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LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

(A Proprietary Component Unit of the City of New Orleans)

Financial Statements and Supplemental Schedules

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

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P&N Postlethwaite & Netterville
A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Louis Armstrong New Orleans International Airport (the Airport), a proprietary component unit of the City of New Orleans, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louis Armstrong New Orleans International Airport as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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. However, we do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the basic financial statements taken as a whole. Supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The Supplemental schedules 1 and 2 have been subjected to the auditing procedures applied in the audits 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 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, supplemental Schedules 1 and 2 are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Schedule 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
June 28, 2013

P&N

This narrative discussion and analysis is intended to serve as an introduction to the Louis Armstrong New Orleans International Airport's basic financial statements for the fiscal years ended December 31, 2012 and 2011, with selected comparative information for the fiscal year ended December 31, 2010. The information presented here should be read in conjunction with the financial statements, footnotes, and supplementary information in this report.

Overview of the Financial Statements

The Louis Armstrong New Orleans International Airport (the Airport) is structured as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See the notes to the financial statements for a summary of the Airport's significant accounting policies.

Following this Management Discussion and Analysis (MD&A) are the basic financial statements and supplemental schedules of the Airport. This information taken collectively is designed to provide readers with an understanding of the Airport's finances.

The statements of net position present information on all of the Airport's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Airport's financial position.

The statements of revenues, expenses, and changes in net position present information showing how the Airport's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods.

The principal operating revenues of the Airport are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, customer facility charges, federal grants, and other revenues not related to the operations of the Airport are nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are nonoperating expenses.

The statements of cash flows relate to the flows of cash and cash equivalents. Consequently, only transactions that affect the Airport's cash accounts are recorded in these statements. A reconciliation is a part of these statements to assist in the understanding of the difference between cash flows from operating activities and operating loss.

Financial Highlights

The Board received approval for participation in the Gulf Tax Credit Bonds Program (Go Zone Tax Credit Bonds) sponsored by the State of Louisiana in an amount not exceeding $36,000,000. The Airport was approved for $35,371,990 for an interest free period of 60 months. By July 2008, the Airport had drawn the full amount authorized, using the funds to pay debt service on the Bonds and related interest rate swap payments. The airports initial interest payment was due January 15, 2012 and its first principal and second interest payment was due July 15, 2012. The Airport withheld these payments during 2012 pending an ongoing petition for loan forgiveness. Subsequently, the Airport remitted the two interest payments in 2013 in the amount of $820,630 each.

The Airport negotiated a new Commercial Airline Lease effective January 1, 2009 with the Airline Transportation Companies. The new Airline - Airport Use and Lease Agreement (the "2009 Airline Lease Agreement") has an overall residual airline rate-setting methodology and a five-year term, which expires on December 31, 2013. Other key provisions to the Agreement include, a single terminal building rental rate, an annual deposit requirement to the General Purposes Fund, and airline approved capital projects that the NOAB may undertake at any time as demand warrants. To date, ten airlines, representing the vast majority of aviation activity at the Airport, have executed the Agreement.

Financial Position

Total assets decreased by $3,850,506 (.5%) this year due primarily to a decrease in investments as a result of costs associated with preparing the terminal for Super Bowl. Total liabilities decreased by $14,600,455 (3.5%) primarily resulting from a decrease in bonds payable and accounts payable in the amounts of $8,377,990 and $6,418,109 respectively.

The largest portion of the Airport's net position, $250,664,347 (66%) at 2012 and $228,829,564 (62%) at 2011, represents its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Airport uses these assets to provide services to its passengers, visitors, and tenants of the airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Airport's net position, $93,305,698 (25%) at 2012 and $90,813,267 (25%) at 2011, represents resources that are subject to restrictions from contributors, bond indentures, and state and federal regulations on how they may be used. The remaining balance of unrestricted net position, $35,508,554 (9%) at 2012 and $49,085,819 (13%) at 2011, may be used to meet the Airport's ongoing obligations.

At the end of the current and previous fiscal year, the Airport reported positive balances in all three categories of net position.

Summary of Net Position (in thousands)

	2012	2011	2010
Assets:			
Current and other assets	$ 241,431	$ 294,252	$ 339,978
Net capital assets	537,072	488,101	429,897
Total assets	$ 778,503	$ 782,353	$ 769,875

Liabilities:			
Current liabilities	$ 55,808	$ 59,768	$ 50,013
Long-term liabilities	343,216	353,856	363,919
Total liabilities	$ 399,024	$ 413,624	$ 413,932
Net position:			
Net investment in capital assets	$ 250,664	$ 228,830	$ 212,835
Restricted	93,306	90,813	98,493
Unrestricted	35,509	49,086	44,615
Total net position	$ 379,479	$ 368,729	$ 355,943

Debt Activity

At the end of the current fiscal year, the Airport had total debt outstanding of $358,057,814. The Airport's debt represents bonds secured solely by operating revenue and bonds payable from PFC and CFC revenue.

The Airport is currently appealing the repayment schedule for the Go Zone loan; as of the date of this audit, the required interest payments of $820,630 due January 15, 2012 and July 15, 2012 have each been made.

Outstanding Debt (in thousands)

	2012	2011	2010
Bonds payable:			
Revenue Refunding Bonds 2007 (PFC)	$ 78,490	$ 81,255	$ 83,890
Revenue Refunding Bonds 2009A-C	120,225	128,355	136,170
Go Zone CFC Revenue Bonds 2009A	96,515	96,515	96,515
GO Zone PFC Revenue Bonds 2010A-B	53,640	53,640	53,640
Unamortized bond discount	(3,321)	(3,483)	(3,646)
Unamortized loss on advanced refunding	(23,528)	(25,909)	(28,290)
Unamortized bond premium	665	691	718
Loans payable:			
Go Zone Tax Credit Bonds	35,372	35,372	35,372
Interest payable:			
GO Zone	2,423	820	-
	$ 360,481	$ 367,256	$ 374,369

More detailed information on long-term debt can be found in Note 5 of the accompanying financial statements.

(Continued)

Capital Assets

The Airport's investment in capital assets can be noted in the following table. The total increase for this fiscal year was 8% before accumulated depreciation and amortization. Major capital asset events occurring this fiscal year include the following:

- Land improvements/other buildings increased primarily due to the completion of Terminal Exterior Phase II Roadways at a cost of $9 million, North Perimeter Road at a cost of $4 million, and Apron Rehabilitation – Phases I/II at a cost of $27.5 million.
- Terminal buildings and furnishings increased primarily due to the completion of Terminal Interior Phase I at a cost of $8.8 million and Terminal Interior Phase III at a cost of $12.5 million.
- Construction in progress increased primarily due to progress on the following projects:

Project	Approximate cost during FY 2012 (not including capitalized interest)
Consolidated Rent A Car Facility	$34 million
Terminal Improvements Phase IV	$11 million
Utility Building	$6 million

These increases were offset by the completion of various projects. More detailed information on capital assets can be found in Note 4 of the accompanying financial statements.

Net Capital Assets (in thousands)

	2012	2011	2010
Land	$ 85,309	$ 85,309	$ 85,432
Air rights	22,283	22,283	22,170
Land improvements	386,947	341,920	338,034
Buildings and furnishings	399,470	373,918	331,640
Equipment	7,290	6,496	6,590
Computers	723	713	621
Utilities	14,255	7,786	7,786
Heliport	3,074	3,074	3,070
Construction in progress	133,475	129,621	86,273
Total capital assets	1,052,826	971,120	881,616
Less accumulated depreciation	515,754	483,019	451,719
Net capital assets	$ 537,072	$ 488,101	$ 429,897

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2012 and 2011

(Unaudited)

Airlines Rates and Charges

As previously discussed, a new Airline Airport Use and Lease Agreement became effective January 1, 2009. The rates effective January 1, 2012 and 2011 are as follows:

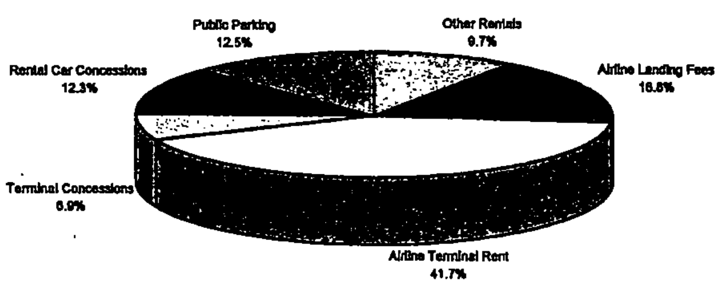
	2012	2011
Terminal building rental rates (per sq. ft.)	$ 99.02	$ 101.68
Landing fee rate (per 1,000 lbs)	1.85	1.95
Apron use fee rate (per sq. ft.)	1.81	1.90
Loading bridge use fee (per bridge)	14,481	12,973
Enplaned passenger use fee (per passenger)	7.56	8.50

Under the terms of the agreement, these rates are subject to a mid-year adjustment and year-end settlement. The Airport is required to use its best efforts such that within the later of (i) one hundred twenty (120) days following the close of each fiscal year or (ii) within sixty (60) days of receipt of audited financial statements, rates for rentals, fees, and charges for the preceding fiscal year shall be recalculated using available financial data and the methods set forth in Exhibit F of the agreement. For the fiscal years ended December 31, 2012 and 2011, the Airport's final rate structure varied from the rates in effect during the year.

Revenues

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2012.

Operating Revenue



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Operating Revenues (in thousands)

	2012	2011	2010
Passenger and cargo airlines:			
Airline Landing fees	$ 12,554	$ 7,883	$ 9,896
Airline Terminal rents	31,165	22,197	27,613
Land rents	50	50	50
Other rents	2,731	2,427	2,509
Total passenger and cargo airlines	46,500	32,557	40,068
Non airline rentals:			
Terminal concessions	5,182	4,915	4,697
Car rental concessions	9,171	8,584	9,357
Public parking	9,314	10,720	8,364
Other rents	4,489	4,531	4,592
Total nonairline revenues	28,156	28,750	27,010
Total operating revenues	$ 74,656	$ 61,307	$ 67,078

2012 vs. 2011

The 2009 Airline Lease Agreement remains in effect for 2012. Total air carrier revenue for 2012 increased by $13,942,950 (43%) over 2011 due to an adjustment to the 2011 airline settlement in the amount of $7,342,837. Non airline revenue increased by $594,085 (2%), due primarily to a decrease in parking revenues.

2011 vs. 2010

Total air carrier revenue for 2011 decreased by $7,511,424 (19%) over 2010 due to reduced revenues resulting from a decrease in rates. The landing fees decreased by $2,013,720 (20%). Airline terminal rentals decreased by $5,416,337 (20%). Non airline revenue increased by $1,740,508 (6%), due primarily to an increase in parking revenues.

Cost per enplaned passenger (CPE) is a measure used by the airline industry to reflect the costs an airline pays to operate at an airport based upon the number of enplaned passengers for that airport. The cost per enplaned passenger decreased from $9.50 in 2010 to $9.07 in 2011 and decreased to $8.70 in 2012.

(Continued)

	2012	2011	2010
Cost per enplaned passenger:			
Airline revenues	$ 37,471	$ 38,829	$ 38,987
Enplaned passengers	4,307	4,281	4,102
Cost per enplaned passenger	$ 8.70	$ 9.07	$ 9.50

Non-Operating Revenues (in thousands)

The following chart shows major sources of non-operating revenues for the year ended December 31, 2012.

	2012	2011	2010
Interest income	$ 129	$ 99	$ 139
Passenger facility charges	17,271	17,389	16,912
Customer facility charges	11,438	11,456	11,975
Capital contributions	2,750	12,291	10,736
Other	1,295	2,053	13,032
	$ 32,883	$ 43,288	$ 52,794

2012 vs. 2011

Non-operating revenues for 2012 decreased by $10,405,562, due primarily to a reduction in grant revenue received from the federal government.

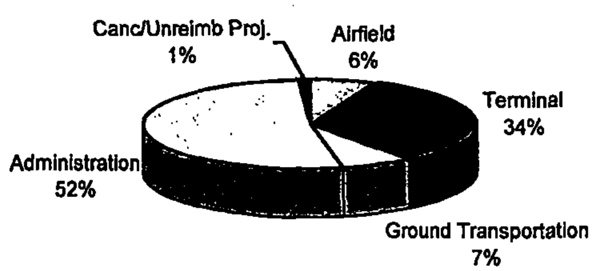
2011 vs. 2010

Non-operating revenues decreased by $9,506,505, due primarily to the gain on extinguishment of debt that was recognized in 2010 due to the FEMA Community Disaster Loan in the amount of $10,882,641, plus interest in the amount of $1,122,297 being forgiven by the federal government.

Expenses

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2012.

Operating Expenses (Excluding Depreciation)



Operating Expenses before Depreciation (in thousands)

		2012		2011		2010
Direct						
Airfield	$	2,555	$	2,241	$	2,264
Terminal		16,028		12,186		12,957
Ground transportation		3,291		4,303		5,047
Administration		24,572		22,767		24,305
Cancelled/unreimbursed projects		704		1,681		5,562
	$	47,150	$	43,178	$	50,135

2012 vs. 2011

The operating expenses before depreciation and amortization increased by $3,971,089 (9%) over the prior year, due primarily to increased costs for the City of New Orleans Fire services in the amount of $1,671,838 (59%) and the costs for preparing the terminal for Super Bowl of $3,728,496 (100%).

2011 vs. 2010

The operating expenses before depreciation and amortization decreased by $6,957,105 (14%) over the prior year, due primarily to a reduction in cancelled/unreimbursed projects in the amount of $3,881,025 (70%). This decrease was also due to a reduction in legal costs in the amount of $405,466 (34%), security costs of $819,535 (34%), and utilities of $731,067 (20%).

(Continued)

Non-Operating Expenses

The following chart shows major expense categories of non-operating expenses for the year ended December 31, 2012.

	2012	2011	2010
Interest expense	$ 16,171	$ 14,288	$ 13,415
Other	733	1,897	1,091
	$ 16,904	$ 16,185	$ 14,506

2012 vs. 2011

Non-operating expenses increased by $719,250 over the prior, due primarily to an increase in interest expense.

2011 vs. 2010

Non-operating expenses increased by $1,678,960 over the prior year, due primarily to an increase in interest expense and a loss on disposal of assets.

Total Revenues and Expenses (in thousands)

The following table reflects the total revenues and expenses for the Airport (in thousands):

	2012	2011	2010
Total operating revenues	$ 74,656	$ 61,307	$ 67,078
Total nonoperating revenues	32,883	43,288	52,795
Total revenues	$ 107,539	$ 104,595	$ 119,873
Total operating expenses	$ 79,885	$ 75,625	$ 79,734
Total nonoperating expenses	16,904	16,185	14,506
Total expenses	$ 96,789	$ 91,810	$ 94,240

(Continued)

Summary of Changes in Net Position (in thousands)

	2012	2011	2010
Summary of changes in net position:			
Operating revenues	$ 74,656	$ 61,307	$ 67,078
Operating expenses	47,150	43,178	50,135
Operating income before depreciation and amortization	27,506	18,129	16,943
Depreciation and amortization	32,735	32,447	29,599
Operating loss	(5,229)	(14,318)	(12,656)
Nonoperating revenues, net	13,229	14,812	27,553
Income before capital contributions and transfers	8,000	494	14,897
Capital contributions	2,750	12,291	10,736
Change in net position	$ 10,750	$ 12,785	$ 25,633

Operating income before depreciation and amortization increased $9,377,776 (52%) over the prior fiscal year, due primarily to an adjustment of the 2011 airline settlement in the amount of $7,342,837. Depreciation and amortization expense increased $288,419 (1%). Capital contributions decreased by $9,541,056 (78%) due primarily to a decrease in the capital contributions received from the federal government.

Debt Service Coverage

Airport revenue bond covenants require that net revenues together with the sum on deposit in the rollover coverage account on the last day of the immediately preceding fiscal year will at least equal 125% of the bond debt service requirement with respect to the bonds for such fiscal year. The bond resolution for the Revenue Refunding Bonds Series 2007A, 2007B-1, and 2007B-2, PFC Projects had a remaining ratio requirement of 105% or greater obtained by dividing the available amount by the cumulative debt amount. Coverage ratios for the past three years are shown in the following table.

On November 6, 2009, the Board approved the Rollover Coverage for fiscal years 2010-2012 in the amounts of $3,719,573, $3,720,173, and $3,719,960 respectively. The funds are transferred monthly, in ratable portions of the total, to the NOAB Rollover Coverage Account held by the City of New Orleans, and then transferred to the Airport Operating Account, held by the City of New Orleans in January 2013. The Airport's calculation of the historical debt service coverage ratio, as presented in Supplemental Schedule 3 to the financial statements is 214% for the year ended December 31, 2012 and 156% for the year ended December 31, 2011.

(Continued)

The Airport is current on all debt service payments as required by the bonds, and there has been no documented correspondence from the bond insurers or bond holders regarding noncompliance with the debt service coverage covenant.

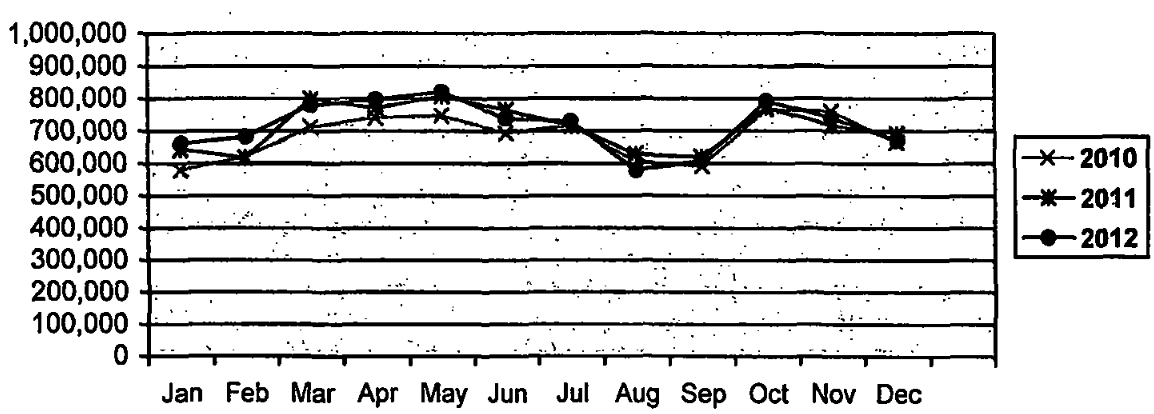
	2012	2011	2010
Refunding Bonds and Revenue Bonds	214%	156%	150%
Revenue Refunding Bonds	182%	175%	198%

Airport Activities and Highlights

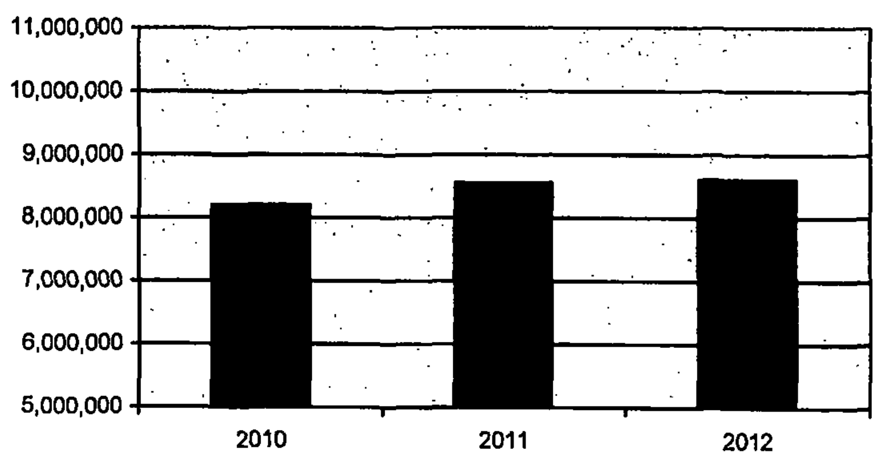
Passenger totals for 2012 increased by 52,614 (.6%) over 2011 due to an increase in passenger activity. Aircraft operations decreased from 92,746 operations in 2011 to 90,672 in 2012 (2%). Aircraft landed weights decreased from 5,613,633 in 2011 to 5,479,289 in 2012 (2%). As of December 2012, the Airport had 121 daily departures to 37 cities with 15,041 average daily seats. As of December 2011, the Airport had 123 daily departures to 37 cities with 15,463 average daily seats.

The Airport is continuing a program to rehabilitate aging infrastructure to meet current demands. Work was near substantial completion on the Consolidated Rent A Car Facility, the Terminal Apron Rehabilitation, and Terminal Improvements projects at December 31, 2012.

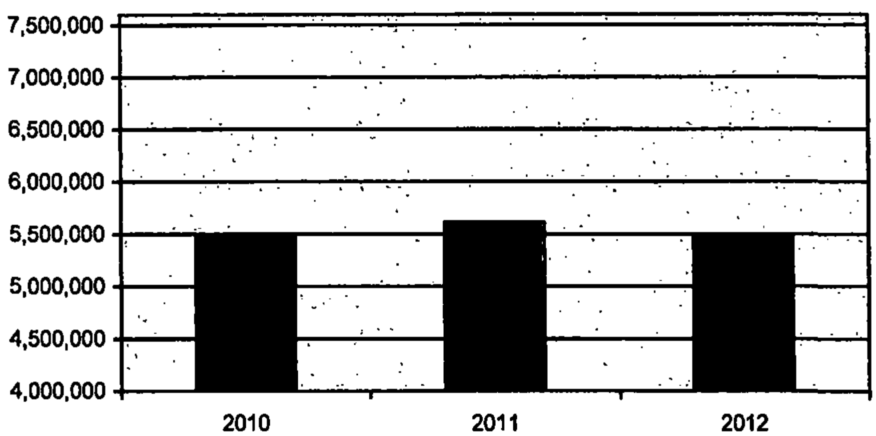
Total Passengers by Month



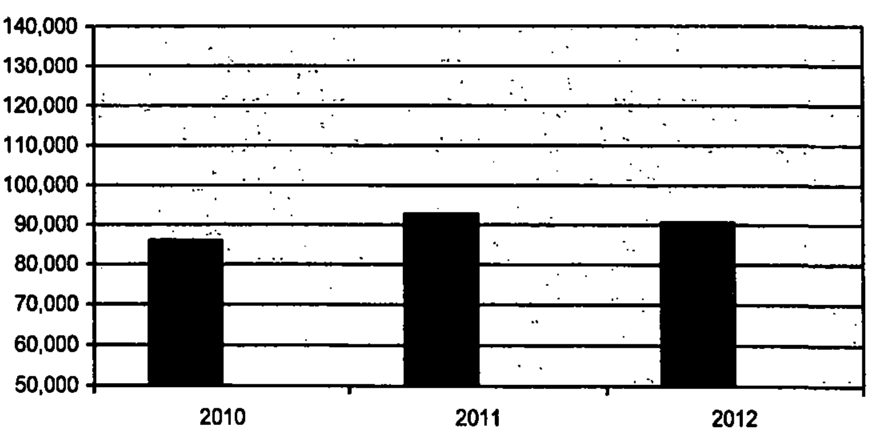
Total Passengers for the Year



Landed Weight per 1,000 pounds



Number of Passenger Flight Operations



Selected statistical information about total passengers, aircraft landed weight, and air carrier operations for the past three years are presented in the table below.

Fiscal year	Total passengers	Landed weight (1,000 pound units)	Air carrier operations
2010	8,203,305	5,501,940	89,003
2011	8,548,375	5,613,633	92,746
2012	8,600,989	5,479,289	90,672

Requests for Information

This financial report is designed to provide a general overview of the Airport's finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, Louis Armstrong New Orleans International Airport, Post Office Box 20007, New Orleans, Louisiana 70141.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Statements of Net Position

December 31, 2012 and 2011

Assets	2012	2011
Current assets:		
Unrestricted assets:		
Cash (note 2)	$ 2,640,786	$ 2,081,790
Accounts receivable, less allowance for doubtful accounts of $966,249 in 2012; $2,050,887 in 2011	6,086,148	5,766,876
Investments (note 2)	80,165,600	93,304,940
Prepaid expenses and deposits	1,114,717	1,294,732
Total unrestricted assets	90,007,251	102,448,338
Restricted assets (notes 2, 3, and 5):		
Cash	622,466	117,681
Investments	34,000,154	37,731,829
Passenger facility charges receivable	1,696,036	2,048,883
Customer facility charges receivable	818,338	802,565
Capital grant receivable	1,966,988	1,897,197
Total restricted assets	39,103,982	42,598,155
Total current assets	129,111,233	145,046,493
Noncurrent assets:		
Long-term investments (note 2):		
Investments, restricted	103,027,805	139,346,261
Total long-term investments	103,027,805	139,346,261
Capital assets (note 4):		
Capital assets not being depreciated	241,066,871	237,213,216
Capital assets being depreciated	811,759,585	733,907,471
Less accumulated depreciation	(515,754,290)	(483,019,291)
Total capital assets, net	537,072,166	488,101,396
Prepaid insurance on revenue bonds, less accumulated amortization of $1,097,966 in 2012; $835,686 in 2011	3,733,535	3,995,815
Deferred cost of bond issuance, less accumulated amortization of $1,121,312 in 2012; $816,032 in 2011	5,558,124	5,863,404
Total noncurrent assets	649,391,630	637,306,876
Total assets	$ 778,502,863	$ 782,353,369

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Statements of Net Position

December 31, 2012 and 2011

Liabilities and Net Assets		**2012**		**2011**
Current liabilities:				
Payable from unrestricted assets:				
Accounts payable	$	8,236,633	$	14,864,170
Due to City of New Orleans		1,209,290		753,255
Accrued salaries and other compensation		1,418,765		1,351,821
Capital projects payable		5,839,201		200,652
Total unrestricted current liabilities		16,703,889		17,169,898
Payable from restricted assets:				
Accounts payable		3,690,233		3,480,805
Capital projects payable		8,543,252		15,859,274
Bonds payable, current portion (note 5)		11,395,000		10,895,000
Accrued bond interest payable		9,606,258		9,858,308
Loans payable, current portion (note 5)		3,446,421		1,684,138
Loan interest payable		2,422,818		820,630
Total restricted current liabilities		39,103,982		42,598,155
Total current liabilities		55,807,871		59,768,053
Noncurrent liabilities:				
Bonds payable, less current portion, unamortized loss on advance refunding and unamortized discount (note 5)		311,290,824		320,168,814
Loans payable (note 5)		31,925,569		33,687,852
Total noncurrent liabilities		343,216,393		353,856,666
Total liabilities		399,024,264		413,624,719
Net position:				
Net investment in capital assets		250,664,347		228,829,564
Restricted for:				
Debt service		45,468,970		45,256,853
Capital acquisition		35,741,183		33,461,301
Operating reserve		12,095,545		12,095,113
Unrestricted		35,508,554		49,085,819
Total net position		379,478,599		368,728,650
Total liabilities and net position	$	778,502,863	$	782,353,369

See accompanying notes to financial statements.

(Concluded)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended December 31, 2012 and 2011

	2012	2011
Operating revenues (note 8):		
Airfield	$ 15,608,960	$ 10,580,838
Terminal	56,887,020	48,575,326
Ground transportation	2,160,224	2,151,175
Total operating revenues	74,656,204	61,307,339
Operating expenses:		
Direct:		
Airfield	2,554,591	2,240,792
Terminal	16,028,530	12,185,848
Ground Transportation	3,290,932	4,303,234
Depreciation and impairment write-down	32,734,999	32,446,580
Administrative	24,571,891	22,767,418
Cancelled/unreimbursed projects	703,779	1,681,342
Total operating expenses	79,884,722	75,625,214
Operating loss	(5,228,518)	(14,317,875)
Nonoperating revenues (expenses):		
Investment income (loss)	209,434	(136,341)
Interest expense	(16,171,339)	(14,287,593)
Passenger facility charges	17,271,733	17,389,251
Customer facility charges	11,437,828	11,456,403
Other, net	480,855	390,548
Total nonoperating revenues, net	13,228,511	14,812,268
Income before capital contributions	7,999,993	494,393
Capital contributions (note 6)	2,749,956	12,291,012
Change in net position	10,749,949	12,785,405
Total net position beginning of year	368,728,650	355,943,245
Total net position, end of year	$ 379,478,599	$ 368,728,650

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers	$ 74,336,932	$ 59,531,824
Cash paid to suppliers for goods and services	(41,364,289)	(30,591,437)
Cash paid to employees and on behalf of employees for services	(11,500,854)	(9,958,955)
Other receipts	484,266	658,356
Net cash provided by operating activities	21,956,055	19,639,788
Cash flow from noncapital financing activities:		
Sales tax receipts	698,181	750,726
FEMA proceeds	—	568,202
Net cash provided by noncapital financing activities	698,181	1,318,928
Cash flows from capital and related financing activities:		
Passenger facility charges collected	17,624,580	16,995,980
Customer facility charges collected	11,422,055	11,510,350
Proceeds from disposition of property	2,479	36,245
Acquisition and construction of capital assets	(76,224,950)	(74,887,490)
Capital grants received	2,680,165	11,284,948
Principal paid on revenue bond maturities	(10,895,000)	(10,450,000)
Interest paid on bonds and loans	(19,627,972)	(20,415,172)
Net cash used in capital and related financing activities	(75,018,643)	(65,925,139)
Cash flows from investing activities:		
Sales of investments	198,556,108	185,980,802
Purchases of investments	(145,286,127)	(142,406,122)
Interest and dividends on investments	158,207	137,856
Net cash provided by investing activities	53,428,188	43,712,536
Net increase (decrease) in cash and cash equivalents	1,063,781	(1,253,887)
Cash and cash equivalents at beginning of year	2,199,471	3,453,358
Cash and cash equivalents at end of year (note 2)	$ 3,263,252	$ 2,199,471
Noncash investing activities:		
Increase (decrease) in stock investments due to change in fair value	$ 80,510	$ (235,562)

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (5,228,518)	$ (14,317,875)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and impairment write-down	32,734,999	32,446,580
Decrease (increase) in allowance for doubtful accounts	(1,084,638)	898,344
Other	484,265	658,356
Changes in assets and liabilities:		
Accounts receivable	765,367	(53,034)
Prepaid expenses and deposits	179,711	594,489
Accounts payable	(6,418,110)	(338,014)
Accrued salaries and other compensation	20,938	196,194
Due to City of New Orleans	502,041	(445,252)
Total adjustments	27,184,573	33,957,663
Net cash provided by operating activities	$ 21,956,055	$ 19,639,788

See accompanying notes to financial statements.

(Concluded)

(1) Summary of Significant Accounting Policies

(a) Organization

The Louis Armstrong New Orleans International Airport (the Airport) is a proprietary component unit of the City of New Orleans, Louisiana. The New Orleans Aviation Board (the Board) was established in 1943 to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City of New Orleans with approval of the New Orleans City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member.

The accompanying policies of the Airport conform to accounting principles generally accepted in the United States of America as applicable to proprietary component units of governmental entities.

(b) Basis of Presentation

Proprietary fund accounting is used for the Airport's ongoing operations and activities which are similar to those often found in the private sector. Proprietary funds are accounted for using the economic resources measurement focus. The Airport is a proprietary component unit and accounts for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The principal operating revenues of the Airport are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, customer facility charges, federal and state grants, and other revenues not related to the operations of the Airport are nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are nonoperating expenses.

(c) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred. Revenues from landing and airfield fees, terminal building, rental building, and leased areas are reported as operating revenues. Transactions, which are capital, financing, or investing related, are reported as nonoperating revenues. Expenses from employee wages and benefits, purchase of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses. The Airport has implemented Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which codifies most pre-November 30, 1989 FASB and AICPA pronouncements that are relevant to governments and do not conflict with or contradict GASB pronouncements.

This eliminates the option for business-type activities to follow new FASB pronouncements, although they may continue to be applied as "other accounting literature."

(d) ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) ***Allowance for Uncollectible Accounts Receivable***

An allowance for estimated uncollectible accounts receivable is established at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

(f) ***Investments***

Investments are carried at fair value in the financial statements. Unrealized gains and losses on investments are reflected in the Statements of Revenues, Expenses, and Changes in Net Position.

(g) ***Capital Assets***

Capital assets are carried at cost. An item is classified as an asset if the initial, individual cost is $1,000 or greater. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. In situations involving the construction of certain assets financed with the proceeds of tax-exempt borrowings, interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining the amount of interest to be capitalized. There was capitalized interest in the amount of $7,158,293 in 2012 and $8,764,254 in 2011.

The Airport adopted the Governmental Accounting Standards Board's (GASB) Statement No. 51 – Accounting and Financial Reporting for Intangible Assets (GASB 51). GASB 51 provides that if there are no factors that limit the useful life of an intangible asset, the intangible asset is considered to have an indefinite useful life. Intangible assets with indefinite life is subsequently determined that certain air rights previously recorded as amortizable capital assets, now qualify as intangible assets as defined in GASB 51.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method commencing with the date of acquisition or, in the case of assets constructed, the date placed into service.

(Continued)

The estimated useful lives by major classification are as follows:

	Estimated useful lives (years)
Land improvements	10 – 25
Buildings and furnishings	3 – 25
Equipment	3 – 15
Utilities	5 – 25
Heliport	5 – 15

(h) Due from/Due to the City of New Orleans

Amounts recorded as due from and due to the City of New Orleans primarily relate to amounts paid by the City on behalf of the Airport. In addition, the City provides certain administrative services to the Airport. The cost of such services was $1,753,520 for each of the years ended December 31, 2012 and 2011, respectively, and is recorded in administrative expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

(i) Restricted Assets

Restricted assets include investments required to be maintained for debt service, capital additions and contingencies, operations and maintenance, and escrow under the indentures of the revenue and refunding bonds, as well as investments to be used for the construction of capital improvements. Restricted assets also include receivables related to passenger and customer facility charges and grants.

(j) Bond Insurance

In conjunction with bonds issued in 2009 and 2007, insurance was purchased which guarantees the payment of bond principal and interest and expires with the final principal and interest payment on the bonds. The insurance costs were capitalized at the dates of issuance and are being amortized over the life of the bonds.

(k) Revenue Recognition

Landing and airfield fees, terminal building, rental building, and leased areas rentals are recorded as revenues of the year in which earned.

As a result of Hurricane Katrina, the Airport entered into negotiations with the airline transportation companies in order to determine the maximum amount of fees and charges the Airport would be able to charge to retain the airline transportation companies and provide airline services to the City of New Orleans. In November 2005, the Board adopted the rates, fees, and charges resolution whereby the airport transportation companies are charged $8.00 per enplaned passenger. Landing fees were established at $1.07 per 1,000 pounds of gross maximum landed weight.

On January 1, 2009 all prospective signatory airlines began paying signatory airline rates and charges according to the new lease agreement. The rates for 2012 and 2011 are as follows:

	2012	2011
Terminal building rental rates (per sq. ft.)	$ 99.02	$ 101.68
Landing fee rate (per 1,000 lbs)	1.85	1.95
Apron use fee rate (per sq. ft.)	1.81	1.90
Loading bridge use fee (per bridge)	14,481	12,973
Enplaned passenger use fee (per passenger)	7.56	8.50

Under the terms of the agreement, these rates are subject to a mid-year adjustment and year-end settlement. The Airport is required to use its best efforts such that within the later of (i) one hundred twenty (120) days following the close of each fiscal year or (ii) within sixty (60) days of receipt of audited financial statements, rates for rentals, fees, and charges for the preceding fiscal year shall be recalculated using available financial data and the methods. For the fiscal years ended December 31, 2012 and 2011, the Airport's final rate structure varied from the rates in effect during the year.

(l) Passenger Facility Charges

On June 1, 1993, the Airport began imposing, upon approval of the Federal Aviation Administration (the FAA), a $3.00 Passenger Facility Charge (PFC) on each passenger enplaned at the Airport. On April 1, 2002, the FAA approved an increase in the amount of this fee to $4.50. As of December 31, 2012, the Airport is authorized to collect up to $564,820,750 of PFC revenue of which $296,144,764 has been collected. PFC revenues are pledged to secure the Series 2007 Revenue bonds and the Series 2009 Revenue bonds, which funded construction of preapproved capital projects and redeemed prior Series of PFC Bonds. As of December 31, 2012, the estimated expiration date on PFC revenue collection is February 1, 2026.

(m) Customer Facility Charges

On November 1, 2008, the Airport began imposing a $5.50 Customer Facility Charge (CFC) on a per transaction day basis to all the On-Airport Rental Car Companies. On May 13, 2009, the Board approved an increase in the CFC charge to $6.20 which became effective June 1, 2009. CFC revenues are pledged to secure the Series 2009 Gulf Opportunity Zone CFC Revenue Bonds, which were issued to fund the construction of the CONRAC garage.

(n) Federal Financial Assistance

The Airport receives financial assistance for costs of construction and improvements to airport facilities through grants from the FAA. The Airport is on the reimbursement basis for funds received for financial assistance. As of December 31, 2012, the Airport had received $3,159,642 from FEMA as reimbursement for repairs and expenses incurred by the Airport as a result of Hurricanes Katrina and Gustav.

(o) ***Vacation and Sick Leave***

All full-time classified employees of the Airport hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45 days annual leave and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Upon termination of employment, an employee is paid for their accrued annual leave based on their current hourly rate of pay and for their accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting their accrued annual and sick leave to additional pension credits. Annual leave and sick leave liabilities are accrued when incurred.

(p) ***Statements of Cash Flows***

For purposes of the statements of cash flows, cash and cash equivalents include unrestricted cash and restricted cash.

(q) ***Net Position***

The Airport has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective fiscal year 2012. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period. The Airport does not have any deferred inflows or deferred outflows as of December 31, 2012.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position reflects net position when there are limitations imposed on a net position's use by external parties such as creditors, grantors, laws, or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets.

Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued in March 2012 and is effective for fiscal years beginning after December 15, 2012. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63. This standard also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position.

*(r) **Reclassifications***

Certain prior year amounts have been reclassified to conform to the current year's presentation.

(2) Cash and Investments

Included in the Airport's cash balances are amounts deposited with commercial banks in interest bearing and noninterest bearing demand accounts. The commercial bank balances are entirely insured by federal depository insurance or by collateral held by the financial institution in the Airport's name.

The Airport follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The local government investment pool is a "2a-7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value. At December 31, 2012 and 2011, the fair value of all securities regardless of balance sheet classifications as cash and cash equivalents or investments was as follows:

	2012	2011
Securities:		
Common Stock: Airline sock	$ 252,819	$ 172,309
Local government investment pool	78,930,941	92,393,128
Investment in money market funds	138,009,799	177,817,593
Total securities, at fair value	$ 217,193,559	$ 270,383,030

These securities are held in the following accounts:

	2012	2011
Current assets:		
Cash and cash equivalents	$ 3,263,252	$ 2,199,471
Investments (unrestricted and restricted)	114,165,754	131,036,769
Noncurrent assets:		
Investments	103,027,805	139,346,261
Total cash and investments	220,456,811	272,582,501
Less cash on deposit	(3,263,252)	(2,199,471)
Total securities, at fair value	$ 217,193,559	$ 270,383,030

The Airport is authorized to invest in securities as described in its investment policy, in each bond resolution and state statue. As of December 31, 2012, and 2011, the Airport held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures:*

Investment Maturities at December 31, 2012

Investment type	Less than 1 year	1 to 5 Years	Total
Common Stock: Airline bankruptcies	$ 252,819	$ -	$ 252,819
Local government investment pool	78,930,941	-	78,930,941
Money market funds	138,009,799	-	138,009,799
	$ 217,193,559	$ -	$ 217,193,559

Investment Maturities at December 31, 2011

Investment type	Less than 1 year	1 to 5 Years	Total
Common Stock: Airline bankruptcies	$ 172,309	$ -	$ 172,309
Local government investment pool	92,393,128	-	92,393,128
Money market funds	177,817,593	-	177,817,593
	$ 270,383,030	$ -	$ 270,383,030

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, investments are generally held to maturity. The Airport's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due.

(Continued)

To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to the specific bond issue.

Credit Risk: The Airport's general investment policy applies the prudent-person rule:

Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. Airport policy limits investments to the highest credit rating category of Standard & Poor's (S&P). Funds can only be invested in money market funds rated AAAm, AAm, or AAAm-G by S&P.

In accordance with the Airport's investment policy and bond resolutions, all U.S. government agency securities held in the portfolio are either issued by or explicitly guaranteed by the U.S. government.

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Airport will not be able to recover the values of its investments or collateral securities that are in the possession of an outside party. All of the Airport's investments are either held in the name of the Airport or held in trust under the Airport's name.

Concentration of Credit Risk: The Airport's investments are not subject to a concentration of credit risk.

In 2007, the Airport acquired common stock as a result of bankruptcy proceedings of three airlines. The common stock with a market value of $252,819 at December 31, 2012 was subject to market risk as a result of the volatility of the stock market.

LAMP: LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to provide immediate access to participants. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost.

(3) Summary of Restricted Assets

Assets restricted for specific purposes in accordance with bond indentures and other legal restrictions are composed of the following at December 31, 2012 and 2011:

2012

	Debt service fund	Debt service reserve fund	Coverage account	Ineligible sub-account	Operations and maintenance reserve fund	Capital Improvement fund	Receipts fund	Rollover fund	PFC collect	Bond costs	Parking Facility Reserve	Receivables	Total
Assets:													
Cash and certificates of deposits	$ —	—	—	—	—	—	524	3,722,379	621,941	—	—	—	$ 4,344,844
Dreyfus Treasury Prime Cash Management	9,312,808	18,399,390	1,923,544	3,038,226	—	63,245,014	463,770	—	—	89,299	—	—	96,472,051
JPM U.S. Treasury and U.S. money market fund	12,927,531	14,435,500	—	—	8,373,167	—	—	—	—	—	1,097,332	—	36,833,530
Passenger facility charges receivable	—	—	—	—	—	—	—	—	—	—	—	1,696,036	1,696,036
Capital grant receivable	—	—	—	—	—	—	—	—	—	—	—	1,966,988	1,966,988
Customer facility charges receivable	—	—	—	—	—	—	—	—	—	—	—	818,338	818,338
	$ 22,240,339	32,834,890	1,923,544	3,038,226	8,373,167	63,245,014	464,294	3,722,379	621,941	89,299	1,097,332	4,481,362	$ 142,131,787

2011

	Debt service fund	Debt service reserve fund	Coverage account	Ineligible sub-account	Operations and maintenance reserve fund	Capital Improvement fund	Receipts fund	Rollover fund	PFC collect	Bond costs	Parking Facility Reserve	Receivables	Total
Assets:													
Cash and certificates of deposits	$ —	24	—	—	—	—	—	3,721,947	117,657	—	—	—	$ 3,839,628
Dreyfus Treasury Prime Cash Management	9,246,933	18,687,373	1,923,544	3,545,584	—	102,584,147	715,020	—	—	2,224	—	—	136,704,825
JPM U.S. Treasury and U.S. money market fund	12,745,332	14,435,500	—	—	8,373,167	—	—	—	—	—	1,097,319	—	36,651,318
Passenger facility charges receivable	—	—	—	—	—	—	—	—	—	—	—	2,048,883	2,048,883
Capital grant receivable	—	—	—	—	—	—	—	—	—	—	—	1,897,197	1,897,197
Customer facility charges receivable	—	—	—	—	—	—	—	—	—	—	—	802,565	802,565
	$ 21,992,265	33,122,897	1,923,544	3,545,584	8,373,167	102,584,147	715,020	3,721,947	117,657	2,224	1,097,319	4,748,645	$ 181,944,416

(4) Capital Assets

Capital assets include assets acquired with the Airport's own funds as well as those acquired through resources externally restricted for capital acquisition. A summary of changes in capital assets for the years ended December 31, 2012 and 2011 is as follows:

	Balance December 31, 2011	Additions/ transfers during year	Deletions/ transfers during year	Balance December 31, 2012
Capital assets not being depreciated:				
Land	$ 85,309,433	$ -	$ -	$ 85,309,433
Air rights	22,282,449	-	-	22,282,449
Construction in progress	129,621,334	85,357,111	(81,503,456)	133,474,989
Total capital assets not being depreciated	237,213,216	85,357,111	(81,503,456)	241,066,871
Capital assets being depreciated:				
Land improvements	341,919,646	45,027,531	-	386,947,177
Buildings and furnishings	373,917,833	25,552,628	-	399,470,461
Equipment	6,496,427	793,703	-	7,290,130
Computers	713,262	9,784	-	723,046
Utilities	7,786,124	6,468,468	-	14,254,592
Heliport	3,074,179	-	-	3,074,179
Total capital assets being depreciated	733,907,471	77,852,114	-	811,759,585
Total capital assets	971,120,687	163,209,225	(81,503,456)	1,052,826,456
Less accumulated depreciation:				
Land improvements	215,064,231	14,036,694	-	229,100,925
Buildings and furnishings	253,768,218	17,965,233	-	271,733,451
Equipment	5,681,698	273,065	-	5,954,763
Computers	233,882	164,242	-	398,124
Utilities	5,203,370	294,586	-	5,497,956
Heliport	3,067,892	1,179	-	3,069,071
Total accumulated depreciation	483,019,291	32,734,999	-	515,754,290
Total capital assets, net	$ 488,101,396	$ 130,474,226	$ (81,503,456)	$ 537,072,166

(Continued)

	Balance December 31, 2010	Additions/ transfers during year	Deletions/ transfers during year	Balance December 31, 2011
Capital assets not being depreciated:				
Land	$ 85,432,116	$ -	$ (122,683)	$ 85,309,433
Air rights	22,170,230	112,219	-	22,282,449
Construction in progress	86,273,138	92,911,590	(49,563,394)	129,621,334
Total capital assets not being depreciated	193,875,484	93,023,809	(49,686,077)	237,213,216
Capital assets being depreciated:				
Land improvements	338,033,354	3,886,292	-	341,919,646
Buildings and furnishings	331,640,337	44,098,518	(1,821,022)	373,917,833
Equipment	6,589,880	114,177	(207,630)	6,496,427
Computers	621,340	91,922	-	713,262
Utilities	7,786,124	-	-	7,786,124
Heliport	3,069,679	4,500	-	3,074,179
Total capital assets being depreciated	687,740,714	48,195,409	(2,028,652)	733,907,471
Total capital assets	881,616,198	141,219,218	(51,714,729)	971,120,687
Less accumulated depreciation:				
Land improvements	199,860,152	15,204,079	-	215,064,231
Buildings and furnishings	238,111,598	16,716,298	(1,059,678)	253,768,218
Equipment	5,634,364	254,964	(207,630)	5,681,698
Computers	100,883	132,999	-	233,882
Utilities	4,944,736	258,634	-	5,203,370
Heliport	3,067,538	354	-	3,067,892
Total accumulated depreciation	451,719,271	32,567,328	(1,267,308)	483,019,291
Total capital assets, net	$ 429,896,927	$ 108,651,890	$ (50,447,811)	$ 488,101,396

(Continued)

Construction in progress is composed of the following at December 31, 2012:

Description		Project authorization	December 31, 2012	Remaining commitments
Consolidated Rent A Car Facility	$	99,796,192	$ 102,145,383	$ -
Terminal Improvements Phase IV		16,807,477	11,449,462	5,358,015
Consolidated Checkpoint		15,000,000	18,270	14,981,730
Utility Building		10,790,788	10,596,654	194,134
Long Term Development-Design Phase		5,000,000	733,663	4,266,337
Terminal Improvements Phase IVA		4,353,000	3,095,071	1,257,929
Access Road Upgrade		2,829,000	1,071,405	1,757,595
Concourse B Renovation		2,700,000	150,061	2,549,939
Expansion of Taxiway Gulf Phase I		2,538,197	1,756,885	781,312
Perimeter Fence		2,530,000	330,626	2,199,374
Concourse D Refurbishment		2,000,000	10,790	1,989,210
Long Term Development Project		2,000,000	8,556	1,991,444
Land Development & Reuse Plan		1,200,000	25,972	1,174,028
Miscellaneous Projects under $1,000,000		4,809,055	2,082,191	2,726,864
	$	172,184,709	$ 133,474,989	$ 41,227,911

(5) Long-term Debt

Long-term debt activity for the years ended December 31, 2012 and 2011 was as follows:

Long-Term Debt	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012	Amounts due within one year
Bonds Payable:					
Series 2007A Revenue Bonds, fixed interest rate January 1, 2038 at 4.25% final maturity	$ 62,850,000	$ -	$ (1,110,000)	$ 61,740,000	$ 1,160,000
Series 2007B-1 Revenue Refunding Bonds, fixed interest rate January 1, 2020 at 4.25% final maturity	4,295,000	-	-	4,295,000	-
Series 2007B-2 Revenue Refunding Bonds, fixed interest rate January 1, 2019 at 4.25% final maturity	14,110,000	-	(1,655,000)	12,455,000	1,740,000
Series 2009A-1 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	73,960,000	-	-	73,960,000	-
Series 2009A-2 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	23,055,000	-	-	23,055,000	-
Series 2009B Revenue Refunding bonds, fixed interest rate January 1, 2015 at 4.50% final maturity	27,140,000	-	(3,930,000)	23,210,000	8,495,000
Series 2009C Revenue Refunding bonds, fixed interest rate January 1, 2012 at 3.50% final maturity	4,200,000	-	(4,200,000)	-	-
Series 2009A GO ZONE CFC Revenue bonds, fixed interest rate; January 1, 2040 at 4.625% final maturity	96,515,000	-	-	96,515,000	-

(Continued)

Long-Term Debt	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012	Amounts due within one year
Bonds Payable:					
Series 2010A GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2041 at 5.25% final maturity	$ 52,355,000	$ -	$ -	$ 52,355,000	$ -
Series 2010B GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2038 at 5.125% final maturity	1,285,000	-	-	1,285,000	-
	359,765,000	-	(10,895,000)	348,870,000	11,395,000
Less:					
Unamortized loss on advance refunding	(25,909,478)	-	2,381,121	(23,528,357)	-
Unamortized discount on bonds	(3,483,456)	-	162,494	(3,320,962)	-
Unamortized premium on bonds	691,748	-	(26,606)	665,142	-
	331,063,814	-	(8,377,991)	322,685,823	11,395,000
Loans Payable:					
Go Zone	35,371,990	-	-	35,371,990	3,446,421
	35,371,990	-	-	35,371,990	3,446,421
Other Liabilities:					
GO Zone Interest Payable	820,630	1,602,188	-	2,422,818	2,422,818
	820,630	1,602,188	-	2,422,818	2,422,818
	$ 367,256,434	$ 1,602,188	$ (8,377,990)	$ 360,480,632	$ 17,264,239

(Continued)

Long-Term Debt	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011	Amounts due within one year
Bonds Payable:					
Series 2007A Revenue Bonds, fixed interest rate January 1, 2038 at 4.25% final maturity	$ 63,910,000	$ -	$ (1,060,000)	$ 62,850,000	$ 1,110,000
Series 2007B-1 Revenue Refunding Bonds, fixed interest rate January 1, 2020 at 4.25% final maturity	4,295,000	-	-	4,295,000	-
Series 2007B-2 Revenue Refunding Bonds, fixed interest rate January 1, 2019 at 4.25% final maturity	15,685,000	-	(1,575,000)	14,110,000	1,655,000
Series 2009A-1 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	73,960,000	-	-	73,960,000	-
Series 2009A-2 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	23,055,000	-	-	23,055,000	-
Series 2009B Revenue Refunding bonds, fixed interest rate January 1, 2015 at 4.50% final maturity	27,140,000	-	-	27,140,000	3,930,000
Series 2009C Revenue Refunding bonds, fixed interest rate January 1, 2012 at 3.50% final maturity	12,015,000	-	(7,815,000)	4,200,000	4,200,000
Series 2009A GO ZONE CFC Revenue bonds, fixed interest rate; January 1, 2040 at 4.625% final maturity	96,515,000	-	-	96,515,000	-

(Continued)

Long-Term Debt	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011	Amounts due within one year
Bonds Payable:					
Series 2010A GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2041 at 5.25% final maturity	$ 52,355,000	$ -	$ -	$ 52,355,000	$ -
Series 2010B GO ZONE PFC Revenue Bonds, fixed interest rate, January 1, 2038 at 5.125% final maturity	1,285,000	-	-	1,285,000	-
	370,215,000	-	(10,450,000)	359,765,000	10,895,000
Less:					
Unamortized loss on advance refunding	(28,290,599)	-	2,381,121	(25,909,478)	-
Unamortized discount on bonds	(3,645,950)	-	162,494	(3,483,456)	-
Unamortized premium on bonds	718,353	-	(26,605)	691,748	-
	338,996,804	-	(7,932,990)	331,063,814	10,895,000
Loans Payable:					
Go Zone	35,371,990	-	-	35,371,990	1,684,138
	35,371,990	-	-	35,371,990	1,684,138
Other Liabilities:					
GO Zone Interest Payable	-	820,630	-	820,630	820,630
	$ 374,368,794	$ 820,630	$ (7,932,990)	$ 367,256,434	$ 13,399,768

Debt service requirements to maturity for all outstanding bonds are as follows:

	Interest	Principal	Total
Bonds Payable:			
December 31:			
2013	$ 18,936,196	$ 11,395,000	$ 30,331,196
2014	18,363,190	11,950,000	30,313,190
2015	17,722,633	14,210,000	31,932,633
2016	17,032,925	14,895,000	31,927,925
2017	16,319,706	15,590,000	31,909,706
2018-2022	68,209,557	88,685,000	156,894,557
2023-2027	46,826,475	48,215,000	95,041,475
2028-2032	35,257,544	45,015,000	80,272,544
2033-2037	20,339,960	59,415,000	79,754,960
2038-2041	3,555,661	39,500,000	43,055,661
	$ 262,563,847	$ 348,870,000	$ 611,433,847

Debt service requirements to maturity for all outstanding loans payable are as follows:

	Interest	Principal	Total
Loans Payable:			
December 31:			
2012 (not paid as of year end)	$ 1,641,260	$ 1,684,138	$ 3,325,398
2013	1,563,116	1,762,282	3,325,398
2014	1,481,346	1,844,052	3,325,398
2015	1,395,782	1,929,616	3,325,398
2016	1,306,248	2,019,150	3,325,398
2017	1,212,560	2,112,839	3,325,399
2018-2022	4,498,060	12,128,933	16,626,993
2023-2026	1,410,614	11,890,980	13,301,594
	$ 14,508,986	$ 35,371,990	$ 49,880,976

The Board received approval for participation in the Gulf Tax Credit Bonds Program (Go Zone Tax Credit Bonds) sponsored by the State of Louisiana in an amount not exceeding $36,000,000. The Airport was approved for $35,371,990 for an interest free period of 60 months. On August 1, 2006, Hancock Bank as escrow trustee for the State of Louisiana with respect to its GO Zone Tax Credit Bonds Program transferred to the Trustee the amount of $10,242,550 to be used to pay the August 2, 2006 debt service on the bonds and related interest rate swap payments. Hancock Bank transferred an additional $25,129,440 in debt service between August 2006 and July 2008 which brought the loan to the approval amount of $35,371,990 as of December 31, 2012. The Trustee continues to be responsible for making all debt service payments on the bonds. The Airport is currently appealing the repayment schedule for the Go Zone loan.

As of June 28, 2013, the required interest payments of $820,630 due January 15, 2012 and July 15, 2012 have been remitted.

(6) Capital Contributions and Transfers

Capital contributions recorded by the Airport represent amounts received from the federal government to finance the cost of construction of airport facilities.

During the year ended December 31, 2012, the FAA contributed $2,749,956. During the year ended December 31, 2011, the FAA contributed $12,043,255, and the Transportation Security Administration contributed $250,215.

(7) Pension Plan

Employees and officers of the Airport are eligible for membership in the Employees' Retirement System of the City of New Orleans (the Plan), a defined benefit contributory retirement plan. A separate financial report on the plan for the year ended December 31, 2011 containing additional information required under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, is available from the City of New Orleans Director of Finance, 1300 Perdido Street, Room 1E12, New Orleans, Louisiana 70112, (504) 658-1850.

The Airport's annual contribution to the Employees' Retirement System is based on the amount determined by the actuary of the Plan, which includes amortization of past service costs over a period of 30 years. The Airport's contribution to the Plan for the years ended December 31, 2012 and 2011 was $1,587,580 and $1,427,148, respectively.

(8) Rentals under Operating Leases

The Airport leases space in its terminal to various airlines, concessionaires, and others. These leases are for varying periods ranging from one to ten years and require the payment of minimum annual rentals. On January 1, 2009, a new Airline Lease and Use Agreement went into effect with all Signatory airlines paying signatory airlines rates and charges in accordance with the new lease agreement.

The Airport parking garage facility (the "Facility") was constructed on land leased by a 501(c) 3 nonprofit corporation (the Corporation) from the Airport pursuant to a parking garage ground lease (the "ground lease") dated January 1, 2001. The commencement date as defined in the ground lease went into effect January 1, 2002, and the ground rental term began. In accordance with the ground lease, the Corporation is required to design, finance, construct, and operate the Facility. The Facility is being financed by the Corporation with $39.4 million of tax-exempt bonds. The bonds are not an obligation of the Airport. The initial term of the ground lease is ten years with three renewal periods of ten years at the option of the Corporation. During the term of the ground lease, the Corporation will pay the Airport $10,624 a month plus percentage rent of 6% of gross revenues generated from the Facility in excess of $7.0 million per year plus net cash flow rent, as defined in the ground lease.

The payment of rent is subject to a minimum annual guarantee payment, as defined in the ground lease. The fixed rent shall increase by 3% per annum, effective on the first day of each lease year during the term. The 2012 monthly ground rent was $14,278, and 2011 monthly ground rent was $13,862.

(Continued)

The following is a schedule by year of aggregate future minimum rentals receivable on noncancelable operating leases as of December 31, 2012:

2013	6,154,798
2014	5,493,622
2015	5,098,714
2016	5,060,892
2017	5,010,913
2018-2023	7,696,471
	$ 34,515,410

These amounts do not include contingent rentals which may be received under most of the leases; such contingent rentals, including month-to-month concession agreements, amounted to $5,042,568 in 2012 and $4,661,120 in 2011.

(9) Commitments and Contingencies

(a) Self-Insurance

The Airport is insured for hospitalization and unemployment losses and claims under the City of New Orleans' self-insurance program. The Airport pays premiums to the City of New Orleans' unemployment self-insurance program, and the Airport and its employees pay premiums to the City of New Orleans' hospitalization self-insurance program.

(b) Commitments

In the normal course of business, the Airport enters into various commitments and contingent liabilities, such as construction contracts and service agreements, which are not reflected in the accompanying financial statements.

(c) Claims and Judgments

There are several pending lawsuits in which the Airport is involved. Based upon review and evaluation of such lawsuits and the advice of legal counsel, management does not believe that the ultimate outcome of such litigation and not covered by insurance will be material to the Airport's financial position except as discussed below.

The Airport is involved in litigation regarding its acquisition of real estate. Plaintiffs are claiming damages in the amount of $1.6 million. The final results of such litigation cannot be determined at this time. Management believes it will not exceed $1 million. At this time, no amount has been accrued in the financial statements.

(d) Federal Financial Assistance

The Airport participates in a number of federal financial assistance programs. Although the grant programs have been audited through December 31, 2012 in accordance with the Single Audit Act of 1996, these programs are still subject to financial and compliance audits by governmental agencies.

(10) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2013, and determined that there were no subsequent events requiring disclosure.

Schedule 1

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Supplemental Schedule of Investments

Year ended December 31, 2012

Description	Year acquired	Maturity date	Book value	Fair value
Unrestricted investments:				
Special Receipts:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	$ 1,187,200	$ 1,187,200
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2009	N/A	1,369,178	1,369,178
			2,556,378	2,556,378
PFC Reimbursement:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	2,147,840	2,147,840
Stock: Airline Bankruptcies	2007	N/A	252,819	252,819
City of New Orleans:				
LAMP - Sales Tax/General Purpose	2003	N/A	71,705,991	71,705,991
LAMP - Use & Lease General Purpose	2011	N/A	3,502,571	3,502,571
			75,208,562	75,208,562
Total unrestricted investments			80,165,600	80,165,600
Restricted investments:				
City of New Orleans:				
LAMP - Rollover Coverage	2009	N/A	3,722,379	3,722,379
CIF-Parking Facility Loan:				
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2010	N/A	1,097,332	1,097,332
Debt Service Fund:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2008	N/A	9,312,808	9,312,808
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2009	N/A	12,927,531	12,927,531
			22,240,339	22,240,339
Debt Service Reserve Fund:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	18,399,390	18,399,390
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2009	N/A	14,435,500	14,435,500
			32,834,890	32,834,890

(Continued)

Schedule 1

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

(A Proprietary Component Unit of the City of New Orleans)

Supplemental Schedule of Investments

Year ended December 31, 2012

Description	Year acquired	Maturity date	Book value	Fair value
Ineligible Sub-Account:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	3,038,226	3,038,226
Operations and Maintenance:				
Reserve fund:				
JPM U.S. Treasury Plus				
Investments				
The Bank of New York Mellon	2009	N/A	8,373,167	8,373,167
Receipts Fund:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	46,032	46,032
CFC Restricted:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2010	N/A	2,430,581	2,430,581
Time Reimbursement:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	1,568,054	1,568,054
Project Account:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	43,207,477	43,207,477
PFC Restricted:				
Dreyfus Treasury Prime				
Cash Management				
The Bank of New York Mellon	2009	N/A	18,469,483	18,469,483
Total restricted investments			137,027,959	137,027,959
Total all investments			$ 217,193,559	$ 217,193,559

See accompanying independent auditors' report.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Supplemental Schedule of Operating Revenues and Expenses by Area of Activity

Year ended December 31, 2012

	Airfield	Terminal buildings	Ground transportation	Total
Operating revenues	$ 15,608,960	$ 56,887,020	$ 2,160,224	$ 74,656,204
Direct expenses	2,554,591	16,028,530	3,290,932	21,874,053
Operating revenues, less direct expenses	13,054,369	40,858,490	(1,130,708)	52,782,151
Depreciation of cost center assets	14,037,873	16,121,592	912,098	31,071,563
Operating revenues, less direct expenses and depreciation	$ (983,504)	$ 24,736,898	$ (2,042,806)	21,710,588
Other operating expenses:				
Depreciation of non-cost center assets				1,663,436
Administrative				25,275,670
Total other operating expenses				26,939,106
Operating loss				$ (5,228,518)

See accompanying independent auditors' report.

Schedule 3

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

(A Proprietary Component Unit of the City of New Orleans)

Supplemental Schedule of Historical Debt Service Coverage Ratio as Required under the General Revenue Bond Trust Indenture Dated February 1, 2009

Year ended December 31, 2012

(Unaudited)

Revenues:		
Airline rentals and landing fees	$	46,500,250
Other operating revenues		28,155,951
Nonoperating revenues		632,084
Rollover coverage		3,719,960
Total revenues		79,008,245
Less reserve requirements:		
Operation and maintenance expenses		47,149,722
Net revenues	$	31,858,523
Debt service fund requirement:		
Principal payments	$	8,495,000
Interest expense		6,384,840
Total debt service fund requirement	$	14,879,840
Historical debt service coverage ratio		2.14

See accompanying independent auditors' report.

(1) Basis of Accounting

The accompanying supplemental schedule has been prepared in accordance with the General Revenue Bond Trust Indenture dated February 1, 2009. The supplemental schedule excludes certain revenues and expenses as defined in the trust indenture.

(2) Rollover Coverage

On November 6, 2009, the Board approved the Rollover Coverage for fiscal years 2010-2012 in the amounts of $3,719,573, $3,720,173, and $3,719,960 respectively. The funds are transferred monthly, in ratable portions of the total, to the NOAB Rollover Coverage Account held by the City of New Orleans, and then transferred to the airport operating account, held by the City of New Orleans in January 2013.

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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, 2012, 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 28, 2013.

Internal Control over Financial Reporting

Management of the Airport is responsible for establishing and maintaining effective internal control (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 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 the internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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In addition, we noted certain other matters regarding the internal control over financial reporting that we reported to management of the Airport in a separate letter dated June 28, 2013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012 – 1.

The Airport's Response to Findings

The Airport's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Airport's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
June 28, 2012

P&N

Finding 2012 – 1: Federal, State & City Regulations

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	As of December 31, 2012, four of the Airport leases 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. Three of the four Airport leases also appear not 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 are 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.
Recommendation	The Airport should adopt a set of policies and procedures to ensure specific compliance with the advertisement, fee and rental rate requirements for compliance with 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 for all properties to be leased at the Airport.

Finding 2012 – 1: Federal, State & City Regulations (continued)

Management's Response

This finding stems from activities originating prior to the current Airport Administration. A new Airport Director was retained in May 2010. In January 2011, the Airport commenced hiring a new executive team. Once the executive team was in place, additional hiring occurred throughout 2011 that led to the establishment of critical new departments such as Planning, Design and Construction and Procurement.

Beginning in the fall of 2011 and continuing into 2012, the Airport staff began identifying the lack of current contracts, including undocumented and expired leases. In 2012, the Airport self-disclosed its findings publically (including disclosure to the Federal Aviation Administration (FAA)) and began undertaking corrective measures. This included retaining outside legal counsel to assist Airport staff in situating over 160 contracts by completing solicitations and, as appropriate, direct negotiation.

Near the end of 2012, the Airport discovered four additional off-Airport leases that were expired and/or undocumented. Upon discovery, the Airport publically disclosed its findings to the appropriate agencies and officials, including the FAA. Staff has been actively working to resolve this issue and is confident the leases will be corrected in 2013.

The new Airport Administration is committed to compliance with all federal, state and local laws, rules and regulations. The Airport will evaluate the need to establish such policies or procedures to insure compliance.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Summary Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2012

Finding 2011 – 1: Contract Documentation

Criteria	The Airport does not have signed, formalized documentation for contracts and/or amendments with eight contracting parties on capital projects related to airport improvements projects (AIP) from federal funding sources.
Condition	In prior periods, the Airport began capital projects without signed documentation for contracts and/or amendments.
Effect	The transactions described above are in violation of Federal Aviation Administration (FAA) and other agency compliance requirements.
Recommendation	These contracts and/or amendments should be formalized and signed by all parties involved in the capital project.
Current Status	*Resolved.*

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

We have audited the financial statements of the Louisiana Armstrong International Airport (the Airport), a proprietary component unit of the City of New Orleans, as of and for the year ended December 31, 2012, and have issued our report thereon dated June 28, 2013. In planning and performing our audit of the financial statements of the Airport, we considered internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

2012 - 01 Theft

Observation

The Airport's procedures for identification badges and fingerprinting receipts did not include a routine independent reconciliation process between the receipt book totals and the subsequent bank deposits that resulted in an exposure totaling approximately $4,905. The Airport employee responsible for the deposits to the bank account had access to cash amounts included in these deposits. The Airport reported these irregularities to the Louisiana Legislative Auditor, Jefferson Parish District Attorney's Office and City of New Orleans Office of Inspector General for further investigation.

Recommendation

We recommend that the NOAB enhance its procedures to have accounting personnel verify that all receipts, which are pre-numbered, are accounted for, and that the subsequent deposit's beginning ticket number is in sequence with the prior bank deposits ending sequence number. Additionally, someone in either Security or Accounting should reconcile the receipt totals from Security Office to cash received for deposit, and then verify that the amount deposited in the bank agrees to what was received from Security. The bank account should then be reconciled by personnel who do not have contact with cash collected.

We also recommend that a copy of the receipts log should be provided to someone in accounting other than the person responsible for the deposit. This person should verify that the amounts in the log match the validated deposit tickets. Deposits should also be made timely after receipt and duplicate deposit tickets should be provided to the person responsible for checking the logs.

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Management's Response

In February 2013, the Airport discovered an irregularity in its controls affecting cash collections and deposits for identification badges and fingerprinting. The Airport promptly reported the matter to the appropriate authorities, including the Louisiana Legislative Auditor, Jefferson Parish District Attorney's Office and City of New Orleans Office of Inspector General.

The Airport responded immediately to the discovery and implemented new procedures to ensure the timely identification of all receipts. The procedures implemented include, discontinuing the acceptance of cash payments and reconciliation procedures to verify that all receipts, which are pre-numbered, are accounted for, and that the subsequent deposit's beginning ticket number is in sequence with the prior bank deposits ending sequence number.

Additionally, the Airport is now reconciling the receipt totals from the Security Office to the deposits made by Accounting, and verifying that the amount deposited in the bank agrees to what was received from the Security Office by an Accounting employee other than the person responsible for the funds received or deposited. As the Airport was implementing these new procedures, the Airport also requested Postlethwaite & Netterville to perform an independent investigative audit, which was completed in March 2013.

During Fiscal Year Ended December 31, 2011, and during Fiscal Year Ended December 31, 2012, recent Airport management uncovered findings of non-compliance and weakness in internal controls and has voluntarily reported its findings to the Auditor, elected officials and enforcement agencies. The Airport is committed to ensure that sufficient internal controls are properly in place and functioning effectively in all areas of its operations and it will continue to implement improvements to its controls wherever necessary to ensure its fiduciary responsibilities as stewards of the public's resources.

This report is intended solely for the information of the Airport, the Airport's management; federal, state and city awarding agencies; and the Louisiana Legislative Auditor 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.

The Airport's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Postlethwaite & Netterville

Metairie, Louisiana
June 28, 2013

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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:

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, 2012.

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, 2012.

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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, 2012, 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 28, 2013, 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 & Netterville

Metairie, Louisiana
June 28, 2013

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LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
Schedule of Revenues and Expenditures of Passenger Facility Charges
For the year ended December 31, 2012

	Program Total January 1, 2012	Quarter 1 January - March 2012	Quarter 2 April - June 2012	Quarter 3 July - September 2012	Quarter 4 October - December 2012	Quarters 1-4 January - December 2012	Program Total December 31, 2012
Revenues:							
Collections	$ 264,222,764	$ 4,106,905	$ 4,488,174	$ 4,453,506	$ 4,576,033	$ 17,624,618	$ 281,847,382
Interest	14,297,409	3	3	3	3	11	14,297,420
Total Revenues	278,520,173	4,106,908	4,488,177	4,453,509	4,576,036	17,624,629	296,144,802
Expenditures:							
Application 02-05:							
Project 05-001 - ARFF Perimeter Road, Stage I (1)	1,533,327	43,866	9	9,028	102	53,006	1,586,333
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)	650,437	18,170	4	3,747	42	21,962	672,399
Project 05-005 - Asbestos Removal Program	3,834,669	106,439	22	21,947	248	128,657	3,963,326
Project 05-006 - Concourse D Reconstruction (1)	18,346,877	505,372	121	119,117	1,346	625,956	18,972,833
Project 05-007 - East Air Cargo Access Roads	2,431,976	61,823	13	12,771	144	74,752	2,506,728
Project 05-008 - East Air Cargo Apron, Stage I	2,434,343	46,759	10	9,612	109	56,489	2,490,832
Project 05-010 - East/West Taxiway (VFR Runway) (1)	5,806,213	104,441	22	21,513	243	126,219	5,932,432
Project 05-011 - Fire Code Compliance Program	4,595,473	132,837	28	27,362	309	160,536	4,756,009
Project 05-013 - North GA Access Road	1,264,974	36,192	8	7,506	85	43,791	1,308,765
Project 05-014 - North General Aviation Apron, Stage I	5,990,488	93,769	20	19,336	219	113,343	6,103,831
Project 05-015 - Rehabilitate Runways and Taxiways (1)	2,643,457	48,885	3	3,417	39	52,344	2,695,801
Project 05-016 - Terminal Improvements	4,908,680	-	-	-	-	-	4,908,680
Project 05-017 - Update Airfield Guidance Sign System (1)	113,554	3,143	1	648	7	3,799	117,353
Project 05-018 - Upper Level Roadway Canopy	5,351,871	-	-	-	-	-	5,351,871
Project 05-019 - West Terminal Expansion (1)	24,356,683	704,467	140	137,010	1,549	843,166	25,199,849
Project 05-020 - West Terminal Utilities Expansion (1)	7,673,860	220,539	46	45,475	514	266,574	7,940,434
Total Application - 02-05	93,490,409	2,126,701	447	438,490	4,957	2,570,594	96,061,003
Application 02-06							
Project 06-001 - Aircraft Loading Bridges	7,162,862	480,827	71,360	435,359	1,091,805	2,079,352	9,242,214
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)	756,632	-	-	-	-	-	756,632
Project 06-008 - Expansion of Concourse D (2)	8,551,641	759,401	1,928	722,087	8,263	1,491,679	10,043,320
Project 06-010 - New Aircraft Rescue and Fire Fighting (ARFF) Station (2)	8,228,853	86,175	231	86,657	993	174,056	8,402,909
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)	20,202,240	2,274,118	3,641	1,335,904	15,100	3,628,763	23,831,003
Project 06-014 - Rehabilitate Taxiway Sierra (2)	1,405,541	-	-	-	-	-	1,405,541
Project 06-015 - South Lafon Airpark Land Purchase	5,062,117	-	-	-	-	-	5,062,117
Project 06-017 - Terminal HVAC Rehabilitation	1,278,665	-	-	-	-	-	1,278,665
Project 06-018 - West Air Cargo Complex Land Acquisition Program	1,050,244	-	-	-	-	-	1,050,244
Total Application - 02-06	84,459,118	3,600,521	77,160	2,580,008	1,116,161	7,373,850	91,832,968

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Revenues and Expenditures of Passenger Facility Charges
For the year ended December 31, 2012

	Program Total January 1, 2012	Quarter 1 January - March 2012	Quarter 2 April - June 2012	Quarter 3 July - September 2012	Quarter 4 October - December 2012	Quarters 1-4 January - December 2012	Program Total December 31, 2012
Application 04-07							
Project 07-001 - Airport Master Plan	1,133,967	101,650	-	68,212	-	169,862	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	10,384,180	-	-	804,585	178,118	982,703	11,366,883
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	15,028,388	1,897,813	3,505,506	647,150	(3,179)	6,047,290	21,075,678
Project 07-019 - Terminal Pedestrian Access Enhancements	1,381,705	-	-	-	-	-	1,381,705
Total Application - 04-07	62,486,671	1,999,464	3,505,506	1,519,947	174,938	7,199,855	69,686,526
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	23,076	5,576	-	-	-	5,576	28,652
Project 09-004 - Taxiway G Extension - East	229,207	5,094	139,083	45,746	-	189,923	419,130
Total Application - 09-09	252,283	10,670	139,083	45,746	-	195,499	447,782
Application 09-10							
Project 10-001 - Terminal Apron Rehabilitation	6,626,782	304,607	127,797	165,052	-	597,456	7,224,238
Project 10-002 - Northwest Service (Perimeter) Road	887,500	23,805	3,852	41,451	-	69,108	956,608
Project 10-005 - Baggage Handling System	669,220	287,202	1,756	288,809	3,307	581,073	1,250,293
Project 10-007 - Airfield Lighting Vault	975,915	301,965	65,121	26,421	130,578	524,085	1,500,000
Project 10-008 - Runway 06/24 Downgrade	150,719	-	17,140	(2,309)	-	14,831	165,550
Total Application - 09-10	9,310,136	917,579	215,666	519,424	133,885	1,786,554	11,096,690
Total Expenditures	250,740,782	8,654,935	3,937,862	5,103,615	1,429,941	19,126,353	269,867,135
PFC Revenues In Excess Of (Under) Expenditures	$ 27,779,391	$ (4,548,027)	$ 550,315	$ (650,106)	$ 3,146,095	$ (1,501,723)	$ 26,277,667

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, 2012

(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.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Findings and Questioned Costs

Year ended December 31, 2012

None.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2011

Finding 2011 – 1: Contract Documentation

Criteria	The Airport does not have signed, formalized documentation for contracts and/or amendments with seven contracting parties on capital projects related to passenger facility charge (PFC) funding sources.
Condition	In prior periods, the Airport began capital projects without signed documentation for contracts and/or amendments.
Effect	Violation of Federal Aviation Administration (FAA) and other agency compliance requirements.
Recommendation	These contracts and/or amendments should be formalized and signed by all parties involved in the capital project.
Current Status	*Resolved.*