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

AGENDA

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

Thursday, February 15, 2024
Immediately Following Naples Airport Authority Board of Commissioners Regular Meeting

Commissioner Rick Ruppert – Chair
Commissioner Rita Cuddihy – Vice Chair and NCC Liaison
Commissioner Kerry C. Dustin – Consultant Selection Committee Chair, Audit Committee Member
Commissioner Robert P. Burns – Consultant Selection Committee Member, Audit Committee Member
Commissioner Terrence W. Cavanaugh – 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 Board of Commissioners regarding an item listed on the Agenda, please complete a Speaker Registration form (available at the rear of the room) and hand it to the Executive Assistant prior to consideration of that item. We ask that speakers limit comments to 5 minutes and that large groups name a spokesperson whenever possible. All written, audio-visual, and other materials distributed to the Board or staff during this meeting will become the property of NAA and will be a public record. Thank you for your interest and participation.

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 Board 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 2023 Audit and Annual Comprehensive Financial Report

F. NEW BUSINESS

G. PUBLIC COMMENTS

H. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

1. Upcoming Audit Committee 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 Cavanaugh (Chair), Commissioner Dustin and Commissioner Burns (Members). 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 15, 2024

Re: **DISCUSSION ITEM**

1. Fiscal Year 2023 Audit and Annual Comprehensive Financial Report

---

ACTION REQUESTED: Committee discussion and recommendation of acceptance of the Fiscal Year 2023 Annual Audit and Annual Comprehensive Financial Report (Draft) for the Board of Commissioners consideration at the March 21, 2024 Regular Meeting.

BACKGROUND: MSL, PA was selected as the Authority's auditor following a competitive selection process in June 2017. This is their seventh 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 shows 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 2023 report continues to meet the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program's requirements.

The Statement of Net Position shows total assets of $157,784,735. The Statement of Revenues, Expenses, and Changes in Net Position shows a total change in net position of $11,005,910.

COMMUNICATION PLAN: The Audit Committee recommendation will be presented to the Naples Airport Authority (NAA) Board of Commissioners at its March 21, 2024 Regular Meeting. Upon Board acceptance, the draft document will be made final. Copies of the Annual Comprehensive 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 GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

FINANCIAL IMPACT: Not applicable.

Naples Airport Authority

Audit Presentation for the Fiscal Year Ended September 30, 2023

Presented by Jeff Wolf, CPA

MSL
CPAs & ADVISORS

CELEBRATING 50 Years AS FLORIDA'S FIRM

Required Communications

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

CELEBRATING 50 Years AS FLORIDA'S FIRM

MSL
CPAs & ADVISORS

Service and Deliverables

Independent Auditor's Report (Pages 8-10)

Report on Internal Control over Financial Reporting and on Compliance (Pages 47 & 48)

Single Audit Report (Pages 49-56)

Management Letter (Pages 57-59)

Independent Accountant's Report (Page 60)

Statement of Net Position (Page 21)

	2023	2022
Current Ratio	7.1	6.2
Total Assets	$157.8M	$145.9M
Total Liabilities	$22.6M	$21.8M
Total Net Position		
Investment in Capital Assets	$85.4M	$82.4M
Restricted	3.0M	2.7M
Unrestricted	46.8M	39.0M
Unrestricted NP as a % of Total Oper. Expenses	150.6%	188.7%
Change in Net Position	$11.0M	$7.2M

CELEBRATING 50 Years AS FLORIDA'S FIRM

MSL
CPAs & ADVISORS

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

	2023	2022
Resources:		
Operating revenues	32.6M	32.9M
Non-operating revenues	6.6M	0.3M
Total Resources	39.2M	33.2M
Total Expenses	31.1M	28.0M
Income before contributions	8.1M	5.2M
Capital Contributions	2.9M	2.0M
Change in net position	$11.0M	$7.2M

CELEBRATING 50 Years AS FLORIDA'S FIRM
MSL CPAs & ADVISORS

Questions or Comments

CELEBRATING 50 Years AS FLORIDA'S FIRM

MSL
CPAs & ADVISORS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Picture: *Naples Airport was named one of the Best Places to Work by Gulfshore Life magazine.*

DRAFT 2.0

City of Naples Airport Authority
Naples, Florida

Naples Airport

PAGE INTENTIONALLY LEFT BLANK

DRAFT
2.9.24

CITY OF NAPLES AIRPORT AUTHORITY
NAPLES, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022

DRAFT
2.9.24

Prepared by the City of Naples Airport Authority Finance Department

PAGE INTENTIONALLY LEFT BLANK

DRAFT
2.9.24

CITY OF NAPLES AIRPORT AUTHORITY
Annual Comprehensive Financial Report
As of and for the Years Ended
September 30, 2023 and 2022

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Board of Commissioners and Executive Director	5
Certificate of Achievement for Excellence in Financial Reporting	6
Organizational Chart	7
FINANCIAL SECTION	
Independent Auditors' Report	8
Management's Discussion and Analysis	12
Financial Statements:	
Statements of Net Position	21
Statements of Revenues, Expenses, and Changes in Net Position	22
Statements of Cash Flows	23
Notes to Financial Statements	25
STATISTICAL SECTION	
Statistical Section - Contents	38
Net Position by Component, Last Ten Fiscal Years	39
Changes in Net Position, Last Ten Fiscal Years	40
Fuel Sales, Last Ten Fiscal Years	41
Principal Customers	42
Debt Limitations, Last Ten Fiscal Years	43
Demographic and Economic Statistics, Last Ten Fiscal Years	43
Principal Employers	44
Aviation Fuel and Aircraft Operations Statistics, Last Ten Fiscal Years	45
Full-Time Equivalent Employees by Function, Last Ten Fiscal Years	46
Capital Contributions, Last Ten Fiscal Years	47

DRAFT 2.9.24

	PAGE
COMPLIANCE SECTION	
Independent Auditors' 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	48
Independent Auditors' Report on Compliance for each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance	50
Schedule of Expenditures of Federal Awards	53
Notes to Schedule of Expenditures of Federal Awards	54
Schedule of Findings and Questioned Costs	55
OTHER REPORTS	
Management Letter	58
Independent Accountant's Report	61

DRAFT 2.9.24

March XX, 2024

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

We are pleased to present the accompanying Annual Comprehensive Financial Report of the City of Naples Airport Authority (the Authority) for the fiscal years ended September 30, 2023 and 2022. 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, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022 are fairly presented in conformity with GAAP. The independent auditor's report is the first component of the Financial Section of this report.

DRAFT 2.9.24

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 war, the city and county jointly operated the airport until the county sold its interest to the city in 1958.

The 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 and the Naples Airport currently supports a variety of general aviation activity.

In fiscal year 2023, there were 119,075 aircraft operations (an operation is one landing or one takeoff). Use of the airport is restricted to aircraft less than 75,000 pounds maximum gross landing weight supported by dual landing gear, except for aircraft operated by the federal government.

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 to enhance service to users, improve the community gateway image and eliminate financial subsidies paid 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 comprised 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.

DRAFT 2024

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.

Hurricane Ian hit Southwest Florida on September 28, 2022 causing widespread flooding in the coastal areas, including over 4 feet of storm surge to parts of the airfield. There was significant damage to homes, condos and hotels on or near the beach causing many to be temporarily uninhabitable. As a result, the Authority experienced a 16% decline in fuel sales in FY 2023. We expect fuel sales to increase in FY 2024 as the region recovers from Hurricane Ian.

For fiscal year 2023, net fuel sales made up 67% 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 long-term plans.

For fiscal year 2023, the Authority maintained a $14.0 million reserve for emergency operating contingencies.

DRAFT 2.9.24

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 2024 are budgeted at $32.8 million, of which $6.0 million is anticipated to come from the FAA and $0.8 million from the FDOT. Authority funds of $26.0 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 the City of Naples Airport Authority for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. This was the 18th consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report which satisfies both generally accepted accounting principles (GAAP) and applicable legal requirements.

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

Acknowledgments

The preparation of this report could not have been accomplished without the dedicated service of the Finance Department. We would like to express our appreciation to the Authority's Audit Committee and the Board of Commissioners for their expertise and guidance in setting policies pertaining to 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.

DRAFT 2.9.24

Christopher A. Rozansky
Executive Director

Ken Warriner
Senior Director of Finance & Administration

Naples AIRPORT AUTHORITY

Kerry C. Dustin
Chair

Rick Ruppert
Vice Chair

Robert Patten Burns
Commissioner

Rita Cuddihy
Commissioner

Terrence Cavanaugh
Commissioner

Christopher A. Rozansky
Executive Director

DRAFT 2.5.24

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

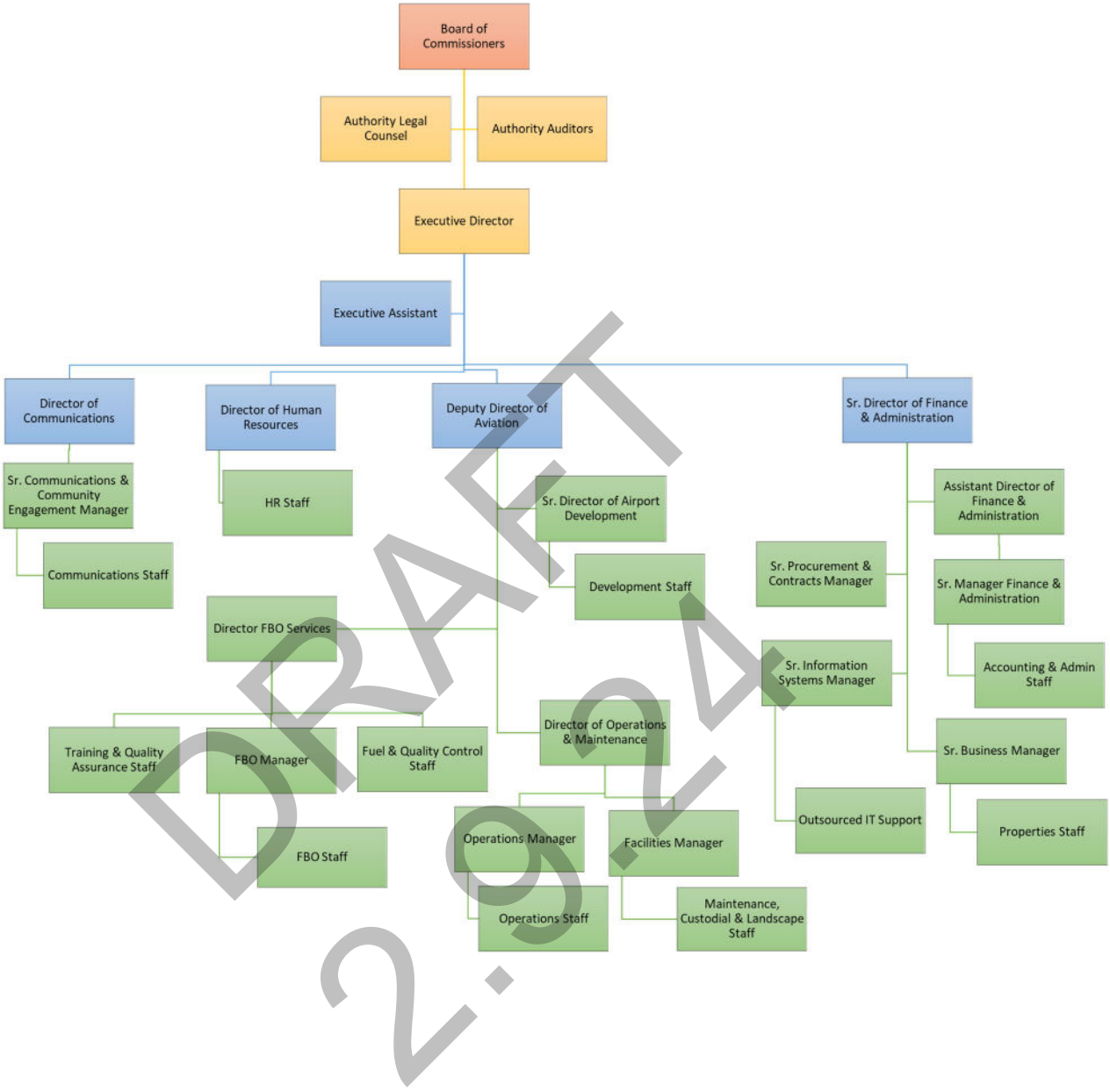
September 30, 2022

Christopher P. Morrill

Executive Director/CEO

DRAFT 2.9.24

City of Naples Airport Authority
Organizational Chart



DRAFT 2.9.24

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

DRAFT 2.9.24

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2023 and 2022, and the respective change in financial position and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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 America.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

DRAFT 2.9.24

Board of Commissioners
City of Naples Airport Authority

Supplementary 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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.

DRAFT 2.9.24

Certified Public Accountants

Tampa, Florida
DATE

PAGE INTENTIONALLY LEFT BLANK

DRAFT
2.9.24

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, 2023 and 2022, with selected comparative information for the fiscal year ended September 30, 2021. 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:

	2023	2022	2021
Aviation fuel gallons sold	11,058,323	13,154,954	11,323,881
% increase (decrease) from prior year	-15.9%	16.2%	35.8%
Aircraft operations	119,075	122,281	113,137
% increase (decrease) from prior year	-2.6%	8.1%	0.3%

In fiscal year 2023, jet operations accounted for 38% of the total aircraft operations, while jet fuel sales accounted for 97% of the aviation gallons sold.

DRAFT 2.9.24

Financial Highlights and Summary

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

	2023	2022	2021
Total operating revenues, net	$ 32,646,264	$ 32,872,111	$ 29,946,587
Total non-operating revenues	6,581,145	292,080	454,718
Total revenues	39,227,409	33,164,191	30,401,305
Total operating expenses	31,092,321	26,045,135	19,307,242
Total non-operating expenses	-	1,968,837	-
Total expenses	31,092,321	28,013,972	19,307,242
Income before capital contributions	8,135,088	5,150,219	11,094,063
Capital contributions	2,870,822	2,049,620	894,973
Increase in net position	11,005,910	7,199,839	11,989,036
Beginning net position	124,158,842	116,959,003	104,969,967
Ending net position	$ 135,164,752	$ 124,158,842	$ 116,959,003

DRAFT 2.9.24

Operating revenues for 2023 decreased $225,847, or 0.7%, over the prior year primarily due to lower fuel sales as a result of Hurricane Ian. Operating revenues for 2022 increased $2,925,524, or 9.8%, over 2021 primarily due to $2,039,315 in higher fuel sales.

In 2023, non-operating revenues were up by $6,289,065 or 2,153.2%. This was due to insurance proceeds from our Hurricane Ian insurance claims and the change in fair value of investments.

In 2022, non-operating revenues were down by $162,638 or 35.8%. This was due to a decrease in customer facility charges.

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

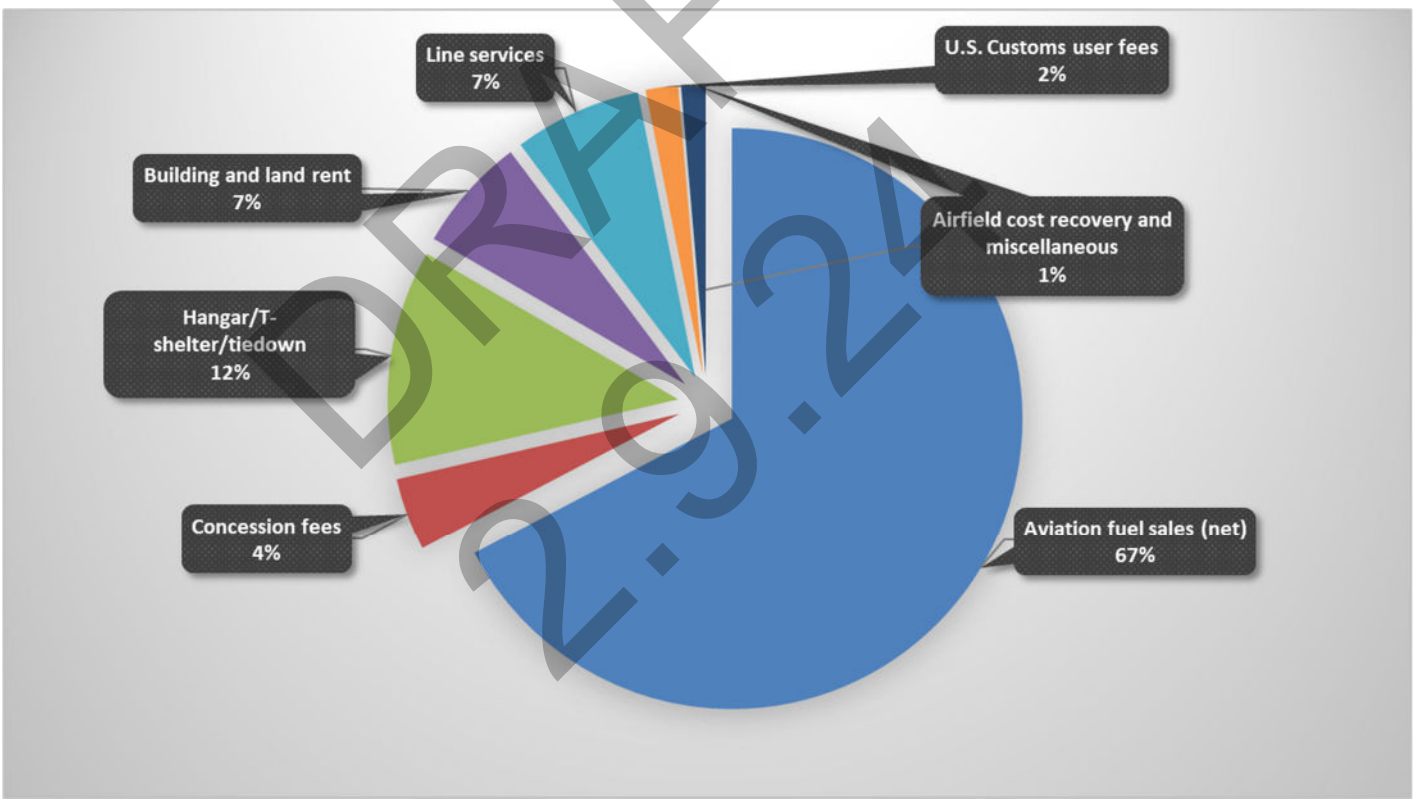
In 2023, total operating expenses rose $5,047,183 a 19.7% increase over the prior year. Personnel costs increased $2,277,872 or 18.5% due to additional personnel, cost of living increases and higher benefits costs. Professional fees increased $404,130 or 16.1% primarily due to the noise study.

In 2022, total operating expenses rose $6,737,893, a 34.9% increase over the prior year. Personnel costs increased $3,547,257 or 40.4% due to additional personnel needed to meet growing demand, annual merit and cost of living increases, and benefits costs. Professional fees increased $820,337 or 48.6% primarily due to the noise study, recruiting fees, and outsourced IT services.

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 fiscal 2023, 2022 and 2021, capital contributions were $2,870,822, $2,049,620, and $894,973, respectively.

The following chart shows the major sources of operating revenues as a percentage of total operating revenues for the year ended September 30, 2023:

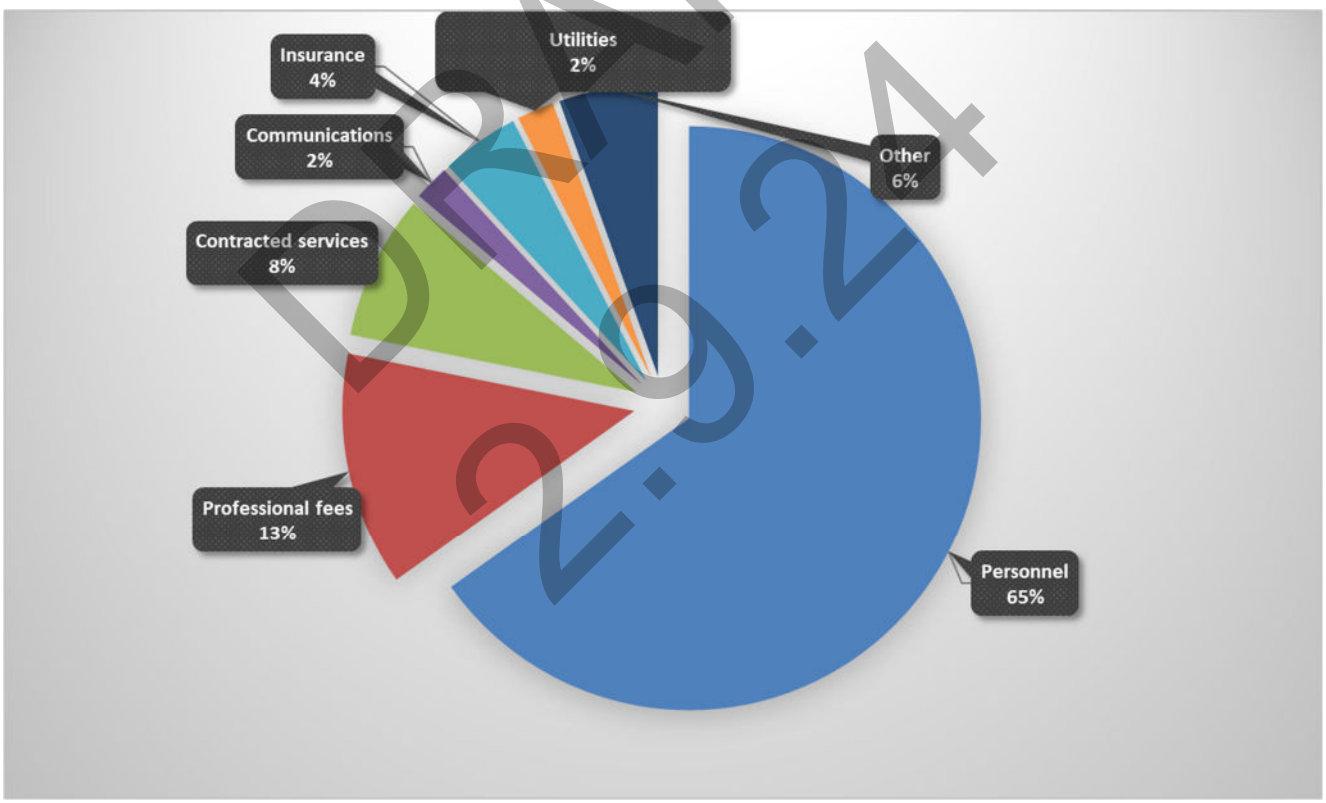


DRAFT 2.9.24

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

	2023	2022	2021
Operating revenues:			
Aviation fuel sales (net)	$ 21,974,787	$ 22,934,029	$ 20,889,892
Concession fees	1,326,207	1,343,510	1,104,414
Hangar/T-shelter/tiedown	3,910,421	3,916,892	3,772,690
Building and land rent	2,084,615	1,803,117	1,690,009
Line services	2,317,245	1,743,391	1,681,145
U.S. Customs user fees	588,025	779,595	613,275
Airfield cost recovery and miscellaneous	444,964	351,577	195,162
Net operating revenues	$ 32,646,264	$ 32,872,111	$ 29,946,587

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, 2023:



DRAFT 2.9.24

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

	2023	2021	2021
Operating expenses:			
Personnel	$ 14,602,544	$ 12,324,672	$ 8,777,415
Professional fees	2,913,962	2,509,832	1,689,495
Contracted services	1,798,119	1,457,886	1,282,184
Communications	442,172	343,673	231,373
Insurance	966,150	746,328	754,922
Utilities	460,637	404,790	336,750
Maintenance and repairs	2,363,014	1,807,765	1,199,056
Depreciation and amortization	6,317,432	5,351,514	4,352,224
Other	1,228,291	1,098,675	683,823
Total operating expenses	$ 31,092,321	$ 26,045,135	$ 19,307,242

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

	2023	2022	2021
Current assets	$ 42,641,804	$ 31,516,832	$ 59,605,984
Long-term investments	27,765,828	30,716,521	-
Capital assets (after depreciation)	87,377,103	83,761,465	74,628,843
Total assets	157,784,735	145,994,818	134,234,827
Current liabilities	5,973,825	5,104,084	7,109,809
Non-current liabilities	16,646,158	16,731,892	10,166,015
Total liabilities	22,619,983	21,835,976	17,275,824
Net Position			
Investment in capital assets	85,374,981	82,417,199	70,590,379
Restricted	2,958,866	2,701,038	2,462,643
Unrestricted	46,830,905	39,040,605	43,905,981
Net position	$ 135,164,752	$ 124,158,842	$ 116,959,003

DRAFT 2.9.24

In 2023, total assets increased by $11.8 million, or 8.1%. The majority of this increase, $9.2 million, is an increase in investments due to increasing the Authority's investment portfolio. Total liabilities increased by $0.8 million or 3.6%. The majority of this increase, $0.8 million, is an increase in accrued expenses and other liabilities from the Authority's Accrued Salaries and Benefits.

In 2022, total assets increased by $11.8 million, or 8.8%. The majority of this increase, $9.1 million, is an increase in capital assets due to several large capital projects. Total liabilities increased by $4.6 million or 26.4%. The majority of this increase, $6.3 million, is an increase in unearned revenue from the

Authority's lease term buy-back program, this was offset by a decrease of $2.0 million in accounts payable and accrued expenses.

The Authority's total assets exceeded liabilities by $135.2 million in 2023 and $124.2 million in 2022. The largest portion of the Authority's net position each year (63.2% of total net position for 2023) represents its investment in capital assets (e.g. land, infrastructure, buildings, improvements, intangible assets and equipment). Restricted net position of $3.0 million (2.2% of total net position for 2023) 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 $46.8 million of net position (34.6% of total net position for 2023) 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 2023 and 2022, the Authority's current ratio was 7.1 and 6.2 respectively. In 2021, the current ratio was 8.4. The decline from 2021 is due to the Authority's investing excess cash into longer term investments.

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.

	2023	2022	2021
Cash flows from :			
Operating activities	$ 7,625,945	$ 19,219,887	$ 19,708,149
Capital related financing activities	(2,108,931)	(14,472,305)	(6,296,369)
Investing activities	234,379	(32,845,475)	(5,330,855)
Net increase (decrease) in cash and cash equivalents	5,751,393	(28,097,893)	8,080,925
Cash and cash equivalents:			
Beginning of year	24,207,923	52,305,816	44,224,891
End of year	$ 29,959,316	$ 24,207,923	$ 52,305,816

The Authority's available cash and cash equivalents were $29.9 million and $24.2 million at the end of 2023 and 2022, respectively. This increase of $5.7 million or 23.5% is due to the Authority investing excess cash and investments primarily in FL Class and U.S. Treasuries during 2023 per the Authority's investment policy.

In October 2019, the Authority's Board of Commissioners approved an investment policy in accordance with Florida Statute 218.415. As of September 30, 2023 and 2022, the authority's investment balance was $50,822,100 and $36,553,441, respectively.

DRAFT 2.9.24

Capital Acquisitions and Construction Activities

At the end of 2023, the Authority had $87.4 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 $3.6 million or 4.3% over the prior year.

During 2023, completed projects and capital purchases totaling $5.9 million were closed from construction-in-progress to their respective capital asset accounts. The major completed projects were:

AOB Remodel - FY 2022	$ 1,990,657
Security Improvement Project	1,723,089
Airport Security Upgrade	1,151,091
Hangar Door Replacement (20)	308,909
Various other assets	732,502
	$ 5,906,248

At the end of 2023, major projects within construction-in-progress consisted of the following:

Runway 5-23 Drainage Improvements - Phase 3	$ 3,014,406
Navaids & Navaids Upgrades	1,296,811
North Quad Landfill Rehab	403,384
Airport Perimeter Road Fence	398,119
Fuel Farm Upgrade	257,108
Facility Shop Improvements	224,446
Long Term Parking Extension	194,988
North Quad Site Prep Construction	189,031
Airfield Lights	165,379
Various other projects	1,322,485
	$ 7,466,157

DRAFT 2.9.24

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 2023, 2022, and 2021.

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 hangar 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 and emergency operating reserves of $14,000,000. The Authority may also receive state and federal 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. The office is located at 160 Aviation Drive North, Naples, Florida, 34104 and the Authority's phone number is 239-643-0733.

DRAFT
2.9.24

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
September 30, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	**$ 27,000,450**	$ 21,506,885
Restricted cash	**2,958,866**	2,701,038
Investments	**10,757,012**	5,836,920
Interest receivable	**192,341**	-
Accounts receivable (net)	**507,037**	237,581
Inventories	**702,643**	970,831
Due from governmental agencies	**81,906**	-
Prepaid expenses	**441,549**	263,577
Total current assets	**42,641,804**	31,516,832
NONCURRENT ASSETS		
Investments	**27,765,828**	30,716,521
Capital assets, net of accumulated depreciation	**87,377,103**	83,761,465
Total noncurrent assets	**115,142,931**	114,477,986
Total assets	**157,784,735**	145,994,818
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	**1,413,276**	2,118,282
Accounts payable - capital improvements	**2,002,122**	1,344,266
Unearned revenue	**305,348**	313,106
Unearned revenue - lease term buy-back program	**25,397**	25,397
Compensated absences	**172,356**	88,221
Accrued expenses and other liabilities	**2,055,326**	1,214,812
Total current liabilities	**5,973,825**	5,104,084
NONCURRENT LIABILITIES		
Compensated absences	**733,655**	793,993
Unearned revenue - lease term buy-back program	**15,912,503**	15,937,899
Total noncurrent liabilities	**16,646,158**	16,731,892
Total liabilities	**22,619,983**	21,835,976
NET POSITION		
Investment in capital assets	**85,374,981**	82,417,199
Restricted for rental car facility improvements	**2,958,866**	2,701,038
Unrestricted	**46,830,905**	39,040,605
Total net position	**$ 135,164,752**	$ 124,158,842

DRAFT 2.9.24

The notes to the financial statements are an integral part of this statement.

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended September 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Aviation fuel sales (net)	**$ 21,974,787**	$ 22,934,029
Concession fees	**1,326,207**	1,343,510
Hangar and tiedown rent	**3,910,421**	3,916,892
Building and land rent	**2,084,615**	1,803,117
Line services	**2,317,245**	1,743,391
U.S. Customs user fees	**588,025**	779,595
Airfield cost recovery and miscellaneous	**444,964**	351,577
Net operating revenues	**32,646,264**	32,872,111
OPERATING EXPENSES		
Personnel	**14,602,544**	12,324,672
Professional fees	**2,913,962**	2,509,832
Contracted services	**1,798,119**	1,457,886
Maintenance and repair	**2,363,014**	1,807,765
Insurance	**966,150**	746,328
Credit card fees	**517,155**	548,211
Utilities	**460,637**	404,790
Communications	**442,172**	343,673
Pilot services	**276,294**	229,593
Office supplies	**308,747**	210,608
Dues and subscriptions	**120,615**	88,436
Depreciation and amortization	**6,317,432**	5,351,514
Miscellaneous	**5,480**	21,827
Total operating expenses	**31,092,321**	26,045,135
Operating income	**1,553,943**	6,826,976
NON-OPERATING REVENUES (EXPENSES)		
Customer facility charges	**257,828**	238,395
Investment income (loss)	**2,203,778**	(1,718,837)
Claims and insurance settlements	**4,087,898**	-
Insurance deductible	**-**	(250,000)
Gain on disposal of capital assets	**31,641**	53,685
Total non-operating revenues (expenses)	**6,581,145**	(1,676,757)
Income before capital contributions	**8,135,088**	5,150,219
Capital contributions	**2,870,822**	2,049,620
Change in net position	**11,005,910**	7,199,839
Total net position - beginning	**124,158,842**	116,959,003
Total net position - ending	**$ 135,164,752**	$ 124,158,842

DRAFT 2.9.24

The notes to the financial statements are an integral part of this statement.

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
For Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	**$ 70,204,352**	$ 85,087,503
Cash payments to suppliers for goods and services	**(48,135,168)**	(54,189,746)
Cash payments for personnel services	**(14,443,239)**	(11,677,870)
Net cash provided by operating activities	**7,625,945**	19,219,887
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Customer facility charges	**257,828**	238,395
Acquisition and construction of capital assets	**(9,275,214)**	(17,178,334)
Capital contributed	**2,788,916**	2,413,949
Proceeds from sale of capital assets	**31,641**	53,685
Claims and insurance settlements	**4,087,898**	-
Net cash used in capital and related financing activities	**(2,108,931)**	(14,472,305)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	**(3,752,260)**	(33,265,059)
Interest and dividends on investments	**3,986,639**	419,584
Net cash provided by (used) investing activities	**234,379**	(32,845,475)
Net increase (decrease) in cash and cash equivalents	**5,751,393**	(28,097,893)
CASH AND CASH EQUIVALENTS, beginning of year	**$ 24,207,923**	$ 52,305,816
CASH AND CASH EQUIVALENTS, end of year	**$ 29,959,316**	$ 24,207,923
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION		
Restricted cash	**$ 2,958,866**	$ 2,701,038
Unrestricted cash and cash equivalents	**27,000,450**	21,506,885
	$ 29,959,316	$ 24,207,923

DRAFT 2.9.24

The notes to the financial statements are an integral part of this statement.

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
For Years Ended September 30, 2023 and 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	**$ 1,553,943**	$ 6,826,976
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	**6,317,432**	5,351,514
Changes in assets and liabilities		
Decrease (increase) in investment receivable	**(192,341)**	-
Decrease (increase) in accounts receivable	**(269,456)**	442,127
Decrease (increase) in inventories	**268,188**	(326,543)
Decrease (increase) in prepaid expenses	**(177,972)**	(78,537)
Increase (decrease) in accounts payable	**(705,006)**	231,468
Increase (decrease) in compensated absences	**23,797**	218,761
Increase in accrued expenses and other current liabilities	**840,514**	235,238
Increase in unearned revenue - lease term buy-back program	**(25,396)**	6,369,000
Increase (decrease) in unearned revenue	**(7,758)**	(50,117)
Total adjustments	**6,072,002**	12,392,911
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 7,625,945**	$ 19,219,887
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital contributions - decrease (increase) in due from government agencies	**$ (81,906)**	$ 206,648

The notes to the financial statements are an integral part of this statement.

DRAFT 2.9.24

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

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

B. Basis of presentation

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

C. Measurement focus

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

D. Basis of accounting

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

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

DRAFT 2.9.24

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 Executive Director and 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, 2023 and 2022, the allowance was $31,228, for both years.

DRAFT 2.9.24

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, liabilities and net position (continued)

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.

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.

DRAFT 2.9.24

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

The ranges of the estimated useful lives are as follows:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, liabilities and net position (continued)

Compensated absences

Full-time employees accrue vacation time based on their length of service. 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. Full-time employees also accrue 10 sick days per year. The Authority allows employees to carry over into subsequent fiscal years up to 600 hours of sick time. Employees exceeding 600 hours of sick time will be paid for 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 for 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.

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 customer facility charges, interest earned on bank and investment 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.

DRAFT 2.9.24

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

I. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year financial reporting and to facilitate comparison of financial data.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

The Authority's cash and cash equivalents balances include amounts deposited with commercial banks in interest bearing demand deposit accounts. 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.

DRAFT 2.9.24

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, 2023, the Authority has the following investments and maturities:

	2023 Fair Value	Weighted Average Maturity (Years)	Hierarchy Level
Investment by fair value level			
Debt securities			
U.S. Treasury Notes	$ 37,789,531	2.88	2
Municipal Bond	$ 733,309	3.00	2

	2023 Net Asset Value
Investment by net asset value	
FL Class Investment Pool	$ 12,106,919

DRAFT 2.9.24

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

Investments (Continued)

The FL Class investment pool is included in the Authority's cash and cash equivalents as the funds in this pool offer same-day liquidity of assets. FL Class is rated by S&P Global ratings. The current rating is 'AAAm'. The dollar weighted average days to maturity at September 30, 2023, was 43 days.

As of September 30, 2022, the Authority has the following investments and maturities:

	2022 Fair Value	Weighted Average Maturity (Years)	Hierarchy Level
Investment by fair value level			
Debt securities			
U.S. Treasury Notes	$ 36,329,611	2.62	2
Municplal Bond	$ 223,830	2.59	2

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

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.

DRAFT 2.9.24

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the years ended September 30, 2023 is as follows:

Fiscal Year 2023	Beginning Balance	Increases	Decreases/ Reclasses	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,973,788	$ -	$ -	$ 2,973,788
Construction in progress	4,799,177	8,772,538	6,105,558	7,466,157
Total capital assets not being depreciated	7,772,965	8,772,538	6,105,558	10,439,945
Capital assets being depreciated:				
Infrastructure	70,508,066	6,714,897	3,900	77,219,063
Buildings	42,773,590	2,353,546	-	45,127,136
Equipment	10,508,278	1,021,321	209,554	11,320,045
Improvements other than building	9,805,172	-	3,571,403	6,233,769
Vehicles	2,132,068	172,774	-	2,304,842
Intangible	2,372,557	-	813,928	1,558,629
Software	455,496	108,440	455,496	108,440
Furniture and office equipment	2,009,101	470,205	6,095	2,473,211
Total capital assets being depreciated	140,564,328	10,841,183	5,060,376	146,345,135
Less accumulated depreciation for:				
Infrastructure	35,706,050	3,011,961	3,900	38,714,111
Buildings	14,622,770	1,715,446	-	16,338,216
Equipment	7,600,590	721,298	205,864	8,116,024
Improvements other than building	2,487,693	190,765	-	2,678,458
Vehicles	1,142,435	271,392	-	1,413,827
Intangible	1,339,176	139,889	813,928	665,137
Software	455,496	11,223	455,496	11,223
Furniture and office equipment	1,221,618	255,458	6,095	1,470,981
Total accumulated depreciation	64,575,828	6,317,432	1,485,283	69,407,977
Total capital assets being depreciated, net	75,988,500	4,523,751	3,575,093	76,937,158
Total capital assets, net	$ 83,761,465	$ 13,296,289	$ 9,680,651	$ 87,377,103

In 2023, reported depreciation expense totaled $6,317,432.

DRAFT 2.9.24

NOTE 3 - CAPITAL ASSETS (Continued)

A summary of changes in capital assets for the year ended September 30, 2022 is as follows:

Fiscal Year 2022	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,973,788	$ -	$ -	$ 2,973,788
Construction in progress	8,359,707	11,387,737	14,948,267	4,799,177
Total capital assets not being depreciated	11,333,495	11,387,737	14,948,267	7,772,965
Capital assets being depreciated:				
Infrastructure	68,835,228	1,724,909	52,071	70,508,066
Buildings	32,739,566	10,134,974	100,950	42,773,590
Equipment	9,529,446	1,286,373	307,541	10,508,278
Improvements other than building	6,502,053	3,303,119	-	9,805,172
Vehicles	1,217,937	971,613	57,482	2,132,068
Intangible	2,327,577	59,463	14,483	2,372,557
Software	534,873	-	79,377	455,496
Furniture and office equipment	1,451,804	619,475	62,178	2,009,101
Total capital assets being depreciated	123,138,484	18,099,926	674,082	140,564,328
Less accumulated depreciation for:				
Infrastructure	33,281,330	2,424,720	-	35,706,050
Buildings	13,374,663	1,587,539	339,432	14,622,770
Equipment	7,338,769	329,717	67,896	7,600,590
Improvements other than building	2,119,647	368,046	-	2,487,693
Vehicles	1,002,228	182,202	41,995	1,142,435
Intangible	1,149,650	189,526	-	1,339,176
Software	517,817	95,997	158,318	455,496
Furniture and office equipment	1,059,032	173,767	11,181	1,221,618
Total accumulated depreciation	59,843,136	5,351,514	618,822	64,575,828
Total capital assets being depreciated, net	63,295,348	12,748,412	55,260	75,988,500
Total capital assets, net	$ 74,628,843	$ 24,136,149	$ 15,003,527	$ 83,761,465

In 2022, reported depreciation expense totaled $5,351,514.

DRAFT 2.9.24

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 2023	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated absences	$ 882,214	$ 23,797	$ -	$ 906,011	$ 172,356
Lease-Term Buy-Back program	15,963,296	-	25,397	15,937,899	25,397
Total noncurrent liabilities	$ 16,845,510	$ 23,797	$ 25,397	$ 16,843,910	$ 197,753

Fiscal Year 2022	Ending Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated absences	$ 663,453	$ 218,761	$ -	$ 882,214	$ 88,221
Lease-Term Buy-Back program	9,594,296	6,394,397	25,397	15,963,296	25,397
Total noncurrent liabilities	$ 10,257,749	$ 6,613,158	$ 25,397	$ 16,845,510	$ 113,618

DRAFT 2.9.24

NOTE 6 - REGULATED LEASES

The Authority subleases land and leases certain buildings to various tenants with lease terms extending out to 2053. There are no variable lease payments associated with regulated leases. In fiscal year 2022, the Authority adopted GASB 87, which requires revenue from regulated leases to be recorded in the period received. Total revenue from regulated leases for the years ended September 30, 2023, and 2022 were $1,761,271 and $1,381,169. Following is a schedule of future minimum leases payments on regulated leases.

Year Ending September 30,	Amount
2024	$ 1,179,900
2025	1,173,713
2026	1,194,972
2027	1,217,244
2028	1,239,961
2029-2033	5,745,392
2034-2038	5,000,036
2039-2043	4,760,326
2044-2048	2,770,947
2049-2053	942,778
Total	$ 25,225,269

DRAFT 2.9.24

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, 2023 and 2022 was $1,048,243 and $747,961, 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, 2023 and 2022 was $10,479,993 and $9,077,126, and its covered payroll was $10,226,782 and $8,957,775, respectively.

The plan is exempt from the Employee Retirement Income Security Act (ERISA). Therefore, the plan does not issue a separate audited financial report. The post-employment retirement benefit plan is administered by MissionSquare Retirement.

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, 2023 and 2022, the Authority paid $966,150 and $746,328, 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, 2023 and 2022, the Authority collected $257,828 and $238,395, respectively. The restricted balance at September 30, 2023 and 2022 was $2,958,866 and $2,701,038, 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, 2023 and 2022 for these services were $977,239 and $979,158, respectively.

DRAFT 2.9.24

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 2023	Inception-to-date
Federal	$ 2,742,134	$ 48,080,121
State	128,688	21,994,683
City of Naples	-	201,763
Collier County	-	162,976
Other	-	5,487,809
Total	$ 2,870,822	$ 75,927,352

NOTE 12 - COMMITMENTS AND CONTINGENCIES

At September 30, 2023, the Authority had in process various construction, consulting and engineering contracts totaling $19,434,140. Expenditures on these contracts were $5,955,440, leaving commitments of up to $13,163,100.

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.

On September 28, 2022, Hurricane Ian hit Southwest Florida causing widespread flooding in the coastal areas, including over four feet of storm surge to parts of the airfield. The Authority had significant damage to the airfield lighting system and signs. Temporary repairs were made in the weeks following the hurricane to keep the airport operational. It was determined, that due to the saltwater intrusion into the electrical systems of the airfield lighting and signs, the entire system will need to be replaced. The cost of this project is expected to be approximately $10,000,000, however, the exact cost will not be known until the project is put out to bid in FY 2024 after the design phase is complete.

The Authority has filed a claim with its property insurance carrier as well with the Federal Emergency Management Agency (FEMA). The Authority received a claim determination letter from its property insurance carrier as well as an advance payment of $4,000,000 toward the airfield lighting system. The Authority continues to work with the insurance company and FEMA to quantify the extent of the loss and the amount of proceeds the Authority will receive from insurance and FEMA. The Authority accrued the minimum deductible of $250,000 at September 30, 2022.

DRAFT 2.9.24

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.

Contents **Page**

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.

DRAFT 2.9.24

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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

NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Investment in Capital Assets	$55,323,000	$60,372,000	$60,738,000	$61,937,000	$62,770,767	$65,145,384	$ 67,683,601	$ 67,683,601	$ 82,417,199	$ 85,374,981
Restricted	928,000	1,173,000	1,381,000	1,587,000	1,804,601	2,016,021	2,232,216	2,232,216	2,701,038	2,958,866
Unrestricted	17,763,000	17,185,000	19,071,000	21,899,000	26,156,608	30,520,200	35,054,150	35,054,150	39,040,605	46,830,905
Total net position	$65,761,000	$67,776,000	$74,014,000	$78,730,000	$81,190,000	$85,423,000	$ 104,969,967	$ 104,969,967	$ 124,158,842	$ 135,164,752

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

DRAFT 2.9.24

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

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OPERATING REVENUES										
Fuel sales (net)	$ 7,905,000	$ 8,310,000	$ 8,786,000	$ 9,334,000	$ 10,519,749	$ 12,731,215	$ 14,091,971	$ 20,889,892	$ 22,934,029	$ 21,974,787
Concession fees	732,000	810,000	716,000	682,000	737,196	752,856	927,197	1,104,414	1,343,510	1,326,207
Hangar/T-shelter/tiedown	2,268,000	2,439,000	2,413,000	2,515,000	2,596,552	2,565,188	3,084,585	3,772,690	3,916,892	3,910,421
Building and land rent	1,221,000	1,256,000	1,327,000	1,388,000	1,384,597	1,341,961	1,570,082	1,690,009	1,803,117	2,084,615
Line services	639,000	738,000	698,000	731,000	771,255	856,594	1,096,214	1,681,145	1,743,391	2,317,245
U.S. Customs user fees	251,000	277,000	311,000	357,000	442,355	440,080	322,415	613,275	779,595	588,025
Airfield cost recovery and miscellaneous	5,000	15,000	28,000	19,000	101,173	43,409	133,459	195,162	351,577	444,964
Net operating revenues	13,021,000	13,845,000	14,279,000	15,026,000	16,552,877	18,731,303	21,225,923	29,946,587	32,872,111	32,646,264
OPERATING EXPENSES										
Personnel	4,556,000	4,982,000	5,385,000	5,828,000	5,916,133	6,810,799	7,403,329	8,777,415	12,324,672	14,602,544
Professional fees	628,000	706,000	783,000	811,000	1,142,966	2,182,919	2,522,005	2,971,679	3,967,718	4,712,081
Communications	185,000	121,000	199,000	151,000	128,904	187,630	201,655	231,373	343,673	442,172
Insurance	447,000	464,000	461,000	449,000	445,628	531,657	616,790	754,922	746,328	966,150
Utilities	277,000	251,000	265,000	274,000	366,675	316,273	338,153	336,750	404,790	460,637
Office/postage/printing	126,000	134,000	116,000	83,000	107,959	90,053	74,097	72,623	210,608	308,747
ATCT, ARFF and police service	664,000	700,000	715,000	630,000	799,278	-	-	-	-	-
U.S. Customs	317,000	309,000	295,000	313,000	301,876	-	-	-	-	-
Dues/subscriptions/fees	39,000	49,000	43,000	89,000	60,513	54,227	45,335	60,718	88,436	120,615
Auto gas and diesel fuel	73,000	61,000	48,000	50,000	61,392	64,068	43,947	55,694	-	-
Pilot services	59,000	68,000	64,000	112,000	125,607	106,553	88,744	124,897	229,593	276,294
Maintenance and repair	610,000	541,000	1,097,000	646,000	915,323	1,122,471	1,299,867	1,199,056	1,807,765	2,363,014
Credit card fees	-	-	-	-	-	239,443	279,095	369,891	548,211	517,155
Depreciation and amortization	3,432,000	3,619,000	3,791,000	3,703,000	3,714,010	3,911,422	4,151,963	4,352,224	5,351,514	6,317,432
Miscellaneous	-	-	-	-	-	-	64,173	-	21,827	5,480
Total operating expenses	11,413,000	12,005,000	13,262,000	13,139,000	14,086,264	15,617,515	17,129,153	19,307,242	26,045,135	31,092,321
Operating income (loss)	1,608,000	1,840,000	1,017,000	1,887,000	2,466,613	3,113,788	4,096,770	10,639,345	6,826,976	1,553,943
NON-OPERATING REVENUES (EXPENSES)										
Customer facility charges	237,000	246,000	204,000	212,000	213,765	211,420	216,195	230,427	238,395	257,828
Interest revenue	68,000	59,000	109,000	228,000	228,000	920,765	510,943	180,410	(1,718,837)	2,203,778
Realized/unrealized gain (loss) on investments	(13,000)	21,000	-	-	511,927	-	-	-	-	-
Claims and insurance settlements	26,000	75,000	6,000	(43,000)	507,000	1,000,000	74,029	27,377	-	4,087,898
Hurricane recovery/repair	-	-	-	-	-	(906,459)	-	-	(250,000)	-
Gain (Loss) on disposal of capital assets	4,000	5,000	(16,000)	12,000	-	15,484	(100,770)	16,504	53,685	31,641
Total non-operating revenues (expenses)	322,000	406,000	303,000	409,000	1,460,692	1,241,210	700,397	454,718	(1,676,757)	6,581,145
Income (loss) before capital contributions	1,930,000	2,246,000	1,320,000	2,296,000	3,927,305	4,354,998	4,797,167	11,094,063	5,150,219	8,135,088
Capital contributions	4,308,000	2,470,000	1,140,000	1,937,000	1,925,957	2,595,629	2,491,195	894,973	2,049,620	2,870,822
Change in net position	$ 6,238,000	$ 4,716,000	$ 2,460,000	$ 4,233,000	$ 5,853,262	$ 6,950,627	$ 7,288,362	$ 11,989,036	$ 7,199,839	$ 11,005,910

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

DRAFT 2.9.24

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
2014	0.30	2.01	1.28	1.02	-	$ 0.91	$ 0.76	$ 0.53	$ -	$ -
2015	0.30	1.96	1.24	0.99	-	0.79	0.42	0.64	-	-
2016	0.30	1.93	1.23	1.00	-	0.81	0.50	0.59	-	-
2017	0.30	1.99	1.24	0.99	-	0.90	0.51	0.74	-	-
2018	0.30	2.00	1.23	0.98	-	0.90	0.46	0.82	-	-
2019	0.30	2.07	1.47	1.07	1.29	0.81	0.75	0.49	-	-
2020	0.35	2.31	-	1.66	1.37	1.55	1.10	0.65	1.08	0.97
2021	0.40	2.66	-	1.49	1.31	2.17	-	0.62	1.18	1.12
2022	0.40	2.42	-	1.67	1.34	2.31	-	0.70	1.04	-
2023	0.54	2.89	-	1.89	1.77	1.98	-	0.74	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
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
2022	521,826	2,013,197	-	9,696,568	1,121,185	13,352,776	75,168	-	103,582	145,254	-	324,004
2023	483,246	1,999,040	-	7,697,036	1,021,102	11,200,424	88,915	-	90,725	141,230	-	320,870

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
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
2022	208,730	4,872,869	-	16,233,946	1,507,833	22,823,378	140,872	-	37,158	136,528	-	314,558
2023	261,050	5,780,416	-	14,546,170	1,806,627	22,394,263	175,681	-	67,136	146,966	-	389,783

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.

DRAFT 2.9.24

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

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

	2023		2014	
Company	Gross Sales	% of Total Authority Fuel Sales	Gross Sales	% of Total Authority Fuel Sales
1 Net Jets/EJM	$ 11,306,892	18.9%	$ 5,995,431	17.7%
2 Flexjet, LLC	4,505,085	7.5%	1,345,097	4.0%
3 Elite Jets Charter, LLC	1,481,234	2.5%		
4 Fly Exclusive Jets LLC	1,332,718	2.2%		
5 Mountain Aviation. Inc	849,420	1.4%		
6 Wheels Up Partners c/o Gama Aviation	779,626	1.3%		
7 Jet Edge	655,732	1.1%		
8 Jet 1 Charter	625,498	1.0%		
9 Chartright Air Inc	565,486	0.9%		
10 Fly Alliance	507,597	0.9%		
Naples Jet Center			1,212,709	3.6%
Hertz Corporation			959,180	2.8%
Mercury Air Group - Flight Options			876,678	2.6%
Travel Management			568,418	1.7%
Delta Private Jet			404,092	1.2%
Xojet			313,911	0.9%
Avis			257,009	0.8%
Flight Management Services			212,279	0.6%
	$ 22,609,288	37.7%	$ 9,134,907	35.9%

Source: Authority's accounting records

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

	2023		2014	
Company	Gallons	% of Total Authority Gallons	Gallons	% of Total Authority Gallons
1 Net Jets/EJM	2,183,244	19.7%	1,299,244	21.2%
2 Flexjet	868,995	7.9%	273,464	4.5%
3 Elite Jets Charter, LLC	285,938	2.6%		
4 Fly Exclusive Jets LLC	241,167	2.2%		
5 Mountain Aviation. Inc	153,497	1.4%		
6 Wheels Up Partners c/o Gama Aviation	140,909	1.3%		
7 Jet 1 Charter	121,167	1.1%		
8 Jet Edge	119,150	1.1%		
9 Chartright Air Inc	104,093	0.9%		
10 QTPOD	98,668	0.9%		
Naples Jet Center			245,097	4.0%
Mercury Air Group - Flight Options			176,429	2.9%
Travel Management			113,137	1.9%
Delta Private Jet			78,077	1.3%
Hertz Corporation			65,879	1.1%
Xojet			62,132	1.0%
Flight Management Services			45,151	0.7%
Northern Jet Management			41,635	0.7%
	4,316,828	39.1%	2,400,245	39.3%

Source: Authority's accounting records

DRAFT 9.24

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
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%
2022	15,000,000	-	0.0%
2023	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.

DRAFT 2024

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
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	3.2%
2020	19,115	2,110,736	110,423	383,166	38,252,405	99,832	5.7%
2021	19,186	2,193,689	114,338	389,754	40,816,238	104,723	3.6%
2022	19,372	2,459,101	126,941	390,912	45,539,558	116,496	2.8%

Sources: Population, personal income and per capita personal income for City of Naples provided by City of Naples, Florida, Annual Comprehensive Financial Report, 2022, Schedule 14
Population, personal income and per capita personal income for Collier County provided by Collier County, Florida, Annual Comprehensive Financial Report, 2022, page 176
Unemployment information provided by the U.S. Department of Labor, Bureau of Labor Statistics.

Note: Data on Demographic and Economic for 2023 not yet available.

CITY OF NAPLES AIRPORT AUTHORITY
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS

PRINCIPAL EMPLOYERS

	2022			2013		
Employer	**Rank**	**Number of Employees**	**Percent of Total County Employment**	**Rank**	**Number of Employees**	**Percent of Total County Employment**
Collier County Public Schools	1	5,704	3.61%	1	5,288	4.69%
NCH Healthcare System	2	4,113	2.60%	2	4,000	3.55%
Arthrex, Inc	3	3,605	2.28%	5	1,056	0.94%
Publix Supermarkets	4	3,100	1.96%	9	800	0.71%
Collier County Government (Excl Sheriff)	5	2,545	1.61%	3	2,157	1.91%
Collier County Sheriff's Office	6	1,446	0.92%	4	1,867	1.66%
Ritz Carlton Hotel	7	1,100	0.70%	6	1,100	0.98%
JW Marriott - Marco Island	8	1,089	0.69%			
Seminole Casino- Immokalee	9	900	0.57%			
City of Naples	10	510	0.32%			
Gargiulo, Inc.				7	1,100	0.98%
Hometown Inspection Svs.				8	900	0.80%
Waldort Astoria (Registry Resort)				10	760	0.67%
Other employers		133,789	84.73%		93,650	83.11%
Totals		157,901	100.00%		112,678	100.00%

Source: Collier County, Florida, Annual Comprehensive Financial Report, 2022

Note: Data on Principal Employers for 2023 not yet available.

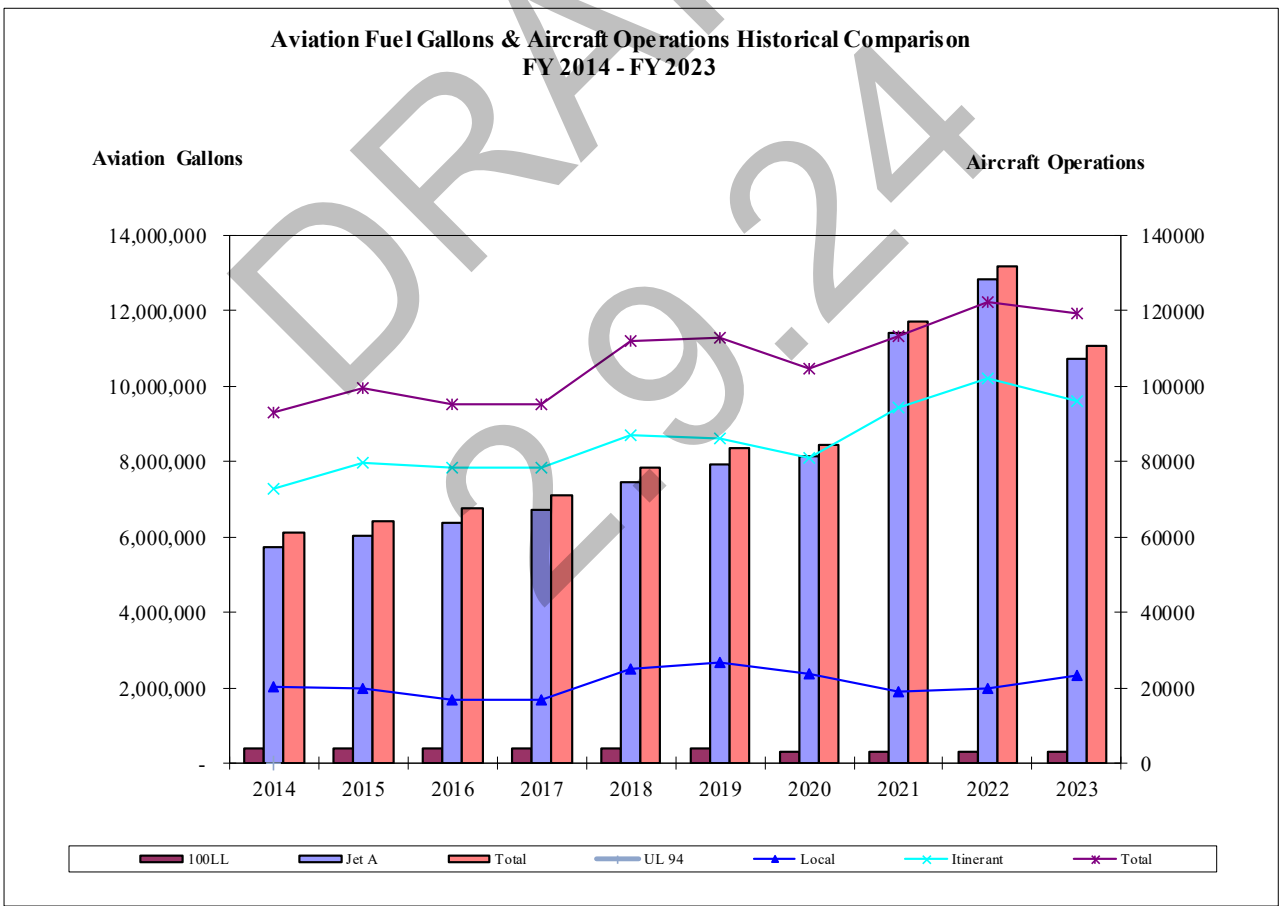
DRAFT 2.9.24

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	UL 94	Total	Local	Itinerant	Total
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
2022	324,004	12,830,950	-	13,154,954	20,006	102,275	122,281
2023	321,164	10,726,969	10,190	11,058,323	23,227	95,848	119,075

Source: Authority's Operations and Finance Department records



DRAFT 9.24

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Customer Service	35.4	38.6	39.4	37.0	36.0	37.0	44.0	51.0	73.0	75.0
Operations	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0	9.0	9.0
Airport Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Facilities & Custodial	17.0	17.2	18.1	16.0	19.0	19.0	19.0	19.0	20.0	20.0
Security	2.0	1.8	2.1	2.0	2.0	2.0	3.0	4.0	2.0	3.0
Administration	6.2	7.0	7.3	7.0	4.0	8.0	7.0	11.0	14.0	19.0
HR	-	-	1.0	1.0	1.0	2.0	2.0	3.0	3.0	3.0
Executive	2.9	3.0	3.0	4.0	6.0	7.0	4.0	4.0	4.0	3.0
TOTAL EMPLOYEES	**67.5**	**71.6**	**74.9**	**71.0**	**72.0**	**79.0**	**85.0**	**98.0**	**127.0**	**135.0**

Source: Authority's payroll records

DRAFT 2.9.24

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 2013	$ 35,378,748	$ 13,219,413	$ 162,976	$ 201,763	$ 4,281,431	$ 52,145,562
2014	3,966,282	341,928	-	-	-	56,453,772
2015	436,737	1,902,645	-	-	130,512	58,923,666
2016	112,000	-	-	-	1,028,000	60,063,666
2017	1,434,756	454,099	-	-	47,865	62,000,387
2018	596,913	1,329,044	-	-	-	63,926,344
2019	191,450	2,404,179	-	-	-	66,521,973
2020	339,107	2,152,088	-	-	-	69,013,168
2021	862,574	32,399	-	-	-	69,908,141
2022	2,019,620	30,000	-	-	-	71,957,761
2023	2,742,134	128,688	-	-	-	74,828,583
	$ 48,080,321	$ 21,994,483	$ 162,976	$ 201,763	$ 5,487,809	$ 75,927,352

Source: Authority's financial statements and accounting records

DRAFT 2.9.24

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

DRAFT 2.6.24

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, 2023 and have issued our report thereon dated **DATE**.

Report on 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

Report on 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
2.9.24

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

Report on Compliance for Each Major Federal Program

Opinion on 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 fiscal year ended September 30, 2023. 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.

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, 2023.

Basis for Opinion for Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

DRAFT 2.9.24

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

DRAFT 2.9.24

Report on Internal Control over Compliance *(Continued)*

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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

DRAFT
2.9.24

PAGE INTENTIONALLY LEFT BLANK

DRAFT
2.9.24

PAGE INTENTIONALLY LEFT BLANK

DRAFT
2.9.24

PAGE INTENTIONALLY LEFT BLANK

DRAFT
2.9.24

PAGE INTENTIONALLY LEFT BLANK

DRAFT
2.9.24

PAGE INTENTIONALLY LEFT BLANK

DRAFT
2.9.24

MSL
Certified Public Accountants

MANAGEMENT LETTER

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

DRAFT 2.9.24

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, 2023 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; 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) 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 Federal 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, 2022.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Authority reported:

a. The total number of Authority employees compensated in the last pay period of the Authority fiscal year as 135.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as $0.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $10,479,993.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $0.

DRAFT 2.9.24

e. Each construction project with a total cost of at least $65,000 approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as listed below:

• Facilities Building	$89,785
• NAVAIDS improvements	$1,761,475
• GA parking lot	$600,285
• Airport Road perimeter fence	$530,750
• Pilot lounge renovation	$232,962
• Airport Road landscape improvements	$1,607,678
• Runway lighting & vault rehab	$1,092,727
• 5-23 Interior perimeter road construction & admin	$1,240,850
• Runway 5-23 Drainage Improvement Phase 3	$5,397,767
• A-3 relocation construction & admin	$1,756,532
• A&B safety improvements construction & admin	$2,403,426
• GAT ramp lighting	$214,775

A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes, as $0.

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

DRAFT 2.9.24

MSL
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

We have examined the compliance of the City of Naples Airport Authority (the "Authority") with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023. The Authority's 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 AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with the aforementioned requirements in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Authority's compliance with those requirements, 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.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the Authority's compliance with the specified requirements.

In our opinion, the Authority complied with the aforementioned requirements for the fiscal year ended September 30, 2023, in all material respects.

Certified Public Accountants

Tampa, Florida
DATE

DRAFT 2.9.24