

**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, 2010. 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, 2010.

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, regulations, contracts, and grants 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 and to test and report on internal control over compliance in accordance with the Guide, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the Guide on a timely basis. A *material weakness in internal control over compliance* 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 was not designed to identify all deficiencies in internal control over compliance 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, 2010 and have issued our report thereon dated June 24, 2011, which contained unqualified opinions on those financial statements. Our audits were 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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, federal awarding agencies, pass-through entities, 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.



Metairie, Louisiana
June 24, 2011

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
 Schedule of Revenues and Expenditures of Passenger Facility Charges
 Year ended December 31, 2010

	Program Total		Quarter 1		Quarter 2		Quarter 3		Quarter 4		Quarters 1-4		Program Total	
	December 31, 2009	December 31, 2010	January - March 2010	April - June 2010	July - September 2010	October - December 2010	January - December 2010	January - December 2010	January - December 2010	January - December 2010	January - December 2010	January - December 2010	December 31, 2010	December 31, 2010
Revenues:														
Collections	\$ 230,179,224	\$ 3,861,708	\$ 3,861,708	\$ 4,287,750	\$ 3,821,585	\$ 5,076,517	\$ 17,047,560	\$ 247,226,784						
Interest	14,285,951	77	77	4	244	4	329	14,286,280						
Total Revenues	244,465,175	3,861,785	3,861,785	4,287,754	3,821,829	5,076,521	17,047,889	261,513,064						
Expenditures:														
Application 02-05:														
Project 05-001 - ARFF Perimeter Road, Stage I (1)	1,426,689	42,429	42,429	503	10,580	24	53,536	1,480,225						
Project 05-002 - ARFF Perimeter Road, Stage II (1)	656,947	-	-	-	-	-	-	656,947						
Project 05-003 - ARFF Perimeter Road, Stage III (1)	896,580	17,576	17,576	209	4,391	10	22,186	896,580						
Project 05-004 - Airfield Lighting Control System (1)	606,247	102,963	102,963	1,222	25,720	58	129,563	628,433						
Project 05-005 - Asbestos Removal Program	3,575,805	492,840	492,840	6,630	139,592	318	639,380	3,705,768						
Project 05-006 - Concourse D Reconstruction (1)	17,076,724	59,810	59,810	711	14,967	34	75,522	17,116,104						
Project 05-007 - East Air Cargo Access Roads	2,281,554	320,706	320,706	535	45,223	26	37,048	2,377,754						
Project 05-008 - East Air Cargo Apron, Stage I	5,552,271	101,024	101,024	1,197	25,211	57	127,489	5,679,760						
Project 05-010 - East/West Taxiway (VFR Runway) (1)	4,272,487	128,491	128,491	1,523	32,066	73	162,153	4,434,640						
Project 05-011 - Fire Code Compliance Program	1,176,833	35,021	35,021	418	8,797	20	44,256	1,221,089						
Project 05-013 - North GA Access Road	5,762,436	90,707	90,707	1,076	22,680	51	114,494	5,876,930						
Project 05-014 - North General Aviation Apron, Stage I	2,542,921	45,513	45,513	190	4,004	9	49,716	2,592,637						
Project 05-015 - Rehabilitate Runways and Taxiways (1)	4,908,680	-	-	-	-	-	-	4,908,680						
Project 05-016 - Terminal Improvements	105,911	3,040	3,040	36	759	2	3,837	109,748						
Project 05-017 - Update Airfield Guidance Sign System (1)	5,351,871	-	-	-	-	-	-	5,351,871						
Project 05-018 - Upper Level Roadway Canopy	22,666,115	679,261	679,261	7,627	160,582	365	847,815	23,513,930						
Project 05-019 - West Terminal Expansion (1)	7,137,502	213,336	213,336	2,531	53,292	121	269,280	7,406,782						
Project 05-020 - West Terminal Utilities Expansion (1)														
Total Application - 02-05	88,318,279	2,057,234	2,057,234	24,408	513,865	1,168	2,596,675	90,914,954						
Application 02-06														
Project 06-001 - Aircraft Loading Bridges	4,278,575	482,509	482,509	29,012	289,910	(133)	801,298	5,079,873						
Project 06-002 - Airfield Lighting Control Vault Alternative Power Source (2)	588,086	-	-	-	-	-	-	588,086						
Project 06-004 - Airport Trench Drains (2)	1,886,917	-	-	-	-	-	-	1,886,917						
Project 06-006 - Concourse C Reconstruction (2)	23,689,436	-	-	-	-	-	-	23,689,436						
Project 06-007 - Environmental Impact Study for New Air Carrier Runway (2)	756,632	-	-	-	-	-	-	756,632						
Project 06-008 - Expansion of Concourse D (2)	6,532,065	142,441	142,441	103,851	28,478	24,259	299,029	6,831,094						
Project 06-010 - New Aircraft Rescue and Fire Fighting (ARFF) Station (2)	1,647,066	379,516	379,516	1,654,669	1,119,388	2,137,641	5,291,214	6,938,280						
Project 06-011 - Rehabilitate Rotating Beacon (2)	348,560	-	-	-	-	-	-	348,560						
Project 06-012 - Rehabilitate Runway 1/19 (2)	4,247,324	-	-	-	-	-	-	4,247,324						
Project 06-013 - Rehabilitate Runway 10/28 (2)	12,844,937	2,244,973	2,244,973	64,544	1,384,491	3,090	3,697,098	16,542,035						
Project 06-014 - Rehabilitate Taxiway Sierra (2)	1,405,541	-	-	-	-	-	-	1,405,541						
Project 06-015 - South Lafon Airport Land Purchase	5,062,117	-	-	-	-	-	-	5,062,117						
Project 06-017 - Terminal HVAC Relabilitation	1,278,665	-	-	-	-	-	-	1,278,665						
Project 06-018 - West Air Cargo Complex Land Acquisition Program	1,050,244	-	-	-	-	-	-	1,050,244						
Total Application - 02-06	65,616,165	3,249,439	3,249,439	1,852,076	2,822,267	2,164,857	10,088,639	75,704,804						

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 Year ended December 31, 2010

	Program Total December 31, 2009	Quarters 1-4				Program Total December 31, 2010
		Quarter 1 January - March 2010	Quarter 2 April - June 2010	Quarter 3 July - September 2010	Quarter 4 October - December 2010	
Application 04-07						
Project 07-001 - Airport Master Plan	1,121,565	-	12,402	-	12,402	1,133,967
Project 07-002 - Airport Interior Signage	1,298,209	-	-	-	-	1,298,209
Project 07-004 - Concourse C Checkpoint Expansion	1,230,667	-	-	-	-	1,230,667
Project 07-005 - Construct Connector Taxiway - Taxiway Uniform	4,651,018	-	-	-	-	4,651,018
Project 07-006 - Construct Holding Bay - Runway End 19	1,067,802	-	-	-	-	1,067,802
Project 07-007 - Exterior Terminal Renovations - Lower Roadway	4,995,000	-	-	-	-	4,995,000
Project 07-008 - FIS Facility	8,083,512	-	-	-	-	8,083,512
Project 07-009 - Gate Utilization Study	455,662	-	-	-	-	455,662
Project 07-011 - Part 1542 Security System	6,321,218	269,634	1,934,747	425,829	3,813,201	10,134,419
Project 07-013 - Residential Sound Insulation Program / Land Acquisition	2,399,042	359,172	135,528	38,930	908,692	3,307,734
Project 07-014 - TSA - Related Terminal Modification and Airline Relocations	5,918,809	-	-	-	-	5,918,809
Project 07-016 - Terminal HVAC Rehabilitation - Phase II	2,101,018	-	-	-	-	2,101,018
Project 07-017 - Terminal HVAC Rehabilitation - Phase III	1,449,000	-	-	-	-	1,449,000
Project 07-018 - Terminal Interior and Exterior Improvements	7,185,590	260,515	886,463	774,900	676,867	9,784,335
Project 07-019 - Terminal Pedestrian Access Enhancements	1,381,705	-	-	-	-	1,381,705
Total Application - 04-07	49,659,817	889,321	2,969,140	1,259,659	7,333,040	56,992,857
Application 06-08						
Project 08-003 - Noise Level Mapping Study	742,165	-	-	-	-	742,165
Project 08-004 - Acquire 3,000 Gallon ARFF Vehicle	-	-	-	-	-	-
Total Application - 06-08	742,165	-	-	-	-	742,165
Application 09-09						
Project 09-001 - Hazardous Wildlife Study	10,303	4,325	1,170	7,278	12,773	23,076
Project 09-004 - Taxiway G Extension - East	-	-	25,564	8,751	16,390	50,705
Total Application - 09-09	10,303	4,325	26,734	16,029	63,478	73,781
Application 09-10						
Project 10-001 - Terminal Apron Rehabilitation	-	347,213	915,774	586,613	916,155	2,765,755
Project 10-002 - Northwest Service (Perimeter) Road	-	32,796	37,409	10,028	5,537	85,770
Project 10-005 - Baggage Handling System	-	-	5,796	12,948	13,143	31,887
Project 10-007 - Airfield Lighting Vault	-	14,914	33,190	26,373	2,565	77,042
Project 10-008 - Runway 06/24 Downgrade	-	-	-	-	83,614	83,614
Total Application - 09-10	-	394,923	992,169	635,962	1,021,014	3,044,068
Total Expenditures	204,346,729	6,595,242	5,864,527	5,247,782	5,418,349	227,472,629
PFC revenues in excess of (under) expenditures	\$ 40,118,446	\$ (2,733,457)	\$ (1,576,773)	\$ (1,425,933)	\$ (341,828)	\$ 34,040,435

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

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Note to Schedule of Revenues and Expenditures of Passenger Facility Charges

Year ended December 31, 2010

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

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Schedule of Findings and Questioned Costs

Year ended December 31, 2010

None.

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Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2010

None.