	10,855
Enplaned passenger use fee (per passenger)	10.74	6.84	6.57

Under the terms of the agreement, these rates are subject to a year-end settlement. The Airport is required to use its best efforts such that within the later of (i) one hundred twenty (120) days following the close of each fiscal year or (ii) within sixty (60) days of receipt of audited financial statements, rates for rentals, fees, and charges for the preceding fiscal year shall be recalculated using available financial data and the methods set forth in the agreement. The loading bridge use fee ended in 2019.

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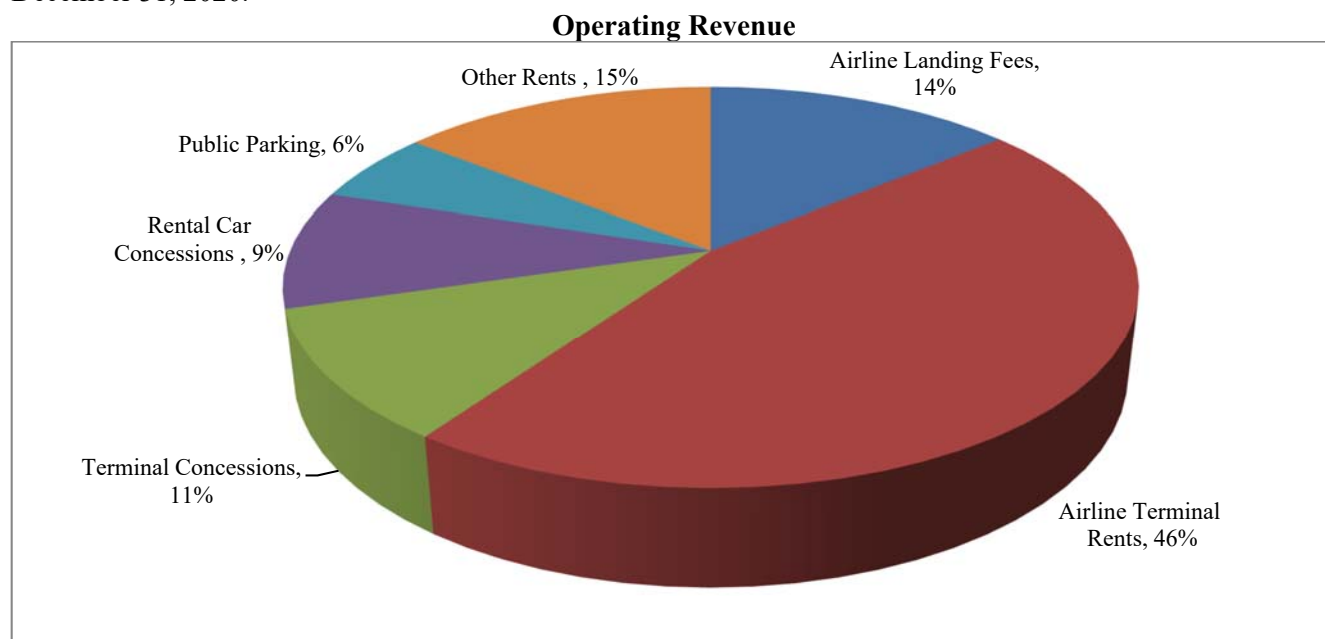
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**Revenues**

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2020.



**Operating Revenues (in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Passenger and cargo airlines:			
Airline landing fees	\$ 8,412	\$ 11,591	\$ 4,807
Airline terminal rents	27,672	32,480	22,792
Land rents	76	76	76
Other rents	<u>2,375</u>	<u>3,646</u>	<u>3,206</u>
Total passenger and cargo airlines	<u>38,535</u>	<u>47,793</u>	<u>30,881</u>
Non airline rentals:			
Terminal concessions	6,423	11,376	10,520
Car rental concessions	5,754	11,232	10,805
Public parking	3,455	15,098	15,073
Other rents	<u>6,206</u>	<u>10,411</u>	<u>9,604</u>
Total nonairline revenues	<u>21,838</u>	<u>48,117</u>	<u>46,002</u>
Total operating revenues	<u>\$ 60,373</u>	<u>\$ 95,910</u>	<u>\$ 76,883</u>

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**2020 vs. 2019**

Total passenger and cargo airline revenue for 2020 decreased by \$9.3 million (19.4%) compared to 2019 due to the decrease in passenger activity caused by COVID-19. Non-airline revenues decreased by \$26.2 million (54.6%) due to the decrease in passenger activity caused by COVID-19.

**2019 vs. 2018**

Total passenger and cargo airline revenue for 2019 increased by \$17 million (54.8%) compared to 2018 primarily due to increased costs related to the North Terminal. Non-airline revenues increased by \$2.1 million (4.6%) due primarily to a 4.0% increase in passengers.

Cost per enplaned passenger (CPE) is a measure used by the airline industry to reflect the costs an airline pays to operate at an airport based upon the number of enplaned passengers for that airport. The cost per enplaned passenger increased from \$4.48 in 2018 to \$6.71 in 2019 and increased to \$13.51 in 2020.

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Cost per enplaned passenger:			
Airline revenues	\$ 35,825	\$ 45,824	\$ 29,425
Enplaned passengers	2,652	6,832	6,565
Cost per enplaned passenger	\$ 13.51	\$ 6.71	\$ 4.48

**Non-Operating Revenues and Capital Contributions** (in thousands)

The following chart shows major sources of non-operating revenues for the years ended December 31, 2020, 2019, and 2018.

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Investment income	\$ 5,290	\$ 8,587	\$ 6,982
Passenger facility charges	9,828	27,711	26,410
Customer facility charges	8,405	17,597	17,269
Capital contributions	12,552	21,191	49,029
Federal grants	41,678	-	-
Gain on disposal of assets	-	-	3
	\$ 77,753	\$ 75,086	\$ 99,693

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**2020 vs. 2019**

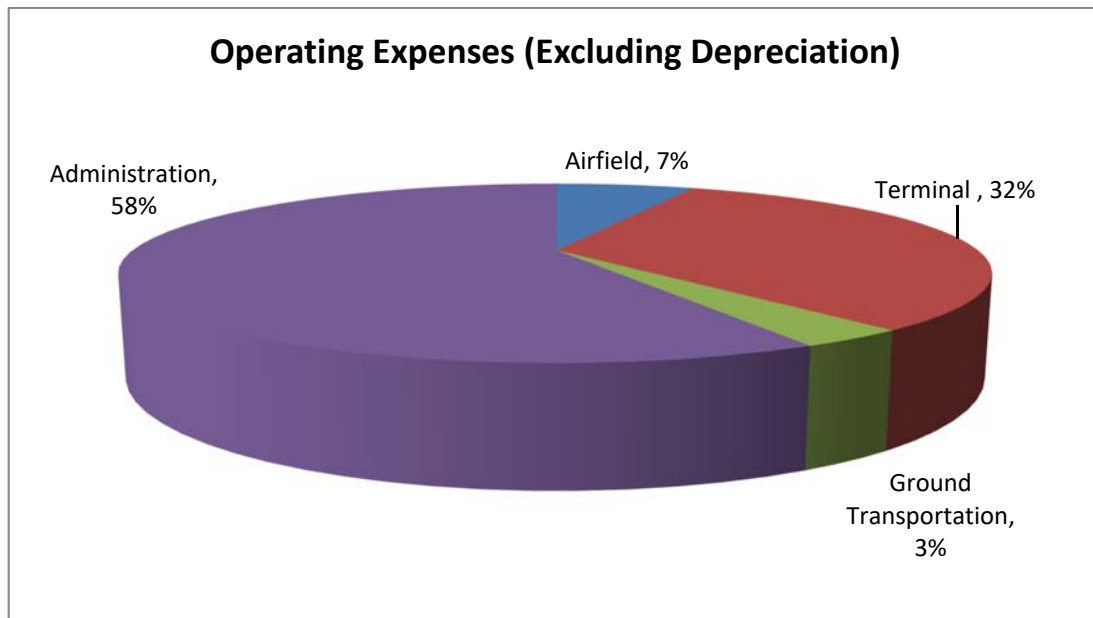
Non-operating revenues for 2020 increased by approximately \$2.7 million compared to 2019, due primarily to the decrease in the passenger and customer facility charges offset by the \$41.7 million in federal funding the Airport received in 2020. The decrease in passenger and customer facility charges was due to the decrease in travel in 2020, which occurred as a result of the COVID-19 pandemic. The \$41.7 million the Airport received in federal funding was from the distribution of federal funds to US Airport in response to the COVID-19 pandemic.

**2019 vs. 2018**

Non-operating revenues for 2019 decreased by approximately \$24.7 million compared to 2018, due primarily to a reduction in capital contributions. The majority of grant eligible construction work was performed in 2018, compared to 2019 so less revenues were received.

**Expenses**

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2020.



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**Operating Expenses before Depreciation and Impairment**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Direct			
Airfield	\$ 3,661	\$ 3,531	\$ 3,688
Terminal	18,272	15,117	14,836
Ground transportation	1,863	1,769	1,273
Administration	<u>32,417</u>	<u>32,495</u>	<u>31,408</u>
	<u>\$ 56,213</u>	<u>\$ 52,912</u>	<u>\$ 51,205</u>

**2020 vs. 2019**

The operating expenses, before depreciation and impairment, increased by approximately \$3.3 million compared to the prior year. This increase was primarily due to a full year of operating expenses for the new terminal, which opened in November 2019.

**2019 vs. 2018**

The operating expenses, before depreciation and impairment, increased by approximately \$1.7 million compared to the prior year, due to an increase in administration expenses of \$1.1 million. This increase was primarily due to operating expenses for planning of the new terminal.

**Non-Operating Expenses**

The following chart shows major expense categories of non-operating expenses for the years ended December 31, 2020, 2019, and 2018 (in thousands).

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Interest expense	\$ 47,931	\$ 9,283	\$ 19,923
Cost of issuance of bonds	133	708	998
Terminal transportation costs	5,015	3,573	203
Other, net	<u>622</u>	<u>2,107</u>	<u>890</u>
Total Non-operating Expense	<u>\$ 53,701</u>	<u>\$ 15,671</u>	<u>\$ 22,014</u>

**2020 vs. 2019**

Interest expense increased by approximately \$38 million due to the decrease in capitalized interest due to the requirement to expense all interest costs related to capital assets, as a result of the implementation of GASB Statement No. 89 in 2020. Terminal transportation costs increased \$1 million due to expenses related to the opening of the North Terminal.

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**2019 vs. 2018**

Interest expense decreased by approximately \$10.6 million in 2019 due to a reduction in Loss on Defeasance expenses related to the Series 2009 and 2017C GARB bonds which ended in 2018. Other expenses increased by \$4.3 million in 2019 compared to 2018, due primarily to terminal transportation costs related to the opening of the North Terminal.

**Total Revenues and Expenses** (in thousands)

The following table reflects the total revenues and expenses for the Airport (in thousands):

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total operating revenues	\$ 60,373	\$ 95,910	\$ 76,883
Total non-operating revenues	<u>77,753</u>	<u>75,086</u>	<u>99,693</u>
Total revenues	<u>\$ 138,123</u>	<u>\$ 170,996</u>	<u>\$ 176,576</u>
Total operating expenses	\$ 118,307	\$ 88,811	\$ 82,541
Total non-operating expenses	<u>53,702</u>	<u>15,671</u>	<u>22,014</u>
Total expenses	<u>\$ 172,009</u>	<u>\$ 104,482</u>	<u>\$ 104,555</u>

**Summary of Changes in Net Position** (in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Summary of changes in net position:			
Operating revenues	\$ 60,373	\$ 95,910	\$ 76,883
Operating expenses before depreciation and impairment	<u>56,213</u>	<u>52,912</u>	<u>51,205</u>
Operating income before depreciation and impairment	4,117	42,998	25,678
Depreciation	62,094	28,845	31,336
Impairment	<u>-</u>	<u>7,055</u>	<u>-</u>
Operating income (loss)	<u>(57,977)</u>	<u>7,098</u>	<u>(5,658)</u>
Non-operating revenues, net	<u>11,542</u>	<u>38,223</u>	<u>28,650</u>
Income before capital contributions and transfers	(46,435)	45,321	22,992
Capital contributions	<u>12,552</u>	<u>21,191</u>	<u>49,029</u>
Change in net position	<u>\$ (33,883)</u>	<u>\$ 66,512</u>	<u>\$ 72,021</u>



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Operating income before depreciation and impairment decreased \$39 million (-90%) in 2020 compared to 2019. Depreciation expenses increased \$33 million (115%) due to projects in construction in progress being completed and transferred to depreciated fixed assets in 2019. These assets then received a full year of depreciation expenses in 2020, that did not occur in the prior year. Non-operating revenues, net decreased \$27 million (-70%) due to an increase in interest expense and decrease in passenger facility charges and customer facility charges as a result of the decreased travel caused by the COVID-19 pandemic. Capital contributions decreased by \$9 million (-41%) due to the decrease in funding received from TSA, ATF, and other grants.

**Debt Service Coverage**

Airport revenue bond covenants require that net revenues together with the sum on deposit in the rollover coverage account on the last day of the immediately preceding fiscal year will at least equal 125% of the bond debt service requirement with respect to the bonds for such fiscal year. The bond resolution for the Revenue Refunding Bonds Series 2007A, 2007B-1, and 2007B-2, PFC Projects had a ratio requirement of 105.0% or greater obtained by dividing the available amount by the cumulative debt amount. Coverage ratios for the past three years are shown in the following table.

<u>Revenue Refunding Bonds</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
GARB Series Bonds	138.0%	130.0%	191.6%
PFC Series Bonds	N/A	N/A	973.6%

During 2019, the Series 2010 PFC Bonds were fully refunded by the Series 2019 GARB Bonds. Following the defeasance of the Series 2010 Bonds, no other PFC bonds are outstanding under the PFC Indenture.

The Board approved the Rollover Coverage for fiscal years 2012-2020 in the amounts of, \$3,719,960, \$3,720,332, \$3,719,082, \$3,721,446, \$3,729,060, \$3,740,582, \$3,290,643, \$13,586,508, and \$16,505,151 respectively. The funds are transferred monthly, in ratable portions of the total, to the NOAB Rollover Coverage Account held by the City of New Orleans, and then transferred to the Airport Operating Account, held by the City of New Orleans. The Airport's calculation of the historical debt service coverage ratio, as presented in Supplemental Schedule 3 to the financial statements is 138% for the year ended December 31, 2020 and 130.0% for the year ended December 31, 2019.

The Airport is current on all debt service payments as required by the bonds, and there has been no documented correspondence from the bond insurers or bond holders regarding noncompliance with the debt service coverage covenant.

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2020 and 2019

(Unaudited)

**Airport Activities and Highlights**

Passenger totals for 2020 decreased by 8,366,089 (61.3%), from 13,644,666 passengers in 2019 to 5,278,577 passengers in 2020, due to a significant decrease in travel in 2020 as a result of the COVID-19 pandemic. Passenger aircraft operations decreased from 116,809 operations in 2019 to 61,541 in 2020 (47.3%). Aircraft landed weights decreased from 8,232,139 in 2019 to 4,479,434 in 2020 (45.6%).

Passenger totals for 2019 increased by 521,904 (4.0%), from 13,122,762 passengers in 2018 to 13,644,666 passengers in 2019, due to increased demand for both tourism and business travel. Passenger aircraft operations increased slightly from 113,182 operations in 2018 to 116,809 in 2019 (3.2%). Aircraft landed weights increased from 7,888,855 in 2018 to 8,232,139 in 2019 (4.4%).

Selected statistical information about total passengers, aircraft landed weight, and air carrier operations for the past three years are presented in the table below.

Fiscal year	Total passengers	Landed weight (1,000 pound units)	Air carrier operations
2018	13,122,762	7,888,855	113,182
2019	13,644,666	8,232,139	116,809
2020	5,278,577	4,479,434	61,541

Fiscal year	Number of daily departures	Number of destinations	Average daily seats
2018	151	53	22,222
2019	163	55	24,065
2020	92	50	13,353

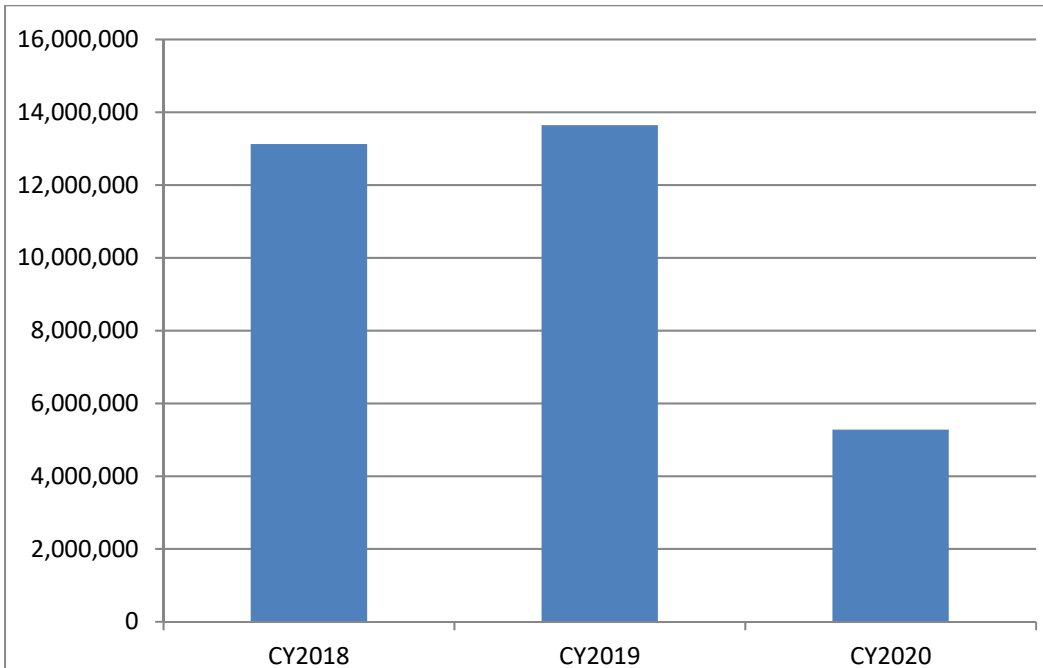
**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Management's Discussion and Analysis

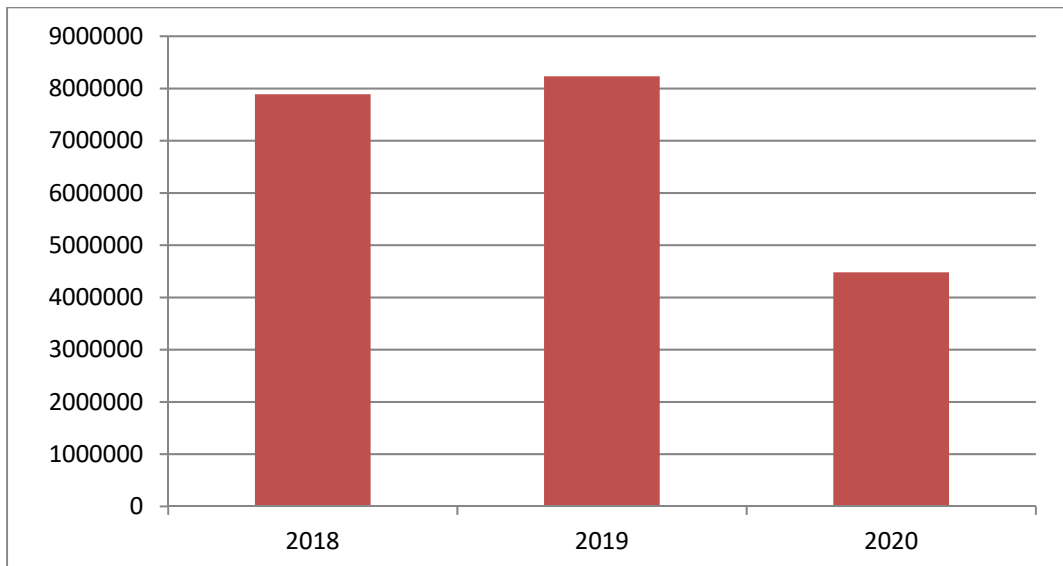
December 31, 2020 and 2019

(Unaudited)

**Total Passengers for the Year**



**Landed Weight per 1,000 pounds**



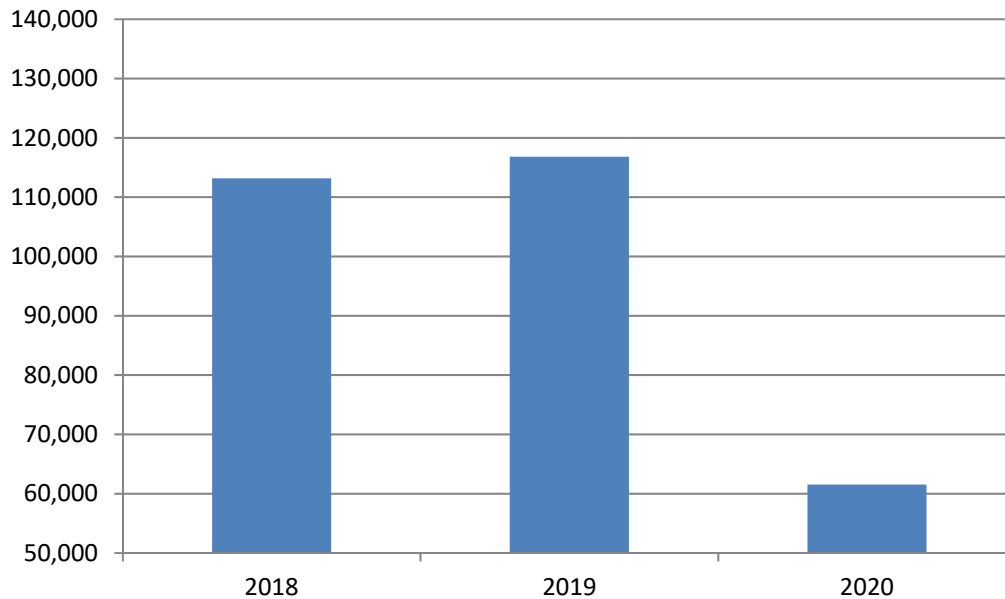
**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2020 and 2019

(Unaudited)

**Number of Passenger Flight Operations**



**Economic Factors and Next Year's Budget**

The Airport budgeted for a decrease in 2021 non-airline revenue from \$56.6 million to \$47.9 million, tallying to an \$8.7 million (15.4%) reduction from last year's budget. This is driven by a projected decrease in enplaned passengers due to the COVID-19 pandemic.

Compared to the 2020 budget, the Airport proposed a decrease in the 2021 operating expenses of \$433k. This decrease is comprised of non-essential expenses due to COVID-related reduced passenger activity. The Airport continues to budget and maintain a competitive total cost per enplanement (CPE) rate. The board originally approved two budgets to showcase a CPE of \$11.81 and \$7.24. The latter includes anticipated federal funding. After a mid-year review and receipt of federal funds, the Airport is projecting that the CPE for the year will be \$8.72. This CPE is well under the Airport's goal of maintaining a CPE of less than \$10.

Along with reducing the budget, the Aviation Board received approximately \$58 million in additional federal COVID relief funding. These government funds will support critical operations, including workforce retention, debt service, minimum annual guarantee for eligible airport concessions and can only be used for airport-related purposes.

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2020 and 2019

(Unaudited)

**Requests for Information**

This financial report is designed to provide a general overview of the Airport's finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, Louis Armstrong New Orleans International Airport, Post Office Box 20007, New Orleans, Louisiana 70141.

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**

(A Proprietary Component Unit of the City of New Orleans)

Statements of Net Position  
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets and Deferred Outflows of Resources</b>		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents (note 2)	\$ 2,167,731	\$ 13,597,421
Accounts receivable, less allowance for doubtful accounts (note 4)	12,052,759	18,739,462
Passenger facility charges receivable	1,074,992	3,281,849
Capital grant receivable	25,881,770	18,261,337
Investments (note 2)	33,611,131	57,161,506
Interest receivable	74,693	56,112
Prepaid expenses and deposits	495,239	522,119
Total current unrestricted assets	<u>75,358,315</u>	<u>111,619,806</u>
Restricted assets (notes 2 and note 5):		
Cash and cash equivalents (note 2)	9,152,668	6,022,672
Investments (note 2)	45,017,205	49,312,361
Customer facility charges receivable	996,137	2,037,744
Total current restricted assets	<u>55,166,010</u>	<u>57,372,777</u>
Total current assets	<u>130,524,325</u>	<u>168,992,583</u>
Noncurrent assets:		
Unrestricted assets:		
Capital assets (note 6):		
Capital assets not being depreciated	119,797,192	125,164,296
Capital assets being depreciated	2,255,538,170	2,213,282,367
Less accumulated depreciation	<u>(832,875,110)</u>	<u>(770,781,190)</u>
Net capital assets	<u>1,542,460,252</u>	<u>1,567,665,473</u>
Prepaid insurance on revenue bonds, less accumulated amortization of \$2,650,136 in 2020; \$2,642,204 in 2019	591,681	613,984
Advances to related facility management company	1,011,301	1,011,301
Total noncurrent unrestricted assets	<u>1,544,063,234</u>	<u>1,569,290,758</u>
Restricted assets (note 2 and note 5):		
Investments	<u>247,451,945</u>	<u>264,470,379</u>
Total noncurrent restricted assets	<u>247,451,945</u>	<u>264,470,379</u>
Total noncurrent assets	<u>1,791,515,179</u>	<u>1,833,761,137</u>
Total assets	<u>1,922,039,504</u>	<u>2,002,753,720</u>
Deferred outflows of resources:		
Deferred amounts related to net pension liability (note 9)	6,821,218	9,167,114
Deferred amounts related to total OPEB liability (note 10)	2,089,621	1,155,105
Deferred losses on advance refunding	4,674,366	4,932,900
Total deferred outflows of resources	<u>13,585,205</u>	<u>15,255,119</u>
Total assets and deferred outflows of resources	<u>\$ 1,935,624,709</u>	<u>\$ 2,018,008,839</u>

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**

(A Proprietary Component Unit of the City of New Orleans)

Statements of Net Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and accrued expenses	\$ 18,317,652	\$ 30,159,354
Due to City of New Orleans	783,250	1,106,375
Accrued salaries and other compensation	2,629,287	4,823,706
Capital projects payable	5,039,556	9,375,666
Total OPEB liability, due within one year (note 10)	<u>405,000</u>	<u>414,000</u>
Total unrestricted current liabilities	<u>27,174,745</u>	<u>45,879,101</u>
Payable from restricted assets:		
Capital projects payable	3,158,080	8,769,509
Bonds payable, current portion (note 7)	17,740,000	20,220,000
Accrued bond interest payable	26,133,567	26,221,325
Lease payable, current portion (note 13)	118,569	-
Loan interest payable	<u>3,092</u>	<u>-</u>
Total restricted current liabilities	<u>47,153,308</u>	<u>55,210,834</u>
Total current liabilities	<u>74,328,053</u>	<u>101,089,935</u>
Noncurrent liabilities:		
Bonds payable, less current portion and unamortized discount/premium (note 7)	1,139,775,165	1,162,887,531
Loans payable (note 7)	60,021,000	59,046,526
Lease payable, less current portion (note 13)	609,024	-
Total OPEB liability (note 10)	7,489,160	6,345,827
Net pension liability (note 9)	<u>21,480,263</u>	<u>22,708,632</u>
Total noncurrent liabilities	<u>1,229,374,612</u>	<u>1,250,988,516</u>
Total liabilities	<u>1,303,702,665</u>	<u>1,352,078,451</u>
Deferred inflows of resources:		
Deferred amounts related to net pension liability (note 9)	3,641,307	2,751,173
Deferred amounts related to total OPEB liability (note 10)	540,967	586,053
Deferred amounts related to service concession arrangement (note 16)	<u>37,520,201</u>	<u>38,490,470</u>
Total deferred inflows of resources	<u>41,702,475</u>	<u>41,827,696</u>
Total liabilities and deferred inflows of resources	<u>1,345,405,140</u>	<u>1,393,906,147</u>
Net Position:		
Net investment in capital assets	291,352,835	301,641,603
Restricted for:		
Debt service	128,873,339	123,465,543
Capital acquisition	109,128,049	126,518,110
Operating reserve	25,905,186	22,941,782
Unrestricted	<u>34,960,160</u>	<u>49,535,654</u>
Total net position	<u>590,219,569</u>	<u>624,102,692</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,935,624,709</u>	<u>\$ 2,018,008,839</u>

See accompanying notes to financial statements.

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**

(A Proprietary Component Unit of the City of New Orleans)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Airfield	\$ 10,793,044	\$ 16,326,127
Terminal	46,915,895	75,684,027
Ground transportation	2,663,618	3,899,800
Total operating revenues	<u>60,372,557</u>	<u>95,909,954</u>
Operating expenses:		
Direct:		
Airfield	3,661,403	3,530,735
Terminal	18,272,022	15,116,572
Ground transportation	1,863,435	1,769,199
Depreciation	62,093,921	28,844,649
Impairment	-	7,055,108
Administrative	32,416,828	32,495,114
Total operating expenses	<u>118,307,609</u>	<u>88,811,377</u>
Operating (loss) income	<u>(57,935,052)</u>	<u>7,098,577</u>
Nonoperating revenues (expenses):		
Investment income, net	5,290,437	8,586,537
Interest expense	(47,931,364)	(9,283,271)
Passenger facility charges	9,828,383	27,710,457
Customer facility charges	8,405,392	17,597,150
Cost of issuance of bonds	(133,141)	(708,412)
Terminal transportation costs	(5,015,217)	(3,573,294)
Federal grants - COVID-19 related	41,677,226	-
Other, net	(621,856)	(2,107,043)
Total nonoperating (expenses) revenues, net	<u>11,499,860</u>	<u>38,222,124</u>
Change in net position before capital contributions	<u>(46,435,192)</u>	<u>45,320,701</u>
Capital contributions (note 8)	12,552,069	21,191,168
Change in net position	<u>(33,883,123)</u>	<u>66,511,869</u>
Net position, beginning of year	<u>624,102,692</u>	<u>557,590,823</u>
Total net position, end of year	<u>\$ 590,219,569</u>	<u>\$ 624,102,692</u>

See accompanying notes to financial statements.



**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)  
Statements of Cash Flows  
Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from customers	\$ 67,059,260	\$ 83,410,699
Cash paid to suppliers for goods and services	(48,591,652)	(34,727,062)
Cash paid to employees and on behalf of employees for services	(19,792,010)	(16,926,732)
Net cash (used in) provided by operating activities	<u>(1,324,402)</u>	<u>31,756,905</u>
Cash flow from noncapital financing activities:		
Sales tax receipts	541,798	1,174,080
Operating grants and reimbursements from other governments	42,815,602	2,697,016
Advance to related facility management company	-	(83,345)
Other payments	(8,265,214)	(9,529,468)
Net cash provided by (used in) noncapital financing activities	<u>35,092,186</u>	<u>(5,741,717)</u>
Cash flows from capital and related financing activities:		
Passenger facility charges collected	12,035,240	27,969,290
Customer facility charges collected	9,446,999	18,082,092
Acquisition and construction of capital assets	(46,836,238)	(156,101,007)
Capital grants received	4,931,636	21,273,763
Issuance of revenue bonds	974,474	28,024,349
Principal paid on loan and revenue bond maturities	(25,473,797)	(68,625,000)
Interest paid on bonds and loans	(47,757,496)	(50,824,134)
Issuance of finance equipment lease purchase agreement	609,024	-
Cost of bond issuance and insurance	(133,141)	(708,412)
Net cash used in capital and related financing activities	<u>(92,203,299)</u>	<u>(180,909,059)</u>
Cash flows from investing activities:		
Sales of investments	537,770,251	747,677,360
Purchases of investments	(492,906,286)	(605,720,318)
Interest and dividends on investments	5,271,856	8,590,667
Net cash provided by investing activities	<u>50,135,821</u>	<u>150,547,709</u>
Net decrease in cash and cash equivalents	(8,299,694)	(4,346,162)
Cash and cash equivalents at beginning of year	19,620,093	23,966,255
Cash and cash equivalents at end of year (note 2)	<u>\$ 11,320,399</u>	<u>\$ 19,620,093</u>
Cash, current unrestricted	\$ 2,167,731	\$ 13,597,421
Cash, current restricted	9,152,668	6,022,672
Cash and cash equivalents at end of year (note 2)	<u>\$ 11,320,399</u>	<u>\$ 19,620,093</u>

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**

(A Proprietary Component Unit of the City of New Orleans)

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of operating (loss) income to net cash provided		
by (used in) operating activities:		
Operating (loss) income	\$ (57,935,052)	\$ 7,098,577
Adjustments to reconcile operating loss to net cash		
provided by operating activities:		
Depreciation	62,093,921	28,844,649
Impairment	-	7,055,108
Deferred outflows of resources		
related to net pension liability	1,411,380	(1,347,718)
Deferred inflows of resources		
related to net pension and total OPEB liability	845,048	1,412,059
Total OPEB liability	1,134,333	1,132,816
Net pension liability	(1,228,369)	819,397
Change in allowance for doubtful accounts	155,249	251,959
Changes in assets and liabilities:		
Accounts receivable	6,531,454	(12,751,214)
Prepaid expenses and deposits	26,880	(77,368)
Accounts payable	(11,841,702)	776,032
Accrued salaries and other compensation	(2,194,419)	1,055,558
Due to City of New Orleans	(323,125)	(2,512,950)
Total adjustments	<u>56,610,650</u>	<u>24,658,328</u>
Net cash (used in) provided by operating activities	\$ <u>(1,324,402)</u>	\$ <u>31,756,905</u>

See accompanying notes to financial statements.

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2020 and 2019

**(1) Summary of Significant Accounting Policies**

**(a) Organization**

The Louis Armstrong New Orleans International Airport (the Airport) is a proprietary fund component unit of the City of New Orleans, Louisiana. The New Orleans Aviation Board (the Board) was established in 1943 to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City of New Orleans with approval of the New Orleans City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member.

The accompanying policies of the Airport conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to proprietary component units of governmental entities.

In November 2019, the New Orleans Aviation Board opened the new Louis Armstrong New Orleans International Airport terminal. All 16 commercial airlines at the Airport now operate from the new terminal located at 1 Terminal Drive, Kenner, LA. The new Airport is an approximately 972,000 square-foot terminal featuring three concourses, 35 gates, two new parking garages, a surface parking lot next to the terminal and a remote economy garage with shuttle service. It was built with the passenger experience in mind, and contains state-of-the-art elements such as an efficient inline baggage screening system and a consolidated checkpoint through which all passengers will have access to more than 40 different food and retail concessions once beyond security.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global health pandemic and recommended containment and mitigation measures worldwide. Subsequent to that date, the Mayor of the City of New Orleans ordered citizens and businesses to follow specific measures designed to slow the spread of the virus. As a result, the Airport experienced a significant decrease in operations from a decline in passenger travel and Airline services. The Airport went through a process of budget revisions for the 2020 budget, making reductions in non-essential items that do not compromise safety, security, critical operations, and customer service. In addition, the Airport received additional federal funding under the provisions of the CARES Act to support critical operations, including workforce retention and debt service. At this time, we cannot reasonably predict the extent to which the disruption may continue to impact business operations or financial position over the long term.

**(b) Basis of Presentation**

Proprietary fund accounting is used for the Airport's ongoing operations and activities which are similar to those often found in the private sector. Proprietary funds are accounted for using the economic resources measurement focus. The Airport is a proprietary component unit and accounts for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2020 and 2019

The principal operating revenues of the Airport are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, customer facility charges, federal and state grants, and other revenues not related to the operations of the Airport are non-operating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are non-operating expenses.

**(c) Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred. Revenues from landing and airfield fees, terminal building, rental building, and leased areas are reported as operating revenues. Expenses from employee wages and benefits, purchase of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses. Transactions, which are capital, financing, or investing related, are reported as non-operating revenues. Interest expense and financing costs are reported as non-operating expenses.

**(d) Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(e) Allowance for Uncollectible Accounts Receivable**

An allowance for estimated uncollectible accounts receivable is established at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The Airport estimates the allowance balance based on specific identification of at-risk receivables.

**(f) Investments**

Investments are carried at fair value in the financial statements. Unrealized gains and losses on investments are reflected in the Statements of Revenues, Expenses, and Changes in Net Position. Short-term and money market investments with a maturity of one year or less and investments in an external investment pool are reported at net asset value (NAV) or amortized cost.

**(g) Capital Assets**

Capital assets are carried at cost. An item is classified as an asset if the initial, individual cost is \$5,000 or greater. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. In situations involving the construction of certain assets financed with the proceeds of tax-exempt borrowings, interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining the amount of interest to be capitalized. Capitalized interest, net totaled \$0 in 2020 and \$41,664,579 in 2019. Capitalized interest was \$0 in 2020 due to the implementation of GASB Statement No. 89 in 2020.

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2020 and 2019

GASB Statement No. 51 Accounting and Financial Reporting for Intangible Assets provides that if there are no factors that limit the useful life of an intangible asset, the intangible asset is considered to have an indefinite useful life and should not be amortized. Certain air rights qualify as intangible assets as defined in GASB 51.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method commencing with the date of acquisition or, in the case of assets constructed, the date placed into service.

The estimated useful lives by major classification are as follows:

	<b>Estimated useful lives (years)</b>
Fuel farm	27
Land improvements	10 – 25
Buildings and furnishings	3 – 25
Equipment	3 – 15
Utilities	5 – 25
Heliport	5 – 15

**(h) Due from/Due to the City of New Orleans**

Amounts recorded as due from and due to the City of New Orleans primarily relate to amounts paid by the City on behalf of the Airport. In addition, the City provides certain administrative services to the Airport. The cost of such services was \$1,753,520 for the years ended December 31, 2020 and 2019, and is recorded in administrative expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

**(i) Restricted Assets**

Restricted assets include investments required to be maintained for debt service, capital additions and contingencies, operations and maintenance, and escrow under the indentures of the revenue and refunding bonds, as well as investments to be used for the construction of capital improvements. Restricted assets also include receivables related to customer facility charges.

**(j) Long-term Debt**

Long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs, excluding any prepaid bond insurance, are reported as expense in the year of debt issuance. Bonded debt premiums, discounts, and gains (loss) or refunding are deferred and amortized over the life of the bonds using the effective interest method. Bond payable is reported net of the applicable bond premium or discount. Gains (losses) on refunding are reported as deferred outflows/inflows of resources.

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Proprietary Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2020 and 2019

In conjunction with bonds issued in 2018 and 2015, insurance was purchased which guarantees the payment of bond principal and interest and expires with the final principal and interest payment on the bonds. The insurance costs were capitalized at the dates of issuance and are being amortized over the life of the bonds.

**(k) Revenue Recognition**

Landing and airfield fees, terminal building, rental building, and leased areas rentals are recorded as revenues during the year in which earned. All signatory airlines pay signatory airline rates and charges according to the 2016 use and lease agreement. The final rates for 2020 and 2019 are as follows:

	2020	2019
Terminal building rental rates (per sq. ft.)	\$ 112.86	\$ 101.92
Landing fee rate (per 1,000 lbs.)	1.81	1.30
Apron use fee rate (per sq. ft.)	1.14	1.68
Loading bridge use fee (per bridge)	-	4,523
Enplaned passenger use fee (per passenger)	10.74	6.84

Under the terms of the agreement, these rates are subject to a year-end settlement. The Airport is required to use its best efforts such that within the later of (i) one hundred twenty (120) days following the close of each fiscal year or (ii) within sixty (60) days of receipt of audited financial statements, rates for rentals, fees, and charges for the preceding fiscal year shall be recalculated using available financial data and the methods. For the fiscal years ended December 31, 2020 and 2019, the Airport's final rate structure varied from the rates in effect during the year. The loading bridge use fee ended in 2019.

**(l) Passenger Facility Charges**

On June 1, 1993, the Airport began imposing, upon approval of the Federal Aviation Administration (the FAA), a \$3.00 Passenger Facility Charge (PFC) on each passenger enplaned at the Airport. On April 1, 2002, the FAA approved an increase in the amount of this fee to \$4.50. As of December 31, 2020, the Airport is authorized to collect up to \$965,553,986 of PFC revenue of which \$469,509,709 has been collected. As of December 31, 2020, the legal expiration date and projected expiration date on PFC revenue collection is August 1, 2034 and August 1, 2033, respectively.

During 2019, the Series 2010 PFC Bonds were fully refunded by the Series 2019 GARB Bonds. Following the defeasance of the Series 2010 Bonds, no other PFC bonds are outstanding under the PFC Indenture. The Aviation Board has covenanted and agreed that no additional PFC bonds will be issued under the PFC Indenture; however, the PFC Indenture will not be cancelled or discharged, but will remain intact to receive all PFC's for deposit to the funds established within the PFC Indenture. PFC revenues will be used to fund the local share of various near-term infrastructure improvements, and to pay debt service on the PFC eligible portion of the Series 2015, 2017, and 2019 Bonds.

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***(m) Customer Facility Charges***

On November 1, 2008, the Airport began imposing a \$5.50 Customer Facility Charge (CFC) on a per transaction day basis to all the On-Airport Rental Car Companies. On May 13, 2009, the Board approved an increase in the CFC charge to \$6.20 which became effective June 1, 2009. On May 19, 2016, the Board approved an increase from \$6.20 to \$7.95 which became effective July 1, 2016. CFC revenues are pledged to secure the Series 2018 Gulf Opportunity Zone CFC Revenue Refunding Bonds, which were issued to refund the Series 2009 Gulf Opportunity Zone CFC Revenue Bonds, which were originally issued to fund construction of the Consolidated Rental Car Facility (CONRAC) garage.

***(n) Federal Financial Assistance***

The Airport receives financial assistance for costs of construction and improvements to airport facilities through grants from the FAA. The Airport is on the reimbursement basis for funds received for financial assistance.

***(o) Vacation and Sick Leave***

All full-time classified employees of the Airport hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45 days annual leave and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Upon termination of employment, an employee is paid for their accrued annual leave based on their current hourly rate of pay and for their accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting their accrued annual and sick leave to additional pension credits. Annual leave and sick leave liabilities are accrued when incurred.

***(p) Statements of Cash Flows***

For purposes of the statements of cash flows, cash and cash equivalents include unrestricted and restricted cash, consisting primarily of cash in banks and on deposit.

***(q) Net Position***

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and decreased by deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

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Restricted net position reflects net position when there are limitations imposed on a net position's use by external parties such as creditors, grantors, laws, or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. The government's policy is to consider restricted net position to have been depleted before unrestricted net position is applied when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Unrestricted net position is the balance of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

**(r) *Deferred Outflows/Inflows of Resources***

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The deferred charge on refunding reported on the statements of net position results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows and outflows have been recognized for the net difference between the projected and actual experience and changes in assumptions related to the OPEB liability. This amount is deferred and amortized over a period of twelve years. In addition, deferred inflows and outflows have been recognized for the differences between the actuarial expectation and the actual economic experience, net difference between projected and actual earnings on pension plan investments, changes in assumptions, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. See Note 10 for additional information on deferred inflows and outflows related to the pension plan.

Deferred inflows for a service concession arrangement have been recognized for the amount of cumulative construction costs and amortized. See note 15 for additional information.

**(s) *Pension***

The Airport funds all or part of the accrued pension cost, depending on the resources that are available at the time of contribution, for its contributory pension plan which covers substantially all employees. Annual costs are actuarially computed using the entry age normal cost method.

**(t) *Reclassifications***

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. This reclassification had no effect on previously reported change in net position.



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**(2) Cash and Investments**

Included in the Airport's cash balances are amounts deposited with commercial banks in interest bearing and noninterest bearing demand accounts. The commercial bank balances of cash and cash equivalents total \$2,520,781 and \$14,440,725 at December 31, 2020 and 2019, respectively. The commercial bank balances are entirely insured by federal depository insurance or by collateral held by the financial institution in the Airport's name.

The Airport is authorized to invest in securities as described in its investment policy, in each bond resolution and state statute. As of December 31, 2020 and 2019, the Airport held the following investments as categorized below:

**Investment Maturities at December 31, 2020**

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1 to 5 Years</u>	<u>Total</u>
U.S. government obligations	\$ 2,283,911	\$ 6,911,318	\$ 9,195,229
U.S. agency obligations	-	14,087,661	14,087,661
Local government investment pool	24,946,743	-	24,946,743
Money market funds	277,850,648	-	277,850,648
	<u>\$ 305,081,302</u>	<u>\$ 20,998,979</u>	<u>\$ 326,080,281</u>

**Investment Maturities at December 31, 2019**

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1 to 5 Years</u>	<u>Total</u>
U.S. government obligations	\$ 5,431,849	\$ 33,688,912	\$ 39,120,761
U.S. agency obligations	4,241,072	3,172,489	7,413,561
Local government investment pool	27,553,824	-	27,553,824
Money market funds	296,856,100	-	296,856,100
	<u>\$ 334,082,845</u>	<u>\$ 36,861,401</u>	<u>\$ 370,944,246</u>

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, investments are generally held to maturity. The Airport's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due.

To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolutions relating to the specific bond issue.

**Credit Risk:** The Airport's general investment policy applies the prudent-person rule:

Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. Airport policy limits investments to the highest credit rating category of Standard & Poor's (S&P). Funds can only be invested in money market funds rated AAAM, AAM, or AAAM-G by S&P.

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In accordance with the Airport's investment policy and bond resolutions, the assets shall be invested in the following:

- Direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States.
- Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America.
- Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored.

**Custodial Credit Risk:** For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Airport will not be able to recover the values of its investments or collateral securities that are in the possession of an outside party. All of the Airport's investments are either held in the name of the Airport or held in trust under the Airport's name.

**Concentration of Credit Risk:** The Airport's investments are not subject to a concentration of credit risk.

**Louisiana Asset Management Pool (LAMP) Investment:** Unrestricted and restricted investments of \$8,441,593 and \$16,505,150, respectively, at December 31, 2020 and \$13,967,316 and \$13,586,508, respectively, at December 31, 2019 are invested in LAMP. LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local Louisiana government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

The following facts are relevant for LAMP:

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable.

For purposes of determining participants' shares, investments are valued at fair value. The fair value of the participant's position is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company.

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An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

**(3) Fair Value Measurement**

A summary of the Airport's investments along with the fair value hierarchy levels of each type of investment is as follows:

	<b>Fair Value Hierarchy</b>			
Total at December 31, 2020	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investment by fair value level:				
U.S. government obligations	\$ 9,195,229	\$ -	\$ 9,195,229	\$ -
U.S. agency obligations	14,087,661	-	14,087,661	-
Total investments at fair value level	23,282,890	\$ -	\$ 23,282,890	\$ -
Investment measured at net asset value (NAV) or amortized cost:				
Money market funds	277,850,648			
LAMP	24,946,743			
Total investments at NAV or amortized cost	302,797,391			
Total investments	\$ 326,080,281			

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	<b>Fair Value Hierarchy</b>			
	Total at December 31, 2019	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by fair value level:				
U.S. government obligations	\$ 39,120,761	\$ -	\$ 39,120,761	\$ -
U.S. agency obligations	<u>7,413,561</u>	<u>-</u>	<u>7,413,561</u>	<u>-</u>
Total investments at fair value level	<u>46,534,322</u>	<u>\$ -</u>	<u>\$ 46,534,322</u>	<u>\$ -</u>
Investment measured at net asset value (NAV) or amortized cost:				
Money market funds	296,856,100			
LAMP	<u>27,553,824</u>			
Total investments at NAV or amortized cost	<u>324,409,924</u>			
Total investments	<u>\$ 370,944,246</u>			

Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

There are no unfunded commitments at December 31, 2020 and 2019.

**(4) Accounts Receivable**

Accounts receivable as of December 31 consist of the following:

	<b>2020</b>	<b>2019</b>
Due from tenants	\$ 5,041,214	\$ 9,603,752
Parking garage	3,371,960	4,491,219
Accrued receivables –		
Airline terminal construction costs	2,300,249	3,379,974
Rent receivable –		
Service concession arrangement	1,844,793	1,821,957
Other	<u>213,618</u>	<u>6,386</u>
	12,771,834	19,303,288
Less: allowance for doubtful accounts	<u>(719,075)</u>	<u>(563,826)</u>
	<u>\$ 12,052,759</u>	<u>\$ 18,739,462</u>

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**(5) Summary of Restricted Assets**

Assets restricted for specific purposes in accordance with bond indentures and other legal restrictions are composed of the following at December 31, 2020 :

	<u>Cash and certificates of deposits</u>	<u>Dreyfus Treasury Prime Cash Management</u>	<u>JPM U.S. Treasury and U.S. money market fund</u>	<u>Customer facility charges receivable</u>	<u>Total</u>
Debt service fund	\$ 6,274,617	\$ 53,672,011	\$ -	\$ -	\$ 59,946,628
Debt service reserve fund	387,300	3,096,809	91,437,135	-	94,921,244
Capitalized interest	44	-	151	-	195
Coverage account	-	1,898,623	-	-	1,898,623
Operations and maintenance reserve fund	-	9,400,035	-	-	9,400,035
Capital improvement fund	(19,232)	79,088,054	-	-	79,068,822
GARB restricted	2,030,698	6,999,908	-	-	9,030,606
Receipts fund	89,952	1,143,489	-	-	1,233,441
Rollover fund	-	16,505,151	-	-	16,505,151
PFC collect	247,956	-	-	-	247,956
CFC collect	141,335	27,818,008	-	-	27,959,343
Bond costs	-	257,033	-	-	257,033
Parking Facility Reserve	-	-	1,152,741	-	1,152,741
Receivables	-	-	-	996,137	996,137
Total	\$ <u>9,152,670</u>	\$ <u>199,879,121</u>	\$ <u>92,590,027</u>	\$ <u>996,137</u>	\$ <u>302,617,955</u>

Assets restricted for specific purposes in accordance with bond indentures and other legal restrictions are composed of the following at December 31, 2019:

	<u>Cash and certificates of deposits</u>	<u>Dreyfus Treasury Prime Cash Management</u>	<u>JPM U.S. Treasury and U.S. money market fund</u>	<u>Customer facility charges receivable</u>	<u>Total</u>
Debt service fund	\$ 98,295	\$ 53,086,278	\$ -	\$ -	\$ 53,184,573
Debt service reserve fund	477,047	12,556,128	82,275,715	-	95,308,890
Capitalized interest	2,581	786,504	-	-	789,085
Coverage account	-	1,985,016	-	-	1,985,016
Operations and maintenance reserve fund	-	9,355,273	-	-	9,355,273
Capital improvement fund	66,451	97,201,829	-	-	97,268,280
GARB restricted	4,188,147	9,606,261	-	-	13,794,408
Receipts fund	276,464	622,698	-	-	899,162
Rollover fund	-	13,586,508	-	-	13,586,508
PFC collect	649,288	-	-	-	649,288
CFC collect	264,399	26,913,300	-	-	27,177,699
Bond costs	-	4,660,078	-	-	4,660,078
Parking Facility Reserve	-	-	1,147,152	-	1,147,152
Receivables	-	-	-	2,037,744	2,037,744
Total	\$ <u>6,022,672</u>	\$ <u>230,359,873</u>	\$ <u>83,422,867</u>	\$ <u>2,037,744</u>	\$ <u>321,843,156</u>

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**(6) Capital Assets**

Capital assets include assets acquired with the Airport's own funds, those acquired through resources externally restricted for capital acquisition, and those capitalized due to a service concession arrangement. A summary of changes in capital assets for the years ended December 31, 2020 and 2019 is as follows:

	<b>Balance December 31, 2019</b>	<b>Additions during year</b>	<b>Deletions/ transfers during year</b>	<b>Balance December 31, 2020</b>
Capital assets not being depreciated:				
Land	\$ 78,030,507	\$ 107,852	\$ -	\$ 78,138,359
Air rights	22,282,449	-	-	22,282,449
Construction in progress	24,851,340	37,235,710	(42,710,666)	19,376,384
Total capital assets not being depreciated	<u>125,164,296</u>	<u>37,343,562</u>	<u>(42,710,666)</u>	<u>119,797,192</u>
Capital assets being depreciated:				
Land improvements	505,451,404	-	-	505,451,404
Buildings and furnishings	1,596,090,863	41,213,486	-	1,637,304,349
Equipment	10,983,331	314,724	-	11,298,055
Computers	1,534,986	-	-	1,534,986
Utilities	57,029,410	-	-	57,029,410
Heliport	3,074,179	-	-	3,074,179
HP Finance Lease	-	727,593	-	727,593
Fuel tank farm	39,118,194	-	-	39,118,194
Total capital assets being depreciated	<u>2,213,282,367</u>	<u>42,255,803</u>	<u>-</u>	<u>2,255,538,170</u>
Total capital assets	<u>2,338,446,663</u>	<u>79,599,365</u>	<u>(42,710,666)</u>	<u>2,375,335,362</u>
Less accumulated depreciation:				
Land improvements	358,599,249	13,184,469	-	371,783,718
Buildings and furnishings	382,099,365	45,031,411	-	427,130,776
Equipment	8,988,305	418,807	-	9,407,112
Computers	1,190,583	138,718	-	1,329,301
Utilities	16,748,013	2,316,549	-	19,064,562
Heliport	3,074,179	-	-	3,074,179
HP Finance Lease	-	22,048	-	22,048
Fuel tank farm	81,496	981,918	-	1,063,414
Total accumulated depreciation	<u>770,781,190</u>	<u>62,093,921</u>	<u>-</u>	<u>832,875,110</u>
Total capital assets, net	<u>\$ 1,567,665,473</u>	<u>\$ 17,505,444</u>	<u>\$ (42,710,666)</u>	<u>\$ 1,542,460,252</u>

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	<b>Balance December 31, 2018</b>	<b>Additions during year</b>	<b>Deletions/ transfers during year</b>	<b>Balance December 31, 2019</b>
Capital assets not being depreciated:				
Land	\$ 77,979,721	\$ 50,786	\$ -	\$ 78,030,507
Air rights	22,282,449	-	-	22,282,449
Construction in progress	1,034,708,911	182,510,083	(1,192,367,654)	24,851,340
Total capital assets not being depreciated	1,134,971,081	182,560,869	(1,192,367,654)	125,164,296
Capital assets being depreciated:				
Land improvements	505,321,935	129,469	-	505,451,404
Buildings and furnishings	420,968,358	1,182,177,613	(7,055,108)	1,596,090,863
Equipment	10,764,260	219,071	-	10,983,331
Computers	1,359,362	175,624	-	1,534,986
Utilities	53,412,775	3,616,635	-	57,029,410
Heliport	3,074,179	-	-	3,074,179
Fuel Tank Farm	-	39,118,194	-	39,118,194
Total capital assets being depreciated	994,900,869	1,225,436,606	(7,055,108)	2,213,282,367
Total capital assets	2,129,871,950	1,407,997,475	(1,199,422,762)	2,338,446,663
Less accumulated depreciation:				
Land improvements	342,539,160	16,060,089	-	358,599,249
Buildings and furnishings	372,107,324	9,992,041	-	382,099,365
Equipment	8,586,922	401,383	-	8,988,305
Computers	1,045,648	144,935	-	1,190,583
Utilities	14,583,305	2,164,708	-	16,748,013
Heliport	3,074,179	-	-	3,074,179
Fuel Tank Farm	-	81,496	-	81,496
Total accumulated depreciation	741,936,538	28,844,652	-	770,781,190
Total capital assets, net	\$ 1,387,935,412	\$ 1,379,152,823	\$ (1,199,422,762)	\$ 1,567,665,473

For the year ended December 31, 2019, an impairment expense of \$7,055,108 was recorded which relates to South Terminal assets that were considered impaired due to the opening of the North Terminal in 2019. There were no impairments recorded for the year ended December 31, 2020.

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Construction in progress is composed of the following at December 31, 2020:

<u>Description</u>	<u>December 31, 2020</u>	<u>Remaining Commitments at 2020</u>
Airfield Lighting Vault	\$ 30,661	\$ -
Airside Development	9,985,585	55,490,418
Landside Development	254,039	-
New Terminal Development	153,158	280,620
Miscellaneous Projects	6,296,785	615,132
Roadways Development	1,940,845	-
Southside Redevelopment	715,311	9,000,000
<b>Total</b>	<b>\$ 19,376,384</b>	<b>\$ 65,386,170</b>

**(7) Long-term Debt**

Long-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

<u>Long-Term Debt</u>	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2020</u>	<u>Principal due within one year</u>
<u>Bonds Payable:</u>					
Series 2015A Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2045 at 5.0% final maturity	\$ 54,590,000	\$ -	\$ -	\$ 54,590,000	\$ -
Series 2015B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2045 at 5.0% final maturity	510,735,000	-	-	510,735,000	-
Series 2017A Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	100,010,000	-	(1,485,000)	98,525,000	1,190,000
Series 2017B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	219,390,000	-	(3,295,000)	216,095,000	2,635,000
Series 2017C Revenue Refunding Bonds (North Terminal Project), variable interest rate between 2.227% and 2.949%; January 1, 2023 at 2.949% final maturity	46,995,000	-	(11,335,000)	35,660,000	11,595,000



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	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2020</u>	<u>Principal due within one year</u>
<u>Bonds Payable, (continued):</u>					
Series 2017D-1 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2020 at 5.0% final maturity	2,535,000	-	(2,535,000)	-	-
Series 2017D-2 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	48,000,000	-	(1,570,000)	46,430,000	1,650,000
Series 2018 Go Zone CFC Bonds Revenue Refunding Bonds, fixed interest rate ranging from 4% - 5% ; January 1, 2040	82,565,000	-	-	82,565,000	-
Series 2019 GO ZONE Revenue Bonds, fixed interest rate, January 1, 2041 at 5% final maturity	<u>23,800,000</u>	<u>-</u>	<u>-</u>	<u>23,800,000</u>	<u>670,000</u>
	\$ 1,088,620,000	\$ -	\$ (20,220,000)	\$ 1,068,400,000	\$ 17,740,000
Unamortized discount on bonds	(312,460)	-	23,055	(289,407)	-
Unamortized premium on bonds	<u>94,799,991</u>	<u>-</u>	<u>(5,395,421)</u>	<u>89,404,572</u>	<u>-</u>
	<u>1,183,107,531</u>	<u>-</u>	<u>(25,592,366)</u>	<u>1,157,515,165</u>	<u>17,740,000</u>
<u>Loans Payable:</u>					
2017 Revenue Interim Drawdown Note; variable interest rate of 65.001% of one- month ICE LIBOR plus 0.79% final maturity of October 1, 2022	<u>59,046,526</u>	<u>974,474</u>	<u>-</u>	<u>60,021,000</u>	<u>-</u>
	<u>59,046,526</u>	<u>974,474</u>	<u>-</u>	<u>60,021,000</u>	<u>-</u>
	<u>\$ 1,242,154,057</u>	<u>\$ 974,474</u>	<u>\$ (25,592,366)</u>	<u>\$ 1,217,536,165</u>	<u>\$ 17,740,000</u>

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<u>Long-Term Debt</u>	<u>Balance December 31, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2019</u>	<u>Principal due within one year</u>
<u>Bonds Payable:</u>					
Series 2009A-2 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	\$ 2,670,000	\$ -	\$ (2,670,000)	\$ -	-
Series 2010A GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2041 at 4.25% final maturity	52,355,000	-	(52,355,000)	-	-
Series 2010B GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2038 at 5.125% final maturity	1,285,000	-	(1,285,000)	-	-
Series 2015A Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2045 at 5.0% final maturity	54,590,000	-	-	54,590,000	-
Series 2015B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2045 at 5.0% final maturity	510,735,000	-	-	510,735,000	-
Series 2009A-2 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	2,670,000	-	(2,670,000)	-	-
Series 2010A GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2041 at 4.25% final maturity	52,355,000	-	(52,355,000)	-	-
Series 2017A Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	100,010,000	-	-	100,010,000	1,485,000
Series 2017B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	219,390,000	-	-	219,390,000	3,295,000
Series 2017C Revenue Refunding Bonds (North Terminal Project), variable interest rate between 2.227% and 2.949%; January 1, 2023 at 2.949% final maturity	46,995,000	-	-	46,995,000	11,335,000
Series 2017D-1 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2020 at 5.0% final maturity	4,150,000	-	(1,615,000)	2,535,000	2,535,000

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<u>Bonds Payable (continued):</u>	<b>Balance December 31, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2019</b>	<b>Principal due within one year</b>
	\$ 1,133,445,000	\$ 23,800,000	\$ (68,628,000)	\$ 1,088,620,000	\$ 20,220,000
Unamortized discount on bonds	(750,984)	26,961	411,563	(312,460)	-
Unamortized premium on bonds	<u>95,803,261</u>	<u>4,246,848</u>	<u>(5,250,118)</u>	<u>94,799,991</u>	<u>-</u>
	<u>1,228,497,277</u>	<u>28,073,809</u>	<u>(73,463,555)</u>	<u>1,183,107,531</u>	<u>20,220,000</u>
<u>Loans Payable:</u>					
2017 Revenue Interim Drawdown Note; variable interest rate of 65.001% of one-month ICE LIBOR plus 0.79% final maturity of October 1, 2022	<u>54,822,177</u>	<u>4,224,349</u>	<u>-</u>	<u>59,046,526</u>	<u>-</u>
	<u>54,822,177</u>	<u>4,224,349</u>	<u>-</u>	<u>59,046,526</u>	<u>-</u>
	<u>\$ 1,283,319,454</u>	<u>\$ 32,298,158</u>	<u>\$ (73,463,555)</u>	<u>\$ 1,242,154,057</u>	<u>\$ 20,220,000</u>

Debt service requirements to maturity for all outstanding bonds and loans are as follows:

	<b>Interest</b>	<b>Principal</b>	<b>Total</b>
<b>Bonds Payable:</b>			
December 31:			
2021	\$ 51,860,637	\$ 17,740,000	\$ 69,600,637
2022	52,064,047	78,356,000	130,420,048
2023	50,242,875	30,215,000	80,457,875
2024	47,452,413	18,695,000	66,147,413
2025	48,396,075	21,010,000	69,406,075
2026-2030	223,584,875	133,990,000	357,574,875
2031-2035	184,695,875	171,025,000	355,720,875
2036-2040	135,651,363	237,720,000	373,371,363
2041-2045	72,805,102	227,585,000	300,390,102
2046-2050	<u>14,718,625</u>	<u>192,085,000</u>	<u>206,803,625</u>
	<u>\$ 881,471,887</u>	<u>\$ 1,128,421,000</u>	<u>\$ 2,009,892,888</u>

In 2019, the Airport issued \$23,800,000 of New Orleans Aviation Board Gulf Opportunity Zone General Airport Revenue Refunding Bonds, Series 2019 with an original issue premium of \$4,246,849. The purpose of the issue was to advance refund a portion of the outstanding balance of the Gulf Opportunity Zone PFC Revenue Bonds, Series 2010A in the amount of \$52,355,000, and \$1,285,000 for the Series 2010B. The Airport had a PFC cash contribution in the amount of \$1,181,119. The refunding was entered into for the reason of future interest savings. As a result of the advance refunding, gross debt service payments through January 1, 2041 for the Series 2010A were reduced by \$49,034,914 with an estimated economic gain of \$14,006,686. Gross debt service payments through January 1, 2038 for the Series 2010B were reduced by \$2,470,413 with an estimated economic gain of \$566,648. The deferred loss on defeasance in the amount of \$392,855 will be amortized over the shorter of the life of the refunded or refunding bonds. The unamortized loss is included in deferred loss on advance refunding on the statements of net position.

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**(8) Capital Contributions**

Capital contributions recorded by the Airport represent amounts received from the federal government to finance the cost of construction of airport facilities. During the year ended December 31, 2020, the Federal Aviation Administration (FAA) contributed \$6,411,352, the Aviation Trust Fund (ATF) contributed \$901,161, and the Transportation Security Administration (TSA) contributed \$32,997. The Airport also received \$5,206,351 from the Department of Transportation and Development (DOTD) in 2020. During the year ended December 31, 2019, the FAA contributed \$16,314,810, the ATF contributed \$4,371,451, and the TSA contributed \$504,907.

**(9) Pension Plan**

**Plan Descriptions**

Employees and officers of the Airport are eligible for membership in the Employees' Retirement System of the City of New Orleans (the Plan), a defined benefit retirement plan. A separate financial report on the Plan for the years ended December 31, 2020 and 2019 are available from the City of New Orleans Director of Finance, 1300 Perdido Street, Room 1E12, New Orleans, Louisiana 70112, (504) 658-1850.

The Plan is a defined benefit pension plan established under the laws of the State of Louisiana. The City Charter provided that the Retirement Ordinance (Chapter 114 of the Code) continues to govern and control the Retirement System under the management of the Board of Trustees (the Board), and also for changes in the Retirement System by council action, subject to certain limitations for the purpose of providing retirement allowances, death, and disability benefits to all officers and employees of the parish, except those officers and employees who are already or may hereafter be included in the benefits of any other pension or retirement system of the city, the state or any political subdivision of the state.

The Plan became operative on July 1, 1947. It is supported by joint contributions of the Airport and employee members and income from investments. The Airport makes contributions for members during active service as well as for periods of service of members employed prior to July 1, 1947. In this way, reserves are accumulated from the Airport and employee contributions.

The general administration and the responsibility for the proper operation of the Retirement System and for making effective the provisions of the Retirement Ordinance are vested in the Board of Trustees of the Retirement System.

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Funding Policy

*Employee Contributions*

The effective rate for employee contributions is 6% for 2019 and 2020.

*Employer Contributions*

A certain percentage of earnable compensation of each member, known as "normal contributions," determined on the basis of regular interest and mortality tables adopted by the Board, and additional percentage of earnable compensation, known as "Accrued Liability contributions," determined by an actuary on the basis of the amortization period adopted by the Board of Trustees from time to time. Actual contributions by the Airport were approximately 25.0% and 23.0% of covered payroll for the years ended December 31, 2020 and 2019, respectively.

Benefits Provided

*Retirement*

Under the System, employees with 30 years of service, or who attain age 60 with 10 years of service, or age 65 and 5 years of service are entitled to a retirement allowance. Effective January 1, 2002, any member whose age and service total 80 may retire with no age reduction. The benefits to retirees consist of the following:

1. An annuity, which is the actuarial equivalent of the employee's accumulated contribution; plus
2. Effective for members retiring on or after January 1, 2002, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2.5% of average compensation times first 25 years, plus 4% of average compensation times creditable service over 25 years.
3. Effective for members retiring before 2002, but on or after January 1, 1983, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2% of average compensation times first 10 years, plus 2 1/2% of average compensation times next 10 years, plus 3% of average compensation times next 10 years, plus 4% of average compensation times creditable service over 30 years.
4. Effective January 1, 1983, additional pension equal to 2% of \$1,200 times first 10 years, plus 2 1/2% of \$1,200 times next 10 years, plus 3% of \$1,200 times next 10 years, plus 4% of \$1,200 times service over 30 years. Ceases at 62 or at eligibility for Social Security, whichever comes first. Effective January 1, 2002, the \$1,200 exclusion will not apply.
5. Additional pension for member who reaches age 65 with 20 or more years and the retirement allowance under (1) and (2) above is less than \$1,200 per year; to produce total retirement allowance of \$1,200 per year.

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6. Effective January 1, 1982, for service retirement prior to age 62 with less than 30 years of Service, (3) and (4) above are reduced by 3% for each year below 62. However, effective January 1, 1996, this reduction is not made if employee has at least 30 years of service. Effective January 1, 2002, no reduction if age and service total at least 80.
7. Maximum Benefit: Benefit not to be greater than 100% of average compensation, unless member has already accrued a larger benefit as of April 1978.
8. Minimum Benefit: Effective June 1, 1999, benefit of \$300 per month for retirees with 10 years of service at retirement.
9. Form of Benefit: Modified cash refund annuity - If a member dies after retirement and before receiving the amount of his accumulated contributions in annuity payments, then the lump sum balance of his contributions is paid to beneficiary.
10. Cost-of-Living: Board of Trustees retains excess over average 3 1/2% interest earnings to provide Cost-of-Living increases in benefits to retirees (past or future) not to exceed 3% of original benefit per each year of retirement. Effective January 1, 2001, additional one-time increase of 1 % times member's or beneficiary's current monthly benefit times whole calendar years from date benefit commenced.

Deferred Retirement Option Program (DROP)

Effective January 1, 1994, any member who is eligible for a service retirement under Section 114-201(a) may participate in the DROP program. A member can participate for up to five years. When a member joins the DROP, he stops contributing to and earning benefits in the system. Employer contributions also stop. His retirement benefit begins being paid into his DROP account.

1. Interest is earned on the DROP account at an annual rate set by the Board. Members of the DROP receive cost-of-living increases, as if they would have received such raises as a retiree.
2. Upon termination of employment at the end of the specified period of DROP participation, the DROP account is paid out. After his DROP period ends and upon continued or re-employment, the member may resume contributions and earn a supplemental benefit based on current covered compensation.
3. If at the end of a members' period of DROP participation he does not terminate employment, payments into DROP shall cease and no further interest shall be earned or credited to the account. Payments shall not be made until employment is terminated

Net Pension Liability

The Airport's Net Pension Liability of \$21,480,263 and \$22,708,632 were measured as of December 31, 2020 and 2019. The Total Pension Liability used to calculate the Net Pension Liability was also determined as of that date.

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The following schedule lists the Airport's proportionate share of the Net Pension Liability allocated by the pension plan for based on the December 31, 2020 measurement date. The Airport uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2020 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at December 31, 2020 along with the change compared to the December 31, 2019 rate. The Airport's proportion of the Net Pension Liability was based on a projection of the City of New Orleans' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at December 31, 2020	Allocation Rate at December 31, 2020	Increase (Decrease) to December 31, 2019 Rate
Employees' Retirement System of the City of New Orleans	\$ 21,480,263	7.5185%	0.0528%
	Net Pension Liability at December 31, 2019	Allocation Rate at December 31, 2019	Increase (Decrease) to December 31, 2018 Rate
Employees' Retirement System of the City of New Orleans	\$ 22,708,632	7.4657%	(0.0149%)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the years ended December 31, 2020 and 2019, the Airport recognized a pension expense of \$4,530,593 and \$4,656,586, respectively, in payroll related expense on the statements of revenues, expenses, and changes in net position.

On December 31, 2020 and 2019, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,271,788	\$ 754,774
Net difference between projected and actual earnings on pension plan investments	-	1,933,399
Changes of assumptions	2,664,180	238,320
Changes in proportion and differences between employer contributions and proportionate share of contributions	885,250	714,814
Total	\$ 6,821,218	\$ 3,641,307

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	December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,739,311	\$ 1,167,796
Net difference between projected and actual earnings on pension plan investments	4,064,708	656,851
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,363,095	926,526
<b>Total</b>	<b>\$ 9,167,114</b>	<b>\$ 2,751,173</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	2,139,212
2022	1,636,670
2023	(223,549)
2024	(372,422)
	<b>\$ 3,179,911</b>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions:

	Employees' Retirement System
<b>Valuation date</b>	December 31, 2020
<b>Actuary cost method</b>	Entry age normal
<b>Actuarial assumptions:</b>	
<b>Expected remaining service live</b>	4 years
<b>Investment rate of return</b>	7.25%, net of investment expense, including inflation
<b>Inflation rate</b>	2.50%
<b>Mortality</b>	PubG-2010 for healthy lives and PubNS-2019 Disabled Retiree for disabled lives
<b>Salary increases</b>	Age-based annual rates ranging from 10% to 3.2%
<b>Cost of living adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.



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The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions:

	Employees' Retirement System
<b>Valuation date</b>	December 31, 2019
<b>Actuary cost method</b>	Entry age normal
<b>Actuarial assumptions:</b>	
<b>Expected remaining service live</b>	8 years
<b>Investment rate of return</b>	7.50%, net of investment expense, including inflation
<b>Inflation rate</b>	2.50%
<b>Mortality</b>	RP 2000 Group Annuity Mortality Table
<b>Salary increases</b>	5.00%
<b>Cost of living adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are development for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Trust Fund's current and expected asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term expected portfolio real rate of return
Cash equivalents	2.00%	-0.20%
Equity securities	56.50%	13.85%
Fixed income	22.00%	0.65%
Real Estate	5.00%	3.65%
Other alternative investments	14.50%	13.00%
Inflation		
Expected arithmetic nominal rate		

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Discount Rate

The discount rate used to measure the total pension liability was 7.25% for the Employees' retirement System for 2020 and 7.50% for 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that the plan's contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the Employees' Retirement System pension trust funds' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended December 31, 2020 and 2019, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, was 7.25% and 7.29%, respectively for the Employees' Retirement System.

Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the Airport as of December 31, 2020 using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	6.25%	7.25%	8.25%
December 31, 2020	\$ 27,735,326	\$ 21,480,263	\$ 16,252,904

The table below presents the net pension liability of the Airport as of December 31, 2019 using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	6.50%	7.50%	8.50%
December 31, 2019	\$ 28,662,868	\$ 22,708,632	\$ 17,731,734

Payables to the Plan

The Airport recorded accrued liabilities of \$121,120 and \$425,377 to the Plan for the years ended December 31, 2020 and 2019, respectively, mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables.

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**Schedule of Louis Armstrong New Orleans International Airport's  
Proportionate Share of the Net Pension Liability**

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	<u>2020</u>		<u>2019</u>		<u>2018</u>
Employer's Proportion of the Net Pension Liability (Asset)	7.5185%		7.4657%		7.4806%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 21,480,263	\$	22,708,632	\$	21,889,235
Employer's Covered Payroll	\$ 10,208,620	\$	11,164,015	\$	9,614,757
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	210.41%		203.41%		227.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.72%		57.94%		55.55%

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**(10) Other Post-Employment Benefits**

*Plan description* – The Airport provides certain continuing health care and life insurance benefits for its retired employees through the City of New Orleans. The City of New Orleans's OPEB Plan (the OPEB Plan) is a multi-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust. The OPEB plan does not issue a stand-alone financial report.

*Benefits Provided* – Medical benefits are provided through a self-insured comprehensive health benefit program. Full details are contained in the official plan documents. Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the retirement eligibility provisions of the System by which the employee is covered. Most Airport employees are covered by The Employees' Retirement System of the City of New Orleans (NOMERS). The maximum DROP period is five years. Retirement (DROP entry) eligibility is as follows: the earliest of 30 years of service at any age; age 60 and 10 years of service; age 65 and 20 years of service; or, satisfaction of the "Rule of 80" (age plus service equals or exceeds 80).

*Employees covered by benefit terms* – At December 31, 2020, 170 active employees were covered by the benefit terms. There is a total of 1,764 inactive employees or beneficiaries currently receiving benefit payments under the OPEB plan. These inactive employees are not specifically identified as the Airport's inactive employees.

The Airport's portion of the annual premium base is paid by the City on behalf of the Airport. The contributions by the City for the year ended December 31, 2020 is estimated to be approximately \$405,000. The Airport reimburses the City for the contribution paid by the City.

**Total OPEB Liability**

The Airport's proportional share (3.89%) of the total OPEB liability of \$7,894,160 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020 for the year ended December 31, 2020. The Airport's proportional share (3.89%) of the total OPEB liability of \$6,759,827 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019 for the year ended December 31, 2019. The proportion of the total OPEB liability was based on a percentage of payroll of active employees of the Airport in proportion to total payroll of active employees for all participating employers. There was no change to the Airport's proportionate share since the prior measurement period.

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*Actuarial Assumptions and other inputs* – The total OPEB liability in the December 31, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%, annually
Salary increases	4.0%, including inflation
Discount rate	2.74% annually (Beginning of Year to Determine ADC)
	2.12%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020 and 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

***Changes in the Total OPEB Liability during 2020:***

Balance at December 31, 2019	\$ 6,759,827
Changes for the year:	
Service cost	131,766
Interest	179,669
Differences between expected and actual experience	669,003
Changes in assumptions and other inputs	559,055
Benefit payments and net transfers	(405,160)
Net changes	<u>1,134,333</u>
Balance at December 31, 2020	<u><u>\$ 7,894,160</u></u>

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***Changes in the Total OPEB Liability during 2019:***

Balance at December 31, 2018	\$ 5,627,011
Changes for the year:	
Service cost	80,941
Interest	222,214
Differences between expected and actual experience	203,246
Changes in assumptions and other inputs	1,040,718
Benefit payments and net transfers	(414,293)
Net changes	1,132,816
Balance at December 31, 2019	\$ 6,759,827

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

<b>December 31, 2020</b>	<b>1.0% Decrease (1.12%)</b>	<b>Current Discount Rate (2.12%)</b>	<b>1.0% Increase (3.12%)</b>
Total OPEB liability	\$ 9,540,512	\$ 7,894,160	\$ 6,623,387

<b>December 31, 2019</b>	<b>1.0% Decrease (1.74%)</b>	<b>Current Discount Rate (2.74%)</b>	<b>1.0% Increase (3.74%)</b>
Total OPEB liability	\$ 5,283,565	\$ 6,759,827	\$ 5,786,292

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

<b>December 31, 2020</b>	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 6,783,237	\$ 7,894,160	\$ 9,346,490

<b>December 31, 2019</b>	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 6,099,270	\$ 6,759,827	\$ 8,250,906

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**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2020, the Airport recognized its proportionate share (3.89%) of OPEB expense of \$354,071. At December 31, 2020, the Airport reported proportionate share (3.89%) of deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 732,198	\$ (167,830)
Changes in assumptions	1,357,423	(373,137)
Total	<u>\$2,089,621</u>	<u>\$ (540,967)</u>

For the year ended December 31, 2019, the Airport recognized its proportionate share (3.89%) of OPEB expense of \$346,927. At December 31, 2019, the Airport reported proportionate share (3.89%) of deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,261	\$ (181,818)
Changes in assumptions	965,844	(404,235)
Total	<u>\$1,155,105</u>	<u>\$ (586,053)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	\$ 248,449
2022	248,449
2023	248,449
2024	248,449
2025	248,449
2026 and thereafter	<u>326,409</u>
	<u>\$ 1,548,654</u>

**(11) Rentals under Operating Leases**

The Airport leases space in its terminal to various airlines, concessionaires, and others. These leases are for varying periods ranging from one to ten years and some leases require the payment of minimum annual rentals. On January 1, 2009, an Airline Lease and Use Agreement went into effect with all Signatory airlines paying signatory airlines rates and charges in accordance with the lease agreement.

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The Airport parking garage facility (the “Facility”) was constructed on land leased by a 501(c) 3 nonprofit corporation (the Corporation) from the Airport pursuant to a parking garage ground lease (the “ground lease”) dated January 1, 2001. The 648 acres of property were purchased back in 1941 for \$52,000 and the current carrying value is \$1,192. The commencement date as defined in the ground lease went into effect January 1, 2002, and the ground rental term began. In accordance with the ground lease, the Corporation was required to design, finance, construct, and operate the Facility. The Facility was financed by the Corporation with \$39.4 million of tax-exempt bonds which were refinanced in 2012. The bonds were not an obligation of the Airport. On October 1, 2018, the Corporation executed a loan agreement with the New Orleans Aviation Board (NOAB) (related party) and issued \$80,465,000 of Revenue Bonds and \$28,570,000 of Revenue Refunding Bonds. The 2018 proceeds were used to extinguish the 2012 bonds and construct the new parking garage facility.

A Consolidated Ground Lease which superseded the original lease, was effective October 1, 2018, and shall expire on the later to occur of thirty (30) years from the effective date or the date the Bonds issued to finance the Consolidated Garage System are fully paid and discharged. Under the lease, the Airport receives 100% of net cash flow. For the year ending December 31, 2020, the Corporation’s net cash flows were negative and therefore, no rent amounts were due for the year. In addition, the NOAB has agreed to defer the unpaid rent from the year ending December 31, 2019.

The following is a schedule by year of aggregate future minimum rental payments on noncancelable operating leases as of December 31, 2020:

2021	\$	47,922,500
2022		49,980,713
2023		49,297,615
2024		12,690,381
2025		12,693,681
2026 and thereafter		<u>103,112,532</u>
	\$	<u><u>275,697,422</u></u>

These amounts do not include contingent rentals which may be received under most of the leases; such contingent rentals, including month-to-month concession agreements, amounted to \$2,733,232 in 2020 and \$5,171,538 in 2019.



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**(12) Commitments and Contingencies**

**(a) Self-Insurance**

The Airport is insured for hospitalization and unemployment losses and claims under the City of New Orleans' self-insurance program. The Airport pays premiums to the City of New Orleans' unemployment self-insurance program, and the Airport and its employees pay premiums to the City of New Orleans' hospitalization self-insurance program. Amounts paid to the City by the Airport totaled \$1,728,162 for the years ended December 31, 2020 and 2019.

**(b) Commitments**

In the normal course of business, the Airport enters into various commitments and contingent liabilities, such as construction contracts and service agreements, which are not reflected in the accompanying financial statements.

**(c) Claims and Judgments**

There are several pending lawsuits in which the Airport is involved. Based upon review and evaluation of such lawsuits and the advice of legal counsel, management does not believe that the ultimate outcome of such litigation will be material to the Airport's financial position.

**(d) Federal Financial Assistance**

The Airport participates in a number of federal financial assistance programs. These programs are subject to financial and compliance audits by governmental agencies.

**(13) Finance Leases**

The Airport entered into a lease purchase agreement on August 18, 2020 to lease various equipment items, as defined in the terms of the agreement. Payments began in November 2020 and will continue for 66 months. The economic substance of the lease is that the Airport is financing the acquisition of the assets through the leases; and, accordingly, both a right of use asset and lease liability are recorded in the Airport's statement of net position as of December 31, 2020.

The following is an analysis of the right of use assets included in property and equipment at December 31, 2020:

Equipment	\$	727,593
Less: Accumulated Depreciation		<u>22,048</u>
	\$	<u>705,545</u>

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The following is a schedule by years of future minimum payments required under the lease together with the present value as of December 31:

	2021	\$	118,569
	2022		141,352
	2023		144,998
	2024		148,738
	2025		152,575
	2026		77,772
			784,004
Total Minimum Lease Payments			784,004
Less: Amount Representing Interest			(56,411)
Present Value of Minimum Lease Payments		\$	727,593

**(14) Recently Adopted Accounting Standards**

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement will improve the information that is disclosed in notes of governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement were effective for reporting periods beginning after June 15, 2019. The implementation in 2020 by the Airport did not have a material impact on the Airport's financial statements.

GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. The Statement objectives include (1) enhancing the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplifying accounting for interest costs incurred before the end of a construction period. The requirements of this Statement were effective for reporting periods beginning after December 15, 2020. The Airport implemented this standard in 2020, see Note 1(g).

GASB Statement No. 90, *Majority Equity Interests*. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this statement were effective for reporting periods beginning after December 15, 2019. The implementation in 2020 by the Airport did not have an impact on the Airport's financial statements.

**(15) Recent Accounting Pronouncements, Not Yet Adopted**

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is

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required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This is a significant change in accounting principles and may impact the net position of the Board. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The Airport will implement this guidance in 2022.

GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2021. The Airport will implement this guidance in 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of LIBOR. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The Airport will implement this guidance in 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Airport will implement this guidance in 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Airport will implement this guidance in 2023.

Management is reviewing these pronouncements to assess the financial statement impact.

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**(16) Service Concession Arrangement**

In April 2017, the City of New Orleans and the Airport entered into a 29-year lease with New Orleans Fuel Facilities LLC (NOFF) to lease the fuel system, provide for the continued operations, improvement, maintenance and management of the fuel system, and allow NOFF to make a significant capital investment in and improvement to the fuel system in connection with the Airport's development, construction and operation of the new passenger terminal at the Airport.

The Airport has determined that the cooperative endeavor agreement (CEA) between NOFF and the Airport meets the four criteria of a service concession arrangement (SCA) per GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*". SCAs are defined as a contract between a government and an operator, another government or private entity, in which the operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still retains control over the services provided and the government retains ownership of the assets at the end of the contract.

As part of the lease between the Airport and NOFF, NOFF agreed to pay rent, totaling a minimum of \$3.2 million over the term of the agreement. In addition, any improvements constructed on the leased premises become the property of the Airport upon installation. As of December 31, 2019, \$39,118,194 had been incurred in cumulative construction costs for the Airport Tank Farm and Hydrant System, and this project was substantially completed and operational by November 30, 2019.

During the fiscal year 2019, the Airport recorded a capital asset and deferred inflow of resources for costs incurred by NOFF in the amount of \$38,490,470. During the fiscal year 2020, the Airport recorded depreciation expense in the amount of \$916,712. Revenue is recognized over the course of the agreement. The Airport recorded a rent receivable as of December 31, 2020 for approximately \$1,844,793 for the minimum payments expected to be received over the remaining 27 years of the lease.

**(17) Subsequent Events**

During 2021 the Airport received additional federal funding of approximately \$52 million under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) to support critical operations, including workforce retention and debt service.

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Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability  
Last 10 Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	7.5185%	7.4657%	7.4806%	6.3179%	6.9590%	6.7349%	6.7349%
Employer's proportionate share of the net pension liability	\$ 21,480,263	\$ 22,708,632	\$ 21,889,235	\$ 14,838,531	\$ 17,778,160	\$ 15,058,503	\$ 11,410,715
Employer's covered payroll	\$ 10,208,620	\$ 11,164,015	\$ 9,614,821	\$ 7,632,578	\$ 8,037,960	\$ 7,118,288	\$ 6,549,317
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	210.41%	203.41%	227.66%	194.41%	221.18%	211.55%	174.23%
Plan fiduciary net position as a percentage of the total pension liability	61.72%	57.94%	55.55%	62.22%	58.06%	60.26%	68.64%

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

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Required Supplementary Information

Schedule of Contributions to Defined Benefit Plan  
Last 10 Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,452,177	\$ 2,529,718	\$ 2,095,713	\$ 1,716,570	\$ 1,900,122	\$ 1,511,811	\$ 1,784,790
Contributions in related to the contractually required contributions	<u>(2,522,932)</u>	<u>(2,569,097)</u>	<u>(2,249,395)</u>	<u>(1,761,937)</u>	<u>(1,666,973)</u>	<u>(1,603,282)</u>	<u>(1,533,954)</u>
Contribution deficiency (excess)	<u>\$ (70,755)</u>	<u>\$ (39,379)</u>	<u>\$ (153,682)</u>	<u>\$ (45,367)</u>	<u>\$ 233,149</u>	<u>\$ (91,471)</u>	<u>\$ 250,836</u>
Employers' covered payroll	\$ 10,208,620	\$ 11,164,015	\$ 9,614,821	\$ 7,632,578	\$ 8,037,960	\$ 7,118,288	\$ 6,549,317
Contributions a a percentage of covered payroll	24.71%	23.01%	23.40%	23.08%	20.74%	22.52%	23.42%

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

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Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios  
Last 10 Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 131,766	\$ 80,941	\$ 91,236
Interest	179,669	222,214	212,949
Current Year Amortization	-	43,774	-
Differences between expected and actual experience	669,003	203,246	(209,788)
Changes of assumptions or other inputs	559,055	996,934	(466,422)
Benefit payments	<u>(405,160)</u>	<u>(414,293)</u>	<u>(382,674)</u>
Net change in total OPEB liability	1,134,333	1,132,816	\$ (754,699)
Total OPEB liability - beginning	<u>6,759,827</u>	<u>5,627,011</u>	<u>6,381,710</u>
Total OPEB liability - ending	<u>\$ 7,894,160</u>	<u>\$ 6,759,827</u>	<u>\$ 5,627,011</u>
Covered payroll	\$ 10,084,787	\$ 9,982,277	\$ 9,614,757
Total OPEB liability as a percentage of covered payroll	78.28%	67.72%	58.52%

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

- Information is presented using measurement date which is the same as the fiscal year end.
- No assets are accumulated in a trust to pay related benefits.
- Benefit Changes: There were no changes of benefit terms for the year ended December 31, 2020.
- Changes of Assumptions or other inputs: Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:  
     End of FY2020: 2.12%  
     Beginning of FY2020: 2.74%

See accompanying independent auditors' report.

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## Supplemental Schedule of Investments

Year ended December 31, 2020

Description	Year Acquired	Maturity date	Book value	Fair value
Unrestricted investments:				
Special Receipts:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2008	N/A	\$ 944,597	\$ 944,597
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2009	N/A	942,051	942,051
			<u>1,886,648</u>	<u>1,886,648</u>
City of New Orleans:				
LAMP - Sales Tax/General Purpose	2003	N/A	8,441,575	8,441,575
LAMP - Revolving			9	9
LAMP - Use & Lease General Purpose	2011	N/A	9	9
			<u>8,441,593</u>	<u>8,441,593</u>
New Orleans Aviation Board:				
Whitney Custody Account			23,282,890	23,282,890
			<u>23,282,890</u>	<u>23,282,890</u>
Total unrestricted investments			<u>33,611,131</u>	<u>33,611,131</u>
Restricted investments:				
City of New Orleans:				
LAMP - Rollover Coverage	2009	N/A	16,505,151	16,505,151
			<u>16,505,151</u>	<u>16,505,151</u>
CIF-Parking Facility Loan:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2010	N/A	1,152,741	1,152,741
			<u>1,152,741</u>	<u>1,152,741</u>
Debt Service Fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2008	N/A	53,672,011	53,672,011
			<u>53,672,011</u>	<u>53,672,011</u>
Debt Service Reserve Fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	3,096,809	3,096,809
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2009	N/A	91,437,134	91,437,134
			<u>91,437,134</u>	<u>91,437,134</u>
			<u>94,533,943</u>	<u>94,533,943</u>
Capitalized Interest:				
Dreyfus Treasury Prime Cash Management: The Bank of New York Mellon	2015	N/A	150	150
			<u>150</u>	<u>150</u>



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Supplemental Schedule of Investments  
Year ended December 31, 2020

Description	Year Acquired	Maturity date	Book value	Fair value
Operations and Maintenance:				
Reserve fund:				
JPM U.S. Treasury Plus				
Cash Management				
The Bank of New York Mellon	2009	N/A	<u>9,400,039</u>	<u>9,400,039</u>
Receipts Fund:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	<u>1,099,566</u>	<u>1,099,566</u>
CFC Restricted:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2010	N/A	<u>29,973,664</u>	<u>29,973,664</u>
Time Reimbursement:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	<u>1,193,174</u>	<u>1,193,174</u>
Project Account:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	<u>4,965,490</u>	<u>4,965,490</u>
PFC Restricted:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	2008	<u>72,929,390</u>	<u>72,929,390</u>
GARB Restricted:				
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2015	N/A	<u>6,999,908</u>	<u>6,999,908</u>
Vendor Payment:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2015	N/A	<u>43,923</u>	<u>43,923</u>
Total restricted investments			<u>292,469,150</u>	<u>292,469,150</u>
Total all investments			<u>\$ 326,080,281</u>	<u>\$ 326,080,281</u>

See accompanying independent auditors' report

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
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Supplemental Schedule of Operating Revenues and Expenses by Area of Activity

Year ended December 31, 2020

	<u>Airfield</u>	<u>Terminal buildings</u>	<u>Ground transportation</u>	<u>Total</u>
Operating revenues	\$ 10,793,044	\$ 46,915,895	\$ 2,663,618	\$ 60,372,557
Direct expenses	3,661,403	18,272,022	1,863,435	23,796,860
Operating revenues, less direct expenses	7,131,641	28,643,873	800,183	36,575,697
Depreciation of cost center assets	15,983,390	43,816,962	981,918	60,782,270
Operating revenues, less direct expenses and depreciation	<u>\$ (8,851,749)</u>	<u>\$ (15,173,089)</u>	<u>\$ (181,735)</u>	<u>(24,206,573)</u>
Other operating expenses:				
Depreciation of non-cost center assets				1,311,651
Administrative				32,416,828
Total other operating expenses				<u>33,728,479</u>
Operating (loss)				<u>\$ (57,935,052)</u>

See accompanying independent auditors' report.

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Supplemental Schedule of Historical Debt Service Coverage Ratio as Required under  
the General Revenue Bond Trust Indenture Dated February 1, 2009

Year ended December 31, 2020

(Unaudited)

Revenues:

Airline rentals and landing fees	\$	38,535,498
Other operating revenues		21,837,059
Nonoperating revenues		3,323,784
Transferred PFCs		25,762,204
Federal grants- COVID-19 related		41,677,226
Rollover coverage		16,505,151
Total revenues		147,640,922

Less expenses:

Operation and maintenance expenses		56,213,688
Net revenues	\$	91,427,234

Debt service fund requirement:

Principal payments	\$	17,740,000
Interest expense		48,277,558
Total debt service fund requirement	\$	66,017,558
Historical debt service coverage ratio		1.38

**(1) Basis of Accounting**

The accompanying supplemental schedule has been prepared in accordance with the General Revenue Bond Trust Indenture dated February 1, 2009. The supplemental schedule excludes certain revenues and expenses as defined in the trust indenture.

**(2) Rollover Coverage**

The Airport annually approves Rollover Coverage, in which the funds are transferred monthly, in ratable portions of the total, to the NOAB Rollover Coverage Account held by the City of New Orleans, and then transferred to the airport operating account, held by the City of New Orleans.

See accompanying independent auditors' report.

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Schedule of Compensation, Benefits, and Other Payments to the Director of Aviation  
Year ended December 31, 2020

**Director of Aviation**

Purpose	Kevin Dolliole
Salary	\$ 308,245
Benefits-retirement contribution	66,718
Benefits- medical	8,748
Benefits-Medicare, Social Security, Workman's Compensation	13,987
Benefits-insurance contribution	86
Travel*	2,109
Conference registration fees*	660
Reimbursements*	-

\* All Director of Aviation travel, including per diem, lodging, and registration fees associated therewith, are approved at New Orleans Aviation Board public meetings. All reimbursements were for parking charges to attend off-airport meetings. The Director of Aviation charges to the Airport credit card are approved at New Orleans Aviation Board public meetings and the expense report is publically posted on the Airport website at <http://flymsy.com/transparentMSY> with detail for each expense.

See accompanying independent auditors' report.