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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF COSTS

New Orleans International Airport
New Orleans, Louisiana

We have audited the accompanying schedule of costs related to Federal Aviation Administration (FAA) Land Acquisition Grant 3-32-8037-29 of the New Orleans International Airport ("Airport") for the period from August 12, 1991 to September 23, 1996. This schedule of costs is the responsibility of the Airport's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 schedule of costs is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of costs. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule of costs presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such schedule of costs presents fairly, in all material aspects, the costs related to FAA Land Acquisition Grant 3-32-8037-29 of the Airport for the period from August 12, 1991 to September 23, 1996, and the resulting amount due from FAA for the period then ended, under the grant agreement referred to above.

In accordance with Government Auditing Standards, we have also issued a report dated September 23, 1996 on our consideration of the Airport's internal control structure used in administering the grant agreement referred to above and a report dated September 23, 1996 on the Airport's compliance with specific requirements applicable to the grant agreement referred to above.

This report is intended for the information of the Aviation Board, management, the FAA and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Deloitte + Touche LLP

September 23, 1996

under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, or his/her, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

NEW ORLEANS INTERNATIONAL AIRPORT

SCHEDULE OF COSTS RELATED TO FEDERAL AVIATION ADMINISTRATION (FAA)
LAND ACQUISITION GRANT 3-22-8037-25
PERIOD FROM AUGUST 12, 1991 TO SEPTEMBER 23, 1995

Costs eligible for FAA participation	\$1,612,703
Percentage to be paid by the FAA	<u>75 %</u>
Total FAA participation	1,207,028
FAA reimbursement made through September 23, 1995	<u>1,183,548</u>
Amount due from FAA at September 23, 1995	<u>\$ 23,504</u>

See note to schedule of costs.

NEW ORLEANS INTERNATIONAL AIRPORT

NOTE TO SCHEDULE OF COSTS RELATED TO FAA
LAND ACQUISITION GRANT 3-23-8037-29
PERIOD FROM AUGUST 12, 1991 TO SEPTEMBER 23, 1996

The New Orleans International Airport on August 12, 1991 accepted FAA Grant Agreement for Development Project (Project No. 3-23-8037-29). The terms of this agreement obligated the FAA to pay 75% of the allowable costs incurred in the purchase of land in noise sensitive areas and in the relocation of the residents of those areas to non-noise sensitive areas.

The maximum obligation of the FAA under the grant agreement was \$5,500,000.

All grant costs are included in this schedule including the billing for the audit of this grant.

**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING GRANT AGREEMENT**

New Orleans International Airport
 New Orleans, Louisiana

We have audited the schedule of costs related to Federal Aviation Administration (FAA) Land Acquisition Grant 1-22-0017-29 of the New Orleans International Airport ("Airport") for the period from August 12, 1991 to September 23, 1996, and have issued our report thereon dated September 23, 1996. We have also audited the Airport's compliance with requirements applicable to the grant agreement referred to above and have issued our report thereon dated September 23, 1996.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the schedule of costs are free of material misstatement and about whether the Airport complied with specific requirements applicable to the grant agreement referred to above.

In planning and performing our audit of the schedule of costs related to FAA Land Acquisition Grant 1-22-0017-29 of the Airport for the period from August 12, 1991 to September 23, 1996, we considered the internal control structure of the Airport in order to determine our auditing procedures for the purpose of expressing our opinions on the schedule of costs of the Airport, and on its compliance with requirements applicable to the grant agreement referred to above, and to report on the internal control structure used in administering the grant agreement referred to above. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to the grant agreement referred to above.

The management of the Airport is responsible for establishing and maintaining the internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization, and recorded properly to permit the preparation of the statement of costs in accordance with the contract agreement referred to above, and that the grant agreement referred to above is managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors or omissions of state sovereignty occur and not be detected. Also, proportion of any evaluation of the internal control structure is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO GRANT AGREEMENT**

New Orleans International Airport
New Orleans, Louisiana

We have audited the schedule of costs related to Federal Aviation Administration Land Acquisition Grant 3-12-8057-39 of the New Orleans International Airport ("Airport") for the period from August 13, 1991 to September 23, 1996, and have issued our report thereon dated September 23, 1996.

We have also audited the Airport's compliance with the requirements governing project cost allowability, matching share, and special reporting requirements that are applicable to the grant agreement referred to above. The Airport's management is responsible for the Airport's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our tests disclosed no instances of noncompliance with the requirements referred to above that are required to be reported herein under *Government Auditing Standards*.

In our opinion, the Airport complied, in all material respects, with the requirements governing project cost allowability, matching share, and special reporting requirements that are applicable to the grant agreement referred to above.

This report is intended for the information of the Aviation Board, management, the FAA and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

September 23, 1996