

**ERNEST N. MORIAL NEW ORLEANS
EXHIBITION HALL AUTHORITY**

Audits of Financial Statements

December 31, 2020 and 2019



Contents

Independent Auditor's Report	1 - 3
-------------------------------------	-------

Management's Discussion and Analysis	4 - 9
---	-------

Basic Financial Statements

Statements of Net Position	10 - 11
----------------------------	---------

Statements of Revenues, Expenses, and Changes in Net Position	12
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Statements of Cash Flows	13 - 14
--------------------------	---------

Notes to Financial Statements	15 - 38
-------------------------------	---------

Other Supplementary Information

Schedule of Compensation, Benefits, and Other Payments to Agency Head	40
--	----

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41 - 42
--	---------

Schedule of Findings and Responses	43
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Independent Auditor's Report

To the Board of Commissioners
Ernest N. Morial New Orleans Exhibition Hall Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4 through 9, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
March 26, 2021

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Ernest N. Morial New Orleans Exhibition Hall Authority's (the Authority) financial performance presents a narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2020 and 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available). Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Ernest N. Morial New Orleans Exhibition Hall Authority's exclusive mission is to finance, construct, and operate facilities in order to attract and conduct conventions, trade shows, and other events that support and expand the economy of both the State of Louisiana and New Orleans Region. In support of this mission, the following are notable financial results from 2020:

- 2020 saw a 59.5% decrease in the number of events (49) compared to 2019, with a decrease in the out of town attendee figures (127,082) of 81.5%; total attendance (285,727) saw a 67.0% reduction, and number of room nights (110,754) saw a 83.7% reduction compared to 2019
- Net position decreased by \$23.0MM, a 4.1% change from prior year
- Net cash outflow decreased by \$67.2MM due to the continued implementation of the 2019 investment strategies and the construction of capital assets
- Tax revenues decreased \$40.1MM or 6.1.3% compared to 2019, with all debt covenants having been met

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements. The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The Authority's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the Authority are included in the Statements of Net Position.

The Statements of Net Position present financial information on all of the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

The net position, detailed in Table A-1, summarizes the value of the Authority as a whole. The following items are of particular interest:

- 2020 total assets decreased by 6.2% compared to 2019
- The downward trend of liabilities continues with a 17.8% reduction since 2019 and a 24.3% decrease since 2018 as a result of bond re-payments

Table A-1
Ernest N. Morial New Orleans Exhibition Hall Authority
Condensed Statements of Net Position (in thousands of dollars)
December 31, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets	\$ 41,917	\$ 60,455	\$ 80,641
Designated and Restricted Assets	193,505	230,080	238,917
Capital Assets	376,606	361,839	346,621
Total Assets	612,028	652,374	666,179
Unamortized Loss on Bond Refinancing	1,208	1,462	1,725
Total Deferred Outflows of Resources	1,208	1,462	1,725
Total Assets and Deferred Outflows of Resources	\$ 613,236	\$ 653,836	\$ 667,904
Current Liabilities	\$ 20,134	\$ 30,110	\$ 27,336
Long-Term Liabilities	61,364	69,033	80,308
Total Liabilities	81,498	99,143	107,644
Net Position			
Net Investment in Capital Assets	311,493	285,521	259,552
Restricted	115,411	136,034	147,309
Unrestricted	104,834	133,138	153,399
Total Net Position	531,738	554,693	560,260
Total Liabilities and Net Position	\$ 613,236	\$ 653,836	\$ 667,904

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Management's Discussion and Analysis

Changes in Net Position

The change in net position detailed in Table A-2 and Graph B-1, highlight the factors that have contributed to the Authority's change in financial position:

- The operating loss increased year over year by 30.3% from 2019 to 2020 and increased by 32.6% since 2018
- Tax collections, shown in the Non-operating revenues line, decreased \$40.1MM or 61.3% compared to 2019 and assists in offsetting the operational loss.
- In 2020 the Authority recorded \$1.4MM in distributions to government agencies, which included \$1MM for safety in the French Quarter, \$165k for Convention Center Boulevard Traffic Reconfiguration, including Spanish Plaza, and \$250K for the Low Barrier Shelter

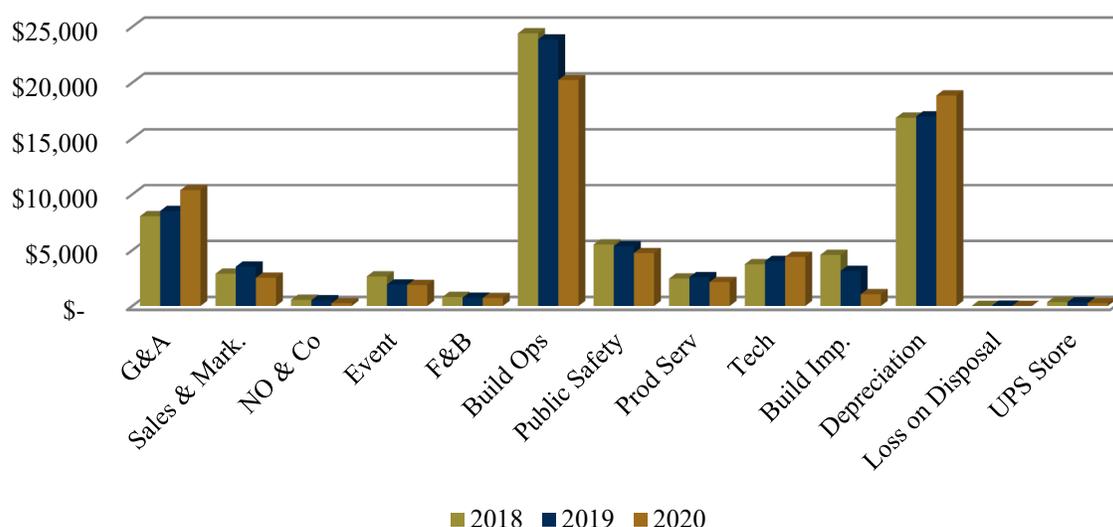
Table A-2
Ernest N. Morial New Orleans Exhibition Hall Authority
Condensed Statements of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)
For the Years Ended December 31, 2020, 2019, and 2018

	2020	2019	2018
Operating Revenues			
User Fees and Other Revenues	\$ 17,400	\$ 26,847	\$ 26,944
Food and Beverage	1,844	7,668	9,561
Total Operating Revenues	19,244	34,515	36,505
Operating Expenses			
Operating Expenses	48,518	54,484	55,929
Depreciation	18,843	16,971	16,851
Total Operating Expenses	67,361	71,455	72,780
Operating Income (Loss)	(48,117)	(36,940)	(36,275)
Non-Operating Revenues, Net	25,162	31,373	43,407
Change in Net Position	(22,955)	(5,567)	7,132
Net Position, Beginning of the Year	554,693	560,260	553,128
Net Position, End of the Year	\$ 531,738	\$ 554,693	\$ 560,260

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Management's Discussion and Analysis

**Graph B-1: Operating Expenses by Function
(in Thousands of dollars)**



Cash Flows

The Statement of Cash Flows, outlined in Table A-3, shows a summary of all inflow and outflow of cash and cash equivalents and is an indication of the Authority's financial health. Items of note include:

- 2020 saw a 91.7% decrease in cash flows from investing activities compared to 2019 due to the full implementation of our new investment strategies that occurred in 2019 and then remained relatively constant in 2020
- In 2020 Capital and related financing activities accounted for capital asset acquisitions, including the Construction in Progress related the Linear Park Project, as well as scheduled debt payments; 2019 saw expenditures for similar items

**Table A-3
Ernest N. Morial New Orleans Exhibition Hall Authority
Condensed Statements of Cash Flows (in thousands of dollars)
For the Years Ended December 31, 2020, 2019, and 2018**

	2020	2019	2018
Cash Flows from:			
Operations	\$ (28,803)	\$ (19,422)	\$ (18,173)
Non-Capital Financing	24,653	29,476	45,542
Capital and Related Financing Activities	(48,198)	(45,565)	(27,687)
Investing Activities	(7,622)	(91,702)	26,141
Net (Decrease) Increase in Cash	\$ (59,970)	\$ (127,213)	\$ 25,823

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets are various types of property that enable daily operations and contribute to an organization's ability to generate revenue.

- Through December 31, 2020 the Authority has invested approximately \$726.4 in property, buildings, and equipment; this figure is comprised of \$144.1MM not depreciated and \$582.3MM being depreciated
- 2020 resulted in a net increase in capital assets of approximately \$14.7MM
 - \$33.6MM of assets was added during the year
 - \$0 of disposals were recognized in 2020
- In 2019 the net increase was \$15.2MM, and in 2018 the net decrease was \$0.3MM

Construction in progress continues to reflect the work related to the Convention Center Development District and ongoing capital improvements such as technology and exhibit hall lighting upgrades, restroom renovations, charging stations redesign, and build and Linear Park; The Great Hall remodel was the last major project completed and put into service in 2013.

Debt Administration

The administration and repayment of debt has continued as scheduled:

- In 2020 almost \$10.2MM of bond principal payments were made; during 2019, \$9.8MM in bond principal payments were made
- All debt covenants have been met; Continuing Disclosure reports are maintained in the official municipal repository

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The New Orleans Ernest N. Morial Convention Center (the Convention Center) is one of the greatest economic assets of the City of New Orleans and the State of Louisiana. As such, it is important to point out the overall economic impact the Convention Center produces as well as highlight the key metrics that illustrate the non-financial performance of the organization.

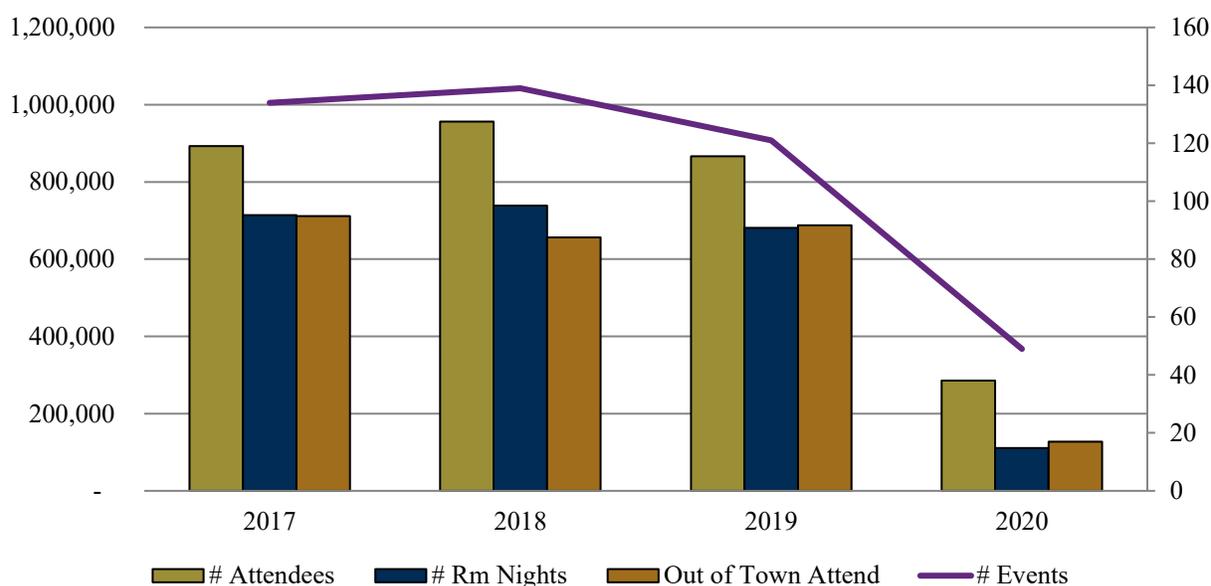
ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Management's Discussion and Analysis

Graph B-2 illustrates the key internal economic factors that affect the operating revenues and expenses:

- Due to the impact of the COVID-19 Pandemic, 2020 saw a 59.5% decrease in the number of events compared to 2019, with a decrease in the out of town attendee figures of 81.5%; total attendance saw a 67.0% reduction, and number of room nights saw a 83.7% reduction compared to 2019
- The 2021 budget estimates the start of the economic recovery with a 18.4% increase in number of events, as well as increases in total attendance and room nights compared to 2020 (*Note: no assurances can be made that all anticipated conventions will occur; thus, 2020 estimates may not be realized*)

Graph B-2 - Economic Factors



CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice President of Finance and Administration, Alita Caparotta, at (504) 582-3022.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	\$ 1,341,967	\$ 42,466,281
Investments	38,034,521	14,325,839
Accounts Receivable, Net	1,090,169	1,892,705
Interest Receivable	180,107	355,440
Prepaid Expenses and Other Assets	1,270,557	1,414,799
Total Current Assets	41,917,321	60,455,064
Designated and Restricted Assets		
Cash, Designated by Board for Future Specified Use	35,600,000	46,300,000
Cash, Restricted Primarily for Construction and Debt Service	5,507,206	5,475,506
Cash, Restricted to Satisfy Cooperative Endeavor Agreements	7,654,266	15,831,807
Investments, Designated by Board for Future Specified Use	40,995,405	40,995,405
Investments, Restricted to Satisfy Cooperative Endeavor Agreements	74,866,244	85,783,453
Investments, Restricted for Debt Service	19,306,142	20,841,803
Interest Receivable	165,048	167,013
Taxes Receivable	9,410,576	14,685,316
Total Designated and Restricted Assets	193,504,887	230,080,303
Property, Building, and Equipment, Net	376,606,371	361,838,365
Total Assets	612,028,579	652,373,732
Deferred Outflows of Resources		
Unamortized Loss on Bond Refinancing	1,207,924	1,462,350
Total Assets and Deferred Outflows of Resources	\$ 613,236,503	\$ 653,836,082

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

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Net Position (Continued)
December 31, 2020 and 2019

	2020	2019
Liabilities and Net Position		
Current Liabilities (Payable from Current Assets)		
Accounts Payable	\$ 4,765,187	\$ 6,348,297
Other Payables	3,439,243	2,254,160
Unearned Revenue, Current Portion	2,461,443	3,855,170
Compensated Absences, Current Portion	735,004	656,807
	<u>11,400,877</u>	<u>13,114,434</u>
Total Current Liabilities (Payable from Current Assets)		
Current Liabilities (Payable from Restricted Assets)		
Other Liabilities	193,442	5,210,677
Accrued Bond Interest	1,304,810	1,539,591
Current Portion of Bonds Payable	7,235,000	10,245,000
	<u>8,733,252</u>	<u>16,995,268</u>
Total Current Liabilities (Payable from Restricted Assets)		
	<u>20,134,129</u>	<u>30,109,702</u>
Total Current Liabilities		
Long-Term Liabilities		
Compensated Absences, Less Current Portion	593,337	453,909
Bonds Payable, Less Current Portion, Net	59,085,985	67,534,701
Unearned Revenue, Less Current Portion	1,684,516	1,044,092
	<u>61,363,838</u>	<u>69,032,702</u>
Total Long-Term Liabilities		
	<u>81,497,967</u>	<u>99,142,404</u>
Total Liabilities		
Net Position		
Net Investment in Capital Assets	311,493,310	285,521,011
Restricted Primarily for Debt Service, Construction, and CEAs	115,411,230	136,034,631
Unrestricted - Board Restriction and Designation Reserves for Operations, Capital, and Debt Service	104,833,996	133,138,036
	<u>531,738,536</u>	<u>554,693,678</u>
Total Net Position		
	<u>\$ 613,236,503</u>	<u>\$ 653,836,082</u>
Total Liabilities and Net Position		

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

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
User Fees	\$ 17,128,807	\$ 26,348,937
Food and Beverage	1,844,019	7,668,448
The UPS Store	70,868	283,469
Rentals	155,671	166,871
Miscellaneous	44,827	47,591
Total Operating Revenues	19,244,192	34,515,316
Operating Expenses		
General and Administrative	10,207,249	8,504,069
Sales and Marketing	2,559,303	3,522,043
New Orleans & Company	248,116	509,138
Event Services	1,901,250	1,916,743
Food Services	709,382	736,799
Building Operations	20,259,741	23,858,201
Public Safety	4,758,362	5,341,537
Production Services	2,148,886	2,580,814
Technology Services	4,421,843	4,025,402
Non-Capital, One-Time Projects	1,051,549	2,727,876
Non-Capital, Development Expense	-	409,846
Depreciation	18,843,277	16,970,569
Loss on Disposal of Assets	-	25,174
The UPS Store	252,519	327,280
Total Operating Expenses	67,361,477	71,455,491
Operating Loss	(48,117,285)	(36,940,175)
Non-Operating Revenues (Expenses)		
Tax Revenues	25,290,257	65,342,618
Investment Income	3,456,431	5,652,512
Interest Expense	(2,169,029)	(2,645,205)
Distributions to Government Agencies	(1,415,516)	(36,976,797)
Total Non-Operating Revenues, Net	25,162,143	31,373,128
Changes in Net Position	(22,955,142)	(5,567,047)
Net Position, Beginning of Year	554,693,678	560,260,725
Net Position, End of Year	\$ 531,738,536	\$ 554,693,678

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

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash Received from User Fees	\$ 16,520,424	\$ 26,514,521
Cash Received from Other Sources	2,773,001	9,351,391
Cash Paid to Employees and for Related Expenses	(28,785,483)	(28,912,760)
Cash Paid to Suppliers	(19,310,911)	(26,375,485)
Net Cash Used in Operating Activities	<u>(28,802,969)</u>	<u>(19,422,333)</u>
Cash Flows from Non-Capital Financing Activities		
Cash Received from Taxes	30,564,997	63,814,965
Distributions to Government Agencies	(5,912,187)	(34,338,629)
Net Cash Provided by Non-Capital Financing Activities	<u>24,652,810</u>	<u>29,476,336</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(34,589,816)	(31,971,552)
Interest Paid	(3,363,100)	(3,793,915)
Repayment of Bonds	(10,245,000)	(9,800,000)
Net Cash Used in Capital and Related Financing Activities	<u>(48,197,916)</u>	<u>(45,565,467)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(315,068,915)	(430,487,085)
Proceeds from Sales and Maturities of Investment Securities	304,524,954	334,531,885
Interest Payments Received	2,921,881	4,253,307
Net Cash Used in Investing Activities	<u>(7,622,080)</u>	<u>(91,701,893)</u>
Net Decrease in Cash	<u>(59,970,155)</u>	<u>(127,213,357)</u>
Cash, Beginning of Year	<u>110,073,594</u>	<u>237,286,951</u>
Cash, End of Year	<u>\$ 50,103,439</u>	<u>\$ 110,073,594</u>
Reconciliation to Statements of Net Position		
Cash, Current Assets	\$ 1,341,967	\$ 42,466,281
Cash, Designated by Board for Future Specified Use	35,600,000	46,300,000
Cash, Restricted Primarily for Construction and Debt Service	5,507,206	5,475,506
Cash, Restricted to Satisfy Cooperative Endeavor Agreements	7,654,266	15,831,807
Total Reconciliation to Statements of Net Position	<u>\$ 50,103,439</u>	<u>\$ 110,073,594</u>

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

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities		
Operating Loss	\$ (48,117,285)	\$ (36,940,175)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	18,843,277	16,970,569
Loss from Disposal of Capital Assets	-	25,174
(Increase) Decrease in:		
Accounts Receivable	802,535	1,347,948
Prepaid and Other Assets	144,242	(655,774)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	277,565	(172,731)
Unearned Revenue	(753,303)	2,656
Net Cash Used in Operating Activities	<u>\$ (28,802,969)</u>	<u>\$ (19,422,333)</u>

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

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization and Reporting Entity

The Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) was created in 1978 by Act 305 (subsequently amended) of the Louisiana Legislature to plan, finance, construct, and manage a convention and exhibition center in the City of New Orleans (the City). The operations of the convention and exhibition center are through the New Orleans Public Facility Management, Inc. (NOPFM), a separately incorporated organization, doing business as the New Orleans Ernest N. Morial Convention Center (the Convention Center). Under the present management agreement between the Authority and NOPFM, the Authority reimburses NOPFM for costs of operating the convention and exhibition center, and NOPFM will neither own assets nor retain revenues. The NOPFM is a blended component unit of the Authority.

The Authority is governed by a thirteen-member Board of Commissioners composed of ten (10) appointees of the Governor of Louisiana and three (3) appointees of the Mayor of New Orleans. The Board of Commissioners establishes policies, approves the budget, controls appropriations, and appoints an Executive Vice President responsible for administering all the Authority's operations and activities.

No other potential component units meet the criteria for inclusion in the financial statements of the Authority.

Basis of Presentation

The Authority's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (statements and interpretations). Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statements of revenues, expenses, and changes in net position. All assets and liabilities associated with the operation of the Authority are included in the statements of net position.

The proprietary fund is used to account for the Authority's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resource measurement focus under which assets and liabilities associated with the operation of these funds are included in the statements of net position. The statements of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in net position.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Authority maintains one proprietary fund type - the enterprise fund. The enterprise fund is used to account 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance.

Operating revenues include all charges for service and related fees associated with operating expenses. Interest income, interest expense, insurance proceeds, distributions to government agencies, and tax revenues are presented as non-operating items.

Basis of Reporting

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital position, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources related to those assets.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

The Authority utilizes available restricted assets before utilizing unrestricted assets.

Designated and Restricted Assets

Certain assets, consisting of cash, investments, and receivables, are segregated and classified as designated or restricted assets.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Designated and Restricted Assets (Continued)

Restricted assets are held as follows:

- Debt service reserve was established by the Authority's bond indentures. The required reserve is the lesser of (i) ten percent of the original principal issued, (ii) the maximum amount of principal installments and interest maturing and becoming due in the fiscal year in which such calculation is made or in any single succeeding fiscal year on all outstanding bonds, and (iii) 125% of average annual principal and interest requirement on the bonds, calculated on a fiscal year basis.
- Debt service, funded by the various tax revenues, was established by the Authority's bond indentures. The required accumulated debt service is equal to the sum of (i) interest accruing during the period of bonds outstanding and (ii) the portion of principal accruing until the next principal payment date.
- Capital projects, funded by the proceeds of taxes, restricted for building expansion and improvements.
- Venture Lease Escrows, which include rental income received by the Authority on behalf of and remitted to the City of New Orleans for property owned by the City. In addition to the amounts collected on behalf of the City of New Orleans, the Authority also collects certain funds related to a third-party cell site. The amounts payable are included in other liabilities on the balance sheet.
- Cooperative Endeavor Agreement with the State of Louisiana, Office of Facility Planning and Control of the Division of Administration to undertake enhancement of the Convention Center and installation of basic infrastructure to facilitate establishment and development of the Convention Center District.
- Cooperative Endeavor Agreements with the City of New Orleans for the development of Convention Center Boulevard and Spanish Plaza and to enhance public safety for residents, employees, and visitors.
- Cooperative Endeavor Agreement with the City of New Orleans, the New Orleans Convention and Visitors Bureau (now known as New Orleans & Company), and the Louisiana Department of Public Safety: Public Safety Services, Office of Louisiana State Police (LSP) to further enhance public safety in the French Quarter in the City of New Orleans.
- Cooperative Endeavor Agreement with New Orleans & Company, the Board of Commissioners for the Port of New Orleans, and the Audubon Commission for cooperative funding for the development of the Governor Nicholls and Esplanade wharves and riparian land.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Designated and Restricted Assets (Continued)

- Cooperative Endeavor Agreement with the City of New Orleans and the Downtown Development District to accomplish the public purpose of enhancing public services available to the homeless population of New Orleans.
- Cooperative Endeavor Agreement with the Louisiana Restaurant Association and the Greater New Orleans Hotel-Motel Association in which the Authority obligates to fund a general operating reserve equal to 150% of annual operating budget of the Authority.

Designated assets are held to fund capital projects which are under contract and underway, in the planning stages, or in the acquisition stage.

Cash

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the Authority may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments

Investments consist of time deposits, money market mutual funds, certificates of deposits, U.S. Treasury obligations, U.S. government agency securities, bonds, and debentures issued by states of the United States of America that meet the provisions of Louisiana Revised Statute (R.S.) 33:2955(A)(1)(k), bonds and debentures issued by domestic U.S. corporations that meet the provisions of R.S. 33:2955(A)(1)(l), and repurchase agreements, and are stated at fair value. Fair value is based on quoted market prices, as applicable; if quoted prices are not available, fair value is estimated based on similar securities.

Property, Building, and Equipment

Property, building, and equipment are carried at historical cost. Depreciation and amortization are charged to expense over the estimated useful lives of the assets and are determined using the straight-line method. The estimated useful lives used in computing depreciation and amortization are as follows:

Buildings	40 Years
Building Improvements	20 Years
Equipment, Furniture, and Fixtures	5 - 12 Years

The Authority capitalizes moveable equipment with a value of \$5,000 or greater. The Authority capitalizes building improvements greater than \$50,000. The cost of additions includes contracted work, direct labor, materials, and allocable cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property, Building, and Equipment (Continued)

Interest is capitalized on fixed assets acquired and/or constructed with tax-exempt debt. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred, and significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments.

The Authority reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable through future utilization. An impairment charge is recognized when the fair value of an asset is less than its carrying value.

Taxes

The Authority receives dedicated taxes as follows:

Hotel Occupancy Tax

The Authority's bonds are payable from revenues derived by the Authority from the Hotel Occupancy Tax authorized by Act 305 of the Regular Session of the Legislature of Louisiana for 1978, as amended, and earnings on certain funds and accounts of the Authority. The 1978 Hotel Occupancy Tax is levied and collected on the occupancy of hotel and motel rooms within the Parish of Orleans. Initially established as a 1% tax, the rate (with approval by the Legislature and public referendum) was increased to 2%, effective October 1, 1980. This tax is presently being collected within the City and other locations on behalf of the Authority by the Louisiana Department of Revenue and Taxation.

Effective July 1, 2002, an additional 1% percent was imposed for the purpose of providing funds for the Phase IV Convention Center Expansion Project. These additional taxes were used to fund initial capital expenditures incurred and are currently used to retire all bonds.

This tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will expire on the date such tax no longer secures outstanding indebtedness of the Authority.

Hotel Occupancy/Food and Beverage Tax

Pursuant to Act 390 of the Regular Session of the Legislature of Louisiana for 1987, the Authority is empowered to levy and collect a Hotel Occupancy Tax (the 1988 Hotel Occupancy Tax) and a Food and Beverage Tax (collectively, referred to as the Tax), to secure bonds to be issued to finance a portion of the costs of the Convention Center expansion. The 1988 Hotel Occupancy Tax is separate and distinct from the 1978 Hotel Occupancy Tax levied by the Authority. The Tax has additionally been approved by the City Council and was imposed pursuant to a special election held on November 21, 1987.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Taxes (Continued)

Hotel Occupancy/Food and Beverage Tax (Continued)

On February 24, 1988, the Authority adopted a resolution authorizing the actual levy and collection of the Tax to be effective April 1, 1988. The Tax is presently being collected within the City and other locations on behalf of the Authority pursuant to a Contract of Agency for Collection of Taxes with the Louisiana Department of Revenue and Taxation (the Department). The Department is required to remit tax collections to the Authority, initially net of the \$200,000 annual collections fee retained by the Department at the rate of 3% of monthly collections until the total amount is attained. The collection fee is subject to annual renegotiation which is currently \$200,000.

The 1988 Hotel Occupancy Tax is levied in the amount of fifty cents (\$0.50) per occupied hotel room per night for hotels containing ten (10) to two hundred ninety-nine (299) guest rooms, one dollar (\$1.00) per occupied hotel room per night for hotels containing three hundred (300) to nine hundred ninety-nine (999) guest rooms, and two dollars (\$2.00) per occupied hotel room for hotels containing one thousand (1,000) or more guest rooms.

The 1988 Hotel Occupancy Tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will automatically terminate upon payment in full of all bonds or other obligations of the Authority payable in whole or in part from or secured by the 1988 Hotel Occupancy Tax.

Food and Beverage Tax

The Food and Beverage Tax is a tax in the amount of one half of one percent (0.5%) imposed on the gross receipts from the sale of food and beverages in any food service establishment. The tax is applicable to all such establishments located within the City or in any airport or air transportation facility owned and operated by the City, excluding food service establishments which have annual gross receipts from food and beverage sales of less than \$200,000, from the operation of all such establishments during the calendar year prior to the year in which such tax is assessed. The tax is not applicable to meals furnished to the staff and students of educational institutions; the staff and patients of hospitals; the staff, inmates, and patients of mental institutions; and the boarders of rooming houses.

Effective July 1, 2002, an additional one quarter of one percent (0.25%) on annual gross receipts from food and beverage sales greater than \$500,000 was imposed for the purpose of providing funds for the Phase IV Convention Center Expansion Project. These additional taxes were used to fund initial capital expenditures incurred and are currently used to retire all bonds.

The Food and Beverage Tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will automatically terminate upon payment in full of all bonds or other obligations of the Authority payable in whole or in part from or secured by the Food and Beverage Tax.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Taxes (Continued)

Service Contractors and Tour Tax

Pursuant to Act 42 of the Regular Session of the Legislature of Louisiana for 1994 which amended Act 305 of 1978, the Authority is empowered to levy and impose a 2% tax on the furnishing of goods and services in conjunction with trade shows, conventions, and exhibitions located within the Parish of Orleans. The effective date of the Service Contractors Tax was May 1, 1995. "Goods and services" means merchandise, wares, materials, labor, assistance, or benefits provided in connection with the installation and dismantling of exhibits, displays and booths, decorations, electrical supplies, materials handling, drayage, flowers and floral decorations, computers, audio and visual equipment, bands and orchestras, lighting trusses, rigging and associated equipment, furniture, carpets, signs, props, floats, business machines, plumbing, telephones, photography, utilities, balloons, scaffolding, forklifts, high lifts, security, information retrieval systems, and any other services or items associated with the above. Specifically excluded are foods and beverages and the shuttle services of attendees to and from the location of the convention and trade show.

In addition to the above, the Authority is also empowered to levy and impose a one dollar (\$1.00) tax on the sale of tickets sold in the Parish of Orleans for per capita sightseeing tours in the Parish of Orleans, and for tours, a portion of which includes sight-seeing in the Parish of Orleans. The effective date of this tax was May 1, 1995 and is presently being collected within the City and other locations on behalf of the Authority by the Louisiana Department of Revenue and Taxation.

This tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will automatically terminate upon payment in full of all bonds or other obligations of the Authority payable in whole or in part from or secured by the Service Contractors and Tour Tax.

RTA Tax

In April 2002, the Authority entered into a Cooperative Endeavor Agreement (CEA) with the Regional Transit Authority (RTA) and the New Orleans Tourism Marketing Corporation (NOTMC), creating a transit fund to be separately maintained and funded with taxes collected by the RTA based on a 1% sales tax to be collected from hotels and motels in the City of New Orleans and equal to 50% of the annual fee paid by RTA to NOTMC. In exchange for the funds received, the Authority agreed to utilize the funds for financing or funding of actual physical construction costs (labor and materials) of new capital facilities and/or capital improvements of the Convention Center in connection with the Phase IV Expansion Project, particularly including, but not limited to, facilities and/or improvements that address and recognize the need to access the RTA's Riverfront Streetcar and Shuttle bus services and the transportation needs of the Convention Center attendees and the public, consistent with the needs of the Authority and the legal requirements for the use and/or expenditure of the revenues derived from the RTA tax. In addition, moneys in the transit fund may be used to pay debt service on any bonds issued for construction financing of the Phase IV Expansion Project.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Taxes (Continued)

RTA Tax (Continued)

This tax is legally pledged to secure the Authority's Series 2012 and 2014 bonds and will expire on the date such tax no longer secures outstanding indebtedness of the Authority.

State of Louisiana, Department of State Economic Development

Pursuant to Act 73, based on the sufficiency of the hotel occupancy tax collections to pay the obligations of related bonds within any fiscal year of the State of Louisiana, the State of Louisiana Department of State Economic Development appropriates \$2 million of the remaining funds on an annual basis to the Authority.

These funds are legally pledged to secure the Authority's Series 2012 and 2014 bonds; however, the pledge of the Series 2014 bonds may be terminated by the Authority subject to certain conditions in the bond indenture.

Capital Contributions

Contributions from state appropriations are made available to the Authority for capital improvements and are recognized when the expenses have been incurred and approval of the appropriation has been received. These appropriations are included in capital contributions in the statements of revenues, expenses, and changes in net position. There were no capital contributions for the years ended December 31, 2020 and 2019.

Compensated Absences

The Authority's personal time off (PTO) plan provides for the following paid time off:

- 0 to less than 5 years of continuous service - 128 hours/16 days
- 5 years to less than 10 years of continuous service - 168 hours/21 days
- 10 years to less than 20 years of continuous service - 208 hours/26 days
- 20 or more years of continuous service - 248 hours/31 days

Employees may carry over up to a maximum of 200 hours of accrued, unused PTO from one (1) calendar year to the next. Any unused PTO that exceeds 200 hours is forfeited.

Bond Issuance Costs and Refunding

Costs related to issuing bonds are expensed when incurred. Gains and losses associated with refunding and advance refunding are being deferred and amortized based upon the methods used to approximate the interest method over the life of the new bonds or the remaining term on any refunded bond, whichever is shorter.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Risk Management

The Authority provides for losses, up to the per employee maximum amount, resulting from health insurance claims (see Note 11). The Authority is commercially insured for amounts greater than the annual maximum as well as for other significant risks (e.g., general liability, workers' compensation, building, etc.).

Revenues and Unearned Revenue

Revenues from user fees, food and beverage, the UPS store, and rentals are recognized when earned (when the event/transaction occurs). Revenue collected for events in future years is reported as unearned revenue.

Use of Estimates

The Authority prepares financial statements in accordance with U.S. GAAP. Such principles require 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

The Authority early adopted the provisions of GASB Statement No. 97 upon issuance in June 2020. In addition, the Authority adopted the provision of GASB Statement No. 95. The objective of GASB Statement No. 97 along with the provisions in Implementation Guide 2019-2, is to increase consistency and comparability related to the reporting of fiduciary component units. The adoption of GASB Statement No. 95 and 97 resulted in the derecognition of The New Orleans Public Facility Management, Inc. 401(a) Pension Plan (Retirement Plan Fund) as a fiduciary component unit, whose financial information was previously presented as a fiduciary fund type.

Reclassifications

Certain reclassifications have been made to the prior year balances in order to comply with current year presentation.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 2. Cash and Investments

The Authority's cash and investments consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Cash		
Unrestricted	\$ 1,341,967	\$ 42,466,281
Designated by Board for Future Specified Use	35,600,000	46,300,000
Restricted Primarily for Debt Service and Construction	5,507,206	5,475,506
Restricted to Satisfy Cooperative Endeavor Agreements	<u>7,654,266</u>	<u>15,831,807</u>
Total Cash	<u>\$ 50,103,439</u>	<u>\$ 110,073,594</u>
Investments		
Unrestricted	\$ 38,034,521	\$ 14,325,839
Designated by Board for Future Specified Use	40,995,405	40,995,405
Restricted to Satisfy Cooperative Endeavor Agreements	74,866,244	85,783,453
Restricted for Debt Service	<u>19,306,142</u>	<u>20,841,803</u>
Total Investments	<u>\$ 173,202,312</u>	<u>\$ 161,946,500</u>

Actual cash in banks as of December 31, 2020 and 2019 for restricted and unrestricted bank accounts, before outstanding checks and reconciling items, was \$50,334,992 and \$109,943,870, respectively. Of the total bank balances at December 31, 2020 and 2019, all amounts were covered by federal depository insurance or by collateral held in the Authority's name by its agent. Because the pledged securities are held by the pledging fiscal agent in the Authority's name, the Authority does not have any custodial credit risk. The pledged securities may be released only upon the written authorization of the Authority.

R.S. 33:2955 authorizes the Authority to invest in direct United States Treasury obligations; short-term repurchase agreements; time certificates of deposit at financial institutions, state banks, and national banks; bonds, debentures, notes, or other indebtedness issued or guaranteed by U.S. government instrumentalities which are federally sponsored or federal agencies that are backed by the full faith and credit of the United States; bonds and debentures issued by states of the United States of America that meet the provisions of R.S. 33:2955(A)(1)(k); bonds and debentures issued by domestic U.S. corporations that meet the provisions of R.S. 33:2955(A)(1)(l); and repurchase agreements.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Investment Type	2020	2019
U.S. Agency	\$ 39,676,721	\$ 21,685,613
U.S. Treasury	11,517,260	42,296,627
Cash and Cash Equivalents	88,738,667	78,155,633
Corporate Debt Instruments	9,593,481	10,960,563
State and Municipal Bonds	6,265,063	1,456,764
Investment Pool	10,019,820	-
Repurchase Agreements	7,391,300	7,391,300
Total	\$ 173,202,312	\$ 161,946,500

Credit Quality Risk

Credit quality risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality risk disclosures apply to fixed income investments.

Credit ratings of the Authority's investments in debt securities as of December 31, 2020 are as follows:

Investment Type	U.S. Agency	U.S. Treasury	Corporate	Money Market	Municipal	Total
AAA	\$ 39,676,721	\$ 11,517,260	\$ 9,593,481	\$ 5,693,706	\$ 6,265,063	\$ 72,746,231

Credit ratings of the Authority's investments in debt securities as of December 31, 2019 are as follows:

Investment Type	U.S. Agency	U.S. Treasury	Corporate	Money Market	Municipal	Total
AAA	\$ 21,685,613	\$ 42,296,627	\$ 10,960,563	\$ 3,517,745	\$ 1,456,764	\$ 79,917,312

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Authority's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the Authority's name. The investments of the Authority owned at December 31, 2020 and 2019 were not subject to custodial credit risk.

Concentration of Credit Risk

The Authority's investment policy allows for investment in all types of investments as stipulated in R.S. 33:2955 with certain limitations on the type of investment. As of December 31, 2020 and 2019, the Authority was in compliance with its investment policy.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Interest Rate Risk

Interest Rate Risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The Authority manages interest rate risk for investments under the control of the Authority by limiting the maximum maturity of investments to five years, with the exception of agency mortgage-backed securities that have a maximum weighted average life of five years, in accordance with the Authority's investment policy statement.

At December 31, 2020, the Authority's investment balances and maturities for those investments subject to interest rate risk were as follows:

Investment Type	Total	Less than One Year	1 - 5 Years	6 - 10 Years	More than Ten Years
U.S. Agency	\$ 39,676,721	\$ 15,524,315	\$ 20,159,401	\$ 3,007,610	\$ 985,395
U.S. Treasury	11,517,260	4,572,678	6,944,582	-	-
Corporate Debt Instruments	9,593,481	-	9,593,481	-	-
Money Market	5,693,706	5,693,706	-	-	-
State and Municipal Bonds	6,265,063	514,415	5,750,648	-	-
Total	\$ 72,746,231	\$ 26,305,114	\$ 42,448,112	\$ 3,007,610	\$ 985,395

At December 31, 2019, the Authority's investment balances and maturities for those investments subject to interest rate risk were as follows:

Investment Type	Total	Less than One Year	1 - 5 Years	6 - 10 Years	More than Ten Years
U.S. Agency	\$ 21,685,613	\$ 7,451,099	\$ 11,013,083	\$ 2,378,670	\$ 842,761
U.S. Treasury	42,296,627	16,591,717	25,704,910	-	-
Corporate Debt Instruments	10,960,563	401,592	10,558,971	-	-
Money Market	3,517,745	3,517,745	-	-	-
State and Municipal Bonds	1,456,764	-	1,456,764	-	-
Total	\$ 79,917,312	\$ 27,962,153	\$ 48,733,728	\$ 2,378,670	\$ 842,761

Repurchase Agreements

As of December 31, 2020 and 2019, the Authority had \$7,391,300 of repurchase agreements with fixed rates of interest through the terms of the agreements. These investments are held under the terms of the bond indenture agreements as reserve funds. The repurchase agreements were supported by collateral requirements varying from 104% to 105% of the account balance. Collateral is held in the name of the trustees of the bond issue for the benefit of the Authority and consists of U.S. government and agency securities. Custodians are independent of the counterparties to the agreements. Under the terms of the repurchase agreements, the trustees may make deposits and withdrawals for these accounts in accordance with certain terms of the trust indenture agreements. The investments are subject to custodial credit risk upon default of the custodian.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

The Authority's repurchase agreements were as follows as of December 31, 2020:

Bond Issue	Interest Rate	Termination Date	Amount
2012 and 2014 Refunding	4.785%	July 2033	\$ 7,391,300

The Authority's repurchase agreements were as follows as of December 31, 2019:

Bond Issue	Interest Rate	Termination Date	Amount
2012 and 2014 Refunding	4.785%	July 2033	\$ 7,391,300

Custodial credit risk is managed through the requirements of the counterparty to maintain pledged securities in the name of the Authority held in the counterparty's trust department or by the Federal Reserve Bank of the United States. The Authority's investment in repurchase agreements is a contract and is not rated.

Investment Pool

Investments of \$10,019,820, as of December 31, 2020, were invested in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book-entry form.

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 R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- *Credit Risk:* LAMP is rated AAAM by Standard & Poor's.
- *Custodial Credit Risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of Credit Risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments was 47 as of December 31, 2020.
- *Foreign Currency Risk:* Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

Note 3. Accounts Receivable

Accounts receivable consisted of the following as of December 31st:

	2020	2019
Customers	\$ 1,191,132	\$ 2,232,447
Other	74,422	22,948
	<u>1,265,554</u>	2,255,395
Less: Allowance for Uncollectible Accounts	<u>(175,385)</u>	(362,690)
Total	<u>\$ 1,090,169</u>	<u>\$ 1,892,705</u>

Receivables from customers represent amounts due in connection with the use of facilities.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 4. Property, Building, and Equipment

Property, building, and equipment are summarized as follows at December 31, 2020:

	Balance January 1, 2020	Additions/ Increases	Transfers	Disposals/ Retirements	Balance December 31, 2020
Capital Assets Not Depreciated					
Land	\$ 79,222,985	\$ -	\$ -	\$ -	\$ 79,222,985
Art/Exhibits	182,000	-	405,000	-	587,000
Construction in Progress	32,433,577	33,611,283	(1,759,693)	-	64,285,167
Total Capital Assets Not Depreciated	111,838,562	33,611,283	(1,354,693)	-	144,095,152
Capital Assets Being Depreciated					
Building/Building Improvements	529,250,160	-	94,849	-	529,345,009
Boulevard Improvements	12,591,864	-	-	-	12,591,864
Equipment	19,191,401	-	911,940	-	20,103,341
Surface Parking	17,152,402	-	30,350	-	17,182,752
Software	2,717,312	-	317,554	-	3,034,866
Total Capital Assets Being Depreciated	580,903,139	-	1,354,693	-	582,257,832
Less: Accumulated Depreciation and Amortization	(330,903,336)	(18,843,277)	-	-	(349,746,613)
Total Capital Assets, Net	\$ 361,838,365	\$ 14,768,006	\$ -	\$ -	\$ 376,606,371

Property, building, and equipment are summarized as follows at December 31, 2019:

	Balance January 1, 2019	Additions/ Increases	Transfers	Disposals/ Retirements	Balance December 31, 2019
Capital Assets Not Depreciated					
Land	\$ 79,222,985	\$ -	\$ -	\$ -	\$ 79,222,985
Art/Exhibits	182,000	-	-	-	182,000
Construction in Progress	26,123,308	8,287,822	(1,977,553)	-	32,433,577
Total Capital Assets Not Depreciated	105,528,293	8,287,822	(1,977,553)	-	111,838,562
Capital Assets Being Depreciated					
Building/Building Improvements	527,462,547	1,779,965	7,648	-	529,250,160
Boulevard Improvements	-	12,591,864	-	-	12,591,864
Equipment	16,971,795	729,536	1,969,905	(479,835)	19,191,401
Surface Parking	8,452,295	8,727,973	-	(27,866)	17,152,402
Software	2,619,139	98,173	-	-	2,717,312
Total Capital Assets Being Depreciated	555,505,776	23,927,511	1,977,553	(507,701)	580,903,139
Less: Accumulated Depreciation and Amortization	(314,413,329)	(16,970,569)	-	480,562	(330,903,336)
Total Capital Assets, Net	\$ 346,620,740	\$ 15,244,764	\$ -	\$ (27,139)	\$ 361,838,365

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 4. Property, Building, and Equipment (Continued)

The construction in progress as of December 31, 2020 and 2019 include both routine capital improvements and several major projects. In September 2018, the Authority began construction on the pedestrian park and street enhancements, also known as the Linear Park. In 2020, major improvements such as technology and exhibit hall lighting upgrades, restroom renovations, and charging station re-design and build (formerly iCoves) were also started. All remain in progress at year end.

Note 5. Fair Value

The Authority's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 Investments reflect prices quoted in active markets.
- Level 2 Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The valuation of the Authority's investments measured at fair value at December 31, 2020 is as follows:

	Level 1	Level 2	Level 3	Total
Investments Reported at Fair Value				
Cash and Cash Equivalents	\$ 79,240,277	\$ 9,498,390	\$ -	\$ 88,738,667
Fixed Income Securities				
U.S. Treasury Obligations	11,517,260	-	-	11,517,260
U.S. Agency Obligations	7,015,617	32,661,104	-	39,676,721
Corporate Debt Instruments	6,435,980	3,157,501	-	9,593,481
State and Municipal Bonds	-	6,265,063	-	6,265,063
Total Investments Reported at Fair Value	<u>\$ 104,209,134</u>	<u>\$ 51,582,058</u>	<u>\$ -</u>	<u>155,791,192</u>
Investments Not Reported at Fair Value				
Investment Pool				10,019,820
Repurchase Agreements				7,391,300
Total Investments				<u>\$ 173,202,312</u>

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 5. Fair Value (Continued)

The valuation of the Authority's investments measured at fair value at December 31, 2019 is as follows:

	Level 1	Level 2	Level 3	Total
Investments Reported at Fair Value				
Cash and Cash Equivalents	\$ 74,637,888	\$ 3,517,745	\$ -	\$ 78,155,633
Fixed Income Securities				
U.S. Treasury Obligations	42,296,627	-	-	42,296,627
U.S. Agency Obligations	761,220	20,924,393	-	21,685,613
Corporate Debt Instruments	8,571,124	2,389,439	-	10,960,563
State and Municipal Bonds	-	1,456,764	-	1,456,764
Total Investments Reported at Fair Value	\$ 126,266,859	\$ 28,288,341	\$ -	154,555,200
Investments Not Reported at Fair Value				
Repurchase Agreements				<u>7,391,300</u>
Total Investments				<u>\$ 161,946,500</u>

Note 6. Long-Term Obligations

The following summarizes the changes in the Authority's long-term obligations for the year ended December 31, 2020:

	January 1, 2020	Additions	Deletions	December 31, 2020	Due Within One Year	Over One Year
Bonds Payable	\$ 70,205,000	\$ -	\$ (10,245,000)	\$ 59,960,000	\$ 7,235,000	\$ 52,725,000
Adjustments						<u>6,360,985</u>
Premiums						<u>59,085,985</u>
Compensated Absences	<u>1,110,716</u>	<u>217,625</u>	-	<u>1,328,341</u>	<u>735,004</u>	<u>593,337</u>
Total	<u>\$ 71,315,716</u>	<u>\$ 217,625</u>	<u>\$ (10,245,000)</u>	<u>\$ 61,288,341</u>	<u>\$ 7,970,004</u>	<u>\$ 59,679,322</u>

The following summarizes the changes in the Authority's long-term obligations for the year ended December 31, 2019:

	January 1, 2019	Additions	Deletions	December 31, 2019	Due Within One Year	Over One Year
Bonds Payable	\$ 80,005,000	\$ -	\$ (9,800,000)	\$ 70,205,000	\$ 10,245,000	\$ 59,960,000
Adjustments						<u>7,574,701</u>
Premiums						<u>67,534,701</u>
Compensated Absences	<u>943,500</u>	<u>167,216</u>	-	<u>1,110,716</u>	<u>656,807</u>	<u>453,909</u>
Total	<u>\$ 80,948,500</u>	<u>\$ 167,216</u>	<u>\$ (9,800,000)</u>	<u>\$ 71,315,716</u>	<u>\$ 10,901,807</u>	<u>\$ 67,988,610</u>

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Bonds

Long-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

	Series 2012 Bonds	Series 2014 Bonds	Total
Balance January 1, 2020	\$ 28,865,000	\$ 41,340,000	\$ 70,205,000
Additions	-	-	-
Maturities/Refinancing	(2,470,000)	(7,775,000)	(10,245,000)
Balance December 31, 2020	\$ 26,395,000	\$ 33,565,000	\$ 59,960,000
Due Within One Year	\$ 1,595,000	\$ 5,640,000	\$ 7,235,000

	Series 2012 Bonds	Series 2014 Bonds	Total
Balance January 1, 2019	\$ 31,205,000	\$ 48,800,000	\$ 80,005,000
Additions	-	-	-
Maturities/Refinancing	(2,340,000)	(7,460,000)	(9,800,000)
Balance December 31, 2019	\$ 28,865,000	\$ 41,340,000	\$ 70,205,000
Due Within One Year	\$ 2,470,000	\$ 7,775,000	\$ 10,245,000

The Authority's bond issues outstanding as of December 31st, were as follows:

	2020	2019
2012 Series, Refunding Bonds, interest rates between 3.0% and 5.0%, due in annual principal debt service requirements ranging from \$465,000 to \$10,270,000, final payment due July 2027.	\$ 26,395,000	\$ 28,865,000
2014 Series, Refunding Bonds, interest rates between 2.0% and 5.0%, due in annual principal debt service requirements ranging from \$1,975,000 to \$7,910,000, final payment due July 2025.	33,565,000	41,340,000
	59,960,000	70,205,000
Plus: Unamortized Net Premium	6,360,985	7,574,701
Less: Current Maturities	(7,235,000)	(10,245,000)
Long-Term Debt Less Current Maturities	\$ 59,085,985	\$ 67,534,701

The principal and interest on the Authority's bonds are payable from the proceeds of the levy and collection of legally pledged taxes as described in Note 1. The Series 2012 and Series 2014 Bonds are solely the obligation of the Authority and not of the State of Louisiana or any other agency or political subdivision thereof.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Bonds (Continued)

The Authority was in compliance with its bond covenants as of December 31, 2020 and 2019.

The annual requirements to amortize all bonds as of December 31, 2020 were as follows:

	2012 Bond Series		2014 Bond Series		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 1,595,000	\$ 1,284,600	\$ 5,640,000	\$ 1,562,250	\$ 7,235,000	\$ 2,846,850	\$ 10,081,850
2022	1,680,000	1,204,850	5,915,000	1,280,250	7,595,000	2,485,100	10,080,100
2023	1,770,000	1,120,850	6,210,000	984,500	7,980,000	2,105,350	10,085,350
2024	465,000	1,032,350	7,910,000	674,000	8,375,000	1,706,350	10,081,350
2025	835,000	1,018,400	7,890,000	336,700	8,725,000	1,355,100	10,080,100
2026-2028	20,050,000	1,481,000	-	-	20,050,000	1,481,000	21,531,000
Total	\$ 26,395,000	\$ 7,142,050	\$ 33,565,000	\$ 4,837,700	\$ 59,960,000	\$ 11,979,750	\$ 71,939,750

Note 7. Unearned Revenue

A summary of the unearned revenue, consisting primarily of rental payments, was as follows as of December 31st:

	2020	2019
Customer Prepayments	\$ 4,145,959	\$ 4,899,262
Less: Current Portion	2,461,443	3,855,170
Long-Term Portion	\$ 1,684,516	\$ 1,044,092

Note 8. Taxes

The following summarizes tax receivables and revenue as of and for the years ended December 31st:

	2020		2019	
	Receivables	Revenue	Receivables	Revenue
3% Hotel Occupancy Tax	\$ 1,106,597	\$ 11,918,858	\$ 5,411,023	\$ 36,960,516
State Economic Development	2,000,000	2,000,000	1,000,000	2,000,000
Hotel Occupancy/Food and Beverage Tax	1,487,573	10,323,403	3,647,195	22,378,318
Service Contractors and Tour Tax	4,970	643,931	601,180	2,532,288
RTA Tax	4,811,436	785,517	4,025,918	2,476,120
Collection Fees	-	(381,452)	-	(1,004,624)
Total	\$ 9,410,576	\$ 25,290,257	\$ 14,685,316	\$ 65,342,618

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 9. Food and Beverage Revenue

Under the contractual agreement with the vendor allowed to operate with the Convention Center, the Authority receives various food and beverage revenue. For the years ended December 31, 2020 and 2019, the Authority earned \$1,844,019 and \$7,668,448, respectively, in food and beverage revenue.

Note 10. Cooperative Endeavor Agreements

In March 2002, the Authority entered into a cooperative endeavor agreement with the Louisiana Restaurant Association and the Greater New Orleans Hotel-Motel Association. The cooperative endeavor agreement obligates the Authority to fund a general operating reserve equal to 150% of its annual operating budget. The amount of the operating reserve recognized at December 31, 2020 and 2019 is \$74,866,244 and \$85,783,453, respectively.

In March 2015, the Authority entered into a cooperative endeavor agreement with the State of Louisiana, Office of Facility Planning and Control of the Division of Administration to undertake enhancement of the Convention Center and installation of basic infrastructure to facilitate establishment and development of the Convention Center District. The estimated cost of the project is approximately \$142,000,000. Under the terms of the agreement, the Authority agrees to provide a match of not less than 25% of the estimated cost of the project.

In September 2015, a cooperative endeavor agreement was made between the Authority, the City of New Orleans, New Orleans & Company, and the Louisiana Department of Public Safety: Public Safety Services, Office of Louisiana State Police (LSP) in order to further enhance public safety for the continued economic development of the historic French Quarter in the City of New Orleans. The agreement was contingent upon the successful levy of a 0.2495% sales tax by the French Quarter Economic Development District, which passed in October 2015. Under the terms of the agreement, the Authority will remit \$1,000,000 per year throughout the life of the agreement for the purpose of funding additional full-time LSP officers. The term of the agreement began on January 1, 2016 and ended on December 31, 2020.

In October 2016, a cooperative endeavor agreement was made between the Authority and the City of New Orleans in order to redevelop Convention Center Boulevard and Spanish Plaza. During 2017, under the terms of the agreement, the Authority deposited \$12,500,000 into an escrow account to fund traffic relocation and offsite improvements to Convention Center Boulevard and \$7,500,000 into an escrow account for improvements at Spanish Plaza in conjunction with the City's master plan to turbocharge the riverfront for the tri-centennial of New Orleans. The CEA was amended in December 2019, granting the release of \$6,000,000 from the escrow fund and transfer of those funds to the Sewerage and Water Board of New Orleans.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 10. Cooperative Endeavor Agreements (Continued)

In addition, the Authority will remit up to \$2,900,000 to the City to satisfy a prior CEA with the City and contribute \$150,000 toward the City's master downtown traffic study. As of December 31, 2020, the Authority has paid \$2,900,000 to the City of New Orleans.

In December 2016, the Authority entered into a cooperative endeavor agreement with the New Orleans Culinary and Hospitality Institute (NOCHI) for the acquisition of immovable property to facilitate the education and training of employees for the local hospitality industry and to provide additional space for the Authority. As part of the agreement, NOCHI entered into a 40-year lease of the building with the Authority.

In March 2017, the Authority entered into a cooperative endeavor agreement with the City of New Orleans to enhance public safety for residents, employees, and visitors. The Authority will contribute \$23,000,000 toward the city-wide public safety improvement plan. Under the terms of the agreement, the Authority has made payments of approximately \$22,000,000 to reimburse the City for amounts expended toward the project. The CEA expired in December 2019.

In June 2017, the Authority entered into a cooperative endeavor agreement with New Orleans & Company to enhance international travel to New Orleans in conjunction with the commencement of British Airways operating nonstop flights from New Orleans to London in March 2017. Under the terms of the agreement, the Authority agreed to reimburse New Orleans & Company up to a maximum of \$2,250,000 over a period of three (3) years.

In November 2017, the Authority entered into a cooperative endeavor agreement with New Orleans & Company, the Board of Commissioners for the Port of New Orleans, and the Audubon Commission for cooperative funding for the development of the Governor Nicholls and Esplanade wharves and riparian land. Under the terms of the agreement, the Authority committed to contribute \$9,000,000. As of December 31, 2019, the Authority had provided the full funding of \$9,000,000.

In December 2017, a cooperative endeavor agreement was made between the Authority, the City of New Orleans, and the Downtown Development District to accomplish the public purpose of enhancing public services available to the homeless population of New Orleans by collaborating in the design, remodeling, and operation of a low barrier shelter for local homeless people. Under the terms of the agreement, the Authority agreed to provide an annual sum of \$250,000 over the five-year term of the agreement, to fund the operation of the shelter.

In August 2019, the Authority entered into a cooperative endeavor agreement with the Sewerage and Water Board of New Orleans, the City of New Orleans, RiverSphere One, LLC, and the Port of New Orleans, whereby the Authority will secure ownership of certain properties and right of way, and will contribute \$28,000,000 to the Sewerage and Water Board of New Orleans. As of December 31, 2019, the Authority had contributed the full amount of \$28,000,000.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 11. Commitments and Contingencies

Self-Insurance

For 2020 and 2019, the Authority is self-insured for medical claims up to \$150,000 per participant. In 2020 and 2019, the aggregate for claims liability was \$5,129,916 and \$5,089,532, respectively. The Authority has commercial insurance to cover any excess. The Authority has an external third-party administrator for health insurance claims. Changes in claims liability during the years ended December 31st were as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year-End
2019	\$ 219,369	\$ 2,151,754	\$ (2,151,754)	\$ 219,369
2020	\$ 219,369	\$ 2,021,282	\$ (2,021,282)	\$ 219,369

Contingencies

The Authority is obligated under various contracts and initiatives for projects ongoing to the improvements and maintenance of the Convention Center and its property.

The Authority's ability to receive the necessary taxes and other cash sources is dependent on other third parties.

Note 12. Pension Plans

The Authority has a Retirement Plan Fund which is a defined contribution 401(a) plan. The Authority makes contributions to the 401(a). Full-time employees are eligible for the plans following 30 days of employment. The number of participants in the 401(a) plan as of December 31, 2020 and 2019 are approximately 600. Participants in the plan have separate accounts. The Authority contributes 2% of covered employees' annual salaries to the 401(a) plan. In addition, the Authority contributes to the 401(a) plan a 50% match, up to 8% of the employees' contributions to the 457(b) plan. The Authority's contributions to the 401(a) plan totaled \$1,064,423 and \$954,938 for the years ended December 31, 2020 and 2019, respectively.

The Authority has a defined contribution 457(b) plan. The Authority's employees make contributions to the 457(b) plan. Full-time employees are eligible for the plans following 30 days of employment. Employee contributions to the 457(b) plan totaled \$1,083,566 and \$1,123,473 for the years ended December 31, 2020 and 2019, respectively.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 13. Recently Issued Accounting Standards

In June 2017, the GASB issued Statement No. 87. The objective of GASB Statement No. 87, *Leases*, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is still evaluating the potential impact of adoption on the Authority's financial statements. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89. The objective of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* is to establish accounting requirements for interest cost incurred before the end of a construction period. Management is still evaluating the potential impact of adoption on the Authority's financial statements. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2020.

Note 14. COVID-19

The outbreak of COVID-19 has caused disruption in operations for the Authority, cancelled events scheduled to occur at the Convention Center and impacted the hotel tax revenue received by the Authority. Events scheduled at the Convention Center were cancelled starting in March 2020 and continued through December 31, 2020. Beginning March 27, 2020, the Authority and the Governor's Office of Homeland Security and Emergency Preparedness entered into a Facility Use Contract to convert the Center to a Medical Monitoring Facility. This is an ongoing agreement and has generated an estimated \$9,000,000 at December 31, 2020, which is included in User Fees on the statement of revenues, expenses, and changes in net position.

Beginning spring of 2021, the Authority will see the resumption of traditional, in-person events and anticipates the event calendar will stabilize by the early fall. Events that were unable to be held in 2020 and in early 2021 have been rescheduled for late 2021 or future years where possible. The current book of business for 2022 and beyond indicates a start to a return to pre-Covid event levels, but a return to 2019 level revenues will also be dependent on the national economic outlook and business spending decisions.

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY

Notes to Financial Statements

Note 14. COVID-19 (Continued)

The recovery of the local tourism industry, and the related tax revenues that result, are anticipated to slowly recover over the next several years. As the New Orleans tourism industry has a partial dependence on international travel, the recovery of tax revenues will follow a longer timeline. The Authority is anticipating a steady improvement in Tax revenues in the upcoming years.

The Authority continues to meet all financial obligations and intends to mitigate future negative impacts through careful budget management and determining the best use of cash, while also ensuring the Authority is ready to serve our clients when they return.

Note 15. Subsequent Event

The Authority filed a request for public assistance related to COVID-19 which put the Federal Emergency Management Agency on notice that costs associated with the emergency response will be presented, and the Authority intends to submit claims in 2021.

OTHER SUPPLEMENTARY INFORMATION

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2020

Agency Head Name: Michael J. Sawaya

Purpose	Amount
Salary	\$333,093
Benefits - Insurance	\$24,854
Benefits - Retirement	\$20,110
Benefits - Vision, Dental, LTD, LTC, Life	\$2,572
Car Allowance	\$10,000
Travel	\$600
Registration Fees	\$985
Other (Meals, Entertainment, Parking)	\$1,904
Cell Phone	\$975

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Commissioners
Ernest N. Morial New Orleans Exhibition Hall Authority

We have audited, 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, the financial statements of Ernest N. Morial New Orleans Exhibition Hall Authority (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
March 26, 2021

ERNEST N. MORIAL NEW ORLEANS EXHIBITION HALL AUTHORITY
Schedule of Findings and Responses
For the Year Ended December 31, 2020

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Part II - Financial Statement Findings

None