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, 2023 and 2022
with Report of Independent Auditors

Building a better working world

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Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Antonio B. Won Pat International Airport Authority, Guam (the Authority), as of and for the years ended September 30, 2023 and 2022,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, 2023 and 2022, 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 25, the Schedule of the Authority's Proportionate Share of the Net Pension Liability on pages on pages 77, 79 and 81, the Schedule of the Authority's Contributions on pages 78, 80, 82 and 84 and the Schedule of the Authority's Proportionate Share of Collective Total Other Postemployment Benefit Liability on page 83 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, Contractual Services, Personnel Services, Materials and Supplies and Debt Service 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 10, 2024 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 10, 2024

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, 2023. 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. Using the Financial Statements

The Authority utilizes the flow of economic measurement focus. Financial statements are prepared in accordance with accounting principles generally accepted in the United States of America 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.

The Statement of Revenues, Expenses and Changes in Net Position replaced the Statement of Revenues, Expenses and Changes in Net Assets. Revenues are now categorized as either operating or non-operating based upon definitions provided by GASB 34. Significant recurring sources of the Authority's revenues, including federal grants are reported as non-operating revenues.

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023)

Rising from the vestiges of the COVID-19 pandemic in FY 2023, the Authority faced adversity again in the wake of Typhoon Mawar, which made landfall in Guam in May 2023. Despite the unprecedented challenges posed by the confluence of a global pandemic and the aftermath of a Category 5 storm, the Authority remained steadfast in refocusing its efforts to position itself as a beacon of recovery for the aviation industry in the region with a renewed growth and resurgence as it looked to rise to new heights in FY 2023.

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023), continued

Over the past two years, the travel industry witnessed a decline in passenger activity due to the COVID-19 pandemic, particularly in Asia where recovery was slower compared to other origin/destination markets. This delay was mainly attributed to stringent travel restrictions imposed by state governments. As these restrictions gradually relaxed, there was a positive upturn in visitor arrivals during FY 2023, signaling a potential recovery. However, the arrival of Typhoon Mawar in May 2023 caused a temporary setback due to the impact of this Category 5 storm. Despite this, the Authority remained steadfast in its efforts, showcasing resilience, expertise, and resourcefulness in swiftly responding to and mitigating the impacts of this natural disaster. This proactive approach enabled the immediate reopening of Guam's sole commercial airport, a critical lifeline for both Guam and the region's island economies.

In FY 2023, the total number of passenger movements reached 1,629,183, more than twice the activity in FY 2022 of 745,717 movements. Enplanements, constituting 882,664 movements, represented 54.2% of the overall traffic, while arriving passengers comprised 45.8%. According to FY 2023 statistics published by the Guam Visitor's Bureau, 60% of arriving travelers in FY 2023 originated from South Korea, making it a pivotal market for Guam. Additionally, 26% of arrivals came from Japan, China, Taiwan, and the Philippines. Domestic markets, including Hawaii and the Commonwealth of the Northern Marianas Islands (CNMI), accounted for 14% of the total arrivals. Authority managed 27,602 aircraft movements versus 18,756 movements the prior year. Airline partners transported over 10,536 metric tons of cargo and 12,969 metric tons of mail in FY 2023.

As a vital facility for the island's tourism-dependent economy, the Airport functions as a central hub for Micronesia, facilitating connectivity from the region to the global stage. Prior to the onset of the COVID-19 pandemic, Guam's annual airport activity averaged over 3 million passenger movements, 20,000 metric tons of cargo, and more than 50,000 flight movements to 24 destinations, including Hawaii, Japan, South Korea, China, Taiwan, the Philippines, and Oceania. Positioned within a 3 to 5-hour flight range from major cities in Asia and the Oceanic region, Guam proximity makes it an ideal vacation destination for tourists from these markets.

The following airlines served the Authority with scheduled passenger service for FY 2023: 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 Micronesian Air Cargo Services. Star Marianas provided services to the CNMI from Guam utilizing aircraft weighing 12,500 pounds or lower on a scheduled and charter basis for passenger/cargo services.

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023), continued

	2023	2022	2021	2023 % Increase (Decrease) from 2022
Major revenue sources:				
Landing fees	$ 8,375,059	$ 2,797,423	$ 799,651	199.4%
Terminal lease	11,009,082	9,402,140	10,546,710	17.1%
Concessions and parking	3,214,503	12,737,330	5,509,942	-74.8%
Total	$ 22,598,644	$ 24,936,893	$ 16,856,303	-9.4%
Passenger (enplanements) activity:				
Signatory airlines	859,013	408,439	124,856	110.3%
Non signatory and other airlines	23,651	9,795	10,710	141.5%
Total enplanements	882,664	418,234	135,566	111.0%
Aircraft operations	27,602	18,756	12,408	47.2%
Aircrafted landed weights (000,000)	2,317,944	1,699,584	1,582,331	36.4%
O & D passengers	1,481,948	656,676	189,733	125.7%
Transfer passengers	147,235	89,041	33,870	65.4%
Total passengers	1,629,183	745,717	223,603	118.5%

Despite the significant interruption caused by Typhoon Mawar, the Authority remained unwavering in its commitment to readying Guam for a resurgence in air travel. Amid the challenges posed by the typhoon, the Authority achieved success in several capital improvement projects and other initiatives aimed at enhancing safety and security for both the community and travelers.

Emphasizing federally funded initiatives and those critical for continuous 24/7 airport operations and compliance with Federal Aviation Regulations ("FAR") Part 139, the Authority directed its efforts towards expanding capacity, mitigating airport noise, and bolstering air service to current or emerging markets. Notable projects undertaken during this period included:

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023), continued

Capital Improvement Program

Aircraft Rescue and Firefighting Facility. In October 2023, the Authority took occupancy of its new 38,500 square feet, state-of-the-art Aircraft Rescue Fire Fighting 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 $28.9 million and was 90% funded through the Federal Aviation Administration ("FAA").

Runway 6L/24R Rehabilitation. This project consists of two phases. The first phase includes the rehabilitation and reconstruction of over 1,550 linear feet of runway (Phase 1a) and the rehabilitation and reconstruction of an additional 1,450 linear feet of runway (Phase 1b). Phase 1a and Phase 1b are complete. The second phase (Phase 2), included the rehabilitation of over 4,000 linear feet of runway previously constructed using PCC pavement. The project was completed in March 2023 with a total project cost of approximately $28.2 million, which was 90% funded by the FAA.

Master Plan Update. In November 2021, the Authority kicked off the update to its 2012 Master Plan. Guam's only commercial airport is part of a dynamic and turbulent aviation industry that has seen several changes over the past ten years. The Authority's updated master plan will reflect current conditions and forecast airport activity accordingly. In addition, it will consider new environmental and other regulatory factors and then plan for future facilities and compatible land uses to support projected aeronautical and non-aeronautical needs for long-term financial viability and sustainability. Key components include renovations to optimize ticketing lobby configurations, an expanded security queuing area, upgrades to gates and hold rooms, and enhanced airport concessions. Additionally, the Airport Layout Plan ("ALP") will be updated and include the Authority's Capital Improvement Program to allow for strategic financial planning for the continued development of the island's only commercial airport. This project is 90% funded with FAA discretionary funds.

Projects in Planning Process

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

Update the Part 150 Noise Study. The Part 150 Noise Compatibility Study is to develop updated noise exposure maps for land use planning and noise mitigation in and around Guam's airport, and to provide updates to its Noise Compatibility Program. The approximate cost of the project is $2.2 million. 90% is funded through the FAA's Airport Noise set-aside funding program.

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023), continued

Cargo Apron/Fuel System Extension. This project entails the design and construction for 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.

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. The Authority anticipates this project to be 90% funded through FAA supplemental funding and funds allocated under the 2022 Bipartisan Infrastructure Law ("BIL").

Replacement of Terminal Roofing System. Request for Proposals ("RFP") for the design and installation of a new roofing system for the Authority's main terminal was issued in FY 2022. The Authority intends to replace and improve the terminal area roof membrane that is not connected to the 3rd Floor International Arrivals Corridor for more energy efficiencies and cost savings, while sealing leakages and repairing other damage to its existing roofing infrastructure.

Zero Emissions Vehicles ("ZEV"). In line with the FAA's Modernization and Reform Act of 2012, the Authority is looking to improve air quality through reduced emissions at Guam's airport through the acquisition and operation of ZEVs. The study will identify the Authority's baseline conditions and determine the air quality benefits and reduction of Nitrogen Oxides and Volatile Organic Compounds through ZEVs. The study would also identify the Authority's ZEV needs, plan for the acquisition, and develop the architecture and engineering for the construction or modification of infrastructure to facilitate the delivery of energy and services necessary for these vehicles.

IT Infrastructure & Financial Management System. The Authority issued an RFP to assess the various infrastructure, systems, and equipment, operational processes, and financial management and accounting processes in order to synergize, maintain, and manage these systems through a fully integrated management system.

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.

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023), continued

Airport Microgrid Feasibility Study. 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 Authority.

Airport Energy Efficiency Assessment. The Authority is gearing up to investigate energy-saving methods and tactics in order to formulate a comprehensive sustainable strategy. This strategy is designed to offer guidance rather than limit decision-making, especially concerning the primary terminal structure. Moreover, it will empower the Authority to secure capital and navigate growth while safeguarding the interests of future generations. The study will encompass a thorough energy efficiency assessment, incorporating energy audits and recommending optimal practices to diminish the carbon footprint of the island's sole commercial airport.

Fire Alarm/Fire Suppression Infrastructure Update. This project is meant to update the Authority's fire alarm/fire suppression infrastructure to integrate all facilities under the Authority's jurisdiction into one centralized command and control system.

Residential Sound Solution Program ("RSSP"). This project is an ongoing FAA program that allows the Authority to provide noise mitigation of residences located within the 65 decibel (dB) range. The program is subject to federal funding limitations. The Authority has completed the preliminary screening of seventy homes that are eligible for this program. They will proceed with this program once the Noise Compatibility Program, which is a key component of the RSSP, is updated.

Sustainability Initiatives

The Authority remained committed to developing a sustainable strategy that prioritizes reducing our carbon footprint while concurrently optimizing and expanding capacity in a safe and health-conscious airport environment. This commitment extends across various facets, from planning capital improvement projects (encompassing financing, design, construction, and operations) to refining processes for an enhanced passenger experience. Additionally, the Authority is devoted to workforce development, community engagement, and initiatives aimed at preserving resources and ensuring long-term sustainability. By establishing a transparent and sustainable strategy that guides decision-making without imposing limitations, the Authority positions itself to access capital and foster growth without compromising the well-being of future generations. This holistic approach enables the Authority to comprehend and address the needs of stakeholders from social, environmental, and economic perspectives.

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023), continued

Sustainability Initiatives. continued

Furthermore, in alignment with the collective efforts of the entire aviation sector, including the US government, the Airports Council International ("ACI"), the International Air Transport Association ("IATA"), and the International Civil Aviation Organization ("ICAO"), toward achieving a net-zero carbon emissions target by 2050, the focus will be on airlines upgrading their fleets to utilize newer and more environmentally friendly equipment. This involves adopting more efficient flight routes, exploring sustainable alternatives for aviation fuel, and operating from airports that prioritize environmental responsibility. These measures are part of a broader initiative aimed at fostering a resilient and integrated airspace system.

Key initiatives to move the Authority closer to attaining these goals include: 1) the Airport Energy Efficiency Assessment; 2) the acquisition of the ZEV vehicles under the FAA's pilot program; 3) the implementation of a solar energy plan through a public/private partnership; and, 4) the creation of a robust utility infrastructure through the relocation of its power distribution and telecommunications infrastructure, to minimize service interruptions due to extraordinary or catastrophic events.

Other Initiatives and Operational Activities

Cargo Transshipment

The Authority is studying the creation of a bonded warehouse facility, an agricultural inspection and fumigation facility, and the establishment of a transshipment hub. This initiative includes the implementation of a Transportation Security Administration ("TSA")-certified cargo screening program, achieved through collaborative efforts with the Governor's office, key government entities such as the Guam Economic Development Authority and the Port Authority of Guam, and various industry stakeholders. Simultaneously, we are in the process of procuring design services for the expansion of our air cargo apron and fuel system. This expansion aims to facilitate direct access for a minimum of two all-cargo freighters to the Integrated Air Cargo Facility. Furthermore, our ongoing master plan process is uncovering additional opportunities to enhance and develop the Integrated Air Cargo Facility.

Air Service Development

The Authority continued to pursue its route development initiatives to meet with targeted airlines to push the incentives and encourage implementation or resumption of services to Guam. Other initiatives included seeking access to Haneda Airport in Tokyo, Japan; and the pursuit of expanded air services to provide more operational flexibility for foreign airline partners. Daily flights to Haneda commenced on May 1, 2024.

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023), continued

Intergovernmental Coordination (Federal and Local)

FY 2023 saw the Authority's collaboration with various federal and local governmental entities, reinforcing its role as a pivotal contributor to Guam's island economy and the broader Micronesian region. This engagement further solidified the Authority's significance within the broader context of the U.S. Indo-Pacific strategy.

Federal Coordination

National Defense. Over the years, the Authority has actively supported initiatives of the U.S. Department of Defense, serving as a vital link to facilitate the military's use of commercial aviation, and FY 2023 was no exception. Guam's airport operates as an alternative/support facility for military activities and training exercises, ready to respond 24/7 as needed. In FY 2023, the Authority once again played a supportive role in Cope North 2023, which is an annual field training exercise involving a multilateral coalition of air forces from the U.S., Japan, and Australia. The focus was on trilateral airborne integration for large-force employment, agile combat employment, humanitarian assistance, disaster relief training, and other military operations.

Emergency Management. The Authority collaborates closely with the U.S. Federal Emergency Management Agency ("FEMA"). Guam's airport plays a crucial role as a strategic location for prepositioning supplies and equipment, supporting FEMA in consolidating civilian requirements with military missions. The significance of the Authority's role in disaster recovery became evident during Typhoon Mawar when the Category 5 typhoon devastated the island on May 24th, causing severe flooding and water damage to airport facilities. Remarkably, the airport reopened just 72 hours later. Despite the immense challenge of removing tons of water throughout the facility, the airport resumed Humanitarian and Essential Cargo flights on May 27, 2023, and normal operational flights on May 29, 2023.

Homeland Security. Through a collaborative initiative with stakeholders, biometric equipment was installed at passenger gates and has been actively employed by airlines to capture the biometric exit data of all departing passengers since October 1, 2023. Hosted by the Airline Common Use Terminal Equipment ("CUTE") Club, the biometric exit system enhances identity verification during passenger processing. The Authority's activation of this biometric exit system marks it as the first U.S. airport in the region to implement technology that aligns with the requirements of the U.S. Customs and Border Protection ("USCBP").

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023), continued

Local Coordination

Department of Agriculture. The Authority works in collaboration with the U.S. Department of Agriculture to enhance technology and implement barriers at the airport, aiming to control the access of invasive species to the island's primary ports of entry.

Department of Public Works. The Authority continues to work with the Department of Public Works ("DPW") to advance roadway improvements to property adjacent to the airport, aimed at augmenting capacity and improving traffic circulation. These upgrades encompass Phase II of the Tiyan Parkway, a 1.5-mile roadway system catering to over 15,000 daily motorists, and the extension of Route 10A along the airport's frontage. This 2-mile segment connects Route 1 Marine Corps Drive and Route 16 Army Drive. Additionally, the Authority is endorsing the expansion of Mariner Avenue on the south side of the Airport property, facilitating convenient access for tenants and business partners in South Tiyan and alleviating congestion at the tri-intersection of Routes 8, 10, and 16.

Regulatory/Compliance

Airport Emergency Plan. In October 2022, the Authority conducted its annual examination of the Airport Emergency Plan ("AEP"), as mandated by FAR Part 139.325(g). This regulation necessitates the Authority to collaborate with inter/intra agencies, including law enforcement, firefighting, medical, Air Traffic Control, as well as principal tenants and stakeholders. The review occurs every twelve calendar months to guarantee that each party comprehensively understands, acknowledges, and updates their respective roles and responsibilities.

FAR Part 139 Certification Inspection. The Authority successfully concluded its Annual FAR Part 139 Certification in April 2023. During this process, guest observers from regional Civil Aviation Authorities and island airports, including Pohnpei, Kosrae, Chuuk, and the Marshall Islands, shadowed FAA inspectors participating in the comprehensive review of regulatory requirements at GUM. The FAR Part 139 Inspection is essential to guarantee compliance with standards for airport certification, safety, and operations, playing a crucial role in upholding the safety and operational integrity of airports serving scheduled air carrier operations. These inspections are instrumental in ensuring that airports meet established standards, thereby providing a secure and safe environment for air travel.

C. Authority Activities and Highlights (Ready to Fly! Refocused and Rising in FY 2023), continued

Regulatory/Compliance, continued

FAA Airport Nondiscrimination/Title VI Compliance Review. In FY 2023, the Authority was selected and successfully completed a review of compliance with Title VI of the Civil Rights Act, as well as the implementation of regulations under 49 CFR Part 21, focusing on Nondiscrimination in Federally Assisted Programs of the Department of Transportation for the effectuation of Title VI. Information was submitted to the FAA Office of Civil Rights, and the formal review of compliance and implementation occurred on April 25 and 26, 2023. Title VI training was conducted by the FAA Office of Civil Rights for a mix of airport employees from all divisions, and corrective actions for all findings were completed by May 2023.

Other Notable Accomplishments

2023 Aerodrome Certification Workshop. The Authority successfully hosted the 2023 Aerodrome Certification Workshop at the Westin Hotel in Guam from April 18 to 21. Themed "Recovery, Resilience, and Revitalization," the event drew distinguished participants, including representatives from the FAA, ACI, ICAO, FEMA, U.S. Department of Agriculture ("USDA"), Department of Homeland Security ("DHS"), Joint Region Marianas ("JRM"), and aviation transportation ministers and airport managers from the CNMI, Republic of Palau, Federated States of Micronesia including Pohnpei, Yap, Chuuk, Kosrae, as well as the Republic of the Marshall Islands, and American Samoa. Over four days of interaction and networking, the workshop centered on sharing best practices, discussing regulatory requirements, and addressing recovery challenges. Resuming after a temporary suspension due to the COVID-19 global pandemic, this annual workshop, last held in 2019 in the Republic of Palau, successfully facilitated valuable connections among regional aviation stakeholders.

Safety and Security: Narcotics and Tracking K-9 Teams. With a renewed focus on the enhanced safety and security of passengers, the Authority's Airport Police Division augmented its services by reintroducing two new K-9 units specialized in narcotics detection and tracking. These dual-purpose K-9s, belonging to the Belgian Malinois (Shepherd) breed, mark the revival of narcotics K-9 units after a 20-year hiatus, underlining the commitment to strengthening security measures at the airport.

D. Financial Operation Highlights

Financial Position Summary

A condensed summary of the Authority's Statements of Net Position at September 30, 2023, 2022, and 2021 is shown below:

	2023	2022	2021	2023 % Increase (Decrease) from 2022
Assets				
Current assets:				
Unrestricted current assets	$ 22,659,275	$ 26,580,172	$ 13,241,990	-14.8%
Restricted current assets	1,872,206	1,308,162	300,544	43.1%
Non-current assets:				
Unrestricted assets	20,810,870	29,905,885	40,430,483	-30.4%
Restricted assets	23,527,995	21,351,555	25,983,877	10.2%
Capital assets	481,081,294	501,203,823	489,655,295	-4.0%
Avigation easements	2,740,632	4,016,811	5,292,992	-31.8%
Leases	12,740,962	7,836,887	248,400	62.6%
Deferred outflow - pension	15,446,044	4,850,322	7,135,101	218.5%
Deferred outflow - other postemployment benefits	9,624,528	15,098,596	18,247,009	-36.3%
Deferred differences on refunding of bonds	11,899,215	13,240,344	14,581,473	-10.1%
Total assets and deferred outflow of resources	$ 602,403,021	$ 625,392,557	$ 615,117,164	-3.7%
Liabilities				
Current liabilities:				
Payable from unrestricted assets	$ 25,042,718	$ 30,287,702	$ 27,104,064	-17.3%
Payable from restricted assets	1,532,095	967,035	300,915	58.4%
Long term liabilities	281,660,039	272,943,019	276,275,058	3.2%
Total liabilities	308,234,852	304,197,756	303,680,037	1.3%
Deferred inflow of resources:				
Deferred differences on refunding of bonds	425,243	12,568	36,497	3283.5%
Deferred inflow - lease revenue	18,685,414	14,441,965	---	29.4%
Deferred inflow - pension	1,058,051	3,831,131	704,214	-72.4%
Deferred inflow - other postemployment benefits	24,317,353	21,335,001	28,800,329	14.0%
Total deferred inflow of resources	44,486,061	39,620,665	29,541,040	12.3%
Net Position				
Invested in capital assets - net of related debt	300,268,671	325,089,725	314,733,483	-7.6%
Restricted	23,868,106	21,692,681	26,088,212	10.0%
Unrestricted	(74,454,669)	(65,208,270)	(58,925,608)	14.2%
Total net position	249,682,108	281,574,136	281,896,087	-11.3%
Total liabilities and net position	$ 602,403,021	$ 625,392,557	$ 615,117,164	-3.7%

D. Financial Operation Highlights, continued

Total Revenues

In FY 2023, the Authority garnered $61 million in total revenues. The majority, 65.9%, came from operating revenues, amounting to $40.2 million. Non-operating revenues contributed 34.1%, generating an additional $20.8 million.

	2023	2023 % of Total	2022	2022 % of Total	2021	2021 % of Total	2023 % Increase (Decrease) from 2022
Landing fees	$ 8,375,059	13.7%	$ 2,797,423	3.3%	$ 799,651	1.2%	199.4%
Departure fees	4,995,719	8.2%	2,304,411	2.7%	791,830	1.2%	116.8%
Arrival fees	3,440,035	5.6%	1,432,759	1.7%	475,611	0.7%	140.1%
Passenger loading bridge usage charge	3,253,855	5.3%	1,402,017	1.7%	1,309,725	1.9%	132.1%
Immigration fees	1,346,089	2.2%	455,453	0.5%	87,865	0.1%	195.5%
Public apron fees	1,187,753	1.9%	1,024,902	1.2%	1,096,053	1.6%	15.9%
Utility recovery charge and other fees	824,646	1.4%	700,154	0.8%	477,492	0.7%	17.8%
Fuel flowage fees	379,300	0.6%	242,143	0.3%	261,792	0.4%	56.6%
Common use departure fees	203,435	0.3%	183,371	0.2%	8,018	0.0%	10.9%
Total facilities and systems usage charges	24,005,891	39.4%	10,542,633	12.6%	5,308,037	7.7%	127.7%
General merchandise	6,641,732	10.9%	5,527,149	6.6%	4,421,204	6.4%	20.2%
Car rental	1,408,629	2.3%	856,535	1.0%	359,631	0.5%	64.5%
Ground transportation	1,129,610	1.9%	407,880	0.5%	(5,287)	0.0%	176.9%
Food and beverage	772,627	1.3%	400,001	0.5%	115,867	0.2%	93.2%
In-flight catering	682,747	1.1%	393,306	0.5%	263,497	0.4%	73.6%
Other	622,450	1.0%	380,939	0.5%	355,030	0.5%	63.4%
GASB 87 implementation	(8,043,292)	-13.2%	4,771,520	5.7%	---	0.0%	-268.6%
Total concession fees	3,214,503	5.3%	12,737,330	15.2%	5,509,942	8.0%	-74.8%
Operating space - airline	1,995,263	3.3%	1,904,161	2.3%	2,789,602	4.1%	4.8%
Operating space - non airline	3,913,154	6.4%	3,637,639	4.3%	4,060,166	5.9%	7.6%
Other	3,794,159	6.2%	3,863,661	4.6%	3,696,941	5.4%	-1.8%
GASB 87 implementation	1,306,506	2.1%	(3,321)	0.0%	---	0.0%	-39440.7%
Total rental income	11,009,082	18.0%	9,402,140	11.2%	10,546,709	15.3%	17.1%
Miscellaneous	1,961,444	3.2%	508,505	0.6%	1,808,568	2.6%	285.7%
Total operating	40,190,920	65.9%	33,190,608	39.5%	23,173,256	33.7%	21.1%
Aviation fuel tax	6,782,872	11.1%	---	0.0%	---	0.0%	---
Federal capital grants	6,467,389	10.6%	23,498,637	28.0%	22,340,926	32.5%	-72.5%
Passenger facility charge	3,281,933	5.4%	1,349,348	1.6%	270,964	0.4%	143.2%
Federal operating grants	2,071,462	3.4%	24,206,136	28.8%	20,442,607	29.7%	-91.4%
Interest income	1,351,070	2.2%	818,954	1.0%	762,933	1.1%	65.0%
Other	698,052	1.1%	741,413	0.9%	1,816,455	2.6%	-5.8%
Interest on leases	154,121	0.3%	131,998	0.2%	---	0.0%	16.8%
Total non-operating	20,806,899	34.1%	50,746,486	60.5%	45,633,885	66.3%	-59.0%
Total revenues	$60,997,819	100.0%	$83,937,094	100.0%	$68,807,141	100.0%	-27.3%

D. Financial Operation Highlights, continued

Operating Revenues

Out of the $40.2 million in total operating revenues, $24 million originated from facilities and use charges, while $3.2 million resulted from total concession fees. $6.6 million was attributed to the implementation of GASB No. 87, Leases, aimed at enhancing accounting and financial reporting for leases by governments. Miscellaneous income accounted for $2 million.

Non-Operating Revenues

Non-operating revenues, which include interest income, interest on leases, passenger facility charges ("PFCs"), grants from the U.S. government, and other miscellaneous sources, made up 34.1% of the Authority's total revenues, reaching a sum of $20.8 million. The primary contributors were $8.5 million from the federal government, a substantial portion of which is from the FAA. PFC collections accounted for $3.3 million, and interest income accumulated to $1.4 million. This is the first year for the Authority to record its share of the Aviation Fuel Tax which represents the net revenues from 2018 to 2023.

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

In FY 2023, total expenses reached $92.9 million, with operating expenses constituting 50.6% of the Authority's total expenditures, amounting to $47 million. This category included significant allocations for contractual services at $23.6 million, personnel services at $22.2 million, and $1.2 million for materials and supplies. Depreciation and amortization amounted to $32.9 million, representing 35.4% of the total expenses.

	2023	2023 % of Total	2022	2022 % of Total	2021	2021 % of Total	2023 % Increase (Decrease) from 2022
Operating expenses:							
Contractual services	$ 23,561,445	25.4%	$ 18,967,112	22.5%	$ 14,857,167	22.1%	24.2%
Personnel services	22,241,484	23.9%	18,907,278	22.4%	18,886,492	28.1%	17.6%
Materials and supplies	1,166,197	1.3%	1,300,131	1.5%	799,951	1.2%	-10.3%
Total operating expenses	46,969,126	50.6%	39,174,521	46.5%	34,543,610	51.4%	19.9%
Depreciation and amortization	32,873,078	35.4%	31,247,534	37.1%	29,198,113	43.4%	5.2%
Non-Operating:							
Interest expense	8,708,546	9.4%	9,443,734	11.2%	(756,281)	-1.1%	-7.8%
Non-recurring expense - typhoon	1,024,489	1.1%	---	0.0%	---	0.0%	---
Other	3,314,608	3.6%	4,393,256	5.2%	4,237,712	6.3%	-24.6%
Total non-operating expenses	13,047,643	14.0%	13,836,990	16.4%	3,481,431	5.2%	-5.7%
Total expenses	$ 92,889,847	100.0%	$ 84,259,045	100.0%	$ 67,223,154	100.0%	10.2%
Total full time employees	222		235		235		-5.5%

D. Financial Operation Highlights, continued

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

In carrying out its fiduciary responsibilities, the Authority continued to take a proactive approach with cost-cutting initiatives and strict protocols. The prioritization of essential supplies and services ensured uninterrupted operational readiness, even in the aftermath Typhoon Mawar. This contributed to the Authority’s bond rating being upgraded from “Negative” to “Stable” in March 2023 by Moody’s Investor Services and the subsequent reaffirmation of its investment grade rating of Baa2 with Stable Outlook in September 2023.

Full Time Employees

As of September 30, 2023, the Authority employed 222 full-time employees (“FTEs”).

E. Cost per Enplaned Passenger & Debt Service Coverage

In FY 2023, the Authority's cost per enplaned passenger (“CPE”) was approximately $26.23. Enplaned passengers encompass individuals departing from Guam or transiting through the island. The CPE utilizes a hybrid rate-setting system, incorporating elements of both residual-cost and compensatory-cost rate setting methodology. This approach grants the Authority the flexibility to offset aeronautical costs with non-aeronautical revenues.

	2023	2023 % of Total	2022	2022 % of Total	2021	2021 % of Total
Airport revenues						
Signatory airline rentals and fees	$ 22,529,601	37.3%	$ 10,231,709	18.7%	$ 6,158,049	13.8%
Revenue from sources other than signatory airline rentals and fees*	24,398,105	40.4%	18,190,699	33.2%	17,015,209	38.2%
Passenger facility charge revenue	3,281,933	5.4%	1,349,348	2.5%	270,964	0.6%
Aviation fuel tax	6,782,872	11.2%	---	0.0%	---	0.0%
Federal operating grants	2,071,462	3.4%	24,206,136	44.2%	20,442,607	45.9%
Interest income not related to construction	1,300,098	2.2%	755,981	1.4%	618,953	1.4%
Total airport revenues	$ 60,364,071	100.0%	$ 54,733,873	100.0%	$ 44,505,782	100.0%
		% Change		% Change		
Signatory airline enplaned passengers	859,013	110.3%	408,439	227.1%	124,856	
Signatory airline cost per enplaned passenger	$26.23	4.7%	$25.05	-49.2%	$49.32	

**FY 2023 and FY 2022 revenues are net of the GASB 87 bookkeeping entries.*

PE. Cost per Enplaned Passenger & Debt Service Coverage, continued

Regarding the Debt Service Coverage ("DSC") ratio, which was mandated by 2019, 2021, and 2023 bond covenants to equal 1.25x. The FY 2023 DSC was recorded at 1.69x, reflecting robust coverage beyond the 1.25x DSC ratio.

	2023	2022	2021
Airport Revenues*	$ 60,364,071	$ 54,733,873	$ 44,505,782
Less: Operation and Maintenance Expenses**	(48,076,913)	(42,438,343)	(35,767,648)
Net Revenues	12,287,158	12,295,530	8,738,134
Plus: Other Available Moneys	6,847	2,018,555	1,729,676
Net Revenues and Other Available Moneys	$ 12,294,005	$ 14,314,085	$ 10,467,810
Rate Covenant			
Net Revenues and Other Available Moneys	$ 12,294,005	$ 14,314,085	$ 10,467,810
Total Annual Debt Service	$ 7,264,857	$ 8,074,221	$ 6,918,703
Annual Debt Service Coverage	1.69	1.77	1.51
Debt service coverage requirement	1.25	1.25	1.25

**FY 2023 and FY 2022 revenues are net of GASB 87 bookkeeping entries.*

***O&M expenses are net of Pension and OPEB bookkeeping entries.*

The positive CPE and DSC results in FY 2023 are attributed to the Authority's strategic efforts, including the refunding/refinancing of several general revenue bonds in FY 2019 ($34 million), FY 2021 ($143 million), and FY 2023 ($47 million). Additionally, financial support from the federal government, the Government of Guam, and funds received through the American Rescue Plan played a crucial role. These revenue initiatives provided the flexibility needed by the Authority to ensure compliance with its bond covenants.

Airline Signatory Rates & Charges

The Signatory Airline Agreement holds significant importance for both the Authority and its signatory airline partners. This agreement grants the airlines non-exclusive rights to utilize airport facilities, equipment improvements, and services, along with the occupancy of specific exclusive-use premises and facilities at favorable rates. In exchange, the Authority, with the signatory airline partners acting as guarantors, safeguards its financial position and maintains the ability to establish rates and charges to cover operational costs.

E. Cost per Enplaned Passenger & Debt Service Coverage, continued

Airline Signatory Rates & Charges, continued

The majority of the airlines operating at the Authority are signatory carriers. Signatory airlines have consistently constituted over 95% of passenger activity at the Authority. In FY 2023, the Authority's signatory airlines include the following carriers: United Airlines, Japan Airlines, Korean Air, Philippine Airlines, China Air, Jin Air, Jeju Air, Air Busan, T'way Air, and Air Seoul.

F. Outlook for FY 2024

Despite the challenges posed by Typhoon Mawar and the lingering impacts of COVID-19, the Authority is ready to take off, refocus, and revitalize, emerging stronger as the Asian travel market improves. During the first two quarters of FY 2024 (October 2023 through March 2024), there was a surge in passenger movements to 551,106, marking a significant 127% recovery year-over-year and reaching 58% of the same period in FY 2019, before the pandemic. Enplanements, including departing and transit passengers, accounted for 53% of total passenger movements.

Based on signatory airline forecasts, projections estimate 1.41 million enplaned passengers for FY 2024, representing approximately 74.9% of FY 2019's pre-pandemic enplanements. This readiness to soar highlights the Authority's resilience and commitment to regaining strength in the evolving travel landscape.

The Guam Visitors Bureau Preliminary Arrival Summary Report for March 2024 underscores the island's consistent allure for travelers from South Korea, which remains the largest source market. Of the 406,998 visitors to Guam between October 2023 and March 2024, 224,389 were from South Korea, making up 55.1% of total arrivals. Japan, another crucial market, contributed 109,719 visitors in the same period, accounting for 26.9% of overall visitors and showing a substantial increase from FY 2023, which recorded only 11,583 arrivals during the same timeframe.

The upswing in visitor arrivals from Japan may correlate to the additional flights introduced by United Airlines and the 5th freedom flights operated by South Korean Low-Cost Carriers through Japan. In May 2024, United began its Haneda/Guam route. This is a promising development that is expected to bolster seat capacity from this significant market, instilling optimism for Guam's resurgence as a favored destination in the Japan travel market.

Capital Improvements

With several more of its large capital improvements completed such as the Runway 6L/24R Runway Rehabilitation and the newly constructed, modern Aircraft Rescue and Firefighting Facility, the Authority remains focused on enhancing the safety and security of Guam's only commercial airport and is looking to complete the following projects:

F. Outlook for FY 2024, continued

Capital Improvements, continued

Airport Masterplan. The Authority's masterplan is near completion and will identify other ways to optimize its facilities such as a new ticketing lobby configuration, an expanded security queuing area, more airport concessions and amenities, and upgrades to gates and hold rooms.

Terminal Roof Replacement. The design for this project is nearly complete. The Authority put this out for bid in May 2024. Typhoon Mawar exposed the vulnerability the Authority's Terminal structure has against Category 5 storms. This project will provide the necessary repairs and infrastructure to mitigate future natural disasters.

Terminal Apron Rehabilitation. The Terminal Apron Rehabilitation project will commence by the third quarter of FY 2024. This will provide repairs to the Authority's aircraft parking aprons and adjacent taxiways.

Zero Emissions Vehicles & Infrastructure. The ZEV and Infrastructure project is a pilot program under the FAA's ZEV initiatives to help reduce carbon emissions on or around U.S. airports. The Authority anticipates receiving its first fleet of ZEV vehicles in FY 2024.

Cargo Apron & Fuel System Extension. The design for the construction of the Cargo Aprons to service the Integrated Air Cargo Terminal is in its final stages of development. The Authority anticipates this project to be issued for bid in FY 2024.

Main Gate Improvements (Airport Operations Access). The Authority will engage the services of a professional firm to study the relocation and develop the design of its main Airport Operations Access ("AOA") gate due to the increase in airside activities.

Security Screening Expansion. The Authority will issue a Request for Proposal to design the expansion of the queuing area for the Security Screening Checkpoint operated by TSA. This will increase the volume of passengers that can be accommodated in what is a very congested area.

Airport Energy Efficiency Assessment. The Authority will be undertaking an energy efficiency assessment. This will provide a basis for its sustainability initiatives and will help shape its Sustainable Policy.

Southside Fuel Tank Storage Facility. The Authority is studying the feasibility for the installation of a 10,000 gallon above-ground, fuel storage facility to service general aviation and fixed based operators located on the South Tiyan properties.

Fire Alarm/Fire Suppression System. This project will provide the Authority with a centralized monitoring system for all facilities under the Authority's footprint.

F. Outlook for FY 2024, continued

Capital Improvements, continued

Expanded Access to Airport Facilities by Individuals with Disabilities. This project will provide expanded access to airport facilities for individuals with disabilities. Plans will include expanded curbside canopies, improved digital signage, and other improvements.

Information Technology Infrastructure and Financial Management Systems Integration Assessment and Design. The Authority commissioned a study to identify its information technology needs, to include the infrastructure and software needed for a modern, international airport.

Underground Utility Infrastructure Relocation and Power Generation. As part of its sustainability initiatives, the Authority is looking to relocate its overhead power distribution infrastructure and relocate it underground. This initiative will minimize impacts brought on by natural or manmade disasters, and provide the resiliency needed for immediate recovery after an event.

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

Airport Circulation and Roadway Improvements

The Authority is collaborating with various government agencies, particularly DPW, to advance enhancements to the roadways adjacent to airport property. These improvements aim to augment capacity and enhance traffic circulation. One significant project is Phase II of the Tiyan Parkway, a 1.5-mile roadway system catering to more than 15,000 daily motorists. Additionally, there is an ongoing project to expand Route 10A, a 2-mile stretch of road in front of the airport, connecting Route 1 Marine Corps Drive and Route 16 Army Drive. The Authority is also backing the expansion of Mariner Avenue on the south side of the Airport Property to alleviate congestion at the tri-intersection of Routes 8, 10, and 16.

Sustainable Development

The Authority will continue its efforts to align itself with the net-zero carbon goals that the entire aviation industry including ACI, IATA, and ICAO have committed to achieving. The Authority plans to apply to the ACI Airport Carbon Accreditation ("ACA") program, which is the only institutionally endorsed, global carbon management certification program for airports that independently assesses and recognizes the efforts of airports to manage and reduce their carbon emissions through six (6) levels of certification. Additionally, the Authority will continue to pursue federal government grant programs such as the ZEV Program, and other actions and projects and programs are expected to be planned and undertaken throughout the next several fiscal years.

F. Outlook for FY 2024, continued

Revenue Diversification

The Authority continues to find ways to diversify and enhance its revenue streams to provide for increased financial stability with a strong framework to drive revenues up, make funds available for continued capital improvements, and reduce airline costs. Revenue diversification helps reduce business risks during economic downturns and provides a source of income for operations and infrastructure improvements. More importantly, it helps attract new business interests and broaden the tenant mix at the airport.

The Authority has over 21 acres of raw land available and is looking for partners to develop these properties. We are working to make our lease terms more flexible and increasing term limits from 5 years to 30 years or longer to ensure a suitable time frame to realize a return on investment for our partners. This requires amendments to existing Guam statute and the Authority continues to pursue such updates to allow for increased revenue diversification.

Financial Outlook

The Authority's financial outlook is projected to experience a significant upturn in FY 2024 when compared to the preceding two fiscal years. Signatory airline forecasts are expecting that total operating revenues will escalate from $40.2 million in FY 2023 to $69 million in FY 2024. Anticipated financial support includes an estimated $10 million in federal grants from the FAA through the Airport Improvement Program entitlement funding and the Bipartisan Infrastructure Law enacted in 2021.

The expected revenue distribution reflects 54% for aeronautical revenues and 46% for non-aeronautical revenues. The Authority is steadfast in its commitment to exploring opportunities to reevaluate, diversify, and actively pursue a variety of revenue streams to mitigate airport operating costs. Incentives for both existing and new markets will be implemented to foster continuous growth in air service development.

Furthermore, the Authority's Board of Directors and Management team will diligently uphold their fiduciary responsibilities. They will ensure the implementation of effective cost-containment measures without compromising airport safety and security, thus promoting sustainable financial practices.

F. Outlook for FY 2024, continued

Operation and Maintenance Expenditures

Anticipated operations and maintenance ("O&M") expenditures for FY 2024 are expected to exceed the figures from FY 2023. This increase is mainly due to the substantial recovery in passenger traffic, leading to an increased demand for contractual services at the Airport. The increase in utility expenses had a significant impact on the Authority's overall expenses. Despite these challenges, the Authority underscores the utmost importance of maintaining airport operations continuously, as a licensed FAR Part 139 airport operating 24/7, while ensuring a safe and secure travel environment.

Passenger Enplanement Cost & Debt Service Coverage

The CPE for FY 2024 is projected to be $28.63, while the DSC comfortably exceeds the Authority's bond indentures requirement of 1.25x, forecasted at 1.81x.

Workforce Development

In the next 3-5 years, a significant portion of the Authority's 200 plus employees, ranging from 10% to 20%, will become eligible for retirement, and many of them hold crucial positions. Moreover, the aviation industry is experiencing substantial growth. Considering the expanding operations, increased workload, and the myriad of responsibilities in the Guam aviation industry, it is crucial to develop the core workforce to uphold high standards and quality in the daily operations of Guam's sole commercial airport.

Workforce development and succession planning are integral components of the Authority's strategic management process. These initiatives will align with long-term goals and objectives, mitigate risks associated with turnover, and cultivate personnel to meet future organizational needs. Furthermore, they will furnish the Authority with a strategically planned approach and framework for the workforce development and succession plan for the management of Guam's only commercial airport.

The Authority recently implemented a compensation pay study, which received approval from the Board. Pay adjustments for employees took effect in Spring 2024. This undertaking is crucial for the Authority to maintain competitiveness in the Guam market, preserve the ability to retain its current workforce, and enhance its capability to attract and recruit the best talent from Guam and the surrounding region.

F. Outlook for FY 2024, continued

Conclusion

With over $2.3 billion in direct, indirect, or induced economic activity for our island community, the Authority serves as a crucial economic driver for Guam and the Micronesian region. As the Authority endeavors to reconstruct its network and connections, it will persist in developing Guam's sole commercial airport. This involves overseeing the ongoing capital improvement projects, minimizing operational disruptions, and striving to maintain a superior level of airport services, prioritizing safety, security, efficiency, and effectiveness. This commitment ensures that the Authority continues to stand as a regional leader in aviation and a significant player in the Asia/Pacific region.

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

Statements of Net Position

	September 30, 2023	September 30, 2022
Assets		
Current assets:		
Unrestricted assets:		
Cash	$ 2,946,383	$ 932,365
Accounts receivable, trade, net of allowance for doubtful accounts of $989,249 at September 30, 2023 ($886,640 at September 30, 2022)	8,059,393	7,630,887
Federal grants receivable	954,191	3,884,349
Aviation fuel tax receivable, net of allowance for doubtful accounts of $2,471,753 at September 30, 2023	6,782,872	---
Lease receivable	3,706,780	13,708,420
Inventory and other	209,656	424,151
Total unrestricted current assets	22,659,275	26,580,172
Restricted assets:		
Custom fees cash	128,371	---
Passenger facility charges cash	871	10,300
Customs fees receivable	1,231,494	966,439
Passenger facility charges receivables	511,470	331,423
Total restricted current assets	1,872,206	1,308,162
Total current assets	24,531,481	27,888,334
Lease receivable, net	12,740,962	7,836,887
General Revenue Bonds:		
Investments and cash with trustees, unrestricted	20,810,870	29,905,885
Investments and cash with trustees, restricted	23,527,995	21,351,555
	44,338,865	51,257,440
Depreciable capital assets, net	401,980,505	401,669,469
Non-depreciable capital assets	79,100,789	99,534,354
Avigation easements	2,740,632	4,016,811
Total assets	565,433,234	592,203,295
Deferred outflows of resources		
Deferred differences on bond refunding	11,899,215	13,240,344
Pension	15,446,044	4,850,322
Other postemployment benefits	9,624,528	15,098,596
Total deferred outflows of resources	36,969,787	33,189,262
Total assets and deferred outflows of resources	$ 602,403,021	$ 625,392,557

See accompanying notes.

Statements of Net Position, continued

	September 30, 2023	2022
Liabilities		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable - trade	$ 6,421,856	$ 4,057,413
Accounts payable - construction	4,040,531	12,606,201
Other liabilities	5,867,066	4,367,073
Security deposits and unearned income	4,423,509	3,243,439
Current portion of annual leave	470,239	486,492
Current portion of long-term loan payable to bank	591,770	1,490,973
Accrued interest on General Revenue Bonds	3,227,747	4,036,111
Total payable from unrestricted assets	25,042,718	30,287,702
Payable from restricted assets:		
Customs fees payable to Treasurer of Guam	1,532,095	967,035
Total payable from restricted assets	1,532,095	967,035
Total current liabilities	26,574,813	31,254,737
Non-current liabilities:		
Payable from unrestricted assets:		
Accrued sick leave	254,589	153,848
Long-term portion of annual leave	1,442,333	1,391,889
Long-term loan payable to bank	---	587,012
Net pension liability	43,177,821	28,748,328
Collective total other postemployment benefit liability	42,349,839	50,781,242
Total payable from unrestricted assets	87,224,582	81,662,319
Payable from restricted assets:		
Long-term bonds payable, less current installments:		
General Revenue Bonds	194,435,457	191,280,700
Total non-current liabilities	281,660,039	272,943,019
Total liabilities	308,234,852	304,197,756
Deferred inflows of resources:		
Deferred differences on refunding of bonds	425,243	12,568
Pension	1,058,051	3,831,131
Other postemployment benefits	24,317,353	21,335,001
Leases	18,685,414	14,441,965
Total deferred inflows of resources	44,486,061	39,620,665
Net position:		
Net investment in capital assets	300,268,671	325,089,725
Restricted for:		
Capital assets	23,527,995	21,351,555
Custom fees	(172,230)	(597)
Passenger facility charge purposes	512,341	341,723
Unrestricted	(74,454,669)	(65,208,270)
Total net position	$ 249,682,108	$ 281,574,136

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, 2023	Year Ended September 30, 2022
Operating revenues:		
Facilities and systems usage charges	$ 24,005,891	$ 10,542,633
Rental income	11,009,082	9,402,140
Concession fees	3,214,503	12,737,330
Miscellaneous	1,961,444	508,505
Total operating revenues	40,190,920	33,190,608
Operating costs and expenses:		
Contractual services	23,561,445	18,967,112
Personnel services	22,241,484	18,907,278
Materials and supplies	1,166,197	1,300,131
Total operating costs and expenses	46,969,126	39,174,521
Loss from operations before depreciation and amortization	(6,778,206)	(5,983,913)
Depreciation and amortization	(32,873,078)	(31,247,534)
Operating loss	(39,651,284)	(37,231,447)
Non-operating revenues (expenses):		
Aviation fuel tax	6,782,872	---
Passenger facility charges	3,281,933	1,349,348
Federal operating grants	2,071,462	24,206,136
Interest income	1,351,070	818,954
Interest on leases	154,121	131,998
Non-recurring expenses	(1,024,489)	---
Other expenses, net	(2,616,556)	(3,651,843)
Interest expense	(8,708,546)	(9,443,734)
Total non-operating revenues, net	1,291,867	13,410,859
Loss before capital grants	(38,359,417)	(23,820,588)
Federal capital grants	6,467,389	23,498,637
Decrease in net position	(31,892,028)	(321,951)
Net position, beginning of year	281,574,136	281,896,087
Net position, end of year	$ 249,682,108	$ 281,574,136

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, 2023	Year Ended September 30, 2022
Cash flows from operating activities:		
Cash received from customers	$ 43,675,657	$ 21,643,085
Cash paid to suppliers for goods and services	(32,813,853)	(22,945,978)
Cash paid to employees	(21,045,861)	(20,716,291)
Cash received from fiduciary activities	5,952,552	2,603,409
Net cash used in operating activities	(4,231,505)	(19,415,775)
Cash flows from investing activities:		
Proceeds from sale of investments	6,918,575	15,156,920
Interest income on investments	1,465,165	944,410
Cash provided by investing activities	8,383,740	16,101,330
Cash flows from non-capital financing activity:		
Federal non-operating grants	1,104,220	17,000,000
Cash provided by non-capital financing activity	1,104,220	17,000,000
Cash flows from capital and related financing activities:		
Principal payment on General Revenue Bonds	(43,500,000)	---
Acquisition and construction of airport facilities and avigation easement	(11,474,370)	(41,519,881)
Interest paid on General Revenue Bonds	(8,232,514)	(6,098,733)
Principal payment on loan payable to bank	(1,486,215)	(1,401,095)
Interest paid on loan payable to bank	(81,291)	(166,408)
Other financing source - refunding bonds	47,080,000	---
U.S. Government capital and operating grants	11,469,009	33,830,648
Passenger facility charge receipts	3,101,886	1,118,280
Net cash used in capital and related financing activities	(3,123,495)	(14,237,189)
Net increase (decrease) in cash	2,132,960	(551,634)
Cash at beginning of year	942,665	1,494,299
Cash at end of year	$ 3,075,625	$ 942,665
Consisting of:		
Unrestricted	$ 2,946,383	$ 932,365
Restricted	129,242	10,300
	$ 3,075,625	$ 942,665

See accompanying notes.

Statements of Cash Flows, continued

	Year Ended September 30, 2023	Year Ended September 30, 2022
Reconciliation of operating loss and other expenses to net cash used in operating activities:		
Operating loss	$ (39,651,284)	$ (37,231,447)
Other and non-recurring expenses	(3,641,045)	(3,627,793)
	(43,292,329)	(40,859,240)
Adjustments to reconcile operating loss and other expenses to net cash used in operating activities:		
Depreciation and amortization	32,873,078	31,247,534
Non-cash OPEB cost	748,044	1,637,823
Non-cash pension costs	5,195,239	1,790,262
Bad debt expense	2,574,363	522,640
(Increase) decrease in assets:		
Accounts receivable	(649,018)	(3,303,663)
Lease receivable	5,097,565	(21,167,307)
Inventory and other	214,495	(266,153)
Increase (decrease) in liabilities:		
Accounts payable	(5,636,167)	788,916
Other current liabilities	(1,499,993)	(34,907)
Security deposits and unearned income	75,850	(127,919)
Annual leave	34,191	221,682
Sick leave	(100,741)	26,629
Collective total OPEB liability	25,017	(539,709)
Net pension liability	(4,134,548)	(3,794,328)
Deferred inflow of resources - lease revenue	4,243,449	14,441,965
Total adjustments	39,060,824	21,443,465
Net cash used in operating activities	$ (4,231,505)	$ (19,415,775)

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 at 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 and 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, 2023 and 2022 is expendable.

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.

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.

Depreciation of airport facilities and amortization of improvements has been computed by the straight-line method using estimated useful lives of 5 to 35 years for buildings and 3 to 10 years for equipment.

The Authority capitalizes buildings, land improvements and equipment that have a cost of $5,000 or more and an estimated useful life of at least three years. The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend the lives of the assets are not capitalized.

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 is amortized over 15 years using the straight-line method.

Impairment of Capital Assets

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

A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value.

1. Organization and Summary of Accounting Policies, continued

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.

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.

1. Organization and Summary of Accounting Policies, continued

Other Post-Employment Benefits

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

Deferred Outflows/Inflows of Resources

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

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

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.

1. Organization and Summary of Accounting Policies, continued

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.

Recently Adopted Accounting Pronouncements

In May 2019, GASB issued Statement No. 91, *Conduit debt obligations*. The primary objectives of this statement are to provide a single method reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The adoption of GASB Statement No. 91 did not have an effect on the Authority's financial statements.

1. Organization and Summary of Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The adoption of GASB Statement No. 94 did not have an effect on the Authority's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The adoption of GASB Statement No. 96 did not have an effect on the Authority's financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement provides clarification guidance on several of its recent statements that addresses different accounting and financial reporting issues identified during implementation of the new standards and during the GASB's review of recent pronouncements. GASB Statement No. 99:

- Provides clarification of provisions in GASB Statement No. 87 related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. This implementation did not have a material effect on the accompanying financial statements.

1. Organization and Summary of Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

- Provides clarification of provisions in GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. This implementation did not have a material effect on the accompanying financial statements.
- Provides clarification of provisions in GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. This implementation did not have a material effect on the accompanying financial statements.
- Modifies accounting and reporting guidance in GASB Statement No. 53 related to termination of hedge. This implementation did not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement contains guidance whose effective dates are in future periods:

- Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for fiscal year ending September 30, 2024.
- Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal year ending September 30, 2024.

In June 2022, GASB issues Statement No. 100, *Accounting Changes an 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. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

1. Organization and Summary of Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

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 suers 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.

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

Reclassification

Certain reclassifications have been made to the 2022 financial statements for comparative purposes. Such reclassifications have no effect on the previously reported net loss.

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, 2023, $2,854,525 out of the Authority's bank deposits totaling $3,145,837 is uninsured and uncollateralized, with the remainder being covered by federal depository insurance. At September 30, 2022, $757,600 out of the Authority's bank deposits totaling $1,024,441 is uninsured and uncollateralized, with the remainder being covered by federal depository insurance.

2. Deposit Risk and Major Customers, continued

A primary concessionaire accounted for 19% and 21% of total operating revenues for the years ended September 30, 2023 and 2022, respectively. Receivables from the primary concessionaire totaled $1,285,248 and $2,724,967 at September 30, 2023 and 2022, respectively.

For the years ended September 30, 2023 and 2022, approximately 30% and 18%, respectively, of the Authority's total operating revenues, including passenger facility charge income, were derived from one airline customer. At September 30, 2023 and 2022, the accounts receivable from this airline customer totaled $3,098,146 and $1,920,389, 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, 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	10,427,185	95,850	(19,365)	10,503,670
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)
	$401,669,469	$(30,856,582)	$ 31,167,618	$ 401,980,505
Non-depreciable capital assets:				
Land	$ 61,832,623	$ ---	$ ---	$ 61,832,623
Construction-in-progress	37,701,731	10,734,053	(31,167,618)	17,268,166
	$ 99,534,354	$ 10,734,053	$(31,167,618)	$ 79,100,789
Avigation easements:				
Cost	$ 19,142,691	$ ---	$ ---	$ 19,142,691
Accumulated amortization	(15,125,880)	(1,276,179)	(---)	(16,402,059)
	$ 4,016,811	$(1,276,179)	$ (---)	$ 2,740,632

3. Capital Assets, continued

A summary of changes in capital assets for the year ended September 30, 2022 is as follows:

	Beginning Balance October 1, 2021	Additions	Transfers and Deletions	Ending Balance September 30, 2022
Depreciable capital assets:				
Terminal building	$567,134,777	$ 49,679	$ 34,283,426	$601,467,882
Airfield area	172,633,680	---	28,566,194	201,199,874
Other buildings	121,417,419	78,386	---	121,495,805
Apron area	28,632,976	---	---	28,632,976
Terminal area	24,876,119	---	---	24,876,119
Support facilities	10,427,185	---	---	10,427,185
Total capital assets depreciated	925,122,156	128,065	62,849,620	988,099,841
Less accumulated depreciation	(556,459,018)	(29,971,354)	---	(586,430,372)
	$368,663,138	$(29,843,289)	$ 62,849,620	$401,669,469
Non-depreciable capital assets:				
Land	$ 61,832,623	$ ---	$ ---	$ 61,832,623
Construction-in-progress	59,159,534	41,391,817	(62,849,620)	37,701,731
	$120,992,157	$ 41,391,817	$(62,849,620)	$ 99,534,354
Avigation easements:				
Cost	$ 19,142,691	$ ---	$ ---	$ 19,142,691
Accumulated amortization	(13,849,701)	(1,276,179)	(---)	(15,125,880)
	$ 5,292,990	$(1,276,179)	$ (---)	$ 4,016,811

4. Long-Term Revenue Bonds Payable

Long-term revenue bonds payable at September 30, 2023 and 2022 consist of the following:

	2023	2022
General revenue bonds, Series 2013 (original issue of $247,335,000):		
Varying interest rates (3% - 6.375%) payable semiannually in October and April, principal payments due in varying annual installments with $1,985,000 due in October 2028	$ ---	$ 43,500,000
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	47,080,000	---
Total	194,410,000	190,830,000
Add net unamortized premium on bonds	25,457	450,700
	$194,435,457	$191,280,700

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:

Year ending September 30,	Principal	Interest	Total Debt Service
2024	$ ---	$ 7,145,538	$ 7,145,538
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
2029-2033	64,040,000	28,018,135	92,058,135
2034-2038	37,130,000	17,421,547	54,551,547
2039-2043	45,185,000	8,121,203	53,306,203
2044	10,355,000	256,674	10,611,674
	$194,410,000	$90,526,288	$284,936,288

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)	199,040,000
	$247,335,000

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 will be payable on April 1 and October 1 of each year.

The 2013 Bonds bear interest at rates from 3% to 6.375% and mature on October 1, 2023 for the 2013 Series A (Non-AMT) and on October 1, 2043 for the 2013 Series B (Non-AMT) and 2013 Series C (AMT).

The 2013 Bonds are subject to redemption prior to maturity date.

4. Long-Term Revenue Bonds Payable, continued

The refunding resulted in a credit difference on refunding of $3,008,461 representing the difference between the reacquisition price and carrying amount of the 2003 bonds. The Authority netted the $2,422,781 unamortized difference from prior refunding against the $3,008,461 difference in current refunding, and the resulting net credit of $585,680 is to be deferred and amortized over the ten-year original amortization period remaining from the 2003 bonds. As of September 30, 2022, the unamortized balance of the difference in refunding totaled $12,568, as presented in the accompanying statement of net position.

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)	18,400,000
	$37,045,000

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, 2022, the unamortized balance of the difference in refunding totaled $287,439, and is included as a component of the deferred differences on refunding of 2019 and 2021 bonds in the accompanying statement of net position.

4. Long-Term Revenue Bonds Payable, continued

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.

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, 2022, the unamortized balance of the difference in refunding totaled $12,952,905 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, 2023, the unamortized balance of the difference in refunding totaled $425,243 and is included as a component of the deferred differences on refunding of 2013 bonds in the accompanying statements of net position.

4. Long-Term Revenue Bonds Payable, continued

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.

5. Long-Term Loan Payable to Bank

Long-term loan payable to bank at September 30, 2023 and 2022 consists of the following:

	2023	2022
First Hawaiian Bank, 5.75% interest rate fixed for 10 years, monthly payments of principal and interest in the amount of $130,625 starting on February 24, 2014, which will amortize the loan over a period of 10 years. The principal balance and all accrued interest will be due and payable on January 23, 2024. The loan is secured by a Security Agreement and a UCC-1 Financing Agreement	$591,700	$2,077,985
Less current installments	591,770	1,490,973
	$ ---	$ 587,012

This loan is 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.

6. Investments and Cash with Trustees

At September 30, 2023 and 2022, investments and cash held by the trustees, in trust for the Authority, in these funds and accounts are as follows:

	2023	2022
Operations and Maintenance Reserve Fund	$ 8,530,887	$12,030,887
Risk and Loss Management Reserve Fund	6,303,674	5,668,733
General Revenue Fund	2,688,324	4,437,145
Federal Grant Fund	1,687,482	2,214,906
Operations and Maintenance Fund	1,593,655	1,071,468
Capital Improvement Fund	6,848	4,482,746
Total Unrestricted Investments and Cash	20,810,870	29,905,885
Bond Reserve Fund	17,874,104	16,308,958
Debt Service Fund	4,653,464	4,042,177
Renewal and Replacement Fund	1,000,249	1,000,249
Construction Fund	178	171
Total Restricted Investments and Cash	23,527,995	21,351,555
	$44,338,865	$51,257,440

At September 30, 2023 and 2022, investments and cash held by trustees are comprised of the following:

	2023	2022
Investments	$33,491,149	$42,570,960
Cash	10,847,716	8,686,480
	$44,338,865	$51,257,440

6. Investments and Cash with Trustees, continued

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

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for the Authority. In compliance with the bond indenture, the Authority minimized credit risk losses by limiting investments to the safest types of securities. Bank of Hawaii Investment Services Group, Bank of Guam, BG Investment & Insurance and Coast 360 Federal Credit Union manage the Federal Fund 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 and 2013 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, 2023 and 2022.

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.

6. Investments and Cash with Trustees, continued

The following tables set forth by fair value hierarchy level the Authority's assets carried at fair value at September 30, 2023 and 2022:

		2023 Level 1	2023 Level 2	2023 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	---
Money market funds:				
Fidelity Investments	13,820,140	13,820,140	---	---
US Bank, NA	3,292,024	3,292,024	---	---
Federal Farm Credit Bank (FFCB)	314,212	---	314,212	---
Federal Home Loan Mortgage Corporation (FHLMC)	44,548	---	44,548	---
Total investments by fair value level	23,941,955	$ 23,371,470	$ 570,485	$ ---
Investments measured at a cost based measure:				
Guaranteed Investment Contracts (GIC) -				
US Bank, NA	9,549,194			
	$ 33,491,149			

		2022 Level 1	2022 Level 2	2022 Level 3
Investments by fair value level				
Debt securities:				
U.S. Treasury securities	$ 181,068	$ 181,068	$ ---	$ ---
Exchange traded products (ETP) - Fidelity Investments	5,637,525	5,637,525	---	---
Corporate bonds	1,297,772	---	1,297,772	---
Money market funds:				
Fidelity Investments	21,132,426	21,132,426	---	---
US Bank, NA	2,323,315	2,323,315	---	---
Federal Farm Credit Bank (FFCB)	444,043	---	444,043	---
Federal Home Loan Mortgage Corporation (FHLMC)	115,376	---	115,376	---
Total investments by fair value level	31,131,525	$ 29,274,334	$ 1,857,191	$ ---
Investments measured at a cost based measure:				
Guaranteed Investment Contracts (GIC) -				
US Bank, NA	9,549,194			
Time certificates of deposit (TCD)	1,890,241			
	$ 42,570,960			

6. Investments and Cash with Trustees, continued

The Authority's credit quality distribution for debt securities at September 30, 2023 and 2022 is as follows:

	Standard & Poor's/Moody's Credit Rating	2023	2022
FHLMC	Aaa/AAA	$ 44,548	$ 115,376
FFCB	Aaa/AAA	314,212	444,043
Corporate Bonds	Aaa/AAA	88,074	114,652
Corporate Bonds	Aa/AA	---	27,486
Corporate Bonds	A	115,788	821,881
Corporate Bonds	Baa/BBB	7,863	333,753
GIC	Unrated	9,549,194	9,549,194

At September 30, 2023 and 2022, the Authority had the following investments and maturities:

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

	2022				
Investment type	Total	Less than 1	1 - 5	6 - 10	More than 10
MMF	$ 23,455,741	$ 23,455,741	$ ---	$ ---	$ ---
GIC	9,549,194	---	9,549,194	---	---
ETP	5,637,525	5,637,525	---	---	---
TCD	1,890,241	1,890,241	---	---	---
Corporate bonds	1,297,772	290,716	1,007,056	---	---
FFCB	444,043	---	444,043	---	---
U.S. Treasury securities	181,068	---	181,068	---	---
FHLMC	115,376	---	115,376	---	---
	$ 42,570,960	$ 31,274,223	$ 11,296,737	$ ---	$ ---

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 28.43% and 28.32%, respectively, for the years ended September 30, 2023 and 2022. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2023 and 2022.

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.

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, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Valuation of assets:	3-year phase in of gain/losses relative to interest rate assumption.
Investment income:	7.0% per year
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Return of contributions:	100% withdrawing before retirement with less than 20 years of service assumed to elect a return of contributions. All those who have previously withdrawn assumed to elect a return of contributions. Contributions earn 4.5% interest.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed

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.

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:

Asset Class	Target Allocation	Nominal Return	Component Return
U.S. Equities (large cap)	26.0%	8.14%	2.12%
U.S. Equities (small cap)	4.0%	9.75%	0.39%
Non-U.S. Equities	17.0%	10.15%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.08%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.77%	1.05%
Risk Parity	8.0%	6.65%	0.53%
High Yield Bonds	8.0%	6.90%	0.55%
Global Real Estate (REITs)	2.5%	9.62%	0.24%
Global Equity	7.0%	8.93%	0.67%
Global Infrastructure	2.5%	8.08%	0.16%
Expected arithmetic mean (1 year)			7.80%
Expected geometric mean (30 years)			7.09%

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.

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 and $2,000 per DB retiree for the years ended September 30, 2023 and 2022, respectively.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.

Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA was a municipal bond rate of 4.02% and 2.26% for the years ended September 30, 2023 and 2022, 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.

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, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	5% per year from age 55 to 64, 10% per year from age 65 to 74, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.

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

7. Employee Benefits, continued

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, 2023	September 30, 2022
Measurement Date:	September 30, 2022	September 30, 2021
Valuation Date:	September 30, 2021	September 30, 2020

Net pension liability as of September 30, 2023 and 2022 for the aforementioned plans is as follows:

	2023	2022
DB Plan	$39,344,790	$24,446,987
Ad hoc COLA/SA Plan for DB Participants	2,806,660	3,182,469
Ad hoc COLA Plan for DCRS Participants	1,026,371	1,118,872
	$43,177,821	$28,748,328

Proportionate share of net pension liability at September 30, 2023 and 2022 for the aforementioned plans is as follows:

	2023	2022
DB Plan	2.65%	2.54%
Ad hoc COLA/SA Plan for DB Participants	1.09%	1.03%
Ad hoc COLA Plan for DCRS Participants	1.71%	1.59%

Pension expense for the years ended September 30, 2023 and 2022 for the aforementioned plans are as follows:

	2023	2022
DB Plan	$4,923,175	$1,375,620
Ad hoc COLA/SA Plan for DB Participants	200,313	342,579
Ad hoc COLA Plan for DCRS Participants	71,751	72,063
	$5,195,239	$1,790,262

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, 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)
	$ 14,490,661	$(180,399)	$ 449,449	$(328,531)	$ 505,934	$(549,121)

As of September 30, 2022, 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	$ 39,239	$(248,573)	$ ---	$(44,212)	$ 123,045	$(21,789)
Net difference between projected and actual earnings on pension plan investments	---	(2,953,181)	---	---	---	---
Authority contributions subsequent to the measurement date	3,841,957	---	240,310	---	44,000	---
Changes in assumption	---	---	86,718	(9,437)	227,260	(73,801)
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	20,962	(175,085)	170,256	(13,627)	56,575	(291,426)
	$ 3,902,158	$(3,376,839)	$ 497,284	$(67,276)	$ 450,880	$(387,016)

Deferred outflows of resources at September 30, 2023 and 2022 resulting from the Authority's employer contributions for the following plans are as follows:

	2023	2022
DB Plan	$4,047,008	$3,841,957
Ad hoc COLA/SA Plan for DB Participants	269,310	240,310
Ad hoc COLA Plan for DCRS Participants	57,200	44,000
	$4,373,518	$4,126,267

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:

2024	$ 2,685,041
2025	2,248,201
2026	1,951,500
2027	2,942,595
2028	47,822
Thereafter	139,316
	$10,014,475

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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	$46,267,279	$39,344,790	$30,767,478

Ad Hoc COLA/SA for DB Participants

	1% Decrease 3.02%	Current Discount Rate 4.02%	1% Increase 5.02%
Collective total pension liability	$3,050,220	$2,806,660	$2,591,515

Ad Hoc COLA for DCRS Participants

	1% Decrease 3.02%	Current Discount Rate 4.02%	1% Increase 5.02%
Collective total pension liability	$1,168,294	$1,026,371	$ 919,469

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.

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, 2023 and 2022 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, 2023 and 2022, contributions made and amounts accrued under the DCRS amounted to $1,614,519 and $1,462,221, 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, 2023 and 2022, the Authority has accrued an estimated liability of $254,589 and $153,848, 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.

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%
Healthcare cost trend rate:	Non-Medicare and Medicare – 8% for Year 1, then reducing 0.5% annually to an ultimate rate of 4.1%. Part B is at 4.25%. Health care trend assumptions 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 components 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% per year.
Dental trend rates:	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Healthy retiree mortality rates:	Head-count weighted PUB-2010 Table, set forward 4 years and 2 years for males and females, respectively, projected generationally using 50% of MP-2020.
Disabled retiree mortality rates:	PUB-2010 Disabled Retiree Amount Weighted mortality table set forward 4 years and 2 years for males and females, respectively, using 130% of the rates before age 80 and projected generationally from 2010 using 50% of mortality improvement scale MP-2020.

7. Employee Benefits, continued

Other Post-employment benefit (OPEB) Plan, continued

OPEB Plan Description, continued

Discount Rate: The discount rate used to measure the total OPEB liability was 4.02% and 2.26% as of September 30, 2022 and 2021, 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, 2023	September 30, 2022
Measurement Date:	September 30, 2022	September 30, 2021
Valuation Date:	September 30, 2022	September 30, 2020

Collective total OPEB liability as of September 30, 2023 and 2022 is $42,349,839 and $50,781,242, respectively.

Proportionate share of collective total OPEB liability at September 30, 2023 and 2022 is 1.84%. and 1.83%, respectively.

OPEB expense for the years ended September 30, 2023 and 2022 is $748,044 and $1,637,823, respectively.

As of September 30, 2023 and 2022 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,302,677	$(1,947,449)	$ 4,425,097	$(2,697,407)
Authority contributions subsequest to the measurement date	651,561	---	529,407	---
Changes in assumptions	3,825,655	(13,936,037)	5,928,995	(7,140,064)
Authority contributions and proportionate share of contributions	1,844,635	(8,433,867)	4,215,097	(11,497,530)
	$ 9,624,528	$(24,317,353)	$ 15,098,596	$(21,335,001)

7. Employee Benefits, continued

Other Post-employment benefit (OPEB) Plan, continued

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

Deferred outflows of resources at September 30, 2023 and 2022 resulting from the Authority's employer contributions totaled $651,561 and $529,407, 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:

2024	$(3,061,946)
2025	(3,755,385)
2026	(3,710,095)
2027	(1,499,782)
2028	(1,650,339)
Thereafter	(1,666,839)
	$(15,344,386)

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 3.02%	Current Discount Rate 4.02%	1% Increase 5.02%
Collective Total OPEB Liability	$49,190,495	$42,349,839	$36,804,452

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:

	1% Decrease	Current	1% Increase
Collective Total OPEB Liability	$ 36,301,975	$42,349,839	$50,063,918

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

The COVID-19 global pandemic continued to impact passenger traffic in FY 2022. As part of GIAA's economic initiatives to encourage the resumption of air traffic, the GIAA worked in collaboration with its airline partners and tenants and approved several financial relief programs throughout FY 2022. Beginning May 1, 2021 through September 30, 2021, the GIAA adopted the Airline Recovery Assistance and Incentivizing Service Program (RAISE) providing incentives to stimulate air passenger service demand from all destinations in the Asia-Pacific Region. The current RAISE Program, effective May 1, 2022 through September 30, 2022, offered a cumulative percentage discount of up to 25% of the operational rates for a minimum of one flight per week, per destination. It applied to all city destinations in the non-U.S., Asia-Pacific region with direct scheduled air service or scheduled on-demand air service to Guam. The discount is based on the Authority's published tariff rates and is limited to airfield use (landing) fee, loading bridge use, immigration inspection, arrival, and departure fees.

Financial relief was also 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.

8. Leases, continued

Lotte Duty Free Guam, LLC (Lotte)

The Authority has a lease agreement with Lotte as the primary concessionaire for the airport terminal for a 10-year term. In accordance with the Lotte Agreement, rental income shall be the greater of (1) $15,160,000 (the MAG) for the main and future retail space, and $240,000 for the arrivals retail space plus 1% of other gross revenues, or (2) the sum of the on-site gross revenues multiplied by 30.1% for the main and future retail space, and 25% for the additional retail space. The MAG shall be paid monthly in advance in equal installments on the first day of the month. The lease agreement expired on July 20, 2023 and was extended for an additional term of three years which expires on July 20, 2026. During the extended term, Lotte covenants and agrees to pay the Authority the (1) 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.

Lease receivable due for the Lotte Agreement is as follows:

Year ending September 30,	Principal	Interest	Total
2024	$2,498,145	$141,855	$2,640,000
2025	2,568,093	71,907	2,640,000
Total	$5,066,238	$213,762	$5,280,000

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.

8. Leases, continued

Other Leases, continued

Future minimum payments that are included in the measurement of the lease receivable as of September 30, 2023 are as follows:

Year ending September 30,	Principal	Interest	Total
2024	$1,835,005	$ 210,125	$ 2,045,130
2025	1,718,048	165,426	1,883,474
2026	1,546,885	121,117	1,668,002
2027	594,437	93,432	687,869
2028	333,120	83,860	416,980
2029 - 2033	1,829,735	336,450	2,166,185
2034 - 2038	2,066,096	176,347	2,242,443
2039 - 2041	1,148,352	27,702	1,176,054
	$11,071,678	$1,214,459	$12,286,137

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, 2019. The Airline Lease Agreements for all signatory airlines have an initial term of five years and is set to expire on September 30, 2024. 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.

8. Leases, continued

Regulated Leases, continued

Airline Leases, continued

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

By definition, the Airline Operating Agreement is considered a regulated lease and does not recognize a receivable and corresponding deferred inflow of resources. The Authority currently has Airline Operating Lease Agreements with 10 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 for the year ending September 30, 2024 is $3,269,047.

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, 2019, monthly rent increased from $23,850 to $26,100.

For the years ended September 30, 2023 and 2022 the Authority accrued rental income totaling $313,200 and is included as a component of rental income in the accompanying statements of revenues, expenses and changes in net position. At September 30, 2023 and 2022, accrued rental receivable totaled $118,800 and $248,400, respectively, and is shown as accounts receivable from tenant in the accompanying statements of net position.

8. Leases, continued

Regulated Leases, continued

Pac Air Properties, LLC (Pac Air), continued

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

Year ending September 30,	
2024	$ 315,900
2025	345,600
2026	345,600
2027	345,600
2028	345,600
2029 - 2033	1,860,300
2034 - 2038	2,044,350
2039 - 2043	2,255,400
2044 - 2048	2,493,450
2048 - 2053	2,736,450
2054 - 2058	3,001,500
2059	559,350
Total future minimum lease income	$16,649,100

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, 2023 and 2022 totaled $865,500 and $955,500, 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 is as follows:

Year ending September 30,	
2024	$ 820,500
2025	820,500
Total future minimum lease expense	$1,641,000

8. Leases, continued

Regulated Leases, continued

Pac Air Properties, LLC (Pac Air), continued

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, 2023 and 2022 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 is as follows:

Year ending September 30,	
2024	$ 780,000
2025	780,000
Total future minimum lease income	$1,560,000

Expected future minimum lease payments from other regulated leases not listed above related to land and buildings for aeronautical purposes at September 30, 2023 are as follows:

Year ending September 30,	
2024	$1,488,921
2025	423,361
2026	238,149
2027	238,149
2028	238,149
2029 - 2033	1,025,772
2034 - 2038	858,768
2039	139,558
Total future minimum lease income	$4,650,827

9. Long-Term Liabilities

A summary of changes in long-term liabilities during fiscal years 2023 and 2022 is as follows:

	Outstanding October 1, 2022	Increases	Decreases	Outstanding September 30, 2023	Current	Non-current
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	191,280,700	47,080,000	43,925,243	194,435,457	---	194,435,457
	$274,920,484	$62,823,526	$55,021,962	$282,722,048	$1,062,009	$281,660,039

	Outstanding October 1, 2021	Increases	Decreases	Outstanding September 30, 2022	Current	Non-current
Accrued sick leave	$ 180,477	$ ---	$ 26,629	$ 153,848	$ ---	$ 153,848
Accrued annual leave	1,656,699	1,207,363	985,681	1,878,381	486,492	1,391,889
Loan payable to bank	3,479,080	---	1,401,095	2,077,985	1,490,973	587,012
Net pension liability	36,164,090	---	7,415,762	28,748,328	---	28,748,328
Collective total other postemployment benefit liability	45,366,213	5,415,029	---	50,781,242	---	50,781,242
General revenue bonds	191,280,700	---	---	191,280,700	---	191,280,700
	$278,127,259	$6,622,392	$9,829,167	$274,920,484	$1,977,465	$272,943,019

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, 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. In the near future, the ongoing sampling and testing requirements will be reduced or completely eliminated. A specific request to this effect is pending GEPA. The granular activated carbon (GAC) treatment provided under the Authority's new water system satisfies the GAC treatment component of future wells meeting the selected remedy. No further obligation of the Authority is required under the DD.

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, 2023 and 2022, future pollution remediation and monitoring costs totaling $55,996 and $130,249, respectively, is reflected as a component of other current 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.

10. Commitments and Contingencies, continued

Commitments

The Authority has commitments totaling approximately $7.6 million and $13 million under several construction contracts at September 30, 2023 and 2022, respectively.

In addition, the Authority has commitments under other various contracts totaling approximately $8.6 million and $10.1 million at September 30, 2023 and 2022, 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, 2023, the balances in the Renewal and Replacement Fund and Risk and Loss Management Reserve Fund are $1 million and $6.3 million, respectively. As of September 30, 2022, the balances in the Renewal and Replacement Fund and Risk and Loss Management Reserve Fund are $1 million and $5.8 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, 2023 and 2022. This position has been supported by legal determinations, past and present.

During the years ended September 30, 2023 and 2022, 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.

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.

10. Commitments and Contingencies, continued

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 during 2024/2025. 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, 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. Summary judgment motions were filed by the Authority and DFS. On February 2, 2018, in four separate Decisions and Orders, the court denied the Authority's motions and granted DFS's motion (the "February 2 Orders"). In its Decision and Order on DFS's motion ("DFS MSJ Order") and subsequent Judgment filed on February 5, 2018 ("February 5 Judgment"), the court voided the 2012 RFP and voided and set aside the May 18, 2013 Specialty Retail Concession Agreement ("Lotte Agreement") between the Authority and Lotte Duty Free Guam, LLC ("Lotte"). In addition, in the DFS MSJ Order, the court ordered the Authority to comply with the Guam Procurement Code and the Authority's enabling legislation if it wished to issue another specialty retail procurement; found that it is in the best interests of the public for Lotte to remain as the specialty retail concessionaire; and ordered the Authority to abide by the terms of the Lotte Agreement. The court also denied DFS's request for costs.

10. Commitments and Contingencies, continued

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

On July 16, 2018, the Court amended its DFS MSJ Order (the "Amended Order") and issued an Amended Judgment (the "Amended Judgment") voiding the 2012 RFP and voiding and setting aside the Lotte Agreement. The Court also stayed enforcement of the Amended Judgment pending the Authority's appeal.

The Authority appealed the Amended Judgment to the Guam Supreme Court, and DFS filed a cross-appeal. On August 11, 2020, the Guam Supreme Court vacated the Amended Judgment, and on December 7, issued an order granting GIAA's petition for rehearing in part and also issued an Amended Opinion on Rehearing and an Amended Judgment. Because the Amended Judgment is now vacated, the specialty retail concession contract between GIAA and Lotte remains valid and enforceable.

On July 20, 2023, the Authority filed a Motion to Dismiss for Lack of Subject Matter Jurisdiction based on the July 18, 2023 Written Determination by the Executive Manager pursuant to Guam Procurement Law, rendering any disputes relating to the Lotte Agreement, moot. On July 31, 2023, the court denied the Authority's motion to dismiss and ordered that Phase 1 of the trial commence on August 2, 2023, where the parties presented evidence and testimony only on the timeliness of DFS's protests. Phase 1 concluded on August 8, 2023.

The Authority sought interlocutory review of the Superior Court's denial of the Motion to Dismiss for Lack of Subject Matter Jurisdiction, which the Supreme Court declined to review on January 3, 2024.

On February 6, 2024, the Superior Court issued its Findings of Facts and Conclusions of Law concluding that all six (6) of DFS's claims at issue were timely filed under 5 GCA § 5425(a); and because DFS's claims were timely filed and prior to the date of the contract award to Lotte, the claims are pre-award, which, if upheld, means an automatic stay was in place until the final resolution of this action by the Court.

The Superior Court ordered a Phase-II trial to determine the merits. Following orders of the Court, on February 23, 2024, the parties submitted a Joint Report Re: Phase II, and a status conference is scheduled for March 8, 2024. The Court indicated its availability for the Phase-II trial in mid-August or September with trial likely in September. Despite the Court's findings in the Phase-I trial, GIAA will continue to vigorously defend the specialty retail concession contract through the Phase-II trial and any subsequent appeal. GIAA will also explore any other potential remedies under the Procurement law as well as any legislative efforts.

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, CV0943-14-01 and CV0094-15-01 (the "Tort Action"). On April 18, 2023, DFS filed a request for status conference to address matters of scheduling in case management. The Court has not yet responded to DFS' request.

The Authority is not a party to the Tort Action, but DFS has raised allegations with respect to the Authority and requested relief for permanent injunction prohibiting Lotte from taking any action under the Lotte Agreement with the Authority and prohibiting Lotte from submitting proposals for future RFPs. The Authority is monitoring these proceedings and currently considering various options, to the extent necessary, with regard to the Tort Action.

DFS Guam L.P. (DFS) Holdover Dispute

The Authority and DFS are involved in ongoing disputes related to DFS's concession agreement with the Authority that expired in 2013. 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 the 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, in which both parties have filed claims and counterclaims against each other alleging various breaches of contract. In October 2018, the Authority moved to dismiss this action for failure to prosecute, which is still pending before the Superior Court.

In December 2018, the Superior Court confirmed the arbitration award ("Confirmation Order"), which the Authority appealed. In January 2019, DFS demanded that the Authority immediately pay $2,237,522 due under the arbitration award plus interest to date. DFS also filed a motion seeking $240,000 in attorney fees and costs related to post-arbitral proceedings.

In February 2020, the Authority filed a motion to reverse the Confirmation Order and vacate the arbitration award based on two recent opinions by the Supreme Court of Guam that were issued after the Confirmation Order.

10. Commitments and Contingencies, continued

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

On September 9, 2021, the Superior Court filed a decision and order denying GIAA's motion and granting DFS's motion to correct an error in the Confirmation Order. Based on the decision and order, the Superior Court filed an Amended Judgment on the same day, which GIAA appealed. On September 30, 2021, GIAA filed a motion in the Superior Court to stay enforcement of the Amended Judgment, which GIAA is entitled to as a matter of right as a governmental entity. DFS opposed the motion. GIAA's motion to stay enforcement is still pending before the Superior Court.

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, GIAA 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 has a pending motion 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. This motion has not been heard.

Judgment was entered on August 7, 2023, and DFS filed a Writ of Execution on October 6, 2023. On September 22, 2023, GIAA filed a motion to stay enforcement of the judgment pending the outcome of the DFS Government Claims lawsuit.

On September 22, 2023, GIAA filed a motion for summary judgment in the DFS Government Claim lawsuit. DFS opposed the motion and the motion has been fully briefed. However, both the September 22, 2023 motion to stay and September 22, 2023 motion for summary judgment remain pending and have not yet been heard by the Court. As of December 2023, GIAA has paid $2,988,237 towards the judgment. The Court has set a status conference for April 5, 2024.

The Authority has recorded a provision for loss amounting to approximately $4.7 and $3.1 million as of September 30, 2023 and 2022, 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 Airport 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.

10. Commitments and Contingencies, continued

Exchange License Agreement, continued

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, 2023 and 2022, $248,000 remained as unpaid obligation for inactive employees.

11. Customs, Agriculture and Quarantine Inspection Services Charge

During the years ended September 30, 2023 and 2022, 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, 2023 and 2022, fees assessed to air carriers related to the aforementioned arrangement totaled approximately $6.0 million and $2.6 million, respectively. For the years ended September 30, 2023 and 2022, the remittances to the Treasurer of Guam related to the aforementioned arrangement totaled approximately $1.6 million and $201 thousand, respectively. The Authority also offset approximately $3.7 million and $1.7 million, respectively, of customs fee payable with amounts owed from GovGuam CQA for its various lease agreements with the Authority.

At September 30, 2023 and 2022, the Authority recorded customs fees payable to the Treasurer of Guam totaling $1,532,095 and $967,035, respectively, for the above charges, of which $1,231,494 and $966,439, 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	2.65%	2.54%	2.56%	2.56%	2.54%	2.46%	2.45%	2.35%	2.45%	2.32%
Authority's proportionate share of the net pension liability	$ 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	$ 30,256,332
Authority's covered payroll	$ 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	$ 12,883,180
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	258.25%	173.75%	210.08%	234.22%	228.93%	211.67%	255.82%	241.44%	239.05%	234.85%
Plan fiduciary net position as a percentage of total pension liability	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%	53.94%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 4,047,008	$ 3,841,957	$ 3,521,603	$ 3,390,951	$ 3,106,326	$ 2,242,956	$ 2,966,912	$ 3,060,666	$ 3,178,277	$ 3,297,500
Contribution in relation to the contractually required contribution	4,047,008	3,841,957	3,521,603	3,390,951	3,106,326	2,242,956	2,966,912	3,060,666	3,178,277	3,297,500
Contribution excess	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---
Authority's covered payroll	$ 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	$ 12,788,348
Contribution as a percentage of the Authority's covered payroll	25.88%	25.22%	25.03%	22.72%	23.15%	17.12%	22.39%	23.35%	23.80%	25.79%

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*

	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportionate share of the collective total pension liability	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	1.09%	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 269,310	$ 240,309	$ 234,509	$ 234,947	$ 215,570	$ 226,046	$ 224,018	$ 218,041	$ 214,041	$ 198,678
Contribution in relation to the contractually required contribution	269,310	240,309	234,509	234,947	215,570	226,046	224,018	218,041	214,041	198,678
Contribution excess	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---

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*

	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportionate share of the net pension liability	$ 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 net pension liability	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 4,047,008	$ 3,841,957	$ 3,521,603	$ 3,390,951	$ 3,106,326	$ 2,242,956	$ 2,966,912	$ 3,060,666	$ 3,178,277	$ 3,297,500
Contribution in relation to the contractually required contribution	4,047,008	3,841,957	3,521,603	3,390,951	3,106,326	2,242,956	2,966,912	3,060,666	3,178,277	3,297,500
Contribution excess	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---
Authority's covered-employee payroll	$ 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	$ 12,788,348
Contribution as a percentage of the Authority's covered-employee payroll	25.88%	25.22%	25.03%	22.72%	23.15%	17.12%	22.39%	23.35%	23.80%	25.79%

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*

	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the total collective other postemployment benefit liability	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	$ 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)

Schedule 8
Required Supplementary Information
Schedule of the Authority's Contributions

Other Postemployment Benefit Plan
(Unaudited)

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 651,561	$ 529,407	$ 463,603	$ 515,865	$ 502,180	$ 440,077	$ 445,487	$ 408,841	$ 362,761	$ 256,563
Contribution in relation to the contractually required contribution	651,561	529,407	463,603	515,865	502,180	440,077	445,487	408,841	362,761	256,563
Contribution excess	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---

Note to Required Supplementary Information
(Unaudited)

Changes of Assumptions – Pension Plans

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.

Supplementary and Other Information

Schedule 9
Facilities and Systems Usage Charges

	2023	2022
Landing fees	$ 8,375,059	$ 2,797,423
Departure fees	4,995,719	2,304,411
Arrival fees	3,440,035	1,432,759
Passenger loading bridge usage charge	3,253,855	1,402,017
Immigration fees	1,346,089	455,453
Public apron fees	1,187,753	1,024,902
Utility recovery charge and other fees	824,646	700,154
Fuel flowage fees	379,300	242,143
Common use departure fees	203,435	183,371
	$ 24,005,891	$ 10,542,633

Schedule 10
Rental Income

	2023	2022
Operating space:		
- Non-airline	$ 3,913,154	$ 3,637,639
- Airline	1,995,263	1,904,161
Building and maintenance shop rentals	1,801,565	1,808,282
Other	1,701,461	1,767,940
GASB 87 Implementation	1,306,506	(3,321)
Cargo rentals	291,133	287,439
	$ 11,009,082	$ 9,402,140

Schedule 11
Concession Fees

	2023	2022
General merchandise	$ 6,641,732	$ 5,527,149
Car rental	1,408,629	856,535
Ground transportation	1,129,610	407,880
Food and beverage	772,627	400,001
In-flight catering	682,747	393,306
Advertising	208,284	141,638
Parking lot	199,598	120,882
Other	181,067	168,519
Money exchange	33,501	(50,100)
GASB 87 implementation	(8,043,292)	4,771,520
	$ 3,214,503	$ 12,737,330

Schedule 12
Contractual Services

	2023	2022
Power	$ 8,531,528	$ 6,760,823
Repairs and maintenance	5,279,116	4,671,161
Professional services	4,435,726	4,130,711
Miscellaneous	2,924,763	1,550,084
Insurance	1,352,792	1,170,383
Advertising and promotions	466,689	189,101
Utilities and telephone	398,320	306,907
Travel/training and certifications	172,511	187,942
	$ 23,561,445	$ 18,967,112

Schedule 13
Personnel Services

	2023	2022
Salaries and wages	$ 15,570,947	$ 15,470,551
Retirement contributions	5,188,093	2,087,475
Insurance	1,482,444	1,349,252
	$ 22,241,484	$ 18,907,278
Full-time employee count in September	222	235

Schedule 14
Materials and Supplies

	2023	2022
Equipment and vehicle maintenance and supplies	$ 506,003	$ 445,656
Office and security supplies	215,529	223,739
Electrical and plumbing	197,659	248,718
Miscellaneous	126,413	272,735
Building maintenance and supplies	120,593	109,283
	$ 1,166,197	$ 1,300,131

Schedule 15
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
Tokio Marine Pacific Insurance Limited	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, 2023 and 2022

Schedule 16
Debt Service Ratio Computation

	2023	2022
Net Revenues		
Revenues:		
Operating revenues	$ 40,190,920	$ 33,190,608
Non-Operating Revenues: Passenger Facility Charges	3,281,933	1,349,348
Non-Operating Revenues: Interest Income	1,351,070	818,954
Non-Operating Revenues: Interest on Leases	154,121	131,998
Non-Operating Revenues: Federal Operating Grants	2,071,462	24,206,136
Non-Operating Revenues: Aviation Fuel Tax	6,782,872	---
Federal Capital Grants	6,467,389	23,498,637
Deductions:		
Interest Income from CIF*	(50,972)	(62,970)
Federal Capital Grants	(6,467,389)	(23,498,637)
Operation and Maintenance Expenses	(46,969,126)	(39,174,521)
Miscellaneous Expenses	(2,025,991)	(1,911,178)
Other Bookkeeping Entries: GASB 87	6,582,665	(4,900,192)
Other Bookkeeping Entries: Noncash Pension Cost	5,195,239	1,790,262
Other Bookkeeping Entries: Noncash OPEB Cost	748,044	1,637,823
Actual Contribution to GGRF	(4,373,518)	(4,251,331)
Actual Contribution to DOA	(651,561)	(529,407)
Net Revenues	$ 12,287,158	$ 12,295,530
Other Available Monies (lesser of amount in CIF or 25% of debt service fund)		
CIF	$ 6,847	$ 4,482,747
25% of Debt Service	$ 1,816,214	$ 2,018,555
	$ 6,847	$ 2,018,555
Aggregate Annual Debt Service		
Sum of interest due during the year	$ 7,264,857	$ 8,074,221
	$ 7,264,857	$ 8,074,221
Debt Service Ratio		
Net Revenues	$ 12,287,158	$ 12,295,530
Other Available Monies	6,847	2,018,555
	12,294,005	14,314,085
Divided By: Aggregate Annual Debt Service	$ 7,264,857	$ 8,074,221
Debt Service Ratio	1.69	1.77

*CIF - Capital Improvement Fund

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

Years Ended September 30, 2023 and 2022

Schedule 17
Employee Data

Department		Employees (a)		Personnel Services (b)	
		2023	2022	2023	2022
Board		0	1	$ 60,854	$ 57,231
Administration	(c)	33	33	4,689,092	1,533,612
Property Management		9	10	1,008,439	911,861
Accounting		8	11	874,351	1,078,284
Engineering		10	10	1,059,505	1,084,500
Operations		20	22	1,975,574	2,048,316
Properties & Facilities Maintenance		35	37	3,199,550	3,006,652
Airport Police		68	73	5,138,274	5,477,533
Aircraft Rescue & Fire Fighting		39	38	4,235,845	3,709,289
Total		**222**	**235**	**$ 22,241,484**	**$ 18,907,278**

Note(s):

a. Filled positions, include Limited Term Appointments (LTA's) related to Airport Police pursuant to Transportation Security Administration mandate.

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

c. Administration consists of :

	2023	2022
Executive Management	3	5
Administrative Support	10	10
Personnel	4	4
Marketing	3	3
Procurement	7	7
Management Info System	6	4
Total	33	33