

*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, 2024 and 2023
with Report of Independent Auditors*



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, 2024 and 2023

Contents

Report of Independent Auditors.....	1
Management’s Discussion and Analysis	5
Audited Basic Financial Statements	
Statements of Net Position.....	32
Statements of Revenues, Expenses and Changes in Net Position	35
Statements of Cash Flows	36
Notes to Financial Statements.....	38
Required Supplementary Information	
Schedule 1 - Schedule of the Authority’s Proportionate Share of Net Pension Liability – Defined Benefit Plan.....	83
Schedule 2 - Schedule of the Authority’s Contributions – Defined Benefit Plan	84
Schedule 3 - Schedule of the Authority’s Proportionate Share of Collective Total Pension Liability – Ad Hoc COLA/Supplemental Annuity Plan for DB Participants.....	85
Schedule 4 - Schedule of the Authority’s Contributions – Ad Hoc COLA/Supplemental Annuity Plan for DB Participants.....	86
Schedule 5 - Schedule of the Authority’s Proportionate Share of Collective Total Pension Liability – Ad Hoc COLA Plan for DCRS Participants	87
Schedule 6 - Schedule of the Authority’s Contributions – Ad Hoc COLA Plan for DCRS Participants	88
Schedule 7 - Schedule of the Authority’s Proportionate Share of Collective Total Other Postemployment Benefit Liability.....	89
Note to Required Supplementary Information.....	90
Supplementary and Other Information	
Schedule 8 - Facilities and Systems Usage Charges.....	91
Schedule 9 - Concession Fees	91
Schedule 10 - Rental Income	91
Schedule 11 - Personnel Services	92
Schedule 12 - Contractual Services	92
Schedule 13 - Materials and Supplies	92
Schedule 14 - Insurance Coverage.....	93
Schedule 15 - Debt Service Coverage Ratio Computation	94
Schedule 16 - Employee Data.....	95

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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements listed in the table of contents.

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, 2024 and 2023, 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.

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 on pages 5 through 31, the Schedule of the Authority's Proportionate Share of the Net Pension Liability on pages on pages 83, 85 and 87, the Schedule of the Authority's Contributions on pages 84, 86, and 88 and the Schedule of the Authority's Proportionate Share of Collective Total Other Postemployment Benefit Liability on page 89 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 9, 2025 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 9, 2025

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, 2024 and 2023

The following Management's Discussion and Analysis of the activities and financial performance of the Antonio B. Won Pat International Airport Authority, Guam (the "Authority") provides the reader with an introduction and overview to the financial statements for the fiscal year ("FY") ended September 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

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 Airport Terminal (the "Airport"). The Authority is a self-sustaining autonomous government agency and operates and maintains the Airport. The Airport provides facilities for domestic overseas flights and international flights to destinations in Micronesia, Asia, and Oceania. It is authorized to impose and collect rates and charges for the Airport's services and properties to generate revenues to fund operating expenses, debt service and reserves.

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

FY 2024 was a crucial year for the Authority as it continued the challenges of recovering from Typhoon Mawar in 2023 and the slower-than-expected rebound from the COVID-19 pandemic. These obstacles, while significant, provided the Authority with an opportunity to strategically rebuild and focus on fostering a stronger, more sustainable future. Guided by the shared goal of navigating recovery, the Authority worked closely with partners to ensure the airport was prepared for takeoff as travel demand gradually returned.

While Guam's recovery lagged behind many U.S. and global destinations, this slower pace allowed the Authority to prioritize long-term improvements, which included rebuilding resilient infrastructure and enhancing operational capacity to accommodate future passenger activity. Through collaboration with airline partners, vendors, and key stakeholders, including the Federal Aviation Administration (FAA), the Authority approached recovery with determination and innovation, leveraging this period to strengthen partnerships and lay the groundwork for a brighter future.

These coordinated efforts aimed at restoring confidence in travel while stimulating economic activity across the island. By addressing immediate challenges and planning strategically for the long term, the Authority will have a strong foundation for growth, ensuring the airport will be well-positioned to support a robust, resilient, and sustainable recovery as the travel industry rebounds.

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

Management's Discussion and Analysis, continued

B. Authority Activities and Highlights, continued

Guam's visitor market has amounted to 752,479 travelers, approximately 46.2% of the 1,628,565 that visited Guam pre-COVID-19 in FY 2019. This slower-than-normal recovery may be due to Guam's reliance on visitors from Japan and South Korea, who have a risk-averse cultural attitude towards health and safety and have been reluctant to resume pre-COVID travel activity to international destinations. Typhoon Mawar further compounded this effect as many businesses were in recovery in 2024. According to the Guam Visitors Bureau in its Visitor Arrivals Statistics for September 2024, 52.2% (392,945) of arriving travelers originated from South Korea, 27.1% (203,767) came from Japan, with an additional 2.8% (20,982) from China, Taiwan, and the Philippines. Domestic markets, including the mainland US origin markets, Hawaii, and the Commonwealth of the Northern Marianas Islands, contributed 13.2% (99,512) of visitors to Guam.

For FY 2024, the Authority serviced 1,972,462 passenger movements, up 21.1% more than FY 2023. Enplanements (Originating and Transit passengers) accounted for 53.3% of total passenger movements, equating to 1,050,575 passengers. Arriving passengers accounted for 46.7% of total passenger movements, equating to 921,887 passengers. Additionally, the Authority managed 31,022 aircraft movements versus 27,602 movements the prior year. Airline partners transported over 10,662 metric tons of cargo and 14,872 metric tons of mail in FY 2024.

As the caretaker of Guam's only commercial airport, the Authority oversees the operations of this vital facility, which serves as a lifeline for the island's tourism-dependent economy. Acting as a gateway for Micronesia, the Authority connects the region to the global stage.

Before the COVID-19 pandemic, the Airport averaged over 3 million passenger movements, handled 20,000 metric tons of cargo, and facilitated more than 50,000 flight operations to 24 destinations, including Hawaii, Japan, South Korea, China, Taiwan, the Philippines, and various locations in Oceania. With flight durations ranging from just 3 to 5 hours from major cities in Asia and the Oceanic region, Guam's location makes it an ideal vacation destination for tourists and leisure travelers.

The following airlines served the Authority with scheduled passenger service for FY 2024: United Airlines, Japan Airlines, Korean Air, Philippine Airlines, Jin Air, Jeju Air, and T'Way Air.

Other airlines include all-cargo operators Asia Pacific Airlines, Federal Express, UPS, and Micronesia Air Cargo Services. Star Marianas provided services to the CNMI from Guam utilizing aircraft weighing 12,500 pounds or lower on a scheduled or charter basis for passenger/cargo services.

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

B. Authority Activities and Highlights, continued

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u> <u>% Increase</u> <u>(Decrease)</u> <u>from 2023</u>
Major revenue sources:				
Landing fees	\$ 11,032,320	\$ 8,375,059	\$ 2,797,423	31.7%
Terminal lease	11,411,484	11,009,082	9,402,140	3.7%
Concessions and parking	12,862,403	3,214,503	12,737,330	300.1%
Total	<u>\$ 35,306,207</u>	<u>\$ 22,598,644</u>	<u>\$ 24,936,893</u>	56.2%
 Aircraft operations (no. of flights)	<u>31,022</u>	<u>27,602</u>	<u>18,756</u>	12.4%
Aircraft landed weights (1,000 lbs)	<u>2,485,619</u>	<u>2,317,944</u>	<u>1,699,584</u>	7.2%
 Passenger activity:				
Enplanements:				
Signatory airlines	1,035,098	859,013	408,439	20.5%
Non signatory and other airlines	15,477	23,651	9,795	-34.6%
Total enplanements	<u>1,050,575</u>	<u>882,664</u>	<u>418,234</u>	19.0%
 Passenger Count:				
O & D passengers	1,845,772	1,481,948	656,676	24.6%
Transfer passengers	126,690	147,235	89,041	-14.0%
Total passengers	<u>1,972,462</u>	<u>1,629,183</u>	<u>745,717</u>	21.1%

Capital Improvements

The devastation caused by Typhoon Mawar and the resulting decrease in activity provided the Authority with a valuable opportunity to address and accelerate key infrastructure projects while enhancing the airport's capabilities. In addition to rebuilding and repairing facilities damaged by the typhoon, the Authority focused on initiatives to strengthen operational resilience, modernize facilities, and improve the passenger experience. Proceeding with projects primarily funded through federal grants or essential for 24/7 operations and compliance with FAR Part 139, the Authority prioritized expanding capacity, reducing airport noise, and enhancing air service, positioning Guam Airport for a resurgence in passenger activity.

Notable projects undertaken during this recovery period through its Capital Improvement Program included:

Aircraft Rescue and Fire Fighting (ARFF) Facility. In October 2023, the Authority took occupancy of its new 38,500 square feet, state-of-the-art ARFF station that is expected to enhance and optimize the response time for ARFF units to any emergencies on or around the Airport. The total project cost approximately \$27.8 million and was 90% funded through the FAA.

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

Management's Discussion and Analysis, continued

B. Authority Activities and Highlights, continued

Capital Improvements, continued

Master Plan Update. The update to the 2012 Master Plan that was launched in November 2021, is now substantially complete, reflecting the evolving needs of Guam's only commercial airport in today's dynamic aviation industry. The updated plan addresses current conditions, forecasts future activity, and incorporates the latest environmental and regulatory considerations to ensure long-term financial viability and sustainability. Key updates include plans to optimize ticketing lobby configurations, expand the security queuing area, upgrade gates and hold rooms, enhance airport concessions, and revise the Airport Layout Plan (ALP) to align with the Authority's Capital Improvement Program for strategic financial planning. With 90% of the project funded by FAA discretionary funds, the updated Master Plan and ALP are now pending final acceptance and approval, setting the stage for implementing these critical improvements to support Guam's role as a vital hub for regional air travel.

Apron and Taxiway Rehabilitation. This project includes rehabilitating approximately 1.5 million square feet (150,000 square yards) of parking/apron areas and Kilo taxiway in front of the terminal and airfield. The project will enable the Authority to maintain its capacity and to increase the safety and efficiency of aircraft and ground support equipment operations, personnel activities, passenger movements and airport servicing. Work began March 2024. This project is estimated to cost approximately \$40 million. \$31 million has been funded by the FAA. The remaining is expected to be 90% funded through FAA discretionary funding and funds allocated under the 2022 Bipartisan Infrastructure Law (BIL).

Replacement of Terminal Roofing System. This project, which includes two phases, will seal leakages and repair other damage to the Authority's existing roof infrastructure with energy-efficient materials and technologies for sustainability, resiliency, and cost savings. Phase 1, which commences the construction phase to replace the terminal roofing system, was put out for bid in July 2024 and has been issued for award. Phase 2, which is being refined, will be advertised in FY 2025 and will commence the installation of the solar renewable energy systems. This project is 95% funded by the FAA through the Airport Terminals Program under the Bipartisan Infrastructure Law.

Part 150 Noise Study Update. The Part 150 Noise Compatibility Study, which began in 2023, is nearing completion and is awaiting review and comment from the FAA. This project aims to provide the Authority with updated noise exposure maps for land use planning and noise mitigation around the Guam Airport, as well as updates to its Noise Compatibility Program. The estimated cost of the project is \$2.2 million, with 90% of the funding coming from the FAA's Airport Noise set-aside funding program.

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

Management's Discussion and Analysis, continued

B. Authority Activities and Highlights, continued

Capital Improvements, continued

Cargo Apron/Fuel System Extension. This project is underway and entails the design and construction of a cargo apron and connecting taxiway, and the extension of the Authority's into-plane fuel system to provide service for a minimum of two all-cargo freighters at the Integrated Air Cargo Facility located a half mile west of the air terminal. The Authority anticipates this project will be 90% funded with FAA discretionary funds.

Air Operations Area (AOA) Main Access Gate. The design for an expanded AOA access gate for Guam Airport began in FY 2024. This project aims to identify a strategic location for the Authority's main AOA Access Gate, optimizing entry and exit for various aviation activities. The new, state-of-the-art AOA gate will incorporate a modern vehicle access control system designed to prevent unauthorized access, improve traffic flow, and ensure compliance with 49 CFR 1542 regulations. The \$1.2 million project is 90% funded by the FAA.

Airport Energy Efficiency Assessment. In alignment with the FAA's and industry's efforts to reduce carbon emissions, the Authority embarked on an Airport Energy Efficiency Assessment to evaluate an airport's current energy usage and identify opportunities to reduce energy consumption, enhance operational efficiency, and lower greenhouse gas emissions. These assessments align with the FAA's sustainability and environmental goals, supporting airports in becoming more energy-efficient while reducing operational costs. The project is currently underway and is funded through a \$500,000 grant by the FAA.

Zero Emissions Vehicles (ZEV). Aligned with the FAA's Modernization and Reform Act of 2012, the Authority has begun efforts to improve air quality at Guam's Airport by reducing emissions. One initiative is the modernization of its vehicle fleet through the purchase of ZEVs. In 2023, the Authority received a grant of \$626,000 from the FAA for the acquisition of seven ZEVs and the necessary charging infrastructure. The Authority has been collaborating with the U.S. General Services Administration and anticipates finalizing this acquisition in FY 2025.

IT Infrastructure & Financial Management System (IT/FMS). In FY 2024, the Authority conducted an assessment of its IT/FMS. This assessment examined various aspects, including infrastructure, systems, equipment, operational processes, and financial management and accounting procedures. The goal was to develop a master plan to integrate these systems, ensuring they work together efficiently, and to manage these key components through a centralized management portal. This project received substantial funding from a \$200,000 Technical Assistance grant from the Department of the Interior. The IT/FMS Master Plan is expected to be completed in FY 2025.

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

Management's Discussion and Analysis, continued

B. Authority Activities and Highlights, continued

Sustainability Initiatives

The Authority remains steadfast in its commitment to a sustainable strategy that prioritizes reducing its carbon footprint while simultaneously optimizing and expanding capacity in a safe and health-conscious airport environment. This commitment spans all aspects of operations, from capital improvement projects—encompassing financing, design, construction, and operations—to refining processes for an enhanced passenger experience. Additionally, the Authority is focused on workforce development, community engagement, and resource preservation to ensure long-term sustainability. By adopting a transparent, forward-looking approach, the Authority positions itself to access capital, foster growth, and meet stakeholder needs from social, environmental, and economic perspectives without compromising the well-being of future generations.

The Authority's sustainability efforts also align with the broader aviation sector's collective commitment—led by the U.S. government, the Airports Council International (ACI), the International Air Transport Association (IATA), and the International Civil Aviation Organization (ICAO)—to achieve net-zero carbon emissions by 2050. This involves airlines upgrading fleets to utilize environmentally friendly equipment, exploring sustainable aviation fuels, adopting more efficient flight routes, and operating from environmentally responsible airports. These collective efforts aim to create a resilient and integrated airspace system.

Key initiatives undertaken to advance these goals include capital projects related to the Part 150 Noise Study Update, the Airport Energy Efficiency Assessment, and the ZEVs. Additionally, other sustainability initiative include:

Airport Microgrid Feasibility Study: Building on the Airport Energy Efficiency Assessment, this study will evaluate the practicality, benefits, and potential challenges of implementing a microgrid system. The proposed microgrid would act as a self-contained, locally controlled energy system to enhance energy resilience, reduce costs, and minimize the Authority's environmental impact. This comprehensive analysis will assess the feasibility of integrating a microgrid at the Guam Airport.

Solar Energy Integration and Terminal Roofing Replacement: The phased replacement of the terminal roofing system, 95% funded by the FAA under the Bipartisan Infrastructure Law, integrates energy-efficient materials and technologies. Phase 2, planned for FY 2025, will include the installation of solar renewable energy systems.

Underground Utility Infrastructure Relocation: A scoping project is underway to identify vulnerabilities in the existing overhead power distribution system and design cost-effective solutions to improve storm resiliency, public safety, and infrastructure reliability.

These initiatives underscore the Authority's holistic approach to sustainability, ensuring progress in environmental responsibility, operational resiliency, and economic viability while preparing the airport to meet future challenges and opportunities.

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

Management's Discussion and Analysis, continued

B. Authority Activities and Highlights, continued

Other Initiatives and Operational Activities

In FY 2024, the Authority demonstrated its continued commitment to regulatory compliance, operational excellence, and safety. Through rigorous exercises, inspections, certifications, and innovative implementations, the Authority maintained full compliance with federal mandates while achieving significant milestones. These efforts underscore the Authority's dedication to enhancing airport safety, security, and passenger experience, solidifying its position as a leader in aviation in the region. Below are highlights of the Authority's key accomplishments for the year.

Regulatory Compliance

FAA Part 139 Triennial Full Scale Emergency Exercise. In November 2023, the Authority conducted its triennial Full-Scale Exercise (FSE) to assess emergency response capabilities, mandated by Federal Aviation Regulations (FAR) Part 139. The exercise involved a complex simulation of an aircraft accident with mass casualties and a hostage situation alongside a military helicopter evacuation. An army of volunteers participated as victims, allowing emergency responders from the Authority's ARFF and Police divisions to collaborate effectively with the Guam Fire Department, Guam Police Department, military partners, and other mutual aid agencies. The exercise concluded safely and successfully, underscoring the Authority's dedication to enhancing its emergency preparedness and response systems.

FAR Part 139 Annual Certification. The Authority passed its annual FAR Part 139 Certification Inspection by the FAA in July 2024. This extensive inspection, included a thorough review of all required operations records and required the Authority to pass 121 critical inspection fields. The FAA commended the Authority's outstanding leadership, teamwork, and commitment to full compliance with all regulatory requirements and noted review of program records from the respective operational divisions, consisting of over 3,000 documents, yielded full compliance with zero findings.

Transportation Security Administration (TSA) Canine (K9) Annual Certification. In March 2024, the Authority's Airport Police K9 Unit under the discerning eyes of TSA K9 training evaluators underwent their annual evaluation for certification. Since 9/11 our K9 teams have been required to undergo rigorous annual recertification with the prestigious TSA National Explosives Detection Canine Team Program (NEDCTP). The Authority's Airport Police K-9 Unit is federally recognized and a valuable asset enhancing our Airport's security programs, combining excellent mobility with reliable detection rates.

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

Management's Discussion and Analysis, continued

B. Authority Activities and Highlights, continued

Safety and Security

Safety Management System (SMS) Implementation Plan. The Authority was recognized in September 2024 as the first airport in the region to receive approval of its FAA-mandated SMS Implementation Plan. The SMS is a top-down, organization-wide approach to managing safety risks, proactively identifying hazards, and implementing mitigation specific to our airport and environment. The FAA-mandated and approved SMS Implementation Plan is the first step in complying with the FAA's ongoing transition to a more streamlined and performance-based regulatory framework. The timeline for full implementation will be no later than 36 months. The Authority is committed to fostering a positive safety culture through improved detection and correction of safety concerns, leading aviation in the region.

Department of Homeland Security (DHS)/TSA Aviation Workers Screening Mandate. In August 2024, the Authority became the first in the region to receive approval for the TSA Aviation Workers Screening (AWS) Program. This program, which mandates the screening of all aviation workers, was implemented in September 2023 to address potential threats to civil aviation posed by employees circumventing security policies. The Authority was recognized for its efforts, ranking in the top 4% of all Category 1 airports and the top 9% of all airports nationwide for the full implementation of the AWS Program, which aims to deter insider threats across airports in the United States.

U.S. Customs and Border Protection Common (CBP) Use Terminal Equipment Operators (CUTE) Biometric Air Exit System. In October 2023, the implementation of the U.S. CBP CUTE Biometric Air Exit System began at the Airport. This technology was designed to streamline the passenger exit process. It integrates biometric identification methods, such as facial recognition, with common-use terminal equipment, allowing multiple airlines to share airport resources more efficiently. By automating passenger identity verification at exit points like immigration and customs, the system enhances security and operational efficiency, reduces wait times, and improves the overall airport experience for travelers.

Airport Cyber Security Training. In January 2024, the Authority held a week-long Critical Infrastructure Cybersecurity Training for participants from the Asia Pacific region, local government departments, and U.S. military branches. The program focused on cybersecurity for control and industrial control systems. It also featured a session on airport cybersecurity, which covered assessing wireless applications and identifying security gaps. Participants also received briefings on Operations Risk, Cybersecurity for Screening Equipment, and Workforce Development. This training aligns with the Aviation Cyber Initiative (ACI), a collaboration among the U.S. Departments of Homeland Security, Defense, and Transportation to address cyber risks in aviation.

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

Management's Discussion and Analysis, continued

B. Authority Activities and Highlights, continued

Air Service Development

The Authority remained dedicated to route development by actively engaging with targeted airlines, promoting incentives, and supporting the implementation or resumption of services to Guam.

A significant achievement was assisting United Airlines in securing coveted slots at Haneda Airport in Tokyo. This led to the launch of direct service from Haneda to Guam on May 1, 2024. This historic moment marked the first direct connection to the heart of Tokyo, greatly enhancing Guam as a convenient and preferred destination. It also provides better connectivity to one of Japan's busiest airports, improves access for travelers, and strengthens the relationship between Guam and a key tourism market. Additionally, United's new Haneda-Guam route contributes to over 87 weekly flights from Guam to 14 destinations, complementing United's existing service to Narita in Tokyo.

Additionally, the Authority has updated its Air Service Development Incentive Program to encourage new, seasonal, and upgraded air services. In compliance with FAA policies, this program provides clear definitions for both new and seasonal services and establishes guidelines for incentives based on increased seat capacity and operational flexibility. The aim is to ensure transparency, making it easier for carriers and the public to understand the available incentives. This initiative supports the Authority's goal of establishing Guam as a leading aviation hub in the Western Pacific.

Cargo Transshipment

The Authority actively participated in a transshipment study aimed at assessing the island's potential to become a key logistics and transportation hub in the Western Pacific. This collaborative effort, involving government agencies, industry stakeholders, and logistics experts, evaluated the infrastructure, regulatory environment, and operational capabilities required to support transshipment activities.

The study highlighted Guam's strategic location as a vital connecting point for air cargo between Asia, the Americas, and Oceania. It also examined the Airport's capacity to handle increased freight volumes, the need for expanded warehousing and cold storage facilities, and the potential economic benefits of establishing a transshipment hub. The findings provided valuable insights for integrating transshipment opportunities into the Airport's long-term planning, aligning with its goal of fostering economic growth and enhancing regional connectivity.

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

Management's Discussion and Analysis, continued

B. Authority Activities and Highlights, continued

Military Support Facilities

Over the years, the Authority has been a vital partner to the U.S. Department of Defense, facilitating the integration of commercial aviation and military operations. In FY 2024, Guam's Airport continued to operate as a 24/7 support facility for urgent military needs.

The Authority once again provided support for the Cope North 2024 exercise, an annual training event that unites the U.S., Japanese, and Australian air forces to enhance trilateral collaboration in combat operations, humanitarian assistance, and disaster relief. Additionally, in June 2024, the Authority supported Valiant Shield, a significant two-week military exercise involving the U.S. Navy, Army, and Air Force across Guam and Japan. This biennial event showcases America's military strength and alliances in the Pacific, further emphasizing Guam's strategic importance and the Authority's commitment to national defense objectives.

Community Outreach

The Authority is committed to building strong connections with the community through various outreach activities. Throughout the year, it hosts educational programs, including student airport tours, partnerships with local schools, and career development workshops, all aimed at inspiring the next generation of aviation professionals. The Authority also participates in cultural celebrations, such as Chamorro Heritage Month, and Guam's annual Liberation festivities in July, to honor the island's rich heritage.

In October 2023, the airport partnered with United Airlines for the first time to support its annual Health Fair. This event offered free health screenings, fitness activities, and educational sessions on nutrition and mental health, highlighting the shared commitment of both the Authority and United Airlines to enhance the well-being of Guam's residents. These efforts reinforce the Authority's crucial role as an economic and transportation hub while showcasing its dedication to the growth, development, and well-being of the Guam community.

C. Financial Operation Highlights

Over the years, the Authority has consistently demonstrated strong financial stewardship, effectively managing its fiduciary responsibilities with prudence and foresight. By implementing strategic financial practices, the Authority has maintained operational resilience and fiscal responsibility.

In June 2024, the Authority achieved a "Clean" audit for its FY 2023 Financial Statements, reinforcing its commitment to regulatory compliance, transparency, and accountability. This achievement highlights the Authority's dedication to sound financial management and further strengthens its reputation for effectively overseeing its financial resources.

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

Management's Discussion and Analysis, continued

C. Financial Operation Highlights, continued

In July 2024, Moody's Investors Service reaffirmed the Authority's Baa2 Investment Grade Rating with a Stable Outlook for its senior revenue bonds. This rating underscores the Authority's financial stability, bolstered by a rise in enplanement activity following the aftermath of Typhoon Mawar. Moody's analysis recognized GIAA's solid financial metrics, supported by federal pandemic-related assistance, strategic cost reductions, and effective debt restructuring during challenging times. These efforts demonstrate the Authority's ability to navigate financial pressures while driving recovery and future growth.

In September 2024, GIAA achieved a significant milestone with a landmark bond refinancing transaction that issued \$67.8 million in bonds through a standalone tender offer. This initiative - with the support of the Guam Economic Development Authority and the Bureau of Budget and Management Research, achieved a remarkable True Interest Cost (TIC) of 4.27%, leading to \$3.23 million in savings over the bond's remaining life through FY 2043. The overwhelming demand for the bonds which were oversubscribed 9.3 times, enabled the Authority to secure lower borrowing rates, maximize financial savings and enhance its fiscal health, reflecting strong investor confidence in its financial management.

The following reflects the Authority's financial performance for FY 2024.

Total Net Position

The Authority demonstrated resilience and strategic financial planning in FY 2024, despite challenges from Typhoon Mawar and broader economic factors. Its net position for the year stood at \$229.8 million, reflecting a decrease of 8.0% from \$249.7 million in FY 2023. This decline was primarily driven by necessary recovery expenditures, highlighting the Authority's proactive approach to mitigating disaster impacts while ensuring long-term sustainability.

Total expenses for the year amounted to \$98.9 million, exceeding total revenue of \$79.1 million. This variance reflects the Authority's proactive approach – prioritizing critical recovery efforts while maintaining fiscal responsibility. Investments in capital assets declined by 8.1% to \$275.8 million, illustrating a measured strategy approach in asset management during this recovery period.

The restricted net position saw a decline of 2.5% to \$20.2 million, reflecting the strategic allocation of reserves to support recovery efforts. However, the unrestricted net position showed improvement, with the deficit narrowing from \$71.2 million in FY 2023 to \$66.2 million in FY 2024. This positive trend highlights effective cost-management strategies and external support, demonstrating the Authority's ability to navigate financial challenges while maintaining operational strength.

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

Management's Discussion and Analysis, continued

C. Financial Operation Highlights, continued

Total Net Position, continued

A condensed summary of the Authority's Statements of Net Position at September 30, 2024, 2023 and 2022 is shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u> <u>% Increase</u> <u>(Decrease)</u> <u>from 2023</u>
Assets				
Current assets:				
Unrestricted current assets	\$ 25,134,346	\$ 22,659,275	\$ 26,580,172	10.9%
Restricted currents assets	4,273,791	1,872,206	1,308,162	128.3%
Non-current assets:				
Unrestricted assets	26,263,956	20,810,870	29,905,885	26.2%
Restricted assets	29,920,042	23,527,995	21,351,555	27.2%
Capital assets	454,460,237	481,081,294	501,203,823	-5.5%
Avigation easements	1,600,988	2,740,632	4,016,811	-41.6%
Leases	7,899,600	12,740,962	7,836,887	-38.0%
Deferred outflow - pension	11,082,412	15,446,044	4,850,322	-28.3%
Deferred outflow - other postemployment benefits	10,801,918	9,624,528	15,098,596	12.2%
Deferred differences on refunding of bonds	10,558,085	11,899,215	13,240,344	-11.3%
Total assets and deferred outflow of resources	<u>\$ 581,995,375</u>	<u>\$ 602,403,021</u>	<u>\$ 625,392,557</u>	-3.4%
Liabilities				
Current liabilities:				
Payable from unrestricted assets	\$ 20,929,229	\$ 21,814,971	\$ 30,287,702	-4.1%
Payable from restricted assets	13,990,332	4,759,842	967,035	193.9%
Long term liabilities	282,666,406	281,660,039	272,943,019	0.4%
Total liabilities	<u>317,585,967</u>	<u>308,234,852</u>	<u>304,197,756</u>	3.0%
Deferred inflow of resources:				
Deferred differences on refunding of bonds	390,740	425,243	12,568	-8.1%
Deferred inflow - leases	14,528,494	18,685,414	14,441,965	-22.2%
Deferred inflow - pension	2,498,140	1,058,051	3,831,131	136.1%
Deferred inflow - other post employment benefits	17,189,026	24,317,353	21,335,001	-29.3%
Total deferred inflow of resources	<u>34,606,400</u>	<u>44,486,061</u>	<u>39,620,665</u>	-22.2%
Net Position				
Invested in capital assets - net of related debt	275,808,113	300,268,671	325,089,725	-8.1%
Restricted	20,203,500	20,640,359	21,692,681	-2.1%
Unrestricted	(66,208,605)	(71,226,922)	(65,208,270)	-7.0%
Total net position	<u>229,803,008</u>	<u>249,682,108</u>	<u>281,574,136</u>	-8.0%
Total liabilities and net position	<u>\$ 581,995,375</u>	<u>\$ 602,403,021</u>	<u>\$ 625,392,557</u>	-3.4%

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

Management's Discussion and Analysis, continued

C. Financial Operation Highlights, continued

Total Revenues

In FY 2024, total revenues rose to \$79.1 million, representing a 29.6% increase from \$61.0 million in FY 2023. This growth was driven by a 21.1% rise in passenger activity, signaling a steady recovery from COVID-19, Typhoon Mawar, and other global economic challenges. Operating revenues (79.0% of total revenues), surged by 33.0% reaching \$62.5 million (up from \$47.0 million in FY 2023), highlighting renewed travel demand.

		2024		2023		2022	2024
		%		%		%	% Increase
	2024	of Total	2023	of Total	2022	of Total	(Decrease)
							from 2023
Landing fees	\$ 11,032,320	14.0%	\$ 8,375,059	13.7%	\$ 2,797,423	3.3%	31.7%
Departure fees	6,923,677	8.8%	4,995,719	8.2%	2,304,411	2.7%	38.6%
Arrival fees	4,935,333	6.2%	3,440,035	5.6%	1,432,759	1.7%	43.5%
Passenger loading bridge usage charge	4,063,313	5.1%	3,253,855	5.3%	1,402,017	1.7%	24.9%
Immigration fees	1,935,559	2.4%	1,346,089	2.2%	455,453	0.5%	43.8%
Public apron fees	1,636,810	2.1%	1,187,753	1.9%	1,024,902	1.2%	37.8%
Common use departure fees	778,038	1.0%	203,435	0.3%	183,371	0.2%	282.5%
Utility recovery charge and other fees	731,067	0.9%	824,646	1.4%	700,154	0.8%	-11.3%
Fuel flowage fees	520,858	0.7%	379,300	0.6%	242,143	0.3%	37.3%
Total facilities and systems usage charges	32,556,975	41.2%	24,005,891	39.4%	10,542,633	12.6%	35.6%
General merchandise	6,893,236	8.7%	6,641,732	10.9%	5,527,149	6.6%	3.8%
Car rental	1,794,941	2.3%	1,408,629	2.3%	856,535	1.0%	27.4%
Ground transportation	1,485,338	1.9%	1,129,610	1.9%	407,880	0.5%	31.5%
In-flight catering	1,274,770	1.6%	682,747	1.1%	393,306	0.5%	86.7%
Food and beverage	907,418	1.1%	772,627	1.3%	400,001	0.5%	17.4%
Other	636,732	0.8%	622,450	1.0%	380,939	0.5%	2.3%
GASB 87 implementation	(130,032)	-0.2%	(8,043,292)	-13.2%	4,771,520	5.7%	-98.4%
Total concession fees	12,862,403	16.3%	3,214,503	5.3%	12,737,330	15.2%	300.1%
Operating space - airline	3,275,375	4.1%	1,995,263	3.3%	1,904,161	2.3%	64.2%
Operating space - non airline	4,429,813	5.6%	3,913,154	6.4%	3,637,639	4.3%	13.2%
Other	3,760,123	4.8%	3,794,159	6.2%	3,863,661	4.6%	-0.9%
GASB 87 implementation	(53,827)	-0.1%	1,306,506	2.1%	(3,321)	0.0%	-104.1%
Total rental income	11,411,484	14.4%	11,009,082	18.0%	9,402,140	11.2%	3.7%
Miscellaneous	4,028,687	5.1%	1,961,444	3.2%	508,505	0.6%	105.4%
Aviation fuel tax	1,629,309	2.1%	6,782,872	11.1%	-	0.0%	-76.0%
Total operating revenues	62,488,858	79.0%	46,973,792	77.0%	33,190,608	39.5%	33.0%
Federal capital grants	5,245,920	6.6%	6,467,389	10.6%	23,498,637	28.0%	-18.9%
Passenger facility charge	3,871,418	4.9%	3,281,933	5.4%	1,349,348	1.6%	18.0%
Federal operating grants	3,453,067	4.4%	2,071,462	3.4%	24,206,136	28.8%	66.7%
Interest income	2,305,446	2.9%	1,351,070	2.2%	818,954	1.0%	70.6%
Other	1,331,519	1.7%	698,052	1.1%	741,413	0.9%	90.7%
Interest on leases	359,572	0.5%	154,121	0.3%	131,998	0.2%	133.3%
Total non-operating revenues	16,566,942	21.0%	14,024,027	23.0%	50,746,486	60.5%	18.1%
Total revenues	\$ 79,055,800	100.0%	\$ 60,997,819	100.0%	\$ 83,937,094	100.0%	29.6%

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

Management's Discussion and Analysis, continued

C. Financial Operation Highlights, continued

Operating Revenues

The Authority experienced significant increases in facilities and usage charges, reaching \$32.6 million. Key contributing factors included:

- Landing fees: + 31.7% (\$8.4 million to \$11.0 million)
- Departure facilities fees: + 38.6% (\$5.0 million to \$6.9 million)
- Arrival facilities fees: + 43.5% (\$3.4 million to \$4.9 million)
- Passenger loading bridges: + 24.9% (\$3.3 million to \$4.1 million)
- Immigration fees: + 43.8% (\$1.3 million to \$1.9 million)

Despite an 11.3% decline in utility recovery charges, fuel flowage fees grew by 37.3% (\$379,300 to \$520,858), reflecting a continued rebound in flight operations.

In addition, concession revenues skyrocketed by 300.1% to \$12.9 million, driven by stronger passenger spending and the normalization of lease adjustments following the implementation of GASB 87 in FY 2023. Other key revenue increases included:

- In-flight catering: + 86.7% (\$682,747 to \$1.3 million)
- Car rental revenues: + 27.4% (\$1.4 million to \$1.8 million)
- Ground transportation fees: + 31.5% (\$1.1 million to \$1.5 million)

Rental income increased by 3.7%, from \$11.0 million in FY 2023 to \$11.4 million in FY 2024.

These gains indicate strong recovery and expansion in airline operations, reinforcing the Authority's positive financial trajectory.

Non-operating Revenues

Non-operating revenues increased 18.1% to \$16.6 million from \$14.0 million in FY 2023.

- Passenger Facility Charges: + 18.0%, in line with passenger activity growth.
- Federal operating grants: + 66.7% (\$2.1 million to \$3.5 million) reflecting post-typhoon recovery assistance.
- Interest income: + 70.6% (\$1.4 million to \$2.3 million) due to strong investor demand for the \$67.8 million in bonds issued in September 2024.

The Authority received \$5 million in State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan (ARP) from the Government of Guam. For FY 2024, roughly \$2.7 million of it was charged to cover Typhoon Mawar costs.

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

Management's Discussion and Analysis, continued

C. Financial Operation Highlights, continued

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

Total expenses for FY 2024 reached \$98.9 million, marking a 6.5% increase over FY 2023, primarily due to higher operating and non-recurring expenses.

	<u>2024</u>	<u>2024</u> <u>% of Total</u>	<u>2023</u>	<u>2023</u> <u>% of Total</u>	<u>2022</u>	<u>2022</u> <u>% of Total</u>	<u>2024</u> <u>% Increase</u> <u>(Decrease)</u> <u>from 2023</u>
Operating expenses:							
Contractual services	\$ 24,677,751	24.9%	\$ 23,561,445	25.4%	\$ 18,967,112	22.5%	4.7%
Personnel services	25,543,964	25.8%	22,241,484	23.9%	18,907,278	22.4%	14.8%
Materials and supplies	<u>1,493,444</u>	1.5%	<u>1,166,197</u>	1.3%	<u>1,300,131</u>	1.5%	28.1%
Total operating expenses	<u>51,715,159</u>	52.3%	<u>46,969,126</u>	50.6%	<u>39,174,521</u>	46.5%	10.1%
Depreciation and amortization	<u>33,380,989</u>	33.7%	<u>32,873,078</u>	35.4%	<u>31,247,534</u>	37.1%	1.5%
Non-Operating:							
Interest expense	7,843,635	7.9%	8,708,546	9.4%	9,443,734	11.2%	-9.9%
Non-recurring expense - typhoon	3,163,582	3.2%	1,024,489	1.1%	---	0.0%	208.8%
Other	<u>2,831,535</u>	2.9%	<u>3,314,608</u>	3.6%	<u>4,393,256</u>	5.2%	-14.6%
Total non-operating expenses	<u>13,838,752</u>	14.0%	<u>13,047,643</u>	14.0%	<u>13,836,990</u>	16.4%	6.1%
Total expenses	<u>\$ 98,934,900</u>	100.0%	<u>\$ 92,889,847</u>	100.0%	<u>\$ 84,259,045</u>	100.0%	6.5%
Total full time employees	228		223		235		2.2%

Operating Expenses

Operating expenses accounted for 52.3% of total expenses, increasing by 10.1% to \$51.7 million.

- Contractual services: + 4.7% (\$24.7 million) due to expanded operations and recovery efforts.
- Personnel services: + 14.8% (\$25.5 million) to meet increased operational demands.
- Materials and supplies: + 28.1% (\$1.5 million) due to higher recovery-related costs.

Depreciation and Amortization

Depreciation and amortization expenses, representing 33.7% of total expenses, rose by 1.5% to \$33.4 million, in line with asset lifecycle use.

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

Management's Discussion and Analysis, continued

C. Financial Operation Highlights, continued

Non-operating Expenses

Non-operating expenses increased by 6.1% to \$13.8 million.

- Interest expenses fell by 9.9% due to the successful bond refunding.
- Non-recurring expenses nearly doubled, growing to \$3.2 million, largely driven by one-time recovery costs.
- Other non-operating expenses declined by 14.6% to \$2.8 million.

Conclusion

The Authority's financial performance in FY 2024 reflects strong fiscal management, strategic recovery efforts, and continued resilience. Despite economic challenges and disaster recovery expenses, the Authority remains financially stable, with increased revenue, improved cost efficiency, and strong investor confidence supporting long-term sustainability.

D. Cost per Enplaned Passenger (CPE) & Debt Service Coverage (DSC)

The Authority's CPE increased by 17.6%, rising from \$26.23 the previous year to \$30.85. This increase was primarily driven by recovery efforts following Typhoon Mawar. 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>2024</u>	<u>2024</u> <u>% of Total</u>	<u>2023</u>	<u>2023</u> <u>% of Total</u>	<u>2022</u>	<u>2022</u> <u>% of Total</u>	<u>2024</u> <u>% Increase</u> <u>(Decrease)</u> <u>from 2023</u>
Airport revenues:							
Signatory airline rentals and fees	\$ 31,936,872	44.2%	\$ 22,529,601	37.3%	\$ 10,231,709	18.7%	41.8%
Revenue from sources other than signatory airline rentals and fees*	30,735,844	42.6%	31,180,976	51.7%	18,190,699	33.2%	-1.4%
Passenger facility charge revenue	3,871,418	5.4%	3,281,933	5.4%	1,349,348	2.5%	18.0%
Federal operating grants	3,453,067	4.8%	2,071,462	3.4%	24,206,135	44.2%	66.7%
Interest Income not related to construction	<u>2,195,645</u>	<u>3.0%</u>	<u>1,300,099</u>	<u>2.2%</u>	<u>755,982</u>	<u>1.4%</u>	<u>68.9%</u>
Total airport revenues	<u>\$ 72,192,846</u>	<u>100.0%</u>	<u>\$ 60,364,071</u>	<u>100.0%</u>	<u>\$ 54,733,873</u>	<u>100.0%</u>	<u>19.6%</u>
		<u>% Change</u>		<u>% Change</u>			
Signatory airline enplaned passengers	1,035,098	20.5%	859,013	110.3%	408,439		20.5%
Signatory airline cost per enplaned passenger	\$30.85	17.6%	\$26.23	4.7%	\$25.05		17.6%

*Revenues are net of the GASB 87 bookkeeping entries.

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

Management's Discussion and Analysis, continued

D. Cost per Enplaned Passenger (CPE) & Debt Service Coverage (DSC), continued

The DSC ratio, mandated by the bond covenants for 2019, 2021, and 2023 to meet a minimum of 1.25x, stood at 1.69x in FY 2024. This reflects the Authority's prudent financial management and ability to meet its debt obligations.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Airport revenues*	\$ 72,192,846	\$ 60,364,071	\$ 54,733,873
Less: Operation and maintenance expenses**	<u>(54,140,738)</u>	<u>(48,076,913)</u>	<u>(42,438,343)</u>
Net revenues	18,052,108	12,287,158	12,295,530
Plus: Other available moneys	<u>1,966,011</u>	<u>6,848</u>	<u>2,018,555</u>
Net revenues and other available moneys	<u>\$ 20,018,119</u>	<u>\$ 12,294,006</u>	<u>\$ 14,314,085</u>
 <u>Rate Covenant</u>			
Net revenues and other available moneys	\$ 20,018,119	\$ 12,294,006	\$ 14,314,085
Total annual debt service	\$ 11,850,584	\$ 7,264,857	\$ 8,074,221
Annual debt service coverage	1.69	1.69	1.77
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 bookkeeping entries.

While the CPE increase was notable due to post-typhoon recovery expenses, the positive DSC performance demonstrates the effectiveness of the Authority's financial strategies. These efforts included the refunding and refinancing of multiple general revenue bonds:

- \$34 million in FY 2019
- \$143 million in FY 2021
- \$47 million in FY 2023

In September 2024, the Authority achieved a significant milestone with a landmark bond refinancing transaction that issued \$67.8 million in bonds through a standalone tender offer. This initiative - with the support of the Guam Economic Development Authority and the Bureau of Budget and Management Research, achieved a remarkable True Interest Cost (TIC) of 4.27%, leading to \$3.23 million in savings over the bond's remaining life through FY 2043. The overwhelming demand for the bonds which were oversubscribed 9.3 times, enabled the Authority to secure lower borrowing rates, maximize financial savings and enhance its fiscal health, reflecting strong investor confidence in its financial management. The bonds were subsequently closed on October 9, 2024.

Additionally, financial support from the FAA and other federal government partners, the Government of Guam, and funds received through the American Rescue Plan have played a key role in maintaining compliance with bond covenants while providing essential financial flexibility.

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

Management's Discussion and Analysis, continued

D. Cost per Enplaned Passenger (CPE) & Debt Service Coverage, continued

Airline Signatory Rates & Charges

The Signatory Airline Agreement is a vital component of the Authority's financial framework, benefiting both the Authority and its signatory airline partners. Under this agreement, signatory airlines receive non-exclusive rights to use airport facilities, equipment, and services at favorable rates. In return, the Authority, with the signatory airline partners acting as guarantors, secures financial stability by ensuring that rates and charges are structured to cover operational costs.

Signatory airlines are the primary carriers operating at the airport, consistently accounting for over 95% of total passenger activity. In FY 2024, the signatory carriers handled 98.5% of all enplanements reaffirming the significance of these agreements. The major signatory airlines serving Guam include:

United Airlines, Japan Airlines, Korean Air, Philippine Airlines, China Air, Jin Air, Jeju Air, Air Busan, T'Way Air, and Air Seoul.

E. Outlook for FY 2025

As the Authority moves beyond the challenges of Typhoon Mawar and the global pandemic, FY 2025 marks the beginning of a new phase of opportunity, expansion, and innovation.

With increasing passenger traffic and continued investments in airport infrastructure, the Authority is well-positioned to meet growing demands from both local and international travelers. Building on the momentum from FY 2024, including our clean FY 2023 audit and a successful bond refinancing, the Authority remains committed to fiscal responsibility and long-term financial stability.

Key priorities for FY 2025 include:

- Enhancing operational efficiency to improve passenger experience and airport services
- Expanding capacity to accommodate increasing air traffic
- Advancing sustainability initiatives to support Guam's economic and environmental goals
- Implementing key projects outlined in the updated Airport Master Plan, including facility modernization and infrastructure expansion

By working close with stakeholders, airline and other partners, and the local community, the Authority is dedicated to fostering a resilient and forward-looking airport environment that drives economic growth and enhances Guam's status as a premier travel hub.

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

Management's Discussion and Analysis, continued

E. Outlook for FY 2025, continued

Increased Passenger Activity

Passenger traffic is expected to continue growing in FY 2025, driven by demand for both international and domestic travel. Projections from our signatory airline partners anticipate approximately 1.3 million enplanements in FY 2025 reflecting a 22.4% increase over the previous year. With Guam's strategic position as a key transit hub in the Asia-Pacific region and the gateway to Micronesia, the Authority is prepared to accommodate increased travel activity while ensuring seamless operations.

As travel demand continues to strengthen, the Authority remains focused on optimizing airport operations, enhancing passenger services, and supporting Guam's broader economic recovery. By prioritizing growth, efficiency, and innovation, the Authority is well-positioned for a strong and successful FY 2025.

Capital Improvements

The Authority will continue the progress of its capital improvement projects that started in FY 2024 into FY 2025. These initiatives aim to enhance the Airport's infrastructure, increase capacity, and improve the overall passenger experience. They are part of a long-term vision to modernize facilities, boost operational efficiency, and ensure that the Authority can effectively accommodate the resurgence in air travel.

With a focus on sustainability, innovation, and resilience, these projects support the Airport's recovery and growth, positioning the Guam Airport as a leading gateway in the Pacific region. Through careful planning and execution, these improvements will contribute to the Authority's success and strengthen its role in enhancing Guam's economic vitality.

The Authority will continue to prioritize capital projects that are federally funded or essential to the Airport's primary functions and increased efficiencies.

Projects Currently Underway

Master Plan Update. The update to the 2012 Master Plan that was launched in November 2021, is now substantially complete, reflecting the evolving needs of Guam's only commercial airport in today's dynamic aviation industry. The updated Master Plan and ALP are now pending final acceptance and approval, setting the stage for implementing these critical improvements to support Guam's role as a vital hub for regional air travel.

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

Management's Discussion and Analysis, continued

E. Outlook for FY 2025, continued

Projects Currently Underway, continued

Terminal Flooring Replacement Project. This project aims to upgrade the flooring in high-traffic areas, specifically the U.S. CBP and the Guam Customs and Quarantine Baggage Claim halls, which were damaged by Typhoon Mawar. The plan includes installing durable terrazzo flooring, a resilient material that will not only enhance the terminal's aesthetics with cultural design elements but also improve functionality and the overall passenger experience. The project is expected to be completed by December 2025.

Apron and Taxiway Rehabilitation. The rehabilitation of approximately 1.5 million square feet (150,000 square yards) of parking/apron areas and kilo taxiway in front of the terminal and airfield is underway. Phase 1 is expected to be completed by the end of FY 2025 with Phase 2 beginning shortly thereafter.

Replacement of Terminal Roofing System. This project, consisting of two phases, aims to address roof leakages and repair damage to the Authority's existing roof infrastructure, incorporating energy-efficient materials and technologies to enhance sustainability, resiliency, and cost savings. Phase 1, which involves the replacement of the terminal roofing system, entered the construction phase with bids released in July 2024 and is now slated for award. Phase 2, currently being refined, is set to be advertised in FY 2025 and will focus on the installation of solar renewable energy systems.

Part 150 Noise Study Update. The Part 150 Noise Compatibility Study, initiated in 2023, is expected to be completed by the end of April 2025. The project is currently awaiting review and comment from the FAA. It aims to provide the Authority with updated noise exposure maps to support land use planning and noise mitigation efforts around Guam Airport, along with updates to the Noise Compatibility Program.

Cargo Apron/Fuel System Extension. This project is underway and entails the design and construction of a cargo apron and connecting taxiway, and the extension of the Authority's into-plane fuel system to provide service for a minimum of two all-cargo freighters at the Integrated Air Cargo Facility located a half mile west of the air terminal.

AOA Main Access Gate. The design for an expanded AOA access gate for the Guam Airport began in FY 2024. This project aims to identify a strategic location for the Authority's main AOA Access Gate, optimizing entry and exit for various aviation activities. The new, state-of-the-art AOA gate will incorporate a modern vehicle access control system designed to prevent unauthorized access, improve traffic flow, and ensure compliance with 49 CFR 1542 regulations. An Invitation for Bid is anticipated to be published in FY 2025.

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

Management's Discussion and Analysis, continued

E. Outlook for FY 2025, continued

Projects Currently Underway, continued

Airport Energy Efficiency Assessment. The Airport Energy Efficiency Assessment, which evaluates the airport's current energy usage and identifies opportunities to reduce energy consumption, improve operational efficiency, and lower greenhouse gas emissions, is currently underway. The final report is expected by Summer 2025.

ZEVs. Aligned with the FAA's Modernization and Reform Act of 2012, the Authority is working to improve air quality at Guam's airport by reducing emissions. A key part of this effort is modernizing the vehicle fleet with the purchase of ZEVs. The procurement process is currently underway, and the Authority expects to finalize the acquisition by the end of FY 2025.

IT/FMS. The assessment of the Authority's IT/FMS infrastructure and financial management systems is nearly complete, with the IT/FMS Master Plan set to be delivered by the end of January 2025. This evaluation covered various areas, including infrastructure, systems, equipment, operational processes, and financial management and accounting procedures.

Projects in Planning Process

These are critical projects that are at least 90% federally funded or essential to the mission of the Authority:

Airport Microgrid Feasibility Study. Building off the Airport Energy Efficiency Assessment, this project will evaluate the practicality, benefits, and potential challenges associated with implementing a microgrid system that will be a self-contained, locally controlled energy system to enhance energy resilience, reduce costs, and minimize the Authority's environmental impact. This study will provide a comprehensive analysis of the feasibility of integrating a microgrid for the Guam Airport.

Fire Alarm/Fire Suppression Infrastructure Update. This project aims to design a fully integrated fire alarm and suppression system for monitoring, maintenance, inspection, testing, and repair across the Authority's properties. It will modernize an early warning system over 25 years old that has deteriorated due to Guam's harsh tropical climate.

Expanded Access to Airport Facilities by Individuals with Disabilities. This project seeks to improve accessibility for individuals with disabilities at the Guam Airport, ensuring compliance with the Americans with Disabilities Act of 1990 and FAA's Advisory Circular (AC) 150/5360-14A guidelines.

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

Management's Discussion and Analysis, continued

E. Outlook for FY 2025, continued

Projects in Planning Process, continued

Enhanced Passenger Access to Security Screening. This project aims to enhance passenger access and processing efficiency at the Guam Airport providing an alternative access to the TSA Security Screening for transit passengers and crew. It will streamline the Federal Inspection Services (FIS) passenger flow with direct access to TSA security screening, ensuring compliance with CBP and TSA regulations. Additionally, the project involves expanding the second-floor queuing area for TSA checkpoint access to accommodate Travel Document Checker (TDC) podiums, a TSA Pre-Check lane, and space for well-wishers. The current 3,500 square foot area is inadequate for pre-COVID passenger volumes, making this expansion essential for improving the passenger experience.

Airfield Lighting and Electrical System Upgrades. This project involves the installation of LED runway lighting at the Guam Airport to improve energy efficiency and safety in accordance with FAR Part 139 standards. It will also modernize the airfield lighting vault, which was inherited from the U.S. Navy in 1995, to support the new lighting system and meet increasing operational demands. Enhancements will include the addition of generators, uninterruptible power supplies (UPS), and air conditioning units to ensure reliable lighting operation and resiliency. The transition to LED technology and the use of renewable energy contribute to global aviation sustainability goals by reducing maintenance costs and minimizing environmental impact.

Passenger Loading Bridge (PLB) Replacement. This project aims to replace 17 PLBs at the Guam Airport as part of the Authority's initiative to modernize aging infrastructure, beginning with PLBs damaged by Typhoon Mawar. This upgrade will enhance passenger safety, boost operational efficiency, and lower maintenance costs. The new bridges will feature updated Pre-Conditioned Air (PC Air) units and 400 Hz ground power units, promoting environmental sustainability and resilience against extreme weather events.

ARFF Vehicles. The goal of this project is to acquire new ARFF apparatuses to modernize the Authority's. The upgraded units will improve emergency response capabilities in accordance with FAR Part 139. These new vehicles will feature advanced technology, including systems for delivering water, foam, and dry chemicals. This acquisition will strengthen the Authority's commitment to safety and ensures preparedness for current and future operational needs.

Public Conveyance Systems Upgrade. This project aims to improve the passenger experience at the Guam Airport by modernizing and expanding its public conveyance systems within the terminal facility. The project will include upgrades to moving walkways, escalators, and elevators and will prioritize accessibility, sustainability, safety, and convenience.

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

Management's Discussion and Analysis, continued

E. Outlook for FY 2025, continued

Projects in Planning Process, continued

Environmental Mitigation – PFAS Removal. This project aims to address PFAS contamination at the Guam Airport while transitioning to environmentally friendly firefighting agents, in line with the FAA Reauthorization Act of 2024 and the Authority's sustainability goals. It will evaluate mitigation strategies, destruction techniques, and the effectiveness of granular activated carbon in removing PFAS from water. Additionally, it will provide for the transition from AFFF with fluorine-free foam (F3) for ARFF operations, including updating equipment, training personnel, and ensuring regulatory compliance with FAR Part 139 while reinforcing the Authority's commitment to environmental sustainability and airport safety.

Underground Utility Infrastructure and Power Generation Relocation. The Authority is preparing to undertake a scoping project to identify risks and vulnerabilities the current overhead power distribution infrastructure is exposed to in the event of a natural disaster. The project scoping will seek cost-effective designs to increase storm resiliency and public safety, reduce injuries and loss of life, and reduce damage and destruction to property, critical services, facilities, and infrastructure.

Sustainability Initiatives

The Authority remains dedicated to advancing sustainability by reducing its carbon footprint, expanding capacity, and maintaining a safe, health-conscious airport environment. This comprehensive strategy encompasses capital improvement projects, process enhancements for an improved passenger experience, workforce development, community engagement, and resource preservation, ensuring long-term sustainability. In FY 2025, the Authority will continue aligning with the aviation sector's collective goal of achieving net-zero carbon emissions by 2050 through initiatives such as fleet modernization, infrastructure improvements, and enhanced operational practices.

To further solidify its commitment, the Authority plans to apply to the Airports Council International (ACI) Airport Carbon Accreditation (ACA) program, the only globally recognized certification program that assesses and acknowledges airport efforts in carbon management across six levels of accreditation. Additionally, the Authority will actively pursue federal grant opportunities, such as the ZEV Program, and implement projects and programs that support sustainability goals. These efforts will position the Authority as a leader in environmental stewardship while enhancing operational efficiency and resilience for years to come.

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

Management's Discussion and Analysis, continued

E. Outlook for FY 2025, continued

Sustainability Initiatives, continued

The Authority's sustainability goals include:

Energy Efficiency. Ongoing assessment and upgrades to reduce energy consumption and greenhouse gas emissions.

ZEVs. The acquisition of ZEVs and charging infrastructure to modernize the airport's fleet and improve air quality.

Solar Energy Integration & Terminal Roofing Replacement. A phased project that integrates energy-efficient materials and solar systems to reduce the airport's environmental impact.

Environmental Mitigation – PFAS Removal. Addressing PFAS contamination and transitioning to environmentally friendly firefighting agents to ensure compliance with sustainability regulations.

Infrastructure Resiliency. Relocating utilities underground to improve storm resiliency, public safety, and infrastructure reliability.

These goals reflect the Authority's commitment to sustainable growth, enhancing environmental responsibility, and ensuring long-term success for both the Authority and the broader community.

These initiatives underscore the Authority's holistic approach to sustainability, ensuring progress in environmental responsibility, operational resiliency, and economic viability while preparing the airport to meet future challenges and opportunities.

Airport Circulation and Roadway Improvements

The Authority is actively working with government agencies, particularly the Department of Public Works (DPW), to advance roadway enhancements adjacent to airport property. These projects aim to increase capacity and improve traffic circulation for the growing number of motorists accessing the airport and surrounding areas. Phase II of the Tiyan Parkway, a critical 1.5-mile roadway system serving over 15,000 daily motorists, remains a key focus, with ongoing efforts to ensure its timely progress.

Additionally, work continues on expanding Route 10A, a vital 2-mile stretch of road in front of the Airport that connects Route 1 Marine Corps Drive and Route 16 Army Drive. The Authority is also supporting the planned expansion of Mariner Avenue on the south side of the Airport to alleviate congestion at the busy tri-intersection of Route 8, Route 10, and Route 16. These roadway projects are integral to enhancing connectivity, improving traffic flow, and supporting the island's transportation infrastructure.

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

Management's Discussion and Analysis, continued

E. Outlook for FY 2025, continued

Revenue Diversification

The Authority is actively pursuing strategies to diversify and enhance its revenue streams to ensure financial stability, support ongoing capital improvements, and reduce airline costs. These efforts aim to generate additional income for operations and infrastructure while mitigating risks during economic downturns. By expanding business opportunities and attracting a broader tenant mix, the Authority is fostering long-term growth and economic vitality.

One of the Authority's key initiatives for FY 2025 is the development of over 21 acres of available raw land. However, current lease terms are constrained by local government laws, limiting lease durations to five years. To overcome this challenge, the Authority is advocating for more flexible lease terms, including extending lease limits to 30 years or longer. These changes are crucial for attracting partners and enabling long-term development projects that deliver a sustainable return on investment. By addressing these constraints, the Authority aims to unlock the full potential of its properties and create new opportunities for economic growth.

Financial Outlook

The Authority's financial outlook for FY 2025 reflects strong momentum, marked by continued recovery in passenger activity and strategic revenue growth. Total revenues are projected to increase from \$78.1 million in FY 2024 to \$79.9 million in FY 2025, largely driven by federally funded projects currently in progress.

The anticipated revenue composition includes 58.1% from aeronautical revenues and 41.9% from non-aeronautical revenues. To ensure continued financial stability, the Authority remains focused on diversifying revenue streams while actively identifying opportunities to reduce operational costs. Additionally, incentives to attract and retain air service providers will remain central to fostering market growth and sustaining the Authority's recovery.

The Authority's Board of Directors and Management team remain steadfast in their fiduciary responsibilities, prioritizing cost-containment measures while upholding the highest standards of safety and security. The steady increase in facilities and use charges, concessions, and rental income reflects improved operational resilience and a steady return to pre-pandemic financial performance. Moving forward, the Authority's key priorities will include sustaining passenger growth, optimizing revenue generation, and enhancing operational efficiency, ensuring that Guam's Airport remains a safe, secure, and financially stable travel hub. By turning challenges into opportunities, the Authority is committed to solidifying its financial foundation, ensuring sustainable growth and long-term stability, and positioning Guam's Airport as a key driver of economic recovery and development.

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

Management's Discussion and Analysis, continued

E. Outlook for FY 2025, continued

Operation & Maintenance (O&M) Expenditures

The Authority projects a moderate increase in Operating and Maintenance (O&M) expenditures for FY 2025, reflecting continued recovery of passenger traffic and the corresponding demand for airport services. This organic growth underscores the Authority's commitment to meeting operational needs while maintaining fiscal prudence.

- Personnel-related expenses are projected to rise to support increased operational demands.
- Utility costs are projected to increase due to rising rates, but the Authority has implemented strategic cost-management strategies to mitigate financial impact.

As a licensed FAR Part 139 airport operating 24/7, the Authority remains unwavering in its dedication to safe, secure, and efficient operations. Despite external challenges, the Authority is well-positioned to sustain its operations without significant financial strain, reaffirming its commitment to providing exceptional service to both travelers and stakeholders in FY 2025.

CPE & DSC

The CPE for FY 2025 is projected to be \$32.99, while the DSC comfortably exceeds the Authority's bond indentures requirement of 1.25x, standing at 1.48x. This demonstrates the Authority's strong financial position and ability to meet debt obligations with a comfortable margin.

Workforce Development

The Authority is at a critical juncture as it addresses the challenges of an aging workforce. Each year, over 10% of its 200+ employees become eligible for retirement, many of whom hold key operational roles essential to the seamless operation of Guam's only commercial airport. As the global aviation industry expands and the demands on Guam's aviation sector intensify, the urgency for effective succession planning and workforce development has never been more pronounced.

In response to this pressing need, the Authority is embracing a proactive approach. We are determined to implement strategic workforce initiatives that not only mitigate turnover risks but also ensure operational continuity and uphold the highest standards of daily airport operations. By offering competitive wages and robust career development opportunities, we aim to attract and retain top talent in the industry.

Succession planning and workforce development are now key pillars of the Authority's long-term strategic vision. By nurturing our internal talent and aligning workforce capabilities with our organizational goals, we are building a skilled and adaptable workforce ready to meet the evolving challenges of the aviation industry.

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

Management's Discussion and Analysis, continued

E. Outlook for FY 2025, continued

Workforce Development, continued

These initiatives are not merely about filling positions; they are about ensuring that the Authority can thrive in the years ahead. By retaining existing talent and attracting new employees, we are strengthening our ability to advance our mission and enhance our service to the community. Together, we will create a resilient organization poised for success in a dynamic aviation landscape.

Memorandum of Understanding (MOU) with Guam Customs and Quarantine Agency (CQA)

The Authority, as lessor, and Guam CQA, as lessee, entered into a Memorandum of Understanding in FY 2024 with the intention of facilitating the improvements to be made to the space leased to Guam CQA by the Authority. The MOU resulted in Guam CQA transferring \$2.5 million to the Authority. Work on the project is expected to begin in FY 2025.

Conclusion

As we step into FY 2025, the Authority proudly celebrates its 49th year as an autonomous agency of the Government of Guam, ready to embrace a future growth and opportunity. Its unwavering commitment to enhancing air transportation services remains at the forefront of its mission, ensuring exceptional service for both Guam residents and international visitors.

With \$2.3 billion in total economic impact generated—spanning direct, indirect, and induced contributions—the Authority stands as a critical economic engine for both Guam and the broader Micronesian region. As it continues to strengthen aviation connections, its focus remains on transforming Guam's only commercial airport by:

- Managing capital improvement projects efficiently
- Minimizing operational disruptions
- Upholding exceptional standards in airport services

By prioritizing safety, security, efficiency, and operational excellence, the Authority continues to cement its role as a regional aviation leader and a key player in the evolving Micronesian travel landscape.

Fueled by a spirit of innovation and progress, the Authority is ready for takeoff, embracing the opportunities ahead in 2025. With the steadfast support of stakeholders and partners, it remains confident that its continued success will not only enhance airport development but also contribute to Guam's broader economic vitality.

Together, we will soar to new heights, unlocking fresh possibilities for our island and its people.

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

Statements of Net Position

	September 30, <u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Unrestricted assets:		
Cash	\$ 2,582,593	\$ 2,946,383
Accounts receivable, trade, net of allowance for doubtful accounts of \$1,189,371 at September 30, 2024 (\$989,249 at September 30, 2023)	6,889,679	8,059,393
Federal grants receivable	1,212,342	954,191
Aviation fuel tax receivable, net of allowance for doubtful accounts of \$2,471,753 at September 30, 2023	9,651,320	6,782,872
Lease receivable	4,471,602	3,706,780
Inventory and other	<u>326,810</u>	<u>209,656</u>
Total unrestricted current assets	<u>25,134,346</u>	<u>22,659,275</u>
Restricted assets:		
Custom fees cash	435,382	128,371
Passenger facility charges cash	548	871
Customs fees receivable	945,672	1,231,494
Customer deposit	2,374,977	---
Passenger facility charges receivables	<u>517,212</u>	<u>511,470</u>
Total restricted current assets	<u>4,273,791</u>	<u>1,872,206</u>
Total current assets	<u>29,408,137</u>	<u>24,531,481</u>
Noncurrent assets:		
Lease receivable, net	<u>7,899,600</u>	<u>12,740,962</u>
Investments and cash with trustees:		
Unrestricted	26,263,956	20,810,870
Restricted	<u>29,920,042</u>	<u>23,527,995</u>
Total investments and cash with trustees	<u>56,183,998</u>	<u>44,338,865</u>
Depreciable capital assets, net	370,178,008	401,980,505
Non-depreciable capital assets	84,282,229	79,100,789
Avigation easements	<u>1,600,988</u>	<u>2,740,632</u>
Total noncurrent assets	<u>520,144,823</u>	<u>540,901,753</u>
Total assets	<u>549,552,960</u>	<u>565,433,234</u>
Deferred outflows of resources:		
Deferred differences on bond refunding	10,558,085	11,899,215
Pension	11,082,412	15,446,044
Other postemployment benefits	<u>10,801,918</u>	<u>9,624,528</u>
Total deferred outflows of resources	<u>32,442,415</u>	<u>36,969,787</u>
Total assets and deferred outflows of resources	<u>\$581,995,375</u>	<u>\$602,403,021</u>

See accompanying notes.

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

Statements of Net Position, continued

	September 30, <u>2024</u>	<u>2023</u>
Liabilities		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable - trade	\$ 6,653,706	\$ 6,421,856
Accounts payable - construction	4,614,453	4,040,531
Other liabilities	4,739,556	5,867,066
Security deposits and unearned income	4,335,644	4,423,509
Current portion of annual leave	585,870	470,239
Loan payable to bank	<u>---</u>	<u>591,770</u>
Total payable from unrestricted assets	20,929,229	21,814,971
Payable from restricted assets:		
Customs fees payable to Treasurer of Guam	1,247,236	1,532,095
Due to grantor	2,310,329	---
Customer construction deposit	2,499,975	---
General Revenue Bonds		
Current installments	4,015,000	---
Accrued interest	<u>3,917,792</u>	<u>3,227,747</u>
Total payable from restricted assets	<u>13,990,332</u>	<u>4,759,842</u>
Total current liabilities	<u>34,919,561</u>	<u>26,574,813</u>
Non-current liabilities:		
Payable from unrestricted assets:		
Accrued sick leave	260,085	254,589
Long-term portion of annual leave	1,532,416	1,442,333
Net pension liability	39,480,485	43,177,821
Collective total other postemployment benefit liability	50,921,470	42,349,839
Other liabilities	<u>51,493</u>	<u>---</u>
Total payable from unrestricted assets	<u>92,245,949</u>	<u>87,224,582</u>
Payable from restricted assets:		
Long-term bonds payable, less current installments:		
General Revenue Bonds	<u>190,420,457</u>	<u>194,435,457</u>
Total non-current liabilities	<u>282,666,406</u>	<u>281,660,039</u>
Total liabilities	<u>317,585,967</u>	<u>308,234,852</u>

See accompanying notes.

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

Statements of Net Position, continued

	September 30, <u>2024</u>	<u>2023</u>
Deferred inflows of resources:		
Deferred differences on refunding of bonds	390,740	425,243
Pension	2,498,140	1,058,051
Other postemployment benefits	17,189,026	24,317,353
Leases	<u>14,528,494</u>	<u>18,685,414</u>
Total deferred inflows of resources	<u>34,606,400</u>	<u>44,486,061</u>
Net position:		
Net investment in capital assets	275,808,113	300,268,671
Restricted for:		
Capital assets	19,308,118	20,235,970
Asset forfeiture funds	73,738	---
Debt service	170,066	64,278
Custom fees	133,818	(172,230)
Passenger facility charge purposes	517,760	512,341
Unrestricted	(<u>66,208,605</u>)	(<u>71,226,922</u>)
Total net position	<u>229,803,008</u>	<u>249,682,108</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$581,995,375</u>	<u>\$602,403,021</u>

See accompanying notes.

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

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended September 30,	
	<u>2024</u>	<u>2023</u>
Operating revenues:		
Facilities and systems usage charges	\$ 32,556,975	\$ 24,005,891
Concession fees	12,862,403	3,214,503
Rental income	11,411,484	11,009,082
Miscellaneous	4,028,687	1,961,444
Aviation fuel tax	<u>1,629,309</u>	<u>6,782,872</u>
Total operating revenues	<u>62,488,858</u>	<u>46,973,792</u>
Operating costs and expenses:		
Personnel services	25,543,964	22,241,484
Contractual services	24,677,751	23,561,445
Materials and supplies	<u>1,493,444</u>	<u>1,166,197</u>
Total operating costs and expenses	<u>51,715,159</u>	<u>46,969,126</u>
Income from operations before depreciation and amortization	10,773,699	4,666
Depreciation and amortization	(<u>33,380,989</u>)	(<u>32,873,078</u>)
Operating loss	(<u>22,607,290</u>)	(<u>32,868,412</u>)
Non-operating revenues (expenses):		
Passenger facility charges	3,871,418	3,281,933
Federal operating grants	3,453,067	2,071,462
Interest income	2,305,446	1,351,070
Interest on leases	359,572	154,121
Loss in disposal of fixed assets	(95,275)	---
Other expenses, net	(1,404,741)	(2,616,556)
Non-recurring expenses	(3,163,582)	(1,024,489)
Interest expense	(<u>7,843,635</u>)	(<u>8,708,546</u>)
Total non-operating expenses, net	(<u>2,517,730</u>)	(<u>5,491,005</u>)
Loss before capital grants	(25,125,020)	(38,359,417)
Federal capital grants	<u>5,245,920</u>	<u>6,467,389</u>
Decrease in net position	(19,879,100)	(31,892,028)
Net position, beginning of year	<u>249,682,108</u>	<u>281,574,136</u>
Net position, end of year	<u>\$229,803,008</u>	<u>\$249,682,108</u>

See accompanying notes.

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

Statements of Cash Flows

	Year Ended September 30,	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$53,660,446	\$43,730,283
Cash paid to suppliers for goods and services	(29,944,988)	(30,473,996)
Cash paid to employees	(24,164,578)	(22,018,703)
Cash received from fiduciary activities	<u>9,821,943</u>	<u>5,952,552</u>
Net cash provided by (used in) operating activities	<u>9,372,823</u>	<u>(2,809,864)</u>
Cash flows from investing activities:		
Net (purchases) proceeds from sale of investments	(11,845,133)	6,918,575
Interest income on investments	<u>3,538,992</u>	<u>2,183,923</u>
Net cash (used in) provided by investing activities	<u>(8,306,141)</u>	<u>9,102,498</u>
Cash flows from non-capital financing activity:		
Federal non-operating grants	<u>5,000,000</u>	<u>1,054,787</u>
Cash provided by non-capital financing activity	<u>5,000,000</u>	<u>1,054,787</u>
Cash flows from capital and related financing activities:		
Interest paid on General revenue bonds	(7,111,036)	(10,323,480)
Acquisition and construction of airport facilities and navigation easement	(5,620,288)	(11,474,370)
Principal payment on loan payable to bank	(591,770)	(1,486,215)
Principal payment on General revenue bonds	(34,503)	(43,500,000)
Interest paid on loan payable to bank	(8,051)	(81,291)
Other financing source - refunding bonds	---	47,080,000
U.S. Government capital and operating grants	5,751,165	11,469,009
Passenger facility charge receipts	<u>3,865,676</u>	<u>3,101,886</u>
Net cash used in capital and related financing activities	<u>(3,748,807)</u>	<u>(5,214,461)</u>
Net increase in cash	2,317,875	2,132,960
Cash at beginning of year	<u>3,075,625</u>	<u>942,665</u>
Cash at end of year	<u>\$ 5,393,500</u>	<u>\$ 3,075,625</u>
Consisting of:		
Unrestricted	\$ 2,582,593	\$ 2,946,383
Restricted	<u>2,810,907</u>	<u>129,242</u>
	<u>\$ 5,393,500</u>	<u>\$ 3,075,625</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>2024</u>	<u>2023</u>
Reconciliation of operating loss and other expenses to net cash provided by (used in) operating activities:		
Operating loss	\$(22,607,290)	\$(32,868,412)
Other and non-recurring expenses	(<u>4,322,822</u>)	(<u>1,871,871</u>)
	<u>(26,930,112)</u>	<u>(34,740,283)</u>
Adjustments to reconcile operating loss and other expenses to net cash provided by (used in) operating activities:		
Depreciation and amortization	33,380,989	32,873,078
Non-cash OPEB cost	1,232,064	748,044
Non-cash pension costs	6,675,061	5,195,239
(Increase) decrease in assets:		
Accounts receivable, trade	(1,412,912)	(7,476,433)
Lease receivable	4,076,540	5,097,565
Inventory and other	(25,278)	(16,989)
Increase (decrease) in liabilities:		
Accounts payable	520,913	(5,636,168)
Other current liabilities	(1,071,514)	1,574,244
Security deposits and unearned income	(87,865)	125,282
Customer construction deposit	2,499,975	---
Annual leave	205,714	34,195
Accrued sick leave	5,496	100,741
Other liabilities	(4,502)	(74,253)
Collective total OPEB liability	(966,150)	(723,027)
Net pension liability	(4,568,676)	(4,134,548)
Deferred inflow of resources - leases	(<u>4,156,920</u>)	<u>4,243,449</u>
Total adjustments	<u>36,302,935</u>	<u>31,930,419</u>
Net cash provided by (used in) operating activities	\$ <u><u>9,372,823</u></u>	\$(<u><u>2,809,864</u></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, 2024 and 2023

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, and through rentals under concessionaire agreements.

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.

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, 2024 and 2023 is expendable.

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

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.

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 issue. Bonds payable are reported net of bond premium and discount.

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

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.

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.

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

Impairment of Capital Assets, continued

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. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value.

Compensated Absences

In accordance with Public Law 27-005 and Public Law 28-068, employees vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service as follows:

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service.
2. Three-fourths day (6 hours) for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen (15) years of service.
3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

The statutes reduce the maximum accumulation of such vacation credits from 480 to 320 hours. Public Law 27-106 amended subsection (c) of 4 Guam Code Annotated § 4109. Employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over the excess shall be lost.

Accrued annual leave up to 320 hours is converted to pay upon termination of employment. Amounts to be paid during the next fiscal year are reported as current.

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

Operating and Non-Operating Revenues and Expenses

Operating revenues and expenses generally result directly from the operation and maintenance of the Guam International Air Terminal. Non-operating revenues and expenses result from capital and financing activities, costs and related recoveries from natural disasters, passenger facility charges, and certain other non-recurring income and expenses.

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.

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

Passenger Facility Charges

Passenger facility charges (“PFC”) generate income to be expended by the Authority for eligible projects and the payment of debt service on the General Revenue Bonds as determined by applicable federal legislation. PFC income is recorded as non-operating income in the statements of revenues, expenses and changes in net position. Air carriers collect PFC’s from passengers on behalf of the Authority at the time of air travel ticket issuance. The air carriers are responsible for all PFC funds from the time of collection to remittance to the Authority. In addition, the air carriers must provide quarterly reports to the Authority showing the total amounts of PFC revenues collected and refunded, as well as any amounts withheld by the air carrier as collection compensation. The completeness of the PFC receipts reflected in the quarterly schedule is the responsibility of the air carrier.

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.

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 10.

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.

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

Recently Adopted Accounting Pronouncements

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The adoption of this statement does not have material effect on the financial statements.

Upcoming Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal years ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain 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. GASB Statement No. 102 will be effective for fiscal years ending September 30, 2025.

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

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. 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. GASB Statement No. 104 will be effective for fiscal years ending September 30, 2026.

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

Reclassifications

Certain reclassifications of assets have been made to the 2023 financial statements for comparative purposes. Such reclassifications had no effect on the previously reported operating loss.

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

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, 2024, \$11,434,960 out of the Authority's bank deposits totaling \$11,727,649 is uninsured and uncollateralized, with the remainder being covered by federal depository insurance. At September 30, 2023, \$2,776,469 out of the Authority's bank deposits totaling \$3,067,781 is uninsured and uncollateralized, with the remainder being covered by federal depository insurance.

A primary concessionaire accounted for 13% and 17% of total operating revenues for the years ended September 30, 2024 and 2023, respectively. Receivables from the primary concessionaire totaled \$1,070,216 and \$1,285,248 at September 30, 2024 and 2023, respectively.

For the years ended September 30, 2024 and 2023, approximately 31% and 26%, respectively, of the Authority's total operating revenues, including passenger facility charge income, were derived from one airline customer. At September 30, 2024 and 2023, the accounts receivable from this airline customer totaled \$2,384,208 and \$3,098,146, 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

A summary of changes in capital assets for the year ended September 30, 2024 is as follows:

	Beginning Balance October 1, 2023	Additions	Transfers and Deletions	Ending Balance September 30, 2024
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>

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

Notes to Financial Statements, continued

3. Capital Assets, continued

	Beginning Balance October 1, 2023	Additions	Transfers and Deletions	Ending Balance September 30, 2024
Non-depreciable capital assets:				
Land	\$ 61,832,623	\$ ---	\$ ---	\$ 61,832,623
Construction-in-progress	<u>17,268,166</u>	<u>5,962,384</u>	(780,944)	<u>22,449,606</u>
	<u>\$ 79,100,789</u>	<u>\$ 5,962,384</u>	\$(780,944)	<u>\$ 84,282,229</u>
Avigation easements:				
Cost	\$ 19,142,691	\$ ---	\$ ---	\$ 19,142,691
Accumulated amortization	(16,402,059)	(1,139,644)	(---)	(17,541,703)
	<u>\$ 2,740,632</u>	<u>\$(1,139,644)</u>	<u>\$(---)</u>	<u>\$ 1,600,988</u>

A summary of changes in capital assets for the year ended September 30, 2023 is as follows:

	Beginning Balance October 1, 2022	Additions	Transfers and Deletions	Ending Balance September 30, 2023
Depreciable capital assets:				
Terminal building	\$601,467,882	\$ 522,529	\$ 1,380,598	\$ 603,371,009
Airfield area	201,199,874	---	29,806,385	231,006,259
Other buildings	121,495,805	121,938	---	121,617,743
Apron area	28,632,976	---	---	28,632,976
Terminal area	24,876,119	---	---	24,876,119
Support facilities	<u>10,427,185</u>	<u>95,850</u>	(19,365)	<u>10,503,670</u>
Total capital assets depreciated	988,099,841	740,317	31,167,618	1,020,007,776
Less accumulated depreciation	(586,430,372)	(31,596,899)	---	(618,027,271)
	<u>\$401,669,469</u>	<u>\$(30,856,582)</u>	<u>\$31,167,618</u>	<u>\$ 401,980,505</u>
Non-depreciable capital assets:				
Land	\$ 61,832,623	\$ ---	\$ ---	\$ 61,832,623
Construction-in-progress	<u>37,701,731</u>	<u>10,734,053</u>	(31,167,618)	<u>17,268,166</u>
	<u>\$ 99,534,354</u>	<u>\$ 10,734,053</u>	<u>\$(31,167,618)</u>	<u>\$ 79,100,789</u>
Avigation easements:				
Cost	\$ 19,142,691	\$ ---	\$ ---	\$ 19,142,691
Accumulated amortization	(15,125,880)	(1,276,179)	(---)	(16,402,059)
	<u>\$ 4,016,811</u>	<u>\$(1,276,179)</u>	<u>\$(---)</u>	<u>\$ 2,740,632</u>

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

Notes to Financial Statements, continued

4. Long-Term Revenue Bonds Payable

Long-term revenue bonds payable at September 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</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	\$ 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 \$10,700,000 due in October 2025	143,430,000	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 \$115,000 due in October 2024	<u>47,080,000</u>	<u>47,080,000</u>
Total	194,410,000	194,410,000
Less current installments	<u>4,015,000</u>	<u>---</u>
Total	190,395,000	194,410,000
Add net unamortized premium on bonds	<u>25,457</u>	<u>25,457</u>
	<u>\$190,420,457</u>	<u>\$194,435,457</u>

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

Notes to Financial Statements, continued

4. Long-Term Revenue Bonds Payable, continued

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	\$ 4,015,000	\$ 7,771,615	\$ 11,786,615
2026	10,940,000	7,567,950	18,507,950
2027	11,220,000	7,273,906	18,493,906
2028	11,525,000	6,949,720	18,474,720
2029	11,875,000	6,574,349	18,449,349
2030-2034	59,760,000	25,578,167	85,338,167
2035-2039	37,785,000	15,726,905	53,511,905
2030-2044	<u>47,290,000</u>	<u>5,938,138</u>	<u>53,228,138</u>
	<u>\$194,410,000</u>	<u>\$83,380,750</u>	<u>\$277,790,750</u>

2013 Bonds

On September 12, 2013, the Authority issued \$247,335,000 General Revenue Bonds (collectively, the “2013 Bonds”) as follows:

• 2013 Series A (Non-AMT)	\$ 14,620,000
• 2013 Series B (Non-AMT)	33,675,000
• 2013 Series C (AMT)	<u>199,040,000</u>
	<u>\$247,335,000</u>

The 2013 Bonds were obtained for the following:

- a. refunding of all of the Authority’s outstanding Series 2003 Bonds;
- b. financing additions, extensions and improvements to the Airport;
- c. funding the 2013 Bond Reserve Account; and
- d. paying expenses incurred in connection with the issuance of the 2013 Bonds.

The aggregate purchase price was \$247,540,014 (the purchase price); representing the principal amount of the 2013 Bonds, plus a net original issue premium of \$2,891,161 and less an underwriters’ discount and insurance of \$2,686,147. Interest on the 2013 Bonds were paid on April 1 and October 1 of each year. The 2013 Bonds were fully refunded by the 2019, 2021 and 2023 bonds.

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

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. As of September 30, 2024 and 2023, the unamortized balance of the difference in refunding totaled \$11,391 and \$149,415, respectively, and is included as a component of the deferred differences on refunding of 2019 and 2021 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
(A Component Unit of the Government of Guam)

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, 2024 and 2023, the unamortized balance of the difference in refunding totaled \$10,546,694 and \$11,749,800, respectively, and is included as a component of the deferred differences on refunding of 2019 and 2021 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, 2031 and 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, 2024 and 2023, the unamortized balance of the difference in refunding totaled \$390,740 and \$425,243, respectively, and is included as a component of the deferred differences on refunding of 2013 bonds in the accompanying statements of net position.

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.

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

Notes to Financial Statements, continued

5. Loan Payable to Bank

On June 27, 2012, the Authority entered into a long-term agreement with First Hawaiian Bank. The loan calls for monthly payments of principal and interest in the amount of \$130,625 starting on February 24, 2014, which amortized over a period of 10 years at a fixed rate of 5.75%.

This loan was also secured by a Security Agreement and UCC-1 Financing Statement which identify sums in the Subordinate Securities Fund and Capital Improvement Fund as collateral for the loan. Both funds are allocated revenues pursuant to Section 5.02 of the Bond Indenture. Obligations of the Authority payable from the aforementioned funds are subordinate to the pledge and lien of airport revenues to secure payment of the Authority's bonds.

On January 23, 2024, the principal balance and all accrued interest have been fully paid by the Authority. As of September 30, 2023, the loan payable to bank totaled \$591,770.

6. Investments and Cash with Trustees

At September 30, 2024 and 2023, investments and cash held by the trustees, in trust for the Authority, in these funds and accounts are as follows:

	<u>2024</u>	<u>2023</u>
General Revenue Fund	\$ 8,737,782	\$ 2,688,324
Risk and Loss Management Reserve Fund	7,721,003	6,303,674
Operations and Maintenance Reserve Fund	3,241,945	8,530,887
Operations and Maintenance Fund	2,820,617	1,593,655
Capital Improvement Fund	1,966,011	6,848
Federal Grant Fund	<u>1,776,598</u>	<u>1,687,482</u>
Total Unrestricted Investments and Cash	<u>26,263,956</u>	<u>20,810,870</u>
Bond Reserve Fund	18,307,683	17,874,104
Debt Service Fund	8,102,858	4,653,464
Investment Fund	2,435,328	---
Renewal and Replacement Fund	1,000,249	1,000,249
Federal Grant Fund	73,738	---
Construction Fund	<u>186</u>	<u>178</u>
Total Restricted Investments and Cash	<u>29,920,042</u>	<u>23,527,995</u>
	<u>\$56,183,998</u>	<u>\$44,338,865</u>

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

Notes to Financial Statements, continued

6. Investments and Cash with Trustees, continued

At September 30, 2024 and 2023, investments and cash held by trustees are comprised of the following:

	<u>2024</u>	<u>2023</u>
Investments	\$49,229,313	\$33,491,149
Cash	<u>6,954,685</u>	<u>10,847,716</u>
	<u>\$56,183,998</u>	<u>\$44,338,865</u>

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, BG Investment Services, Inc., and Coast 360 Federal Credit Union manage the investment accounts investing in U.S. Treasury Securities, U.S. government – sponsored enterprises, Domestic Corporate Bonds, Money Market Funds and Certificate of Deposits insured by the Federal Deposit Insurance Corporation. 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 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, 2024 and 2023.

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

Notes to Financial Statements, continued

6. Investments and Cash with Trustees, continued

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.

The following tables set forth by fair value hierarchy level the Authority's assets carried at fair value at September 30, 2024 and 2023:

		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)	44,962	---	44,962	---	
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	26,410,540				
Investments measured at a cost based measure:					
Guaranteed Investment Contracts (GIC) -					
US Bank, NA	---				
	<u>\$ 49,229,313</u>				

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

Notes to Financial Statements, continued

6. Investments and Cash with Trustees, continued

Investments Measured at Fair Value, continued

		At September 30, 2023		
		Level 1	Level 2	Level 3
Investments by fair value level				
Debt Securities:				
U.S. Treasury Securities	\$ 24,069	\$ 24,069	\$ ---	\$ ---
Exchange traded products (ETP) - Fidelity Investments	6,235,237	6,235,237	---	---
Corporate Bonds	211,725	---	211,725	---
Federal Farm Credit Banks Funding Corporation (FFCBFC)	314,212	---	314,212	---
Federal Home Loan Mortgage Corporation (FHLMC)	44,548	---	44,548	---
Total investments by fair value level	6,829,791	\$ 6,259,306	\$ 570,485	\$ ---
Investments measured at the net asset value (NAV)				
Money market - Fidelity Investments	13,820,140			
Money market - US Bank, NA	3,292,024			
Investments measured at a cost based measure:				
Guaranteed Investment Contracts (GIC) -				
US Bank, NA	9,549,194			
	\$ 33,491,149			

The Authority's credit quality distribution for debt securities at September 30, 2024 and 2023 is as follows:

	Standard & Poor's/Moody's Credit Rating	2024	2023
FHLMC	Aaa/AAA	\$ 44,962	\$ 44,548
FFCB	Aaa/AAA	256,950	314,212
Corporate Bonds	Aaa/AAA	92,997	88,074
Corporate Bonds	A	625,219	115,788
Corporate Bonds	Baa/BBB	7,970	7,863
GIC	Unrated	---	9,549,194

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

Notes to Financial Statements, continued

6. Investments and Cash with Trustees, continued

At September 30, 2024 and 2023, the Authority had the following investments and maturities:

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	---	---
FFCB	256,950	112,622	144,328	---	---
U.S. Treasury securities	580,355	24,774	555,581	---	---
FHLMC	44,962	44,962	---	---	---
GIC	---	---	---	---	---
	<u>\$ 49,229,313</u>	<u>\$ 47,938,314</u>	<u>\$ 1,290,999</u>	<u>\$ ---</u>	<u>\$ ---</u>

Investment type	2023				
	Total	Less than 1	1 - 5	6 - 10	More than 10
Money market	\$ 17,112,164	\$ 17,112,164	\$ ---	\$ ---	\$ ---
ETP	6,235,273	6,235,273	---	---	---
Corporate bonds	211,725	---	211,725	---	---
U.S. Treasury securities	24,069	---	24,069	---	---
FFCB	314,212	72,239	241,973	---	---
FHLMC	44,548	---	44,548	---	---
GIC	9,549,194	9,549,194	---	---	---
	<u>\$ 33,491,185</u>	<u>\$ 32,968,870</u>	<u>\$ 522,315</u>	<u>\$ ---</u>	<u>\$ ---</u>

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

Notes to Financial Statements, continued

7. 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 29.43% and 28.43%, respectively, for the years ended September 30, 2024 and 2023. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2024 and 2023.

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
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. 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 11 to 15, and 3.0% for service after 15 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
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.

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

Notes to Financial Statements, continued

7. 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%	7.88%	2.05%
U.S. Equities (small cap)	4.0%	9.44%	0.38%
Non-U.S. Equities	17.0%	10.16%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.09%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.71%	1.04%
Risk Parity	8.0%	6.64%	0.53%
High Yield Bonds	8.0%	6.52%	0.52%
Global Real Estate (REITs)	2.5%	9.38%	0.23%
Global Equity	7.5%	8.73%	0.65%
Global Infrastructure	2.0%	8.20%	0.16%
Expected arithmetic mean (1 year)			7.66%
Expected geometric mean (30 years)			6.94%

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.

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

Notes to Financial Statements, continued

7. 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 \$2,200 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 \$2,200 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 years 11 to 15, and 3.0% for service after 15 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, 2024 and 2023, 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.

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

Notes to Financial Statements, continued

7. 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.

Contributions: The Authority's contribution to the COLA payment of the Plan is \$2,200 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 years 11 to 15, and 3.0% for service after 15 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

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

Notes to Financial Statements, continued

7. 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, 2024	September 30, 2023
Measurement Date:	September 30, 2023	September 30, 2022
Valuation Date:	September 30, 2022	September 30, 2021

Net pension liability as of September 30, 2024 and 2023 for the aforementioned plans is as follows:

	<u>2024</u>	<u>2023</u>
DB Plan	\$ 34,892,430	\$39,344,790
Ad hoc COLA/SA Plan for DB Participants	3,107,124	2,806,660
Ad hoc COLA Plan for DCRS Participants	<u>1,480,931</u>	<u>1,026,371</u>
	<u>\$39,480,485</u>	<u>\$43,177,821</u>

Proportionate share of net pension liability at September 30, 2024 and 2023 for the aforementioned plans is as follows:

	<u>2024</u>	<u>2023</u>
DB Plan	2.50%	2.65%
Ad hoc COLA/SA Plan for DB Participants	1.16%	1.09%
Ad hoc COLA Plan for DCRS Participants	1.89%	1.71%

Pension expense for the years ended September 30, 2024 and 2023 for the aforementioned plans are as follows:

	<u>2024</u>	<u>2023</u>
DB Plan	\$5,916,388	\$4,923,175
Ad hoc COLA/SA Plan for DB Participants	473,386	200,313
Ad hoc COLA Plan for DCRS Participants	<u>285,287</u>	<u>71,751</u>
	<u>\$6,675,061</u>	<u>\$5,195,239</u>

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

Notes to Financial Statements, continued

7. 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, 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	406,953	(1,113,413)	180,096	---	191,813	(216,302)
	<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>

As of September 30, 2023, 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	\$ 762,782	\$(105,211)	\$ ---	\$(23,987)	\$ 126,935	\$(20,328)
Net difference between projected and actual earnings on pension plan investments	8,866,964	---	---	---	---	---
Authority contributions subsequent to the measurement date	4,047,008	---	269,310	---	57,200	---
Changes in assumption	---	---	4,581	(304,544)	213,412	(274,929)
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	813,907	(75,188)	175,558	---	108,387	(253,864)
	<u>\$ 14,490,661</u>	<u>\$(180,399)</u>	<u>\$ 449,449</u>	<u>\$(328,531)</u>	<u>\$ 505,934</u>	<u>\$(549,121)</u>

Deferred outflows of resources at September 30, 2024 and 2023 resulting from the Authority's employer contributions for the following plans are as follows:

	<u>2024</u>	<u>2023</u>
DB Plan	\$4,582,855	\$4,047,008
Ad hoc COLA/SA Plan for DB Participants	279,719	269,310
Ad hoc COLA Plan for DCRS Participants	<u>62,100</u>	<u>57,200</u>
	<u>\$4,924,674</u>	<u>\$4,373,518</u>

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

Notes to Financial Statements, continued

7. 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:

2025	\$1,109,701
2026	636,407
2027	2,176,380
2028	(373,156)
2029	20,729
Thereafter	<u>89,537</u>
	<u>\$3,659,598</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>\$42,884,699</u>	<u>\$34,892,430</u>	<u>\$28,100,396</u>

Ad Hoc COLA/SA for DB Participants

	1% Decrease <u>3.09%</u>	Current Discount Rate <u>4.09%</u>	1% Increase <u>5.09%</u>
Collective total pension liability	<u>\$3,403,247</u>	<u>\$3,107,124</u>	<u>\$2,871,049</u>

Ad Hoc COLA for DCRS Participants

	1% Decrease <u>3.09%</u>	Current Discount Rate <u>4.09%</u>	1% Increase <u>5.09%</u>
Collective total pension liability	<u>\$1,671,818</u>	<u>\$1,480,931</u>	<u>\$1,320,199</u>

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

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

Notes to Financial Statements, continued

7. 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, 2024 and 2023 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, 2024 and 2023, contributions made and amounts accrued under the DCRS amounted to \$1,249,063 and \$1,614,519, 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, 2024 and 2023, the Authority has accrued an estimated liability of \$260,085 and \$254,589, 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
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. 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 postemployment 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:	2.50% per year.
Discount rate:	4.09%, compounded annually, based on a tax-exempt, high quality municipal bond rate. Previously 4.02%, 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. (Previously, 7.5% for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years, and 4% for service after 15 years.)
Healthcare cost trend rates:	Non-Medicare, Medicare claims and retiree contributions – 8% for FY2023, then 26%, 14% and 0% for FY2024, for non-medicare, medicare claims, and retiree contributions, respectively. 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.

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

Notes to Financial Statements, continued

7. Employee Benefits, continued

Other Post-employment benefit (OPEB) Plan, continued

Actuarial Assumptions, continued

The trend rates reflect actual changes in plan costs and retiree contributions through October 1, 2024. Trend assumptions for health care begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these component are expected to decline year by year. Medical trend rates are applied to claims cost and retiree contributions.

The trend rates for Medicare Part B and Part D reimbursements are assumed to be 4.25% in year 1 and 3.64% in year 2 to reflect the actual changes in costs through October 1, 2024 and 4.25% per year in subsequent years.

Dental trend rates:	For claims and retiree contributions, 4.25% for year 1 and 8.21% and 0% for claims and retiree contributions, respectively for year 2. For subsequent years, rate will be 4.25%, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
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Mortality rates:	PUB-2010 Headcount-Weighted Mortality Table, set forward 4 years for males and 2 years for females, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.
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Participation rates:	Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees under a GovGuam dental plan will elect to participate at retirement. Life - 100% of eligible retirees will elect to participate at retirement. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.
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Antonio B. Won Pat International Airport Authority, Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

7. Employee Benefits, continued

Other Post-employment benefit (OPEB) Plan, continued

Actuarial Assumptions, continued

Medicare enrollment:	Based on current over-65 retiree data, 55% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. 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. For current retired employees, the actual census information is used.
Actuarial cost method:	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.
Employee data:	Employee and retiree data as of September 30, 2022 were submitted by GovGuam. Reasonable adjustments for missing or invalid data were made.
Withdrawal rates:	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. (Previously, rates were at 15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.)

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

Notes to Financial Statements, continued

7. 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).
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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.
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Discount Rate: The discount rate used to measure the total OPEB liability was 4.09% and 4.02% as of September 30, 2023 and 2022, 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, 2024	September 30, 2023
Measurement Date:	September 30, 2023	September 30, 2022
Valuation Date:	September 30, 2022	September 30, 2022

Collective total OPEB liability as of September 30, 2024 and 2023 is \$50,921,470 and \$42,349,839, respectively.

Proportionate share of collective total OPEB liability at September 30, 2024 and 2023 is 1.86% and 1.84%, respectively.

OPEB expense for the years ended September 30, 2024 and 2023 is \$1,232,064 and \$748,044, respectively.

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

Notes to Financial Statements, continued

7. Employee Benefits, continued

Other Post-employment benefit (OPEB) Plan, continued

OPEB Plan Description, continued

As of September 30, 2024 and 2023 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2024</u>		<u>2023</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 7,791,422	\$(2,150,541)	\$ 3,302,677
Authority contributions subsequent to the measurement date	820,909	---	651,561
Changes in assumptions	1,720,682	(9,757,084)	3,825,655
Authority contributions and proportionate share of contributions	<u>468,905</u>	<u>(5,281,401)</u>	<u>1,844,635</u>
	<u>\$ 10,801,918</u>	<u>\$(17,189,026)</u>	<u>\$ 9,624,528</u>
			<u>\$(24,317,353)</u>

Deferred outflows of resources at September 30, 2024 and 2023 resulting from the Authority's employer contributions totaled \$820,909 and \$651,561, 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	\$(2,863,032)
2026	(2,822,881)
2027	(552,093)
2028	(921,075)
2029	(921,076)
Thereafter	<u>872,140</u>
	<u>\$(7,208,017)</u>

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

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:

	1% Decrease <u>3.09%</u>	Current Discount Rate <u>4.09%</u>	1% Increase <u>5.09%</u>
Collective Total OPEB Liability	<u>\$59,025,997</u>	<u>\$50,921,470</u>	<u>\$44,344,263</u>

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

Notes to Financial Statements, continued

7. Employee Benefits, continued

Other Post-employment benefit (OPEB) Plan, continued

OPEB Plan Description, continued

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>\$43,339,616</u>	<u>\$50,921,470</u>	<u>\$60,630,367</u>

8. 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, 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.

Financial Relief Programs

Financial relief was provided for the period of October 1, 2021 to September 30, 2022 for concessionaires whose contract payment terms required the higher of Minimum Annual Guarantees (MAG) or percentage of sales. During the temporary relief period, MAG rents were waived. In lieu of MAG, these tenants were provided terms which instead required the greater of a percentage of gross sales or terminal building rent based on the space they occupied and assessed at the main terminal building rental rate. The MAG relief was extended for concessionaires from October 1, 2022 to July 31, 2023, and further financial relief was granted to the Authority's primary concessionaire Lotte Duty Free Guam, LLC as discussed below.

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

Notes to Financial Statements, continued

8. 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) 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. Consistent with the Authority's financial relief programs discussed above, the Authority extended financial relief to Lotte, who agreed to pay the Authority based on an adjusted per enplaned passenger fee schedule for the period from July 21, 2024 to the end of the extended term.

Lease receivable due for the Lotte Agreement for the year ended September 30, 2025 is as follows:

<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ <u>2,568,093</u>	\$ <u>71,907</u>	\$ <u>2,640,000</u>

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, 2024 are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$1,909,014	\$ 174,315	\$ 2,083,329
2026	1,680,113	124,278	1,804,391
2027	628,161	93,741	721,902
2028	333,120	83,860	416,980
2029	334,089	78,540	412,629
2030 - 2034	1,908,159	306,698	2,214,857
2035 - 2039	2,047,899	143,262	2,191,161
2040 - 2041	<u>754,036</u>	<u>11,998</u>	<u>766,034</u>
	<u>\$9,594,591</u>	<u>\$1,016,692</u>	<u>\$10,611,283</u>

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

Notes to Financial Statements, continued

8. Leases, continued

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) and Specialized Aviation Service Operators (SASO), and a jet fuel farm.

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. Guam law prohibits government agencies from entering into an agreement for the use of public real property for a term in excess of five years. However, if this law is amended, the Airline Operating Agreement allows for the extension of an additional five years.

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 foot 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 eight 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>	
2025	\$ 723,314
2026	723,314
2027	723,314
2028	723,314
2029	<u>723,314</u>
Total future minimum lease income	<u>\$3,616,570</u>

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

Notes to Financial Statements, continued

8. 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, 2024, monthly rent increased from \$26,100 to \$26,325.

For the years ended September 30, 2024 and 2023 the Authority recorded rental income totaling \$315,900 and \$313,200, 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, 2024 and 2023, accrued rental receivable totaled \$134,100 and \$120,900, respectively, and is shown as a component of accounts receivable, trade and lease receivable, respectively, in the accompanying statements of net position.

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

<u>Year ending September 30,</u>	
2025	\$ 345,600
2026	345,600
2027	345,600
2028	345,600
2029	348,300
2030 - 2034	1,893,150
2035 - 2039	2,082,600
2040 - 2044	2,299,050
2045 - 2049	2,542,050
2050 - 2054	2,785,500
2055 - 2059	<u>3,000,150</u>
Total future minimum lease income	<u>\$16,333,200</u>

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

Notes to Financial Statements, continued

8. 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. The Authority has an additional lease of 7,500 square feet of space that was terminated on January 31, 2023.

Rent expense for the years ended September 30, 2024 and 2023 totaled \$820,500 and \$865,500, respectively, and is included under contractual services in the accompanying statements of revenues, expenses and changes in net position.

Future minimal rent expense arising from the Pac Air lease-back agreement for the year ending September 30, 2025 is \$820,500.

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 space for an annual rental of \$780,000. Rental income for the years ended September 30, 2024 and 2023 totaled \$780,000 and is included under rental income in the accompanying statements of revenues, expenses and changes in net position.

Future minimum sublease income from GovGuam CQA for the year ending September 30, 2025 is \$780,000.

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, 2024 are estimated as follows:

Year ending <u>September 30,</u>	
2025	\$ 688,950
2026	352,230
2027	275,584
2028	215,398
2029	183,548
2030 - 2034	1,055,230
2035 - 2039	<u>680,652</u>
Total future minimum lease income	<u>\$3,451,592</u>

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

Notes to Financial Statements, continued

9. Long-Term Liabilities

A summary of changes in long-term liabilities during fiscal years 2024 and 2023 is as follows:

	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	\$ 254,589	\$ 5,496	\$ ---	\$ 260,085	\$ ---	\$ 260,085
Accrued annual leave	1,912,572	1,372,829	1,167,115	2,118,286	585,870	1,532,416
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>---</u>	<u>51,493</u>	<u>---</u>	<u>51,493</u>	<u>---</u>	<u>51,493</u>
	<u>\$282,722,048</u>	<u>\$10,001,449</u>	<u>\$5,456,221</u>	<u>\$287,267,276</u>	<u>\$4,600,870</u>	<u>\$282,666,406</u>

	Outstanding October 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding September 30, <u>2023</u>	<u>Current</u>	<u>Non-current</u>
Accrued sick leave	\$ 153,848	\$ 100,741	\$ ---	\$ 254,589	\$ ---	\$ 254,589
Accrued annual leave	1,878,381	1,213,292	1,179,101	1,912,572	470,239	1,442,333
Loan payable to Bank	2,077,985	---	1,486,215	591,770	591,770	---
Net pension liability	28,748,328	14,429,493	---	43,177,821	---	43,177,821
Collective total other postemployment benefit liability	50,781,242	---	8,431,403	42,349,839	---	42,349,839
General revenue bonds	<u>191,280,700</u>	<u>47,080,000</u>	<u>43,925,243</u>	<u>194,435,457</u>	<u>---</u>	<u>194,435,457</u>
	<u>\$274,920,484</u>	<u>\$62,823,526</u>	<u>\$55,021,962</u>	<u>\$282,722,048</u>	<u>\$1,062,009</u>	<u>\$281,660,039</u>

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

Notes to Financial Statements, continued

10. 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 has 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 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, 2024 and 2023, future pollution remediation and monitoring costs totaling \$111,661 and \$55,996, 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

10. Commitments and Contingencies, continued

Commitments

The Authority has commitments totaling approximately \$48.8 million and \$7.6 million under several construction contracts at September 30, 2024 and 2023, respectively.

In addition, the Authority has commitments under other various contracts totaling approximately \$5.6 million and \$8.6 million at September 30, 2024 and 2023, 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, 2024, the balances in the Renewal and Replacement Fund and Risk and Loss Management Reserve Fund are \$1 million and \$7.7 million, respectively. As of September 30, 2023, the balances in the Renewal and Replacement Fund and Risk and Loss Management Reserve Fund are \$1 million and \$6.3 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, 2024 and 2023. This position has been supported by legal determinations, past and present.

During the years ended September 30, 2024 and 2023, 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

10. 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.

Concurrent 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 2025. 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 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 further impacted by Typhoon Mawar.

Litigation

The Authority is involved in certain litigation inherent to 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

This matter involves three actions, which have been consolidated (consolidated cases CV943-14, CV0094-15, CV0198-15), relating to three protests lodged by DFS Guam L.P. ("DFS") relating to the Specialty Retail Concession RFP ("2012 RFP"), and denied by the Authority ("*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. Commitments and Contingencies, continued

DFS Guam L.P. Specialty Retail Protest Litigation, continued

In the *Specialty Retail Protest Litigation* against the Authority relating to the 2012 RFP, Lotte was also a named defendant. On September 1, 2015, the Court granted in part a motion to dismiss brought by Lotte. The Court dismissed DFS's Third, Sixth, Ninth, Twelfth, Fifteenth and Seventeenth causes of action brought under the Procurement Law against Lotte. The Court denied dismissal of DFS's tort claim against Lotte and severed that claim into a separate action, (consolidated cases CV0943-14-01 and CV0094-15-01) (the "Tort Action"). The Authority is not a party to the Tort Action. The Tort Action was also settled as part of the Global Settlement. In accordance with the Global Settlement, an Order dismissing the Tort Action with prejudice was filed on January 2, 2025.

DFS Guam L.P. (DFS) Holdover Dispute

This consolidated action (consolidated cases CV0371-16, CV0595-16 and SP0128-16) relates to disputes over DFS's concession agreement with GIAA that expired in 2013 ("*DFS Holdover Dispute*"). To recover damages caused by DFS's holdover under the DFS concession agreement, the Authority drew down \$2.1 million on DFS's security deposit in the form of an undivided letter of credit that DFS had provided to secure against breaches of its three concession agreements.

In 2014, DFS initiated arbitration. In 2016, the arbitration panel awarded DFS \$1.9 million in damages plus interest, costs, and attorney's fees. DFS also filed a separate action arising from this dispute pursuant to the Guam Government Claims Act (CV595-16), in which both parties have filed claims and counterclaims against each other alleging various breaches of contract.

In December 2018, the Superior Court confirmed the arbitration award ("Confirmation Order"), which the Authority appealed. On August 7, 2023, the Guam Supreme Court issued an opinion affirming the Confirmation Order. The Supreme Court remanded the case to the Superior Court for a determination of the amount of reasonable attorney's fees incurred by DFS in the litigation and interest due. Under the arbitration award and Supreme Court's opinion, the Authority is liable for: (i) \$1,854,528 in damages; (ii) Interest of 6% on (i) from December 5, 2013 until paid in full; (iii) Reasonable attorney's fees of \$388,223; (iv) \$84,770 in costs; (v) Interest of 6% on (iii) until paid in full; and (vi) Reasonable attorney's fees incurred by DFS in the litigation.

DFS also filed motions for additional attorney's fees before the Superior Court in the amount of \$852,207 and costs of \$22,009 plus interest of 6% which DFS has calculated as \$144 per day. These motions were never decided by the Superior Court.

Judgment was entered on August 7, 2023, and DFS filed a Writ of Execution on October 6, 2023. The judgment did not include any of the fees or costs sought in DFS's motions summarized above.

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

Notes to Financial Statements, continued

10. Commitments and Contingencies, continued

DFS Guam L.P. (DFS) Holdover Dispute, continued

As of December 2023, GIAA has paid \$2,988,237 towards the judgment. The *DFS Holdover Dispute* was also settled as part of the Global Settlement. In accordance with the Global Settlement, an Order dismissing the *DFS Holdover Dispute* with prejudice was filed on January 2, 2025. Under the Global Settlement, the Authority paid DFS \$2,400,000 in settlement of the *DFS Holdover Dispute*.

The Authority has recorded a provision for loss amounting to approximately \$2.4 million and \$4.7 million as of September 30, 2024 and 2023, respectively, as a component of other current liabilities.

Exchange License Agreement

On April 5, 2012, the Authority and Core Tech International (Core Tech), entered into an exchange license agreement for a term of thirty years. The agreement calls for the Authority to allow Core Tech the right to use several dilapidated buildings owned by the Authority and in exchange, Core Tech allowed the Authority the use of Core Tech property on which the Authority had inadvertently encroached and made improvements on it in prior years. The license agreement stipulates that no rent will be charged to either party during the thirty-year term of the agreement.

In lieu of receipt of back rentals and future rentals for use of the encroached property, Core Tech accepted, in exchange, the use of the Authority's three buildings that were in a state of disrepair and had environmental concerns. The agreement requires Core Tech to make repairs and mitigate all environmental issues over the buildings.

At the time the exchange license agreement was entered into, the fair market values of the assets involved by the parties were not determinable.

Other

In December of 2012, the Department of Administration paid out merit bonuses for line agency employees who met the criteria set forth pursuant to 4 GCA Chapter 6 § 6203. Merit bonuses are to be paid to employees who receive a superior rating evaluation conducted for increment purposes. The Authority is currently conducting its due diligence to determine its obligation to pay out merit bonuses. At September 30, 2013, the Authority has accrued about \$1.5 million as an estimate of costs to pay bonuses for the airport employees. In addition, the Authority has accrued about \$681,000 as costs for the last incremental 10% salary increase for Airport Rescue Firefighters and Airport Police uniformed personnel pursuant to Public Law 29-105. This payment is for fiscal years 2012 and 2013. At September 30, 2024 and 2023, \$248,000 remained as unpaid obligation for inactive employees.

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

Notes to Financial Statements, continued

11. Customs, Agriculture and Quarantine Inspection Services Charge

During the years ended September 30, 2024 and 2023, 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, 2024 and 2023, fees assessed to air carriers related to the aforementioned arrangement totaled approximately \$7.3 million and \$6.0 million, respectively. For the years ended September 30, 2024 and 2023, the remittances to the Treasurer of Guam related to the aforementioned arrangement totaled approximately \$4.7 million and \$1.6 million, respectively. The Authority also offset approximately \$2.9 million and \$3.7 million, respectively, of customs fee payable with amounts owed from GovGuam CQA for its various lease agreements with the Authority.

At September 30, 2024 and 2023, the Authority recorded customs fees payable to the Treasurer of Guam totaling \$1,247,236 and \$1,532,095, respectively, for the above charges, of which \$945,672 and \$1,231,494, 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.

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>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>	<u>2015</u>
Authority's proportion of the net pension liability	2.50%	2.65%	2.54%	2.56%	2.56%	2.54%	2.46%	2.45%	2.35%	2.45%
Authority's proportionate share of the net pension liability	\$ 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	\$ 30,570,481
Authority's covered payroll*	\$ 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	\$ 12,788,348
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	223.11%	258.25%	173.75%	210.08%	234.22%	228.93%	211.67%	255.82%	241.44%	239.05%
Plan fiduciary net position as a percentage of total pension liability	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%

*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>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>	<u>2015</u>
Contractually required contributions	\$ 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	\$ 3,546,742
Contribution in relation to the contractually required contribution	<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>	<u>3,178,277</u>
Contribution excess (deficiency)	<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>	<u>\$ (368,465)</u>
Authority's covered payroll	\$ 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	\$ 13,353,696
Contribution as a percentage of the Authority's covered payroll	27.46%	25.88%	25.22%	25.03%	22.72%	23.15%	17.12%	22.39%	23.35%	23.80%

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>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	3,107,124	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	1.16%	1.09%	0.99%	0.99%	0.91%	0.96%	0.94%	0.91%	0.86%

*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)

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>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>	<u>2015</u>
Contractually required contributions	\$ 279,719	\$ 269,310	\$ 240,309	\$ 234,509	\$ 234,947	\$ 215,570	\$ 226,046	\$ 224,018	\$ 218,041	\$ 214,041
Contribution in relation to the contractually required contribution	<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>	<u>214,041</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>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	1,480,931	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	1.89%	1.71%	1.59%	1.67%	2.06%	2.13%	2.19%	2.11%	2.00%

*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)

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

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years

	<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>	<u>2015</u>
Contractually required contributions	\$ 62,100	\$ 57,200	\$ 44,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 38,000	\$ 36,000	\$ 32,000	\$ 26,000
Contribution in relation to the contractually required contribution	<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>	<u>26,000</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>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	1.86%	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	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 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. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Other Postemployment 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, 2024 and 2023

Schedule 8
Facilities and Systems Usage Charges

	<u>2024</u>	<u>2023</u>
Landing fees	\$ 11,032,320	\$ 8,375,059
Departure fees	6,923,677	4,995,719
Arrival fees	4,935,333	3,440,035
Passenger loading bridge usage charge	4,063,313	3,253,855
Immigration fees	1,935,559	1,346,089
Public apron fees	1,636,810	1,187,753
Common use departure fees	778,038	203,435
Utility recovery charge and other fees	731,067	824,646
Fuel flowage fees	520,858	379,300
	<u>\$ 32,556,975</u>	<u>\$ 24,005,891</u>

Schedule 9
Concession Fees

	<u>2024</u>	<u>2023</u>
General merchandise	\$ 6,893,236	\$ 6,641,732
Car rental	1,794,941	1,408,629
Ground transportation	1,485,338	1,129,610
In-flight catering	1,274,770	682,747
Food and beverage	907,418	772,627
Other	229,714	181,067
Parking lot	224,194	199,598
Advertising	211,351	208,284
Money exchange	(28,527)	33,501
GASB 87 implementation	(130,032)	(8,043,292)
	<u>\$ 12,862,403</u>	<u>\$ 3,214,503</u>

Schedule 10
Rental Income

	<u>2024</u>	<u>2023</u>
Operating space:		
- Non-airline	\$ 4,429,813	\$ 3,913,154
- Airline	3,275,375	1,995,263
Building and maintenance shop rentals	1,794,694	1,801,565
Other	1,669,209	1,701,461
Cargo rentals	296,220	291,133
GASB 87 Implementation	(53,827)	1,306,506
	<u>\$ 11,411,484</u>	<u>\$ 11,009,082</u>

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

Years Ended September 30, 2024 and 2023

Schedule 11
Personnel Services

	<u>2024</u>	<u>2023</u>
Salaries and wages	\$ 16,960,556	\$ 15,570,947
Retirement contributions	6,799,111	5,188,093
Insurance	<u>1,784,297</u>	<u>1,482,444</u>
	<u>\$ 25,543,964</u>	<u>\$ 22,241,484</u>
Full-time employee count in September	<u>228</u>	<u>223</u>

Schedule 12
Contractual Services

	<u>2024</u>	<u>2023</u>
Repairs and maintenance	\$ 7,410,892	\$ 5,279,116
Power	7,109,144	8,531,528
Professional services	4,606,357	4,435,726
Insurance	2,207,400	1,352,792
Miscellaneous	2,025,319	2,924,763
Advertising and promotions	602,492	466,689
Travel/training and certifications	365,424	172,511
Utilities and telephone	<u>350,723</u>	<u>398,320</u>
	<u>\$ 24,677,751</u>	<u>\$ 23,561,445</u>

Schedule 13
Materials and Supplies

	<u>2024</u>	<u>2023</u>
Equipment and vehicle maintenance and supplies	\$ 719,498	\$ 506,003
Office and security supplies	257,781	215,529
Electrical and plumbing	214,148	197,659
Miscellaneous	155,607	126,413
Building maintenance and supplies	<u>146,410</u>	<u>120,593</u>
	<u>\$ 1,493,444</u>	<u>\$ 1,166,197</u>

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

Years Ended September 30, 2024 and 2023

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
(A Component Unit of the Government of Guam)

Years Ended September 30, 2024 and 2023

Schedule 15
Debt Service Coverage Ratio Computation

	<u>2024</u>	<u>2023</u>
Net Revenues		
Revenues:		
Operating revenues	\$ 62,488,858	\$ 46,973,792
Non-Operating Revenues: Passenger Facility Charges	3,871,418	3,281,933
Non-Operating Revenues: Interest Income	2,305,446	1,351,070
Non-Operating Revenues: Interest on Leases	359,572	154,121
Non-Operating Revenues: Federal Operating Grants	3,453,067	2,071,462
Federal Capital Grants	5,245,920	6,467,389
Deductions:		
Interest Income from CIF*	(109,802)	(50,972)
Federal Capital Grants	(5,245,920)	(6,467,389)
Operation and Maintenance Expenses	(51,715,158)	(46,969,126)
Miscellaneous Expenses	(4,587,122)	(2,025,991)
Other Bookkeeping Entries: GASB 87	(175,713)	6,582,665
Other Bookkeeping Entries: Noncash Pension Cost	6,675,061	5,195,239
Other Bookkeeping Entries: Noncash OPEB Cost	1,232,064	748,044
Actual Contribution to GGRF	(4,924,674)	(4,373,518)
Actual Contribution to DOA	(820,909)	(651,561)
Net Revenues	<u>\$ 18,052,108</u>	<u>\$ 12,287,158</u>
Other Available Monies (lesser of amount in CIF or 25% of debt service fund)		
Capital improvement fund	\$ 1,966,011	\$ 6,848
25% of Debt Service	\$ 2,962,646	\$ 1,816,214
	<u>\$ 1,966,011</u>	<u>\$ 6,848</u>
Aggregate Annual Debt Service		
Sum of interest due during the year	\$ 7,835,584	\$ 7,264,857
Sum of principal due during the year	4,015,000	---
	<u>\$ 11,850,584</u>	<u>\$ 7,264,857</u>
Debt Service Coverage Ratio		
Net Revenues	\$ 18,052,108	\$ 12,287,158
Other Available Monies	1,966,011	6,848
	20,018,119	12,294,006
Divided By: Aggregate Annual Debt Service	11,850,584	7,264,857
Debt Service Coverage Ratio	<u>1.69</u>	<u>1.69</u>

*CIF - Capital Improvement Fund

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

Years Ended September 30, 2024 and 2023

Schedule 16
Employee Data

Department	Employees*		Personnel Services**	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Board	1	1	\$ 51,757	\$ 60,854
Administration***	34	33	6,236,089	4,689,092
Property Management	10	9	1,005,277	1,008,439
Accounting	12	8	1,200,124	874,351
Engineering	9	10	1,156,339	1,059,505
Operations	21	20	2,256,661	1,975,574
Properties & Facilities Maintenance	35	35	3,324,479	3,199,550
Airport Police	66	68	5,629,450	5,138,274
Aircraft Rescue & Fire Fighting	40	39	4,683,788	4,235,845
Total	<u>228</u>	<u>223</u>	<u>\$ 25,543,964</u>	<u>\$ 22,241,484</u>

Note(s):

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

** Personnel services are funded by the Operations & Maintenance Fund Account.

*** Administration consists of :	<u>2024</u>	<u>2023</u>
Executive Management	5	4
Administrative Support	9	10
Personnel	6	4
Marketing	3	3
Procurement	6	6
Management Info System	5	6
Total	<u>34</u>	<u>33</u>