

**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, 2014.

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, 2014.

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, 2014, 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 26, 2015, 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 + McNeill

Metairie, Louisiana
June 26, 2015

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
 Schedule of Revenues and Expenditures of Passenger Facility Charges
 For the year ended December 31, 2014

| | Program Total December 31, 2013 | Quarter 1 January - March 2014 | Quarter 2 April - June 2014 | Quarter 3 July - September 2014 | Quarter 4 October - December 2014 | Quarters 1-4 January - December 2014 | Program Total December 31, 2014 |
|---|---------------------------------------|---|--------------------------------------|--|--|---|---------------------------------------|
| Revenues: | | | | | | | |
| Collections | \$ 300,403,084 | \$ 4,650,828 | \$ 4,717,837 | \$ 4,833,546 | \$ 4,779,713 | \$ 18,981,924 | \$ 319,385,008 |
| Interest | 14,297,434 | 4 | 4 | 4 | 5 | 17 | 14,297,451 |
| Total Revenues | 314,700,518 | 4,650,832 | 4,717,841 | 4,833,550 | 4,779,718 | 18,981,941 | 333,682,459 |
| Expenditures: | | | | | | | |
| Application 02-05: | | | | | | | |
| Project 05-001 - ARFF Perimeter Road, Stage I (1) | 1,638,879 | 45,505 | 13 | 7,034 | 5 | 52,557 | 1,691,436 |
| 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) | 694,204 | 18,883 | 5 | 2,919 | 2 | 21,809 | 716,013 |
| Project 05-005 - Asbestos Removal Program | 19,666,103 | 110,619 | 30 | 17,098 | 12 | 127,759 | 4,218,822 |
| Project 05-006 - Concourse D Reconstruction (1) | 2,581,060 | 600,366 | 165 | 92,798 | 64 | 693,393 | 20,359,496 |
| Project 05-007 - East Air Cargo Access Roads | 2,546,774 | 64,370 | 18 | 9,950 | 7 | 74,345 | 2,655,405 |
| Project 05-008 - East Air Cargo Apron, Stage I | 6,057,638 | 48,446 | 13 | 7,488 | 5 | 55,952 | 2,602,726 |
| Project 05-010 - East/West Taxiway (VFR Runway) (1) | 4,915,290 | 108,427 | 30 | 16,759 | 12 | 125,228 | 6,182,866 |
| Project 05-011 - Fire Code Compliance Program | 1,352,452 | 37,833 | 100,116 | 21,317 | 15 | 159,281 | 5,074,571 |
| Project 05-013 - North GA Access Road | 6,216,369 | 97,456 | (59,613) | 5,848 | 4 | 43,695 | 1,396,147 |
| Project 05-014 - North General Aviation Apron, Stage I | 2,715,688 | 17,222 | 80,261 | 15,064 | 11 | 112,558 | 6,328,927 |
| Project 05-015 - Rehabilitate Runways and Taxiways (1) | 4,908,680 | 3,266 | 17,227 | 2,662 | 2 | 19,891 | 2,735,579 |
| Project 05-016 - Terminal Improvements | 121,125 | - | (3,266) | - | - | - | 4,908,680 |
| Project 05-017 - Update Airfield Guidance Sign System (1) | 5,351,871 | 690,554 | 3,267 | 505 | - | 3,772 | 124,897 |
| Project 05-018 - Upper Level Roadway Canopy | 25,997,344 | 229,199 | (690,554) | 106,738 | - | 797,557 | 5,351,871 |
| Project 05-019 - West Terminal Expansion (1) | 8,205,100 | 485,137 | (255,876) | 35,427 | 75 | 264,713 | 26,794,901 |
| Project 05-020 - West Terminal Utilities Expansion (1) | 98,613,167 | 2,557,283 | (346,619) | 341,607 | 239 | 2,552,510 | 8,469,813 |
| Total Application - 02-05 | 10,102,460 | 485,611 | 485,611 | 356,501 | 5,719 | 847,831 | 10,950,291 |
| Application 02-06 | | | | | | | |
| Project 06-001 - Aircraft Loading Bridges | 588,086 | - | - | - | - | - | 588,086 |
| Project 06-002 - Airfield Lighting Control Vault Alternative Power Source (2) | 1,886,917 | - | - | - | - | - | 1,886,917 |
| Project 06-004 - Airport Trench Drains (2) | 23,689,436 | - | - | - | - | - | 23,689,436 |
| Project 06-006 - Concourse C Reconstruction (2) | 756,632 | - | - | - | - | - | 756,632 |
| Project 06-007 - Environmental Impact Study for New Air Carrier Runway (2) | 11,488,275 | 715,246 | 1,288 | 719,852 | 506 | 1,436,892 | 12,925,167 |
| Project 06-008 - Expansion of Concourse D (2) | 8,634,470 | 85,835 | 155 | 86,389 | 61 | 172,440 | 8,806,910 |
| Project 06-010 - New Aircraft Rescue and Fire Fighting (ARFF) Station (2) | 348,360 | - | - | - | - | - | 348,360 |
| Project 06-011 - Rehabilitate Rotating Beacon (2) | 4,247,324 | - | - | - | - | - | 4,247,324 |
| Project 06-012 - Rehabilitate Runway 1/19 (2) | 27,437,636 | 2,316,873 | 2,262 | 1,286,736 | 890 | 3,606,761 | 31,044,397 |
| Project 06-013 - Rehabilitate Runway 10/28 (2) | 1,405,541 | - | - | - | - | - | 1,405,541 |
| Project 06-014 - Rehabilitate Taxiway Sierra (2) | 5,062,117 | - | - | - | - | - | 5,062,117 |
| Project 06-015 - South Lafoon Airpark Land Purchase | 1,278,665 | - | - | - | - | - | 1,278,665 |
| Project 06-017 - Terminal HVAC Rehabilitation | 1,050,244 | - | - | - | - | - | 1,050,244 |
| Project 06-018 - West Air Cargo Complex Land Acquisition Program | 97,976,363 | 3,117,954 | 489,316 | 2,449,478 | 7,176 | 6,063,924 | 104,040,287 |
| Total Application - 02-06 | 101,165,677 | 2,557,283 | (346,619) | 341,607 | 239 | 2,552,510 | 101,165,677 |

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
 Schedule of Revenues and Expenditures of Passenger Facility Charges

For the year ended December 31, 2014

| | Program Total December 31, 2013 | Quarter 1 January - March 2014 | Quarter 2 April - June 2014 | Quarter 3 July - September 2014 | Quarter 4 October - December 2014 | Quarters 1-4 January - December 2014 | Program Total December 31, 2014 |
|--|---------------------------------------|---|--------------------------------------|--|--|---|---------------------------------------|
| Application 04-07 | | | | | | | |
| Project 07-001 - Airport Master Plan | 1,303,829 | - | - | - | - | - | 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 | 11,403,949 | - | - | - | - | - | 11,403,949 |
| 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 | 21,587,999 | 286,208 | (208,488) | 288,051 | 203 | 365,974 | 21,953,973 |
| Project 07-019 - Terminal Pedestrian Access Enhancements | 1,381,705 | - | - | - | - | - | 1,381,705 |
| Total Application - 04-07 | 70,235,913 | 286,208 | (208,488) | 288,051 | 203 | 365,974 | 70,601,887 |
| 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 | 30,353 | - | - | - | (1,701) | (1,701) | 28,652 |
| Project 09-004 - Taxiway G Extension - East | 418,234 | - | - | - | - | - | 418,234 |
| Total Application - 09-09 | 448,587 | | | | (1,701) | (1,701) | 446,886 |
| Application 09-10 | | | | | | | |
| Project 10-001 - Terminal Apron Rehabilitation | 6,788,029 | 222,070 | 143,837 | 128,153 | 24,643 | 518,703 | 7,306,732 |
| Project 10-002 - Northwest Service (Perimeter) Road | 687,167 | - | - | - | - | - | 687,167 |
| Project 10-005 - Baggage Handling System | 1,824,936 | 286,071 | 515 | 287,914 | 203 | 574,703 | 2,399,639 |
| Project 10-007 - Airfield Lighting Vault | 1,132,533 | - | - | - | - | - | 1,132,533 |
| Project 10-008 - Runway 06/24 Downgrade | 1 | - | - | - | - | - | 1 |
| Total Application - 09-10 | 10,432,666 | 508,141 | 144,352 | 416,067 | 24,846 | 1,093,406 | 11,526,072 |
| Total Expenditures | 278,448,861 | 6,469,586 | 78,561 | 3,495,203 | 30,763 | 10,074,113 | 288,522,974 |
| PFC revenues in excess of (under) expenditures | \$ 36,251,657 | \$ (1,818,754) | \$ 4,639,280 | \$ 1,238,347 | \$ 4,748,955 | \$ 8,907,828 | \$ 45,159,485 |

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, 2014

(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.