

To the City of New Orleans Aviation Board
Louis Armstrong International Airport

We have audited the financial statements of the Louis Armstrong New Orleans International Airport (the Airport) for the year ended December 31, 2014 and have issued our report thereon dated June 26, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 12, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Airport are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Airport during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are related to the valuation of receivables and fixed assets, as well as the useful lives of fixed assets.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are related to debt and investments.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The misstatements detected as a result of audit procedures and corrected by management are included in Attachment 1. Management has passed on the adjustment to decrease prepaid expenses in the amount of \$39,167.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 26, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Airport's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Airport's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental schedule of investments, supplemental schedule of operating revenues and expenses by area of activity, and the schedule of compensation, benefits, and other payments to the Director of Aviation, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the supplemental schedule of historical debt service coverage ratio, which accompany the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the New Orleans Aviation Board and management of the Airport and is not intended to be, and should not be, used by anyone other than these specified parties.

Postlethwaite + Netterville

Metairie, Louisiana
June 26, 2015

**Louis Armstrong New Orleans International Airport
Adjusting Journal Entries
Year Ended December 31, 2014**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To expense costs for ongoing projects that have non capital costs during FY 2014.			
100-000-909-8114-0000	INTEREST EXPENSE - BOND	5,310,111	
100-000-909-3092-0000	CAPITAL FUND EQUITY		5,310,111
Total		<u>5,310,111</u>	<u>5,310,111</u>
Adjusting Journal Entries JE # 2			
To reverse amortization of bond issuance costs. Written off in prior year in accordance with GASB 65.			
100-000-907-1935-0000	AMOR-COST OF ISSUANCE BDS	3	
100-000-909-1935-0000	AMOR-COST OF ISSUANCE BDS	68,442	
100-000-910-1935-0000	AMOR-COST OF ISSUANCE BDS	37,445	
100-000-908-1935-0000	AMOR-COST OF ISSUANCE BDS		3
100-000-909-8117-0000	AMORTIZATION EXP-COI BONDS		68,445
100-000-910-8117-0000	AMORTIZATION EXP-COI BONDS		37,442
Total		<u>105,890</u>	<u>105,890</u>
Adjusting Journal Entries JE # 3			
To record accrual for Hamp Construction v. NOAB litigation.			
100-131-112-5245-0000	Litigation Expense	367,000	
100-131-112-2523-0000	Contingent Loss		367,000
Total		<u>367,000</u>	<u>367,000</u>
Adjusting Journal Entries JE # 4			
To record accrual for St. Charles Land v. NOAB litigation.			
100-000-000-1812-0000	LAND & NON DEPREC LAND IMP	1,480,300	
200-000-000-9225-0000	LITIGATION EXPENSE	1,480,300	
200-902-000-3092-0000	CAPITAL FUND EQUITY	1,480,300	
100-000-902-3092-0000	CAPITAL FUND EQUITY		1,480,300
200-000-000-2523-0000	CONTINGENT LOSS		1,480,300
200-000-000-9889-0000	TRANSFER TO WORK IN PROG.		1,480,300
Total		<u>4,440,900</u>	<u>4,440,900</u>
Adjusting Journal Entries JE # 5			
To adjust the due to city accounts for the amounts paid by NOAB as of 12/31/2014			
100-000-000-2252-0000	DUE TO CITY OF N.O.	1,158,102	
100-000-000-2255-0000	DTC-SALARIES & FRINGES	1,258,098	
100-000-000-1234-0000	CASH DEPOSITS IN TRANSIT		2,416,200
Total		<u>2,416,200</u>	<u>2,416,200</u>