



**LOUIS ARMSTRONG NEW ORLEANS  
INTERNATIONAL AIRPORT**

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

**Financial Statements**

**December 31, 2022**

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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 year ended December 31, 2022, 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, 2022, and the respective changes in financial position and cash flows thereof for the year 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.

#### ***Change in Accounting Principle***

As discussed in Note 14 to the financial statements, in 2022 the Board adopted new accounting guidance, GASBS No. 87, *Leases*, which resulted in no cumulative effect of change to the June 30, 2021 net position. Our opinion is not modified with respect to this matter.

#### ***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 4-17 and 59-61, 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 June 30, 2023, 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  
June 30, 2023

## 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 year ended December 31, 2022. 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, 2022 by \$566,183,734.
- The Airport's total net position decreased by \$13,444,911 or 2.33% for 2022
- In 2022, the US Government provided the Airport with \$4.3 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.

### 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 statement 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 statement 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 this statement for some items that will result in cash flows in future fiscal periods.

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

The statement 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 this statement. A reconciliation is a part

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

of this statement 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 increased by \$8,836,796 (0.46%) from 2021 to 2022 due primarily to the decrease in net capital projects by \$14,886,653, a decrease in cash and cash equivalents by \$6,047,276, but an increase in investments by \$1,840,559 and an increase in Lease receivable of 55,861,855. Capital projects decreased because depreciation expense exceeded current year fixed asset additions. Investments increased as a result of volatile market conditions during 2022 and cash decreased due to in 2022 primarily due to the increased passenger activity. Total liabilities and deferred inflows increased by \$23,825,764 (1.76%) primarily resulting from a decrease in bonds payable of \$23,625,075 and net decrease on accounts payable and accrued expenses of \$13,100,770 and an increase in deferred leases of \$53,131,352. Bonds payable decreased as a result of principal payments made in 2022 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 \$309,646,609 (54.69%) at 2022, 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, \$246,742,106 (43.58%) at 2022, 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, \$9,795,019 (1.73%) at 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>2022</u>	<u>2021</u>
<b>Assets:</b>		
<b>Current assets:</b>		
Unrestricted assets	\$ 78,586	\$ 98,475
Restricted assets	57,366	58,314
<b>Noncurrent assets:</b>		
Unrestricted assets	49,651	1,581
Restricted assets	225,794	227,895
Net capital assets	<u>1,514,620</u>	<u>1,529,507</u>
Total assets	<u>\$ 1,926,018</u>	<u>\$ 1,915,772</u>
<b>Deferred Outflows of Resources:</b>		
Deferred amounts related to pension liability	\$ 4,743	\$ 4,033
Deferred amounts related to OPEB liability	1,580	1,896
Deferred losses on advance refunding	<u>4,157</u>	<u>4,416</u>
Total deferred outflows	<u>\$ 10,480</u>	<u>\$ 10,345</u>
<b>Liabilities:</b>		
Current liabilities	\$ 91,503	\$ 161,362
Noncurrent liabilities	<u>1,184,232</u>	<u>1,142,544</u>
Total liabilities	<u>\$ 1,275,735</u>	<u>\$ 1,303,906</u>
<b>Deferred Inflows of Resources:</b>		
Deferred amounts related to pension liability	\$ 1,411	\$ 5,376
Deferred amounts related to leases	54,637	-
Deferred amounts related to OPEB liability	1,841	646
Deferred amounts related to service concession arrangement	<u>36,688</u>	<u>36,559</u>
Total deferred inflows	<u>\$ 94,578</u>	<u>\$ 42,582</u>
<b>Net Position:</b>		
Net investment in capital assets	\$ 309,647	\$ 301,627
Restricted	246,742	249,128
Unrestricted	<u>9,795</u>	<u>28,873</u>
Total net position	<u>\$ 566,184</u>	<u>\$ 579,628</u>



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

### Debt Activity

At December 31, 2022 and 2021, the Airport had total debt outstanding of \$1,171,871,806 and \$1,194,994,243, 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>2022</u>	<u>2021</u>
Bonds payable:		
Revenue Bonds 2015A-B	\$ 565,325	\$ 565,325
Revenue Bonds 2017A-D	362,015	379,640
GO Zone CFC Revenue Bonds 2018	82,565	82,565
GO Zone Revenue Bonds 2019	22,420	23,130
Unamortized bond discount	(243)	(266)
Unamortized bond premium	78,737	84,050
Loans payable:		
Series 2017 Interim Drawdown Notes	-	60,551
Series 2022	61,054	-
	<u>\$ 1,171,872</u>	<u>\$ 1,194,994</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, 2022 and 2021 is presented in the following tables. The total increase for the years ended December 31, 2022 and 2021 was 1.98% and 2.12%, 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 2021, which caused a greater increase in 2021. The significant increase in assets was offset by a decrease in construction in progress during the year for the following major projects:

Project	Approximate cost during FY 2022
North Terminal Project Design/Construction	\$19 million
Taxiway Construction	\$15 million
Planning Services	\$9 million
Approximate cost during FY 2021	
Project	
North Terminal Project Design/Construction	\$23 million
Roadways Development Program	\$1 million
Planning Services	\$4 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)

	<b>2022</b>	<b>2021</b>
Land	\$ 78,139	\$ 78,139
Air rights	22,282	22,282
Land improvements	513,101	508,955
Buildings and furnishings	1,650,816	1,649,144
Utilities	57,029	57,029
Fuel Tank Farm	39,118	39,118
Equipment	11,336	11,298
Computers	1,535	1,535
Heliport	3,074	3,074
HP Finance Lease	908	908
Construction in progress	96,297	54,159
Total capital assets	<u>2,473,635</u>	<u>2,425,641</u>
Less accumulated depreciation	<u>959,015</u>	<u>896,135</u>
Net capital assets	<u>\$ 1,514,620</u>	<u>\$ 1,529,506</u>

### Airlines Rates and Charges

An Airline Airport Use and Lease Agreement became effective January 1, 2009. Actual rates for 2022 and 2021 are included in the table below.

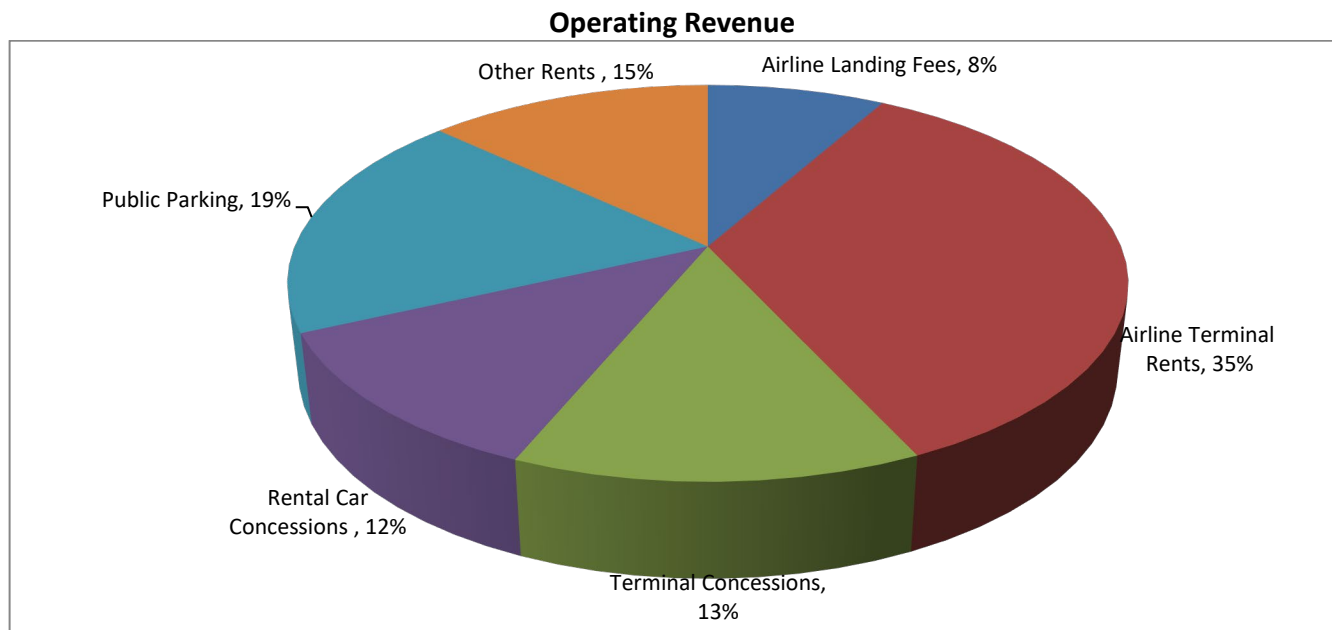
	<b>2022</b>	<b>2021</b>
Terminal building rental rates (per sq. ft.)	\$147.84	\$91.30
Landing fee rate (per 1,000 lbs.)	1.11	0.27
Apron use fee rate (per sq. ft.)	2.43	1.72
Loading bridge use fee (per bridge)	-	-
Enplaned passenger use fee (per passenger)	9.01	8.79

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, 2022.



### Operating Revenues (in thousands)

	<u>2022</u>	<u>2021</u>
<b>Passenger and cargo airlines:</b>		
Airline landing fees	\$ 8,684	\$ 2,136
Airline terminal rents	37,069	23,233
Land rents	134	131
Other rents	3,922	2,990
	<u>49,809</u>	<u>28,490</u>
<b>Non airline rentals:</b>		
Terminal concessions	14,057	5,499
Car rental concessions	12,561	9,346
Public parking	19,936	15,213
Other rents	9,843	6,688
	<u>56,397</u>	<u>36,746</u>
<b>Total nonairline revenues</b>	<u>56,397</u>	<u>36,746</u>
<b>Total operating revenues</b>	<u>\$ 106,206</u>	<u>\$ 65,236</u>

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

### 2022 vs. 2021

Total passenger and cargo airline revenue for 2022 increased by \$21 million (74.8%) compared to 2021 due to increased Airline terminal rent, which was a result of increased passenger activity in 2022. Non-airline revenues increased by \$20 million (40.5%) due to increased terminal and car rental concessions, which is a result of increased passenger activity in 2022

	2022	2021
Cost per enplaned passenger:		
Airline revenues	\$ 49,173	\$ 27,359
Enplaned passengers	5,946	4,019
Cost per enplaned passenger	\$ 8.27	\$ 6.81

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

The following chart shows major sources of non-operating revenues for the years ended December 31, 2022, and 2021.

	2022	2021
Investment income, net	\$ (2,021)	\$ (159)
Passenger facility charges	24,152	17,869
Customer facility charges	14,030	10,776
Capital contributions	15,662	29,361
Federal grants	4,300	41,413
Other, net	13,365	2,366
	\$ 69,488	\$ 101,626

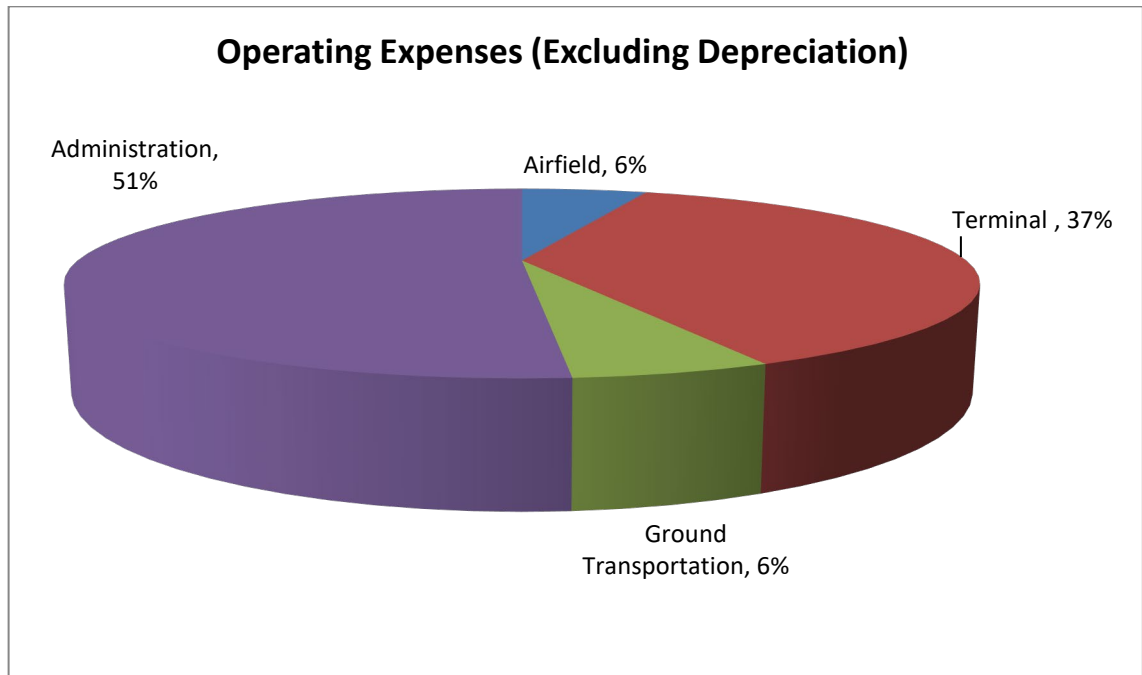
### 2022 vs. 2021

Non-operating revenues decreased for 2022 by \$32 million (32%) primarily due to an decrease in capital contributions and federal grants.

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

### Expenses

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2022.



### Operating Expenses before Depreciation and Impairment

	<u>2022</u>	<u>2021</u>
Direct		
Airfield	\$ 3,989	\$ 4,843
Terminal	26,737	20,779
Ground transportation	4,048	2,699
Administration	36,734	31,419
	<u>\$ 71,508</u>	<u>\$ 59,740</u>

#### **2022 vs. 2021**

The operating expenses, before depreciation and impairment, increased by approximately \$11.8 million compared to the prior year. This increase was primarily due to Hurricane Ida repairs and increased utility expenses.

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

### Non-Operating Expenses

The following chart shows major expense categories of non-operating expenses for the years ended December 31, 2022 and 2021 (in thousands).

	<u>2022</u>	<u>2021</u>
Interest expense	\$ 47,290	\$ 47,149
Terminal transportation costs	<u>7,566</u>	<u>7,304</u>
Total Non-operating Expense	<u>\$ 54,856</u>	<u>\$ 54,453</u>

### 2022 vs. 2021

The Non-operating expense increased by approximately \$403 thousand due to the increase in the terminal transportation costs due to the increase in passenger traffic between the South and North Terminal.

### Total Revenues and Expenses (in thousands)

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

	<u>2022</u>	<u>2021</u>
Total operating revenues	\$ 106,206	\$ 65,236
Total non-operating revenues	<u>69,584</u>	<u>101,626</u>
Total revenues	<u>\$ 175,790</u>	<u>\$ 166,862</u>
Total operating expenses	\$ 134,379	\$ 123,000
Total non-operating expenses	<u>54,856</u>	<u>54,453</u>
Total expenses	<u>\$ 189,235</u>	<u>\$ 177,453</u>

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

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

	<b>2022</b>	<b>2021</b>
Summary of changes in net position:		
Operating revenues	\$ 106,206	\$ 65,236
Operating expenses before depreciation and impairment	71,499	59,739
Operating income before depreciation and impairment	34,707	5,497
Depreciation	62,783	63,260
Operating income (loss)	(28,076)	(57,764)
Non-operating revenues, net	(1,030)	17,812
Income before capital contributions and transfers	(29,106)	(39,952)
Capital contributions	15,662	29,361
Change in net position	\$ (13,444)	\$ (10,591)

Operating income before depreciation and impairment decreased \$29 million (532%) in 2022 compared to 2021. Depreciation expenses decreased \$.5 million (.75%) due to timing of when projects in construction in progress being completed and transferred to depreciated fixed assets in 2022 and minimal assets being fully depreciated or disposed of. Non-operating revenues, net decreased \$18 million (106%) primarily due to an increase in in passenger facility charges and customer facility charges as a result of the increased passenger activity and a \$37 million decrease in federal grants. Capital contributions decreased by \$13.7 million (47%) due to the decrease in funding received from TSA, FAA 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.

<b>Revenue Refunding Bonds</b>	<b>2022</b>	<b>2021</b>
GARB Series Bonds	130.0%	136.0%

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.



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

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 129% for the year ended December 31, 2022 and 136.0% for the year ended December 31, 2021.

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.

### Airport Activities and Highlights

Passenger totals for 2022 increased to 11,864,527 (47.08%), from 8,066,869 passengers in 2021, due to increases in air travel. Aircraft landed weights total for 2022 increased to 7,352,552 (37.03%), from 5,365,624 in 2021.

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

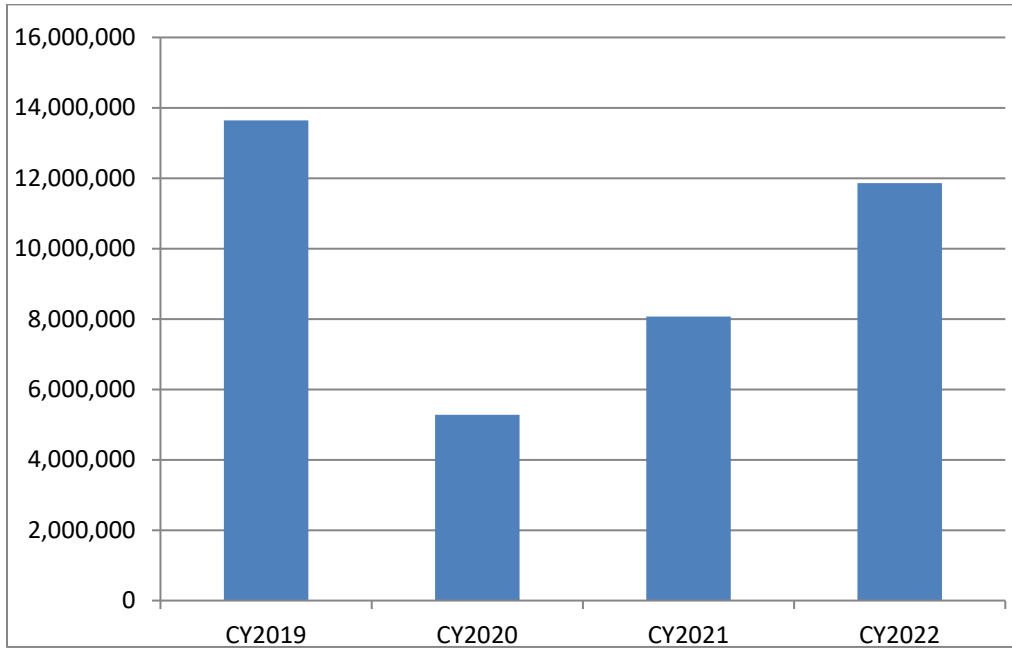
Fiscal year	Total passengers	Landed weight (1,000 pound units)	Air carrier operations
2021	8,066,869	5,365,624	74,040
2022	11,864,527	7,352,552	98,567

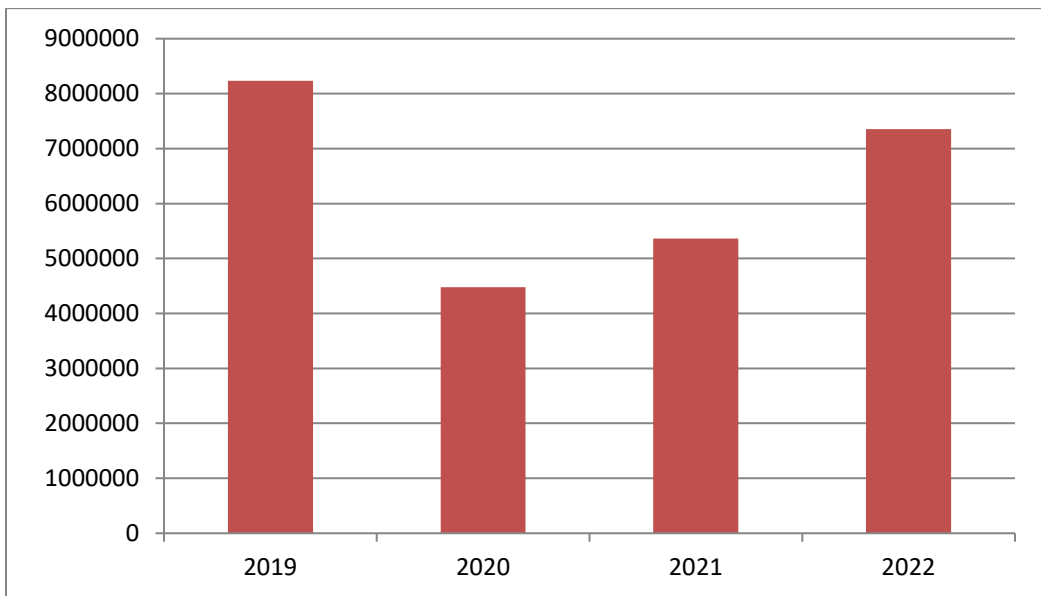
Fiscal year	Number of daily departures	Number of destinations	Average daily seats
2021	106	54	15,416
2022	137	60	20,989

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

### Total Passengers for the Year

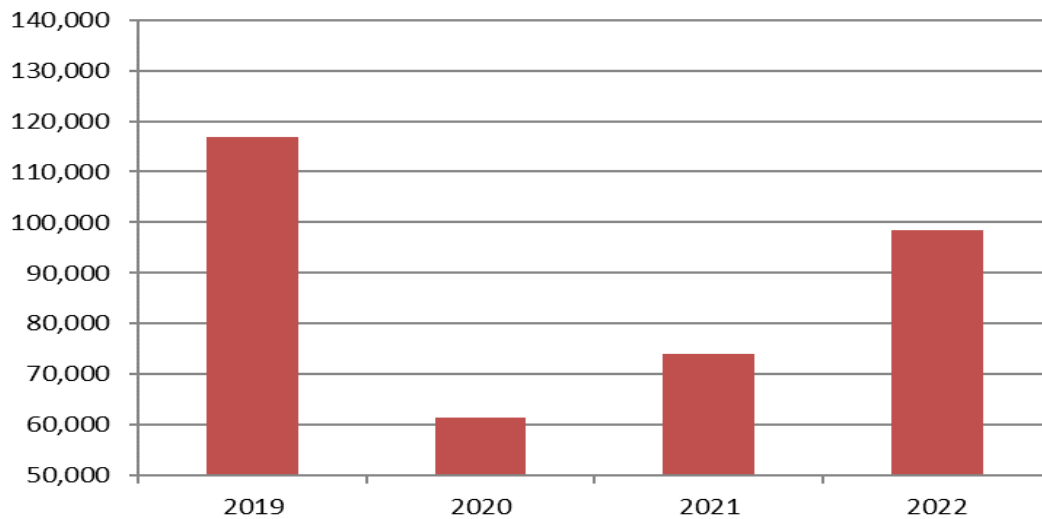


### Landed Weight per 1,000 pounds



## 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 2023 non-airline revenue compared to 2022, going from \$50.3 million to \$62.5 million, tallying to a \$12.2 million (approx. 24.25%) 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 2022 budget, the Airport proposed an increase in the 2023 operating expenses of \$4.333 million (approx. 6.0%). 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 2023 will be \$5.99. This CPE is well under the Airport's goal of maintaining a CPE of less than \$10.

### 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**  
**Statement of Net Position**

December 31,

**2022**

**Assets**

Current assets

Cash and cash equivalents	\$	12,113,275
Accounts receivable, less allowance for doubtful accounts		10,360,940
Capital grant receivable		12,798,432
Investments		35,453,543
Interest receivable		(539,188)
Lease receivable		7,769,698
Prepaid expenses and deposits		629,459

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Total current unrestricted assets 78,586,159

Restricted assets

Cash and cash equivalents	1,716,146
Investments	51,293,017
Passenger facility charges receivable	3,286,137
Customer facility charges receivable	1,071,151

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Total current restricted assets 57,366,451

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Total current assets 135,952,610

Noncurrent assets

Restricted investments	225,794,026
Lease receivable, non-current	48,092,157
Prepaid insurance on revenue bonds, less accumulated amortization	547,075
Advances to related facility management company	1,011,301
Capital assets	
Capital assets not being depreciated	196,718,040
Capital assets being depreciated	2,276,917,099
Less accumulated depreciation	(959,014,681)
Net capital assets	1,514,620,458

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Total noncurrent assets 1,790,065,017

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Total assets 1,926,017,627

**Deferred Outflows of Resources**

Deferred amounts related to net pension liability (note 8)	4,742,522
Deferred amounts related to total OPEB liability (note 9)	1,579,964
Deferred losses on advance refunding	4,157,298

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Total deferred outflows of resources 10,479,784

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Total assets and deferred outflows of resources \$ 1,936,497,411

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

## Louis Armstrong New Orleans International Airport Statement of Net Position

<i>December 31,</i>	<b>2022</b>
<b>Liabilities</b>	
Current liabilities:	
Payable from unrestricted assets:	
Accounts payable and accrued expenses	\$ 26,591,541
Due to City of New Orleans	2,678,016
Accrued salaries and other compensation	3,384,490
Capital projects payable	9,413,340
Total OPEB liability, due within one year (note 9)	478,998
<b>Total unrestricted current liabilities</b>	
	<b>42,546,385</b>
Payable from restricted assets:	
Capital projects payable	4,293,897
Finance lease payable, current portion (note 7)	171,160
Accrued bond interest payable	25,517,182
Bonds payable, current portion (note 6)	18,975,000
<b>Total restricted current liabilities</b>	
	<b>48,957,239</b>
<b>Total current liabilities</b>	
	<b>91,503,624</b>
Noncurrent liabilities:	
Loans payable (note 6)	61,053,500
Finance lease payable, less current portion (note 7)	400,105
Bonds payable, less current portion and unamortized discount/premium (note 6)	1,091,843,306
Net pension liability (note 8)	25,409,487
Total OPEB liability, due beyond one year (note 9)	5,525,878
<b>Total noncurrent liabilities</b>	
	<b>1,184,232,276</b>
<b>Total liabilities</b>	
	<b>1,275,735,900</b>
<b>Deferred Inflows of Resources</b>	
Deferred amounts related to net pension liability (note 8)	1,411,028
Deferred amounts related to total OPEB liability (note 9)	1,841,891
Deferred amounts related to leases (note 12)	54,636,783
Deferred amounts related to service concession arrangement (note 10)	36,688,077
<b>Total deferred inflows of resources</b>	
	<b>94,577,779</b>
<b>Net Position</b>	
Net investment in capital assets	309,646,609
Restricted for:	
Debt service	117,345,205
Capital acquisition	103,191,113
Operating reserve	26,205,788
Unrestricted	9,795,017
<b>Total net position</b>	
	<b>566,183,732</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	
	<b>\$ 1,936,497,411</b>

*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 year ended December 31,</i>	<b>2022</b>
<b>Operating revenues</b>	
Airfield	\$ 13,318,164
Terminal	89,734,495
Ground transportation	3,153,429
<hr/>	
Total operating revenues	106,206,088
<hr/>	
<b>Operating expenses</b>	
Direct:	
Airfield	3,988,984
Terminal	26,736,611
Ground transportation	4,047,786
Depreciation	62,871,663
Administrative	36,733,959
<hr/>	
Total operating expenses	134,379,003
<hr/>	
Operating (loss) income	(28,172,915)
<hr/>	
<b>Nonoperating revenues (expenses)</b>	
Investment income, net	(2,021,452)
Interest expense	(47,289,530)
Passenger facility charges	24,152,258
Customer facility charges	14,030,057
Terminal transportation costs	(7,566,255)
Federal grants - COVID-19 related	4,300,020
Other, net	13,461,075
<hr/>	
Total nonoperating (expenses) revenues, net	(933,827)
<hr/>	
Change in net position before capital contributions	(29,106,742)
<hr/>	
<b>Capital contributions (note 12)</b>	15,661,829
<hr/>	
Change in net position	(13,444,913)
<hr/>	
Net position, beginning of year (as restated)	579,628,645
<hr/>	
Total net position, end of year	\$ 566,183,732
<hr/>	

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

**Louis Armstrong New Orleans International Airport**  
**Statement of Cash Flows**

*For the years ended December 31,*

**2022**

<b>Cash flows from Operating activities</b>	
Cash received from customers	\$ 113,966,951
Cash paid to suppliers for goods and services	(63,517,838)
Cash paid to employees and on behalf of employees for services	(16,344,263)
Net cash provided by (used in) operating activities	34,104,850
<b>Cash flow from Noncapital financing activities</b>	
Sales tax receipts	1,347,067
Operating grants and reimbursements from other governments	5,200,226
Other payments	3,806,635
Net cash provided by (used in) noncapital financing activities	10,353,928
<b>Cash flows from Capital and related financing activities</b>	
Passenger facility charges collected	23,976,833
Customer facility charges collected	14,017,535
Acquisition and construction of capital assets	(47,264,821)
Capital grants received	28,988,972
Issuance of revenue bonds	502,638
Principal paid on loan and revenue bond maturities	(25,566,341)
Interest paid on bonds and loans	(45,383,498)
Issuance of finance equipment lease purchase agreement	(197,185)
Cost of bond issuance and insurance	-
Net cash provided by (used in) capital and related financing activities	(50,925,867)
<b>Cash flows from Investing activities</b>	
Sales of investments	494,746,845
Purchases of investments	(492,906,286)
Interest and dividends on investments	(1,420,739)
Net cash provided by (used in) investing activities	419,820
<b>Net change in cash and cash equivalents</b>	<b>(6,047,269)</b>
Cash and cash equivalents at beginning of year	19,876,690
Cash and cash equivalents at end of year	\$ 13,829,421
Cash, current	\$ 12,113,275
Cash, current restricted	1,716,146
Cash and cash equivalents at end of year	\$ 13,829,421

*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>	<b>2022</b>
<hr/>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating loss	\$ (28,172,915)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	62,871,663
Deferred outflows of resources	
Related to net pension liability	(393,507)
Deferred inflows of resources	
Related to net pension and total OPEB liability	(2,769,754)
Related to leases	54,636,783
Net pension liability	6,841,164
Total OPEB liability	(1,720,455)
Change in allowance for doubtful accounts	(317,546)
Changes in assets and liabilities:	
Accounts receivable	(46,558,374)
Prepaid expenses and deposits	93,349
Accounts payable	(13,100,770)
Accrued salaries and other compensation	717,288
Due to City of New Orleans	1,977,924
<hr/>	
Total adjustments	62,277,765
<hr/>	
Net cash provided by (used in) operating activities	\$ 34,104,850
<hr/> <hr/>	

*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. Actual results could differ from those estimates. Estimate that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, pension liability and OPEB liability.

#### ***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:

	<b>Estimated useful lives (years)</b>
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 \$2,145,866 for the year ended December 31, 2022 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 2022 are as follows:

	2022
Terminal building rental rates (per sq. ft.)	\$ 147.84
Landing fee rate (per 1,000 lbs.)	1.11
Apron use fee rate (per sq. ft.)	2.43
Enplaned passenger use fee (per passenger)	9.01

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 year ended December 31, 2022, 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, 2022, the Airport is authorized to collect up to \$965,553,986 of PFC revenue through the expiration of the PFC, of which \$509,894,715 has been collected. As of December 31, 2022, 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, 2019, and 2022 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.

#### ***Statement of Cash Flows***

For purposes of the statement 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 statement 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 10 for additional information. Deferred inflows for leases have been recognized for the amount of lease receivables. See lease receivables note below and note 13 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.

#### ***Lease Receivables***

The Airport is a lessor for noncancellable leases of Airport property. The Airport recognizes a lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. Under the lease agreements, the Airport may receive variable lease payments that are dependent upon the

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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Lease Receivables (Continued)

lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Airport uses the stated rate in the lease or its estimated incremental borrowing rate as the discount rate for the leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Airport monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2023. See Note 15 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### ***Recently Issued Accounting Pronouncements, 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 implemented this guidance in 2022. See note 12 for more information.

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 implemented this guidance in 2022. There was no significant impact to the financial statements.

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

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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Recently Issued Accounting Pronouncements, Adopted

requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The Airport implemented this guidance in 2022. There was no significant impact to the financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Airport will implement this guidance in 2023.

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

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.



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

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Recently Issued Accounting Pronouncements, Adopted**

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.

### **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 \$12,111,915 at December 31, 2022. 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, 2022, the Airport held the following investments as categorized below:

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

### Note 2: CASH AND INVESTMENTS (CONTINUED)

#### Investment Maturities at December 31, 2022

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	33,590,770	-	33,590,770
Money market funds	260,709,317	-	260,709,317
	<u>\$ 294,300,087</u>	<u>\$ 18,240,499</u>	<u>\$ 312,540,586</u>

#### Interest Rate Risk

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

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

#### Credit Risk

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

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.

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

### Note 2: CASH AND INVESTMENTS (CONTINUED)

#### Louisiana Asset Management Pool (LAMP) Investment

Unrestricted and restricted investments of \$16,888,977 and \$16,701,793, respectively, at December 31, 2022 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 AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable.

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

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

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>.

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

**Note 2: CASH AND INVESTMENTS (CONTINUED)**

Fair Value Measurement

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

	<b>Fair Value Hierarchy</b>			
	Total at December 31, 2022	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	\$ 5,521,147	\$ 2,117,493	\$ -
U.S. agency obligations	10,601,860	10,601,860	-	-
Money market funds	260,709,317	260,709,317	-	-
Total investments at fair value level	<u>278,949,816</u>	<u>\$ 276,832,324</u>	<u>\$ 2,117,493</u>	<u>\$ -</u>
Investment measured at amortized cost:				
LAMP	<u>33,590,770</u>			
Total investments at amortized cost	<u>33,590,770</u>			
Total investments	<u>\$ 312,540,586</u>			

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

**Note 3: ACCOUNTS RECEIVABLE, NET**

Accounts receivable as of December 31 consist of the following:

	<b>2022</b>
Due from tenants	\$ 884,892
Parking garage	5,073,330
Rent receivable – Service concession arrangement	2,846,095
Other	1,894,169
	<u>10,698,486</u>
Less: allowance for doubtful accounts	(337,546)
	<u>\$ 10,360,940</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, 2022:

	Cash and certificates of deposits	Dreyfus Treasury Prime Cash Management	JPM U.S. Treasury and U.S. money market fund	Passenger facility charges receivable	Customer facility charges receivable	Total
Debt service fund	\$ 1,368,779	\$ 49,881,540	\$ -	\$ -	\$ -	\$ 51,250,319
Debt service reserve fund	-	58,139	91,553,925	-	-	91,612,064
Capitalized interest	-	-	-	-	-	-
Coverage account	-	1,916,252	-	-	-	1,916,252
Operations and maintenance reserve fund	-	9,503,995	-	-	-	9,503,995
Capital improvement fund	(19,340)	75,547,466	-	-	-	75,528,126
GARB restricted	358,407	50,987	-	-	-	409,394
Receipts fund	105,837	6,423,526	-	-	-	6,529,363
Rollover fund	-	16,701,793	-	-	-	16,701,793
PFC collect	-	-	-	-	-	-
CFC collect	30	22,262,234	-	-	-	22,262,264
Bond costs	-	2,021,690	-	-	-	2,021,690
Parking Facility Reserve	-	-	1,165,490	-	-	1,165,490
Receivables	-	-	-	3,188,576	1,071,151	4,259,727
Total	<u>\$ 1,813,713</u>	<u>\$ 184,367,622</u>	<u>\$ 92,719,415</u>	<u>\$ 3,188,576</u>	<u>\$ 1,071,151</u>	<u>\$ 283,160,477</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 year ended December 31, 2022 is as follows:

	<u>Balance December 31, 2021</u>	<u>Additions during year</u>	<u>Deletions/ transfers during year</u>	<u>Balance December 31, 2022</u>
Capital assets not being depreciated:				
Land	\$ 78,138,359	\$ -	\$ -	\$ 78,138,359
Air rights	22,282,449	-	-	22,282,449
Construction in progress	54,158,794	48,098,763	(5,960,326)	96,297,231
Total capital assets not being depreciated	<u>154,579,602</u>	<u>48,098,763</u>	<u>(5,960,326)</u>	<u>196,718,039</u>
Capital assets being depreciated:				
Land improvements	508,955,489	4,145,244	-	513,100,732
Buildings and furnishings	1,649,144,311	1,671,653	-	1,650,816,212
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	-	-	11,335,631
Computers	1,534,986	-	-	1,534,986
HP Finance Lease	907,747	-	-	907,747
Total capital assets Being depreciated	<u>2,271,062,628</u>	<u>5,854,471</u>	<u>-</u>	<u>2,276,917,099</u>
Total capital assets	<u>2,425,642,230</u>	<u>53,953,234</u>	<u>(5,960,326)</u>	<u>2,473,635,138</u>
Less accumulated depreciation:				
Land improvements	384,816,383	12,723,582	-	397,539,967
Buildings and furnishings	473,300,721	46,400,773	-	519,641,980
Fuel tank farm	2,037,405	979,974	-	3,017,380
Heliport	3,074,179	-	-	3,074,179
Utilities	21,377,236	2,058,154	-	23,435,382
Equipment	9,935,521	503,249	-	10,565,899
Computers	1,409,311	48,785	-	1,390,484
HP Finance Lease	184,363	165,045	-	349,409
Total accumulated depreciation	<u>896,135,119</u>	<u>62,879,561</u>	<u>-</u>	<u>959,014,681</u>
Total capital assets, net	<u>\$ 1,529,507,111</u>	<u>\$ (8,926,327)</u>	<u>\$ (5,960,326)</u>	<u>\$ 1,514,620,458</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, 2022:

<b>Description</b>	<b>December 31, 2022</b>	<b>Remaining Commitments at 2022</b>
Airfield Lighting Vault	\$ -	\$ 129,942
Airside Development	53,144,178	19,711,679
New Terminal Development	19,552,365	5,350,413
Miscellaneous Projects	22,366,590	29,057,409
Parking – Circulation Bridge	-	2,148
Southside Redevelopment	1,234,097	8,481,212
<b>Total</b>	<b>\$ 96,297,231</b>	<b>\$ 62,904,905</b>



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

**Note 6: LONG-TERM DEBT**

Long-term debt activity for the year ended December 31, 2022 as follows:

<u>Long-Term Debt</u>	<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2022</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	97,335,000	-	(1,250,000)	96,085,000	1,315,000
Series 2017B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	213,460,000	-	(2,770,000)	210,690,000	2,905,000
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	24,065,000	-	(11,875,000)	12,190,000	12,190,000

**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, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2022</u>	<u>Principal due within one year</u>
Series 2017D-2 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	44,780,000	-	(1,730,000)	43,050,000	1,820,000
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	23,130,000	-	(710,000)	22,420,000	745,000
	<u>1,050,660,000</u>	<u>-</u>	<u>(18,335,000)</u>	<u>1,032,325,000</u>	<u>18,975,000</u>
Unamortized discount on bonds	(266,349)	-	(23,055)	(243,294)	-
Unamortized premium on bonds	84,049,730	-	(5,313,134)	78,736,600	-
	<u>\$ 1,134,443,381</u>	<u>\$ -</u>	<u>\$ (23,625,079)</u>	<u>\$ 1,110,818,306</u>	<u>\$ 18,975,000</u>
<u>Loans Payable:</u>					
Series 2022 Series Trust rate, October 1, 2025 at 10% final maturity	\$ -	61,053,500	-	61,053,500	-
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	60,550,862	-	(60,550,862)	-	-
	<u>\$ 60,550,862</u>	<u>\$ 61,053,500</u>	<u>\$ (60,550,862)</u>	<u>\$ 61,053,500</u>	<u>\$ -</u>
	<u>\$ 1,194,994,243</u>	<u>\$ 61,053,500</u>	<u>\$ (84,175,942)</u>	<u>\$ 1,171,871,806</u>	<u>\$ 18,975,000</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:			
2023	\$ 50,242,875	18,975,000	69,217,875
2024	49,901,875	18,130,000	68,031,875
2025	48,939,000	20,425,000	69,364,000
2026	47,897,575	23,750,000	71,647,575
2026	46,746,400	24,820,000	71,566,400
2028-2032	213,350,250	143,995,000	357,345,250
2033-2037	172,554,600	183,745,000	356,299,600
2038-2042	119,675,338	240,470,000	360,145,338
2043-2047	54,445,477	290,840,000	345,285,477
2048-2050	1,679,375	67,175,000	68,854,375
	<u>\$ 805,432,765</u>	<u>\$ 1,032,325,000</u>	<u>\$ 1,837,757,765</u>
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
Loans Payable:			
December 31:			
2023	\$ -	\$ 61,053,500	\$ 61,053,500
	<u>\$ -</u>	<u>\$ 61,053,500</u>	<u>\$ 61,053,500</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, 2022.

The following is an analysis of the right of use assets included in property and equipment at December 31, 2022:

Equipment	\$	907,747
Less: Accumulated Depreciation		349,409
	\$	558,338

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

	2023	\$	172,498
	2024		176,949
	2025		181,514
	2026		92,506
Total Minimum Lease Payments			623,467
Less: Amount Representing Interest			(52,202)
Present Value of Minimum Lease Payments		\$	571,265

### 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 2022.

##### ***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, 2022 and 2021, 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 \$25,409,487 measured as of December 31, 2022. The Total Pension Liability used to calculate the Net Pension Liability was also determined as of that date.

The following schedule lists the Airport's proportionate share of the Net Pension Liability allocated by the pension plan based on the December 31, 2022 valuation. The Airport uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2022. The schedule also includes the proportionate share allocation rate used at December 31, 2022. 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, 2022	Allocation Rate at December 31, 2022	Increase (Decrease) to December 31, 2021 Rate
Employees' Retirement System of the City of New Orleans	\$ 25,409,487	6.855370%	(0.183572)%

**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 year ended December 31, 2022, the Airport recognized a pension expense of \$4,023,965 in payroll related expense on the statement of revenues, expenses, and changes in net position.

On December 31, 2022, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,574,985	\$ -
Net difference between projected and actual earnings on pension plan investments	3,033,734	-
Changes of assumptions	133,803	1,411,028
Total	\$ 4,742,522	\$ 1,411,028

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

2023	\$	599,963
2024		446,950
2025		857,699
2026		1,426,882
	\$	3,331,494



## 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, 2022, using the following actuarial assumptions:

	Employees' Retirement System
<b>Valuation date</b>	December 31, 2022
<b>Actuary cost method</b>	Entry age normal
<b>Actuarial assumptions:</b>	
<b>Expected remaining service live</b>	4 years
<b>Investment rate of return</b>	7.25%, net of investment expense, including inflation
<b>Inflation rate</b>	2.50%
<b>Mortality</b>	PubG-2010 for healthy lives and PubNS-2010 Disabled Retiree for disabled lives
<b>Salary increases</b>	Age-based annual rates ranging from 10% to 3.2%
<b>Cost of living adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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 developed 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, 2022 are summarized in the following table:

Asset Class	2022	
	Target Asset Allocation	Long-term expected portfolio real rate of return
Cash equivalents	2.00%	0.71%
Equity securities	56.50%	16.46%
Fixed income	22.00%	1.80%
Real Estate	5.00%	3.61%
Other alternative investments	14.50%	13.17%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.25% for the Employees' Retirement System for 2022. 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, 2022 is as follows:

<b>Change in Net Pension Liability</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Service cost	\$ 847,873	\$ -	\$ 847,873
Interest on the total pension liability	3,771,818	-	3,771,818
Difference between expected and actual experience	211,590	-	211,590
Changes of assumptions and other inputs	(1,420,524)	-	(1,420,524)
Changes of benefit term	213,900	-	213,900
Contributions – employer	-	1,759,432	(1,759,432)
Contributions - member	-	599,412	(599,412)
Net investment income	-	(4,649,276)	4,649,276
Benefit payments and net transfers	(3,742,580)	(3,742,580)	-
Administrative expense	-	(42,201)	42,201
Other changes	-	(883,873)	883,873
Net Change	(117,922)	(6,959,086)	6,841,163
Net Pension Liability, Beginning	54,469,028	35,900,705	18,568,323
Net Pension Liability, Ending	\$ 54,351,106	\$ 28,841,619	\$ 25,409,487

***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, 2022 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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability			
December 31, 2022	\$ 31,520,843	\$ 25,409,487	\$ 20,309,537

***Payables to the Plan***

The Airport recorded accrued liabilities of \$175,609 to the Plan for the year ended December 31, 2022 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.

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

### 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).

#### *Employees covered by benefit terms*

At December 31, 2022, 188 active employees were covered by the benefit terms. There is a total of 52 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 year ended December 31, 2022 estimated to be approximately \$454,000.

#### **Total OPEB Liability**

The Airport's proportionate share (3.93%) of the total OPEB liability was \$6,004,876, was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022 for the year ended December 31, 2022. 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.

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

**Note 9: OTHER POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

***Actuarial Assumptions and other inputs***

The total OPEB liability in the December 31, 2022 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	3.72%, annually (As of December 31, 2022)
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, 202, 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, 2022 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2010 to December 31, 2022. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2022.

***Changes in the Total OPEB Liability during 2022:***

	<u>2022</u>
Balance at December 31, 2021	<u>\$ 7,725,331</u>
Changes for the year:	
Service cost	109,610
Interest	148,796
Differences between expected and actual experience	(248,219)
Changes in assumptions and other inputs	(1,276,615)
Benefit payments and net transfers	(454,027)
Net changes	<u>(1,720,455)</u>
Balance at December 31, 2022	<u>\$ 6,004,876</u>

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

<b>December 31, 2022</b>	<b>1.0% Decrease (2.72%)</b>	<b>Current Discount Rate (3.72%)</b>	<b>1.0% Increase (4.72%)</b>
Total OPEB liability	\$ 7,257,212	\$ 6,004,876	\$ 5,038,122

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

**Note 9: OTHER POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

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

<b>December 31, 2022</b>	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 5,159,827	\$ 6,004,876	\$ 7,109,625

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

For the year ended December 31, 2022, the Airport recognized its proportion of OPEB expense as \$234,378. At December 31, 2022, the Airport reported proportion 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	\$ 480,083	\$ 467,095
Changes in assumptions	1,099,881	1,374,796
Total	<u>\$ 1,579,964</u>	<u>\$ 1,841,891</u>

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

2023	\$ 126,060
2024	126,059
2025	126,059
2026	126,059
2027	14,558
2028 and Thereafter	87,348
	<u>\$ 606,143</u>

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

### **Note 10: SERVICE CONCESSION ARRANGEMENT**

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

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

As part of the lease between the Airport and NOFF, NOFF agreed to pay rent, totaling a minimum of \$3.2 million over the term of the agreement. In addition, any improvements constructed on the leased premises become the property of the Airport upon installation. As of December 31, 2019, \$39,118,194 had been incurred in cumulative construction costs for the Airport Tank Farm and Hydrant System, and this project was substantially completed and operational by November 30, 2019. During the fiscal year 2019, the Airport recorded a capital asset and deferred inflow of resources for costs incurred by NOFF in the amount of \$38,490,470.

During the fiscal year ended December 31, 2022, the Airport recorded depreciation expense in the amount of \$916,713. Revenue is recognized over the course of the agreement. The Airport recorded a rent receivable as of December 31, 2022 of \$2,846,095 for the minimum payments expected to be received over the remaining years of the lease.

### **Note 11: 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, 2022, the Federal Aviation Administration (FAA) contributed \$15,439,773, the Aviation Trust Fund (ATF) contributed \$33,495, and the Transportation Security Administration (TSA) contributed \$188,561.

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

### **Note 12: LEASES**

The Airport is the lessor of terminal space, land, hangars, and buildings on Airport property to air carriers and other tenants under various operating leases. Some of the leases, in addition to non-cancellable amounts at fixed rates, provide for additional payments based on usage or activity. For purposes of GASBS No. 87 implementation, the Airport's leases have been classified as:

1. Subject to GASBS No. 87 – Non-Regulated Leases
2. Not Subject to GASBS No. 87 – Short Term Leases and Regulated Leases

#### **Leases Subject to GASBS No. 87**

In accordance with GASBS No. 87, the Airport recognizes a lease receivable and a deferred inflow of resources for leases subject to GASBS No. 87. For these leases, the Airport is reporting Lease Receivable of \$54.6 million for the fiscal year ended December 31, 2022. The Airport also reported lease revenue of \$9.7 million and interest revenue of \$2.8 million related to lease payments received.

The leases managed by the Airport do not have an implicit rate of return, therefore the Airport has used their incremental borrowing rate of 5.56% to discount the lease revenue to the net present value.

The Leases Subject to GASBS No. 87 are summarized below.

#### **Non-Regulated Leases – Terminal Concessions**

The Airport leases concession space throughout the terminal for ATM's, advertising, passenger services, food and beverage, and retail goods. The remaining terms of these leases range from 1 to 10 years. The concession leases include a minimum annual guarantee (MAG) and a variable revenue component based on a percentage of gross sales.

#### **Non-Regulated Leases – Rental Cars**

The Airport leases a Consolidated Facility (CONRAC), ground, and service centers to the rental car companies. The term ends on the tenth anniversary of the DBO of the CONRAC. During the first year of the agreement the tenant is required to pay the initial annual rate of \$0.48 per square foot for the Ground upon which the CONRAC is located and at the initial annual rate of \$0.30 per square foot for the ground upon which the service centers are located.

#### **Non-Regulated Leases – Building**

The Airport leases office or other building space to the Transportation Security Administration and to other parties. These leases include an annual rent amount plus an adjustment based on the consumer price index. The fixed revenue component is based on square footage and the length of the agreements vary.



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

**Note 12: LEASES (CONTINUED)**

Future payments included in the measurement of the lease receivable for the General Fund as of December 31, 2022 for each of the next five fiscal years and in five-year increments thereafter are as follows:

Years Ending December 31,	Principal	Interest	Total
2023	\$ 7,746,898	\$ 2,453,928	\$ 10,223,626
2024	7,870,415	2,099,101	9,992,495
2025	8,230,468	1,727,402	9,982,111
2026	8,500,966	1,360,841	9,866,882
2027	8,497,296	938,770	9,461,699
2028-2032	14,832,843	1,386,609	16,281,691
<b>Total</b>	<b>\$55,678,885</b>	<b>\$9,946,650</b>	<b>\$65,808,504</b>

**Leases Not Subject to GASBS No. 87**

**Short-Term Leases**

In accordance with GASBS No. 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for a lease that is less than 12 months. This classification also includes leases that have expired, and are in a month-to-month status.

**Regulated Leases**

In accordance with GASBS No. 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings. The U.S. Department of Transportation and the Federal Aviation Administration regulate aviation leases between airports and air carriers and other aeronautical users. The Authority has regulated leases with a number of airlines.

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

### Note 12: LEASES (CONTINUED)

The use and lease agreement between the airlines and the Airport includes exclusive, preferential, and joint use of certain spaces at the Airport. The square footage breakdown of the airline leased space is listed below.

	Terminal Space	Terminal Space % of Total	Apron Space	Apron Space % of Total
Alaska Airlines	1,150.0	0.7%	-	0.0%
Allegiant Air	160.0	0.1%	-	0.0%
American Airlines	21,951.0	14.2%	162,346.0	17.0%
Atlantic Aviation	143.3	0.1%	-	0.0%
BAGS	238.0	0.2%	-	0.0%
Breeze Airways	3,718.0	2.4%	41,814.0	4.4%
British Airways	457.0	0.3%	-	0.0%
Delta Air Lines	36,246.0	23.4%	178,580.0	18.7%
Frontier Airlines	189.0	0.1%	-	0.0%
JetBlue	4,685.0	3.0%	42,576.0	4.5%
New Orleans Airline Consortium (NOACO)	3,895.0	2.5%	-	0.0%
New Orleans Fuel Facilities (NOFF)	377.2	0.2%	-	0.0%
PrimeFlight fka Skytanking	119.7	0.1%	-	0.0%
Southwest Airlines	35,675.0	23.1%	290,919.0	30.4%
Spirit Airlines	15,708.0	10.2%	108,980.0	11.4%
United Airlines	29,920.0	19.3%	130,925.0	13.7%
<b>Total</b>	<b>154,632.2</b>	<b>100.0%</b>	<b>956,140.0</b>	<b>100.0%</b>

The Airport recognized \$0.4 million of total regulated lease revenues during the fiscal year ended December 31, 2022.

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

**Note 12: LEASES (CONTINUED)**

The future expected minimum payments related to regulated leases are as follows:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	461,563	-	461,563
2024	271,115	-	271,115
2025	137,327	-	137,327
2026	137,327	-	137,327
2027	100,344	-	100,344
2028-2032	326,513	-	326,513
<b>Total</b>	<b>1,434,190</b>	<b>-</b>	<b>1,434,190</b>

**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.

***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 \$1,622,949 for the year ended December 31, 2022.

***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.

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

**Note 13: COMMITMENTS AND CONTINGENCIES (CONTINUED)**

***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: CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

In calendar year 2022, the Board implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the December 31, 2021 net position in the statement of activities to record the cumulative effect of recording the original basis of the lease receivables, net of the deferred inflows of resources for the year ended December 31, 2021. The prior period adjustment had the following impact on the ending net position at December 31, 2021:

	Total
Net position – December 31, 2021, as previously reported	\$ 579,628,645
Lease receivables	64,352,920
Deferred inflows of resources	(64,352,920)
Total prior period adjustment	-
Net position – December 31, 2021, as restated	\$ 579,628,645

**Note 15: SUBSEQUENT EVENTS**

On April 27, 2023, the Airport entered into an agreement for the issuance of General Airport Revenue Bonds Series 2022 in the principal amount of \$22,610,000 maturing January 1, 2045 to finance a portion of the costs, including capitalized interest, of constructing and equipping a board room, a military lounge, and baggage handling system enhancements at the Louis Armstrong New Orleans International Airport.

**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>	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>									
Service cost	\$ 847,873	\$ 797,899	\$ 852,247	\$ 891,187	\$ 681,302	\$ 596,916	\$ 630,676	\$ 549,877	\$ 487,019
Interest	3,771,819	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	213,900	-	476,822	-	(32,760)	-	-	-	-
Differences between expected and actual experience	211,590	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	(1,420,524)	(3,579,232)	64,379	5,192,940	7,321,948	(3,904,785)	1,260,761	-	-
Benefit payments and net transfers	(3,742,580)	(3,669,375)	(4,041,720)	(3,637,041)	(3,745,917)	(3,045,115)	(3,387,558)	(3,128,761)	(2,752,208)
<b>Net Change in Total Pension Liability</b>	<b>(117,922)</b>	<b>(1,644,666)</b>	<b>2,126,049</b>	<b>4,739,248</b>	<b>9,460,351</b>	<b>(2,597,812)</b>	<b>4,489,266</b>	<b>1,516,084</b>	<b>(293,645)</b>
Total Pension Liability - Beginning	54,469,028	56,113,694	53,987,645	49,248,397	39,788,046	42,385,858	37,896,592	36,380,508	36,674,153
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 54,351,106</b>	<b>\$ 54,469,028</b>	<b>\$ 56,113,694</b>	<b>\$ 53,987,645</b>	<b>\$ 49,248,397</b>	<b>\$ 39,788,046</b>	<b>\$ 42,385,858</b>	<b>\$ 37,896,592</b>	<b>\$ 36,380,508</b>
<b>FIDUCIARY NET POSITION</b>									
Contributions - employer	1,759,432	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	599,412	598,977	665,528	681,925	616,889	485,026	518,057	437,104	417,133
Net investment income	(4,649,276)	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	(3,742,580)	(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	(42,201)	(39,427)	(23,810)	(28,071)	(18,250)	(21,327)	(11,885)	(5,952)	(18,323)
Transfers into the System	52,398	67,939	19,692	19,757	37,941	-	-	-	-
Other	(936,271)	(2,209,105)	221,401	(54,425)	4,555,561	(2,266,977)	759,786	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>(6,959,086)</b>	<b>1,267,275</b>	<b>3,354,418</b>	<b>3,919,851</b>	<b>2,603,885</b>	<b>147,582</b>	<b>1,769,602</b>	<b>(2,131,703)</b>	<b>(114,867)</b>
Fiduciary Net Position - Beginning	35,900,705	34,633,430	31,279,012	27,359,161	24,755,276	24,607,694	22,838,092	24,969,795	25,084,662
<b>Fiduciary Net Position - Ending (b)</b>	<b>\$ 28,941,619</b>	<b>\$ 35,900,705</b>	<b>\$ 34,633,430</b>	<b>\$ 31,279,012</b>	<b>\$ 27,359,161</b>	<b>\$ 24,755,276</b>	<b>\$ 24,607,694</b>	<b>\$ 22,838,092</b>	<b>\$ 24,969,795</b>
<b>NET PENSION LIABILITY - ENDING (a)-(b)</b>	<b>\$ 25,409,487</b>	<b>\$ 18,568,323</b>	<b>\$ 21,480,264</b>	<b>\$ 22,708,633</b>	<b>\$ 21,889,236</b>	<b>\$ 15,032,770</b>	<b>\$ 17,778,164</b>	<b>\$ 15,058,500</b>	<b>\$ 11,410,713</b>
Fiduciary net position as a percentage of the total pension liability	53.25%	65.91%	61.72%	57.94%	55.55%	62.22%	58.06%	60.26%	68.64%
Covered payroll	\$ 10,185,859	\$ 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	249.46%	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)	6.8553700%	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-PubNS-2010					
Mortality Projection Scale			MP-2020	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>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,676,158	\$ 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>1,857,843</u>	<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>\$ (181,685)</u>	<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	\$ 10,185,859	\$ 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	18.24%	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)	6.855370%	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>	<b>2022</b>	<b>2021</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total OPEB liability					
Service cost	109,610	\$ 142,695	\$ 131,766	\$ 80,941	\$ 91,236
Interest	148,796	164,500	179,669	222,214	212,949
Current Year Amortization		-	-	43,774	-
Differences between expected and actual experience	(248,219)	(180,580)	669,003	203,246	(209,788)
Changes of assumptions or other inputs	(1,276,615)	136,395	559,055	996,934	(466,422)
Benefit payments	(454,027)	(431,839)	(405,160)	(414,293)	(382,674)
Net change in total OPEB liability	(1,720,455)	(168,829)	1,134,333	1,132,816	\$ (754,699)
Total OPEB liability - beginning	7,725,331	7,894,160	6,759,827	5,627,011	6,381,710
Total OPEB liability - ending	\$ 6,004,876	\$ 7,725,331	\$ 7,894,160	\$ 6,759,827	\$ 5,627,011
Covered payroll	\$ 11,184,148	\$ 10,596,026	\$ 10,084,787	\$ 9,982,277	\$ 9,614,757
Total OPEB liability as a percentage of covered payroll	53.69%	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.

- Changes of Assumptions or other inputs:

Discount Rate:	3.72%	2.06%	2.12%	2.74%	4.10%
Mortality:			RP-2000		RP-2000
Trend:			Variable		5.5%

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

Year ended December 31, 2022

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	\$ 36,166	\$ 36,166
JPM U.S. Treasury Plus Investments				
The Bank of New York Mellon	2009	N/A	952,490	952,490
			<u>988,656</u>	<u>988,656</u>
City of New Orleans:				
LAMP - Sales Tax/General Purpose				
	2003	N/A	16,886,660	16,886,660
LAMP - Revolving				
			2,308	2,308
LAMP - Use & Lease General Purpose				
	2011	N/A	9	9
			<u>16,888,977</u>	<u>16,888,977</u>
New Orleans Aviation Board:				
Whitney Custody Account				
			<u>17,575,910</u>	<u>17,575,910</u>
			<u>35,453,543</u>	<u>35,453,543</u>
Total unrestricted investments				
Restricted investments:				
City of New Orleans:				
LAMP - Rollover Coverage				
	2009	N/A	<u>16,701,793</u>	<u>16,701,793</u>
CIF-Parking Facility Loan:				
JPM U.S. Treasury Prime Investments:				
The Bank of New York Mellon	2010	N/A	<u>1,165,490</u>	<u>1,165,490</u>
Debt Service Fund:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2008	N/A	<u>49,881,540</u>	<u>49,881,540</u>
Debt Service Reserve Fund:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2009	N/A	91,612,065	91,612,065
JPM U.S. Treasury Plus Investments				
The Bank of New York Mellon	2009	N/A	-	-
			<u>91,612,065</u>	<u>91,612,065</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>9,503,995</u>	<u>9,503,995</u>
Receipts Fund:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	<u>6,379,113</u>	<u>6,379,113</u>
CFC Restricted:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2010	N/A	<u>26,200,176</u>	<u>26,200,176</u>
Time Reimbursement:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	<u>1,204,367</u>	<u>1,204,367</u>
Project Account:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	<u>3,532,002</u>	<u>3,532,002</u>
PFC Restricted:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	2008	<u>70,811,098</u>	<u>70,811,098</u>
GARB Restricted:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2015	N/A	<u>50,988</u>	<u>50,988</u>
Vendor Payment:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2015	N/A	<u>44,413</u>	<u>44,413</u>
Total restricted investments			<u>277,087,040</u>	<u>277,087,040</u>
Total all investments			<u>\$ 312,540,583</u>	<u>\$ 312,540,583</u>

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

<i>Year ended December 31,</i>	<i>2022</i>			
	<b>Airfield</b>	<b>Terminal buildings</b>	<b>Ground transportation</b>	<b>Total</b>
Operating revenues	\$ 13,318,164	\$ 89,734,495	\$ 3,153,429	\$ 106,206,088
Direct expenses	3,988,984	26,736,611	4,047,786	34,773,381
Operating revenues, less direct expenses	9,329,180	62,997,884	(894,357)	71,432,707
Depreciation of cost center assets	15,189,944	45,425,026	979,974	61,594,944
Operating revenues, less direct expenses and depreciation	\$ (5,860,764)	\$ 17,572,858	\$ (1,874,331)	9,837,763
Other operating expenses:				
Depreciation of non-cost center assets				1,188,173
Administrative				36,733,959
Total other operating expenses				37,922,132
Operating (loss)				\$ (28,084,369)

*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,

2022

Revenues:	
Airline rentals and landing fees	\$ 49,808,633
Other operating revenues	56,397,455
Nonoperating revenues	6,174,810
Transferred PFCs	23,766,100
Federal funding	4,300,020
Rollover coverage	<u>16,701,793</u>
Total revenues	157,148,811
Less expenses:	
Operation and maintenance expenses	<u>71,508,340</u>
Net revenues	<u><u>\$ 85,640,471</u></u>
Debt service fund requirement:	
Principal payments	\$ 18,975,000
Interest expense	47,289,529
Total debt service fund requirement	<u><u>\$ 66,264,529</u></u>
Historical debt service coverage ratio	<u><u>1.29</u></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,* *2022*

**Kevin Dolliole, Director of Aviation**

Purpose	
Salary	\$ 338,891
Benefits-retirement contribution	56,943
Benefits- medical	9,025
Benefits-Medicare, Social Security, Workman's Compensation	14,064
Benefits-insurance contribution	88
Travel*	14,309
Conference registration fees*	5,270
Reimbursements*	787

\* 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, 2022, and the related notes to the financial statements, which collectively comprise the Airport’s basic financial statements and have issued our report thereon dated June 30, 2023.

**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  
June 30, 2023



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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, 2022 through December 31, 2022. 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, 2022 through December 31, 2022. 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***

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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 procedure.**
  - 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 procedure.**

- c) **Disbursements**, including processing, reviewing, and approving.  
**Results: No exceptions were found as a result of applying the above procedure.**
- 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 procedure.**
- 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 procedure.**
- 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 procedure.**
- 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 procedure.**
- 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 procedure.**
- 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 procedure.**
- 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 procedure.**
- 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 procedure.**
- l) **Prevention of 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 procedure.**



### ***Board or Finance Committee***

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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 procedure.**

- 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 procedure.**

- 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 procedure.**

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results: This procedure was not applicable.**

### ***Bank Reconciliations***

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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:

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

- 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 procedure.**

- 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 procedure.**

- 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 procedure.**

### ***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 procedure.**

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:

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

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

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

- 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 procedure.**

- 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 procedure.**

- 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 procedure.**

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 procedure.**

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 procedure.**

- 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 procedure.**

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 procedure.**

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 procedure.**

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 procedure.**

***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 procedure.**

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 procedure.**

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 procedure.**

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 procedure.**

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 procedure.**

e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

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:

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

- 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 procedure.**

- 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 procedure.**

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: if no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

12. 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 procedure.**

13. 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 procedure.**

- 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 procedure.**

14. Using the monthly statements or combined statements selected under #13 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 procedure.**

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

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15. 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:

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

- 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](http://www.gsa.gov)).

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

- 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 procedure.**

- 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 procedure.**

- 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 procedure.**

### ***Contracts***

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16. 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:

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

- 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 procedure.**

- 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 procedure.**

- 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 procedure.**

- 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 procedure**

### ***Payroll and Personnel***

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- 17. 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 procedure.**

- 18. 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 procedure.**

- 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 procedure.**

- 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 procedure.**

- 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 procedure.**

19. 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 procedure.**

20. 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 procedure.**

### ***Ethics***

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21. Using the 5 randomly selected employees/officials from procedure #17 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 procedure.**

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 procedure.**

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

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

### ***Debt Service***

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23. 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 procedure.**

24. 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 procedure.**

## ***Fraud Notice***

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25. 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 procedure.**

26. 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 procedure.**

## ***Information Technology Disaster Recovery/Business Continuity***

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27. 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.**

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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



## ***Prevention of Sexual Harassment***

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29. Using the 5 randomly selected employees/officials from procedure #17 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 procedure.**

30. 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 procedure.**

31. 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:

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

1. 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 procedure.**

2. Number of sexual harassment complaints received by the agency;

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

3. Number of complaints which resulted in a finding that sexual harassment occurred;

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

4. 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 procedure.**

5. Amount of time it took to resolve each complaint.

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

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.*

June 30, 2023  
Metairie, Louisiana