

**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 the Louis Armstrong New Orleans 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, 2019.

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 compliance for the Airport's Passenger Facility Charge Program 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 on compliance for the Airport's Passenger Facility Charge Program. 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, 2019.

Report on Internal Control over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance 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, 2019, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements. We have issued our report thereon dated October 28, 2020, which contained an unmodified opinion 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 basic financial statements. The 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 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. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
October 28, 2020

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
Schedule of Revenues and Expenditures of Passenger Facility Charges
For the year ended December 31, 2019

	Program Total December 31, 2018	Quarter 1 January - March 2019	Quarter 2 April - June 2019	Quarter 3 July - September 2019	Quarter 4 October - December 2019	Quarters 1-4 January - December 2019	Program Total December 31, 2019
Revenues:							
Collections	\$ 411,818,512	\$ 7,446,288	\$ 7,122,694	\$ 6,487,570	\$ 6,912,738	\$ 27,969,290	\$ 439,787,802
Interest	15,646,011	440,203	466,179	424,025	336,086	1,666,493	17,312,504
Total Revenues	427,464,523	7,886,491	7,588,873	6,911,595	7,248,824	29,635,783	457,100,306
Expenditures:							
Application 02-05:							
Project 05-001 - ARFF Perimeter Road, Stage I (1)	1,893,911	50,724	1	1,305	1	52,031	1,945,942
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)	800,033	21,049	-	542	-	21,591	821,624
Project 05-005 - Asbestos Removal Program	4,711,027	123,306	2	3,173	2	126,483	4,837,510
Project 05-006 - Concourse D Reconstruction (1)	23,030,863	669,224	12	17,221	11	686,468	23,717,331
Project 05-007 - East Air Cargo Access Roads	2,941,822	71,753	1	1,846	1	73,601	3,015,423
Project 05-008 - East Air Cargo Apron, Stage I	2,818,291	54,002	1	1,390	1	55,394	2,873,685
Project 05-010 - East/West Taxiway (VFR Runway) (1)	6,665,320	120,863	2	3,110	2	123,977	6,789,297
Project 05-011 - Fire Code Compliance Program	5,688,186	153,728	3	3,956	2	157,689	5,845,875
Project 05-013 - North GA Access Road	1,564,484	42,172	1	1,085	1	43,259	1,607,743
Project 05-014 - North General Aviation Apron, Stage I	6,762,565	108,634	2	2,795	2	111,433	6,873,998
Project 05-015 - Rehabilitate Runways and Taxiways (1)	2,812,213	19,198	-	494	-	19,692	2,831,905
Project 05-016 - Terminal Improvements	4,908,680	-	-	-	-	-	4,908,680
Project 05-017 - Update Airfield Guidance Sign System (1)	139,431	3,641	-	94	-	3,735	143,166
Project 05-018 - Upper Level Roadway Canopy	5,351,872	-	-	-	-	-	5,351,872
Project 05-019 - West Terminal Expansion (1)	29,867,485	769,756	14	19,808	12	789,590	30,657,075
Project 05-020 - West Terminal Utilities Expansion (1)	9,489,648	255,486	5	6,574	4	262,069	9,751,717
Total Application - 02-05	110,999,358	2,463,536	44	63,393	39	2,527,012	113,526,370
Application 02-06							
Project 06-001 - Aircraft Loading Bridges	14,949,727	694,618	147	207,828	130	902,723	15,852,450
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)	756,631	-	-	-	-	-	756,631
Project 06-008 - Expansion of Concourse D (2)	18,683,217	714,064	493	713,887	3,794,281	5,222,725	23,905,942
Project 06-010 - New Aircraft Rescue and Fire Fighting (ARFF) Station (2)	9,497,922	85,693	59	85,672	456,071	627,495	10,125,417
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)	43,624,346	3,317,290	701	992,525	621	4,311,137	47,935,483
Project 06-014 - Rehabilitate Taxiway Sierra (2)	1,405,540	-	-	-	-	-	1,405,540
Project 06-015 - South Lafon Airpark Land Purchase	5,062,117	-	-	-	-	-	5,062,117
Project 06-017 - Terminal HVAC Rehabilitation	1,278,664	-	-	-	-	-	1,278,664
Project 06-018 - West Air Cargo Complex Land Acquisition Program	1,050,244	-	-	-	-	-	1,050,244
Total Application - 02-06	127,068,731	4,811,665	1,400	1,999,912	4,251,103	11,064,080	138,132,811

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Schedule of Revenues and Expenditures of Passenger Facility Charges
For the year ended December 31, 2019

	Program Total December 31, 2018	Quarter 1 January - March 2019	Quarter 2 April - June 2019	Quarter 3 July - September 2019	Quarter 4 October - December 2019	Quarters 1-4 January - December 2019	Program Total December 31, 2019
Application 04-07							
Project 07-001 - Airport Master Plan	1,303,828	-	-	-	-	-	1,303,828
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	1,067,801	-	-	-	-	-	1,067,801
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	11,403,949	-	-	-	-	-	11,403,949
Project 07-013 - Residential Sound Insulation Program /Land Acquisition	3,307,733	-	-	-	-	-	3,307,733
Project 07-014 - TSA - Related Terminal Modification and Airline Relocations	5,918,810	-	-	-	-	-	5,918,810
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	24,258,071	285,736	197	285,664	1,517,567	2,089,164	26,347,235
Project 07-019 - Terminal Pedestrian Access Enhancements	1,381,705	-	-	-	-	-	1,381,705
Total Application - 04-07	<u>72,905,983</u>	<u>285,736</u>	<u>197</u>	<u>285,664</u>	<u>1,517,567</u>	<u>2,089,164</u>	<u>74,995,147</u>
Application 06-08							
Project 08-004 - Acquire 3,000 Gallon ARFF Vehicle	742,165	-	-	-	-	-	742,165
Total Application - 06-08	<u>742,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>742,165</u>
Application 09-09							
Project 09-001 - Hazardous Wildlife Study	28,652	-	-	-	-	-	28,652
Project 09-004 - Taxiway G Extension - East	418,233	-	-	-	-	-	418,233
Total Application - 09-09	<u>446,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,885</u>
Application 09-10							
Project 10-001 - Terminal Apron Rehabilitation	7,236,602	-	-	-	-	-	7,236,602
Project 10-002 - Northwest Service (Perimeter) Road	687,167	-	-	-	-	-	687,167
Project 10-005 - Baggage Handling System	4,702,637	285,599	197	285,527	1,517,567	2,088,890	6,791,527
Project 10-007 - Airfield Lighting Vault	1,132,534	-	-	-	-	-	1,132,534
Total Application - 09-10	<u>13,758,940</u>	<u>285,599</u>	<u>197</u>	<u>285,527</u>	<u>1,517,567</u>	<u>2,088,890</u>	<u>15,847,830</u>

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For the year ended December 31, 2019

	Program Total December 31, 2018	Quarter 1 January - March 2019	Quarter 2 April - June 2019	Quarter 3 July - September 2019	Quarter 4 October - December 2019	Quarters 1-4 January - December 2019	Program Total December 31, 2019
Application 14-11							
Project 11-001 - Airfield Pavement Condition Study (reimbursement)	74,628	-	-	-	-	-	74,628
Project 11-002 - Long Term Planning Study (reimbursement)	120,185	-	-	-	-	-	120,185
Project 11-003 - Airfield Electrical Design and Construction	2,209,123	-	-	-	-	-	2,209,123
Project 11-004 - Land Use and Development Study (reimbursement)	685,836	-	265,851	-	-	265,851	951,687
Project 11-005 - Long Term Development Feasibility Study (reimbursement)	155,303	-	-	-	-	-	155,303
Project 11-006 - Perimeter Fencing Replacement Construction (reimbursement)	323,743	-	-	-	-	-	323,743
Project 11-010 - Drainage Pumping Station Design and Construction	73,703	-	-	-	-	-	73,703
Project 11-011 - Long Term Development Program- Terminal Design and Construction	404,436	128,429	8,658	7,433,187	7,669	7,577,943	7,982,379
Project 11-012 - Long Term Development Program- Airside Design and Construction	252,822	13,548	914	784,110	809	799,381	1,052,203
Project 11-013 - Long Term Development Program- Landside Terminal Support Design and Construction	168,963	6,085	410	352,207	363	359,065	528,028
 Total Application - 14-11	 4,468,742	 148,062	 275,833	 8,569,504	 8,841	 9,002,240	 13,470,982
 Total Expenditures	 330,390,804	 7,994,598	 277,671	 11,204,000	 7,295,117	 26,771,386	 357,162,190
 PFC revenues in excess of (under) expenditures	 <u>\$ 97,073,719</u>	 <u>\$ (108,107)</u>	 <u>\$ 7,311,202</u>	 <u>\$ (4,292,405)</u>	 <u>\$ (46,293)</u>	 <u>\$ 2,864,397</u>	 <u>\$ 99,938,116</u>

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, 2019

(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.