



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE**

Board of Directors
Phoenix-Mesa Gateway Airport Authority
Mesa, Arizona

Report on Compliance for the Passenger Facility Charge Program

Opinion on Compliance for the Passenger Facility Charge Program

We have audited Phoenix-Mesa Gateway Airport Authority's (PMGAA) compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2024.

In our opinion, PMGAA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2024.

Basis for Opinion on Compliance for the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding PMGAA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of PMGAA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of PMGAA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charges on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charges will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charges that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the financial statements of PMGAA as of and for the year ended June 30, 2024, and issued our report thereon dated September 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and expenditures of passenger facility charges is presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures of passenger facility charges is fairly stated, in all material respects, in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
September 30, 2024

**PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY PROGRAM
FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2024**

CURRENT YEAR FINDINGS

None.

SCHEDULE OF PRIOR FINDINGS

None.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES OF PASSENGER FACILITY CHARGES
FISCAL YEAR ENDED JUNE 30, 2024

	<u>September 30</u>	<u>December 31</u>	<u>March 31</u>	<u>June 30</u>	<u>Totals</u>
Revenues					
Collections	\$ 860,719	\$ 1,050,157	\$ 1,135,368	\$ 1,078,938	\$ 4,125,182
Interest	-	-	-	-	-
Total	<u>\$ 860,719</u>	<u>\$ 1,050,157</u>	<u>\$ 1,135,368</u>	<u>\$ 1,078,938</u>	<u>\$ 4,125,182</u>
 Disbursements					
21-07-C-00-IWA					
07-006 Air Traffic Control Tower Construction	\$ 654,090	\$ -	\$ 67,013	\$ 65,086	\$ 786,189
21-07-C-00-IWA Total	<u>654,090</u>	<u>-</u>	<u>67,013</u>	<u>65,086</u>	<u>786,189</u>
 22-08-C-00-IWA					
08-004 Alpha Apron Phase IV	110,555	3,580	-	-	114,135
22-08-C-00-IWA Total	<u>110,555</u>	<u>3,580</u>	<u>-</u>	<u>-</u>	<u>114,135</u>
 Total	<u>\$ 764,645</u>	<u>\$ 3,580</u>	<u>\$ 67,013</u>	<u>\$ 65,086</u>	<u>\$ 900,324</u>

The accompanying Schedule of Revenues and Expenditures of Passenger Facility Charges (PFC) (Schedule) presents the revenues received from the PFC and expenditures incurred on approved projects. The Schedule has been prepared on the cash basis of accounting under which revenues are recognized when received and expenditures are recognized when paid. PFC revenues collections represent cash collected through the end of the month subsequent to the quarter-end as reported to the Federal Aviation Administration (FAA) in accordance with 14 CFR Part 158. The interest recognized represents the actual interest collected on the unexpended PFC cash collected during the periods reported.