

**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:

Report on 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, 2012.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditors' Responsibility

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. However, our audit does not provide a legal determination of the Airport's compliance with those requirements.

Opinion

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, 2012.

Report on Internal Control over Compliance

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 of compliance, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. However, material weaknesses may exist that have not been identified.

Report on 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, 2012, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements. We have issued our report thereon dated June 28, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted 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 required 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Peterson

Metairie, Louisiana
June 28, 2013

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
 Schedule of Revenues and Expenditures of Passenger Facility Charges
 For the year ended December 31, 2012

	Program Total January 1, 2012	Quarter 1 January - March 2012	Quarter 2 April - June 2012	Quarter 3 July - September 2012	Quarter 4 October - December 2012	Quarters 1-4 January - December 2012	Program Total December 31, 2012
Revenues:							
Collections	\$ 264,222,764	\$ 4,106,905	\$ 4,488,174	\$ 4,453,506	\$ 4,576,033	\$ 17,624,618	\$ 281,847,382
Interest	14,297,409	3	3	3	3	11	14,297,420
Total Revenues	278,520,173	4,106,908	4,488,177	4,453,509	4,576,036	17,624,629	296,144,802
Expenditures:							
Application 02-05:							
Project 05-001 - ARFF Perimeter Road, Stage I (1)	1,533,327	43,866	9	9,028	102	53,006	1,586,333
Project 05-002 - ARFF Perimeter Road, Stage II (1)	656,947	-	-	-	-	-	656,947
Project 05-003 - ARFF Perimeter Road, Stage III (1)	896,580	-	-	-	-	-	896,580
Project 05-004 - Airfield Lighting Control System (1)	650,437	18,170	4	3,747	42	21,962	672,399
Project 05-005 - Asbestos Removal Program	3,834,669	106,439	22	21,947	248	128,657	3,963,326
Project 05-006 - Concourse D Reconstruction (1)	18,346,877	505,372	121	119,117	1,346	625,956	18,972,833
Project 05-007 - East Air Cargo Access Roads	2,431,976	61,823	13	12,771	144	74,752	2,506,728
Project 05-008 - East Air Cargo Apron, Stage I	2,434,343	46,759	10	9,612	109	56,489	2,490,832
Project 05-010 - East/West Taxiway (VFR Runway) (1)	5,806,213	104,441	22	21,513	243	126,219	5,932,432
Project 05-011 - Fire Code Compliance Program	132,837	4,595,473	28	27,362	309	160,536	4,756,009
Project 05-013 - North GA Access Road	1,264,974	36,192	8	7,506	85	43,791	1,308,765
Project 05-014 - North General Aviation Apron, Stage I	5,990,488	93,769	20	19,336	219	113,343	6,103,831
Project 05-015 - Rehabilitate Runways and Taxiways (1)	2,642,457	48,885	3	3,417	39	52,344	2,695,801
Project 05-016 - Terminal Improvements	4,908,680	-	-	-	-	-	4,908,680
Project 05-017 - Update Airfield Guidance Sign System (1)	113,554	3,143	1	648	7	3,799	117,353
Project 05-018 - Upper Level Roadway Canopy	5,351,871	-	-	-	-	-	5,351,871
Project 05-019 - West Terminal Expansion (1)	24,356,683	704,467	140	137,010	1,549	843,166	25,199,849
Project 05-020 - West Terminal Utilities Expansion (1)	7,675,860	220,539	46	45,475	514	266,574	7,940,434
Total Application - 02-05	93,490,409	2,126,701	447	438,490	4,957	2,570,594	96,061,003
Application 02-06							
Project 06-001 - Aircraft Loading Bridges	7,162,862	480,827	71,360	435,359	1,091,805	2,079,352	9,242,214
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)	8,551,641	759,401	1,928	722,087	8,263	1,491,679	10,043,320
Project 06-010 - New Aircraft Rescue and Fire Fighting (ARFF) Station (2)	8,228,853	86,175	231	86,657	993	174,056	8,402,909
Project 06-012 - 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)	20,202,240	2,274,118	3,641	1,335,904	15,100	3,628,763	23,831,003
Project 06-014 - Rehabilitate Taxiway Sierra (2)	1,405,541	-	-	-	-	-	1,405,541
Project 06-015 - South Lafon Airpark Land Purchase	5,062,117	-	-	-	-	-	5,062,117
Project 06-017 - Terminal HVAC Rehabilitation	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	84,459,118	3,600,521	77,160	2,580,008	1,116,161	7,373,850	91,832,968

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
 Schedule of Revenues and Expenditures of Passenger Facility Charges
 For the year ended December 31, 2012

	Program Total January 1, 2012	Quarter 1 January - March 2012	Quarter 2 April - June 2012	Quarter 3 July - September 2012	Quarter 4 October - December 2012	Quarters 1-4 January - December 2012	Program Total December 31, 2012
Application 04-07							
Project 07-001 - Airport Master Plan	1,133,967	101,650	-	68,212	-	169,862	1,303,829
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	10,384,180	-	-	804,585	178,118	982,703	11,366,883
Project 07-013 - Residential Sound Insulation Program /Land Acquisition	3,307,734	-	-	-	-	-	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	15,028,388	1,897,813	3,505,506	647,150	(3,179)	6,047,290	21,075,678
Project 07-019 - Terminal Pedestrian Access Enhancements	1,381,705	-	-	-	-	-	1,381,705
Total Application - 04-07	62,486,671	1,999,464	3,505,506	1,519,947	174,938	7,199,855	69,686,526
Application 06-08							
Project 08-004 - Acquire 3,000 Gallon ARFF Vehicle	742,165	-	-	-	-	-	742,165
Total Application - 06-08	742,165						742,165
Application 09-09							
Project 09-001 - Hazardous Wildlife Study	23,076	5,576	-	-	-	5,576	28,652
Project 09-004 - Taxiway G Extension - East	229,207	5,094	139,083	45,746	-	189,923	419,130
Total Application - 09-09	252,283	10,670	139,083	45,746		195,499	447,782
Application 09-10							
Project 10-001 - Terminal Apron Rehabilitation	6,626,782	304,607	127,797	165,052	-	597,456	7,224,238
Project 10-002 - Northwest Service (Perimeter) Road	887,500	23,805	3,852	41,451	-	69,108	956,608
Project 10-005 - Baggage Handling System	669,220	287,202	1,756	288,809	3,307	581,073	1,250,293
Project 10-007 - Airfield Lighting Vault	975,915	301,965	65,121	26,421	130,578	524,085	1,500,000
Project 10-008 - Runway 06/24 Downgrade	150,719	-	17,140	(2,309)	-	14,831	165,550
Total Application - 09-10	9,310,136	917,579	215,666	519,424	133,885	1,786,554	11,096,690
Total Expenditures	250,740,782	8,654,935	3,937,862	5,103,615	1,429,941	19,126,353	269,867,135
PFC Revenues In Excess Of (Under) Expenditures	\$ 27,779,391	\$ (4,548,027)	\$ 550,315	\$ (650,106)	\$ 3,146,095	\$ (1,501,723)	\$ 26,277,667

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

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Note to Schedule of Revenues and Expenditures of Passenger Facility Charges

Year ended December 31, 2012

(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 and expenditures incurred on approved projects. The Schedule has been prepared on the cash basis of accounting under which revenues are recognized when received and expenditures are recognized when paid.

PFC revenue collections 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 recognized represents the actual interest collected on the unexpended PFC cash collected during the periods reported.

The approved collection rate 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 remaining 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 from \$3.00 per enplaned passenger to \$4.50 enplaned passenger, effective April 1, 2002, upon the Airport's submission of Application 02-06. The collection level for the remaining projects was approved by the FAA at \$3.00 per enplaned passenger, effective April 1, 2002.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Findings and Questioned Costs

Year ended December 31, 2012

None.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011 – 1: Contract Documentation

Criteria	The Airport does not have signed, formalized documentation for contracts and/or amendments with seven contracting parties on capital projects related to passenger facility charge (PFC) funding sources.
Condition	In prior periods, the Airport began capital projects without signed documentation for contracts and/or amendments.
Effect	Violation of Federal Aviation Administration (FAA) and other agency compliance requirements.
Recommendation	These contracts and/or amendments should be formalized and signed by all parties involved in the capital project.
<i>Current Status</i>	<i>Resolved.</i>