CITY OF NAPLES AIRPORT AUTHORITY (NAA)
Board of Commissioners
Notice of Regular Meeting

FINAL AGENDA

City Hall Council Chambers
735 Eighth Street South
Naples, FL 34102

Thursday, February 20, 2020
8:30 a.m.

Commissioner Michael Lenhard – Chair and Consultant Selection Committee Member
Commissioner Kerry C. Dustin – Vice Chair and Audit Committee Chair
Commissioner Donna M. Messer – NCC Liaison
Commissioner James Rideoutte – Consultant Selection Committee Chair and Audit Committee Member
Commissioner Ted Brousseau – Legal Liaison
Executive Director: Christopher A. Rozansky
Authority Attorney: William L. Owens, Esq. of Bond, Schoeneck & King, PLLC

Welcome. If you wish to address the Board of Commissioners regarding an item listed on the Agenda, please complete a Speaker Registration form (available at the rear of the room) and hand it to the Executive Assistant prior to consideration of that item. We ask that speakers limit comments to 5 minutes and that large groups name a spokesperson whenever possible. All written, audio-visual, and other materials distributed to the Board or staff during this meeting will become the property of NAA and will be a public record. Thank you for your interest and participation.

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A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. AGENDA (Add, delete or re-sequence items)

D. MINUTES

1. January 16, 2020 Regular Meeting Minutes

2. February 11, 2020 Audit Committee Meeting Minutes

E. PRESENTATIONS AND TIME CERTAIN ITEMS

1. Employee of the Quarter

F. PUBLIC COMMENTS (5 minute limit)

G. ACTION ITEMS (Public comments accepted for each item; 5 minute limit)

1. 2019 Naples Airport Authority Annual Report

2. 2019 Noise Compatibility Committee Annual Report

3. FY 2019 Annual Audit and Comprehensive Annual Financial Report (CAFR)

4. Fourth Amendment, Assignment and Assumption of Leasehold Agreement Between APF Development III, LLC, QE Airpark Condominium Association, Inc. and the Authority

5. Task Order with SchenkelShultz for General Aviation Terminal and Airport Office Building Improvements in an Amount Not to Exceed $400,998

6. Easement with Florida Power and Light for Installation of Street Lights in the North Quadrant

7. Easement with Florida Power and Light for the Installation of the Electrical Service Line to the Aircraft Rescue Fire Fighting Station

H. NEW BUSINESS

I. OLD BUSINESS

1. Noise Compatibility Committee Update
2. Technical Advisory Committee Update

J. LEADERSHIP TEAM REPORT

1. Leadership Team Report

K. FINANCIAL REPORTS

1. Financial Summary

L. COUNSEL'S REPORT

1. Counsel's Report

M. PUBLIC COMMENTS (5 minute limit)

N. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

O. ADJOURN

Minutes
January 16, 2020
Regular Meeting

A. ROLL CALL

Meeting was called to order by Chair Messer at 8:30 a.m. in the Council Chambers at City Hall.

Also present were Vice Chair Lenhard, Commissioner Brousseau, Commissioner Dustin and Commissioner Rideoutte.

Staff and Authority Counsel present were Mr. Rozansky, Mr. Owens, Ms. Terrill, Mr. Keith, Mr. Frost, Ms. Sarcona, Mr. Jefferson and Ms. Menard.

B. PLEDGE OF ALLEGIANCE

Chair Messer led the Pledge of Allegiance.

C. AGENDA

Under N. Correspondence/Commissioner Comments & Requests/Meetings, Item 1, Audit Committee Meeting, Mr. Rozansky stated that there were unexpected scheduling conflicts for a January meeting. He said that staff will follow up with Committee members and the audit firm consultant to confirm a date in advance of the February Regular Meeting.

D. MINUTES

1. December 12, 2019 NAA Board and Noise Compatibility Committee Workshop Meeting

Commissioner Dustin moved approval of the December 12, 2019, NAA Board and Noise Compatibility Committee Workshop Meeting minutes. Commissioner Rideoutte seconded. Motion passed unanimously 5-0.

2. December 19, 2019 Regular Meeting

Vice Chair Lenhard moved approval of the December 19, 2019, Regular Meeting minutes. Commissioner Dustin seconded. Motion passed unanimously 5-0.

E. PRESENTATIONS AND TIME CERTAIN ITEMS

There were no presentations and time certain items.

F. PUBLIC COMMENTS

There were no public comments.

G. ACTION ITEMS (Public comments accepted for each item; 5-minute limit)

1. Election of Chair

Mr. Rozansky thanked current and outgoing Chair Messer for her service. He added that Commissioner Messer did an excellent job as Chair and brought the appropriate balance between the needs of the aviation community and residents surrounding the airport. Mr. Rozansky reported that Chair Messer has maximized her term as Chair and is ineligible for reelection.

Chair Messer appreciated the recognition and said that it has been an honor and privilege to serve as Chair. Chair Messer reviewed the instructions for the election of officers.

Chair Messer nominated Vice Chair Lenhard for Chair for a period of one year, and he accepted the nomination to serve as Chair. There were no other nominations. Motion passed 5-0 to elect Commissioner Lenhard to be the Chair of the Board for a term of one year.

2. Election of Vice Chair

Chair Lenhard nominated Commissioner Dustin to serve as Vice Chair. Commissioner Dustin accepted the nomination. There were no other nominations. Motion passed 5-0 to elect Commissioner Dustin to be the Vice Chair of the Board for a period of one year.

3. Committee Appointments (Chair)

Chair Lenhard appointed Commissioners to serve as follows:

Audit Committee:	Mr. Dustin, Chair Mr. Rideoutte, Member
Consultant Selection Committee:	Mr. Rideoutte, Chair Mr. Lenhard, Member
Legal Liaison:	Mr. Brousseau
Noise Compatibility Committee Liaison:	Ms. Messer
Technical Advisory Committee Liaison:	Ms. Messer

4. Resolution No. 2020-1, Resolution of City of Naples Airport Authority Delegating Certain Administrative and Operational Powers and Duties to the Executive Director; and Repealing Resolution 2019-1

Ms. Terrill noted that in the Board packet, Commissioners received a red-lined comparison and detailed explanation of the proposed changes to the delegation of powers. She reviewed the recommendations to existing Resolution No. 2019-1 which included revised language for consistency and clarity regarding short term leases, public works projects, procurement of commodities and contractual services as well as Authority funds.

A question and answer period followed.

Mr. Rozansky stated that the Executive Director's authority for public works projects and procurement of commodities or contractual services was increased from $45,000 to $50,000 in an effort to keep pace with inflation.

Vice Chair Dustin moved Board approval for the Chair to execute Resolution 2020-1, Resolution of City of Naples Airport Authority Delegating Certain Administrative and Operational Powers and Duties to the Executive Director; and, repealing Resolution 2019-1. Commissioner Messer seconded. Motion passed unanimously 5-0.

5. **Professional Services Agreement and Task Order for the North General Aviation (GA) Ramp Rehabilitation in an amount not to exceed $336,569**

Mr. Keith requested Board authorization for the Executive Director to execute a Professional Services Agreement and sign a Task Order with AVCON, Inc. for the North GA Ramp Rehabilitation Design, Bid and Construction Phase Services in an amount not to exceed $336,569. He said that staff worked with the engineer, AVCON, to negotiate a scope of work and a schedule for this project. He said that construction is anticipated to take place immediately following approval of a contract at the June Board meeting to minimize disruption to operations and our tenants. He added that communications with tenants during the construction phase will be critical to the success of this project. This project, design and construction, is included in the FY 2020 budget in the amount not to exceed $2 million.

Vice Chair Dustin moved Board approval for the Executive Director to execute a Professional Services Agreement and sign a Task Order with AVCON in an amount not to exceed $336,569 as presented by Mr. Keith. Commissioner Rideoutte seconded. Motion passed unanimously 5-0.

6. **Part 150 Noise Study Technical Advisory Committee**

Mr. Mike Arnold, Environmental Science Associates, provided a summary of the Part 150 Noise Study Technical Advisory Committee (TAC) process to date which included establishing, identifying, selecting and defining roles of the Committee. He reviewed the recommended agencies who were invited to appoint a representative to serve on the Committee and reported that 16 community members from different quadrants of the airport submitted applications to participate. Mr. Arnold recommended the following applicants be appointed to serve as representatives on the TAC:

- Northwest Quadrant: Daniel O'Brien
- Northeast Quadrant: Jamie Robinson
- Southwest Quadrant: Craig Westbay
- Southeast Quadrant: David Norgard
- At-Large City of Naples: Jerry Brown
- At-Large Collier County: Andy Reed
- Naples Airport Piston: Phil Boyer
- Naples Airport Jet: Steve Kingston
- NCC Liaison: Gary Price
- NAA Liaison: Donna Messer

He stated that most of the following agencies have committed to participate and will identify a specific person to represent them in the near future.

• City of Naples Planning Department:	TBD
• Collier County Growth Management Division:	Jamie French, Deputy Director
• Naples Area Board of Realtors:	TBD
• Greater Naples Chamber of Commerce:	Michael Dalby, President and CEO
• 5th Avenue Business Improvement District:	Bruce Barone or a TBD representative
• Naples Air Traffic Control Tower:	TBD
• RSW TRACON:	TBD
• Federal Aviation Administration:	Peter Green, Environmental Protection Specialist, Orlando Airports District
• Florida Department of Transportation:	Declined to be a TAC member but plans to participate in meetings

Mr. Arnold was confident that Mr. Green would be able to designate a representative from RSW TRACON.

There was discussion regarding allowing members located outside our area to participate in Committee meetings via teleconference. Mr. Owens said that the geographic diversity of the Committee would clearly justify this and recommended the Board to clarify in their vote if members would be permitted to participate by conference call.

Mr. Arnold believed that the proposed Committee is the right size and makeup for what we are trying to accomplish.

In response to Commissioner Rideoutte's question regarding any negative feedback received during the process, Mr. Rozansky stated that in accordance with the format established, not everyone who applied was able to be appointed. He said he had personal conversations with a few of the applicants who were not selected. Mr. Rozansky added that he encouraged the interested candidates to be involved and attend meetings and that staff would be sending them announcements of meetings via email.

Commissioner Rideoutte moved Board approval of the members of the TAC as recommended and presented by Mr. Arnold and moved Board approval to allow the use of conference calls for liaison or agency participants located outside the geographic area. Commissioner Messer seconded. Motion passed unanimously 5-0.

H. NEW BUSINESS

There was no new business.

I. OLD BUSINESS

1. Noise Compatibility Committee (NCC) Update

Commissioner Messer announced that the NCC last met on October 31st and a report was provided at the November 21st Regular Meeting. She announced the following upcoming meetings and workshops: 1) Technical Advisory Committee kick-off meeting on January 30th at 1:30 p.m. in the Airport Office Building 2) Kick-off workshop meetings of the Part 150 Noise Study on February 11th from 5 to 7 p.m. at Baker Park, February 12th from 9:30 – 11:30 a.m. at Moorings Presbyterian Church and from 6 to 8 p.m. at Lorenzo Walker Technical College, and 3) Noise Compatibility Committee Regular Meeting on January 30th at 9 a.m. in the Airport Office Building.

Commissioner Messer stated that as previously reported, next steps for the Master Plan is to submit to the Federal Aviation Administration and Florida Department of Transportation for their review and comments.

2. **Revised FY 2017 – FY 2021 Strategic Plan**

Ms. Terrill requested Board adoption of revisions to the FY 2017 – FY 2021 Naples Airport Authority Strategic Plan, which consists of revisions to the FY 2020 Scorecard. She stated that at the December 19th Regular Meeting, the Board made recommendations for revisions to the scorecard to include prevention of fraud and data breaches as well as to provide clarification in other measures. She reviewed the proposed revisions that were highlighted in purple on the scorecard provided in the Board packet.

There was discussion regarding the amount of NAA surveys customers are being requested to complete and if the revised number (250) is still too aggressive. Mr. Rozansky said that staff believes the change from 400 to 250 is the right number. Chair Lenhard noted a typographical error (the word, questioning) in the Notes section of this measure.

Vice Chair Dustin asked how our new IT firm was doing as it relates to cybersecurity and if staff was happy with the change. Mr. Rozansky requested to defer an opinion until September. Chair Lenhard asked if staff was satisfied with the progress. Mr. Rozansky stated that ITVantage has identified some key points that staff believes will result in real enhancements. He said that the transition is still in process and that ITVantage has made a change in our account manager which has been very positive. He said that it has been a learning curve and culture change in both directions. Mr. Rozansky added that in managing cybersecurity risk, ITVantage has done an excellent job in that regard.

There was consensus to adopt the revisions to the FY 2017 – FY 2021 Naples Airport Authority Strategic Plan as presented by Ms. Terrill.

J. LEADERSHIP TEAM REPORT

1. **Leadership Team Report**

Under Outreach on page 2, Vice Chair Dustin asked for an update of the Executive Team's meeting with the Old Naples Association (ONA) resident. Mr. Rozansky said that it was a productive meeting with Mr. Tom Lauer who represents the ONA's air traffic committee. He said that Mr. Lauer had a handful of questions on the upcoming Noise Study process and that there was discussion regarding a few of the technical data points.

K. FINANCIAL REPORTS

1. **Financial Summary**

Ms. Sarcona provided a review of the financials and reported that the change in net position was favorable to budget for the month of December and year to date. She noted that for the month of December, operating expenses were unfavorable to budget by $35,288, due to the completion of a painting project that was budgeted and projected for February.

Mr. Rozansky commented that our positive financial results are indicative of what we are seeing in air travel on the general aviation and commercial side throughout all of Florida. He noted that in his discussions with other FBOs, this may not necessarily be the case across the country.

Mr. Rozansky pointed out that the investments are broken out in more detail on page 5 of the financials and that this report will appear monthly going forward. In response to that comment, Vice Chair Dustin requested more information about the stability of Valley Bank. Ms. Sarcona stated that they are formerly CNC Bank, and approximately five years ago, they became Valley National Bank. She said that they have been accommodating to us when we opened a new account and are a public depository to accept public funds for deposit. Vice Chair Dustin suggested that staff review their audited financial statements to make a qualitative judgment whether the bank is sound. Mr. Owens said that in order to become a Florida-approved public depository, they likely are required to meet stringent standards. There was consensus for staff to evaluate the strength of Valley Bank's financial statements.

Commissioner Messer moved acceptance of the December Financial Summary. Vice Chair Dustin seconded. Motion passed unanimously 5-0.

L. COUNSEL'S REPORT

1. **Counsel's Report**

Mr. Owens added that there were no pending legal matters or material issues to report.

M. PUBLIC COMMENTS (5-minute limit)

There were no public comments.

N. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

Vice Chair Dustin expressed his appreciation to Commissioner Messer and stated that it was a pleasure serving with her as Chair. Chair Lenhard echoed those comments and added that her shoes will be hard to fill.

1. **Audit Committee Meeting on Friday, January 31 – 9 a.m.**

The meeting date will be moved to a date before the February Regular Meeting as noted earlier under C. Agenda.

O. ADJOURN

With no further business, the meeting adjourned at 10:11 a.m.

Christopher A. Rozansky
Secretary

NOTE: Printed copies of all visual presentations and handouts are on file in the Executive Assistant's Office.

CITY OF NAPLES AIRPORT AUTHORITY (NAA)
Board of Commissioners
Notice of Regular Meeting

FINAL AGENDA

City Hall Council Chambers
735 Eighth Street South
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Thursday, January 16, 2020
8:30 a.m.

Commissioner Donna M. Messer – Chair and NCC Liaison
Commissioner Michael Lenhard – Vice Chair and Consultant Selection Committee Chair
Commissioner James Rideoutte – Audit Committee Chair, Consultant Selection Committee Member
Commissioner Ted Brousseau – Legal Liaison
Commissioner Kerry C. Dustin, Audit Committee Member
Executive Director: Christopher A. Rozansky
Authority Attorney: William L. Owens, Esq. of Bond, Schoeneck & King, PLLC

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A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. AGENDA (Add, delete or re-sequence items)

D. MINUTES

1. December 12, 2019 NAA Board and Noise Compatibility Committee Workshop Meeting

2. December 19, 2019 Regular Meeting Minutes

E. PRESENTATIONS AND TIME CERTAIN ITEMS

F. PUBLIC COMMENTS ON GENERAL TOPICS NOT ON THE CURRENT AGENDA

G. ACTION ITEMS (Public comments accepted for each item; 5 minute limit)

1. Election of Chair

2. Election of Vice Chair

3. Committee Appointments (Chair)

4. Resolution No. 2020-1, Resolution of City of Naples Airport Authority Delegating Certain Administrative and Operational Powers and Duties to the Executive Director; and Repealing Resolution 2019-1

5. Professional Services Agreement and Task Order for the North General Aviation Ramp Rehabilitation in an amount not to exceed $336,569

6. Part 150 Noise Study Technical Advisory Committee

H. NEW BUSINESS

I. OLD BUSINESS

1. Noise Compatibility Committee Update

2. Revised FY 2017 – FY 2021 Strategic Plan

J. LEADERSHIP TEAM REPORT

1. Leadership Team Report

K. FINANCIAL REPORTS

1. Financial Summary

L. COUNSEL'S REPORT

1. Counsel's Report

M. PUBLIC COMMENTS (5 minute limit)

N. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

1. Audit Committee Meeting - TBD

O. ADJOURN

Minutes
February 11, 2020
Audit Committee

A. ROLL CALL

Meeting was called to order by Audit Committee Chair Dustin at 9 a.m. in the Airport Office Building Conference Room. Present were Committee member, Commissioner Rideoutte, and Commissioner Lenhard, who opted in.

Staff and Authority Counsel present were Mr. Rozansky, Mr. Owens, Mr. Warriner, Ms. Sarcona, Mr. Hodges, Ms. Conner and Ms. Menard.

B. PLEDGE OF ALLEGIANCE

Chair Dustin led the Pledge of Allegiance.

C. AGENDA

Mr. Rozansky reported that were no changes to the Agenda.

D. DISCUSSION ITEM

1. Fiscal Year 2019 Audit and Financial Statements

Mr. Warriner, Director of Finance and Administration, made opening comments regarding Discussion Item 1. He introduced Mr. Jeff Wolf of the Authority's audit firm, MSL CPAs & Advisors (formerly Moore Stephens Lovelace CPAs & Advisors).

Mr. Wolf thanked the Committee for allowing MSL to be the Authority's auditors. He briefly reviewed the services and deliverables in the Comprehensive Annual Financial Report as of and for the years ended September 30, 2019 and 2018 (CAFR). He commented that in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance on page 48 and the Report on Compliance for each Major State Project on page 50, there were no findings noted. He stated that the auditors have issued an unmodified opinion, the highest opinion that can be received (a "clean" audit).

Mr. Wolf reviewed the financial highlights including the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. He commented that the Authority had a strong year and the numbers speak for themselves.

There was discussion regarding the challenge of identifying vendor fraud/collusion. Mr. Wolf stated that during the audit, unpredictable procedures are used to discover whether any fraud or collusion has occurred.

Chair Dustin asked if there were any observations relative to improvement of our IT practices and cybersecurity. Mr. Warriner noted that there is a process for addressing vendor additions and changes. Mr. Wolf stated that each year, IT is evaluated but the audit is mainly to evaluate how it

effects the financial system. He suggested that next year, a more in-depth evaluation could be conducted by MSL's IT specialists to address any concerns.

Chair Dustin requested information pertaining to D&O Insurance Coverage limits for Board members. Mr. Owens stated that the public officials D&O insurance limits in 2018-2019 were $2 million. Mr. Rozansky said that staff will forward specific information.

Chair Dustin asked about the theoretical airfield capacity of airport operations. Mr. Rozansky explained that depending upon direction of winds we practically operate as a single runway airport that has a capacity of 180,000 annual operations. Mr. Rozansky said that the Naples Airport reaches peak runway capacity for a limited period of time during certain holidays and weekends in season. He said that during the peak of 164,000 operations in 2006, a large percentage of those operations were flight training activities which we don't expect to see here again.

There were several questions regarding the following pages within the CAFR:

- On page 16, Chair Dustin asked why the revenues for Building and Land Rent had decreased from 2018. Mr. Rozansky believed that it was due to losing some office leases in the Airport Office Building. He said that staff would look into it and provide more information.

- On page 18, in response to Chair Dustin's question regarding the Restricted net position of $2.0 million, Mr. Rozansky stated that it consists of Customer Facility Charges collected by car rental companies, and those funds are only available for car rental facility improvements.

- Chair Dustin asked what we were doing to collect on the Doubtful Accounts. Mr. Warriner stated that one of the bigger accounts related to an abandoned aircraft was recently resolved.

- On page 33, there was discussion regarding the name given to the lease term buy-back program. Mr. Rozansky provided clarification of its meaning.

- On page 39, it was suggested to correct the Ref! error on line item "U.S. Customs and Border Patrol expense" on the Changes in Net Position, Last Ten Fiscal Years, Report. Mr. Warriner said this will be corrected.

- On page 40, Chair Dustin requested an explanation of "flowage." Mr. Rozansky stated that it is a common industry term that we have recently changed to Airfield Cost Recovery fee to provide greater clarity as to its purpose.

- On page 46, Chair Dustin commented regarding the increase in the number of Executive employees from 2010 to 2019 and questioned if the Executive Department was becoming too top heavy and cautioned that it may appear too bureaucratic. Mr. Rozansky explained that the Executive Department actually includes three staff members: the Executive Director, Deputy Executive Director and Executive Assistant. He said that as soon as the Administration Department is redefined, those other positions will be separated from the Executive Department. Mr. Rozansky added that when he first got here, staffing levels were too lean, creating risk in certain areas.

Commissioner Rideoutte commented regarding the positive financial position and the success of the operation. He pointed out that complacency could be a major challenge in the future and that we need to assist staff in avoiding it. Chair Dustin acknowledged and agreed with Commissioner Rideoutte's comments. There was discussion regarding the future of drones, solar airplanes as well as other technologies being developed that could affect future revenues. Mr. Rozansky said that there are significant challenges with these new technologies, and he believed that they are far off from being put into use.

In performing audits at other firms, Commissioner Rideoutte said that it would be beneficial for Mr. Wolf to share anything that may be helpful to improve our processes here. In response to Commissioner Rideoutte as well as Chair Dustin's comment about the status of sophisticated IT capabilities and systems being developed, Mr. Wolf commented that we are headed toward the use of artificial intelligence for auditing but are not quite there yet.

There was discussion regarding our internal controls and management of our finances. Mr. Rozansky confidently stated that our staff and internal controls are as strong as ever. Mr. Warriner added that staff stays on top of the industry changes and employs best management practices whenever possible.

There was Committee consensus to recommend to the full Board to accept the Fiscal Year 2019 annual audit and Comprehensive Annual Financial Report at the February 2020 Regular Meeting.

E. PUBLIC COMMENTS

There were no public comments.

F. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/ MEETINGS

There were no additional comments and requests/meetings.

G. ADJOURN

With no further business, the meeting adjourned at 9:56 a.m.

Chr A. Roz

Christopher A. Rozansky
Secretary

CITY OF NAPLES AIRPORT AUTHORITY (NAA)
Board of Commissioners
Notice of Audit Committee Meeting

FINAL AGENDA

Airport Office Building, 2nd Floor Conference Room
200 Aviation Drive North
Naples, Florida

Tuesday, February 11, 2020
9 a.m.

Commissioner Michael Lenhard – Chair and Consultant Selection Committee Member
Commissioner Kerry C. Dustin – Vice Chair and Audit Committee Chair
Commissioner Donna M. Messer – NCC Liaison
Commissioner James Rideoutte – Consultant Selection Committee Chair and Audit Committee Member
Commissioner Ted Brousseau – Legal Liaison
Executive Director: Christopher A. Rozansky
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A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. AGENDA (Add, delete or re-sequence items)

D. DISCUSSION ITEM

1. Fiscal Year 2019 Audit and Comprehensive Annual Financial Report (CAFR)

E. PUBLIC COMMENTS (Public comments accepted for items not otherwise listed on the Agenda; 5 minute limit)

F. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

G. ADJOURN

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NOTE: The Audit Committee is comprised of Commissioner Dustin (Chair) and Commissioner Rideoutte (Member). All NAA Commissioners are welcome to attend and can "opt in" to participate.

Naples AIRPORT AUTHORITY

To: Honorable Chair and Commissioners

From: Christopher A Rozansky, Executive Director CR

By: Diane Terrill, Deputy Executive Director DJT

Meeting Date: February 20, 2020

Re: **ACTION ITEM**

1. 2019 Naples Airport Authority Annual Report

SUMMARY: Board adoption of the FY 2019 Naples Airport Authority Annual Report.

BACKGROUND: Staff, with the assistance of Jennifer Hamilton of Gravina, Smith, Matte and Arnold, prepared the Annual Report highlighting the Naples Airport Authority's initiatives and accomplishments over the last fiscal year. Highlights presented in the Annual Report include:

- 50th Anniversary of the Naples Airport Authority
- Master Plan Update
- Achievement of Strategic Plan Goals and Objectives

COMMUNICATION PLAN: If adopted, the report will be available to the public in print and on our website, distributed via e-mail to tenants and customers and utilized in presentations.

Naples Airport Authority
2019 ANNUAL REPORT

Naples
AIRPORT AUTHORITY

2019 NAA BOARD OF COMMISSIONERS

Michael Lenhard
Chair

Kerry C. Dustin
Vice Chair

Ted Brousseau
Commissioner

Donna M. Messer
Commissioner

James Rideoutte
Commissioner

NAA DIRECTORS

Christopher Rozansky
Executive Director

Diane Terrill
Deputy Executive Director

Ryan Frost
Senior Director of Airport Operations

Kerry Keith
Senior Director of Airport Development and Facilities

Ken Warriner
Director of Finance and Administration

Ron Jefferson
Assistant Director of Airport Development and Facilities

WELCOME

Michael Lenhard Board Chair

On behalf of the Naples Airport Authority, I am pleased to present the 2019 Annual Report. Over the years, the NAA has demonstrated a commitment to service excellence, fiscal responsibility and community engagement.

The FDOT's recent valuation of Naples Airport reported a $440 million annual economic impact, underscoring the value of the airport to the community. In terms of service, Naples Aviation was ranked the 15th best fuel and service provider in the entire nation. Thank you to our customers for your confidence.

As we finalize the master plan, efforts to implement certain key safety projects is already underway. More than $200 million in projects were identified over the next 20 years. Thanks to prudent planning and management, the NAA is financially sound and able to dedicate funds to pay for the airports operating and infrastructure needs without the use of any local taxes.

The NAA has quickly shifted gears from the master plan update to the Part 150 Noise Study. While the master plan focused on future development and infrastructure needs, the Noise Study will focus on airport noise compatibility planning. A common theme in both is the NAA's emphasis on stakeholder participation. As we plan for the future, we invite your participation in helping to shape the future of this important community asset.

As we begin the next 50 years, the NAA is well-positioned to continue building on its successes. On behalf of the Board, thank you for your continued support.

Christopher Rozansky Executive Director

2019 was a busy and successful year. We achieved 99% of the outlined goals in our strategic plan. I am incredibly proud of our outstanding team for their commitment and perseverance to new initiatives while continuing to provide service excellence each day.

Airport business and activity continued at a strong pace, reflective of gains in the regional economy. We made headway on short- and long-term projects that will benefit the airport and surrounding community for years to come. We broke ground on a new Aircraft Rescue and Firefighting Station to be completed in advance of the next hurricane season. The draft master plan update was finalized and submitted to the FAA and FDOT for their review. We expect the master plan to be completed in 2020.

Much of 2019 was also spent preparing for the launch of the Part 150 Noise Study in December. As the last Noise Study was completed 20 years ago, the time is right to evaluate the impacts of aircraft noise exposure and identify potential noise compatibility planning measures. We formed a Technical Advisory Committee that is comprised of citizens who represent each geographic area surrounding the airport.

Amidst those efforts, we found time to celebrate the 50th anniversary of the Naples Airport Authority. While the role of the airport has evolved over the years, our commitment to providing an exceptional airport that enhances everyone's quality of life remains strong as ever.

Naples AIRPORT AUTHORITY

Celebrating 50 YEARS | 1969-2019

2019 marked the 50th anniversary of Naples Airport Authority. The land for the airport was purchased in 1941 for $12,466.80 and it began operating as a military training facility named the Naples Airdrome in 1943. The City of Naples and Collier County jointly owned and operated the airport after WWII until 1951, when the City purchased it outright. Former barracks were converted into the initial FBO. Beginning in the late 1950s, air service was offered to shorten the two-and-a-half-hour trip through the Everglades to Miami to just 30 minutes. Since that time, commercial service has been offered at various times by several airlines, connecting Naples to numerous regional destinations.

In 1969, the Florida State Legislature created the City of Naples Airport Authority as an independent governmental agency charged with the operation, development and improvement of Naples Airport. Created to be financially self-sustaining, NAA receives no local tax dollars and funds its operations by revenues generated from hangar and land rent and fuel sales.

AIRPORT BY THE NUMBERS

- **112,800** annual operations
- **98%** voluntary nighttime curfew compliance
- **$8 million** invested in noise abatement efforts since 2000
- Home to **308** aircraft, including **189** single-engine aircraft, **56** multi-engine aircraft, **46** jets and **17** helicopters
- **1,365 total aircraft** clearings through U.S. Customs with **6,292 passengers**

$440 MILLION ANNUAL ECONOMIC IMPACT

FDOT's Florida Statewide Aviation Economic Impact Study, completed in 2019, shows a total economic impact of Naples Airport at **$440,173,000**. This is a **43% increase** from the FDOT's previous valuation of Naples Airport's annual economic impact of $283.5 million.

Naples AVIATION

was named **15th best FBO and 8th best independent FBO** in the U.S. by Professional Pilot's PRASE survey.

STRATEGIC PLAN PROJECT AND INITIATIVE HIGHLIGHTS

99% of goals outlined in the Strategic Plan were achieved during FY 2019.

GOAL #1

Provide a safe, modern and efficient airport and fixed base operator

- Complete the following capital projects over $1 million: Taxiway D North Quad realignment, Aircraft Rescue and Firefighting (ARFF) building design and fuel farm improvements
- Facilitate updates to Collier County Land Development Code and interlocal agreement and approval by Collier County Board of Commissioners
- Achieve a discrepancy-free Part 139 certification
- Record staff completion of Part 139, NATA Safety 1st and AAAE Airport News and Training
- Reduce waste through repaired irrigation leaks, corrected HVAC irregularities and other initiatives

GOAL #2

Be an engaged, responsive partner in service to our community

- Continue planning for Part 150 Noise Study to initiate in January 2020
- Install aircraft operations data collection and reporting system
- Maintain greater than 98% compliance with voluntary nighttime curfew
- Conduct ongoing community outreach through events, tours and presentations to increase awareness about the value of the airport and noise abatement efforts

STRATEGIC PLAN PROJECT AND INITIATIVE HIGHLIGHTS

99% of goals outlined in the Strategic Plan were achieved during FY 2019.

GOAL #3

Strengthen the airport's economic vitality

- Maintain appropriate financial controls and procedures, receiving the Certificate of Achievement for Excellence in Financial Reporting and an unmodified opinion on FY 2018 audit
- Strengthen and diversify operating revenues with updated fuel programs and Taxiway D Parcel RFP with increased land rent
- Manage revenues and expenditures, keeping operating and capital expenses below budget
- Deliver internal and external customer service that anticipates and surpasses expectations, receiving 15th best overall FBO and 8th best independent FBO PRASE rankings and 93.6% "exceeded expectations" from customer feedback surveys
- Streamline internal procedures and business transactions through Everbridge platform, new website and new leasing and badging office

GOAL #4

Equip employees and leaders to excel today while preparing for tomorrow

- Promote a values-centered culture in order to better serve our employees, customers and community, measured by NAA employee participation at 69.7%
- Offer progressive opportunities for employee and leadership development through a leadership development program that includes training sessions, local leadership opportunities and topic-specific training
- Support local school and youth programs to inspire the next generation of aviation professionals, including high school career fairs, EAA Young Eagles' Aircraft Build Program and student sponsorships to attend NATA Annual Conference

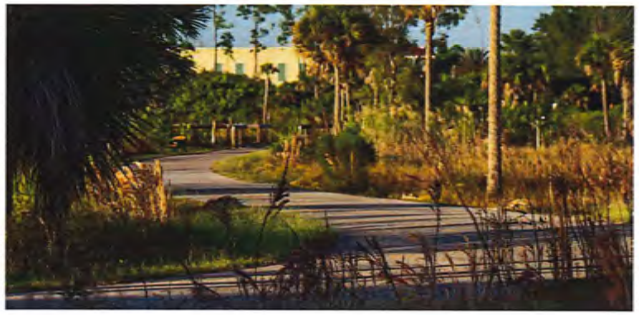
MASTER PLAN

Naples Airport's last master plan update was completed in 1997. Since then, there have been many changes at the airport and within the aviation industry.

The primary goal of the master plan study is to create a 20-year development program to maintain a safe, efficient and environmentally friendly airport facility for the Naples community.

NAA began the process to develop a new master plan for Naples Airport in 2017. The draft master plan was submitted to the FAA and FDOT for review and comment. Final approval of the master plan is expected in 2020.

COMMUNITY



A proud partner of the **Gordon River Greenway**, Naples Airport Authority provides 4 miles of trails, boardwalks and bridges along the airport perimeter as part of the Gordon River Greenway, which extends west into Baker Park and north along the Gordon River.

Naples Airport Authority is a proud supporter of the **Naples Youth Aviation Project**. Conducted by the Experimental Aircraft Association, Chapter 1067, members are sharing their expertise and guiding a group of 20 youngsters through the process of building an aircraft from start to finish.

The 900-square-foot **Naples Museum of Military History** is located in the Commercial Service Terminal. Rent-free space is provided by the Naples Airport Authority.

Fun and educational airport tours are available for groups. Tailored to meet the special needs, specific interests or academic level of any group, airport tours are ideal for students 3rd grade and up in groups of 10-30. **www.Flynaples.com/airport-tours**

Community presentations are always available to the public. Naples Airport Authority representatives are available to speak with community groups to educate and inform the public about Naples Airport. **www.FlyNaples.com/speakers-bureau**

PUBLIC SERVICE

Naples Airport is a designated base for disaster relief and provides space for a variety of public services, which benefit from its central location. During times of public emergency, the airport provides first responder services, important access to additional evacuation options and vital supplies.

- Aircraft Rescue & Fire Fighting (ARFF)/ City of Naples Fire Station #3
- Angel Flight Southeast
- Civil Air Patrol - Naples Cadet Squadron
- Civil Air Patrol - Naples Senior Squadron
- Collier Mosquito Control District
- Collier County Sheriff's Office - Aviation Unit and SWAT Headquarters
- Collier County Emergency Medical Services - MedFlight
- Humane Society Naples
- Naples Recycling Center
- National Weather Service Reporting Station

Naples Airport Authority, 2019 Annual Report

www.FlyNaples.com

Naples AIRPORT AUTHORITY

Naples AIRPORT AUTHORITY

To: Honorable Chair and Commissioners

From: Christopher A Rozansky, Executive Director CR

By: Diane Terrill, Deputy Executive Director DT

Meeting Date: February 20, 2020

Re: **ACTION ITEM**

2. 2019 Noise Compatibility Committee Annual Report

SUMMARY: Board adoption of the FY 2019 Noise Compatibility Committee Annual Report.

BACKGROUND: Staff, with the assistance of Jennifer Hamilton of Gravina, Smith, Matte and Arnold, prepared the Annual Report highlighting the Noise Compatibility Committee's initiatives and accomplishments over the last fiscal year. The report was approved by the Noise Compatibility Committee at its Regular meeting on January 30, 2020. Highlights of the Annual Report include:

- Part 150 Noise Study
- Community Outreach
- "Fly Safe Fly Quiet" tagline update

COMMUNICATION PLAN: Upon adoption, the report will be available to the public in print and on our website, distributed via e-mail to tenants and customers and utilized in presentations.

NOISE COMPATIBILITY COMMITTEE
2019 ANNUAL REPORT

NOISE COMPATIBILITY COMMITTEE 2019 ANNUAL REPORT

Cliff Holland NCC Chair

On behalf of the Noise Compatibility Committee, I am pleased to present the 2019 Annual Report. This year's report reflects an updated "Please Fly Safe Fly Quiet" campaign tagline: "Quiet Hours 10 pm – 7 am." This new tagline offers a better opportunity to connect with airport users to discuss the importance of our curfew hours and its impact on our community.

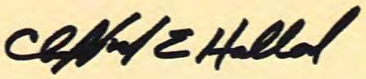
In addition to robust general aviation activity, Naples Airport is home to numerous public services, such as Collier County Sheriff's Office Aviation Unit and Collier Mosquito Control District. I'm proud to report that even factoring in these essential public services, which sometimes require "off hours" flights, the voluntary nighttime curfew compliance remains above 98%.

During 2019, groundwork was laid for the Part 150 Noise and Land Use Compatibility Study that kicks off in 2020. The Part 150 Noise Study will give us a fresh look at how we might mitigate aircraft noise impacts while maintaining the Naples quality of life.

With this study, it's essential to get the input of the community. We are committed to ensuring all voices are heard and that we're being a good neighbor and community partner.

There are two important outcomes for the Part 150 Noise Study. One is to develop a noise exposure map that identifies existing and future aircraft sound exposure, and the second is to develop a noise compatibility program that will recommend measures to address aircraft noise. Our ultimate goal is for everyone to fly safe and fly quiet.

On behalf of the entire NCC, thank you for your interest and attention regarding noise abatement efforts at Naples Airport. Collectively, we will continue to ensure the Naples quality of life we all know and love is maintained, while carefully managing airport noise exposure.



NOISE COMPATIBILITY COMMITTEE

Cliff Holland, Chair, City at Large
Chris Auron, Vice Chair, Northwest Quadrant
Bruce Byerly, Active General Aviation Pilot
Harvey Cohen, County at Large
Ernest Linneman, Southwest Quadrant
Justin Lobb, County Commission
John Mastrocinque, Southeast Quadrant
Gary Price, City Council
Russell Tuff, Northeast Quadrant

Thank you to Gary Revall and Geri Walker, who both served on the committee during 2019.

The nine-member Noise Compatibility Committee monitors aircraft noise impacts, receives public input and makes recommendations about noise mitigation procedures for consideration by the Naples Airport Authority.

PART 150 NOISE AND LAND USE COMPATIBILITY STUDY UPDATE

The NAA continued planning for the upcoming Part 150 Noise Study – a voluntary process to address airport noise and land use – which will kick off in FY 2020.

The Noise and Land Use Compatibility Update provides a structured approach for airport operators, pilots, neighboring communities, and the FAA to evaluate opportunities to address community concerns regarding noise exposure while preserving safety and operational capabilities of the airport. The last FAA-approved Part 150 Noise Study was completed more than 20 years ago (1997). An update was prepared in 2010, but it was not submitted to the FAA for approval since it would not have resulted in meaningful reductions in noise exposure.

This includes creating Noise Exposure Maps (NEMs) and a Noise Compatibility Program (NCP). The NEMs show community exposure to certain levels of existing and future noise and identify uses that are noncompatible with those levels. The NCP recommends ways to address or reduce those noncompatible uses while preserving aviation safety and airport operational abilities.

The NAA and NCC are committed to including extensive public involvement throughout this two-and-a-half-year study.

NCC Highlights

98% COMPLIANCE

Compliance with the voluntary nighttime curfew remains above 98%.

COMMUNITY OUTREACH

The NAA is committed to meeting the community to understand concerns and provide airport information, including ongoing noise abatement efforts. In 2019, the NAA staff met with five community organizations and homeowners associations and gave 37 tours that included 841 people. The NAA also participated in community events with numerous organizations.

AIRCRAFT OPS DATA

An aircraft operations data collection and reporting system was installed for staff use to capture flight track information. With this data, the NAA can conduct more robust reporting on nighttime operations and other flight data.

NEW FLY SAFE FLY QUIET TAGLINE

In an effort to better communicate and connect with visiting pilots regarding the voluntary nighttime curfew, the NCC saw an opportunity to update the Fly Safe Fly Quiet logo tagline. After industry research and input, **"Quiet Hours 10 pm to 7 am"** was adopted as the new tagline.

Noise Comment Hotline: 239-643-1879

Naples AIRPORT AUTHORITY

To: Honorable Chair and Commissioners

From: Christopher A. Rozansky, Executive Director CR

By: Ken Warriner, Director of Finance and Administration KW

Meeting Date: February 20, 2020

Re: **ACTION ITEM**

3. FY 2019 Annual Audit and Comprehensive Annual Financial Report (CAFR)

SUMMARY: Board approval of the recommendation of the Audit Committee to accept the FY 2019 Annual Audit and Comprehensive Annual Financial Report (CAFR).

BACKGROUND: The Audit Committee met with staff and Mr. Jeff Wolf of MSL, PA on February 11, 2020 to discuss the outcome of the Authority's annual audit and to answer any questions concerning the draft of the FY 2019 Financial Report. The auditors issued an unmodified opinion, the highest opinion that can be received (a "clean" audit). The final draft of the CAFR is attached.

COMMUNICATIONS PLAN: Members of the general public may obtain a copy from the Naples Airport Authority offices or from the NAA website, www.flynaples.com.

FINANCIAL IMPACT: None

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

City of Naples Airport Authority
Naples, Florida

Naples Airport

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CITY OF NAPLES AIRPORT AUTHORITY
NAPLES, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Prepared by the City of Naples Airport Authority Finance Department

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CITY OF NAPLES AIRPORT AUTHORITY

Comprehensive Annual Financial Report
As of and for the Years Ended
September 30, 2019 and 2018

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February 11, 2020

To the Board of Commissioners
City of Naples Airport Authority
Naples, Florida

We are pleased to present to you the accompanying Comprehensive Annual Financial Report of the City of Naples Airport Authority (the Authority) for the fiscal years ended September 30, 2019 and 2018. The purpose of the report is to present fairly and to disclose fully the Authority's financial position and the results of its operations. This report consists of four sections: Introductory, Financial, Statistical and Compliance.

This report includes of management's representation concerning the finances of the Authority. Consequently, management assumes full responsibility for the accuracy of the data and the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, Authority management has established a comprehensive internal control framework that is designed both to protect its assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Florida Statutes require that all local government entities publish a complete set of financial statements presented in conformity with GAAP and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. An audit of the Authority's financial statements for the fiscal years ended September 30, 2019 and 2018 was completed by the Authority's independent auditors, MSL, P.A. Their report is included herein.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal years ended September 30, 2019 and 2018 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for

the fiscal years ended September 30, 2019 and 2018 are fairly presented in conformity with GAAP. The independent auditor's report is the first component of the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the financial section, immediately following the report of the independent auditors.

The Airport

The Naples Airport was originally constructed in 1943 as the "Naples Airdrome" and served as an Air Corps base for training gunners, bomber crews and fighter pilots for combat during World War II. After the end of the war, the city and county jointly operated the airport until the county sold its interest to the city in 1958.

Naples Airport is located in western Collier County, approximately one mile from the City of Naples business district and approximately one and a half miles inland of the Gulf of Mexico. The airport, which is owned by the City of Naples, is leased to the Authority under a 99 year lease that expires in 2069.

While there has been some scheduled airline service throughout much of the airports history, general aviation generates the majority of aircraft activity at Naples Airport. In FY 2016, limited scheduled commercial air service returned to the airport until FY 2017 when the airline discontinued service.

In fiscal year 2019, there were 112,800 aircraft operations (one operation is one landing or one takeoff), and all but 228 operations (military) were attributed to general aviation. All types of aircraft, from small piston engine trainers to large business jets, can be seen at the Naples Airport. Use of the airport is restricted to aircraft less than 75,000 pounds maximum gross landing weight supported by dual landing gear, except for public agency and emergency medical flights.

The Authority

The City of Naples Airport Authority (NAA) was created by State Enabling Legislation and City of Naples action in 1969. The City of Naples, recognizing the benefits of an authority type management concept, established the Authority for the purpose of enhancing service to users, improving the community gateway image and eliminating financial subsidies by city taxpayers. The Authority is an independent reporting entity as defined by the Governmental Accounting Standards Board (GASB).

The Authority's Board of Commissioners is composed of five members appointed by Naples City Council. Commissioners are appointed for a term of four years or until a successor is appointed, except that any person appointed to fill a vacancy is appointed to serve only the unexpired term. The Board of Commissioners retains the Executive Director, who is the chief operating and chief administrative officer, secretary and treasurer of the Authority. The Executive Director hires all other Authority employees.

The Authority financially supports itself directly from aviation fuel sales and airport user fees. No local, state or federal general taxes, such as property, utility, sales, intangible or income taxes directly support the Authority. The Authority receives, for certain capital projects, state and federal financial grants from transportation trust funds. The Authority pays the City of Naples for utility, police and firefighting services and also built, equips and maintains City Fire Station #3, as well as several storm-water and environmental facilities. The Authority builds and maintains internal roadways and utilities and has constructed many of the external roadway improvements, including horticultural beautification and bicycle paths.

The Authority's budget and amendments, if any, are adopted by resolution of the Board of Commissioners, as required by Florida Statutes. The adopted budget regulates the total expenditures of the Authority for the fiscal year, and it is unlawful for any officer of the Authority to expend or contract for expenditures that exceed the budgeted appropriations. The Authority has a September 30 fiscal year ending date and, accordingly, the budget must be adopted by the Board of Commissioners before October 1, the beginning date of the new fiscal year.

Financial Condition of the Authority

The information presented in the Financial Section of this report is best understood when it is considered from the broader perspective of the specific environment within which the Authority operates. The Authority's economic condition is a composite of its financial health and its ability to meet its financial obligations and service commitments.

The financial condition of the Authority is primarily dependent upon aviation fuel sales. Aviation fuel sales, in turn, are usually dependent upon several factors, including the economic conditions in the United States and locally. The Authority's local customer base somewhat offsets the impact of a nationwide economic slowdown.

For fiscal year 2019, net fuel sales made up 68% of the Authority net operating revenues. The Authority's selling price of aviation fuel is based on a cost-plus formula in accordance with the published rates and charges set by the Executive Director. The Authority maintains the exclusive right to retail fuel sales at the Naples Airport. A more detailed discussion of the Authority's financial results is contained in the MD&A found in the Financial Section of this report.

Relevant Financial Policies

The Authority has developed published rates and charges in order to recover operating expenses, maintenance and capital development costs. These rates and charges, as a package, maintain and enhance the healthy financial condition of the Authority. It should be noted that there are significant regulatory guidelines that must be considered when developing airport rates and charges. At a minimum, the Authority's rates and charges are updated annually.

As part of the Authority's planning process, a five year capital improvement program is also updated at least annually. These projections assist the Authority in determining the potential impact of capital projects on future budgets and future revenue requirements, enabling the Authority to develop successful plans.

For fiscal year 2019, the Authority maintained a $6.0 million reserve for emergency operating and capital contingencies.

Current and Long-Term Capital Initiatives

The two sources of outside funding for the Authority's capital improvement plan are the Federal Aviation Administration (FAA) and the Florida Department of Transportation (FDOT). Until 2010, the Naples Airport was designated as a primary commercial service airport, with the Authority eligible for $1 million per year in Entitlement Funding from the FAA under the Airport Improvement Program. Due to the loss of scheduled commercial air service, the Airport has lost that designation and was then eligible for $150,000 per year in Entitlement Funding as a general aviation airport. The Authority, as a publicly-owned Florida airport, is also eligible for state funding. FDOT provides up to one-half of the local share of project costs when FAA funding is received, and when no federal funding is available, FDOT can provide up to 80% of eligible project costs for general aviation airports.

Capital improvement projects slated for FY 2020 are budgeted at $25.3 million, of which $2.7 million is anticipated to come from the FAA and $2.4 million from the FDOT. Anticipated funds for these projects are as follows:

- Airport Fire Station replacement - construction - FDOT at $2.3 million
- Airport Master Plan Update is being funded by FAA at $100,000 and FDOT at $15,000
- Runway 5-23 Drainage Improvements - FAA at $1,710,000 and FDOT at $95,000
- Part 150 Update – Noise Study – FAA at $300,000 and FDOT at $15,000
- Extend Taxiway B and Apron Construction – FAA at $630,000 and FDOT at $35,000

Authority funds of $3.2 million are budgeted for these participatory projects, with another $16.9 million for non-assisted projects and equipment purchases.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Naples Airport Authority for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the 14th consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire Finance Department. We would like to express our appreciation to all members of the Department who assisted in and contributed to its preparation as well as to the Authority's Audit Committee, which is comprised of Commissioner Rideoutte as Audit Committee Chairman and Commissioner Dustin. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the Authority in a responsible and progressive manner. In addition, we wish to express our appreciation to our audit firm, MSL, P.A. for their examination of our accounts.

Respectfully submitted,

Christopher A. Rozansky
Executive Director

Ken Warriner
Director of Finance & Administration

City of Naples Airport Authority

Donna M. Messer
Chair

Michael Lenhard
Vice Chair

James T. Rideoutte
Commissioner

Kerry Dustin
Commissioner

Ted Brousseau
Commissioner

Christopher A. Rozansky
Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Naples Airport Authority

Florida

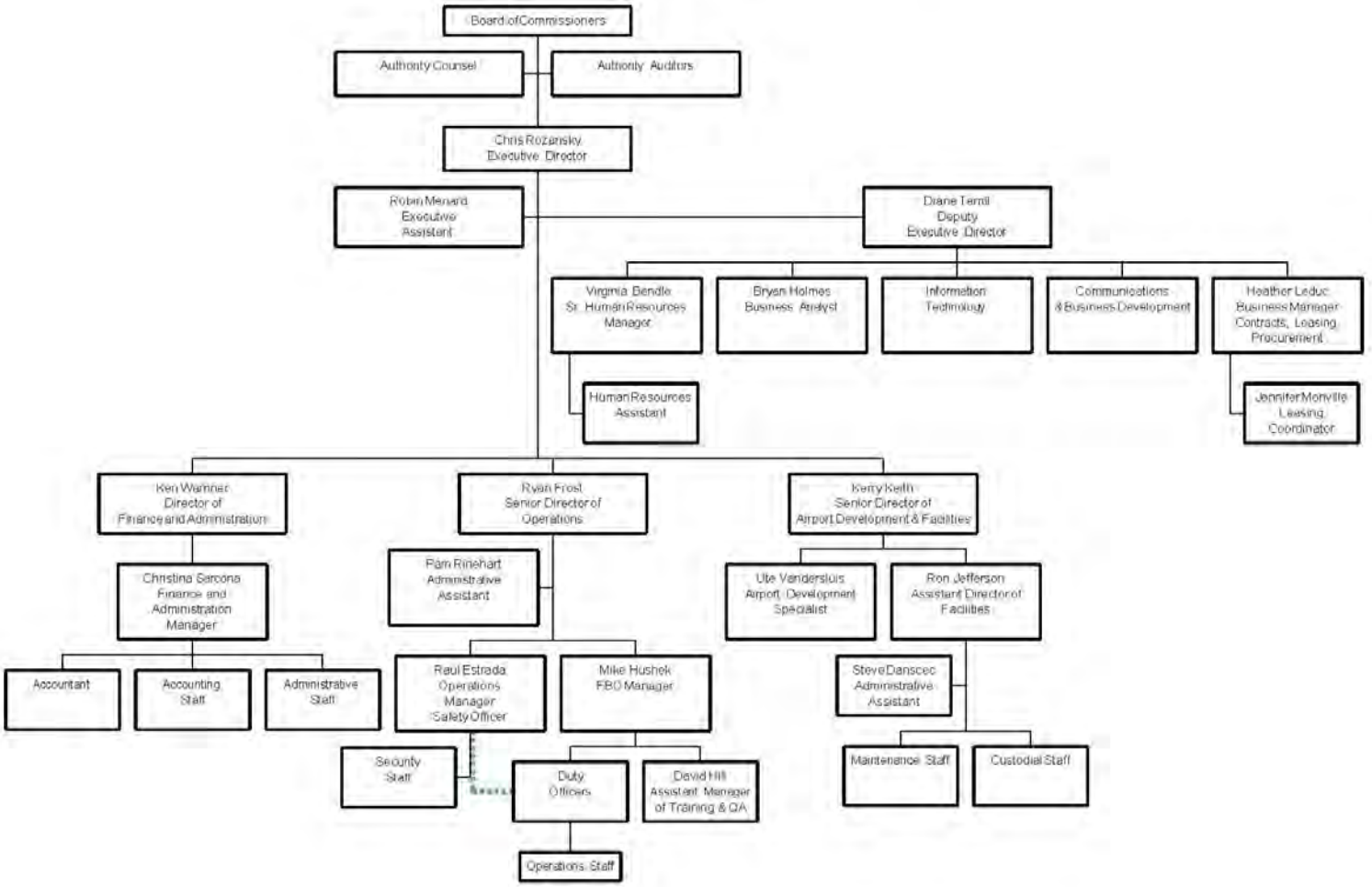
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

City of Naples Airport Authority Organization Chart



10/9/2019

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Naples Airport Authority (the "Authority") as of and for the fiscal years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 in the first paragraph present fairly, in all material respects, the financial position of the Authority as of September 30, 2019 and 2018, and the changes in its financial position and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 operational, 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 audits of the basic financial statements. 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis, as required by Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance, Rules of the Department of Financial Services,* and Chapter 10.550, *Rules of the Auditor General,* and is not a required part of the basic financial statements.

The Schedule of Expenditures of State Financial Assistance is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing them and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic 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 as a whole.

The introductory and statistical sections have 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 them.

Board of Commissioners
City of Naples Airport Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 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 Authority's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 11, 2020

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The following Management Discussion and Analysis (MD&A) of the City of Naples Airport Authority's activities and financial performance provides the reader with an introduction and overview to the financial statements of the City of Naples Airport Authority (the Authority) for the fiscal years ended September 30, 2019 and 2018, with selected comparative information for the fiscal year ended September 30, 2017. The information presented in this MD&A should be considered in conjunction with the accompanying financial statements, notes, and supplementary information found in this report. This information, taken collectively, is designed to provide readers with an understanding of the Authority's financial condition. All numbers are rounded to nearest thousand.

Airport Activities and Highlights

The Authority operates the Naples Airport which provides general aviation services and non-scheduled commercial airline service to the public. Major measures of activities of the Naples Airport are as follows:

	2019	2018	2017
Aviation fuel gallons sold	8,338,000	7,837,000	7,116,000
% increase (decrease) from prior year	6.4%	10.1%	5.4%
Aircraft operations	112,800	112,262	95,000
% increase (decrease) from prior year	0.5%	18.2%	0.0%

Fuel sales are the major source of revenue for the airport and increased steadily over the last three years. The quantity of gallons sold continues to increase as the number of jet aircraft using the airport increases.

Financial Highlights and Summary

The following is a condensed summary of the Authority's revenues, expenses and changes in net position at September 30:

	2019	2018	2017
Total operating revenues, net	$ 18,492,000	$ 16,235,000	$ 15,026,000
Total non-operating revenues	2,147,000	1,233,000	452,000
Total revenues	20,639,000	17,468,000	15,478,000
Total operating expenses	11,466,000	10,373,000	9,436,000
Total non-operating expenses	4,817,000	3,714,000	3,746,000
Total expenses	16,283,000	14,087,000	13,182,000
Income before capital contributions	4,356,000	3,381,000	2,296,000
Capital contributions	2,596,000	1,926,000	1,937,000
Increase in net position	6,952,000	5,307,000	4,233,000
Beginning net position	90,730,000	85,423,000	81,190,000
Ending net position	$ 97,682,000	$ 90,730,000	$ 85,423,000

Operating revenues for 2019 increased $2,257,000, or 13.9%, over the prior year primarily due to $2,290,000 in higher fuel sales. Operating revenues for 2018 increased $1,209,000, or 8.0%, over 2017 primarily due to $868,000 in higher fuel sales.

In 2019, non-operating revenues were up by $914,000 or 74.1%. This was due to insurance proceeds from Hurricane Irma and additional interest revenue from higher cash balances as well as higher interest rates.

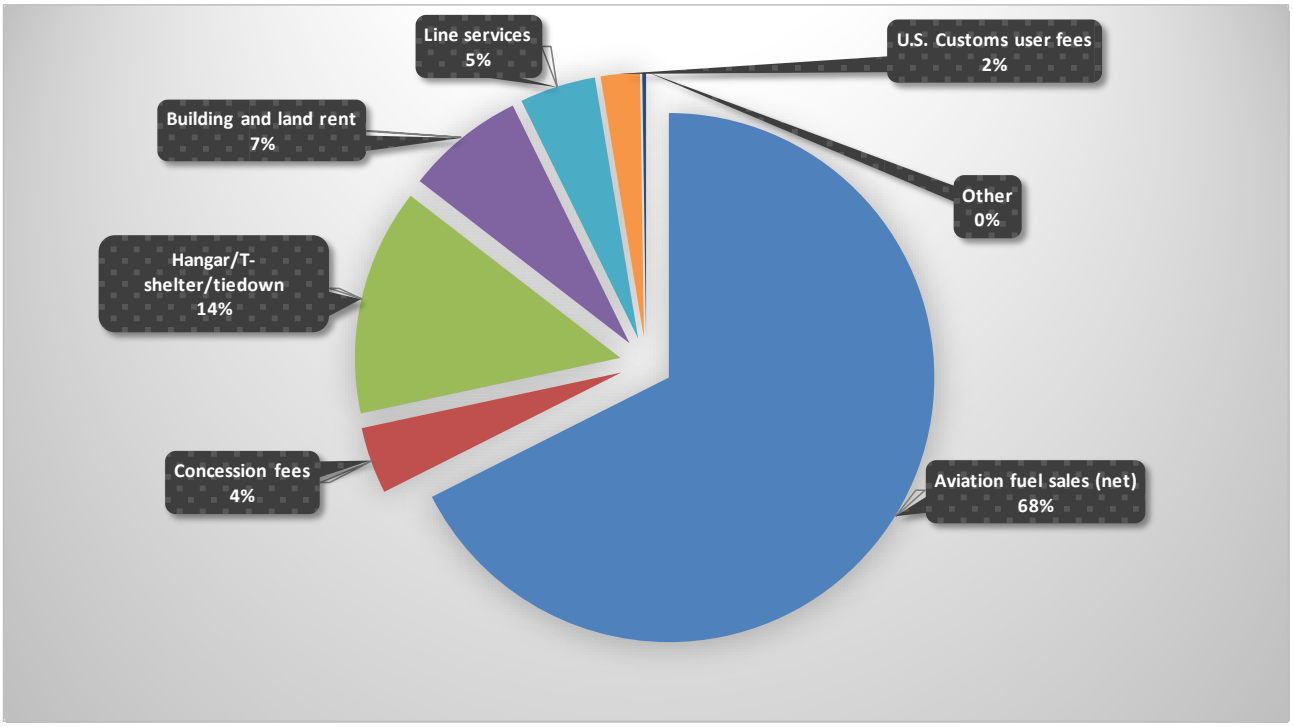
In 2018, non-operating revenues were up by $781,000 or 173.0%. This was due to insurance proceeds from Hurricane Irma and additional interest revenue from higher cash balances as well as higher interest rates.

Total operating expenses rose $1,093,000 in fiscal year 2019, a 10.5% increase over the prior year. Personnel costs increased $895,000 or 15.1% due to annual merit and cost of living increases, benefits costs and a new employee incentive program. Maintenance and repairs increased $219,000 or 23.9% mainly due to airfield and grounds maintenance.

Total operating expenses rose $949,000 in fiscal year 2018, a 7.3% increase over fiscal 2017. Personnel costs increased $88,000 or 1.5% due to annual merit and cost of living increases. Professional fees increased $401,000 or 49.4% due to higher legal and outside professional consultants associated with more airport projects in 2018 as well as the Hurricane Irma insurance claim. Maintenance and repairs increased $246,000 or 41.6% mainly due to repairs from Hurricane Irma in September 2018.

In fiscal 2019 and 2018, capital contributions were $ 2,596,000 and $1,926,000, respectively.

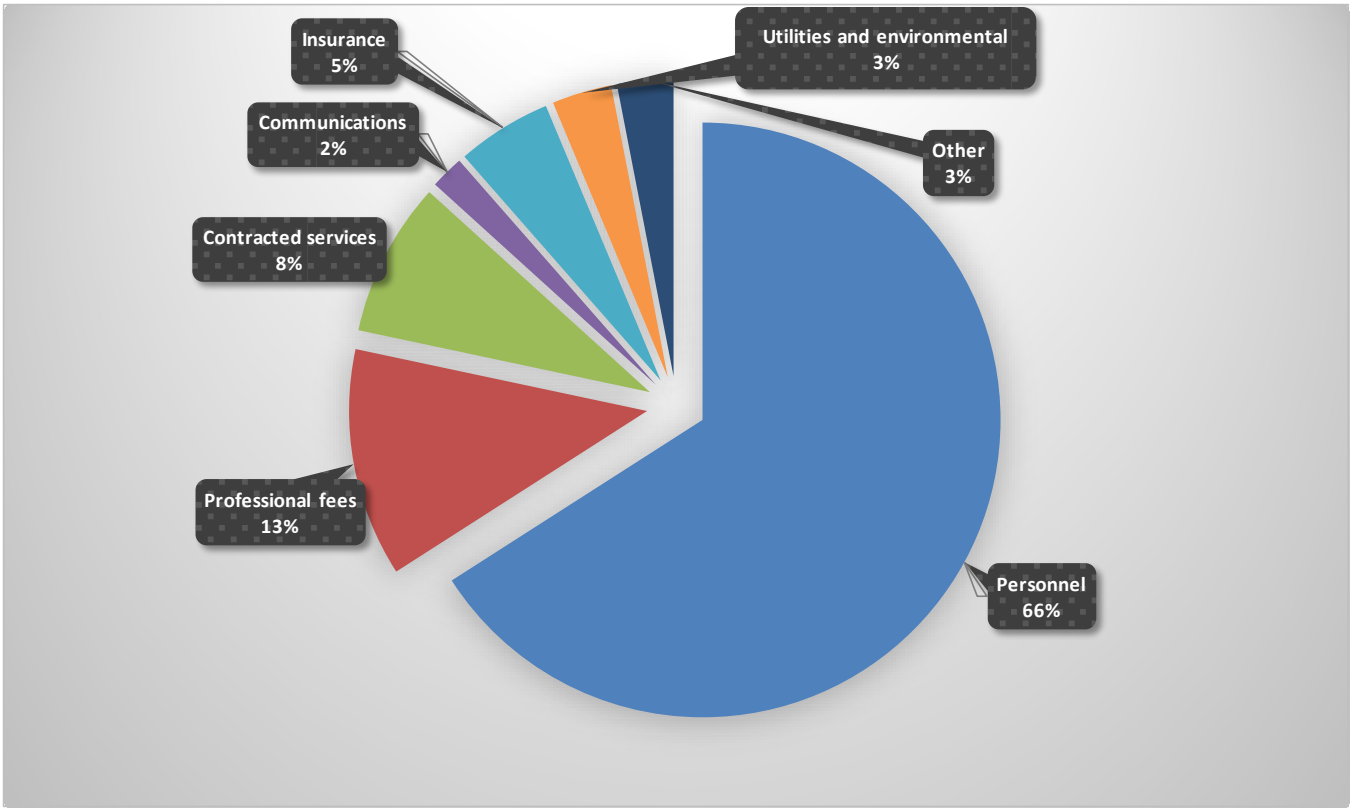
The following chart shows the major sources of operating revenues as a percentage of total operating revenues for the year ended September 30, 2019:



The following is a summary of the Authority's operating revenues for the year ended September 30:

	2019	2018	2017
Operating revenues:			
Aviation fuel sales (net)	$ 12,492,000	$ 10,202,000	$ 9,334,000
Concession fees	753,000	737,000	682,000
Hangar/T-shelter/tiedown	2,565,000	2,597,000	2,515,000
Building and land rent	1,342,000	1,385,000	1,388,000
Line services	857,000	771,000	731,000
U.S. Customs user fees	440,000	442,000	357,000
Other	43,000	101,000	19,000
Net operating revenues	$ 18,492,000	$ 16,235,000	$ 15,026,000

The following chart shows the major sources of operating expenses as a percentage of total operating expenses before depreciation for the year ended September 30, 2019:



The following is a summary of the Authority's operating expenses before depreciation at September 30:

	2019	2018	2017
Operating expenses:			
Personnel	$ 6,811,000	$ 5,916,000	$ 5,828,000
Professional fees	1,283,000	1,502,000	811,000
Contracted services	868,000	743,000	943,000
Communications	188,000	129,000	151,000
Insurance	532,000	446,000	449,000
Utilities and environmental	335,000	367,000	274,000
Maintenance and repairs	1,134,000	915,000	646,000
Other	315,000	355,000	334,000
Total operating expenses	$ 11,466,000	$ 10,373,000	$ 9,436,000

The following is a condensed summary of the Authority's net position at September 30:

	2019	2018	2017
Current and other assets	$ 40,574,000	$ 36,072,000	$ 30,970,000
Capital assets (after depreciation)	65,338,000	63,119,000	61,937,000
Total assets	105,912,000	99,191,000	92,907,000
Current liabilities	2,905,000	3,436,000	3,217,000
Non-current liabilities	5,325,000	5,025,000	4,267,000
Total liabilities	8,230,000	8,461,000	7,484,000
Net Position			
Investment in capital assets	65,145,000	62,771,000	61,937,000
Restricted	2,016,000	1,805,000	1,587,000
Unrestricted	30,521,000	26,154,000	21,899,000
Net position	$ 97,682,000	$ 90,730,000	$ 85,423,000

In 2019, total assets increased by $6.7 million, or 6.8%. The majority of this increase, $5.7 million, is an increase in cash and cash equivalents due to higher fuel sales and more interest income. Total liabilities increased by $0.2 million or (2.7%).

In 2018, total assets increased by $6.3 million, or 6.8%. The majority of this increase, $3.9 million, is an increase in cash and cash equivalents due to higher fuel sales and more interest income. Total liabilities increased by $1.0 million or 13.1%.

The Authority's total assets exceeded liabilities by $97.7 million in 2019 and $90.7 million in 2018. The largest portion of the Authority's net position each year (66.8% of total net position for 2019) represents its investment in capital assets (e.g. land, infrastructure, buildings, improvements, intangible assets and equipment). Restricted net position of $2.0 million (2.0% of total net position for 2019) consists of the accumulated balance of Customer Facility Charges collected by car rental companies. This money is available only for car rental facility improvements. The remaining $30.5 million of net position (31.2% of total net position for 2019) may be used to meet any of the Authority's ongoing obligations, including $203 million in capital improvements in the next 20 years as shown in the Authority's recent airport master plan.

A comparison of the Authority's current assets to current liabilities (current ratio) is a way to analyze the Authority's ability to satisfy short-term obligations as they become due. A low ratio may indicate an inability to meet its short-term debts in an emergency. A higher ratio is considered favorable to creditors. In 2019 and 2018, the Authority's current ratio was 14.0 and 10.5 respectively. In 2017, the current ratio was 9.6.

The following is a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered cash-on-hand, bank deposits and highly liquid investments with a maturity of three months or less when purchased.

	2019	2018	2017
Cash flows from :			
Operating activities	$ 6,906,000	$ 7,312,000	$ 6,023,000
Capital related financing activities	(2,094,000)	(3,914,000)	(2,176,000)
Investing activities	921,000	512,000	228,000
Net increase in Cash and Cash Equivalents	5,733,000	3,910,000	4,075,000
Cash and Cash Equivalents:			
Beginning of Year	33,655,000	29,745,000	25,670,000
End of Year	$ 39,388,000	$ 33,655,000	$ 29,745,000

The Authority's available cash and cash equivalents were $39.4 million and $33.7 million at the end of 2019 and 2018, respectively. This increase is $5.7 million or 17.0%.

As of September 30, 2019, the Authority did not have a written investment policy as defined by Florida Statute 218.415, therefore, its investment options were limited and the Authority's cash at end of the year was in interest bearing checking and money market accounts. In October 2019, the Authority's Board of Commissioners approved an investment policy.

Capital Acquisitions and Construction Activities

At the end of 2019, the Authority had $65.3 million, net of accumulated depreciation, invested in a broad range of capital assets, including its terminal and office buildings; aircraft hangars; fuel facilities and equipment; runways and taxiways; and buildings and equipment for fire/rescue, air traffic control and U.S. Customs. This amount represents a net increase of $2.2 million or 3.5% over the prior year.

During 2019, completed projects and capital purchases totaling $4.4 million were closed from construction-in-progress to their respective capital asset accounts. The major completed projects were:

Taxiway D Realignment	$ 4,268,000
Fuel Farm Rehab	163,000
	$ 4,431,000

At the end of FY 2019 major projects within construction-in-progress consisted of the following:

APF - Expand Fuel Facility	$ 1,306,000
ARFF Replacement & Design	1,209,000
Master Plan Update	915,000
Hangar Door Replacements	606,000
Various other projects	794,000
	$ 4,830,000

Capital asset acquisitions and improvements are funded using a variety of financing techniques, including Federal and State grants, airport funds, and airport revenues. Additional information on the Authority's capital assets and commitments can be found in the Notes to Financial Statements, Notes 3 and 12 respectively.

Debt

The Authority had no debt in fiscal years 2019, 2018 and 2017.

Economic Factors and Future Impacts

The Authority financially operates on revenue from fuel sales as well as from airport user fees such as land and hanger rents. No local, state or federal general taxes, such as property, utility, sales, intangible property or income taxes directly support the Authority. The Authority also receives state and federal financial grants from transportation trust funds for certain capital projects.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or require additional financial information, please contact the Authority's Director of Finance and Administration at 160 Aviation Drive North, Naples, Florida, 34104.

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
September 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 37,372,000**	$ 31,850,000
Restricted cash	**2,016,000**	1,805,000
Accounts receivable (net)	**361,000**	427,000
Inventories	**318,000**	403,000
Due from governmental agencies	**309,000**	1,430,000
Prepaid expenses	**198,000**	157,000
Total current assets	**40,574,000**	36,072,000
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	**65,338,000**	63,119,000
Total noncurrent assets	**65,338,000**	63,119,000
Total assets	**105,912,000**	99,191,000
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	**1,501,000**	1,399,000
Accounts payable - capital improvements	**193,000**	348,000
Unearned revenue	**521,000**	1,472,000
Compensated absences	**48,000**	40,000
Accrued expenses and other liabilities	**642,000**	177,000
Total current liabilities	**2,905,000**	3,436,000
NONCURRENT LIABILITIES		
Compensated absences	**433,000**	356,000
Unearned revenue - lease term buy-back program	**4,892,000**	4,669,000
Total noncurrent liabilities	**5,325,000**	5,025,000
Total liabilities	**8,230,000**	8,461,000
NET POSITION		
Investment in capital assets	**65,145,000**	62,771,000
Restricted for rental car facility improvements	**2,016,000**	1,805,000
Unrestricted	**30,521,000**	26,154,000
Total net position	**$ 97,682,000**	$ 90,730,000

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
September 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Aviation fuel sales (net)	**$ 12,492,000**	$ 10,202,000
Concession fees	**753,000**	737,000
Hangar/T-shelter/tiedown	**2,565,000**	2,597,000
Building and land rent	**1,342,000**	1,385,000
Line services	**857,000**	771,000
U.S. Customs user fees	**440,000**	442,000
Other	**43,000**	101,000
Net operating revenues	**18,492,000**	16,235,000
OPERATING EXPENSES		
Personnel	**6,811,000**	5,916,000
Professional fees	**1,283,000**	1,502,000
Contracted services	**868,000**	743,000
Communications	**188,000**	129,000
Insurance	**532,000**	446,000
Utilities	**335,000**	367,000
Office supplies	**90,000**	108,000
Dues and subscriptions	**54,000**	61,000
Fuel (internal)	**64,000**	61,000
Pilot services	**107,000**	125,000
Maintenance and repair	**1,134,000**	915,000
Total operating expenses	**11,466,000**	10,373,000
Operating income	**7,026,000**	5,862,000
NON-OPERATING REVENUES (EXPENSES)		
Customer facility charges	**211,000**	214,000
Depreciation and amortization	**(3,911,000)**	(3,714,000)
Interest revenue	**921,000**	512,000
Claims and insurance settlements	**1,000,000**	507,000
Hurricane Irma expense	**(906,000)**	-
Gain on disposal of capital assets	**15,000**	-
Total non-operating revenues (expenses)	**(2,670,000)**	(2,481,000)
Income before capital contributions	**4,356,000**	3,381,000
Capital contributions	**2,596,000**	1,926,000
Change in net position	**6,952,000**	5,307,000
Total net position - beginning	**90,730,000**	85,423,000
Total net position - ending	**$ 97,682,000**	$ 90,730,000

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
September 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	**$ 37,853,000**	$36,805,000
Cash payments to suppliers for goods and services	**(23,913,000)**	(23,569,000)
Cash payments for personnel services	**(7,034,000)**	(5,924,000)
Net cash provided by operating activities	**6,906,000**	7,312,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Customer facility charges	**211,000**	214,000
Acquisition and construction of capital assets	**(7,037,000)**	(5,337,000)
Capital contributed	**3,717,000**	702,000
Proceeds from sale of capital assets	**15,000**	-
Claims and insurance settlements	**1,000,000**	507,000
Net cash used in capital and related financing activities	**(2,094,000)**	(3,914,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	**921,000**	512,000
Net cash provided by investing activities	**921,000**	512,000
Net increase in cash and cash equivalents	**5,733,000**	3,910,000
CASH AND CASH EQUIVALENTS, beginning of year	**$ 33,655,000**	$29,745,000
CASH AND CASH EQUIVALENTS, end of year	**$ 39,388,000**	$33,655,000
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION		
Restricted cash	**$ 2,016,000**	$ 1,805,000
Unrestricted cash and cash equivalents	**37,372,000**	31,850,000
	$39,388,000	$33,655,000

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
September 30, 2019 and 2018

	2019	2018
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	**$ 7,026,000**	$ 5,862,000
Adjustments to reconcile operating income to net cash provided by operating activities:		
Fuel truck depreciation in cost of goods sold	**-**	42,000
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	**66,000**	(54,000)
Decrease (increase) in inventories	**85,000**	(36,000)
Decrease (increase) in prepaid expenses	**(41,000)**	122,000
Increase (decrease) in accounts payable	**(53,000)**	597,000
Increase (decrease) in compensated absences	**85,000**	(67,000)
Increase in accrued expenses and other current liabilities	**466,000**	16,000
Increase in unearned revenue - lease term buy-back program	**223,000**	779,000
Increase (decrease) in unearned revenue	**(951,000)**	51,000
Total adjustments	**(120,000)**	1,450,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 6,906,000**	$ 7,312,000
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital contributions - decrease (increase) in due from government agencies	**$ 1,121,000**	$ (1,224,000)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Naples Airport Authority (the "Authority") was created under Laws of Florida 69-1326, as amended, as an independent authority responsible for the operation of the airport located in Naples, Florida, or any other airport in Collier County, Florida, which the Authority may contract to operate. The City of Naples, recognizing the benefits of an authority-type management concept, established the Authority in 1969 for the purpose of enhancing service to users, improving the community gateway image and eliminating financial subsidies by City taxpayers. Commissioners of the Authority are appointed by the Naples City Council. (Also see Note 10 - Related Party Transactions).

Governmental accounting standards require the financial statements of the Authority (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the officials of the primary government are financially accountable. Based on the criteria established in generally accepted accounting principles, there are no component units required to be included in the Authority's financial statements.

B. Basis of presentation

The Authority uses enterprise fund accounting to report its activities. An enterprise fund is a proprietary fund used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

C. Measurement focus

The Authority is accounted for on an "economic resources" measurement focus. Accordingly, all assets and liabilities are included on the Statements of Net Position, and the reported Net Position (total reported assets less total reported liabilities) provides an indication of the economic net worth of the Authority. The Statements of Revenues, Expenses and Changes in Net Position reports increases (revenues) and decreases (expenses) in total economic net worth.

D. Basis of accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Authority uses the accrual basis of accounting. Under this method, revenues are recognized when they are earned; expenses are recognized when they are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary process

The budget is adopted by Resolution of the Board of Commissioners and amendments, if any, are also approved by the Board of Commissioners. The budget is adopted consistent with generally accepted accounting principles (GAAP) except that, in order to clarify the Authority's intent to present total expenses and expenditures, capital projects are included as expenditures and depreciation and amortization are excluded. Expenditures cannot legally exceed the total amount of budgeted expenditures. Appropriations lapse at the fiscal year-end.

F. 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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may differ from actual results.

G. Assets, liabilities and net position

Cash and cash equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments (including restricted cash assets) with a maturity of three months or less when purchased to be cash equivalents.

When both restricted and unrestricted resources are available, restricted resources will be used first for eligible incurred expenses, and then unrestricted as needed.

Accounts receivable

The Authority's accounts receivable are recorded net of allowance for doubtful accounts. At September 30, 2019 and 2018, the allowance was $26,500 and $9,100, respectively.

Inventories

Inventories, consisting of aviation fuel and other petroleum products held for sale, are stated at the lower of cost (first-in, first-out method) or market.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, liabilities and net position (continued)

Capital assets

Capital assets include property, plant, equipment, infrastructure and intangible assets. Infrastructure assets are defined as public domain capital assets such as roads, drainage systems, lighting systems, runways, and similar assets that are immovable and of value only to the government unit. Intangible assets are without physical substance that provide economic benefits through the rights and privileges associated with their possession. Intangible assets may be classified as identifiable or unidentifiable and externally acquired or internally developed. The threshold for capitalization is $2,000. Capital assets purchased for use in the operations of the Authority are recorded at cost. Interest on borrowed funds for construction projects is capitalized as part of the cost of construction along with all other direct construction costs. Contributed property and equipment are recorded at fair market value at the date of contribution. Expenditures for maintenance, repairs are expensed as incurred. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts, and any gain or loss on disposition is credited or charged to earnings. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are determined based upon the Authority's experience with similar assets and its planned use of those assets.

The ranges of the estimated useful lives are as follows:

Assets	Years
Infrastructure	10 – 40
Buildings & Improvements	15 – 40
Equipment	3 – 30
Improvements other than buildings	5 – 15
Vehicles	5 – 10
Intangible	3 – 7
Furniture and office equipment	3 – 5
Software	3 – 5

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, liabilities and net position (continued)

Compensated absences

Employees accrue vacation time for each week of service. The amount of time accrued by each employee varies with length of employment and whether they are full-time or part-time employees. The Authority allows employees to carry over into subsequent fiscal years up to 340 hours of vacation time. Upon leaving the employment of the Authority, employees are paid 100% of their accrued vacation time. Employees also accrue up to 10 sick days per year depending on whether they are full or part-time employees. The Authority allows employees to carry over into subsequent fiscal years up to 600 hours of sick time.

Employees exceeding 600 hours will be paid 50% of the sick hours exceeding the 600 hours annually. Upon leaving the employment of the Authority, employees with at least seven years of service will be paid 50% of their available sick hours.

In accordance with generally accepted accounting principles, employee benefits under these policies, plus their related tax and retirement costs, are classified as compensated absences and are accrued for as incurred.

Unearned revenue

The Authority introduced a “Lease-Term Buy-Back” program in 2015, the proceeds of which are recorded as unearned revenue. Revenues are earned over the term of the lease extension.

Net position

Net position is categorized as investment in capital assets, restricted and unrestricted. Restriction of net position indicates amounts that are limited for a specific purpose.

H. Revenues and expenses

Operating revenues and expenses

Operating revenues and expenses for enterprise funds are those that result from providing goods and services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-operating revenues and expenses

Non-operating revenues and expenses represent revenue and expense items that are not incurred from the normal user activity of the Authority. This classification includes revenue received from operating grants, customer facility charges, surcharges for specific capital improvement expenditures, interest earned on bank accounts, realized gain (loss) on investments, finance charge revenue, claims and insurance settlements and the gain or loss on the sale or disposal of Authority property.

I. Capital contributions

Capital contributions consist primarily of grants and contributions from Federal and State governmental agencies. Capital contributions are recognized as earned as related project costs are incurred. Donated property is recognized when received.

NOTE 2 - CASH, CASH EQUIVALENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. In accordance with its policy, all Authority depositories are banks designated by the Florida State Chief Financial Officer (CFO) as qualified public depositories. Chapter 280 of the Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the CFO as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts and non-negotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the CFO eligible collateral having a market value equal to or in excess of the average daily balance of public deposits times the depository collateral pledging level required pursuant to Chapter 280 as computed and reported monthly or 125 percent of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the Authority is not exposed to custodial credit risk.

With the nonnegotiable certificate of deposit, there is no document that, if lost or stolen, would affect the Authority's rights to its assets.

NOTE 2 - CASH, CASH EQUIVALENTS (Continued)

Investments

The Authority limits its investments to those allowed under Section 218.415(17) (a) – (d), Florida Statutes, which include: the Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC-registered money market funds, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the U.S. Treasury. The Authority does not have a policy related to credit risk or interest rate risk. The Authority did not hold any investments in either fiscal years 2019 nor 2018.

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the years ended September 30, 2019 is as follows:

Fiscal Year 2019	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,974,000	$ -	$ -	$ 2,974,000
Construction in progress	3,474,000	6,663,000	5,307,000	4,830,000
Total capital assets not being depreciated	6,448,000	6,663,000	5,307,000	7,804,000
Capital assets being depreciated:				
Infrastructure	60,292,000	4,294,000	71,000	64,515,000
Buildings	26,128,000	44,000	44,000	26,128,000
Equipment	8,413,000	372,000	51,000	8,734,000
Improvements other than building	6,050,000	3,000	-	6,053,000
Vehicles	1,145,000	101,000	61,000	1,185,000
Intangible	1,278,000	-	-	1,278,000
Software	534,000	-	-	534,000
Furniture and office equipment	963,000	76,000	-	1,039,000
Total capital assets being depreciated	104,803,000	4,890,000	227,000	109,466,000
Less accumulated depreciation for:				
Infrastructure	26,096,000	2,328,000	-	28,424,000
Buildings	11,084,000	807,000	-	11,891,000
Equipment	6,313,000	382,000	50,000	6,645,000
Improvements other than building	1,751,000	118,000	-	1,869,000
Vehicles	989,000	49,000	61,000	977,000
Intangible	990,000	13,000	-	1,003,000
Software	255,000	102,000	-	357,000
Furniture and office equipment	654,000	112,000	-	766,000
Total accumulated depreciation	48,132,000	3,911,000	111,000	51,932,000
Total capital assets being depreciated, net	56,671,000	979,000	116,000	57,534,000
Total capital assets, net	$ 63,119,000	$ 7,642,000	$ 5,423,000	$ 65,338,000

In 2019, reported depreciation expense totals $3,911,000.

NOTE 3 - CAPITAL ASSETS (Continued)

A summary of changes in capital assets for the year ended September 30, 2018 is as follows:

Fiscal Year 2018	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,974,000	$ -	$ -	$ 2,974,000
Construction in progress	2,568,000	4,411,000	3,505,000	3,474,000
Total capital assets not being depreciated	5,542,000	4,411,000	3,505,000	6,448,000
Capital assets being depreciated:				
Infrastructure	57,360,000	2,932,000	-	60,292,000
Buildings	25,603,000	525,000	-	26,128,000
Equipment	7,951,000	462,000	-	8,413,000
Improvements other than building	6,050,000	-	-	6,050,000
Vehicles	1,063,000	82,000	-	1,145,000
Intangible	1,261,000	17,000	-	1,278,000
Software	534,000	-	-	534,000
Furniture and office equipment	950,000	13,000	-	963,000
Total capital assets being depreciated	100,772,000	4,031,000	-	104,803,000
Less accumulated depreciation for:				
Infrastructure	23,898,000	2,198,000	-	26,096,000
Buildings	10,297,000	787,000	-	11,084,000
Equipment	5,938,000	375,000	-	6,313,000
Improvements other than building	1,631,000	120,000	-	1,751,000
Vehicles	946,000	43,000	-	989,000
Intangible	984,000	6,000	-	990,000
Software	146,000	109,000	-	255,000
Furniture and office equipment	537,000	117,000	-	654,000
Total accumulated depreciation	44,377,000	3,755,000	-	48,132,000
Total capital assets being depreciated, net	56,395,000	276,000	-	56,671,000
Total capital assets, net	$ 61,937,000	$ 4,687,000	$ 3,505,000	$ 63,119,000

In 2018, reported depreciation expense totals $3,714,000. Two fuel trucks were placed into service in October of 2014. The related depreciation of $41,000 was recorded as “Cost of Goods Sold” in FY 2018.

NOTE 4 - UNEARNED REVENUE – LEASE TERM BUY-BACK PROGRAM PAYMENTS

In 2015, the Authority offered a Lease Term Buy-Back program to all existing aviation land lease tenants. This program benefited the leaseholders in that they could more readily secure financing or find a potential buyer of the property under lease due to an extended lease period. The tenant could enter into a new land lease for an extended period for an amount based on current values. The amount was paid upfront and is accounted for as a long-term liability (unearned revenue) and will be earned over the years beyond the term of the initial lease.

NOTE 5 - CHANGES IN NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities for the years ended September 30 were as follows:

Fiscal Year 2019	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated absences	$ 396,000	$ 85,000	$ -	$ 481,000	$ 48,000
Unearned revenue Lease Term Buy Back program	4,669,000	223,000	-	4,892,000	-
Total noncurrent liabilities	$ 5,065,000	$ 308,000	$ -	$ 5,373,000	$ 48,000

Fiscal Year 2018	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated absences	$ 463,000	$ -	$ (67,000)	$ 396,000	$ 40,000
Unearned revenue Lease Term Buy Back program	3,890,000	779,000	-	4,669,000	-
Total noncurrent liabilities	$ 4,353,000	$ 779,000	$ (67,000)	$ 5,065,000	$ 40,000

NOTE 6 - RENTAL REVENUE UNDER OPERATING LEASES

The Authority subleases land and leases certain buildings and office space to various tenants with lease terms extending out to 2048. Certain leases include both fixed minimum rentals and contingent rentals based on gross receipts. Minimum future rentals under non-cancelable operating leases as of September 30, 2019 are as follows:

Year Ending September 30,	Amount
2020	$ 1,417,000
2021	1,326,000
2022	864,000
2023	818,000
2024	796,000
Thereafter	10,856,000
Total	$ 16,077,000

NOTE 6 - RENTAL REVENUE UNDER OPERATING LEASES (Continued)

Minimum lease payments do not include contingent rentals which may be received under certain leases based on a percentage of the tenants' sales revenues. The contingent rentals for the year ended September 30, 2019 and 2018 were $753,000 and $737,000, respectively, and were reported as concession fees in the Statement of Revenues, Expenses and Changes in Net Position.

Following is a summary of assets on lease for the years ended September 30:

	2019	2018
Hangar	$15,500,000	$13,365,000
Other buildings	2,318,000	2,659,000
Total cost	17,818,000	16,024,000
Less accumulated depreciation	(7,916,000)	(7,341,000)
Net carrying amount	$ 9,902,000	$ 8,683,000

Depreciation for the assets on lease was $530,000 and $485,000 for the years ended September 30, 2019 and 2018 respectively.

NOTE 7 - RETIREMENT PLAN

The City of Naples Airport Authority ICMA Retirement Corporation Governmental Money Purchase Plan and Trust is a defined contribution retirement plan for the benefit of its employees. The plan is for full-time employees and has eligibility provisions with required retirement funding percentages applied to the salaries of those participating. Retirement contribution expense for the years ended September 30, 2019 and 2018 was $282,000 and $235,000, respectively. The Authority has reserved the right to establish and amend all plan provisions. The contribution requirements of plan members and the Authority are established and may be amended by the Authority. The Authority's total salaries and wages on September 30, 2019 and 2018 was $5,089,000 and $4,336,000, and its covered payroll was $4,155,000 and $3,917,000 respectively.

The plan has fewer than 100 participants and does not issue a separate audited financial report. The post-employment retirement benefit plan is administered by ICMA-RC, Washington, DC.

NOTE 8 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Insurance coverage for such losses is purchased from commercial insurance companies. The financial impact of the Authority's risk management activities are reported in the accompanying financial statements. For the years ended September 30, 2019 and 2018, the Authority paid $532,000 and $446,000, respectively, in premiums for policies to insure for these risks. No accrual has been provided for claims and incidents not reported to insurers. All known claims have been reported to the insurers. Claims made have not exceeded the insurance coverage for any of the past thirteen fiscal years.

In September 2018, the airport received damage from Hurricane Irma that made landfall just south of Naples, Florida. The airport had approximately $1.9 million in insured damages, mainly to aircraft hangers. As of September 30, 2019, the claim has been settled and insurance proceeds of $1.5 million ($1.9 million less deductible of $354,000) has been received and recorded in claims and insurance proceeds. The authority also expensed another $552,000 of damages not covered under our policy.

NOTE 9 - CUSTOMER FACILITY CHARGES

A $2.50 per day customer facility charge (CFC) is charged for all car rentals at the airport. Per the airport's agreements with the rental car companies, the amounts are restricted to be used for rental car facilities at the airport. For the years ended September 30, 2019 and 2018, the Authority collected $211,000 and $214,000, respectively. The restricted balance at September 30, 2019 and 2018 was $2,016,000 and $1,805,000, respectively. This amount is also recorded in restricted cash.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Airport is located on an area of approximately 732 acres of which 640 acres is leased land. The Authority holds a ninety-nine year lease from the City of Naples, which allows the Authority to use and sublet the land. The lease requires annual payments of one dollar. The lease expires in 2069. The Authority prepaid this lease in January 1997.

The City provides certain services to the Authority including firefighting personnel, fire truck maintenance, police services and utilities. Total expense incurred by the Authority during the years ended September 30, 2019 and 2018 for these services were $960,000 and $658,000, respectively.

The City leases approximately 16 acres of a former landfill site from the Authority to use as a garbage collection and recycle transfer facility.

NOTE 11 - CAPITAL CONTRIBUTIONS

Since its inception, the Authority has received capital contributions through Federal and State grants and from the City of Naples, Collier County and other parties as follows:

	Fiscal Year Ended 2019	Inception-to-date
Federal	$ 191,000	$ 42,116,000
State	2,405,000	19,652,000
City of Naples	-	202,000
Collier County	-	163,000
Other	-	5,488,000
Total	$ 2,596,000	$ 67,621,000

NOTE 12 - COMMITMENTS AND CONTINGENCIES

At September 30, 2019, the Authority had in process various construction, consulting and engineering contracts totaling $10,277,000. Expenditures on these contracts were $4,450,000, leaving commitments of up to $5,827,000.

The Authority is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency, which may result in disallowed expense amounts. These amounts would constitute a contingent liability of the Authority. The Authority does not believe any contingent liabilities to be material.

STATISTICAL SECTION

This part of the City of Naples Airport Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

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Financial Trends 38

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity 40

These schedules contain information to help the reader to assess the Authority's most significant revenue source, aviation fuel sales.

Debt Capacity 42

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information 42

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information 44

These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.

Miscellaneous Information 47

This schedule provides the reader with information on the sources of the Authority's contributed capital.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF NAPLES AIRPORT AUTHORITY
NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS

NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Investment in Capital Assets	$48,533,000	$51,583,000	$51,179,000	$52,132,000	$55,323,000	$60,372,000	$60,738,000	$61,937,000	$62,771,000	$65,145,000
Restricted	288,000	471,000	479,000	612,000	928,000	1,173,000	1,381,000	1,587,000	1,805,000	2,016,000
Unrestricted	12,967,000	12,784,000	14,103,000	15,032,000	17,763,000	17,185,000	19,071,000	21,899,000	26,154,000	30,521,000
Total net position	$61,788,000	$64,965,000	$65,761,000	$67,776,000	$74,014,000	$78,730,000	$81,190,000	$85,423,000	$90,730,000	$97,682,000

CITY OF NAPLES AIRPORT AUTHORITY
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OPERATING REVENUES										
Fuel sales (net)	$ 5,860,000	$ 6,441,000	$ 6,512,000	$ 6,580,000	$ 7,905,000	$ 8,310,000	$ 8,786,000	$ 9,334,000	$ 10,202,000	$ 12,492,000
Concession fees	541,000	598,000	623,000	692,000	732,000	810,000	716,000	682,000	737,000	753,000
Hangar/T-shelter/tiedown	1,559,000	1,664,000	1,718,000	2,008,000	2,268,000	2,439,000	2,413,000	2,515,000	2,597,000	2,565,000
Building and land rent	958,000	958,000	1,020,000	1,023,000	1,221,000	1,256,000	1,327,000	1,388,000	1,385,000	1,342,000
Line services	379,000	419,000	423,000	697,000	639,000	738,000	698,000	731,000	771,000	857,000
U.S. Customs user fees	-	103,000	163,000	174,000	251,000	277,000	311,000	357,000	442,000	440,000
Other	35,000	17,000	16,000	9,000	5,000	15,000	28,000	19,000	101,000	43,000
Net operating revenues	9,332,000	10,200,000	10,475,000	11,183,000	13,021,000	13,845,000	14,279,000	15,026,000	16,235,000	18,492,000
OPERATING EXPENSES										
Personnel	3,742,000	3,992,000	4,219,000	4,090,000	4,556,000	4,982,000	5,385,000	5,828,000	5,916,000	6,811,000
Professional fees	514,000	602,000	452,000	684,000	628,000	706,000	783,000	811,000	1,212,000	984,000
Communications	62,000	126,000	102,000	148,000	185,000	121,000	199,000	151,000	129,000	188,000
Insurance	443,000	443,000	480,000	496,000	447,000	464,000	461,000	449,000	446,000	532,000
Utilities and environmental	292,000	284,000	274,000	262,000	277,000	251,000	265,000	274,000	367,000	316,000
Office/postage/printing	38,000	37,000	35,000	69,000	126,000	134,000	116,000	83,000	108,000	90,000
ATCT, ARFF and police service	687,000	665,000	697,000	677,000	664,000	700,000	715,000	630,000	697,000	868,000
U.S. Customs	-	342,000	299,000	279,000	317,000	309,000	295,000	313,000	336,000	330,000
Dues/subscriptions/fees	33,000	37,000	35,000	39,000	39,000	49,000	43,000	89,000	61,000	54,000
Auto gas and diesel fuel	44,000	53,000	71,000	73,000	73,000	61,000	48,000	50,000	61,000	64,000
Pilot services	47,000	51,000	55,000	53,000	59,000	68,000	64,000	112,000	125,000	107,000
Maintenance and repair	811,000	462,000	427,000	488,000	610,000	541,000	1,097,000	646,000	915,000	1,122,000
Total operating expenses	6,713,000	7,094,000	7,146,000	7,358,000	7,981,000	8,386,000	9,471,000	9,436,000	10,373,000	11,466,000
Operating income (loss)	2,619,000	3,106,000	3,329,000	3,825,000	5,040,000	5,459,000	4,808,000	5,590,000	5,862,000	7,026,000
NON-OPERATING REVENUES (EXPENSES)										
Customer facility charges	137,000	186,000	207,000	231,000	237,000	246,000	204,000	212,000	214,000	211,000
Depreciation and amortization	(2,624,000)	(2,791,000)	(3,164,000)	(3,241,000)	(3,432,000)	(3,619,000)	(3,791,000)	(3,703,000)	(3,714,000)	(3,911,000)
Interest revenue	51,000	68,000	64,000	71,000	68,000	59,000	109,000	228,000	512,000	921,000
Unrealized gain (loss) on investments	93,000	39,000	51,000	23,000	-	-	-	-	-	-
Realized gain (loss) on investment	-	-	-	-	(13,000)	21,000	-	-	-	-
Claims and Insurance Settlements	-	-	-	3,000	26,000	75,000	6,000	(43,000)	507,000	1,000,000
Hurricane recovery/repair	-	-	-	-	-	-	-		-	(906,000)
Interest expense	(30,000)	(29,000)	(28,000)	(16,000)	-	-	-	-	-	-
Contribution of capital asset to government agency	-	-	(50,000)	-	-	-	-	-	-	-
Gain (Loss) on disposal of capital assets	7,000	3,000	3,000	20,000	4,000	5,000	(16,000)	12,000	-	15,000
Total non-operating revenues (expenses)	(2,366,000)	(2,524,000)	(2,917,000)	(2,909,000)	(3,110,000)	(3,213,000)	(3,488,000)	(3,294,000)	(2,481,000)	(2,670,000)
Income (loss) before capital contributions	253,000	582,000	412,000	916,000	1,930,000	2,246,000	1,320,000	2,296,000	3,381,000	4,356,000
Capital contributions	3,666,000	2,595,000	384,000	1,099,000	4,308,000	2,470,000	1,140,000	1,937,000	1,926,000	2,596,000
Change in net position	$ 3,919,000	$ 3,177,000	$ 796,000	$ 2,015,000	$ 6,238,000	$ 4,716,000	$ 2,460,000	$ 4,233,000	$ 5,307,000	$ 6,952,000

CITY OF NAPLES AIRPORT AUTHORITY
FUEL SALES, LAST TEN FISCAL YEARS

AVERAGE AVIATION FUEL MARGINS (PER GALLON)

	Jet A						100 Low Lead				
Fiscal Year	Flowage	Full Service	Prepaid Full Service	Annual Volume Discount	Tenant Fuel	Scheduled Airline	Full Service	Prepaid Full Service	Public Self Fueling	Tenant Fuel	Volume Program
2010	$ 0.30	$ 1.97	$ 1.34	$ 1.25	$ -	$ -	$ 0.90	$ 0.75	$ 0.52	$ -	$ -
2011	0.30	1.97	1.34	1.25	-	-	0.94	0.76	0.55	-	-
2012	0.30	2.02	1.30	1.18	-	-	0.93	0.75	0.53	-	-
2013	0.30	2.01	1.29	1.17	-	-	0.91	0.76	0.53	-	-
2014	0.30	2.01	1.28	1.02	-	-	0.79	0.42	0.64	-	-
2015	0.30	1.96	1.24	0.99	-	-	0.81	0.50	0.59	-	-
2016	0.30	1.93	1.23	1.00	-	-	0.90	0.51	0.74	-	-
2017	0.30	1.99	1.24	0.99	-	-	0.90	0.46	0.82	-	-
2018	0.30	2.00	1.23	0.98	-	-	0.81	0.75	0.49	-	-
2019	$ 0.30	$ 2.07	$ 1.47	$ 1.07	$ 1.29	$ -	$ 1.55	$ 1.10	$ 0.65	$ 1.08	$ 0.97

AVIATION FUEL SALES (GALLONS)

	Jet A							100 Low Lead					
Fiscal Year	Flowage	Full Service	Prepaid Full Service	Annual Volume Discount	Tenant Fuel	Scheduled Airline	Total	Full Service	Prepaid Full Service	Public Self Fueling	Tenant Fuel	Volume Program	Total
2010	417,749	1,280,427	1,141,723	1,331,142	-	-	4,171,041	122,531	154,119	43,342	-	-	319,992
2011	464,992	1,592,831	1,093,734	1,407,793	-	-	4,559,350	118,531	136,559	71,032	-	-	326,122
2012	477,521	1,544,348	1,247,745	1,422,233	-	-	4,691,847	128,035	129,737	97,103	-	-	354,875
2013	396,364	1,650,051	1,318,861	1,272,369	-	-	4,637,645	150,996	122,402	114,609	-	-	388,006
2014	292,832	2,062,984	1,609,354	1,774,311	-	-	5,739,481	146,327	113,920	117,721	-	-	377,968
2015	248,968	2,279,122	1,568,159	1,923,026	-	-	6,019,275	143,677	117,437	130,333	-	-	391,447
2016	252,568	2,458,314	1,535,659	2,086,491	-	37,509	6,370,541	158,993	106,487	115,206	-	-	380,686
2017	250,014	2,496,936	1,623,734	2,342,272	-	13,684	6,726,640	176,266	111,583	101,192	-	-	389,040
2018	229,921	2,584,903	2,124,407	2,492,618	-	-	7,431,849	185,775	142,249	76,800	-	-	404,824
2019	273,623	3,315,215	1,438,968	2,668,965	242,527	-	7,939,298	165,495	100,411	83,962	19,369	29,205	398,442

AVIATION FUEL SALES (NET REVENUE)

	Jet A							100 Low Lead					
Fiscal Year	Flowage	Full Service	Prepaid Full Service	Annual Volume Discount	Tenant Fuel	Scheduled Airline	Total	Full Service	Prepaid Full Service	Public Self Fueling	Tenant Fuel	Volume Program	Total
2010	$125,323	$ 2,519,840	$ 1,532,421	$ 1,667,402	$ -	$ -	$ 5,844,986	$ 110,232	$ 116,228	$ 22,731	$ -	$ -	$ 249,191
2011	138,308	3,137,801	1,461,453	1,760,216	-	-	6,497,778	111,202	103,734	38,892	-	-	253,828
2012	141,770	3,112,119	1,620,039	1,685,166	-	-	6,559,094	118,662	97,491	51,929	-	-	268,082
2013	118,909	3,314,626	1,703,302	1,491,478	-	-	6,628,315	137,658	92,558	60,698	-	-	290,914
2014	87,850	4,146,860	2,057,286	1,810,718	-	-	8,102,714	115,526	47,680	75,025	-	-	238,231
2015	74,690	4,470,681	1,948,108	1,902,027	-	-	8,395,506	116,885	59,284	76,947	-	-	253,116
2016	75,770	4,752,120	1,885,624	2,094,370	-	4,281	8,812,165	142,936	53,979	84,967	-	-	281,882
2017	75,004	4,978,267	2,007,046	2,318,907	-	1,471	9,380,695	158,927	50,956	83,048	-	-	292,931
2018	69,352	5,158,618	2,609,597	2,432,460	-	-	10,270,027	150,352	106,750	37,980	-	-	295,082
2019	$ 82,087	$ 6,875,377	$ 2,109,712	$ 2,865,106	$ 313,363	$ -	$ 12,245,645	$ 255,719	$ 110,322	$ 54,610	$ 20,849	$ 28,390	$ 469,890

Source: Authority's Finance Department records

Notes: The Executive Director is authorized to adjust fuel charges at any time, with or without notice.
The Authority's fuel charges to customers are based on a cost plus formula.
The Authority offers various fuel programs to meet Airport customers' needs.
Aviation fuel sales (net revenue) does not include aviation oil sales, non-aviation fuel sales, fuel truck rental and credit card fees.
These are included in Fuel sales (net) as show on the Statement of Revenues, Expenses and Changes in Net Position.

CITY OF NAPLES AIRPORT AUTHORITY
PRINCIPAL CUSTOMERS, LAST TEN FISCAL YEARS

PRINCIPAL CUSTOMERS - BY GROSS SALES
For the Years Ended September 30,

		2019		2010	
	Company	Gross Sales	% of Total Authority Fuel Sales	Gross Sales	% of Total Authority Fuel Sales
1	Net Jets	$ 6,051,297	19.9%	$ 3,464,071	17.2%
2	Flexjet	2,269,479	7.5%	810,627	4.0%
3	Naples Jet Center	1,404,020	4.6%	351,114	1.7%
4	Elite Jets Charter, LLC	772,701	2.5%		
5	Delta Private Jets	684,592	2.2%		
6	Xojet	462,199	1.5%		
7	Travel Management Company	406,297	1.3%		
8	Exclusive Jets	368,495	1.2%		
9	Wheels Up/Gama Aviation	349,667	1.1%		
10	Columbia Collier Mgmt	300,003	1.0%		
	Everest Fuel Management			736,790	3.7%
	Citation Air by Cessna			545,764	2.7%
	Mercury Air Group - Flight Options			389,427	1.9%
	Naples Air Center			270,360	1.3%
	ASG			252,097	1.3%
	Avant Air			245,529	1.2%
	Hertz Corporation			226,498	1.1%
		$ 13,068,749	42.8%	$7,292,277	36.1%

Source: Authority's accounting records

PRINCIPAL CUSTOMERS - BY AVIATION FUEL GALLONS
For the Years Ended September 30,

		2019		2010	
	Company	Gallons	% of Total Authority Gallons	Gallons	% of Total Authority Gallons
1	Net Jets	1,698,298	21.1%	889,243	19.8%
2	Flexjet	612,898	7.6%	201,973	4.5%
3	Naples Jet Center	316,118	3.9%	86,031	1.9%
4	Elite Jets Charter	208,159	2.6%		
5	Delta Private Jets	179,542	2.2%		
6	Xojet	113,167	1.4%		
7	Exclusive Jets LLC	106,085	1.3%		
8	Travel Management Company	97,235	1.2%		
9	Wheels Up/Gama Aviation	86,010	1.1%		
10	Columbia Collier Mgmt	79,830	1.0%		
	Health Management Associates			244,913	5.5%
	Everest Fuel Management			176,291	3.9%
	Citation Air by Cessna			140,707	3.1%
	Mercury Air Group - Flight Options			95,367	2.1%
	Naples Air Center			62,912	1.4%
	ASG			60,446	1.3%
	Avant Air			56,960	1.3%
		3,497,342	43.5%	2,014,843	44.8%

Source: Authority's accounting records

CITY OF NAPLES AIRPORT AUTHORITY
DEBT LIMITATIONS AND DEMOGRAPHIC AND ECONOMIC INDICATORS
LAST TEN FISCAL YEARS

DEBT LIMITATIONS

Fiscal Year	Debt Limit	Total Outstanding Debt	Ratio of Debt to Debt Limit
2010	$15,000,000	-	0.0%
2011	15,000,000	-	0.0%
2012	15,000,000	-	0.0%
2013	15,000,000	-	0.0%
2014	15,000,000	-	0.0%
2015	15,000,000	-	0.0%
2016	15,000,000	-	0.0%
2017	15,000,000	-	0.0%
2018	15,000,000	-	0.0%
2019	$15,000,000	-	0.0%

Source: Authority's enabling legislation and financial statements

Note: The Authority's debt limit is set by the Legislature of the State of Florida.

DEMOGRAPHIC AND ECONOMIC INDICATORS

	City of Naples			**Collier County**			**Metropolitan Statistical Area**
Year	Population	Personal Income (*thousands of dollars)*	Per Capita Personal Income	Population	Personal Income (*thousands of dollars)*	Per Capita Personal Income	Unemployment Rate
2009	21,651	$ 1,369,989	$ 76,708	333,032	$ 19,846,737	$ 63,276	10.9%
2010	22,390	1,368,953	75,910	331,800	19,739,453	62,559	11.6%
2011	19,537	1,171,927	74,862	321,520	19,127,928	60,049	10.3%
2012	19,939	1,641,299	82,316	323,785	19,446,631	59,264	9.3%
2013	20,115	1,685,597	83,798	329,849	20,075,468	60,391	7.2%
2014	20,537	1,646,164	80,156	339,642	22,033,344	64,872	6.2%
2015	20,968	1,776,430	84,721	348,777	24,571,667	73,869	5.2%
2016	21,898	1,940,338	88,608	365,136	25,763,656	78,473	4.8%
2017	22,041	1,980,648	89,862	360,846	30,708,249	84,101	3.6%
2018	22,214	$ 2,210,493	$ 99,509	368,534	$ 32,749,753	$ 87,829	3.3%

Sources: Population, personal income and per capita personal income for City of Naples provided by City of Naples, Florida, Comprehensive Annual Financial Report, 2018
Population, personal income and per capita personal income for Collier County provided by Collier County, Florida, Comprehensive Annual Financial Report, 2018
Unemployment information provided by the U.S. Department of Labor, Bureau of Labor Statistics.

CITY OF NAPLES AIRPORT AUTHORITY
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS

PRINCIPAL EMPLOYERS

	2018			2009		
Employer	**Rank**	**Number of Employees**	**Percent of Total County Employment**	**Rank**	**Number of Employees**	**Percent of Total County Employment**
Collier County Public Schools	1	5,606	3.84%	2	4,728	4.06%
NCH Healthcare System	2	4,115	2.96%	1	5,000	4.29%
Arthrex, Inc	4	2,355	1.61%		-	-
Collier County Government (excl. Sheriff)	3	2,313	1.59%	5	2,276	1.95%
Collier County Sheriffs's office	5	1,405	0.96%	7	1,387	1.19%
Publix Supermarkets	6	1,257	0.86%	3	3,246	2.79%
Ritz Carlton Hotel	7	1,100	0.75%		-	-
Seminole Casino- Immokalee	8	1,068	0.73%		-	-
JW Marriott - Marco Island	9	1,050	0.72%	4	2,328	2.00%
Naples Grande Beach Resort	10	700	0.48%		-	-
Other employers		124,840	85.50%		97,580	83.73%
Totals		145,809	100.00%		116,545	100.00%

Source: Collier County, Florida, Comprehensive Annual Financial Report, 2019

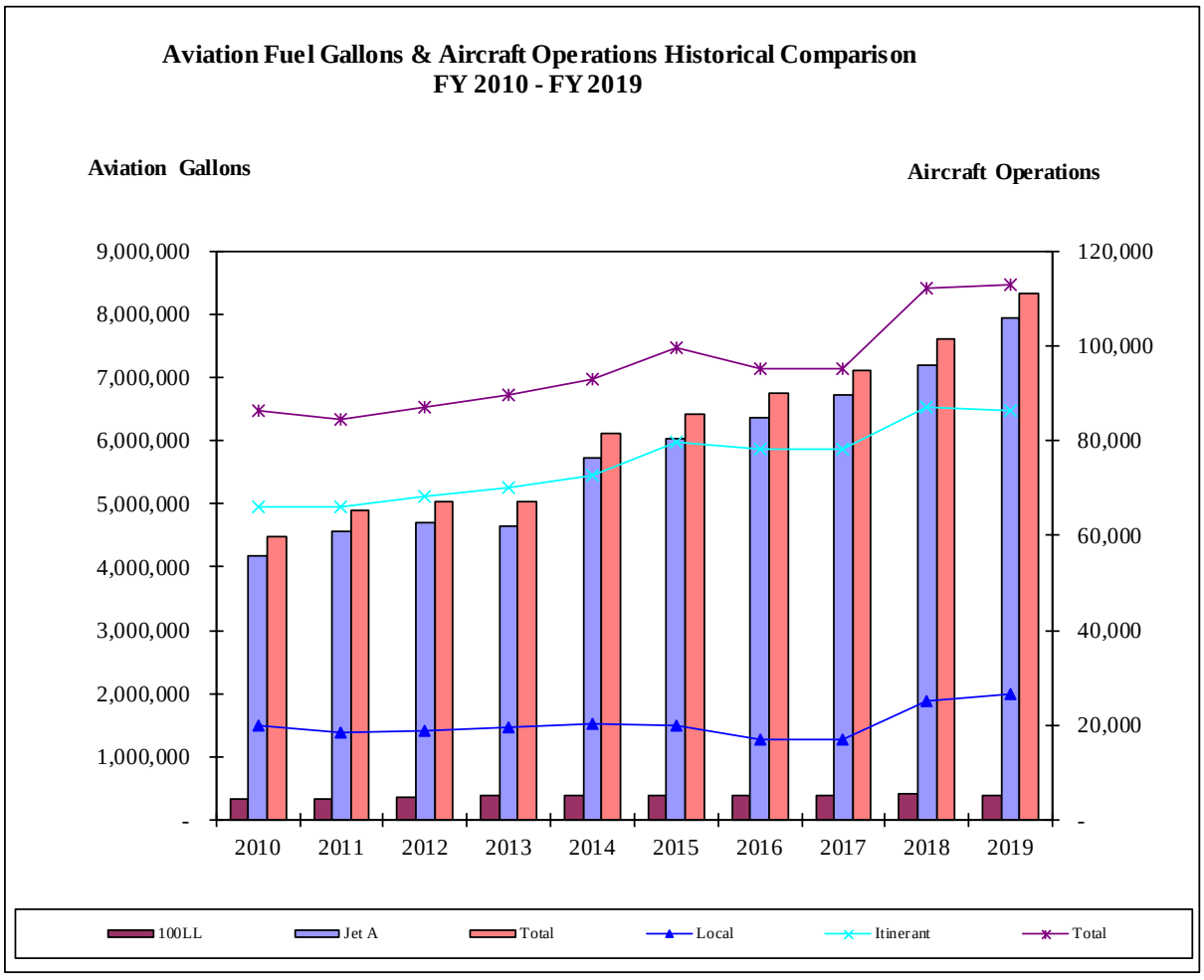
Note: Data on Principal Employers for 2018 not yet available.

CITY OF NAPLES AIRPORT AUTHORITY
AVIATION FUEL AND AIRCRAFT OPERATIONS STATISTICS
LAST TEN FISCAL YEARS

AVIATION FUEL AND AIRCRAFT OPERATIONS STATISTICS

Fiscal	Aviation Fuel Gallons			Aircraft Operations		
Year	100LL	Jet A	Total	Local	Itinerant	Total
2010	319,992	4,171,041	4,491,033	20,029	66,158	86,187
2011	326,122	4,563,303	4,889,425	18,323	66,016	84,339
2012	354,926	4,691,847	5,046,773	18,835	68,243	87,078
2013	388,006	4,637,645	5,025,651	19,537	70,242	89,779
2014	377,967	5,739,481	6,117,448	20,256	72,848	93,104
2015	391,446	6,019,275	6,410,721	19,798	79,771	99,569
2016	380,686	6,370,541	6,751,227	16,864	78,186	95,050
2017	387,750	6,726,640	7,114,390	16,798	78,220	95,018
2018	404,823	7,201,928	7,606,751	25,157	86,983	112,140
2019	398,442	7,939,298	8,337,740	26,572	86,228	112,800

Source: Authority's Operations and Finance Department records

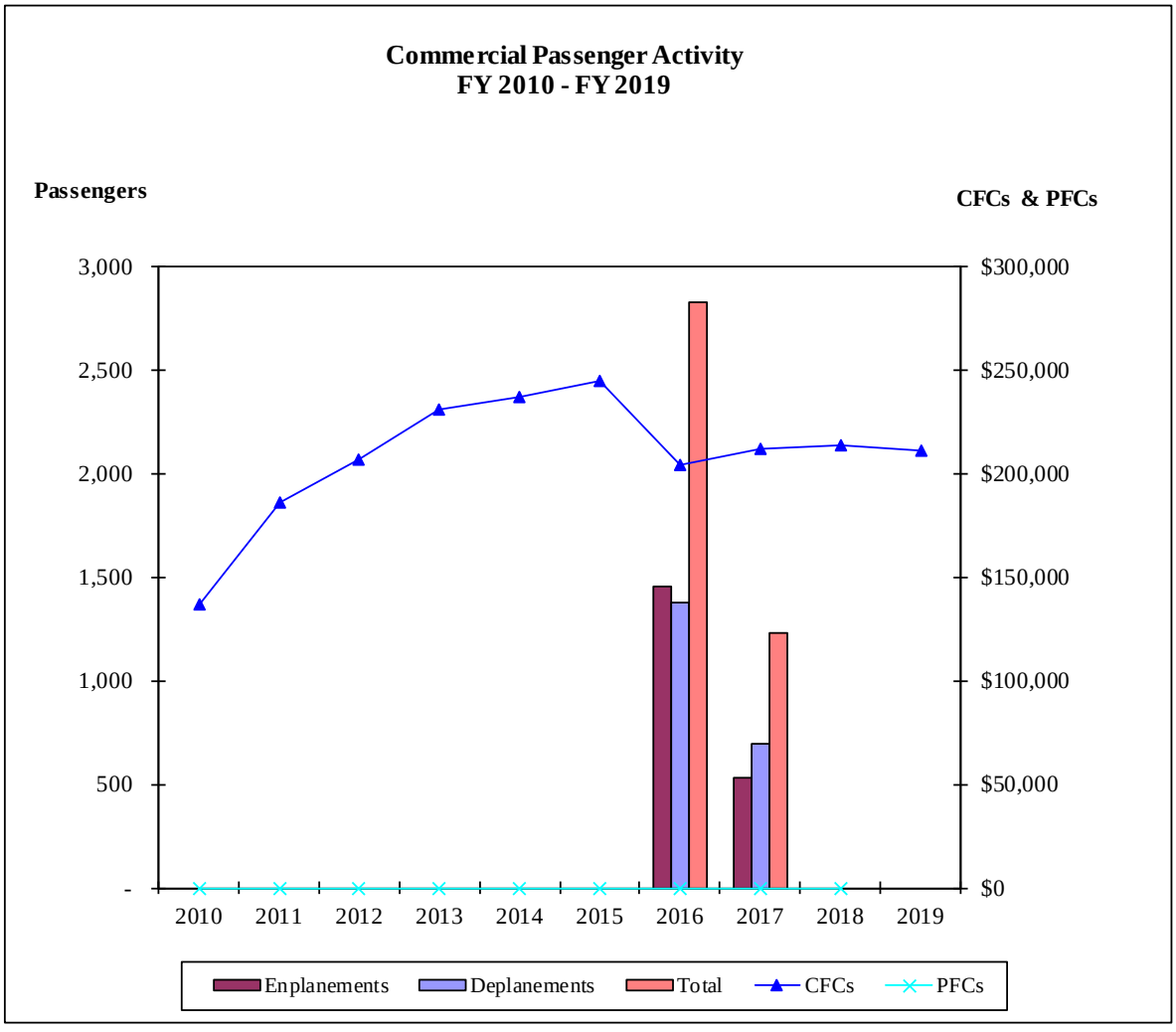


CITY OF NAPLES AIRPORT AUTHORITY
AVIATION FUEL AND AIRCRAFT OPERATIONS STATISTICS
LAST TEN FISCAL YEARS

COMMERCIAL PASSENGER STATISTICS

Fiscal Year	Enplanements	Deplanements	Total	CFCs	PFCs
2010	-	-	-	137,000	-
2011	-	-	-	186,000	-
2012	-	-	-	207,000	-
2013	-	-	-	231,000	-
2014	-	-	-	237,000	-
2015	-	-	-	245,000	-
2016	1,452	1,377	2,829	204,000	-
2017	528	699	1,227	212,000	-
2018	-	-	-	214,000	-
2019	-	-	-	211,000	

Source: Authority's Operations and Finance Department records



CITY OF NAPLES AIRPORT AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Customer Service	29.7	31.0	30.7	30.3	35.4	38.6	39.4	37.0	36.0	37.0
Operations	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Airport Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities & Custodial	18.0	16.9	16.7	16.5	17.0	17.2	18.1	16.0	19.0	19.0
Security	2.8	2.8	3.5	2.9	2.0	1.8	2.1	2.0	2.0	2.0
Administration	6.6	6.8	6.1	6.1	6.2	7.0	7.3	7.0	4.0	8.0
Executive	2.0	3.0	3.9	3.0	2.9	3.0	4.0	5.0	7.0	9.0
TOTAL EMPLOYEES	**63.1**	**64.5**	**64.9**	**62.8**	**67.5**	**71.6**	**74.9**	**71.0**	**72.0**	**79.0**

Source: Authority's payroll records

CITY OF NAPLES AIRPORT AUTHORITY
CAPITAL CONTRIBUTIONS
LAST TEN FISCAL YEARS

CAPITAL CONTRIBUTIONS

Fiscal Year	FAA Grants	FDOT Grants	Collier County Contributions	City of Naples Contributions	Other Contributions	Cumulative Total
Prior to 2010	$ 29,290,701	$ 12,434,614	$ 162,976	$ 201,763	$ 3,639,352	$ 45,729,406
2010	2,940,811	724,826	-	-	-	49,395,043
2011	1,723,983	-	-	-	642,079	51,761,105
2012	382,287	2,170	-	-	-	52,145,562
2013	1,040,966	57,803	-	-	-	53,244,331
2014	3,966,282	341,928	-	-	-	57,552,541
2015	436,737	1,902,645	-	-	130,512	60,022,435
2016	112,000	-	-	-	1,028,000	61,162,435
2017	1,434,756	454,099	-	-	47,865	63,099,156
2018	596,913	1,329,044	-	-	-	65,025,113
2019	191,450	2,404,179	-	-	-	67,620,742
	$ 42,116,886	$ 19,651,308	$ 162,976	$ 201,763	$ 5,487,809	$ 67,620,742

Source: Authority's financial statements and accounting records

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MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S 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*

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

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 basic financial statements, as listed in the table of contents, of the City of Naples Airport Authority (the "Authority") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 11, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Commissioners
City of Naples Airport Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain other matters that we reported to management in a separate letter dated February 11, 2020.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 11, 2020

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

Report on Compliance for Each Major State Project

We have audited the compliance of the City of Naples Airport Authority (the "Authority"), with the types of compliance requirements described in the Department of Financial Services State Projects *Compliance Supplement* that could have a direct and material effect on each of the Authority's major state projects for the year ended September 30, 2019. The Authority's major state project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major state project based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Chapter 10.550, *Rules of the Auditor General*.

Those standards, and Chapter 10.550, *Rules of the Auditor General*, 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 a major state project occurred. An audit includes examining, on a test basis, evidence about the Authority'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 on compliance for the major state project. However, our audit does not provide a legal determination of the Authority's compliance.

Board of Commissioners
City of Naples Airport Authority

Opinion on Each Major State Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on its major state project for the fiscal year ended September 30, 2019.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to in the first paragraph. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 a type of compliance requirement of a federal program 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 a type of compliance requirement of a federal program 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 described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 11, 2020

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CITY OF NAPLES AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2019

State/Pass Through Entity State Project	CSFA Number	Contract Grantor Number	Expenditures	Passed Through to Subrecipients
Department of Transportation				
Aviation Systems Development				
Taxiway Delta Design and Construction	55.004	G0826	$ 864,966	-
Aircraft Rescue and Fire Fighting Facility (ARFF)	55.004	G0G30	222,162	-
Taxiway D - North Quad Relocation and Extension	55.004	G0E33	1,306,394	-
Masterplan	55.004	G0O37	10,657	-
Total Department of Transportation			2,404,179	-
Total Expenditures of State Financial Assistance			$ 2,404,179	$ -

CITY OF NAPLES AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2019

1. General

The accompanying Schedule of Expenditures of State Financial Assistance (SESFA) presents the activity of all state awards programs of the Authority for the year ended September 30, 2019.

2. Basis of Accounting

The Authority's basis of accounting is further described in Note 1 of the accompanying basic financial statements. The accompanying Schedule is presented using the accrual basis of accounting. Under the accrual basis, expenditures are recognized in the period liabilities are incurred.

CITY OF NAPLES AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	**Unmodified Opinion**	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	___ Yes	_X_ None reported
Noncompliance material to financial statements noted?	___ Yes	_X_ No

State Financial Assistance

Internal control over major state projects:		
• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	___ Yes	_X_ None reported
Type of report issued on compliance for major state projects	**Unmodified Opinion**	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, *Rules of the Auditor General?*	___ Yes	_X_ No

Identification of Major State Project:

CSFA Number	Name of State Project
55.004	DOT: Aviation Grant Programs

Dollar threshold used to distinguish between Type A and Type B programs: State	$721,254

CITY OF NAPLES AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Cont.)*

For the Year Ended September 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - PRIOR AUDIT FINDINGS

None reported.

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MSL
Certified Public Accountants

MANAGEMENT LETTER

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Naples Airport Authority (the "Authority") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 11, 2020.

Auditor's Responsibility

We conducted our audit 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; the audit requirements of Chapter 10.550, *Rules of the Auditor General.*

Other Reporting Requirements

We have issued our Independent Auditor's 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;* Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.550, *Rules of the Auditor General;* Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 11, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General,* requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General,* requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. There were no special district component units that were required to provide financial information to the Authority for the fiscal year ended September 30, 2019.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Authority's Board, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 11, 2020

MSL
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

We have examined the compliance of the City of Naples Airport Authority (the "Authority") with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2019. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with those requirements. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2019.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 11, 2020

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Naples AIRPORT AUTHORITY

To: Honorable Chair and Commissioners

From: Christopher A. Rozansky, Executive Director CR

By: Heather LeDuc, Business Manager

Meeting Date: February 20, 2020

Re: **ACTION ITEM**

4. Fourth Amendment, Assignment and Assumption of Leasehold Agreement between APF Development III, LLC and QE Airpark Condominium Association, Inc.

SUMMARY: Authorize the Executive Director to execute a Fourth Amendment, Assignment and Assumption of City of Naples Airport Authority Leasehold Agreement (the "Fourth Amendment and Assignment") between APF Development III, LLC and QE Airpark Condominium Association, Inc.

BACKGROUND: On April 17, 2008, the City of Naples Airport Authority executed a Leasehold Agreement ("Agreement") between the City of Naples Airport Authority and APF Development III, LLC ("APF") for a term of thirty (30) years and included a requirement to develop hangars within thirty-six (36) months.

In 2011, the First Amendment to Leasehold Agreement was executed to reduce the rent abatement period in exchange for the Authority funding the construction of the public roadway and fencing. In addition, the deadline to commence hangar construction was extended to seventy-two (72) months from the effective date of the Agreement.

In 2016, construction of the first phase of the project was completed and the six (6) hangar units were converted to condominiums, thereby resetting the lease term reset to thirty (30) years from the date of the first recorded deed, April 27, 2016.

In 2017, the Second Amendment to Leasehold Agreement was executed to modify the requirements for construction of the second hangar building to replace the number of units required with a minimum square footage since the market demand had shifted towards larger hangars. The

completion deadline was also extended to April 17, 2019 and included a an option to further extend the construction completion deadline to July 17, 2019 in exchange for payment of a fee of thirty thousand dollars ($30,000.00) to the Authority.

Since that time, the realignment of Taxiway D was completed, which opened up three (3) additional sites for aeronautical development, one of which is adjacent to the APF Development III leasehold. Due to the current configuration of the leasehold, roadway access to one of the new sites is impeded.

In order to provide adequate access to the new site, a Third Amendment was executed on March 21, 2019 to provide for removal of that portion of the leasehold with a commensurate reduction in rent to be accomplished via a lease amendment. In exchange for the tenant's agreement to modify the lease parcel, the Authority extended the construction completion deadline at no additional cost to the tenant and included an additional option to further extend the construction completion to January 17, 2020 with the payment of a fee of thirty thousand dollars ($30,000.00) to the Authority.

The proposed Fourth Amendment and Assignment will amend the leasehold, as required by the Third Amendment, to provide access to the new lease parcel.

The Fourth Amendment and Assignment will additionally update several of the terms and conditions of the Agreement. In exchange for these updates to the Agreement, and in acknowledgement of APF's diligent pursuit of project completion, the Authority will extend the completion deadline to April 17, 2020 with an option to further extend it to July 17, 2020 with the payment of a fee of thirty thousand dollars ($30,000.00) to the Authority.

Finally, the Fourth Amendment and Assignment transfer the leasehold rights and responsibilities from the developer to the condominium association.

COMMUNICATIONS PLAN: Not applicable.

FINANCIAL IMPACT: Not applicable.

Naples AIRPORT AUTHORITY

To: Honorable Chair and Commissioners

From: Christopher A. Rozansky, Executive Director CR

By: Kerry Keith, Senior Director of Airport Development and Facilities KDK

Meeting Date: February 20, 2020

Re: **ACTION ITEM**

5. **Task Order with SchenkelShultz for General Aviation Terminal (GAT) and Airport Office Building (AOB) Improvements in an amount not to exceed $400,998.**

SUMMARY: Board authorization for the Executive Director to sign a Task Order with SchenkelShultz for the GAT and AOB Improvements, Design, Bid, and Permit Phase in an amount not to exceed $400,998.

BACKGROUND: Based on the results of the initial GAT-AOB feasibility and needs study and the consent of the Board following the SchenkelShultz presentation at the joint NAA-NCC workshop on December 12, 2019, staff worked with SchenkelShultz to negotiate a scope of work for professional services for design, bidding, and permitting for this project. The fee is $350,998 with an additional $50,000 for unanticipated design and permitting requirements.

COMMUNICATIONS PLAN: No communication is required at this time

FINANCIAL IMPACT: This project, design and construction, is included in the FY 2020 budget in the amount of $3,000,000.

Naples AIRPORT AUTHORITY

To: Honorable Chair and Commissioners

From: Christopher A. Rozansky, Executive Director CR

By: Kerry Keith, Senior Director of Airport Development and Facilities KDK

Meeting Date: February 20, 2020

Re: **ACTION ITEM**

6. Easement with Florida Power and Light for Installation of Street Lights in the North Quadrant

---

SUMMARY: Board authorization for the Executive Director to execute an easement with FPL for the installation of street lighting in the North Quadrant of the airport, contingent upon review and approval of NAA legal counsel.

BACKGROUND: The North Quad currently has limited street lighting on Corporate Flight Drive. Due to the development of corporate hangars and increased traffic in that area, there is a need for street lighting to enhance night time navigation and security.

COMMUNICATIONS PLAN: No communication is required at this time

FINANCIAL IMPACT: The easement has no financial impact. The installation cost for seven lights is $10,273.50 with a recurring monthly cost of $211.78 ($2,541.36 annually), which is available in the FY2020 budget.

Naples AIRPORT AUTHORITY

To: Honorable Chair and Commissioners

From: Christopher A. Rozansky, Executive Director CR

By: Kerry Keith, Senior Director of Airport Development and Facilities KDK

Meeting Date: February 20, 2020

Re: **ACTION ITEM**

7. Easement with Florida Power and Light for the Installation of the Electrical Service Line to the Aircraft Rescue and Fire Fighting Station

---

SUMMARY: Board authorization for the Executive Director to execute an easement with FPL for the installation of the electrical service line to the ARFF station contingent upon review and approval of NAA legal counsel.

BACKGROUND: In order to service the ARFF station, FPL will install a new transformer next to the ARFF generator. The easement is for the new service line from the nearest existing transformer.

COMMUNICATIONS PLAN: No communication is required at this time

FINANCIAL IMPACT: The easement has no financial impact to the FY2020 budget. The cost of the installation was anticipated in the ARFF project budget.

LEADERSHIP TEAM REPORT

January 2020 – February 2020

FOSTER A VALUED, ENGAGED AND EMPOWERED WORKFORCE

Leadership Development

Employee town halls were hosted by the Deputy Executive Director to discuss updates to the Strategic Plan, status of projects and initiatives and to provide an opportunity for employees to ask questions and share ideas.

Two of our new Facilities team members will be attending the Avfuel Corporation Quality Assurance and Part 139 Fire Training Seminar in Fort Lauderdale, Florida. Two other Facilities team members will be attending an Air-conditioning Electrical seminar through one of our local suppliers.

The Sr. Manager of Human Resources joined Commissioner Messer in attending the Wake-Up Naples monthly meeting in which the presentation topic was the Florida Commission on the Status of Women's 2019 Annual Report. The report can be found at www.fcsw.net

On February 5th - 6th, The Executive Director attended the Airports Council International 2020 CEO Forum, in Bonita Springs, Florida. The Forum featured executive-level presentations and discussions on the North American and global state of the industry.

ICMA-RC representatives were on site to meet with employees individually to answer questions about their retirement plans. They also presented "How to Pay Off and Prevent Debt" at a lunch and learn session in support of the Authority's employee financial wellness activities.

PROVIDE SERVICE EXCELLENCE EVERY DAY

Alerts

There were (7) alerts for the month of January 2020.

DATE	ALERT	TYPE A/C	PROBLEM	RESULT
1/8/2020	2	C172	Diverted to APF with mechanical problems.	Landed safely on RW32. Aircraft taxied under own power onto the ramp for inspection.
1/24/2020	2	BE33	Experienced a rough running engine in flight.	Pilot turned aircraft around and returned to APF. Landed without incident.
1/25/2020	6	PA28	While landing on RW23, experienced a right main flat tire.	No injuries. Aircraft was towed in for repair.

1/26/2020	2	C680A	Pilot reported landing gear issues.	Aircraft landed without incident on RW23. Taxied onto ramp under own power.
1/29/2020	1	C185	Pilot reported electrical issues inbound to APF.	Aircraft landed without incident on RW23. Taxied onto ramp under own power.
1/30/2020	3	PA28	Aircraft landing RW05, pilot lost control on short final, veered right exiting the RW, striking TWY directional sign at TWY-A2.	Aircraft sustained damage to the leading edge of the right wing. There were no injuries. Aircraft was towed in for inspection/repairs.
1/31/2020	2	CitationJet	Bird strike on the right wing leading outboard edge.	Aircraft struck Osprey during takeoff. Aircraft immediately returned to APF. There was damage to the wing, but no injuries. Taxied onto ramp under own power.

Naples Aviation surpassed its previous record for Jet A fuel sales for a single month. The previous record of 1,001,682 gallons was set in March 2019; the new record is 1,007,595 gallons.

Development and Facilities Maintenance

Aircraft Rescue Fire Fighting Building – Final roofing material, window frames and stucco to be started next with interior framing to follow. The project is currently ahead of schedule with a projected substantial completion date of May 28th. All remaining work is outside the Object Free Area (OFA), allowing the contractor to finish the project without any disruption to airport operations.

East Quad North Ramp Rehab – This project includes repaving everything north of the GA ramp and Radio Road. It will involve some temporary displacement and limited access to all tenants on the north ramp. Every possible effort will be made for advance notification and maintaining a tight schedule to limit the inconvenience. The improvements will eliminate the surface/hangar ramp irregularities that contribute to foreign objection debris (FOD) between the hangars.

Harris Corporation performed an annual inspection, inventory and cleaning of the ADS-B (Automatic Dependent Surveillance-Broadcast) transmitter/receiver in the General Aviation Terminal.

Underground electric feed lines were replaced in the vicinity of the North Self-Fuel Dispenser. A memo about the short outage was sent in advance to the affected tenants and a notice was included in the airport newsletter.

North Quad Landfill Request for Qualifications – Three submittals were received on February 6th for the engineering phase of the site development. The Consultant Selection Committee meeting is scheduled for March 3rd. The design is intended to create an approximately 10 acre site for development of new hangars.

Runway 5/23 Drainage Improvements – Plans are being completed for a March bid advertisement for the drainage improvements on the southeast side of Runway 5/23. This project is being submitted to the FAA for discretionary funding. If awarded, the majority of the work will not start until the end of season next year.

Air Traffic Control Tower Upgrades – The design team is working on plans for the rehab of the Tower, particularly the remodel of the cab and upgrades to the cab equipment along with a base building. The objective is to complete this work before next season. The timeline is dependent on the FAA working with us for the replacement or relocation of their equipment.

Safety

The Safety Action Team continues to stress safe behavior throughout all departments, as well as planning the implementation of the Safety Management System (SMS) program.

COMMITTED TO SUSTAINABILITY

Outreach

The Naples Boat Show was a success and the organizers donated $12,000 to the Museum of Military History.

The Ford Tri-Motor was on display and provided rides at the airport February 13th through 16th.

The airport hosted the Humane Society Naples' 14th Annual Run for the Paws 5K event on January 25th, which took place at the Civil Air Patrol.

The airport hosted the Collings Foundation Wings of Freedom Tour January 30th – February 2nd. The Foundation brought their P-51C Mustang, B-24 and P-40 Warhawk to the event. The display was open to the public for viewing and rides in the P-51C Mustang.

On February 5th the Executive Director gave a presentation to the Experimental Aircraft Association at its monthly meeting.

On February 7th the Executive Director hosted an introductory meeting with City Council candidate, Michael McCabe, to discuss issues surrounding the airport. The meeting included a tour of our operations and facilities.

The Authority sponsored a Lely High School student's attendance at the NBAA Regional Forum on January 29th. The forum featured outstanding networking opportunities with 2,700 attendees

and 150+ exhibitors, 5 timely education sessions, including one specifically geared toward students, and 25+ business aircraft on static display.

The Lorenzo Walker Technical College cancelled their 9th annual Cruise-In/Fly-In Pancake breakfast event that was scheduled for February 1st, due to inclement weather. They opted to cancel this year's event, instead of postponing and choosing another date this year.

A flag retirement ceremony was held on January 28th. The ceremony was conducted by NAA staff and volunteers from the Military Museum. ARFF staff will be conducting future flag retirement ceremonies on their ramp.

Tours

Staff conducted two tours in January for a total of four adults and one student.

On February 4th, the Senior Director of Airport Operations and FBO Manager provided a tour to a group of FBO owners visiting Naples.

UPCOMING SCHEDULED EVENTS

NAME OF EVENT	LOCATION	EVENT DATES
Mackin Aviation LLC - Static Display of Aircraft	CAT Ramp	2/21/20 - 2/22/20
Rotary Club of Naples Charitable Foundation Inc./Cornhole Tournament	CAT Grass Area	03/28/20

Naples AIRPORT AUTHORITY
160 Aviation Drive North · Naples, Florida 34104-3568 | 239.643.0733 | www.FlyNaples.com

The following is a high-level summary for January 2020, plus information on upcoming events:

January 2020 compared to January 2019:

- Total Aircraft operations are up 4.4%
- IFR (Instrument Flight Rules) operations are up 4.7%
- VFR (Visual Flight Rules) operations are up 4.2%
- Voluntary curfew (10pm – 7am) operations are down 14.5%
- 66.7% of the operations occurred during the "shoulder hours" in January 2020 as compared to 70.1% during January 2019.
- Voluntary curfew compliance rate is 99% in January 2020, as compared to 98.6% in January 2019.

FY 2020 compared to FY 2019 (October-January):

- Total Aircraft operations are up 8.7%
- IFR (Instrument Flight Rules) operations are up 7.7%
- VFR (Visual Flight Rules) operations are up 9.4%
- Voluntary curfew (10pm – 7am) operations are down 1.8%
- Voluntary YTD curfew compliance rate is 98.7% for FY 2020 and 98.5% for FY 2019.

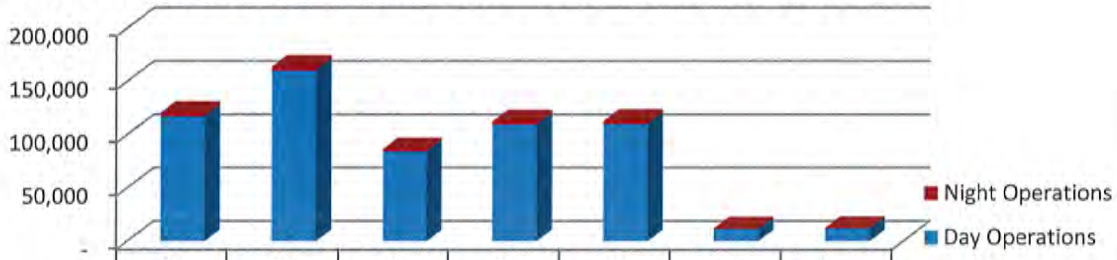
The next **Noise Compatibility Committee Regular Meeting** is scheduled for Thursday, April 30th, 2020, at 9 a.m., in Airport Office Building Conference Room located at 200 Aviation Drive North, 2nd floor. The public is encouraged to attend.

Videos of NCC Meetings are available for viewing at:
https://flynaples.com/agendas-minutes-videos/

NCC and NAA Annual Reports are posted on the Authority's website at:
https://flynaples.com/annual-reports/

Naples Airport - Operations Summary
Prepared by the Naples Airport Authority
January 2020

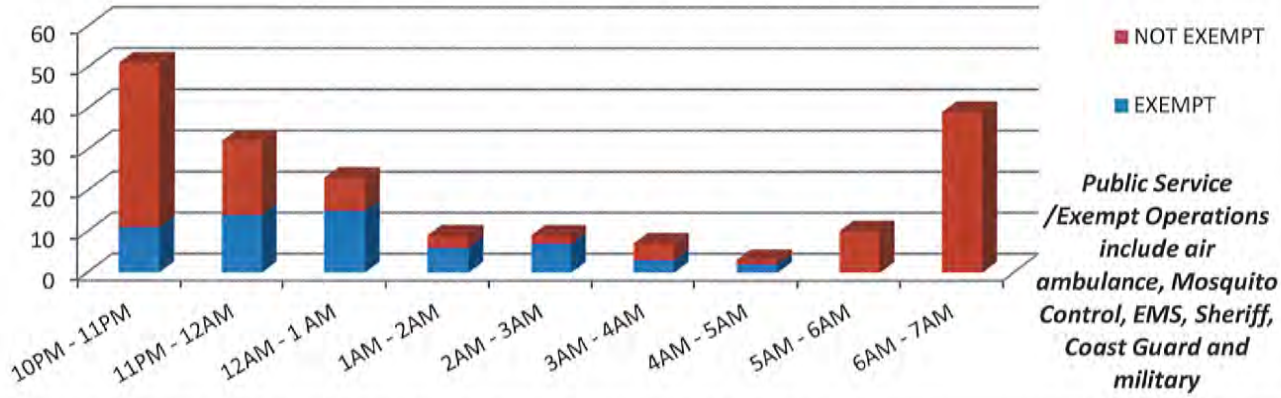
Day and Night Operations Annual & Current Month



	FY 2000	FY 2005	FY 2010	FY 2018	FY 2019	Jan-2019	Jan-2020
Total Operations	120,291	163,434	86,187	112,262	112,800	11,698	12,213
Night Operations	3,282	3,130	1,973	2,880	2,870	214	183
Day Operations	117,009	160,304	84,214	109,382	109,930	11,484	12,030
% Night Operations	2.7%	1.9%	2.3%	2.6%	2.5%	1.8%	1.5%

Voluntary Curfew (10 pm to 7 am) enacted May 1996

Night Operations by Hour - Current Month



Public Service /Exempt Operations include air ambulance, Mosquito Control, EMS, Sheriff, Coast Guard and military

66.7% of night operations took place during the hours of 10 pm - midnight and 6 a.m. - 7 a.m.

Voluntary Curfew Activity by Aircraft Category, Current Month

	Arrivals	Departures	Total	% of Activity
Jets	43	35	78	43%
Turboprops	2	5	7	4%
Piston	16	22	38	21%
Helo	1	1	2	1%
Public Service	31	27	58	32%
Total	93	90	183	
% of Activity	51%	49%		

US Customs and Border Protection Aircraft Clearings

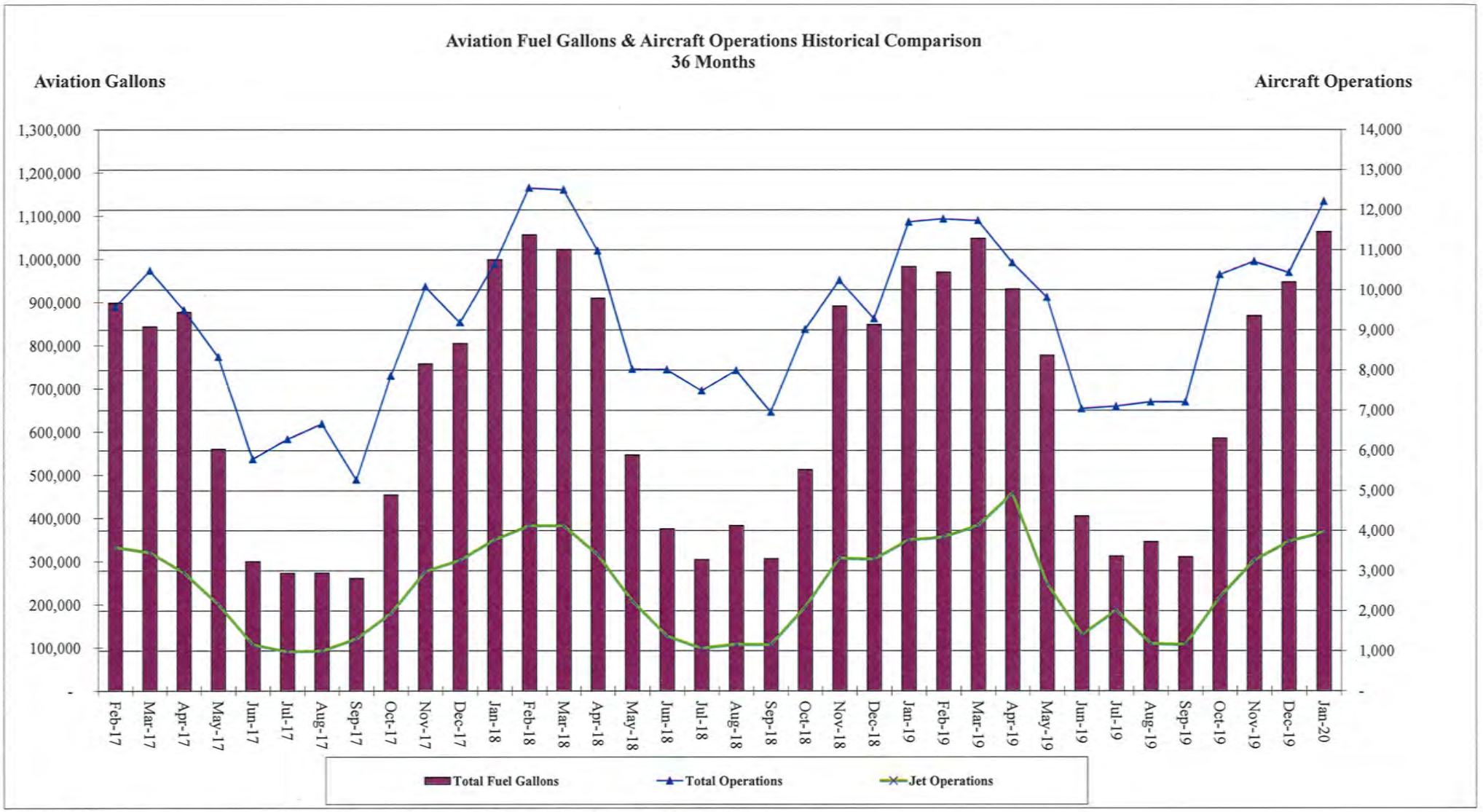
	Cleared and Stayed	Cleared and Departed	Total Cleared	Cleared and Stayed
FY 2011*	304	6	310	98.1%
FY 2012	492	16	508	96.9%
FY 2013	549	12	561	97.9%
FY 2014	762	26	788	96.7%
FY 2015	874	32	906	96.5%
FY 2016	1025	47	1072	95.6%
FY 2017	1204	22	1226	98.2%
FY 2018	1334	28	1362	97.9%
FY 2019	1345	20	1365	98.5%
FY 2020 YTD	484	4	488	99.2%

* Facility opened December 30, 2010

CITY OF NAPLES AIRPORT AUTHORITY
U.S. CUSTOMS GENERAL AVIATION ACTIVITY
PERIOD ENDING 31 JANUARY 2020

MONTH	TOTAL AIRCRAFT CLEARED			AIRCRAFT CLEARED/STAYED IN NAPLES			CLEARED/DEPARTED FOR DESTINATION			PERSONS CLEARED		
	FY 2019	FY 2020	VARIANCE (%)	FY 2019	FY 2020	VARIANCE (%)	FY 2019	FY 2020	VARIANCE (%)	FY 2019	FY 2020	VARIANCE (%)
OCTOBER	63	63	0.0	63	62	-1.6	0	1	NMF	309	237	-23.3
NOVEMBER	143	110	-23.1	137	109	-20.4	6	1	-83.3	663	513	-22.6
DECEMBER	137	153	11.7	135	153	13.3	2	0	NMF	615	708	15.1
JANUARY	138	162	17.4	137	160	16.8	1	2	100.0	795	799	0.5
FEBRUARY												
MARCH												
APRIL												
MAY												
JUNE												
JULY												
AUGUST												
SEPTEMBER												
YTD TOTALS	**481**	**488**	**1.5**	**472**	**484**	**2.5**	**9**	**4**	**16.7**	**2382**	**2257**	**-5.2**

Aviation Fuel Gallons & Aircraft Operations Historical Comparison
36 Months



***NOTE: Jet Operations figures are provided by Flight Aware and are subject to change due to their reporting methods. ***

CITY OF NAPLES AIRPORT AUTHORITY

ACTIVITY REPORT
PERIOD ENDING 31 JANUARY 2020

OPERATIONS	Current Month			Year to Date		
	FY 19	FY 20	Variance %	FY 19	FY 20	Variance %
OPERATIONS - Itinerant						
Air Carrier	1	0	NMF	1	0	NMF
Commercial	1,829	1,770	(3.2)	6,028	6,127	1.6
General Aviation	7,411	7,807	5.3	25,340	26,380	4.1
Military	14	11	(21.4)	28	48	71.4
TOTAL ITINERANT OPERATIONS	9,255	9,588	3.6	31,397	32,555	3.7
OPERATIONS - Local						
Commercial	0	0	NMF	0	0	NMF
General Aviation	2,229	2,442	9.6	8,018	10,381	29.5
Military	0	0	NMF	10	5	(50.0)
TOTAL LOCAL OPERATIONS	2,229	2,442	9.6	8,028	10,386	29.4
TOTAL NIGHT OPERATIONS	214	183	(14.5)	821	806	(1.8)
TOTAL IFR - Operations *	5,164	5,406	4.7	17,221	18,549	7.7
TOTAL VFR - Operations	6,534	6,807	4.2	23,025	25,198	9.4
TOTAL OPERATIONS	11,698	12,213	4.4	40,246	43,747	8.7

Beginning 10/01/12, the nighttime operations were combined as one entry.

* As reported by ATCT

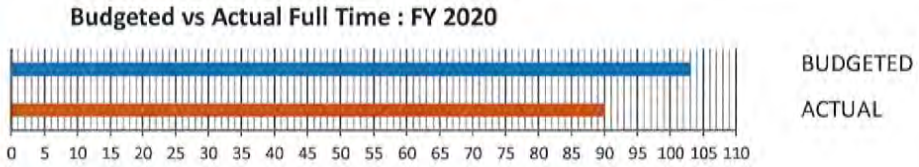
NMF = No Meaningful Figure

FINAL

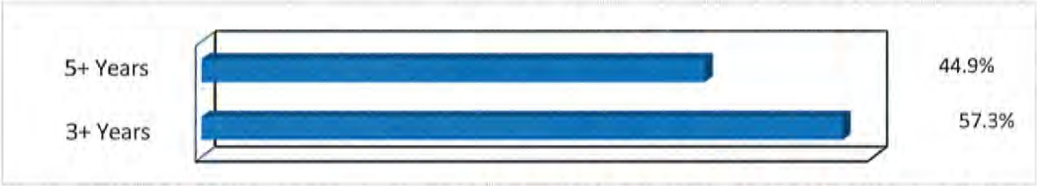
City of Naples Airport Authority
31-Jan-20
HUMAN RESOURCES METRICS

Voluntary Turnover[1]	FY 2016	FY 2017	FY 2018	FY 2019	FY20
NAA Voluntary Turnover History (Annual)	4.1%	8.1%	10.0%	12.8%	6.74%
National Average	20.7%	26.3%	30.5%	35.0%	35.0%

EMPLOYMENT[2]	FY 2016	FY 2017	FY 2018	FY 2019	FY20
Budgeted Positions (Non Seasonal)	73.6	74.8	76.0	86.0	89.0
Budgeted Positions (Seasonal)	2.5	2.5	2.5	3.8	14.0
Actual Positions (Non Seasonal)	72.2	73.9	72.0	79.0	78.3
Actual Positions (Seasonal)	2.8	2.6	2.0	3.6	11.0



Years of Service with the Authority	FY 2016	FY 2017	FY 2018	FY 2019	YTD FY20
3+ years	65.8%	66.7%	64.9%	63.8%	57.3%
5+ years	58.9%	56.9%	55.4%	48.8%	44.9%



	FY 2016	FY 2017	FY 2018	FY 2019	FY20
Work Injuries	3	5	4	3	1
Days Away from Work[3]	1	5	49	65	3

	FY 2016	FY 2017	FY 2018	FY 2019	FY20
Damage Incidents[4]	7	4	1	1	0
Per actual positions (FTE)	0.05	0.01	0.01	0.01	-

1. Voluntary Turnover National Average based on BLS data for Local Government-Non Educational. FY20 is current estimated. Annual report is released in March.

2. Effective January 2018 a change in the report reflects annual budgeted positions and actual positions year to date. Prior years reflect fiscal year adjusted FTE's.

3. 50 of the missed days is a single incident in FY18 that resulted in 2 surgeries. Employee returned to work 10/31/2018. Then additional missed days for 2nd surgery in FY19 included 22 additional days missed.

4. Report does not reflect Hurricane Irma damage.

Naples AIRPORT AUTHORITY

To: Honorable Chair and Commissioners

From: Christopher A. Rozansky, Executive Director CR

By: Ken Warriner, Director of Finance and Administration KW

Meeting Date: February 20, 2020

Re: **January 2020 Financials**

1. Financial Summary

For the month of January 2020, operating revenue (net of cost of goods sold) was $2,483,563 compared to the budget of $2,188,746. This was favorable to budget by $294,817 or 13%. Operating expenses were favorable to budget by $118,840 or 9%. Income from operations was $1,340,620 or $413,657 favorable to the budget. The change in net position before capital contributions was favorable to budget by $390,336. For the year-to-date period, the change in net position before capital contributions is favorable to budget by $1,675,179.

Key Financial Measures - Current Month

	Actual	Budget	Prior Year	Budget Variance		Prior Year Variance	
Fuel sales - Jet A gallons	1,007,595	954,419	943,512	53,176	6%	64,083	7%
Fuel sales - AvGas gallons	38,062	32,864	38,801	5,198	16%	(739)	-2%
Operating revenue	$ 2,483,563	$ 2,188,746	$ 2,201,645	$ 294,817	13%	$ 281,918	13%
Operating expenses	$ 1,142,943	$ 1,261,784	$ 974,286	$ 118,840	9%	$ (168,657)	-17%
Change in net position*	$ 1,099,580	$ 709,245	$ 991,002	$ 390,336	55%	$ 108,578	11%

Key Financial Measures - Fiscal Year-to-Date

	Actual	Budget	Prior Year	Budget Variance		Prior Year Variance	
Fuel sales - Jet A gallons	3,257,023	2,861,479	3,097,885	395,544	14%	159,138	5%
Fuel sales - AvGas gallons	131,877	127,693	135,867	4,184	3%	(3,990)	-3%
Operating revenue	$ 8,145,652	$ 6,848,192	$ 7,044,066	$ 1,297,460	19%	$ 1,101,586	16%
Operating expenses	$ 4,454,783	$ 4,906,971	$ 3,858,529	$ 452,187	9%	$ (596,254)	-15%
Change in net position*	$ 2,745,006	$ 1,069,826	$ 2,224,640	$ 1,675,179	157%	$ 520,366	23%

* before capital contributions

As of the end of January, the Authority was still at capacity for aircraft storage rentals with a waiting list of 93 for various size rental spaces. Of these, 39% are current tenants and 61% are prospective tenants.

City of Naples Airport Authority

Board of Commissioners Financial Reports

Monthly Period Ended

January 31, 2020

City of Naples Airport Authority
Financial Reports
For the Period Ending January 31, 2020

Index

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City of Naples Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Period Ending January 31, 2020

	Actual Month	Budget Month	Favorable/ (Unfavorable)	%	(Variance) Explanations (>$10,000 and 10%)
Operating Revenue					
Aviation Fuel Sales	$ 4,236,876	$ 3,971,345	$ 265,531	7 %	
Cost of Aviation Fuel Sales	$ (2,538,961)	$ (2,436,919)	(102,042)	4	
Net Aviation Fuel Sales	**$ 1,697,915**	**$ 1,534,426**	$ 163,489	11	
Hangar Rentals	$ 118,883	$ 118,699	$ 184	0	
Building & Land Rent	130,185	118,999	11,186	9	
Ramp and Tie Down Fees	271,618	192,700	78,918	41	
Line Services	132,119	93,625	38,494	41	
Concession Fees	70,587	69,674	912	1	
U.S. Customs User Fees	54,505	49,860	4,645	9	
Flowage Fees and Misc. Revenue	7,751	10,762	(3,011)	(28)	
Total Operating Revenue	**$ 2,483,563**	**$ 2,188,746**	**$ 294,817**	13 %	
Operating Expenses					
Personnel Expenses:					
Salaries and Wages	$ 506,928	$ 528,772	$ 21,844	4 %	
Payroll Taxes	39,729	$ 39,543	(186)	(0)	
Benefits	119,626	$ 113,948	(5,679)	(5)	
Total Personnel Expenses	**$ 666,283**	**$ 682,262**	$ 15,979	2 %	
Professional Services	$ 55,468	$ 113,978	58,510	51	
Contracted Services	81,636	82,875	1,239	1	
Insurance	49,902	55,250	5,348	10	
Airfield and Grounds Maintenance	30,147	29,817	(330)	(1)	
Building Maintenance	12,914	22,633	9,719	43	
Vehicle and Equipment Maintenance	36,297	32,108	(4,189)	(13)	
Utilities	26,930	39,963	13,033	33	
Credit Card Fees	42,325	34,692	(7,632)	(22)	
Software Licenses and Support	15,927	26,667	10,739	40	
Legal Services	31,832	27,895	(3,937)	(14)	
Communications	21,765	22,104	339	2	
Conferences and Travel	4,645	17,021	12,377	73	
Minor Equipment and Supplies	11,666	16,098	4,432	28	
Pilot Services	10,363	18,000	7,637	42	
Training & Education	4,373	8,274	3,901	47	
Office Supplies	9,088	9,249	161	2	
Fuel (internal)	6,179	9,142	2,963	32	
Employee Recognition	11,027	3,042	(7,985)	(263)	
Dues & Subscriptions	5,812	5,291	(521)	(10)	
Uniforms	8,432	5,121	(3,311)	(65)	
Miscellaneous	(68)	300	368	123	
Total Operating Expenses	**$ 1,142,943**	**$ 1,261,784**	**$ 118,840**	9 %	
Income from Operations	**$ 1,340,620**	**$ 926,963**	**413,657**	**45 %**	
Non- Operating Revenue/(Expenses)					
Customer Facility Charges	$ 20,165	$ 17,478	$ 2,687	15 %	
Depreciation and Amortization	(336,837)	$ (310,509)	$ (26,328)	8	
Interest Revenue	63,883	$ 75,313	$ (11,430)	(15)	Interest rate lower than budget
Other Revenue (Expense)	11,749	$ -	$ 11,749	100	
Total Non- Operating Revenue/(Expenses)	**$ (241,039)**	**$ (217,718)**	**$ 23,321**	(11) %	
Income Before Capital Contributions	**$ 1,099,580**	**$ 709,245**	**$ 390,336**	55 %	
Capital Contributions	$ 126,254	$ -	126,254	100 %	Grant Contributions not budgeted.
Change in Net Position	**$ 1,225,835**	**$ 709,245**	**$ 516,590**	73 %	

City of Naples Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Period Ending January 31, 2020

	Actual Year-to-Date	Budget Year-to-Date	Favorable/ (Unfavorable)	%	(Variance) Explanations (>$25,000 and 10%)
Operating Revenue					
Aviation Fuel Sales	$ 13,550,048	$ 12,054,017	$ 1,496,031	12 %	
Cost of Aviation Fuel Sales	(8,053,160)	(7,393,704)	(659,456)	9	
Net Aviation Fuel Sales	$ 5,496,888	$ 4,660,313	$ 836,575	18	
Hangar Rentals	$ 480,695	$ 457,386	$ 23,309	5	
Building & Land Rent	520,429	477,408	43,021	9	
Ramp and Tie Down Fees	690,663	548,113	142,550	26	
Line Services	418,155	299,575	118,580	40	
Concession Fees	311,509	186,856	124,652	67	
U.S. Customs User Fees	161,110	177,735	(16,625)	(9)	
Flowage Fees and Misc. Revenue	66,202	40,805	25,397	62	
Total Operating Revenue	**$ 8,145,652**	**$ 6,848,192**	**$ 1,297,460**	19 %	
Operating Expenses					
Personnel Expenses:					
Salaries and Wages	$ 1,848,587	$ 2,033,420	$ 184,833	9 %	
Payroll Taxes	133,231	158,171	24,940	16	
Benefits	478,365	455,631	(22,734)	(5)	
Total Personnel Expenses	$ 2,460,183	$ 2,647,223	$ 187,040	7 %	
Professional Services	$ 213,840	$ 456,111	242,271	53	
Contracted Services	324,719	331,500	6,781	2	
Insurance	195,357	205,440	10,084	5	
Airfield and Grounds Maintenance	338,139	119,368	(218,771)	(183)	Airfield Strip Painting $270K budgeted in February 2020 and completed earlier than anticipated.
Building Maintenance	67,552	90,536	22,984	25	
Vehicle and Equipment Maintenance	108,999	128,432	19,433	15	
Utilities	111,278	138,803	27,525	20	
Credit Card Fees	120,269	106,814	(13,455)	(13)	
Software Licenses and Support	60,648	106,667	46,019	43	
Legal Services	86,688	111,582	24,894	22	
Communications	94,642	88,416	(6,225)	(7)	
Conferences and Travel	30,764	67,118	36,354	54	
Minor Equipment and Supplies	89,956	66,292	(23,664)	(36)	
Pilot Services	23,235	58,000	34,765	60	
Training & Education	26,408	63,847	37,439	59	
Office Supplies	30,287	36,536	6,250	17	
Fuel (internal)	23,189	30,567	7,377	24	
Employee Recognition	15,079	12,168	(2,911)	(24)	
Dues & Subscriptions	15,401	23,755	8,354	35	
Uniforms	27,703	16,346	(11,358)	(69)	
Miscellaneous	(9,554)	1,450	11,004	759	
Total Operating Expenses	**$ 4,454,783**	**$ 4,906,971**	**$ 452,187**	9 %	
Income from Operations	**$ 3,690,869**	**$ 1,941,221**	**$ 1,749,648**	**90 %**	
Non- Operating Revenue/(Expenses)					
Customer Facility Charges	$ 64,260	$ 58,574	$ 5,687	10 %	
Depreciation and Amortization	(1,335,883)	(1,244,561)	(91,322)	7	
Interest Revenue	276,376	314,593	(38,217)	(12)	Interest rate lower than budget
Other Revenue (Expense)	49,383	-	49,383	100	Hangar construction extension fee
Gain(loss) on disposal of capital assets	-	-	-		
Insurance Proceeds	-	-	-		
Total Non- Operating Revenue/(Expenses)	**$ (945,863)**	**$ (871,395)**	**$ 74,468**	(9) %	
Income Before Capital Contributions	**$ 2,745,006**	**$ 1,069,826**	**$ 1,675,179**	157 %	
Capital Contributions	$ 428,545	-	428,545.31	100 %	Grant Contributions not budgeted.
Change in Net Position	**$ 3,173,551**	**$ 1,069,826**	**$ 2,103,725**	197 %	

City of Naples Airport Authority
Statement of Net Position
As of January 31, 2020

Assets		
Cash	$	41,253,619
Accounts Receivable		515,747
Due From Government Agencies		328,232
Inventory		442,504
Prepaid Expenses		544,650
Total Current Assets	$	43,084,751
Land and Land Improvements	$	9,098,655
Buildings and Building Improvements		26,126,517
Equipment		8,799,145
Software		534,873
Vehicles		1,279,238
Furniture & Fixtures		1,241,556
Intangible Assets		1,279,025
Construction in Progress		5,980,934
Infrastructure		64,529,040
	$	118,868,983
Accumulated amortization and depreciation	$	(53,265,435)
Total Net Property, Plant & Equipment	**$**	**65,603,547**
Total Assets	**$**	**108,688,299**
Liabilities		
Accounts Payable	$	1,419,694
Accrued Salaries & Benefits		334,094
Accrued Liabilities - Other		753,744
Total Current Liabilities	**$**	**2,507,532**
Long Term Liabilities	$	5,325,610
Total Liabilities	**$**	**7,833,142**
Equity		
Contributed Capital		35,611,583
Retained Earnings		62,070,022
Current Year Retained Earnings		3,173,551
Total Equity	**$**	**100,855,157**
Total Liabilities and Equity	**$**	**108,688,299**

City of Naples Airport Authority
Statement of Cash Flows
As of January 31, 2020

	Month	Fiscal Year-to-Date
Cash Flows from Operating Activities:		
Operating Income (Loss)	$ 1,340,620	$ 3,690,869
Changes in Working Capital:		
(Increase) Decrease in Accounts Receivable	808,707	(154,498)
(Increase) Decrease in Inventories	48,445	(124,657)
(Increase) Decrease in Prepaid Expenses and Other	20,471	(346,701)
Increase (Decrease) in Accounts Payable	(832,303)	(274,260)
Increase (Decrease) in Accrued Expenses and Other	43,513	(123,469)
Increase (Decrease) in Deferred Revenue	-	-
Net Cash Provided (Used) by Operating Activities	**$ 1,429,452**	**$ 2,667,284**
Cash Flow from Investing Activities:		
Acquisition, Construction of Capital Assets	$ (419,045)	$ (1,600,980)
Gain (loss on sale of assets)	-	-
(Increase) Decrease in Due From Government (Grants)	(126,254)	(18,977)
Capital Contributions (Grants)	126,254	428,544
Other Revenues	11,749	49,383
Interest and Dividends on Investments	63,883	276,376
Net Cash Provided (Used) in Investing Activities	**$ (343,413)**	**$ (865,652)**
Customer Facility Charge Revenue	20,165	64,260
Net Cash Provided (Used) by Financing Activities	**$ 20,165**	**$ 64,260**
Increase (Decrease) in Cash and Equivalents	**$ 1,106,205**	**$ 1,865,892**
Cash and Equivalents at Beginning of Period	**$ 40,147,414**	**$ 39,387,726**
Cash and Equivalents at End of Period	**$ 41,253,619**	**$ 41,253,619**

City of Naples Airport Authority
Investments
As of January 31, 2020

Investment	Balance	Current Interest Rate	Year-to-Date Earnings
Cash - Valley Bank	$ 33,364,879	1.85%	$ 233,823
Cash - Northern Trust	7,889,440	1.60%	48,553
Petty Cash	(700)	n/a	-
Total Cash and Investments	$ 41,253,619		$ 282,376

City of Naples Airport Authority
Operating Expenses by Select Departments
As of January 31, 2020

	Month Actual	Month Budget	Variance Favorable (unfavorable)	< 10K Variance Explanations
Air Traffic Control Tower	$ 4,794	$ 5,167	$ 373	
Airport Rescue Fire Fighting	87,426	70,835	(16,591)	$17K ARFF truck repairs not budgeted
IT	30,004	34,542	4,538	
US Customs & Border Protection	28,158	30,759	2,601	
All Other Operating	992,562	1,120,481	127,918	
Total Operating Expenses	**$ 1,142,943**	**$ 1,261,784**	**$ 118,840**	

	YTD Actual	YTD Budget	Variance Favorable (unfavorable)	< 25K Variance Explanations
Air Traffic Control Tower	$ 12,861	$ 20,858	$ 7,997	
Airport Rescue Fire Fighting	320,529	303,082	(17,447)	$17K ARFF truck repairs not budgeted
IT	122,657	203,686	81,029	
US Customs & Border Protection	105,117	127,848	22,731	
All Other Operating	3,893,620	4,251,497	357,877	
Total Operating Expenses	**$ 4,454,783**	**$ 4,906,971**	**$ 452,187**	

City of Naples Airport Authority
Capital Budget - Non-Participatory Projects
Fiscal 2020

	Budget	Actual	Remaining
Strategic Goal #1 - Provide a safe, modern and efficient airport and fixed base operator			
General Aviation Terminal Improvements	3,000,000	22,906	2,977,095
GA Terminal Traffic and Parking Imp. and Radio Road	$ 2,500,000	$ 5,099	$ 2,494,901
North GA Apron & Taxi lane Rehabilitation	2,000,000	259	1,999,741
Golf Carts (replacements)	60,000	16,458	43,542
Fuel Farm Tank Lining	60,000	42,543	17,457
Truck (replacements)	35,000	43,563	(8,563)
	$ 16,388,000	**$ 130,828**	**$ 16,257,172**
Goal #2 - Be an engaged, responsive partner in service to our community.			
	$ 150,000	**$ -**	**$ 150,000**
Goal #3 - Strengthen the airport's economic vitality.			
Hardware And Software	$ 191,000	$ 94,866	$ 96,134
	$ 334,000	**$ 94,866**	**$ 239,134**
Total Non-Participatory Projects	**$ 16,872,000**	**$ 225,694**	**$ 16,646,306**

Note: Detail lines with no activity are not shown but are listed on the FY 2020 budget.

City of Naples Airport Authority
Participatory Capital Projects
As of January 31, 2020

Project	Funding Source	Board Approved Project Amount	Approved Budget FY 2020	Amount Spent FY to Date	Prior Fiscal Years Amount Spent	Total Project spend	Project Amount Remaining	Grant Funds Reimbursed	Cost % Complete	Project % Complete
Airport Fire Station Replacement - Design & Construction	FDOT	$ 2,240,000	$ 2,284,298	302,291	$ 522,182	$ 824,473	$ 1,415,527	$ 381,028		
	NAA	$ 3,345,351	$ 2,629,926	$ 784,851	$ 757,197	$ 1,542,048	$ 1,803,303			
	Totals	**$ 5,585,351**	**$ 4,914,224**	**$ 1,087,142**	**$ 1,279,379**	**$ 2,366,521**	**$ 3,218,830**		**42%**	**35%**
Project Status:	**Project on schedule and on budget. Vertical and roof truss construction started. Construction estimated to finish in June 2020.**									
Master Plan Update	FAA	$ 628,280	$ 100,000	-	628,280	$ 628,280	$ -	$ 628,280		
	FDOT	$ 47,379	$ 15,000	-	$ 34,925	$ 34,925	$ 12,454	$ 28,212		
	NAA	$ 520,746	$ 200,000	78,609	$ 255,811	$ 334,420	$ 186,326			
	Totals	**$ 1,196,405**	**$ 315,000**	**$ 78,609**	**$ 919,016**	**$ 997,625**	**$ 198,780**		**83%**	**95%**
Project Status:	**Project on time and on budget. Preparing submittal for FAA.**									
Part 150 Update - Noise Study	FAA	$ 600,000	$ 300,000	-		$ -	$ 600,000			
	FDOT	$ 30,000	$ 15,000	-	$ -	$ -	$ 30,000			
	NAA	$ 770,000	$ 300,000	1,424	$ -	$ 1,424	$ 768,576			
	Totals	**$ 1,400,000**	**$ 615,000**	**$ 1,424**	**$ -**	**$ 1,424**	**$ 1,398,576**		**0%**	**2%**
Project Status:	**Project on time and on budget. FDOT grant received - Notice to Proceed to be issued. TAC established, planning done for February public outreach.**									
Runway 5-23 Drainage Improvements Design	FAA	$ -	$ 1,710,000				-			
	FDOT	$ -	$ 95,000			$ -	-			
	NAA	$ 845,000	$ 95,000	86,008	192,870	$ 278,878	$ 566,122			
	Totals	**$ 845,000**	**$ 1,900,000**	**$ 86,008**	**$ 192,870**	**$ 278,878**	**$ 566,122**		**33%**	**32%**
Project Status:	**Project on time and on budget. Bid documents complete for March construction bid.**									
Fuel Farm Expansion	NAA	1,697,310	$ -	328,827	1,306,277	$ 1,635,104	$ 62,206		100%	100%
Project Status:	**Project complete and under budget. New tanks are operational. Project complete.**									

City of Naples Airport Authority
Major Capital Projects
As of January 31, 2020

Project	Funding Source	Board Approved Project Amount	Approved Budget FY 2020	Amount Spent FY to Date	Prior Fiscal Years Amount Spent	Total Project spend	Project Amount Remaining	Grant Funds Reimbursed	Cost % Complete	Project % Complete
Extend Taxiway B, apron construction site prep - North Quad	FAA	$ -	$ 630,000	$ -	$ -	$ -	$ -			
	FDOT	$ -	$ 35,000	$ -	$ -	$ -	$ -			
	NAA	$ -	$ 35,000	$ -	$ -	$ -	$ -			
	Totals	$ -	$ 700,000	$ -	$ -	$ -	$ -		0%	0%
Project Status:	**Requests for Qualifications (RFQ) for engineering services issued 1/5/2020.**									
Total Major Projects										
FAA Funding			$ 2,740,000	$ -	$ 628,280	$ 628,280	$ 628,280	$ 628,280		
FDOT Funding			$ 2,444,298	$ 302,291	$ 557,107	$ 859,398	$ 1,475,360	$ 409,240		
NAA Share			$ 3,259,926	$ 1,279,719	$ 2,512,155	$ 3,791,874	$ 3,137,279	$ -		
Total Major Projects			**$ 8,444,224**	**$ 1,582,010**	**$ 3,697,542**	**$ 5,279,552**	**$ 5,240,919**	**$ 1,037,520**		