

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

Financial Statements and Supplemental Schedules

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)



A Professional Accounting Corporation

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

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## Independent Auditors' Report

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

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 December 31, 2010 and 2009 for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the Airport's management. 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. We were not engaged to perform an audit of the Airport's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 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 operation, 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. However, 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.

Our audits were conducted for the purpose of forming opinions on the basic financial statements taken as a whole. 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 and 2 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 and 2 are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. Schedule 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Postathavante & Nettiville*

Metairie, Louisiana  
June 24, 2011



**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
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Management's Discussion and Analysis

December 31, 2010 and 2009

(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, 2010 and 2009, with selected comparative information for the fiscal year ended December 31, 2008. The information presented here should be read in conjunction with the financial statements, footnotes, and supplementary information in this report.

**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, 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 balance sheets present information on all of the Airport's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Airport's financial position.

The statements of revenues, expenses, and changes in net assets present information showing how the Airport's net assets changed during the fiscal year. All changes in net assets 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 nonoperating 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 nonoperating 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 loss.

**Financial Highlights**

Enplaned passengers at the Airport for 2008 were up 5.9 percent when compared to the same period in 2007 while total domestic enplanements on all U.S. scheduled carriers declined by 1.3 percent compared to the same period in 2007. Due to a struggling economy, enplanements in 2009 decreased 2.1 percent compared to 2008. However, the Airport fared better than the national trend. In 2010, total enplanements increased by 5.2% as compared to 2009 levels.

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In November 2005, the Board approved a financial plan which was intended to provide a roadmap for how the Airport would manage its financial operations during the recovery from the impact of Hurricane Katrina. It included cash flow projections based on certain growth scenarios related to expenses, debt obligations, passenger growth projections, and nonairline revenues. The plan discussed meeting its operating needs by utilizing available cash balances, federal borrowings and grants, possible debt restructuring, and a working capital credit facility. The Board received over \$10 million from the FEMA Community Disaster Loan Program. On August 20, 2010, the Airport submitted to FEMA an application for loan cancellation, documenting the requirements for cancellation of the FEMA CDL Loan. On November 5, 2010, the Airport received authority from FEMA to forgive all the FEMA CDL Loans in the amount of \$10,882,641, plus accrued interest of \$1,122,297. The Airport recorded a gain on extinguishment of debt in the amount of \$12,004,938 in the Statement of Revenues, Expenses, and Changes in Net Assets for the year ended December 31, 2010. In addition, 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. By July 2008, the Airport had drawn the full amount authorized, using the funds to pay debt service on the Bonds and related interest rate swap payments.

The Airport negotiated a new Commercial Airline Lease effective January 1, 2009 with the Airline Transportation Companies. The new Airline - Airport Use and Lease Agreement (the "2009 Airline Lease Agreement") has an overall residual airline rate-setting methodology and a five-year term, which expires on December 31, 2013. Other key provisions to the Agreement include, a single terminal building rental rate, an annual deposit requirement to the General Purposes Fund, and airline approved capital projects that the NOAB may undertake at any time as demand warrants. To date, ten airlines, representing the vast majority of aviation activity at the Airport, have executed the Agreement.

**Financial Position**

Total assets increased by \$73,101,296 (11%) this year due primarily to an increase in long-term investments as a result of the issuance of 2010 PFC Bonds on May 26, 2010 for \$53.6 million. Noncurrent liabilities are higher this fiscal year by \$33,122,143 (10%). This increase was primarily due to increases in bonds payable. Total current liabilities have increased by \$12,822,852 (41%) primarily resulting from an increase in accrued expenses of \$8,881,959 and an increase in the bond interest payable in the amount of \$4,451,864.

The largest portion of the Airport's net assets, \$212,834,706 (59%) for 2010 and \$192,827,718 (58%) for 2009, represents its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. 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 themselves cannot be used to liquidate these liabilities.

An additional portion of the Airport's net assets, \$98,492,842 (28%) for 2010 and \$102,166,763 (31%) for 2009, represents resources that are subject to restrictions from contributors, bond resolutions, and state and federal regulations on how they may be used. The remaining balance of unrestricted net assets, \$46,138,990 (13%) for 2010 and \$35,315,757 (11%) for 2009, may be used to meet the Airport's ongoing obligations.

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At the end of the current and previous fiscal year, the Airport reported positive balances in all three categories of net assets.

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

|   | <u>2010</u>       | <u>2009</u>       | <u>2008</u>       |
|---|-------------------|-------------------|-------------------|
| <b>Assets:</b>                          |                   |                   |                   |
| Current and other assets                | \$ 335,068        | \$ 296,126        | \$ 187,108        |
| Net capital assets                      | <u>429,897</u>    | <u>395,738</u>    | <u>393,233</u>    |
| Total assets                            | <u>\$ 764,965</u> | <u>\$ 691,864</u> | <u>\$ 580,341</u> |
| <b>Liabilities:</b>                     |                   |                   |                   |
| Current liabilities                     | \$ 43,580         | \$ 30,757         | \$ 35,952         |
| Long-term liabilities                   | <u>363,919</u>    | <u>330,797</u>    | <u>224,479</u>    |
| Total liabilities                       | <u>\$ 407,499</u> | <u>\$ 361,554</u> | <u>\$ 260,431</u> |
| <b>Net assets:</b>                      |                   |                   |                   |
| Invested in capital assets, net of debt | \$ 212,835        | \$ 192,828        | \$ 212,864        |
| Restricted                              | 98,493            | 102,166           | 73,385            |
| Unrestricted                            | <u>46,139</u>     | <u>35,316</u>     | <u>33,661</u>     |
| Total net assets                        | <u>\$ 357,467</u> | <u>\$ 330,310</u> | <u>\$ 319,910</u> |

**Airlines Rates and Charges**

As previously discussed, a new Airline – Airport Use and Lease Agreement has been negotiated and became effective January 1, 2009. The rates effective January 1, 2010 and 2009 are as follows:

|  | <u>2010</u> | <u>2009</u> |
|--|-------------|-------------|
| Terminal building rental rates (per sq. ft.) | \$ 114.16   | \$ 98.94    |
| Landing fee rate (per 1,000 lbs)             | 2.08        | 1.69        |
| Apron use fee rate (per sq. ft.)             | 1.88        | 2.44        |
| Loading bridge use fee (per bridge)          | 17,695.00   | 24,960.00   |
| Enplaned passenger fee rate (per person)     | 9.15        | 8.17        |

Due to the terms of the agreement, these rates are subject to settlement. The Airport shall 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 Exhibit F of the agreement. Under the settlements for 2010 and 2009, the Airport's final rate structure varied from the rates in effect during the year.

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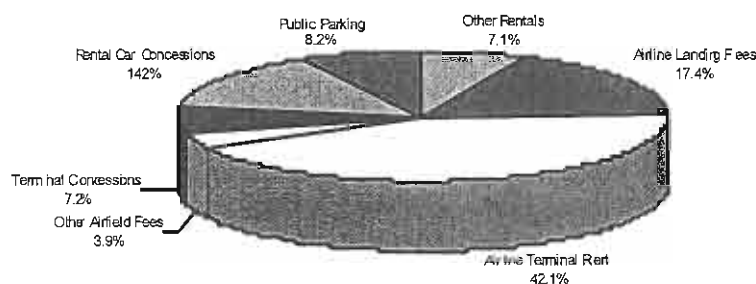
December 31, 2010 and 2009

(Unaudited)

**Revenues**

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2010.

**Operating Revenue**



**Operating Revenues by Major Source (in thousands)**

|                                    | <u>2010</u>             | <u>2009</u>             | <u>2008</u>             |
|------------------------------------|-------------------------|-------------------------|-------------------------|
| Passenger and cargo airlines:      |                         |                         |                         |
| Airline landing fee payments       | \$ 11,420               | \$ 10,744               | \$ 5,675                |
| Airline terminal rental payments   | 27,613                  | 28,784                  | 31,921                  |
| Ground rents                       | 50                      | 50                      | 50                      |
| Other rentals and fees             | <u>2,509</u>            | <u>2,699</u>            | <u>664</u>              |
| Total passenger and cargo airlines | <u>41,592</u>           | <u>42,277</u>           | <u>38,310</u>           |
| Non airline rentals:               |                         |                         |                         |
| Concessions-terminal               | 4,697                   | 3,894                   | 3,847                   |
| Concessions-car rentals            | 9,357                   | 8,497                   | 9,706                   |
| Public parking                     | 5,068                   | 5,294                   | 5,374                   |
| Other rentals and fees             | <u>4,592</u>            | <u>4,411</u>            | <u>4,860</u>            |
| Total nonairline rentals           | <u>23,714</u>           | <u>22,096</u>           | <u>23,787</u>           |
| Total operating revenues           | <u><u>\$ 65,306</u></u> | <u><u>\$ 64,373</u></u> | <u><u>\$ 62,097</u></u> |



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**2010 vs. 2009**

The 2009 Airline Lease Agreement remains in effect for 2010. Total air carrier revenue for 2010 decreased by \$685,288 (2%) over 2009 due to reduced revenues resulting from a decrease in rates. The landing fees increased by \$675,709 (6%). Airline terminal rentals decreased by \$1,170,965 (4%). Nonairline revenue increased by \$1,617,954 (7%), due primarily to an increase in rental car revenues and concession revenues that were partly offset by a decrease in parking revenue.

**2009 vs. 2008**

The 2009 Airline Lease Agreement became effective for fiscal year 2009 while the Rate Resolution implemented in 2005 was in effect for 2008. Total air carrier revenue for 2009 increased by \$3,967,004 (10%) over 2008 due to greater revenues resulting from the implementation of the 2009 Airline Lease Agreement. The landing fees increased \$5,069,929 (89%) offset by a decrease in airline terminal rentals of \$3,137,449 (10%). Nonairline revenue decreased by \$1,690,990 (7%), due primarily to a decrease in passenger activity.

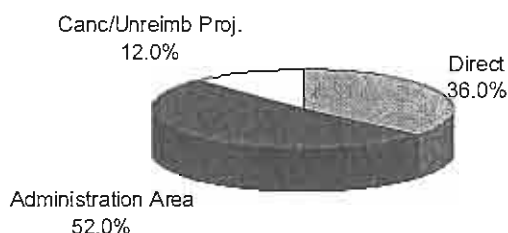
Cost per enplaned passenger is a measure used by the airline industry to reflect the costs an airline pays to operate at an airport based upon the number of enplaned passengers for that airport. The cost per enplaned passenger increased from \$9.46 in 2008 to \$10.45 in 2009 and decreased to \$9.50 in 2010.

|                                    | <u>2010</u> |    | <u>2009</u> |    | <u>2008</u> |
|------------------------------------|-------------|----|-------------|----|-------------|
| Cost per enplaned passenger:       |             |    |             |    |             |
| Airline revenues (in thousands)    | \$ 38,987   | \$ | \$ 40,812   | \$ | \$ 37,596   |
| Enplaned passengers (in thousands) | 4,102       |    | 3,906       |    | 3,973       |
| Cost per enplaned passenger        | \$ 9.50     | \$ | \$ 10.45    | \$ | \$ 9.46     |

**Expenses**

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2010.

**Operating Expenses (Excluding Depreciation)**



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**Operating Expenses before Depreciation (in thousands)**

|   | 2010      | 2009      | 2008      |
|---|-----------|-----------|-----------|
| Direct (airfield, terminal building and area,<br>hangars, leased sites, heliport) | \$ 16,972 | \$ 17,427 | \$ 18,705 |
| Administration area   | 24,305    | 27,772    | 25,901    |
| Cancelled/unreimbursed projects   | 5,562     | 1,037     | 1,672     |
|   | \$ 46,839 | \$ 46,236 | \$ 46,278 |

**2010 vs. 2009**

The operating expenses before depreciation and amortization increased by \$602,570 (1%) over the prior year, due primarily to recognizing an expense for cancelled/unreimbursed projects in the amount of \$5,562,367. This increase was offset by decreases in a variety of other expense categories.

**2009 vs. 2008**

The operating expenses before depreciation and amortization remained substantially the same as the prior year.

**Nonoperating Revenues, Net**

**2010 vs. 2009**

Nonoperating revenues, net, consists primarily of passenger facility charge (PFC) revenue, customer facility charge (CFC) revenue, investment income, capital contributions, gain on extinguishment of debt, and interest expense. PFC revenue increased 6% from \$15,957,102 in 2009 to \$16,912,099 in 2010, due primarily to an increase in passenger activity. CFC revenue increased 25% from \$9,565,529 in 2009 to \$11,975,343. Investment income decreased 55% from \$239,496 in 2009 to \$106,849 in 2010 due to unfavorable interest rates. Capital contributions increased 74% from \$6,173,801 in 2009 to \$10,736,088 in 2010 due primarily to an increase in grant revenue received from the federal government. A gain on extinguishment of debt was recognized in 2010 due to the FEMA Community Disaster Loan in the amount of \$10,882,641, plus interest in the amount of \$1,122,297 being forgiven by the federal government. Interest expense remained substantially the same as the prior year.

**2009 vs. 2008**

Nonoperating revenues, net consists primarily of passenger facility charge (PFC) revenue, customer facility charge (CFC) revenue, investment income, FAA grant revenue, and interest expense. CFC revenue increased 86% from \$1,299,254 in 2008 to \$9,565,529 in 2009. Collections of CFC revenue were initiated in 2008 with 2009 being the first full year of collections. Investment income decreased by 91% from \$2,714,493 in 2008 compared to \$239,496 in 2009 due to unfavorable interest rates. FAA grant revenue increased 51% from \$4,082,510 in 2008 to \$6,173,801 in 2009 due primarily to a increase in the in capital contributions received from the federal government. PFC revenue decreased 2% from \$16,298,885 in 2008 to \$15,957,102 due to a reduction in passenger enplanements. Interest expense and bond costs decreased 5% from \$14,237,371 in 2008 to \$13,468,956 in 2009 as a result of lower interest expense due to the refunding of bonds.

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

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

|                             | <u>2010</u>       | <u>2009</u>      | <u>2008</u>      |
|-----------------------------|-------------------|------------------|------------------|
| Total operating revenues    | \$ 65,305         | \$ 64,373        | \$ 62,097        |
| Total nonoperating revenues | <u>40,999</u>     | <u>25,762</u>    | <u>20,548</u>    |
| Total revenues              | <u>\$ 106,304</u> | <u>\$ 90,135</u> | <u>\$ 82,645</u> |
| Total operating expenses    | \$ 76,438         | \$ 75,002        | \$ 76,691        |
| Total nonoperating expenses | <u>13,447</u>     | <u>13,797</u>    | <u>14,237</u>    |
| Total expenses              | <u>\$ 89,885</u>  | <u>\$ 88,799</u> | <u>\$ 90,928</u> |

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

|   | <u>2010</u>      | <u>2009</u>     | <u>2008</u>       |
|---|------------------|-----------------|-------------------|
| Summary of changes in net assets:                           |                  |                 |                   |
| Operating revenues  | \$ 65,305        | \$ 64,373       | \$ 62,097         |
| Operating expenses  | <u>46,839</u>    | <u>46,236</u>   | <u>46,278</u>     |
| Operating income before<br>depreciation and amortization    | <u>18,466</u>    | <u>18,137</u>   | <u>15,819</u>     |
| Depreciation and amortization                               | <u>29,599</u>    | <u>28,767</u>   | <u>30,413</u>     |
| Operating loss  | <u>(11,133)</u>  | <u>(10,630)</u> | <u>(14,594)</u>   |
| Nonoperating revenues, net                                  | <u>27,553</u>    | <u>11,966</u>   | <u>6,311</u>      |
| Income (loss) before capital<br>contributions and transfers | 16,420           | 1,336           | (8,283)           |
| Capital contributions                                       | <u>10,736</u>    | <u>6,174</u>    | <u>4,082</u>      |
| Change in net assets  | <u>\$ 27,156</u> | <u>\$ 7,510</u> | <u>\$ (4,201)</u> |

Operating income before depreciation and amortization increased \$330,095 (2%) over the prior fiscal year. Depreciation and amortization expense increased \$832,652 (3%). Capital contributions increased by \$4,562,287 (74%) due primarily to an increase in the capital contributions received from the federal government. Capital contributions are composed of federal grants, which are being received to fund security improvements, airport layout plan, and the rehabilitation of the terminal apron at the Airport.

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**Capital Assets**

The Airport's investment in capital assets can be noted in the following table. The total increase for this fiscal year was 8% before accumulated depreciation and amortization. Major capital asset events occurring this fiscal year include the following:

- Land improvements/other buildings increased primarily due to the completion of the Aircraft Loading Bridges at a cost of approximately \$12.3 million.
- Terminal buildings and furnishings increased primarily due to the completion of the Security Operations Center for approximately \$29.9 million along with the installation of TSA Cameras for approximately \$1.5 million.
- Construction in progress increased primarily due to progress on the following projects:

| Project                          | Approximate cost<br>during FY 2010 |
|----------------------------------|------------------------------------|
| Terminal Apron Rehab             | \$10.4 million                     |
| Expansion of Concourse D         | \$11.7 million                     |
| Consolidated Rent A Car Facility | \$15.2 million                     |
| ARFF Station                     | \$7.1 million                      |
| Terminal Interior Improvements   | \$3.7 million                      |
| Terminal FIDS/BIDS/GIDS          | \$2.1 million                      |
| Baggage Claim Improvements       | \$1.0 million                      |
| Upper-Lower Roadway Improvements | \$0.7 million                      |

These increases were offset by the completion of various projects. More detailed information on capital assets can be found in note 4 of the accompanying financial statements.

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**Net Capital Assets (in thousands)**

|  | <u>2010</u>       | <u>2009</u>       | <u>2008</u>       |
|--|-------------------|-------------------|-------------------|
| Land   | \$ 85,432         | \$ 86,787         | \$ 86,598         |
| Air rights                                     | 22,170            | 20,188            | 18,817            |
| Land improvements                              | 338,034           | 325,059           | 322,090           |
| Buildings and furnishings                      | 331,640           | 300,059           | 296,066           |
| Equipment                                      | 6,590             | 5,905             | 5,862             |
| Computers                                      | 621               | -                 | -                 |
| Utilities                                      | 7,786             | 7,786             | 7,786             |
| Heliport                                       | 3,070             | 3,070             | 3,070             |
| Construction in progress                       | <u>86,273</u>     | <u>69,807</u>     | <u>49,990</u>     |
| Total capital assets                           | 881,616           | 818,661           | 790,279           |
| Less accumulated depreciation and amortization | <u>451,719</u>    | <u>422,923</u>    | <u>394,156</u>    |
| Net capital assets                             | <u>\$ 429,897</u> | <u>\$ 395,738</u> | <u>\$ 396,123</u> |

**Debt Activity**

At the end of the current fiscal year, the Airport had total debt outstanding of \$374,368,794. The Airport's debt represents bonds secured solely by operating revenue and bonds payable from PFC and CFC revenue.

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**Outstanding Debt (in thousands)**

|   | <u>2010</u>       | <u>2009</u>       | <u>2008</u>       |
|---|-------------------|-------------------|-------------------|
| Bonds payable:                              |                   |                   |                   |
| Refunding Bonds 1993B – C, 1995A, and 1997A | \$ -              | \$ -              | \$ 102,030        |
| Revenue Bonds 1997B                         | -                 | -                 | 11,300            |
| Revenue Refunding Bonds 2007 (PFC)          | 83,890            | 86,415            | 88,370            |
| Revenue Refunding Bonds 2009A-C             | 136,170           | 144,355           | -                 |
| Go Zone CFC Revenue Bonds 2009A             | 96,515            | 96,515            | -                 |
| Revenue Bonds 2010A-B (PFC)                 | 53,640            | -                 | -                 |
| Unamortized bond discount                   | (3,646)           | (3,228)           | (45)              |
| Unamortized loss on advanced refunding      | (28,290)          | (30,672)          | (11,328)          |
| Unamortized bond premium                    | 718               | 745               | 771               |
| Loans payable:                              |                   |                   |                   |
| FEMA  | -                 | 10,883            | 10,883            |
| Go Zone Tax Credit Bonds                    | 35,372            | 35,372            | 35,372            |
| Interest payable:                           |                   |                   |                   |
| FEMA  | -                 | 1,122             | 801               |
|   | <u>\$ 374,369</u> | <u>\$ 341,507</u> | <u>\$ 238,154</u> |

The Airport's total debt increased \$32,862,143 (10%) during the current fiscal year primarily due to the issuance of Gulf Opportunity Zone Revenue Bonds (Passenger Facility Charge Projects), Series 2010A, in the amount of \$52,355,000 and \$1,285,000 of Revenue Bonds (Passenger Facility Charge Projects), Series 2010B, to pay for the construction of certain capital projects, offset by the cancellation of the FEMA loan in the amount of \$10,882,641.

More detailed information on long-term debt can be found in note 5 of the accompanying financial statements.

**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 remaining ratio requirement of 105% 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.

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

Management's Discussion and Analysis

December 31, 2010 and 2009

(Unaudited)

On November 9, 2007, the Board approved the Rollover Coverage for fiscal year 2008 in the amount of \$7,000,000. On December 17, 2008, the Board approved the Rollover Coverage for fiscal year 2009 in the amount of \$5,600,000. On November 6, 2009, the Board approved the Rollover Coverage for fiscal year 2010 in the amount of \$3,719,573. The funds were transferred to the NOAB Rollover Coverage Account held by the City of New Orleans on December 3, 2009, and transferred to the airport operating account in 2010. The Airport's calculation of the historical debt service coverage ratio, as presented in Supplemental Schedule 3 to the financial statements is 150% for the year ended December 31, 2010 and 163% for the year ended December 31, 2009. 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.

|                                   | <b>2010</b> | <b>2009</b> | <b>2008</b> |
|-----------------------------------|-------------|-------------|-------------|
| Refunding Bonds and Revenue Bonds | 150%        | 163%        | 128%        |
| Revenue Refunding Bonds           | 112         | 112         | 121         |

**Airport Activities and Highlights**

Passenger totals for 2010 increased by 415,932 (5%) over 2009 due to an increase in air carrier operations and passenger activity. Aircraft operations increased from 86,857 operations in 2009 to 89,003 in 2010 (2%). Aircraft landed weights increased from 5,174,944 in 2009 to 5,501,940 in 2010 (6%). As of December 2010, the Airport had 131 daily departures to 37 cities with 15,084 average daily seats. As of December 2009, the Airport had 122 daily departures to 34 cities with 15,094 average daily seats.

The Airport is continuing a program to rehabilitate aging infrastructure to meet current demands. Work is continuing on Consolidated Rent A Car Facility, the Expansion of Concourse "D", the Terminal Apron Rehabilitation, Terminal Improvements, and a new ARFF Station.

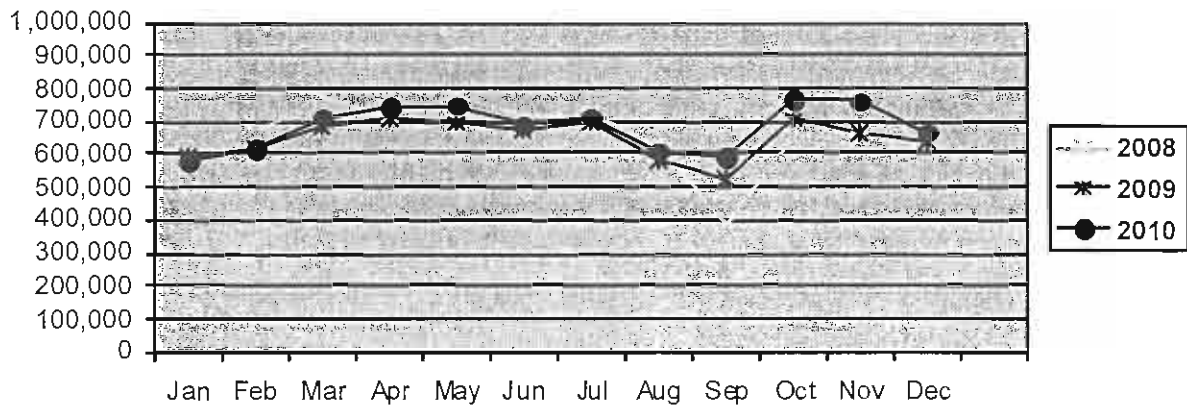
**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
 (A Component Unit of the City of New Orleans)

Management's Discussion and Analysis

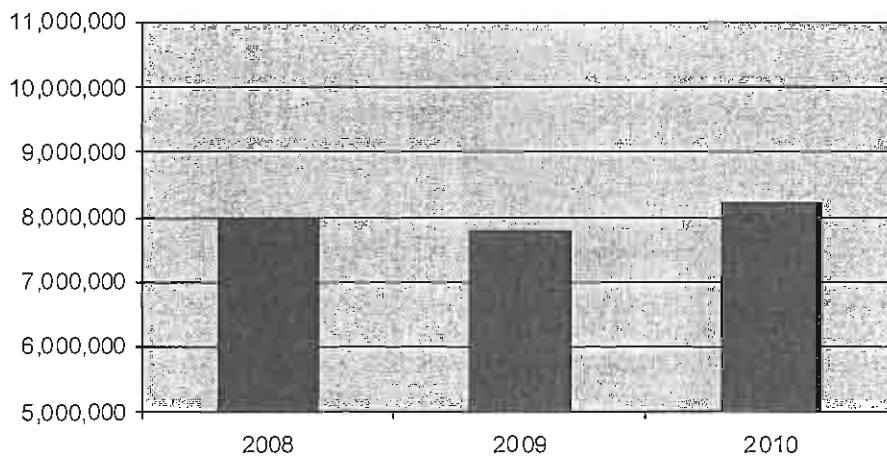
December 31, 2010 and 2009

(Unaudited)

**Total Passengers**



**Total Passengers**





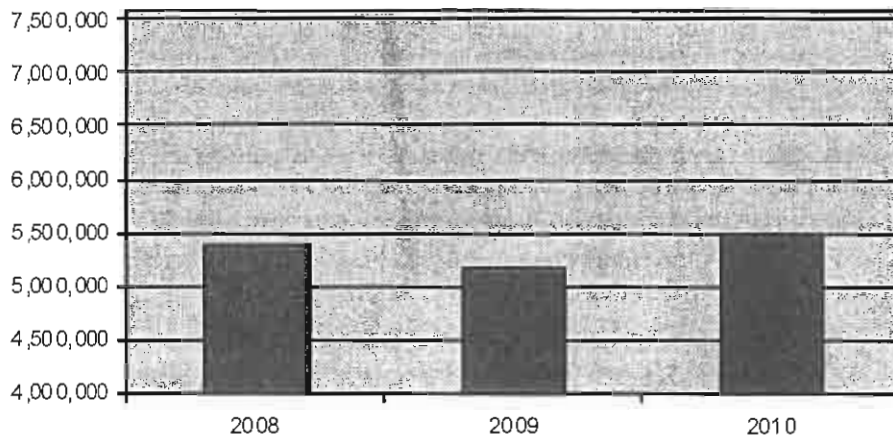
**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A Component Unit of the City of New Orleans)

Management's Discussion and Analysis

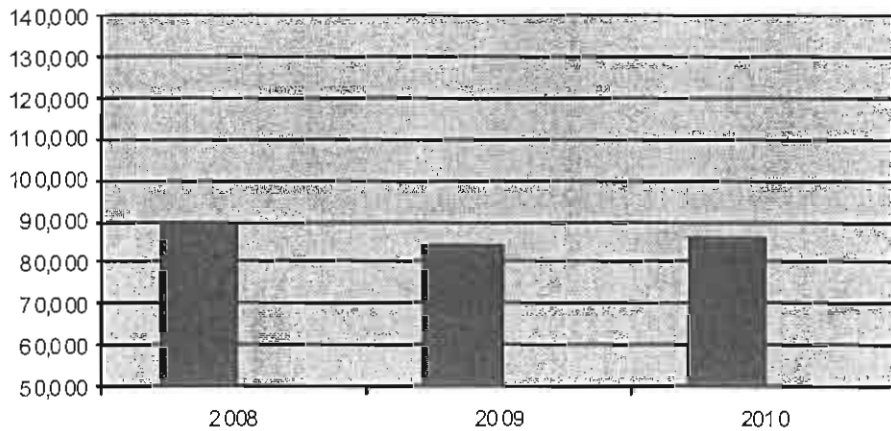
December 31, 2010 and 2009

(Unaudited)

**Landed Weight**



**Passenger Flight Operations**



**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**

(A Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2010 and 2009

(Unaudited)

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

| <b>Fiscal year</b> | <b>Total<br/>passengers</b> | <b>Landed weight<br/>(1,000 pound<br/>units)</b> | <b>Air carrier<br/>operations</b> |
|--------------------|-----------------------------|--|-----------------------------------|
| 2008               | 7,967,997                   | 5,364,909  | 92,989                            |
| 2009               | 7,787,373                   | 5,174,944  | 86,857                            |
| 2010               | 8,203,305                   | 5,501,940  | 89,003                            |

**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 Deputy Director of Finance and Administration, Louis Armstrong New Orleans International Airport, Post Office Box 20007, New Orleans, Louisiana 70141.

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

Balance Sheets

December 31, 2010 and 2009

| Assets   | <u>2010</u>           | <u>2009</u>           |
|--|-----------------------|-----------------------|
| Current assets:  |                       | (as adjusted)         |
| Unrestricted assets:   |                       |                       |
| Cash (note 2)  | \$ 2,851,944          | \$ 1,606,798          |
| Accounts receivable, less allowance for doubtful accounts<br>of \$1,152,543 in 2010; \$1,233,999 in 2009     | 1,702,627             | 8,970,824             |
| Investments (note 2)   | 84,156,164            | 80,289,676            |
| Prepaid expenses and deposits  | <u>1,888,854</u>      | <u>1,432,762</u>      |
| Total unrestricted assets  | <u>90,599,589</u>     | <u>92,300,060</u>     |
| Restricted assets (notes 2, 3, and 5):   |                       |                       |
| Cash   | 601,414               | 313,669               |
| Investments  | 30,486,463            | 17,282,806            |
| Passenger facility charges receivable  | 1,655,612             | 1,791,147             |
| Customer facility charges receivable   | 856,511               | 766,729               |
| Capital grant receivable   | <u>891,133</u>        | <u>995,163</u>        |
| Total restricted assets  | <u>34,491,133</u>     | <u>21,149,514</u>     |
| Total current assets   | <u>125,090,722</u>    | <u>113,449,574</u>    |
| Noncurrent assets:   |                       |                       |
| Long-term investments (note 2):  |                       |                       |
| Investments, restricted  | <u>199,550,645</u>    | <u>172,876,561</u>    |
| Total long-term investments  | <u>199,550,645</u>    | <u>172,876,561</u>    |
| Capital assets (note 4):   |                       |                       |
| Capital assets not being depreciated   | 193,875,484           | 176,781,956           |
| Capital assets being depreciated   | 687,740,714           | 641,878,489           |
| Less accumulated depreciation  | <u>(451,719,271)</u>  | <u>(422,922,765)</u>  |
| Total capital assets, net  | <u>429,896,927</u>    | <u>395,737,680</u>    |
| Prepaid insurance on revenue bonds, less accumulated<br>amortization of \$573,406 in 2010; \$311,126 in 2009 | 4,258,096             | 4,520,376             |
| Deferred cost of bond issuance, less accumulated amortization<br>of \$510,752 in 2010; \$221,606 in 2009     | <u>6,168,684</u>      | <u>5,279,587</u>      |
| Total noncurrent assets  | <u>639,874,352</u>    | <u>578,414,204</u>    |
| Total assets   | <u>\$ 764,965,074</u> | <u>\$ 691,863,778</u> |

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

Balance Sheets

December 31, 2010 and 2009

| <b>Liabilities and Net Assets</b>   | <b>2010</b>           | <b>2009</b>           |
|---|-----------------------|-----------------------|
| Current liabilities:  |                       | (as adjusted)         |
| Payable from unrestricted assets:   |                       |                       |
| Accounts payable  | \$ 6,522,977          | \$ 6,579,872          |
| Due to City of New Orleans  | 1,007,283             | 827,311               |
| Accrued salaries and other compensation   | 1,346,851             | 1,720,897             |
| Capital projects payable  | 211,498               | 479,295               |
| Total unrestricted current liabilities  | <u>9,088,609</u>      | <u>9,607,375</u>      |
| Payable from restricted assets:   |                       |                       |
| Accounts payable  | 5,727,160             | —                     |
| Accrued bond interest payable   | 10,346,941            | 5,895,077             |
| Bonds payable, current portion (note 5)   | 10,450,000            | 10,710,000            |
| Capital projects payable  | 7,967,032             | 4,544,437             |
| Total restricted current liabilities  | <u>34,491,133</u>     | <u>21,149,514</u>     |
| Total current liabilities   | <u>43,579,742</u>     | <u>30,756,889</u>     |
| Noncurrent liabilities:   |                       |                       |
| Bonds payable, less current portion, unamortized loss on<br>advance refunding and unamortized discount (note 5) | 328,546,804           | 283,419,723           |
| Loans payable   | 35,371,990            | 46,254,631            |
| Loan interest payable   | —                     | 1,122,297             |
| Total noncurrent liabilities  | <u>363,918,794</u>    | <u>330,796,651</u>    |
| Total liabilities   | <u>407,498,536</u>    | <u>361,553,540</u>    |
| Net assets:   |                       |                       |
| Invested in capital assets, net of related debt   | 212,834,706           | 192,827,719           |
| Restricted for:   |                       |                       |
| Debt service  | 44,812,148            | 40,822,423            |
| Capital acquisition   | 41,584,061            | 49,880,117            |
| Operating reserve   | 12,096,633            | 11,464,223            |
| Unrestricted  | 46,138,990            | 35,315,756            |
| Total net assets  | <u>357,466,538</u>    | <u>330,310,238</u>    |
| Total liabilities and net assets  | <u>\$ 764,965,074</u> | <u>\$ 691,863,778</u> |

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2010 and 2009

|   | 2010           | 2009           |
|---|----------------|----------------|
| Operating revenues (note 8):  |                | (as adjusted)  |
| Landing and airfield fees   | \$ 14,198,440  | \$ 13,527,591  |
| Terminal building   | 48,895,154     | 48,625,020     |
| Ground transportation and other areas   | 2,130,521      | 2,220,295      |
| Other   | 81,456         | —              |
| Total operating revenues  | 65,305,571     | 64,372,906     |
| Operating expenses:   |                |                |
| Direct  | 16,971,565     | 17,427,097     |
| Depreciation and impairment write-down  | 29,599,254     | 28,766,602     |
| Administrative  | 24,304,830     | 27,772,127     |
| Cancelled/unreimbursed projects   | 5,562,367      | 1,036,968      |
| Total operating expenses  | 76,438,016     | 75,002,794     |
| Operating loss  | (11,132,445)   | (10,629,888)   |
| Nonoperating revenues (expenses):   |                |                |
| Investment income   | 106,849        | 239,496        |
| Interest expense  | (13,415,121)   | (13,468,956)   |
| Passenger facility charges  | 16,912,099     | 15,957,102     |
| Customer facility charges   | 11,975,343     | 9,565,529      |
| Gain on forgiveness of debt (note 5)  | 12,004,938     | —              |
| Other, net  | (31,451)       | (327,553)      |
| Total nonoperating revenues, net  | 27,552,657     | 11,965,618     |
| Income before capital contributions   | 16,420,212     | 1,335,730      |
| Capital contributions (note 6)  | 10,736,088     | 6,173,801      |
| Change in net assets  | 27,156,300     | 7,509,531      |
| Total net assets, beginning of year   | 330,310,238    | 319,910,546    |
| Adjustment for retrospective application of new accounting principle (note 1) | —              | 2,890,161      |
| Total net assets, end of year   | \$ 357,466,538 | \$ 330,310,238 |

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended December 31, 2010 and 2009

|  | <b>2010</b>    | <b>2009</b>    |
|--|----------------|----------------|
| Cash flows from operating activities:                          |                | (as adjusted)  |
| Cash received from customers                                   | \$ 72,655,224  | \$ 64,755,543  |
| Cash paid to suppliers for goods and services                  | (28,628,292)   | (38,987,819)   |
| Cash paid to employees and on behalf of employees for services | (9,217,475)    | (8,457,494)    |
| Other receipts   | 69,603         | 34,770         |
| Net cash provided by operating activities                      | 34,879,060     | 17,345,000     |
| Cash flow from noncapital financing activities:                |                |                |
| Sales tax receipts   | 651,407        | 634,402        |
| FEMA proceeds  | 306,365        | —              |
| Net cash provided by noncapital financing activities           | 957,772        | 634,402        |
| Cash flows from capital and related financing activities:      |                |                |
| Passenger facility charges collected                           | 17,047,634     | 15,656,892     |
| Customer facility charges collected                            | 11,885,561     | 8,798,800      |
| Proceeds from disposition of property                          | 13,214         | —              |
| Acquisition and construction of capital assets                 | (56,153,065)   | (30,348,949)   |
| Capital grants received  | 10,840,118     | 5,274,987      |
| Principal paid on revenue bond maturities                      | (11,845,910)   | (115,285,000)  |
| Issuance of revenue bonds                                      | 54,775,910     | 240,870,000    |
| Interest paid on bonds and loans                               | (16,051,780)   | (9,032,229)    |
| Cost of bond issuance and insurance                            | (1,178,243)    | (29,649,411)   |
| Net cash provided by capital and related financing activities  | 9,333,439      | 86,285,090     |
| Cash flows from investing activities:                          |                |                |
| Sales of investments   | 231,548,127    | 246,769,087    |
| Purchases of investments                                       | (275,292,356)  | (352,768,582)  |
| Interest and dividends on investments                          | 106,849        | 241,199        |
| Net cash used in capital and related financing activities      | (43,637,380)   | (105,758,296)  |
| Net increase (decrease) in cash and cash equivalents           | 1,532,891      | (1,493,804)    |
| Cash and cash equivalents at beginning of year                 | 1,920,467      | 3,414,271      |
| Cash and cash equivalents at end of year (note 2)              | \$ 3,453,358   | \$ 1,920,467   |
| Noncash investing activities:                                  |                |                |
| Increase (decrease) in investments due to change in fair value | \$ (32,231)    | \$ 36          |
| Noncash financing activities:                                  |                |                |
| Amortization of bond-related costs                             | \$ (2,932,547) | \$ (2,632,219) |
| Gain on forgiveness of debt                                    | \$ 12,004,938  | \$ —           |

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

Statements of Cash Flows

Years ended December 31, 2010 and 2009

|   | <u>2010</u>          | <u>2009</u>          |
|---|----------------------|----------------------|
| Reconciliation of operating loss to net cash provided |                      | (as adjusted)        |
| by operating activities:                              |                      |                      |
| Operating loss  | \$ (11,132,445)      | \$ (10,629,888)      |
| Adjustments to reconcile operating loss to net cash   |                      |                      |
| provided by operating activities:                     |                      |                      |
| Depreciation and impairment                           | 29,599,254           | 28,766,602           |
| Decrease in allowance for doubtful accounts           | (81,456)             | (17,421)             |
| Cancelled/unreimbursed projects                       | 4,054,352            | —                    |
| Other   | 69,603               | 34,770               |
| Changes in assets and liabilities:                    |                      |                      |
| Accounts receivable                                   | 7,349,653            | 382,637              |
| Inventory of materials and supplies                   | —                    | 116,542              |
| Prepaid expenses and deposits                         | (456,091)            | (464,373)            |
| Due from City of New Orleans                          | —                    | 1,187,263            |
| Accounts payable                                      | 5,670,264            | 309,012              |
| Accrued salaries and other compensation               | (464,249)            | 234,169              |
| Accrued expenses                                      | —                    | (3,038,469)          |
| Due to City of New Orleans                            | 270,175              | 464,156              |
| Total adjustments                                     | <u>46,011,505</u>    | <u>27,974,888</u>    |
| Net cash provided by operating activities             | <u>\$ 34,879,060</u> | <u>\$ 17,345,000</u> |

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2010 and 2009

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

**(a) Organization**

The Louis Armstrong New Orleans International Airport (the Airport) is a proprietary component unit of the City of New Orleans, Louisiana. The New Orleans Aviation Board (the 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 nonoperating 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 nonoperating 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 nonoperating 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 nonoperating expenses. Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund Accounting*, the City of New Orleans has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.



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

Notes to Financial Statements

December 31, 2010 and 2009

**(d) Change in Accounting Policy**

Effective for the year ended December 31, 2010, the Airport adopted the Governmental Accounting Standards Board's (GASB) Statement No. 51 – Accounting and Financial Reporting for Intangible Assets (GASB 51). GASB 51 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. Intangible assets with indefinite life is subsequently determined that certain air rights previously recorded as amortizable capital assets, now qualify as intangible assets as defined in GASB 51. In accordance with the GASB 51, the Airport has applied reclassifications and adjustments retroactively. Air rights have been reclassified on the Balance Sheet from capital assets being depreciated to capital assets not being depreciated. In addition, the Airport has made the following adjustments to the December 31, 2009 financial statements:

|  | As Originally<br>Stated | As Adjusted    | Net Change   |
|--|-------------------------|----------------|--------------|
| Balance Sheet                            |                         |                |              |
| Accumulated depreciation                 | \$ 426,576,838          | \$ 422,922,765 | \$ 3,654,073 |
| Net Assets                               | 326,656,165             | 330,310,238    | (3,654,073)  |
| Statement of Changes in Net Assets       |                         |                |              |
| Depreciation                             | \$ 29,530,514           | \$ 28,766,602  | \$ 763,912   |
| Changes in Net Assets for the Year       | 6,745,619               | 7,509,531      | (763,912)    |
| Total Net Assets - Beginning of the Year | 319,910,546             | 322,800,707    | (2,890,161)  |

**(e) 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.

**(f) 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.

**(g) 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 assets.

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

Notes to Financial Statements

December 31, 2010 and 2009

**(h) Capital Assets**

Capital assets are carried at cost. An item is classified as an asset if the initial, individual cost is \$1,000 or greater. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. In situations involving the construction of certain assets financed with the proceeds of tax-exempt borrowings, interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining the amount of interest to be capitalized. There was capitalized interest in the amount of \$8,518,203 in 2010 and 499,220 in 2009.

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

The estimated useful lives by major classification are as follows:

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

**(i) 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 \$1,670,017 and \$1,590,493 for the years ended December 31, 2010 and 2009, respectively, and is recorded in administrative expenses in the statements of revenues, expenses, and changes in net assets.

**(j) 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.

**(k) Bond Insurance**

In conjunction with bonds issued in 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

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
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Notes to Financial Statements

December 31, 2010 and 2009

the bonds. The insurance costs were capitalized at the dates of issuance and are being amortized over the life of the bonds using the interest method.

**(l) Revenue Recognition**

Landing and airfield fees, terminal building, rental building, and leased areas rentals are recorded as revenues of the year in which earned.

On August 29, 2005, the Airport and the City of New Orleans sustained significant damages due to Hurricane Katrina. The Airport sustained minor damages to its capital assets. The major impact to the Airport was related to operations, and no fees were charged to the air carriers for the month of September 2005.

As a result of the hurricane, the Airport entered into negotiations with the airline transportation companies in order to determine the maximum amount of fees and charges the Airport would be able to charge to retain the airline transportation companies and provide airline services to the City of New Orleans. In November 2005, the Board adopted the rates, fees, and charges resolution whereby the airport transportation companies are charged \$8.00 per enplaned passenger. Landing fees were established at \$1.07 per 1,000 pounds of gross maximum landed weight. On January 1, 2009 all prospective signatory airlines began paying signatory airline rates and charges according to the new lease agreement. The rates for 2010 and 2009 are as follows:

|  | 2010      | 2009      |
|--|-----------|-----------|
| Terminal building rental rates (per sq. ft.) | \$ 114.16 | \$ 98.94  |
| Landing fee rate (per 1,000 lbs)             | 2.08      | 1.69      |
| Apron use fee rate (per sq. ft.)             | 1.88      | 2.44      |
| Loading bridge use fee (per bridge)          | 17,695.00 | 24,960.00 |
| Enplaned passenger fee rate (per person)     | 9.15      | 8.17      |

Due to the terms of the agreement, these rates are subject to settlement. The Airport shall 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. Under the settlements for 2009 and 2010, the Airport's final rate structure varied from the rates in effect during the year.

**(m) 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, 2010 the Airport is authorized to collect up to \$571,083,541 of PFC revenue of which \$261,513,064 has been collected. PFC revenues are pledged to secure the Series 2007 Revenue bonds and the Series 2010 Revenue bonds, which funded construction of preapproved capital projects and

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redeemed prior Series of PFC Bonds. As of December 31, 2010, the estimated expiration date on PFC revenue collection is June 1, 2026.

**(n) 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. CFC revenues are pledged to secure the Series 2009 Gulf Opportunity Zone CFC Revenue Bonds, which were issued to fund the construction of the CONRAC garage.

**(o) 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. As of December 31, 2010, the Airport had received \$2,591,440 from FEMA as reimbursement for repairs and expenses incurred by the Airport as a result of Hurricanes Katrina and Gustav.

**(p) 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.

**(q) Statements of Cash Flows**

For purposes of the statements of cash flows, cash and cash equivalents include unrestricted cash, unrestricted certificates of deposit, and restricted cash.

**(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 are entirely insured by federal depository insurance or by collateral held by the financial institution in the Airport's name.

The Airport follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The local government investment pool is a "2a-7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value. At December 31, 2010 and 2009,

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the fair value of all securities regardless of balance sheet classifications as cash and cash equivalents or investments was as follows:

|                                    | <b>2010</b>    | <b>2009</b>    |
|------------------------------------|----------------|----------------|
| Securities:                        |                |                |
| Common Stock: Airline bankruptcies | \$ 591,493     | \$ 496,965     |
| Local government investment pool   | 83,353,040     | 72,260,814     |
| Investment in money market funds   | 230,248,739    | 197,691,264    |
| Total securities, at fair value    | \$ 314,193,272 | \$ 270,449,043 |

These securities are held in the following accounts:

|                                 | <b>2010</b>    | <b>2009</b>    |
|---------------------------------|----------------|----------------|
| Current assets:                 |                |                |
| Cash and cash equivalents       | \$ 3,453,358   | \$ 1,920,467   |
| Investments                     | 114,642,627    | 97,572,482     |
| Noncurrent assets:              |                |                |
| Investments                     | 199,550,645    | 172,876,561    |
| Total cash and investments      | 317,646,630    | 272,369,510    |
| Less cash on deposit            | (3,453,358)    | (1,920,467)    |
| Total securities, at fair value | \$ 314,193,272 | \$ 270,449,043 |

The Airport is authorized to invest in securities as described in its investment policy, in each bond resolution and state statute. As of December 31 2010, and 2009, the Airport held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*:

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**Investment Maturities at December 31, 2010**

| <u>Investment type</u>             | <u>Less than<br/>1 year</u> | <u>1 to 5<br/>years</u> | <u>Total</u>          |
|------------------------------------|-----------------------------|-------------------------|-----------------------|
| Common Stock: Airline bankruptcies | \$ 591,493                  | \$ -                    | \$ 591,493            |
| Local government investment pool   | 83,353,040                  | -                       | 83,353,040            |
| Money market funds                 | 230,248,739                 | -                       | 230,248,739           |
|                                    | <u>\$ 314,193,272</u>       | <u>\$ -</u>             | <u>\$ 314,193,272</u> |

**Investment Maturities at December 31, 2009**

| <u>Investment type</u>             | <u>Less than<br/>1 year</u> | <u>1 to 5<br/>years</u> | <u>Total</u>          |
|------------------------------------|-----------------------------|-------------------------|-----------------------|
| Common Stock: Airline bankruptcies | \$ 496,965                  | \$ -                    | \$ 496,965            |
| Local government investment pool   | 72,260,814                  | -                       | 72,260,815            |
| Money market funds                 | 197,691,264                 | -                       | 197,691,264           |
|                                    | <u>\$ 270,449,043</u>       | <u>\$ -</u>             | <u>\$ 270,449,043</u> |

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, investments are generally held to maturity. The Airport's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond 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 Authority's investment policy and bond resolutions, all U.S. government agency securities held in the portfolio are either issued by or explicitly guaranteed by the U.S. government.

**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.

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

In 2007, the Airport acquired common stock as a result of bankruptcy proceedings of three airlines. The common stock with a market value of \$591,493 at December 31, 2010 was subject to market risk as a result of the volatility of the stock market.

**LAMP:** LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local 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 Louisiana R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to provide immediate access to participants. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost.

**(3) 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, 2010 and 2009:

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|  | 2010              |                           |                  |                        |   |                          |               |               |             |            | 2009                     |             |                |                   |                           |                  |                        |   |                          |               |               |             |               |                          |             |                |             |              |
|--|-------------------|---------------------------|------------------|------------------------|---|--------------------------|---------------|---------------|-------------|------------|--------------------------|-------------|----------------|-------------------|---------------------------|------------------|------------------------|---|--------------------------|---------------|---------------|-------------|---------------|--------------------------|-------------|----------------|-------------|--------------|
|  | Debt service fund | Debt service reserve fund | Coverage account | Ineligible sub-account | Operations and maintenance reserve fund | Capital improvement fund | Receipts fund | Rollover fund | PFC collect | Bond costs | Parking Facility Reserve | Receivables | 2010 total     | Debt service fund | Debt service reserve fund | Coverage account | Ineligible sub-account | Operations and maintenance reserve fund | Capital improvement fund | Receipts fund | Rollover fund | PFC collect | Cost of issue | Parking Facility Reserve | Receivables | 2009 total     |             |              |
| Assets:  |                   |                           |                  |                        |   |                          |               |               |             |            |                          |             |                |                   |                           |                  |                        |   |                          |               |               |             |               |                          |             |                |             |              |
| Cash and certificates of deposits              | —                 | 1                         | 10               | —                      | —                                       | 473                      | —             | 3,723,466     | 600,929     | —          | —                        | —           | \$ 4,324,879   | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —             | —                        | —           | —              | —           | \$ 4,034,528 |
| Dreyfus Treasury Prime                         | 9,449,264         | 18,687,373                | 1,923,544        | 5,836,370              | —                                       | 152,921,496              | 761,798       | —             | —           | 28,971     | —                        | —           | 189,608,816    | 4,744,163         | 14,438,098                | 1,923,544        | 789,047                | —                                       | 127,006,742              | 1,183,777     | —             | —           | 737,788       | —                        | —           | —              | 150,825,159 |              |
| Cash Management                                | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —          | —                        | —           | —              | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —             | —                        | —           | —              | —           |              |
| JPM U.S. Treasury and U.S. money market fund   | 12,586,703        | 14,435,749                | —                | —                      | 8,373,167                               | —                        | —             | —             | —           | —          | 1,309,208                | —           | 36,704,827     | 13,099,740        | 14,435,500                | —                | —                      | 7,743,364                               | 250,939                  | —             | —             | —           | 83,806        | —                        | —           | —              | 35,613,349  |              |
| Passenger facility charges receivable          | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —          | —                        | 1,655,612   | 1,655,612      | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —             | —                        | 1,791,147   | 1,791,147      |             |              |
| Capital grant receivable                       | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —          | —                        | 736,668     | 736,668        | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —             | —                        | 910,943     | 910,943        |             |              |
| Transportation Security Admin grant receivable | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —          | —                        | 145,453     | 145,453        | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —             | —                        | 75,208      | 75,208         |             |              |
| Hazard Material grant receivable               | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —          | —                        | 9,012       | 9,012          | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —             | —                        | 9,012       | 9,012          |             |              |
| Customer facility charges receivable           | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —          | —                        | 856,511     | 856,511        | —                 | —                         | —                | —                      | —                                       | —                        | —             | —             | —           | —             | —                        | 766,729     | 766,729        |             |              |
|  | \$ 22,035,967     | 33,123,123                | 1,923,554        | 5,836,370              | 8,373,167                               | 152,921,969              | 761,798       | 3,723,466     | 600,929     | 28,971     | 1,309,208                | 3,403,256   | \$ 234,041,778 | \$ 17,843,903     | 28,873,598                | 1,923,544        | 789,047                | 7,743,364                               | 127,257,681              | 1,348,281     | 3,720,859     | 151,165     | 821,594       | —                        | 3,553,039   | \$ 194,026,075 |             |              |



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**(4) 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, 2010 and 2009 is as follows:

|  | Balance<br>December 31,<br>2009 (as<br>Adjusted) | Additions/<br>transfers<br>during<br>year | Deletions/<br>transfers<br>during<br>year | Balance<br>December 31,<br>2010 |
|--|--|---|---|---------------------------------|
| Capital assets not being depreciated:            | (as adjusted)                                    |   |   |                                 |
| Land   | \$ 86,787,123                                    | \$ 905,858                                | \$ (2,260,865)                            | \$ 85,432,116                   |
| Air rights                                       | 20,188,143                                       | 1,982,087                                 | -   | 22,170,230                      |
| Construction in progress                         | 69,806,690                                       | 67,785,681                                | (51,319,233)                              | 86,273,138                      |
| Total capital assets<br>not being<br>depreciated | <u>176,781,956</u>                               | <u>70,673,626</u>                         | <u>(53,580,098)</u>                       | <u>193,875,484</u>              |
| Capital assets being depreciated:                |  |   |   |                                 |
| Land improvements                                | 325,059,239                                      | 13,014,365                                | (40,250)                                  | 338,033,354                     |
| Buildings and furnishings                        | 300,058,947                                      | 32,253,645                                | (672,255)                                 | 331,640,337                     |
| Equipment  | 5,904,500  | 685,380                                   | -   | 6,589,880                       |
| Computers  | -  | 621,340                                   | -   | 621,340                         |
| Utilities  | 7,786,124  | -   | -   | 7,786,124                       |
| Heliport   | 3,069,679  | -   | -   | 3,069,679                       |
| Total capital assets<br>being depreciated        | <u>641,878,489</u>                               | <u>46,574,730</u>                         | <u>(712,505)</u>                          | <u>687,740,714</u>              |
| Total capital assets                             | <u>818,660,445</u>                               | <u>117,248,356</u>                        | <u>(54,292,603)</u>                       | <u>881,616,198</u>              |
| Less accumulated depreciation:                   |  |   |   |                                 |
| Land improvements                                | 184,832,734                                      | 15,027,418                                | -   | 199,860,152                     |
| Buildings and furnishings                        | 224,893,146                                      | 13,458,122                                | (239,670)                                 | 238,111,598                     |
| Equipment  | 5,443,526  | 190,838                                   | -   | 5,634,364                       |
| Computers  | -  | 100,883                                   | -   | 100,883                         |
| Utilities  | 4,686,102  | 258,634                                   | -   | 4,944,736                       |
| Heliport   | 3,067,257  | 281                                       | -   | 3,067,538                       |
| Total accumulated<br>depreciation                | <u>422,922,765</u>                               | <u>29,036,176</u>                         | <u>(239,670)</u>                          | <u>451,719,271</u>              |
| Total capital assets, net                        | <u>\$ 395,737,680</u>                            | <u>\$ 88,212,180</u>                      | <u>\$ (54,052,933)</u>                    | <u>\$ 429,896,927</u>           |

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|  | <u>Balance<br/>December 31,<br/>2008 (as<br/>Adjusted)</u> | <u>Additions/<br/>transfers<br/>during<br/>year</u> | <u>Deletions/<br/>transfers<br/>during<br/>year</u> | <u>Balance<br/>December 31,<br/>2009 (as<br/>Adjusted)</u> |
|--|--|---|---|--|
| Capital assets not being depreciated:            |  |   |   |  |
| Land   | \$ 86,597,824  | \$ 189,299  | \$ -  | \$ 86,787,123  |
| Air rights                                       | 18,817,055   | 1,371,088   | -   | 20,188,143   |
| Construction in progress                         | 49,989,818   | 28,406,195  | (8,589,323)   | 69,806,690   |
| Total capital assets<br>not being<br>depreciated | <u>155,404,697</u>   | <u>29,966,582</u>                                   | <u>(8,589,323)</u>                                  | <u>176,781,956</u>   |
| Capital assets being depreciated:                |  |   |   |  |
| Land improvements                                | 322,090,380  | 2,968,859   | -   | 325,059,239  |
| Buildings and furnishings                        | 296,066,360  | 3,990,542   | 2,045   | 300,058,947  |
| Equipment  | 5,862,350  | 42,150  | -   | 5,904,500  |
| Utilities  | 7,786,124  | -   | -   | 7,786,124  |
| Heliport   | 3,069,679  | -   | -   | 3,069,679  |
| Total capital assets<br>being depreciated        | <u>634,874,893</u>   | <u>7,001,551</u>                                    | <u>2,045</u>  | <u>641,878,489</u>   |
| Total capital assets                             | <u>790,279,590</u>   | <u>36,968,133</u>                                   | <u>(8,587,278)</u>                                  | <u>818,660,445</u>   |
| Less accumulated depreciation:                   |  |   |   |  |
| Land improvements                                | 169,739,603  | 15,093,131  | -   | 184,832,734  |
| Buildings and furnishings                        | 211,715,391  | 13,177,755  | -   | 224,893,146  |
| Equipment  | 5,207,081  | 236,445   | -   | 5,443,526  |
| Utilities  | 4,427,468  | 258,634   | -   | 4,686,102  |
| Heliport   | 3,066,620  | 637   | -   | 3,067,257  |
| Total accumulated<br>depreciation                | <u>394,156,163</u>   | <u>28,766,602</u>                                   | <u>-</u>  | <u>422,922,765</u>   |
| Total capital assets, net                        | <u>\$ 396,123,427</u>                                      | <u>\$ 8,201,531</u>                                 | <u>\$ (8,587,278)</u>                               | <u>\$ 395,737,680</u>                                      |

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Construction in progress is composed of the following at December 31, 2010:

| Description                               | Project<br>authorization | December 31,<br>2010 | Remaining<br>commitments |
|---|--------------------------|----------------------|--------------------------|
| Consolidated Rent A Car Facility          | \$ 97,422,050            | \$ 22,355,731        | \$ 75,066,319            |
| Expansion of Concourse "D"                | 27,933,000               | 19,536,231           | 8,396,769                |
| Terminal Apron Rehab                      | 20,700,084               | 16,409,344           | 4,290,740                |
| New Utility Building                      | 19,058,835               | 1,331,112            | 17,727,723               |
| Consolidated Check Point - West Terminal  | 15,000,000               | 538,618              | 14,461,382               |
| New ARFF Station                          | 14,979,095               | 10,282,612           | 4,696,483                |
| Terminal Apron Rehab Phase II             | 10,836,203               | 1,003,517            | 9,832,686                |
| Expansion Taxiway Gulf Phase I            | 10,601,755               | 301,913              | 10,299,842               |
| Terminal/Baggage Claim Improvements       | 8,555,109                | 1,408,201            | 7,146,908                |
| Terminal Interior Improvements            | 7,981,341                | 6,522,204            | 1,459,137                |
| Exterior Terminal - Lower and Upper Roads | 6,193,553                | 1,272,959            | 4,920,594                |
| New Airfield Lighting Vault               | 5,395,913                | 340,580              | 5,055,333                |
| North Perimeter Road Improvements         | 4,846,154                | 486,049              | 4,360,105                |
| Runway 6/24 Conversion                    | 4,153,846                | 247,288              | 3,906,558                |
| Terminal FIDS/BIDS/GIDS                   | 2,968,559                | 2,299,199            | 669,360                  |
| USACE Airport Levee Coordination          | 1,264,691                | 448,853              | 815,838                  |
| Miscellaneous Projects under \$1,000,000  | 2,660,594                | 1,488,727            | 1,171,867                |
|   | <u>\$ 260,550,782</u>    | <u>\$ 86,273,138</u> | <u>\$ 174,277,644</u>    |

During the year ended December 31, 2010, an impairment write-down of \$563,078 is included in depreciation and impairment write-down on the Statement of Revenues, Expenses, and Changes in Net Assets. The impairment write-down resulted from a reduction in the carrying amount of certain passenger loading bridges. The Airport determined that these loading bridges had no future benefit and were subsequently sold as scrap metal in 2011.

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**(5) Long-term Debt**

Long-term debt activity for the years ended December 31, 2010 and 2009 was as follows:

| <u>Long-Term Debt</u>  | <u>Balance<br/>December 31,<br/>2009</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance<br/>December 31,<br/>2010</u> | <u>Amounts<br/>due within<br/>one year</u> |
|--|--|------------------|-------------------|--|--|
| Bonds Payable:   |  |                  |                   |  |  |
| Series 2007A Revenue Bonds,<br>fixed interest rate<br>January 1, 2038<br>at 4.25% final maturity                                 | \$ 64,925,000                            | \$ -             | (1,015,000)       | \$ 63,910,000                            | \$ 1,060,000                               |
| Series 2007B-1 Revenue Refunding<br>Bonds, fixed interest rate<br>January 1, 2020<br>at 4.25% final maturity                     | 4,295,000                                | -                | -                 | 4,295,000                                | -  |
| Series 2007B-2 Revenue Refunding<br>Bonds, fixed interest rate<br>January 1, 2019<br>at 4.25% final maturity                     | 17,195,000                               | -                | (1,510,000)       | 15,685,000                               | 1,575,000                                  |
| Series 2009A Interim Revenue<br>Notes PFC Drawdown Bond and<br>Credit Facility, final maturity<br>January 1, 2040 at LIBOR+1.75% | -  | 1,135,910        | (1,135,910)       | -  | -  |
| Series 2009A-1 Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2023<br>at 4.25% final maturity                     | 73,960,000                               | -                | -                 | 73,960,000                               | -  |
| Series 2009A-2 Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2023<br>at 4.25% final maturity                     | 23,055,000                               | -                | -                 | 23,055,000                               | -  |
| Series 2009B Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2015<br>at 4.50% final maturity                       | 27,140,000                               | -                | -                 | 27,140,000                               | -  |
| Series 2009C Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2012<br>at 3.50% final maturity                       | 20,200,000                               | -                | (8,185,000)       | 12,015,000                               | 7,815,000                                  |
| Series 2009A GO ZONE CFC<br>Revenue bonds, fixed interest<br>rate; January 1, 2040<br>at 4.625% final maturity                   | 96,515,000                               | -                | -                 | 96,515,000                               | -  |

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| <u>Long-Term Debt</u>  | <u>Balance<br/>December 31,<br/>2009</u> | <u>Additions</u>     | <u>Deductions</u>      | <u>Balance<br/>December 31,<br/>2010</u> | <u>Amounts<br/>due within<br/>one year</u> |
|--|--|----------------------|------------------------|--|--|
| Bonds Payable:   |  |                      |                        |  |  |
| Series 2010A GO ZONE PFC   |  |                      |                        |  |  |
| Revenue Bonds, fixed interest<br>rate, January 1, 2041<br>at 5.25% final maturity  | \$ -                                     | \$ 52,355,000        | \$ -                   | \$ 52,355,000                            | \$ -                                       |
| Series 2010B GO ZONE PFC   |  |                      |                        |  |  |
| Revenue Bonds, fixed interest<br>rate, January 1, 2038<br>at 5.125% final maturity | -  | 1,285,000            | -                      | 1,285,000                                | -  |
|  | <u>327,285,000</u>                       | <u>54,775,910</u>    | <u>(11,845,910)</u>    | <u>370,215,000</u>                       | <u>10,450,000</u>                          |
| Less:  |  |                      |                        |  |  |
| Unamortized loss on advance<br>refunding   | (30,671,720)                             | -                    | 2,381,121              | (28,290,599)                             | -  |
| Unamortized discount on<br>bonds   | (3,228,516)                              | (481,532)            | 64,098                 | (3,645,950)                              | -  |
| Unamortized premium on<br>bonds  | 744,959                                  | -                    | (26,606)               | 718,353                                  | -  |
|  | <u>294,129,723</u>                       | <u>54,294,378</u>    | <u>(9,427,297)</u>     | <u>338,996,804</u>                       | <u>10,450,000</u>                          |
| Loans Payable:   |  |                      |                        |  |  |
| FEMA   | 10,882,641                               | -                    | (10,882,641)           | -  | -  |
| Go Zone  | 35,371,990                               | -                    | -                      | 35,371,990                               | -  |
|  | <u>46,254,631</u>                        | <u>-</u>             | <u>(10,882,641)</u>    | <u>35,371,990</u>                        | <u>-</u>                                   |
| Other Liabilities:   |  |                      |                        |  |  |
| FEMA Interest Payable  | 1,122,297                                | -                    | (1,122,297)            | -  | -  |
|  | <u>1,122,297</u>                         | <u>-</u>             | <u>(1,122,297)</u>     | <u>-</u>                                 | <u>-</u>                                   |
|  | <u>\$ 341,506,651</u>                    | <u>\$ 54,294,378</u> | <u>\$ (21,432,235)</u> | <u>\$ 374,368,794</u>                    | <u>\$ 10,450,000</u>                       |

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| <u>Long-Term Debt</u>  | <u>Balance<br/>December 31,<br/>2008</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance<br/>December 31,<br/>2009</u> | <u>Amounts<br/>due within<br/>one year</u> |
|--|--|------------------|-------------------|--|--|
| Bonds Payable:   |  |                  |                   |  |  |
| Series 1993B Refunding bonds,<br>variable rates, final maturity<br>August 1, 2016                            | \$ 73,125,000                            | \$ -             | \$ (73,125,000)   | \$ -                                     | -  |
| Series 1993C Refunding bonds,<br>variable rates, final maturity<br>August 3, 2011                            | 1,015,000                                | -                | (1,015,000)       | -  | -  |
| Series 1995A Refunding bonds,<br>variable rates, final maturity<br>August 1, 2015                            | 11,390,000                               | -                | (11,390,000)      | -  | -  |
| Series 1997A Refunding bonds,<br>variable rates, final maturity<br>August 5, 2015                            | 16,500,000                               | -                | (16,500,000)      | -  | -  |
| Series 1997B-1 Revenue bonds,<br>fixed interest rate<br>5.45%, final maturity<br>October 1, 2027             | 2,555,000                                | -                | (2,555,000)       | -  | -  |
| Series 1997B-2 Taxable revenue<br>bonds, fixed interest rate<br>6.45%, final maturity<br>October 1, 2027     | 8,745,000                                | -                | (8,745,000)       | -  | -  |
| Series 2007A Revenue bonds,<br>fixed interest rate<br>January 1, 2038<br>at 4.25% final maturity             | 65,530,000                               | -                | (605,000)         | 64,925,000                               | 1,015,000                                  |
| Series 2007B-1 Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2020<br>at 4.25% final maturity | 4,295,000                                | -                | -                 | 4,295,000                                | -  |
| Series 2007B-2 Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2019<br>at 4.25% final maturity | 18,545,000                               | -                | (1,350,000)       | 17,195,000                               | 1,510,000                                  |
| Series 2009A-1 Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2023<br>at 4.25% final maturity | -  | 73,960,000       | -                 | 73,960,000                               | -  |
| Series 2009A-2 Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2023<br>at 4.25% final maturity | -  | 23,055,000       | -                 | 23,055,000                               | -  |
| Series 2009B Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2015<br>at 4.50% final maturity   | -  | 27,140,000       | -                 | 27,140,000                               | -  |

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| <u>Long-Term Debt</u>  | <u>Balance<br/>December 31,<br/>2008</u> | <u>Additions</u>      | <u>Deductions</u>       | <u>Balance<br/>December 31,<br/>2009</u> | <u>Amounts<br/>due within<br/>one year</u> |
|--|--|-----------------------|-------------------------|--|--|
| Bonds Payable:   |  |                       |                         |  |  |
| Series 2009C Revenue Refunding<br>bonds, fixed interest rate<br>January 1, 2012<br>at 3.50% final maturity     | \$ -                                     | \$ 20,200,000         | \$ -                    | \$ 20,200,000                            | \$ 8,185,000                               |
| Series 2009A GO ZONE CFC<br>Revenue bonds, fixed interest<br>rate, January 1, 2040<br>at 4.625% final maturity | -  | 96,515,000            | -                       | 96,515,000                               | -  |
|  | <u>201,700,000</u>                       | <u>240,870,000</u>    | <u>(115,285,000)</u>    | <u>327,285,000</u>                       | <u>10,710,000</u>                          |
| Bonds Payable:   |  |                       |                         |  |  |
| Less:  |  |                       |                         |  |  |
| Unamortized loss on advance<br>refunding   | (11,328,043)                             | (29,851,426)          | 10,507,749              | (30,671,720)                             | -  |
| Unamortized discount on<br>bonds   | (44,300)                                 | (3,219,955)           | 35,739                  | (3,228,516)                              | -  |
| Unamortized premium on<br>bonds  | 771,564                                  | -                     | (26,605)                | 744,959                                  | -  |
|  | <u>191,099,221</u>                       | <u>207,798,619</u>    | <u>(104,768,117)</u>    | <u>294,129,723</u>                       | <u>10,710,000</u>                          |
| Loans Payable:   |  |                       |                         |  |  |
| FEMA   | 10,882,641                               | -                     | -                       | 10,882,641                               | -  |
| Go Zone  | 35,371,990                               | -                     | -                       | 35,371,990                               | -  |
|  | <u>46,254,631</u>                        | <u>-</u>              | <u>-</u>                | <u>46,254,631</u>                        | <u>-</u>                                   |
| Other Liabilities:   |  |                       |                         |  |  |
| FEMA Interest Payable  | 800,592                                  | 321,705               | -                       | 1,122,297                                | -  |
|  | <u>800,592</u>                           | <u>321,705</u>        | <u>-</u>                | <u>1,122,297</u>                         | <u>-</u>                                   |
|  | <u>\$ 238,154,444</u>                    | <u>\$ 208,120,324</u> | <u>\$ (104,768,117)</u> | <u>\$ 341,506,651</u>                    | <u>\$ 10,710,000</u>                       |

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

|                | <u>Interest</u>       | <u>Principal</u>      | <u>Total</u>          |
|----------------|-----------------------|-----------------------|-----------------------|
| Bonds Payable: |                       |                       |                       |
| December 31:   |                       |                       |                       |
| 2011           | \$ 20,203,186         | \$ 10,450,000         | \$ 30,653,186         |
| 2012           | 19,462,503            | 10,895,000            | 30,357,503            |
| 2013           | 18,936,196            | 11,395,000            | 30,331,196            |
| 2014           | 18,363,190            | 11,950,000            | 30,313,190            |
| 2015           | 17,722,633            | 14,210,000            | 31,932,633            |
| 2016-2020      | 77,297,644            | 82,140,000            | 159,437,644           |
| 2021-2025      | 53,693,504            | 70,445,000            | 124,138,504           |
| 2026-2030      | 40,101,916            | 40,305,000            | 80,406,916            |
| 2031-2035      | 26,763,938            | 53,170,000            | 79,933,938            |
| 2036-2040      | 9,684,826             | 61,220,000            | 70,904,826            |
| 2041           | -                     | 4,035,000             | 4,035,000             |
|                | <u>\$ 302,229,536</u> | <u>\$ 370,215,000</u> | <u>\$ 672,444,536</u> |

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

|                | <u>Interest</u>      | <u>Principal</u>     | <u>Total</u>         |
|----------------|----------------------|----------------------|----------------------|
| Notes Payable: |                      |                      |                      |
| December 31:   |                      |                      |                      |
| 2011           | \$ -                 | \$ -                 | -                    |
| 2012           | 1,641,260            | 1,684,138            | 3,325,398            |
| 2013           | 1,563,116            | 1,762,282            | 3,325,398            |
| 2014           | 1,481,346            | 1,844,052            | 3,325,398            |
| 2015           | 1,395,782            | 1,929,616            | 3,325,398            |
| 2016-2020      | 5,549,867            | 11,077,129           | 16,626,996           |
| 2021-2025      | 2,730,162            | 13,896,831           | 16,626,993           |
| 2026           | 147,456              | 3,177,942            | 3,325,398            |
|                | <u>\$ 14,508,989</u> | <u>\$ 35,371,990</u> | <u>\$ 49,880,979</u> |

**Bonds Payable**

On May 26, 2010 New Orleans Aviation Board issued the \$52,355,000 New Orleans Aviation Board Gulf Opportunity Zone Revenue Bonds (Passenger Facility Charge Projects) Series 2010A (Non-AMT) (the "Series 2010A Bonds") and the \$1,285,000 New Orleans Aviation Board Revenue Bonds (Passenger Facility Charge Projects) Series 2010B (Non-AMT) (the "Series 2010B Bonds" and collectively with the Series 2010A Bonds the "Series 2010 Bonds"). The Series 2010 Bonds were issued to provide permanent financing for the allowable costs of a) interior and exterior improvements to certain of the existing terminals of the Airport, b) the expansion of concourse D including improvements to the west terminal



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ticket counters and the baggage claim and baggage make-up areas, and c) an in-line checked baggage inspection system for the Airport or to the extent any thereof are not commenced any substitute capital improvement project for the Airport presently approved or approved in the future by the FAA for PFC secured bond financing (the "2009 PFC Projects"). The proceeds of the Series 2010A Bonds will be used to pay the allowable costs of the 2009 PFC Projects which can be financed with GO Zone Bonds and were not previously financed with proceeds of the Series 2009 Drawdown Bond. The proceeds of the Series 2010B Bonds were used to pay the outstanding balance of the disbursements made pursuant to the Series 2009 Drawdown Bond. In addition, the Series 2010 Bonds were issued in order to provide the amounts required to pay all or any portion of (i) the costs of issuance of all the Series 2010 Bonds, (ii) the costs of related credit enhancement devices for the Series 2010 Bonds, and (iii) provide the Debt Service Reserve Fund Requirement for the Series 2010 Bonds, or the costs of a reserve asset to serve as all or any portion of the Debt Service Reserve Fund Requirement for the Series 2010 Bonds.

On December 17, 2009, the New Orleans Aviation Board issued Not Exceeding \$65,000,00 New Orleans Aviation Board Interim Revenue Notes (Passenger Facility Charge Projects) Series 2009A Drawdown Bond Facility and Credit Facility provided by IBERIABANK and Capital One, N.A., dated as of December 1, 2009 (the "2009 Drawdown Bond"). The 2009 Drawdown Bond is to provide for the borrowing of money to provide interim or permanent financing for acquisition and construction of certain capital projects pursuant to an interim revolving credit facility in the initial maximum amount of not exceeding \$45,000,000 to be provided by IBERIABANK and Capital One, N.A. The proceeds of the Series 2010B Bonds were used to pay the outstanding balance of \$1,135,910.

On December 9, 2009, the New Orleans Aviation Board issued the \$96,515,000 New Orleans Aviation Board Gulf Opportunity Zone CFC Revenue Bonds, Series 2009 A (Non-AMT) (the "2009 CFC Revenue Bonds") to (i) provide amounts to reimburse the Aviation Board for previously expended costs or paying costs of planning, designing, equipping, and constructing a consolidated rental car facility consisting of a multi-story customer service building which includes customer service areas, rental car company administrative areas, ready/return car parking areas and multiple separate service areas for the storage, refueling, and cleaning of motor vehicles, certain related improvements and certain other improvements to be included in the same construction contract, including all immovable equipment, furnishings, fixtures and facilities incidental or necessary therewith, (ii) pay the costs of issuance of the Series 2009 bonds, and (iii) provide a debt service reserve fund for the 2009 CFC Revenue Bonds.

On February 4, 2009, the New Orleans Aviation Board issued the New Orleans Aviation Board Revenue Refunding Bonds (the "2009 Restructuring GARBS"), \$73,960,000 Series 2009A-1 (Non-AMT), \$23,055,000 Series 2009A-2 Bonds (Non-AMT), \$27,140,000 Series 2009B (Taxable), and the \$20,200,000 Series 2009C (Taxable) for the purpose of refunding all of the remaining outstanding New Orleans Aviation Board revenue refunding bonds and New Orleans Aviation Board revenue bonds (the "refunded bonds") and paying the termination fees due as a result of the termination of all of the interest rate swap agreements previously entered by the Aviation Board relating to the refunded bonds (the "prior swaps"). The proceeds (\$144,355,000) of the 2009 Restructuring GARBS together with certain other amounts were used to (i) refund and defease the refunded bonds, (ii) pay the termination fees due with respect to the prior swaps, (iii) pay the costs of issuance of the 2009 Restructuring Refunding Bonds, (iv) pay the premium due for the policy of bond insurance, and (v) provide a debt service reserve fund for the 2009 Restructuring GARBS.

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**Interest Rate Swaps**

The Airport had entered into four interest rate swap agreements to reduce the impact of changes in interest rates on its Series 1993B, 1993C, 1995A, and 1997A Variable-Rate Refunding Bonds (see note 5). At December 31, 2008, \$102,030,000 in outstanding bonds was recorded as a liability in the financial statements related to these series. All of the swap agreements were terminated as a result of the 2009 Restructuring GARBS, and \$19,628,924 was recorded as a loss on advance refunding related to this termination.

**Loans Payable**

The Board was authorized to receive up to a maximum of \$28,000,000 from the FEMA Community Disaster Loan (CDL) Program. On June 15, 2006, the Airport received an \$8,112,103 CDL from FEMA with an interest rate of 2.93% for a period of 60 months. On August 25, 2006, the Airport received a \$2,187,816 CDL from FEMA with an interest rate of 3.06% for a period of 60 months. On October 4, 2006, the Airport received a \$582,722 CDL from FEMA with an interest rate of 2.93% for a period of 60 months. On August 20, 2010, the Airport submitted to FEMA an application for loan cancellation, documenting the requirements for cancellation of the FEMA CDL Loan. On November 5, 2010, the Airport received authority from FEMA to cancel all the FEMA CDL Loans in the amount of \$10,882,641, plus accrued interest of \$1,122,297. The Airport recorded a gain on extinguishment of debt in the amount of \$12,004,938 on the Statement of Revenues, Expenses, and Changes in Net Assets for the year ended December 31, 2010.

In addition, 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 as of December 31, 2010. The Trustee continues to be responsible for making all debt service payments on the bonds.

**Deferred Amount on Refunding of Bonds**

The proceeds of the 2009 Restructuring GARBS in the amount of \$143,472,534 (\$143,355,000 principal less discount of \$882,466), along with \$10,913,599 of available Airport funds were used to refund \$113,300,000 of outstanding Series 1993B Bonds (\$73,125,000), Series 1993C Bonds (\$1,015,000), Series 1995A Bonds (\$11,390,000), Series 1997A Bonds (\$16,500,000), and Series 1997B Bonds (\$11,300,000) and pay estimated interest and redemption fees of \$2,161,571. In addition to refunding the bonds, \$14,435,5000 was deposited to the 2009 Debt Service Reserve Fund, \$19,628,924 for certain swap or hedge termination fees and \$4,830,138 for costs of issuance, bond insurance premium, and underwriter discount.

The 2009 Restructuring GARBS resulted in a loss of \$31.9 million between the reacquisition price and the net carrying amount of the old debt and swap termination payment, and the loss is reported in the

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accompanying financial statements as a deduction from bonds payable. The deferred loss will be charged to operations over the life of the 2009 Restructuring GARBS using the effective-interest method.

The Airport initiated the refunding to mitigate interest rate risk associated with the refunded bonds and related swap, as a result of the bond insurer rating downgrade and other related market events. The refunded bonds were defeased on February 4, 2009. The liability was removed and is no longer reflected on the Airport's financial statements at December 31, 2009.

**(6) 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, 2010, the FAA contributed \$10,308,621 and the Transportation Security Administration contributed \$427,467. During the year ended December 31, 2009, the FAA contributed \$5,327,726, Transportation Security Administration contributed \$843,387, and FEMA contributed \$2,688.

**(7) Pension Plan**

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 contributory retirement plan. A separate financial report on the plan for the year ended December 31, 2009 containing additional information required under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, is available from the City of New Orleans Director of Finance, 1300 Perdido Street, Room 1E12, New Orleans, Louisiana 70112, (504) 658-1850.

The Airport's annual contribution to the Employees' Retirement System is based on the amount determined by the actuary of the Plan, which includes amortization of past service costs over a period of 30 years. The Airport's contribution to the Plan for the years ended December 31, 2010 and 2009 was \$1,154,321 and \$807,594, respectively.

**(8) 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, a new Airline Lease and Use Agreement went into effect with all Signatory airlines paying signatory airlines rates and charges in accordance with the new 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 is required to design, finance, construct, and operate the Facility. The Facility is being financed by the Corporation with \$44.3 million of tax-exempt bonds. 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

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plus percentage rent of 6% 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% per annum, effective on the first day of each lease year during the term. The 2010 monthly ground rent was \$13,458.

The following is a schedule by year of aggregate future minimum rentals receivable on noncancelable operating leases as of December 31, 2010:

|           |    |                          |
|-----------|----|--------------------------|
| 2011      | \$ | 5,265,109                |
| 2012      |    | 5,055,244                |
| 2013      |    | 4,517,659                |
| 2014      |    | 2,262,659                |
| 2015      |    | 1,932,659                |
| 2016-2022 |    | 6,651,439                |
|           | \$ | <u><u>25,684,769</u></u> |

These amounts do not include contingent rentals which may be received under most of the leases; such contingent rentals, including month-to-month concession agreements, amounted to \$5,467,959 in 2010 and \$10,155,171 in 2009.

**(9) 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.

**(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 management's review and evaluation of such lawsuits and the advice of legal counsel, the Airport believes that the potential claims resulting from such litigation and not covered by insurance would not materially affect the financial statements.

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*(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, 2010 in accordance with the Single Audit Act of 1996, these programs are still subject to financial and compliance audits by governmental agencies.

**(10) Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 24, 2011, and determined that there were no subsequent events requiring disclosure.

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Supplemental Schedule of Investments

Year ended December 31, 2010

| Description   | Year<br>acquired | Maturity<br>date | Par value         | Fair value        |
|---|------------------|------------------|-------------------|-------------------|
| Unrestricted investments:   |                  |                  |                   |                   |
| Special receipts:   |                  |                  |                   |                   |
| Dreyfus Treasury Prime<br>Cash Management                           |                  |                  |                   |                   |
| The Bank of New York Mellon   | 2008             | N/A              | \$ 406,253        | \$ 406,253        |
| JPM U.S. Treasury Plus<br>Investments                               |                  |                  |                   |                   |
| The Bank of New York Mellon   | 2009             | N/A              | <u>1,355,227</u>  | <u>1,355,227</u>  |
|   |                  |                  | <u>1,761,480</u>  | <u>1,761,480</u>  |
| PFC reimbursement:  |                  |                  |                   |                   |
| Dreyfus Treasury Prime<br>Cash Management                           |                  |                  |                   |                   |
| The Bank of New York Mellon   | 2008             | N/A              | 2,173,616         | 2,173,616         |
| Stock: Airline Bankruptcies   |                  |                  |                   |                   |
|   | 2007             | N/A              | 591,494           | 591,494           |
| City of New Orleans:<br>LAMP  |                  |                  |                   |                   |
|   | 2003             | N/A              | <u>79,629,574</u> | <u>79,629,574</u> |
| Total unrestricted investments                                      |                  |                  | <u>84,156,164</u> | <u>84,156,164</u> |
| Restricted investments:   |                  |                  |                   |                   |
| City of New Orleans:<br>LAMP  |                  |                  |                   |                   |
|   | 2009             | N/A              | <u>3,723,466</u>  | <u>3,723,466</u>  |
| CIF-Parking Facility Loan:<br>JPM U.S. Treasury Plus<br>Investments |                  |                  |                   |                   |
| The Bank of New York Mellon   | 2010             | N/A              | <u>1,309,208</u>  | <u>1,309,208</u>  |
| Debt service fund:  |                  |                  |                   |                   |
| Dreyfus Treasury Prime<br>Cash Management                           |                  |                  |                   |                   |
| The Bank of New York Mellon   | 2008             | N/A              | 9,449,264         | 9,449,264         |
| JPM U.S. Treasury Plus<br>Investments                               |                  |                  |                   |                   |
| The Bank of New York Mellon   | 2009             | N/A              | <u>12,586,703</u> | <u>12,586,703</u> |
|   |                  |                  | <u>22,035,967</u> | <u>22,035,967</u> |
| Debt service reserve fund:  |                  |                  |                   |                   |
| Dreyfus Treasury Prime<br>Cash Management                           |                  |                  |                   |                   |
| The Bank of New York Mellon   | 2009             | N/A              | 18,687,373        | 18,687,373        |
| JPM U.S. Treasury Plus<br>Investments                               |                  |                  |                   |                   |
| The Bank of New York Mellon   | 2009             | N/A              | <u>14,435,749</u> | <u>14,435,749</u> |
|   |                  |                  | <u>33,123,122</u> | <u>33,123,122</u> |

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Supplemental Schedule of Investments

Year ended December 31, 2010

| Description  | Year<br>acquired | Maturity<br>date | Par value             | Fair value            |
|--|------------------|------------------|-----------------------|-----------------------|
| Ineligible Sub-Account   |                  |                  |                       |                       |
| Dreyfus Treasury Prime<br>Cash Management<br>The Bank of New York Mellon | 2009             | N/A              | <u>5,836,369</u>      | <u>5,836,369</u>      |
| Operations and maintenance   |                  |                  |                       |                       |
| Reserve fund:  |                  |                  |                       |                       |
| JPM U.S. Treasury Plus<br>Investments<br>The Bank of New York Mellon     | 2009             | N/A              | <u>8,373,167</u>      | <u>8,373,167</u>      |
| Receipts fund:   |                  |                  |                       |                       |
| Dreyfus Treasury Prime<br>Cash Management<br>The Bank of New York Mellon | 2009             | N/A              | <u>761,798</u>        | <u>761,798</u>        |
| CFC Restricted:  |                  |                  |                       |                       |
| Dreyfus Treasury Prime<br>Cash Management<br>The Bank of New York Mellon | 2010             | N/A              | <u>1,952,515</u>      | <u>1,952,515</u>      |
| Time Reimbursement   |                  |                  |                       |                       |
| Dreyfus Treasury Prime<br>Cash Management<br>The Bank of New York Mellon | 2009             | N/A              | <u>2,646,767</u>      | <u>2,646,767</u>      |
| Time Reimbursement   |                  |                  |                       |                       |
| Dreyfus Treasury Prime<br>Cash Management<br>The Bank of New York Mellon | 2009             | N/A              | <u>124,069,895</u>    | <u>124,069,895</u>    |
| PFC Restricted   |                  |                  |                       |                       |
| Dreyfus Treasury Prime<br>Cash Management<br>The Bank of New York Mellon | 2009             | N/A              | <u>26,204,834</u>     | <u>26,204,834</u>     |
| Total restricted investments   |                  |                  | <u>224,200,739</u>    | <u>224,200,739</u>    |
| Total  |                  |                  | <u>\$ 314,193,272</u> | <u>\$ 314,193,272</u> |

**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**

(A Component Unit of the City of New Orleans)

Supplemental Schedule of Operating Revenues and Expenses by Area of Activity

Year ended December 31, 2010

|   | Landing<br>area | Terminal<br>buildings<br>and area | Ground<br>transportation | Total           |
|---|-----------------|-----------------------------------|--------------------------|-----------------|
| Operating revenues  | \$ 14,198,440   | 48,895,154                        | 2,130,521                | 65,224,115      |
| Direct expenses   | 2,264,270       | 12,956,297                        | 1,750,998                | 16,971,565      |
| Operating revenues, less direct expenses                  | 11,934,170      | 35,938,857                        | 379,523                  | 48,252,550      |
| Depreciation of area assets                               | 15,027,696      | 12,564,622                        | 1,184,004                | 28,776,322      |
| Operating revenues, less direct expenses and depreciation | \$ (3,093,526)  | 23,374,235                        | (804,481)                | 19,476,228      |
| Other operating revenues                                  |                 |                                   |                          | 81,456          |
| Other operating expenses:                                 |                 |                                   |                          |                 |
| Depreciation of general assets                            |                 |                                   |                          | 822,932         |
| Administrative  |                 |                                   |                          | 29,867,197      |
| Total other operating expenses                            |                 |                                   |                          | 30,690,129      |
| Operating loss  |                 |                                   |                          | \$ (11,132,445) |

See accompanying independent auditors' report.



**LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT**  
(A 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, 2010

(Unaudited)

|  |                      |
|--|----------------------|
| Revenues:  |                      |
| Airline rentals and landing fees                   | \$ 41,581,388        |
| Other operating revenues                           | 23,724,183           |
| Nonoperating revenues                              | 126,029              |
| Rollover coverage                                  | <u>3,719,573</u>     |
| Total revenues                                     | 69,151,173           |
| Less reserve requirements:                         |                      |
| Operation and maintenance reserve fund requirement | —                    |
| Operation and maintenance expenses                 | <u>46,838,762</u>    |
| Net revenues                                       | <u>\$ 22,312,411</u> |
| Debt service fund requirement:                     |                      |
| Principal payments                                 | \$ 7,815,000         |
| Interest expense                                   | <u>7,063,290</u>     |
| Total debt service fund requirement                | <u>\$ 14,878,290</u> |
| Historical debt service coverage ratio             | 1.50                 |

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 Board approved the Rollover Coverage Resolution on November 6, 2009 which allowed the Airport to apply \$3,719,573 of rollover coverage for the December 31, 2010 debt service coverage ratio calculation. The operating funds were transferred to the NOAB Rollover Coverage Account held by the City of New Orleans on December 3, 2009.