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**NEW ORLEANS AVIATION BOARD
LAND GRANT FAA PROJECT NUMBER 3-21-003-11**

**COST STATEMENT AND INDEPENDENT AUDITOR'S REPORT
FOR THE GRANT PERIOD ENDED SEPTEMBER 30, 1997**

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Reference Date: 11/13/1998

10-18-1998

NEW ORLEANS AVIATION BOARD
LAND GRANT FAA PROJECT NUMBER 9-23-0077-21
FOR THE GRANT PERIOD ENDED SEPTEMBER 30, 1997

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London G. Spenser

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The New Orleans Aviation Board

We have audited the accompanying cost statement of the Land Grant FAA Project Number 3-22-0857-21 of the New Orleans Aviation Board for the grant period ended September 30, 1997. This cost statement is the responsibility of the Project's management. Our responsibility is to express an opinion on this cost statement 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the cost statement referred to in the first paragraph presents fairly, in all material respects, results of the activities of the Project for the grant period ended September 30, 1997 in accordance with the grant agreement.

New Orleans, Louisiana
October 15, 1997

NEW ORLEANS AVIATION BOARD
LAND-GRANT FAA PROJECT NUMBER 3-22-6637-21

COST STATEMENT
FOR THE GRANT PERIOD ENDED SEPTEMBER 30, 1967

ELIGIBLE COST:

Land, Structures, Right of way	1,944,270
Architectural engineering basic fees	541,504
Relocation Expense	221,150
Relocation Payments to individuals and businesses	917,584
Demolition and removal	118,052
Total Eligible Cost	<u>\$3,642,752</u>

BACKGROUND INFORMATION AND NOTES TO THE COST STATEMENT

BACKGROUND INFORMATION

The Grant Agreement for development project number D-22-0037-01 was approved by the FAA for the development of the Airport, this aforementioned project consists of two primary goals. The first goal is to acquire fee simple title or other property interest satisfactory to the Administrator in selected noise sensitive areas and to provide relocation assistance. The second goal is to soundproof twenty residences.

The Part 150 Program for the New Orleans International Airport was approved on August 8, 1988. The majority of the property within 75 Ldn was residential at the time of the grant's inception. One of the recommended actions was the acquisition of property within the 75 Ldn noise contour to remove incompatible uses. The purpose of the acquisition and subsequent relocation of its residents was to allow the land to be brought into noise-compatible uses and provide relief from aircraft noise to residents.

The acquisition was to begin south of the airport, followed by north, and then east. The Part 150 land acquisition program began with acquisition of properties in the south with Fiscal Year 1988 and 1989 funds.

The FAA approved a FAR Part 150 Noise compatibility program for New Orleans International Airport on August 17, 1988. Included in the noise compatibility program was a soundproofing program for residences and schools in areas exposed to aircraft noise of Ldn 70 to 75. Based on prior analysis, approximately 850 dwellings were in the Ldn 70 to 75 noise exposure ranges not including three schools and two churches. It was estimated that by 1991, with preferential runway use, there will still be 780 dwelling units and two schools in the Ldn 70 to 75 noise exposure area.

Soundproofing is the incorporation of materials into a structure or the redesign of portions of a structure to reduce the transmission of exterior noise into interior spaces. The benefits of soundproofing are decreased noise levels in the interior environments and in some cases an increase in the overall energy efficiency of the structure and a reduction in energy consumption. The purpose of soundproofing in the Airport program would be to maintain an exterior-to-interior noise of Ldn 45 or less in all habitable rooms or in rooms where the noise can be most disturbing. In areas exposed to aircraft noise of Ldn 70 there would have to be a reduction of 28 decibels and a reduction of 30 decibels in an area exposed to Ldn 75.

The New Orleans Aviation Board had no previous experience in implementing soundproofing programs, the lack of experience lead the Board to develop a soundproofing demonstration project for 20 homes in the Ldn 70 to 75 area and partial soundproofing for four homes in the Ldn 65 to 70 area be carried out before a full-scale program is attempted. The objectives of the demonstration project are to enable the aviation board to determine:

- A. The extent of soundproofing necessary to achieve isolated cumulative noise exposure levels of 65 db or less for typical homes in the Airport environs.
- B. The average cost per home for soundproofing. The cost per home will also include administrative costs for the management of the program.
- C. The administrative and management procedures and staffing needed to implement a full-scale program.
- D. The perceived improvements in the noise environment from the residents whose homes were soundproofed.
- E. The feasibility of conducting a full-scale program from the standpoint of (1) acceptability by affected property owners of soundproofing as a noise mitigation measure, (2) financial feasibility, (3) time period needed to carry out the program, and (4) management of the program.

The implementation of this project should improve the noise environment for the occupants of the selected homes and increase land use compatibility in the vicinity of New Orleans International Airport.

The FAA requested \$2,500,000 be returned in advance of closing out Grant 21. The FAA decided that Grant 21 could be completed without the additional funds. The NOLAD agreed with the decision and returned the funds. The initial funding for Grant 21 was \$8,125,000. The FAA portion of Grant 21 was \$6,500,000 and the sponsor funding was \$1,625,000. After the return of funds the total funding for Grant 21 was \$5,800,000, the FAA portion was \$4,000,000 and the sponsor match was \$1,800,000.

NOTES TO THE COST STATEMENT

NOTE 1: The Federal Aviation Administration (FAA) had estimated the total cost of Land Grant 21 to be \$5 million. The FAA reimburses the NDAE for 80% of all eligible cost associated with the project. The other 20% are matched by the NDAE with bond funds. Total eligible costs incurred to date are \$3,642,762.

NOTE 2: Under Land Grant 21, the FAA reimburses NDAE for 80% of all eligible cost associated with the project. The total eligible costs incurred to date are \$3,642,762. The FAA's total portion due to the NDAE is \$2,914,209. Of that amount, the FAA has already reimbursed NDAE for \$2,922,836. The total amount due to the FAA is \$8,667. See Schedule of FAA reimbursement below:

SCHEDULE OF FAA REIMBURSEMENT

Cost Eligible for FAA Participation	\$ 3,642,762
Percentage to be Paid by FAA	80%
Total FAA Portion	2,914,209
FAA Reimbursement To Date	<u>3,922,836</u>
Amount Due From (To) FAA as of September 30, 1997	<u>\$ (8,667)</u>

NOTE 3: As of September 30, 1997 Land Grant 21 had a remaining FAA eligible portion of \$1,085,791.

GRANT 21 FAA ELIGIBLE PORTION

Federal Funding	\$4,000,000
Previously reimbursed	\$2,914,209
Balance	\$1,085,791
Final reimbursement due (To) From FAA	\$ (8,000)
FAA Balance	\$1,085,791

Note 4: The Federal Aviation Administration (FAA) determined that certain costs, which had been previously reimbursed to NOAA, were ineligible. This resulted in an overstatement of 48,007 of cost eligible for FAA participation. Therefore, as of September 30, 1997 NOAA is required to refund these monies to the FAA.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF THE COST STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Directors of
The New Orleans Aviation Board

We have audited the cost statement of the Land Grant FAA Project Number 2-22-0037-21 of the New Orleans Aviation Board (The Project) for the grant period ended September 30, 1997, and have issued our report thereon dated October 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards, "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 cost statement is free of material misstatement.

The management of The Project is responsible for establishing and maintaining an 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 a reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of cost statement in accordance with the grant agreement. Because of inherent limitations in any internal control structure, errors, irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods 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.

In planning and performing our audit of the cost statement of The Project for the grant period ended September 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the cost statement and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the cost statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors and the management of the New Orleans Aviation Board. However, this report is a matter of public record, and its distribution is not limited.

New Orleans, Louisiana
October 13, 1997

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS,
REGULATIONS, CONTRACTS AND GRANTS BASED ON AN AUDIT OF THE
COST STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
the New Orleans Aviation Board

We have audited the grant agreement of the Land Grant FAA Project Number 3-23-0077-21 of the New Orleans Aviation Board (the Project), for the grant period ended September 30, 1997 and have issued our report thereon dated October 15, 1997.

We conducted our audit 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 the cost statement is free of material misstatement.

Compliance with laws, regulations, contracts, and grant agreements applicable to the Project are the responsibility of the Project's management. As part of obtaining reasonable assurance about whether the cost statement is free of material misstatement, we performed tests of the Project's compliance with certain provisions of laws, regulations, contracts, and grant agreement. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test indicate that, with respect to items tested, the Project complied, in all material respects, with provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the grantee had not complied, in all material respects, with those provisions.

This report is intended for the information of the Board of Directors and the management of the New Orleans Aviation Board. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

New Orleans, Louisiana
October 15, 1997