

MESA GATEWAY AIRPORT AUTHORITY
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2025

THIS PAGE BLANK

**MESA GATEWAY AIRPORT AUTHORITY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION – PROPRIETARY FUND	11
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION – PROPRIETARY FUND	12
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	13
NOTES TO BASIC FINANCIAL STATEMENTS	15
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A	
SCHEDULE OF MGAA'S PROPORTIONATE SHARE OF NET PENSION/OPEB LIABILITY – COST-SHARING PLANS	40
SCHEDULE OF MGAA'S PENSION/OPEB CONTRIBUTIONS	42
OTHER INFORMATION	
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGETARY-BASIS	44

THIS PAGE BLANK



INDEPENDENT AUDITORS' REPORT

Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Mesa Gateway Airport Authority (MGAA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise MGAA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of MGAA, as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MGAA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MGAA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MGAA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of MGAA's proportionate share of the net pension and OPEB liability and contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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

Management is responsible for the other information included in the annual report. The other information comprises the schedule of revenues and expenditures (budgetary basis) but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025, on our consideration of MGAA'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MGAA's 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 MGAA's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
September 24, 2025

THIS PAGE BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE BLANK

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

The management of Mesa Gateway Airport Authority (MGAA) offers readers this overview and analysis of MGAA's financial statements and activities for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of MGAA exceeded the liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$415.0 million (net position). Total net position increased by \$26.5 million during the fiscal year.
- MGAA's operating revenues increased \$5.7 million (18.2%) from the prior fiscal year.
- During the current year, member governments contributed \$2.8 million to MGAA. These contributions were utilized to fund capital projects at MGAA.
- Capital Grants and Contributions increased \$4.6 million from the previous year as MGAA began several new major grant-funded projects.
- Net income from fueling operations exceeded \$9 million, and income from leases increased \$2.1 million as a result of increased operations and activity.
- MGAA's operating loss narrowed to \$9.7 million in the current year, a decrease of \$1.9 million from the previous fiscal year. This loss is attributable to non-cash depreciation expense on assets. These assets were contributed by the federal government, acquired with the aid of grants, or constructed using contributions from MGAA's member governments or MGAA's own operating reserves.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to MGAA's basic financial statements. MGAA's basic financial statements are divided into four sections:

1. Fund financial statements.
2. Notes to the basic financial statements.
3. Required supplementary information other than MD&A.
4. Other information.

As MGAA presents only one fund type, separate government-wide financial statements have not been prepared.

Fund financial statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, MGAA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike most other governments, which have multiple funds, all MGAA's activities are business-type activities and are accounted for in a single proprietary fund.

Proprietary funds. MGAA maintains its accounting records in a single enterprise fund. An enterprise fund is a type of proprietary fund used to report business-type activities.

The proprietary fund financial statements can be found on pages 11 - 14 of this report.

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

The *statement of net position* presents information on MGAA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being shown as net position.

The *statement of revenues, expenses and change in net position* presents information on how MGAA's net position changed during the fiscal year.

All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The *statement of cash flows* presents MGAA's cash flow (sources and uses) related to operating activities, non-capital financing activities, capital financing activities, and investing activities during the year.

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to basic financial statements can be found on pages 15 - 39 of this report.

Required Supplementary Information other than MD&A

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to MGAA's pension plan as required by the GASB to supplement information found in the notes to the basic financial statements. These schedules are included on pages 40 - 43 of this report.

Other Information

MGAA annually prepares a full capital and operating budget, which is submitted to the Board of Directors for approval during the spring of each year. Although the budget is not legally binding, it is an important management tool used throughout the fiscal year. During the fiscal year, actual activity is compared to the budget on a monthly basis to assess operating results.

Budget to actual results for the full year, presented on a budgetary basis, are included as other information on page 44 of this report.

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS

Net position represents the accrued results of a government's operations and, over time, increases or decreases in net position may serve as a useful indicator of whether MGAA's financial position is improving or deteriorating. At the end of the fiscal year, MGAA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$415.0 million.

Airports are capital-intensive enterprises. 82.0% of MGAA's net position is invested in capital assets (net of any outstanding debt used to acquire those assets).

MGAA uses these assets to provide aviation access and services to the flying public and the surrounding communities, consequently these assets are not available for future spending. Although MGAA's investment in its capital assets is reported net of related debt, the resources needed to pay such debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Certain of MGAA's funding sources impose external restrictions upon the use of funds. In the event that MGAA has unspent restricted resources, this balance is reported as restricted net position and is not available for use to meet ongoing obligations. MGAA ended the current year with no unspent restricted resources, and therefore reports no restricted net position.

The remaining balance of unrestricted net position (18.0%) may be used to meet MGAA's ongoing obligations.

The table below presents a summary of MGAA's net position for the fiscal years ended June 30, 2025 and 2024 respectively.

	Business-Type Activities	
	2025	2024
ASSETS		
Current and Other Assets	\$ 90,600,741	\$ 79,220,426
Noncurrent Assets	372,835,189	353,745,444
Total Assets	<u>463,435,930</u>	<u>432,965,870</u>
DEFERRED OUTFLOWS OF RESOURCES	2,225,611	1,357,764
LIABILITIES		
Current and Other Liabilities	7,215,598	6,095,969
Long-Term Liabilities	24,155,738	24,238,313
Total Liabilities	<u>31,371,336</u>	<u>30,334,282</u>
DEFERRED INFLOWS OF RESOURCES	<u>19,330,077</u>	<u>15,533,480</u>
NET POSITION		
Net Investment in Capital Assets	340,160,706	324,839,831
Unrestricted	74,799,422	63,616,041
Total Net Position	<u>\$ 414,960,128</u>	<u>\$ 388,455,872</u>

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Total net position increased by \$26.5 million (6.8%) as a result of changes in net investment in capital assets and unrestricted net position.

Net investment in capital assets increased \$15.3 million from the prior year as the acquisition of new assets exceeded depreciation in the current year and MGAA continued to pay down debt.

Unrestricted net position increased \$11.2 million from the prior year as the growth in operating revenues exceeded the growth in expenses as detailed below.

The table below presents the significant elements of revenue and expenses for MGAA comparatively for the current and prior fiscal year.

	Business-Type Activities	
	2025	2024
REVENUES		
Charges for Sales and Services	\$ 29,186,925	\$ 25,530,606
Lease Income	7,859,721	5,800,508
Capital Grants and Contributions	28,722,374	25,375,473
Non-Operating Revenues	10,402,511	10,364,661
Total Revenues	76,171,531	67,071,248
EXPENSES		
Cost of Sales	6,747,084	5,343,774
Other Operating Expenses	23,552,338	22,092,210
Depreciation	16,475,632	15,513,965
Non-Operating Expenses	2,892,221	1,475,623
Total Expenses	49,667,275	44,425,572
CHANGE IN NET POSITION	26,504,256	22,645,676
Net Position - Beginning of Year	388,455,872	365,810,196
NET POSITION - END OF YEAR	\$ 414,960,128	\$ 388,455,872

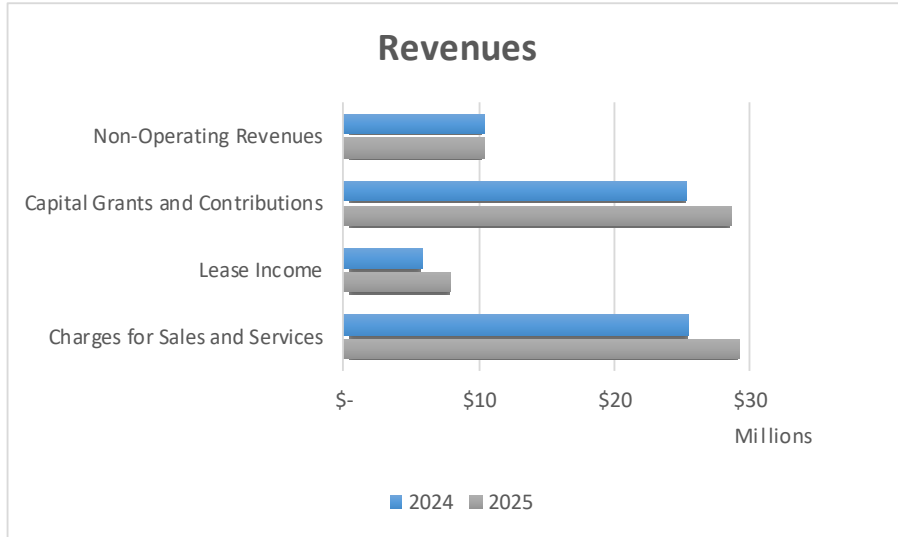
Revenues

Overall revenues increased \$9.1 million from the previous fiscal year. This increase in revenues was driven by substantial increases in revenue from fueling operations (\$2.2 million), lease income (\$2.1 million) and airport usage fees (\$1.4 million).

Increases in airport usage fees (\$1.4 million) and fueling operations (\$2.2 million), were driven by robust growth in both commercial and private as well as military user activity at the airport as MGAA saw over 2 million passengers for the first time in 2025 along with record breaking cargo activity.

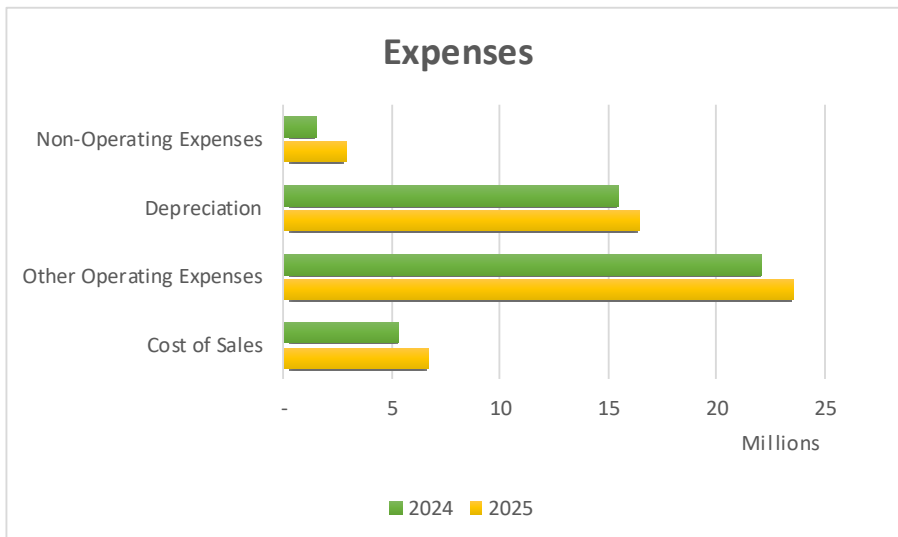
Strong growth in lease income (\$2.1 million) is the result of several of the long-term leases entered into by MGAA in previous years coming online and beginning to make payments as well as growth in percentage rent payment from airport concessionaires as overall activity has increased.

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**



Expenses

MGAA’s operating expenses excluding depreciation increased \$2.9 million (10.4%) over the prior year, with significant increases in personnel costs, professional services, and fueling operations cost of goods sold. Increases in professional services (\$0.7 million), were driven by higher costs for services. Increases in personnel costs (\$0.7 million) reflect market driven pay increases to remain competitive and retain talent as well as growth of 7.5 full-time equivalents (FTEs) to support increased operations. By far the largest increase was seen in cost of goods sold for the fueling operations which increased \$1.5 million (27.7%) over the prior year. Costs of goods sold for the fueling operation are directly correlated to increased revenues from fueling operations and were driven higher by both higher average fuel costs, as well as increased fueling activity during the year. MGAA’s overall expenses increased \$3.8 million (8.9%), with an increase in depreciation (\$1.0 million) reflecting the increase in new assets built or acquired by MGAA from prior year.



**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At June 30, 2025, MGAA’s capital assets totaled \$354.7 million (net of accumulated depreciation). Capital assets include land; runways, taxiways, and apron areas; buildings; improvements; machinery, vehicles, equipment, and software. A large majority of these assets were contributed to MGAA directly or were purchased with the aid of federal and state grants.

The table below summarizes MGAA’s capital assets (net of accumulated depreciation) by major asset class as of June 30, 2025 and 2024, respectively:

	Business-Type Activities	
	2025	2024
Land	\$ 91,188,500	\$ 91,188,500
Construction in Progress	23,757,961	10,584,822
Buildings & Improvements	95,856,209	99,097,319
Infrastructure	134,997,506	128,761,219
Machinery & Equipment	8,909,195	9,358,388
	<u>\$ 354,709,371</u>	<u>\$ 338,990,248</u>

Major capital asset events during the current fiscal year included the following:

- Reconstruction of Runway 12R/30L Phase 1 (\$19.1 million)
- Reconstruction of Runway 12C/30C Asphalt (\$4.5 million)
- Reconstruction of Taxiway Whiskey (\$2.1 million)
- New Ray Road Entrance Monuments (\$0.9 million)
- Common Use Passenger Processing System Replacement (\$1.2 million)

Additional information on MGAA’s capital assets may be found in the notes to the basic financial statements in Note 3.A.4 and 3.B.

Long-term debt

At the end of the current fiscal year, MGAA had total bond principal outstanding of \$13.7 million. Payments on MGAA’s outstanding special facilities revenue bonds are funded through lease payments from the City of Mesa, Arizona, and secured via pledged excise tax revenue by the City of Mesa through its lease and financing agreement with MGAA.

Overall, MGAA’s outstanding debt decreased \$0.6 million from the prior fiscal year due to regularly scheduled principal payments.

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

The following schedule shows the outstanding debt of MGAA as of June 30, 2025 and 2024.

Additional information on MGAA’s long-term debt may be found in the notes to the basic financial statements in Note 3.C.

	Business-Type Activities	
	2025	2024
Special Facility Revenue Bonds	\$ 13,735,000	\$ 14,340,000
Unamortized Premium on Bonds	339,887	366,032
	\$ 14,074,887	\$ 14,706,032

ECONOMIC FACTORS

MGAA depends on annual contributions from its member governments to cover some of its capital costs. This makes MGAA susceptible to downturns in the economy and changes in authority membership which could affect member governments’ abilities to provide this annual funding. However, member government support of this kind has been largely consistent over the last several years.

With MGAA’s largest fueling customers being the government and commercial airlines, a significant portion of fueling revenue depends on continuation of military activity and commercial passenger operations.

MGAA also depends on capital grants, mostly from the FAA and the Arizona Department of Transportation (ADOT), to continue its current level of capital improvement and renewal programs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of MGAA’s finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Mesa Gateway Airport Authority, 5835 S. Sossaman Road, Mesa, AZ 85212.

THIS PAGE BLANK

BASIC FINANCIAL STATEMENTS

THIS PAGE BLANK

MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Business-Type Activities Proprietary Fund
ASSETS	
Current Assets:	
Cash and Investments	\$ 81,934,232
Accounts Receivable, Net	1,678,178
Due from Other Governments	950,990
Lease Receivable	1,284,981
Prepaid Costs	513,337
Inventory	206,894
Restricted Assets:	
Cash with Fiscal Agent	983,298
Cash with Trustee	1,322,000
Customer Deposits	1,726,831
Total Current Assets	90,600,741
Noncurrent Assets:	
Lease Receivable	17,739,414
Net OPEB Asset	386,404
Capital Assets:	
Non-Depreciable	114,946,461
Depreciable, Net	239,762,910
Total Noncurrent Assets	372,835,189
Total Assets	463,435,930
DEFERRED OUTFLOWS OF RESOURCES	
Pension and OPEB	2,225,611
Total Deferred Outflow of Resources	2,225,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	3,075,991
Accrued Liabilities	582,221
Unearned Revenue	112,557
Current Liabilities Payable from Restricted Assets:	
Customer Deposits	1,726,831
Interest Payable	343,375
Current Portion of Long-Term Liabilities:	
Bonds and Loans Payable	635,000
Compensated Absences	739,623
Total Current Liabilities	7,215,598
Noncurrent Liabilities:	
Bonds and Loans Payable	13,439,887
Compensated Absences	506,825
Net Pension and OPEB Liability	10,209,026
Total Noncurrent Liabilities	24,155,738
Total Liabilities	31,371,336
DEFERRED INFLOWS OF RESOURCES	
Pension and OPEB	838,057
Leases	18,492,020
Total Deferred Outflow of Resources	19,330,077
NET POSITION	
Net Investment in Capital Assets	340,160,706
Unrestricted	74,799,422
Total Net Position	\$ 414,960,128

See accompanying Notes to Basic Financial Statements.

THIS PAGE BLANK

MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Business-Type Activities Proprietary Fund
OPERATING REVENUES	
Fueling Operations	\$ 15,813,796
Lease Income	7,859,721
Maintenance Services	424,414
Airport Usage Fees	12,948,715
Total Operating Revenues	37,046,646
OPERATING EXPENSES	
Personnel Costs	12,115,595
Professional Services	7,567,677
Cost of Goods Sold - Fueling Operations	6,728,144
Cost of Goods Sold - Maintenance Services	18,940
Repair and Maintenance	649,330
Utilities	1,194,720
Insurance	698,388
Other Expense	1,326,628
Depreciation	16,475,632
Total Operating Expenses	46,775,054
Operating Loss	(9,728,408)
NONOPERATING REVENUE (EXPENSES)	
Investment Income	3,509,824
Lease Interest Income	456,853
PFC Income	4,520,956
CFC Income	1,568,063
Other Income	346,815
Loss from Disposition of Assets	(2,231,616)
Interest Expense	(660,605)
Total Nonoperating Revenues (Expenses)	7,510,290
Income Before Capital Grants and Contributions	(2,218,118)
Capital Grants and Contributions	25,962,374
Capital Contributions from Member Governments	2,760,000
Total Capital Grants and Contributions	28,722,374
Change in Net Position	26,504,256
Total Net Position - Beginning of Year	388,455,872
TOTAL NET POSITION - END OF YEAR	\$ 414,960,128

See accompanying Notes to Basic Financial Statements.

**MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Business-Type Activities Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Providing Services	\$ 37,723,362
Payments to Employees	(12,065,452)
Payments to Suppliers	(18,067,488)
Customer Deposits and Prepayments	(117,879)
Net Cash Flows Provided by Operating Activities	7,472,543
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Lease Interest Income	456,853
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Construction and Acquisition of Capital Assets	(33,583,704)
Capital Contributions from Member Governments	2,760,000
Capital Grants from Other Governments	27,262,548
Passenger Facility Charges received	4,520,956
Customer Facility Charges received	1,560,174
Proceeds from Sale of Equipment	181,786
Principal Paid on Capital Debt	(605,000)
Interest Paid on Capital Debt	(701,875)
Net Cash Flows Provided by Capital and Related Financing Activities	1,394,885
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	3,509,824
Other Income (Expense)	346,815
Net Cash Flows Provided by Investing Activities	3,856,639
NET CHANGE IN CASH AND CASH EQUIVALENTS	
	13,180,920
Cash and Cash Equivalents - Beginning of Year	72,785,441
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 85,966,361
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Investments	\$ 81,934,232
Restricted cash	4,032,129
Total Cash and Cash Equivalents	\$ 85,966,361

(Continued)

See accompanying Notes to Basic Financial Statements.

**MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Business-Type Activities Proprietary Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (9,728,408)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	16,475,632
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Accounts Receivable	390,314
Lease Receivable	(3,350,507)
Prepaid Costs	176,640
Inventories	(11,334)
Net OPEB Asset	(67,415)
Accounts Payable and Accrued Liabilities	7,528
Unearned Revenue	111,529
Customer Deposits	(117,879)
Deferred Outflows Related to Pension and OPEB	(867,847)
Deferred Inflows Related to Pension and OPEB	271,217
Deferred Inflows Related to Leases	3,525,380
Net Pension and OPEB Liability	644,534
Compensated Absences	13,159
Net Cash Provided by Operating Activities	\$ 7,472,543
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Loss on Disposal of Capital Assets	\$ (2,413,402)
Amortization of Bond Issue Premium	26,145
Net Non-Cash Investing, Capital, and Financing Activities	\$ (2,387,257)

(Concluded)

See accompanying Notes to Basic Financial Statements.

THIS PAGE BLANK

NOTES TO BASIC FINANCIAL STATEMENTS

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Mesa Gateway Airport Authority (MGAA) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of MGAA's more significant accounting policies follows.

A. Reporting Entity

Mesa Gateway Airport Authority was established on May 19, 1994 as a joint powers' airport authority pursuant to Arizona Revised Statutes Title 28, Chapter 25, Article 8. Originally incorporated as Williams Gateway Airport Authority, MGAA's name was officially changed to Phoenix-Mesa Gateway Airport Authority on July 1, 2007 ahead of the City of Phoenix joining the board. With the departure of the City of Phoenix from the MGAA board effective June 30, 2024, the Phoenix-Mesa Gateway Airport Authority board voted to officially change the name of the authority to Mesa Gateway Airport Authority on December 17, 2024. MGAA operates 3,042 acres as Mesa Gateway Airport.

MGAA is overseen by a five-person board consisting of representatives from each of MGAA's member governments. Membership in MGAA is comprised of the Gila River Indian Community; Town of Gilbert, Arizona; City of Mesa, Arizona; Town of Queen Creek, Arizona; and City of Apache Junction, Arizona.

MGAA is further governed by a variety of federal, state, and local laws, agreements and regulations. The Federal Aviation Administration (FAA) has jurisdiction over airport operations, including aircraft, personnel, facilities, and many technical issues, including noise limits and reasonableness of fees. Under federal law and the FAA's regulations and grant agreements, MGAA cannot legally transfer revenues to its member governments except in exchange for fair value received.

MGAA is legally separate from other state and local governments. There are no component units combined with MGAA for financial statement presentation purposes and MGAA is not included in any other governmental reporting entity. Consequently, these financial statements present the financial position and activities of MGAA, for which its governing board is financially accountable.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

MGAA earns revenue from aeronautical and non-aeronautical activities. Fees received for use of the airport include, but are not limited to, landing fees, tie down fees, terminal usage fees, fuel flowage fees, parking fees, rental car fees, and concession fees. MGAA also owns and operates a fixed base fueling operation, leases land and facilities to various tenants, and contracts with tenants and users of the facilities within the airport area to provide maintenance services. Major expenses include salaries and fringe benefits; professional services for fire, police protection, and parking services; legal and development consulting; maintenance, and utilities.

B. Basis of Presentation

MGAA engages solely in business-type activities and presents only a single enterprise fund for external reporting purposes. Accordingly, MGAA does not present government-wide financial statements, and the statements of net position, of revenues, expenses and changes in net position and the statement of cash flows report information for that single enterprise fund only.

C. Basis of Accounting

1. Measurement Focus, Basis Accounting, and Financial Statement Presentation

The statement of net position and statement of revenues, expenses and changes in net position are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Such revenue is subject to review by the funding agency, which may result in disallowance in subsequent periods.

Proprietary, or, enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

2. Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act (Act), which authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. In May 1991, the Federal Aviation Administration issued the regulations for the use and reporting of PFCs. PFCs may be used for airport projects that meet at least one of the following criteria: (1) preserve or enhance safety, security, or capacity of the national transportation system; (2) reduce noise or mitigate noise impacts resulting from an airport; or (3) furnish opportunities for enhanced competition between or among carriers.

MGAA was granted permission to begin collection of a \$4.50 per passenger PFC beginning with MGAA's first application effective November 1, 2008. This authority continues with each successive application approved by the FAA for MGAA's collection of PFCs, the most recent of which, application 21-08-C-00-IWA, awarded on November 10, 2021, grants MGAA permission to impose and collect PFCs through June 1, 2043.

The PFC, less an \$0.11 per passenger administrative fee charged by the airlines for processing, is collected by the airlines and remitted on a monthly basis to MGAA. PFCs are not a grant to MGAA, but rather a fee earned by MGAA for passenger use of the airport facilities and is considered revenue when collected and remitted. However, as the use of the PFCs is restricted to those specific purposes approved by the FAA as part of each application by MGAA, the revenue from PFCs is reported as nonoperating revenue in MGAA's statement of revenues, expenses, and changes in net position. Unspent PFCs are reported as restricted cash, and restricted net position, in MGAA's financial statements.

3. Use of Restricted Resources

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is MGAA's policy to use restricted resources first before using unrestricted resources.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Cash and Investments

MGAA's cash and cash equivalents are comprised of cash on hand, demand deposits, cash and investments held by the State Treasurer and highly liquid investments with maturities of three months or less from the date of acquisition. Cash and investments are pooled, except for funds required to be held by fiscal agents or restricted under provisions of bond indentures.

State Statutes and Authority policy authorize MGAA to invest in obligations of U.S. Treasury and U.S. Agencies, certificates of deposit and repurchase agreements held in eligible depositories, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state, highly rated commercial paper, or the State Treasurer's Local Government Investment Pool. Investments are stated at fair value or amortized cost.

2. Receivables and Intergovernmental Receivables

All customer and non-governmental receivables are shown net of an allowance for uncollectible receivables. MGAA annually reviews the balance in the reserve account to determine if, based on history, the allowance is adequate to cover current receivables, and adjusted accordingly. Receivables from other governments are assumed to be entirely collectible and are therefore not included in this analysis. Current and long-term lease receivables represent the present value of future minimum non-cancelable payments on lease agreements in which MGAA is the lessor. These receivables are calculated and presented in accordance with GASB Statement No. 87.

3. Inventories and Prepaid Items

Supply inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventory is reported as an expense at the time the individual items are consumed. Fuel inventories are valued at cost using the moving average method.

Certain payments to vendors reflect costs applicable to future accounting periods and accordingly are recorded as prepaid items in the proprietary fund financial statements. These items are expensed as consumed.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

4. Restricted Assets

As required by applicable law, regulation and agreement, certain resources are set aside for debt service requirements on bonds and loans. Additionally, unspent PFC funds and related receivables and customer deposits, upon which there are legal or external restrictions as to use, are set aside as restricted.

5. Capital Assets

Capital assets, which include property, plant, infrastructure, machinery and equipment, and vehicles, are defined by MGAA as those assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	5 – 30 years
Infrastructure	5 – 40 years
Machinery, Vehicles, and Equipment	3 – 10 years

When assets are retired or sold, the costs of those assets and the related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is charged to income or expense.

6. Deferred Outflows and Inflows of Resources

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

7. Compensated Absences

The liability for compensated absences reported in the statement of net position consists of unpaid, accumulated leave balances. MGAA recognizes a liability for sick and vacation time that employees accumulate that is considered more likely than not to either be used as time off or otherwise paid in cash.

All employees (after a probationary period) are eligible for full payout of their vacation leave upon separation from service. Additionally, employees who have 15 or more years of service and/or retire in good standing from MGAA are eligible for payment of 50% of their unused sick leave (up to 520 hours). Employees with 10 or more years of service are eligible for payment of 25% of their unused sick leave (up to 520 hours) upon separation from service.

Further, MGAA's employee vacation policy provides for granting vacation leave payouts to eligible employees annually who meet the criteria. Every year, employees are eligible for payout of their accrued vacation balances in excess of MGAA's 240-hour limit, provided the employee has taken at least 80 hours of vacation during the previous fiscal year. All leave payouts are made at the employee's then-current rate of pay.

8. Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

9. Pension Plan and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities (assets), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

10. Net Position

In the statement of net position, net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets is reported separately because capital assets make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside of MGAA. Unrestricted net position is the remaining net position not included in the previous two categories.

E. Adoption of New Accounting Standards

In June of 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. This statement expands and amends and clarifies previously issued guidance around the recognition of liabilities for different forms of compensated leave by requiring a liability to be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. It additionally amended the requirement to disclose the gross increases and decreases in the liability for compensated absences to allow for disclosure of only the net change in the liability.

MGAA adopted the requirements of this standard effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

MGAA uses a budget process that culminates in the adoption of a formal annual budget by the board of directors. The budget is a planning and control device; it is not legally binding in the sense of appropriations commonly required in municipal governments. However, certain budget changes require board approval per certain MGAA board policies and organizational policies and procedures.

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2025 consist of the following:

Cash on Hand	\$	800
Deposits:		
Cash in Bank		1,609,212
Investments:		
Money Market		25,297,952
State Treasurer's Investment Pool		3,763,056
Commercial Paper		44,422,110
Corporate Bonds		10,873,231
Total Deposits and Investments		85,966,361
Less Restricted Assets		(4,032,129)
Cash and Investments on Statement of Net Position	\$	81,934,232

Investments and Fair Value Measurements – MGAA uses fair value measurements to record value adjustments to certain assets and to determine fair value disclosures. MGAA follows accounting principles generally accepted in the United States of America that define fair value, establish a framework for measuring fair value, establish a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

The fair value measurements framework utilizes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Fair value measurements define levels within the hierarchy based on the reliability of inputs.

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Financial assets recorded on the statement of net position are categorized based on inputs to the measurement framework as follows:

Level 1 – Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in an active over-the-counter-market.

Level 2 – Financial assets are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset.

MGAA’s investments at June 30, 2025, categorized within the fair value hierarchy detailed above, were as follows:

	June 30, 2025	Fair Value Measurements Using		
		(Level I)	(Level II)	(Level III)
Investments by Fair Value Level				
Commercial Paper	\$ 44,422,110	\$ -	\$ 44,422,110	\$ -
Corporate Bonds	10,873,231	10,873,231	-	-
Total Investments by Fair Value Level	<u>\$ 55,295,341</u>	<u>\$ 10,873,231</u>	<u>\$ 44,422,110</u>	<u>\$ -</u>
External Investment Pools				
Measured at Fair Value				
State Treasurer's Investment Pool	\$ 3,763,056			
Total Investments by Fair Value Level	<u>\$ 3,763,056</u>			
Investments by Amortized Costs				
Money Market	\$ 25,297,952			
Total Investments	<u>\$ 84,356,349</u>			

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

The State Board of Investment provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The value of investments in LGIP 700 has been adjusted to fair market value at June 30, 2025. LGIP shares are not identified with specific investments held for MGAA in physical or book entry form. Investments in the State Treasurer's Local Government Investment Pools are not insured or collateralized.

Custodial Credit Risk – Custodial Credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. MGAA is not subject to custodial credit risk since its investments are not identified with specific investments held by others for MGAA in physical or book entry form. MGAA does not have a formal policy regarding credit risk. However, collateralization is addressed in the investment policy.

As of June 30, 2025, all MGAA's funds held on deposit were fully collateralized through collateral pledged by MGAA's banking institution in MGAA's name.

Concentration Risk – Concentration risk is the increased risk to the organization when a significant portion of its resources are invested with a single issuer. MGAA does not have a formal policy for concentration of credit risk. However, diversification of portfolio assets is addressed in the investment policy. The LGIP portfolio is not directly rated but holds only assets rated AAA by Moody's. Concentration percentages are shown below.

As of June 30, 2025, MGAA had the following investments:

Rating Agency Investment	Rating	Amount	Percent
Moody's Investor Service			
Commercial Paper	A-1/P-1 - A-2/P-2	\$ 44,422,110	53%
Corporate Bonds	A-1/P-1 - A-2/P-2	\$ 10,873,231	13
Not Rated			
Money Market	N/A	25,297,952	30
State Treasurer's Investment Pool	N/A	3,763,056	4

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Interest rate risk – Due to the short maturities of MGAA’s investments, the risk of losses due to market interest rate changes is minimal. MGAA does not have a formal policy regarding interest rate risk. The following table shows the investment maturities by year and type of security:

Investment Type	Maturity			Total
	Less Than 1 Year	1-3 Years	More Than 3 Years	
State Treasurer's Investment Pool	\$ -	\$ 3,763,056	\$ -	\$ 3,763,056
Commercial Paper	44,422,110	-	-	44,422,110
Corporate Bonds	10,873,231	-	-	10,873,231
Total	<u>\$ 55,295,341</u>	<u>\$ 3,763,056</u>	<u>\$ -</u>	<u>\$ 59,058,397</u>

2. Restricted cash

Certain assets of MGAA are classified as restricted assets because their use is restricted by grant or contractual agreements. Restricted assets include the following:

Customer Deposits	\$ 1,726,831
Current & Future Debt Service Reserves	2,305,298
Total Restricted Cash and Investments	<u>\$ 4,032,129</u>

3. Receivables

At June 30, 2025, receivables were comprised of the following receivable balances, reduced as applicable by an allowance for uncollectible amounts:

	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Business-Type Activities:			
Accounts Receivable, Net	\$ 1,787,622	\$ (109,444)	\$ 1,678,178
Due from Other Governments	950,990	-	950,990
Lease Receivables	19,024,395	-	19,024,395
Total Business-Type Activities	<u>\$ 21,763,007</u>	<u>\$ (109,444)</u>	<u>\$ 21,653,563</u>

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

4. Capital assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 91,188,500	\$ -	\$ -	\$ 91,188,500
Construction in Progress	10,584,822	34,392,314	(21,219,175)	23,757,961
Total Capital Assets Not Being Depreciated	101,773,322	34,392,314	(21,219,175)	114,946,461
Capital Assets Being Depreciated				
Buildings & Improvements	164,551,081	1,887,112	(11,461,614)	154,976,579
Infrastructure	311,039,491	16,378,007	(3,413,894)	324,003,604
Machinery, Vehicles, & Equipment	27,459,271	1,423,707	(5,531,618)	23,351,360
Total Capital Assets Being Depreciated	503,049,843	19,688,826	(20,407,126)	502,331,543
Less Accumulated Depreciation For:				
Buildings & Improvements	(65,453,762)	(4,672,205)	11,005,597	(59,120,370)
Infrastructure	(182,278,272)	(10,046,869)	3,319,043	(189,006,098)
Machinery, Vehicles, & Equipment	(18,100,883)	(1,756,558)	5,415,276	(14,442,165)
Total Accumulated Depreciation	(265,832,917)	(16,475,632)	19,739,916	(262,568,633)
Total Capital Assets Being Depreciated, Net	237,216,926	3,213,194	(667,210)	239,762,910
Business-type Activities Capital Assets, Net	<u>\$ 338,990,248</u>	<u>\$ 37,605,508</u>	<u>\$ (21,886,385)</u>	<u>\$ 354,709,371</u>

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES (CONTINUED)

B. Purchase Commitments

MGAA had major contractual commitments related to various capital projects at June 30, 2025, for the construction or acquisition of various improvements. MGAA's commitments remaining open with contractors relating to these projects were as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Reconstruct Rwy 12R 30L & Twy H	\$ 20,375,214	\$ 27,710,454
Airfield Electrical Upgrades	54,554	495,446
Fire System Tank Valves	81,842	18,414
TSA Bag Make-up Expansion	1,040,493	44,587,121
TSA Checkpoint Stanchions	37,093	2,907
Airfield Asphalt Shoulders Rehab	245,649	29,977
Safety Management System	247,930	81,762
Terminal Seating Baggage Claim/High-Bay	43,666	97,334
2024 Ford F150 Super Crew 4X2	50,645	9,355
Lift for Manhole/Vault Covers	13,014	5,986
Common Use System	1,227,325	422,675
	<u>\$ 23,417,425</u>	<u>\$ 73,461,431</u>

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES (CONTINUED)

C. Long-Term Obligations

On February 29, 2012, MGAA issued \$19,220,000 in Special Facility Revenue Bonds (Mesa Project) Series 2012. Previous to the issuance, on March 21, 2011, MGAA entered into a Memorandum of Understanding (MOU) with the City of Mesa (the City) for the development, construction and lease of an aircraft maintenance, repair, and overhaul facility at Mesa Gateway Airport. Under the terms of the MOU, MGAA issued Special Facility Revenue Bonds which financed the construction of the facility, which was leased to the City through a property and special facility lease on February 1, 2012 (the Agreement). The facility is further subleased by the City under a separate agreement.

Under the terms of the agreement, the City will pay rent to MGAA, comprised of base rent for the building and premises rent for the property. The City's base rent payments due under the terms of the Agreement will be in sums sufficient to pay, amongst other things, the principal of and interest on the Series 2012 Special Facility Revenue Bonds as they come due, as well as all charges and expenses of the Trustee.

Further, in connection with the issuance of the special facility revenue bonds, The City pledged a portion of its excise taxes, defined in the Series 2012 Special Facility Revenue Bond Official Statement, as security for payment of the base rent. The pledge of such excise taxes will be a junior lien, subordinate to certain outstanding senior obligations.

Annual principal and interest payments on the bonds are expected to require 100% of revenues pledged for base rent less all charges and expenses of the trustee. Interest is paid semi-annually based upon the principal amount of the bonds outstanding during such period. The bonds are payable from the future lease revenues from the City of Mesa through 2039. During that time frame total principal and interest to be paid on the bonds will be \$35,216,300, with \$19,114,000 remaining to be paid as of June 30, 2025. For the current fiscal year, \$1,270,603 in base rent payments along with \$36,272 in earnings in excess of reserve requirements were utilized to repay \$605,000 in principal and \$701,875 in interest.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES (CONTINUED)

C. Long-Term Obligations (Continued)

The maturity schedule for the MGAA Series 2012 Special Facility Revenue Bonds is as follows:

Purpose	Interest Rate	Maturity Date	Original Amount	Outstanding Amount
Business-Type Activities:				
Special Facility Revenue Bonds:				
Series 2012	5.00%	07/01/25-38	<u>\$ 19,220,000</u>	<u>\$ 13,735,000</u>

Changes in long-term obligations for the year ended June 30, 2025 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Loans Payable					
Special Facility Revenue Bonds	\$ 14,340,000	\$ -	\$ (605,000)	\$ 13,735,000	\$ 635,000
Unamortized Premium on Bonds	366,032	-	(26,145)	339,887	-
Total Bonds and Loans Payable	<u>14,706,032</u>	<u>-</u>	<u>(631,145)</u>	<u>14,074,887</u>	<u>635,000</u>
Other Liabilities					
Compensated Absences*	1,233,289	13,159	-	1,246,448	739,623
Business-Type Long-Term Liabilities	<u>\$ 15,939,321</u>	<u>\$ 13,159</u>	<u>\$ (631,145)</u>	<u>\$ 15,321,335</u>	<u>\$ 1,374,623</u>

* The change in the compensated absences liability is presenting as a net change.

Debt service requirements on long-term debt at June 30, 2025, including future interest based on current repayment schedules, are as follows:

Fiscal Year Ending June 30,	Special Facility Revenue Bonds	
	Principal	Interest
2026	\$ 635,000	\$ 655,000
2027	665,000	621,750
2028	700,000	586,750
2029	735,000	550,000
2030	770,000	511,500
2031-2035	4,465,000	1,909,000
2036	1,030,000	236,750
2037	1,085,000	182,500
2038	1,135,000	125,750
2039	2,515,000	-
Total	<u>\$ 13,735,000</u>	<u>\$ 5,379,000</u>

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES (CONTINUED)

D. Leases

MGAA, acting as lessor, leases land and facilities on the airport for office buildings, hangars, and ground leases for tenant development. A limited number of these agreements include up to two renewal terms ranging from one to ten years. These leases expire at various dates through 2081, inclusive of any options to renew expected to be exercised.

In accordance with GASB Statement No. 87 *Leases*, MGAA recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases subject to external regulation and for those leases that are short-term in nature. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term.

With few exceptions, MGAA's leases include escalation clauses, which will result in increases in future rents. The escalation clauses typically provide for annual rent increases of 5 percent or the change in the Consumer Price Index. To the extent that such increases are known or can be determined, they have been included in the measurement of the lease receivable.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2025, MGAA received variable payments as required by lease agreements totaling \$3,963,372.

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2026	\$ 1,284,981	\$ 892,801	\$ 2,177,782
2027	1,190,078	832,299	2,022,377
2028	1,095,031	777,882	1,872,913
2029	1,146,606	723,488	1,870,094
2030	1,131,750	668,364	1,800,114
2031-2035	2,417,324	2,789,923	5,207,247
2036 and thereafter	10,758,625	12,345,841	23,104,466
Total minimum lease payments	<u>\$ 19,024,395</u>	<u>\$ 19,030,598</u>	<u>\$ 38,054,993</u>

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES (CONTINUED)

E. Regulated Leases

Certain leases entered into by MGAA are subject to external laws, regulations, legal rulings, and agreements promulgated and enforced by the FAA. Under these regulations, the leases entered into between MGAA and any air carrier or other aeronautical user (as defined in FAA Order 5190.6B Change 3 *Airport Compliance Manual*) must adhere to the following requirements:

1. Lease rates cannot exceed a reasonable amount (i.e. market rates), with reasonableness being subject to determination by the FAA.
2. Lease rates must be similar for lessees which are similarly situated.
3. MGAA, as lessor, cannot deny potential lessees the right to enter into leases if facilities are available (or land is available for the lessee to build their own facility), provided that the lessee's use of the facilities complies with airport minimum standards and use restrictions.

Under the provisions of GASB Statement No. 87, leases subject to external regulation should be excluded from the measurement of the lease receivable and, accordingly, MGAA has excluded these agreements from the measurement of its receivable.

For the year ended June 30, 2025, MGAA received \$4,750,774 in payments from leases under regulated lease agreements. Future noncancelable minimum payments under regulated lease agreements are as follows:

Year Ending June 30,	
2026	\$ 4,931,107
2027	4,628,648
2028	4,600,827
2029	4,560,925
2030	4,294,598
2031-2035	20,989,350
2036 and thereafter	79,660,068
Total minimum lease payments	<u>\$123,665,523</u>

These future regulated lease revenues include \$36,963,614 in base rent from the City of Mesa that will be used to service the debt on the Series 2012 Special Facility Bonds.

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION

A. Risk Management

In addition to safety efforts, MGAA's risk management activities include purchase of commercial insurance for all significant risks. Risks retained by MGAA include normal deductibles and the small risk of losses in excess of insurance coverage. The amounts of settlements have not exceeded insurance coverage for the past three years. There have been no significant reductions in insurance coverage. The financial statements do not include any liability for claims at June 30, 2025.

Losses arising from claims and judgments are expensed when (1) it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements, and (2) the amount of the loss can be reasonably estimated.

B. Contingencies

Air Force Prime Lease and Deed

In January 1996, MGAA entered into a prime lease with the United States Air Force for the real property encompassing approximately 3,005 of MGAA's 3,042 acres of land, which comprised the majority of the former Williams Air Force Base, including the three runways, and 120 buildings or facilities (such as navigational aids) ("the property") for the purpose of developing a public airport. Since then, portions of the property have been deeded to MGAA as environmental clearances have been completed. Today less than one acre remains under lease pending environmental clearance. The real property conveyed via quitclaim deed was recorded at estimated fair market value at the date of the transfer.

Under the terms of the deed, the property is restricted for public airport purposes for the use and benefit of the public. No land or improvements can be used, leased, sold, salvaged, or disposed of by MGAA for other than airport purposes without the written consent of the Administrator of the FAA. The term "airport purposes" as used in this deed includes the use and/or development of the property, including hotel development, to produce sources of revenue from nonaviation business.

Non-compliance with the terms of the indenture could, at the option of the Federal government, result in the property reverting to the United States of America.

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Related Party Transactions

MGAA has earned revenues, incurred expenses, and made other payments involving some of its member governments. Following is a summary of these transactions:

Related Party	Member Contributions	Operating Revenues	Operating Expenses	Sales Tax Collected/ Remitted
City of Apache Junction, Arizona	\$ 130,000	\$ -	\$ -	\$ -
City of Mesa, Arizona	1,700,000	2,070,179	2,954,073	451,161
Gila River Indian Community	450,000	-	-	-
Town of Gilbert, Arizona	350,000	-	-	-
Town of Queen Creek, Arizona	130,000	-	-	-
	<u>\$ 2,760,000</u>	<u>\$ 2,070,179</u>	<u>\$ 2,954,073</u>	<u>\$ 451,161</u>

MGAA revenues above consist of member contributions, real property leases, and minor maintenance work. MGAA expenses include airport rescue and firefighting (ARFF), police protection, water and trash utilities, lobbyist services, and permits. Included in City of Mesa expenses is \$157,828 in accounts payable at June 30, 2025.

D. Pension and Other Postemployment Benefits

Arizona State Retirement System

Plan Description – MGAA employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is a component unit of the State of Arizona.

The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
	Years of Service and Age and Age Required to Receive Benefit	Sum of Years and Age Equals 80 10 Years, Age 62 5 Years, Age 50* Any Years, Age 65
Final Average Salary is Based on	Highest 36 Consecutive Months of Last 120 Months	Highest 60 Consecutive Months of Last 120 Months
Benefit Percentage Per Year of Service	2.1% to 2.3%	2.1% to 2.3%

* With Actuarially Reduced Benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.27% (12.12% for retirement and 0.15% for long-term disability) of the members’ annual covered payroll, and statute required MGAA to contribute at the actuarially determined rate of 12.27% (12.05% for retirement, 0.07% for health insurance premium benefit, and 0.15% for long-term disability) of the active members’ annual covered payroll. In addition, MGAA was required by statute to contribute at the actuarially determined rate of 10.19% (10.14% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for MGAA in positions that an employee who contributes to the ASRS would typically fill.

MGAA’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2025, were \$1,107,039, \$6,312, and \$13,628, respectively.

Liability – At June 30, 2025, MGAA reported the following assets and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

	Net Pension/OPEB <u>(Asset) Liability</u>
Pension	\$ 10,207,360
Health Insurance Premium Benefit	(386,404)
Long-term Disability	1,666

The net asset and net liabilities were measured as of June 30, 2024. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

MGAA's proportion of the net asset or net liability was based on MGAA's actual contributions to each plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. MGAA's proportionate share of each plan measured as of June 30, 2024, and the change from its proportionate share of each plan measured as of June 30, 2023 were:

	Proportion June 30, 2024	Increase (Decrease) from June 30, 2023
Pension	0.06379%	0.00473
Health Insurance Premium Benefit	0.06395%	0.00487
Long-term Disability	0.63910%	0.58010

Expense – For the year ended June 30, 2025, MGAA recognized the following pension and OPEB expense:

	Pension/OPEB Expense
Pension	\$ 1,157,118
Health Insurance Premium Benefit	(57,444)
Long-term Disability	7,794

Deferred Outflows/Inflows of Resources –At June 30, 2025, MGAA reported deferred outflows of resources and deferred inflows of resources related to pension and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit		Long-term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 569,765	\$ -	\$ 11,182	\$ 93,301	\$ 6,126	\$ 4,437
Changes of Assumptions or Other Inputs	-	-	-	4,008	1,205	9,974
Net Difference between Projected and Actual Earnings on Plan Investments	-	651,852	-	26,562	-	1,820
Changes in Proportion and Differences between MGAA Contributions and Proportionate Share of Contributions	506,885	31,739	1,884	13,258	1,585	1,106
MGAA Contributions Subsequent to the Measurement Date	1,107,039	-	6,312	-	13,628	-
	\$ 2,183,689	\$ 683,591	\$ 19,378	\$ 137,129	\$ 22,544	\$ 17,337

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

The amounts as deferred outflows of resources related to pension and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources for pension and OPEB will be recognized in expense as follows:

Year Ending June 30,	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2026	\$ (61,734)	\$ (73,983)	\$ (2,640)
2027	739,420	(18,853)	(221)
2028	(165,005)	(18,715)	(2,757)
2029	(119,622)	(10,004)	(2,654)
2030	-	(2,508)	(1,037)
Thereafter	-	-	888

Actuarial assumptions- The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial Valuation Date	June 30, 2023
Actuarial Roll Forward Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Asset Valuation	Fair Value
Discount Rate/Investment Rate of Return	7.0%
Project Salary Increases	2.9 - 8.4% for Pensions/Not Applicable for OPEB
Inflation	2.3%
Permanent Benefit Increase	Included for Pensions/Not Applicable for OPEB
Mortality Rates	2017 SRA Scale U-MP for Pensions and Health Insurance Premium Benefit
Recovery Rates	2012 GLDT for Long-Term Disability
Healthcare Cost Trend Rate	Not Applicable

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
Public Equity	44%	4.48%
Credit	23%	4.40%
Real Estate	17%	6.05%
Private Equity	10%	6.11%
Interest Rate Sensitive	6%	(0.45)%
Total	<u>100%</u>	

Discount Rate—At June 30, 2024, the discount rate used to measure the total pension/OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of MGAA’s Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate—The following table presents MGAA’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what MGAA’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
MGAA’s Proportionate Share of the Net Pension Liability	\$ 15,629,556	\$ 10,207,360	\$ 5,688,434
Net Insurance Premium Benefit Liability (Asset)	(280,913)	(386,404)	(476,092)
Net Long-Term Disability Liability	5,732	1,666	(2,334)

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

Contributions Payable – MGAA’s accrued payroll and employee benefits included \$127,402 of outstanding pension and OPEB contribution amounts payable to the ASRS for the year ended June 30, 2025.

Deferred Compensation Plan

MGAA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Section 457 requires that the assets and income of a qualifying plan be held in trust for the exclusive benefit of participants and their beneficiaries. The plan, available to all MGAA employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Bi-weekly contributions to the plan are deducted from the wages of employees who choose to participate as prescribed by federal law and regulations. MGAA offers a matching contribution up to \$50 per pay period. These combined contributions are deposited with the third-party vendor in MGAA’s name and in trust on behalf of MGAA employees. MGAA has little administrative involvement and does not perform investing functions for this plan, therefore, this plan is not reflected in MGAA’s financial statements.

MGAA contributions to the plan for the year ended June 30, 2025 were \$130,096.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

MESA GATEWAY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF MGAA'S PROPORTIONATE SHARE OF NET
PENSION/OPEB LIABILITY
COST-SHARING PLANS
JUNE 30, 2025

Pension	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
MGAA's Proportion of the Net Pension Liability	0.06379%	0.05906%	0.05976%	0.05933%
MGAA's Proportionate Share of the Net Pension Liability	\$ 10,207,360	\$ 9,556,761	\$ 9,754,159	\$ 7,795,699
MGAA's Covered Payroll	8,729,569	7,761,072	7,144,721	6,689,029
MGAA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	116.93%	123.14%	136.52%	116.54%
Plan Fiduciary net Position as a Percentage of the Total Pension Liability	76.93%	75.47%	74.26%	78.58%

Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)			
	2024 (2023)	2023 (2022)	2023 (2022)	2022 (2021)
MGAA's Proportion of the Net OPEB (Asset) Liability	0.06395%	0.05908%	0.06009%	0.05967%
MGAA's Proportionate Share of the Net OPEB (Asset) Liability	\$ (386,404)	\$ (318,989)	\$ (335,361)	\$ (290,717)
MGAA's Covered Payroll	8,729,569	7,761,072	7,144,721	6,689,029
MGAA's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-4.43%	-4.11%	-4.69%	-4.35%
Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	137.51%	134.37%	137.79%	130.24%

Long-term Disability	Reporting Fiscal Year (Measurement Date)			
	2024 (2023)	2023 (2022)	2023 (2022)	2022 (2021)
MGAA's Proportion of the Net OPEB (Asset) Liability	0.63910%	0.05900%	0.05983%	0.05947%
MGAA's Proportionate Share of the Net OPEB (Asset) Liability	\$ 1,666	\$ 7,731	\$ 5,526	\$ 12,276
MGAA's Covered Payroll	8,729,569	7,761,072	7,144,721	6,689,029
MGAA's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	0.02%	0.10%	0.08%	0.18%
Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	98.77%	93.70%	95.40%	90.38%

Reporting Fiscal Year (Measurement Date)					
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
0.06247%	0.06220%	0.06082%	0.05781%	0.05524%	0.05129%
\$ 10,823,877 6,845,232	\$ 9,050,824 6,574,179	\$ 8,482,250 6,069,562	\$ 9,005,671 5,529,421	\$ 8,916,291 5,133,214	\$ 7,988,900 4,722,184
158.12%	137.67%	139.75%	162.87%	173.70%	169.18%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

Reporting Fiscal Year (Measurement Date)				
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 Through 2016
0.06272%	0.06217%	0.06096%	0.05800%	Information Not Available
\$ (44,406) 6,845,232	\$ (17,181) 6,574,179	\$ (21,951) 6,069,562	(31,575) 5,529,421	
-0.65%	-0.26%	-0.36%	-0.57%	
104.33%	101.62%	102.20%	103.57%	

Reporting Fiscal Year (Measurement Date)				
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 Through 2016
0.06256%	0.06209%	0.06091%	0.05776%	Information Not Available
\$ 47,459 6,845,232	\$ 40,448 6,574,179	\$ 31,826 6,069,562	20,937 5,529,421	
0.69%	0.62%	0.52%	0.38%	
68.01%	72.85%	77.83%	84.44%	

MESA GATEWAY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF MGAA PENSION/OPEB CONTRIBUTIONS
JUNE 30, 2025

Pension

	Fiscal Year			
	2025	2024	2023	2022
Statutorily Required Contribution	\$ 1,107,039	\$ 1,072,982	\$ 918,945	\$ 854,986
MGAA's Contributions in relation to the Statutorily Required Contribution	1,107,039	1,072,982	918,945	854,986
MGAA's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
MGAA's Covered Payroll	\$ 9,196,186	\$ 8,729,569	\$ 7,761,072	\$ 7,144,721
MGAA's Contributions as a Percentage of Covered Payroll	12.04%	12.29%	11.84%	11.97%

Health Insurance Premium Benefit

	Fiscal Year			
	2025	2024	2023	2022
Statutorily Required Contribution	\$ 6,312	\$ 9,586	\$ 8,281	\$ 14,658
MGAA's Contributions in relation to the Statutorily Required Contribution	6,312	9,586	8,281	14,658
MGAA's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
MGAA's Covered Payroll	\$ 9,196,186	\$ 8,729,569	\$ 7,761,072	\$ 7,144,721
MGAA's Contributions as a Percentage of Covered Payroll	0.07%	0.11%	0.11%	0.21%

Long-term Disability

	Fiscal Year			
	2025	2024	2023	2022
Statutorily Required Contribution	\$ 13,628	\$ 13,218	\$ 10,674	\$ 13,262
MGAA's Contributions in relation to the Statutorily Required Contribution	13,628	13,218	10,674	13,262
MGAA's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
MGAA's Covered Payroll	\$ 9,196,186	\$ 8,729,569	\$ 7,761,072	\$ 7,144,721
MGAA's Contributions as a Percentage of Covered Payroll	0.15%	0.15%	0.14%	0.19%

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 777,064	\$ 781,806	\$ 733,438	\$ 658,962	\$ 596,071	\$ 556,955
<u>777,064</u>	<u>781,806</u>	<u>733,438</u>	<u>658,962</u>	<u>596,071</u>	<u>556,955</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,689,029	\$ 6,845,232	\$ 6,574,179	\$ 6,069,562	\$ 5,529,421	\$ 5,133,214
11.62%	11.42%	11.16%	10.86%	10.78%	10.85%

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 26,087	\$ 33,542	\$ 30,241	\$ 26,706	\$ 30,965	\$ 25,666
<u>26,087</u>	<u>33,542</u>	<u>30,241</u>	<u>26,706</u>	<u>30,965</u>	<u>25,666</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,689,029	\$ 6,845,232	\$ 6,574,179	\$ 6,069,562	\$ 5,529,421	\$ 5,133,214
0.39%	0.49%	0.46%	0.44%	0.56%	0.50%

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 12,040	\$ 11,637	\$ 10,519	\$ 9,711	\$ 7,741	\$ 6,160
<u>12,040</u>	<u>11,637</u>	<u>10,519</u>	<u>9,711</u>	<u>7,741</u>	<u>6,160</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,689,029	\$ 6,845,232	\$ 6,574,179	\$ 6,069,562	\$ 5,529,421	\$ 5,133,214
0.18%	0.17%	0.16%	0.16%	0.14%	0.12%

THIS PAGE BLANK

OTHER INFORMATION

THIS PAGE BLANK

**MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY-BASIS
YEAR ENDED JUNE 30, 2025**

AIRPORT - All Operations

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Aeronautical Operating Revenues			
Aircraft Parking	\$ 297,349	\$ 357,870	\$ (60,521)
Fuel Flowage Fees	668,538	721,048	(52,510)
Landing Fees	1,557,120	1,905,297	(348,177)
Lease Income Aero	4,125,549	4,750,774	(625,225)
Fuel Sales	8,023,400	10,109,333	(2,085,933)
Services Sold - Aero	5,549,638	5,791,108	(241,470)
Non-Aeronautical Operating Revenues			
Concessions	1,339,200	1,553,311	(214,111)
Lease Income Non-Aero	1,324,375	1,398,092	(73,717)
Parking	4,625,217	5,550,515	(925,298)
Rental Car Fees	2,889,717	3,515,473	(625,756)
Svc's Sold - Non Aero	143,270	183,651	(40,381)
Total Operating Revenues	<u>30,543,373</u>	<u>35,836,472</u>	<u>(5,293,099)</u>
OPERATING EXPENSES			
Personnel	12,423,601	12,106,338	317,263
Costs of Goods Sold	5,512,871	6,747,084	(1,234,213)
Comm & Utilities	1,014,627	1,194,720	(180,093)
Contractual Services	7,874,410	7,567,677	306,733
Insurance	803,926	698,388	105,538
Other	527,073	429,969	97,104
Repair & Maintenance	1,122,100	649,330	472,770
Supplies & Materials	1,141,571	896,660	244,911
Air Service Incentives	2,000,000	-	2,000,000
Operating Contingency	3,042,018	-	3,042,018
Total Operating Expenses	<u>35,462,197</u>	<u>30,290,166</u>	<u>5,172,031</u>
OPERATING INCOME - BUDGETARY-BASIS	<u>\$ (4,918,824)</u>	5,546,306	<u>\$ (10,465,130)</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS			
Depreciation is a GAAP-only Expenditure		(16,475,632)	
Certain Expenditures (i.e. Compensated Leave) are recognized in			
Expense when Earned on a GAAP Basis, when Paid on a Budgetary-Basis		(28,767)	
Pension and OPEB Expense is a GAAP-only Expenditure		(1,107,468)	
Pension and OPEB Contributions are an Expense on a Budgetary-Basis		1,126,979	
A Portion of Lease Income is presented as non-operating on a GAAP Basis		(631,726)	
Lease Income Excludes Bond-Related Lease Income on a Budgetary-Basis		1,841,900	
Operating Loss - GAAP Basis		<u>\$ (9,728,408)</u>	