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, FL 34102

Tuesday, February 1, 2022
10:30 a.m.

Commissioner Kerry C. Dustin – Chair
Commissioner Rick Ruppert – Vice Chair and Consultant Selection Committee Chair
Commissioner Donna M. Messer – NCC and TAC Liaison
Commissioner Michael Lenhard – Audit Committee and Consultant Selection Committee Member
Commissioner Cuddihy – Audit 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. PUBLIC COMMENTS (Public comments accepted for items not otherwise listed on the Agenda; 5 minute limit)

E. DISCUSSION ITEM

1. Fiscal Year 2021 Audit and Comprehensive Annual Financial Report (CAFR)

F. NEW BUSINESS

1. Audit Firm

G. PUBLIC COMMENTS

H. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

I. 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 Cuddihy (Chair) and Commissioner Lenhard (Member). All NAA Commissioners are welcome to attend and can "opt in" to participate.

To: Honorable Chair of the Audit Committee and Commissioners

From: Christopher A. Rozansky, Executive Director

By: Ken Warriner, Senior Director of Finance and Administration

Meeting Date: February 1, 2022

Re: **DISCUSSION ITEM**

1. Fiscal Year 2021 Audit and Comprehensive Annual Financial Report (CAFR)

a. Financial Summary

ACTION REQUESTED: Committee discussion and recommendation of acceptance of the Fiscal Year 2021 Annual Audit and Comprehensive Annual Financial Report (Draft) for the Board of Commissioners' consideration at the February 2022 Regular Meeting.

BACKGROUND: MSL, PA was selected as the Authority's auditor following a competitive selection process in June 2017. This is their fifth year providing audit services for the Authority.

The financial statement format is substantially the same as in the prior year. The Single Audit was performed on the Federal grant awards only, as we do not meet minimum expenditure threshold of $750,000 for State awards. The draft financial report show that the auditors expressed an unmodified opinion, which is the highest level of opinion that can be received.

The auditors also had no management letter comments. Staff believes that the FY 2021 report continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements.

The Statement of Net Position shows total assets of $134,234,827. The Statement of Revenues, Expenses, and Changes in Net Position shows total Operating Income for FY 2021 of $14,991,569 and a total change in net position of $11,989,036.

COMMUNICATION PLAN: The Audit Committee recommendation will be presented to the Naples Airport Authority (NAA) Board of Commissioners at its February 17, 2022 Regular Meeting. Upon Board acceptance, the draft document will be made final. Copies of the Comprehensive Annual Financial Report will be provided to the required regulatory agencies and the City of Naples Finance Director. Copies will be available to the general public at the NAA offices and on the NAA website, www.flynaples.com. We will also submit it to the Government Finance Officers Association (GFOA) for consideration for the Certificate of Achievement for Excellence in Financial Reporting, having received the Certificate for the past 16 years.

FINANCIAL IMPACT: Not applicable.

Naples Airport Authority

Audit Presentation for the Fiscal Year Ended September 30, 2021

Presented by Jeff Wolf, CPA

MSL
CPAs & ADVISORS

Required Communications

- Auditor Responsibilities
- Management Responsibilities
- Internal Controls and Compliance
- Significant Matters
- Management Representations
- Audit Schedule

MSL

Service and Deliverables

Independent Auditor's Report (Pages 8-10)

Report on Internal Control over Financial Reporting and on Compliance (Pages 48 & 49)

Single Audit Report (Pages 50-56)

Management Letter (Pages 58-59)

Independent Accountant's Report (Page 60)

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Statement of Net Position (Page 21)

	2021	2020
Current Ratio	8.4	15.6
Total Assets	$134.2M	$113.2M
Total Liabilities	$17.3M	$8.3M
Total Net Position		
Investment in Capital Assets	$70.5M	$67.9M
Restricted	2.5M	2.2M
Unrestricted	43.9M	34.8M
Unrestricted NP as a % of Total Oper. Expenses	293.6%	268.1%
Change in Net Position	$12.0M	$7.3M

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Statement of Revenues Expenses and Changes in Net Position (Page 22)

	2021	2020
Resources:		
Operating revenues	$29.9M	$21.2M
Non-operating revenues	0.5M	0.8M
Total Resources	30.4M	22.0M
Total Expenses	19.3M	17.2M
Income before contributions	11.1M	4.8M
Capital Contributions	0.9M	2.5M
Change in net position	$12.0M	$7.3M

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Questions or Comments

ANNUAL COMPREHENSIVE FINANCIAL REPORT

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

Picture: The remodeled general aviation terminal reopened in November 2021.

City of Naples Airport Authority
Naples, Florida

Naples Airport

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CITY OF NAPLES AIRPORT AUTHORITY
NAPLES, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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Prepared by the City of Naples Airport Authority Finance Department

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CITY OF NAPLES AIRPORT AUTHORITY
Annual Comprehensive Financial Report
As of and for the Years Ended
September 30, 2021 and 2020

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[DATE]

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

We are pleased to present to you the accompanying Annual Comprehensive Financial Report of the City of Naples Airport Authority (the Authority) for the fiscal years ended September 30, 2021 and 2020. 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 consists 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, 2021 and 2020 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, 2021 and 2020 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, 2021 and 2020 are fairly presented in conformity with GAAP. The independent auditor's report is the first component of the Financial Section of this report.

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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 Army 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 2068. While there has been some scheduled airline service throughout much of the airport's history, there is currently no commercial service at the airport and general aviation is the only current aircraft activity at Naples Airport.

In fiscal year 2021, there were 113,137 aircraft operations (one operation is one landing or one takeoff), including 217 military operations. All types of aircraft, from small piston engine trainers to 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 the 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 Aircraft Rescue and Fire Station #3, as well as several stormwater 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.

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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.

As a result of the COVID-19 pandemic, the airport has seen significant growth in revenue as a result of customers flying on private aircraft in lieu of commercial airlines. This was primarily due to new charter flight customers as well as people from other states purchasing real estate. The Authority expects the rate of increase in charter flights to decline as the pandemic subsides, however, we do anticipate an increase in business travel to partially offset any potential decline.

For fiscal year 2021, net fuel sales made up 69% of 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 Plan 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 2021, the Authority maintained a $10.0 million reserve for emergency operating contingencies.

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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). As a general aviation airport, Naples Airport Authority is eligible for $150,000 per year in Entitlement Funding. 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 2022 are budgeted at $27.1 million, of which $3.1 million is anticipated to come from the FAA and $0.2 million from the FDOT. Authority funds of $23.9 million are budgeted for capital projects and equipment.

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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the 16th 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 which satisfies 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 a 17th consecutive certificate.

Acknowledgments

The preparation of this report could not have been accomplished without the 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. 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
Senior Director of Finance & Administration

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City of Naples Airport Authority

Michael Lenhard
Chair

Kerry C. Dustin
Vice Chair

Rick Ruppert
Commissioner

Donna M. Messer
Commissioner

James T. Rideoutte
Commissioner

Christopher A. Rozansky
Executive Director

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Naples Airport Authority
Florida

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

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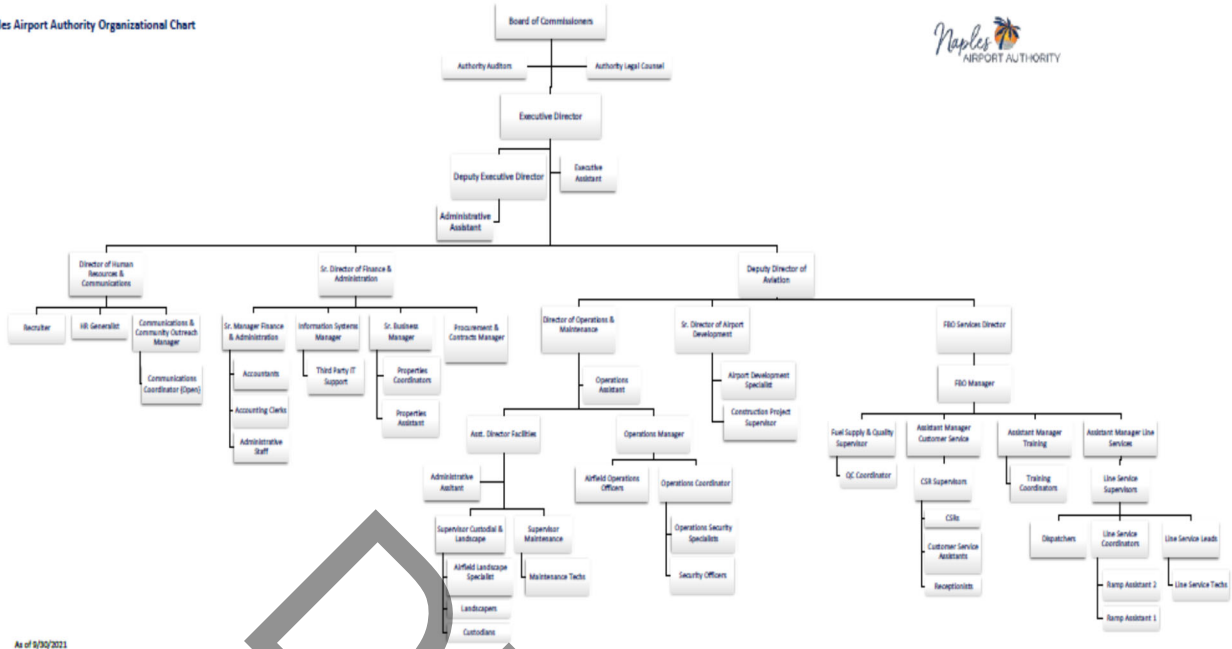
Naples Airport Authority Organizational Chart



As of 8/30/2021

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

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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, 2021 and 2020, 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, 2021 and 2020, 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 Federal Awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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.

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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 [DATE], 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.

Certified Public Accountants

Tampa, Florida
[DATE]

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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, 2021 and 2020, with selected comparative information for the fiscal year ended September 30, 2019. The information presented in this MD&A should be considered in conjunction with the accompanying financial statements and notes found in this report. This information, taken collectively, is designed to provide readers with an understanding of the Authority's financial condition.

Airport Activities and Highlights

The Authority operates the Naples Airport which provides general aviation services to the public. Major measures of activities of the Naples Airport are as follows:

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	2021	2020	2019
Aviation fuel gallons sold	11,323,881	8,337,740	7,836,673
% increase (decrease) from prior year	35.8%	6.4%	10.1%
Aircraft operations	113,137	112,800	112,262
% increase (decrease) from prior year	0.3%	0.5%	18.2%

In fiscal year 2021, jet operations accounted for 41% of the total aircraft operations, while jet fuel sales accounted for 97% of the aviation gallons sold. The number of aviation gallons sold continues to increase as the number of jet aircraft 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:

	2021	2020	2019
Total operating revenues, net	$ 29,946,587	$ 21,225,923	$ 18,731,303
Total non-operating revenues	454,718	700,397	2,147,669
Total revenues	30,401,305	21,926,320	20,878,972
Total operating expenses	14,955,018	12,977,190	11,706,093
Total non-operating expenses	4,352,224	4,151,963	4,817,881
Total expenses	19,307,242	17,129,153	16,523,974
Income before capital contributions	11,094,063	4,797,167	4,354,998
Capital contributions	894,973	2,491,195	2,595,629
Increase in net position	11,989,036	7,288,362	6,950,627
Beginning net position	104,969,967	97,681,605	90,730,978
Ending net position	$ 116,959,003	$ 104,969,967	$ 97,681,605

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Operating revenues for 2021 increased $8,720,664, or 41.1%, over the prior year primarily due to $6,823,342 in higher fuel sales. Operating revenues for 2020 increased $2,494,618, or 13.3%, over 2019 primarily due to $1,466,724 in higher fuel sales.

In 2021, non-operating revenues were down by $245,679 or (35.1%). This was due to lower interest revenue due to lower interest rates.

In 2020, non-operating revenues were down by $1,447,272 or (67.4%). This was due to decreased insurance proceeds and lower interest revenue due to lower interest rates.

In 2019, non-operating revenues were up by $915,095 or (74.2%). This was due to insurance proceeds from Hurricane Irma and additional interest revenue from higher cash balances as well as higher interest rates.

In 2021, total operating expenses rose $1,977,828, a 15.2% increase over the prior year. Personnel costs increased $1,374,086 or 18.6% due to additional personnel needed to meet growing demand, annual merit and cost of living increases and benefits costs. Professional fees increased $350,932 or 26.2% primarily due to the noise study, recruiting fees and outsourced IT services.

In 2020, total operating expenses rose $1,271,097, a 10.9% increase over fiscal 2019. Personnel costs increased $592,530 or 8.7% due to annual merit and cost of living increases, benefit costs and an employee incentive program. Maintenance and repairs increased $165,393 or 14.6% mainly due to airfield strip painting project.

In 2019, total operating expenses rose $1,016,119, a 9.5% increase over fiscal year 2018. Personnel costs increased $894,799 or 15.1% due to annual merit and cost of living increases, benefit costs and a new employee incentive program. Maintenance are repairs increased $219,471 or 24.0% mainly due to airfield and grounds maintenance.

In fiscal 2021, 2020 and 2019, capital contributions were $894,973, $2,491,195, and $2,595,629, respectively.

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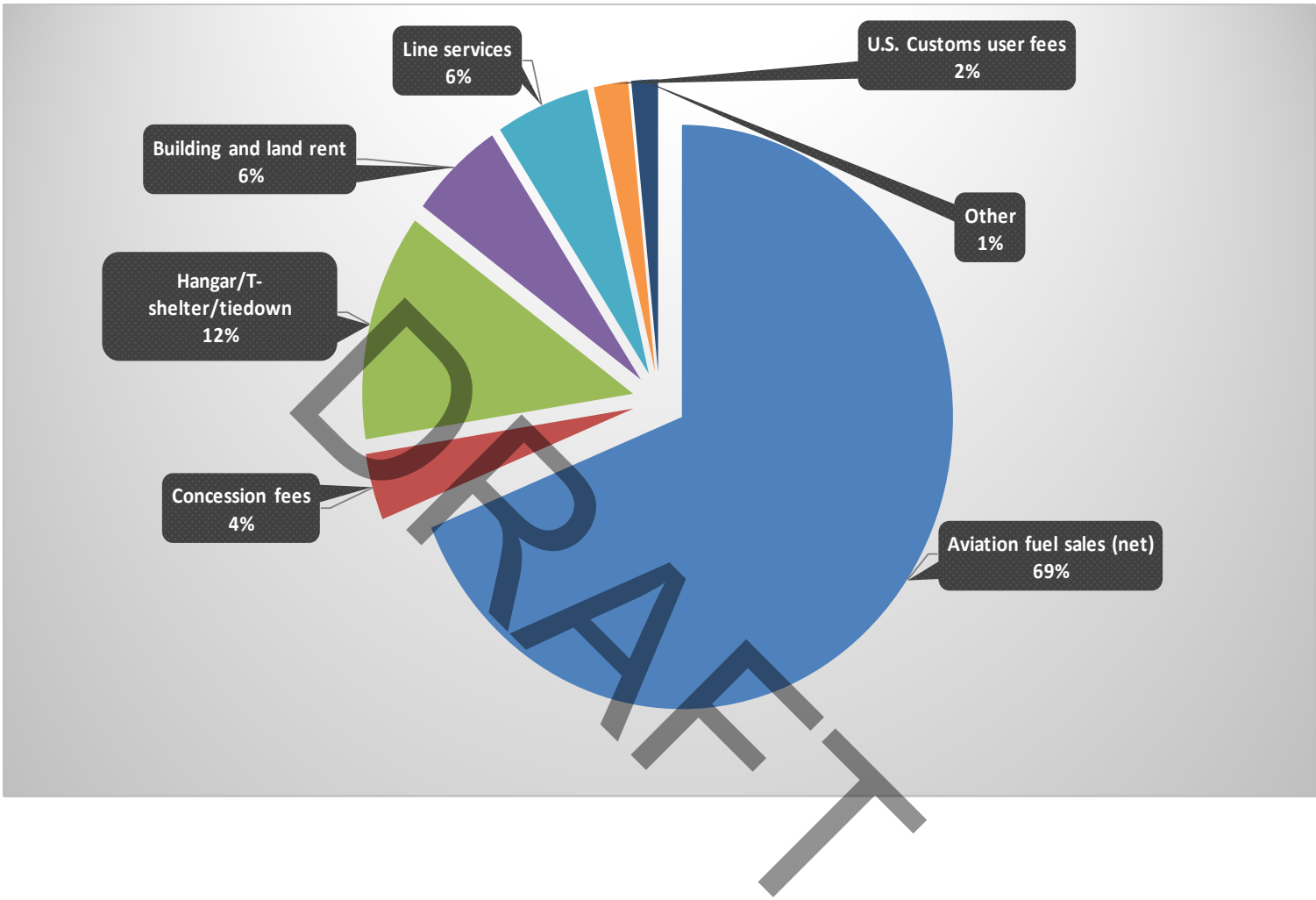
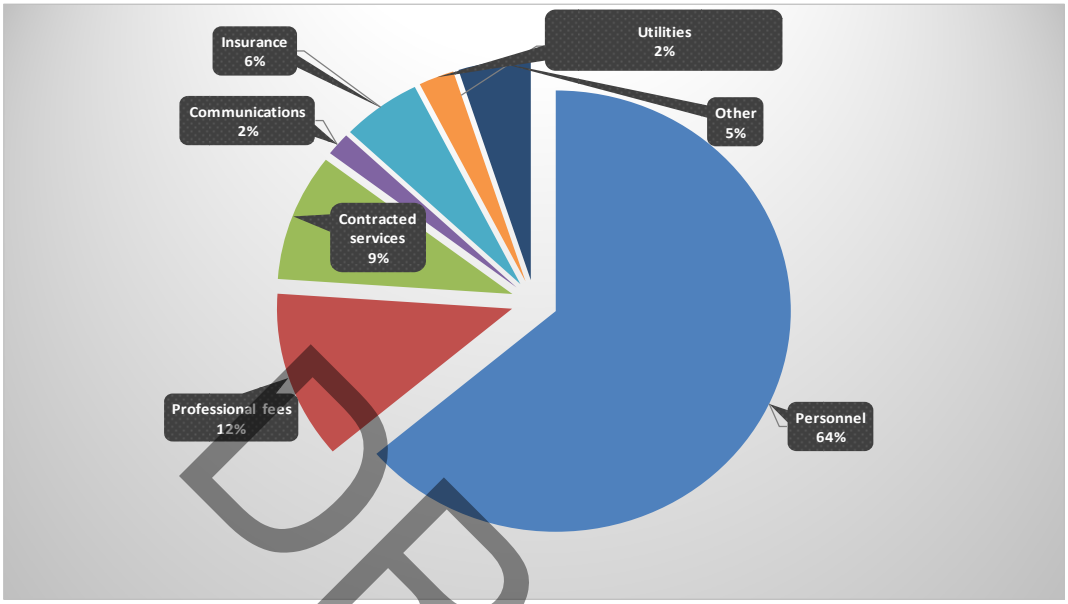
The following chart shows the major sources of operating revenues as a percentage of total operating revenues for the year ended September 30, 2021:



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

	2021	2020	2019
Operating revenues:			
Aviation fuel sales (net)	$ 20,609,021	$ 13,785,679	$ 12,731,215
Concession fees	1,104,414	927,197	752,856
Hangar/T-shelter/tiedown	3,772,690	3,084,585	2,565,188
Building and land rent	1,690,009	1,570,082	1,341,961
Line services	1,681,145	1,096,214	856,594
U.S. Customs user fees	613,275	322,415	440,080
Other	476,033	439,751	43,409
Net operating revenues	$ 29,946,587	$ 21,225,923	$ 18,731,303

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, 2021:



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

	2021	2020	2019
Operating expenses:			
Personnel	$ 8,777,415	$ 7,403,329	$ 6,810,799
Professional fees	1,689,495	1,338,563	1,283,303
Contracted services	1,282,184	1,183,442	868,616
Communications	231,373	201,655	187,630
Insurance	754,922	616,790	531,657
Utilities	336,750	338,153	335,273
Maintenance and repairs	1,199,056	1,299,867	1,134,471
Other	683,823	595,391	554,344
Total operating expenses	$ 14,955,018	$ 12,977,190	$ 11,706,093

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

	2021	2020	2019
Current and other assets	$ 59,605,984	$ 45,295,213	$ 40,574,026
Capital assets (after depreciation)	74,628,843	67,971,471	65,338,449
Total assets	134,234,827	113,266,684	105,912,475
Current liabilities	7,084,412	2,909,027	2,905,260
Non-current liabilities	10,191,412	5,387,690	5,325,610
Total liabilities	17,275,824	8,296,717	8,230,870
Net Position			
Investment in capital assets	70,590,379	67,683,601	65,145,384
Restricted	2,462,643	2,232,216	2,016,021
Unrestricted	43,905,981	35,054,150	30,520,200
Net position	$ 116,959,003	$ 104,969,967	$ 97,681,605

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In 2021, total assets increased by $20.1 million, or 18.5%. The majority of this increase, $13.6 million, is an increase in cash, cash equivalents and investments due to higher fuel sales and other services. Total liabilities increased by $9.0 million or 108.2%. The majority of this increase, $3.8 million, is an increase in accounts payable for capital improvements and also an $4.7 million increase in unearned revenue from the Authority's lease term buy-back program.

In 2020, total assets increased by $7.3 million, or 6.9%. The majority of this increase, $4.6 million, is an increase in cash and cash equivalents due to higher fuel sales and other services. Total liabilities increased by $0.01 million or 0.8%.

The Authority's total assets exceeded liabilities by $117.0 million in 2021 and $105.0 million in 2020. The largest portion of the Authority's net position each year (60.3% of total net position for 2021) represents its investment in capital assets (e.g. land, infrastructure, buildings, improvements, intangible assets and equipment). Restricted net position of $2.5 million (2.2% of total net position for 2021) 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 $43.9 million of net position (37.5% of total net position for 2021) may be used to meet any of the Authority's ongoing obligations, including over $200 million of planned 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 2021 and 2020, the Authority's current ratio was 8.4 and 15.6 respectively. In 2019, the current ratio was 14.0.

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.

	2021	2020	2019
Cash flows from :			
Operating activities	$ 19,708,149	$ 8,278,984	$ 6,906,035
Capital related financing activities	(6,296,369)	(4,002,197)	(2,093,688)
Investing activities	(5,330,855)	560,378	920,765
Net increase in cash and cash equivalents	8,080,925	4,837,165	5,733,112
Cash and cash equivalents:			
Beginning of year	44,224,891	39,387,726	33,654,614
End of year	$ 52,305,816	$ 44,224,891	$ 39,387,726

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The Authority's available cash and cash equivalents were $52.7 million and $44.2 million at the end of 2021 and 2020, respectively. This increase is $7.9 million or 16.0%.

In October 2019, the Authority's Board of Commissioners approved an investment policy in accordance with Florida Statute 218.415. As of September 30, 2021, the authority's investment balance was $5,501,940.

Capital Acquisitions and Construction Activities

At the end of 2021, the Authority had $75 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 $6.7 million or 10% over the prior year.

During 2021, completed projects and capital purchases totaling $4.9 million were closed from construction-in-progress to their respective capital asset accounts. The major completed projects were:

Aircraft rescue and fire fighting building	$ 2,662,528
Fuel farm tank	870,447
Airport master plan	576,348
Various other assets	744,118
	$ 4,853,441

At the end of 2021, major projects within construction-in-progress consisted of the following:

5-23 runway drainage improvement	$ 3,467,300
GAT remodel	2,315,701
North GA apron & taxi lane rehab	609,324
North quad landfill	471,202
Air traffic control tower improvements	1,002,921
	$ 7,866,448

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Capital asset acquisitions and improvements are funded through capital reserves and occasionally supplemented with Federal and State grants. 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 2021, 2020, and 2019.

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. Because of this, the Authority's goal is to maintain $25,000,000 in capital reserves for future capital projects. The Authority may also receive 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 Senior Director of Finance and Administration at 160 Aviation Drive North, Naples, Florida, 34104.

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CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
September 30, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	**$ 49,843,173**	$ 41,992,675
Restricted cash	**2,462,643**	2,232,216
Investments	**5,501,940**	-
Accounts receivable (net)	**604,571**	335,614
Inventories	**644,288**	364,761
Due from governmental agencies	**364,329**	157,681
Prepaid expenses	**185,040**	212,266
Total current assets	**59,605,984**	45,295,213
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	**74,628,843**	67,971,471
Total noncurrent assets	**74,628,843**	67,971,471
Total assets	**134,234,827**	113,266,684
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	**1,636,814**	1,224,398
Accounts payable - capital improvements	**4,038,464**	287,870
Unearned revenue	**363,223**	392,261
Compensated absences	**66,337**	57,532
Accrued expenses and other liabilities	**979,574**	946,966
Total current liabilities	**7,084,412**	2,909,027
NONCURRENT LIABILITIES		
Compensated absences	**597,116**	519,998
Unearned revenue - lease term buy-back program	**9,594,296**	4,867,692
Total noncurrent liabilities	**10,191,412**	5,387,690
Total liabilities	**17,275,824**	8,296,717
NET POSITION		
Investment in capital assets	**70,590,379**	67,683,601
Restricted for rental car facility improvements	**2,462,643**	2,232,216
Unrestricted	**43,905,981**	35,054,150
Total net position	**$ 116,959,003**	$ 104,969,967

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CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended September 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Aviation fuel sales (net)	**$ 20,609,021**	$ 13,785,679
Concession fees	**1,104,414**	927,197
Hangar/T-shelter/tiedown	**3,772,690**	3,084,585
Building and land rent	**1,690,009**	1,570,082
Line services	**1,681,145**	1,096,214
U.S. Customs user fees	**613,275**	322,415
Other	**476,033**	439,751
Net operating revenues	**29,946,587**	21,225,923
OPERATING EXPENSES		
Personnel	**8,777,415**	7,403,329
Professional fees	**1,689,495**	1,338,563
Contracted services	**1,282,184**	1,183,442
Maintenance and repair	**1,199,056**	1,299,867
Insurance	**754,922**	616,790
Credit card fees	**369,891**	279,095
Utilities	**336,750**	338,153
Communications	**231,373**	201,655
Pilot services	**124,897**	88,744
Office supplies	**72,623**	74,097
Dues and subscriptions	**60,718**	45,335
Fuel (internal)	**55,694**	43,947
Miscellaneous	**-**	64,173
Total operating expenses	**14,955,018**	12,977,190
Operating income	**14,991,569**	8,248,733
NON-OPERATING REVENUES (EXPENSES)		
Customer facility charges	**230,427**	216,195
Depreciation and amortization	**(4,352,224)**	(4,151,963)
Interest revenue	**180,410**	510,943
Claims and insurance settlements	**27,377**	74,029
Gain (loss) on disposal of capital assets	**16,504**	(100,770)
Total non-operating revenues (expenses)	**(3,897,506)**	(3,451,566)
Income before capital contributions	**11,094,063**	4,797,167
Capital contributions	**894,973**	2,491,195
Change in net position	**11,989,036**	7,288,362
Total net position - beginning	**104,969,967**	97,681,605
Total net position - ending	**$ 116,959,003**	$ 104,969,967

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CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
For Years Ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	**$ 57,570,204**	$ 37,192,484
Cash payments to suppliers for goods and services	**(29,615,587)**	(21,362,629)
Cash payments for personnel services	**(8,246,468)**	(7,550,871)
Net cash provided by operating activities	**19,708,149**	8,278,984
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Customer facility charges	**230,427**	216,195
Acquisition and construction of capital assets	**(7,259,002)**	(6,894,972)
Capital contributed	**688,325**	2,642,769
Proceeds from sale of capital assets	**16,504**	9,217
Claims and insurance settlements	**27,377**	24,594
Net cash used in capital and related financing activities	**(6,296,369)**	(4,002,197)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	**(5,500,000)**	-
Interest and dividends on investments	**169,145**	560,378
Net cash provided by (used) investing activities	**(5,330,855)**	560,378
Net increase in cash and cash equivalents	**8,080,925**	4,837,165
CASH AND CASH EQUIVALENTS, beginning of year	**$ 44,224,891**	$ 39,387,726
CASH AND CASH EQUIVALENTS, end of year	**$ 52,305,816**	$ 44,224,891
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION		
Restricted cash	**$ 2,462,643**	$ 2,232,216
Unrestricted cash and cash equivalents	**49,843,173**	41,992,675
	$ 52,305,816	$ 44,224,891

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CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
For Years Ended September 30, 2021 and 2020

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	**$ 14,991,569**	$ 8,248,733
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	**(259,632)**	25,634
Decrease (increase) in inventories	**(279,527)**	(46,914)
Decrease (increase) in prepaid expenses	**27,226**	(14,317)
Increase (decrease) in accounts payable	**412,416**	(181,684)
Increase (decrease) in compensated absences	**85,923**	96,420
Increase (decrease) in accrued expenses and other current liabilities	**32,608**	304,942
Increase (decrease) in unearned revenue - lease term buy-back program	**4,726,604**	(24,769)
Increase (decrease) in unearned revenue	**(29,038)**	(129,061)
Total adjustments	**4,716,580**	30,251
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 19,708,149**	$ 8,278,984
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital contributions - decrease (increase) in due from government agencies	**$ 206,648**	$ 2,595,629

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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.

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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, cash equivalents, and Investments

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.

The Authority's investments are managed by the Senior Director of Finance and Administration in conjunction with the Authority's investment advisor. Investments in U.S. Treasury securities are recorded at fair value, as determined by quoted market prices. All investment income of the Authority, including changes in the fair value of investments, is reported as interest and other investment income in the Statement of Revenues, Expenses and Changes in Net Position.

Accounts receivable

The Authority's accounts receivable are recorded net of allowance for doubtful accounts. At September 30, 2021 and 2020, the allowance was $38,902 and $71,900, 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.

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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

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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 offers "Lease-Term Buy-Back" programs at various times, 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.

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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.

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NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants and the measurement date. Fair value determinations are made based upon a hierarchy that prioritizes the inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

- **Level 1** – Investments reflect unadjusted quoted prices in active markets for identical assets.
- **Level 2** – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.
- **Level 3** – Investments reflect prices based upon unobservable inputs for an asset.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt securities classified as Level 2 are evaluated prices from the custodian bank's external pricing vendor. The pricing methodology involves the use of evaluation models, such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices.

As of September 30, 2021, the Authority has the following investments and maturities:

	2021 Fair Value	Weighted Average Maturity (Years)	Hierarchy Level
Investment by fair value level			
Debt securities			
U.S. Treasury Notes	$ 5,501,940	3.72	2

Investments of the Authority conform to the Authority' investment policy adopted pursuant to Florida Statutes, Section 218.415.

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NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments (Continued)

Interest Rate Risk – As means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits its risk by maintaining an investment portfolio with limited volatility. Accordingly, the maximum length to maturity of any direct investment in the U.S. Government Securities is ten years from the date of settlement.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. All of the Authority's investments were in U.S. Treasury notes and therefore do not carry credit risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk than in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investments are held in trust under the Authority's name by an independent third-party custodian.

Concentration of Credit Risk – The Authority's investment policy established limitations of portfolio composition in order to control concentration of credit risk. The policy allows 100% of the portfolio to be invested in U.S. Treasury notes.

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NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the years ended September 30, 2021 is as follows:

Fiscal Year 2021	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,973,788	$ -	$ -	$ 2,973,788
Construction in progress	1,710,292	10,681,449	4,032,034	8,359,707
Total capital assets not being depreciated	4,684,080	10,681,449	4,032,034	11,333,495
Capital assets being depreciated:				
Infrastructure	66,093,795	2,745,335	3,902	68,835,228
Buildings	32,110,155	629,411	-	32,739,566
Equipment	9,027,851	521,964	20,369	9,529,446
Improvements other than building	6,124,866	377,187	-	6,502,053
Vehicles	1,283,385	20,711	86,159	1,217,937
Intangible	2,315,997	11,580	-	2,327,577
Software	534,873	-	-	534,873
Furniture and office equipment	1,397,811	53,993	-	1,451,804
Total capital assets being depreciated	118,888,733	4,360,181	110,430	123,138,484
Less accumulated depreciation for:				
Infrastructure	30,877,477	2,407,755	3,902	33,281,330
Buildings	12,389,186	985,477	-	13,374,663
Equipment	6,938,431	420,707	20,369	7,338,769
Improvements other than building	1,992,239	127,408	-	2,119,647
Vehicles	1,009,257	79,130	86,159	1,002,228
Intangible	1,032,256	117,394	-	1,149,650
Software	453,937	63,880	-	517,817
Furniture and office equipment	908,559	150,473	-	1,059,032
Total accumulated depreciation	55,601,342	4,352,224	110,430	59,843,136
Total capital assets being depreciated, net	63,287,391	7,957	-	63,295,348
Total capital assets, net	$ 67,971,471	$ 10,689,406	$ 4,032,034	$ 74,628,843

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In 2021, reported depreciation expense totaled $4,352,224.

NOTE 3 - CAPITAL ASSETS (Continued)

A summary of changes in capital assets for the year ended September 30, 2020 is as follows:

Fiscal Year 2020	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,973,788	$ -	$ -	$ 2,973,788
Construction in progress	4,830,758	6,664,555	9,785,021	1,710,292
Total capital assets not being depreciated	7,804,546	6,664,555	9,785,021	4,684,080
Capital assets being depreciated:				
Infrastructure	64,513,746	1,580,049	-	66,093,795
Buildings	26,126,517	6,451,918	468,280	32,110,155
Equipment	8,735,075	360,672	67,896	9,027,851
Improvements other than building	6,050,553	74,313	-	6,124,866
Vehicles	1,184,737	140,643	41,995	1,283,385
Intangible	1,279,025	1,036,972	-	2,315,997
Software	534,873	-	-	534,873
Furniture and office equipment	1,038,931	370,868	11,988	1,397,811
Total capital assets being depreciated	109,463,457	10,015,435	590,159	118,888,733
Less accumulated depreciation for:				
Infrastructure	28,441,198	2,436,279	-	30,877,477
Buildings	11,889,451	858,838	359,103	12,389,186
Equipment	6,632,211	374,116	67,896	6,938,431
Improvements other than building	1,868,985	123,254	-	1,992,239
Vehicles	977,350	73,902	41,995	1,009,257
Intangible	1,002,289	29,967	-	1,032,256
Software	357,940	95,997	-	453,937
Furniture and office equipment	760,130	159,610	11,181	908,559
Total accumulated depreciation	51,929,554	4,151,963	480,175	55,601,342
Total capital assets being depreciated, net	57,533,903	5,863,472	109,984	63,287,391
Total capital assets, net	$ 65,338,449	$ 12,528,027	$ 9,895,005	$ 67,971,471

In 2020, reported depreciation expense totaled $4,151,963.

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

At various times, 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 2021	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated absences	$ 577,530	$ 77,118	$ -	$ 654,648	$ 66,337
Unearned revenue Lease Term Buy Back program	4,867,692	4,752,000	16,591	9,603,101	25,397
Total noncurrent liabilities	$ 5,445,222	$ 4,829,118	$ 16,591	$ 10,257,749	$ 91,734

Fiscal Year 2020	Ending Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated absences	$ 481,110	$ 96,420	$ -	$ 577,530	$ 57,532
Unearned revenue Lease Term Buy Back program	4,892,461	-	24,769	4,867,692	16,722
Total noncurrent liabilities	$ 5,373,571	$ 96,420	$ 24,769	$ 5,445,222	$ 74,254

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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, 2021 are as follows:

Year Ending September 30,	Amount
2022	$ 1,544,630
2023	1,476,371
2024	1,372,626
2025	1,385,260
2026	1,412,394
Thereafter	18,471,038
Total	$ 25,662,319

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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, 2021and 2020 were $1,005,108 and $691,775, 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:

	2021	2020
Hangar	$16,227,570	$16,256,001
Other buildings	2,390,748	2,350,129
Total cost	18,618,318	18,606,130
Less accumulated depreciation	(9,557,555)	(8,998,865)
Net carrying amount	$ 9,060,763	$ 9,607,265

Depreciation for the assets on lease was $550,904 and $782,031 for the years ended September 30, 2021 and 2020 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, 2021 and 2020 was $532,840 and $464,197, 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, 2021 and 2020 was $6,959,043 and $5,429,987, and its covered payroll was $6,224,887 and $5,097,395, 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.

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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, 2021 and 2020, the Authority paid $754,922 and $616,790, 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.

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, 2021 and 2020, the Authority collected $230,427 and $216,195, respectively. The restricted balance at September 30, 2021 and 2020 was $2,462,643 and $2,232,216, 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 2068. 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, 2021 and 2020 for these services were $923,467 and $1,095,354, 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 2021	Inception-to-date
Federal	$ 862,574	$ 43,318,367
State	32,399	21,835,995
City of Naples	-	201,763
Collier County	-	162,976
Other	-	5,487,809
Total	$ 894,973	$ 71,006,910

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NOTE 12 - COMMITMENTS AND CONTINGENCIES

At September 30, 2021, the Authority had in process various construction, consulting and engineering contracts totaling $19,183,039. Expenditures on these contracts were $6,815,105, leaving commitments of up to $12,367,934.

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 annual comprehensive 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 39

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 41

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

Debt Capacity 43

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 43

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 45

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.

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

NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Investment in Capital Assets	$51,179,000	$52,132,000	$55,323,000	$60,372,000	$60,738,000	$61,937,000	$62,770,767	$65,145,384	$ 67,683,601	$ 70,590,379
Restricted	479,000	612,000	928,000	1,173,000	1,381,000	1,587,000	1,804,601	2,016,021	2,232,216	2,462,643
Unrestricted	14,103,000	15,032,000	17,763,000	17,185,000	19,071,000	21,899,000	26,156,608	30,520,200	35,054,150	43,905,981
Total net position	$64,965,000	$65,761,000	$67,776,000	$74,014,000	$78,730,000	$81,190,000	$85,423,000	$97,681,605	$ 104,969,967	$ 116,959,003

Note: Prior to Fiscal Year 2018, amounts are rounded to nearest thousand.

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

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OPERATING REVENUES										
Fuel sales (net)	$ 6,512,000	$ 6,580,000	$ 7,905,000	$ 8,310,000	$ 8,786,000	$ 9,334,000	$ 10,519,749	$ 12,731,215	$ 13,785,679	$ 20,609,021
Concession fees	623,000	692,000	732,000	810,000	716,000	682,000	737,196	752,856	927,197	1,104,414
Hangar/T-shelter/tiedown	1,718,000	2,008,000	2,268,000	2,439,000	2,413,000	2,515,000	2,596,552	2,565,188	3,084,585	3,772,690
Building and land rent	1,020,000	1,023,000	1,221,000	1,256,000	1,327,000	1,388,000	1,384,597	1,341,961	1,570,082	1,690,009
Line services	423,000	697,000	639,000	738,000	698,000	731,000	771,255	856,594	1,096,214	1,681,145
U.S. Customs user fees	163,000	174,000	251,000	277,000	311,000	357,000	442,355	440,080	322,415	613,275
Other	16,000	9,000	5,000	15,000	28,000	19,000	101,173	43,409	439,751	476,033
Net operating revenues	10,475,000	11,183,000	13,021,000	13,845,000	14,279,000	15,026,000	16,552,877	18,731,303	21,225,923	29,946,587
OPERATING EXPENSES										
Personnel	4,219,000	4,090,000	4,556,000	4,982,000	5,385,000	5,828,000	5,916,133	6,810,799	7,403,329	8,777,415
Professional fees	452,000	684,000	628,000	706,000	783,000	811,000	1,142,966	2,182,919	2,522,005	2,971,679
Communications	102,000	148,000	185,000	121,000	199,000	151,000	128,904	187,630	201,655	231,373
Insurance	480,000	496,000	447,000	464,000	461,000	449,000	445,628	531,657	616,790	754,922
Utilities	274,000	262,000	277,000	251,000	265,000	274,000	366,675	316,273	338,153	336,750
Office/postage/printing	35,000	69,000	126,000	134,000	116,000	83,000	107,959	90,053	74,097	72,623
ATCT, ARFF and police service	697,000	677,000	664,000	700,000	715,000	630,000	799,278	-	-	-
U.S. Customs	299,000	279,000	317,000	309,000	295,000	313,000	301,876	-	-	-
Dues/subscriptions/fees	35,000	39,000	39,000	49,000	43,000	89,000	60,513	54,227	45,335	60,718
Auto gas and diesel fuel	71,000	73,000	73,000	61,000	48,000	50,000	61,392	64,068	43,947	55,694
Pilot services	55,000	53,000	59,000	68,000	64,000	112,000	125,607	106,553	88,744	124,897
Maintenance and repair	427,000	488,000	610,000	541,000	1,097,000	646,000	915,323	1,122,471	1,299,867	1,199,056
Credit Card Fees	-	-	-	-	-	-	-	239,443	279,095	369,891
Miscellaneous	-	-	-	-	-	-	-	-	64,173	-
Total operating expenses	7,146,000	7,358,000	7,981,000	8,386,000	9,471,000	9,436,000	10,372,254	11,706,093	12,977,190	14,955,018
Operating income (loss)	3,329,000	3,825,000	5,040,000	5,459,000	4,808,000	5,590,000	6,180,623	7,025,210	8,248,733	14,991,569
NON-OPERATING REVENUES (EXPENSES)										
Customer facility charges	207,000	231,000	237,000	246,000	204,000	212,000	213,765	211,420	216,195	230,427
Depreciation and amortization	(3,164,000)	(3,241,000)	(3,432,000)	(3,619,000)	(3,791,000)	(3,703,000)	(3,714,010)	(3,911,422)	(4,151,963)	(4,352,224)
Interest revenue	64,000	71,000	68,000	59,000	109,000	228,000	228,000	920,765	510,943	180,410
Unrealized gain (loss) on investments	51,000	23,000	-	-	-	-	511,927	-	-	-
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	74,029	27,377
Hurricane recovery/repair	-	-	-	-	-			(906,459)	-	-
Interest expense	(28,000)	(16,000)	-	-	-	-	-	-	-	-
Contribution of capital asset to government agency	(50,000)	-	-	-	-	-	-	-	-	-
Gain (Loss) on disposal of capital assets	3,000	20,000	4,000	5,000	(16,000)	12,000	-	15,484	(100,770)	16,504
Total non-operating revenues (expenses)	(2,917,000)	(2,909,000)	(3,110,000)	(3,213,000)	(3,488,000)	(3,294,000)	(2,253,318)	(2,670,212)	(3,451,566)	(3,897,506)
Income (loss) before capital contributions	412,000	916,000	1,930,000	2,246,000	1,320,000	2,296,000	3,927,305	4,354,998	4,797,167	11,094,063
Capital contributions	384,000	1,099,000	4,308,000	2,470,000	1,140,000	1,937,000	1,925,957	2,595,629	2,491,195	894,973
Change in net position	$ 796,000	$ 2,015,000	$ 6,238,000	$ 4,716,000	$ 2,460,000	$ 4,233,000	$ 5,853,262	$ 6,950,627	$ 7,288,362	$ 11,989,036

Note: Prior to Fiscal Year 2018, amounts are rounded to the nearest thousand.

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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	Volume Discount (contract)	Tenant Fuel	Full Service	Prepaid Full Service	Public Self Fueling	Tenant Fuel	Volume Program
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
2020	0.35	2.31	-	1.66	1.37	2.17	-	0.62	1.18	1.12
2021	0.40	2.66	-	1.49	1.31	2.31	-	0.70	1.04	-

AVIATION FUEL SALES (GALLONS)

	Jet A						100 Low Lead					
Fiscal Year	Flowage	Full Service	Prepaid Full Service	Volume Discount (contract)	Tenant Fuel	Total	Full Service	Prepaid Full Service	Public Self Fueling	Tenant Fuel	Volume Program	Total
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	2,124,000	-	6,370,541	158,993	106,487	115,206	-	-	380,686
2017	250,014	2,496,936	1,623,734	2,355,956	-	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
2020	240,536	1,450,521	-	5,216,300	1,220,131	8,127,488	92,609	-	89,602	109,637	23,331	315,179
2021	385,394	1,639,099	-	7,815,153	1,565,271	11,404,917	86,379	-	72,516	145,463	-	304,358

AVIATION FUEL SALES (NET REVENUE)

	Jet A						100 Low Lead					
Fiscal Year	Flowage	Full Service	Prepaid Full Service	Volume Discount (contract)	Tenant Fuel	Total	Full Service	Prepaid Full Service	Public Self Fueling	Tenant Fuel	Volume Program	Total
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	2,098,651	-	8,812,165	142,936	53,979	84,967	-	-	281,882
2017	75,004	4,978,267	2,007,046	2,320,378	-	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
2020	72,161	3,356,082	-	8,655,856	1,667,285	13,751,384	274,678	-	262,768	320,629	75,369	933,444
2021	154,158	4,358,768	-	14,206,013	2,089,115	20,808,054	191,842	-	48,645	154,868	-	395,355

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.

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

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

		2021		2012	
	Company	Gross Sales	% of Total Authority Fuel Sales	Gross Sales	% of Total Authority Fuel Sales
1	Net Jets	$ 7,623,951	17.8%	$ 4,373,723	15.9%
2	Flexjet	2,894,961	6.8%	1,165,544	4.2%
3	Naples Jet Center	2,218,319	5.2%		
4	Exclusive Jets LLC	1,003,203	2.3%		
5	Elite Jets Charter, LLC	979,795	2.3%		
6	Wheels Up/Gama Aviation	826,971	1.9%		
7	Mountain Aviation. Inc	732,950	1.7%		
8	Wheels Up Private Jets/DPJ	594,063	1.4%		
9	Xojet	548,283	1.3%		
10	Jet Linx Aviatio, LLC	477,986	1.1%		
	Citation Air by Cessna			891,296	3.2%
	Mercury Air Group - Flight Options			624,055	2.3%
	Hertz Corporation			354,778	1.3%
	Delta Private Jet			327,884	1.2%
	Travel Management			314,134	1.1%
	ASG			303,756	1.2%
	Avant Air			253,305	9.0%
		$ 17,900,482	41.8%	$8,608,475	39.4%

Source: Authority's accounting records

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

		2021		2012	
	Company	Gallons	% of Total Authority Gallons	Gallons	% of Total Authority Gallons
1	Net Jets	2,294,880	20.9%	883,556	17.4%
2	Flexjet	839,023	7.6%	233,479	4.6%
3	Naples Jet Center	505,835	4.6%		
4	Exclusive Jets LLC	289,645	2.6%		
5	Elite Jets Charter, LLC	269,225	2.4%		
6	Wheels Up/Gama Aviation	204,018	1.9%		
7	Mountain Aviation. Inc	193,067	1.8%		
8	Delta Private Jets	156,518	1.4%	61,155	1.2%
9	Xojet	145,759	1.3%		
10	Jet Linx Aviatio, LLC	122,469	1.1%		
	Health Management Associates			300,832	5.9%
	Citation Air by Cessna			180,784	3.6%
	Mercury Air Group - Flight Options			124,564	2.5%
	ST Aviation			62,772	1.2%
	Travel Management			59,949	1.2%
	ASG			59,489	1.2%
	Avant Air			46,408	0.9%
		5,020,439	45.6%	2,012,988	39.7%

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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
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%
2020	15,000,000	-	0.0%
2021	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.

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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
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%
2019	22,039	2,210,688	100,308	376,086	35,080,466	92,686	7.6%
2020	22,088	2,439,023	110,423	383,166	38,252,405	99,832	5.7%

Sources: Population, personal income and per capita personal income for City of Naples provided by City of Naples, Florida, Comprehensive Annual Financial Report, 2019
Population, personal income and per capita personal income for Collier County provided by Collier County, Florida, Comprehensive Annual Financial Report, 2019
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

	2020			2011		
Employer	**Rank**	**Number of Employees**	**Percent of Total County Employment**	**Rank**	**Number of Employees**	**Percent of Total County Employment**
Collier County Public Schools	1	5,832	3.76%	1	5,451	5.16%
NCH Healthcare System	2	4,315	2.78%	2	3,007	2.85%
Arthrex, Inc	3	2,856	1.84%			
Collier County Government (excl. Sheriff)	4	2,434	1.57%	4	2,184	2.07%
Collier County Sheriffs's office	5	1,526	0.98%	6	1,387	1.31%
Publix Supermarkets	6	1,257	0.81%	3	2,214	2.10%
City of Naples	7	1,100	0.71%			
Ritz Carlton Hotel	8	1,100	0.71%			
Seminole Casino- Immokalee	9	900	0.58%			
JW Marriott - Marco Island	10	850	0.55%	7	743.00	0.70%
Other employers		133,049	85.71%		90,599	85.80%
Totals		155,219	100.00%		105,585	100.00%

Source: Collier County, Florida, Comprehensive Annual Financial Report, 2020

Note: Data on Principal Employers for 2021 not yet available.

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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
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	7,431,849	7,836,672	25,157	86,983	112,140
2019	398,442	7,939,298	8,337,740	26,572	86,228	112,800
2020	315,179	8,127,488	8,442,667	23,623	80,856	104,479
2021	304,358	11,404,917	11,709,275	18,817	94,320	113,137

Source: Authority's Operations and Finance Department records

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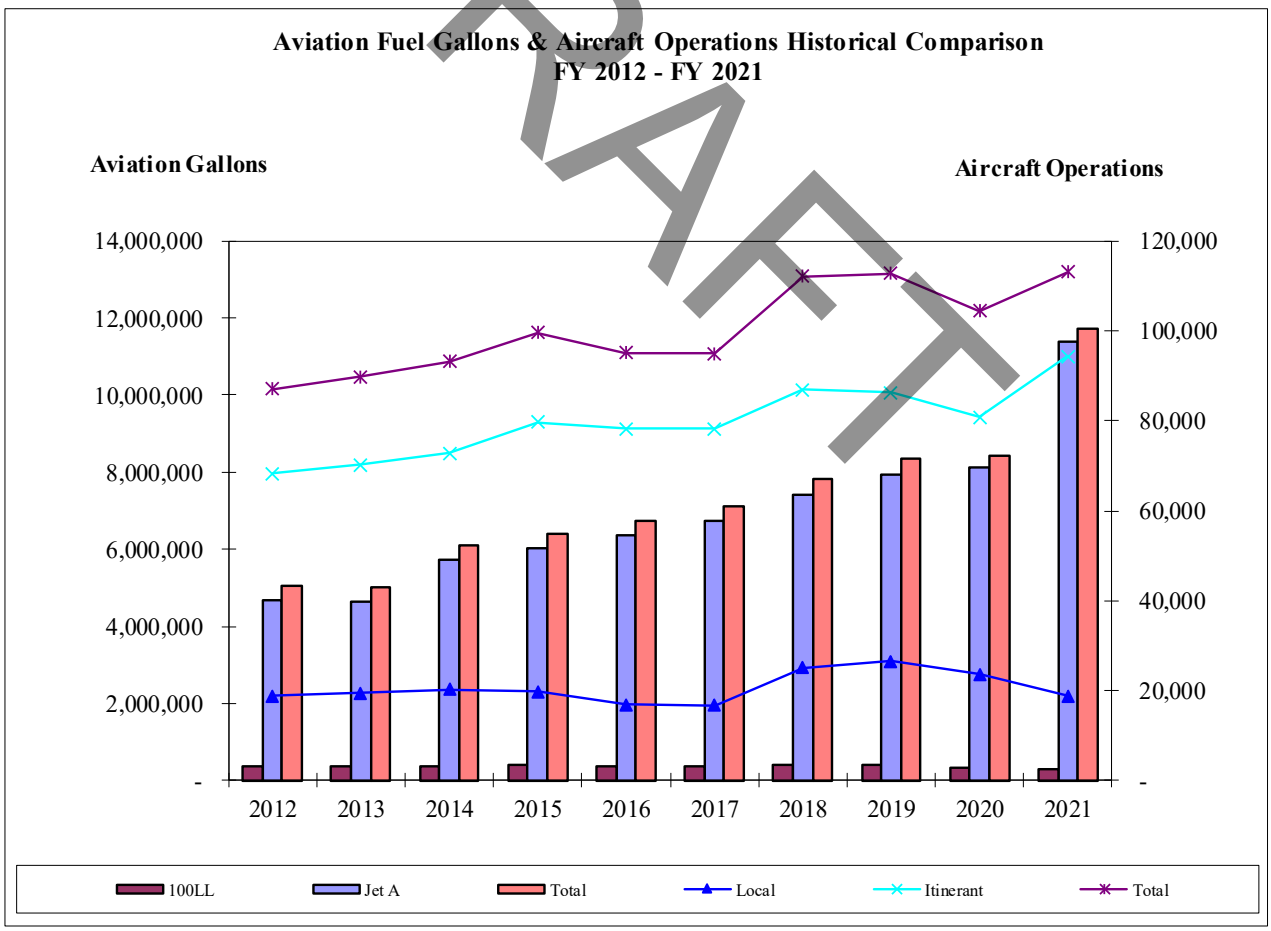

CITY OF NAPLES AIRPORT AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Customer Service	30.7	30.3	35.4	38.6	39.4	37.0	36.0	37.0	44.0	51.0
Operations	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0
Airport Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities & Custodial	16.7	16.5	17.0	17.2	18.1	16.0	19.0	19.0	19.0	19.0
Security	3.5	2.9	2.0	1.8	2.1	2.0	2.0	2.0	3.0	4.0
Administration	6.1	6.1	6.2	7.0	7.3	7.0	4.0	8.0	7.0	11.0
HR	-	-	-	-	1.0	1.0	1.0	2.0	2.0	3.0
Executive	3.9	3.0	2.9	3.0	3.0	4.0	6.0	7.0	4.0	4.0
TOTAL EMPLOYEES	**64.9**	**62.8**	**67.5**	**71.6**	**74.9**	**71.0**	**72.0**	**79.0**	**85.0**	**98.0**

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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 2012	$ 33,955,495	$ 13,159,440	$ 162,976	$ 201,763	$ 4,281,431	$ 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
2020	339,107	2,152,088	-	-	-	70,111,937
2021	862,574	32,399	-	-	-	71,006,910
	$ 43,318,567	$ 21,835,795	$ 162,976	$ 201,763	$ 5,487,809	$ 71,006,910

Source: Authority's financial statements and accounting records

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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*

DRAFT

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, 2021, and have issued our report thereon dated [DATE].

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) as a basis for designing 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 financial statements. 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 [DATE].

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.

DRAFT

Certified Public Accountants

Tampa, Florida
[DATE]

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

DRAFT

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Naples Airport Authority (the "Authority"), with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2021. The Authority's major federal programs are 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 federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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 federal program 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 each major federal program. 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 Federal Program

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 federal program for the fiscal year ended September 30, 2021.

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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 first paragraph of this section 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.

Certified Public Accountants

Tampa, Florida
[DATE]

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CITY OF NAPLES AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

Federal Agency/Program Title	Assistance Listing Number	Federal Grant Number	Expenditures
U.S. Department of Transportation			
Federal Aviation Administration			
Airport Improvement Program Grant	20.106		
Noise Compatibility Plan Study		3-12-0053-037-2019	$ 193,931
Airport Drainage and Perimeter Fence		3-12-0053-038-2020	668,643
Total U.S. Department of Transportation			862,574
Total Expenditures of Federal Awards			$ 862,574

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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CITY OF NAPLES AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

1. General

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") presents the activity of all state awards programs of the Authority for the year ended September 30, 2021.

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.

3. Indirect Cost Rate

The Authority has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

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CITY OF NAPLES AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2021

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

Federal Awards

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 200.516 of the Uniform Guidance?	___ Yes	_X_ No

Identification of Major Federal Program:

Assistance Listing Number	Name of Federal Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: Federal	$750,000
Auditee qualified as low-risk auditee?	___ Yes _X_ No

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CITY OF NAPLES AIRPORT AUTHORITY

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

For the Year Ended September 30, 2021

Section II - Findings Related to the Financial Statement Audit, as required to be reported in accordance with *Government Auditing Standards.*

No matters are reported.

Section III - Federal Award Findings and Questioned Costs reported in accordance with the Uniform Guidance.

No matters are reported.

Section IV - Prior Federal Audit Findings

No matters are reported.

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MANAGEMENT LETTER

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

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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, 2021 and have issued our report thereon dated [DATE].

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; and 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 Program and on Internal Control over Compliance in Accordance with the Uniform Guidance; 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 [DATE], 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. In connection with the preceding audit, there were no findings or recommendations.

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, 2020.

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.

Certified Public Accountants

Tampa, Florida
[DATE]

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Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

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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, 2021. 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, 2021.

Certified Public Accountants

Tampa, Florida
[DATE]

To: Honorable Chair of the Audit Committee and Commissioners

From: Christopher A. Rozansky, Executive Director

By: Ken Warriner, Senior Director of Finance and Administration

Meeting Date: February 1, 2022

Re: **NEW BUSINESS**

1. Audit Firm

SUMMARY: Committee discussion regarding the Authority's auditors for the fiscal year ending September 30, 2022.

BACKGROUND: MSL, PA was selected as the Authority's auditor following a competitive selection process in June 2017. Their fifth year providing audit services for the Authority was the engagement for fiscal year 2021.

The Authority's Bylaws state the following regarding the audit:

Section 3. **AUDIT.** There shall be an annual audit of the accounts and records of the Authority by a firm of certified public accountants, who shall act as the Authority's auditors ("the Auditors"). During the third year of engagement, the Board shall consider and decide whether to renew the engagement or to commence a competitive selection process for the retention of auditors for the succeeding year. The Board shall, through a competitive selection procedure no less frequently than every five (5) years select the Auditors. Whenever the Board elects to utilize the competitive selection process, the current Auditors shall be eligible to compete in the process. The Auditors shall report to and be reviewed annually by the Board to assess their performance and accomplishments.

COMMUNICATION PLAN: Not applicable to this item.

FINANCIAL IMPACT: We have budgeted $43,500 for audit services in FY 2022.