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NEW ORLEANS INTERNATIONAL AIRPORT

Financial Statements and Supplemental Schedules for the Years Ended December 31, 1995 and 1994 and Independent Auditors' Report

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court. Release Date



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Suite 3700 One Shell Square 701 Poydras Street New Orleans, Louisiana 70139-3700 Telephone: (504) 581-2727 Facsimile: (504) 561-7293

INDEPENDENT AUDITORS' REPORT

New Orleans Aviation Board New Orleans, Louisiana

We have audited the accompanying financial statements of the New Orleans International Airport (the "Airport"), a proprietary component unit of the City of New Orleans, as of December 31, 1995 and 1994, and for the years then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Airport. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, such financial statements present fairly, in all material respects, the financial position of the Airport as of December 31, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Airport's management. Such schedules have been subjected to the auditing procedures applied in our audit of the 1995 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated May 22, 1996 on our consideration of the Airport's internal control structure and a report dated May 22, 1996 on its compliance with laws and regulations.

Delaitte + Touche UP

May 22, 1996



NEW ORLEANS INTERNATIONAL AIRPORT

BALANCE SHEETS DECEMBER 31, 1995 AND 1994

ASSETS	1995	1994
CURRENT ASSETS: Cash and certificates of deposit (Note 2) Accounts receivable, less allowance for doubtful	\$ 23,009,543	\$ 21,518,102
accounts of \$1,057,533 in 1995 and \$1,175,135 in 1994 Interest receivable Inventory of materials and supplies Prepaid expenses and deposits Due from City of New Orleans	5,011,796 1,670,722 213,381 921,847 1,036,647	3,600,468 1,186,135 196,769 1,218,228 592,663
Total current assets	31,863,936	28,312,365

Restricted assets, including cash and cash equivalents of \$1,629,376 in 1995 and \$2,036,801 in 1994 (Notes 2 and 3)	127,093,520	116,974,748
Property, plant and equipment, net (Note 4)	286,936,532	244,512,466
Prepaid insurance on revenue bonds, less accumulated amortization of \$431,200 in 1995 and \$278,863 in 1994	1,569,800	1,722,137
Deferred cost of bond issuance, less accumulated amortization of \$769,708 in 1995 and \$337,905 in 1994	3,454,402	3,332,146
TOTAL	\$450,918,190	\$394,853,862

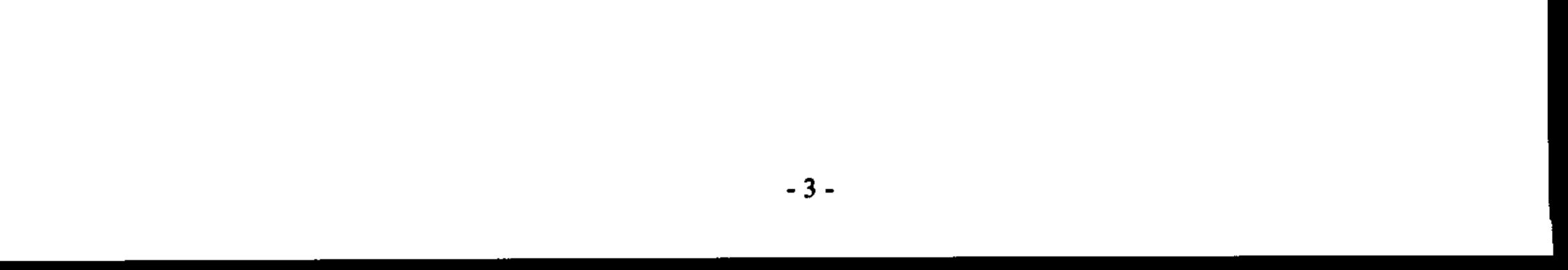
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See notes to financial statements.

LIABILITIES AND EQUITY	1995	1994
CURRENT LIABILITIES:	e e 450 140	e 2000 249
Accounts payable	\$ 5,452,146	\$ 3,899,348
Due to City of New Orleans	409,117	286,685
Accrued salaries and other compensation	1,177,064	1,062,142
Unearned revenue		
Accrued bond interest payable	869,721	875,021
Bonds payable, current portion (Notes 3 and 5)	4,425,000	2,445,000
Capital projects payable	9,805,586	3,769,958
Total current liabilities	22,138,634	12,338,154

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LONG-TERM DEBT: Bonds payable, less current portion and unamortized loss on advance refunding (Note 5)	234,504,297	237,554,850
Total liabilities	256,642,931	249,893,004
EQUITY (Note 6):		
Contributed capital:	2 024 012	2 274 012
City of New Orleans	3,074,912	3,274,912
Federal grants	81,919,321	68,570,374
State of Louisiana	72,522,211	45,794,746
FAA contribution restricted for future projects	1,301,696	1,301,696
Total contributed capital	158,818,140	118,941,728
Retained earnings:		
Reserved for bond debt service	19,268,340	18,886,007
Reserved for capital additions and contingencies	2,000,000	2,003,324
Reserved for revenue bond escrow	522,341	929,825
Unreserved	13,666,438	4,199,974
Total retained earnings	35,457,119	26,019,130
Total equity	194,275,259	144,960,858
TOTAL	\$450,918,190	\$394,853,862



STATEMENTS OF REVENUES AND EXPENSES YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
OPERATING REVENUES (Note 8):	€ 10 227 1 7/	\$ 17,576,618
Landing and airfield fees	\$ 18,337,224	25,409,145
Terminal building	26,538,638 230,702	225,630
Rental building	562,589	655,318
Leased areas		
Total operating revenues	45,669,153	43,866,711
OPERATING EXPENSES:	10,761,513	10,896,378
Direct	10,701,515	10,070,070
Depreciation:	9,321,054	9,107,222
On assets acquired with Airport and City Funds	3,665,759	3,057,071
On assets acquired through capital grants	17,500,641	15,827,096
Administrative	1,128,496	1,022,295
General maintenance Utility building expenses	20,077	16,887
	40.007.540	20.026.040
Total operating expenses	42,397,540	39,926,949
OPERATING INCOME	3,271,613	3,939,762
NONOPERATING REVENUES (EXPENSES):		
Interest income	8,762,482	2,869,473
Interest expense	(15,414,663)	(12,735,730)
Passenger facility charges (Note 1)	10,751,033	10,841,324
Other, net	(1,598,235)	(659,292)
Total nonoperating revenues, net	2,500,617	315,775
NET INCOME	5,772,230	4,255,537
TRANSFER OF DEPRECIATION ON ASSETS		
ACQUIRED THROUGH CAPITAL GRANTS		A A 7 8 A 81
TO CONTRIBUTED CAPITAL ACCOUNTS	3,665,759	3,057,071
INCOME TO RETAINED EARNINGS	<u>\$ 9,437,989</u>	<u>\$ 7,312,608</u>

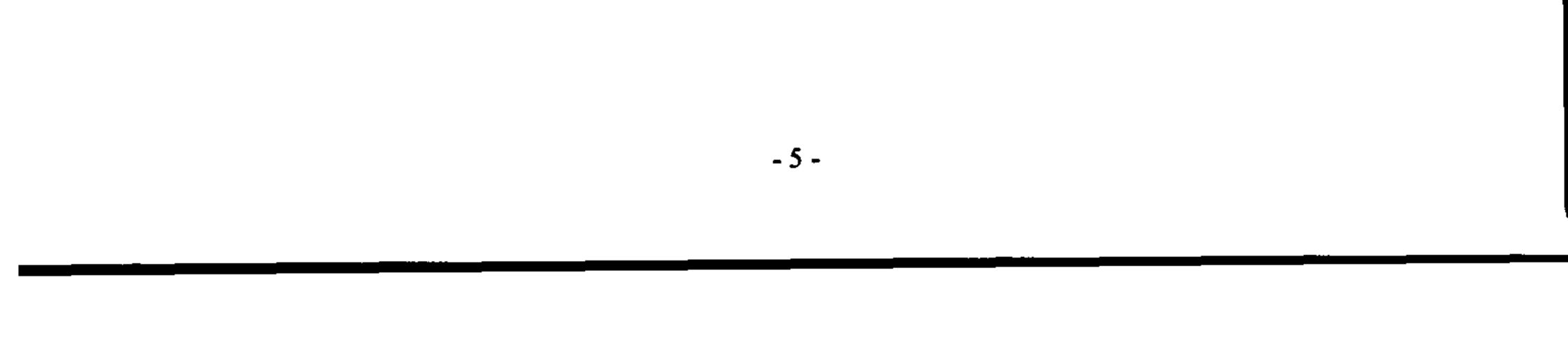
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See notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 1995 AND 1994

	<u> </u>									Contribut	ed C	apital
	_	ontributions from the City of lew Orleans	C	ontributions from Federal Grants		Less Accumulated Depreciation	C	Net ontributions from Federal Grants	_	ontributions om State of Louisiana		Less cumulated epreciation
Balance at January 1, 1994	\$	3,474,912	\$	87,779,088	\$	(27,984,664)	\$	59,794,424	\$	28,209,693	\$	(378,915)
Add (deduct) changes during year ended December 31, 1994:												
Capital grants				10,073,178				10,073,178				
Capital grants administered by the State of Louisiana TIME funds				907,855				907,855		18,815,956		
Depreciation for the year on assets acquired through capital grants						(2,205,083)		(2,205,083)				(851,988)
and State funding Residual equity transfer		(200,000)				(2,200,000)		(2,200,000)				
Increase (decrease) in reserves Income to retained												
carnings		2 274 012		98,760,121		(30,189,747)		68,570,374		47,025,649		(1,230,903)
Balance at December 31, 1994		3,274,912		98,700,121		(30,102,147)						
Add (deduct) changes during year ended December 31, 1995:												
Capital grants				12,451,826				12,451,826				
Capital grants administered by the State of Louisiana TIME funds				3,315,994				3,315,994		27,974,351		
Depreciation for the year on assets acquired through capital grants								(4 410 072)				(1,246,886
and State funding Residual equity transfer Increase (decrease) in		(200,000)				(2,418,873)		(2,418,873)				(1,240,000
reserves Income to retained carnings			_						_	<u>. </u>		
Balance at December 31, 1995	<u>s</u>	3,074,912	<u>s</u>	114,527,941	<u>s</u>	(32,608,620)	5	81,919,3 <u>21</u>	<u>s</u>	75,000,000	<u>s</u>	(2,477,78

See notes to financial statements.

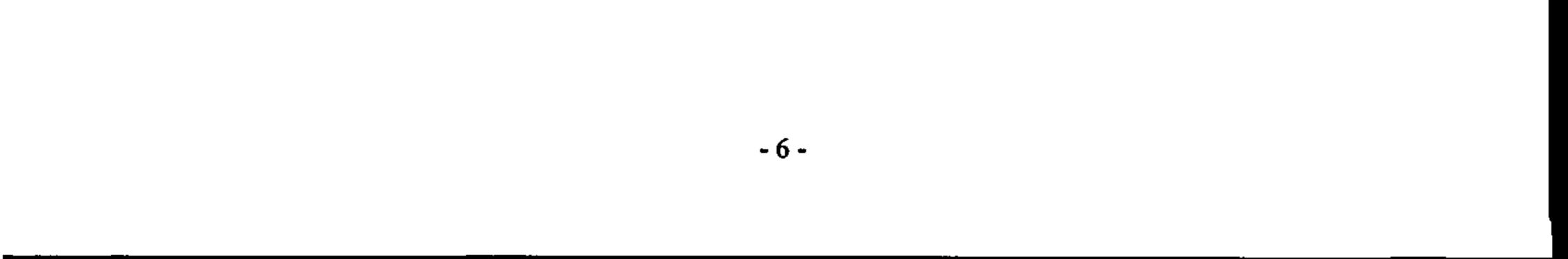


				l	Retained Earnin	gs	
Net	FAA			Reserved	Reserved		
Contributions	Contribution		Reserved	for Capital	for		
from	Restricted	Totai	for	Additions	Revenue		Total
State of	for Future	Contributed	Bond Debt	and	Bond		Retained
Louisiana	Projects	Capitai	Service	Contingencies	Escrow	Unreserved	Earnings
\$ 27,830,778	\$ 1,301,696	\$ 92,401,810	\$ 12,195,000	\$ 2,003,323	\$ 682,060	\$ 3,826,139	\$ 18,706,522

10,073,178

907,855 18,815,956 18,815,956

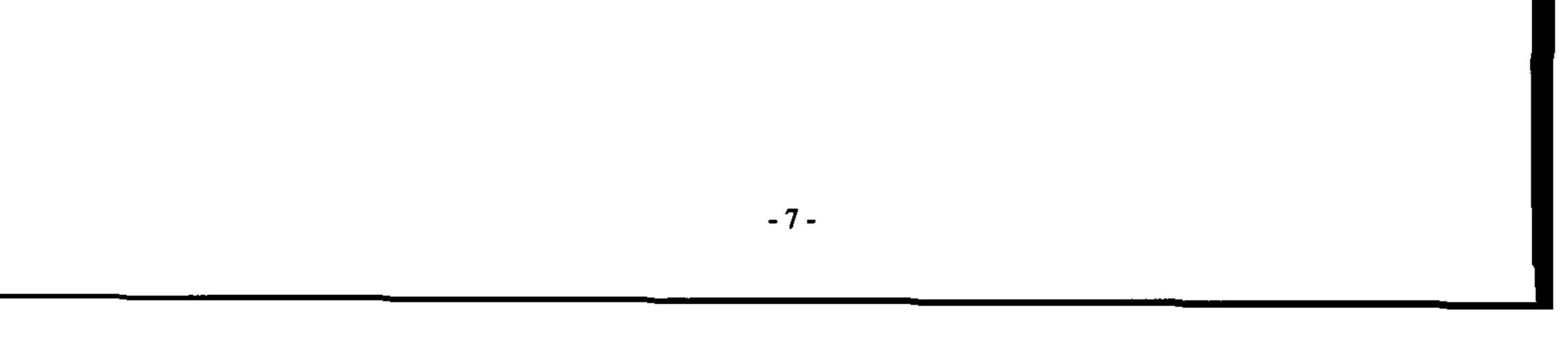
(851,988)		(3,057,071) (200,000)					
			6,691,007	1	247,765	(6,938,773)	
		<u> </u>	, · <u>_</u> ,, <u></u> ,			7,312,608	7,312,608
45,794,746	1,301,696	118,941,728	18,886,007	2,003,324	929,825	4,199,974	26,019,130
		12,451,826					
		3,315,994					
27,974,351		27,974,351					
(1,246,886)		(3,665,759)					
		(200,000)					
			382,333	(3,324)	(407,484)	28,475	
			······			9,437,989	9,437,989
<u>\$ 72,522,211</u>	<u>\$ 1,301,696</u>	<u>\$ 158,818,140</u>	<u>\$ 19,268,340</u>	<u>\$ 2,000,000</u>	<u>\$ 522,341</u>	<u>\$ 13,666,438</u>	<u>\$ 35,457,119</u>



STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 1995 AND 1994

		1995		1994
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$	3,271,613	\$	3,939,762
Adjustments to reconcile operating income to net	·		•	
cash provided by operating activities:				
Depreciation		12,986,813		12,164,293
(Decrease) increase in allowance for doubtful accounts		(117,602)		62,627
Changes in assets and liabilities:		• • •		
Increase in accounts receivable		(1,293,726)		(585,853)
(Increase) decrease in inventory of materials and supplies		(16,612)		20,534
Decrease in prepaid expenses and deposits		296,381		412,865
Increase in accounts payable		1,552,798		585,516
Increase (decrease) in due to/from City of New Orleans		321,552		(271,914)
Other	_	5,342,338		(501,497)
Total adjustments	<u></u>	19,071,942	<u> </u>	11,886,571
Net cash provided by operating activities		22,343,555		15,826,333
CASH FLOWS FROM CAPITAL AND RELATED				
FINANCING ACTIVITIES:				
Acquisition and construction of property, plant				
and equipment		(22,964,526)		(8,277,912)
Capital grants received		12,451,826		10,073,178
Principal paid on revenue bond maturities		(2,445,000)		(1,430,000)
Interest paid on bonds		(14,045,516)		(11,427,825)
Residual equity transfers		(200,000)		(200,000)
Proceeds from issuance of bonds		21,645,000		67,850,000
Cost of bond issuance and insurance		(554,054)		(1,416,019)
Payments made to refund bonds		(23,650,000)		-
Passenger facilities charges collected	<u></u>	10,751,033		10,841,324
Net cash (used in) provided by capital and related				
financing activities		(19,011,237)	_	66,012,746

(Continued)



STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
CASH FLOWS FROM INVESTING ACTIVITIES: Proceeds from the sale and maturities of investments, net Interest and dividends on investments	(10,526,197) 8,277,895	(80,200,813) 1,840,570
Net cash used in investing activities	(2,248,302)	(78,360,243)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,084,016	3,478,836
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23,554,903	20,076,067

CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 2)

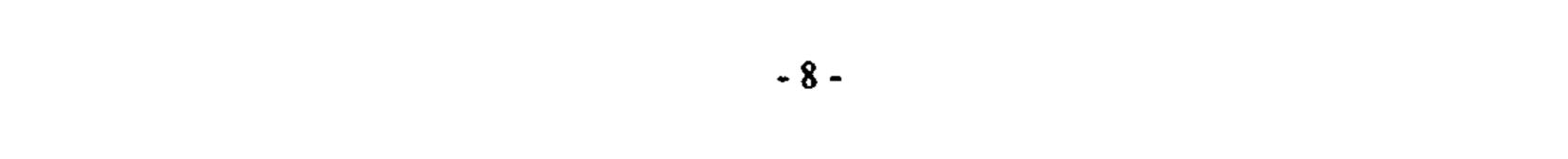
\$ 24,638,919 \$23,554,903

NONCASH FINANCING ACTIVITIES:

During 1995, \$3,315,994 and \$27,974,351 of additions to property, plant and equipment and during 1994, \$907,855 and \$18,815,956 of additions to property, plant and equipment were directly funded by the Transportation Infrastructure Model for Economic Development and the Federal Aviation Administration, respectively.

See notes to financial statements.

(Concluded)



NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 1995 and 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 generally accepted accounting principles as applicable to proprietary component units of governmental entities. A summary of the Airport's significant accounting policies follows:

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. The measurement focus is upon determination of net income. 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.

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.

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.

Inventory - The inventory of materials and supplies is valued at cost, determined by the first-in, first-out method.

Investments - Investments are stated at cost or amortized cost.

Property, Plant and Equipment - Property, plant and equipment are carried at cost. 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. \$697,036 of interest income in excess of related interest expense was recognized as a reduction in the cost basis of on-going construction projects during 1995. No such interest was capitalized during 1994.

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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. Depreciation of property acquired or constructed through resources normally restricted for capital acquisition, such as capital grants, is included as an operating expense in the statements of revenues and expenses but is transferred to the related contributed capital account.

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.

Due To/Due From the City of New Orleans - Amounts recorded as due to the City of New Orleans primarily relate to the costs of City services provided to the Airport. The cost of such services was \$614,880 and \$765,054 for the years ended December 31, 1995 and 1994, respectively.

Bond Insurance - In conjunction with bonds issued in 1993, insurance was purchased which guarantees the payment of bond principal and interest and expires with the final principal and interest payment on the bonds. The insurance costs were capitalized at the date of issuance and are being amortized over the life of the bonds using the interest method.

Revenue Recognition - Landing fees and facility rentals are recorded as revenues of the year for which earned. In accordance with the lease agreements, the airlines using the Airport are required to pay fees and charges in an amount which, when combined with other revenues, are sufficient to pay operating and maintenance expenses of the Airport and meet all other financial requirements established by the General Revenue Bond Trust Indenture, including 125% of annual debt service on the outstanding revenue bonds. Landing fees and facility rentals required under the lease agreements are established on a prospective basis and adjusted based on actual results. On an annual basis, the airlines are either charged or credited for any deficiency or excess between revenues collected during the year and actual requirements for the year.

Passenger Facility Charges - On June 1, 1993, the Airport began imposing, upon approval of the Federal Aviation Administration (the "FAA"), a \$3.00 Passenger Facility Charge ("PFC") on each passenger enplaned at the Airport. The Airport is authorized to collect up to \$193,889,875 of PFC revenue, all of which is pledged to secure the Series 1994 Revenue bonds, which funds construction of pre-approved capital projects. The estimated expiration date on PFC revenue collection is January 1, 2014.

Federal and State Financial Assistance - The Airport receives financial assistance for costs of construction and improvements to airport facilities through grants from the FAA and funding from the State of Louisiana's Transportation Infrastructure Model for Economic Development ("TIME"). As use of the funds is the prime factor for determining eligibility for financial assistance, the financial assistance received is credited to contributed capital at the time these costs are incurred.

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. Upon termination of employment, an employee is paid for his accrued annual leave based on his current hourly rate of pay and for his accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting his accrued sick leave to additional years of service. Annual leave and sick leave liabilities are accrued when incurred.

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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

The following are the components of the Airport's cash and investments at December 31, 1995:

	Unrestricted	Restricted	Total
Cash	\$14,643,467	\$ 1,629,376	\$ 16,272,843
Certificates of deposit	8,366,076	7,400,903	15,766,979
U.S. Treasury obligations		118,063,241	118,063,241
	\$23,009,543	\$127,093,520	\$150,103,063

The following are the components of the Airport's cash and investments at December 31, 1994:

	Unrestricted	Restricted	Total
Cash	\$ 8,345,630	\$ 2,036,801	\$ 10,382,431
Certificates of deposit U.S. Treasury obligations	13,172,472	7,672,803 107,265,144	20,845,275 107,265,144
U.U. Itoubury vongations			
	\$21,518,102	<u>\$116,974,748</u>	<u>\$138,492,850</u>

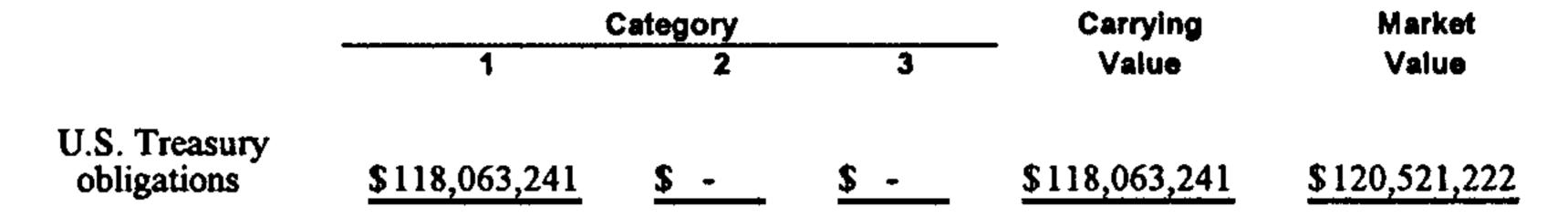
For purposes of the statements of cash flows, the Airport considers the following to be cash and cash equivalents:

	December 31,		
	1995	1994	
Unrestricted cash	\$14,643,467	\$ 8,345,630	
Unrestricted certificates of deposit	8,366,076	13,172,472	
Restricted cash	1,629,376	2,036,801	
	\$24,638,919	\$23,554,903	

At December 31, 1995, the carrying amount of the Airport's unrestricted and restricted cash deposits was \$32,039,822, and the bank balance was \$31,045,934. Cash and certificates of deposit, both unrestricted and restricted, were covered by collateral held by the financial institution in the Airport's name.

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State statute authorizes the Airport to invest in U.S. bonds, treasury notes and other federally insured investments. The Airport's short-term investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Airport or its agent in the Airport's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the Airport's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent, but not in the Airport's name.

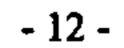


3. SUMMARY OF RESTRICTED ASSETS

Assets restricted for specific purposes in accordance with bond indenture and other legal restrictions are composed of the following at December 31, 1995:

Operations

ASSET8	Debt Service Fund	Debt Service Reserve Fund	Revenue Bond Escrow Fund	Renewal and Replacement Fund	and Maintenance Reserve Fund	Capital Improvements Funds	Total
Cash and certificates of deposit U.S. Treasury obligations	\$ 976,731 <u>1,325,155</u>	\$ 71,415 <u>19,196,925</u>	\$ 144,719 <u>377,622</u>	\$ 579 <u>1,999,421</u>	\$ 396 <u>4,967,771</u>	\$ 7,836,439 <u>90,196,347</u>	\$ 9,030,279 <u>118,063,241</u>
TOTAL	\$ 2,301,886	<u>\$ 19,268,340</u>	\$ 522,341	\$ 2,000,000	\$ 4,968,167	\$ 98,032,786	<u>\$ 127,093,520</u>



PROPERTY, PLANT AND EQUIPMENT 4.

Property, plant and equipment includes 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 property, plant and equipment is as follows:

	Balance 12/31/94	Additions During Year	Deletions During Year	Balance 12/31/95
Land improvements	\$105,671,215	\$ 3,445,742	\$ -	\$ 109,116,957
Buildings and furnishings	164,398,455	4,369,685	349,914	168,418,226
Equipment	3,968,869	22,372	-	3,991,241
Utilities	1,759,426	15,080	-	1,774,506
Heliport	3,037,614	1,199	-	3,038,813
Land and air rights	47,069,036	15,827,287	-	62,896,323
Construction in progress	39,805,830	52,997,853	20,918,427	71,885,256
	365,710,445	76,679,218	21,268,341	421,121,322
Less - accumulated	(121 107 070)	(12 086 813)	(2)	(134 184 790)

depreciation	(121,197,979)	(12,986,813)	(2)	(134,184,790)
	\$244,512,466	\$ 63,692,405	\$21,268,339	<u>\$ 286,936,532</u>

Construction in progress is composed of the following at December 31, 1995:

Description	Project Authorization	Expended to December 31, 1995	Remaining Commitments
East/west taxiway	\$14,034,741	\$ 192,306	\$13,842,435
Relocation of deep water well	290,625	290,625	-
Extend N. parallel east/west taxiway	5,159,849	5,159,849	-
Contractor's insurance	2,964	2,964	-
Master drainage plan	689,867	689,867	-
Environmental impact statement and			
railroad relocation study	55,746,555	1,353,300	54,393,255
General Aviation connector taxiway	19,935,235	13,668,698	6,266,537
Federal inspection and safety facility	5,623,104	5,623,104	-
West terminal utilities	5,117,868	4,563,165	554,703
Perimeter road, stage I	18,271,980	10,328,823	7,943,157
Airfield lighting control	2,241,146	2,241,146	-
West air cargo apron	22,695,737	879,500	21,816,237
West terminal expansion I	5,117,868	1,812,129	3,305,739
East/west taxiway, stage II	10,294,573	1,812,989	8,481,584
North General Aviation access road	• •		
and utilities	6,238,250	1,255,704	4,982,546
Plan-east/west taxiway	183,752	150,073	33,679
Perimeter road, stage II	8,912,181	408,324	8,503,857
New Orleans Aviation Board		•	
Administration Complex	6,544,135	65,659	6,478,476

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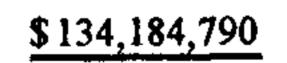
Description	Project Authorization	Expended to December 31, 1995	Committed
Lafon Air parallel road	4,727,676	27,727	4,699,949
North east/west taxiway	6,697,694	22,030	6,675,664
Canopy	3,760,765	63,048	3,697,717
East air cargo, phase II	6,680,744	21,176	6,659,568
Terminal loop road/traffic signalization	203,999	53,855	150,144
Concourse E	28,490,564	61,861	28,428,703
North security fence	224,551	1,164	223,387
Airport signage I	2,265,540	317,844	1,947,696
Airport signage II	1,317,847	13,773	1,304,074
Terminal reflooring	1,898,549	194,596	1,703,953
Perimeter road, stage III	4,449,120	8,548	4,440,572
Program management - environmental	· · · · · · · · · · · · · · · · · · ·	·	
permitting	1,178,310	1,178,310	-
Terminal asbestos removal	2,640,140	2,253,739	386,401
Water and oil separator	8,136,444	375,056	7,761,388
Concourse D renovation	15,155,999	10,617,446	4,538,553
Directional A/F light, stage I	245,344	148,023	97,321
Parabola room	1,563,564	381,492	1,182,072
Directional A/F light, stage II	1,325,383	99,253	1,226,130
	1,959,125	166,013	1,793,112
Rehab runways/taxiways PII First safety, stage II	2,606,833	1,829,244	777,589
Fire safety, stage II Surface movement guidance control	2,000,000	-,,-	•
	1,648	1,648	•
system	8,633,668	2,654,624	5,979,044
Air cargo complex HVAC west/east terminal	1,882,657	1,034,576	848,081
	200	200	-
Perimeter road Retating bases	400,000	260,095	139,905
Rotating beacon	1,400,000	71,694	1,328,306
Roof replacement	308,540	227,032	81,508
Taxi lot/lounge Conitalized interest	(697,036)	(697,036)	•
Capitalized interest	\$ 294,558,298	\$ 71,885,256	\$ 222,673,042

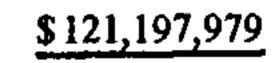
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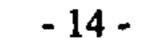
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The following is a summary of estimated useful lives of property, plant and equipment and accumulated depreciation at December 31:

	Estimated Useful	Accumulate	d Depreciation
	Lives (Years)	1995	1994
Land improvements Buildings and furnishings Equipment Utilities Heliport	10-25 3-25 3-10 10-25 5-15	\$ 58,720,969 68,935,247 3,530,876 991,634 2,006,064	\$ 53,988,586 61,239,890 3,264,421 905,878 1,799,204







5. LONG-TERM DEBT

Long-term debt consists of the following at December 31, 1995 and 1994:

	1995	1994
Series 1993A Taxable refunding bonds, variable rates, final maturity August 5, 1998	\$ 34,420,000	\$ 58,070,000
Series 1993B Refunding bonds, variable rates, final maturity August 3, 2016	140,020,000	140,370,000
Series 1993C Refunding bonds, variable rates, final maturity August 3, 2011	3,285,000	3,375,000
Series 1994 Revenue bonds, variable rates (4.1% during 1994 and at December 31, 1994), final maturity December 1, 2019	67,850,000	67,850,000
Series 1995A Refunding bonds, variable rates, final maturity August 1, 2015	21,645,000	
Total	267,220,000	269,665,000
Current portion	(4,425,000)	(2,445,000)

Unamortized loss on advance refunding	(28,290,703)	(29,665,150)
Long-term debt	\$234,504,297	\$237,554,850

Debt service requirements to maturity, including interest of \$170,713,094, for all outstanding bonds are as follows:

December 31,	
1996	\$ 18,518,453
1997	45,924,543
1998	18,606,289
1999	18,792,349
2000	18,908,834
Thereafter	317,182,626

\$437,933,094

The Series 1994 Revenue bonds were issued on December 13, 1994 in order to pay or reimburse the Airport for the cost of construction of certain projects approved by the FAA. These bonds are secured by a pledge of PFC revenue expected to be collected through January 1, 2014. These bonds are also secured by certain Airport funds, including a portion of the Debt Service Reserve Funds.

The Series 1994 Revenue bonds are subject to optional redemptions upon the collection of excess PFC revenues, as defined in the general indenture. These prepayments are expected to result in the optional redemption of all Series 1994 Revenue bonds by 2001. These bonds are also convertible to a fixed rate at any time at the option of the Airport. Until such time, the Series 1994 Revenue bonds are payable upon demand of the registered owner thereof. Such demand, if any, would be satisfied through drawings under letters of credit expiring on December 12, 1999 with two banks. As such, these bonds are classified as long-term debt.

- 15 -

The Series 1993A and 1993B Refunding bonds were issued on February 12, 1993 in order to advance refund all debt issues previously outstanding. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$32,184,971. In accordance with Governmental Accounting Standards Board Statement (GASBS) No. 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities," which was implemented during 1993, this difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through August 2016 on a straight-line basis.

In connection with the advance refunding during 1993, irrevocable escrow deposits are being invested in U.S. Treasury obligations that, together with interest thereon, will provide amounts sufficient for payment of all principal and interest on the refunded bonds. Accordingly, these refunded bonds along with the related escrow deposits are not shown on the accompanying balance sheets. At December 31, 1995, refunded bonds outstanding were:

Series	Refunded Debt Outstanding
1987	\$63,925,000
1990A	1,420,000
1990B	9,340,000

\$74,685,000

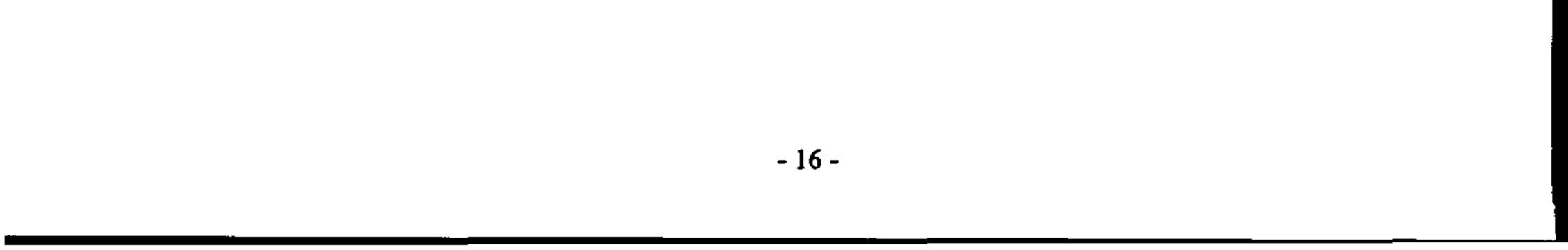
On June 6, 1995, the Airport issued \$21,645,000 in tax-exempt refunding bonds, Series 1995A, in order to redeem \$23,650,000 of the Series 1993A taxable refunding bonds on August 2, 1995.

The Airport has contracted with an underwriter to issue and deliver additional series of tax-exempt bonds in 1997, the proceeds of which will be used to repay portions of the taxable refunding Series 1993A bonds. At December 31, 1995, \$21,645,000 of the taxable refunding Series 1993A bonds have been classified as long-term debt in connection with this contract. Also, see Note 10 for a discussion of the interest rate swap agreements in place for all outstanding 1993 and 1995 series bonds.

The trust indenture under which the 1993 Series A-C and the 1995 Series A bonds were issued provides for the establishment of restricted funds for the following purposes: the payment of interest and principal on outstanding bonds; the purchase of land, and repairs, replacements, and/or renovations to the Airport; operation and maintenance expenses for which amounts are not otherwise available; and future bond issuance costs. Consequently, the Airport has established the Debt Service Fund, the Debt Service Reserve Fund, the Renewal and Replacement Fund, the Operations and Maintenance Reserve Fund and the Revenue Bond Escrow Fund.

6. EQUITY

Contributed capital recorded by the Airport represents amounts received from the federal and state governments and the City of New Orleans to finance the cost of construction of airport facilities.



The City's contribution was made from the sale of \$11,500,000 of general obligation bonds. Annually, the Airport transfers a certain amount (\$200,000 in both 1995 and 1994) to the City's Capital Projects Fund as partial repayment of the City's contribution. These amounts are reported as residual equity transfers in the statements of changes in equity. At December 31, 1995 and 1994, the cumulative amount transferred to the City under this arrangement was \$8,155,737 and \$7,955,737, respectively.

During 1989, the TIME was established which provides for the collection of a special tax on all gasoline and motor fuels to be used for various transportation projects. Under the provisions of the TIME agreement, the State of Louisiana will act as administrator of the funding for \$75 million of airport improvement projects over a five year period which began in 1990. The State will also act as administrator for FAA grants which are associated with the TIME projects. The State provided \$27,974,351 and \$18,815,956 of TIME funds during 1995 and 1994, respectively. The FAA provided \$3,315,994 and \$907,855 during 1995 and 1994, respectively, as administrated by the State under the TIME agreement.

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, 1995 containing additional information required under GASBS No. 5, "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Government Employers," is available from the City of New Orleans Director of Finance.

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, 1995 and 1994 was \$655,050 and \$586,666, respectively.

At January 1, 1995 (latest information available), the Employees' Retirement System's actuarial present value of accumulated vested plan benefits was \$166,070,000 and of accumulated non-vested plan benefits was \$15,062,000. The actuarial market value of net assets available for benefits at that date amounted to \$180,626,000. The assumed average rate of return used in determining the actuarial present value of accumulated plan benefits was 7%.

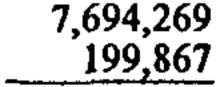
8. RENTALS UNDER OPERATING LEASES

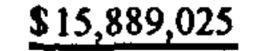
The Airport leases space in its terminal to various airlines, concessionaires and others. These leases are for varying periods ranging from one to four years and require the payment of minimum annual rentals. Most leases are subject to adjustment upwards or downwards based upon the operational and capital requirements of the Airport. Leases with concessionaires require payment of percentage rent based on sales in excess of stipulated amounts.

The following is a schedule by year of aggregate future minimum rentals on noncancelable operating leases as of December 31, 1995:

1996 1997

\$ 7,994,889





1998

- 17 -

The above 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 \$17,739,196 in 1995 and \$16,691,076 in 1994.

9. COMMITMENTS AND CONTINGENCIES

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.

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.

Federal Financial Assistance - The Airport participates in a number of federal financial assistance programs. Although the grant programs have been audited through December 31, 1994 in accordance with the Single Audit Act of 1984, these programs are still subject to financial and compliance audits by governmental agencies.

Arbitrage - The Airport has issued tax-exempt bonds which are subject to arbitrage regulations of the Internal Revenue Service (IRS), which regulations impose restrictions on the use of proceeds from taxexempt bonds. If certain of these restrictions are not complied with, the bonds could lose their tax-exempt status retroactive to the date of original issuance and also result in the Airport being subject to arbitrage rebates. The Airport believes it is in compliance with the arbitrage regulations with respect to all of its tax-exempt bond issues.

10. INTEREST RATE SWAP AGREEMENTS

The Airport has entered into interest rate swap agreements to reduce the impact of changes in interest rates on its Series 1993A-C and 1995A variable rate refunding bonds (see Note 5). As of December 31, 1995, the Airport had four interest rate swap agreements outstanding with a commercial bank (swap party), having total principal amounts of \$34,420,000, \$140,020,000, 3,285,000 and \$21,645,000 for the 1993A, 1993B, 1993C and 1995A issues, respectively. Pursuant to these swaps, the Airport is obligated to pay interest at a fixed rate of 5.45%, 5.49%, 5.34% and 6.14% for the 1993A, 1993B, 1993C and 1995A issues, respectively. The swap party is obligated to pay at a rate based on a floating rate market index. These agreements effectively adjust the interest rate on these debt issues to the respective amounts noted above. All four swap agreements commenced on January 4, 1993. The 1993A, 1993B, 1993C and 1995A agreements terminate in August of 1998, 2016, 2011 and 2014, respectively. The Airport is exposed to credit loss in the event of nonperformance by the swap party; however, the Airport does not anticipate such nonperformance.

A standby bond purchase agreement is also in effect over the life of the bonds whereby if the remarketing agent is unable to remarket these variable rate bonds, there is a liquidity provider that agrees to purchase the bonds at the principal amount plus interest. If the liquidity provider purchases the bonds, the interest rate would be the prime rate or the prime rate plus two percent (if the bonds are held by the liquidity provider in excess of one year) not to exceed the maximum permitted by law, or twenty-five percent.

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SCHEDULE

Market Value	\$5,073,384	82,538 1,059,394 167,017 32,044 1,340,993	274,801 942,296 95,797	1,410,261 2,130,995 1,421,985 1,185,670
Carrying Value	\$4,967,771	81,590 1,046,842 165,009 31,714 1,325,155	267,901 942,452 95,431	1,357,291 2,055,679 1,386,450 1,158,713
Par Value	\$5,245,000	85,000 1,091,000 172,000 33,000 1,381,000	238,000 950,000 97,000	1,395,000 2,133,000 1,404,000 1,166,000
Maturity Date	8/22/96	7/25/96 7/25/96 7/25/96	7/25/96 2/29/96 3/28/96	1/31/97 1/31/96 10/31/96 11/15/96

(Continued)

Year Acquired
1995
1995 1995 1995
1995 1995 1995
1994 1994 1994
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NEW ORLEANS INTERNATIONAL AIRPORT

Premier] Premier] U.S. Treat RESERV **Premier** Premier] U.S. Treat Premier] Premier] Premier] SUPPLEI DECEMB OPERATI **DEBT SEI** U.S. Trea CAPITAL Premier Premier U.S. Trea

UEVEMDER 31, 1333					
Description	Year Acquired	Maturity Date	Par Value	Carrying Value	Market Value
U.S. Treasury Notes:					
Premier Bank	1994	10/31/97	6,338,000	6,312,294	6,397,387
Premier Bank	1994	12/31/96	932,000	906,953	940,733
Premier Bank	1995	12/31/97	2,485,000	2,502,861	2,523,045
Premier Bank	1994	12/31/95	2,140,000	2,074,463	2,140,000
Premier Bank	1994	2/29/96	2,115,000	2,047,254	2,113,012
Premier Bank	1994	3/31/96	2,156,000	2,093,341	2,155,332
Premier Bank	1994	4/30/97	405,000	397,596	413,606
Premier Bank	1994	5/15/96	1,892,000	1,887,566	1,906,777
Premier Bank	1994	4/30/97	2,140,000	2,084,494	2,142,012
Premier Bank	1994	6/30/96	3,896,000	3,859,530	3,910,610
Premier Bank	1994	7/31/97	106,000	100,418	106,463
	1994	7/31/96	1,917,000	1,874,766	1,926,585
	1994	8/31/96	1,974,000	1,963,513	1,998,675
Premier Bank	1994	9/30/96	1,694,000	1,677,854	1,715,175
			37,573,000	37,046,820	37,851,217
RENEWAL AND REPLACEMENT FUND					
U.S. Treasury Bills: Premier Bank	1995	8/22/96	2,111,000	1,999,421	2,041,928
DEBT SERVICE RESERVE FUND					
U.S. Treasury Bills:					
Premier Bank U.S. Treasury Notes:	1995	1/26/96	1,038,000	1,009,663	1,034,502
	1994	11/15/96	6,102,000	6,063,862	6,204,941
<u>.</u> 9	1993	1/25/06	12,123,000	12,123,400	12,511,315
			19,263,000	19,196,925	19,750,758

SUPPLEMENTAL SCHEDULE OF INVESTMENTS

(Continued)

DECEMBER 31, 1995

JEK 31, 1995					
Description	Year Acquired	Maturity Date	Par Value	Carrying Value	Market Value
E BOND ESCROW					
sury Bills: Bank Bank	1995 1995	5/30/96 5/2/96	288,000 108,000	273,554 104,068	281,903 106,133
ACCOUNT			396,000	377,622	388,036
tsury Bills: Bank	1995	3/28/96	1,339,000	1,319,012	1,322,396
tsury Notes: Bank	1994	1/31/97	3,277,000	3,188,419	3,312,850
Bank	1994	1/31/99	1,302,000	1,175,462	1,291,415
Bank Deals	1994	1/31/98	1,248,000	1,173,120	1,257,747
Dank	1994	4/30/96	5,566,000	5,503,511	5,571,232
Bank	1994	6/30/98 6/30/98	1,201,000	1,164,407 1,170,089	1,221,261 1,270,815
			15,207,000	14,694,020	15,247,716
REIMBURSEMENT FUND					
sury Bills: Bank	1001	2017101		023 300 6	
Bank	1995	11/14/96	2,813,000	2,672,438	2,588.581
Bank	1995	1/25/96	1,182,000	1,174,560	1,178,017
Bank Bank	1995 1995	2/22/96 3/28/96	620,000 2,690,000	607,051 2,654,118	615,511 2,656,644
			10,349,000	9,994,745	10,059,867

SUPPLEMENTAL SCHEDULE OF INVESTMENTS

(Continued)

DECEMBER 31, 1995

REVENUE

U.S. Treasu Premier B Premier B

IMPOSE A(

U.S. Treas Premier E

Premier B Premier B Premier B U.S. Treas Premier E Premier **B** Premier E

PFC TIME

U.S. Treasu Premier B: Premier B Premier B Premier B

DEN 01, 1333					
Description	Year Acquired	Maturity Date	Par Value	Camying Value	Market Value
DEMPTION FUND					
easury Bills: r Bank	1995	35,153	5,345,000	5,302,534	5,301,652
IE FUND					
easury Bills:					
r Bank	1995	4/18/96	2,357,000	2.311.278	2.321.174
r Bank	1995	5/30/96	3,138,000	2,999,907	3.071.569
r Bank	1995	6/21/96	3,268,000	3.144.778	3,189,496
r Bank	1995	1/25/96	2,893,000	2,843,517	2,883,251
r Bank	1995	2/15/96	2,605,000	2,533,027	2,588,849
r Bank	1995	2/29/96	1,382,000	1.349,706	1.370,792
r Bank	1995	3/28/96	2,673,000	2,629,584	2,639,855
asury Notes:					
r Bank	1995	3/31/98	2.016.000	1 992 060	2 012 210
r Bank	1995	4/30/98	1,975,000	1.950.313	1.970.063
r Bank	1995	5/31/98	1,414,000	1,404,058	1,418,412
			23,721,000	23,158,228	23,465,671
			\$ 120,591,000	\$118,063,241	\$120,521,222

SUPPLEMENTAL SCHEDULE OF INVESTMENTS DECEMBER 31, 1995

(Concluded)

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PFC TIME

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SCHEDULE II

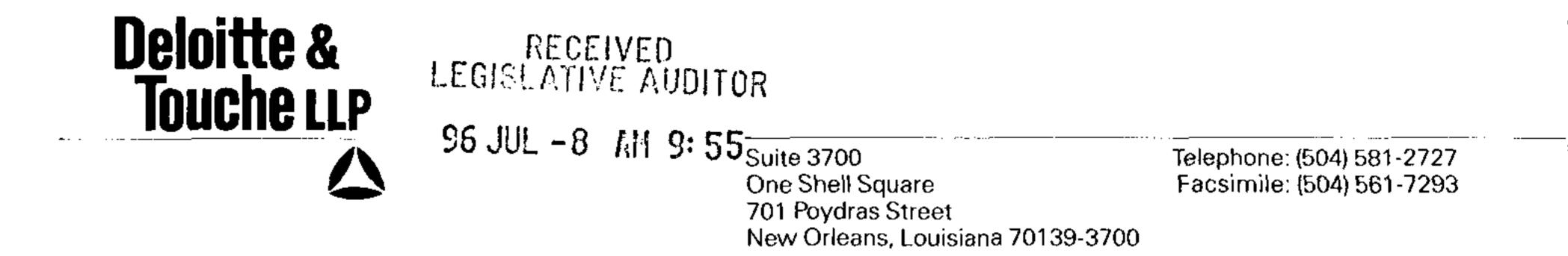
RLEANS INTERNATIONAL AIRPORT	ORT				
AENTAL SCHEDULE OF OPERATING RE ES BY AREA OF ACTIVITY DED DECEMBER 31, 1995	REVENUES AND				
	Terminal Landing Area	Rental Buildings and Area	Leased Buildings and Area	Sites Area	Total
evenues	\$ 18,337,224	\$26,538,638	\$ 230,702	\$ 562,589	\$45,669,153
11SCS	936,104	9,748,050	67,630	9,729	10,761,513
evenues, less enses	17,401,120	16,790,588	163,072	552,860	34,907,640
n of area assets	1,007,275	6,629,946	250,812		7,888,033
evenues, less enses and on	\$16,393,845	\$10,160,642	\$ (87,740)	\$ 552,860	27,019,607
ting expenses: on of general					
on of capital					1,433,021
sets ative					3,665,759 17,500,641
aintenance Iding expenses					1,128,496 20,077
operating expenses					23,747,994

3,271,613 \$

1 - 23

SUPPLEME EXPENSES YEAR ENDE NEW OR

- Operating rev Direct expen-
- Operating rev direct expense
- Depreciation
- Operating rev direct expens depreciation
- Depreciation grants asset Administrativ General main Utility buildi Other operatin Depreciation assets
- Total other of
- **Operating income**



INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS

New Orleans Aviation Board New Orleans, Louisiana

We have audited the financial statements of the New Orleans International Airport as of and for the year ended December 31, 1995 and have issued our report thereon dated May 22, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

The management of the New Orleans International Airport is responsible for establishing and maintaining the internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the New Orleans International Airport for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

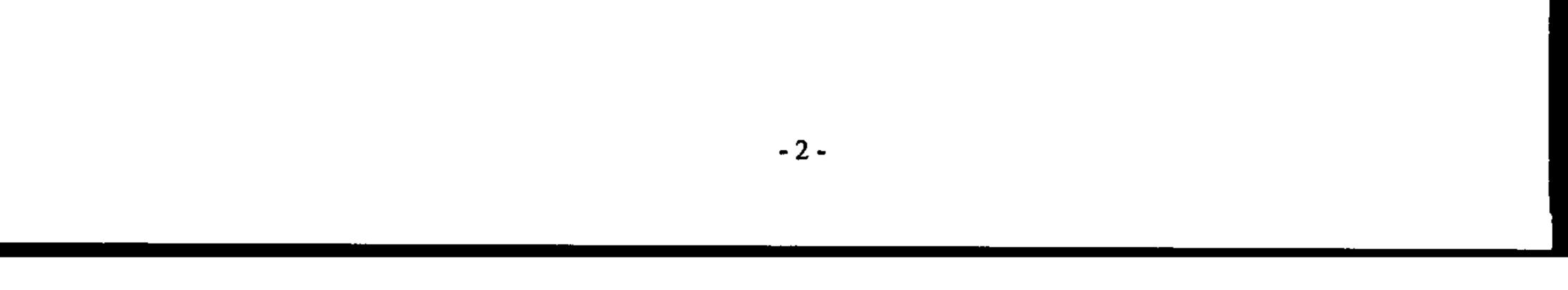


Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the New Orleans Aviation Board, management and others within the New Orleans International Airport, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Deloitte + Touch Lup

May 22, 1996





Suite 3700 One Shell Square 701 Poydras Street New Orleans, Louisiana 70139-3700 Telephone: (504) 581-2727 Facsimile: (504) 561-7293

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON THE AUDIT OF FINANCIAL STATEMENTS

New Orleans Aviation Board New Orleans, Louisiana

We have audited the financial statements of the New Orleans International Airport as of December 31, 1995 and for the year then ended, and have issued our report thereon dated May 22, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

Compliance with laws, regulations, contracts, and grants applicable to the New Orleans International Airport is the responsibility of the management of the New Orleans International Airport. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the New Orleans International Airport's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the New Orleans Aviation Board, management, and others within the New Orleans International Airport, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Delaitte + Touche UP

May 22, 1996

