

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louis Armstrong New Orleans International Airport (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 and have issued our report thereon dated June 26, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana
June 26, 2015

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Findings and Questioned Costs

December 31, 2014

None.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Summary Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2014

Finding 2012 – 1: Federal, State & City Regulations (Resolved in 2014)

Criteria:	FAA AIP grant assurances and grant agreements require the Airport to establish and maintain a fee and rental structure for all facilities and services at the airport which will make the Airport as self-sustaining as possible under circumstances existing at each particular airport. The Airport is also required to comply with the provisions of the Public Bid Law, R.S. 41:1211 and the provisions for leases of public lands, as required by Louisiana R.S. 2:135.1(3) in leasing Airport properties. City Charter Section 6-308(5) and Executive Order MJL 10-05 also require the Airport to comply with the State of Louisiana laws and City regulations regarding the lease of municipal-owned property.
Condition:	In December 2012, the Airport discovered and reported four (4) leases that may not be in compliance with the FAA AIP grant assurances and grant agreements, Louisiana R.S. 2:135.1(3), Public Bid Law, R.S. 41:1211, City Charter Section 6-308(5), and Executive Order MJL 10-05 as to the fee and rental structure requirements for the lease of public property. The Airport also discovered and reported that three of the four leases may also not be in compliance with the same grant assurances and agreements, statute, bid law, charter and executive order as to the advertisement provisions for the lease of public lands.
Effect:	The leases described above were in violation of FAA AIP grant assurances and grant agreements, Louisiana R.S. 2:135.1(3), Public Bid Law, R.S. 41:1211, City Charter Section 6-308(5), and Executive Order MJL 10-05.
Status:	Resolved.
Management's Response:	<p>This finding stems from activities originating prior to the current Board and its management. The Board's current Airport Director was retained in 2010. As new management was being hired, it learned of numerous contracting deficiencies resulting in an effort to situate over 160 contracts. As part of that process, management discovered these four leases and immediately self-disclosed the finding in a public Board meeting and reporting the finding to the Federal Aviation Administration and to the City's auditors.</p> <p>As of December 31, 2014, the Airport has resolved this finding. All four of the properties have been publically solicited for lease. Three of the properties are under new lease agreements and the Airport is processing a new lease agreement for the fourth property. This property is in compliance as there is no use of the property without a lease in place.</p>