LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

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

Financial Statements and Supplemental Schedules

December 31, 2018

(With Independent Auditors' Report Thereon)

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

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Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street - New Orleans, LA 70163-3000
One Galleria Boulevard, Suite 2100 - Metairie, LA 70001
800-201-7332 Phone - 504-837-5990 Phone - 504-834-3609 Fax - pncpa.com

A Professional Accounting Corporation

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Louis Armstrong New Orleans International Airport (the Airport), a proprietary component unit of the City of New Orleans, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louis Armstrong New Orleans International Airport as of December 31, 2018 and 2017, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, for the year ended December 31, 2018, the Airport adopted new accounting standard GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This new standard requires the Airport to recognize and report its total other post-employment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 and the schedules presented on pages 55 and 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
June 28, 2019

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

Management's Discussion and Analysis

December 31, 2018 and 2017

(Unaudited)

This narrative discussion and analysis is intended to serve as an introduction to the Louis Armstrong New Orleans International Airport's basic financial statements for the fiscal years ended December 31, 2018 and 2017, with selected comparative information for the fiscal year ended December 31, 2016. 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, 2018 by $554,828,385 (net position). Of this amount, $5,876,819 represents unrestricted net position, which may be used to meet the Airport's ongoing obligations to citizens and creditors.
- The Airport's total net position increased by $69,258,846 or 14.3%.
- The Airport negotiated a Commercial Airline lease effective January 1, 2009 with the Airline Transportation Companies, which has been amended several times since its first effective date. The Airline - Airport Use and Lease Agreement (the "2009 Airline Lease Agreement") has a residual airline rate-setting methodology and will expire on December 31, 2023. Key provisions of the agreement include signatory airline approval of the design and construction of a $1,029B passenger terminal project, a five (5) year Airfield capital improvement program. As of the most recent amendment to the Airline Lease Agreement, effective January 1, 2018, the Board's capital spending limits are $1.5 million in any one (1) year and not to exceed $5 million over any five (5) year period without Airline approval. The annual general purpose account payment to the Board was established at the amount of $7.8 million for Fiscal Year 2018 with up to $1.3 million being dedicated solely to fund the build-out and construction costs of the operations and maintenance consortium (OMC), New Orleans Aviation Consortium, LLC, created by the Commercial Airlines who have executed the Airline Lease Agreement; the annual general purpose account payment to the Board then decreases in Fiscal Year 2019 and thereafter to $3 million per Fiscal Year. For each Fiscal Year except Fiscal Year 2018, there is a $1 million allowance for equipment and capital outlays; for Fiscal Year 2018 only, the Equipment and Capital Outlay Allowance was $1.5 million of which no more than $500,000 shall be used in order to fund the equipment, rolling stock, or other capital outlays for the OMC formation and operations.

Overview of the Financial Statements

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

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

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

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

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

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

Financial Position

Total assets and deferred outflows of resources increased by $116,406,404 (6.3%) this year due primarily to the increase in net capital projects by $333,885,968 and the decrease in investments by $210,581,634, related to usage of capital fund investments. Total liabilities and deferred inflows increased by $47,147,558 (3.4%) primarily resulting from an increase in noncurrent loans payable of $54,306,167 offset by a decrease in bonds payable by $15,412,388.

The largest portion of the Airport's net position, at $294,729,318 (53.1%) at 2018 and $166,410,610 (34.3%) at 2017, represents its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Airport uses these assets to provide services to its passengers, visitors, and tenants of the airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Airport's net position, $254,222,248 (45.8%) at 2018 and $263,156,679 (54.2%) at 2017, 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, $5,876,819 (1.1%) at 2018 and $56,002,250 (11.5%) at 2017, may be used to meet the Airport's ongoing obligations.

Summary of Net Position (in thousands)

	2018	(Restated) 2017	2016
Assets:			
Current assets:			
Unrestricted assets	$ 120,283	$ 102,695	$ 105,968
Restricted assets	77,854	85,968	33,503
Noncurrent assets:			
Unrestricted assets	1,565	1,343	3,782
Restricted assets	369,883	592,552	545,182
Net capital assets	1,387,935	1,054,049	760,520
Total assets	$ 1,957,520	$ 1,836,607	$ 1,448,955
Deferred Outflows of Resources:			
Deferred amounts related to pension liability	$ 8,974	$ 4,003	$ 5,952
Deferred losses on advance refunding	4,782	14,260	13,397
Total deferred outflows	$ 13,756	$ 18,263	$ 19,349
Liabilities:			
Current liabilities	$ 119,055	$ 114,537	$ 96,032
Noncurrent liabilities	1,295,468	1,253,031	931,452
Total liabilities	$ 1,414,523	$ 1,367,568	$ 1,027,484
Deferred Inflows of Resources:			
Deferred amounts related to pension liability	$ 1,294	$ 1,733	$ 621
Deferred amounts related to OPEB liability	631	-	-
Total deferred inflows	$ 1,925	$ 1,733	$ 621
Net Position:			
Net investment in capital assets	$ 294,729	$ 166,410	$ 167,619
Restricted	254,222	263,157	210,593
Unrestricted	5,877	56,002	61,987
Total net position	$ 554,828	$ 485,569	$ 440,199

During the year ended December 31, 2018, the Airport adopted GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* ("GASB 75"), which resulted in a restatement of 2017 net position (Note 1).

Debt Activity

At December 31, 2018 and 2017, the Airport had total debt outstanding of $1,283,319,454 and $1,244,425,675, respectively. The Airport's debt represents bonds secured solely by operating, PFC and 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)

	2018	2017	2016
Bonds payable:			
Revenue Refunding Bonds 2007 (PFC)	$ -	$ -	$ 65,980
Revenue Refunding Bonds 2009A-C	11,225	21,915	83,700
GO Zone CFC Revenue Bonds 2009A	-	91,270	93,100
GO Zone PFC Revenue Bonds 2010A-B	53,640	53,640	53,640
Revenue Bonds 2015A-B	565,325	565,325	565,325
Revenue Bonds 2017A-D	420,690	420,690	-
GO Zone CFC Revenue Bonds 2018	82,564	-	-
Unamortized bond discount	(750)	(2,251)	(2,671)
Unamortized bond premium	95,803	93,321	57,909
Loans payable:			
GO Zone Tax Credit Bonds	-	-	13,362
Series 2017 Interim Drawdown Notes	54,822	516	-
	$ 1,283,319	$ 1,244,426	$ 930,345

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

Capital Assets

The Airport's investment in capital assets for the years ended December 31, 2018 and 2017 can be noted in the following tables. The total increase for the year ended December 31, 2018 and 2017 was 20.7% and 22.8%, respectively, before accumulated depreciation and amortization. The increase is related to construction in progress additions during the year for the following major projects:

Project	Approximate cost during FY 2018 (not including capitalized interest)
North Terminal Project Design/Construction	$242 million
Roadways Development Program	$83 million

Project	Approximate cost during FY 2017 (not including capitalized interest)
North Terminal Project Design/Construction	$259 million
Roadways Development Program	$38 million

These increases were offset by the completion of various projects. More detailed information on capital assets can be found in Note 6 of the accompanying financial statements.

Net Capital Assets (in thousands)

	2018	2017	2016
Land	$ 77,980	$ 77,980	$ 77,980
Air rights	22,282	22,282	22,282
Land improvements	505,322	505,322	505,322
Buildings and furnishings	420,969	420,819	420,118
Equipment	10,764	9,934	9,474
Computers	1,359	1,190	1,190
Utilities	53,413	53,413	53,413
Heliport	3,074	3,074	3,074
Construction in progress	1,034,709	670,635	344,287
Total capital assets	2,129,872	1,764,650	1,437,140
Less accumulated depreciation	741,937	710,600	676,619
Net capital assets	$ 1,387,935	$ 1,054,049	$ 760,521

Airlines Rates and Charges

As previously discussed, an Airline Airport Use and Lease Agreement became effective January 1, 2009. The rates for 2018, 2017, and 2016 are as follows:

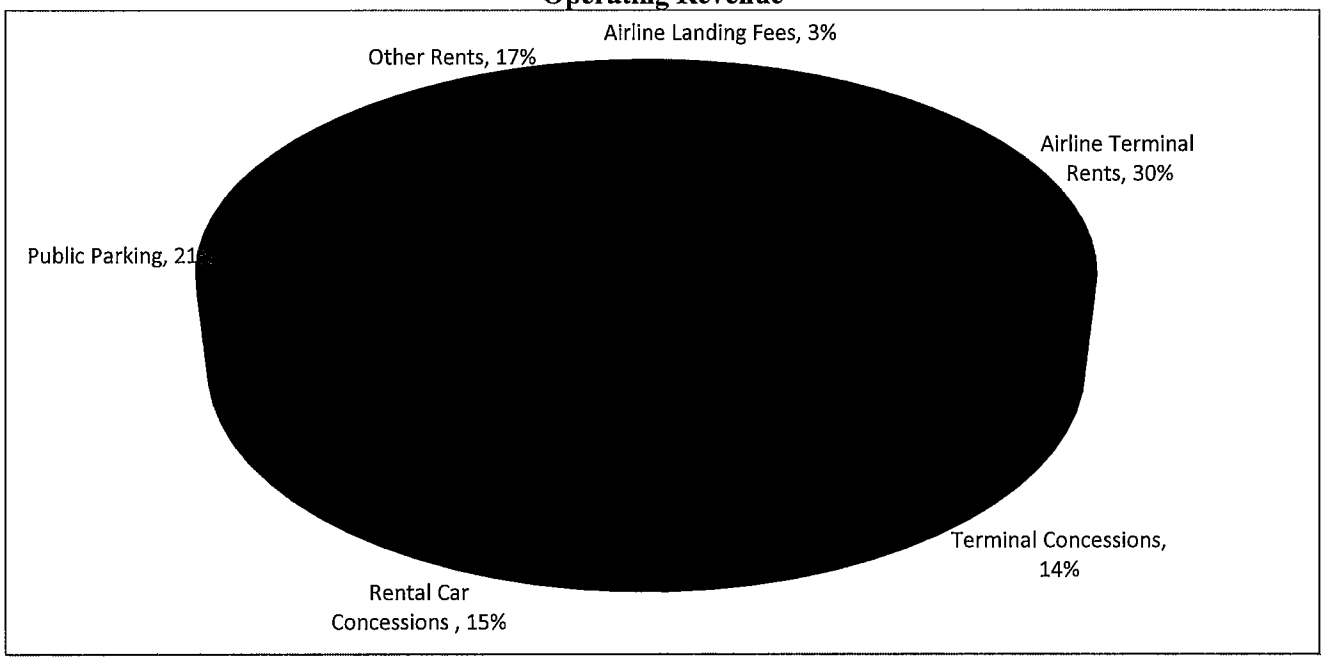
	2018	2017	2016
Terminal building rental rates (per sq. ft.)	$64.88	$ 74.62	$ 82.99
Landing fee rate (per 1,000 lbs.)	0.17	1.13	1.86
Apron use fee rate (per sq. ft.)	0.62	1.20	1.23
Loading bridge use fee (per bridge)	10,855	10,265	12,044
Enplaned passenger use fee (per passenger)	6.57	6.22	6.74

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

Revenues

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2018.

Operating Revenue



Operating Revenues (in thousands)

	2018	2017	2016
Passenger and cargo airlines:			
Airline landing fees	$ 2,453	$ 8,799	$ 11,911
Airline terminal rents	22,270	24,587	26,317
Land rents	76	98	100
Other rents	2,606	4,598	3,031
Total passenger and cargo airlines	27,405	38,082	41,359
Non airline rentals:			
Terminal concessions	10,520	9,655	8,569
Car rental concessions	10,805	9,958	9,953
Public parking	15,073	13,913	12,578
Other rents	9,604	6,877	6,957
Total nonairline revenues	46,002	40,403	38,057
Total operating revenues	$ 73,407	$ 78,485	$ 79,416

2018 vs. 2017
Total passenger and cargo airline revenue for 2018 decreased by $10.7 million (28%) compared to 2017 primarily due to decreased airline landing fees which reduces the amount of revenues received from the airlines, and increased non-airline revenues which reduces the amount of revenues received from the airlines. Non-airline revenues increased by $5.6 million (13.9%) due primarily to a 9.3% increase in passengers.

2017 vs. 2016
The 2017 Airline Lease Agreement was executed on January 1, 2016. Total passenger and cargo airline revenue for 2017 decreased by $3.3 million (9.2%) compared to 2016 primarily due to increased non-airline revenues which reduces the amount of revenues received from the airlines and savings due to the refunding of the Series 2009 bonds. Non-airline revenues increased by $2.3 million (6.2%) due primarily to a 7.8% increase in passengers.

Cost per enplaned passenger (CPE) is a measure used by the airline industry to reflect the costs an airline pays to operate at an airport based upon the number of enplaned passengers for that airport. The cost per enplaned passenger decreased from $7.21 in 2016 to $5.92 in 2017 and decreased to $4.01 in 2018.

	2018	2017	2016
Cost per enplaned passenger:			
Airline revenues	$ 26,347	$ 35,482	$ 40,177
Enplaned passengers	6,564	5,998	5,572
Cost per enplaned passenger	$ 4.01	$ 5.92	$ 7.21

Non-Operating Revenues and Capital Contributions (in thousands)

The following chart shows major sources of non-operating revenues for the years ended December 31, 2018, 2017, and 2016.

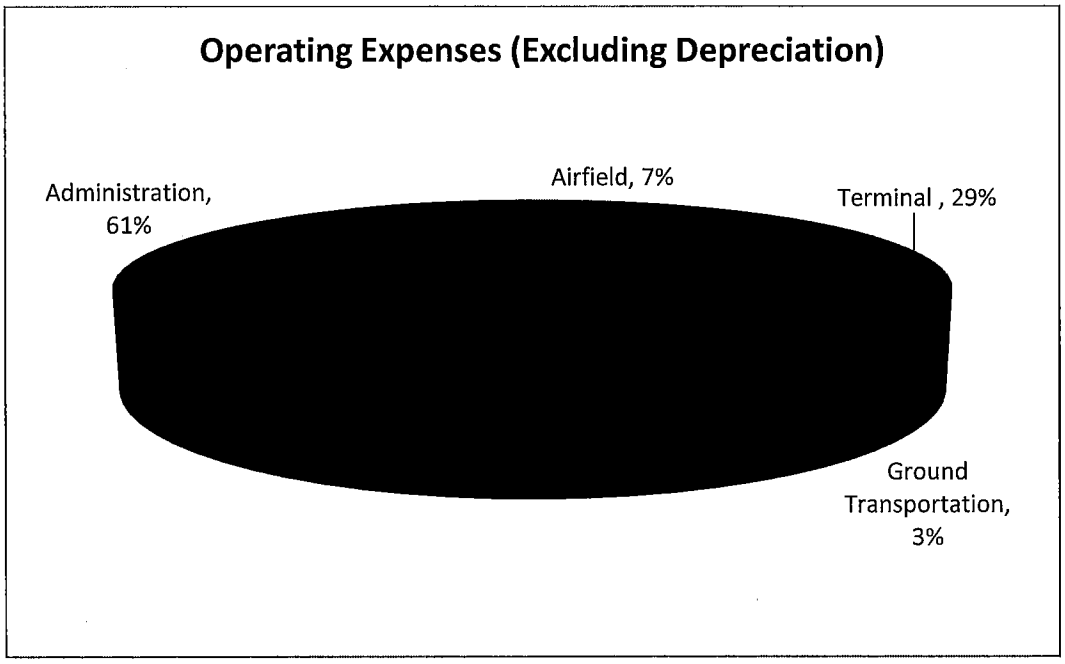
	2018	2017	2016
Investment income	$ 6,982	$ 2,316	$ 149
Passenger facility charges	26,410	24,446	22,137
Customer facility charges	17,269	17,038	15,276
Capital contributions	49,029	29,780	33,621
Gain (loss) on disposal of assets	3	-	(1,425)
Other	-	3,183	1,947
	$ 99,693	$ 76,763	$ 71,705

2018 vs. 2017
Non-operating revenues for 2018 increased by approximately $22.9 million compared to 2017, due primarily to investment income generated from interest earned from deposits and investments at financial institutions. In addition, capital contributions significantly increased due to the significant increase in the ATF grant revenue of $19.2 million.

2017 vs. 2016
Non-operating revenues for 2017 increased by approximately $5.1 million compared to 2016, due primarily to investment income generated from interest earned from deposits and investments at financial institutions. In addition, collection on PFC and CFC increased in 2017 due to increased number of passenger passed through the Airport during the year.

Expenses

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2018.



Operating Expenses before Depreciation

	2018	2017	2016
Direct			
Airfield	$ 3,688	$ 3,637	$ 2,904
Terminal	14,549	14,514	13,382
Ground transportation	1,273	1,173	928
Administration	30,982	26,856	26,176
	$ 50,492	$ 46,180	$ 43,390

2018 vs. 2017
The operating expenses, before depreciation and amortization, increased by approximately $4.3 million compared to the prior year, due primarily to an increase in administration expenses of $4.1 million, primarily due to operating expenses for planning of the new terminal.

2017 vs. 2016
The operating expenses, before depreciation and amortization, increased by approximately $2.8 million compared to the prior year, due primarily to an increase in terminal related expenses of $1.2 million and increase in airfield expenses of $733,000 in 2017 as total number of passenger passed through the Airport increased by approximately 870,000.

Non-Operating Expenses

The following chart shows major expense categories of non-operating expenses for the years ended December 31, 2018, 2017, and 2016 (in thousands).

	2018	2017	2016
Interest Expense	$ 19,923	$ 17,864	$ 17,528
Other	2,091	5,473	5,448
Total Non-operating Expense	$ 22,014	$ 23,337	$ 22,976

2018 vs. 2017
Non-operating expenses decreased by approximately $1.3 million in 2018 compared to 2017, due primarily to the change in cost of issuance of bonds.

2017 vs. 2016
Non-operating expenses increased by approximately $361,000 in 2017 compared to 2016, due primarily to an increase in interest expense incurred for the outstanding bonds during 2017.

Total Revenues and Expenses (in thousands)

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

	2018	2017	2016
Total operating revenues	$ 73,407	$ 78,486	$ 79,416
Total non-operating revenues	99,693	76,763	71,183
Total revenues	$ 173,100	$ 155,249	$ 150,599
Total operating expenses	$ 81,827	$ 80,161	$ 82,572
Total non-operating expenses	22,014	23,337	22,454
Total expenses	$ 103,842	$ 103,498	$ 105,026

Summary of Changes in Net Position (in thousands)

	2018	2017	2016
Summary of changes in net position:			
Operating revenues	$ 73,407	$ 78,486	$ 79,417
Operating expenses before depreciation	50,492	46,180	43,390
Operating income before depreciation and amortization	22,915	32,306	36,027
Depreciation	31,336	33,981	39,181
Operating income (loss)	(8,421)	(1,675)	(3,154)
Non-operating revenues, net	28,650	23,646	15,107
Income before capital contributions and transfers	20,229	21,971	11,953
Capital contributions	49,029	29,780	33,621
Change in net position	$ 69,258	$ 51,751	$ 44,574

Operating income before depreciation and amortization decreased $9.3 million (29%) in 2018 compared to 2017. Depreciation and amortization expense decreased $2.6 million (7.8%) due to certain assets being fully depreciated in 2017. Capital contributions increased by $19.2 million (64.6%) due primarily to an increase in contribution from the FAA by $2.1 million, along with an increase in ATF Grant Revenue of $17.2 million.

Debt Service Coverage

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

Revenue Refunding Bonds	2018	2017	2016
GARB Series Bonds	191.6%	309.0%	279.0%
PFC Series Bonds	973.6%	553.8%	226.4%

The Board approved the Rollover Coverage for fiscal years 2012-2018 in the amounts of, $3,719,960, $3,720,332, $3,719,082, $3,721,446, $3,729,060, $3,740,582 and $3,290,643 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 191.6% for the year ended December 31, 2018 and 309.0% for the year ended December 31, 2017.

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 2018 increased by 1,113,250 (9.3%), from 12,009,512 passengers in 2017 to 13,122,762 passengers in 2018, due to larger aircrafts such as Boeing 767 and 787 used by the carriers serving the Airport. Passenger aircraft operations increased slightly from 108,847 operations in 2017 to 113,182 in 2018 (4.0%). Aircraft landed weights increased from 7,328,602 in 2017 to 7,888,855 in 2018 (7.6%).

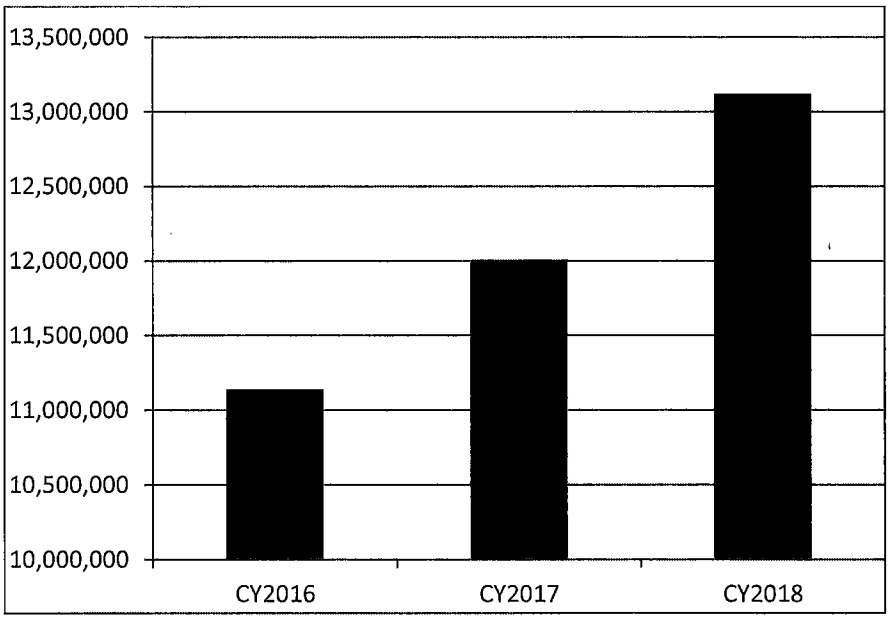
Passenger totals for 2017 increased by 870,091 (7.8%), from 11,139,421 passengers in 2016 to 12,009,512 passengers in 2017, due to larger aircrafts such as Boeing 767 and 787 used by the carriers serving the Airport. Passenger aircraft operations increased slightly from 108,697 operations in 2016 to 108,847 in 2017 (0.1%). Aircraft landed weights increased from 6,771,515 in 2016 to 7,328,602 in 2017 (4.2%).

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

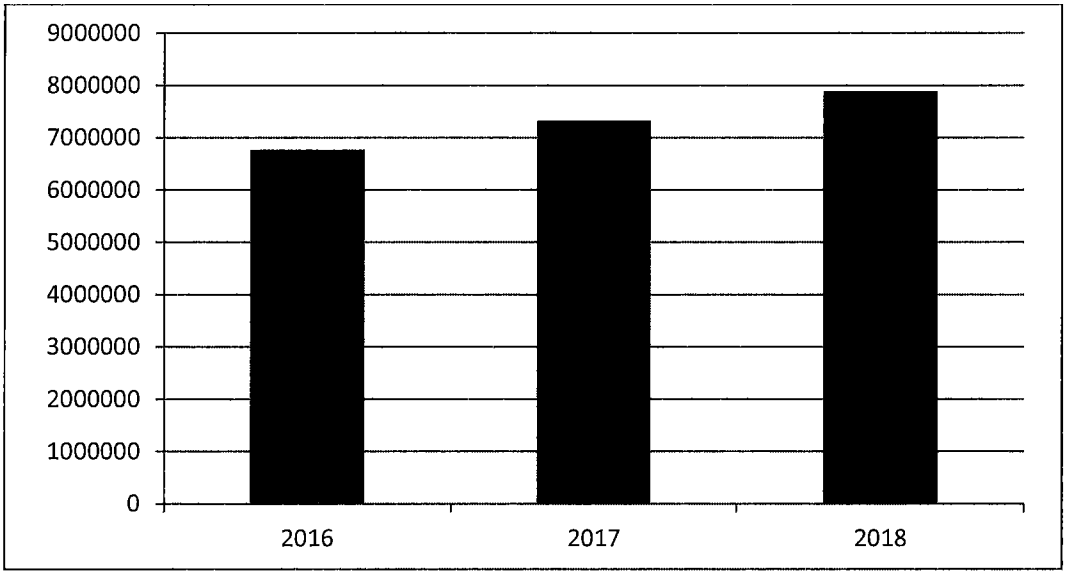
Fiscal year	Total passengers	Landed weight (1,000 pound units)	Air carrier operations
2016	11,139,421	6,771,515	108,697
2017	12,009,512	7,328,602	108,847
2018	13,122,762	7,888,855	113,182

Fiscal year	Number of daily departures	Number of destinations	Average daily seats
2016	147	59	19,200
2017	140	49	18,400
2018	151	53	22,222

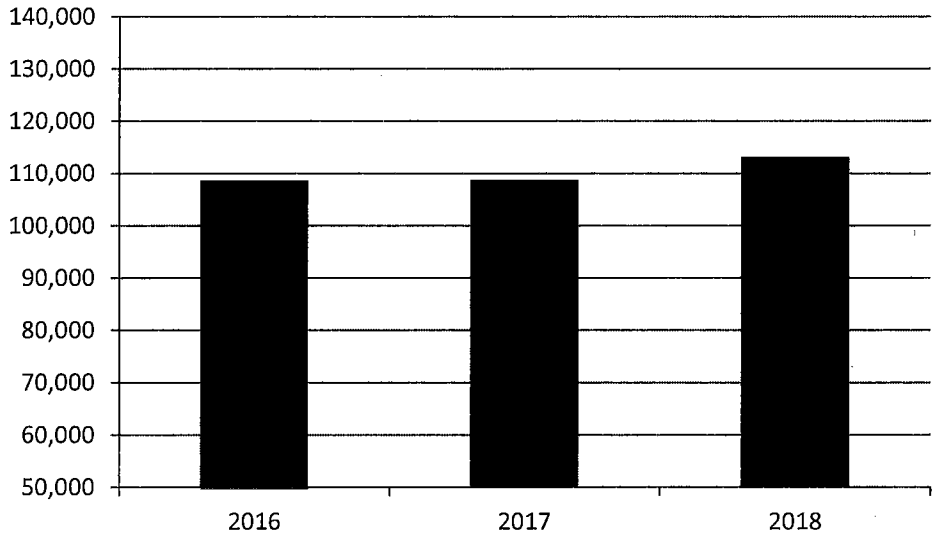
Total Passengers for the Year



Landed Weight per 1,000 pounds



Number of Passenger Flight Operations



Economic Factors and Next Year's Budget

The Airport budgeted for an increase in 2019 non-airline revenue from $41.9 million to $48.1 million, tallying to a $6.2 million (14.8%) addition to last year's budget. This is driven by a projected increase in enplaned passengers of approximately 7.5% over 2018 budgeted enplaned passengers.

Compared to the 2018 budget, the Airport proposed an increase in the 2019 operating expenses of $1.3 million. This increase will address leadership recruitment, North Terminal transition services, and customer service. The Airport continues to budget and maintain a competitive total cost per enplanement (CPE) rate. The 2019 budgeted CPE of $6.77 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
(A Proprietary Component Unit of the City of New Orleans)
Statements of Net Position
December 31, 2018 and 2017

	2018	Restated 2017
Assets and Deferred Outflows of Resources		
Current assets:		
Unrestricted assets:		
Cash (note 2)	$ 20,941,896	$ 12,896,253
Accounts receivable, less allowance for doubtful accounts of $311,867 in 2018; $518,353 in 2017	6,240,207	7,765,338
Due from the City of New Orleans	629	52,064
Investments (note 2)	92,595,706	80,705,525
Interest receivable	60,242	841,046
Prepaid expenses and deposits	444,751	434,578
Total current unrestricted assets	120,283,431	102,694,804
Restricted assets (notes 2 and note 5):		
Cash	2,818,127	6,472,875
Investments (note 2)	50,628,516	50,225,147
Passenger facility charges receivable	3,540,682	2,748,352
Customer facility charges receivable	2,522,686	1,287,582
Capital grant receivable	18,343,932	25,234,227
Total current restricted assets	77,853,943	85,968,183
Total current assets	198,137,374	188,662,987
Noncurrent assets:		
Capital assets (note 6):		
Capital assets not being depreciated	1,134,971,081	770,896,887
Capital assets being depreciated	994,900,869	993,752,642
Less accumulated depreciation	(741,936,538)	(710,600,085)
Net capital assets	1,387,935,412	1,054,049,444
Prepaid insurance on revenue bonds, less accumulated amortization of $2,634,271 in 2018; $2,427,210 in 2017	636,287	414,634
Advances to related facility management company	927,956	927,956
Total noncurrent unrestricted assets	1,389,499,655	1,055,392,034
Restricted assets (note 2 and note 5):		
Cash	206,232	-
Investment	369,677,066	592,552,250
Total noncurrent restricted assets	369,883,298	592,552,250
Total noncurrent assets	1,759,382,953	1,647,944,284
Total assets	1,957,520,327	1,836,607,271
Deferred outflows of resources		
Deferred amounts related to net pension liability	8,974,501	4,002,292
Deferred losses on advance refunding	4,781,566	14,260,427
Total deferred outflows of resources	13,756,067	18,262,719
Total assets and deferred outflows of resources	$ 1,971,276,394	$ 1,854,869,990

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)
Statements of Net Position
December 31, 2018 and 2017

	2018	Restated 2017
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and accrued expenses	$ 33,430,097	$ 22,760,640
Due to City of New Orleans	3,619,954	3,757,524
Accrued salaries and other compensation	3,768,148	2,050,451
Total OPEB liability, due within one year	383,000	-
Total unrestricted current liabilities	41,201,199	28,568,615
Payable from restricted assets:		
Capital projects payable	36,520,657	45,194,069
Bonds payable, current portion (note 7)	14,985,000	12,615,000
Accrued bond interest payable	26,348,286	28,159,114
Total restricted current liabilities	77,853,943	85,968,183
Total current liabilities	119,055,142	114,536,798
Noncurrent liabilities:		
Bonds payable, less current portion and unamortized discount/premium (note 7)	1,213,512,277	1,231,294,665
Loans payable (note 7)	54,822,177	516,010
Total OPEB liability	5,244,011	6,381,710
Net pension liability	21,889,235	14,838,531
Total noncurrent liabilities	1,295,467,700	1,253,030,916
Total liabilities	1,414,522,842	1,367,567,714
Deferred inflows of resources		
Deferred amounts related to net pension liability	1,294,039	1,732,737
Deferred amounts related to total OPEB liability	631,128	-
Total deferred inflows of resources	1,925,167	1,732,737
Total liabilities and deferred inflows of resources	1,416,448,009	1,369,300,451
Net investment in capital assets	294,729,318	166,410,610
Restricted for:		
Debt service	122,975,390	161,393,385
Capital acquisition	119,688,221	89,833,487
Operating reserve	11,558,637	11,929,807
Unrestricted	5,876,819	56,002,250
Total net position	554,828,385	485,569,539
Total liabilities, deferred inflows of resources, and net position	$ 1,971,276,394	$ 1,854,869,990

See accompanying notes to financial statements.

(Concluded)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)
Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2018 and 2017

	2018	2017
Operating revenues:		
Airfield	$ 5,834,937	$ 12,659,542
Terminal	63,321,415	61,744,206
Ground transportation	4,250,908	4,081,820
Total operating revenues	73,407,260	78,485,568
Operating expenses:		
Direct:		
Airfield	3,688,095	3,637,353
Terminal	14,548,576	14,514,107
Ground Transportation	1,272,718	1,172,774
Depreciation	31,336,453	33,980,565
Administrative	30,982,118	26,855,812
Total operating expenses	81,827,960	80,160,611
Operating income (loss)	(8,420,700)	(1,675,043)
Nonoperating revenues (expenses):		
Investment income	6,982,457	2,316,112
Interest expense	(19,922,753)	(17,864,046)
Passenger facility charges	26,409,515	24,445,693
Customer facility charges	17,268,862	17,038,019
Gain on disposal of assets	3,194	-
Cost of issuance of bonds	(997,998)	(2,363,371)
Other, net	(1,092,903)	74,070
Total nonoperating revenues, net	28,650,374	23,646,477
Revenue before capital contributions	20,229,674	21,971,434
Capital contributions (note 8)	49,029,172	29,780,128
Change in net position	69,258,846	51,751,562
Net position, beginning of year	485,569,539	491,951,249
Cummulative effect of change in accounting principle (Note 1)	-	(6,381,710)
Total net position, end of year, as restated	$ 554,828,385	$ 485,569,539

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)
Statements of Cash Flows
Years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Cash received from customers	$ 74,932,391	$ 77,575,297
Cash paid to suppliers for goods and services	(21,654,909)	(24,427,728)
Cash paid to employees and on behalf of employees for services	(15,029,526)	(12,956,805)
Net cash provided by operating activities	38,247,956	40,190,764
Cash flow from noncapital financing activities:		
Sales tax receipts	1,144,863	1,060,249
Operating grants and reimbursements from other governments	695,913	681,112
Advance to related facility management company	-	(53,597)
Other payments	(3,155,332)	(254,071)
Net cash (used in) provided by noncapital financing activities	(1,314,556)	1,433,693
Cash flows from capital and related financing activities:		
Passenger facility charges collected	25,617,185	23,925,335
Customer facility charges collected	16,033,758	17,016,994
(Loss) from disposition of property	3,194	-
Acquisition and construction of capital assets	(329,783,483)	(279,546,300)
Capital grants received	55,919,467	18,560,212
Issuance of revenue bonds	143,758,796	460,965,621
Principal paid on loan and revenue bond maturities	(101,960,000)	(142,441,357)
Interest paid on bonds and loans	(59,272,087)	(55,795,831)
Cost of bond issuance and insurance	(997,998)	(2,363,371)
Net cash (used in) provided by capital and related financing activities	(250,681,168)	40,321,303
Cash flows from investing activities:		
Sales of investments	1,039,069,950	1,617,014,006
Purchases of investments	(828,488,316)	(1,709,302,043)
Interest and dividends on investments	7,763,261	2,667,538
Net cash provided by (used in) provided by investing activities	218,344,895	(89,620,499)
Net increase (decrease) in cash and cash equivalents	4,597,127	(7,674,739)
Cash and cash equivalents at beginning of year	19,369,128	27,043,867
Cash and cash equivalents at end of year (note 2)	$ 23,966,255	$ 19,369,128
Cash, current unrestricted	$ 20,941,896	$ 12,896,253
Cash, current restricted	2,818,127	6,472,875
Cash, noncurrent restricted	206,232	-
Cash and cash equivalents at end of year (note 2)	$ 23,966,255	$ 19,369,128

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)
Statements of Cash Flows
Years ended December 31, 2018 and 2017

	2018	2017
Reconciliation of operating loss to net cash provided by operating activities:		
Operating income (loss)	$ (8,420,700)	$ (1,675,043)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	31,336,453	33,980,565
Change in allowance for doubtful accounts	(206,486)	456,217
Changes in assets and liabilities:		
Accounts receivable	1,731,617	(1,366,488)
Prepaid expenses and deposits	(10,173)	29,058
Due from City of New Orleans	51,435	342,274
Deferred outflows of resources related to net pension liability	(4,972,209)	1,949,857
Accounts payable	10,669,457	8,071,582
Accrued salaries and other compensation	1,717,697	269,310
Total OPEB liability	(754,699)	-
Net pension liability	7,050,704	(2,939,629)
Due to City of New Orleans	(137,570)	(38,949)
Deferred inflows of resources related to net pension and total OPEB liability	192,430	1,112,010
Total adjustments	46,668,656	41,865,807
Net cash provided by operating activities	$ 38,247,956	$ 40,190,764

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

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

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

(b) Basis of Presentation

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

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

(c) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred. Revenues from landing and airfield fees, terminal building, rental building, and leased areas are reported as operating revenues. Transactions, which are capital, financing, or investing related, are reported as non-operating revenues. 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.

(d) Use of Estimates

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

(e) Allowance for Uncollectible Accounts Receivable

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

(f) Investments

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

(g) Capital Assets

Capital assets are carried at cost. An item is classified as an asset if the initial, individual cost is $5,000 or greater. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. In situations involving the construction of certain assets financed with the proceeds of tax-exempt borrowings, interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining the amount of interest to be capitalized. Capitalized interest totaled $44,112,350 in 2018 and $37,724,350 in 2017.

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

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

The estimated useful lives by major classification are as follows:

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

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

Amounts recorded as due from and due to the City of New Orleans primarily relate to amounts paid by the City on behalf of the Airport. In addition, the City provides certain administrative services to the Airport. The cost of such services was $1,753,517 for the years ended December 31, 2018 and 2017, and is recorded in administrative expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

(i) Restricted Assets

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

(j) Long-term Debt

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

In conjunction with bonds issued in 2018, 2015, 2009, and 2007 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. During 2017, the Series 2007 and Series 2009 bonds were fully and partially refunded, respectively, by the Series 2017 series bonds described in Note 7. During 2018, the Series 2009 CFC Bonds were fully refunded by the Series 2018 CFC Bonds. Insurance costs related to refunded Series 2007, Series 2009, and CFC Series 2009 bonds became fully amortized upon refunding.

(k) Revenue Recognition

Landing and airfield fees, terminal building, rental building, and leased areas rentals are recorded as revenues during the year in which earned. All signatory airlines pay signatory airline rates and charges according to the 2016 use and lease agreement. The rates for 2018 and 2017 are as follows:

	2018	2017
Terminal building rental rates (per sq. ft.)	$ 64.88	$ 74.62
Landing fee rate (per 1,000 lbs.)	0.17	1.13
Apron use fee rate (per sq. ft.)	0.62	1.20
Loading bridge use fee (per bridge)	10,855	10,265
Enplaned passenger use fee (per passenger)	6.57	6.22

Under the terms of the agreement, these rates are subject to a year-end settlement. The Airport is required to use its best efforts such that within the later of (i) one hundred twenty (120) days following the close of each fiscal year or (ii) within sixty (60) days of receipt of audited financial statements, rates for rentals, fees, and charges for the preceding fiscal year shall be recalculated using available financial data and the methods. For the fiscal years ended December 31, 2018 and 2017, the Airport's final rate structure varied from the rates in effect during the year.

(l) Passenger Facility Charges

On June 1, 1993, the Airport began imposing, upon approval of the Federal Aviation Administration (the FAA), a $3.00 Passenger Facility Charge (PFC) on each passenger enplaned at the Airport. On April 1, 2002, the FAA approved an increase in the amount of this fee to $4.50. As of December 31, 2018, the Airport is authorized to collect up to $965,553,986 of PFC revenue of which $427,464,523 has been collected. PFC revenues are pledged to secure the 2010A PFC Revenue Bonds and 2010B Gulf Opportunity Zone, which funded construction of preapproved capital projects and redeemed a prior Series of PFC Bonds. As of December 31, 2018, the legal expiration date and projected expiration date on PFC revenue collection is September 1, 2043 and June 1, 2035, respectively.

(m) Customer Facility Charges

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

(n) Federal Financial Assistance

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

(o) Vacation and Sick Leave

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

(p) Statements of Cash Flows

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

(q) Net Position

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

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

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

(r) Deferred Outflows/Inflows of Resources

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

Deferred inflows and outflows have been recognized for the net difference between the project and actual investment earnings, this amount is deferred and amortized over a period of five years. In addition, deferred inflows and outflows have been recognized for the differences between the actuarial expectation and the actual economic experience and changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. See Note 9 for additional information on deferred inflows and outflows related to the pension plan.

(s) Pension

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

(t) Reclassifications

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

(u) Current Year Adoption of New Accounting Standard and Restatement of Net Position

The Airport adopted GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* ("GASB 75"). The net effect to the Airport's Statement of Net Position for the year that resulted from the adoption of GASB 75 is as follows:

Previously reported net position as of December 31, 2017	$ 491,951,249
Adjustment as a result of the implementation of GASB Statement No. 75	(6,381,710)
Net position as of December 31, 2017, as restated	$ 485,569,539

Other post-employment benefits expense for the year ended December 31, 2017 is not restated and the disclosures for other post-employment benefits in Note 10 are not comparative because detailed information for the year ended December 31, 2017 is not available. The actuarial valuation performed under GASB Statement No. 75 is for the most recent fiscal year only.

(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 $20,893,193 and $10,198,645 at December 31, 2018 and 2017, respectively. The commercial bank balances are entirely insured by federal depository insurance or by collateral held by the financial institution in the Airport's name.

The Airport is authorized to invest in securities as described in its investment policy, in each bond resolution and state statue. As of December 31, 2018 and 2017, the Airport held the following investments as categorized below:

Investment Maturities at December 31, 2018

Investment type	Less than 1 year	1 to 5 Years	Total
U.S. government obligations	$ 61,950,732	$ 62,232,307	$ 124,183,039
U.S. agency obligations	-	11,641,099	11,641,099
Local government investment pool	52,047,168	-	52,047,168
Money market funds	325,029,982	-	325,029,982
	$ 439,027,882	$ 73,873,406	$ 512,901,288

Investment Maturities at December 31, 2017

Investment type	Less than 1 year	1 to 5 Years	Total
U.S. government obligations	$ 388,483,840	$ 27,034,189	$ 415,518,029
U.S. agency obligations	22,546,186	8,597,230	31,143,416
Local government investment pool	42,864,088	-	42,864,088
Money market funds	233,957,389	-	233,957,389
	$ 687,851,503	$ 35,631,419	$ 723,482,922

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 Resolution 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.

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

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

LAMP Investment: Unrestricted and restricted investments of $48,756,525 and $3,290,643, respectively, at December 31, 2018 and $39,123,506 and $3,740,582, respectively, at December 31, 2017 are invested in LAMP. LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local Louisiana government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

The following facts are relevant for LAMP:

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable.

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

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

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

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

(3) Fair Value Measurement

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

		Fair Value Hierarchy		
	Total at December 31, 2018	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	$ 124,183,039	$ -	$ 124,183,039	$ -
U.S. agency obligations	11,641,099	-	11,641,099	-
Total investments at Fair Value Level	135,824,138	$ -	$ 135,824,138	$ -
Investment measured at net asset value (NAV):				
Money market funds	325,029,982			
LAMP	52,047,168			
Total investments at NAV	377,077,150			
Total investments	$ 512,901,288			

		Fair Value Hierarchy		
	Total at December 31, 2017	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	$ 415,518,029	$ -	$ 415,518,029	$ -
U.S. agency obligations	31,143,416	-	31,143,416	-
Total investments at Fair Value Level	446,661,445	$ -	$ 446,661,445	$ -
Investment measured at net asset value (NAV):				
Money market funds	233,957,389			
LAMP	42,864,088			
Total investments at NAV	276,821,477			
Total investments	$ 723,482,922			

There are no unfunded commitments at December 31, 2018 and 2017.

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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

Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data.

(4) Accounts Receivable

Accounts receivable as of December 31 consist of the following:

	2018	2017
Due (to) from tenants	$ 2,869,317	$ 5,183,842
Parking garage	3,676,385	3,099,849
Other	6,372	-
	6,552,074	8,283,691
Less: allowance for doubtful accounts	(311,867)	(518,353)
	$ 6,240,207	$ 7,765,338

(5) Summary of Restricted Assets

Assets restricted for specific purposes in accordance with bond indentures and other legal restrictions are composed of the following at December 31, 2018 and 2017:

	2018															
	Debt service fund	Debt service reserve fund	Capitalized Interest	Coverage account	Ineligible sub-account	Operations and maintenance reserve fund	Capital Improvement fund	GARB Restricted	Receipts fund	Rollover fund	PFC collect	CFC collect	Bond costs	Parking Facility Reserve	Receivables	Total
Assets:																
Cash and certificates of deposits	$ 112,738	516,441	170,148	-	-	-	-	2,018,610	-	-	158	206,264	-	-	-	$ 3,024,359
Dreyfus Treasury Prime Cash Management	21,300,564	18,357,260	26,767,134	1,949,312	938	8,267,994	124,158,291	110,528,537	700,241	3,290,643	-	21,133,249	646,242	-	-	337,100,405
JPM U.S. Treasury and U.S. money market fund	-	82,081,458	-	-	-	-	-	-	-	-	-	-	-	1,123,719	-	83,205,177
Passenger facility charges receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,540,682	3,540,682
Capital grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,931,000	10,931,000
ATF grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,767,589	4,767,589
Transportation Security Admin grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,645,343	2,645,343
Customer facility charges receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,522,686	2,522,686
	$ 21,413,302	100,955,159	26,937,282	1,949,312	938	8,267,994	124,158,291	112,547,147	700,241	3,290,643	158	21,339,513	646,242	1,123,719	24,407,300	$ 447,737,241

	2017															
	Debt service fund	Debt service reserve fund	Capitalized Interest	Coverage account	Ineligible sub-account	Operations and maintenance reserve fund	Capital Improvement fund	GARB Restricted	Receipts fund	Rollover fund	PFC collect	CFC collect	Bond costs	Parking Facility Reserve	Receivables	Total
Cash and certificates of deposits	$ 743	362,328	103,562	-	-	-	108,948	(107)	1,947	-	911,618	4,983,836	-	-	-	$ 6,472,875
Dreyfus Treasury Prime Cash Management	19,776,496	5,128,978	76,467	1,931,268	676,448	8,189,225	103,305,293	79,296,104	1,115,896	3,740,582	-	10,262,272	834,189	-	-	234,333,218
JPM U.S. Treasury and U.S. money market fund	-	93,905,300	70,199,155	-	-	-	-	243,233,622	-	-	-	-	-	1,106,102	-	408,444,179
Passenger facility charges receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,748,352	2,748,352
Capital grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,430,709	20,430,709
ATF grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,302,428	1,302,428
Transportation Security Admin grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,501,090	3,501,090
Customer facility charges receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,287,582	1,287,582
	$ 19,777,239	99,396,606	70,379,184	1,931,268	676,448	8,189,225	103,414,241	322,529,619	1,117,843	3,740,582	911,618	15,246,108	834,189	1,106,102	29,270,161	$ 678,520,433

(6) Capital Assets

Capital assets include assets acquired with the Airport's own funds as well as those acquired through resources externally restricted for capital acquisition. A summary of changes in capital assets for the years ended December 31, 2018 and 2017 is as follows:

	Balance December 31, 2017	Additions during year	Deletions/ transfers during year	Balance December 31, 2018
Capital assets not being depreciated:				
Land	$ 77,979,721	$ -	$ -	$ 77,979,721
Air rights	22,282,449	-	-	22,282,449
Construction in progress	670,634,717	365,222,417	(1,148,223)	1,034,708,911
Total capital assets not being depreciated	770,896,887	365,222,417	(1,148,223)	1,134,971,081
Capital assets being depreciated:				
Land improvements	505,321,935	-	-	505,321,935
Buildings and furnishings	420,819,569	148,789	-	420,968,358
Equipment	9,933,857	830,403	-	10,764,260
Computers	1,190,327	169,035	-	1,359,362
Utilities	53,412,775	-	-	53,412,775
Heliport	3,074,179	-	-	3,074,179
Total capital assets being depreciated	993,752,642	1,148,227	-	994,900,869
Total capital assets	1,764,649,529	366,370,644	(1,148,223)	2,129,871,950
Less accumulated depreciation:				
Land improvements	325,565,648	16,973,512	-	342,539,160
Buildings and furnishings	360,454,665	11,652,659	-	372,107,324
Equipment	8,158,457	428,465	-	8,586,922
Computers	914,927	130,721	-	1,045,648
Utilities	12,432,397	2,150,908	-	14,583,305
Heliport	3,073,991	188	-	3,074,179
Total accumulated depreciation	710,600,085	31,336,453	-	741,936,538
Total capital assets, net	$ 1,054,049,444	$ 335,034,191	$ (1,148,223)	$ 1,387,935,412

	Balance December 31, 2016	Additions during year	transfers during year	Balance December 31, 2017
Capital assets not being depreciated:				
Land	$ 77,979,721	$ -	$ -	$ 77,979,721
Air rights	22,282,449	-	-	22,282,449
Construction in progress	344,286,873	327,509,132	(1,161,288)	670,634,717
Total capital assets not being depreciated	444,549,043	327,509,132	(1,161,288)	770,896,887
Capital assets being depreciated:				
Land improvements	505,321,935	-	-	505,321,935
Buildings and furnishings	420,118,023	701,546	-	420,819,569
Equipment	9,474,115	459,742	-	9,933,857
Computers	1,190,327	-	-	1,190,327
Utilities	53,412,775	-	-	53,412,775
Heliport	3,074,179	-	-	3,074,179
Total capital assets being depreciated	992,591,354	1,161,288	-	993,752,642
Total capital assets	1,437,140,397	328,670,420	(1,161,288)	1,764,649,529
Less accumulated depreciation:				
Land improvements	307,634,702	17,930,946	-	325,565,648
Buildings and furnishings	347,097,663	13,357,002	-	360,454,665
Equipment	7,724,326	434,131	-	8,158,457
Computers	807,621	107,306	-	914,927
Utilities	10,281,496	2,150,901	-	12,432,397
Heliport	3,073,712	279	-	3,073,991
Total accumulated depreciation	676,619,520	33,980,565	-	710,600,085
Total capital assets, net	$ 760,520,877	$ 294,689,855	$ (1,161,288)	$ 1,054,049,444

Depreciation expense is $31,336,453 and $33,980,565 for the year ended December 31, 2018 and 2017, respectively.

Construction in progress is composed of the following at December 31, 2018:

Description	December 31, 2018	Remaining commitments at 2018
Airfield Lighting Vault	$ 134,084,314	$ 27,406,504
Airside Development	4,662,482	16,804,783
Southside Development	-	-
Landside Development	7,918,150	119,653,401
New Terminal Development	631,991,153	104,247,005
Expansion Taxiway Gulf Phase 1	1,707,966	830,231
NAVAIDS Project	27,687,043	-
Cargo Road Repairs	-	-
Fuel Consortium	2,449,681	-
Jetblue Gate Relocation	31,904	-
Loading Bridges	1,971,906	412,203
LTDP-Hotel Development	8,017	2,178
Stormwater Pump Station	31,856,647	-
Miscellaneous Projects	3,905,451	4,716,940
Roadways Development	125,967,973	4,716,202
Parking - Structures	43,127,046	-
Parking - Surface	9,632,893	1,397,568
Parking - Circulation Bridge	1,570,999	-
Roadways Aberdeen	3,478,518	289,561
Southside Redevelopment	715,306	4,939,473
Workforce Development	1,941,462	133,567
Total	$ 1,034,708,911	$ 285,549,616

(7) Long-term Debt

Long-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Long-Term Debt	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018	Principal due within one year
Bonds Payable:					
Series 2009A-1 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	16,705,000	-	(8,150,000)	8,555,000	8,555,000

Long-Term Debt	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018	Principal due within one year
Bonds Payable, (continued):					
Series 2009A-2 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	$ 5,210,000	$ -	$ (2,540,000)	$ 2,670,000	$ 2,670,000
Series 2009A GO ZONE CFC Revenue bonds, fixed interest rate; January 1, 2040 at 4.625% final maturity; Refunded in 2018	91,270,000	-	(91,270,000)	-	-
Series 2010A GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2041 at 4.25% final maturity	52,355,000	-	-	52,355,000	-
Series 2010B GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2038 at 5.125% final maturity	1,285,000	-	-	1,285,000	-
Series 2015A Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2045 at 5.0% final maturity	54,590,000	-	-	54,590,000	-
Series 2015B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2045 at 5.0% final maturity	510,735,000	-	-	510,735,000	-
Series 2017A Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	100,010,000	-	-	100,010,000	-
Series 2017B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	219,390,000	-	-	219,390,000	-
Series 2017C Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2023 at 2.949% final maturity	46,995,000	-	-	46,995,000	-
Series 2017D-1 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2020 at 5.0% final maturity	4,150,000	-	-	4,150,000	1,615,000
Series 2017D-2 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	50,145,000	-	-	50,145,000	2,145,000
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	-

Long-Term Debt	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018	Principal due within one year
	$ 1,152,840,000	$ 82,565,000	$ (101,960,000)	$ 1,133,445,000	$ 14,985,000
Unamortized discount on bonds	(2,250,898)	(339,421)	1,839,335	(750,984)	-
Unamortized premium on bonds	93,320,563	7,227,050	(4,744,352)	95,803,261	-
	1,243,909,665	89,452,629	(104,865,017)	1,228,497,277	14,985,000
Loans Payable:					
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	516,010	54,306,167	-	54,822,177	-
	516,010	54,306,167	-	54,822,177	
	$ 1,244,425,675	$ 143,758,796	$ (104,865,017)	$ 1,283,319,454	$ 14,985,000

Long-term debt activity for the years ended December 31, 2017 and 2016 was as follows:

Long-Term Debt	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017	Principal due within one year
Bonds Payable:					
Series 2007A Revenue Bonds, fixed interest rate January 1, 2038 at 4.25% final maturity	$ 56,715,000	$ -	$ (56,715,000)	$ -	$ -
Series 2007B-1 Revenue Refunding Bonds, fixed interest rate January 1, 2020 at 4.25% final maturity	4,295,000	-	(4,295,000)	-	-
Series 2007B-2 Revenue Refunding Bonds, fixed interest rate January 1, 2019 at 4.25% final maturity	4,970,000	-	(4,970,000)	-	-
Series 2009A-1 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	63,810,000	-	(47,105,000)	16,705,000	7,800,000

Long-Term Debt	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017	Principal due within one year
Bonds Payable, (continued):					
Series 2009A-2 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	$ 19,890,000	$ -	$ (14,680,000)	$ 5,210,000	$ 2,890,000
Series 2009A GO ZONE CFC Revenue bonds, fixed interest rate; January 1, 2040 at 4.625% final maturity	93,100,000	-	(1,830,000)	91,270,000	1,925,000
Series 2010A GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2041 at 4.25% final maturity	52,355,000	-	-	52,355,000	-
Series 2010B GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2038 at 5.125% final maturity	1,285,000	-	-	1,285,000	-
Series 2015A Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2045 at 5.0% final maturity	54,590,000	-	-	54,590,000	-
Series 2015B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2045 at 5.0% final maturity	510,735,000	-	-	510,735,000	-
Series 2017A Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	-	100,010,000	-	100,010,000	-
Series 2017B Revenue Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	-	219,390,000	-	219,390,000	-
Series 2017C Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2023 at 2.949% final maturity	-	46,995,000	-	46,995,000	-
Series 2017D-1 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2020 at 5.0% final maturity	-	4,150,000	-	4,150,000	-
Series 2017D-2 Revenue Refunding Bonds (North Terminal Project), fixed interest rate; January 1, 2038 at 5.0% final maturity	-	50,145,000	-	50,145,000	-

Long-Term Debt	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017	Principal due within one year
	$ 861,745,000	$ 420,690,000	$ (129,595,000)	$ 1,152,840,000	$ 12,615,000
Unamortized discount on bonds	(2,670,986)	-	420,088	(2,250,898)	-
Unamortized premium on bonds	57,908,521	39,759,613	(4,347,571)	93,320,563	-
	916,982,535	460,449,613	(133,522,483)	1,243,909,665	12,615,000
Loans Payable:					
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	-	516,010	-	516,010	-
Go Zone fixed interest rate, August 1, 2025 at 4.64% final maturity	13,362,367	-	(13,362,367)	-	-
	13,362,367	516,010	(13,362,367)	516,010	
	$ 930,344,902	$ 460,965,623	$ (146,884,850)	$ 1,244,425,675	$ 12,615,000

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

	Interest	Principal	Total
Bonds Payable:			
December 31:			
2019	$ 54,908,138	$ 14,985,000	$ 81,228,139
2020	55,442,134	20,220,000	75,922,134
2021	54,701,844	18,575,000	73,556,844
2022	53,720,728	74,017,177	128,052,905
2023	51,759,375	31,110,000	70,679,375
2024-2028	242,736,325	121,350,000	364,086,325
2029-2033	207,096,191	161,830,000	368,926,191
2034-2038	160,816,097	217,830,000	378,646,097
2039-2043	98,647,963	266,420,000	365,067,963
2044-2048	36,172,477	261,930,000	298,102,477
	$ 1,016,001,272	$ 1,188,267,177	$ 2,204,268,449

In 2018, the Airport issued $82,565,000 of New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Refunding Bonds, Series 2018 with an original issue premium and discount of $7,227,050 and $339,421, respectively. The purpose of the issue was to advance refund the outstanding balance of the Gulf Opportunity Zone CFC Revenue Bonds, Series 2009A in the amount of $89,345,000. 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, 2040 were reduced by $21,452,793 with an estimated economic gain of $18,508,000. The deferred loss on defeasance in the amount of $2,287,192 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.

In 2017, the Airport issued $46,995,000, $4,150,000, and $50,145,000 of New Orleans Aviation Board General Airport Revenue Refunding Bonds, Series 2017C, 2017D-1, and 2017D-2, respectively. The purpose of the issue was to provide sufficient funds to refund $62,450,000 of the Airport's Revenue and Revenue Refunding Bonds, Series 2007 and $51,555,000 of Airport's Revenue Refunding Bonds, Series 2009. The refunding left an outstanding amount of $21,915,000 in the Series 2009 bonds at the date of refunding. The refunding was entered into for the reason of future interest savings. The Airport advance refunded the bonds to reduce total gross debt service payments through January 1, 2038 by $21,534,272 with a total estimated economic gain of $7,541,456. The deferred loss on defeasance in the amount of $17,366,394 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.

Issued Bond Series	**Series 2017C**	**Series 2017D1**	**Series 2017D2**
Refunded Bond Series	Series 2009 Refunding	Series 2007 PFC	Series 2007 PFC
Prior Net Cash Flow	$ 64,462,380	$ 4,712,005	$ 89,771,027
Refunding Debt Service	52,150,085	4,534,386	80,726,669
Difference in Cash Flow	12,312,295	177,619	9,044,358
Net Present Value Savings	2,600,417	190,347	4,750,692

At December 31, 2018 the amount of defeased debt still outstanding for Series 2009A-1 and Series 2009A-2 is $39,305,000 and $12,250,000, respectively, with $53,101,650 held in escrow. At December 31, 2018 the amount of defeased debt still outstanding for Series 2009A CFC bonds is $89,345,000, with $91,826,999 held in escrow.

The Board received approval for participation in the Gulf Tax Credit Bonds Program (Go Zone Tax Credit Bonds) sponsored by the State of Louisiana in an amount not exceeding $36,000,000. The Airport was approved for $35,371,990 for an interest free period of 60 months. On August 1, 2006, Hancock Bank as escrow trustee for the State of Louisiana with respect to its GO Zone Tax Credit Bonds Program transferred to the Trustee the amount of $10,242,550 to be used to pay the August 2, 2006 debt service on the bonds and related interest rate swap payments. Hancock Bank transferred an additional $25,129,440 in debt service between August 2006 and July 2008 which brought the loan to the approval amount of $35,371,990. The Go Zone Tax Credit Bonds were retired during the year ended December 31, 2017.

In October 2017, the Airport closed on a $75 million drawdown credit facility. The facility is designed to cover approximately $61 million in North Terminal program costs intended to be reimbursed from funding sources that are not expected to be available until after the construction costs are incurred. The estimated future reimbursement sources include: (a) approximately $36.6 million in PFCs previously approved for projects in the existing terminal that are expected to be approved by the FAA for the North Terminal through an amendment to the original PFC application and (b) approximately $25 million in state highway grants to be received by the City of New Orleans for airport roadway costs.

(8) Capital Contributions and Transfers

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, 2018, the FAA contributed $25,961,708, the ATF contributed $17,999,950, and the TSA contributed $5,064,514. During the year ended December 31, 2017, the FAA contributed $23,865,874, the ATF contributed $779,867, and the TSA contributed $5,134,387.

(9) Pension Plan

Plan Descriptions

Employees and officers of the Airport are eligible for membership in the Employees' Retirement System of the City of New Orleans (the Plan), a defined benefit retirement plan. A separate financial report on the plan for the year ended December 31, 2018 and 2017 are available from the City of New Orleans Director of Finance, 1300 Perdido Street, Room 1E12, New Orleans, Louisiana 70112, (504) 658-1850.

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

The Plan became operative on July 1, 1947. It is supported by joint contributions of the City and employee members and income from investments. The City 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 city 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.

Funding Policy

Employee Contributions

4% of earnable compensation over $1,200 per year. Effective June 1, 2002, $1,200 removed. Effective January 1, 2012, the rate is 5% and effective January 1, 2013, the rate is 6%.

Employer Contributions

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 actuary on basis of the amortization period adopted by the Board of Trustee from time to time. Actual contributions by the Airport were approximate 23.4% and 23.0% of covered payroll for the years ended December 31, 2018 and 2017, respectively.

Benefits Provided

Retirement

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

1. An annuity, which is the actuarial equivalent of the employee's accumulated contribution; plus

2. Effective for members retiring on or after January 1, 2002, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2.5% of average compensation times first 25 years, plus 4% of average compensation times creditable service over 25 years.

3. Effective for members retiring before 2002, but on or after January 1, 1983, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2% of average compensation times first 10 years, plus 2 1/2% of average compensation times next 10 years, plus 3% of average compensation times next 10 years, plus 4% of average compensation times creditable service over 30 years.

4. Effective January 1, 1983, additional pension equal to 2% of $1,200 times first 10 years, plus 2 1/2% of $1,200 times next 10 years, plus 3% of $1,200 times next 10 years, plus 4% of $1,200 times service over 30 years. Ceases at 62 or at eligibility for Social Security, whichever comes first. Effective January 1, 2002, the $1,200 exclusion will not apply.

5. Additional pension for member who reaches age 65 with 20 or more years and the retirement allowance under (1) and (2) above is less than $1,200 per year; to produce total retirement allowance of $1,200 per year.

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 8 0.

7. Maximum Benefit: Benefit not to be greater than 100% of average compensation, unless member has already accrued a larger benefit as of April 1978.
8. Minimum Benefit: Effective June 1, 1999, benefit of $300 per month for retirees with 10 years of service at retirement.

9. Form of Benefit: Modified cash refund annuity - If a member dies after retirement and before receiving the amount of his accumulated contributions in annuity payments, then the lump sum balance of his contributions is paid to beneficiary.

10. Cost-of-Living: Board of Trustees retains excess over average 3 1/2% interest earnings to provide Cost-of-Living increases in benefits to retirees (past or future) not to exceed 3% of original benefit per each year of retirement. Effective January 1, 2001, additional one-time increase of 1 % times member's or beneficiary's current monthly benefit times whole calendar years from date benefit commenced.

Deferred Retirement Option Program (DROP)

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

1. Interest is earned on the DROP account at an annual rate set by the Board. Members of the DROP receive cost-of-living increases, as if they would have received such raises as a retiree.

2. Upon termination of employment at the end of the specified period of DROP participation, the DROP account is paid out. After his DROP period ends and upon continued or re-employment, the member may resume contributions and earn a supplemental benefit based on current covered compensation.

3. If at the end of a members' period of DROP participation he does not terminate employment, payments into DROP shall cease and no further interest shall be earned or credited to the account. Payments shall not be made until employment is terminated

Net Pension Liability

The Airport's Net Pension Liability of $21,889,235 and $14,838,531 were measured as of December 31, 2018 and 2017. 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 for based on the December 31, 2018 measurement date. The Airport uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at December 31, 2018 along with the change compared to December 31, 2017 rate. The Airport's proportion of the Net Pension Liability was based on a projection of the City of New Orleans' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at December 31, 2018	Rate at December 31, 2018	Increase (Decrease) to December 31, 2017 Rate
Employees' Retirement System of the City of New Orleans	$ 21,889,235	7.4806%	1.1627%

	Net Pension Liability at December 31, 2017	Rate at December 31, 2017	Increase (Decrease) to December 31, 2016 Rate
Employees' Retirement System of the City of New Orleans	$ 14,838,531	6.3179%	(0.6411%)

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

For the years ended December 31, 2018 and 2017, the Airport will recognize a Pension Expense of $5,613,253 and $2,096,679, respectively, in payroll related expense on the statements of revenues, expenses, and changes in net position.

On December 31, 2018 and 2017, the Airport reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	December 31, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,930,786	$ 285,149
Net difference between projected and actual earnings on pension plan investments	2,010,907	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,032,808	1,008,890
Total	$ 8,974,501	$ 1,294,039

	December 31, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,637,363	$ 295,123
Net difference between projected and actual earnings on pension plan investments	-	255,143
Changes in proportion and differences between employer contributions and proportionate share of contributions	364,929	1,182,471
Total	$ 4,002,292	$ 1,732,737

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

2019	$ 2,380,597
2020	1,779,344
2021	1,834,819
2022	1,274,553
2023	419,562
2024	(8,413)
2025	-
	$ 7,680,462

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2018 and 2017, using the following actuarial assumptions:

	Employees' Retirement System
Valuation date	December 31, 2017 and 2016
Actuary cost method	Entry age normal
Actuarial assumption:	
Expected remaining service live	8 years
Investment rate of return	7.50%, net of investment expense
Inflation rate	2.50%
Mortality	RP 2000 Group Annuity Mortality Table
Salary increases	5.00%
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the pension trust funds and includes previously granted cost of living increases. The present values do not include previsions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are development for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Trust Fund's current and expected asset allocation as of December 31, 2018 are summarized in the following table:

	Employees' Retirement System		
Asset Class	Target Asset Allocation	Long-term expected portfolio real rate of return	Weighted Rate of Return
Cash equivalents	2.00%	1.41%	0.03%
Equity securities	58.00%	6.79%	3.94%
Fixed income	25.00%	2.65%	0.66%
Real Estate	5.00%	4.08%	0.20%
Other alternative investments	10.00%	7.37%	0.74%
Inflation			2.50%
Expected arithmetic nominal rate			5.57%

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for the Employees' Retirement System for 2018. 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 sand the member rate. Based on those assumptions, the Employees' Retirement System pension trust funds' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2018 and 2017, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, was 5.57 % and 8.52%, respectively for the Employees' Retirement System.

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

The following presents the net pension liability of the Airport as of December 31, 2018 and 2017, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

Net pension liability	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
December 31, 2018	$ 28,045,695	$ 21,889,235	$ 17,773,823
December 31, 2017	19,053,368	14,838,531	11,667,841

Payables to the Plan

The Airport recorded accrued liabilities of $292,396 and $292,212 to the Plan for the year ended December 31, 2018 and 2017, respectively, mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables.

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

	For the Year Ended December 31		
	2018	2017	2016
Employer's Proportion of the Net Pension Liability (Asset)	7.4806%	6.3179%	6.9590%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 21,889,235	$ 14,838,531	$ 17,778,160
Employer's Covered Payroll	$ 9,614,757	$ 7,632,578	$ 8,037,960
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	227.66%	194.41%	221.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.55%	64.66%	58.06%

(10) Other Post-Employment Benefits

Plan description – The Airport provides certain continuing health care and life insurance benefits for its retired employees through the City of New Orleans. The City of New Orleans's OPEB Plan (the OPEB Plan) is a 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 City-Parish OPEB Plan is a single-employer defined benefit plan. 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	*(1)*	-
Inactive employees entitled to but not yet receiving benefit payments		-
Active employees		166
		166

(1) There is a total of 1,553 inactive employees or beneficiaries currently receiving benefit payments under the OPEB plan. These inactive employees are not specifically identified as the Airport's inactive employees.

The Airport's portion of the annual premium base is paid by the City on behalf of the Airport. The contributions by the City for the year ended December 31, 2018 is estimated to be approximately $383,000.

Total OPEB Liability

The Airport's proportional share (3.89%) of the total OPEB liability of $5,627,011 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018. The proportion of the total OPEB liability was based on a percentage of payroll of active employees of the Airport in proportion to total payroll of active employees for all participating employers. There was no change to the Airport's proportionate share since the prior measurement period.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.44% annually (Beginning of Year to Determine ADC)
	4.10%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	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, 2018, 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, 2018 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2018.

Changes in the Total OPEB Liability

Balance at December 31, 2017	$ 6,381,710
Changes for the year:	
Service cost	91,236
Interest	212,949
Differences between expected and actual experience	(209,788)
Changes in assumptions	(466,422)
Benefit payments and net transfers	(382,674)
Net changes	(754,699)
Balance at December 31, 2018	$ 5,627,011

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 (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1.0% Decrease (3.10%)	**Current Discount Rate (4.10%)**	**1.0% Increase (5.10%)**
Total OPEB liability	$ 6,343,048	$ 5,627,011	$ 5,029,285

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 (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	**Current Trend (5.5%)**	**1.0% Increase (6.5%)**
Total OPEB liability	$ 5,011,729	$ 5,627,011	$ 6,358,596

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

For the year ended December 31, 2018, the Airport recognized its proportionate share (3.89%) of OPEB expense of $259,103. At December 31, 2018, the Airport reported proportionate share (3.89%) of deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (195,802)
Changes in assumptions		(435,326)
Total	$ -	$ (631,128)

(11) Rentals under Operating Leases

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

The Airport parking garage facility (the "Facility") was constructed on land leased by a 501(c) 3 nonprofit corporation (the Corporation) from the Airport pursuant to a parking garage ground lease (the "ground lease") dated January 1, 2001. The commencement date as defined in the ground lease went into effect January 1, 2002, and the ground rental term began. In accordance with the ground lease, the Corporation was required to design, finance, construct, and operate the Facility. The Facility was financed by the Corporation with $39.4 million of tax-exempt bonds which was refinanced in 2012. The bonds are not an obligation of the Airport. The initial term of the ground lease is ten years with three renewal periods of ten years at the option of the Corporation. During the term of the ground lease, the Corporation will pay the Airport $10,624 a month plus percentage rent of 6.0% of gross revenues generated from the Facility in excess of $7.0 million per year plus net cash flow rent, as defined in the ground lease.

The payment of rent is subject to a minimum annual guarantee payment, as defined in the ground lease. The fixed rent shall increase by 3.0% per annum, effective on the first day of each lease year during the term. The 2018 monthly ground rent was $17,049 and 2017 monthly ground rent was $16,552.

The following is a schedule by year of aggregate future minimum rentals receivable on noncancelable operating leases as of December 31, 2018:

2019	$ 52,836,196
2020	55,095,381
2021	54,988,638
2022	45,814,130
2023	45,132,819
2024 and thereafter	49,646,209
	$ 303,513,373

These amounts do not include contingent rentals which may be received under most of the leases; such contingent rentals, including month-to-month concession agreements, amounted to $4,912,345 in 2018 and $3,914,635 in 2017.

(12) Commitments and Contingencies

(a) Self-Insurance

The Airport is insured for hospitalization and unemployment losses and claims under the City of New Orleans' self-insurance program. The Airport pays premiums to the City of New Orleans' unemployment self-insurance program, and the Airport and its employees pay premiums to the City of New Orleans' hospitalization self-insurance program. Amounts paid to the City by the Airport totaled $1,649,519 and $1,514,750 for the years ended December 31, 2018 and 2017.

(b) Commitments

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

(c) Claims and Judgments

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

(d) Federal Financial Assistance

The Airport participates in a number of federal financial assistance programs. Although the grant programs have been audited through December 31, 2018 in accordance with the Single Audit Act of 1996, these programs are still subject to financial and compliance audits by governmental agencies.

(13) Recent Accounting Pronouncements

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 reporting periods beginning after December 15, 2019. Therefore, as applicable, the Airport will implement this guidance in 2020.

(14) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

Required Supplementary Information

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

	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	7.4806%	6.3179%	6.9590%	6.7349%	6.7349%
Employer's proportionate share of the net pension liability	$ 21,889,235	$ 14,838,531	$ 17,778,160	$ 15,058,503	$ 11,410,715
Employer's covered payroll	$ 9,614,821	$ 7,632,578	$ 8,037,960	$ 7,118,288	$ 6,549,317
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	227.66%	194.41%	221.18%	211.55%	174.23%
Plan fiduciary net position as a percentage of the total pension liability	55.55%	62.22%	58.06%	60.26%	68.64%

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

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

Required Supplementary Information

Schedule of Contributions to Defined Benefit Plan
Last 10 Years*

	2018	2017	2016	2015	2014
Contractually required contribution	$ 2,095,713	$ 1,716,570	$ 1,900,122	$ 1,511,811	$ 1,784,790
Contributions in related to the contractually required contributions	(2,249,395)	(1,761,937)	(1,666,973)	(1,603,282)	(1,533,954)
Contribution deficiency (excess)	$ (153,682)	$ (45,367)	$ 233,149	$ (91,471)	$ 250,836
Employers' covered payroll	$ 9,614,821	$ 7,632,578	$ 8,037,960	$ 7,118,288	$ 6,549,317
Contributions a a percentage of covered payroll	23.40%	23.08%	20.74%	22.52%	23.42%

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

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

Required Supplementary Information

Schedule of Proportionate Share of the Total OPEB Liability
Last 10 Years*

	2018
Airport's proportion of the total OPEB liability	3.89%
Airport's porportionate share of the total OPEB liability	5,627,011
Covered payroll	$ 9,982,277
Airport's proportionate share of total OPEB liability	56.37%

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

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

Required Supplementary Information

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

		2018
Total OPEB liability		
Service cost	$	91,236
Interest		212,949
Change in benefit terms		
Differences between expected and actual experience		(209,788)
Change s of assumptions or other inputs		(466,422)
Benefit payments		(382,674)
Net change in total OPEB liability		(754,699)
Total OPEB liability - beginning		6,381,710
Total OPEB liability - ending	$	5,627,011
Covered payroll	$	9,982,277
Total OPEB liability as a percentage of covered payroll		56.37%

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

Notes to Schedule:
- Information is presented using measurement date which is the same as the fiscal year end.
- No assets are accumulated in a trust to pay related benefits.
- Benefit Changes: There were no changes of benefit terms for the year ended December 31, 2018.
- Changes of Assumptions or other inputs: Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:
  End of FY2018: 4:10%
  Beginning of FY2018: 3.44%

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

Supplemental Schedule of Investments

Year ended December 31, 2018

Description	Year Aquired	Maturity date	Book value	Fair value
Unrestricted investments:				
Special Receipts:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2007	N/A	$ 2,518,171	$ 2,518,171
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2009	N/A	935,878	935,878
			3,454,049	3,454,049
City of New Orleans:				
LAMP - Sales Tax/General Purpose	2003	N/A	48,756,120	48,756,120
LAMP - Revolving			399	399
LAMP - Use & Lease General Purpose	2011	N/A	9	9
			48,756,528	48,756,528
New Orleans Aviation Board:				
Whitney Custody Account			40,385,129	40,385,129
Total unrestricted investments			92,595,706	92,595,706
Restricted investments:				
City of New Orleans:				
LAMP - Rollover Coverage	2009	N/A	3,290,642	3,290,642
CIF-Parking Facility Loan:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2010	N/A	1,123,719	1,123,719
Debt Service Fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2008	N/A	30,950,035	30,950,035
Debt Service Reserve Fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	18,357,260	18,357,260
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2009	N/A	82,081,458	82,081,458
			100,438,718	100,438,718
Capitalized Interest:				
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2015	N/A	17,117,663	17,117,663

(Continued)

Schedule 1

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)
Supplemental Schedule of Investments
Year ended December 31, 2018

Description	Year Acquired	Maturity date	Book value	Fair value
Ineligible Sub-Account:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	938	938
Operations and Maintenance:				
Reserve fund: JPM U.S. Treasury Plus Cash Management The Bank of New York Mellon	2009	N/A	8,267,994	8,267,994
Receipts Fund:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2007	N/A	671,947	671,947
CFC Restricted:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2010	N/A	23,728,803	23,728,803
Time Reimbursement:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	1,167,465	1,167,465
Project Account:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	34,172,905	34,172,905
PFC Restricted:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2009	N/A	88,817,921	88,817,921
GARB Restricted:				
JPM U.S. Treasury Plus Investments The Bank of New York Mellon	2015	N/A	110,528,538	110,528,538
Vendor Payment:				
Dreyfus Treasury Prime Cash Management The Bank of New York Mellon	2015	N/A	28,294	28,294
Total restricted investments			420,305,582	420,305,582
Total all investments			$ 512,901,288	$ 512,901,288

See accompanying independent auditors' report.

(Concluded)

Schedule 2

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

Supplemental Schedule of Operating Revenues and Expenses by Area of Activity

Year ended December 31, 2018

	Airfield	Terminal buildings	Ground transportation	Total
Operating revenues	$ 5,834,937	$ 63,321,415	$ 4,250,908	$ 73,407,260
Direct expenses	3,688,095	14,548,576	1,272,718	19,509,389
Operating revenues, less direct expenses	2,146,842	48,772,839	2,978,190	53,897,871
Depreciation of cost center assets	18,867,010	10,037,534	226,023	29,130,567
Operating revenues, less direct expenses and depreciation	$ (16,720,168)	$ 38,735,305	$ 2,752,167	24,767,304
Other operating expenses:				
Depreciation of non-cost center assets				2,205,886
Administrative less transfers to work in progress				30,982,118
Total other operating expenses				33,188,004
Operating loss				$ (8,420,700)

See accompanying independent auditors' report.

Schedule 3

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

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, 2018

(Unaudited)

Revenues:		
Airline rentals and landing fees	$	27,406,081
Other operating revenues		46,001,179
Nonoperating revenues		4,638,628
Transferred PFCs		6,474,750
Rollover coverage		3,290,643
Total revenues		87,811,281
Less expenses:		
Operation and maintenance expenses		50,491,507
Net revenues	$	37,319,774
Debt service fund requirement:		
Principal payments	$	14,985,000
Interest expense		4,490,434
Total debt service fund requirement	$	19,475,434
Historical debt service coverage ratio		1.92

See accompanying independent auditors' report.

(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.

Schedule 4

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

Schedule of Compensation, Benefits, and Other Payments to the Director of Aviation

Year ended December 31, 2018

Director of Aviation

Purpose	Kevin Dolliole
Salary	$ 285,707
Benefits-insurance contribution	74
Benefits-retirement contribution	66,463
Benefits-Medicare, Social Security, Workman's Compensation	21,270
Travel*	11,361
Conference registration fees*	5,207
Reimbursements*	-

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

See accompanying independent auditors' report.