

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015



**CITY OF NAPLES AIRPORT AUTHORITY
NAPLES, FLORIDA**

NAPLES MUNICIPAL AIRPORT

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NAPLES, FLORIDA**

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FINANCIAL REPORT**

**AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2016 AND 2015**

Prepared By:

FINANCE DEPARTMENT

CITY OF NAPLES AIRPORT AUTHORITY

Comprehensive Annual Financial Report

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September 30, 2016 and 2015

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**INTRODUCTORY
SECTION**

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CITY OF NAPLES AIRPORT AUTHORITY
160 AVIATION DRIVE NORTH • NAPLES, FLORIDA 34104-3568

ADMINISTRATION (239) 643-0733/ FAX 643-4084
OPERATIONS 643-0404/FAX 643-1791, E-MAIL administration@flynaples.com

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

We are pleased to present to you the accompanying Comprehensive Annual Financial Report of the City of Naples Airport Authority (the Authority) for the fiscal years ended September 30, 2016 and 2015. 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, 2016 and 2015 was completed by the Authority's independent auditors, CliftonLarsonAllen LLP. 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, 2016 and 2015 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 auditor 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, 2016 and 2015 are fairly presented in conformity with GAAP. The independent auditors' report is the first component of the Financial Section of this report.

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

The Airport

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

Naples Municipal 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.

Historically, the Naples Municipal Airport has been classified in the National Plan of Integrated Airport Systems as a primary commercial service airport (a commercial service airport which enplanes 10,000 or more passengers each year). Naples Municipal Airport was the only commercial service airport in Collier County and was ranked (by passenger count) as the smallest commercial service airport in Florida. In October 2008, the only air carrier operating at the Naples Municipal Airport discontinued service. In February of 2016, commercial service was reintroduced when one carrier started offering a limited number of flights.

General aviation has always generated the majority of aircraft activity at Naples Municipal Airport. Of the 95,050 aircraft operations (one operation is one landing or one takeoff) at Naples Municipal Airport during fiscal year 2016, all but 348 operations (air carrier and military) were attributed to general aviation. All types of aircraft, from small piston engine trainers to large business jets, can be seen at the Naples Municipal Airport. Use of the airport is restricted to aircraft less than 75,000 pounds maximum gross landing weight supported by dual landing gear, and Stage 1 and Stage 2 jets are banned, except for public agency and emergency medical flights.

The Authority

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

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

The Authority financially supports itself directly from aviation fuel sales and airport user fees, and indirectly by airport user taxes. 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 trust funds established largely from aviation fuel taxes and airline ticket taxes. The Authority pays the City of Naples for utility, police and firefighting services and also built, equips and maintains City Fire Station #3, as well as several storm-water and environmental facilities. The Authority builds and maintains internal roadways and utilities and has constructed many of the external roadway improvements, including horticultural beautification and bicycle paths.

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

Financial Condition of the Authority

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

The financial condition of the Authority is primarily dependent upon aviation fuel sales, unlike the majority of U.S. airports that are monetarily supported by significant commercial

airline service and/or general taxpayer dollars. Aviation fuel sales, in turn, are usually dependent upon several factors, including the economic conditions in the United States and locally. The Authority's local customer base somewhat offsets the impact of a nationwide economic slowdown. The economic landscape of Collier County is quite different from much of the country. Due to the prosperous tourism market and the large number of very wealthy people, the local economy can be insulated, however, the recent economic downturn impacted the activity at the Naples Municipal Airport and the local community. Like other area businesses and governmental agencies, the Authority reduced its staffing levels in 2009 to help offset the \$1.7 million or 15.2% reduction in net operating revenues over the prior year. Operating revenues increased 6.3% for 2016, and the Authority has been increasing staffing to meet the increased traffic and demand for services.

For fiscal year 2016, net fuel sales made up 62% of the Authority net operating revenues. The Authority's selling price of aviation fuel is based on a cost-plus formula in accordance with the published rates and charges set by the Executive Director. The Authority maintains the exclusive right to retail fuel sales at the Naples Municipal 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 based on a reasonable rate of return, in addition to meeting the requirements of maintenance, operating costs and capital recovery. These rates and charges, as a package, maintain and enhance the healthy financial condition of the Authority. It should be noted that there are significant regulatory guidelines that must be considered when developing airport rates and charges. At a minimum, the Authority's rates and charges are updated annually.

As part of the Authority's planning process, a five year capital improvement program is also updated at least annually. In conjunction with the budgeting process, the Authority develops a five year cash flow forecast incorporating the five year capital improvement program and five year projections of operating revenues and expenses. These projections assist the Authority in determining the potential impact of capital projects on future budgets and future revenue requirements, enabling the Authority to develop successful plans.

For fiscal year 2016, the Authority maintained a \$4.0 million reserve for emergency operating and capital contingencies. The reserve has been maintained at this level since fiscal year 2012.

Current and Long-Term Capital Initiatives

The two major sources of outside funding for the Authority's capital improvement plan are the Federal Aviation Administration (FAA) and the Florida Department of Transportation (FDOT). The amount of funding that is provided by these two agencies is predicated on whether the airport is designated as a commercial service or general aviation airport. Until 2010, the Naples Municipal Airport was designated as a primary commercial service airport, with the Authority eligible for \$1 million per year in Entitlement Funding from the FAA under the Airport Improvement Program. Due to the loss of scheduled commercial air service, the Airport has lost that designation and was then eligible for \$150,000 per year in Entitlement Funding as a general aviation airport. The FAA Modernization and Reform Act of 2012 extended the \$1 million per year AIP funding through FY 2014 for airports that met the requirements in FY 2007, which included NAA. The Authority, as a publically-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. Several projects and equipment purchases begun in FY 2015 concluded in FY 2016, such as paving of the North and South ramps and construction of Taxiway F, and the installation of fiber optic cabling between the South and East Quads

Capital improvement projects slated for FY 2017 are budgeted at \$9.6 million, of which \$1.6 million is anticipated to come from the FAA and \$3.8 million from the FDOT. Improvements to the Taxiway A and Run-up Pad are being funded by the FAA at \$1.6 million and FDOT at \$90,000. Taxiway D West Quad Design is being funded by FDOT for \$320,000. FDOT is anticipated to fund additional pavement rehab costing \$800,000. Authority funds of \$1.2 million are budgeted for these participatory projects, with another \$3.0 million for non-assisted projects and equipment purchases.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Naples Airport Authority for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the tenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



Christopher A. Rozansky
Executive Director



Sheila J. Etelamaki
Sr. Director of Finance &
Administration

February 14, 2017

City of Naples Airport Authority



Donna M. Messer
Chair



John Nocera
Vice Chair



Dick Evans
Commissioner



James T. Rideoutte
Commissioner



Raymond Stricklen
Commissioner



Christopher A. Rozansky
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

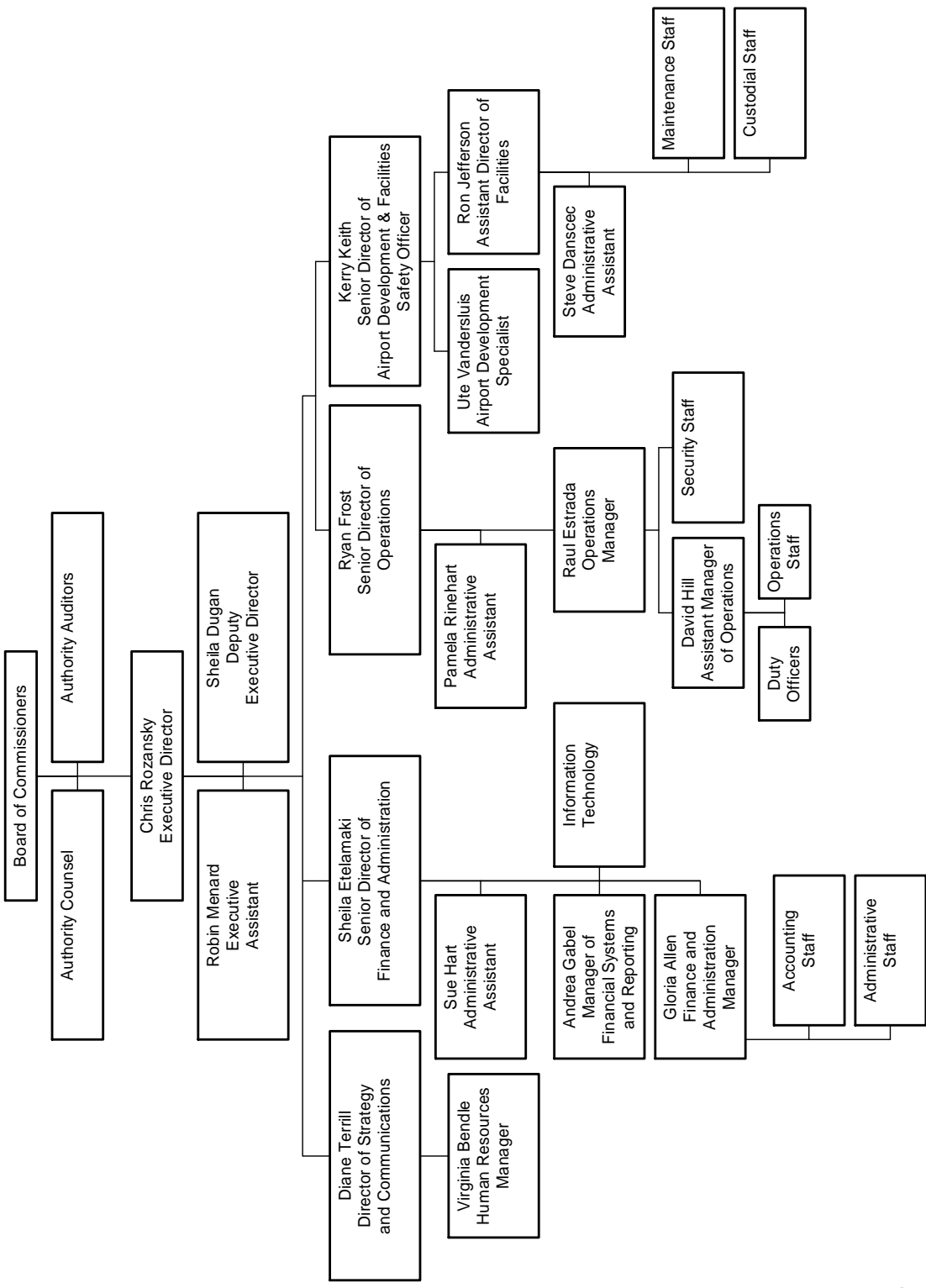
**City of Naples Airport Authority
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

City of Naples Airport Authority Organization Chart





**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Naples Airport Authority (Authority), as of and for the years ended September 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 12 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information


Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and the statistical sections and the schedule of revenues, receipts, expenses, and expenditures – Non-GAAP budgetary basis and actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, receipts, expenses and expenditures – Non-GAAP budgetary basis and actual 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 and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to 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 schedule of revenues, receipts, expenses and expenditures – Non-GAAP budgetary basis and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2017, 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 result 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
February 14, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016 and 2015, with selected comparative information for the fiscal year ended September 30, 2014. The information presented in this MD&A should be considered in conjunction with the accompanying financial statements, notes, and supplementary information found in this report. This information, taken collectively, is designed to provide readers with an understanding of the Authority's financial condition.

Airport Activities and Highlights

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Aviation fuel gallons sold	6,714,000	6,411,000	6,117,000
% increase (decrease) from prior year	4.7%	4.8%	21.7%
Aircraft operations	95,000	100,000	95,000
% increase (decrease) from prior year	(5.0)%	5.3%	3.3%

During fiscal year 2014, the number of gallons sold increased significantly from fiscal year 2013, due to competitive fuel pricing and higher traffic volume in the recovering economy. The growth in fuel sales in fiscal year 2015 slowed but was still a healthy pace. In FY 2016, the number of operations declined, however the quantity of gallons sold continued to increase. This reflects the changing mix of the aircraft using the airport, with fewer small transient piston planes flown by flight schools and recreational pilots. The statistic shows that departing aircraft are purchasing a greater number of gallons of fuel.

Naples Municipal Airport provided scheduled commercial air service to the community for 50+ years. In 2008 the Airport lost all scheduled commercial air service. While limited scheduled commercial air service has returned to Naples, passenger levels did not reach the threshold of 2,500 enplanements during FY 2016 to be classified as a nonprimary commercial service airport.

Financial Highlights and Summary

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total operating revenues, net	\$ 14,279,000	\$ 13,845,000	\$ 13,021,000
Total non-operating revenues	<u>319,000</u>	<u>406,000</u>	<u>335,000</u>
Total revenues	14,598,000	14,251,000	13,356,000
Total operating expenses	13,262,000	12,005,000	11,413,000
Total non-operating expenses	<u>16,000</u>	<u>-</u>	<u>13,000</u>
Total expenses	<u>13,278,000</u>	<u>12,005,000</u>	<u>11,426,000</u>
Income before capital contributions	1,320,000	2,246,000	1,930,000
Capital contributions	<u>1,140,000</u>	<u>2,470,000</u>	<u>4,308,000</u>
Increase in net position	2,460,000	4,716,000	6,238,000
Beginning net position	<u>78,730,000</u>	<u>74,014,000</u>	<u>67,776,000</u>
Ending net position	<u>\$ 81,190,000</u>	<u>\$ 78,730,000</u>	<u>\$ 74,014,000</u>

Operating revenues for FY 2016 increased \$434,000 over the prior year. This 3.1% increase is largely due to a \$476,000 or 5.7% increase in net fuel sales. Two new landhold leases contributed to the \$71,000 or 5.7% increase in building and land rents. This increase was tempered by a \$94,000 or 11.6% decrease in Concession fees, of which \$86,000 is attributed to car rental revenues. Car rental fees dropped \$86,000 or 12% at the Commercial and General Aviation terminals combined due to a decrease in revenues reported by the car rental agencies themselves.

Operating revenues for fiscal year 2015 increased \$824,000 over the prior year. This 6.3% increase is attributed largely to a \$405,000 or 5.1% increase in net fuel sales. New hangar rental space was available this year with the Authority's purchase of a hangar and rental income increased by \$171,000 or 7.5% due to increased tenancy. Ramp fees increased by \$86,000 or 18.8% and other Line Services revenues increased by \$15,000 or 8.1%.

In 2016, non-operating revenues were down by \$87,000, mostly due to 2015 being inflated by one-time revenues received (see paragraph below). The decrease in car rental revenues mentioned above also translated to a decrease in customer facility charges of \$42,000, a 17.1% drop from 2015. Interest revenues were up substantially in 2016 by \$50,000, an 84.7% increase over fiscal year 2015 due to the greatly increased cash position.

Non-operating revenues for 2015 increased by \$71,000 over the prior year. Final settlement of \$25,000 was received from a bankruptcy case and \$15,000 was received as restitution for several property damage cases. An insurance rebate of \$20,000 was received. Interest income was \$9,000 less than in FY 2014. The Authority received \$21,000 from the State of Florida SBA as final distribution of the Fund B Reserves and this amount is reflected as a realized gain on investments. Customer Facility Charges were \$9,000 greater than in FY 2014 related to increased car rental activity.

Total operating expenses rose \$1,257,000 in fiscal year 2016, a 10.5% increase over the prior year. \$403,000 of this is due to an increase in personnel costs. Salaries, wages and payroll taxes increased \$284,000 or 7% with the filling of two vacant positions that had been held open until work volume required. Health insurance premiums increased modestly again during the May renewal period, and the Authority elected not to pass along the increase in premiums to employees. Travel expenses also contributed to the overall increase in personnel costs, increasing \$48,000 or 109.6% due to expenses related to interviewing candidates for the Executive Director position, attendance at and sponsorship of various airport conferences, and sponsorships of airport-related events.

The other major category of increase in operating expenses of \$556,000 is repair and maintenance costs. In FY 2016, the Authority incurred significant costs to clean swales and culverts and to remove exotic vegetation. This project was budgeted in the Capital Improvement Budget (CIP), however the work performed did not meet the criteria for a capital improvement so the expenditure was recorded as an operating expense. Other significant costs included repairs and replacements related to the airport-wide gate and door access controls, as well as re-carpeting and re-painting the commercial terminal. The Air Traffic Control Tower also incurred \$43,000 of painting and stucco repair costs.

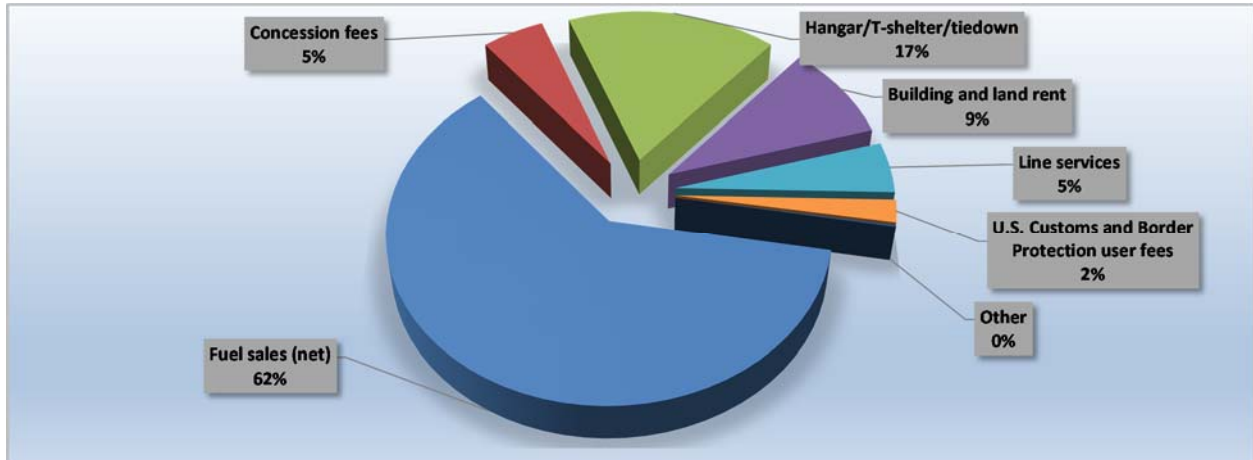
Operating expenses in FY 2015 were \$592,000 greater than in FY 2014. This 5.2% increase is primarily attributed to increased personnel costs of \$426,000 or 9.4% due to implementation of a formalized training and development program; sponsorship and participation at several state conferences; increased cost of employee health benefits; and wage increases. Professional fees are higher by \$78,000 or 12.4% due to the use of an airline consulting firm to assess the community support for commercial airline service at Naples Municipal Airport and the use of a recruitment firm to assist in identifying top candidates for the Executive Director position. Communications expenses in 2015 were lower by \$64,000 or 34.6% in comparison with the prior year's expenses which were elevated due to the special events held in honor of the airports 75th birthday and the Authority's 45th Anniversary. ARFF expenses were increased in FY 15 by \$136,000 or 27.8% in the areas of contractual costs of the firefighters, training and vehicle maintenance. Also significant is a decrease in maintenance expense of \$108,000 or 17.7% because FY 2014 contained a one-time expense of \$80,000 for airfield maintenance in response to FAA recommendations. Lastly, depreciation expense increased by \$187,000 or 5.4% due to the addition of capital assets.

In FY 2016 there was a net loss of \$16,000 on the disposal of infrastructure and equipment. In 2015 there were no non-operating expenses.

In FY 2016, capital contributions were \$1,140,000. The majority of the contributed capital resulted from the recognition of certain infrastructure assets totaling \$1,469,000, constructed as part of lease abatement agreement with the sole respondent to a Request for Proposals in 2008. During the abatement period, rental revenue and a corresponding receivable had been recorded, based on the published lease rates in each applicable fiscal year. When the assets were transferred to the Authority in March of 2016, \$1,028,000, the value in excess of the receivable, was recorded as contributed capital. Additional information can be found in Note 7 to the Financial Statements. The remainder of the year's capital contribution is from an FAA grant to fund the reconfiguration of Taxiway A to meet certain design standards. The grant was signed on September 15th, 2016 and there were only \$112,000 of eligible costs in FY 2016. Total estimated costs of the project are \$1.8 million, with FAA agreeing to reimburse 90%, or up to \$1,581,000.

In FY 2015, capital contributions for construction projects totaled \$2,470,000. The major project in FY 2015 was the FDOT grant-funded “Ramp and Apron Pavement Rehabilitation Project”, in which \$2.3 million was expended and the state contributed \$1.9 million. The Water Management Systems Improvements and Taxiway A Extension Project, which commenced in late FY 2012, was concluded, and FY 2015 expenditures totaled \$485,000. The Federal government and the Florida Department of Transportation (FDOT) contributed \$437,000 and \$24,000 respectively.

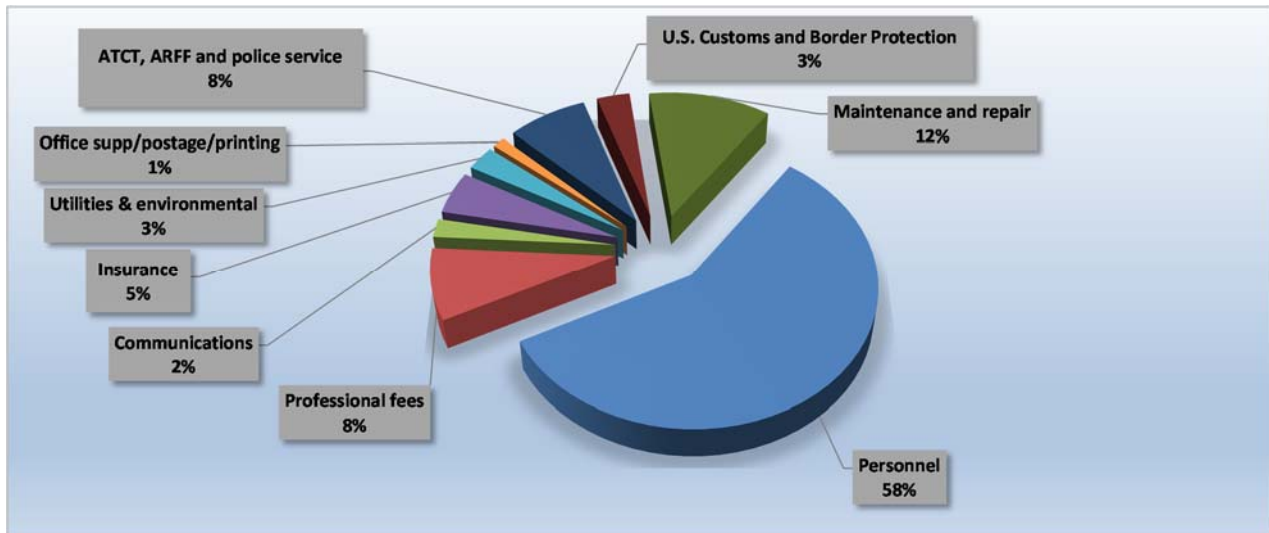
The following chart shows the major sources of operating revenue as a percentage of total operating revenues for the year ended September 30, 2016.



The following is a summary of the Authority’s operating revenues at 30 September.

Operating revenues:	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fuel sales (net)	\$ 8,786,000	\$ 8,310,000	\$ 7,905,000
Concession fees	716,000	810,000	732,000
Hangar/T-shelter/tiedown	2,413,000	2,439,000	2,268,000
Building and land rent	1,327,000	1,256,000	1,221,000
Line Services	698,000	738,000	639,000
U.S. Customs & Border Protection	311,000	277,000	251,000
Other	28,000	15,000	5,000
Total operating revenues	<u>\$ 14,279,000</u>	<u>\$ 13,845,000</u>	<u>\$ 13,021,000</u>

The following chart shows the major sources of operating expense before depreciation as a percentage of total operating expenses before depreciation for the year ended September 30, 2016.



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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating expenses:			
Personnel	\$ 5,385,000	\$ 4,982,000	\$ 4,556,000
Professional fees	783,000	706,000	628,000
Communications	199,000	121,000	185,000
Insurance	461,000	464,000	447,000
Utilities and environmental	265,000	251,000	277,000
ATCT, ARFF and police service	715,000	700,000	664,000
U.S. Customs & Border Protection	295,000	309,000	317,000
Maintenance and repair	1,100,000	541,000	610,000
Other	<u>269,000</u>	<u>312,000</u>	<u>297,000</u>
Total operating expenses before depreciation	<u>\$ 9,472,000</u>	<u>\$ 8,386,000</u>	<u>\$ 7,981,000</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 26,777,000	\$ 21,844,000	\$ 20,985,000
Capital assets (after depreciation)	<u>61,145,000</u>	<u>61,131,000</u>	<u>55,891,000</u>
Total assets	<u>87,922,000</u>	<u>82,975,000</u>	<u>76,876,000</u>
Current liabilities	2,455,000	2,869,000	2,406,000
Non-current liabilities	<u>4,277,000</u>	<u>1,376,000</u>	<u>456,000</u>
Total Liabilities	<u>6,732,000</u>	<u>4,245,000</u>	<u>2,862,000</u>
Net Position			
Investment in capital assets	60,738,000	60,372,000	55,323,000
Restricted	1,381,000	1,173,000	928,000
Unrestricted	<u>19,071,000</u>	<u>17,185,000</u>	<u>17,763,000</u>
Net Position	<u>\$ 81,190,000</u>	<u>\$ 78,730,000</u>	<u>\$ 74,014,000</u>

In FY 2016, total assets increased by \$4.9 million, or 6.0%. The majority of this increase, \$5.2 million, is an increase in cash and cash equivalents, of which \$2.9 million came from four additional land lease tenants purchasing lease extensions under the the Lease-Term Buy-back program. Total liabilities increased by \$2.5 million or 58.6%, again largely due to the \$2.9 million in additional Lease Term Buy-backs which are recorded as long-term unearned revenue. Accounts payable due to capital projects decreased by \$352,000 primarily due to a lull between construction projects. Compensated absences also decreased by \$120,000 with the liquidation of liability upon retirements and resignations.

Total assets increased by \$6.1 million or 7.9% in FY 2015. Of this increase, \$5.3 million is a net increase in capital assets, consisting of \$8.8 million of capital projects and purchases offset by \$3.6 million of non-cash depreciation expense. Cash and cash equivalents increased by \$926,000 or 4.8%, with \$6,664,000 of cash having been generated by operating activities; \$80,000 generated from investing activities; and reduced by \$5,818,000 million of capital expenditures net of capital contributions. Total liabilities increased by \$1.4 million or 48.4% due primarily to \$1.0 million being accounted for as unearned revenue upon closing two Lease Term Buy-back programs. Other smaller increases are in accounts payable for construction as well as an increase in unearned operating revenue and the accrual for compensated absences.

The Authority's total assets exceeded liabilities by \$81.2 million in FY 2016 and \$78.7 million in FY 2015. The largest portion of the Authority's net position each year (74.8% of total net position for FY 2016) represents its investment in capital assets (e.g. land, infrastructure, buildings, improvements, intangible assets and equipment). Restricted net position of \$1.4 million (1.7% of total net position for FY 2016) consists of the accumulated balance of Customer Facility Charges collected by car rental companies, and this money is available only for car rental facility improvements. The remaining \$19.0 million of net position (23.5% of total net position for FY 2016) may be used to meet any of the Authority's ongoing obligations.

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 high ratio is considered favorable to creditors but may indicate excessive investment in working capital items. In 2016, current assets increased significantly, while the Authority experienced an overall decrease in current liabilities, which contributed to a jump in the current ratio to 10.91. While both current assets and current liabilities increased in FY 2015, the proportionate increase in accounts payable for capital projects and in unearned revenue outweighed the increase in cash, resulting in a decrease in the current ratio to 7.47.

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.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash flows from:			
Operating activities	\$ 7,702,000	\$ 6,664,000	\$ 5,235,000
Capital and related financing activities	(2,393,000)	(5,818,000)	(2,133,000)
Investing activities	<u>109,000</u>	<u>80,000</u>	<u>164,000</u>
Net increase in Cash and Cash Equivalents	5,418,000	926,000	3,266,000
Cash and Cash Equivalents:			
Beginning of Year	<u>20,252,000</u>	<u>19,326,000</u>	<u>16,060,000</u>
End of Year	<u>\$ 25,670,000</u>	<u>\$ 20,252,000</u>	<u>\$ 19,326,000</u>

The Authority's available cash and cash equivalents were \$25.7 million and \$20.3 million at the end of 2016 and 2015, respectively. The increase of \$5.4 million in cash and equivalents in FY 2016 is attributed to the payments received from four tenants for Lease Term Buy-back programs. The increase of \$0.9 million in FY 2015 is attributed to the payments received from two tenants for Lease Term Buy-back programs.

The Authority does not have a written investment policy as defined by Florida Statute 218.415, therefore its investment options are limited. Authority investments had been held in the Local Government Surplus Funds Trust Fund and related Investment Pool (Fund B) administered by the State Board of Administration. Fund B consisted of restructured or defaulted securities and it was uncertain if the Authority would ultimately recover the total amount of these funds upon maturity. Fund B investments fully matured in 2014 and the final distribution of the Authority's remaining principal balance was made in September 2014. Based on information provided to the Authority by the State Board of Administration over the life of Fund B, the Authority had recorded unrealized gains and losses, and with the final distribution payment, a loss of \$13,000 was realized and recognized in FY 2014. In July of 2015, the SBA distributed their final remaining Reserves to participants on a pro-rata basis based upon participant balances as of November 2007 and the Authority received \$21,000 which was recognized as a gain.

Capital Acquisitions and Construction Activities

At the end of 2016, the Authority had \$61.1 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 \$14,000 or 0.0% over the prior year. There were two major disposals: the razing of the PBA Hangar (\$500 thousand) and the destruction of various paving improvements in preparation for new overlays (\$1.4 million). These were offset by the receipt of almost \$1.5 million in infrastructure assets as part of the lease abatement agreement mentioned above, in which assets were constructed in return for a period of rent abatement. The total amount of the contributed assets, when netted with the two disposals, served to create a minimal net change for the fiscal year.

During 2016, completed projects and capital purchases totaling \$4.5 million were closed from construction-in-progress to their respective capital asset accounts. The major completed projects were:

Runway 14-32 safety area drainage	\$ 3,257,000
Replacement of hangar doors (10)	255,000
Installation of new phone system	158,000
Installation of fiber-optic cabling to Commercial Terminal	148,000
Financial System - NAV & Serenic Payroll	112,000
Small projects & equipment	<u>565,000</u>
	<u>\$ 4,495,000</u>

At the end of 2016 major projects within construction-in-progress consisted of the following:

Taxilane F Development	\$ 624,000
Tower Drive Drainage Modification	312,000
Taxiway D West Quad Extension	172,000
Taxiway A Reconfiguration to Meet Design Standards	124,000
Small Projects and Equipment	<u>303,000</u>
	<u>\$ 1,535,000</u>

Capital asset acquisitions and improvements are funded using a variety of financing techniques, including Federal and State grants, airport funds, and airport revenues. Additional information on the Authority's capital assets and commitments can be found in the Notes to Financial Statements, Notes 3 and 13 respectively.

Debt

The Authority has maintained a zero debt balance in fiscal years 2014 through 2016.

Economic Factors and Future Impacts

The Authority financially supports itself directly from airport user fees and indirectly by airport user taxes. No local, state or federal general taxes, such as property, utility, sales, intangible property or income taxes directly support the Authority. The Authority receives, for certain capital projects, state and federal financial grants from trust funds established largely from aviation fuel taxes and airline ticket taxes.

Contacting the Authority's Financial Management

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

CITY OF NAPLES AIRPORT AUTHORITY
 STATEMENTS OF NET POSITION
 September 30,

ASSETS

CURRENT ASSETS

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 24,289,000	\$ 19,079,000
Restricted cash	1,381,000	1,173,000
Accounts receivable (net)	365,000	482,000
Accounts receivable - restricted funds	10,000	13,000
Inventories	263,000	308,000
Due from governmental agencies	109,000	128,000
Prepaid expenses	360,000	242,000
Total current assets	26,777,000	21,425,000

NONCURRENT ASSETS

Other asset	-	419,000
Capital assets, net of accumulated depreciation	61,145,000	61,131,000
Total noncurrent assets	61,145,000	61,550,000
Total assets	87,922,000	82,975,000

LIABILITIES

CURRENT LIABILITIES

Accounts payable	508,000	461,000
Accounts payable - capital improvements	407,000	759,000
Unearned revenue	1,362,000	1,371,000
Compensated absences	43,000	163,000
Accrued expenses and other liabilities	135,000	115,000
Total current liabilities	2,455,000	2,869,000

NONCURRENT LIABILITIES

Compensated absences	387,000	363,000
Unearned Revenue - Lease Term Buy-back Program	3,890,000	1,013,000
Total noncurrent liabilities	4,277,000	1,376,000
Total liabilities	6,732,000	4,245,000

NET POSITION

Investment in capital assets	60,738,000	60,372,000
Restricted for rental car facility improvements	1,381,000	1,173,000
Unrestricted	19,071,000	17,185,000
Total net position	\$ 81,190,000	\$ 78,730,000

CITY OF NAPLES AIRPORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Years Ended September 30,

OPERATING REVENUES	<u>2016</u>	<u>2015</u>
Fuel sales (net)	\$ 8,786,000	\$ 8,310,000
Concession fees	716,000	810,000
Hangar/T-shelter/tiedown	2,413,000	2,439,000
Building and land rent	1,327,000	1,256,000
Line services	698,000	738,000
U.S. Customs and Border Protection user fees	311,000	277,000
Other	<u>28,000</u>	<u>15,000</u>
Net operating revenues	14,279,000	13,845,000
OPERATING EXPENSES		
Personnel	5,385,000	4,982,000
Professional fees	783,000	706,000
Communications	199,000	121,000
Insurance	461,000	464,000
Utilities and environmental	265,000	251,000
Office/postage/printing	116,000	134,000
ATCT, ARFF and police service	715,000	700,000
U.S. Customs and Border Protection	295,000	309,000
Dues/subscriptions/fees	43,000	49,000
Auto gas and diesel fuel	48,000	61,000
Pilot services	64,000	68,000
Maintenance and repair	1,097,000	541,000
Depreciation and amortization	<u>3,791,000</u>	<u>3,619,000</u>
Total operating expenses	13,262,000	12,005,000
Operating income	1,017,000	1,840,000
NON-OPERATING REVENUES (EXPENSES)		
Customer facility charges	204,000	246,000
Interest revenue	109,000	59,000
Realized gain on investment	-	21,000
Claims and insurance settlements	6,000	75,000
Gain (loss) on disposal of capital assets	<u>(16,000)</u>	<u>5,000</u>
Total non-operating revenues (expenses)	303,000	406,000
Income before capital contributions	1,320,000	2,246,000
Capital contributions	<u>1,140,000</u>	<u>2,470,000</u>
Change in net position	2,460,000	4,716,000
Total net position - beginning	<u>78,730,000</u>	<u>74,014,000</u>
Total net position - ending	\$ 81,190,000	\$ 78,730,000

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

CITY OF NAPLES AIRPORT AUTHORITY
 STATEMENTS OF CASH FLOWS
 Years Ended September 30,

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 29,329,000	\$ 30,466,000
Cash payments to suppliers for goods and services	(16,181,000)	(18,880,000)
Cash payments for personnel services	(5,474,000)	(4,937,000)
Other operating revenues	28,000	15,000
Net cash provided by operating activities	<u>7,702,000</u>	<u>6,664,000</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Customer facility charges	206,000	243,000
Acquisition and construction of capital assets	(2,745,000)	(8,708,000)
Capital contributed	134,000	2,567,000
Proceeds from sale of capital assets	6,000	5,000
Claims and insurance settlements	6,000	75,000
Net cash used in capital and related financing activities	<u>(2,393,000)</u>	<u>(5,818,000)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	109,000	59,000
Realized gain on SBA fund B investments/return of reserves	-	21,000
Net cash provided by investing activities	<u>109,000</u>	<u>80,000</u>
 Net increase in cash and cash equivalents	5,418,000	926,000
 CASH AND CASH EQUIVALENTS, beginning of year	<u>20,252,000</u>	<u>19,326,000</u>
 CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 25,670,000</u></u>	<u><u>\$ 20,252,000</u></u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS		
TO STATEMENT OF NET POSITION		
Restricted Cash	\$ 1,381,000	\$ 1,173,000
Unrestricted cash and cash equivalents	<u>24,289,000</u>	<u>19,079,000</u>
	<u><u>\$ 25,670,000</u></u>	<u><u>\$ 20,252,000</u></u>

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

CITY OF NAPLES AIRPORT AUTHORITY
 STATEMENTS OF CASH FLOWS (Continued)
 Years Ended September 30,

**RECONCILIATION OF OPERATING INCOME TO
 NET CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2016</u>	<u>2015</u>
Operating income	\$ 1,017,000	\$ 1,840,000
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	3,791,000	3,619,000
Depreciation on owned fuel trucks recorded as Cost of Goods Sold	42,000	42,000
Revenue recognized from land lease abatement	(22,000)	(57,000)
Changes in assets and liabilities		
Decrease (increase) in receivable	108,000	(52,000)
Decrease in inventories	45,000	139,000
(Increase) in prepaid expenses	(118,000)	(59,000)
Increase (decrease) in accounts payable	47,000	(67,000)
Increase (decrease) in compensated absences	(96,000)	33,000
Increase in accrued expenses and other current liabilities	20,000	12,000
Increase in unearned revenue - Lease Term Buy-back Program	2,877,000	1,013,000
Increase (decrease) in unearned revenue	(9,000)	201,000
Total adjustments	<u>6,685,000</u>	<u>4,824,000</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 7,702,000</u>	<u>\$ 6,664,000</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Capital asset trade-in	\$ 6,000	\$ 5,000
Property improvements from rent abatement	\$ 6,000	\$ 3,000
Capital assets transferred to Authority	\$ 1,469,000	\$ -
Capital Contributions part of Asset Transfer	\$ 1,028,000	\$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Naples Airport Authority (the “Authority”) was created under Laws of Florida 69-1326, as amended, as an independent authority responsible for the operation of the airport located in Naples, Florida, or any other airport in Collier County, Florida, which the Authority may contract to operate. The City of Naples, recognizing the benefits of an authority-type management concept, established the Authority in 1969 for the purpose of enhancing service to users, improving the community gateway image and eliminating financial subsidies by City taxpayers. Commissioners of the Authority are appointed by the Naples City Council. (Also see Note 11 - Related Party Transactions).

Governmental Accounting Standards Board (GASB) Statement Number 14, “Financial Reporting Entity,” as amended, requires 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 GASB Statement Number 14, 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 statement 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 operating statement reports increases (revenues) and decreases (expenses) in total economic net worth.

D. Basis of accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary process

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

F. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may differ from actual results.

G. Assets, liabilities and net position

Cash and cash equivalents

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

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

Accounts receivable

The Authority's accounts receivable are recorded net of allowance for doubtful accounts. At September 30, 2016 the allowance was \$1,000.

Inventories

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, liabilities and net position (continued)

Capital assets

Capital assets include property, plant, equipment, infrastructure and intangible assets. Infrastructure assets are defined as public domain capital assets such as roads, drainage systems, lighting systems, runways, and similar assets that are immovable and of value only to the government unit. Intangible assets are without physical substance that provide economic benefits through the rights and privileges associated with their possession. Intangible assets may be classified as identifiable or unidentifiable and externally acquired or internally developed. The threshold for capitalization is \$2,000. Capital assets purchased for use in the operations of the Authority are recorded at cost. Interest on borrowed funds for construction projects is capitalized as part of the cost of construction along with all other direct construction costs. Contributed property and equipment are recorded at fair market value at the date of contribution. Expenditures for maintenance, repairs, and minor renewals are expensed as incurred. Major renewals and enhancements are capitalized. 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.

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:

<u>Assets</u>	<u>Years</u>
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

Compensated absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, liabilities and net position (continued)

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

In accordance with GASB Statement Number 16 “Accounting for Compensated Absences”, 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 a reduced fuel price to customers who pay for aviation fuel in advance. The prepayments are recorded as a liability when received and the liability is reduced as the associated revenues are earned. The Authority also introduced a new “Lease-Term Buy-back” program in 2015, the proceeds of which are recorded as unearned revenue. Revenues are earned over the term of the lease extension.

Net position

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

H. Revenues and expenses

Operating revenues and expenses

Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses

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

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. Donated property is recognized when received.

In FY 2016 the Authority received and recognized a non-cash capital contribution of land improvements and infrastructure which had been constructed as part of a long-term land lease agreement valued at \$1,469,091, of which \$1,028,472 was recognized as a Capital Contribution. See Note 7 for further details.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

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

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

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

CITY OF NAPLES AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016 and 2015

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

Investments

The Authority limits its investments to those allowed under Section 218.415(17)(a) – (d), Florida Statutes, which include: the Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC-registered money market funds, interest-bearing time deposits or savings accounts in qualified public depositories, and direct obligations of the U.S. Treasury. The Authority does not have a policy related to credit risk or interest rate risk. The Authority did not hold any investments in either fiscal years 2016 nor 2015.

NOTE 3 - CAPITAL ASSETS

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

Fiscal Year 2016	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being depreciated:				
Land	\$ 2,974,000	\$ -	\$ -	\$ 2,974,000
Construction in progress	<u>3,666,000</u>	<u>2,364,000</u>	<u>4,495,000</u>	<u>1,535,000</u>
Total capital assets not being depreciated	6,640,000	2,364,000	4,495,000	4,509,000
Capital Assets being depreciated:				
Infrastructure	53,522,000	3,549,000	1,450,000	55,621,000
Buildings	25,768,000	294,000	488,000	25,574,000
Equipment	7,534,000	229,000	57,000	7,706,000
Improvements other than buildings	4,035,000	1,396,000	471,000	4,960,000
Vehicles	992,000	86,000	15,000	1,063,000
Intangibles	1,274,000	-	31,000	1,243,000
Software	85,000	268,000	-	353,000
Furniture and office equipment	<u>657,000</u>	<u>189,000</u>	<u>83,000</u>	<u>763,000</u>
Total capital assets being depreciated	<u>93,867,000</u>	<u>6,011,000</u>	<u>2,595,000</u>	<u>97,283,000</u>
Less accumulated depreciation for:				
Infrastructure	21,098,000	2,130,000	1,438,000	21,790,000
Buildings	9,249,000	764,000	488,000	9,525,000
Equipment	4,916,000	564,000	57,000	5,423,000
Improvements other than buildings	1,885,000	111,000	471,000	1,525,000
Vehicles	836,000	78,000	15,000	899,000
Intangibles	943,000	66,000	31,000	978,000
Software	9,000	45,000	-	54,000
Furniture and office equipment	<u>440,000</u>	<u>75,000</u>	<u>62,000</u>	<u>453,000</u>
Total accumulated depreciation	<u>39,376,000</u>	<u>3,833,000</u>	<u>2,604,000</u>	<u>40,647,000</u>
Total capital assets being depreciated, net	<u>54,491,000</u>	<u>2,178,000</u>	<u>(9,000)</u>	<u>56,636,000</u>
Total capital assets, net	<u>\$61,131,000</u>	<u>\$ 4,542,000</u>	<u>\$ 4,486,000</u>	<u>\$61,145,000</u>

In 2016, reported depreciation expense totals \$3,791,000. Two fuel trucks were placed into service in October of 2014. The related depreciation of \$42,000 was recorded as "Cost of Goods Sold" in both FY 2015 and FY 2016.

CITY OF NAPLES AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 3 - CAPITAL ASSETS (Continued)

Fiscal Year 2015	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being depreciated:				
Land	\$ 2,974,000	\$ -	\$ -	\$ 2,974,000
Construction in progress	<u>4,768,000</u>	<u>8,902,000</u>	<u>10,004,000</u>	<u>3,666,000</u>
Total capital assets not being depreciated	7,742,000	8,902,000	10,004,000	6,640,000
Capital Assets being depreciated:				
Infrastructure	46,292,000	7,230,000	-	53,522,000
Buildings	23,892,000	1,876,000	-	25,768,000
Equipment	7,077,000	490,000	33,000	7,534,000
Improvements other than buildings	4,032,000	3,000	-	4,035,000
Vehicles	929,000	81,000	18,000	992,000
Intangibles	1,124,000	150,000	-	1,274,000
Software	4,000	81,000	-	85,000
Furniture and office equipment	<u>585,000</u>	<u>93,000</u>	<u>21,000</u>	<u>657,000</u>
Total capital assets being depreciated	<u>83,935,000</u>	<u>10,004,000</u>	<u>72,000</u>	<u>93,867,000</u>
Less accumulated depreciation for:				
Infrastructure	19,139,000	1,959,000	-	21,098,000
Buildings	8,500,000	749,000	-	9,249,000
Equipment	4,370,000	579,000	33,000	4,916,000
Improvements other than buildings	1,771,000	114,000	-	1,885,000
Vehicles	769,000	85,000	18,000	836,000
Intangibles	834,000	109,000	-	943,000
Software	-	9,000	-	9,000
Furniture and office equipment	<u>403,000</u>	<u>57,000</u>	<u>20,000</u>	<u>440,000</u>
Total accumulated depreciation	<u>35,786,000</u>	<u>3,661,000</u>	<u>71,000</u>	<u>39,376,000</u>
Total capital assets being depreciated, net	<u>48,149,000</u>	<u>6,343,000</u>	<u>1,000</u>	<u>54,491,000</u>
Total capital assets, net	<u>\$55,891,000</u>	<u>\$15,245,000</u>	<u>\$10,005,000</u>	<u>\$61,131,000</u>

In 2015, reported depreciation expense totals \$3,619,000. Two new fuel trucks were placed into service in October of 2014. The related depreciation of \$42,000 was recorded as "Cost of Goods Sold".

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

In 2015, the Authority introduced a new Lease Term Buy-back program, available to all existing aviation land tenants. The tenant could enter into a new lease with the Authority within certain parameters for a cost calculated according to a set formula based on current values. This program benefits the leaseholder in that he can more readily secure financing for improvements to his facility or a potential buyer. The Authority concluded four such Agreements in FY 2016 totaling \$2.9 million. The money is available for any business purpose. The money is accounted for as a long-term liability (unearned revenue) and will be earned over the years beyond the term of the initial lease.

CITY OF NAPLES AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016 and 2015

NOTE 5 - CHANGES IN NONCURRENT LIABILITIES

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

Fiscal Year 2016	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated absences	\$ 526,000	\$ 25,000	\$ (121,000)	\$ 430,000	\$ 43,000
Unearned revenue	<u>1,013,000</u>	<u>2,877,000</u>	<u>-</u>	<u>3,890,000</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 1,539,000</u>	<u>\$ 2,909,000</u>	<u>\$ (121,000)</u>	<u>\$ 4,320,000</u>	<u>\$ 43,000</u>

Fiscal Year 2015	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated absences	\$ 493,000	\$ 332,000	\$ (261,000)	\$ 526,000	\$ 163,000
Unearned revenue	<u>-</u>	<u>1,013,000</u>	<u>-</u>	<u>1,013,000</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 493,000</u>	<u>\$ 1,345,000</u>	<u>\$ (261,000)</u>	<u>\$ 1,539,000</u>	<u>\$ 163,000</u>

NOTE 6 - RENTAL REVENUE UNDER OPERATING LEASES

The Authority subleases land and leases certain buildings and office space to various tenants with lease terms extending out to 2046. Certain leases include both fixed minimum rentals and contingent rentals based on gross receipts. Minimum future rentals under noncancelable operating leases as of September 30, 2016 are as follows:

Year Ending September 30,	Amount
2017	\$1,143,000
2018	1,144,000
2019	912,000
2020	892,000
2021	892,000
thereafter	<u>11,525,000</u>
Total	<u><u>\$16,508,000</u></u>

Minimum lease payments do not include contingent rentals which may be received under certain leases based on a percentage of the tenants' sales revenues. The contingent rentals for the year ended September 30, 2016 and 2015 were \$622,000 and \$682,000, respectively, and were reported as concession fees in the Statement of Revenues, Expenses and Changes in Net Position.

CITY OF NAPLES AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016 and 2015

NOTE 6 - RENTAL REVENUE UNDER OPERATING LEASES (Continued)

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

	<u>2016</u>	<u>2015</u>
Hangar	\$10,421,000	\$10,421,000
Other buildings	<u>5,291,000</u>	<u>5,291,000</u>
Total cost	15,712,000	15,712,000
Less accumulated depreciation	<u>(7,275,000)</u>	<u>(6,830,000)</u>
Net carrying amount	<u>\$ 8,437,000</u>	<u>\$ 7,919,000</u>

Depreciation for the assets on lease was \$445,000 and \$447,000 for the years ended September 30, 2016 and 2015 respectively.

NOTE 7 - OTHER ASSET

In April of 2008, the Authority entered into a long-term land lease with the sole respondent to a Request for Proposal for the development of an aircraft storage area. Under the lease, the tenant was required to construct specific infrastructure improvements outside of the leasehold and to convey these improvements to the Authority upon completion. In exchange for these improvements, rent payments were to be abated for the first nine (9) years and eleven (11) months. The terms were amended in 2011 to reduce the rent abatement period by two (2) years in exchange for the completion of a portion of the infrastructure improvements at the Authority's expense. The abatement period ended in March of 2016, and the completed infrastructure improvements were conveyed to the Authority. The amended lease requires the tenant to complete the aviation facility construction by April 2017.

The Authority recorded non-cash rent revenue and a long-term receivable during the infrastructure construction period based on the current published land rent rate set by the Authority. Upon transfer of the completed improvements to the Authority, the Authority recognized the value of the improvements at the certified construction cost, which was deemed to be fair market value. The value of the improvements in excess of the recorded receivable was recorded as contributed capital.

Non-cash rent revenue was \$22,000 for the year ended September 30, 2016 and \$57,000 for fiscal year 2015. The value of the infrastructure improvements transferred to the Authority in March was \$1,469,000. The total value of rent abatement booked as a receivable was \$441,000 when infrastructure was conveyed in March, 2016. Contributed capital at the time of completion was \$1,028,000.

NOTE 8 - 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, 2016 and 2015 was \$245,000 and \$225,000, respectively. The Authority has reserved the right to establish and amend all plan provisions. The contribution requirements of plan members and the Authority are established and may be amended by the Authority. The Authority's total salaries and wages on September 30, 2016 and 2015 were \$4,028,000 and \$3,668,000, and its covered payroll was \$3,622,000 and \$3,533,000 respectively.

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

NOTE 9 - 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, 2016 and 2015, the Authority paid \$461,000 and \$464,000, respectively, in premiums for policies to insure for these risks. No accrual has been provided for claims and incidents not reported to insurers. All known claims have been reported to the insurers. Claims made have not exceeded the insurance coverage for any of the past twelve fiscal years.

NOTE 10 - CUSTOMER FACILITY CHARGE (CFC)

A \$2.50 per day CFC was approved by the Board of Commissioners effective September 1, 2000. The CFC collection is limited to seven days per rental contract. For the years ended September 30, 2016 and 2015, the Authority collected \$204,000 and \$245,000, respectively. There was a balance of \$1,381,000 and \$1,173,000 in 2016 and 2015 respectively, restricted for future car rental facilities projects.

CITY OF NAPLES AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016 and 2015

NOTE 11 - RELATED PARTY TRANSACTIONS

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

The City provides certain services to the Authority including firefighting personnel, fire truck maintenance, police services and utilities. Total expense incurred by the Authority during the years ended September 30, 2016 and 2015 for these services were \$621,000 and \$689,000, respectively.

The City leases approximately 16 acres of a former landfill site from the Authority to use as a garbage collection and recycle transfer facility. In lieu of rent, the City provides recyclable material collection services and post-disaster recovery assistance.

NOTE 12 - 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:

	Year ended <u>2016</u>	Inception <u>To date</u>
Federal	\$ 112,000	\$ 39,894,000
State	-	15,464,000
City of Naples	-	202,000
Collier County	-	163,000
Others	<u>1,028,000</u>	<u>5,439,000</u>
Total	<u>\$ 1,140,000</u>	<u>\$ 61,162,000</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

At September 30, 2016, the Authority had in process various construction, consulting and engineering contracts totaling \$2,109,000. Expenditures on these contracts were \$1,284,000, leaving commitments of up to \$825,000.

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

CITY OF NAPLES AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016 and 2015

NOTE 14 - EXPENDITURE OF FEDERAL AWARDS AND STATE ASSISTANCE

During 2016, the Authority expended the following on capital improvement projects:

	Allowable Costs Requiring Match	Match Requirement Percent	Match Requirement Dollars	Cash Match Applied
Federal				
Construct Taxiway A (Reconfigure Taxiway A to Meet Design Standards) Design Phase	\$ 124,353	10%	\$ 12,435	\$ 12,435

CITY OF NAPLES AIRPORT AUTHORITY
SCHEDULE OF AVAILABLE RESOURCES, REVENUES, RECEIPTS, EXPENSES AND
EXPENDITURES
NON-GAAP BUDGETARY BASIS AND ACTUAL
Year Ended September 30, 2016

	Original and Final Budget	Actual	Variance (Un)Favorable
AVAILABLE RESOURCES, REVENUES AND RECEIPTS			
AVAILABLE RESOURCES AT BEGINNING OF YEAR			
Restricted	\$ 1,174,000	\$ 1,173,000	\$ (1,000)
Operating and capital reserves	4,000,000	4,000,000	-
Unrestricted	<u>16,392,000</u>	<u>12,792,000</u>	<u>(3,600,000)</u>
Total available resources at beginning of year	21,566,000	17,965,000	(3,601,000)
OPERATING REVENUES			
Fuel sales (net)	8,558,000	8,786,000	228,000
Concession fees	829,000	716,000	(113,000)
Hangar/T-shelter rents	2,498,000	2,413,000	(85,000)
Building and land rents	1,271,000	1,327,000	56,000
Line services	764,000	698,000	(66,000)
U.S. Customs and Border Protection user fees	288,000	311,000	23,000
Fuel vendor's cooperative marketing	20,000	23,000	3,000
Other	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net operating revenues	14,233,000	14,279,000	46,000
NON-OPERATING REVENUES			
Customer facility charges	275,000	204,000	(71,000)
Claims and insurance settlements	-	6,000	6,000
Investment earnings	<u>66,000</u>	<u>109,000</u>	<u>43,000</u>
Total non-operating revenues	341,000	319,000	(22,000)
RECEIPTS			
Capital contributions	<u>2,557,000</u>	<u>1,140,000</u>	<u>(1,417,000)</u>
Total receipts	<u>2,557,000</u>	<u>1,140,000</u>	<u>(1,417,000)</u>
TOTAL REVENUES AND RECEIPTS	<u>17,131,000</u>	<u>15,738,000</u>	<u>(1,393,000)</u>
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	<u>\$ 38,697,000</u>	<u>\$ 33,703,000</u>	<u>\$ (4,994,000)</u>

CITY OF NAPLES AIRPORT AUTHORITY
SCHEDULE OF AVAILABLE RESOURCES, REVENUES, RECEIPTS, EXPENSES AND
EXPENDITURES
NON-GAAP BUDGETARY BASIS AND ACTUAL (Continued)
Year Ended September 30, 2016

	Original and Final Budget	Actual	Variance (Un)Favorable
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	\$ 38,697,000	\$ 33,703,000	\$ (4,994,000)
EXPENSES AND EXPENDITURES			
OPERATING EXPENSES			
Personnel	5,524,000	5,385,000	139,000
Professional fees	971,000	783,000	188,000
Communications	233,000	199,000	34,000
Insurance	499,000	461,000	38,000
Utilities and environmental	306,000	265,000	41,000
Office/postage/printing	120,000	116,000	4,000
ATCT, ARFF and police service	817,000	715,000	102,000
U. S. Customs and Border Protection	343,000	295,000	48,000
Dues/subscriptions/fees	49,000	43,000	6,000
Auto gas and diesel fuel	90,000	48,000	42,000
Pilot services	60,000	64,000	(4,000)
Maintenance and repair	<u>788,000</u>	<u>1,097,000</u>	<u>(309,000)</u>
Operating expenses	9,800,000	9,471,000	329,000
CAPITAL EXPENDITURES	<u>10,410,000</u>	<u>6,011,000</u>	<u>4,399,000</u>
TOTAL EXPENSES AND EXPENDITURES	20,210,000	15,482,000	4,728,000
AVAILABLE RESOURCES AT YEAR END			
Restricted	1,112,000	1,381,000	269,000
Operating and capital reserves	4,000,000	5,000,000	1,000,000
Unrestricted	<u>4,649,000</u>	<u>11,840,000</u>	<u>7,191,000</u>
TOTAL AVAILABLE RESOURCES AT YEAR END	<u>18,487,000</u>	<u>18,221,000</u>	<u>(266,000)</u>
NET CHANGE IN AVAILABLE RESOURCES BALANCE	<u>\$ (3,079,000)</u>	<u>\$ 256,000</u>	<u>\$ 3,335,000</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP			
CHANGE IN NET POSITION - BUDGETARY BASIS		\$ 256,000	
Add: Capital expenditures		6,011,000	
Less: Depreciation and amortization		(3,791,000)	
Loss on disposal of capital assets		<u>(16,000)</u>	
CHANGE IN NET POSITION - GAAP		<u>\$ 2,460,000</u>	

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STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the Authority's financial performance and health have changed over time.</i>	33
Revenue Capacity <i>These schedules contain information to help the reader to assess the Authority's most significant revenue source, aviation fuel sales.</i>	36
Debt Capacity <i>This schedule presents information to help the reader assess the Authority's ability to issue debt in the future.</i>	39
Demographic and Economic Indicators <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.</i>	39
Operating Information <i>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.</i>	41
Miscellaneous Information <i>This schedule provides the reader with information on the sources of the Authority's contributed capital.</i>	45

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

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NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Investment in Capital Assets	\$ 33,779,000	\$ 37,586,000	\$ 45,749,000	\$ 48,533,000	\$ 51,583,000	\$ 51,179,000	\$ 52,132,000	\$ 55,323,000	\$ 60,372,000	\$ 60,738,000
Restricted	28,000	18,000	176,000	288,000	471,000	479,000	612,000	928,000	1,173,000	1,381,000
Unrestricted	9,821,000	12,091,000	11,944,000	12,967,000	12,784,000	14,103,000	15,032,000	17,763,000	17,185,000	19,071,000
Total net position	\$ 43,628,000	\$ 49,695,000	\$ 57,869,000	\$ 61,788,000	\$ 64,965,000	\$ 65,761,000	\$ 67,776,000	\$ 74,014,000	\$ 78,730,000	\$ 81,190,000

**CITY OF NAPLES AIRPORT AUTHORITY
NAPLES, FLORIDA**

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011
OPERATING REVENUES					
Fuel sales (net)	\$ 7,103,000	\$ 7,351,000	\$ 5,813,000	\$ 5,860,000	\$ 6,441,000
Concession fees	1,474,000	666,000	573,000	541,000	598,000
Hangar/T-shelter/tiedown	1,289,000	1,535,000	1,618,000	1,559,000	1,664,000
Building and land rent	951,000	977,000	989,000	958,000	958,000
Line services	221,000	408,000	301,000	379,000	419,000
U.S. Customs user fees	-	-	-	-	103,000
Other	86,000	36,000	8,000	35,000	17,000
Net operating revenues	<u>11,124,000</u>	<u>10,973,000</u>	<u>9,302,000</u>	<u>9,332,000</u>	<u>10,200,000</u>
OPERATING EXPENSES					
Personnel	3,910,000	4,479,000	3,967,000	3,742,000	3,992,000
Professional fees	865,000	541,000	355,000	514,000	602,000
Communications	301,000	318,000	102,000	62,000	126,000
Insurance	736,000	598,000	512,000	443,000	443,000
Utilities and environmental	396,000	349,000	342,000	292,000	284,000
Office/postage/printing	45,000	40,000	32,000	38,000	37,000
ATCT, ARFF and police service	606,000	650,000	695,000	687,000	665,000
U.S. Customs and Boarder Patrol expense	-	-	-	-	342,000
Dues/subscriptions/fees	25,000	27,000	32,000	33,000	37,000
Auto gas and diesel fuel	71,000	82,000	67,000	44,000	53,000
Pilot services	33,000	41,000	27,000	47,000	51,000
Maintenance and repair	503,000	859,000	393,000	811,000	462,000
Hurricane recovery/repair	-	-	20,000	-	-
Depreciation and amortization	1,673,000	1,733,000	2,105,000	2,624,000	2,791,000
Total operating expenses	<u>9,164,000</u>	<u>9,717,000</u>	<u>8,649,000</u>	<u>9,337,000</u>	<u>9,885,000</u>
Operating income (loss)	<u>1,960,000</u>	<u>1,256,000</u>	<u>653,000</u>	<u>(5,000)</u>	<u>315,000</u>
NON-OPERATING REVENUES (EXPENSES)					
Customer facility charges	235,000	209,000	170,000	137,000	186,000
Passenger facility charges	-	-	-	-	-
Interest revenue	466,000	205,000	104,000	51,000	68,000
Unrealized gain (loss) on investments	-	(101,000)	(85,000)	93,000	39,000
Realized gain (loss) on investment	-	-	-	-	-
Claims and Insurance Settlements -Liquidate	-	-	-	-	-
Grant revenue	511,000	226,000	-	-	-
Insurance proceeds	-	2,154,000	-	-	-
Interest expense	(33,000)	(32,000)	(31,000)	(30,000)	(29,000)
Contribution of capital asset to government agency	-	(556,000)	-	-	-
Gain (Loss) on disposal of capital assets	731,000	10,000	9,000	7,000	3,000
Total non-operating revenues (expenses)	<u>1,910,000</u>	<u>2,115,000</u>	<u>167,000</u>	<u>258,000</u>	<u>267,000</u>
Income (loss) before capital contributions	<u>3,870,000</u>	<u>3,371,000</u>	<u>820,000</u>	<u>253,000</u>	<u>582,000</u>
Capital contributions	2,812,000	2,696,000	7,354,000	3,666,000	2,595,000
Change in net position	<u>\$ 6,682,000</u>	<u>\$ 6,067,000</u>	<u>\$ 8,174,000</u>	<u>\$ 3,919,000</u>	<u>\$ 3,177,000</u>

	2012	2013	2014	2015	2016
\$	6,512,000	\$ 6,580,000	\$ 7,905,000	\$ 8,310,000	\$ 8,786,000
	623,000	692,000	732,000	810,000	716,000
	1,718,000	2,008,000	2,268,000	2,439,000	2,413,000
	1,020,000	1,023,000	1,221,000	1,256,000	1,327,000
	423,000	697,000	639,000	738,000	698,000
	163,000	174,000	251,000	277,000	311,000
	16,000	9,000	5,000	15,000	28,000
	<u>10,475,000</u>	<u>11,183,000</u>	<u>13,021,000</u>	<u>13,845,000</u>	<u>14,279,000</u>
	4,219,000	4,090,000	4,556,000	4,982,000	5,385,000
	452,000	684,000	628,000	706,000	783,000
	102,000	148,000	185,000	121,000	199,000
	480,000	496,000	447,000	464,000	461,000
	274,000	262,000	277,000	251,000	265,000
	35,000	69,000	126,000	134,000	116,000
	697,000	677,000	664,000	700,000	715,000
	299,000	279,000	317,000	309,000	295,000
	35,000	39,000	39,000	49,000	43,000
	71,000	73,000	73,000	61,000	48,000
	55,000	53,000	59,000	68,000	64,000
	427,000	488,000	610,000	541,000	1,097,000
	-	-	-	-	-
	<u>3,164,000</u>	<u>3,241,000</u>	<u>3,432,000</u>	<u>3,619,000</u>	<u>3,791,000</u>
	<u>10,310,000</u>	<u>10,599,000</u>	<u>11,413,000</u>	<u>12,005,000</u>	<u>13,262,000</u>
	<u>165,000</u>	<u>584,000</u>	<u>1,608,000</u>	<u>1,840,000</u>	<u>1,017,000</u>
	207,000	231,000	237,000	246,000	204,000
	-	-	-	-	-
	64,000	71,000	68,000	59,000	109,000
	51,000	23,000	-	-	-
	-	-	(13,000)	21,000	-
	-	-	26,000	75,000	6,000
	-	-	-	-	-
	-	3,000	-	-	-
	(28,000)	(16,000)	-	-	-
	(50,000)	-	-	-	-
	<u>3,000</u>	<u>20,000</u>	<u>4,000</u>	<u>5,000</u>	<u>(16,000)</u>
	<u>247,000</u>	<u>332,000</u>	<u>322,000</u>	<u>406,000</u>	<u>303,000</u>
	412,000	916,000	1,930,000	2,246,000	1,320,000
	<u>384,000</u>	<u>1,099,000</u>	<u>4,308,000</u>	<u>2,470,000</u>	<u>1,140,000</u>
\$	<u>796,000</u>	<u>2,015,000</u>	<u>6,238,000</u>	<u>4,716,000</u>	<u>2,460,000</u>

CITY OF NAPLES AIRPORT AUTHORITY
NAPLES, FLORIDA

AVERAGE AVIATION FUEL MARGINS (PER GALLON)

Fiscal Year	Jet A										100 Low Lead		
	Prepaid					Annual					Prepaid		
	Flowage	Full Service	Full Service	Full Service	Discount	Scheduled Airline	Volume	Discount	Full Service	Full Service	Full Service	Self Fueling	Scheduled Airline
2007	\$ 0.31	\$ 1.70	\$ 1.12	\$ 1.04	\$ 1.04	\$ 0.40			\$ 1.04	\$ 0.78	\$ 0.79	\$ 0.39	
2008	\$ 0.29	\$ 1.78	\$ 1.20	\$ 1.15	\$ 1.15	\$ 0.53			\$ 1.47	\$ 1.26	\$ 1.22	\$ 0.86	
2009	\$ 0.30	\$ 1.88	\$ 1.29	\$ 1.20	\$ 1.20	-			\$ 1.09	\$ 0.80	\$ 0.78	\$ 0.17	
2010	\$ 0.30	\$ 1.97	\$ 1.34	\$ 1.25	\$ 1.25	-			\$ 0.90	\$ 0.75	\$ 0.52	-	
2011	\$ 0.30	\$ 1.97	\$ 1.34	\$ 1.25	\$ 1.25	-			\$ 0.94	\$ 0.76	\$ 0.55	-	
2012	\$ 0.30	\$ 2.02	\$ 1.30	\$ 1.18	\$ 1.18	-			\$ 0.93	\$ 0.75	\$ 0.53	-	
2013	\$ 0.30	\$ 2.01	\$ 1.29	\$ 1.17	\$ 1.17	-			\$ 0.91	\$ 0.76	\$ 0.53	-	
2014	\$ 0.30	\$ 2.01	\$ 1.30	\$ 1.18	\$ 1.18	-			\$ 0.93	\$ 0.75	\$ 0.53	-	
2015	\$ 0.30	\$ 1.96	\$ 1.29	\$ 1.17	\$ 1.17	-			\$ 0.91	\$ 0.76	\$ 0.53	-	
2016	\$ 0.30	\$ 1.93	\$ 1.34	\$ 0.87	\$ 0.87	\$ 0.11			\$ 0.73	\$ 0.45	\$ 0.65	-	

AVIATION FUEL SALES (GALLONS)

Fiscal Year	Jet A										100 Low Lead		
	Prepaid					Annual					Prepaid		
	Flowage	Full Service	Full Service	Full Service	Discount	Scheduled Airline	Volume	Discount	Full Service	Full Service	Full Service	Self Fueling	Scheduled Airline
2007	689,588	2,040,129	1,295,325	1,619,301	1,619,301	391,694			198,825	205,737	66,805	15,656	487,023
2008	607,642	2,017,530	1,228,956	1,622,484	1,622,484	483			137,950	238,781	51,871	27,489	456,091
2009	455,104	1,381,586	1,129,922	1,251,958	1,251,958	-			122,045	227,698	41,535	2,540	393,818
2010	417,749	1,280,427	1,141,723	1,331,142	1,331,142	-			122,531	154,119	43,342	-	319,992
2011	464,992	1,592,831	1,093,734	1,407,793	1,407,793	-			118,531	136,559	71,032	-	326,122
2012	477,521	1,544,348	1,247,745	1,422,233	1,422,233	-			128,035	129,737	97,103	-	354,875
2013	396,364	1,650,051	1,318,861	1,272,369	1,272,369	-			150,996	122,402	114,609	-	388,006
2014	292,832	2,062,984	1,609,354	1,774,311	1,774,311	-			146,327	113,920	117,721	-	377,968
2015	248,968	2,279,122	1,568,159	1,923,026	1,923,026	-			143,677	117,437	130,333	-	391,447
2016	252,568	2,458,314	1,535,659	2,086,491	2,086,491	37,509			158,993	106,487	115,206	-	380,686

AVIATION FUEL SALES (NET REVENUE)

Fiscal Year	Jet A										100 Low Lead		
	Prepaid					Annual					Prepaid		
	Flowage	Full Service	Full Service	Volume Discount	Scheduled Airline	Total	Full Service	Full Service	Service	Self Fueling	Scheduled Airline	Public	Total
2007	\$ 210,693	\$ 3,459,750	\$ 1,455,751	\$ 1,689,440	\$ 157,165	\$ 6,972,799	\$ 206,990	\$ 160,570	\$ 52,584	\$ 6,089	\$ 426,233		
2008	\$ 178,725	\$ 3,583,487	\$ 1,474,827	\$ 1,871,708	\$ 256	\$ 7,109,003	\$ 203,231	\$ 300,417	\$ 63,133	\$ 23,737	\$ 590,518		
2009	\$ 135,937	\$ 2,598,651	\$ 1,454,081	\$ 1,504,865	-	\$ 5,693,534	\$ 133,625	\$ 181,976	\$ 32,486	\$ 421	\$ 348,508		
2010	\$ 125,323	\$ 2,519,840	\$ 1,532,421	\$ 1,667,402	-	\$ 5,844,986	\$ 110,232	\$ 116,228	\$ 22,731	-	\$ 249,191		
2011	\$ 138,308	\$ 3,137,801	\$ 1,461,453	\$ 1,760,216	-	\$ 6,497,778	\$ 111,202	\$ 103,734	\$ 38,892	-	\$ 253,828		
2012	\$ 141,770	\$ 3,112,119	\$ 1,620,039	\$ 1,685,166	-	\$ 6,559,094	\$ 118,662	\$ 97,491	\$ 51,929	-	\$ 268,082		
2013	\$ 118,909	\$ 3,314,626	\$ 1,703,302	\$ 1,491,478	-	\$ 6,628,315	\$ 137,658	\$ 92,558	\$ 60,698	-	\$ 290,914		
2014	\$ 87,850	\$ 4,146,860	\$ 2,057,286	\$ 1,810,718	-	\$ 8,102,714	\$ 115,526	\$ 47,680	\$ 75,025	-	\$ 238,231		
2015	\$ 74,690	\$ 4,470,681	\$ 1,948,108	\$ 1,902,027	-	\$ 8,395,506	\$ 116,885	\$ 59,284	\$ 76,947	-	\$ 253,116		
2016	\$ 75,770	\$ 4,752,120	\$ 1,885,624	\$ 2,094,370	\$ 4,281	\$ 8,812,165	\$ 142,936	\$ 53,979	\$ 84,967	-	\$ 281,882		

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 (cost of fuel + margin).
 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, which are included in Fuel sales (net) as show on the Statement of Revenues, Expenses and Changes in Net Position.

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

Company	2016		2007	
	Gross Sales	% of Total Gross Sales	Gross Sales	% of Total Gross Sales
Net Jets	\$ 4,016,670	28.1%	\$ 3,491,312	13.9%
Naples Jet Center/Eagle Creek	\$ 2,767,026	19.4%		
Flexjet	\$ 1,358,406	9.5%	\$ 716,393	2.8%
Hertz Corporation	\$ 992,144	6.9%	\$ 577,434	2.3%
Cable Vision	\$ 805,111	6.9%		
Travel Management Company	\$ 503,605	3.5%		
Delta Private Jets	\$ 439,237	3.1%		
Sweet Aviation	\$ 329,030	2.3%		
Transjet	\$ 314,913	2.2%		
Avis Rent-a-Car	\$ 238,420	1.7%	\$ 493,087	2.0%
Delta Airlines			\$ 1,060,511	4.2%
Flight Options			\$ 671,707	2.7%
Citation Shares			\$ 519,686	2.1%
Enterprise Rent A Car			\$ 440,055	1.7%
Dollar Rent A Car-Florida			\$ 426,399	1.7%
Naples Air Center, Inc			\$ 335,142	1.3%

Source: Authority's accounting records

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

Company	2016		2007	
	Aviation Fuel Gallons	% of Total Aviation Gallons	Aviation Fuel Gallons	% of Total Aviation Gallons
Net Jets	1,371,127	20.4%	1,046,036	16.0%
Flex Jets	457,814	6.8%	213,907	3.3%
Naples Jet Center/Eagle creek	329,343	4.9%		
Travel Management	151,869	2.3%		
Delta Private Jet	136,994	2.0%		
Whitesell Corporation	67,162	1.0%		
XOJET	61,996	0.9%		
Wheels up /Gamma Aviation	56,955	0.8%		
Olympus Campus	52,210	0.8%		
Naples Air Inc	48,498	0.7%		
Delta Airlines			391,049	6.0%
Health Management Associates			227,648	3.5%
Flight Options			202,035	3.1%
CitationShares			156,213	2.4%
ST Aviation			102,816	1.6%
ASG			98,876	1.5%
Naples Airport Properties			86,914	1.3%
Naples Air Center			84,267	1.3%

Source: Authority's accounting records

DEBT LIMITATIONS

Fiscal Year	Debt Limit	Total Outstanding Debt	Ratio of Debt to Debt Limit
2007	\$ 15,000,000	-	0.0%
2008	\$ 15,000,000	-	0.0%
2009	\$ 15,000,000	-	0.0%
2010	\$ 15,000,000	-	0.0%
2011	\$ 15,000,000	-	0.0%
2012	\$ 15,000,000	-	0.0%
2013	\$ 15,000,000	-	0.0%
2014	\$ 15,000,000	-	0.0%
2015	\$ 15,000,000	-	0.0%
2016	\$ 15,000,000	-	0.0%

Source: Authority's Enabling Legislation and financial statements

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

DEMOGRAPHIC AND ECONOMIC INDICATORS

Year	City of Naples			Collier County			Metropolitan Statistical Area
	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2006	22,970	\$ 1,248,117	\$ 54,337	326,658	\$ 12,711,343	\$ 42,846	3.0%
2007	23,101	\$ 1,327,060	\$ 57,446	333,858	\$ 15,236,905	\$ 49,492	4.2%
2008	22,556	\$ 1,393,690	\$ 61,788	332,854	\$ 17,990,169	\$ 57,446	6.9%
2009	21,651	\$ 1,369,989	\$ 63,276	333,032	\$ 19,846,737	\$ 63,276	10.9%
2010	22,390	\$ 1,368,953	\$ 61,141	331,800	\$ 19,739,453	\$ 62,559	11.6%
2011	19,537	\$ 1,171,927	\$ 59,985	321,520	\$ 19,127,928	\$ 60,049	10.3%
2012	19,939	\$ 1,641,299	\$ 82,316	323,785	\$ 19,446,631	\$ 59,264	9.3%
2013	20,115	\$ 1,685,597	\$ 83,798	329,849	\$ 20,075,468	\$ 60,391	7.2%
2014	20,537	\$ 1,646,164	\$ 80,156	339,642	\$ 22,033,344	\$ 64,872	6.2%
2015	20,968	\$ 1,776,430	\$ 84,721	348,777	\$ 25,763,656	\$ 73,869	5.2%

Sources: Population, personal income and per capita personal income for City of Naples provided by City of Naples, Florida, Comprehensive Annual Financial Report, 2015.
 Population, personal income and per capita personal income for Collier County provided by Collier County, Florida, Comprehensive Annual Financial Report, 2015.
 Unemployment information provided by the U.S. Department of Labor, Bureau of Labor Statistics.

Note: Population, personal income, per capita personal income, and unemployment rate for 2016 not available (n/a).

PRINCIPAL EMPLOYERS

Employer	2015			2006		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Collier County Public Schools	5,280	1	4.29%	5,000	1	4.62%
NCH Healthcare System	4,000	2	3.25%	3,500	2	3.24%
Publix Supermarkets	2,805	3	2.28%	2,221	5	2.05%
Collier County Government (excl. Sheriff)	2,137	4	1.74%	2,364	4	2.19%
Arthrex, Inc	1,709	5	1.39%	-		0.00%
Collier County Sheriff's Office	1,397	6	1.13%	1,100	7	1.02%
Ritz Carlton Hotel	1,100	7	0.89%	1,500	6	1.39%
Country Club of Naples	1,050	8	0.85%	-		0.00%
Seminole Casino Immokalee	875	9	0.70%	-		0.00%
Marriot Corporation	775	10	0.63%	843	8	0.78%
Employee Professionals	-			3,394	3	3.14%
Naples Grande Beach Resort	-			830	9	0.77%
Cleveland Clinic	-			790	10	0.73%
Other Employers	102,054		82.85%	86,577		80.07%
Totals	123,182		100.00%	108,119		100.00%

Source: Collier County, Florida, Comprehensive Annual Financial Report, 2015

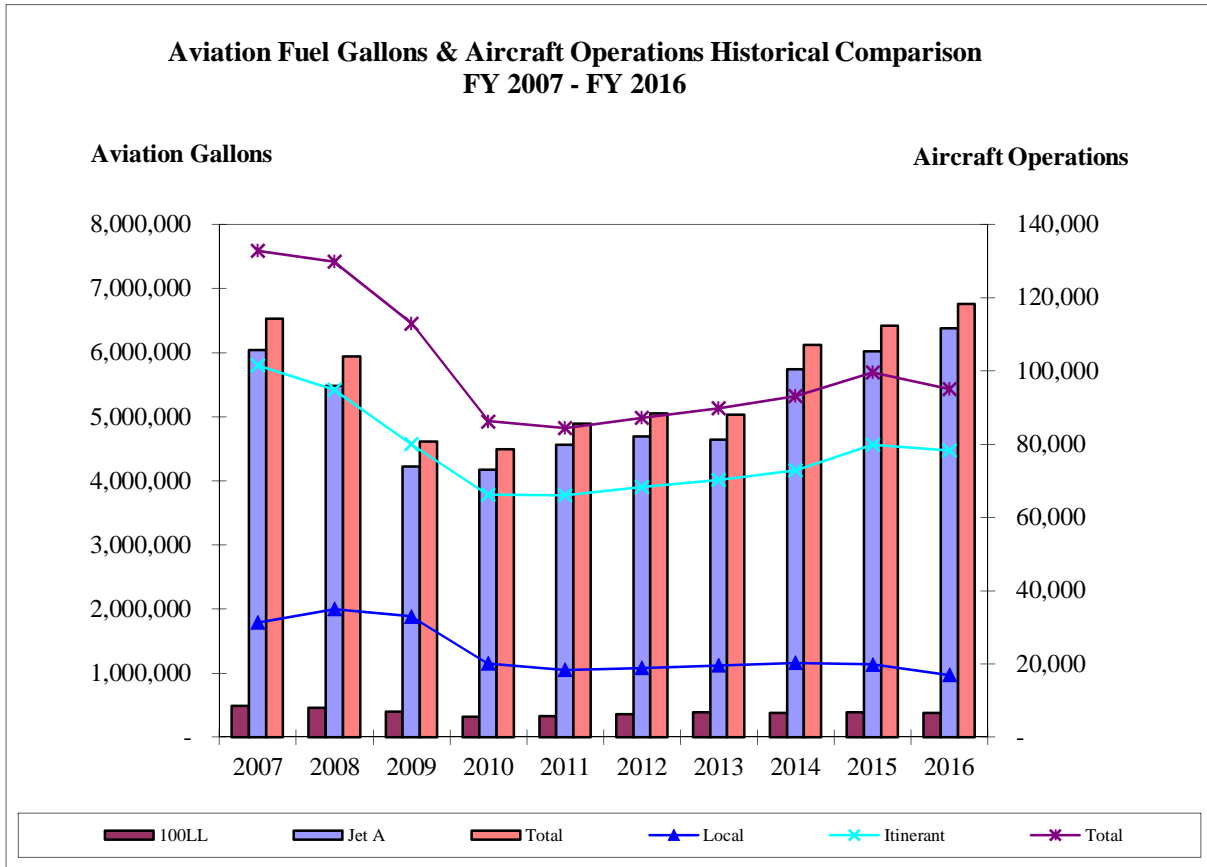
Note: Data on Principal Employers for 2016 not yet available.

**CITY OF NAPLES AIRPORT AUTHORITY
NAPLES, FLORIDA**

AVIATION FUEL AND AIRCRAFT OPERATIONS STATISTICS

Fiscal Year	Aviation Fuel Gallons			Aircraft Operations		
	100LL	Jet A	Total	Local	Itinerant	Total
2007	487,023	6,036,037	6,523,060	31,263	101,476	132,739
2008	456,091	5,477,095	5,933,186	34,966	94,765	129,731
2009	393,819	4,218,570	4,612,389	32,885	80,018	112,903
2010	319,992	4,171,041	4,491,033	20,029	66,158	86,187
2011	326,122	4,563,303	4,889,425	18,323	66,016	84,339
2012	354,926	4,691,847	5,046,773	18,835	68,243	87,078
2013	388,006	4,637,645	5,025,651	19,537	70,242	89,779
2014	377,967	5,739,481	6,117,448	20,256	72,848	93,104
2015	391,446	6,019,275	6,410,721	19,798	79,771	99,569
2016	380,686	6,370,541	6,751,227	16,864	78,186	95,050

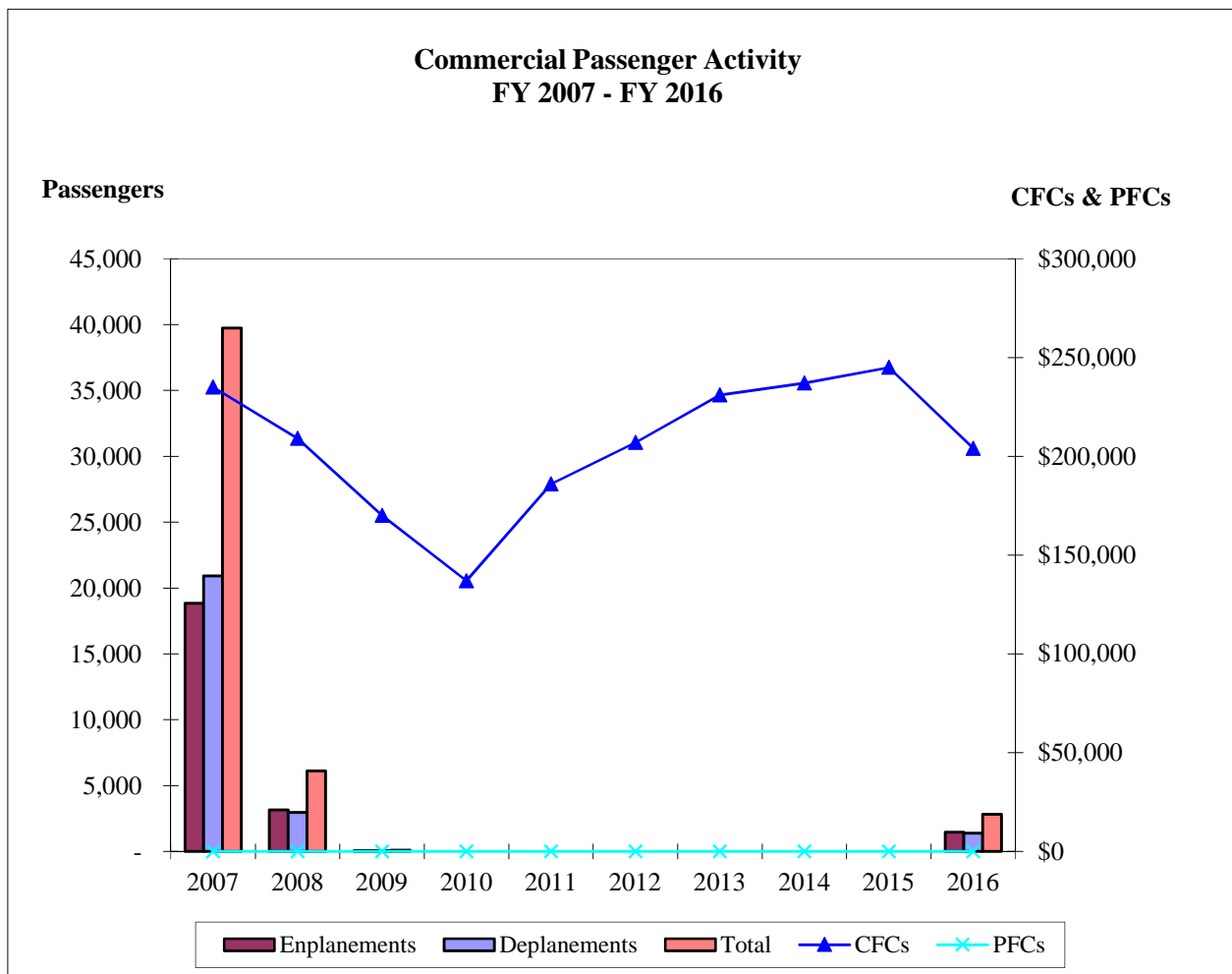
Source: Authority's Operations and Finance Department records



COMMERCIAL PASSENGER STATISTICS

Fiscal Year	Enplanements	Deplanements	Total	CFCs	PFCs
2007	18,835	20,910	39,745	\$235,000	\$0
2008	3,143	2,959	6,102	\$209,000	\$0
2009	56	41	97	\$170,000	\$0
2010	-	-	-	\$137,000	\$0
2011	-	-	-	\$186,000	\$0
2012	-	-	-	\$207,000	\$0
2013	-	-	-	\$231,000	\$0
2014	-	-	-	\$237,000	\$0
2015	-	-	-	\$245,000	\$0
2016	1,452	1,377	2,829	\$204,000	\$0

Source: Authority's Operations and Finance Department records



**CITY OF NAPLES AIRPORT AUTHORITY
NAPLES, FLORIDA**

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Customer Service	33.3	37.8	30.6	29.7	31.0	30.7	30.3	35.4	38.6	39.4
Operations	3.2	3.2	2.4	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Airport Development	2.0	2.0	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Facilities & Custodial	18.0	19.0	16.9	18.0	16.9	16.7	16.5	17.0	17.2	18.1
Security	5.0	5.0	3.7	2.8	2.8	3.5	2.9	2.0	1.8	2.1
Administration	9.0	9.0	6.5	6.6	6.8	6.1	6.1	6.2	7.0	7.3
Executive	3.0	3.0	1.9	2.0	3.0	3.9	3.0	2.9	3.0	4.0
TOTAL EMPLOYEES	73.5	79.0	63.9	63.1	64.5	64.9	62.8	67.5	71.6	74.9

Source: Authority's payroll records

AIRPORT INFORMATION

Airport Name: Naples Municipal Airport
 Airport Identifier: APF
 Location: 2 nautical miles northeast of City of Naples business district
 Elevation: 9 feet
 ARP Latitude: 26° 9' 8.93" N
 ARP Longitude: 81° 46' 31.61" W

Acres (+/-):
 Leased from City 640
 Owned by Authority 92

Air Traffic Control Tower: Contract Tower
 U.S. Customs & Border Protection User Fee

Runways:

05/23	Asphalt	5800 ft. X 150 ft.
14/32	Asphalt	5000 ft. X 100 ft.
SW/NE	Turf	1850 ft. X 100 ft.

	Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Air Carrier Terminal:											
Area (sq. ft.)		21,190	21,190	21,190	21,190	21,190	21,190	21,190	21,190	21,190	21,190
Gates		5	5	5	5	5	5	5	5	5	5
Parking (spaces)		540	540	540	540	540	540	540	540	540	540
Rental Car Agencies		4	4	4	4	4	4	4	4	4	4
General Aviation Terminal:											
Area (sq. ft.)		11,650	11,650	11,650	19,747	19,747	19,747	19,747	19,747	19,747	19,747
Parking (spaces)		279	279	279	274	274	274	274	274	274	274
Rental Car Agencies		4	3	3	3	3	3	3	3	3	4
Aircraft Storage:											
T-Hangars		178	178	208	208	208	208	208	208	208	208
Common Storage		1	1	1	1	2	2	4	4	4	4
T-Shelters		38	38	20	20	20	20	20	20	20	20
Tiedowns		194	173	101	134	134	134	134	134	134	134
Non-Authority Owned (units)		60	62	65	79	78	78	76	76	76	86
Based Aircraft:		414	390	396	370	398	416	317	353	331	363

Note: The FAA changed the definition of Based Aircraft in 2013
 Sources: Florida Department of Transportation and Authority records

CAPITAL CONTRIBUTIONS

Fiscal Year	FAA Grants	FDOT Grants	Collier County Contributions	City of Naples Contributions	Other Contributions	Cumulative Total
Prior to 73	\$ -	\$ 15,827	\$ -	\$ 147,786	\$ -	\$ 163,613
1973	9,257	19,263	-	-	-	\$ 192,133
1974	4,493	26,124	-	-	988	\$ 223,738
1975	127,287	7,336	-	-	144	\$ 358,505
1976	74,901	34,328	-	-	-	\$ 467,734
1977	747,326	34,745	-	-	-	\$ 1,249,805
1978	647,159	42,890	-	-	-	\$ 1,939,854
1979	-	-	-	-	2,600	\$ 1,942,454
1980	93,321	14,354	-	-	350,376	\$ 2,400,505
1981	260,871	224,458	-	-	-	\$ 2,885,834
1982	34,124	439,785	-	-	-	\$ 3,359,743
1983	66,776	15,375	-	-	-	\$ 3,441,894
1984	1,175,584	152,469	-	-	-	\$ 4,769,947
1985	844,538	29,251	-	-	-	\$ 5,643,736
1986	258,173	38,923	-	-	-	\$ 5,940,832
1987	472,659	52,396	3,976	3,977	-	\$ 6,473,840
1988	291,391	12,701	6,336	-	-	\$ 6,784,268
1989	826,111	280,884	2,664	-	9,826	\$ 7,903,753
1990	267,587	45,124	-	-	677	\$ 8,217,141
1991	1,647,653	957,458	-	-	-	\$ 10,822,252
1992	77,348	477,897	-	-	-	\$ 11,377,497
1993	450,449	361,584	-	-	-	\$ 12,189,530
1994	426,795	105,326	-	-	-	\$ 12,721,651
1995	535,632	1,272,510	-	-	-	\$ 14,529,793
1996	514,109	43,953	-	-	-	\$ 15,087,855
1997	2,116,513	(1,032,265)	-	-	-	\$ 16,172,103
1998	180,892	639,094	-	-	-	\$ 16,992,089
1999	515,784	876,626	-	-	-	\$ 18,384,499
2000	1,507,835	426,705	-	-	-	\$ 20,319,039
2001	1,256,599	1,333,664	-	50,000	78,000	\$ 23,037,302
2002	1,234,773	994,788	150,000	-	2,500	\$ 25,419,363
2003	659,193	292,038	-	-	-	\$ 26,370,594
2004	-	161,643	-	-	-	\$ 26,532,237
2005	1,075,963	656,212	-	-	-	\$ 28,264,412
2006	1,410,431	414,753	-	-	2,777,709	\$ 32,867,305
2007	2,271,245	175,881	-	-	364,706	\$ 35,679,137
2008	639,889	2,038,259	-	-	17,579	\$ 38,374,864
2009	6,568,040	752,255	-	-	34,247	\$ 45,729,406
2010	2,940,811	724,826	-	-	-	\$ 49,395,043
2011	1,723,983	-	-	-	642,079	\$ 51,761,105
2012	382,287	2,170	-	-	-	\$ 52,145,562
2013	1,040,966	57,803	-	-	-	\$ 53,244,331
2014	3,966,282	341,928	-	-	-	\$ 57,552,541
2015	436,737	1,902,645	-	-	130,512	\$ 60,022,435
2016	112,000	-	-	-	1,028,000	\$ 61,162,435

Source: Authority's financial statements and accounting records

Note: Other Contributions for 2006 include the acquisition of the NAA North Facility.

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**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**

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 statement of net position and the related statements of revenues, expenses, and changes in net position and cash flows of the City of Naples Airport Authority (Authority), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 14, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
February 14, 2017

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MANAGEMENT LETTER

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Naples Airport Authority (Authority) as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated February 14, 2017.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 14, 2017, 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. There were no findings in the preceding annual financial audit.

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. This information is disclosed in the notes to the financial statements.

Financial Condition

Section 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 condition(s) 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.c. 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.

Annual Financial Report

Section 10.554(1)(i)5.b. 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 the annual financial report for the Authority for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., 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. The Authority does not have any special district component units.

Other Matters

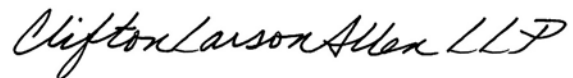
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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.

Board of Commissioners
City of Naples Airport Authority

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
February 14, 2017

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INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
City of Naples Airport Authority
Naples, Florida

We have examined the City of Naples Airport Authority's (Authority) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of the Authority and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
February 14, 2017

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CITY OF NAPLES AIRPORT AUTHORITY
160 AVIATION DRIVE NORTH • NAPLES, FLORIDA 34104-3568

ADMINISTRATION (239) 643-0733/ FAX 643-4084
OPERATIONS 643-0404/FAX 643-1791, E-MAIL administration@flynaples.com

To the Commissioners
City of Naples Airport Authority
Naples, Florida

We have received the Auditor's Management Letter required by Auditor General Rule 10.554(1)(h). We acknowledge that the Auditor found there were no observations or recommendations.

Respectfully submitted,

Christopher A. Rozansky
Executive Director

Sheila J. Etelamaki
Sr. Director of Finance &
Administration

February 14, 2017