Minutes
February 18, 2020
Audit Committee

A. ROLL CALL

Meeting was called to order by Audit Committee Chair Dustin at 10:32 a.m. in the Council Chambers at City Hall. Also present were Committee member Commissioner Rideoutte; and Commissioner Lenhard and Commissioner Messer, who both opted in.

Staff and Authority Counsel present were Mr. Rozansky, Mr. Owens, Ms. Cooper, Mr. Warriner, Ms. Sarcona 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 2020 Audit and Comprehensive Annual Financial Report (CAFR)

Mr. Warriner, Senior Director of Finance and Administration, made opening comments regarding the FY 2020 CAFR. He said that following the Committee's review and discussion today, the CAFR will be presented to the full Board of Commissioners at the March 18th Regular Meeting. He introduced Mr. Jeff Wolf of the Authority's audit firm, MSL CPAs & Advisors, and stated that this is the fourth year that MSL has conducted the audit. Mr. Warriner reported that there were no Management Letter comments from the auditors this year and that the CAFR continues to meet the requirements of the GFOA Certificate of Achievement in Excellence in Financial Reporting.

Mr. Wolf thanked the Committee and the Board for allowing MSL to serve the Authority. He reviewed the required communications, as well as the services and deliverables in the Annual Financial Report as of and for the years ended September 30, 2020 and 2019. He said that there were no significant matters and felt it important to note that that there were no corrections or uncorrected financial statements which he said provides an extra level of assurance that the Board is receiving accurate monthly information.

In the Independent Auditor's Report (pages 9-11), Mr. Wolf stated that there was an unmodified opinion, which is the cleanest, highest opinion that can be received. On Internal Control Over Financial Reporting and on Compliance (pages 47-48), no issues or findings were noted. He explained that for this requirement, the auditing firm tests the procurement, cash disbursements, payroll, fuel sales and cash receipts controls over those processes. Mr. Wolf reported that the

requirements for the State Single Audit (pages 49-55) were met for a Department of Transportation grant with no issues noted in the testing. He informed the Board that there were no findings noted in the Management Letter (pages 57-58) or in the Independent Accountant's Report (page 59). Mr. Wolf provided a high-level financial overview of the Statement of Net Position (page 21) and the Statement of Revenues, Expenses and Changes in Net Position (page 22). He noted that the decrease of non-operating revenues in 2019 compared to 2020 in the Statement of Revenues was related to insurance proceeds received for Hurricane Irma and a dip in investments returns due to lower interest rates. Overall, he said it was a strong year financially and a clean audit.

Commissioner Rideoutte commented that the two most important conclusions of the audit are that MSL has assured the Board that our financial records being prepared by staff are reasonably accurate, and that the auditors expressed an unqualified opinion with no findings noted in the Management Letter.

In response to Commissioner Rideoutte's question regarding MSL's stance on the use of algorithms to perform audits, Mr. Wolf said that they have used data analytics which allows them to review large pieces of data such as comparing vendor files to employee files. He added that his firm is beginning to invest in Mindbridge, an artificial intelligence auditing technology, which is technology that will be used going forward. Mr. Wolf stated that the program brings in the entire general ledger and rates every transaction for review whether it be no risk, limited risk or high-level risk. Chair Dustin requested MSL to share a description of the Mindbridge program with the Board of Commissioners and applauded MSL for moving toward that technology.

In response to Chair Dustin's question regarding the Hertz matter, Mr. Warriner said that a reserve was set up at year-end in September of 2020.

Chair Dustin requested Mr. Wolf to comment regarding what he has seen over the years with the level of the Authority's IT sophistication and the comfort that staff has developed. Mr. Wolf stated that when the Authority switched IT providers, MSL took a holistic review of the big picture with a long term approach of not doing projects that wouldn't meet the goal of five years of usefulness and also ensuring that staff was not making purchases that might be obsolete in a year or two. He said that after their review of the IT Roadmap, MSL provided feedback, and this year, they feel that staff has definitely made a big step forward in the IT arena. Mr. Wolf added that MSL will check in on an ongoing basis to ensure that the Roadmap continues to go in the right direction.

Mr. Warriner informed the Committee that the recent hiring of the IS Manager is a positive step in managing the application needs. He said that the IS Manager will be the liaison to our outside IT consultant and will be monitoring and updating the roadmap in the next few months.

E. PUBLIC COMMENTS

There were no public comments.

F. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/ MEETINGS

There were no additional correspondence/comments and requests/meetings.

G. ADJOURN

With no further business, the meeting adjourned at 11:03 a.m.

Christopher A. Rozansky
Secretary

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

FINAL AGENDA

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

Thursday, February 18, 2021
9:45 a.m. or Immediately Following NAA Board Meeting

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 – Audit Committee Member
Commissioner Rick Ruppert – Consultant Selection Committee Chair
Executive Director: Christopher A. Rozansky
Authority Attorney: William L. Owens, Esq. of Bond, Schoeneck & King, PLLC

Welcome. If you wish to address the Audit Committee regarding an item listed on the Agenda, please complete a Speaker Registration form 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 Committee or staff during this meeting will become the property of NAA and will be a public record. Thank you for your interest and participation.

NOTICE

Formal action may be taken on any item listed on the Agenda below, or added to the Agenda before or during the meeting, or discussed during the meeting without being added to the Agenda. Also, the sequence of items may be changed as the meeting progresses.

Any person who decides to appeal a decision of this Committee with respect to any matter considered at this meeting (or hearing) will need a record of the proceeding and may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be heard.

Any person with a disability requiring auxiliary aids or services in order to participate in this proceeding for meetings at the City Council Chamber may call the City Clerk's Office at 213-1015, or for meetings at the Airport Office Building, the NAA Executive Assistant's Office at 643-0733, with requests at least two business days before the meeting.

Information on Action Items and other items which has been provided in advance of this meeting may be inspected at the office of the Executive Assistant, General Aviation Terminal Building, 2nd Floor, 160 Aviation Drive North. Minutes of this meeting will be prepared for Board approval, usually at the next Regular Meeting.

A. **ROLL CALL**

B. **PLEDGE OF ALLEGIANCE**

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

D. **DISCUSSION ITEM**

1. Fiscal Year 2020 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**

Information on Discussion Items and other items which has been provided in advance of this meeting may be inspected at the office of the Executive Assistant, General Aviation Terminal Building, 2nd Floor, 160 Aviation Drive North. Minutes of this meeting will be prepared for Board approval, usually at the next Regular Meeting.

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.