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LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

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

Financial Statements and Supplemental Schedules

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

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

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P&N Postlethwaite & Netterville
A Professional Accounting Corporation
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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, 2009 and 2008 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, 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 29, 2010, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts 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.

The Management Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audits were conducted for the purpose of forming an opinion 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 1 and 2 have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, 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 express no opinion on it.

Postlethwaite & Netterville

Metairie, Louisiana
June 29, 2010

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, 2009 and 2008, with selected comparative information for the fiscal year ended December 31, 2007. The information presented here should be read in conjunction with the financial statements, footnotes, and supplementary information found 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

On August 29, 2005, parts of the Louisiana and Mississippi Gulf Coast area were devastated by Hurricane Katrina. The City of New Orleans was particularly impacted as well as the Airport. The impacts resulting from Katrina had a devastating effect on the Airport's aviation activity and were the primary cause for activity levels at the Airport to substantially decrease in 2005 and 2006. Immediately following Katrina, commercial air service at the Airport was suspended for 15 days.

In 2005, total enplanements decreased by almost 20 percent to 3.9 million as compared to 2004 levels, despite being approximately five percent higher through August than for the same period in 2004. As 2006 was the first full year after the impact, enplaned passenger activity decreased further to 3.1 million enplanements or a 20.4 percent drop from 2005.

Total annual Airport enplanements rebounded in 2007, increasing by 21.1 percent over 2006 levels to 3.8 million. In 2008 and 2007 the Airport was the fastest growing airport for all large and medium hubs according to the FAA. Enplaned passengers at the Airport for full year 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. According to the Bureau of Transportation Statistics, national domestic enplanements for 2009 decreased 7.3 percent compared to 2008.

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. 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. In the aftermath of Hurricane Katrina, no fees were charged to the air carriers for the month of September 2005, and the Board determined that it would no longer be feasible to continue operations pursuant to the terms of the expired Commercial Airline Lease considering the reduced flight operations and enplanements. After consultation with the air transportation companies operating at the Airport, the Board approved a Rate Resolution which was effective October 1, 2005. This Rate Resolution establishing a flat rate of $8.00 per enplaned passenger and a set landing fee of $1.07 per 1,000 pounds of gross maximum landed weight. The Board and the airline transportation companies determined the level of rates, fees, and charges established by the resolution, while not initially self-sustaining, were deemed to be the highest that could be imposed under the existing conditions to assure the continuation of air service for the region.

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.

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Financial Position

Total assets increased by $107,868,368 (19%) this year due primarily to an increase in long-term investments as a result of the issuance of 2009A CFC Bonds in December 2009 for $96.5 million. Noncurrent liabilities are higher this fiscal year by $106,317,206 (47%). This increase was primarily due to increases in bonds payable. Total current liabilities have decreased by $5,194,458 (14%) primarily resulting from a decrease in accrued expenses of $3,038,469 and a decrease in the current portion of bonds payable in the amount of $2,965,000.

The largest portion of the Airport's net assets, $189,173,646 (58%) for 2009 and $212,864,112 (67%) for 2008, 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, $102,166,763 (31%) for 2009 and $73,385,387 (23%) for 2008, 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, $35,315,756 (11%) for 2009 and $33,661,047 (10%) for 2008, may be used to meet the Airport's ongoing obligations.

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)

	2009	2008	2007
Assets:			
Current and other assets	$ 296,126	$ 187,108	$ 187,544
Net capital assets	392,084	393,233	396,049
Total assets	$ 688,210	$ 580,341	$ 583,593
Liabilities:			
Current liabilities	$ 30,757	$ 35,952	$ 29,184
Long-term liabilities	330,797	224,479	230,298
Total liabilities	$ 361,554	$ 260,431	$ 259,482
Net assets:			
Invested in capital assets, net of debt	$ 189,174	$ 212,864	$ 212,313
Restricted	102,166	73,385	73,661
Unrestricted	35,316	33,661	38,137
Total net assets	$ 326,656	$ 319,910	$ 324,111

(Continued)

Airlines Rates and Charges

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

Terminal building rental rates (per sq. ft.)	$ 98.94
Landing fee rate (per 1,000 lbs.)	1.69
Apron use fee rate (per sq. ft.)	2.44
Loading bridge use fee (per bridge)	24,960.00
Enplaned passenger fee rate (per person)	8.17

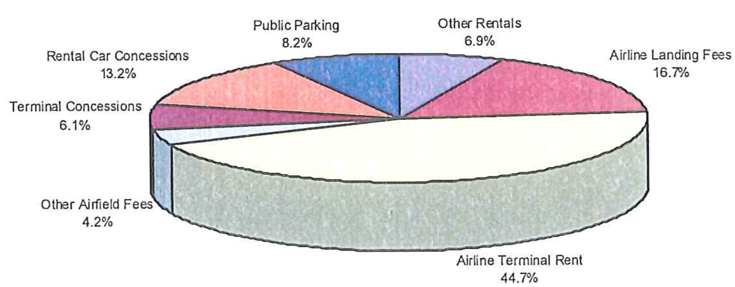
The rates as shown in the table above were the rates in effect as of January 1, 2009 but due to the terms of the agreement, these rates are subject to settlement. The Airport shall use its best efforts such that within the later of (i) one hundred twenty (120) days following the close of each fiscal 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 settlement for 2009, the Airport's final rate structure varied from the rates in effect during the year.

The Board, with the agreement of the air carriers, implemented the Rate Resolution in October 2005 by charging $8.00 per enplaned passenger and a landing fee of $1.07 per 1,000 pounds of gross maximum landed weight. Landing fees for nonscheduled airlines were assessed 115% of the signatory rates in addition to a $0.04 per gallon fuel flowage fee. These rates were effective during fiscal years 2008 and 2007.

Revenues

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2009.

Operating Revenue



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Operating Revenues by Major Source (in thousands)

	2009	2008	2007
Passenger and cargo airlines:			
Airline landing fee payments	$ 10,744	$ 5,675	$ 5,159
Airline terminal rental payments	28,784	31,921	29,994
Ground rents	50	50	62
Other rentals and fees	2,699	664	527
Total passenger and cargo airlines	42,277	38,310	35,742
Non airline rentals:			
Concessions-terminal	3,894	3,847	3,470
Concessions-car rentals	8,497	9,706	9,102
Public parking	5,294	5,374	5,331
Other rentals and fees	4,411	4,860	4,121
Business interruption insurance income	-	-	958
Total nonairline rentals	22,096	23,787	22,982
Total operating revenues	$ 64,373	$ 62,097	$ 58,724

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.

2008 vs. 2007

The Rate Resolution implemented in 2005 was in effect for 2008. Total air carrier revenue for 2008 increased by $2,568,414 (7%) over 2007 due to increased airline operations and passenger activity. The landing fees increased $516,027 (10%) and airline terminal rentals increased by $1,927,394 (6%). The increase in airline terminal rental revenue was a result of the increase in enplaned passengers of 207,162 over the prior year. Nonairline revenue increased by $804,038 (3%), due primarily to an increase in ground transportation concessions in the amount of $1,062,123 (273%). This increase was offset by decreases in a variety of other revenues categories.

(Continued)

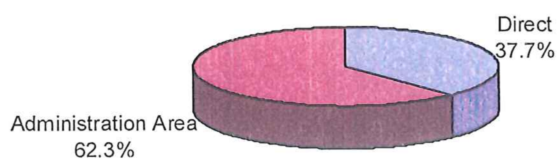
Cost per enplaned passenger is a measure used by the airline industry to reflect the costs an airline pays to operate at an airport based upon the number of enplaned passengers for that airport. The cost per enplaned passenger increased from $9.34 in 2007 to $9.46 in 2008 and to $10.45 in 2009.

		2009		2008		2007
Cost per enplaned passenger:						
Airline revenues (in thousands)	$	40,812	$	37,596	$	35,153
Enplaned passengers (in thousands)		3,906		3,973		3,765
Cost per enplaned passenger	$	10.45	$	9.46	$	9.34

Expenses

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2009.

Operating Expenses (Excluding Depreciation)



Operating Expenses before Depreciation (in thousands)

		2009		2008		2007
Direct (airfield, terminal building and area, hangars, leased sites, heliport)	$	17,427	$	18,705	$	16,154
Administration area		28,809		27,573		25,593
	$	46,236	$	46,278	$	41,747

2009 vs. 2008

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

2008 vs. 2007

The operating expenses before depreciation and amortization increased by $4,530,911 (11%) over the prior year, which were due primarily to an increase in bad debt expense in the amount of $632,607, increased costs for legal services of $352,556, increased utilities costs of $750,634, increased fire service costs of $874,003, increased shuttle service costs of $365,679, and increase HVAV maintenance costs of $578,483.

Nonoperating Revenues, Net

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.

2008 vs. 2007

Nonoperating revenues, net consists primarily of passenger facility charge (PFC) revenue, investment income, FAA grant revenue, and interest expense. PFC revenue increased 15% from $15,598,476 in 2007 to $16,298,855 in 2008. Investment income decreased by 58% from $6,448,430 in 2007 compared to $2,714,493 in 2008 due to unfavorable interest rates. FAA grant revenue decreased 53% from $8,740,231 in 2007 to $4,082,510 in 2008 due primarily to a decrease in the in capital contributions received from the federal government.. Interest expense and bond costs increased 4% from $13,686,783 in 2007 to $14,237,371 in 2008 as a result of higher interest expense.

Total Revenues and Expenses (in thousands)

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

		2009		2008		2007
Total operating revenues	$	64,373	$	62,097	$	58,724
Total nonoperating revenues		25,762		20,548		22,048
Total revenues	$	90,135	$	82,645	$	80,772
Total operating expenses	$	75,767	$	76,691	$	72,363
Total nonoperating expenses		13,797		14,237		14,517
Total expenses	$	89,564	$	90,928	$	86,880

(Continued)

Summary of Changes in Net Assets (in thousands)

	2009	2008	2007
Summary of changes in net assets:			
Operating revenues	$ 64,373	$ 62,097	$ 58,724
Operating expenses	46,236	46,278	41,746
Operating income before depreciation and amortization	18,137	15,819	16,978
Depreciation and amortization	29,531	30,413	30,616
Operating loss	(11,394)	(14,594)	(13,638)
Nonoperating revenues, net	11,966	6,311	7,530
Income (loss) before capital contributions and transfers	572	(8,283)	(6,108)
Capital contributions	6,174	4,082	8,740
Change in net assets	$ 6,746	$ (4,201)	$ 2,632

Operating income before depreciation and amortization increased $2,317,572 (15%) over the prior fiscal year. Depreciation and amortization expense decreased $882,523 (3%). Capital contributions increased by $2,091,291 (51%) 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 and the rehabilitation of the terminal apron at the Airport.

Capital Assets

The Airport's investment in capital assets can be noted in the following table. The total increase for this fiscal year was 4% 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 Strategic Development Plan at a cost of approximately $2.6 million.
- Terminal buildings and furnishings increased primarily due to the completion of the Terminal Exterior Improvements for approximately $3.3 million.
- Construction in progress increased primarily due to progress on the following projects:

(Continued)

Project	Approximate Cost during FY 2009
Security Operations Center	$6.1 million
Consolidated Rent A Car Facility	$5.0 million
Terminal/Concourse Hurricane Roof	$2.7 million
Expansion of Concourse D	$2.6 million
Aircraft Loading Bridges	$1.9 million
Terminal Interior Improvements	$1.3 million
ARFF Station	$1.2 million
TSA In Line Baggage System	$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.

Net Capital Assets (in thousands)

	2009	2008	2007
Land	$ 86,787	$ 86,598	$ 84,325
Air rights	20,188	18,817	18,503
Land improvements	325,059	322,090	321,148
Buildings and furnishings	300,059	296,066	294,338
Equipment	5,905	5,862	6,492
Utilities	7,786	7,786	7,786
Heliport	3,070	3,070	3,067
Construction in progress	69,807	49,990	27,653
Total capital assets	818,661	790,279	763,312
Less accumulated depreciation and amortization	426,577	397,046	367,263
Net capital assets	$ 392,084	$ 393,233	$ 396,049

(Continued)

Debt Activity

At the end of the current fiscal year, the Airport had total debt outstanding of $341,506,651. The majority of the Airport's debt represents bonds secured solely by operating revenue. The remainder represents bonds payable from PFC Revenue.

Outstanding Debt (in thousands)

	2009	2008	2007
Bonds payable:			
Refunding Bonds 1993B – C, 1995A, and 1997A	$ -	$ 102,030	$ 112,760
Revenue Bonds 1997B	-	11,300	11,585
Revenue Refunding Bonds 2007 (PFC)	86,415	88,370	88,370
Revenue Refunding Bonds 2009A-C	144,355	-	-
Go Zone CFC Revenue Bonds 2009A	96,515	-	-
Unamortized bond discount	(3,228)	(45)	(47)
Unamortized loss on advanced refunding	(30,672)	(11,328)	(12,787)
Unamortized bond premium	745	771	798
Loans payable:			
FEMA	10,883	10,883	10,883
Go Zone Tax Credit Bonds	35,372	35,372	31,227
Interest payable:			
FEMA	1,122	801	479
	$ 341,507	$ 238,154	$ 243,268

The Airport's total debt increased $103,352,206 (43%) during the current fiscal year primarily due to the issuance of the Go Zone CFC Revenue Bonds in the amount of $96,515,000.

In addition, the Airport issued $144,355,000 of 2009 Revenue Refunding Bonds, Series 2009A-C to refund all outstanding airport revenue bonds and refunding bonds and pay termination fees related to interest rate swaps previously entered into by the Aviation Board.

In December 2009, the Aviation Board issued the 2009 Drawdown Bonds in an amount not to exceed $65,000,000, with an initial maximum amount of $45,000,000. The 2009 Drawdown Bonds are to provide interim or permanent financing for acquisition and construction of certain capital projects. As of December 31, 2009, the Airport had not drawn any funds on these bonds.

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

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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.

The Board approved the Rate Resolution in November 2005, which significantly reduced the fees charged to the air transportation companies. As a result of the drastic reductions in flight operations and enplanements resulting from Hurricane Katrina, it was not feasible to continue to operate the Airport pursuant to a residual financial agreement. As a result of the reduced operating revenues, the Airport would not be able to meet the debt service coverage ratio of 125% as required under the General Revenue Bond Trust Indenture. In November 2006, the Board approved the Rollover Coverage Resolution as an amendment to the Rate Resolution, allowing the Airport to include a specific amount of rollover coverage as revenues in the calculation of the debt service coverage ratio for each of the three fiscal years ended December 31, 2005, 2006, and 2007. On November 9, 2007, the Board approved the implementation of Rollover Coverage for Fiscal Year 2008 in the amount of $7,000,000. On December 17, 2008, the Board approved the implementation of Rollover Coverage for Fiscal Year 2009 in the amount of $5,600,000. The funds were wired to the Trustee on December 20, 2008, and transferred to the airport operating account in 2009. The Airport's calculation of the historical debt service coverage ratio, as presented in Supplemental Schedule 3 to the financial statements is 163% for the year ended December 31, 2009 and 128% for the year ended December 31, 2008. 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.

	2009	2008	2007
Refunding Bonds and Revenue Bonds	163%	128%	185%
Revenue Refunding Bonds	112	121	115

Airport Activities and Highlights

Passenger totals for 2009 decreased by 186,319 (2%) over 2008 due to an decrease in air carrier operations and passenger activity. Aircraft operations decreased from 92,989 operations in 2008 to 86,464 in 2009 (7%). Aircraft landed weights decreased from 5,364,909 in 2008 to 5,174,944 in 2009 (4%). As of December, 2009, the Airport had 122 daily departures to 34 airports with 15,094 average daily seats. As of December 2008, the Airport had 125 daily departures to 33 cities with 15,769 average daily seats.

The Airport is continuing a program to rehabilitate aging infrastructure to meet current demands. Work is continuing on the Security Operations Center, the Concourse D Expansion, Terminal Improvements, and Aircraft Loading Bridges. In addition, the Airport has begun construction on the Consolidated Rent A Car Garage.

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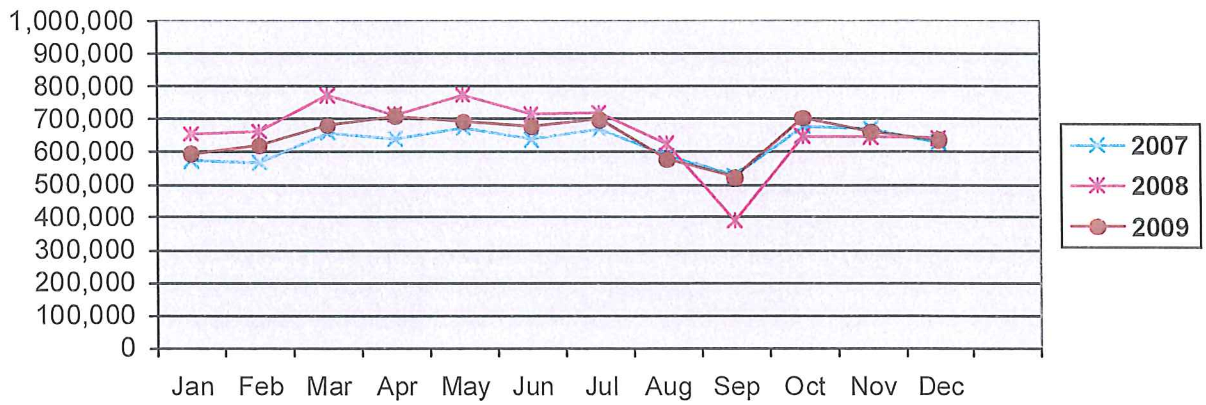
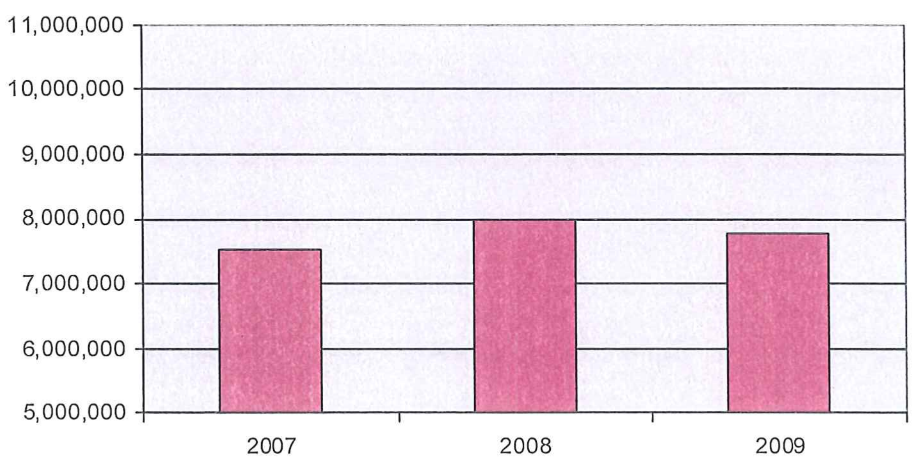
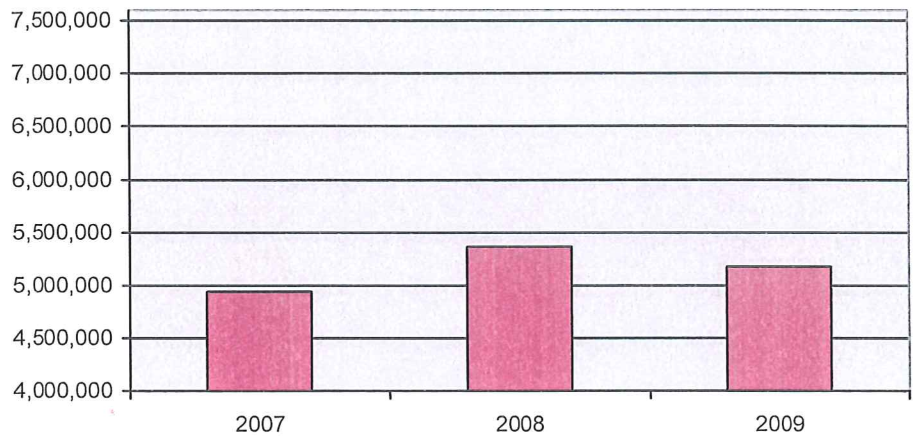
Total Passengers



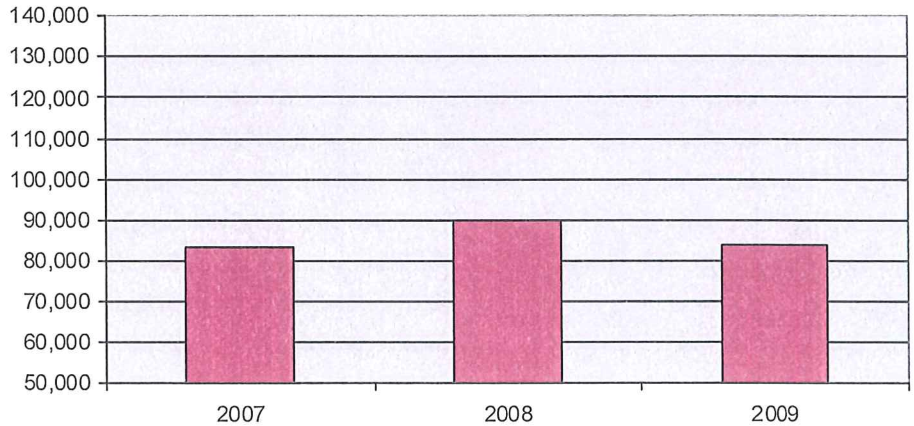
Total Passengers



Landed Weight



Passenger Flight Operations



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

Fiscal year	Total passengers	Aircraft landed weight (1,000 pound units)	Air carrier operations
2007	7,525,533	4,936,391	85,885
2008	7,967,997	5,364,909	92,989
2009	7,781,678	5,174,944	86,464

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

As of December 31, 2009 and 2008

Assets		2009		2008
Current assets:				
Unrestricted assets:				
Cash (note 2)	$	1,606,798	$	3,255,197
Accounts receivable, less allowance for doubtful accounts of $1,233,999 in 2009 and $1,251,420 in 2008		8,970,824		9,336,040
Investments (note 2)		80,289,676		79,110,926
Interest receivable		4		1,707
Inventory of materials and supplies		—		116,542
Prepaid expenses and deposits		1,432,758		968,385
Due from City of New Orleans		—		1,187,263
Total unrestricted assets		92,300,060		93,976,060
Restricted assets (notes 2, 3, and 5):				
Cash		313,669		159,074
Investments		17,282,806		20,487,294
Passenger facility charges receivable		1,791,147		1,490,937
Customer facility charges receivable		766,729		—
Capital grant receivable		995,163		554,252
Total restricted assets		21,149,514		22,691,557
Total current assets		113,449,574		116,667,617
Noncurrent assets:				
Long-term investments (note 2):				
Investments, restricted		172,876,561		64,851,329
Total long-term investments		172,876,561		64,851,329
Capital assets (note 4):				
Capital assets not being depreciated		156,593,813		136,587,642
Capital assets being depreciated		662,066,632		653,691,948
Less accumulated depreciation		(426,576,838)		(397,046,324)
Total capital assets, net		392,083,607		393,233,266
Prepaid insurance on revenue bonds, less accumulated amortization of $311,126 and $1,073,083 in 2009 and 2008, respectively		4,520,376		2,667,333
Deferred cost of bond issuance, less accumulated amortization of $221,606 and $1,964,958 in 2009 and 2008, respectively		5,279,587		2,921,792
Total noncurrent assets		574,760,131		463,673,720
Total assets	$	688,209,705	$	580,341,337

(Continued)

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

Balance Sheets

As of December 31, 2009 and 2008

Liabilities and Net Assets	**2009**	**2008**
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	$ 6,579,872	$ 6,270,859
Due to City of New Orleans	827,311	—
Accrued salaries and other compensation	1,720,897	1,849,883
Capital projects payable	479,295	1,642,675
Accrued expenses	—	3,038,469
Due to FAA- Iafrate	—	457,903
Total unrestricted current liabilities	9,607,375	13,259,789
Payable from restricted assets:		
Accrued bond interest payable	5,895,077	3,168,185
Bonds payable, current portion (note 5)	10,710,000	13,675,000
Capital projects payable	4,544,437	5,848,372
Total restricted current liabilities	21,149,514	22,691,557
Total current liabilities	30,756,889	35,951,346
Noncurrent liabilities:		
Bonds payable, less current portion, unamortized loss on advance refunding and unamortized discount (note 5)	283,419,723	177,424,222
Loans payable	46,254,631	46,254,631
Loan interest payable	1,122,297	800,592
Total noncurrent liabilities	330,796,651	224,479,445
Total liabilities	361,553,540	260,430,791
Net assets:		
Invested in capital assets, net of related debt	189,173,646	212,864,112
Restricted for:		
Debt service	40,822,423	17,163,996
Capital acquisition	49,880,117	41,836,966
Operating reserve	11,464,223	14,384,425
Unrestricted	35,315,756	33,661,047
Total net assets	326,656,165	319,910,546
Total liabilities and net assets	$ 688,209,705	$ 580,341,337

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

For the years ended December 31, 2009 and 2008

	2009	2008
Operating revenues (note 8):		
Landing and airfield fees	$ 13,527,591	$ 6,512,475
Terminal building	48,625,020	53,652,932
Ground transportation and other areas	2,220,295	1,931,485
Total operating revenues	64,372,906	62,096,892
Operating expenses:		
Direct	17,427,097	18,705,183
Depreciation	29,530,514	30,413,037
Administrative	28,809,095	27,572,567
Total operating expenses	75,766,706	76,690,787
Operating loss	(11,393,800)	(14,593,895)
Nonoperating revenues (expenses):		
Investment income	239,496	2,714,493
Interest expense	(13,468,956)	(14,237,371)
Passenger facility charges	15,957,102	16,298,885
Customer facility charges	9,565,529	1,299,254
Other, net	(327,553)	235,441
Total nonoperating revenues, net	11,965,618	6,310,702
Gain (loss) before capital contributions	571,818	(8,283,193)
Capital contributions (note 6)	6,173,801	4,082,510
Change in net assets	6,745,619	(4,200,683)
Total net assets, beginning of year	319,910,546	324,111,229
Total net assets, end of year	$ 326,656,165	$ 319,910,546

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

For the years ended December 31, 2009 and 2008

		2009		2008
Cash flows from operating activities:				
Cash received from customers	$	64,755,543	$	62,553,516
Cash paid to suppliers for goods and services		(38,987,819)		(41,849,787)
Cash paid to employees and on behalf of employees for services		(8,457,494)		(6,993,305)
Other receipts		34,770		859,315
Net cash provided by operating activities		17,345,000		14,569,739
Cash flows from noncapital financing activities:				
Sales tax receipts		634,402		625,202
Insurance proceeds receipts		—		12,596,132
Net cash provided by noncapital financing activities		634,402		13,221,334
Cash flows from capital and related financing activities:				
Passenger facility charges collected		15,656,892		16,557,391
Customer facility charges collected		8,798,800		1,299,254
Acquisition and construction of capital assets		(30,348,949)		(24,080,239)
Capital grants received		5,274,987		4,362,038
Principal paid on revenue bond maturities		(115,285,000)		(11,015,000)
Issuance of revenue bonds		240,870,000		—
Proceeds from loans payable to Go Zone		—		4,144,356
Interest paid on bonds and loans		(9,032,229)		(11,080,492)
Cost of bond issuance and insurance		(29,649,411)		(357,119)
Projects paid from insurance receipts		—		(5,519,365)
Net cash provided by (used in) capital and related financing activities		86,285,090		(25,689,176)
Cash flows from investing activities:				
Sales of investments		246,769,087		136,668,581
Purchases of investments		(352,768,582)		(145,209,132)
Interest and dividends on investments		241,199		3,019,189
Net cash used in capital and related financing activities		(105,758,296)		(5,521,362)
Net decrease in cash and cash equivalents		(1,493,804)		(3,419,465)
Cash and cash equivalents at beginning of year		3,414,271		6,833,736
Cash and cash equivalents at end of year (note 2)	$	1,920,467	$	3,414,271
Noncash investing activities:				
Increase (decrease) in investments due to change in fair value	$	36	$	(48,233)
Noncash financing activities:				
Amortization of bond-related costs	$	(2,632,219)	$	(1,779,774)

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

(A Component Unit of the City of New Orleans)

Statements of Cash Flows

For the years ended December 31, 2009 and 2008

	2009	2008
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (11,393,800)	$ (14,593,895)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	29,530,514	30,413,037
Decrease in allowance for doubtful accounts	(17,421)	(589,560)
Other	34,770	859,315
Changes in assets and liabilities:		
Accounts receivable	382,637	1,046,184
Inventory of materials and supplies	116,542	(16,181)
Prepaid expenses and deposits	(464,373)	1,253,718
Due from City of New Orleans	1,187,263	(1,999,856)
Accounts payable	309,012	1,144,495
Accrued salaries and other compensation	234,169	(176,073)
Accrued expenses	(3,038,469)	—
Due to City of New Orleans	464,156	(2,771,445)
Total adjustments	28,738,800	29,163,634
Net cash provided by operating activities	$ 17,345,000	$ 14,569,739

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

The Louis Armstrong New Orleans International Airport (the Airport) is a proprietary 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.

(d) *Use of Estimates*

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

(e) *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.

(f) *Investments*

Investments are carried at fair value in the financial statements. Unrealized gains and losses on investments are reflected in the statements of revenues, expenses, and changes in net assets.

(g) *Inventory*

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

(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 $499,220 in 2009 and 397,158 in 2008.

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.

(Continued)

The estimated useful lives by major classification are as follows:

	Estimated useful lives (years)
Air rights	25
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 $1,590,493 and $1,514,755 for the years ended December 31, 2009 and 2008, 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 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.

(Continued)

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 are as follows:

Terminal building rental rates (per sq. ft.)	$ 98.94
Landing fee rate (per 1,000 lbs.)	1.69
Apron use fee rate (per sq. ft.)	2.44
Loading bridge use fee (per bridge)	24,960.00
Enplaned passenger fee rate (per person)	8.17

The rates as shown in the table above were the rates in effect as of January 1, 2009 but 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 settlement for 2009, 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, 2009 the Airport is authorized to collect up to $501,637,360 of PFC revenue of which $244,465,175 has been collected. PFC revenues are pledged to secure the Series 2007 Revenue bonds, which funded construction of preapproved capital projects and redeemed prior Series of PFC Bonds. As of December 31, 2009, the estimated expiration date on PFC revenue collection is July 31, 2023.

(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. Prior to the issuance of any bonds, the CFC revenues are to be used to pay or reimburse other accounts of the Board for the costs of planning, designing, constructing and equipping the CONRAC. After the issuance of any bonds, the CFC revenues shall be used to pay the costs of designing, constructing, operating, and maintaining the CONRAC and to pay debt service on any and all bonds issued to finance the construction of the CONRAC.

(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, 2009, the Airport had received $2,213,867 from FEMA as reimbursement for repairs and expenses incurred by the Airport as a result of Hurricane Katrina.

(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, 2009 and 2008, the fair value of all securities regardless of balance sheet classifications as cash and cash equivalents or investments was as follows:

	2009	2008
Securities:		
Common Stock: Airline Bankruptcies	496,965	491,920
Local government investment pool	72,260,814	62,080,020
Investment in money market funds	197,691,264	101,877,609
Total securities, at fair value	$ 270,449,043	$ 164,449,549

These securities are held in the following accounts:

	2009	2008
Current assets:		
Cash and cash equivalents	$ 1,920,467	$ 3,414,271
Investments	97,572,482	99,598,220
Noncurrent assets:		
Investments	172,876,561	64,851,329
Total cash and investments	272,369,510	167,863,820
Less cash on deposit	(1,920,467)	(3,414,271)
Total securities, at fair value	$ 270,449,043	$ 164,449,549

The Airport is authorized to invest in securities as described in its investment policy, in each bond resolution and state statue. As of December 31 2009, and 2008, the Airport held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures:*

Investment Maturities at December 31, 2009

Investment type	Less than 1 year	1 to 5 years	Total
Common Stock: Airline Bankruptcies	$ 496,965	$ -	$ 496,965
Local government investment pool	72,260,814	-	72,260,814
Money market funds	197,691,264	-	197,691,264
	$ 270,449,043	$ -	$ 270,449,043

Investment Maturities at December 31, 2008

Investment type	Less than 1 year	1 to 5 years	Total
Common Stock: Airline Bankruptcies	$ 491,920	$ -	$ 491,920
Local government investment pool	62,080,020	-	62,080,020
Money market funds	101,877,609	-	101,877,609
	$ 164,449,549	$ -	$ 164,449,549

(Continued)

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.

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 $496,965 at December 31, 2009 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, 2009 and 2008:

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	Cost of issue	Receivable	2009 total
Assets:												
Cash and certificates of deposits	$ —	—	—	—	—	—	162,504	3,720,559	151,165	—	—	$ 4,034,528
Dreyfus Treasury Prime Cash Management	4,744,163	14,438,098	1,923,544	789,047	—	127,006,742	1,185,777	—	—	737,788	—	150,825,159
JPM U.S. Treasury and U.S. money market fund	13,099,740	14,435,500	—		7,743,364	250,939	—	—	—	83,806	—	35,613,349
Passenger facility charges receivable	—	—	—	—	—	—	—	—	—	—	1,791,147	1,791,147
Capital grant receivable	—	—	—	—	—	—	—	—	—	—	910,943	910,943
Transportation Security Admin Grant receivable	—	—	—	—	—	—	—	—	—	—	75,208	75,208
Hazard Material Grant receivable	—	—	—	—	—	—	—	—	—	—	9,012	9,012
Customer facility charges receivable	—	—	—	—	—	—	—	—	—	—	766,729	766,729
	$ 17,843,903	28,873,598	1,923,544	789,047	7,743,364	127,257,681	1,348,281	3,720,559	151,165	821,594	3,553,039	$ 194,026,075

2008

	Debt service fund	Debt service reserve fund	Renewal and replacement fund	Operations and maintenance reserve fund	Capital Improvement fund	Defeasance Escrow fund	Receipts fund	Rollover fund	PFC collect	Cost of issue	Receivable	2008 total
Assets:												
Cash and certificates of deposits	$ 168	—	—	—	—	—	—	—	158,906	—	—	$ 159,074
Dreyfus Treasury Prime Cash Management	4,235,443	6,743,923	—	—	46,814,451	—	725,866	5,600,000	—	—	—	64,119,683
JPM U.S. Treasury and U.S. money market fund	1,641,159	2,810,511	2,036,857	8,784,425	1,044,844	—	—	—	—	—	—	16,317,796
U.S. Treasury and U.S. agency obligations	4,901,144	—	—	—	—	—	—	—	—	—	—	4,901,144
Passenger facility charges receivable	—	—	—	—	—	—	—	—	—	—	1,490,937	1,490,937
Capital grant receivable	—	—	—	—	—	—	—	—	—	—	370,142	370,142
Transportation Security Admin Grant receivable	—	—	—	—	—	—	—	—	—	—	118,800	118,800
Hazard Material Grant receivable	—	—	—	—	—	—	—	—	—	—	65,310	65,310
	$ 10,777,914	9,554,434	2,036,857	8,784,425	47,859,295	—	725,866	5,600,000	158,906	—	2,045,189	$ 87,542,886

(Continued)

(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, 2009 and 2008 is as follows:

	Balance December 31, 2008	Additions/ transfers during year	Deletions/ transfers during year	Balance December 31, 2009
Capital assets not being depreciated:				
Land	$ 86,597,824	$ 189,299	$ -	$ 86,787,123
Construction in progress	49,989,818	28,406,195	(8,589,323)	69,806,690
Total capital assets not being depreciated	136,587,642	28,595,494	(8,589,323)	156,593,813
Capital assets being depreciated:				
Air rights	18,817,055	1,371,088	-	20,188,143
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 being depreciated	653,691,948	8,372,639	2,045	662,066,632
Total capital assets	790,279,590	36,968,133	(8,587,278)	818,660,445
Less accumulated depreciation:				
Air rights	2,890,161	757,529	-	3,647,690
Land improvements	169,739,603	15,099,514	-	184,839,117
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 depreciation	397,046,324	29,530,514	-	426,576,838
Total capital assets, net	$ 393,233,266	$ 7,437,619	$ (8,587,278)	$ 392,083,607

 (Continued)

	Balance December 31, 2007	Additions/ transfers during year	Deletions/ transfers during year	Balance December 31, 2008
Capital assets not being depreciated:				
Land	$ 84,325,000	$ 2,586,754	$ (313,930)	$ 86,597,824
Construction in progress	27,652,561	28,110,105	(5,772,848)	49,989,818
Total capital assets not being depreciated	111,977,561	30,696,859	(6,086,778)	136,587,642
Capital assets being depreciated:				
Air rights	18,503,125	313,930	-	18,817,055
Land improvements	321,148,047	1,142,333	(200,000)	322,090,380
Buildings and furnishings	294,337,818	1,411,802	316,740	296,066,360
Equipment	6,491,976	-	(629,626)	5,862,350
Utilities	7,786,124	-	-	7,786,124
Heliport	3,066,886	2,793	-	3,069,679
Total capital assets being depreciated	651,333,976	2,870,858	(512,886)	653,691,948
Total capital assets	763,311,537	33,567,717	(6,599,664)	790,279,590
Less accumulated depreciation:				
Air rights	2,148,713	741,448	-	2,890,161
Land improvements	154,604,931	15,134,672	-	169,739,603
Buildings and furnishings	197,741,354	13,974,037	-	211,715,391
Equipment	5,534,006	302,701	(629,626)	5,207,081
Utilities	4,168,834	258,634	-	4,427,468
Heliport	3,065,075	1,545	-	3,066,620
Total accumulated depreciation	367,262,913	30,413,037	(629,626)	397,046,324
Total capital assets, net	$ 396,048,624	$ 3,154,680	$ (5,970,038)	$ 393,233,266

(Continued)

Construction in progress is composed of the following at December 31, 2009:

Description	Project authorization	December 31, 2009	Remaining commitments
Consolidated Rent A Car Facility	$ 118,000,000	$ 7,160,880	$ 110,839,120
TSA In Line Baggage System	80,000,000	744,119	79,255,881
Hotel	65,000,000	46,674	64,953,326
Expansion of Concourse "D"	37,933,000	7,198,932	30,734,068
Terminal Apron Rehab.	35,000,000	6,005,517	28,994,483
Concourse "E"	34,000,000	1,393	33,998,607
Consolidated Check Point-West Terminal	34,000,000	7,524	33,992,476
Aircraft Loading Bridges	28,914,000	11,435,998	17,478,002
Security Operations Center (1542 Project)	28,170,190	25,962,332	2,207,858
New Airport Parking Garage	26,000,000	92,878	25,907,122
West Terminal Expansion	25,000,000	900	24,999,100
New Utility Building	12,000,000	195,525	11,804,475
New ARFF Station	11,900,000	3,064,063	8,835,937
Expansion Taxiway Gulf Phase 1	10,601,755	25,848	10,575,907
Heliport Relocation	9,000,000	114,762	8,885,238
Terminal Interior Improvements	7,223,378	2,561,744	4,661,634
Runway 6/24 Conversion	6,000,000	4,245	5,995,755
Terminal/Concourse Hurricane Roof	5,210,514	2,676,894	2,533,620
Exterior Terminal - Lower and Upper Roads	5,319,246	462,478	4,856,768
Terminal/Baggage Claim Improvements	5,087,060	254,922	4,832,138
North Perimeter Road Improvements	4,500,000	333,957	4,166,043
New Airfield Lighting Vault	3,800,000	84,279	3,715,721
Miscellaneous Projects under $3,000,000	10,149,067	1,370,826	8,778,241
	$ 602,808,210	$ 69,806,690	$ 533,001,520

(5) Long-term Debt

Long-term debt activity for the years ended December 31, 2009 and 2008 was as follows:

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

(Continued)

Long-Term Debt	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009	Amounts due within one year
Bonds Payable:					
Series 2009A-1 Revenue Refunding Bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	$ -	$ 73,960,000	$ -	$ 73,960,000	$ -
Series 2009A-2 Revenue Refunding Bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	-	23,055,000	-	23,055,000	-
Series 2009B Revenue Refunding Bonds, fixed interest rate January 1, 2015 at 4.50% final maturity	-	27,140,000	-	27,140,000	-
Series 2009C Revenue Refunding Bonds, fixed interest rate January 1, 2012 at 3.50% final maturity	-	20,200,000	-	20,200,000	8,185,000
Series 2009A GO ZONE CFC Revenue Bonds, fixed interest rate, January 1, 2040 at 4.625% final maturity	-	96,515,000	-	96,515,000	-
	201,700,000	240,870,000	(115,285,000)	327,285,000	10,710,000
Less:					
Unamortized loss on advance refunding	(11,328,043)	(29,851,426)	10,507,749	(30,671,720)	-
Unamortized discount on bonds	(44,300)	(3,219,955)	35,739	(3,228,516)	-
Unamortized premium on bonds	771,564	-	(26,605)	744,959	-
	191,099,221	207,798,619	(104,768,117)	294,129,723	10,710,000
Loans Payable:					
FEMA	10,882,641	-	-	10,882,641	-
Go Zone	35,371,990	-	-	35,371,990	-
	46,254,631	-	-	46,254,631	-
Other Liabilities:					
FEMA Interest Payable	800,592	321,705	-	1,122,297	-
	800,592	321,705	-	1,122,297	-
	$ 238,154,444	$ 208,120,324	$ (104,768,117)	$ 341,506,651	$ 10,710,000

Long-Term Debt	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008	Amounts due within one year
Bonds Payable:					
Series 1993B Refunding bonds, variable rates, final maturity August 1, 2016	$ 81,095,000	$ -	$ (7,970,000)	$ 73,125,000	$ 8,405,000
Series 1993C Refunding bonds, variable rates, final maturity August 3, 2011	1,295,000	-	(280,000)	1,015,000	310,000
Series 1995A Refunding bonds, variable rates, final maturity August 1, 2015	12,700,000	-	(1,310,000)	11,390,000	1,425,000
Series 1997A Refunding bonds, variable rates, final maturity August 5, 2015	17,670,000	-	(1,170,000)	16,500,000	1,275,000
Series 1997B-1 Revenue bonds, with fixed interest rate at 5.45%, final maturity October 1, 2027	2,555,000	-	-	2,555,000	-
Series 1997B-2 Taxable revenue bonds, fixed interest rate 6.45%, final maturity October 1, 2027	9,030,000	-	(285,000)	8,745,000	305,000
Series 2007A Revenue Bonds fixed interest rate January 1, 2038 at 4.25% final maturity	65,530,000	-	-	65,530,000	605,000
Series 2007B-1 Revenue Refunding Bonds, fixed interest rate January 1, 2020 at 4.25% final maturity	4,295,000	-	-	4,295,000	-
Series 2007B-2 Revenue Refunding Bonds, fixed interest rate January 1, 2019 at 4.25% final maturity	18,545,000	-	-	18,545,000	1,350,000
	212,715,000	-	(11,015,000)	201,700,000	13,675,000

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

(A Component Unit of the City of New Orleans)

Notes to Financial Statements

December 31, 2009 and 2008

Long-Term Debt	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008	Amounts due within one year
Bonds Payable:					
Less:					
Unamortized loss on advance refunding	$ (12,787,348)	$ -	$ 1,459,305	$ (11,328,043)	$ -
Unamortized discount on bonds	(46,495)	-	2,195	(44,300)	-
Unamortized premium on bonds	798,170	-	(26,606)	771,564	-
	200,679,327	-	(9,580,106)	191,099,221	13,675,000
Loans Payable:					
FEMA	10,882,641	-	-	10,882,641	-
Go Zone	31,227,633	4,144,357	-	35,371,990	-
	42,110,274	4,144,357	-	46,254,631	-
Other Liabilities:					
FEMA Interest Payable	478,665	321,927	-	800,592	-
	478,665	321,927	-	800,592	
	$ 243,268,266	$ 4,466,284	$ (9,580,106)	$ 238,154,444	$ 13,675,000

(Continued)

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

	Interest	Principal	Total
Bonds Payable:			
December 31:			
2010	$ 14,971,266	$ 10,710,000	$ 25,681,266
2011	17,196,015	10,450,000	27,646,015
2012	16,721,790	10,895,000	27,616,790
2013	16,195,484	11,395,000	27,590,484
2014	15,622,478	11,950,000	27,572,478
2015-2019	67,596,676	78,165,000	145,761,676
2020-2024	44,971,275	75,385,000	120,356,275
2025-2029	31,355,038	28,140,000	59,495,038
2030-2034	21,766,825	37,455,000	59,221,825
2035-2039	9,066,175	45,520,000	54,586,175
2040	234,650	7,220,000	7,454,650
	$ 255,697,672	$ 327,285,000	$ 582,982,672

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

	Interest	Principal	Total
Notes Payable:			
December 31:			
2011	$ 1,551,152	$ 10,882,641	$ 12,433,793
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
2015-2019	6,041,053	10,585,939	16,626,992
2020-2024	3,346,382	13,280,611	16,626,993
2025-2026	435,831	6,214,968	6,650,799
	$ 16,060,140	$ 46,254,631	$ 62,314,771

Bonds Payable

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

(Continued)

exceeding $45,000,000 to be provided by IBERIABANK and Capital One, N.A. As of December 31, 2009, the Airport had not drawn any funds on the 2009 Drawdown Bond, and therefore, no liability has been recognized in the financial records of the New Orleans Aviation Board.

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.

On November 20, 2007, the New Orleans Aviation Board issued in its own name for the benefit of the City of New Orleans the following tax exempt obligations: The $65,530,000 New Orleans Aviation Board Revenue Bonds (Passenger Facility Charge Projects) Series 2007A and the $22,840,000 New Orleans Aviation Board Revenue Refunding Bonds (Passenger Facility Charge Projects) Series 2007B.

The proceeds of the Series 2007A Bonds were used to (i) pay the entire outstanding balance of bond anticipation notes previously issued by the Board to pay the bond financed costs of the rehabilitation of Runway 10/28 at the Airport, (ii) provide an additional $10,000,000 to pay the costs of acquiring, constructing and installing approximately 17 aircraft loading bridges at the Airport, (iii) provide a debt service reserve fund for such bonds, (iv) pay the costs of credit enhancement, and (v) pay the costs of issuance incurred in connection with such bonds.

The proceeds of the Series 2007B Bonds were used to (i) refinance the $35,585,000 original principal amount New Orleans Aviation Board Revenue Refunding Bonds Series 1999A-1 and Series 1999A-2, (ii) provide a debt service reserve fund for such bonds, (iii) pay the costs of credit enhancement, and (iv) pay the costs of issuance incurred in connection with such bonds.

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. The balance outstanding on these loans at December 31, 2009 is $10,882,641. Accrued interest payable on these notes was $1,122,297 as of December 31, 2009.

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, 2009. 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 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, 2009, the FAA contributed approximately $5,327,726, the Transportation Security Administration contributed $843,387, and FEMA contributed $2,688. During the year ended December 31, 2008, the FAA contributed approximately $3,898,401, Transportation Security Administration contributed $118,800, and FEMA contributed $65,310.

(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, 2008 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, 2009 and 2008 was $807,594 and $362,462, 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 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 2009 monthly ground rent was $13,066.

The following is a schedule by year of aggregate future minimum rentals receivable on noncancelable operating leases as of December 31, 2009:

2010	$	4,526,097
2011		4,605,109
2012		4,395,244
2013		3,857,659
2014		1,932,659
2015-2022		8,584,098
	$	27,900,866

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 $10,155,171 in 2009 and $13,955,759 in 2008.

(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.

(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, 2009 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 29, 2010, and determined that the events below were subsequent events requiring disclosure.

The Airport is in the process of issuing approximately $55 million of New Orleans Aviation Board Gulf Opportunity Zone Revenue bonds (Passenger Facility Charge Projects) (the "Series 2010 Bonds"). The Series 2010 bonds are being issued to: (i) pay costs of certain capital improvements, (ii) pay for the costs of issuance, (iii) provide for a debt service reserve fund, and (iv) pay for bond insurance. In addition, the bonds will repay any outstanding balance on the 2009 Drawdown Bonds.

On January 11, 2010, the FAA issued a Final Agency Decision (FAD) approving Passenger Facility Charge Application 10. The approval was for approximately $70.5 million. On April 15, 2010, the FAA approved an amendment to PFC applications 6 and 10 reducing collections in the net amount of $1.1 million. As a result of the approvals, the PFC Collection Authority increased from approximately $501.6 million at December 31, 2009 to approximately $571 million as of April 15, 2010.

Schedule 1

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

Supplemental Schedule of Investments

For the year ended December 31, 2009

Description	Year acquired	Maturity date	Par value	Fair value
Unrestricted investments:				
Special receipts:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	$ 513,395	$ 513,395
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2009	N/A	8,480,798	8,480,798
			8,994,193	8,994,193
PFC reimbursement:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	2,258,563	2,258,563
Stock: Airline Bankruptcies	2007	N/A	496,965	496,965
City of New Orleans:				
LAMP	2003	N/A	68,539,955	68,539,955
Total unrestricted investments			80,289,676	80,289,676
Restricted investments:				
City of New Orleans:				
LAMP	2009	N/A	3,720,859	3,720,859
Debt service fund:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York	2008	N/A	4,744,163	4,744,163
JPM U.S. Treasury Plus				
Investments				
The Bank of New York	2009	N/A	13,099,740	13,099,740
			17,843,903	17,843,903
Debt service reserve fund:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	14,438,098	14,438,098
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2009	N/A	14,435,500	14,435,500
			28,873,598	28,873,598
Coverage Account:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	1,923,544	1,923,544
Ineligible Sub-Account				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	789,047	789,047

(Continued)

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

Supplemental Schedule of Investments

For the year ended December 31, 2009

Description	Year acquired	Maturity date	Par value	Fair value
Operations and maintenance				
Reserve fund:				
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2009	N/A	$ 7,743,364	$ 7,743,364
Receipts fund:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	1,185,777	1,185,777
Time Reimbursement				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	5,125,727	5,125,727
Time Reimbursement				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	87,469,733	87,469,733
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2004	N/A	250,939	250,939
			87,720,672	87,720,672
PFC Restricted				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	34,411,282	34,411,282
PFC Restricted				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	737,788	737,788
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2009	N/A	83,806	83,806
			821,594	821,594
Total restricted investments			190,159,367	190,159,367
Total			$ 270,449,043	$ 270,449,043

Schedule 2

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

For the year ended December 31, 2009

	Landing area	Terminal buildings and area	Ground transportation	Total
Operating revenues	$ 13,527,591	48,625,020	2,220,295	$ 64,372,906
Direct expenses	2,380,284	13,187,985	1,858,828	17,427,097
Operating revenues, less direct expenses	11,147,307	35,437,035	361,467	46,945,809
Depreciation of area assets	15,857,680	11,663,629	1,184,004	28,705,313
Operating revenues, less direct expenses and depreciation	$ (4,710,373)	23,773,406	(822,537)	18,240,496
Other operating expenses:				
Depreciation of general assets				825,201
Administrative				28,809,095
Total other operating expenses				29,634,296
Operating loss				$ (11,393,800)

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

For the year ended December 31, 2009

(Unaudited)

Revenues:		
Airline rentals and landing fees	$	42,120,052
Other operating revenues		22,252,854
Nonoperating revenues		248,727
Rollover coverage		5,600,000
Total revenues		70,221,633
Less reserve requirements:		
Operation and maintenance reserve fund requirement		—
Operation and maintenance expenses		46,595,471
Net revenues	$	23,626,162
Debt service fund requirement:		
Principal payments	$	9,161,666
Interest expense		5,303,958
Total debt service fund requirement	$	14,465,624
Historical debt service coverage ratio		1.63

See accompanying independent auditors' report.

Notes to Supplemental Schedule 3:

(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 December 17, 2008 which allowed the Airport to apply $5,600,000 of rollover coverage for the December 31, 2009 debt service coverage ratio calculation. The operating funds were transferred to the NOAB Rollover Account 2008 held by the Bank of New York Mellon on December 20, 2008.

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

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

We have audited the financial statements of Louis Armstrong New Orleans International Airport (the Airport) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Airport's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

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

This report is intended solely for the information and use of the New Orleans Aviation Board, City Council of the City of New Orleans, Louisiana, the Airport's management, the Legislative Auditor of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
June 29, 2010

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Findings and Questioned Costs

Year ended December 31, 2009

None.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Summary Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2009

Finding 2008-1

Ownership of Common Stock

Recommendation:	We recommend that the stock be sold.
Current Status:	No longer applicable.

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Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program, on Internal Control over Compliance, and on the Schedule of Revenues and Expenditures of Passenger Facility Charges

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

Compliance

We have audited the compliance of Louis Armstrong International Airport (the Airport), a component unit of the City of New Orleans, with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended December 31, 2009. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Airport's management. Our responsibility is to express an opinion on the Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Airport's compliance with those requirements.

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year December 31, 2009.

Internal Control over Compliance

The management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

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A *deficiency in internal control* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the Guide on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with the compliance of the Guide will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose describes in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the basic financial statements of the Airport as of and for the year ended December 31, 2009 and have issued our report thereon dated June 29, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of revenues and expenditures of passenger facility charges is presented for the purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the New Orleans Aviation Board, the Airport's management, the City Council of the City of New Orleans, Louisiana, the Louisiana Legislative Auditor, and the Federal Aviation Administration, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
June 29, 2010

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
Schedule of Revenues and Expenditures of Passenger Facility Charges
Year ended December 31, 2009

	Program Total December 31, 2008	Quarter 1 January - March 2009	Quarter 2 April - June 2009	Quarter 3 July - September 2009	Quarter 4 October - December 2009	Quarters 1-4 January - December 2009	Program Total December 31, 2009
Revenues:							
Collections	$ 214,522,258	$ 3,492,935	$ 4,192,206	$ 3,991,750	$ 3,980,075	$ 15,656,966	$ 230,179,224
Interest	14,283,781	1,322	4	840	4	2,170	14,285,951
Total Revenues	228,806,039	3,494,257	4,192,210	3,992,590	3,980,079	15,659,136	244,465,175
Expenditures:							
Application 02-05:							
Project 1 - ARFF Perimeter Road, Stage I (1)	1,375,310	39,643	195	11,389	152	51,379	1,426,689
Project 2 - North General Aviation Apron, Stage I	5,652,544	84,757	417	24,392	326	109,892	5,762,436
Project 3 - Airfield Lighting Control System (1)	584,954	16,423	81	4,726	63	21,293	606,247
Project 4 - *Rehabilitate Runways and Taxiways* (1)	2,497,142	41,336	74	4,311	58	45,779	2,542,921
Project 5 - Update Airfield Guidance Sign System (1)	102,228	2,840	14	818	11	3,683	105,911
Project 8 - East Air Cargo Apron, Stage I	2,265,962	42,249	207	12,126	162	54,744	2,320,706
Project 9 - Fire Code Compliance Program	4,116,861	120,057	590	34,518	461	155,626	4,272,487
Project 10 - Asbestos Removal Program	3,451,067	96,207	474	27,687	370	124,738	3,575,805
Project 11 - *West Terminal Utilities Expansion* (1)	6,879,045	199,344	981	57,366	766	258,457	7,137,502
Project 12 - Concourse D Reconstruction (1)	16,458,708	463,174	2,570	150,266	2,006	618,016	17,076,724
Project 13 - West Terminal Expansion (1)	21,854,780	633,232	2,956	172,839	2,308	811,335	22,666,115
Project 14 - *ARFF Perimeter Road, Stage II* (1)	656,947	-	-	-	-	-	656,947
Project 15 - ARFF Perimeter Road, Stage III (1)	896,580	-	-	-	-	-	896,580
Project 18 - East/West Taxiway (VFR Runway) (1)	5,429,912	94,395	464	27,138	362	122,359	5,552,271
Project 20 - North GA Access Road	1,134,342	32,734	162	9,469	126	42,491	1,176,833
Project 22 - East Air Cargo Access Roads	2,209,060	55,892	276	16,111	215	72,494	2,281,554
Project 23 - Terminal Improvements	4,908,680	-	-	-	-	-	4,908,680
Project 25 - Upper Level Roadway Canopy	5,351,871	-	-	-	-	-	5,351,871
Total Application - 02-05	85,825,993	1,922,283	9,461	553,156	7,386	2,492,286	88,318,279
Application 02-06							
Project 26 - Aircraft Loading Bridges	3,446,138	421,304	4,949	360,297	45,887	832,437	4,278,575
Project 27 - Airfield Lighting Control Vault Alternative Power Source (2)	588,086	-	-	-	-	-	588,086
Project 29 - Airport Trench Drains (2)	1,886,917	-	-	-	-	-	1,886,917
Project 31 - Concourse C Reconstruction (2)	23,689,436	-	-	-	-	-	23,689,436
Project 32 - *Environmental Impact Study for New Air Carrier Runway* (2)	756,632	-	-	-	-	-	756,632
Project 33 - Expansion of Concourse D (2)	3,964,625	230,300	735,559	1,078,562	523,019	2,567,440	6,532,065
Project 35 - New Aircraft Rescue and Fire Fighting (ARFF) Station (2)	503,415	305,295	121,069	243,959	473,328	1,143,651	1,647,066
Project 36 - Rehabilitate Runway 1/19 (2)	4,247,324	-	-	-	-	-	4,247,324
Project 37 - Rehabilitate Taxiway Sierra (2)	1,405,541	-	-	-	-	-	1,405,541
Project 38 - Rehabilitate Runway 10/28 (2)	9,415,926	1,967,446	23,634	1,419,484	18,447	3,429,011	12,844,937
Project 39 - Rehabilitate Rotating Beacon (2)	348,560	-	-	-	-	-	348,560
Project 40 - South Lafon Airpark Land Purchase	5,062,117	-	-	-	-	-	5,062,117
Project 42 - Terminal HVAC Rehabilitation	1,278,665	-	-	-	-	-	1,278,665
Project 45 - *West Air Cargo Complex Land Acquisition Program*	1,050,244	-	-	-	-	-	1,050,244
Total Application - 02-06	57,643,626	2,924,345	885,211	3,102,302	1,060,681	7,972,539	65,616,165

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
Schedule of Revenues and Expenditures of Passenger Facility Charges
Year ended December 31, 2009

	Program Total December 31, 2008	Quarter 1 January - March 2009	Quarter 2 April - June 2009	Quarter 3 July - September 2009	Quarter 4 October - December 2009	Quarters 1-4 January - December 2009	Program Total December 31, 2009
Application 04-07							
Project 44 - Airport Interior Signage	1,298,209	-	-	-	-	-	1,298,209
Project 46 - Concourse C Checkpoint Expansion	1,230,667	-	-	-	-	-	1,230,667
Project 47 - Construct Connector Taxiway - Taxiway Uniform	4,651,018	-	-	-	-	-	4,651,018
Project 48 - Construct Holding Bay - Runway End 19	1,067,802	-	-	-	-	-	1,067,802
Project 49 - Exterior Terminal Renovations - Lower Roadway	4,995,000	-	-	-	-	-	4,995,000
Project 50 - FIS Facility	8,083,512	-	-	-	-	-	8,083,512
Project 51 - Gate Utilization Study	455,662	-	-	-	-	-	455,662
Project 52 - Terminal HVAC Rehabilitation - Phase II	2,101,018	-	-	-	-	-	2,101,018
Project 53 - Terminal Pedestrian Access Enhancements	1,381,705	-	-	-	-	-	1,381,705
Project 54 - TSA - Related Terminal Modification and Airline Relocations	5,918,809	-	-	-	-	-	5,918,809
Project 55 - Airport Master Plan	1,090,496	1,979	20,912	3,472	4,706	31,069	1,121,565
Project 57 - Part 1542 Security System	5,257,789	167,354	320,679	262,555	312,841	1,063,429	6,321,218
Project 59 - Residential Sound Insulation Program /Land Acquisition	1,620,685	113,282	24,234	188,181	452,660	778,357	2,399,042
Project 61 - Terminal HVAC Rehabilitation - Phase III	1,449,000	-	-	-	-	-	1,449,000
Project 62 - Terminal Interior and Exterior Improvements	5,175,352	891,203	458,988	(598,663)	1,258,710	2,010,238	7,185,590
Project 63 - Transportation Center Expansion	-	-	-	-	-	-	-
Total Application - 04-07	45,776,724	1,173,818	824,813	(144,455)	2,028,917	3,883,093	49,659,817
Application 06-08							
Project 66 - Noise Level Mapping Study	-	-	-	-	-	-	-
Project 67 - Acquire 3,000 Gallon ARFF Vehicle	742,165	-	-	-	-	-	742,165
Total Application - 06-08	742,165	-	-	-	-	-	742,165
Application 09-09							
Project 68 - Hazardous Wildlife Study	-	-	-	-	10,303	10,303	10,303
Project 71 - Taxiway G Extension - East	-	-	-	-	-	-	-
Total Application - 09-09	-	-	-	-	10,303	10,303	10,303
Total Expenditures	189,988,508	6,020,446	1,719,485	3,511,003	3,107,287	14,358,221	204,346,729
PFC revenues in excess of (under) expenditures	$ 38,817,531	$ (2,526,189)	$ 2,472,725	$ 481,587	$ 872,792	$ 1,300,915	$ 40,118,446

See accompanying notes to schedule of revenues and expenditures of passenger facility charges.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Note to Schedule of Revenues and Expenditures of Passenger Facility Charges

Year ended December 31, 2009

(1) Schedule of Revenues and Expenditures of Passenger Facility Charges

The accompanying Schedule of Revenues and Expenditures of Passenger Facility Charges (PFC) presents the revenues received from the PFC's and expenditures incurred on approval projects. The Schedule has been prepared on the cash basis of accounting under which revenues are recognized when received and expenses are recognized when paid.

PFC's collected represent cash collected through the end of the month subsequent to the quarter-end as reported to the Federal Aviation Administration (FAA) in accordance with 14 CFR Part 158. The interest earned represents the actual interest collected and accrued on the unexpended PFC's during the periods reported.

The approved collection level for the 10 projects denoted by (1) was increased by the FAA from $3.00 per enplaned passenger to $4.50 per enplaned passenger, effective April 1, 2002 upon the Airport's submission of Application 02-05 in order to amend the collection level for projects within the PFC program. The collection level for the projects within Application 02-05 remained at $3.00 per enplaned passenger.

The approved collection level for the 11 projects denoted by (2) was increased by the FAA to $4.50 enplaned passenger; Effective April 1, 2002, upon the Airport's 02-06. The collection level for the other projects was approved by the FAA at $3.00 per enplaned passenger, effective April 1, 2002.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Findings and Questioned Costs

Year ended December 31, 2009

None.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2009

None.