



**LOUIS ARMSTRONG NEW ORLEANS
INTERNATIONAL AIRPORT**

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

Financial Statements

December 31, 2021 and 2020

**FINANCIAL SECTION**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Louis Armstrong New Orleans International Airport (the "Airport"), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport, as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Airport as of December 31, 2020 were audited by other auditors whose report dated November 30, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and the GASB-required pension and OPEB supplementary information, on pages 4-19 and 61-63, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport’s basic financial statements. The Supplemental Schedule of Investments, Supplemental Schedule of Operating Revenues and Expenses by Area of Activity, Supplemental Schedule of Historical Debt Service Coverage Ratio as Required Under the General Revenue Trust Indenture dated February 1, 2009, and Schedule of Compensation, Benefits and Other Payments to the Director of Aviation are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit 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, the Supplemental Schedule of Investments, Supplemental Schedule of Operating Revenues and Expenses by Area of Activity, Supplemental Schedule of Historical Debt Service Coverage Ratio as Required Under the General Revenue Trust Indenture dated February 1, 2009, and Schedule of Compensation, Benefits and Other Payments to the Director of Aviation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022, on our consideration of the Airport’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport’s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
November 23, 2022

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

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, 2021 and 2020, with selected comparative information for the fiscal year ended December 31, 2019. 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, 2021 and 2020 by \$579,628,645 and \$590,219,569 (net position).
- The Airport's total net position decreased by 10,590,924 or 1.79% for 2021 and decreased by \$33,883,123 or 5.43% for 2020.
- In 2021, the US Government provided the Airport with \$41.4 million in emergency airport improvement funds under the American Rescue Plan Act. These funds are being used consistently with the priorities of the federal government.
- In 2020, 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 component unit. 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 reported at their historical cost, which is reported as depreciation expense over the course of their useful lives, except for land and easements. 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 (including notes to 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

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

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.

Financial Position

Total assets and deferred outflows of resources decreased by \$10,193,477 (0.53%) from 2020 to 2021 due primarily to the decrease in net capital projects by \$12,953,111, an increase in cash and cash equivalents by \$10,366,374, and a decrease in investments by \$11,699,136. Capital projects decreased because depreciation expense exceeded current year fixed asset additions. Investments decreased as a result of volatile market conditions during 2021 and cash increased due to the increase in revenue in 2021 primarily due to the increased passenger activity. Total liabilities and deferred inflows decreased by \$1,083,782 (0.08%) primarily resulting from a decrease in bonds payable of \$23,071,784 and increase or accounts payable and accrued expenses of \$24,753,202. Bonds payable decreased as a result of principal payments made in 2021 exceeding new debt issued. Accounts payable increased due to the timing of payments made on outstanding payable balances before the end of the fiscal year.

The largest portion of the Airport's net position, at \$301,627,084 (52.1%) at 2021 and \$291,352,835 (49.4%) at 2020, represents its net investment in capital assets (e.g., land, buildings, machinery, and equipment, less the debt incurred to construct or acquire them). 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, \$249,128,121 (43.0%) at 2021 and \$263,906,574 (44.7%) 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, \$28,873,440 (5.0%) at 2021 and \$34,960,160 (5.9%) at 2020, may be used to meet the Airport's ongoing obligations.

**Louis Armstrong New Orleans International Airport
Management's Discussion and Analysis**

Summary of Net Position (in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets:			
Current assets:			
Unrestricted assets	\$ 98,475	\$ 75,358	\$ 111,620
Restricted assets	58,314	55,166	57,373
Noncurrent assets:			
Unrestricted assets	1,581	1,603	1,625
Restricted assets	227,895	247,452	264,471
Net capital assets	<u>1,529,507</u>	<u>1,542,460</u>	<u>1,567,665</u>
Total assets	<u>\$ 1,915,772</u>	<u>\$ 1,922,039</u>	<u>\$ 2,002,754</u>
Deferred Outflows of Resources:			
Deferred amounts related to pension liability	\$ 4,033	\$ 6,821	\$ 9,167
Deferred amounts related to OPEB liability	1,896	2,090	1,155
Deferred losses on advance refunding	4,416	4,674	4,933
Total deferred outflows	<u>\$ 10,345</u>	<u>\$ 13,585</u>	<u>\$ 15,255</u>
Liabilities:			
Current liabilities	\$ 161,362	\$ 74,328	\$ 101,090
Noncurrent liabilities	<u>1,142,544</u>	<u>1,229,375</u>	<u>1,250,988</u>
Total liabilities	<u>\$ 1,303,906</u>	<u>\$ 1,303,703</u>	<u>\$ 1,352,078</u>
Deferred Inflows of Resources:			
Deferred amounts related to pension liability	\$ 5,376	\$ 3,641	\$ 2,751
Deferred amounts related to OPEB liability	646	541	586
Deferred amounts related to service concession arrangement	<u>36,559</u>	<u>37,520</u>	<u>38,491</u>
Total deferred inflows	<u>\$ 42,582</u>	<u>\$ 41,702</u>	<u>\$ 41,828</u>
Net Position:			
Net investment in capital assets	\$ 301,627	\$ 291,353	\$ 301,642
Restricted	249,128	263,907	272,925
Unrestricted	<u>28,873</u>	<u>34,960</u>	<u>49,536</u>
Total net position	<u>\$ 579,628</u>	<u>\$ 590,220</u>	<u>\$ 624,103</u>

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

Debt Activity

At December 31, 2021 and 2020, the Airport had total debt outstanding of \$1,194,994,243 and \$1,217,536,165, respectively. The Airport's debt represents bonds secured solely by operating, Passenger Facility Charges (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>2021</u>	<u>2020</u>	<u>2019</u>
Bonds payable:			
Revenue Bonds 2015A-B	\$ 565,325	\$ 565,325	\$ 565,325
Revenue Bonds 2017A-D	379,640	396,710	416,930
GO Zone CFC Revenue Bonds 2018	82,565	82,565	82,565
GO Zone Revenue Bonds 2019	23,130	23,800	23,800
Unamortized bond discount	(266)	(289)	(312)
Unamortized bond premium	84,050	89,404	94,800
Loans payable:			
Series 2017 Interim Drawdown Notes	60,551	60,021	59,046
	<u>\$ 1,194,994</u>	<u>\$ 1,217,536</u>	<u>\$ 1,242,154</u>

More detailed information on long-term debt can be found in Note 6 of the accompanying financial statements.

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

Capital Assets

The Airport's investment in capital assets for the years ended December 31, 2021 and 2020 is presented in the following tables. The total increase for the years ended December 31, 2021 and 2020 was 2.12% and 1.6%, respectively, before accumulated depreciation. The increase is due to the completion of the 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:

	Approximate cost during FY 2021
Project	
North Terminal Project Design/Construction	\$23 million
Roadways Development Program	\$1 million
Planning Services	\$4 million
	Approximate cost during FY 2020
Project	
North Terminal Project Design/Construction	\$24 million
Roadways Development Program	\$9 million
Planning Services	\$3 million

More detailed information on capital assets can be found in Note 5 of the accompanying financial statements.

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

Net Capital Assets (in thousands)

	2021	2020	2019
Land	\$ 78,139	\$ 78,139	\$ 78,031
Air rights	22,282	22,282	22,282
Land improvements	508,955	505,452	505,452
Buildings and furnishings	1,649,144	1,637,304	1,596,091
Utilities	57,029	57,029	57,030
Fuel Tank Farm	39,118	39,118	39,118
Equipment	11,298	11,298	10,983
Computers	1,535	1,535	1,535
Heliport	3,074	3,074	3,073
HP Finance Lease	908	728	-
Construction in progress	54,158,707	19,376	24,851
Total capital assets	2,425,642	2,375,335	2,338,446
Less accumulated depreciation	896,135	832,875	770,781
Net capital assets	\$ 1,529,507	\$ 1,542,460	\$ 1,567,665

Airlines Rates and Charges

An Airline Airport Use and Lease Agreement became effective January 1, 2009. Actual rates for 2021, 2020, and 2019 are included in the table below.

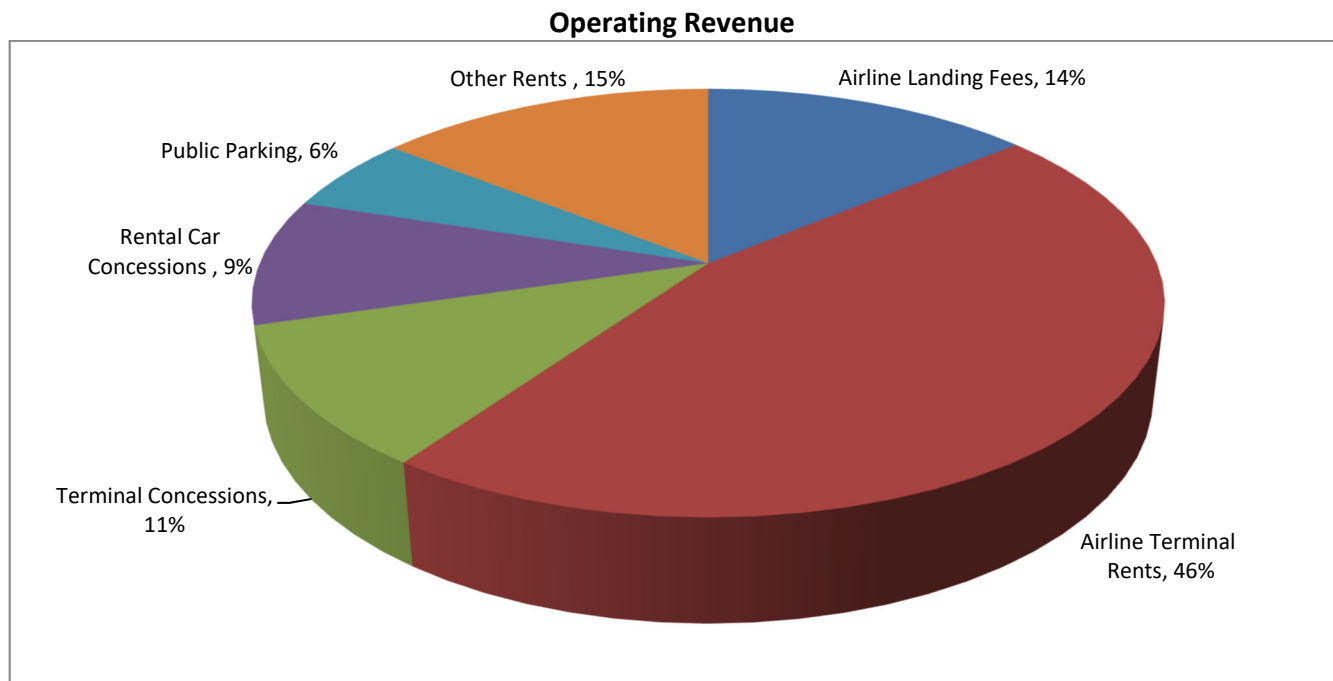
	2021	2020	2019
Terminal building rental rates (per sq. ft.)	\$91.30	\$112.86	\$101.92
Landing fee rate (per 1,000 lbs.)	0.27	1.81	1.30
Apron use fee rate (per sq. ft.)	1.72	1.14	1.68
Loading bridge use fee (per bridge)	-	-	4,523
Enplaned passenger use fee (per passenger)	8.79	10.74	6.84

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 set forth in the agreement. The loading bridge use fee ended in 2019.

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

Revenues

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2021.



Operating Revenues (in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Passenger and cargo airlines:			
Airline landing fees	\$ 2,136	\$ 8,412	\$ 11,591
Airline terminal rents	23,233	27,672	32,480
Land rents	131	76	76
Other rents	2,990	2,375	3,646
Total passenger and cargo airlines	<u>28,490</u>	<u>38,535</u>	<u>47,793</u>
Non airline rentals:			
Terminal concessions	5,499	6,423	11,376
Car rental concessions	9,346	5,754	11,232
Public parking	15,213	3,455	15,098
Other rents	6,688	6,206	10,411
Total nonairline revenues	<u>36,746</u>	<u>21,838</u>	<u>48,117</u>
Total operating revenues	<u>\$ 65,236</u>	<u>\$ 60,373</u>	<u>\$ 95,910</u>

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

2021 vs. 2020

Total passenger and cargo airline revenue for 2021 decreased by \$10 million (26.1%) compared to 2020 due to the increase in Non-airline revenues, which reduces the amount of revenues received from the airlines. Non-airline revenues increased by \$14.9 million (40.5%) due to the increase in passenger activity in 2021

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.

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 \$6.71 in 2019 to \$13.51 in 2020 and decreased to \$6.81 in 2021.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cost per enplaned passenger:			
Airline revenues	\$ 27,359	\$ 35,825	\$ 45,824
Enplaned passengers	4,019	2,652	6,832
Cost per enplaned passenger	<u>\$ 6.81</u>	<u>\$ 13.51</u>	<u>\$ 6.71</u>

Non-Operating Revenues and Capital Contributions (in thousands)

The following chart shows major sources of non-operating revenues for the years ended December 31, 2021, 2020, and 2019.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Investment income, net	\$ (159)	\$ 5,290	\$ 8,587
Passenger facility charges	17,869	9,828	27,711
Customer facility charges	10,776	8,405	17,597
Capital contributions	29,361	12,552	21,191
Federal grants	41,413	41,678	-
Other, net	2,366	-	-
	<u>\$ 101,626</u>	<u>\$ 77,753</u>	<u>\$ 75,086</u>

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

2021 vs. 2020

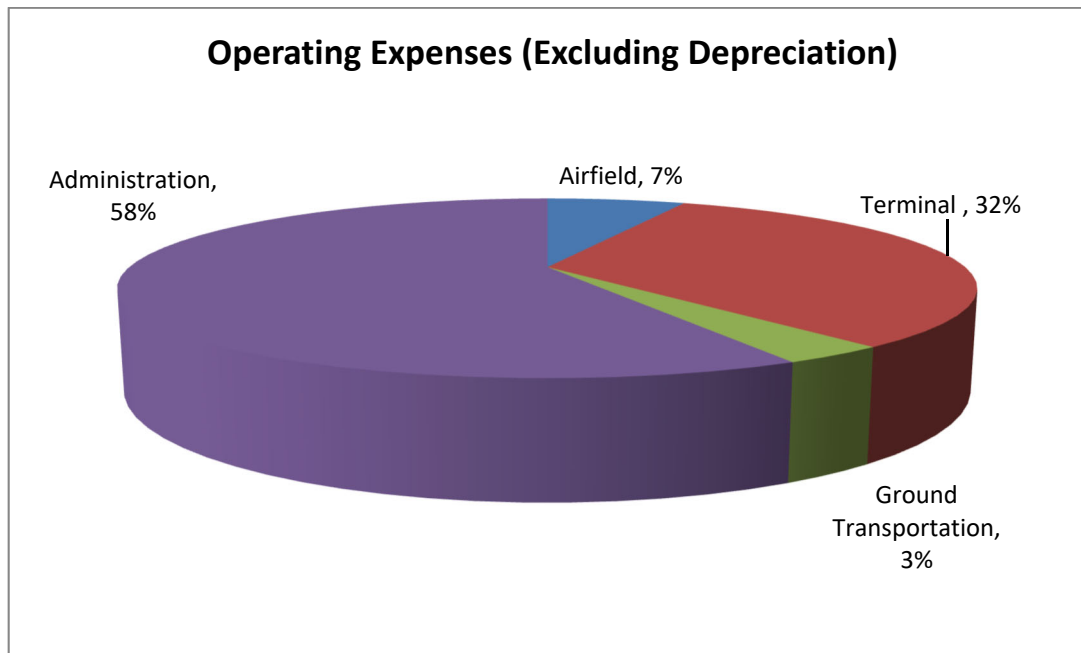
Non-operating revenues for 2021 increased by approximately \$23.2 million compared to 2020, due primarily to the increase in passenger activity and an increase in Capital contributions to fund Capital projects..

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 Airports in response to the COVID-19 pandemic.

Expenses

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2021.



Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

Operating Expenses before Depreciation and Impairment

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Direct			
Airfield	\$ 4,843	\$ 3,661	\$ 3,531
Terminal	20,779	18,272	15,117
Ground transportation	2,699	1,864	1,769
Administration	<u>31,419</u>	<u>32,417</u>	<u>32,495</u>
	<u>\$ 59,740</u>	<u>\$ 56,214</u>	<u>\$ 52,912</u>

2021 vs. 2020

The operating expenses, before depreciation and impairment, increased by approximately \$3.5 million compared to the prior year. This increase was primarily due to Hurricane Ida repairs.

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.

Non-Operating Expenses

The following chart shows major expense categories of non-operating expenses for the years ended December 31, 2021, 2020, and 2019 (in thousands).

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interest expense	\$ 47,149	\$ 47,931	\$ 9,283
Cost of issuance of bonds	-	133	708
Terminal transportation costs	7,304	5,015	3,573
Other, net	<u>-</u>	<u>622</u>	<u>2,107</u>
Total Non-operating Expense	<u>\$ 54,453</u>	<u>\$ 53,701</u>	<u>\$ 15,671</u>

2021 vs. 2020

The Non-operating expense increased by approximately \$752 thousand due to the increase in the terminal transportation costs. The Terminal transportation cost increased by \$2.3 million due to the increase in passenger traffic between the South and North Terminal.

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

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.

Total Revenues and Expenses (in thousands)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total operating revenues	\$ 65,236	\$ 60,373	\$ 95,910
Total non-operating revenues	<u>101,626</u>	<u>77,753</u>	<u>75,086</u>
Total revenues	<u>\$ 166,862</u>	<u>\$ 138,123</u>	<u>\$ 170,996</u>
Total operating expenses	\$ 123,000	\$ 118,307	\$ 88,811
Total non-operating expenses	<u>54,453</u>	<u>53,702</u>	<u>15,671</u>
Total expenses	<u>\$ 177,453</u>	<u>\$ 172,009</u>	<u>\$ 104,482</u>

Summary of Changes in Net Position (in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Summary of changes in net position:			
Operating revenues	\$ 65,236	\$ 60,373	\$ 95,910
Operating expenses before depreciation and impairment	<u>59,739</u>	<u>56,213</u>	<u>52,912</u>
Operating income before depreciation and impairment	5,497	4,117	42,998
Depreciation	63,260	62,094	28,845
Impairment	<u>-</u>	<u>-</u>	<u>7,055</u>
Operating income (loss)	<u>(57,764)</u>	<u>(57,977)</u>	<u>7,098</u>
Non-operating revenues, net	<u>17,812</u>	<u>11,542</u>	<u>38,223</u>
Income before capital contributions and transfers	(39,952)	(46,435)	45,321
Capital contributions	<u>29,361</u>	<u>12,552</u>	<u>21,191</u>
Change in net position	<u>\$ (10,591)</u>	<u>\$ (33,883)</u>	<u>\$ 66,512</u>

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

Operating income before depreciation and impairment increased \$1.3 million (33%) in 2021 compared to 2020. Depreciation expenses increased \$1.1 million (2%) due to projects in construction in progress being completed and transferred to depreciated fixed assets in 2021. Non-operating revenues, net increased \$6.3 million (55%) primarily due to an increase in in passenger facility charges and customer facility charges as a result of the increased passenger activity. Capital contributions increased by \$16.8 million (134%) due to the increase in funding received from TSA 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. Coverage ratios for the past three years are shown in the following table.

<u>Revenue Refunding Bonds</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
GARB Series Bonds	136.0%	138.0%	130.0%

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 2012-2021 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, \$16,505,151, and \$16,508,343 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 136% for the year ended December 31, 2021 and 138.0% for the year ended December 31, 2020.

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 Management's Discussion and Analysis

Airport Activities and Highlights

Passenger totals for 2021 increased to 8,066,869 (52.8%), from 5,278,577 passengers in 2020, due to increases in air travel. Passenger aircraft operations increased from 61,541 operations in 2020 to 78,276 in 2021 (27.2%). Aircraft landed weights increased from 4,479,434 in 2020 to 5,365,624 in 2021 (19.8%).

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%).

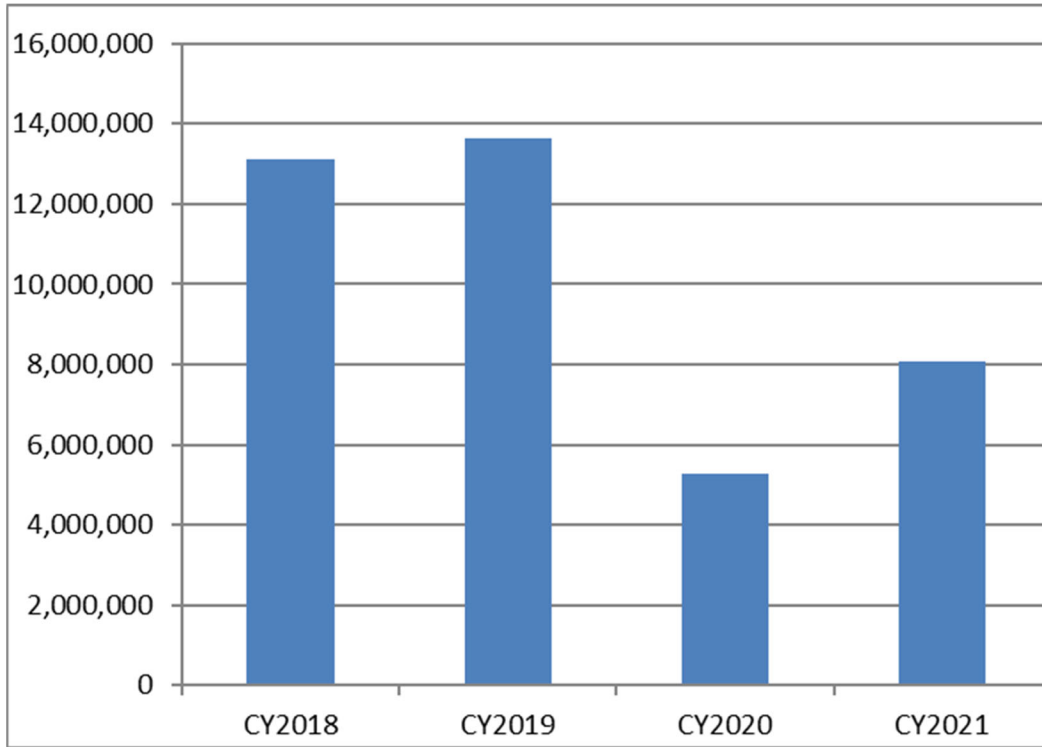
Selected statistical information about total passengers, aircraft landed weight, and air carrier operations for the past three years are presented in the table below.

Fiscal year	Total passengers	Landed weight (1,000 pound units)	Air carrier operations
2019	13,644,666	8,232,139	116,809
2020	5,278,577	4,479,434	61,541
2021	8,066,869	5,365,624	78,276

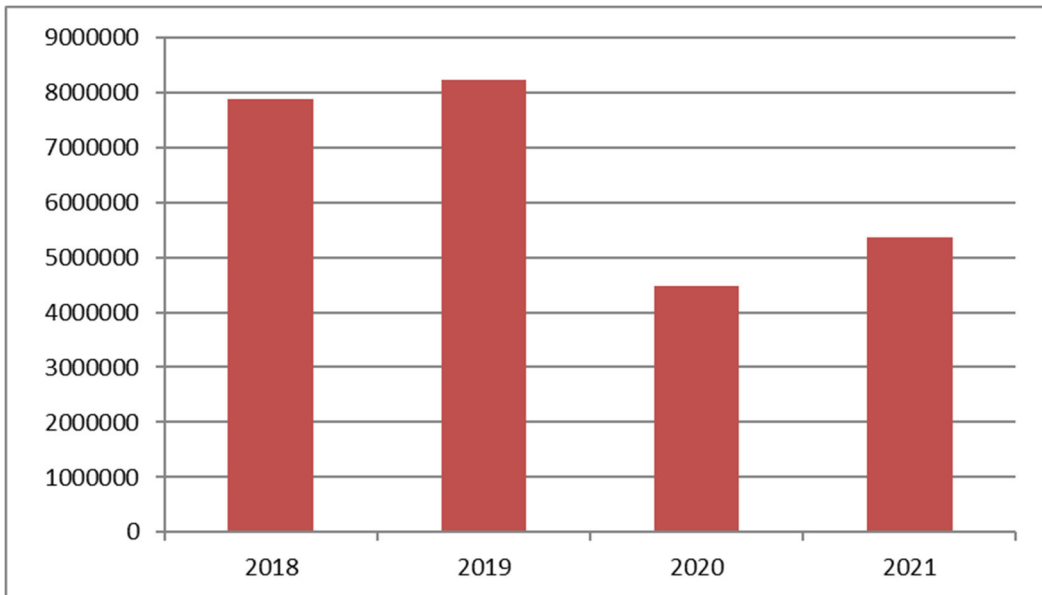
Fiscal year	Number of daily departures	Number of destinations	Average daily seats
2019	163	55	24,065
2020	92	50	13,353
2021	106	54	15,416

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

Total Passengers for the Year

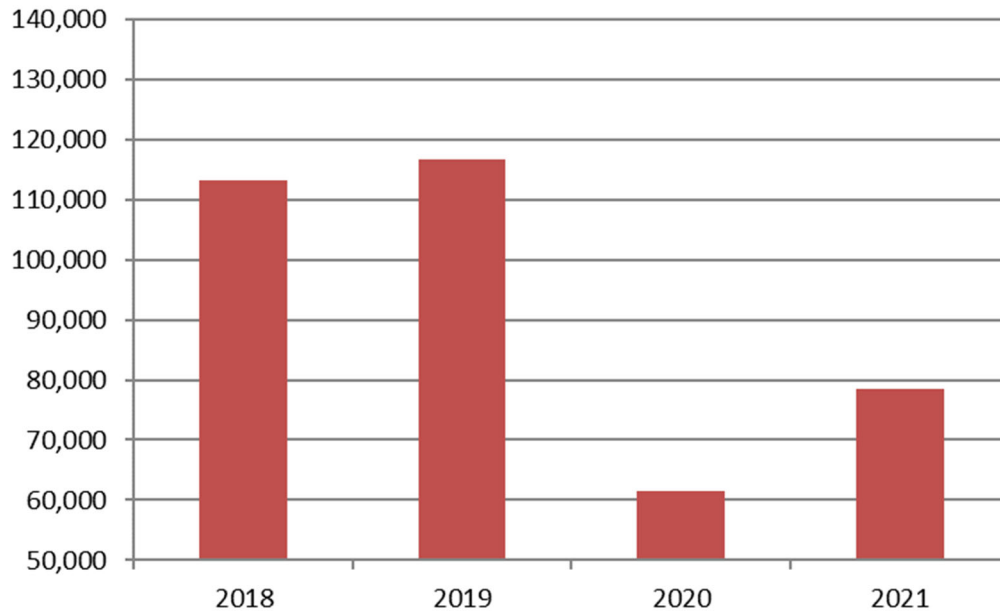


Landed Weight per 1,000 pounds



Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

Number of Passenger Flight Operations



Economic Factors and Next Year's Budget

The Airport budgeted for an increase in 2022 non-airline revenue compared to 2021, going from \$43.1 million to \$50.3 million, tallying to a \$7.2 million (approx.16.6%) increase over the previous year's budget. This is attributed to the expectation that passenger traffic will return to pre-pandemic levels soon.

Compared to the 2021 budget, the Airport proposed an increase in the 2022 operating expenses of \$5.4 million (approx. 8.3%). This is driven primarily by an increase in utility costs; an increase in property insurance, general liability, and cyber policies based on the current insurance market; and the employee shuttle being reinstated. Employee shuttle costs decreased during the pandemic because employee parking was temporarily moved to the north side as a cost saving measure when passenger traffic decreased. Now that passenger traffic has increased and expected to return to pre-pandemic levels soon, employee parking has resumed on the south side, thus an increase in employee shuttle costs.

The Airport continues to budget and maintain a competitive total cost per enplanement (CPE) rate. The Airport is projecting that the CPE for the 2022 will be \$8.31. This CPE is well under the Airport's goal of maintaining a CPE of less than \$10.

Louis Armstrong New Orleans International Airport Management's Discussion and Analysis

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
Statements of Net Position

<i>December 31,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 12,534,105	\$ 2,167,731
Accounts receivable, less allowance for doubtful accounts	19,346,875	12,052,759
Capital grant receivable	26,125,575	25,881,770
Investments	39,683,717	33,611,131
Interest receivable	61,525	74,693
Prepaid expenses and deposits	722,808	495,239
Total current unrestricted assets	98,474,605	74,283,323
Restricted assets		
Cash and cash equivalents	7,342,585	9,152,668
Investments	46,802,230	45,017,205
Passenger facility charges receivable	3,110,712	1,074,992
Customer facility charges receivable	1,058,629	996,137
Total current restricted assets	58,314,156	56,241,002
Total current assets	156,788,761	130,524,325
Noncurrent assets		
Restricted investments	227,895,198	247,451,945
Prepaid insurance on revenue bonds, less accumulated amortization	569,378	591,681
Advances to related facility management company	1,011,301	1,011,301
Capital assets		
Capital assets not being depreciated	154,579,602	119,797,192
Capital assets being depreciated	2,271,062,628	2,255,538,170
Less accumulated depreciation	(896,135,119)	(832,875,110)
Net capital assets	1,529,507,111	1,542,460,252
Total noncurrent assets	1,758,982,988	1,791,515,179
Total assets	1,915,771,749	1,922,039,504
Deferred Outflows of Resources		
Deferred amounts related to net pension liability (note 8)	4,032,751	6,821,218
Deferred amounts related to total OPEB liability (note 9)	1,896,228	2,089,621
Deferred losses on advance refunding	4,415,832	4,674,366
Total deferred outflows of resources	\$ 10,344,811	\$ 13,585,205

Louis Armstrong New Orleans International Airport Statement of Net Position

December 31,	2021	2020
Liabilities		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and accrued expenses	\$ 39,692,311	\$ 18,317,652
Due to City of New Orleans	700,092	783,250
Accrued salaries and other compensation	2,667,202	2,629,287
Capital projects payable	3,377,536	5,039,556
Total OPEB liability, due within one year (note 9)	455,590	405,000
Total unrestricted current liabilities	46,892,731	27,174,745
Payable from restricted assets:		
Capital projects payable	9,601,613	3,158,080
Loan interest payable	-	3,092
Loans payable, current portion (note 6)	60,550,862	-
Lease payable, current portion (note 7)	145,135	118,569
Accrued bond interest payable	25,836,975	26,133,567
Bonds payable, current portion (note 6)	18,335,000	17,740,000
Total restricted current liabilities	114,469,585	47,153,308
Total current liabilities	161,362,316	74,328,053
Noncurrent liabilities:		
Loans payable (note 6)	-	60,021,000
Lease payable, less current portion (note 7)	597,290	609,024
Bonds payable, less current portion and unamortized discount/premium (note 6)	1,116,108,381	1,139,775,165
Net pension liability (note 8)	18,568,323	21,480,263
Total OPEB liability, due beyond one year (note 9)	7,269,741	7,489,160
Total noncurrent liabilities	1,142,543,735	1,229,374,612
Total liabilities	1,303,906,051	1,303,702,665
Deferred Inflows of Resources		
Deferred amounts related to net pension liability (note 8)	5,376,299	3,641,307
Deferred amounts related to total OPEB liability (note 9)	646,374	540,967
Deferred amounts related to service concession arrangement (note 11)	36,559,191	37,520,201
Total deferred inflows of resources	42,581,864	41,702,475
Net Position		
Net investment in capital assets	301,627,084	291,352,835
Restricted for:		
Debt service	127,288,611	128,873,339
Capital acquisition	95,930,258	109,128,049
Operating reserve	25,909,252	25,905,186
Unrestricted	28,873,440	34,960,160
Total net position	\$ 579,628,645	\$ 590,219,569

The accompanying notes are an integral part of these financial statements.

Louis Armstrong New Orleans International Airport Statement of Revenues, Expenses, and Changes in Net Position

<i>For the years ended December 31,</i>	2021	2020
Operating revenues		
Airfield	\$ 5,119,634	\$ 10,793,044
Terminal	57,264,182	46,915,895
Ground transportation	2,852,023	2,663,618
Total operating revenues	65,235,839	60,372,557
Operating expenses		
Direct:		
Airfield	4,843,208	3,661,394
Terminal	20,778,898	18,272,022
Ground transportation	2,698,449	1,863,435
Depreciation	63,260,011	62,093,926
Administrative	31,419,413	32,416,832
Total operating expenses	122,999,979	118,307,609
Operating (loss) income	(57,764,140)	(57,935,052)
Nonoperating revenues (expenses)		
Investment income, net	(159,008)	5,290,437
Interest expense	(47,149,095)	(47,931,364)
Passenger facility charges	17,869,002	9,828,383
Customer facility charges	10,776,062	8,405,392
Cost of issuance of bonds	-	(133,141)
Terminal transportation costs	(7,304,396)	(5,015,217)
Federal grants - COVID-19 related	41,413,062	41,677,226
Other, net	2,366,456	(621,856)
Total nonoperating (expenses) revenues, net	17,812,083	11,499,860
Change in net position before capital contributions	(39,952,057)	(46,435,192)
Capital contributions (note 12)	29,361,133	12,552,069
Change in net position	(10,590,924)	(33,883,123)
Net position, beginning of year	590,219,569	624,102,692
Total net position, end of year	\$ 579,628,645	\$ 590,219,569

The accompanying are an integral part of these financial statements.

Louis Armstrong New Orleans International Airport
Statement of Cash Flows

<i>For the years ended December 31,</i>	2021	2020
Cash flows from Operating activities		
Cash received from customers	\$ 57,941,723	\$ 67,059,260
Cash paid to suppliers for goods and services	(20,633,546)	(48,591,652)
Cash paid to employees and on behalf of employees for services	(16,263,085)	(19,792,010)
Net cash provided by (used in) operating activities	21,045,092	(1,324,402)
Cash flow from Noncapital financing activities		
Sales tax receipts	887,917	541,798
Operating grants and reimbursements from other governments	41,975,859	42,815,602
Other payments	(7,327,363)	(8,265,214)
Net cash provided by (used in) noncapital financing activities	35,536,413	35,092,186
Cash flows from Capital and related financing activities		
Passenger facility charges collected	15,833,282	12,035,240
Customer facility charges collected	10,713,570	9,446,999
Acquisition and construction of capital assets	(45,525,355)	(46,836,238)
Capital grants received	29,117,328	4,931,636
Issuance of revenue bonds	529,862	974,474
Principal paid on loan and revenue bond maturities	(25,565,800)	(25,473,797)
Interest paid on bonds and loans	(44,669,663)	(47,757,496)
Issuance of finance equipment lease purchase agreement	(11,734)	609,024
Cost of bond issuance and insurance	-	(133,141)
Net cash used in capital and related financing activities	(59,578,510)	(92,203,299)
Cash flows from Investing activities		
Sales of investments	504,605,422	537,770,251
Purchases of investments	(492,906,286)	(492,906,286)
Interest and dividends on investments	(145,840)	5,271,856
Net cash provided by investing activities	11,553,296	50,135,821
Net change in cash and cash equivalents	8,556,291	(8,299,694)
Cash and cash equivalents at beginning of year	11,320,399	19,620,093
Cash and cash equivalents at end of year	\$ 19,876,690	\$ 11,320,399
Cash, current	\$ 12,534,105	\$ 2,167,731
Cash, current restricted	7,342,585	9,152,668
Cash and cash equivalents at end of year	\$ 19,876,690	\$ 11,320,399

The accompanying notes are an integral part of these financial statements.

Louis Armstrong New Orleans International Airport
Statement of Cash Flows

<i>December 31,</i>	2021	2020
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating loss	\$ (57,764,140)	\$ (57,935,052)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	63,260,011	62,093,921
Deferred outflows of resources related to net pension liability	2,981,860	1,411,380
Deferred inflows of resources related to net pension and total OPEB liability	1,840,399	845,048
Net pension liability	(2,911,940)	(1,228,369)
Total OPEB liability	(168,829)	1,134,333
Change in allowance for doubtful accounts	(63,983)	155,249
Changes in assets and liabilities:		
Accounts receivable	(7,230,133)	6,531,454
Prepaid expenses and deposits	(227,569)	26,880
Accounts payable	21,374,659	(11,841,702)
Accrued salaries and other compensation	37,915	(2,194,419)
Due to City of New Orleans	(83,158)	(323,125)
 Total adjustments	 78,809,232	 56,610,650
 Net cash provided by (used in) operating activities	 \$ 21,045,092	 \$ (1,324,402)

The accompanying notes are an integral part of these financial statements.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Louis Armstrong New Orleans International Airport (the Airport) is a proprietary component unit of the City of New Orleans, Louisiana. The New Orleans Aviation Board (the NOAB) 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 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 have access to more than 40 different food and retail concessions once beyond security.

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.

Basis of Presentation

The Airport is a proprietary component unit and accounts for operations (a) 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. Accordingly, the Airport's financial statements have been prepared using the economic resources measurement focus.

The principal operating revenues of the Airport are from sources such as airlines, concessions, rental cars, and parking. Revenues from landing and airfield fees, terminal building, rental building, and leased areas are reported as operating revenues. Transactions, which are capital, financing, or investing related, such as investment income, passenger facility charges, customer facility charges, federal and state grants, and other revenues not related to the operations of the Airport are reported as non-operating revenues.

Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Expenses from employee wages and benefits, purchase of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Grants are recorded as revenues when all eligibility requirements have been met.

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.

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.

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.

Capital Assets

Capital assets are carried at cost. An item is classified as a capital asset if the initial, individual cost is \$5,000 or greater. Additions, improvements, and other capital outlays that significantly extend the useful life or service utility of a capital asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The estimated useful lives by major classification are as follows:

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

Due to the City of New Orleans and Cost of City Services

Amounts recorded as 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 \$2,145,868 and \$1,753,520 for the years ended December 31, 2021 and 2020, respectively, and is recorded in administrative expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

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.

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.

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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021 and 2020 are as follows:

	2021	2020
Terminal building rental rates (per sq. ft.)	\$ 91.30	\$ 112.86
Landing fee rate (per 1,000 lbs.)	0.27	1.81
Apron use fee rate (per sq. ft.)	1.72	1.14
Enplaned passenger use fee (per passenger)	8.79	10.74

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, 2021 and 2020, the Airport's final rate structure varied from the rates in effect during the year.

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, 2021, the Airport is authorized to collect up to \$965,553,986 of PFC revenue through the expiration of the PFC, of which \$485,341,672 has been collected. As of December 31, 2021, 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.

Customer Facility Charges

On November 1, 2008, the Airport began imposing a Customer Facility Charge (CFC) on a per transaction day basis to all the On-Airport Rental Car Companies. On May 19, 2016, the Board approved an increase to \$7.95, which became effective July 1, 2016.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Customer Facility Charges (continued)

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.

Federal Financial Assistance

The Airport receives financial assistance for costs of construction and improvements to airport facilities through grants from the FAA. The Airport receives funds from the FAA on a reimbursement basis for expenses incurred. In 2020, due to the COVID-19 Pandemic, the Airport began receiving COVID-19 related federal assistance, which was also received on a reimbursement basis.

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.

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.

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.

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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

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.

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 amount by which the reacquisition price of refunded debt exceeded its carrying value. 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 differences between the actuarial expectation and the actual economic experience, net difference between projected and actual earnings on pension plan investments, and changes in assumptions related to the defined benefit pension plan. In addition, 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. These amounts are deferred and amortized over the average of the expected service lives of the respective pension and OPEB plan members. See Notes 8 and 9 for additional information on deferred inflows and outflows related to the pension and OPEB liabilities, respectively.

Deferred inflows for a service concession arrangement have been recognized for the amount of cumulative construction costs and amortized. See note 11 for additional information.

Pension

The Airport participates in the City of New Orleans' defined benefit pension plan, as described in Note 8, which covers substantially all employees and funds all or part of the accrued pension cost, depending on the resources that are available at the time of contribution. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value within each plan.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 23, 2022. See Note 15 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued 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 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 Airport. 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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements, Not Yet Adopted (Continued)

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.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Airport will implement this guidance in 2023.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Airport will implement this guidance in 2024.

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

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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 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, 2021 and 2020, 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, 2021 and 2020, the Airport held the following investments as categorized below:

Investment Maturities at December 31, 2021

Investment type	Less than 1 year	1 to 5 Years	Total
U.S. government obligations	\$ -	\$ 10,601,860	\$ 10,601,860
U.S. agency obligations	-	7,638,639	7,638,639
Local government investment pool	36,942,555	-	36,942,555
Money market funds	259,198,091	-	259,198,091
	<u>\$ 296,140,646</u>	<u>\$ 18,240,499</u>	<u>\$ 314,381,145</u>

Investment Maturities at December 31, 2020

Investment type	Less than 1 year	1 to 5 Years	Total
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>

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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 2: CASH AND INVESTMENTS (CONTINUED)

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.

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.

Louisiana Asset Management Pool (LAMP) Investment

Unrestricted and restricted investments of \$20,434,212 and \$16,508,343, respectively, at December 31, 2021 and \$8,441,593 and \$16,505,150, respectively, at December 31, 2020 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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 2: CASH AND INVESTMENTS (CONTINUED)

Louisiana Asset Management Pool (LAMP) Investment (Continued)

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.

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 from <https://www.lamppool.com>.

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:

	Fair Value Hierarchy			
	Total at December 31, 2021	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	\$ 7,638,639	\$ 3,991,529	\$ 3,647,110	\$ -
U.S. agency obligations	10,601,860	10,601,860	-	-
Money market funds	259,198,091	259,198,091	-	-
Total investments at fair value level	<u>277,438,590</u>	<u>\$ 273,791,480</u>	<u>\$ 3,647,110</u>	<u>\$ -</u>
Investment measured at amortized cost:				
LAMP	<u>36,942,555</u>			
Total investments at amortized cost	<u>36,942,555</u>			
Total investments	<u>\$ 314,381,145</u>			

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 2: CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement (Continued)

	Fair Value Hierarchy			
	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	-
Money market funds	<u>277,850,648</u>	<u>277,850,648</u>		
Total investments at fair value level	<u>301,133,538</u>	<u>\$ 277,850,648</u>	<u>\$ 23,282,890</u>	<u>\$ -</u>
Investment measured at net asset value (NAV) or amortized cost:				
LAMP	<u>24,946,743</u>			
Total investments at NAV or amortized cost	<u>24,946,743</u>			
Total investments	<u>\$ 326,080,281</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.

Note 3: ACCOUNTS RECEIVABLE, NET

Accounts receivable as of December 31 consist of the following:

	2021	2020
Due from tenants	\$ 6,946,242	\$ 5,041,214
Parking garage	10,990,722	3,371,960
Accrued receivables – Airline terminal construction costs	-	2,300,249
Rent receivable – Service concession arrangement	1,800,496	1,844,793
Other	264,505	213,618
	<u>20,001,965</u>	<u>12,771,834</u>
Less: allowance for doubtful accounts	(655,090)	(719,075)
	<u>\$ 19,346,875</u>	<u>\$ 12,052,759</u>

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 4: 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, 2021 :

	<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>Passenger facility charges receivable</u>	<u>Customer facility charges receivable</u>	<u>Total</u>
Debt service fund	\$ 6,298,584	\$ 52,209,555	\$ -	\$ -	\$ -	\$ 58,508,139
Debt service reserve fund	437,841	395,573	93,831,649	-	-	94,665,063
Capitalized interest	-	-	-	-	-	-
Coverage account	-	1,898,622	-	-	-	1,898,622
Operations and maintenance reserve fund	-	9,400,909	-	-	-	9,400,909
Capital improvement fund	(19,340)	70,931,868	-	-	-	70,912,528
GARB restricted	258,162	1,179,484	-	-	-	1,437,646
Receipts fund	335,724	1,526,622	-	-	-	1,862,346
Rollover fund	-	16,508,343	-	-	-	16,508,343
PFC collect	31,701	-	-	-	-	31,701
CFC collect	-	23,904,359	-	-	-	23,904,359
Bond costs	-	1,757,592	-	-	-	1,757,592
Parking Facility Reserve	-	-	1,152,849	-	-	1,152,849
Receivables	-	-	-	3,110,712	1,058,629	4,169,341
Total	<u>\$ 7,342,672</u>	<u>\$ 179,712,927</u>	<u>\$ 94,984,498</u>	<u>\$ 3,110,712</u>	<u>\$ 1,058,629</u>	<u>\$ 286,209,438</u>

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>Passenger facility charges receivable</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	-	-	-	1,074,992	996,137	2,071,129
Total	<u>\$ 9,152,670</u>	<u>\$ 199,879,121</u>	<u>\$ 92,590,027</u>	<u>\$ 1,074,992</u>	<u>\$ 996,137</u>	<u>\$ 303,692,947</u>

Louis Armstrong New Orleans International Airport
Notes to Financial Statements

Note 5: PROPERTY, BUILDINGS, AND EQUIPMENT

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, 2021 and 2020 is as follows:

	Balance December 31, 2020	Additions during year	Deletions/ transfers during year	Balance December 31, 2021
Capital assets not being depreciated:				
Land	\$ 78,138,359	\$ -	\$ -	\$ 78,138,359
Air rights	22,282,449	-	-	22,282,449
Construction in progress	19,376,384	50,129,883	(15,347,473)	54,158,794
Total capital assets not being depreciated	<u>119,797,192</u>	<u>50,129,883</u>	<u>(15,347,473)</u>	<u>154,579,602</u>
Capital assets being depreciated:				
Land improvements	505,451,404	3,504,343	-	508,955,489
Buildings and furnishings	1,637,304,349	11,839,962	-	1,649,144,311
Fuel tank farm	39,118,194	-	-	39,118,194
Heliport	3,074,179	-	-	3,074,179
Utilities	57,029,410	-	-	57,029,410
Equipment	11,298,055	-	-	11,298,055
Computers	1,534,986	-	-	1,534,986
HP Finance Lease	727,593	180,154	-	907,747
Total capital assets Being depreciated	<u>2,255,538,170</u>	<u>16,524,458</u>	<u>-</u>	<u>2,271,062,628</u>
Total capital assets	<u>2,375,335,362</u>	<u>65,654,341</u>	<u>(15,347,473)</u>	<u>2,425,642,230</u>
Less accumulated depreciation:				
Land improvements	371,783,718	13,032,665	-	384,816,383
Buildings and furnishings	427,130,776	46,169,945	-	473,300,721
Fuel tank farm	1,063,414	973,991	-	2,037,405
Heliport	3,074,179	-	-	3,074,179
Utilities	19,064,562	2,312,674	-	21,377,236
Equipment	9,407,112	528,409	-	9,935,521
Computers	1,329,301	80,010	-	1,409,311
HP Finance Lease	22,048	162,315	-	184,363
Total accumulated depreciation	<u>832,875,110</u>	<u>63,260,009</u>	<u>-</u>	<u>896,135,119</u>
Total capital assets, net	<u>\$ 1,542,460,252</u>	<u>\$ 2,394,332</u>	<u>\$ (15,347,473)</u>	<u>\$ 1,529,507,111</u>

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 5: PROPERTY, BUILDINGS, AND EQUIPMENT

	<u>Balance December 31, 2019</u>	<u>Additions during year</u>	<u>Deletions/ transfers during year</u>	<u>Balance December 31, 2020</u>
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	<u>24,851,340</u>	<u>37,235,710</u>	<u>(42,710,666)</u>	<u>19,376,384</u>
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
Fuel Tank Farm	39,118,194	-	-	39,118,194
Heliport	3,074,179	-	-	3,074,179
Utilities	57,029,410	-	-	57,029,410
Equipment	10,983,331	314,724	-	11,298,055
Computers	1,534,986	-	-	1,534,986
HP Finance Lease	-	727,593	-	727,593
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
Fuel Tank Farm	81,496	981,918	-	1,063,414
Heliport	3,074,179	-	-	3,074,179
Utilities	16,748,013	2,316,549	-	19,064,562
Equipment	8,988,305	418,807	-	9,407,112
Computers	1,190,583	138,718	-	1,329,301
HP Finance Lease	-	22,048	-	22,048
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>

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 5: PROPERTY, BUILDINGS, AND EQUIPMENT

Construction in progress is composed of the following at December 31, 2021:

Description	December 31, 2021	Remaining Commitments at 2021
Airfield Lighting Vault	\$ 4,106	\$ 129,942
Airside Development	42,142,680	17,805,872
New Terminal Development	2,398,035	11,245,012
Miscellaneous Projects	8,513,497	1,861,191
Parking – Circulation Bridge	-	2,148
Southside Redevelopment	1,100,476	8,614,747
Total	\$ 54,158,794	\$ 39,658,912

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 6: LONG-TERM DEBT

Long-term debt activity for the years ended December 31, 2021 and 2020 was as follows:

<u>Long-Term Debt</u>	<u>Balance December 31, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2021</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	98,525,000	-	(1,190,000)	97,335,000	1,250,000
Series 2017B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	216,095,000	-	(2,635,000)	213,460,000	2,770,000
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	35,660,000	-	(11,595,000)	24,065,000	11,875,000

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 6: LONG-TERM DEBT (CONTINUED)

<u>Bonds Payable, (continued):</u>	<u>Balance December 31, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2021</u>	<u>Principal due within one year</u>
Series 2017D-1 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2020 at 5.0% final maturity	-	-	-	-	-
Series 2017D-2 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	46,430,000	-	(1,650,000)	44,780,000	1,730,000
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	23,800,000	-	670,000	23,130,000	710,000
	<u>1,068,400,000</u>	-	<u>(17,740,000)</u>	<u>1,050,660,000</u>	<u>18,335,000</u>
Unamortized discount on bonds	(289,407)	-	23,055	(266,349)	-
Unamortized premium on bonds	89,404,572	-	(5,354,842)	84,049,730	-
	<u>\$ 1,157,515,165</u>	<u>\$ -</u>	<u>\$ (23,071,787)</u>	<u>\$ 1,134,443,381</u>	<u>\$ 18,335,000</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	\$ 60,021,000	\$ 529,562	\$ -	\$ 60,550,862	\$ 60,550,862
	<u>60,021,000</u>	<u>529,562</u>	<u>-</u>	<u>60,550,862</u>	<u>60,550,862</u>
	<u>\$ 1,217,536,165</u>	<u>\$ 529,562</u>	<u>\$ (23,071,787)</u>	<u>\$ 1,194,994,243</u>	<u>\$ 78,885,862</u>

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 6: LONG-TERM DEBT (CONTINUED)

<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

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 6: LONG-TERM DEBT (CONTINUED)

<u>Bonds Payable (continued):</u>	Balance December 31, 2019	Additions	Deductions	Balance December 31, 2020	Principal due within one year
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	<u>48,000,000</u>	-	<u>(1,570,000)</u>	<u>46,430,000</u>	<u>1,650,000</u>
Series 2018 Go Zone CFC Bonds Revenue Refunding Bonds, fixed interest rate ranging from 4% - 5% ; January 1, 2040	<u>82,565,000</u>	-	-	<u>82,565,000</u>	-
Series 2019 GO ZONE Revenue Bonds, fixed interest rate, January 1, 2041 at 5% final maturity	23,800,000	-	-	23,800,000	670,000
	<u>1,088,620</u>	-	<u>(20,220,000)</u>	<u>1,068,400</u>	<u>17,740,000</u>
Unamortized discount on bonds	(312,460)	-	23,055	(289,407)	-
Unamortized premium on bonds	<u>94,799,991</u>	-	<u>(5,395,421)</u>	<u>89,404,572</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	\$ 59,046,526	\$ 974,474	\$ -	\$ 60,021,000	\$ -
	<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>

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 6: LONG-TERM DEBT (CONTINUED)

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

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
Bonds Payable:			
December 31:			
2022	\$ 51,213,609	\$ 18,335,000	\$ 69,548,609
2023	50,242,875	30,215,000	80,457,875
2024	49,325,750	18,695,000	68,020,750
2025	48,396,075	21,010,000	69,406,075
2026	47,327,650	24,245,000	71,572,650
2027-2031	218,723,625	140,700,000	357,423,625
2032-2036	176,742,225	179,560,000	356,302,225
2037-2041	123,681,863	249,165,000	372,846,863
2042-2046	61,133,227	237,580,000	298,713,227
2047-2050	6,637,625	131,155,000	137,792,625
	<u>\$ 831,424,524</u>	<u>\$ 1,050,660,000</u>	<u>\$ 1,882,084,524</u>
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
Loans Payable:			
December 31:			
2022	\$ 857,945	\$ 60,550,862	\$ 61,408,807
	<u>\$ 857,845</u>	<u>\$ 60,550,862</u>	<u>\$ 61,408,807</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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 7: 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, 2021:

Equipment	\$	907,747
Less: Accumulated Depreciation		184,363
	\$	723,384

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

	2022	\$	170,294
	2023		174,688
	2024		179,195
	2025		183,818
	2026		93,680
Total Minimum Lease Payments			801,675
Less: Amount Representing Interest			(59,250)
Present Value of Minimum Lease Payments		\$	742,425

Note 8: PENSION PLANS

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 single employer defined benefit retirement plan. A separate financial report on the Plan for the years ended December 31, 2021 and 2020 is 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 city, 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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 8: PENSION PLANS (CONTINUED)

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.

Contributions

Employee Contributions

The effective rate for employee contributions is 6% for 2021 and 2020.

Employer Contributions

Employer contributions are based on 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 of \$1,636,885 and \$2,522,932 were approximately 15.21% and 24.02% of covered payroll for the years ended December 31, 2021 and 2020, 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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 8: PENSION PLANS (CONTINUED)

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.
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.

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 8: PENSION PLANS (CONTINUED)

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 \$18,568,323 and \$21,480,263 were measured as of December 31, 2021 and 2020. The Total Pension Liability used to calculate the Net Pension Liability was also determined as of those dates.

The following schedule lists the Airport's proportionate share of the Net Pension Liability allocated by the pension plan based on the December 31, 2021 and 2020 measurement date. The Airport uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2021 and 2020. The schedule also includes the proportionate share allocation rate used at December 31, 2021 and 2020 along with the change compared to the December 31, 2020 and 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 entities, actuarially determined.

	Net Pension Liability at December 31, 2021	Allocation Rate at December 31, 2021	Increase (Decrease) to December 31, 2020 Rate
Employees' Retirement System of the City of New Orleans	\$ 18,568,323	7.038942%	(0.479571)%
	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%

Louis Armstrong New Orleans International Airport
Notes to Financial Statements

Note 8: PENSION PLANS (CONTINUED)

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

For the years ended December 31, 2021 and 2020, the Airport recognized a pension expense of \$3,248,404 and \$4,530,593, respectively, in payroll related expense on the statements of revenues, expenses, and changes in net position.

On December 31, 2021 and 2020, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84,618	\$ 312,215
Net difference between projected and actual earnings on pension plan investments	2,546,230	3,444,662
Changes of assumptions	1,401,903	1,619,422
Total	\$ 4,032,751	\$ 5,376,299

	December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,375,298	\$ 873,767
Net difference between projected and actual earnings on pension plan investments	-	1,933,399
Changes of assumptions	3,445,920	834,141
Total	\$ 6,821,218	\$ 3,641,307

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

2022	\$ 939,384
2023	(794,100)
2024	(949,139)
2025	(539,693)
	\$ (1,343,548)

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2021 and 2020, using the following actuarial assumptions:

	Employees' Retirement System
Valuation date	December 31, 2021 and 2020
Actuary cost method	Entry age normal
Actuarial assumptions:	
Expected remaining service live	4 years
Investment rate of return	7.25%, net of investment expense, including inflation
Inflation rate	2.50%
Mortality	PubG-2010 for healthy lives and PubNS-2010 Disabled Retiree for disabled lives
Salary increases	Age-based annual rates ranging from 10% to 3.2%
Cost of living adjustments	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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 8: PENSION PLANS (CONTINUED)

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, 2021 and 2020 are summarized in the following table:

Asset Class	2021		2020	
	Target Asset Allocation	Long-term expected portfolio real rate of return	Target Asset Allocation	Long-term expected portfolio real rate of return
Cash equivalents	2.00%	-0.10%	2.00%	-0.20%
Equity securities	56.50%	13.81%	56.50%	13.85%
Fixed income	22.00%	0.60%	22.00%	0.65%
Real Estate	5.00%	3.90%	5.00%	3.65%
Other alternative investments	14.50%	13.15%	14.50%	13.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for the Employees' Retirement System for 2021 and 2020. 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.

Louis Armstrong New Orleans International Airport
Notes to Financial Statements

Note 8: PENSION PLANS (CONTINUED)

Changes in Net Pension Liability

The change in net pension liability for the year ended December 31, 2021 is as follows:

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service cost	\$ 797,899	\$ -	\$ 797,899
Interest on the total pension liability	3,733,581	-	3,733,581
Difference between expected and actual experience	1,072,461	-	1,072,461
Changes of assumptions and other inputs	(3,579,232)	-	(3,579,232)
Contributions – employer	-	1,524,061	(1,524,061)
Contributions - member	-	598,977	(598,977)
Net investment income	-	4,994,205	(4,994,205)
Benefit payments and net transfers	(3,669,375)	(3,669,375)	-
Administrative expense	-	(39,427)	39,427
Other changes	-	(2,141,166)	2,141,166
Net Change	(1,644,666)	1,267,275	(2,911,941)
Net Pension Liability, Beginning	56,113,694	34,633,430	21,480,264
Net Pension Liability, Ending	\$ 54,469,028	\$ 35,900,705	\$ 18,568,323

The change in net pension liability for the year ended December 31, 2020 is as follows:

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service cost	\$ 852,247	\$ -	\$ 852,247
Interest on the total pension liability	3,857,085	-	3,857,085
Changes of benefit terms	476,822	-	476,822
Difference between expected and actual experience	917,236	-	917,236
Changes of assumptions and other inputs	64,379	-	64,379
Contributions – employer	-	2,452,177	(2,452,177)
Contributions - member	-	665,528	(665,528)
Net investment income	-	4,061,150	(4,061,150)
Benefit payments and net transfers	(4,041,720)	(4,041,720)	-
Administrative expense	-	(23,810)	23,810
Other changes	-	241,093	(241,093)
Net Change	2,126,049	3,354,418	(1,228,369)
Net Pension Liability, Beginning	53,987,645	31,279,012	22,708,633
Net Pension Liability, Ending	\$ 56,113,694	\$ 34,633,430	\$ 21,480,264

Louis Armstrong New Orleans International Airport
Notes to Financial Statements

Note 8: PENSION PLANS (CONTINUED)

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, 2021 and 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, 2021	\$	24,732,706	\$ 18,568,323	\$ 13,425,760
December 31, 2020	\$	27,735,326	\$ 21,480,263	\$ 16,252,904

Payables to the Plan

The Airport recorded accrued liabilities of \$116,195 and \$121,120 to the Plan for the years ended December 31, 2021 and 2020, 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.

Note 9: OTHER POST EMPLOYMENT RETIREMENT 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' OPEB Plan (the OPEB Plan) is a single 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).

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 9: OTHER POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Employees covered by benefit terms

At December 31, 2021, 196 active employees were covered by the benefit terms. There is a total of 69 inactive employees or beneficiaries currently receiving benefit payments under the OPEB plan.

The Airport's portion of the annual premium base is paid by the City and reimbursed by the Airport. The contributions by the City for the years ended December 31, 2021 and 2020 estimated to be approximately \$432,000 and \$405,000, respectively.

Total OPEB Liability

The Airport's proportionate share (3.93%) of the total OPEB liability was \$7,725,331, was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021 for the year ended December 31, 2021. The Airport's proportionate share (3.89%) of the total OPEB liability was \$7,894,160, 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, 2020. The proportionate share 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 entities.

Actuarial Assumptions and other inputs

The total OPEB liability in the December 31, 2021 and 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%, annually
Salary increases	4.0%, including inflation
Discount rate	2.12% annually (As of December 31, 2020) 2.06%, annually (As of December 31, 2021)
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, 2021 and 2020, 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, 2021 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2010 to December 31, 2021. 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.

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 9: OTHER POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability during 2021 and 2020:

	2021	2020
Balance at December 31, 2020 and 2019	\$ 7,975,333	\$ 6,759,827
Changes for the year:		
Service cost	142,695	131,766
Interest	164,500	179,669
Differences between expected and actual experience	(180,580)	669,003
Changes in assumptions and other inputs	55,222	559,055
Benefit payments and net transfers	(431,839)	(405,160)
Net changes	(250,002)	1,134,333
Balance at December 31, 2021 and 2020	\$ 7,725,331	\$ 7,894,160

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:

December 31, 2021	1.0% Decrease (1.06%)	Current Discount Rate (2.06%)	1.0% Increase (3.06%)
Total OPEB liability	\$ 9,336,475	\$ 7,725,331	\$ 6,481,736

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

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:

December 31, 2021	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 6,338,168	\$ 7,725,331	\$ 9,146,602

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

**Louis Armstrong New Orleans International Airport
Notes to Financial Statements**

Note 9: OTHER POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

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

For the year ended December 31, 2021, the Airport recognized its proportion (3.93%) of OPEB expense as \$561,810. At December 31, 2021, the Airport reported proportion (3.93%) 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	\$ 606,143	\$ 304,329
Changes in assumptions	1,290,085	342,045
Total	<u>\$ 1,896,228</u>	<u>\$ 646,374</u>

For the year ended December 31, 2020, the Airport recognized its proportion (3.89%) of OPEB expense as \$354,071. At December 31, 2020, the Airport reported proportion (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>

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

2022	\$ 126,060
2023	126,059
2024	126,059
2025	126,059
2026	14,558
2027 and thereafter	87,348
	<u>\$ 606,143</u>

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 10: 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.

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) 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 ended 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 agreed to defer the unpaid rent from the year ended December 31, 2019. For the year ended December 31, 2021, the unpaid rent continued to be deferred and will be paid in the year ended December 31, 2022.

The following is a schedule by year of aggregate future minimum rental payments on noncancelable operating leases as of December 31, 2021:

	2022	\$	58,824,626
	2023		48,879,530
	2024		12,675,657
	2025		12,679,271
	2026		9,306,509
	Thereafter		18,898,552
		\$	161,264,145

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 \$5,080,374 in 2021 and \$2,733,232 in 2020.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 11: 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 years 2021 and 2020, the Airport recorded depreciation expense in the amount of \$973,991 and \$981,918. Revenue is recognized over the course of the agreement. The Airport recorded a rent receivable as of December 31, 2021 and 2020 for approximately \$1,800,496 and \$1,844,793 for the minimum payments expected to be received over the remaining years of the lease.

Note 12: 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, 2021, the Federal Aviation Administration (FAA) contributed \$28,682,185, the Aviation Trust Fund (ATF) contributed \$441,430, and the Transportation Security Administration (TSA) contributed \$198,789. During the year ended December 31, 2020, the FAA contributed \$6,411,352, the ATF contributed \$901,161, and the TSA contributed \$32,997. The Airport also received \$38,728 and \$5,206,351 from the Louisiana Department of Transportation and Development (DOTD) in 2021 and 2020, respectively.

Note 13: COMMITMENTS AND CONTINGENCIES

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.

Louis Armstrong New Orleans International Airport Notes to Financial Statements

Note 13: COMMITMENTS AND CONTINGENCIES

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 \$1,606,163 and \$1,649,598 for the years ended December 31, 2021 and 2020.

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.

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.

Note 14: UNCERTAINTIES

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.

Note 15: SUBSEQUENT EVENTS

On September 30, 2022, the Airport entered into an agreement for the issuance of General Airport Revenue Interim Drawdown Note Series 2022 in the maximum aggregate principal amount of \$75,000,000 maturing October 1, 2025 to pay the balances of the Series 2017 Revenue Interim Drawdown Note.

Louis Armstrong New Orleans International Airport
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years*

<i>For the years ended December 31,</i>	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY								
Service cost	\$ 797,899	\$ 852,247	\$ 891,187	\$ 681,302	\$ 596,916	\$ 630,676	\$ 549,877	\$ 487,019
Interest	3,733,581	3,857,085	3,616,732	3,443,875	2,886,080	2,936,801	2,728,538	2,750,562
Change of benefit term	-	476,822	-	(32,760)	-	-	-	-
Differences between expected and actual experience	1,072,461	917,236	(1,324,570)	1,791,903	869,092	3,048,586	1,366,430	(779,018)
Change of assumptions and other inputs	(3,579,232)	64,379	5,192,940	7,321,948	(3,904,785)	1,260,761	-	-
Benefit payments and net transfers	(3,669,375)	(4,041,720)	(3,637,041)	(3,745,917)	(3,045,115)	(3,387,558)	(3,128,761)	(2,752,208)
Net Change in Total Pension Liability	(1,644,666)	2,126,049	4,739,248	9,460,351	(2,597,812)	4,489,266	1,516,084	(293,645)
Total Pension Liability - Beginning	56,113,694	53,987,645	49,248,397	39,788,046	42,385,858	37,896,592	36,380,508	36,674,153
Total Pension Liability - Ending (a)	\$ 54,469,028	\$ 56,113,694	\$ 53,987,645	\$ 49,248,397	\$ 39,788,046	\$ 42,385,858	\$ 37,896,592	\$ 36,380,508
FIDUCIARY NET POSITION								
Contributions - employer	1,524,061	2,452,177	2,529,718	2,323,850	1,716,570	1,900,122	1,511,811	1,367,657
Contributions - member	598,977	665,528	681,925	616,889	485,026	518,057	437,104	417,133
Net investment income	4,994,205	4,061,150	4,407,988	(1,166,189)	3,279,405	1,991,080	(945,905)	870,874
Benefit payments and net transfers	(3,669,375)	(4,041,720)	(3,637,041)	(3,745,917)	(3,045,115)	(3,387,558)	(3,128,761)	(2,752,208)
Administrative expense	(39,427)	(23,810)	(28,071)	(18,250)	(21,327)	(11,885)	(5,952)	(18,323)
Transfers into the System	67,939	19,692	19,757	37,941	-	-	-	-
Other	(2,209,105)	221,401	(54,425)	4,555,561	(2,266,977)	759,786	-	-
Net Change in Fiduciary Net Position	1,267,275	3,354,418	3,919,851	2,603,885	147,582	1,769,602	(2,131,703)	(114,867)
Fiduciary Net Position - Beginning	34,633,430	31,279,012	27,359,161	24,755,276	24,607,694	22,838,092	24,969,795	25,084,662
Fiduciary Net Position - Ending (b)	\$ 35,900,705	\$ 34,633,430	\$ 31,279,012	\$ 27,359,161	\$ 24,755,276	\$ 24,607,694	\$ 22,838,092	\$ 24,969,795
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 18,568,323	\$ 21,480,264	\$ 22,708,633	\$ 21,889,236	\$ 15,032,770	\$ 17,778,164	\$ 15,058,500	\$ 11,410,713
Fiduciary net position as a percentage of the total pension liability	65.91%	61.72%	57.94%	55.55%	62.22%	58.06%	60.26%	68.64%
Covered payroll	\$ 10,019,135	\$ 10,208,620	\$ 11,164,015	\$ 9,614,821	\$ 7,632,578	\$ 8,037,960	\$ 7,118,288	\$ 6,579,317
Net pension liability as a percentage of covered payroll	185.33%	210.41%	203.41%	227.66%	196.96%	221.18%	211.55%	173.43%

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

NOTES TO SCHEDULE:

Changes in Benefits: For 2020, the benefit multiplier changed to 2.50% for all years of service, 80 point provision added to retirement eligibility, age 60 with 10 years of service early retirement eligibility added, pensionable earnings capped at \$150,000, periodically adjusted for inflation by the Trustees, and a retirement Incentive Plan was adopted for participating members with a retirement date in 2020. For 2018, for all employees hired on or after January 1, 2018, the benefit multiplier changed to 1.9% for all years of service and pensionable earnings capped at \$100,000 adjusted for inflation, and early retirement allowed at age 62 with 20 years of service.

Changes in Assumptions and Other Inputs:

Allocation Percentage to the Airport (component unit)	7.038942%	7.518513%	7.465669%	7.480550%	6.317905%	6.959001%	6.734940%	6.734940%
Discount Rate			7.25%					
Mortality Tables			PubG-2010, Disabled-					
Mortality Projection Scale		MP-2020	PubNS-2010	MP-2018				
Salary Increases				10%-3.2%				

**Louis Armstrong New Orleans International Airport
Schedule of Contributions to Defined Benefit Plan
Last 10 Years***

<i>December 31,</i>	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,524,061	\$ 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>1,636,885</u>	<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>\$ (112,824)</u>	<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>
Covered payroll	\$ 10,019,135	\$ 10,208,620	\$ 11,164,015	\$ 9,614,821	\$ 7,632,578	\$ 8,037,960	\$ 7,118,288	\$ 6,579,317
Contributions as a percentage of covered payroll	16.34%	24.71%	23.01%	23.40%	23.08%	20.74%	22.52%	23.31%

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

NOTES TO SCHEDULE

Allocation Percentage to the Airport (component unit)	7.038942%	7.518513%	7.465669%	7.480550%	6.317905%	6.959001%	6.734940%	6.734940%
Methods and assumptions used to determine contribution rates:								
Valuation date:	January 1, 2022							
Actuarial cost method	Entry Age Actuarial Cost Method							
Amortization method	Level percent of pay with layered bases							
Remaining amortization period.	25 years							
Asset valuation method	Actual market value performance over a seven year period ending on the valuation date. The market value performance is averaged over the seven year period by reflecting the actual external cash flow and adjusting each prior year's market value to the current valuation date using the actuarial interest assumption in effect for each year.							
Investment rate of return	7.25%, net of pension plan investment expense, including inflation							
Inflation	2.50%							
Salary increases	Age-based annual rates ranging from 10% to 3.2%							

**Louis Armstrong New Orleans International Airport
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Years***

<i>December 31,</i>	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 142,695	\$ 131,766	\$ 80,941	\$ 91,236
Interest	164,500	179,669	222,214	212,949
Current Year Amortization	-	-	43,774	-
Differences between expected and actual experience	(180,580)	669,003	203,246	(209,788)
Changes of assumptions or other inputs	136,395	559,055	996,934	(466,422)
Benefit payments	(431,839)	(405,160)	(414,293)	(382,674)
Net change in total OPEB liability	(168,829)	1,134,333	1,132,816	\$ (754,699)
Total OPEB liability - beginning	7,894,160	6,759,827	5,627,011	6,381,710
Total OPEB liability - ending	\$ 7,725,331	\$ 7,894,160	\$ 6,759,827	\$ 5,627,011
Covered payroll	\$ 10,596,026	\$ 10,084,787	\$ 9,982,277	\$ 9,614,757
Total OPEB liability as a percentage of covered payroll	72.91%	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, 2021.
- Changes of Assumptions or other inputs:

Discount Rate:	2.06%	2.12%	2.74%	4.10%
Mortality:	RP-2000	RP-2000	RP-2000	RP-2000
Trend:	Variable	Variable	5.5%	5.5%

Louis Armstrong New Orleans International Airport Supplemental Schedule of Investments

Year ended December 31, 2021

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	\$ 66,849	\$ 66,849
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2009	N/A	942,157	942,157
			<u>1,009,006</u>	<u>1,009,006</u>
City of New Orleans:				
LAMP - Sales Tax/General Purpose	2003	N/A	20,434,180	20,434,180
LAMP - Revolving			23	23
LAMP - Use & Lease General Purpose	2011	N/A	9	9
			<u>20,434,212</u>	<u>20,434,212</u>
New Orleans Aviation Board:				
Whitney Custody Account			<u>18,243,515</u>	<u>18,243,515</u>
Total unrestricted investments			<u>39,686,733</u>	<u>39,686,733</u>
Restricted investments:				
City of New Orleans:				
LAMP - Rollover Coverage	2009	N/A	<u>16,508,343</u>	<u>16,508,343</u>
CIF-Parking Facility Loan:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2010	N/A	<u>1,152,849</u>	<u>1,152,849</u>
Debt Service Fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2008	N/A	<u>52,209,555</u>	<u>52,209,555</u>
Debt Service Reserve Fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	94,227,221	94,227,221
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2009	N/A	-	-
			<u>94,227,221</u>	<u>94,227,221</u>
Capitalized Interest:				
Dreyfus Treasury Prime Cash Management: The Bank of New York Mellon	2015	N/A	<u>-</u>	<u>-</u>

**Louis Armstrong New Orleans International Airport
Supplemental Schedule of Investments**

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>9,400,909</u>	<u>9,400,909</u>
Receipts Fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	<u>1,482,695</u>	<u>1,482,695</u>
CFC Restricted:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2010	N/A	<u>27,560,573</u>	<u>27,560,573</u>
Time Reimbursement:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	<u>1,193,285</u>	<u>1,193,285</u>
Project Account:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	<u>4,008,055</u>	<u>4,008,055</u>
PFC Restricted:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	2008	<u>65,730,527</u>	<u>65,730,527</u>
GARB Restricted:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2015	N/A	<u>1,179,484</u>	<u>1,179,484</u>
Vendor Payment:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2015	N/A	<u>43,927</u>	<u>43,927</u>
Total restricted investments			<u>274,697,423</u>	<u>274,697,423</u>
Total all investments			<u>\$ 314,384,156</u>	<u>\$ 314,384,156</u>

Louis Armstrong New Orleans International Airport
Supplemental Schedule of Operating Revenues and Expenses by Area of Activity

	<i>Year ended December 31, 2021</i>			
	<u>Airfield</u>	<u>Terminal buildings</u>	<u>Ground transportation</u>	<u>Total</u>
Operating revenues	\$ 5,119,634	\$ 57,264,182	\$ 2,852,023	\$ 65,235,839
Direct expenses	<u>4,843,208</u>	<u>20,778,898</u>	<u>2,698,449</u>	<u>28,320,555</u>
Operating revenues, less direct expenses	276,426	36,485,284	153,574	36,915,284
Depreciation of cost center assets	<u>15,875,153</u>	<u>45,119,353</u>	<u>973,991</u>	<u>61,968,497</u>
Operating revenues, less direct expenses and depreciation	<u>\$ (15,598,727)</u>	<u>\$ (8,634,069)</u>	<u>\$ (820,417)</u>	<u>(25,053,213)</u>
Other operating expenses:				
Depreciation of non-cost center assets				1,291,514
Administrative				<u>31,419,413</u>
Total other operating expenses				<u>32,710,927</u>
Operating (loss)				<u>\$ (57,764,140)</u>

See accompanying independent auditors' report.

**Louis Armstrong New Orleans International Airport
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, 2021

Revenues:	
Airline rentals and landing fees	\$ 28,488,751
Other operating revenues	36,747,088
Nonoperating revenues	2,079,699
Transferred PFCs	23,963,000
Federal funding	41,413,062
Rollover coverage	<u>16,508,343</u>
Total revenues	149,199,943
Less expenses:	
Operation and maintenance expenses	<u>59,740,968</u>
Net revenues	<u>\$ 89,458,975</u>
Debt service fund requirement:	
Principal payments	\$ 18,335,000
Interest expense	<u>47,681,271</u>
Total debt service fund requirement	<u>\$ 66,016,271</u>
Historical debt service coverage ratio	<u>1.36</u>

(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.

**Louis Armstrong New Orleans International Airport
Schedule of Compensation, Benefits, and Other Payments to the Director of Aviation**

Year ended December 31, 2021

Director of Aviation

Purpose	Kevin Dolliole
Salary	\$ 324,719
Benefits-retirement contribution	49,838
Benefits- medical	8,480
Benefits-Medicare, Social Security, Workman's Compensation	12,030
Benefits-insurance contribution	85
Travel*	6,280
Conference registration fees*	2,695
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.

Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louis Armstrong New Orleans International Airport (the “Airport”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Airport’s basic financial statements and have issued our report thereon dated November 23, 2022.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Airport’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
November 23, 2022



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the New Orleans Aviation Board and the
City Council of the City of New Orleans
New Orleans, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Louis Armstrong New Orleans International Airport (the "Airport") management is responsible for those C/C areas identified in the SAUPs.

The Airport has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Airport's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Airport's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Results: No exceptions were found as a result of applying the above procedures.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
Results: No exceptions were found as a result of applying the above procedures.

- c) **Disbursements**, including processing, reviewing, and approving.
Results: No exceptions were found as a result of applying the above procedures.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Results: No exceptions were found as a result of applying the above procedures.
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
Results: No exceptions were found as a result of applying the above procedures.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Results: No exceptions were found as a result of applying the above procedures.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Results: No exceptions were found as a result of applying the above procedures.
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Results: No exceptions were found as a result of applying the above procedures.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Airport's ethics policy.
Results: No exceptions were found as a result of applying the above procedures.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Results: No exceptions were found as a result of applying the above procedures.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Results: No exceptions were found as a result of applying the above procedures.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
Results: No exceptions were found as a result of applying the above procedures.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were found as a result of applying the above procedures

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Results: No exceptions were found as a result of applying the above procedures

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: No exceptions were found as a result of applying the above procedures

Bank Reconciliations

3. Obtain a listing of the Airport bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Airport's main operating account. Select the Airport's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results: No exceptions were found as a result of applying the above procedures

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: No exceptions were found as a result of applying the above procedures

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the above procedures

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions were found as a result of applying the above procedures

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

Results: No exceptions were found as a result of applying the above procedures

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Results: No exceptions were found as a result of applying the above procedures

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Results: No exceptions were found as a result of applying the above procedures

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of applying the above procedures

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: No exceptions were found as a result of applying the above procedures

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of applying the above procedures

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were found as a result of applying the above procedures

c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of applying the above procedures

d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: No exceptions were found as a result of applying the above procedures

e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the above procedures

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions were found as a result of applying the above procedures

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: No exceptions were found as a result of applying the above procedures

b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the above procedures

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: No exceptions were found as a result of applying the above procedures

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions were found as a result of applying the above procedures

10. For each location selected under #8 above, obtain the Airport's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Airport.

Results: No exceptions were found as a result of applying the above procedures

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions were found as a result of applying the above procedures

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the above procedures

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Results: No exceptions were found as a result of applying the above procedures

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were found as a result of applying the above procedures

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of applying the above procedures

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: No exceptions were found as a result of applying the above procedures

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were found as a result of applying the above procedures

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: No exceptions were found as a result of applying the above procedures

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the above procedures

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: No exceptions were found as a result of applying the above procedures

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Results: No exceptions were found as a result of applying the above procedures

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: No exceptions were found as a result of applying the above procedures

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the above procedures

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were found as a result of applying the above procedures

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Results: No exceptions were found as a result of applying the above procedures

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Results: No exceptions were found as a result of applying the above procedures

- c) Observe any leave accrued or taken during the pay period is reflected in the Airport's cumulative leave records.

Results: No exceptions were found as a result of applying the above procedures

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of applying the above procedures

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Airport's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to Airport policy.

Results: No exceptions were found as a result of applying the above procedures

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of applying the above procedures

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Results: No exceptions were found as a result of applying the above procedures.

- b. Observe whether the Airport maintains documentation which demonstrates each employee and official were notified of any changes to the Airport's ethics policy during the fiscal period, as applicable.

Results: No exceptions were found as a result of applying the above procedures

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Results: No exceptions were found as a result of applying the above procedures

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: No exceptions were found as a result of applying the above procedures

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Airport reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Airport is domiciled.

Results: No exceptions were found as a result of applying the above procedures

24. Observe the Airport has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of applying the above procedures

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the Airport’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Results: We performed the procedure and discussed the results with management.

- b) Obtain and inspect the Airport’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results: We performed the procedure and discussed the results with management.

- c) Obtain a listing of the Airport’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Results: No exceptions were found as a result of applying the above procedures.

27. Observe the Airport has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Airport’s premises if the Airport does not have a website).

Results: No exceptions were found as a result of applying the above procedures.

28. Obtain the Airport’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

Results: No exceptions were found as a result of applying the above procedures.

- b) Number of sexual harassment complaints received by the agency;

Results: No exceptions were found as a result of applying the above procedures.

c) Number of complaints which resulted in a finding that sexual harassment occurred;

Results: No exceptions were found as a result of applying the above procedures.

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Results: No exceptions were found as a result of applying the above procedures.

e) Amount of time it took to resolve each complaint.

Results: No exceptions were found as a result of applying the above procedures.

We were engaged by Louis Armstrong New Orleans International Airport to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Louis Armstrong New Orleans International Airport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Carr, Riggs & Ingram, L.L.C.

November 23, 2022
Metairie, Louisiana