

*Financial Statements, Required Supplementary
Information, and Supplementary and Other Information*

**Antonio B. Won Pat International Airport
Authority, Guam**
(A Component Unit of the Government of Guam)

*Years Ended September 30, 2025 and 2024
with Report of Independent Auditors*



**Shape the future
with confidence**

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information,
and Supplementary and Other Information

Years Ended September 30, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
Antonio B. Won Pat International Airport Authority, Guam

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Antonio B. Won Pat International Airport Authority, Guam (the Authority), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements listed in the table of contents (collectively referred to as the "basic financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority at September 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

As discussed in Notes 1 and 11 to the financial statements, the Authority adopted a new accounting standard which is Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

As discussed in Note 11 to the financial statements, the 2024 financial statements of the Authority have been restated to correct the timing differences related to the federal capital grants revenue recognition and related grant receivables identified during the fiscal year 2025 audit. 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 of 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 the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as well as the Schedule of the Authority's Proportionate Share of Net Pension Liability, the Schedule of the Authority's Pension Contributions, the Schedule of the Authority's Proportionate Share of Collective Total Other Postemployment Benefit (OPEB) Liability, the Schedule of Authority's OPEB Contributions, and the Notes to Required Supplementary Information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information, such as the Facilities and Systems Usage Charges, Concession Fees, Rental Income, Personnel Services, Contractual Services, Materials and Supplies, and Debt Service Coverage Ratio Computation, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Insurance Coverage and the Employee Data but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 June 18, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Authority'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 Authority's internal control over financial reporting and compliance.

Ernst + Young LLP

June 18, 2026

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis

Years ended September 30, 2025 and 2024

The purpose of Management's Discussion and Analysis (MD&A) is to assist the public, stakeholders, and other readers in understanding the information presented in the Antonio B. Won Pat International Airport Authority, Guam's (Authority) financial statements for the fiscal years (FY) ended September 30, 2025 and 2024. The MD&A is based on these financial statements and supplemented by management's perspective on the Authority's operations and financial condition.

The Authority is an autonomous instrumentality of the Government of Guam, established by Public Law 13-57 and codified at 12 GCA § 1102(a) as a public corporation responsible for owning, operating, and maintaining airport facilities.

A. Mission Statement

The Authority strives to ensure the safety and security of the traveling public, maintain superior and reliable level of airport services, and support the development of air services and facilities which are integral to the island's economic growth. The Authority's vision is to advance Guam further as the first-class premier air transportation hub of the region.

B. Authority Activities and Highlights

Air Service and Passenger Activity

FY 2025 reflected continued stabilization in Guam's air transportation market as passenger traffic remained relatively consistent with the prior year despite ongoing airline capacity adjustments, shifting travel demand, and broader market normalization. The Authority handled 32,968 aircraft operations during the year, an increase of 6.3% over FY 2024, while total passenger traffic increased 1.2% to approximately 2.0 million travelers.

The increase in aircraft operations despite relatively modest passenger growth reflects changes in airline scheduling, aircraft deployment, and service patterns across the Authority's route network. Enplanements exceeded one million passengers for the second consecutive year, totaling 1,059,926, while origin-and-destination passengers increased 1.5% to 1,872,973. Transit passenger activity declined 3.2%, continuing a trend driven by the availability of more direct air service options throughout the region.

Antonio B. Won Pat International Airport Authority, Guam
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Management's Discussion and Analysis, continued

Passenger traffic trends varied by market. According to the Guam Visitors Bureau's September 2025 Visitor Arrival Summary, arrivals from Korea declined 12.4%, primarily due to temporary service reductions and broader market normalization. In contrast, arrivals from Japan increased 17.5%, while emerging markets including Taiwan, Singapore, Malaysia, and the Philippines experienced strong growth. Domestic traffic from the U.S. mainland and the CNMI declined 6.2% and 5.2%, respectively. Growth in Japanese and emerging-market travel helped offset declines in other markets and contributed to the overall stability of passenger traffic during the year.

The Authority continued to maintain service from its core airline partners, including United Airlines, Japan Airlines, China Airlines, Korean Air, Philippine Airlines, Jin Air, Jeju Air, and T'Way Air. Starlux Airlines also operated seasonal charter service from Taiwan during the Lunar New Year period. Cargo activity continued to be supported by Asia Pacific Airlines, Federal Express, UPS, and Micronesia Air Cargo Services, serving Guam and the broader Micronesian region. Star Marianas operated scheduled and charter passenger and cargo flights between Guam and the Commonwealth of the Northern Mariana Islands (CNMI) utilizing aircraft weighing 12,500 pounds or less.

Management continues to focus on supporting air service sustainability, strengthening market diversification, and maintaining Guam's connectivity to regional and international destinations.

	<u>2025</u>	<u>2024</u>	<u>2023</u>	2025 % Increase (Decrease) from 2024
Major revenue sources:				
Landing fees	\$ 9,036,248	\$ 11,032,320	\$ 8,375,059	-18.1%
Terminal lease	11,755,058	11,411,484	11,009,082	3.0%
Concessions and parking	12,091,475	12,862,403	3,214,503	-6.0%
Total	<u>\$ 32,882,781</u>	<u>\$ 35,306,207</u>	<u>\$ 22,598,644</u>	-6.9%
Aircraft operations (no. of flights)	<u>32,968</u>	<u>31,022</u>	<u>27,602</u>	6.3%
Aircraft landed weights (1,000 lbs)	<u>2,362,022</u>	<u>2,485,619</u>	<u>2,317,944</u>	-5.0%
Passenger activity:				
Enplanements:				
Signatory airlines	1,050,458	1,035,098	859,013	1.5%
Non signatory and other airlines	9,468	15,477	23,651	-38.8%
Total enplanements	<u>1,059,926</u>	<u>1,050,575</u>	<u>882,664</u>	0.9%
Passenger count:				
Origin and destination passengers	1,872,973	1,845,772	1,481,948	1.5%
Transit passengers	122,578	126,690	147,235	-3.2%
Total passengers	<u>1,995,551</u>	<u>1,972,462</u>	<u>1,629,183</u>	1.2%

Antonio B. Won Pat International Airport Authority, Guam
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Management's Discussion and Analysis, continued

Net Position

The Authority's net position continues to be concentrated in capital assets, reflecting significant investments in airport infrastructure and facilities. Net investment in capital assets remained relatively stable at \$268.8 million, reflecting a 2.6% decline from FY 2024.

Comparative FY 2024 balances have been restated to correct the timing of recognition of certain federal grant receivables and related grant revenue associated with federally funded capital projects. The restatement improved the comparability of FY 2025 and FY 2024 financial information. See Note 11 to the financial statements for additional details.

Restricted net position increased by 16.1% to \$23.5 million during FY 2025. The increase was driven primarily by approximately \$2.2 million in restricted customer construction deposit for the Guam Customs and Quarantine Agency terminal renovation project, as well as increases in federally funded capital project balances and debt service accounts.

The Authority's unrestricted net position improved by \$4.9 million compared to FY 2024. The improvement was primarily attributable to reductions in the Authority's net pension and OPEB liabilities, partially offset by changes in related deferred inflows and deferred outflows of resources resulting from actuarial and accounting adjustments.

Overall, the Authority's financial position improved during FY 2025 as net position increased, liabilities declined, and capital investments continued to support long-term infrastructure needs.

Antonio B. Won Pat International Airport Authority, Guam
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Management's Discussion and Analysis, continued

A condensed summary of the Authority's Statement of Net Position at September 30, 2025, 2024, and 2023 is shown below:

	<u>2025</u>	<u>2024*</u> <i>Restated</i>	<u>2023</u>	2025 % Increase (Decrease) from 2024
Assets				
Current assets:				
Unrestricted current assets	\$ 26,301,982	\$ 28,986,601	\$ 22,659,275	-9.3%
Restricted current assets	1,928,596	4,347,529	1,872,206	-55.6%
Non-current assets:				
Unrestricted assets	25,257,950	26,263,956	20,810,870	-3.8%
Restricted assets	31,134,700	29,846,304	23,527,995	4.3%
Capital assets	441,863,057	454,460,237	481,081,294	-2.8%
Avigation easements	1,334,157	1,600,988	2,740,632	-16.7%
Leases	6,508,127	7,899,600	12,740,962	-17.6%
Deferred outflow - pension	6,643,243	11,082,412	15,446,044	-40.1%
Deferred outflow - other postemployment benefits	9,947,622	10,801,918	9,624,528	-7.9%
Deferred differences on refunding of bonds	5,668,611	10,558,085	11,899,215	-46.3%
Total assets and deferred outflow of resources	<u>\$ 556,588,045</u>	<u>\$ 585,847,630</u>	<u>\$ 602,403,021</u>	-5.0%
Liabilities				
Current liabilities:				
Payable from unrestricted assets	\$ 20,511,452	\$ 22,920,592	\$ 23,932,995	-10.5%
Payable from restricted assets	9,612,226	13,990,332	4,759,842	-31.3%
Long-term liabilities	257,423,868	285,646,423	285,453,526	-9.9%
Total liabilities	<u>287,547,546</u>	<u>322,557,347</u>	<u>314,146,363</u>	-10.9%
Deferred inflow of resources:				
Deferred differences on refunding of bonds	356,322	390,740	425,243	-8.8%
Deferred inflow - leases	10,491,907	14,528,494	18,685,414	-27.8%
Deferred inflow - pension	4,713,167	2,498,140	1,058,051	88.7%
Deferred inflow - other post employment benefits	23,718,766	17,189,026	24,317,353	38.0%
Total deferred inflow of resources	<u>39,280,162</u>	<u>34,606,400</u>	<u>44,486,061</u>	13.5%
Net Position				
Net investment in capital assets	268,762,097	275,808,113	300,268,671	-2.6%
Restricted	23,451,071	20,203,500	20,640,359	16.1%
Unrestricted	(62,452,831)	(67,327,730)	(77,138,433)	-7.2%
Total net position	<u>229,760,337</u>	<u>228,683,883</u>	<u>243,770,597</u>	0.5%
Total liabilities and net position	<u>\$ 556,588,045</u>	<u>\$ 585,847,630</u>	<u>\$ 602,403,021</u>	-5.0%

**FY 2024 amounts have been restated to correct the timing of recognition of certain federal grant receivables and related grant revenue. See Note 11 to the financial statements for additional information regarding the nature and effect of the restatement.*

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Total Revenues

Total revenues increased to \$94.0 million during FY 2025, driven primarily by federal capital grant funding and growth in non-operating revenues. Operating revenues remained stable, supported by consistent passenger activity, airline service levels, and rental income. While certain airline-related and concession revenue categories declined, overall revenue performance contributed to the Authority's increase in net position.

	2025		2024		2023		2025
		%	2024*	%		%	% Increase
	<u>2025</u>	<u>of Total</u>	<u>Restated</u>	<u>of Total</u>	<u>2023</u>	<u>of Total</u>	<u>(Decrease)</u>
							<u>from 2024</u>
Arrival fees	\$ 9,290,104	9.9%	\$ 4,935,333	6.0%	\$ 3,440,035	5.6%	88.2%
Landing fees	9,036,248	9.6%	11,032,320	13.3%	8,375,059	13.7%	-18.1%
Departure fees	7,077,851	7.5%	6,923,677	8.4%	4,995,719	8.2%	2.2%
Passenger loading bridge usage charge	3,952,130	4.2%	4,063,313	4.9%	3,253,855	5.3%	-2.7%
Immigration fees	2,406,838	2.6%	1,935,559	2.3%	1,346,089	2.2%	24.3%
Public apron fees	1,709,035	1.8%	1,636,810	2.0%	1,187,753	1.9%	4.4%
Fuel flowage fees	652,816	0.7%	520,858	0.6%	379,300	0.6%	25.3%
Common use departure fees	476,795	0.5%	778,038	0.9%	203,435	0.3%	-38.7%
Utility recovery charge and other fees	405,687	0.4%	731,067	0.9%	824,646	1.4%	-44.5%
Total facilities and systems usage charges	<u>35,007,504</u>	<u>37.3%</u>	<u>32,556,975</u>	<u>39.3%</u>	<u>24,005,891</u>	<u>39.4%</u>	<u>7.5%</u>
General merchandise	5,895,792	6.3%	6,893,236	8.3%	6,641,732	10.9%	-14.5%
Car rental	1,616,084	1.7%	1,794,941	2.2%	1,408,629	2.3%	-10.0%
Ground transportation	1,578,455	1.7%	1,485,338	1.8%	1,129,610	1.9%	6.3%
In-flight catering	1,400,268	1.5%	1,274,770	1.5%	682,747	1.1%	9.8%
Food and beverage	926,525	1.0%	907,418	1.1%	772,627	1.3%	2.1%
Other	785,958	0.8%	636,732	0.8%	622,450	1.0%	23.4%
GASB 87 implementation	(111,607)	-0.1%	(130,032)	-0.2%	(8,043,292)	-13.2%	-14.2%
Total concession fees	<u>12,091,475</u>	<u>12.9%</u>	<u>12,862,403</u>	<u>15.5%</u>	<u>3,214,503</u>	<u>5.3%</u>	<u>-6.0%</u>
Operating space - non airline	4,485,727	4.8%	4,429,813	5.3%	3,913,154	6.4%	1.3%
Operating space - airline	3,527,907	3.8%	3,275,375	4.0%	1,995,263	3.3%	7.7%
Other	3,813,267	4.1%	3,760,123	4.5%	3,794,159	6.2%	1.4%
GASB 87 implementation	(71,843)	-0.1%	(53,827)	-0.1%	1,306,506	2.1%	33.5%
Total rental income	<u>11,755,058</u>	<u>12.5%</u>	<u>11,411,484</u>	<u>13.8%</u>	<u>11,009,082</u>	<u>18.0%</u>	<u>3.0%</u>
Aviation fuel tax	1,420,197	1.5%	1,629,309	2.0%	6,782,872	11.1%	-12.8%
Miscellaneous	728,603	0.8%	4,028,687	4.9%	1,961,444	3.2%	-81.9%
Total operating revenues	<u>61,002,837</u>	<u>64.9%</u>	<u>62,488,858</u>	<u>75.4%</u>	<u>46,973,792</u>	<u>77.0%</u>	<u>-2.4%</u>
Federal capital grants	14,804,240	15.8%	9,098,175	11.0%	6,467,389	10.6%	62.7%
Other	9,710,911	10.3%	1,331,519	1.6%	670,495	1.1%	629.3%
Passenger facility charge	3,992,495	4.2%	3,871,418	4.7%	3,281,933	5.4%	3.1%
Federal operating grants	2,447,833	2.6%	3,453,067	4.2%	2,071,462	3.4%	-29.1%
Interest income	1,738,106	1.9%	2,305,446	2.8%	1,351,070	2.2%	-24.6%
Interest on leases	254,182	0.3%	359,572	0.4%	154,121	0.3%	-29.3%
Total non-operating revenues	<u>32,947,767</u>	<u>35.1%</u>	<u>20,419,197</u>	<u>24.6%</u>	<u>13,996,470</u>	<u>23.0%</u>	<u>61.4%</u>
Total revenues	<u>\$ 93,950,604</u>	<u>100.0%</u>	<u>\$ 82,908,055</u>	<u>100.0%</u>	<u>\$ 60,970,262</u>	<u>100.0%</u>	<u>13.3%</u>

*FY 2024 amounts have been restated to correct the timing of recognition of certain federal grant receivables and related grant revenue. See Note 11 to the financial statements for additional information regarding the nature and effect of the restatement.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Operating Revenues

Operating revenues decreased by approximately \$1.5 million, or 2.4%, during FY 2025. The decrease was primarily attributable to a \$3.3 million reduction in miscellaneous revenues, which declined from \$4.0 million in FY 2024 to \$728,000 in FY 2025. The higher miscellaneous revenues reported in FY 2024 were largely due to the reversal of an aviation fuel tax allowance. Excluding the impact of this revenue item, operating revenues remained relatively stable and reflected continued demand for airport services. Passenger traffic remained relatively consistent with the prior year, while aircraft operations increased 6.3%. The most significant changes occurred in arrival fee revenues and immigration fee revenues, while landing fee revenues declined due to changes in airline operating patterns and landed weight activity. Significant changes in facilities and systems usage charges are summarized below:

- Arrival fees: + 88.2% (\$4.9 million to \$9.3 million)
- Landing fees: - 18.1% (\$11.0 million to \$9.0 million)
- Departure fees: + 2.2% (\$6.9 million to \$7.1 million)
- Passenger loading bridge usage charges: - 2.7% (\$4.1 million to \$4.0 million)
- Immigration fees: + 24.3% (\$1.9 million to \$2.4 million)

Despite a 44.5% decline in utility recovery charges, fuel flowage fees grew by 25.3% (\$521,000 to \$653,000), demonstrating a continued rebound in flight operations.

Additionally, concession revenues decreased by 6.0%, from \$12.9 million to \$12.1 million, primarily driven by a drop in general merchandise sales. This reduction may reflect shifts in traveler spending patterns, influenced by broader economic factors that affected discretionary purchases during the year. Key revenue increases included the following, reflecting generally stable passenger activity and continued commercial demand within the terminal:

- Car rental: - 10.0% (\$1.7 million to \$1.6 million)
- Ground transportation: + 6.3% (\$1.5 million to \$1.6 million)
- In-flight catering: + 9.8% (\$1.3 million to \$1.4 million)
- Food and beverage: + 2.1% (\$907,000 to \$927,000)

Rental income increased by 3.0% from \$11.4 million in FY 2024 to \$11.8 million in FY 2025.

Overall, operating revenue performance reflected stable airport activity and continued demand for airport services.

Antonio B. Won Pat International Airport Authority, Guam
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Management's Discussion and Analysis, continued

Non-operating Revenues

Non-operating revenues increased 61.4% to \$32.9 million from \$20.4 million in FY 2024, reflecting increased grant funding and other favorable non-operating revenue activity during the year.

- Other income: + 629.3% (\$1.3 million to \$9.7 million), primarily driven by \$5.0 million of insurance proceeds and \$2.5 million in customer-funded terminal renovation revenues.
- Passenger Facility Charges: + 3.1% (\$3.9 million to \$4.0 million), supporting eligible airport development and capital improvement projects.
- Federal capital grants: + 62.7% (\$9.1 million to \$14.8 million), reflecting the Authority's continued pursuit of federal funding.

Revenue Summary and Outlook

Overall, FY 2025 reflects a year of strategic stability and continued progress in modernizing Guam's only commercial airport. Total revenues were \$94.0 million, demonstrating resilience despite flat or declining trends in select categories. Revenue performance was supported by sustained federal funding, strong operating revenue results, and steady rental activity.

Total Expenses (Operating, Depreciation and Amortization, and Non-Operating)

Total expenses for FY 2025 reached \$92.9 million, representing a 5.2% decrease over FY 2024, primarily due to reductions in operating expenses and depreciation and amortization.

	<u>2025</u>	<u>2025</u> <u>% of Total</u>	<u>2024*</u> <u>Restated</u>	<u>2024</u> <u>% of Total</u>	<u>2023</u>	<u>2023</u> <u>% of Total</u>	<u>2025</u> <u>% Increase</u> <u>(Decrease)</u> <u>from 2024</u>
Operating expenses:							
Personnel services	\$ 23,574,979	25.4%	\$ 24,603,833	25.1%	\$ 22,241,484	24.0%	-4.2%
Contractual services	23,215,736	25.0%	24,677,751	25.2%	23,561,445	25.4%	-5.9%
Materials and supplies	1,063,663	1.1%	1,493,444	1.5%	1,166,197	1.3%	-28.8%
Total operating expenses	<u>47,854,378</u>	51.5%	<u>50,775,028</u>	51.8%	<u>46,969,126</u>	50.6%	-5.8%
Depreciation and amortization	<u>31,659,675</u>	34.1%	<u>33,380,989</u>	34.1%	<u>32,873,078</u>	35.4%	-5.2%
Non-operating expenses:							
Interest expense	8,331,134	9.0%	9,150,262	9.3%	10,022,120	10.8%	-9.0%
Non-recurring expense - typhoon	2,160,092	2.3%	3,163,582	3.2%	1,024,489	1.1%	-31.7%
Other	2,868,871	3.1%	1,524,908	1.6%	1,973,477	2.1%	88.1%
Total non-operating expenses	<u>13,360,097</u>	14.4%	<u>13,838,752</u>	14.1%	<u>13,020,086</u>	14.0%	-3.5%
Total expenses	<u>\$ 92,874,150</u>	100.0%	<u>\$ 97,994,769</u>	100.0%	<u>\$ 92,862,290</u>	100.0%	-5.2%
Total full time employees	228		228		223		

*FY 2024 amounts have been restated to reflect the impact of adopting governmental Accounting Standards Board (GASB) Statement No. 101. See Note 11 to the financial statements for additional information regarding the nature and effect of the restatement.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Operating Expenses

Operating expenses, which accounted for 51.5% of total expenses, decreased by 5.8% to \$47.9 million during FY 2025. The decrease was driven primarily by lower personnel costs, contractual services, and materials and supplies, while depreciation and other operating costs remained generally consistent with prior-year levels. Significant changes in operating expense categories are summarized below:

- Personnel services: - 4.2% (\$24.6 million to \$23.6 million), primarily due to lower pension-related expenses resulting from actuarial adjustments.
- Contractual services: - 5.9% (\$24.7 million to \$23.2 million), primarily due to lower professional service and project-related costs, compared to FY 2024.
- Materials and supplies: - 28.8% (\$1.5 million to \$1.1 million), reflecting reduced operational usage and continued efforts to control discretionary spending.

Depreciation and Amortization

Depreciation and amortization expenses, representing 34.1% of total expenses, decreased by 5.2% to \$31.7 million, reflecting changes in depreciable asset balances and normal asset depreciation trends.

Non-Operating Expenses

Non-operating expenses declined by 3.5% to \$13.4 million. The overall decrease reflects lower non-recurring expenses, which largely offset increases in interest expense and other non-operating costs during the year.

- Interest expenses: - 9.0% (\$9.2 million to \$8.3 million)
- Non-recurring expenses: - 31.7% (\$3.2 million to \$2.2 million)
- Other non-operating expenses: + 88.1% (\$1.5 million to \$2.9 million)

Full Time Employees

Total full-time employees remained stable at 228 in FY 2025, despite several retirements. Strategic workforce planning and succession efforts allowed the Authority to replace critical positions and maintain operational continuity without expanding the overall workforce. This approach supports cost control while sustaining essential airport operations.

Antonio B. Won Pat International Airport Authority, Guam
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Management's Discussion and Analysis, continued

Expenses Summary and Outlook

Total expenses declined during FY 2025, primarily due to reductions in operating expenses and depreciation and amortization. Lower personnel costs, contractual services, and materials and supplies more than offset increases in certain non-operating expenses associated with financing activities. Looking ahead, operating expenses will continue to be influenced by staffing requirements, contractual obligations, utility costs, inflationary pressures, and ongoing capital improvement projects necessary to maintain and modernize airport infrastructure.

C. Cost Per Enplaned Passengers & Debt Service Coverage

Cost Per Enplaned Passengers (CPE)

In FY 2025, the Authority's cost per enplaned passenger increased to \$33.66, a 9.1% rise from \$30.85 in FY 2024. The increase was primarily driven by higher signatory airline fees, particularly terminal building rentals, and arrival fees, while enplanements remained stable. The CPE is calculated using a hybrid rate-setting system, which combines elements of both residual-cost and compensatory-cost methodologies. This approach allows the Authority to balance aeronautical costs with non-aeronautical revenue, ensuring financial flexibility.

	<u>2025</u>	<u>2025</u> <u>% of Total</u>	<u>2024</u>	<u>2024</u> <u>% of Total</u>	<u>2023</u>	<u>2023</u> <u>% of Total</u>	<u>2025</u> <u>% Increase</u> <u>(Decrease)</u> <u>from 2024</u>
Airport revenues:							
Signatory airline rentals and fees	\$ 35,356,811	51.0%	\$ 31,936,872	44.2%	\$ 22,529,601	37.3%	10.7%
Revenue from sources other than signatory airline rentals and fees*	25,970,940	37.4%	30,735,844	42.6%	31,180,976	51.7%	-15.5%
Passenger facility charge revenue	3,992,495	5.8%	3,871,418	5.4%	3,281,933	5.4%	3.1%
Federal operating grants	2,447,833	3.5%	3,453,067	4.8%	2,071,462	3.4%	-29.1%
Interest Income not related to construction	1,598,557	2.3%	2,195,645	3.0%	1,300,099	2.2%	-27.2%
Total airport revenues	<u>69,366,636</u>	100.0%	<u>72,192,846</u>	100.0%	<u>60,364,071</u>	100.0%	-3.9%
		<u>% Change</u>		<u>% Change</u>			
Signatory airline enplaned passengers	1,050,458	1.5%	1,035,098	20.5%	859,013		
Signatory airline cost per enplaned passenger	\$33.66	9.1%	\$30.85	17.6%	\$26.23		

*Revenues are net of the GASB 87 bookkeeping entries.

Debt Service Coverage (DSC)

The Authority's DSC remained strong and well above the required covenant level, ending FY 2025 at 1.47x compared to 1.69x in FY 2024. While net revenues and other available moneys decreased to \$18.4 million and annual debt service increased to \$12.5 million, the Authority continued to maintain coverage comfortably above the 1.25x requirement. The Authority's ability to maintain strong debt service coverage reflects continued financial discipline and provides flexibility to support future capital investment and operational needs.

Antonio B. Won Pat International Airport Authority, Guam
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Management's Discussion and Analysis, continued

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Airport revenues*	\$ 69,366,636	\$ 72,192,846	\$ 60,364,071
Less: Operation and maintenance expenses**	<u>(53,168,209)</u>	<u>(54,140,738)</u>	<u>(48,076,913)</u>
Net revenues	16,198,427	18,052,108	12,287,158
Plus: Other available moneys	<u>2,250,847</u>	<u>1,966,011</u>	<u>6,848</u>
Net revenues and other available moneys	<u>\$ 18,449,274</u>	<u>20,018,119</u>	<u>12,294,006</u>
<u>Rate Covenant</u>			
Net revenues and other available moneys	\$ 18,449,274	\$ 20,018,119	\$ 12,294,006
Total annual debt service	12,516,849	11,850,584	7,264,857
Annual debt service coverage	1.47	1.69	1.69
Debt service coverage requirement	1.25	1.25	1.25

*Revenues are net of the GASB 87 bookkeeping entries.

**O&M expenses net of Pension, OPEB, & GASB 101 bookkeeping entries.

D. Debt and Long-Term Obligations

Debt Profile

The Authority continued to strengthen its financial position during FY 2025 through scheduled debt repayment and active management of long-term obligations. Total liabilities decreased by 10.9% to \$287.5 million, while long-term liabilities declined by 9.9% to \$257.4 million, primarily due to scheduled principal repayments and the cash defeasance of a portion of the Authority's outstanding debt. Current liabilities payable from unrestricted assets decreased by 10.5% to \$20.5 million, while liabilities payable from restricted assets declined by 31.3% to \$9.6 million.

The Authority's debt structure remains supported by general revenue bond issuances and refinancing transactions completed in recent years. These actions reduced future debt service obligations, maintained compliance with bond covenant requirements, and preserved financial flexibility for future capital investments. Debt service coverage remained above the required covenant level during FY 2025, supporting the Authority's continued financial stability and long-term capital improvement objectives.

Federal Funding and Capital Investment

Federal funding continues to play a significant role in supporting the Authority's capital improvement program. During FY 2025, the Authority received funding through the Federal Aviation Administration's Airport Improvement Program (AIP), the American Rescue Plan Act (ARPA), the Bipartisan Infrastructure Law (BIL), and the Infrastructure Investment and Jobs Act (IIJA).

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Management's Discussion and Analysis, continued

These funding sources support critical infrastructure improvements while reducing reliance on additional borrowing. Key projects include terminal modernization, apron rehabilitation, airfield safety and resiliency improvements, energy efficiency initiatives, and other projects designed to maintain and enhance airport infrastructure. Federal grants remain an important component of the Authority's long-term capital funding strategy and help preserve debt capacity for future infrastructure needs.

Future Capital Needs

The Authority continues to evaluate capital improvement requirements necessary to maintain safe, efficient, and reliable airport operations. Planned investments include terminal modernization, airfield infrastructure improvements, resiliency initiatives, equipment replacement, and other projects necessary to meet operational, regulatory, and customer service objectives.

Management will continue to pursue available federal funding opportunities while evaluating financing alternatives as needed to support future capital requirements. This approach balances infrastructure investment needs with affordability for airline partners and other airport users while maintaining long-term financial sustainability.

E. Capital Improvement Program

During FY 2025, the Authority continued advancing a comprehensive Capital Improvement Program focused on infrastructure preservation, operational resiliency, passenger accessibility, safety, and sustainability. The Authority managed more than \$118 million in active capital projects across construction, design, and planning phases

Major initiatives included resiliency and sustainability projects such as the Microgrid Feasibility Study and Energy Efficiency Assessment. These projects support improved energy reliability, reduced long-term operating costs, and enhanced preparedness for utility disruptions and severe weather events. The Authority also continued efforts toward fleet modernization through the planned procurement of Zero Emission Vehicles, supporting federal sustainability initiatives and reducing reliance on fossil fuels.

Terminal improvement projects advanced in FY 2025 to include Phase II of the Terminal Roof Rehabilitation Project, passenger loading bridge replacement, ADA accessibility improvements, and security screening enhancement designed to improve passenger flow and operational efficiency.

Airfield improvements included airfield lighting and electrical system upgrades, AOA main gate expansion and relocation, and gate electrification initiatives, including installation of 400-Hz ground power units and preconditioned air units under the FAA's Voluntary Airport Low Emissions (VALE) Program. These improvements reduce aircraft emissions and support more efficient gate operations. The Authority also continued work on a FAR Part 150 Noise Compatibility Study to support long-term planning for noise mitigation and land-use compatibility.

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Management's Discussion and Analysis, continued

Capital improvement projects were funded primarily through the FAA's Airport Improvement Program, BIL, ARPA, and IJA grants, supplemented by Passenger Facility Charges. These investments support the Authority's long-term objectives of maintaining safe and efficient operations, improving resiliency, enhancing accessibility, and modernizing airport infrastructure.

Air Service Development

During FY 2025, the Authority continued administering its Air Service Development Incentive Program, which was updated in October 2024 to align with revised FAA Air Carrier Incentive Program (ACIP) guidance. The updated program expanded eligibility to include incentives for increased airline capacity, including aircraft upgauging, in addition to new route development opportunities, while maintaining compliance with federal requirements governing airport revenue use.

The program supports the Authority's efforts to strengthen air service, encourage market diversification, and enhance connectivity to regional and international destinations.

A. FY 2026 Outlook

The Authority expects FY 2026 to reflect continued operational stability and measured growth in air travel demand, supported by the ongoing recovery of regional tourism and expanded air service. While economic, geopolitical, and policy uncertainties may create volatility in travel demand and airline capacity, the Authority remains committed to strengthening Guam's role as a regional hub and connecting the island and broader region to global markets. Guam's evolving regional position is also expected to influence airport operations, infrastructure needs, and air traffic patterns as the military buildup progresses.

To support the Authority's mission, management will continue strengthening financial resilience through revenue diversification, prudent expense management, and strategic capital investments that enhance safety and security, increase capacity, improve accessibility, ensure resiliency, and support long-term sustainability. Through these efforts, the Authority will continue advancing Guam's connectivity and supporting the island's economic growth.

Key Risks and Strategic Priorities

- Revenue Diversification – Updated concessions and leasing policies support efforts to increase non-aeronautical revenue and strengthen long-term financial stability.
- Economic and Geopolitical Risks – Economic uncertainty, trade tensions, and currency fluctuations may affect travel demand and airline service levels.
- Policy and Regulatory Environment – Changes in visa policies or travel requirements may impact visitor demand; the Authority will continue stakeholder engagement to support travel-friendly policies.

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Management's Discussion and Analysis, continued

- Military Buildup and Regional Security – Increased military activity may affect airport utilization and operational requirements; the Authority will continue coordination with federal and military partners.
- Talent and Workforce – Workforce turnover associated with retirements remains a key operational consideration. The Authority will continue succession planning, recruitment, training, and knowledge-transfer initiatives to maintain operational continuity.
- Technology and Sustainable Tourism – The Authority will invest in technology and support sustainable tourism initiatives to promote higher-yield travel while preserving Guam's natural and cultural assets.

Revenue Outlook

The Authority expects FY 2026 revenues to remain supported by regional travel demand and ongoing airline activity. Revenue growth may be limited by inflation, fuel cost volatility, and higher airfares, which could reduce discretionary passenger spending. With the newly adopted concession and leasing policies in place, the Authority will continue strengthening non-aeronautical revenues by expanding concessions and leasing opportunities and pursuing strategic partnerships to reduce reliance on aeronautical revenue.

Expenses Outlook

Operating expenses are expected to remain stable in FY 2026, with cost pressures driven primarily by personnel, security, and maintenance needs. The Authority expects to manage these pressures through proactive cost control and efficiency initiatives. Continued improvements in staffing optimization, process enhancements, and prudent contract oversight will support cost containment while maintaining high standards of safety, security, and service.

Capital Program Outlook

The Authority's FY 2026 capital program will continue to focus on projects that enhance safety, security, operational resiliency, accessibility, and capacity. Key projects include:

Work-in-Progress

- Apron and Taxiway Rehabilitation
- Terminal Building Roof Rehabilitation with Solar Panel Installations
- Part 150 Noise Compatibility Study
- Energy Efficiency Assessment
- Passenger Loading Bridge Modernization

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Management's Discussion and Analysis, continued

Planning and Design

- Cargo Apron Construction
- AOA Access Gate Installation
- Security Screening Enhancement Construction
- Enhanced ADA Accessibility
- Modernization of the Authority's Fire Alarm/Fire Suppression system
- Airfield Lighting and Electrical Upgrades
- Airport Microgrid
- Residential Sound Solution Program as part of FAR Part 150 program implementation

Procurement

- ARFF Vehicle Acquisition
- Gate Electrification with Pre-conditioned Air (PCAs) and Ground Power Units FAA's Voluntary Airport Low Emissions (VALE) program
- Zero Emissions Vehicles (ZEV) Acquisition

These projects support the Authority's long-term infrastructure needs and strategic priorities. The Authority will continue pursuing federal grant funding while maintaining fiscal discipline to ensure capital investments are aligned with available resources.

Debt and Liquidity Outlook

The Authority will continue monitoring debt levels, liquidity, and debt service coverage to ensure adequate resources are available to support operations and capital investments. Management remains committed to maintaining compliance with bond covenant requirements while preserving financial sustainability to address future infrastructure needs and changing operating conditions.

Conclusion

The Authority remains committed to connecting Guam to the world. While external uncertainties and regional developments may affect demand and operations, the Authority is positioned to respond proactively through financial discipline, operational efficiency, and strategic capital investment to support safe, secure, and sustainable growth.

For additional information about this report, please contact John M. Quinata, Executive Manager, at official@guamairport.net or visit our website at www.guamairport.com.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Statements of Net Position

	September 30, <u>2025</u>	2024 <i>(Restated)</i>
Assets and deferred outflows of resources		
Current assets:		
Unrestricted assets:		
Cash	\$ 3,757,574	\$ 2,582,593
Accounts receivable, trade, net of allowance for doubtful accounts of \$792,365 at September 30, 2025 (\$1,189,371 at September 30, 2024)	7,662,876	6,889,679
Federal grants receivable	2,967,382	5,064,597
Aviation fuel tax receivable	9,594,147	9,651,320
Lease receivable	1,944,438	4,471,602
Inventory and other	<u>375,565</u>	<u>326,810</u>
Total unrestricted current assets	<u>26,301,982</u>	<u>28,986,601</u>
Restricted assets:		
Custom fees cash	199,140	435,382
Passenger facility charges cash	1,404	548
Asset forfeiture program cash	134,247	73,738
Customer deposit cash	---	2,374,977
Customs fees receivable	1,054,355	945,672
Passenger facility charges receivables	<u>539,450</u>	<u>517,212</u>
Total restricted current assets	<u>1,928,596</u>	<u>4,347,529</u>
Total current assets	<u>28,230,578</u>	<u>33,334,130</u>
Noncurrent assets:		
Lease receivable, net	<u>6,508,127</u>	<u>7,899,600</u>
Investments and cash with trustees:		
Unrestricted	25,257,950	26,263,956
Restricted	<u>31,134,700</u>	<u>29,846,304</u>
Total investments and cash with trustees	<u>56,392,650</u>	<u>56,110,260</u>
Depreciable capital assets, net	345,846,764	370,178,008
Non-depreciable capital assets	96,016,293	84,282,229
Avigation easements, net	<u>1,334,157</u>	<u>1,600,988</u>
Total noncurrent assets	<u>506,097,991</u>	<u>520,071,085</u>
Total assets	<u>534,328,569</u>	<u>553,405,215</u>
Deferred outflows of resources:		
Deferred differences on bond refunding	5,668,611	10,558,085
Pension	6,643,243	11,082,412
Other postemployment benefits	<u>9,947,622</u>	<u>10,801,918</u>
Total deferred outflows of resources	<u>22,259,476</u>	<u>32,442,415</u>
Total assets and deferred outflows of resources	<u>\$556,588,045</u>	<u>\$585,847,630</u>

See accompanying notes.

Antonio B. Won Pat International Airport Authority, Guam
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Statements of Net Position, continued

	September 30, <u>2025</u>	<u>2024</u> <i>(Restated)</i>
Liabilities, deferred inflows of resources and net position		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable - trade	\$ 4,377,666	\$ 6,653,706
Accounts payable - construction	5,853,812	4,614,453
Other liabilities	2,668,353	5,986,274
Security deposits and unearned income	6,144,329	4,335,644
Current portion of annual leave	976,919	866,821
Current portion of sick leave	<u>490,373</u>	<u>463,694</u>
Total payable from unrestricted assets	20,511,452	22,920,592
Payable from restricted assets:		
Customs fees payable to Treasurer of Guam	1,121,527	1,247,236
Due to grantor	---	2,310,329
Customer construction deposit	---	2,499,975
General revenue bonds		
Current installments	4,425,000	4,015,000
Accrued interest	<u>4,065,699</u>	<u>3,917,792</u>
Total payable from restricted assets	<u>9,612,226</u>	<u>13,990,332</u>
Total current liabilities	<u>30,123,678</u>	<u>36,910,924</u>
Non-current liabilities:		
Payable from unrestricted assets:		
Long-term portion of sick leave	3,888,944	4,094,158
Long-term portion of annual leave	784,781	678,360
Net pension liability	31,291,175	39,480,485
Collective total other postemployment benefit liability	41,536,486	50,921,470
Other liabilities	<u>175,077</u>	<u>51,493</u>
Total payable from unrestricted assets	<u>77,676,463</u>	<u>95,225,966</u>
Payable from restricted assets:		
Long-term bonds payable, less current installments:		
General revenue bonds	<u>179,747,405</u>	<u>190,420,457</u>
Total non-current liabilities	<u>257,423,868</u>	<u>285,646,423</u>
Total liabilities	<u>287,547,546</u>	<u>322,557,347</u>

See accompanying notes.

Antonio B. Won Pat International Airport Authority, Guam
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Statements of Net Position, continued

	September 30,	
	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
Deferred inflows of resources:		
Deferred differences on refunding of bonds	\$ 356,322	\$ 390,740
Pension	4,713,167	2,498,140
Other postemployment benefits	23,718,766	17,189,026
Leases	<u>10,491,907</u>	<u>14,528,494</u>
Total deferred inflows of resources	<u>39,280,162</u>	<u>34,606,400</u>
Net position:		
Net investment in capital assets	268,762,097	275,808,113
Restricted for:		
Capital assets	19,990,028	19,308,118
Asset forfeiture funds	134,247	73,738
Debt service	448,354	170,066
Custom fees	131,968	133,818
Customer construction deposit	2,205,620	---
Passenger facility charge purposes	540,854	517,760
Unrestricted	(<u>62,452,831</u>)	(<u>67,327,730</u>)
Total net position	<u>229,760,337</u>	<u>228,683,883</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$556,588,045</u>	<u>\$585,847,630</u>

See accompanying notes.

Antonio B. Won Pat International Airport Authority, Guam
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Statements of Revenues, Expenses and Changes in Net Position

	Year Ended September 30,	
	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
Operating revenues:		
Facilities and systems usage charges	\$ 35,007,504	\$ 32,556,975
Concession fees	12,091,475	12,862,403
Rental income	11,755,058	11,411,484
Aviation fuel tax	1,420,197	1,629,309
Miscellaneous	<u>728,603</u>	<u>4,028,687</u>
Total operating revenues	<u>61,002,837</u>	<u>62,488,858</u>
Operating costs and expenses:		
Personnel services	23,574,979	24,603,833
Contractual services	23,215,736	24,677,751
Materials and supplies	<u>1,063,663</u>	<u>1,493,444</u>
Total operating costs and expenses	<u>47,854,378</u>	<u>50,775,028</u>
Income from operations before depreciation and amortization	13,148,459	11,713,830
Depreciation and amortization	(<u>31,659,675</u>)	(<u>33,380,989</u>)
Operating loss	(<u>18,511,216</u>)	(<u>21,667,159</u>)
Non-operating revenues (expenses):		
Other revenues (expenses), net	6,842,040	(98,115)
Passenger facility charges	3,992,495	3,871,418
Federal operating grants	2,447,833	3,453,067
Interest income	1,738,106	2,305,446
Interest on leases	254,182	359,572
Loss on disposal of fixed assets	---	(95,275)
Non-recurring expenses	(2,160,092)	(3,163,582)
Interest expense	(<u>8,331,134</u>)	(<u>9,150,262</u>)
Total non-operating revenues (expenses), net	<u>4,783,430</u>	(<u>2,517,731</u>)
Loss before capital grants	(13,727,786)	(24,184,890)
Federal capital grants	<u>14,804,240</u>	<u>9,098,175</u>
Change in net position	1,076,454	(15,086,715)
Net position, beginning of year	<u>228,683,883</u>	<u>243,770,598</u>
Net position, end of year	<u>\$229,760,337</u>	<u>\$228,683,883</u>

See accompanying notes.

Antonio B. Won Pat International Airport Authority, Guam
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Statements of Cash Flows

	Year Ended September 30,	
	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
Cash flows from operating activities:		
Cash received from customers	\$ 54,566,124	\$53,660,446
Cash paid to suppliers for goods and services	(23,243,656)	(29,944,988)
Cash paid to employees	(26,587,015)	(24,164,578)
Cash received from fiduciary activities	<u>4,931,239</u>	<u>9,821,943</u>
Net cash provided by operating activities	<u>9,666,692</u>	<u>9,372,823</u>
Cash flows from investing activities:		
Net purchases from sale of investments	(282,390)	(11,771,395)
Interest income on investments	<u>2,032,581</u>	<u>3,538,992</u>
Net cash provided by (used in) investing activities	<u>1,750,191</u>	<u>(8,232,403)</u>
Cash flows from non-capital financing activity:		
Federal non-operating grants	<u>25,000</u>	<u>5,000,000</u>
Cash provided by non-capital financing activity	<u>25,000</u>	<u>5,000,000</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of airport facilities and avigation easement	(18,795,664)	(5,620,288)
Principal payment on General revenue bonds	(10,263,052)	(34,503)
Interest paid on General revenue bonds	(3,353,605)	(7,111,036)
Other financing source – refunding Bonds	72,602,091	---
Other financing source – payment to refund bond escrow agent	(73,990,742)	---
Principal payment on loan payable to bank	---	(591,770)
Interest paid on loan payable to bank	---	(8,051)
U.S. Government capital and operating grants	17,013,959	5,751,165
Passenger facility charge receipts	<u>3,970,257</u>	<u>3,865,676</u>
Net cash used in capital and related financing activities	<u>(12,816,756)</u>	<u>(3,748,807)</u>
Net (decrease) increase in cash	(1,374,873)	2,391,613
Cash at beginning of year	<u>5,467,238</u>	<u>3,075,625</u>
Cash at end of year	<u>4,092,365</u>	<u>\$ 5,467,238</u>
Consisting of:		
Unrestricted	\$ 3,757,574	\$ 2,582,593
Restricted	<u>334,791</u>	<u>2,884,645</u>
	<u>\$ 4,092,365</u>	<u>\$ 5,467,238</u>

See accompanying notes.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Statements of Cash Flows, continued

	Year Ended	
	September 30,	
	<u>2025</u>	<u>2024</u>
		<i>(Restated)</i>
Reconciliation of operating loss and other expenses to net cash provided by operating activities:		
Operating loss	\$(18,511,216)	\$(21,667,159)
Other and non-recurring expenses	<u>6,078,296</u>	<u>(4,322,822)</u>
	<u>(12,432,920)</u>	<u>(25,989,981)</u>
Adjustments to reconcile operating loss and other expenses to net cash provided by operating activities:		
Depreciation and amortization	31,659,675	33,380,989
Non-cash OPEB cost	(563,356)	1,232,064
Non-cash pension costs	3,713,737	6,675,061
(Increase) decrease in assets:		
Accounts receivable, trade	(824,707)	(1,412,912)
Lease receivable	3,918,637	4,076,540
Inventory and other	(71,311)	(25,278)
Increase (decrease) in liabilities:		
Accounts payable	(1,162,390)	520,913
Other current liabilities	(3,318,473)	(1,294,776)
Security deposits and unearned income	1,808,685	(87,865)
Customer construction deposit	(2,499,975)	2,499,975
Accrued annual leave	216,519	(2,744)
Accrued sick leave	(177,983)	(558,910)
Other liabilities	123,584	51,493
Collective total OPEB liability	(1,437,592)	(966,150)
Net pension liability	(5,248,851)	(4,568,676)
Deferred inflow of resources - leases	<u>(4,036,587)</u>	<u>(4,156,920)</u>
Total adjustments	<u>22,099,612</u>	<u>35,362,804</u>
Net cash provided by operating activities	<u>\$ 9,666,692</u>	<u>\$ 9,372,823</u>

See accompanying notes.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

1. Organization and Summary of Accounting Policies

Organization

The Antonio B. Won Pat International Airport Authority, Guam, (the Authority), was created by Public Law 13-57 (as amended) as a component unit of the Government of Guam to own and operate the facilities of the Guam International Air Terminal, located in Tiyan, Guam. It is charged with the acquisition, construction, operation and maintenance of the airport and related facilities for civil aviation on Guam. The Authority supports its operations through landing fees, charges for the use of its facilities, rental income from tenants, and through revenues generated under concessionaire agreements.

The Authority is governed by a seven-member Board of Directors appointed by the Governor with consent provided by the Legislature. The Authority is a component unit of Government of Guam.

Basis of Accounting

The Authority utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Net Position

Net position represents the residual of all other elements presented in the statement of net position and is presented in the following categories:

Net investment in capital assets

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Net Position, continued

Restricted

Nonexpendable – Net position subject to externally imposed stipulations that require the Authority to maintain them permanently.

Expendable – Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire with the passage of time.

All of the Authority's restricted net position at September 30, 2025 and 2024 is expendable.

Unrestricted

The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

Cash

For the purpose of the statement of cash flows, cash is defined as cash on hand and in banks. Cash on hand and in banks include cash from passenger facility charges and customs fees.

Accounts Receivable

Accounts receivable are primarily due from airlines utilizing the Authority's airport terminal facilities and various business establishments located in Guam. The Authority performs periodic credit evaluations of its customers, and generally does not require collateral. Receivables are considered past due when payment is not received within 90 days from the date of billing. The Authority accrues finance charges on past due receivables. Receivables are stated net of estimated allowances for doubtful accounts.

The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience. The allowance is established through a provision for bad debts and charged as a reduction of revenues.

Inventory

Inventory is recorded at the lower of cost (using first-in, first-out method) or market value.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Investments

Investments and related investment earnings are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Bond Premium and Discount

Bond premium and discount are amortized on a weighted-average basis over the life of the bond issued. Bonds payable are reported net of bond premium and discount.

Lease receivable

Lease receivable represents the present value of lease payments expected to be received during the lease term. The Authority has adopted policies to assist in determining lease treatment in accordance with the requirements of GASB Statement No. 87, which include the following: (1) the maximum possible lease term is non-cancelable by both lessee and lessor and is more than 12 months and (2) the terms of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal.

Capital Assets and Depreciation and Amortization

Capital assets, whether purchased or constructed, are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Land is recorded at its appraised value on the date of transfer. Buildings and structures are stated at cost, which prior to the adoption of GASB Statement No. 89, includes interest during the construction period. Equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (3 to 35 years for buildings and equipment). Current policy is to capitalize individual purchases over \$5,000 with useful lives of at least three years. Normal maintenance and repairs are charged to operating expense as incurred. Expenditures for major additions, improvements, infrastructure and replacements are capitalized. The cost of assets that are retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to non-operating revenue or expense, respectively.

The costs of issuing bonds to finance construction of airport facilities have been capitalized and are being amortized on a weighted-average basis over the lives of the bonds outstanding.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Avigation Easements

Avigation easements are property rights acquired by the Authority whenever land use around the Guam International Air Terminal needs to be controlled or when air rights are required. The Authority capitalizes the cost incurred for air rights and amortizes it over 15 years using the straight-line method.

Impairment of Capital Assets

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the Authority evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred.

A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset.

Compensated Absences

In accordance with GASB Statement No. 101, the Authority has adopted the Days Used approach to measure compensated absence liabilities for annual vacation and sick leave. Under this approach, historical leave usage patterns are analyzed to estimate the portion of accumulated leave balances that are more likely than not to be used as paid time off or otherwise settled.

Annual vacation leave is earned through employee service and is payable upon separation from employment, subject to a maximum payout cap of 320 hours. Pursuant to annual Guam appropriations acts for fiscal year (FY) 2020 through FY 2023, eligible peace officers who accumulated annual vacation leave in excess of three hundred twenty (320) hours were permitted to carry forward such excess leave. At retirement or termination from service, that portion of the excess leave permitted by law to be credited to sick leave shall be so credited, and the remainder, if any, shall be forfeited. The full unused annual vacation leave balance attributable to eligible peace officers is considered a liability under GASB Statement No. 101, as employees have earned the right to utilize the leave and the leave is more likely than not to be used or otherwise settled.

A liability is recognized for unused vacation leave attributable to past service that is more likely than not to be paid as of the reporting date, limited to the payout cap. Except for annual vacation leave balances accumulated by eligible peace officers pursuant to the FY 2020 through FY 2023 appropriation acts, vacation leave balances in excess of the cap are excluded.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Compensated Absences, continued

The Days Used approach is applied using a First-In, First-Out (FIFO) leave consumption assumption, whereby the earliest accrued vacation leave is assumed to be used first. Liability is measured using current pay rates and includes applicable employer salary- related costs.

Sick leave is earned through employee service and accumulations. A liability is recognized for accumulated sick leave attributable to services already rendered that are more likely than not to be used as paid time off or otherwise settled. The Days Used approach is applied using a Last-In, First-Out (LIFO) leave consumption assumption, whereby the most recently accrued sick leave is assumed to be used first.

Sick leave treatment varies by retirement plan. Pursuant to Public Law 26-86, members of the Defined Contribution Retirement System (DCRS) are allowed to receive a lump sum payment of 50% of their accumulated sick leave upon retirement. Accordingly, the compensated absence liability includes amounts estimated to be used as paid time off and amounts expected to be paid in accordance with plan provisions, including the 50% cash payout at retirement for DCRS members, as estimated using the Days Used approach. For Defined Benefit (DB and DB 1.75) Employees, accumulated sick leave is converted to years of service credit upon retirement. No compensated absence liability is recorded for amounts converted to defined benefit service credit, as those amounts are reflected within pension accounting in accordance with GASB Statement No. 68. Any sick leave not required for service credit is forfeited or donated through leave sharing.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. The Authority recognizes a net pension liability for the pension plan in which it participates, which represents the Authority's proportionate share of total pension liability (actuarially calculated) over the pension plan assets, measured as of the fiscal year end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Other Post-Employment Benefits

Other post-employment benefits (OPEB) are required to be recognized and disclosed using the accrual basis of accounting. The Authority recognizes a collective total OPEB liability for the OPEB plan in which it participates, which represents the Authority's proportionate share of collective total OPEB liability (actuarially calculated) measured as of the fiscal year end. Changes in the collective total OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. As required by GASB Statements No. 68, 71, 73, and 75, the Authority reports deferred outflows of resources for pension-related and OPEB-related amounts: payments since the measurement date, changes in assumptions, and for differences between projected and actual earnings.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources until then. As required by GASB Statements No. 68, 73 and 75, the Authority reports deferred inflows of resources for pension-related and OPEB-related amounts: for its share of the difference between expected and actual earnings, for its share of the difference between its contributions and its proportionate share of contributions, and for the difference between expected and actual experience. The Authority also reports deferred inflows of resources for the difference between the carrying amount and the reacquisition price of refunded bonds.

Environmental Costs

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, liabilities for future remediation and monitoring costs are recorded when environmental assessments and/or remedial and monitoring efforts are probable and the costs can be reasonably estimated. These liabilities are not reduced by possible recoveries from third parties, and projected cash expenditures are not discounted.

Pollution remediation liabilities are measured using the expected cash flow technique, which measures the liability as the sum of the probability-weighted amounts in a range of possible estimated amounts—the estimated mean or average.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Risk Management

The Authority is exposed to various risks of loss; theft of, damage to, and destruction of assets; operation and environmental liability; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is provided for claims arising from most of these matters. The Authority has procured catastrophic insurance, as discussed in Note 9.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

During the year ended September 30, 2025, the Authority implemented the following pronouncements:

Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The adoption of the Statement requires retrospective application. As a result, the financial statements for the prior period have been restated to reflect the adoption of the new accounting standard, the effects of which are summarized in Note 11.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The implementation of this Statement did not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. GASB Statement No. 103 will be effective for fiscal years ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature.

This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 105 will be effective for fiscal year ending September 30, 2027.

The Authority is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements for comparative purposes. Such reclassifications had no effect in the previously reported change in net position.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

2. Deposit Risk and Major Customers

The Authority maintains its cash in bank accounts, which at times may exceed federal depository insurance limits. At September 30, 2025, \$3,803,660 out of the Authority's bank deposits totaling \$4,096,490 is uninsured and uncollateralized, with the remainder being covered by federal depository insurance. At September 30, 2024, \$11,434,960 out of the Authority's bank deposits totaling \$11,801,386 is uninsured and uncollateralized, with the remainder being covered by federal depository insurance.

A primary concessionaire accounted for 9% and 13% of total operating revenues for the years ended September 30, 2025 and 2024, respectively. Receivables from the primary concessionaire totaled \$252,474 and \$1,070,216 at September 30, 2025 and 2024, respectively.

For the years ended September 30, 2025 and 2024, approximately 32% and 31%, respectively, of the Authority's total operating revenues, including passenger facility charge income, were derived from one airline customer. At September 30, 2025 and 2024, the accounts receivable from this airline customer totaled \$1,851,623 and \$2,384,208, respectively.

Concentration of credit risk with respect to the remaining accounts receivable which are due primarily from other various airlines, concessionaires and tour operators is limited due to the large number of customers comprising the Authority's customer base.

3. Capital Assets

Capital assets activities for the year ended September 30, 2025 are as follows:

	Beginning Balance <u>October 1, 2024</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Ending Balance September 30, <u>2025</u>
Depreciable capital assets:				
Terminal building	\$ 603,097,120	\$ 8,200	\$ ---	\$ 603,105,320
Airfield area	231,024,374	77,838	408,951	231,511,163
Other buildings	122,037,730	107,871	2,225,453	124,371,054
Apron area	28,632,976	---	4,012,289	32,645,265
Terminal area	24,876,119	---	---	24,876,119
Support facilities	<u>10,597,228</u>	<u>21,798</u>	<u>199,200</u>	<u>10,818,226</u>
Total capital assets depreciated	1,020,265,547	215,707	6,845,893	1,027,327,147
Less accumulated depreciation	(650,087,539)	(31,392,844)	---	(681,480,383)
	<u>\$ 370,178,008</u>	<u>\$(31,177,137)</u>	<u>\$ 6,845,893</u>	<u>\$ 345,846,764</u>

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

3. Capital Assets, continued

	Beginning Balance <u>October 1, 2024</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Ending Balance September 30, <u>2025</u>
Non-depreciable capital assets:				
Land	\$ 61,832,623	\$ ---	\$ ---	\$ 61,832,623
Construction-in-progress	<u>22,449,606</u>	<u>18,579,957</u>	(6,845,893)	<u>34,183,670</u>
	<u>\$ 84,282,229</u>	<u>\$ 18,579,957</u>	\$(6,845,893)	<u>\$ 96,016,293</u>
Avigation easements:				
Cost	\$ 19,142,691	\$ ---	\$ ---	\$ 19,142,691
Accumulated amortization	(<u>17,541,703</u>)	(<u>266,831</u>)	---	(<u>17,808,534</u>)
	<u>\$ 1,600,988</u>	\$(<u>266,831</u>)	\$ ---	<u>\$ 1,334,157</u>

Capital assets activities for the year ended September 30, 2024 are as follows:

	Beginning Balance <u>October 1, 2023</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Ending Balance September 30, <u>2024</u>
Depreciable capital assets:				
Terminal building	\$ 603,371,009	\$ ---	\$(273,889)	\$ 603,097,120
Airfield area	231,006,259	18,115	---	231,024,374
Other buildings	121,617,743	419,987	---	122,037,730
Apron area	28,632,976	---	---	28,632,976
Terminal area	24,876,119	---	---	24,876,119
Support facilities	<u>10,503,670</u>	<u>96,023</u>	(<u>2,465</u>)	<u>10,597,228</u>
Total capital assets depreciated	1,020,007,776	534,125	(276,354)	1,020,265,547
Less accumulated depreciation	(<u>618,027,271</u>)	(<u>32,241,345</u>)	<u>181,077</u>	(<u>650,087,539</u>)
	<u>\$ 401,980,505</u>	<u>\$(31,707,220)</u>	\$(<u>95,277</u>)	<u>\$ 370,178,008</u>
Non-depreciable capital assets:				
Land	\$ 61,832,623	\$ ---	\$ ---	\$ 61,832,623
Construction-in-progress	<u>17,268,166</u>	<u>5,962,384</u>	(<u>780,944</u>)	<u>22,449,606</u>
	<u>\$ 79,100,789</u>	<u>\$ 5,962,384</u>	\$(<u>780,944</u>)	<u>\$ 84,282,229</u>
Avigation easements:				
Cost	\$ 19,142,691	\$ ---	\$ ---	\$ 19,142,691
Accumulated amortization	(<u>16,402,059</u>)	(<u>1,139,644</u>)	(---)	(<u>17,541,703</u>)
	<u>\$ 2,740,632</u>	<u>\$(1,139,644)</u>	\$(---)	<u>\$ 1,600,988</u>

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

4. Long-Term Revenue Bonds Payable

Long-term revenue bonds payable at September 30, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
General revenue bonds, Series 2019 (original issue of \$37,045,000):		
Varying interest rates (3% - 5%) payable semiannually in October and April, principal payment of \$3,900,000 due in October 2024	\$ ---	\$ 3,900,000
General revenue bonds, Series 2021 (original issue of \$143,430,000):		
Varying interest rates (2.5% - 4.5%) payable semiannually in October and April, principal payments due in varying annual installments with \$4,185,000 due in October 2025. In October 2024, these bonds were partially refunded through the issuance of \$76,635,000 Series 2024A and 2024B refunding bonds. In April 2025, the bonds were partially defeased in the amount of \$2,900,000	63,825,000	143,430,000
General revenue bonds, Series 2023 (original issue of \$47,080,000):		
Varying interest rates (5% - 5.375%) payable semiannually in October and April, principal payments due in varying annual installments with \$240,000 due in October 2025	46,965,000	47,080,000
General revenue bonds, Series 2024A (original issue of \$47,170,000):		
Varying interest rates (5% - 5.25%) payable semiannually in October and April, principal payments due in varying annual installments with \$935,000 due in October 2027	47,170,000	---

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

4. Long-Term Revenue Bonds Payable, continued

	<u>2025</u>	<u>2024</u>
General revenue bonds, Series 2024B (original issue of \$20,640,000):		
5% interest rates payable semiannually in October and April, principal payments due in varying annual installments with \$410,000 due in October 2027	<u>20,640,000</u>	<u>---</u>
Total long-term revenue bonds payable	178,600,000	194,410,000
Less current installments	<u>(4,425,000)</u>	<u>(4,015,000)</u>
	174,175,000	190,395,000
Add net unamortized premium on bonds	<u>5,572,405</u>	<u>25,457</u>
Total long-term revenue bonds payable, net of current installments	<u>\$179,747,405</u>	<u>\$190,420,457</u>

Future bond principal and mandatory sinking fund installments payable by the Authority to the bond trustees are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2026	\$ 4,425,000	\$ 8,091,849	\$ 12,516,849
2027	10,630,000	8,014,814	18,644,814
2028	10,915,000	7,722,043	18,637,043
2029	11,275,000	7,371,791	18,646,791
2030	11,720,000	6,930,752	18,650,752
2031-2035	52,620,000	26,107,506	78,727,506
2036-2040	38,595,000	15,740,140	54,335,140
2041-2045	<u>38,420,000</u>	<u>5,042,487</u>	<u>43,462,487</u>
	<u>\$178,600,000</u>	<u>\$85,021,382</u>	<u>\$263,621,382</u>

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

4. Long-Term Revenue Bonds Payable, continued

2019 Bonds

On November 1, 2019, the Authority issued \$37,045,000 General Revenue Bonds (collectively, the “2019 Bonds”) as follows:

• 2019 Series A (AMT)	\$ 18,645,000
• 2019 Series B (Taxable)	<u>18,400,000</u>
	<u>\$37,045,000</u>

The 2019 Bonds were obtained for the advanced refunding of the Authority’s 2013 Series C bonds with maturities in FY2021 through FY2024.

The aggregate purchase price was \$38,558,876 (the purchase price), representing the principal amount of the 2019 Bonds, plus a net original issue premium of \$1,951,243 and less underwriters’ discount of \$437,367. Interest on the 2019 Bonds will be payable on April 1 and October 1 of each year. The 2019 Bonds bear interest at rates from 3% to 5% and mature on October 1, 2023 for the 2019 Series A (AMT) and on October 1, 2025 for the 2019 Series B (Taxable).

The 2019 Bonds are subject to redemption prior to maturity date.

The refunding resulted in a debit difference on refunding of \$690,098, representing the difference between the reacquisition price and carrying amount of the 2013 Bonds. This amount was fully amortized as of September 30, 2025. As of September 30, 2024, the unamortized balance of the difference in refunding totaled \$11,391 and is included as a component of the deferred differences on refunding of bonds in the accompanying statement of net position.

2021 Bonds

On August 17, 2021, the Authority issued \$143,430,000 General Revenue Bonds (the “2021 Series A Bonds”) which were obtained for the advanced refunding of the Authority’s 2013 Bonds and 2019 Bonds with maturities in FY2022 through FY2044 and in FY2022 through FY2026, respectively.

The aggregate purchase price was \$143,430,000 (the purchase price), representing the principal amount of the 2021 Series A Bonds and less underwriters’ discount of \$1,238,204. Interest on the 2021 Series A Bonds will be payable on April 1 and October 1 of each year. The 2021 Series A Bonds bear interest at rates from 2.5% to 4.5% and mature on October 1, 2031 for the serial bonds and on October 1, 2036 and October 1, 2043 for the term bonds.

The 2021 Bonds are subject to redemption prior to maturity date.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

4. Long-Term Revenue Bonds Payable, continued

2021 Bonds, continued

The refunding resulted in a debit difference on refunding of \$14,156,010 representing the difference between the reacquisition price and carrying amount of the 2013 and 2019. As of September 30, 2025 and 2024, the unamortized balance of the difference in refunding totaled \$4,253,341 and \$10,546,694, respectively, and is included as a component of the deferred differences on refunding of bonds in the accompanying statement of net position.

2023 Bonds

On July 11, 2023, the Authority issued \$47,080,000 General Revenue Bonds (the “2023 Series A Bonds”) which were obtained for the advanced refunding of the Authority’s remaining 2013 Bonds with maturities in FY2028 through FY2043.

The aggregate purchase price was \$47,080,000 (the purchase price), representing the principal amount of the 2023 Series A Bonds and less underwriters’ discount of \$361,366. Interest on the 2023 Series A Bonds will be payable on April 1 and October 1 of each year. The 2023 Series A Bonds bear interest at rates from 5% to 5.375% and mature on October 1, 2036 for the serial bonds and on October 1, 2028, October 1, 2033, October 1, 2040 and October 1, 2043 for the term bonds.

The 2023 Bonds are subject to redemption prior to maturity date.

The refunding resulted in a credit difference on refunding of \$425,243 representing the difference between the reacquisition price and carrying amount of the 2013 Bonds. As of September 30, 2025 and 2025 and 2024, the unamortized balance of the difference in refunding totaled \$356,322 and \$390,740, respectively, and is included as a component of the deferred differences on refunding of bonds in the accompanying statements of net position

2024 Bonds

On October 9, 2024, the Authority issued \$67,810,000 General Revenue Bonds (collectively, the “2024 Bonds”) as follows:

- 2024 Series A (AMT) \$47,170,000
 - 2024 Series B (Non-AMT) 20,640,000
- \$67,810,000

The 2024 Bonds were obtained for the advanced refunding of the Authority’s 2021 Series A bonds with maturities in FY2026 through FY2032, FY2037, and FY2044.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

4. Long-Term Revenue Bonds Payable, continued

2024 Bonds, continued

The aggregate purchase price was \$47,170,000 and \$20,640,000 (the purchase price); representing the principal amount of the 2024 Series A and Series B Bonds and less underwriters' discount of \$323,249 and \$141,443, respectively. Interest on the 2024 Bonds will be payable on April 1 and October 1 of each year. The 2024 Bonds bear interest at rates from 5% to 5.250% and mature on October 1, 2043 for the serial bonds.

The 2024 Bonds are subject to redemption prior to maturity date.

The refunding resulted in a debit difference on refunding of \$1,556,839 representing the difference between the reacquisition price and carrying amount of the 2021 Bonds. As of September 30, 2025, the unamortized balance of the difference in refunding totaled \$1,415,270 and is included as a component of the deferred differences on refunding of bonds in the accompanying statements of net position.

As of September 30, 2025, the 2024 Bonds also include an unamortized premium of \$5,572,405, which is reported as an addition to general revenue bonds in the accompanying statements of net position and is being amortized over the life of the bonds.

The General Revenue Bonds, including interest, are payable from and are secured by a pledge of revenues under the indenture. The bonds are collateralized by a lien upon and pledge of revenues to be received by the Authority, the trustees and the depository. The Authority also engaged the Bond Issuer to secure a financial guaranty insurance policy, guaranteeing the scheduled payment of the principal and interest on the Bonds when due. Neither the payment of the principal on the bonds, nor any interest thereon, is a debt, liability or obligation of the Government of Guam.

The bond indentures include certain debt service and reserve requirements including the requirement that net revenues as defined in the bond indentures plus other available monies be equal to at least 125% of the annual debt service.

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Notes to Financial Statements, continued

5. Investments and Cash with Trustees

At September 30, 2025 and 2024, investments and cash held by the trustees, in trust for the Authority, in these funds and accounts are as follows:

	<u>2025</u>	<u>2024</u>
General Revenue Fund	\$12,268,990	\$ 8,737,782
Risk and Loss Management Reserve Fund	4,211,947	7,721,003
Operations and Maintenance Reserve Fund	3,141,945	3,241,945
Operations and Maintenance Fund	3,184,855	2,820,617
Capital Improvement Fund	2,250,847	1,966,011
Investment Fund	199,366	---
Federal Grant Fund	<u>---</u>	<u>1,776,598</u>
Total Unrestricted Investments and Cash	<u>25,257,950</u>	<u>26,263,956</u>
Bond Reserve Fund	18,989,584	18,307,683
Debt Service Fund	8,939,053	8,102,858
Investment Fund	2,205,620	2,435,328
Renewal and Replacement Fund	1,000,249	1,000,249
Construction Fund	<u>194</u>	<u>186</u>
Total Restricted Investments and Cash	<u>31,134,700</u>	<u>29,846,304</u>
	<u>\$56,392,650</u>	<u>\$56,110,260</u>

At September 30, 2025 and 2024, investments and cash held by trustees are comprised of the following:

	<u>2025</u>	<u>2024</u>
Investments	\$ 56,392,650	\$49,229,313
Cash	<u>---</u>	<u>6,880,947</u>
	<u>\$ 56,392,650</u>	<u>56,110,260</u>

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Notes to Financial Statements, continued

5. Investments and Cash with Trustees, continued

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. In compliance with the bond indenture, the Authority minimized the interest rate risk, by limiting maturity of investments. A majority of the Authority's investment securities have maturities of 5 years or less. This reduces the impact of interest rate movements seen with longer maturity investments.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for the Authority. In compliance with the bond indenture, the Authority minimized credit risk losses by limiting investments to the safest types of securities. Bank of Hawaii Investment Services Group, Bank of Guam, and BG Investment Services, Inc., manage the investment accounts investing in U.S. Treasury Securities, U.S. government – sponsored enterprises, Domestic Corporate Bonds, Money Market Funds and Exchange Traded Products (ETPs). The U.S. Treasury Securities are low risk investments as they are guaranteed by the full faith and credit of the U.S. government. While U.S. government – sponsored enterprises are not guaranteed, they are backed by the U.S. government and are recognized as low risk investments as well. In addition, certain funds held with the Bank of Guam-Trustee are invested in Government Obligations Funds through Federated Investments. Funds with co-trustee, U.S. Bank, are invested in First American Treasury Obligations Fund. All investment securities are within the requirements of the 2024, 2023, 2021, 2019 bond indentures.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, the Authority will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Based on negotiated trust and custody contracts, all of these investments were held in the Authority's name by the Authority's custodial financial institutions at September 30, 2025 and 2024.

Investments Measured at Fair Value

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

5. Investments and Cash with Trustees, continued

The following tables set forth by fair value hierarchy level the Authority's assets carried at fair value at September 30, 2025 and 2024:

		At September 30, 2025			
		Level 1	Level 2	Level 3	
Investments by fair value level					
Debt Securities:					
U.S. Treasury Securities	\$ 914,835	\$ 914,835	\$ ---	\$ ---	
Exchange traded products (ETP) - Fidelity Investments	2,608,893	2,608,893	---	---	
Corporate Bonds	<u>688,219</u>	<u>---</u>	<u>688,219</u>	<u>---</u>	
Total investments by fair value level	4,211,947	<u>\$ 3,523,728</u>	<u>\$ 688,219</u>	<u>\$ ---</u>	
Investments measured at the net asset value (NAV)					
Money market - Fidelity Investments	24,252,066				
Money market - US Bank, NA	<u>27,928,637</u>				
	<u>\$ 56,392,650</u>				

		At September 30, 2024			
		Level 1	Level 2	Level 3	
Investments by fair value level					
Debt Securities:					
U.S. Treasury Securities	\$ 580,355	\$ 580,355	\$ ---	\$ ---	
Exchange traded products (ETP) - Fidelity Investments	7,632,201	7,632,201	---	---	
Corporate Bonds	726,186	---	726,186	---	
Federal Farm Credit Banks Funding Corporation (FFCBFC)	256,950	---	256,950	---	
Federal Home Loan Mortgage Corporation (FHLMC)	<u>44,962</u>	<u>---</u>	<u>44,962</u>	<u>---</u>	
Total investments by fair value level	9,240,654	<u>\$ 8,212,556</u>	<u>\$ 1,028,098</u>	<u>\$ ---</u>	
Investments measured at the net asset value (NAV)					
Money market - Fidelity Investments	13,578,119				
Money market - US Bank, NA	<u>26,410,540</u>				
	<u>\$ 49,229,313</u>				

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Notes to Financial Statements, continued

5. Investments and Cash with Trustees, continued

The credit quality distribution of the Authority's debt securities at September 30, 2025 and 2024 is as follows:

	Standard & Poor's/Moody's Credit Rating	2025	2024
FHLMC	Aaa/AAA	\$ ---	\$ 44,962
FFCB	Aaa/AAA	---	256,950
Corporate Bonds	Aaa/AAA	---	92,997
Corporate Bonds	AA+/Aaa	33,609	---
Corporate Bonds	AA/A1	15,780	---
Corporate Bonds	A+/A1	13,765	---
Corporate Bonds	A/A1/A2	227,436	625,219
Corporate Bonds	A-/A1/A2/A3	367,653	---
Corporate Bonds	BBB+/Baa1	29,977	---
Corporate Bonds	Baa/BBB	---	7,970
US Treasury	AA+/AA1	914,835	---

At September 30, 2025 and 2024, the Authority had the following investments and maturities:

Investment type	2025				
	Total	Less than 1	1 - 5	6 - 10	More than 10
Money market	\$ 52,180,703	\$ 52,180,703	\$ ---	\$ ---	\$ ---
ETP	2,608,893	2,608,893	---	---	---
Corporate Bonds	688,219	206,903	481,316	---	---
U.S. Treasury Securities	914,835	499,870	414,965	---	---
	<u>\$ 56,392,650</u>	<u>\$ 55,496,369</u>	<u>\$ 896,281</u>	<u>\$ ---</u>	<u>\$ ---</u>

Investment type	2024				
	Total	Less than 1	1 - 5	6 - 10	More than 10
Money market	\$ 39,988,659	\$ 39,988,659	\$ ---	\$ ---	\$ ---
ETP	7,632,201	7,632,201	---	---	---
Corporate Bonds	726,186	135,096	591,090	---	---
FFCBFC	256,950	112,622	144,328	---	---
U.S. Treasury Securities	580,355	24,774	555,581	---	---
FHLMC	44,962	44,962	---	---	---
	<u>\$ 49,229,313</u>	<u>\$ 47,938,314</u>	<u>\$ 1,290,999</u>	<u>\$ ---</u>	<u>\$ ---</u>

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

6. Employee Benefits

General Pension Plan Descriptions

The Government of Guam Retirement Fund (GGRF or the Fund) administers the Government of Guam Defined Benefit (DB) Plan and the Defined Contribution Retirement System (DCRS) Plan. By statute, the Authority provides pension benefits for its employees through the GGRF.

Defined Benefit Plan (DB Plan)

The DB Plan is a single-employer plan. A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. The GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

In accordance with Public Law 33-186, the Defined Benefit 1.75 Plan became effective January 1, 2018. Members of the DB 1.75 Plan also automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution.

The DB Plan is administered by the GGRF, to which the Authority contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

Membership: Employees of the Authority hired before September 30, 1995 are under the Government of Guam Employees Retirement System, the DB Plan. Until December 31, 1999, and for several limited periods after December 31, 1999, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, had the option to switch to the DCRS. Otherwise, they remained under the old plan.

The DB 1.75 Plan is open for participation by certain existing employees, new employees and reemployed employees who would otherwise participate in the DCRS and who make election on a voluntary basis to participate in the DB 1.75 plan by December 31, 2017.

Contributions: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and the Authority are established and may be amended by the GGRF.

The Authority's statutory contribution rates were 30.77% and 29.43%, respectively, for the years ended September 30, 2025 and 2024. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2025 and 2024.

Benefits: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation:	2.50% per year
Investment rate of return:	7.0%
Payroll growth:	4.00% for Fiscal Year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years after 10 service
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire
Investment rate of return:	The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate range of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of 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.
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Discount Rate: The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the GGRF's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Expected Rate of Return and Asset Allocation: The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	7.83%	2.03%
U.S. Equities (small cap)	4.0%	9.32%	0.37%
Non-U.S. Equities	17.0%	10.12%	1.72%
Non-U.S. Equities (emerging markets)	3.0%	11.79%	0.35%
U.S. Fixed Income (aggregate)	22.0%	4.86%	1.07%
Risk Parity	8.0%	6.53%	0.52%
High Yield Bonds	8.0%	6.54%	0.52%
Global Real Estate (REITs)	2.5%	9.34%	0.23%
Global Equity	7.5%	8.59%	0.64%
Global Infrastructure	2.0%	8.42%	0.17%
Expected arithmetic mean (1 year)			7.64%
Expected geometric mean (30 years)			6.91%

The investment rate of return assumption of 7.0% is about equal to the geometric mean over 30 years, but lower than the average arithmetic return for one year. The geometric mean is lower than the arithmetic mean due to the expected volatility of investments. If investments fail to achieve the assumed interest rate, future required contributions will increase.

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants

Members of the DB Plan also receive ad hoc cost of living allowance and supplemental annuity benefits that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA/SA Plan for DB Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA/SA Plan for DB Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

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Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants, continued

Membership: The plan membership is the same as the DB Plan described above.

Benefits: The supplemental annuity is an amount which, when added to a retiree's annuity increase the annual annuity to \$40,000.

The COLA payment is \$2,300 per DB retiree

Contribution: The Authority's contribution to the supplemental annuity portion of the Plan, when added to a retiree's annuity, increases the annual annuity to \$40,000.

The Authority's contribution to the COLA payment of the Plan is \$2,300 per DB retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation:	2.50% per year
Investment rate of return:	7.0%
Payroll growth:	4.00% for Fiscal Year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for service after 10 years
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA was a municipal bond rate of 4.09% and 4.02% for the years ended September 30, 2025 and 2024, respectively. This rate was used as the benefits are not funded with the accumulation of assets; they have been funded historically through appropriations from the Government of Guam.

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Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants

The DCRS is administered by the GGRF. Members of DCRS receive ad hoc cost of living allowance (COLA) that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA Plan for DCRS Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA Plan for DCRS Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

Membership: Employees hired after September 30, 1995, are members of the DCRS.

Benefits: Ad Hoc COLA Plan for DCRS participants are the same as those for DB Participants.

Contribution: The Authority's contribution to the COLA payment of the Plan is \$2,300 per DCRS retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation:	2.50% per year
Investment rate of return:	7.0%
Payroll growth:	4.00% for Fiscal Year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for service after 10 years
Retirement age:	5% of employees assumed to retire each year for ages 55 to 64, 10% of employees per year thereafter from age 65 until age 74, at which time all remaining employees are assumed to retire
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

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Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants, continued

Discount Rate: The discount rate is the same as that used in the Ad Hoc COLA/SA Plan for DB Participants.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability at the fiscal years presented for the aforementioned plans was measured on and was determined by actuarial valuations as of the following dates:

Reporting Date:	September 30, 2025	September 30, 2024
Measurement Date:	September 30, 2024	September 30, 2023
Valuation Date:	September 30, 2023	September 30, 2022

Net pension liability as of September 30, 2025 and 2024 for the aforementioned plans is as follows:

	<u>2025</u>	<u>2024</u>
DB Plan	\$26,339,465	\$34,892,430
Ad hoc COLA/SA Plan for DB Participants	3,646,368	3,107,124
Ad hoc COLA Plan for DCRS Participants	<u>1,305,342</u>	<u>1,480,931</u>
	<u>\$31,291,175</u>	<u>\$39,480,485</u>

Proportionate share of net pension liability at September 30, 2025 and 2024 for the aforementioned plans is as follows:

	<u>2025</u>	<u>2024</u>
DB Plan	2.50%	2.50%
Ad hoc COLA/SA Plan for DB Participants	1.20%	1.16%
Ad hoc COLA Plan for DCRS Participants	1.83%	1.89%

Pension expense for the years ended September 30, 2025 and 2024 for the aforementioned plans are as follows:

	<u>2025</u>	<u>2024</u>
DB Plan	\$3,402,027	\$5,916,388
Ad hoc COLA/SA Plan for DB Participants	433,858	473,386
Ad hoc COLA Plan for DCRS Participants	<u>(122,148)</u>	<u>285,287</u>
	<u>\$3,713,737</u>	<u>\$6,675,061</u>

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Notes to Financial Statements, continued

6. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

As of September 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DB Plan		COLA/SA Plan for DB Participants		COLA Plan for DCRS Participants	
	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	\$ 35,367	\$(196,651)	\$ 176,415	\$(61,754)	\$ 136,641	\$(15,091)
Net difference between projected and actual earnings on pension plan investments	---	(3,345,983)	---	---	---	---
Authority contributions subsequent to the measurement date	5,211,869	---	312,292	---	72,500	---
Changes in assumption	---	(105,504)	80,164	---	274,523	(212,817)
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	<u>40,412</u>	<u>(556,707)</u>	<u>133,834</u>	<u>---</u>	<u>170,148</u>	<u>(218,660)</u>
	<u>\$ 5,287,648</u>	<u>\$(4,204,845)</u>	<u>\$ 702,705</u>	<u>\$(61,754)</u>	<u>\$ 653,812</u>	<u>\$(446,568)</u>

As of September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DB Plan		COLA/SA Plan for DB Participants		COLA Plan for DCRS Participants	
	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	\$ 358,275	\$(392,486)	\$ ---	\$(125,840)	\$ 145,092	\$(19,052)
Net difference between projected and actual earnings on pension plan investments	4,541,199	---	---	---	---	---
Authority contributions subsequent to the measurement date	4,582,855	---	279,719	---	62,100	---
Changes in assumption	---	(210,570)	47,601	(158,302)	286,709	(262,175)
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	<u>406,953</u>	<u>(1,113,413)</u>	<u>180,096</u>	<u>---</u>	<u>191,813</u>	<u>(216,302)</u>
	<u>\$ 9,889,282</u>	<u>\$(1,716,469)</u>	<u>\$ 507,416</u>	<u>\$(284,142)</u>	<u>\$ 685,714</u>	<u>\$(497,529)</u>

Deferred outflows of resources at September 30, 2025 and 2024 resulting from the Authority's employer contributions for the following plans are as follows:

	<u>2025</u>	<u>2024</u>
DB Plan	\$5,211,869	\$4,582,855
Ad hoc COLA/SA Plan for DB Participants	312,292	279,719
Ad hoc COLA Plan for DCRS Participants	<u>72,500</u>	<u>62,100</u>
	<u>\$5,596,661</u>	<u>\$4,924,674</u>

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

6. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2026	\$(773,499)
2027	641,972
2028	(1,999,016)
2029	(1,588,902)
2030	1,050
Thereafter	<u>52,732</u>
	<u><u>\$(3,665,663)</u></u>

Sensitivity analysis: The following presents the net pension liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

DB Plan

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Net pension liability	<u>\$34,506,951</u>	<u>\$26,339,465</u>	<u>\$19,307,843</u>

Ad Hoc COLA/SA for DB Participants

	1% Decrease <u>2.81%</u>	Current Discount Rate <u>3.81%</u>	1% Increase <u>4.81%</u>
Collective total pension liability	<u>\$3,989,473</u>	<u>\$3,646,368</u>	<u>\$3,365,332</u>

Ad Hoc COLA for DCRS Participants

	1% Decrease <u>2.81%</u>	Current Discount Rate <u>3.81%</u>	1% Increase <u>4.81%</u>
Collective total pension liability	<u>\$1,466,415</u>	<u>\$1,305,342</u>	<u>\$1,171,398</u>

Detailed information about the DB Plan's fiduciary net position is available in the separately issued GGRF financial report. Detailed information about DB Plan's fiduciary net position is available in the separately issued GGRF financial report.

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Notes to Financial Statements, continued

6. Employee Benefits, continued

DCRS

The DCRS was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed by the Government of Guam. Contributions into the DCRS by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions into the DCRS for the years ended September 30, 2025 and 2024 is determined using the same rates as the DB plan. Of the amount contributed by the employer, only 6.2% of the member's regular base pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

During the years ended September 30, 2025 and 2024, contributions made and amounts accrued under the DCRS amounted to \$1,151,752 and \$1,249,063, respectively.

Accrued Sick Leave

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. As of September 30, 2025 and 2024, the Authority has accrued an estimated liability of \$325,180 and \$260,085, respectively. However, this amount is an estimate and actual payout could differ from those estimates.

Other Post-Employment Benefit (OPEB) Plan

OPEB Plan Description

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF known as the GovGuam Group Health Insurance Program. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration ITC Building Suite 224, 590 South Marine Corps Drive, Tamuning, Guam 96913, or by visiting <https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/>.

Membership: All employees of the Authority who are members of the GGRF are members of the OPEB Plan.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-Employment Benefit (OPEB) Plan, continued

OPEB Plan Description, continued

Contribution: The Authority is invoiced a portion of the medical and dental premiums. Retirees are required to pay a portion of the medical and dental insurance premiums.

Benefits: GovGuam provides post-employment medical, dental and life insurance benefits to GovGuam retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GovGuam contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees may also pay a portion of the medical and dental insurance premiums, depending on the plan and coverage selected.

Actuarial Assumptions: A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.60% per year.
Discount rate:	3.81%, compounded annually, based on a tax-exempt, high quality municipal bond rate. Previously 4.09%, as of September 30, 2022.
Amortization rate:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary increases:	6.0% per year for the first 5 years of service, 4.5% for 6-10 years, 3% for over 10 years.
Healthcare cost trend rates:	Non-Medicare and Medicare claims, 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years.
	For both Medicare and non-Medicare retiree contributions, 0% for all years.

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Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-Employment Benefit (OPEB) Plan, continued

Actuarial Assumptions, continued

Dental trend rates: For claims and retiree contributions, 4.25% per year and 0% for retiree contributions. These trend rates are based on a blend of historical retiree premium rate increases as well as observed U.S national trends. The 0% retiree contribution increases reflect recent Guam plan experience.

Mortality rates: PUB-2010 Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Participation rates: Medical - 100% of active employees covered under a GovGuam medical plan are assumed to elect medical coverage at retirement. Dental - 100% of active employees who are currently covered under a GovGuam dental plan are assumed to elect dental coverage at retirement. Life - 100% of active employees are assumed to elect life coverage at retirement.

Medicare enrollment: Based on current retiree data for individuals age 65 and older, a 65% Medicare enrollment rate is assumed for current and future retirees upon attainment of age 65. Individuals who enroll in Medicare are assumed to participate in the Retiree Supplemental Plan (RSP). The remaining 35% are assumed not to enroll in Medicare and therefore remain in their elected non-Medicare GovGuam plan.

All employees who retired prior to September 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore are assumed to remain in the non- Medicare GovGuam plan.

Previously, 55% of current and future retirees were assumed to enroll in Medicare upon attainment of age 65.

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Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-Employment Benefit (OPEB) Plan, continued

Actuarial Assumptions, continued

Dependent status:	<p>Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee.</p> <p>Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement.</p> <p>For current retired employees, the actual census information is used.</p>
Actuarial cost method:	<p>Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.</p>
Withdrawal rates:	<p>15% for less than 1 year of service, decreasing by 2% at 1 year, at 2 years rate decreases by 3%, then decreases by 2% at 3 years. From 4-9 years it further decreases by 1% each year and then remains at 2% for service over 9 years.</p>

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Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-Employment Benefit (OPEB) Plan, continued

Actuarial Assumptions, continued

Disability rates:	Based on an actuarial experience study from 2016-2020, 0.03% for males aged 20-39 years (0.02% for females); 0.05% - 0.10% for males aged 40-49 years (0.03% - 0.05% for females); 0.15% - 0.27% for males aged 50-59 years (0.10% - 0.14% for females); and 0.38% for males aged 60-64 years (0.19% for females).
Retirement rates:	40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.81% and 4.09% as of September 30, 2024 and 2023, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, tax-exempt, high quality municipal bond rate at each year was applied respectively to all periods to determine the total OPEB liability.

OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

Total OPEB liability at the fiscal years presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting Date:	September 30, 2025	September 30, 2024
Measurement Date:	September 30, 2024	September 30, 2023
Valuation Date:	September 30, 2024	September 30, 2022

Collective total OPEB liability as of September 30, 2025 and 2024 is \$41,536,486 and \$50,921,470, respectively.

Proportionate share of collective total OPEB liability at September 30, 2025 and 2024 is 1.90% and 1.86%, respectively.

OPEB expense for the years ended September 30, 2025 and 2024 is \$563,356 and \$1,232,064, respectively.

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Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-Employment Benefit (OPEB) Plan, continued

OPEB Plan Description, continued

As of September 30, 2025 and 2024 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 2,339,042	\$(6,934,380)	\$ 1,720,682	\$(9,757,084)
Difference between expected and actual experience	5,796,633	(14,653,231)	7,791,422	(2,150,541)
Authority contributions subsequent to the measurement date	1,123,395	---	820,909	---
Authority contributions and proportionate share of contributions	<u>688,552</u>	<u>(2,131,155)</u>	<u>468,905</u>	<u>(5,281,401)</u>
	<u>\$ 9,947,622</u>	<u>\$(23,718,766)</u>	<u>\$10,801,918</u>	<u>\$(17,189,026)</u>

Deferred outflows of resources at September 30, 2025 and 2024 resulting from the Authority's employer contributions totaled \$1,123,395 and \$820,909, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	\$(4,609,572)
2026	(2,334,651)
2027	(2,709,392)
2028	(2,709,392)
2029	(892,950)
Thereafter	(1,638,582)
	<u>\$(14,894,539)</u>

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease pension OPEB.

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Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-Employment Benefit (OPEB) Plan, continued

OPEB Plan Description, continued

Sensitivity analysis: The following presents the total OPEB liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u> <u>Rate 3.81%</u>	<u>1% Increase</u>
Collective Total OPEB Liability	<u>\$48,250,779</u>	<u>\$41,536,486</u>	<u>\$36,099,013</u>

The following presents the total OPEB liability calculated using a healthcare cost trend rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Collective Total OPEB Liability	<u>\$35,440,640</u>	<u>\$41,536,486</u>	<u>\$49,327,488</u>

7. Leases

The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with exceptions for certain regulated leases and short-term leases. As lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The Authority leases certain assets to various third parties. The assets leased include building facilities, land, office space, terminal space for concessions, rental car facilities, advertising space, and others. Majority of the lease agreements are a fixed monthly fee and may contain annual or periodic escalation clauses. For some leases, the monthly fee is a percentage of gross revenue, which may vary each month. Additionally, some leases may have a minimum annual guarantee (MAG), that set a certain lease amount regardless of the lessor's sales. Lease terms vary from month-to-month to over 20 years. Majority of the leases have a term of less than 5 years.

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Notes to Financial Statements, continued

7. Leases, continued

Lotte Duty Free Guam, LLC (Lotte)

The Authority has a concession agreement with Lotte as the primary concessionaire for the airport terminal. Currently, Lotte is operating under an extended term that commenced on July 21, 2023 and expires on July 20, 2026. During the extended term, Lotte covenants and agrees to pay the Authority (1) an annual concession fee amounting to \$2,640,000 which shall be paid annually in advance on July 21 of each year, and (2) a per enplaned passenger fee which is based on the total number of enplaned passengers for the period of July 21, 2023 to July 20, 2026 on a cumulative basis and shall be paid in arrears on a monthly basis. The Authority adjusted the per enplaned passenger fee schedule for the period from July 21, 2024 to the end of the extended term.

Other Leases

The Authority has lease agreements with various other airport users and other ground lease agreements. The lease agreements with other concessions and other land or building leases, that are currently under a month-to-month holdover period, were excluded from the future minimum payment schedule.

Future minimum payments that are included in the measurement of the lease receivable as of September 30, 2025, are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$1,944,438	\$134,574	\$2,079,012
2027	800,017	97,807	897,824
2028	396,023	84,597	480,620
2029	340,752	78,596	419,348
2030	339,459	73,170	412,629
2031 - 2035	1,992,750	275,689	2,268,439
2036 - 2040	2,024,610	110,361	2,134,971
2041	<u>353,275</u>	<u>2,738</u>	<u>356,013</u>
	<u>\$8,191,324</u>	<u>\$857,532</u>	<u>\$9,048,856</u>

Regulated Leases

In accordance with GASB Statement No. 87, *Leases*, the Authority does not recognize a lease receivable and deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings. For example, the U.S. Department of Transportation and the Federal Aviation Administration (FAA) regulate aviation leases between airports, air carriers, and other aeronautical users. The Authority's regulated leases include airline lease agreements and related airline leases, as well as contracts with Fixed Based Operators (FBOs), Specialized Aviation Service Operators (SASO), and a jet fuel farm.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Financial Statements, continued

7. Leases, continued

Regulated Leases, continued

Airline Leases

The Authority entered into new Signatory Airline Operating Agreements and Terminal Building Leases (the Airline Operating Agreements) with all Signatory Airlines serving the Airport, effective October 1, 2024. The Airline Lease Agreements for all signatory airlines have an initial term of five years and is set to expire on September 30, 2029, with an option to extend for a period of 5 years upon mutual agreement of the parties.

Key provisions in the Airline Operating Agreement include compensatory rate making for the terminal building rental rates and residual rate making for the facilities and systems usage charges. The terminal building rate per square feet is calculated based on allocable costs to the terminal building for each fiscal year divided by the rentable space. Facilities and system usage charges are calculated by dividing the applicable fee requirement by the estimated number of Signatory Airline departing passengers or flights (depending on the fee) of the succeeding fiscal year as projected by the Authority. Any passenger or air cargo carrier that is a Non-Signatory Airline are charged a premium of 40% over the rates and charges applicable to Signatory Airlines.

By definition, the Airline Operating Agreement is considered a regulated lease and does not recognize a receivable and corresponding deferred inflow of resources. The Authority currently has Airline Operating Lease Agreements with ten carriers. Due to the variable nature of the facilities and system usage charge revenues from year-to-year, expected future minimum payments are indeterminable. Future minimum lease income for the leased space under the Airline Operating Agreements is estimated as follows:

Year ending <u>September 30,</u>	
2026	\$ 3,676,160
2027	3,676,160
2028	3,676,160
2029	<u>3,676,160</u>
Total future minimum lease income	<u>\$14,704,640</u>

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Notes to Financial Statements, continued

7. Leases, continued

Regulated Leases, continued

Pac Air Properties, LLC (Pac Air)

The Authority entered into a ground lease agreement with Pac Air Properties, LLC (Pac Air) for an initial lease term of 50 years beginning on February 22, 2008, with an option on the part of Pac Air to renew for an additional 10 years. In accordance with the agreement, Pac Air shall make agreed-upon capital improvements at a cost of no less than \$25 million to the leased premises with an area of approximately 540,000 square feet. On the termination or expiration of the lease, capital improvements will be surrendered to the Authority. The lease agreement allowed for Pac Air to defer remittance of lease payments until September 1, 2014 whereupon the deferred rent is to be remitted to the Authority in equal monthly installments over the next 10 years at the same time and under the same conditions as the regular monthly rent payments. The monthly rent will escalate every five years until the end of the lease term. Starting September 1, 2025, monthly rent increased from \$26,100 to \$28,800.

For the years ended September 30, 2025 and 2024 the Authority recorded rental income totaling \$345,600 and \$315,900, respectively, and is included as a component of rental income in the accompanying statements of revenues, expenses and changes in net position. At September 30, 2025 and 2024, accrued rental receivable totaled \$28,800 and \$134,100, respectively, and is shown as a component of accounts receivable, trade in the accompanying statements of net position.

Future minimum lease income under the aforementioned Pac Air lease agreement is as follows:

<u>Year ending</u> <u>September 30,</u>	
2026	\$ 345,600
2027	345,600
2028	345,600
2029	348,300
2030	378,000
2031 - 2035	1,930,950
2036 - 2040	2,125,800
2041 - 2045	2,347,650
2046 - 2050	2,590,650
2051 - 2055	2,839,500
2056 - 2059	<u>2,389,950</u>
Total future minimum lease income	<u>\$15,987,600</u>

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Notes to Financial Statements, continued

7. Leases, continued

Regulated Leases, continued

Pac Air Properties, LLC (Pac Air), continued

The Authority has a lease-back agreement, expiring in 2025, with Pac Air to lease a total of 25,000 square feet of space in the completed facility on the leased premises. Rent expense for the years ended September 30, 2025 and 2024 totaled \$820,500 and is included under contractual services in the accompanying statements of revenues, expenses and changes in net position. The lease-back agreement with Pac Air is on its last option period of five years at its current rate, which will end on September 30, 2030, after which the Authority has two more option periods of five years each with rates to be negotiated. The option years are based on the sole discretion of the Authority.

The Authority has a sublease agreement with the Government of Guam's Customs and Quarantine Agency (GovGuam CQA) to lease the aforementioned 25,000 square feet of rental. Rental income for the years ended September 30, 2025 and 2024 totaled \$780,000 and is included under rental income in the accompanying statements of revenues, expenses and changes in net position. The sublease is currently on a month-to-month holdover until a new lease agreement is finalized.

Other Regulated Leases

Expected future minimum lease payments from other regulated leases not listed above related to land and buildings for aeronautical purposes at September 30, 2025 are estimated as follows:

Year ending <u>September 30,</u>	
2026	\$1,345,479
2027	1,204,565
2028	885,534
2029	789,391
2030	666,625
2031 - 2035	<u>485,179</u>
Total future minimum lease income	<u>\$5,376,773</u>

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Notes to Financial Statements, continued

8. Long-Term Liabilities

A summary of changes in long-term liabilities during fiscal years 2025 and 2024 is as follows:

	Outstanding October 1, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding September 30, <u>2025</u>	<u>Current</u>	<u>Non-current</u>
Accrued sick leave	\$ 4,557,852	\$ ---	\$ 178,535	\$ 4,379,317	\$ 490,373	\$ 3,888,944
Accrued annual leave	1,545,181	216,519	---	1,761,700	976,919	784,781
Net pension liability	39,480,485	---	8,189,310	31,291,175	---	31,291,175
Collective total other postemployment benefit liability	50,921,470	---	9,384,984	41,536,486	---	41,536,486
General revenue bonds	194,435,457	73,382,405	83,645,457	184,172,405	4,425,000	179,747,405
Other liabilities	<u>111,661</u>	<u>125,209</u>	<u>---</u>	<u>236,870</u>	<u>61,793</u>	<u>175,077</u>
	<u>\$291,052,106</u>	<u>\$73,724,133</u>	<u>\$101,398,286</u>	<u>\$263,377,953</u>	<u>\$5,954,085</u>	<u>\$257,423,868</u>
	Outstanding October 1, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding September 30, <u>2024</u>	<u>Current</u>	<u>Non-current</u>
Accrued sick leave	\$ 5,048,120	\$ ---	\$ 490,268	\$ 4,557,852	\$ 463,694	\$ 4,094,158
Accrued annual leave	1,547,925	---	2,744	1,545,181	866,821	678,360
Loan payable to Bank	591,770	---	591,770	---	---	---
Net pension liability	43,177,821	---	3,697,336	39,480,485	---	39,480,485
Collective total other postemployment benefit liability	42,349,839	8,571,631	---	50,921,470	---	50,921,470
General revenue bonds	194,435,457	---	---	194,435,457	4,015,000	190,420,457
Other liabilities	<u>55,996</u>	<u>55,665</u>	<u>---</u>	<u>111,661</u>	<u>60,168</u>	<u>51,493</u>
	<u>\$287,206,928</u>	<u>\$8,627,296</u>	<u>\$4,782,118</u>	<u>\$291,052,106</u>	<u>\$5,405,683</u>	<u>\$285,646,423</u>

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

9. Commitments and Contingencies

Environmental Response Actions

In September 2000, the Navy transferred 1,417 acres of property to the Authority and Government of Guam. In fiscal year 2001, the Navy paid the Authority \$10,000,000 as a lump sum but not in accordance to the payment provisions of the Quitclaim Deed from the Navy. In exchange for the payment, the Authority and the Government of Guam assumed obligations for specific environmental response actions addressing groundwater contamination even if the cost of the response actions exceeds the \$10 million received from the Navy. The Authority's management had assisted in preparing a Decision Document (DD) for Operable Unit 3 (OU3) which is the groundwater located under the former Naval Air Station. The DD presents the selected remedy for OU3, which calls for extraction and treatment at Well NAS- 1 and future wells, if necessary, and natural attenuation. The DD identifies the Navy as the lead agency for the cleanup with support agencies that include the Authority, the Guam Environmental Protection Agency (GEPA) and the US EPA. The Navy, the Authority and GEPA have executed the DD.

The Authority's responsibilities under the Remedial Action are limited to groundwater sampling and testing as currently performed. Presently, the ongoing sampling and testing requirements for a limited number of injection and production wells have been reduced and is trending towards completely being eliminated. The granular activated carbon (GAC) treatment provided under the Authority's new water system will remain in operation to satisfy the GAC treatment component of any future wells or any remaining acceptable contaminant remnants. No further obligation of the Authority is required under the DD.

A target contaminant pending future GEPA regulations is PFAS. The Authority is fortunate that the existing GAC treatment system can absorb this "forever" chemical. The Authority will request to have the final long-term monitoring requirement of the last monitoring well ended and to be done with the Environmental Services Cooperative Agreement requirements within the aforementioned Quitclaim Deed.

The long-term obligation to operate and maintain the facilities built under the remedial construction as well as the required sampling will be handled through a water system commercial agreement. As of September 30, 2014, the Authority estimated, based upon a weighted average probability of future cash outflows, that its pollution remediation obligations as called for under GASB No. 49 *Accounting and Financial Reporting for Pollution Remediation Obligations* totaled \$800,929. At September 30, 2025 and 2024, future pollution remediation and monitoring costs totaling \$236,870 and \$111,661, respectively, is reflected as a component of other liabilities in the accompanying statements of net position.

Federal Program Costs

The Authority receives, on a reimbursement basis, grants from the U.S. Government for certain capital construction projects. The Authority also receives grants from other sources. These grants are subject to financial and compliance audits to ascertain whether federal laws and regulations have been followed.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

9. Commitments and Contingencies, continued

Commitments

The Authority has commitments totaling approximately \$55.9 million and \$48.8 million under several construction contracts at September 30, 2025 and 2024, respectively.

In addition, the Authority has commitments under other various contracts totaling approximately \$16.0 million and \$5.6 million at September 30, 2025 and 2024, respectively.

Insurance

The Authority has adopted a policy of self-insuring its facilities for earthquake and typhoon damage. The Authority also maintains a deposit of \$1 million in the Renewal and Replacement Fund which will be combined with funds in the Risk and Loss Management Reserve Fund to cover damage in the event of a natural catastrophe. As of September 30, 2025, the balances in the Renewal and Replacement Fund and Risk and Loss Management Reserve Fund are \$1 million and \$4.2 million, respectively. As of September 30, 2024, the balances in the Renewal and Replacement Fund and Risk and Loss Management Reserve Fund are \$1 million and \$7.7 million, respectively. The Authority has a catastrophic insurance policy with coverage up to \$5 million as a supplement to the self-insurance.

Government of Guam General Fund

Pursuant to 5 GCA Chapter 22 § 22421 *Transfer of Autonomous Agency Revenues to Autonomous Agencies Collections Fund*, certain autonomous agencies, to include the Authority, are to remit certain amounts to the Government of Guam General Fund at the end of each fiscal year.

Notwithstanding the requirements of 5 G.C.A. § 22421, the Authority is prohibited by its Bond Indentures and federal law from transferring any funds from its operating surplus to the General Fund. Any diversion of the Authority's revenues under any formula will place the Authority in breach of the Bond Indentures and will jeopardize ongoing and future federal funding, possibly even subjecting the Authority to millions of dollars in federal civil penalties. Accordingly, the Authority cannot transfer any of its revenues to the General Fund as directed by 5 G.C.A. § 22421 and no liability has been recorded for this contingency as of September 30, 2025 and 2024. This position has been supported by legal determinations, past and present.

During the years ended September 30, 2025 and 2024, there was no substantive progress of discussions with the Executive and Legislative branches to repeal 5 GCA § 22421 or on the issue of the Government of Guam assessment.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

9. Commitments and Contingencies, continued

Government of Guam General Fund, continued

The Authority recognizes that it is an instrumentality of the Government of Guam. The Authority may reimburse the Government of Guam for costs of services and contributions provided to the Authority subject to the standards of documentation as required by the FAA's Policy and Procedures Concerning the Use of Airport Revenue.

Water System Infrastructure Upgrade

The new airport water system was commissioned and made operational in phases during 2012.

Concurrently with the commissioning of the new airport water system, the Authority entered into an interim agreement with Guam Waterworks Authority (GWA) to operate and maintain the water system for a minimum of one year. GWA's system rates will be status quo during the interim period. To date, the agreement is in a holdover period.

A new water system commercial agreement is being negotiated between the Authority and GWA to account for operational and maintenance omissions and deficiencies and to improve repair and replacement procedures. The new agreement is expected to be executed in 2026. Other matters include real estate issues that will allow GWA the ability to expand the capacity of the water reservoirs. The Authority expects to approve GWA's proposal for expansion. Additional issues include GWA servicing of the former Naval officers housing occupants and the disposition of aged water lines within the airfield. Personnel changes for both parties as well as restrictions imposed from the pandemic have delayed negotiations and were further impacted by Typhoon Mawar.

Litigation

The Authority is involved in certain litigation inherent in its operations. The Authority intends to vigorously defend its position, and management is of the opinion that liabilities of a material nature will not be realized.

DFS Guam L.P. Specialty Retail Protest Litigation

The *Specialty Retail Protest Litigation* was settled as part of a global settlement that included the Tort Action and DFS Holdover Dispute (both described below) (the "Global Settlement"). The Global Settlement included the parties' agreement that nothing in the Global Settlement is to be construed as an admission of liability or wrongdoing by any of the parties. In accordance with the Global Settlement, an Order dismissing the *Specialty Retail Protest Litigation* with prejudice was filed on January 2, 2025.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

10. Customs, Agriculture and Quarantine Inspection Services Charge

During the years ended September 30, 2025 and 2024, the Authority has assessed and collected from air carrier fees for customs and agricultural inspection services rendered at the Airport terminal. 5 GCA Chapter 73 §73145-51 requires the Authority to remit all collections, within five days of receipt, to the Treasurer of Guam for deposit to the Customs, Agriculture and Quarantine Inspection Services Fund.

For the years ended September 30, 2025 and 2024, fees assessed to air carriers related to the aforementioned arrangement totaled approximately \$7.4 million and \$7.3 million, respectively. For the years ended September 30, 2025 and 2024, the remittances to the Treasurer of Guam related to the aforementioned arrangement totaled approximately \$4.4 million and \$4.7 million, respectively. The Authority also offset approximately \$3.1 million and \$2.9 million, respectively, of customs fee payable with amounts owed from GovGuam CQA for its various lease agreements with the Authority.

At September 30, 2025 and 2024, the Authority recorded customs fees payable to the Treasurer of Guam totaling \$1,121,527 and \$1,247,236, respectively, for the above charges, of which \$1,054,355 and \$945,672, respectively is reflected as customs fees, receivables in the accompanying statements of net position. The fees are not reflected as an expense or revenue by the Authority.

11. Restatement of Prior Period Financial Statements

Adoption of GASB Statement No. 101, Compensated Absences

The Authority restated its 2024 financial statements to reflect the changes in the accounting principles as mandated by the new standard which affected the reported current other liabilities, and current and non-current portion of annual leave and sick leave in the statement of net position, and personnel services reported in the statement of revenues, expenses and changes in net position. The impact on the beginning and ending total net position and change in net position as of and for the year ended September 30, 2024 are shown in the table below.

Correction of Prior Year Misstatements

The Authority restated its 2024 financial statements to correct the timing differences related to the federal capital grants revenue recognition and related federal grants receivable identified during the fiscal year 2025 audit.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

11. Restatement of Prior Period Financial Statements, continued

The following table summarizes the effects of the restatement on the previously reported financial statements:

	9/30/2024 As Previously <u>Reported</u>	Adoption of <u>GASB 101</u>	<u>Error Correction</u>	9/30/2024 <u>As Restated</u>
<i>Statement of Net Position</i>				
Total net position, end	\$229,803,008	(4,971,380)	3,852,255	\$228,683,883
Total net position, beginning	\$249,682,108	(5,911,510)	---	\$243,770,598
<i>Statement of Revenues, Expenses and Changes in Net Position</i>				
Change in net position	\$(19,879,100)	940,130	3,852,255	\$(15,086,715)

Required Supplementary Information

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule 1
Required Supplementary Information
Schedule of the Authority's Proportionate Share of Net Pension Liability

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	2.50%	2.50%	2.65%	2.54%	2.56%	2.56%	2.54%	2.46%	2.45%	2.35%
Authority's proportionate share of the net pension liability	\$ 26,339,465	\$ 34,892,430	\$ 39,344,790	\$ 24,446,987	\$ 31,875,010	\$ 31,118,382	\$ 29,987,434	\$ 28,053,913	\$ 33,532,175	\$ 32,241,435
Authority's covered payroll	\$ 16,688,063	\$ 15,638,873	\$ 15,234,917	\$ 14,070,098	\$ 15,172,534	\$ 13,286,188	\$ 13,099,014	\$ 13,253,631	\$ 13,107,529	\$ 13,353,696
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	157.83%	223.11%	258.25%	173.75%	210.08%	234.22%	228.93%	211.67%	255.82%	241.44%
Plan fiduciary net position as a percentage of total pension liability	69.68%	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%

*Covered payroll data is from the actuarial valuation date with a one-year lag.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule 2
Required Supplementary Information
Schedule of the Authority's Contributions

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 4,680,783	\$ 4,138,640	\$ 3,800,246	\$ 3,601,534	\$ 3,203,761	\$ 3,561,382	\$ 3,547,701	\$ 3,228,907	\$ 3,256,417	\$ 3,447,280
Contribution in relation to the contractually required contribution	<u>5,211,869</u>	<u>4,582,855</u>	<u>4,047,008</u>	<u>3,841,957</u>	<u>3,521,603</u>	<u>3,390,951</u>	<u>3,106,326</u>	<u>2,242,956</u>	<u>2,966,912</u>	<u>3,060,666</u>
Contribution excess (deficiency)	<u>\$ 531,086</u>	<u>\$ 444,215</u>	<u>\$ 246,762</u>	<u>\$ 240,423</u>	<u>\$ 317,842</u>	<u>\$ (170,431)</u>	<u>\$ (441,375)</u>	<u>\$ (985,951)</u>	<u>\$ (289,505)</u>	<u>\$ (386,614)</u>
Authority's covered payroll	\$ 17,676,673	\$ 16,688,063	\$ 15,638,873	\$ 15,234,917	\$ 14,070,098	\$ 14,926,162	\$ 13,417,930	\$ 13,099,014	\$ 13,253,631	\$ 13,107,529
Contribution as a percentage of the Authority's covered payroll	29.48%	27.46%	25.88%	25.22%	25.03%	22.72%	23.15%	17.12%	22.39%	23.35%

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule 3
Required Supplementary Information
Schedule of the Authority's Proportionate Share of Collective Total Pension Liability

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportionate share of the collective total pension liability	3,646,368	3,107,124	2,806,660	3,182,469	3,178,724	2,950,852	2,785,670	\$ 2,698,911	\$ 2,086,977	\$ 2,034,619
Authority's proportion of the collective total pension liability	1.20%	1.16%	1.09%	0.99%	0.99%	0.91%	0.96%	0.94%	0.91%	0.86%

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule 4
Required Supplementary Information
Schedule of the Authority's Contributions

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 312,292	\$ 279,719	\$ 269,310	\$ 240,309	\$ 234,509	\$ 234,947	\$ 215,570	\$ 226,046	\$ 224,018	\$ 218,041
Contribution in relation to the contractually required contribution	<u>312,292</u>	<u>279,719</u>	<u>269,310</u>	<u>240,309</u>	<u>234,509</u>	<u>234,947</u>	<u>215,570</u>	<u>226,046</u>	<u>224,018</u>	<u>218,041</u>
Contribution excess	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule 5
Required Supplementary Information
Schedule of the Authority's Proportionate Share of Collective Total Pension Liability

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportionate share of the collective total pension liability	1,305,342	1,480,931	1,026,371	1,118,872	1,110,356	1,234,060	1,053,200	\$ 1,365,758	\$ 1,301,894	\$ 1,043,706
Authority's proportion of the collective total pension liability	1.83%	1.89%	1.71%	1.59%	1.67%	2.06%	2.13%	2.19%	2.11%	2.00%

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule 6
Required Supplementary Information
Schedule of the Authority's Contributions

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 72,500	\$ 62,100	\$ 57,200	\$ 44,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 38,000	\$ 36,000	\$ 32,000
Contribution in relation to the contractually required contribution	<u>72,500</u>	<u>62,100</u>	<u>57,200</u>	<u>44,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>38,000</u>	<u>36,000</u>	<u>32,000</u>
Contribution excess	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Schedule 7
Required Supplementary Information
Schedule of the Authority's Proportionate Share of Collective Total Other Postemployment Benefit Liability
(Unaudited)

Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's proportion of the total collective other postemployment benefit liability	1.90%	1.86%	1.84%	1.83%	1.80%	2.48%	2.40%	1.92%	1.91%
Authority's proportionate share of the collective total other postemployment benefit liability	\$ 41,536,486	\$ 50,921,470	\$ 42,349,839	\$ 50,781,242	\$ 45,366,213	\$ 63,444,611	\$ 45,048,838	\$ 46,614,484	\$ 48,343,156

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Note to Required Supplementary Information
(Unaudited)

Changes of Assumptions – Pension Plans

Amounts reported in 2024 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,402,000 per year.

Amounts reported in 2023 actuarial valuation reflected an assumption related to administrative expenses remained at \$6,798,000 per year.

Amounts reported in 2022 actuarial valuation reflected an assumption related to administrative expenses remained at \$6,565,000 per year.

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015.

Other Post-employment Benefit Plan

The information presented has no assets accumulated in a trust to pay related benefits.

Supplementary and Other Information

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Years Ended September 30, 2025 and 2024

Schedule 8
Facilities and Systems Usage Charges

	<u>2025</u>	<u>2024</u>
Arrival fees	\$ 9,290,104	\$ 4,935,333
Landing fees	9,036,248	11,032,320
Departure fees	7,077,851	6,923,677
Passenger loading bridge usage charge	3,952,130	4,063,313
Immigration fees	2,406,838	1,935,559
Public apron fees	1,709,035	1,636,810
Fuel flowage fees	652,816	520,858
Common use departure fees	476,795	778,038
Utility recovery charge and other fees	405,687	731,067
	<u>\$ 35,007,504</u>	<u>\$ 32,556,975</u>

Schedule 9
Concession Fees

	<u>2025</u>	<u>2024</u>
General merchandise	\$ 5,895,792	\$ 6,893,236
Car rental	1,616,084	1,794,941
Ground transportation	1,578,455	1,485,338
In-flight catering	1,400,268	1,274,770
Food and beverage	926,525	907,418
Other	295,182	229,714
Parking lot	269,242	224,194
Advertising	221,534	211,351
Money exchange	-	(28,527)
GASB 87 implementation	(111,607)	(130,032)
	<u>\$ 12,091,475</u>	<u>\$ 12,862,403</u>

Schedule 10
Rental Income

	<u>2025</u>	<u>2024</u>
Operating space:		
- Non-airline	\$ 4,485,727	\$ 4,429,813
- Airline	3,527,907	3,275,375
Building and maintenance shop rentals	1,816,332	1,794,694
Other	1,696,435	1,669,209
Cargo rentals	300,500	296,220
GASB 87 Implementation	(71,843)	(53,827)
	<u>\$ 11,755,058</u>	<u>\$ 11,411,484</u>

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Years Ended September 30, 2025 and 2024

Schedule 11
Personnel Services

	<u>2025</u>	<u>2024</u>
Salaries and wages	\$ 17,699,802	\$ 16,256,334
Retirement contributions	3,514,513	6,570,350
Benefits	<u>2,360,664</u>	<u>1,777,149</u>
	<u>\$ 23,574,979</u>	<u>\$ 24,603,833</u>
 Full-time employee count in September	 <u>228</u>	 <u>228</u>

Schedule 12
Contractual Services

	<u>2025</u>	<u>2024</u>
Repairs and maintenance	\$ 9,002,791	\$ 7,410,892
Power	6,614,184	7,109,144
Professional services	3,118,314	4,606,357
Insurance	2,215,134	2,207,400
Miscellaneous	1,192,262	2,025,319
Advertising and promotions	480,839	602,492
Utilities and telephone	409,880	350,723
Travel/training and certifications	<u>182,332</u>	<u>365,424</u>
	<u>\$ 23,215,736</u>	<u>\$ 24,677,751</u>

Schedule 13
Materials and Supplies

	<u>2025</u>	<u>2024</u>
Equipment and vehicle maintenance and supplies	\$ 452,368	\$ 719,498
Electrical and plumbing	195,183	214,148
Office and security supplies	184,426	257,781
Miscellaneous	117,804	155,607
Building maintenance and supplies	<u>113,882</u>	<u>146,410</u>
	<u>\$ 1,063,663</u>	<u>\$ 1,493,444</u>

Antonio B. Won Pat International Airport Authority, Guam
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Years Ended September 30, 2025 and 2024

Schedule 14
Insurance Coverage

Name of Insurer	Policy	Risk Coverage
AIG/National Union Fire Insurance Company of Pittsburg, PA	Airport Operations Liability	\$ 500,000,000
AIG/National Union Fire Insurance Company of Pittsburg, PA	Property Insurance	\$ 200,000,000
AIG/National Union Fire Insurance Company of Pittsburg, PA	Catastrophe Insurance	\$ 5,000,000
Dongbu Insurance Co., Ltd Seoul, Korea	Directors & Officers Liability (Sublimit of \$1,000,000 for Employment Practices Liability)	\$ 4,000,000
Dongbu Insurance Co., Ltd Seoul, Korea	Automobile	\$ 2,000,000
Dongbu Insurance Co., Ltd Seoul, Korea	Worker's Compensation	\$ 1,000,000
Dongbu Insurance Co., Ltd Seoul, Korea	Crime Insurance	\$ 1,000,000

Antonio B. Won Pat International Airport Authority, Guam
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Years Ended September 30, 2025 and 2024

Schedule 15
Debt Service Coverage Ratio Computation

	<u>2025</u>	<u>2024</u>
Net Revenues		
Revenues:		
Operating revenues	\$ 61,002,837	\$ 62,488,858
Non-operating revenues: Passenger facility charges	3,992,495	3,871,418
Non-operating revenues: Interest income	1,738,106	2,305,446
Non-operating revenues: Interest on leases	254,182	359,572
Non-operating revenues: Federal operating grants	2,447,833	3,453,067
Federal capital grants	14,804,240	9,098,175
Deductions:		
Interest income from CIF*	(139,549)	(109,802)
Federal capital grants	(14,804,240)	(9,098,175)
Operation and maintenance expenses	(47,854,377)	(50,775,028)
Miscellaneous expenses, net	(1,666,062)	(4,587,122)
Other bookkeeping entries: GASB 101	(79,017)	(940,130)
Other bookkeeping entries: GASB 87	70,732	(175,713)
Other bookkeeping entries: Noncash pension cost	3,713,737	6,675,061
Other bookkeeping entries: Noncash OPEB cost	(563,356)	1,232,064
Actual contribution to GGRF	(5,595,739)	(4,924,674)
Actual contribution to DOA	(1,123,395)	(820,909)
Net revenues	\$ 16,198,427	\$ 18,052,108
Other available monies (lesser of amount in CIF or 25% of debt service fund)		
Capital improvement fund	\$ 2,250,847	\$ 1,966,011
25% of debt service	3,129,212	2,962,646
	\$ 2,250,847	\$ 1,966,011
Aggregate annual debt service		
Sum of interest due during the year	\$ 8,091,849	\$ 7,835,584
Sum of principal due during the year	4,425,000	4,015,000
	\$ 12,516,849	\$ 11,850,584
Debt service ratio		
Net revenues	\$ 16,198,427	\$ 18,052,108
Other available monies	2,250,847	1,966,011
	18,449,274	20,018,119
Divided by: Aggregate annual debt service	12,516,849	11,850,584
	\$ 1.47	\$ 1.69

*CIF - Capital Improvement Fund

Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Years Ended September 30, 2025 and 2024

Schedule 16
Employee Data

Department	Employees*		Personnel Services	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Board	1	1	69,396	51,757
Administration**	36	34	2,701,939	5,295,958
Property Management	7	10	997,834	1,005,277
Accounting	11	12	1,357,258	1,200,124
Engineering	8	9	1,123,106	1,156,339
Operations	23	21	2,567,208	2,256,661
Properties & Facilities Maintenance	33	35	3,334,731	3,324,479
Airport Police	71	66	6,070,439	5,629,450
Aircraft Rescue & Fire Fighting	38	40	5,353,068	4,683,788
Total	<u>228</u>	<u>228</u>	<u>\$ 23,574,979</u>	<u>\$ 24,603,833</u>

Note(s):

* Filled positions include Limited Term Appointments (LTA's) related to Airport Police pursuant to a TSA mandate.

** Administration consists of the following and net of Pension, OPEB, & GASB 101 bookkeeping entries:

	<u>2025</u>	<u>2024</u>
Executive Management	5	5
Administrative Support	8	9
Personnel	5	6
Marketing	3	3
Procurement	8	6
Management Info System	7	5
Total	<u>36</u>	<u>34</u>