

Annual Report 2010



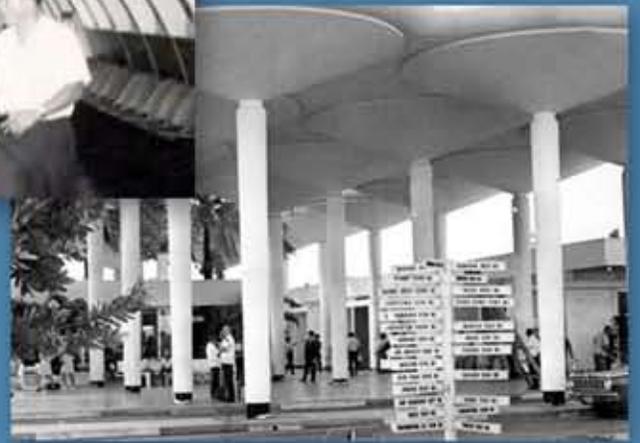


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The People's Pride

a \$242 Million Dollar Facility and Hub of Micronesia

Every journey has a story.

Ours is a compelling past of exotic travel of the Pan American China Clipper on its maiden voyage to the Far East, a modest Quonset hut in post WWII serving as Guam's first terminal, and three air terminal buildings culminating in the people's pride – a \$242 million-dollar facility that serves as the westernmost US Airport linking the United States to Asia Pacific and the premier regional hub of Micronesia.





Felix P. Camacho
Governor of Guam



Michael W. Cruz, M.D.
Lieutenant Governor of Guam



Marion S. Lujan
Director



Martin J. Gerber
Chairman of the Board



Carlos H. Salas
Executive Manager



Mary C. Torres
Deputy Executive Manager



Anthony P. Sgro
Director



Our Perspective



A Message from Our Leaders

Two things stand out in Fiscal Year 2010 - The improvement in the global economic environment and the increase in demand for travel, particularly in the Asia Pacific Region.

These two factors assisted the A.B. Won Pat International Airport Authority, Guam in delivering financial and operations results better than expected, and starting Fiscal Year 2011 with strong optimism for continued growth.

As Guam's only civilian airport, the Airport is the economic and social driver for the mainstay of our economy, tourism. With nose to the grindstone and pen to paper, the Airport Authority, supported by our leaders and industry partners, delivered increased passenger volume and fostered our tourism, travel and trade industries. In 2010 we acquired new air service partners with successful operational performance. Services were resumed to several key Asian destinations. Additional flights and new routes were launched and now provide for greater global connectivity.

We took a fresh approach to a sustainable growth path. We added complementary businesses that added value to our profile. New business ventures undertaken by our investment partners provided revenue to the airport and also added employment in the terminal.

Our growth strategy for 2011 — is to leverage any and all opportunity to meet our mission in providing safe and secure travel, a reliable and superior level of service and development of air service and facilities that contribute to Guam's economic growth.



Fe Valencia-Ovalles
Director



Lucy M. Alcorn
Director



Gurvinder 'Bic' Sobti
Director



Julisis R. Nucum
Director

Ground Up Perspective

Meeting critical development needs

Runway Extension Project

6L/24R



Guam Airport's Capital Improvement Program provides perspective of the airport's critical development needs and serves as the basis for distribution of grant funds under the Airport Improvement Program (AIP).



This past year over \$34 million in Airport Improvement Program (AIP), American Recovery and Reinvestment Act (ARRA), United States Economic Development Administration (USEDA), United States Environmental Protection Agency (USEPA) and other grants were invested into improving and maximizing capacity. These projects consist of the extension of our runway, installation of navigational aids and completing our parallel taxiway construction project. We also went to the drawing board in terms of implementing sustainable development practices and acquiring architectural design services for support facilities to include a flight kitchen, car rental facility, and office building blocks.









Safe and Secure Perspective

Law enforcement units ramped up efforts to keep travelers, employees and users of Airport Facilities safe and secure from every perspective.



Security Screening

Ensuring Aviation Safety

Within the terminal, on our roadways, throughout activity in and around cargo buildings, parking lots and at every point of the passenger processing experience — the latest in security and safety are employed by qualified and trained personnel.

In the modern travel environment, security procedures at airports are very necessary, and at the A.B Won Pat International Airport Authority, Guam, we are on par with security measures on local, federal and international levels.



Service Perspective

Engaged and Satisfied
Passenger Options



The A.B. Won Pat International Airport Authority, Guam has added several retail, food and service concessions to engage passengers with quality, popular brands and exciting new tastes.





The Airport is excited to house a number of local brands with local ownership, such as Ben & Yans with indigenous, regional offerings to passengers. International brands are equally vital to the mix. Instant name recognition of high quality leisure goods such as Marc by Marc Jacobs makes the shopping experience that more exciting to our passengers. We want our passengers engaged and satisfied as part of their Airport experience.



A Global Perspective

Our Airport realized significant growth in traffic and revenue with our airline operators taking advantage of the incentives offered, and capitalizing on the increased travel demand in the region.

Air Service Development Connectivity



This past year, Continental resumed services to Kansai and Hong Kong, launched additional flights to Cairns, Manila, Honolulu via Majuro, unveiled its new B737-700 servicing Guam and formalized its merger with United Airlines. The final consolidation of Northwest and Delta Air Lines resulted in new plane tails at our gates and a new ground handling company operating at our Terminal. Jin Air joined as a signatory airline operator with good performance in seat occupancy posted in their first year of business on Guam.

Seasonal charter activity also provided additional traffic from our Asian neighbors, with valuable operators Japan Airlines, Skymark Airlines, China Airlines, Korean Air, and All Nippon Airlines showing confidence in Guam as a preferred tourist destination.



2010 Operational Performance

2006	1,456,292
2007	1,428,262
2008	1,390,834
2009	1,240,309



Arrivals

 **1,397,279**

2006	1,466,026
2007	1,434,705
2008	1,409,529
2009	1,256,472



Departures

 **1,409,926**

2006	274,185
2007	375,351
2008	403,196
2009	287,192



Transit

 **338,456**

2006	36,234
2007	37,449
2008	39,299
2009	40,276



Landing/Takeoffs

 **44,426**

2006	31,926
2007	28,378
2008	29,144
2009	25,586



Cargo (Metric Tons)

 **31,613**

2006	3,310,796
2007	3,465,833
2008	3,322,467
2009	3,017,815



Gross Take-Off Weight (in 1000s of pounds)

 **3,169,573**





A.B. WON PAT
INTERNATIONAL AIRPORT
GUAM

ATURIDAT PUETTON BATKON AIREN GUAHAN ENTENASIONAT



Fiscal Year 2010 Financial Statements

Flight
942
Departing
3:30

320



Antonio B. Won Pat International Airport Authority, Guam

Statements of Net Assets

	September 30,	
	2010	2009
Assets		
Current assets:		
Unrestricted assets:		
Cash (Note 2)	\$ 991,123	\$ 3,056,207
Passenger facility charge cash (Note 2)	271,388	340,138
Accounts receivable, trade, net of allowance for doubtful accounts of \$357,755 at September 30, 2010 (\$245,437 at September 30, 2009) (Notes 2 and 8)	6,908,571	4,392,598
Passenger facility charge receivables (Note 2)	672,982	566,426
Receivables from the United States Government	3,277,661	4,148,672
Notes receivable, net of allowance for doubtful accounts of \$37,639 (Note 3)	---	220,000
Inventory and other	42,530	64,644
Total unrestricted current assets	12,164,255	12,788,685
Restricted assets:		
Customs fees, cash (Note 2)	157,288	17
Customs fees, receivables (Note 11)	1,878,718	1,200,869
Total restricted current assets	2,036,006	1,200,886
Total current assets	14,200,261	13,989,571
General Revenue Bonds (Note 6):		
Investments and cash with trustees, unrestricted	21,972,719	24,205,868
Investments and cash with trustees, restricted	32,415,162	32,203,768
	54,387,881	56,409,636
Capital assets, at cost less accumulated depreciation (Notes 4 and 10)		
Avigation easements (Note 4)	413,838,006	406,146,241
Deferred bond issue costs	13,994,340	15,003,688
	6,256,409	7,107,208
Total assets	\$ 502,676,897	\$ 498,656,344

Antonio B. Won Pat International Airport Authority, Guam

Statements of Net Assets

	September 30,	
	<u>2010</u>	<u>2009</u>
Liabilities and Net Assets		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable - trade	\$ 2,376,085	\$ 2,228,458
Accounts payable - construction	10,701,502	8,540,865
Other liabilities <i>(Note 10)</i>	1,263,143	1,308,565
Security deposits and deferred income	1,294,021	1,389,679
Current portion of annual leave <i>(Note 9)</i>	292,099	277,121
	<u>15,926,850</u>	<u>13,744,688</u>
Payable from restricted assets:		
Customs fees payable to Treasurer of Guam <i>(Note 11)</i>	2,153,590	1,528,147
General Revenue Bonds:		
Current installments <i>(Notes 5 and 9)</i>	8,625,000	8,235,000
Accrued interest	4,271,634	4,448,309
	<u>15,050,224</u>	<u>14,211,456</u>
Total payable from restricted assets	<u>15,050,224</u>	<u>14,211,456</u>
Total current liabilities	<u>30,977,074</u>	<u>27,956,144</u>
Non-current liabilities:		
Payable from unrestricted assets:		
Accrued sick leave <i>(Notes 7 and 9)</i>	131,884	103,462
Long-term portion of annual leave <i>(Note 9)</i>	727,455	668,553
Payable from restricted assets:		
Long-term bonds payable, less current installments:		
General Revenue Bonds <i>(Notes 5 and 9)</i>	165,023,434	173,773,999
Total non-current liabilities	<u>165,882,773</u>	<u>174,546,014</u>
Total liabilities	<u>196,859,847</u>	<u>202,502,158</u>
Commitments and contingencies <i>(Notes 5 and 10)</i>		
Net assets:		
Invested in capital assets, net of related debt	260,440,321	246,248,138
Restricted <i>(Notes 4 and 10)</i>	28,025,944	27,428,198
Unrestricted	17,350,785	22,477,850
Total net assets	<u>305,817,050</u>	<u>296,154,186</u>
Total liabilities and net assets	<u>\$ 502,676,897</u>	<u>\$ 498,656,344</u>

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

	Year ended September 30,	
	<u>2010</u>	<u>2009</u>
Revenues (<i>Note 5</i>):		
Facilities and systems usage charges	\$ 22,987,211	\$ 17,797,085
Concession fees (<i>Notes 2 and 8</i>)	13,887,161	12,943,555
Rental income (<i>Note 8</i>)	9,414,797	9,338,787
Miscellaneous	840,907	1,651,198
Total revenues	<u>47,130,076</u>	<u>41,730,625</u>
Operating costs and expenses:		
Contractual services (<i>Note 10</i>)	17,338,311	16,086,870
Personnel services	12,755,098	12,706,013
Materials and supplies	878,910	684,259
Bad debt	112,319	34,889
Total operating costs and expenses	<u>31,084,638</u>	<u>29,512,031</u>
Income from operations before depreciation and amortization	16,045,438	12,218,594
Depreciation and amortization	<u>(22,975,268)</u>	<u>(21,797,415)</u>
Loss from operations	<u>(6,929,830)</u>	<u>(9,578,821)</u>
Non-operating income (expense):		
Passenger facility charge income	5,668,517	5,064,667
Interest income	1,282,807	1,468,089
Interest expense	<u>(7,947,785)</u>	<u>(8,339,935)</u>
Other expenses, net (<i>Note 5</i>)	<u>(456,831)</u>	<u>(486,979)</u>
Non-recurring expenses	<u>(32,862)</u>	<u>(52,018)</u>
Total non-operating expenses, net	<u>(1,486,154)</u>	<u>(2,346,176)</u>
Loss before capital grants and transfer in	<u>(8,415,984)</u>	<u>(11,924,997)</u>
Capital grants from the United States Government	17,348,269	35,418,595
Operating grants from the United States Government	669,848	842,931
Transfer from Government of Guam - Office of Highway Safety (OHS)	<u>60,731</u>	<u>30,095</u>
Total capital and operating grants	<u>18,078,848</u>	<u>36,291,621</u>
Increase in net assets	9,662,864	24,366,624
Net assets at beginning of year	<u>296,154,186</u>	<u>271,787,562</u>
Net assets at end of year	<u>\$ 305,817,050</u>	<u>\$ 296,154,186</u>

Antonio B. Won Pat International Airport Authority, Guam

Reconciliation of Historical Financial Results

	Year ended September 30,	
	<u>2010</u>	<u>2009</u>
Change in net assets:		
Revenues	\$ 54,081,400	\$ 48,263,381
Expenses	(<u>31,084,638</u>)	(<u>29,512,031</u>)
Income before depreciation	22,996,762	18,751,350
Depreciation	(<u>22,975,268</u>)	(<u>21,797,415</u>)
	21,494	(3,046,065)
Interest and other expenses	(8,437,478)	(8,878,932)
Transfer from the Government of Guam - OHS	60,731	30,095
Grants from the United States Government	<u>18,018,117</u>	<u>36,261,526</u>
Increase in net assets	<u>\$ 9,662,864</u>	<u>\$ 24,366,624</u>
Net Revenues (per Bond Resolution):		
Revenues	\$ 54,081,400	\$ 48,263,381
Operation and maintenance expenses	(<u>31,242,647</u>)	(<u>29,844,742</u>)
Net revenues available for debt service	<u>\$ 22,838,753</u>	<u>\$ 18,418,639</u>
Reconciliation:		
Change in net assets	\$ 9,662,864	\$ 24,366,624
Add back:		
Depreciation	22,975,268	21,797,415
Interest expense	7,947,785	8,339,935
Miscellaneous	(154,957)	(350,830)
Deduct:		
Capital grants from the United States Government	(17,348,269)	(35,418,595)
Interest income on funds related to construction	(<u>243,938</u>)	(<u>315,910</u>)
	22,838,753	18,418,639
Other available monies	<u>4,292,067</u>	<u>4,282,905</u>
Funds available for debt service	<u>\$ 27,130,820</u>	<u>\$ 22,701,544</u>
Debt Service*	<u>\$ 17,168,269</u>	<u>\$ 17,131,619</u>

* - amounts of the aggregate annual debt service for such fiscal years as defined in the Bond Indenture Agreement.

CURRENCY



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