

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022

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PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	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 PMGAA'S PROPORTIONATE SHARE OF NET PENSION/OPEB LIABILITY – COST-SHARING PLANS	40
SCHEDULE OF PMGAA'S PMGAA PENSION/OPEB CONTRIBUTIONS	42
OTHER INFORMATION	
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGETARY-BASIS	44

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Phoenix-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 Phoenix-Mesa Gateway Airport Authority (PMGAA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise PMGAA'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 PMGAA, as of June 30, 2022, 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 PMGAA 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, PMGAA adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

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 PMGAA'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 PMGAA'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 PMGAA'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 PMGAA'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 statement of revenues and expenses (budget 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 19, 2022, on our consideration of PMGAA'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 PMGAA'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 PMGAA's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
September 19, 2022

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REQUIRED SUPPLEMENTARY INFORMATION

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**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The management of Phoenix-Mesa Gateway Airport Authority (PMGAA) offers readers this overview and analysis of PMGAA's financial statements and activities for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of PMGAA exceeded the liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$332.3 million (net position). Total net position increased by \$21.4 million during the fiscal year.
- PMGAA's operating revenues increased \$3.6 million (14.6%) from the prior fiscal year.
- During the current year, member governments contributed \$4.06 million to PMGAA. These contributions were utilized to fund capital projects at PMGAA.
- Intergovernmental Revenue decreased \$6.0 million as PMGAA completed the drawdown of its remaining CRRSAA Act and ARPA Act funding.
- PMGAA recognized a \$15.4 million lease receivable, \$15.2 million deferred inflow of resources, and \$0.7 million in lease interest income related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*.
- PMGAA's operations resulted in a net operating loss of \$11.1 million for the 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 PMGAA's member governments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to PMGAA's basic financial statements. PMGAA'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 PMGAA 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, PMGAA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike most other governments, which have multiple funds, all PMGAA's activities are business-type activities and are accounted for in a single proprietary fund.

Proprietary funds. PMGAA 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.

**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The *statement of net position* presents information on PMGAA'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 PMGAA'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 PMGAA'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 PMGAA's pension plan as required by the GASB to supplement information found in the notes to the basic financial statements. These schedules are included at pages 40 - 43 of this report.

Other Information

PMGAA 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.

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 PMGAA's financial position is improving or deteriorating. At the end of the fiscal year, PMGAA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$332.3 million.

Airports are capital-intensive enterprises. 80.2% of PMGAA's net position is invested in capital assets (net of any outstanding debt used to acquire those assets).

**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

PMGAA uses these assets to provide aviation access and services to the flying public and the surrounding community, consequently these assets are not available for future spending. Although PMGAA'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 PMGAA's funding sources impose external restrictions upon the use of funds. In the event that PMGAA has unspent restricted resources, this balance is reported as restricted net position and is not available for use to meet ongoing obligations. PMGAA ended the current year with no unspent restricted resources, and therefore reports no restricted net position.

The remaining balance of unrestricted net position (19.8%) may be used to meet PMGAA's ongoing obligations.

The table below presents a summary of PMGAA's net position for the fiscal years ended June 30, 2022 and 2021.

**Phoenix-Mesa Gateway Airport Authority's Net Position
June 30, 2022 and 2021**

	Business-Type Activities	
	2022	2021
ASSETS		
Current and Other Assets	\$ 86,416,041	\$ 75,690,585
Noncurrent Assets	295,215,863	267,338,365
Total Assets	<u>381,631,904</u>	<u>343,028,950</u>
DEFERRED OUTFLOWS OF RESOURCES	2,052,586	2,007,657
LIABILITIES		
Current and Other Liabilities	9,561,203	6,943,032
Long-Term Liabilities	23,605,748	27,168,544
Total Liabilities	<u>33,166,951</u>	<u>34,111,576</u>
DEFERRED INFLOWS OF RESOURCES	<u>18,235,152</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	266,644,552	252,750,898
Restricted	-	1,108,767
Unrestricted	65,637,835	57,065,366
Total Net Position	<u>\$ 332,282,387</u>	<u>\$ 310,925,031</u>

Net position increased by \$21.4 million (6.9%) from the previous fiscal year-end driven by increases in fueling operations and airport usage fees as aviation activity recovered following pandemic driven reductions in the previous year.

Net investment in capital assets increased \$13.9 million from the prior year as the acquisition of new assets exceeded depreciation in the current year and PMGAA continued to pay down debt.

**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Restricted net position decreased \$1.1 million in the current year as PMGAA completed work on a large infrastructure project that fully expended all remaining restricted funds.

The increase in unrestricted net position (\$8.6 million) reflects increased operating activity as noted on the previous page.

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

**Phoenix-Mesa Gateway Airport Authority's Changes in Net Position
For the Years Ended June 30, 2022 and 2021**

	Business-Type Activities	
	2022	2021
REVENUES		
Charges for Sales and Services	\$ 22,127,642	\$ 19,354,061
Lease Income	6,462,411	5,590,431
Capital Grants and Contributions	17,050,437	17,114,163
Other	16,164,032	20,154,067
Total Revenues	61,804,522	62,212,722
EXPENSES		
Cost of Sales	4,417,088	2,984,075
Other Operating Expenses	18,258,853	17,249,160
Depreciation	17,029,620	17,091,629
Non-Operating Expenses	741,605	762,805
Total Expenses	40,447,166	38,087,669
CHANGE IN NET POSITION	21,357,356	24,125,053
Net Position - Beginning of Year	310,925,031	286,799,978
NET POSITION - END OF YEAR	\$ 332,282,387	\$ 310,925,031

Revenues

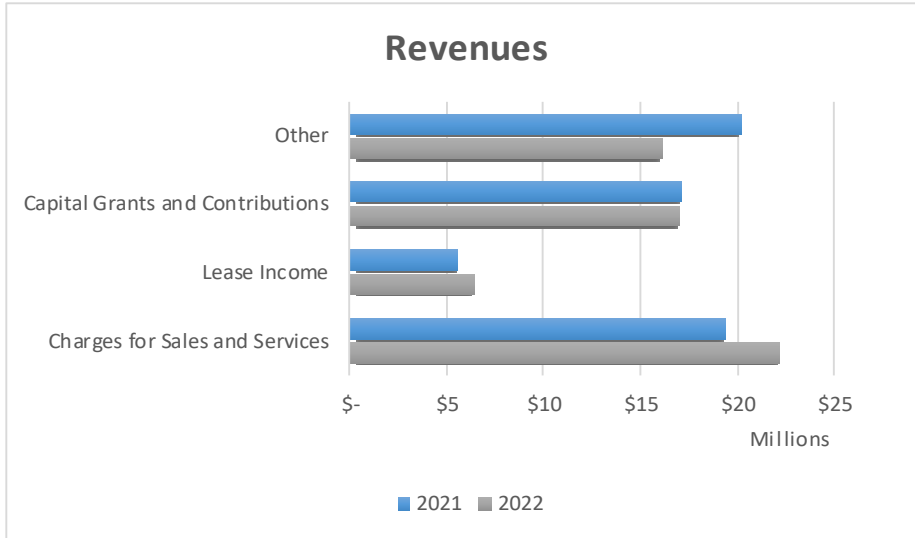
Overall revenues decreased \$0.4 million from the previous fiscal year, as increases in operating revenues were largely offset by declines in intergovernmental revenues as the CARES, CRRSAA and ARPA programs funding was fully drawn. While PMGAA saw a decline in intergovernmental revenues of \$6.0 million with the end of these programs, those declines were largely moderated by a rebound in airport charges for sales and services, including a \$0.3 million or 2.7% increase in fueling operations and \$2.4 million (33.4%) increase in airport usage fees driven by a robust recovery aviation activity to pre-pandemic levels.

PMGAA saw increases in its Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) revenues of \$1.3 million and \$0.3 million, respectively, again driven by increased commercial air travel and a significant increase in gain from disposition of assets which was the result of a one-time \$0.5 million payment received by PMGAA for the extinguishment of an easement completed during the fiscal year.

Lease interest income (\$0.7 million) recognized by PMGAA in the current year represents imputed interest reported in accordance with GASB Statement No. 87 *Leases*.

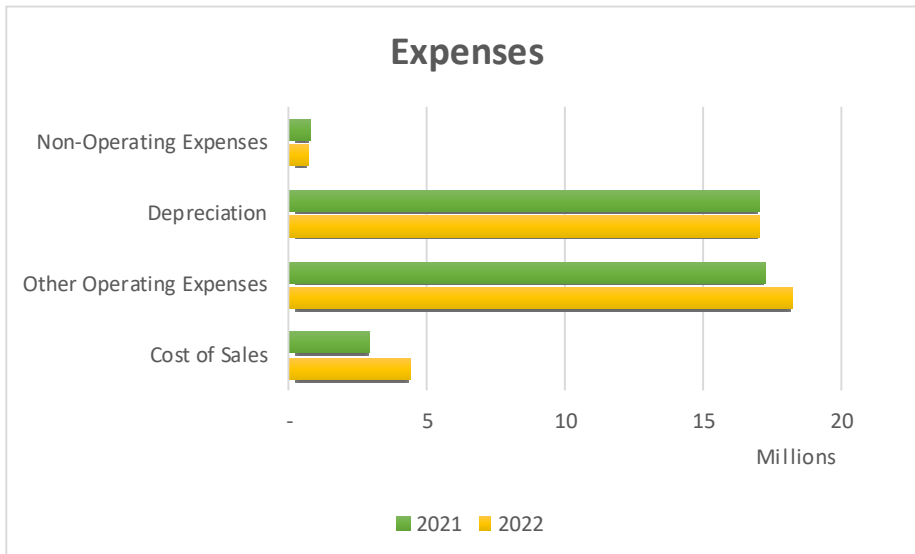
**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Investment income declined once again from the prior year (\$0.7 million) as a persistently low interest rate environment continued throughout the fiscal year as a result of the pandemic posed a significant challenge to PMGAA’s ability to earn a safe return on its investments.



Expenses

PMGAA’s expenses increased \$2.3 million (6.1%) over the prior year, with significant increases in fuel costs, professional services and other expenses. Costs for fueling operations increased \$1.4 million or 48.5% over the previous year driven by a sharp rebound in fuel costs from pandemic lows caused by the war in Ukraine and its related impacts on the international fuel commodity markets. Increases in professional services (\$0.7 million), repair and maintenance costs (\$0.1 million), and other expense (\$0.4 million) were driven by significantly higher costs for services and supplies due to increase inflation in the border market and continue supply chain disruptions caused by the pandemic.



**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At June 30, 2022, PMGAA's capital assets totaled \$280.7 million (net of accumulated depreciation). Capital assets include land; runways, taxiways, and apron areas; buildings; improvements; machinery, vehicles, and equipment. A large majority of these assets were contributed to PMGAA directly or were purchased with the aid of federal and state grants.

**Capital assets (Net)
June 30, 2022 and 2021**

	Business-Type Activities	
	2022	2021
Land	\$ 91,188,500	\$ 91,188,500
Construction in Progress	35,568,067	15,852,409
Buildings & Improvements	41,100,872	45,714,515
Infrastructure	104,010,144	104,123,390
Machinery & Equipment	8,781,023	10,459,551
	<u>\$ 280,648,606</u>	<u>\$ 267,338,365</u>

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

- Construction of Alpha Apron Phase III (\$8.7 million)
- Construction Phase of New Air Traffic Control Tower Project (\$14.2 million)
- North Apron Aircraft Parking (\$0.5 million)
- Construction of Cellphone Lot (\$0.7 million)
- Lifecycle Equipment Replacements (\$0.6 million)
- Taxiway Alpha Shoulder Rehab (\$0.1 million)

Additional information on PMGAA'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, PMGAA had total debt outstanding of \$15.9 million. Payments on PMGAA'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 PMGAA.

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

**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The following schedule shows the outstanding debt of PMGAA as of June 30, 2022 and 2021.

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

**Outstanding Debt
June 30, 2022 and 2021**

	Business-Type Activities	
	2022	2021
Special Facility Revenue Bonds	\$ 15,465,000	\$ 15,995,000
Unamortized Premium on Bonds	418,322	444,467
	\$ 15,883,322	\$ 16,439,467

ECONOMIC FACTORS

PMGAA depends on annual contributions from its member governments to cover some of its capital costs. This makes PMGAA susceptible to downturns in the economy and other difficulties that could affect member governments' abilities to provide this annual funding. However, member government support of this kind has been consistent over the last several years.

With PMGAA'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.

PMGAA 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 PMGAA'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 Chief Financial Officer, Phoenix-Mesa Gateway Airport Authority, 5835 S. Sossaman Road, Mesa, AZ 85212.

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BASIC FINANCIAL STATEMENTS

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PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Business-type Activities Proprietary Fund
ASSETS	
Current Assets:	
Cash and Investments	\$ 77,565,769
Accounts Receivable, Net	1,421,856
Due from Other Governments	448,883
Lease Receivable	1,167,226
Prepaid Costs	1,487,764
Inventory	241,745
Restricted Assets:	
Cash with Fiscal Agent	933,875
Cash with Trustee	1,306,794
Customer Deposits	1,842,129
Total Current Assets	86,416,041
Noncurrent Assets:	
Lease Receivable	14,276,540
Net OPEB Asset	290,717
Capital Assets:	
Non-Depreciable	126,756,567
Depreciable, Net	153,892,039
Total Noncurrent Assets	295,215,863
Total Assets	381,631,904
DEFERRED OUTFLOWS OF RESOURCES	
Pension and OPEB	2,052,586
Total Deferred Outflow of Resources	2,052,586
LIABILITIES	
Current Liabilities:	
Accounts Payable	5,699,663
Accrued Liabilities	538,080
Current Liabilities Payable from Restricted Assets:	
Customer Deposits	1,842,129
Interest Payable	383,875
Current Portion of Long-Term Liabilities:	
Bonds and Loans Payable	550,000
Compensated Absences	547,456
Total Current Liabilities	9,561,203
Noncurrent liabilities:	
Bonds and Loans Payable	15,333,322
Compensated Absences	464,451
Net Pension and OPEB Liability	7,807,975
Total Noncurrent Liabilities	23,605,748
Total Liabilities	33,166,951
DEFERRED INFLOWS OF RESOURCES	
Pension and OPEB	3,036,420
Leases	15,198,732
Total Deferred Outflow of Resources	18,235,152
NET POSITION	
Net Investment in Capital Assets	266,644,552
Unrestricted	65,637,835
Total Net Position	\$ 332,282,387

See accompanying Notes to Basic Financial Statements.

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PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Business-type Activities Proprietary Fund
OPERATING REVENUES	
Fueling Operations	\$ 12,039,641
Lease Income	6,462,411
Maintenance Services	328,757
Airport Usage Fees	9,759,244
Total Operating Revenues	28,590,053
OPERATING EXPENSES	
Personnel Costs	9,160,241
Professional Services	5,426,002
Cost of Goods Sold - Fueling Operations	4,327,297
Cost of Goods Sold - Maintenance Services	89,791
Repair and Maintenance	717,663
Utilities	866,769
Insurance	585,998
Other Expense	1,502,180
Depreciation	17,029,620
Total Operating Expenses	39,705,561
Operating Loss	(11,115,508)
NONOPERATING REVENUE (EXPENSES)	
Investment Income (Loss)	(584,905)
Lease Interest Income	691,631
PFC Income	4,272,360
CFC Income	909,115
Other Income	16,319
Gain from Disposition of Assets	477,658
Intergovernmental Revenue	10,381,854
Interest Expense	(741,605)
Total Nonoperating Revenues (Expenses)	15,422,427
Income Before Capital Grants and Contributions	4,306,919
Capital Grants and Contributions	17,050,437
Change in Net Position	21,357,356
Total Net Position - Beginning of Year	310,925,031
TOTAL NET POSITION - END OF YEAR	\$ 332,282,387

See accompanying Notes to Basic Financial Statements.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Business-type Activities Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Providing Services	\$ 27,864,530
Payments to Employees	(9,294,526)
Payments to Suppliers	(14,693,926)
Customer Deposits and Prepayments	26,131
Net Cash Flows Provided by Operating Activities	3,902,209
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Lease Interest Income	691,631
Operating Grants from Other Governments	6,705,332
Net Cash Flows Provided by Non-Capital Financing Activities	7,396,963
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Construction and Acquisition of Capital Assets	(27,587,829)
Capital Contributions from Member Governments	4,060,000
Capital Grants from Other Governments	18,817,431
Passenger Facility Charges received	4,974,580
Customer Facility Charges received	909,115
Proceeds from Sale of Equipment	507,453
Principal Paid on Capital Debt	(530,000)
Interest Paid on Capital Debt	(778,350)
Net Cash Flows Provided by Capital and Related Financing Activities	372,400
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	224,885
Gain (Loss) on Change in Fair Market Value	(809,790)
Other Income (Expense)	16,319
Net Cash Flows Used by Investing Activities	(568,586)
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,102,986
Cash and Cash Equivalents - Beginning of Year	70,545,581
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 81,648,567
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 77,565,769
Restricted cash	4,082,798
Total Cash and Cash Equivalents	\$ 81,648,567

(Continued)

See accompanying Notes to Basic Financial Statements.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Business-type Activities Proprietary Fund
(Concluded)	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (11,115,508)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	17,029,620
Change in Assets, Deferred Outflows, Liabilities and	
Deferred Inflows:	
Accounts Receivable	(480,489)
Lease Receivable	(15,443,766)
Prepaid Costs	(823,466)
Inventories	(3,981)
Net OPEB Asset	(290,717)
Accounts Payable and Accrued Liabilities	(228,264)
Tenant Deposits	26,131
Deferred Outflows Related to Pension	(44,929)
Deferred Inflows Related to Pension	3,036,420
Deferred Inflows Related to Leases	15,198,732
Net Pension and OPEB Liability	(3,015,902)
Compensated Absences	58,328
Net Cash Provided by Operating Activities	\$ 3,902,209
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Loss on Disposal of Capital Assets	\$ (29,795)
Amortization of Bond Issue Premium	26,145
Net Non-Cash Investing, Capital, and Financing Activities	\$ (3,650)

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Phoenix-Mesa Gateway Airport Authority (PMGAA) 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 PMGAA's more significant accounting policies follows.

A. Reporting Entity

Phoenix-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, PMGAA's name was officially changed to Phoenix-Mesa Gateway Airport Authority on July 1, 2007. PMGAA operates 3,042 acres as Phoenix-Mesa Gateway Airport.

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

PMGAA 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, PMGAA cannot legally transfer revenues to its member governments except in exchange for fair value received.

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

PMGAA 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. PMGAA 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 and police protection and parking services, legal and development consulting, maintenance and utilities.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

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

C. Basis of Accounting

1. Measurement Focus and Basis Accounting

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.

2. Passenger Facility Charges (PFC)

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.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Passenger Facility Charges (Continued)

PMGAA was granted permission to begin collection of a \$4.50 per passenger PFC beginning with PMGAA's first application effective November 1, 2008. This authority continues with each successive application approved by the FAA for PMGAA's collection of PFCs, the most recent of which, application 21-08-C-00-IWA, awarded on November 10, 2021, grants PMGAA 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 PMGAA. PFCs are not a grant to PMGAA, but rather a fee earned by PMGAA 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 PMGAA, the revenue from PFCs is reported as nonoperating revenue in PMGAA's statement of revenues, expenses, and changes in net position. Unspent PFCs are reported as restricted cash, and restricted net position, in PMGAA'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 PMGAA's policy to use restricted resources first before using unrestricted resources.

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

1. Cash and Investments

PMGAA'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.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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)

1. Cash and Investments (Continued)

State Statutes and Authority policy authorize PMGAA 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. PMGAA 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 PMGAA 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.

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.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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)

5. Capital Assets

Capital assets, which include property, plant, infrastructure, machinery and equipment, and vehicles, are defined by PMGAA 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.

7. Compensated Absences

The liability for compensated absences reported in the statement of net position consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 (Continued)

All employees (after a probationary period) are eligible for full payout of their vacation leave upon separation from service. Employees who retire in good standing from PMGAA are eligible for payment of 50% of their unused sick leave.

Further, PMGAA'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 PMGAA's 240-hour limit, provided the employee has taken at least 80 hours of vacation during the previous fiscal year. The employee is compensated at their 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.

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 PMGAA. Unrestricted net position is the remaining net position not included in the previous two categories.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Adoption of New Accounting Standards

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease receivables and deferred inflows of resources for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

PMGAA adopted the requirements of this standard effective July 1, 2021, 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

PMGAA 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 PMGAA board policies and organizational policies and procedures.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2022 consist of the following:

	June 30, 2022
Cash on Hand	\$ 800
Deposits:	
Cash in Bank	11,223,885
Investments:	
Money Market	7,433,110
State Treasurer's Investment Pool	18,654,972
U.S. Treasury Notes	1,304,226
Commercial Paper	42,281,635
Brokered Certificates of Deposit	749,939
Total Deposits and Investments	81,648,567
Less Restricted Assets	(4,082,798)
Cash and Investments on Statement of Net Position	\$ 77,565,769

Investments and Fair Value Measurements – PMGAA uses fair value measurements to record value adjustments to certain assets and to determine fair value disclosures. PMGAA 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.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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.

PMGAA's investments at June 30, 2022, categorized within the fair value hierarchy detailed above, were as follows:

	June 30, 2022	Fair Value Measurements Using		
		(Level I)	(Level II)	(Level III)
Investments by Fair Value Level				
U.S. Treasury Notes	\$ 1,304,226	\$ -	\$ 1,304,226	\$ -
Commercial Paper	42,281,635	-	42,281,635	-
Brokered Certificates of Deposit	749,939	749,939	-	-
Total Investments by Fair Value Level	<u>\$ 44,335,800</u>	<u>\$ 749,939</u>	<u>\$ 43,585,861</u>	<u>\$ -</u>
External Investment Pools				
Measured at Fair Value				
State Treasurer's Investment Pool	\$ 18,654,972			
Total Investments by Fair Value Level	<u>\$ 18,654,972</u>			
Investments by Amortized Costs				
Money Market	\$ 7,433,110			
Total Investments	<u>\$ 70,423,882</u>			

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022. LGIP shares are not identified with specific investments held for PMGAA 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. PMGAA is not subject to custodial credit risk since its investments are not identified with specific investments held by others for PMGAA in physical or book entry form. PMGAA does not have a formal policy regarding credit risk. However, collateralization is addressed in the investment policy.

As of June 30, 2022, all PMGAA's funds held on deposit were fully collateralized through collateral pledged by PMGAA's banking institution in PMGAA'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. PMGAA 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, 2022, PMGAA had the following investments:

Rating Agency Investment	Rating	Amount	Percent
Moody's Investor Service			
US Treasury Notes	Aaa	\$ 1,304,226	2%
Commercial Paper	A-1/P-1 - A-2/P-2	42,281,635	60
Not Rated			
Money Market	N/A	7,433,110	11
Brokered Certificates of Deposit	N/A	749,939	1
State Treasurer's Investment Pool	N/A	18,654,972	26

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Interest rate risk – Due to the short maturities of PMGAA’s investments, the risk of losses due to market interest rate changes is minimal. PMGAA 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	\$ -	\$ 18,654,972	\$ -	\$ 18,654,972
U.S. Treasury Notes	1,304,226	-	-	1,304,226
Commercial Paper	38,289,264	3,992,371	-	42,281,635
Brokered Certificates of Deposit	749,939	-	-	749,939
Total	<u>\$ 40,343,429</u>	<u>\$ 22,647,343</u>	<u>\$ -</u>	<u>\$ 62,990,772</u>

2. Restricted cash

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

Customer Deposits	\$ 1,842,129
Current & Future Debt Service Reserves	2,240,669
Total Restricted Cash and Investments	<u>\$ 4,082,798</u>

3. Receivables

At June 30, 2022, receivables were comprised of the following receivable balances, reduced as applicable by an allowance for uncollectible amounts:

	Receivables	Allowance	Net
Business-Type Activities:			
Accounts Receivable, Net	\$ 1,421,856	\$ -	\$ 1,421,856
Due from Other Governments	448,883	-	448,883
Lease Receivables	15,443,766	-	15,443,766
Total Business-Type Activities	<u>\$ 17,314,505</u>	<u>\$ -</u>	<u>\$ 17,314,505</u>

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

4. Capital assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 91,188,500	\$ -	\$ -	\$ -	\$ 91,188,500
Construction in Progress	15,852,409	30,369,657	(10,653,999)	-	35,568,067
Total Capital Assets Not Being Depreciated	107,040,909	30,369,657	(10,653,999)	-	126,756,567
Capital Assets Being Depreciated					
Buildings & Improvements	101,246,847	98,961	-	62,949	101,408,757
Infrastructure	255,816,821	10,005,781	-	152,125	265,974,727
Machinery, Vehicles, & Equipment	24,826,125	549,256	(477,865)	(215,074)	24,682,442
Total Capital Assets Being Depreciated	381,889,793	10,653,998	(477,865)	-	392,065,926
Less Accumulated Depreciation For:					
Buildings & Improvements	(55,532,332)	(4,769,258)	-	(6,295)	(60,307,885)
Infrastructure	(151,693,431)	(10,275,283)	-	4,131	(161,964,583)
Machinery, Vehicles, & Equipment	(14,366,574)	(1,985,079)	448,070	2,164	(15,901,419)
Total Accumulated Depreciation	(221,592,337)	(17,029,620)	448,070	-	(238,173,887)
Total Capital Assets Being Depreciated, Net	160,297,456	(6,375,622)	(29,795)	-	153,892,039
Business-type Activities Capital Assets, Net	<u>\$267,338,365</u>	<u>\$ 23,994,035</u>	<u>\$ (10,683,794)</u>	<u>\$ -</u>	<u>\$280,648,606</u>

B. Purchase Commitments

PMGAA had major contractual commitments related to various capital projects at June 30, 2022, for the construction or acquisition of various improvements. As of June 30, 2022, PMGAA had \$34,581,618, in remaining contractual commitments to contractors.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES (CONTINUED)

B. Purchase Commitments (Continued)

PMGAA's commitments remaining open with contractors relating to these projects were as follows:

Project	Spent-to-Date	Remaining Commitment
Alpha Apron Phase 4	\$ 296,299	\$ 3,701
Eastside Development	39,912	-
Design and Construct Rental Return Lot	408,671	886,093
Terminal Modernization	1,193,375	10,928,625
Data Recovery Mitigation in Locus 2	84,756	57,750
Design & Constr TWY C New Connectors and Partial Parallel Taxiways	249,590	8,183,131
Design & Construct Rwy 12C/30C	577,313	7,109,968
Design Road & Utility Extensions for Eastside	156,834	14,763
Fuel Farm Expansion Construction	43,724	384,776
North Economy Parking Lot Expansion	2,704,258	1,521,193
Design Fuel Farm Capacity	158,852	247,466
Design Ticketing Terminal Connector	32,419	17,481
PARC System Replacement	145,342	979,907
Lift Station & Sewer Extension Design	38,068	-
Design & Recon - Twy H Between B & 12R	151,995	1,248,005
Design and Construction - New ATCT	29,178,781	2,229,885
Taxiway W Rehabilitation	56,343	743,657
WIFI Upgrade -Clearpass	51,534	25,217
	<u>\$ 35,568,067</u>	<u>\$ 34,581,618</u>

C. Long-Term Obligations

On February 29, 2012, PMGAA issued \$19,220,000 in Special Facility Revenue Bonds (Mesa Project) Series 2012. Previous to the issuance, on March 21, 2011, PMGAA 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 Phoenix-Mesa Gateway Airport. Under the terms of the MOU, PMGAA 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.

**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DETAILED NOTES (CONTINUED)

C. Long-Term Obligations (Continued)

Under the terms of the agreement, the City will pay rent to PMGAA, 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 \$22,993,500 remaining to be paid as of June 30, 2022. For the current fiscal year, \$1,317,746 in base rent payments were utilized to repay \$530,000 in principal and \$767,750 in interest.

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

Purpose	Interest Rates	Maturity Date	Original Amount	Outstanding Amount
Business-Type Activities:				
Special Facility Revenue Bonds:				
Series 2012	3.00-5.00%	07/01/22-38	<u>\$ 19,220,000</u>	<u>\$ 15,465,000</u>

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES (CONTINUED)

C. Long-Term Obligations (Continued)

Changes in long-term obligations for the year ended June 30, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Loans Payable					
Special Facility Revenue Bonds	\$ 15,995,000	\$ -	\$ (530,000)	\$ 15,465,000	\$ 550,000
Unamortized Premium on Bonds	444,467	-	(26,145)	418,322	-
Total Bonds and Loans Payable	<u>16,439,467</u>	<u>-</u>	<u>(556,145)</u>	<u>15,883,322</u>	<u>550,000</u>
Other Liabilities					
Compensated Absences	953,579	694,928	(636,600)	1,011,907	547,456
Business-Type Long-Term Liabilities	<u>\$ 17,393,046</u>	<u>\$ 694,928</u>	<u>\$ (1,192,745)</u>	<u>\$ 16,895,229</u>	<u>\$ 1,097,456</u>

Debt service requirements on long-term debt at June 30, 2022, including future interest based on current repayment schedules, are as follows:

Fiscal Year Ending June 30,	<u>Special Facility Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 550,000	\$ 745,750
2024	575,000	717,000
2025	605,000	686,750
2026	635,000	655,000
2027	665,000	621,750
2028-2032	3,865,000	2,547,750
2033-2037	4,920,000	1,428,750
2038	1,135,000	125,750
2039	2,515,000	-
Total	<u>\$ 15,465,000</u>	<u>\$ 7,528,500</u>

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES (CONTINUED)

D. Leases

PMGAA, 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*, PMGAA 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, PMGAA'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, 2022, PMGAA received variable payments as required by lease agreements totaling \$3,280,991.

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,			
2023	\$ 1,167,226	\$ 705,608	\$ 1,872,834
2024	906,486	671,382	1,577,868
2025	871,700	628,740	1,500,440
2026	803,087	587,323	1,390,410
2027	670,591	551,111	1,221,702
2028-2032	3,180,813	2,284,254	5,465,067
2033 and thereafter	7,843,863	8,841,776	16,685,639
Total minimum lease payments	<u>\$ 15,443,766</u>	<u>\$ 14,270,194</u>	<u>\$ 29,713,960</u>

**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DETAILED NOTES (CONTINUED)

E. Regulated Leases

Certain leases entered into by PMGAA are subject to external laws, regulations, legal rulings and agreements promulgated and enforced by the FAA. Under these regulations, the leases entered into between PMGAA and any air carrier or other aeronautical user (as defined in FAA Circular 150_5190_6) 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. PMGAA, 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, PMGAA has excluded these agreements from the measurement of its receivable.

For the year ended June 30, 2022, PMGAA received \$3,509,242 in payments from leases under regulated lease agreements. Future noncancelable minimum payments under regulated lease agreements are as follows:

Year Ending June 30,	
2023	\$ 3,246,095
2024	3,310,531
2025	3,667,955
2026	3,664,517
2027	3,541,257
2028-2032	17,641,143
2033 and thereafter	80,090,161
Total minimum lease payments	<u>\$115,161,659</u>

These future regulated lease revenues include \$40,924,517 in base rent from the City of Mesa that will be used to service the debt on the Series 2012 Special Facility Bonds.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION

A. Risk Management

In addition to safety efforts, PMGAA's risk management activities include purchase of commercial insurance for all significant risks. Risks retained by PMGAA 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, 2022.

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

1. Air Force Prime Lease and Deed

In January 1996, PMGAA entered into a prime lease with the United States Air Force for the real property encompassing approximately 3,005 of PMGAA'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) for the purpose of developing a public airport. Since then, portions of the property have been deeded to PMGAA 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 airport 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 PMGAA 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.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Contingencies (Continued)

2. Economic Dependence

PMGAA is dependent upon its members to fund its current shortfall in operating activities. Continuation of construction and improvement activities is dependent upon continued support from the federal government and other governmental entities.

C. Related Party Transactions

PMGAA 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	1,530,999	2,562,798	249,742
City of Phoenix, Arizona	1,300,000	-	-	-
Gila River Indian Community	450,000	-	-	-
Town of Gilbert, Arizona	350,000	-	-	-
Town of Queen Creek, Arizona	130,000	-	-	-
	<u>\$ 4,060,000</u>	<u>\$ 1,530,999</u>	<u>\$ 2,562,798</u>	<u>\$ 249,742</u>

PMGAA revenues above consist of member contributions, real property leases, and minor maintenance work. PMGAA expenses include airport rescue and firefighting (ARFF), police protection, utilities, and permits. Included in City of Mesa expenses is \$150,011 in accounts payable at June 30, 2022.

D. Pension and Other Postemployment Benefits

Arizona State Retirement System

PMGAA contributes to the Arizona State Retirement System (ASRS) Plan described below. The plan is a component unit of the State of Arizona.

Plan Description – PMGAA employees participate in the Arizona State Retirement System. 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.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site 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:

	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.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

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.

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, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41% (12.22% for retirement and 0.19% for long-term disability) of the members' annual covered payroll, and statute required PMGAA to contribute at the actuarially determined rate of 12.41% (12.01% for retirement, 0.21% for health insurance premium benefit, and 0.19% for long-term disability) of the active members' annual covered payroll. In addition, PMGAA was required by statute to contribute at the actuarially determined rate of 10.22% (10.13% for retirement and 0.09% for long-term disability) of annual covered payroll of retired members who worked for PMGAA in positions that an employee who contributes to the ASRS would typically be fill.

PMGAA's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022, were \$854,986, \$14,658, and \$13,410, respectively.

Liability – At June 30, 2022, PMGAA 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	\$ 7,795,699
Health Insurance Premium Benefit	(290,717)
Long-term Disability	12,276

The net asset and net liabilities were measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

PMGAA's proportion of the net asset or net liability was based on PMGAA's actual contributions to each plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. PMGAA's proportionate share of each plan measured as of June 30, 2021, and the change from its proportionate share of each plan measured as of June 30, 2020 were:

	Proportion June 30, 2021	Increase (Decrease) from June 30, 2020
Pension	0.05933%	(0.00314)
Health Insurance Premium Benefit	0.05967%	(0.00305)
Long-term Disability	0.05947%	(0.00309)

Expense – For the year ended June 30, 2022, PMGAA recognized the following pension and OPEB expense:

	Pension/OPEB Expense
Pension	\$ 623,335
Health Insurance Premium Benefit	(33,287)
Long-term Disability	9,191

Deferred Outflows/Inflows of Resources –At June 30, 2022, PMGAA 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	\$ 118,838	\$ -	\$ -	\$ 100,821	\$ 3,546	\$ 1,000
Changes of Assumptions or Other Inputs	1,014,672	-	14,413	11,754	3,926	15,468
Net Difference between Projected and Actual Earnings on Plan Investments	-	2,469,952	-	107,841	-	8,502
Changes in Proportion and Differences between PMGAA Contributions and Proportionate Share of Contributions	12,068	319,482	1,090	95	1,127	1,505
PMGAA Contributions Subsequent to the Measurement Date	854,986	-	14,658	-	13,262	-
	\$ 2,000,564	\$ 2,789,434	\$ 30,161	\$ 220,511	\$ 21,861	\$ 26,475

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources pension and OPEB will be recognized in as expenses as follows:

Year Ending June 30,	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2023	\$ (124,855)	\$ (48,060)	\$ (2,319)
2024	(123,339)	(46,075)	(2,171)
2025	(544,498)	(50,557)	(2,478)
2026	(851,164)	(55,873)	(3,765)
2027	-	(4,443)	(1,525)
Thereafter	-	-	(5,618)

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

Actuarial Valuation Date	June 30, 2020
Actuarial Roll Forward Date	June 30, 2021
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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. A new experience study for the period ended June 30, 2020 will be utilized by the ASRS for future actuarial valuations.

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 and by adding expected inflation.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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>
Equity	50%	4.90%
Fixed Income - Credit	20%	5.20%
Fixed Income - Interest Rate Sensitive	10%	0.70%
Real Estate	20%	5.70%
Total	<u>100%</u>	

Discount Rate—The discount rate used to measure the total pension/OPEB liability was 7.0%. The rate has been lowered in the rollforward from 7.5% which was used for the actuarial assumptions at the valuation date. 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 PMGAA’s Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate—The following table presents PMGAA’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what PMGAA’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>
PMGAA’s Proportionate Share of the Net Pension Liability	\$ 12,261,981	\$ 7,795,699	\$ 4,072,055
Net Insurance Premium Benefit Liability (Asset)	(192,485)	(290,717)	(374,247)
Net Long-Term Disability Liability	15,985	12,276	8,687

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Deferred Compensation Plan

PMGAA 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 PMGAA 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. PMGAA offers a matching contribution up to \$30 per pay period. These combined contributions are deposited with the third-party vendor in PMGAA’s name and in trust on behalf of PMGAA employees. PMGAA has little administrative involvement and does not perform investing functions for this plan, therefore, this plan is not reflected in PMGAA’s financial statements.

PMGAA contributions to the plan for the year ended June 30, 2022 were \$26,845, including \$2,065 in accrued contributions at year-end.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF PMGAA'S PROPORTIONATE SHARE OF NET
PENSION/OPEB LIABILITY
COST-SHARING PLANS
JUNE 30, 2022

Pension	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
PMGAA's Proportion of the Net Pension Liability	0.05933%	0.06247%	0.06220%	0.06082%
PMGAA's Proportionate Share of the Net Pension Liability	\$ 7,795,699	\$ 10,823,877	\$ 9,050,824	\$ 8,482,250
PMGAA's Covered Payroll	6,689,029	6,845,232	6,574,179	6,069,562
PMGAA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	116.54%	158.12%	137.67%	139.75%
Plan Fiduciary net Position as a Percentage of the Total Pension Liability	78.58%	69.33%	73.24%	73.40%

Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
PMGAA's Proportion of the Net OPEB (Asset) Liability	0.05967%	0.06272%	0.06217%	0.06096%
PMGAA's Proportionate Share of the Net OPEB (Asset) Liability	\$ (290,717)	\$ (44,406)	\$ (17,181)	\$ (21,951)
PMGAA's Covered Payroll	6,689,029	6,845,232	6,574,179	6,069,562
PMGAA's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-4.35%	-0.65%	-0.26%	-0.36%
Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	130.24%	104.33%	101.62%	102.20%

Long-term Disability	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
PMGAA's Proportion of the Net OPEB (Asset) Liability	0.05947%	0.06256%	0.06209%	0.06091%
PMGAA's Proportionate Share of the Net OPEB (Asset) Liability	\$ 12,276	\$ 47,459	\$ 40,448	\$ 31,826
PMGAA's Covered Payroll	6,689,029	6,845,232	6,574,179	6,069,562
PMGAA's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	0.18%	0.69%	0.62%	0.52%
Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	90.38%	68.01%	72.85%	77.83%

Reporting Fiscal Year (Measurement Date)					
2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 Through 2012
0.05781%	0.05524%	0.05129%	0.05309%	0.06116%	Information Not Available
\$ 9,005,671 5,529,421	\$ 8,916,291 5,133,214	\$ 7,988,900 4,722,184	\$ 7,855,199 4,761,393	\$ 10,166,921 5,245,907	
162.87%	173.70%	169.18%	164.98%	193.81%	
69.92%	67.06%	68.35%	69.49%	63.58%	

Reporting Fiscal Year (Measurement Date)	
2018 (2017)	2017 Through 2012
0.05800%	Information Not Available
(31,575) 5,529,421	
-0.57%	
103.57%	

Reporting Fiscal Year (Measurement Date)	
2018 (2017)	2017 Through 2012
0.05776%	Information Not Available
20,937 5,529,421	
0.38%	
84.44%	

**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF PMGAA PENSION/OPEB CONTRIBUTIONS
JUNE 30, 2022**

Pension	Fiscal Year			
	2022	2021	2020	2019
Statutorily Required Contribution	\$ 854,986	\$ 777,064	\$ 781,806	\$ 733,438
PMGAA's Contributions in relation to the Statutorily Required Contribution	854,986	777,064	781,806	733,438
PMGAA's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
PMGAA's Covered Payroll	\$ 7,144,721	\$ 6,689,029	\$ 6,845,232	\$ 6,574,179
PMGAA's Contributions as a Percentage of Covered Payroll	11.97%	11.62%	11.42%	11.16%

Health Insurance Premium Benefit	Fiscal Year			
	2022	2021	2020	2019
Statutorily Required Contribution	\$ 14,658	\$ 26,087	\$ 33,542	\$ 30,241
PMGAA's Contributions in relation to the Statutorily Required Contribution	14,658	26,087	33,542	30,241
PMGAA's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
PMGAA's Covered Payroll	\$ 7,144,721	\$ 6,689,029	\$ 6,845,232	\$ 6,574,179
PMGAA's Contributions as a Percentage of Covered Payroll	0.21%	0.39%	0.49%	0.46%

Long-term Disability	Fiscal Year			
	2022	2021	2020	2019
Statutorily Required Contribution	\$ 13,262	\$ 12,040	\$ 11,637	\$ 10,519
PMGAA's Contributions in relation to the Statutorily Required Contribution	13,262	12,040	11,637	10,519
PMGAA's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
PMGAA's Covered Payroll	\$ 7,144,721	\$ 6,689,029	\$ 6,845,232	\$ 6,574,179
PMGAA's Contributions as a Percentage of Covered Payroll	0.19%	0.18%	0.17%	0.16%

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 658,962	\$ 596,071	\$ 556,955	\$ 514,245	\$ 512,048	\$ 537,706
658,962	596,071	556,955	514,245	512,048	537,706
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,069,562	\$ 5,529,421	\$ 5,133,214	\$ 4,722,184	\$ 4,761,393	\$ 5,245,907
10.86%	10.78%	10.85%	10.89%	10.75%	10.25%

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 26,706	\$ 30,965	\$ 25,666	\$ 27,861	\$ 28,568	\$ 34,098
26,706	30,965	25,666	27,861	28,568	34,098
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,069,562	\$ 5,529,421	\$ 5,133,214	\$ 4,722,184	\$ 4,761,393	\$ 5,245,907
0.44%	0.56%	0.50%	0.59%	0.60%	0.65%

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 9,711	\$ 7,741	\$ 6,160	\$ 5,667	\$ 11,427	\$ 12,590
9,711	7,741	6,160	5,667	11,427	12,590
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,069,562	\$ 5,529,421	\$ 5,133,214	\$ 4,722,184	\$ 4,761,393	\$ 5,245,907
0.16%	0.14%	0.12%	0.12%	0.24%	0.24%

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OTHER INFORMATION

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PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY-BASIS
YEAR ENDED JUNE 30, 2022

AIRPORT - All Operations

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Aeronautical Operating Revenues			
Aircraft Parking	\$ 231,559	\$ 250,609	\$ (19,050)
Fuel Flowage Fees	647,112	715,163	(68,051)
Landing Fees	1,295,750	1,562,305	(266,555)
Lease Income Aero	3,046,619	3,655,247	(608,628)
Fuel Sales	4,791,674	6,324,413	(1,532,739)
Services Sold - Aero	5,985,732	5,594,846	390,886
Non-Aeronautical Operating Revenues			
Concessions	883,000	1,205,103	(322,103)
Lease Income Non-Aero	1,298,587	1,524,851	(226,264)
Parking	3,343,618	4,142,210	(798,592)
Rental Car Fees	1,858,950	2,577,700	(718,750)
Svcs Sold - Non Aero	161,203	166,459	(5,256)
Total Operating Revenues	<u>23,543,804</u>	<u>27,718,906</u>	<u>(4,175,102)</u>
OPERATING EXPENSES			
Personnel	9,870,850	9,463,439	407,411
Costs of Goods Sold	3,331,674	4,417,088	(1,085,414)
Comm & Utilities	886,238	866,769	19,469
Contractual Services	5,880,030	5,426,002	454,028
Insurance	562,932	585,998	(23,066)
Other	857,510	477,663	379,847
Repair & Maintenance	1,173,350	717,663	455,687
Supplies & Materials	969,994	1,024,517	(54,523)
Air Service Incentives	2,000,000	-	2,000,000
Operating Contingency	2,353,258	-	2,353,258
Total Operating Expenses	<u>27,885,836</u>	<u>22,979,139</u>	<u>4,906,697</u>
OPERATING INCOME - BUDGETARY-BASIS	<u>\$ (4,342,032)</u>	<u>4,739,767</u>	<u>\$ (9,081,799)</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS

Depreciation is a GAAP-only Expenditure	(17,029,620)
Certain Expenditures (i.e. Compensated Leave) are recognized in	
Expense when Earned on a GAAP Basis, when Paid on a Budgetary-Basis	19,529
Pension Expense is a GAAP-only Expenditure	(599,239)
Pension Contributions are an Expense on a Budgetary-Basis	882,906
A Portion of Lease Income is presented as non-operating on a GAAP Basis	(446,597)
Lease Income Excludes Bond-Related Lease Income on a Budgetary-Basis	1,317,746
Operating Loss - GAAP Basis	<u>\$ (11,115,508)</u>