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

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

Compliance

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

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

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

Internal Control over Compliance

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

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

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

Schedule of Revenues and Expenditures of Passenger Facility Charges

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

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

Metairie, Louisiana
June 29, 2010

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

	Program Total December 31, 2008	Quarter 1 January - March 2009	Quarter 2 April - June 2009	Quarter 3 July - September 2009	Quarter 4 October - December 2009	Quarters 1-4 January - December 2009	Program Total December 31, 2009
Revenues:							
Collections	$ 214,522,258	$ 3,492,935	$ 4,192,206	$ 3,991,750	$ 3,980,075	$ 15,656,966	$ 230,179,224
Interest	14,283,781	1,322	4	840	4	2,170	14,285,951
Total Revenues	228,806,039	3,494,257	4,192,210	3,992,590	3,980,079	15,659,136	244,465,175
Expenditures:							
Application 02-05:							
Project 1 - ARFF Perimeter Road, Stage I (1)	1,375,310	39,643	195	11,389	152	51,379	1,426,689
Project 2 - North General Aviation Apron, Stage I	5,652,544	84,757	417	24,392	326	109,892	5,762,436
Project 3 - Airfield Lighting Control System (1)	584,954	16,423	81	4,726	63	21,293	606,247
Project 4 - Rehabilitate Runways and Taxiways (1)	2,497,142	41,336	74	4,311	58	45,779	2,542,921
Project 5 - Update Airfield Guidance Sign System (1)	102,228	2,840	14	818	11	3,683	105,911
Project 8 - East Air Cargo Apron, Stage I	2,265,962	42,249	207	12,126	162	54,744	2,320,706
Project 9 - Fire Code Compliance Program	4,116,861	120,057	590	34,518	461	155,626	4,272,487
Project 10 - Asbestos Removal Program	3,451,067	96,207	474	27,687	370	124,738	3,575,805
Project 11 - West Terminal Utilities Expansion (1)	6,879,045	199,344	981	57,366	766	258,457	7,137,502
Project 12 - Concourse D Reconstruction (1)	16,458,708	463,174	2,570	150,266	2,006	618,016	17,076,724
Project 13 - West Terminal Expansion (1)	21,854,780	633,232	2,956	172,839	2,308	811,335	22,666,115
Project 14 - ARFF Perimeter Road, Stage II (1)	656,947	-	-	-	-	-	656,947
Project 15 - ARFF Perimeter Road, Stage III (1)	896,580	-	-	-	-	-	896,580
Project 18 - East/West Taxiway (VFR Runway) (1)	5,429,912	94,395	464	27,138	362	122,359	5,552,271
Project 20 - North GA Access Road	1,134,342	32,734	162	9,469	126	42,491	1,176,833
Project 22 - East Air Cargo Access Roads	2,209,060	55,892	276	16,111	215	72,494	2,281,554
Project 23 - Terminal Improvements	4,908,680	-	-	-	-	-	4,908,680
Project 25 - Upper Level Roadway Canopy	5,351,871	-	-	-	-	-	5,351,871
Total Application - 02-05	85,825,993	1,922,283	9,461	553,156	7,386	2,492,286	88,318,279
Application 02-06							
Project 26 - Aircraft Loading Bridges	3,446,138	421,304	4,949	360,297	45,887	832,437	4,278,575
Project 27 - Airfield Lighting Control Vault Alternative Power Source (2)	588,086	-	-	-	-	-	588,086
Project 29 - Airport Trench Drains (2)	1,886,917	-	-	-	-	-	1,886,917
Project 31 - Concourse C Reconstruction (2)	23,689,436	-	-	-	-	-	23,689,436
Project 32 - Environmental Impact Study for New Air Carrier Runway (2)	756,632	-	-	-	-	-	756,632
Project 33 - Expansion of Concourse D (2)	3,964,625	230,300	735,559	1,078,562	523,019	2,567,440	6,532,065
Project 35 - New Aircraft Rescue and Fire Fighting (ARFF) Station (2)	503,415	305,295	121,069	243,959	473,328	1,143,651	1,647,066
Project 36 - Rehabilitate Runway 1/19 (2)	4,247,324	-	-	-	-	-	4,247,324
Project 37 - Rehabilitate Taxiway Sierra (2)	1,405,541	-	-	-	-	-	1,405,541
Project 38 - Rehabilitate Runway 10/28 (2)	9,415,926	1,967,446	23,634	1,419,484	18,447	3,429,011	12,844,937
Project 39 - Rehabilitate Rotating Beacon (2)	348,560	-	-	-	-	-	348,560
Project 40 - South Lafon Airpark Land Purchase	5,062,117	-	-	-	-	-	5,062,117
Project 42 - Terminal HVAC Rehabilitation	1,278,665	-	-	-	-	-	1,278,665
Project 43 - West Air Cargo Complex Land Acquisition Program	1,050,244	-	-	-	-	-	1,050,244
Total Application - 02-06	57,643,626	2,924,345	885,211	3,102,302	1,060,681	7,972,539	65,616,165

(Continued)

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Schedule of Revenues and Expenditures of Passenger Facility Charges
Year ended December 31, 2009

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

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

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Note to Schedule of Revenues and Expenditures of Passenger Facility Charges

Year ended December 31, 2009

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

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

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

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

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

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Schedule of Findings and Questioned Costs

Year ended December 31, 2009

None.

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Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2009

None.