

*Report on Compliance and Internal Control and Schedule of
Passenger Facility Charges Collected and Expended*

**Antonio B. Won Pat International Airport
Authority, Guam**

(A Component Unit of the Government of Guam)

Year ended September 30, 2025



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

Report on Compliance and Internal Control and
Schedule of Passenger Facility Charges Collected and Expended

Year ended September 30, 2025

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Report of Independent Auditors on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance and Report on Schedule of Passenger Facility Charges Collected and Expended Required by the Federal Aviation Administration

Management and the Board of Directors
Antonio B. Won Pat International Airport Authority, Guam

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Antonio B. Won Pat International Airport Authority, Guam's (the Authority) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide) that could have a direct and material effect on the Authority's passenger facility charge program for the year ended September 30, 2025.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Authority's passenger facility charge program for the year ended September 30, 2025.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements in the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency. A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Passenger Facility Charge Program Schedule of Findings and Questioned Costs as item 2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Passenger Facility Charges Collected and Expended

We have audited the financial statements of Authority as of and for the year ended September 30, 2025 and related notes to the financial statements, which collective comprise the Authority's basic financial statements. We have issued our report thereon dated June 18, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as required by the Guide and is 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 audited procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst + Young LLP

June 18, 2026

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

Schedule of Passenger Facility Charges Collected and Expended

<u>Description</u>	Beginning Balance Unliquidated <u>PFC</u>	PFC Revenues (1)	Investment Earnings	Total Expenditures	Ending Balance Unliquidated <u>PFC</u>
Cash receipts and disbursements, quarter ended December 31, 2024	\$ 6,578	\$ 990,855	\$ 2	\$(932,000)	\$ 65,435
Cash receipts and disbursements, quarter ended March 31, 2025	65,435	939,265	2	(948,000)	56,702
Cash receipts and disbursements, quarter ended June 30, 2025	56,702	949,851	2	(966,000)	40,555
Cash receipts and disbursements, quarter ended September 30, 2025	\$ 40,555	<u>1,068,846</u>	<u>3</u>	<u>(1,108,000)</u>	\$ 1,404
Total		<u>\$3,948,817</u>	<u>\$ 9</u>	<u>\$(3,954,000)</u>	

(1) PFC revenues are prepared on the cash-basis method of accounting.

Antonio B. Won Pat International Airport Authority, Guam
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Notes to Schedule of Passenger Facility Charges Collected and Expended

Year Ended September 30, 2025

1. Description of the Program

In 1990, the United States (U.S.) Congress enacted the Aviation Safety and Capacity Expansion Act of 1990, which allows public agencies controlling commercial service airports to charge eligible enplaning passengers at the airport a \$1, \$2 or \$3 passenger facility charge (PFC). In 2000, the U.S. Congress passed the Aviation Investment and Reform Act for the 21st Century, which allowed airports to levy a PFC of \$4.00 or \$4.50 per eligible enplaned passenger.

Effective February 1, 1993, Antonio B. Won Pat International Airport Authority, Guam (the Authority) began the assessment of a \$3.00 PFC which was increased to \$4.50 on November 1, 2002. The charge is collected by all carriers and remitted to the Authority, less \$0.11 retained by the air carriers for compensation for collecting, handling and remitting the PFC revenue. The proceeds of the PFC are restricted for use by the Authority for certain Federal Aviation Administration (FAA) approved capital improvement projects and debt payments. PFC revenues are reflected as non-operating revenues when collected by the Airlines. As of September 30, 2025, the Authority has an approved open application for terminal renovation or construction and airport access road reconfiguration. Under such application, the Authority is authorized to collect \$257,802,097 of PFC revenue until March 1, 2025. On December 30, 2024, the FAA extended the charge expiration dates to February 1, 2053.

2. Significant Accounting Policy

The schedule of passenger facility charges collected and expended is prepared using the cash basis of accounting. Receipts and income are recorded when cash is received and expenditures are recorded when cash is disbursed.

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Passenger Facility Charge Program Schedule of Finding and Questioned Cost

Year Ended September 30, 2025

Finding No.: 2025-001
Area: Quarterly Reporting
Questioned Cost: None

Criteria:

In accordance with 14 CFR §158.63, public agency must provide quarterly reports to air carriers collecting PFCs revenues for the public agency with a copy to the appropriate Federal Aviation Administration (FAA) office. The report must be provided on or before the last day of the calendar month following the calendar quarter or other period agreed by the public agency and collecting carrier. Further, 14 CFR §158.20 requires that such reports be transmitted to the FAA through acceptable means, including email, courier, facsimile, or U.S. Postal Service.

Condition:

During Quarter 2 of the year ended September 30, 2025, the Authority was required to submit its quarterly report on April 30, 2025; however, the report was submitted on July 2, 2025.

Context:

We tested the timeliness of all quarterly report submissions to the FAA for the period under audit.

Effect:

The Authority is not in compliance with the reporting timeliness requirements of 14 CFR §158.63.

Cause:

A copy of the email with the original transmission of the required reports was not retained.

Recommendation:

We recommend that the Authority strengthen monitoring controls over the preparation and submission of required reports to ensure compliance with FAA reporting deadlines.

Views of Responsible Officials:

The Authority acknowledges the finding and has established a corrective action plan to remediate the issue and strengthen controls to prevent future occurrences.

June 18, 2026

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Included below is the Authority's Corrective Action Plan for findings included in the report on the Passenger Facility Charge (PFC) Program audit for the year ending September 30, 2025, as well as the Summary of Prior Audit Findings.

Corrective Action Plan

Finding No. 2025-001 **Quarterly Reporting**
Responsible Personnel: John M. Quinata, Executive Manager

The Authority acknowledges the finding. While email correspondence evidencing the report's resubmission and acceptance by the federal agency was provided, documentation supporting the original submission was not available for review.

To address this issue, the Authority will implement enhanced document retention and reporting procedures for all federal reporting requirements. These procedures will require that submission confirmations, supporting correspondence, and related documentation be maintained in a centralized electronic filing system with designated retention requirements. In addition, supervisory review procedures will be implemented to verify that all required documentation has been properly retained and is readily accessible for audit purposes.

Summary Schedule of Prior Audit Findings

Finding No. 2024-001 **Remittance of PFCs - Resolved**
Finding No. 2023-001 **Remittance of PFCs - Resolved**