GUAM WATERWORKS AUTHORITY

A Component Unit of the Government of Guam

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended September 30,

2025

AND

2024

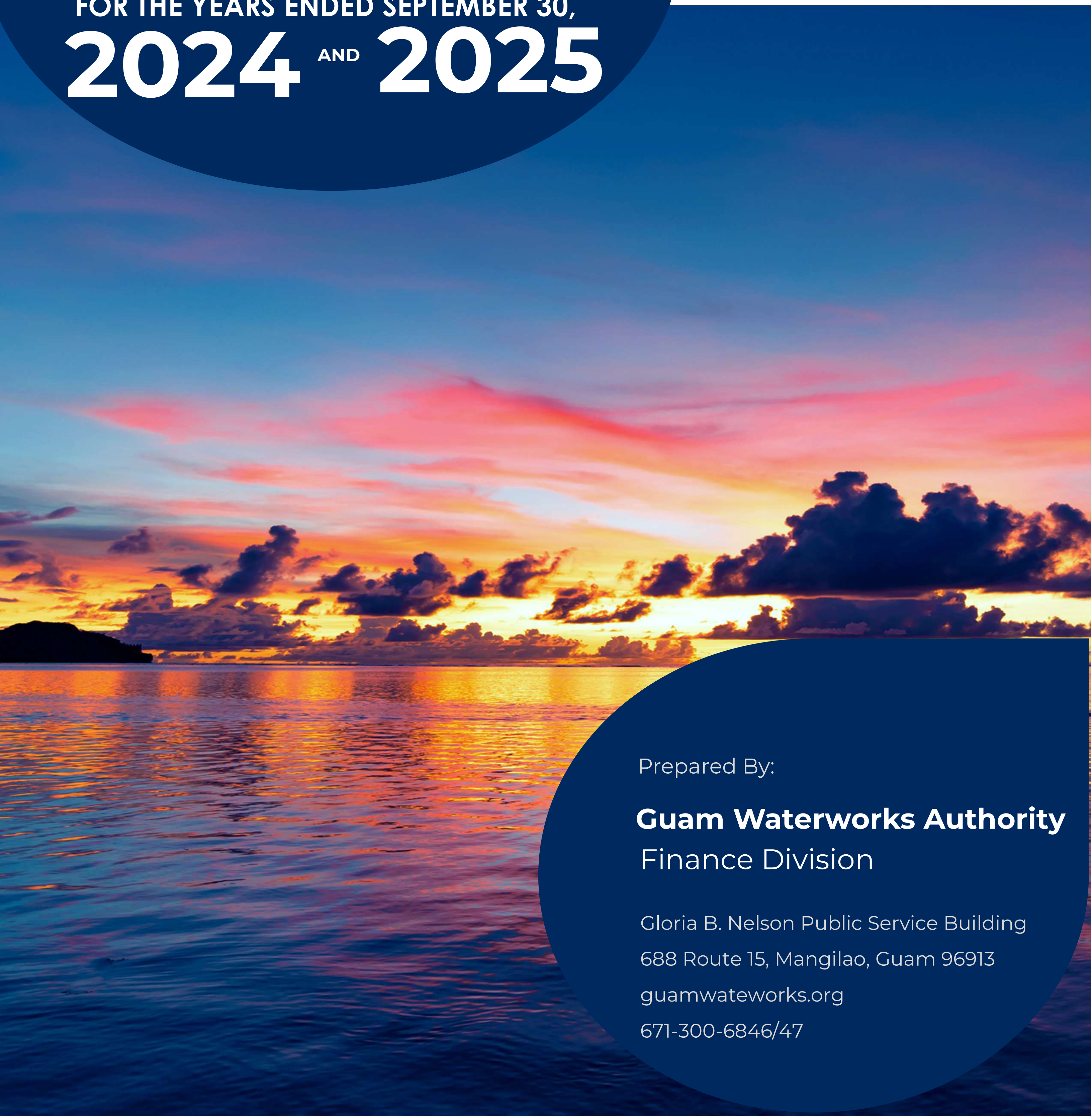
[PAGE INTENTIONALLY LEFT BLANK]

ANNUAL COMPREHENSIVE FINANCIAL REPORT

GUAM WATERWORKS AUTHORITY

A Component Unit of the Government of Guam

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2025



Prepared By:

Guam Waterworks Authority
Finance Division

Gloria B. Nelson Public Service Building
688 Route 15, Mangilao, Guam 96913
guamwateworks.org
671-300-6846/47

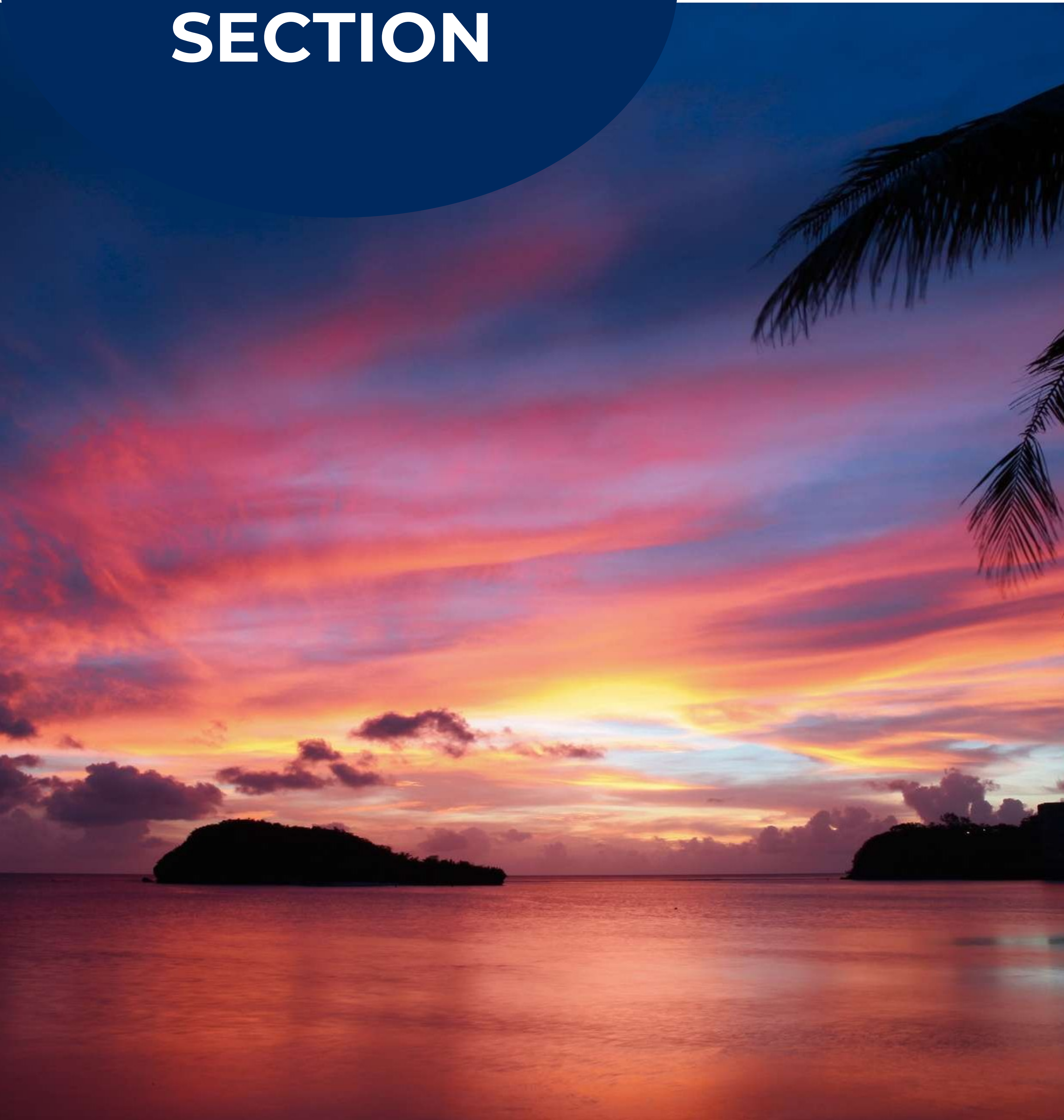
[PAGE INTENTIONALLY LEFT BLANK]

Table of Contents

Table of Contents, Continued

INTRODUCTORY SECTION

GUAM WATERWORKS AUTHORITY



[PAGE INTENTIONALLY LEFT BLANK]

GUAM WATERWORKS AUTHORITY
Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6846/47 Fax No. (671) 648-3290

August 11, 2026

Buenas yan Hafa Adai Chairman, Members of the Consolidated Commission on Utilities, Bondholders, and Citizens of Guam:

The management and staff of the Guam Waterworks Authority ("GWA" or "Authority") are pleased to present the Annual Comprehensive Financial Report (ACFR) for the fiscal years ended September 30, 2025 and 2024. Guam law requires that all financial audits be completed for the prior fiscal year no later than June 30, or nine months after the close of each fiscal year. GWA issued its financial audit for the fiscal years ended September 30, 2025 and 2024 in compliance with the law.

This report has been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as established by the Governmental Accounting Standards Board (GASB). The responsibility for the accuracy, completeness, and fairness of the data presented herein lies with the management of the Authority. The financial statements and related information included in this report represent the Authority's financial position and operations, as presented by management. Recognizing that the cost of internal controls should not outweigh their benefits, GWA's internal control framework is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

Ernst & Young LLP has issued an unmodified ("clean") opinion on the Guam Waterworks Authority's financial statements for the fiscal year ended September 30, 2025 and 2024. The independent auditor's report can be found at the beginning of the financial section of this Annual Comprehensive Financial Report. GWA also earned recognition as a low-risk auditee, a status reserved for entities that have demonstrated strong and consistent financial management over time.

Following the auditor's report is the Management's Discussion and Analysis (MD&A), which offers a narrative overview and detailed analysis of the Authority's financial performance. The MD&A serves to enhance the understanding of the financial statements and should be read in conjunction with this transmittal letter.

Profile of the Authority

Following the enactment of the Organic Act of Guam, which established civilian government in August 1950, the Department of Public Works was responsible for administering all utility services. In response to increased water demand and the need to expand utility services, the First Guam Legislature passed Public Law 1-56 on June 6, 1952, creating a new entity called the Public Utility Agency of Guam (PUAG). PUAG consisted of the telephone, power, water and wastewater utilities.

As Guam's utility systems evolved, several functions formerly administered by PUAG were separated into autonomous entities, with the Guam Power Authority (GPA) established in 1968 and the Guam Telephone Authority established in 1973. Left with water and wastewater services under its umbrella, PUAG was set on a new course to become the Guam Waterworks Authority on July 31, 1996 through Public Law 23-119, which established GWA as an autonomous, self-supporting agency. GWA officially began operations on February 1, 1997. GWA operates and maintains the island-wide water and wastewater system, which spreads across Guam's total land area of approximately 210 square miles. GWA is dedicated to providing efficient, reliable, and sustainable services to the Guam population of approximately 154,000 residents.[1]

In March 2002, Public Law 26-76 changed the way GWA was managed by creating an elected, non-partisan Consolidated Commission on Utilities (CCU) to oversee the operations of GWA and GPA. The five-member elected board is responsible for setting policies, overseeing management, approving budgets, and making financial decisions. While the CCU holds broad authority, certain major actions, such as issuing bonds or increasing rates, require the approval of the Guam Legislature and/or the Guam Public Utilities Commission (PUC). As the regulatory authority for utility rates, the PUC must approve any contracts or obligations that could lead to rate changes, as well as approve all revenue-funded contracts over $1 million.

GWA operates under the regulatory framework of federal and local environmental laws. Wastewater operations must comply with the Clean Water Act (CWA) and drinking water services are governed by the Safe Drinking Water Act (SDWA). Historically, GWA faced significant compliance challenges. In 2002, the U.S. Environmental Protection Agency (US EPA) brought legal action against GWA for violations of the CWA and SDWA, which led to a 2003 Stipulated Order for Preliminary Relief. This was superseded in 2011 by a court order establishing new compliance deadlines and project requirements. In FY 2025, the Authority requested an extension of certain compliance deadlines. On January 6, 2026, the court approved the request and extended the deadline to December 31, 2026. This extension provides additional time to complete the remaining work, but all requirements of the court order remain in effect.

In January 2024, the US EPA filed a complaint related to National Pollutant Discharge Elimination System (NPDES) permit violations. GWA and the US EPA entered into a 2024 Partial Consent Decree, which was accepted by the Guam District Court and became effective in August 2024. The decree mandates system improvements over the next decade to reduce sanitary sewer overflows and includes planning requirements for enhanced wastewater treatment at the Hagåtña Wastewater Treatment Plant (WWTP).

In July 2025, the Guam Environmental Protection Agency issued guidance establishing acceptable dieldrin concentrations in drinking water, effective August 1, 2025. Although GWA had already begun implementation of treatment at affected wells a year earlier, construction of these systems was still on-going, and in response to the issued guidance, the Authority placed two wells on standby while continuing to operate a third well under precautionary public notices. Temporary granular activated carbon (GAC) filtration systems were installed and have been effective in filtering out dieldrin concentrations to an acceptable level. Permanent treatment solutions are expected by the summer of 2026, resulting in additional operational and

[1] Source: U.S. Census Bureau, 2020 Census, Guam Bureau of Statistics & Plans, 2020 Statistical Yearbook.

capital costs that may continue to affect future expenditures and project timelines. The Authority provides water service to the entire civilian population of Guam. Sewer service is also provided to a substantial portion of the civilian population, Andersen Air Force Base, and several smaller U.S. Navy facilities. However, a notable portion of residents, particularly in northern Guam, do not have access to centralized sewer services and instead rely on individual septic tanks or other on-site disposal systems. Additionally, the Authority purchases a portion of its water supply from the Navy.

Guam is home to two major military installations: Andersen Air Force Base and Naval Base Guam. Andersen Air Force Base operates its own water and wastewater collection systems but does not maintain a separate wastewater treatment plant; instead, the collected wastewater is discharged into the Authority's system and treated at the Northern District WWTP. Naval Base Guam, on the other hand, maintains independent water and wastewater systems, including its own wastewater treatment plant.

A third installation, Marine Corps Base Camp Blaz, is currently under development. The base will have its own water and wastewater collection systems serving newly constructed facilities. While Marines are expected to begin relocating to the base in 2026, full completion is anticipated in 2028. The Authority has constructed both water and wastewater service connections to the base. Wastewater flows from Camp Blaz will be routed to the Northern District WWTP once the base becomes fully operational. The water connection is currently in use during the base's construction and may continue to support demand once operations commence. Although some intermittent wastewater discharges have occurred during construction and facility testing, continuous discharge remains nominal and full discharge is not expected until full based occupancy.

In Fiscal Year 2025, the Authority served an average of 43,693 water customers and 31,188 wastewater customers through a dedicated team of nearly 400 men and women that serve as the **G**uardians, **W**arriors, and **A**mbassadors for Guam's most precious natural resource.

The System

The System is comprised of the Authority's water and wastewater systems, which is further described in this section. The following table presents a general overview and selected statistics regarding Authority operations for Fiscal Year 2025. Refer to the Statistical Section for additional data and 10-year trends.

Table 1: Selected Statistics for Fiscal Year 2025

Average Number of Water Customers	43,693
Average Number of Wastewater Customers	31,188
Annual Water Sales (million gallons)	5,100
Annual Wastewater Collection (million gallons)	3,953
Operating Revenues[(a)]	$145,694,721
Gross Investment in Utility Plant	$1,332,869,187
Net Utility Plant Investment	$852,213,105
Total Equity	$358,158,959
Net Current Assets	$150,609,614

(a) Excludes revenues from System Development Charges.

Water System

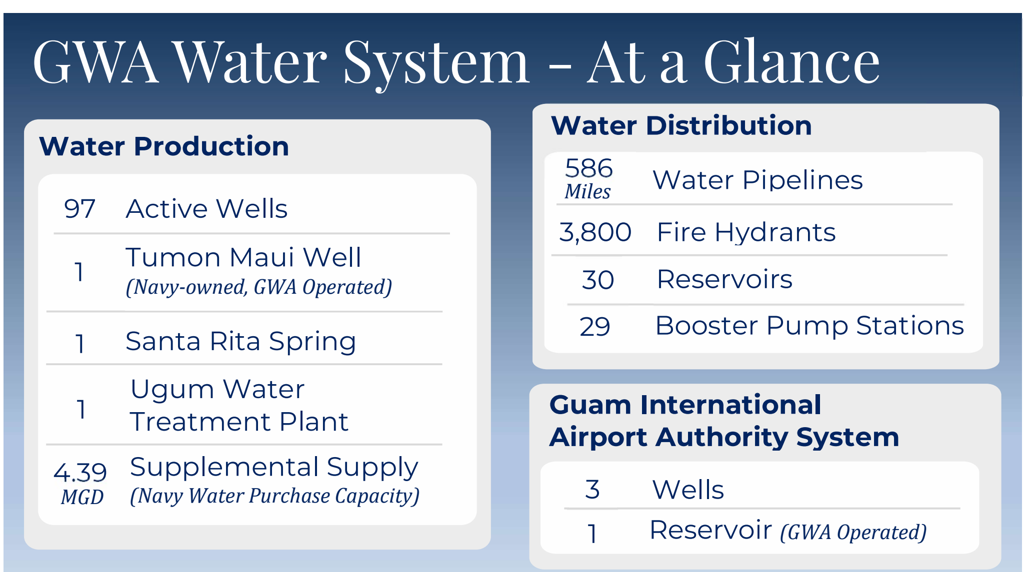
GWA's water system is supplied by groundwater, surface water, and spring sources, with groundwater providing most of the island's drinking water. The Authority owns 120 production wells of which 97 were active as of September 30, 2025. Well capacities vary, ranging from less than 100 gallons per minute (gpm) to more than 500 gpm. The number of wells in service fluctuates daily to meet system demand. These wells operate within the Northern Guam Lens Aquifer. Additionally, GWA operates the Navy-owned Tumon Maui Well and the water system at the Guam International Airport Authority, which includes three wells and one reservoir. Under a longstanding Memorandum of Agreement, GWA may also purchase up to 4.39 million gallons per day of treated water from the U.S. Navy to support system needs, particularly in southern and central areas. In FY 2025, the Authority produced 14,058 million gallons and purchased 757 million gallons from the Navy.

GWA's active spring source is the Santa Rita Spring, which continues to provide a small volume of supply for the southern system. The primary facility serving southern Guam is the Ugum Water Treatment Plant, which treats surface water from the Ugum River. The plant employs membrane filtration and other treatment processes to meet Safe Drinking Water Act requirements and recently received upgrades including membrane replacement, raw water pump improvements, and on-going construction of a new 2.0-million-gallon concrete reservoir.

Water storage across the island consists of 30 reservoirs. The distribution system includes approximately 586 miles of pipelines made up of various pipe materials, with older small-diameter galvanized lines remaining a significant source of leaks. System operation is supported by 29 booster pump stations and approximately 3,800 fire hydrants connected to the network.

Together, these facilities form an integrated water system that serves the island's residents, businesses, and military installations. Ongoing investments in wells, storage, treatment, and distribution infrastructure continue to improve system reliability and performance. See Figure 1 for a snapshot of GWA's water system as of September 30, 2025.

Figure 1: GWA Water System – At a Glance



Wastewater System

GWA provides wastewater service to portions of Guam's population as well as Andersen Air Force Base, Marine Corps Base Camp Blaz, and certain northern U.S. Navy facilities. The island is organized into seven wastewater districts: Northern District, Hagåtña, Agat-Santa Rita, Umatac-Merizo, Inarajan, Baza Gardens, and Pago Socio.[2] Unlike the water system, wastewater service does not reach all customers; in FY 2025, about 28% of water customers did not have sewer service and relied on on-site systems such as septic tanks.[3]

The wastewater collection system includes approximately 330 miles of gravity and force main pipes, 84 wastewater pump stations, 186 pumps, and 7,310 manholes. Of the 186 pumps, 165 were in operation as of September 30, 2025. Portions of the system date back to the 1940s and require significant replacement. Over the past decade, GWA has completed about 20 miles of sewer rehabilitation, including projects addressing infiltration and inflow, cured-in-place pipe rehabilitations, and targeted "hot spot" repairs. Ongoing cleaning, closed circuit television inspections, and sewer system evaluation surveys continue to guide capital improvement planning.

GWA owns and operates six wastewater treatment plants as follows:

- **Northern District WWTP:** Serves approximately 76,000 residents and has a design capacity of 12.0 million gallons per day (mgd). In FY 2025, it treated an average flow of 4.80 mgd, and flows are expected to increase as Marine Corps Base Camp Blaz becomes fully operational.
- **Hagåtña WWTP:** Serves approximately 82,645 residents and has a design capacity of 12.0 mgd. In FY 2025, an average of 3.45 mgd was treated. The 2024 Partial Consent Decree requires a feasibility study by 2031 for future upgrade to secondary treatment.
- **Agat–Santa Rita WWTP:** Serves approximately 2,300 residents with a capacity of 1.6 mgd and treated an average of 1.33 mgd in FY 2025. Collection system repairs to reduce infiltration and inflow are ongoing.
- **Umatac–Merizo WWTP:** Serves approximately 4,000 residents, has a permitted capacity of 0.39 mgd, and treated an average of 0.44 mgd in FY 2025.[4]
- **Inarajan WWTP:** A small facility with a design capacity of 0.19 mgd and flows averaging 0.11 mgd was treated in FY 2025.
- **Pago Socio WWTP:** The smallest plant in the system, which operates as a centralized septic and leach field facility. GWA plans to convert it into a pump station and redirect flows to the Hagåtña WWTP.

These facilities and collection system assets form the core of GWA's wastewater system and continue to be the focus of capital improvements required to meet regulatory obligations and maintain service reliability. See Figure 2 below for a

---

[2] As part of recent infrastructure changes, collections from the Baza Gardens basin are now pumped to the Agat-Santa Rita basin for treatment.

[3] Of the 43,360 water customers, it is estimated that 12,172 customers are without wastewater services. The water customer count excludes 306 agricultural accounts and 27 irrigation accounts, as water usage for these customers does not enter any wastewater management system.

[4] Although this WWTP operates as a non-discharging facility for most of the year, its NPDES permit authorizes discharge during the wet season (typically June through September), at an average rate of approximately 0.04 mgd.

snapshot of GWA's wastewater system as of September 30, 2025. For more operating information and infrastructure data, refer to Exhibit 19 of the Statistical Section.

Figure 2: GWA Wastewater System – At a Glance

GWA Wastewater System – At a Glance

Wastewater Treatment Plant	Design Capacity - Avg. Daily Flow (mgd)	% of Total Design Capacity
Northern District	12	45.8%
Hagåtña (Agana)	12	45.8%
Agat–Santa Rita	1.6	6.1%
Umatac–Merizo	0.39	1.5%
Inarajan	0.19	0.7%
Pago Socio	0.025	0.1%
Total	**26.205**	**100.0%**

Sewer System

287	Gravity Sewer Pipes *(Miles)*
42	Force Main Pipes *(Miles)*
329	**Total Miles of Piping**

84	Pump Stations
165	Individual Pumps Operating
7,310	Manholes

The Department of Public Works (DPW) is the primary agency responsible for public storm drainage infrastructure in Guam. DPW operates and maintains the island's Municipal Separate Storm Sewer System (MS4) and is responsible for implementing stormwater management measures in accordance with federal regulatory requirements.

Major Operating Programs and Initiatives

GWA's major operating programs support the operation, maintenance, and oversight of the water and wastewater systems. These programs include Asset Management, the Water Loss Control Program, Compliance Programs, Cybersecurity, One-Guam Initiative, and Salary Migration and Pay for Performance Programs. Together, they provide the framework for managing assets, reducing system losses, meeting regulatory requirements, and protecting critical information and operational systems.

Asset Management

GWA continues to implement its Asset Management framework adopted in 2018, aligned with ISO 55001. The Strategic Asset Management Plan and facility-level Asset Management Plans guide the program. Since 2016, GWA has used a computerized maintenance management system (CMMS) to track preventive and corrective maintenance and line repair work orders. System upgrades completed in 2021 expanded maintenance management capabilities and mobile workforce tools. The program emphasizes preventive maintenance to sustain the condition and performance of new and rehabilitated assets, including upgraded wastewater treatment facilities and refurbished water storage tanks.

Water Loss Control Program

The Water Loss Control Program addresses non-revenue water caused by leaks, unauthorized use, data issues, and metering inaccuracies. Following the 2021 Water Loss Control Analytical Study, GWA is implementing 36 District Metered Areas (DMAs) and a long-term leak detection program, with islandwide completion targeted for 2028. Program findings show that many leaks occur in aging small-diameter service laterals, and GWA has aligned pipeline replacement priorities based on these results. In accordance with the FY 2025–2029 rate decision, GWA submitted a priority project plan to the PUC in January 2025 and is authorized to proceed with associated contracts without further PUC review. The program is intended to improve system efficiency and reduce dependence on Navy water.

Compliance Programs

GWA administers several compliance programs that protect the integrity of the water and wastewater systems:

- ***Cross-Connection Control Program:*** Oversees installation, maintenance, and annual inspection of backflow prevention assemblies by certified staff and private testers to prevent cross-contamination from customer facilities.
- ***Source Control Program:*** A U.S. EPA-approved program regulating wastewater discharges to reduce inflow and infiltration, prevent sewer blockages, limit grease-related issues, and prevent harmful substances from entering the system. Enforcement tools include fines and disconnections.
- ***Fats, Oils, and Grease (FOG) Program:*** Requires permits and inspections for food service establishments. GWA operates an autothermal aerobic thermophilic digestion (ATAD) process at the Northern District WWTP capable of treating FOG and has completed design for a FOG receiving station.
- ***Industrial Pretreatment Program:*** Required under the 2024 Partial Consent Decree, this program aligns with 40 C.F.R. Part 403 and prevents hazardous or harmful discharges from entering the wastewater system. The program is in final draft and will be submitted to U.S. EPA for approval.

Cybersecurity

GWA operates in a complex information technology (IT) and operational technology (OT) environment and continues to manage ongoing cybersecurity risks. In coordination with GPA, GWA follows National Institute of Standards and Technology cybersecurity protocols and maintains a Department of Energy–approved cybersecurity plan. The program includes regular vulnerability assessments, system testing, incident response planning, and business continuity and disaster recovery activities, supported by annual third-party evaluations of IT and OT systems. GWA also provides cybersecurity training and participates in tabletop exercises, while working with Guam Homeland Security, the Mariana Regional Fusion Center, and federal partners to strengthen territory-wide readiness.

One-Guam Initiative

GWA and the U.S. Navy continue to collaborate under the One-Guam Initiative, launched in 2010 to coordinate water/wastewater operations and protect the Northern Guam Lens Aquifer. A 2016 MOU expanded joint work on aquifer monitoring, interoperability projects, and a successful proof-of-concept that led to GWA's licensed operation of the Navy-owned Tumon Maui Well. Current efforts include reservoir interties, supply exchange points to support maintenance, joint evaluation of PFAS treatment, data-sharing and cybersecurity coordination, and shared training and planning. The parties executed a 2022 aquifer co-management agreement and a 10-year Intergovernmental Support Agreement in 2023 to provide mutual water and wastewater support. The parties are also updating the utility services agreement that governs water and wastewater purchases.

Salary Migration and Pay for Performance Programs

GWA is implementing a salary migration plan and pay-for-performance adjustments following a 2023 market study of prevailing wages among U.S. water utilities. The study indicated that pay levels had declined from the 20th percentile in 2017 to the 5th percentile in 2022. GWA aims to raise salaries to the 50th percentile by FY2029 to strengthen recruitment and retention efforts. From FY 2021 through FY 2023 employee turnover averaged 11.3% and increased to 15.4% in FY 2024. For FY 2025, the turnover ratio decreased to 11.2%, suggesting early progress in improving employee retention. Salaries and wages are projected to grow from $28.9M in FY 2025 to $41.4M in FY 2029 with the continuation of the Authority's salary migration program, pay for performance adjustments, and planned staffing additions.

Customer Base and Revenue Profile

GWA serves a diverse customer base including residential, commercial, hotel, government, and federal users. In Fiscal Year 2025, residential customers accounted for 60% of total water demand and 51% of water revenues, while government and federal customers generated 11% of water revenues.[5] For wastewater, residential users made up 47% of wastewater flows and 23% of revenues, while federal customers, led by the U.S. Air Force and Navy, accounted for 24% of revenue.[5] Refer to Exhibit 4: Water and Wastewater Revenues by Customer Classes and Exhibit 5: Water Demand and Wastewater Flows by Major Customer Classes of the Statistical Section for a 10-year trend.

The top 10 Water Customers in FY 2025 contributed 16.51% of GWA's annual gross water revenues, with the Guam Department of Education leading at $2.63 million.[5] Refer to Table 2 for details on GWA's Top 10 Water Customers. For a 10-year trend of Top 10 Water Customers, refer to Exhibit 7 of the Statistical Section.

---

[5] Revenues excluding System Development Charges.

Table 2: Top 10 Water Customers

Customer Name	Annual Revenue	Percent of Annual Gross Revenue
1. Guam Department of Education	$2,632,771	2.88%
2. Guam Power Authority	2,320,192	2.54%
3. Pacific Islands Club	1,943,511	2.13%
4. Tanota Development LLC [a]	1,444,695	1.58%
5. MDI Guam Corporation [b]	1,268,073	1.39%
6. Department of Corrections	1,265,688	1.38%
7. Dusit Beach Resort Guam [c]	1,240,035	1.36%
8. Hotels of the Marianas Inc. [d]	1,216,290	1.33%
9. Hotel Nikko Guam	916,828	1.00%
10. Hyatt Regency Guam	848,223	0.93%
Total	**$15,096,306**	**16.51%**

(a) Doing business as Dusit Thani Guam Resort
(b) Doing business as Leopalace Resort Guam.
(c) Formerly known as Outrigger Guam Resort.
(d) Doing business as Hilton Guam Resort & Spa.

The top 10 Wastewater Customers accounted for 41.72% of annual gross wastewater revenues, with the U.S. Air Force contributing $6.80 million. Refer to Table 3 for details on GWA's Top 10 Wastewater Customers. Refer to Exhibit 7 of the Statistical Section for the 10-year trend of the Top 10 Wastewater Customers..

Table 3: Top 10 Wastewater Customers

Customer Name	Annual Revenue	Percent of Annual Gross Revenue
1. U.S. Air Force (U.S. Department of Defense)	$6,796,129	12.69%
2. U.S. Navy (U.S. Department of Defense)	5,751,794	10.74%
3. Guam Department of Education	1,568,493	2.93%
4. Tanota Development LLC [a]	1,549,242	2.89%
5. Dusit Beach Resort Guam [b]	1,328,298	2.48%
6. Guam Power Authority	1,307,741	2.44%
7. Hotels of the Marianas Inc. [c]	1,297,461	2.42%
8. Hotel Nikko Guam	975,127	1.82%
9. Hyatt Regency Guam	906,322	1.69%
10. Pacific Islands Club	865,225	1.62%
Total	**$22,345,833**	**41.72%**

(a) Doing business as Dusit Thani Guam Resort
(b) Formerly known as Outrigger Guam Resort.
(c) Doing business as Hilton Guam Resort & Spa.

In FY 2025, GWA had 294 new water connections installed and 305 in FY 2024. Additionally, 86 and 73 new sewer connections were installed in FY 2025 and FY 2024, respectively, supporting ongoing community and economic development. The majority of these were residential installations, illustrating steady growth in service demand. See Table 4 for a comparison of new installations for FY 2024 and FY 2025.

See new water and wastewater installations since 2016 at Exhibit 17 of the Statistical Section.

Table 4: New Installations

Customer Type	Water Installations		Wastewater Installations	
	2025	2024	2025	2024
Residential	285	298	79	69
Government	-	-	2	-
Commercial	8	7	5	4
Agricultural	1	-	-	-
Total	**294**	**305**	**86**	**73**

Financial Management and Performance

GWA's financial management and performance are guided by policies that support long-term revenue stability, adequate rates, and sustained investment in water and wastewater infrastructure. These key policies include the five-year financial plan, annual budgeting and true-up processes, rate design, reserve requirements, debt-coverage standards, financing authorities, and regulatory accounting treatment. Credit ratings also form an integral part of this framework, reflecting external evaluations of GWA's financial position, operating performance, and capital needs, and helping determine the Authority's access to and cost of capital.

Five-Year Financial Plan: In September 2024, the PUC approved GWA's FY 2025–2029 rate plan, which establishes annual rate adjustments to support revenue sufficiency and ongoing capital investment needs. The plan also includes mechanisms such as annual true-ups and affordability provisions, including lifeline rates, to help mitigate the impact of rate increases on lower-income customers. See also the Approved Rate Increases and True-Up Requirements section in the MD&A for additional discussions.

Budgetary Control: GWA's annual budget process is built on its Five-Year Financial Plan, which uses rate modeling to forecast operating needs and long-term infrastructure funding. The process is overseen by the CCU and approved by the PUC. Budget projections incorporate current operating results and data from the previous two fiscal years, with assumptions for inflation, growth, and other economic factors tested against multiple scenarios to ensure compliance with regulatory and bond covenant requirements. The resulting budget serves as both a financial planning tool and a performance management tool, helping GWA allocate resources, track results, and adjust to changing operational or environmental conditions.

Annual True-Ups: Each year, GWA conducts a true-up process comparing actual revenues and expenses to the approved budget and updates its financial assumptions to align budget execution with actual performance, rate planning needs, and financial reporting requirements. As part of the FY 2026 true-up, the Authority reached a revised rate implementation agreement with the PUC in September 2025, resulting in an 8.2% rate increase rather than the previously approved 10.75% in the Five-Year Financial Plan, incorporating a revenue recovery level of $150.48 million.

Rate Design: In March 2024, the PUC approved, in principle, a revised rate structure aimed at better aligning water and wastewater charges with usage and cost of service. For residential customers, the design introduces a three-tier water rate and new fixed charges. Wastewater rates will shift from a residential flat fee and non-residential volumetric charges to a combination of fixed and volumetric charges for all customer classes.

GWA is currently working with PUC's Consultants to finalize a revised rate design structure. As part of these discussions, the implementation of a three-block volumetric water rate for the residential customer class has been deferred. The Authority intends to address the recommendations of the Rate Design Study and seek PUC approval so that revised rates may take effect in FY 2027.

Reserves: The 2005 Indenture establishes the Rate Stabilization Fund (RSF), funded by transfers from the Revenue Fund. In 2024, the CCU set a target to rebuild this fund with $10 million of transfers by FY2029 and authorized depositing FY2025 excess revenues after achieving 1.32x DSCR. During FY 2025, $9.5 million was transferred into the RSF.

The Indenture also requires two operating reserves: the Operation and Maintenance Fund, which must be maintained at budgeted O&M expenses on a monthly basis, and the Operation, Maintenance, Renewal and Replacement Reserve Fund, which must be maintained at one-quarter of annual budgeted O&M and renewal and replacement costs for emergency renewals, replacements, and other contingencies. Separately, under CCU policy, GWA maintains a Working Capital Reserve for O&M within the Capital Improvement Fund equal to 120 days of budgeted O&M (less depreciation).

Expanded Financing Authority: Under the authority granted by Public Law 37-103, GWA is authorized to issue up to $560 million in new bonds and to utilize alternative financing instruments such as Tax-Exempt Commercial Paper (TECP) and federally backed loan programs, including the Water Infrastructure Finance and Innovation Act (WIFIA). These mechanisms are designed to reduce borrowing costs and improve cash flow during project delivery.

During FY 2025, GWA issued approximately $266.5M in revenue bonds. Additionally, GWA received a short term finance proposal, which remains under negotiation as of the date of this report. See also the Short-Tem Financing Authorization and Capital Structure and Financing Considerations sections in the MD&A for additional discussions.

Debt Service Coverage: The Authority is required under the 2005 Indenture to maintain rates that generate annual Net Revenues of at least 1.25 times annual debt service. In addition to this covenant, the CCU and PUC have adopted planning targets for debt service coverage, with the CCU's target increasing from 1.30x in FY2024 toward 1.50x by FY2029; however, a revised plan approved in April 2025 delays reaching the 1.50x level beyond the FY2025–FY2029 period. The PUC set a temporary minimum DSCR of 1.30x through FY2026. These regulatory targets may change over time; however, adjustments or failure to meet them do not alter the Indenture's binding 1.25x requirement.

Accounting Order – Regulatory Assets: In September 2025, the PUC issued a clarified Accounting Order (Docket 24-05) directing the Authority to write off certain costs relating to the FY2020–FY2024 rate case because those costs were already reflected in prior-period debt service coverage and disclosed on reports posted to the Electronic Municipal Market Access (EMMA) website. The order also authorizes a Regulatory Asset for extraordinary legal expenses incurred in FY2026 and later related to the Northern District WWTP land-ownership litigation, to be amortized over five years after the litigation ends. Expenses before FY2026 are excluded, and these costs are excluded from Debt Service Coverage under the Bond Indenture.

Credit Ratings: Moody's Investors Service and S&P Global Ratings assigned Baa2 and A- ratings, respectively, to the 2025A Bonds, indicating investment-grade credit quality and an adequate capacity to meet debt obligations. The ratings reflect each agency's assessment of the Authority's financial position and debt profile, system demand and rate-setting environment, operating performance and regulatory obligations, and the scale of planned capital investments for water and wastewater infrastructure. Although methodologies differ, both agencies recognize the essential nature of the Authority's services and a stable operating framework. The investment-grade ratings support continued market access and help lower borrowing costs for capital projects.

Economic Conditions and Outlook

Guam's economy in FY 2025 continued to expand and recover since the pandemic, supported by a gradual rebound in tourism and sustained federal and military construction activity. These conditions directly affect GWA's operating environment and as these sectors continue to stabilize and expand, GWA must align its operational planning, rate design, and investment strategies to support system capacity and maintain service reliability.

Tourism Recovery and Impact

The Guam Visitors Bureau reported tourist arrivals reaching 729,124 in FY 2025, marking a significant recovery from the pandemic low of just 61,607 in FY 2021. Please refer to Exhibit 15: Visitor Arrivals and Industry Statistics in the Statistical Section of this report, for more details. While tourism dipped in FY 2025 compared to the previous year, several factors affected visitors from Korea, a primary source market for Guam. This included a martial law declaration in South Korea, a Jeju Air crash, and a merger between Korean Air and Asiana airlines. However, a 16.4% increase in tourist arrivals was seen in October 2025 compared to October 2024, of which the Korea market increased by 16.6% and Japan, another primary market, increased by 28.5%. Additionally, November and December saw significant increases compared to the same months in 2024, which resulted in a 5% calendar year improvement for 2025. In FY 2025, GWA recorded an 8% increase in water demand and a 7% increase in wastewater flows from hotel customers compared to FY 2024. Refer to Exhibit 5: Water Demand and Wastewater Flows in the Statistical Section of this report, for details.

Looking ahead to FY 2026, tourism demand is expected to remain sensitive to global economic and geopolitical conditions. While recent trends suggest continued recovery and stabilization in key visitor markets, the ongoing conflict in the Middle East presents a risk factor that could affect global travel sentiment and airline costs. Any sustained softening in visitor arrivals could moderate hotel occupancy levels and, in turn, influence water and wastewater demand from the hospitality sector. GWA will continue to monitor tourism trends and adjust operational and financial planning assumptions accordingly.

Defense Activity and Base Expansion

The U.S. military presence continues to be a significant factor in Guam's economy and in the Authority's operating environment, influencing demand for commercial services, housing, construction activity, and infrastructure capacity. In FY 2025, defense activity remained a key driver of economic expansion, supported by sustained military construction and federal spending associated with the Indo-Pacific realignment. Construction at Marine Corps Base Camp Blaz continued to advance, with military construction employment and contract activity contributing to increased economic activity and employment levels.

Initial occupancy at Camp Blaz is anticipated in FY 2026, with full operational capability targeted for 2028. Based on the 2015 Supplemental Environmental Impact Statement and Record of Decision, the Department of Defense originally planned to relocate approximately 5,000 military personnel and 1,300 dependents to Guam over a 12-year period. Since that time, the Department of Defense updated its population projections in 2025 to reflect changes in the timing, scale, and composition of the military buildup, with the military-associated population now projected to peak at approximately 35,062 by 2037. These updated projections indicate a larger and longer-term military presence than previously anticipated, which may support increased economic activity and utility service demand over time.

Official economic forecasts expect construction related to Camp Blaz and other defense projects to remain strong in FY 2026, with some activity projected to equal or exceed FY 2025 levels as projects progress beyond initial relocation phases. However, future military activity remains subject to broader economic conditions, strategic priorities, and federal funding decisions. Any reduction, delay, or modification of planned military staffing or capital improvements could adversely affect the local economy and the Authority's revenues.

GWA's dedicated water and wastewater interconnections to Camp Blaz position the Authority to support increased demand associated with military personnel movements, base operations, and related development as defense activities continue through FY 2026 and beyond. Continued monitoring and management of the Northern Guam Lens Aquifer through the OneGuam initiative, along with robust execution of GWA's Water Loss Control and pipe replacement programs will ensure the Authority has sufficient water production capacity for planned future growth. The Authority will continue to advocate for expansion/upgrade of wastewater collection/treatment capacity in the Central basin to support future military needs.

Risks and Mitigation Strategies

Despite overall economic recovery, Guam remains exposed to a range of external and structural risks that may affect the Authority's operations and financial performance. The local economy continues to depend heavily on tourism and the U.S. military

presence, both of which are influenced by shifts in travel demand, regional stability, currency movements, public health conditions, and federal policy decisions. While visitor arrivals improved from pandemic lows, total arrivals remain sensitive to economic and policy conditions in key source markets such as South Korea and Japan. Any sustained downturn in tourism or reduction in employment levels could result in lower revenues being available to the Authority for operating and capital needs.
The Authority's revenues and capital program are also affected by the scale and timing of U.S. military activity in Guam. Although updated Department of Defense projections indicate significantly higher long-term military population levels than previously estimated, changes in federal priorities, defense strategies, or funding levels could delay or reduce planned military expansion and associated economic activity. In addition, major infrastructure and military construction projects remain highly dependent on the availability of skilled labor through the H-2B visa program. Any restrictions or delays in visa approvals could increase construction costs, extend project schedules, and affect the Authority's ability to deliver capital improvements.

Federal policy risks continue to affect the Authority's planning environment. Changes in federal appropriations, tax policy, trade policy, immigration rules, or environmental and infrastructure funding programs could affect project timing, operating costs, and financing strategies. Hiring freezes and staffing reductions at federal agencies that provide regulatory oversight, funding, technical support, and scientific data, including the National Oceanic and Atmospheric Administration, United States Geological Survey, U.S. Department of the Interior, and the United States Environmental Protection, may also impact permitting timelines, regulatory coordination, and access to critical monitoring information. In addition, legislative proposals affecting the tax-exempt status of municipal bonds could adversely affect borrowing costs and market access.

Guam's exposure to typhoons, earthquakes, flooding, and other natural disasters remains a continuing operational and financial risk. Typhoon Mawar in 2023 demonstrated the Authority's vulnerability to extreme weather events and reinforced the importance of emergency preparedness, reinforcing critical infrastructure, and ensuring backup power capability. Additionally, long-term water supply and infrastructure planning are increasingly affected by climate-related factors such as sea-level rise, saltwater intrusion, drought, and stronger storm activity.

To address these risks, GWA is proactively monitoring and managing its water resources, and uses conservative financial forecasts, maintains reserve and liquidity targets, implements PUC-approved multi-year rate plans, and relies on a mix of long- and short-term debt, federal funding, and internally generated revenues. The Authority also continues to upgrade facilities and backup systems to keep operations running during severe weather and other disruptions.

As required by the America's Water Infrastructure Act of 2018, the Authority completed an updated risk and resiliency assessment in March 2024 and certified the results to U.S. EPA. The findings are being incorporated into the revised Emergency Response Plan, and subsequent integration into Guam's broader emergency response framework.

Strategic Outlook

Guam's economic outlook continues to be shaped by infrastructure investment, a significant U.S. military presence, and the gradual recovery of the tourism industry. The Authority's ability to generate revenues remains closely tied to these conditions, which are influenced by external factors such as travel demand, defense activity, and federal funding decisions beyond the Authority's control. While long-term defense investments and planned military expansion are expected to support economic activity and utility demand over time, shifts in federal priorities or delays in military staffing and construction could affect the timing and scale of these benefits. Tourism conditions, particularly in key markets such as Japan and South Korea, also remain subject to currency fluctuations, economic conditions, and social or political developments that may affect visitor levels and associated demand for services.

In this environment, GWA continues to work with the U.S. Navy under the One-Guam Initiative to maintain system reliability and manage shared water resources over the long term. Current efforts include coordinating protection of the Northern Guam Lens Aquifer, evaluating treatment options to address changing regulatory requirements, and aligning infrastructure planning. GWA and the Navy also coordinate data sharing, cybersecurity practices, and system connections, including the shared use of certain facilities. Together, these efforts support day-to-day operations, enhance emergency response capabilities, and help the Authority plan for future growth amid economic, regulatory, and resource-related uncertainty.

Awards and Acknowledgements

This report signifies GWA's adherence to the highest standards in financial reporting, following the guidelines set by the Government Finance Officers Association (GFOA). Although GWA has not yet submitted this report for the GFOA Certificate of Achievement for Excellence in Financial Reporting, the structure and disclosures are designed to meet such standards.

In March 2024, GWA received the AGA Guam Chapter's Agency Chapter Service Award in recognition of its exemplary support to the chapter and its substantive contributions to AGA's mission of Advancing Government Accountability. GWA was prominently represented throughout the year, with many of the individuals featured in the chapter's Membership Monday program coming from the Authority. In addition, several GWA employees served as officers or held executive leadership positions within the organization, further demonstrating the Authority's commitment to professional development and promoting excellence in government.

In addition, GWA is proud to have also received the Certificate of Excellence in Citizen-Centric Reporting from AGA National for its FY 2024 Citizen-Centric Report (CCR), issued in July 2025. This recognition reflects GWA's ongoing commitment to transparency, good governance, and responsible fiscal management. The AGA review team noted that the CCR was informative and included substantial details about GWA's operations and services. They commended the report for showcasing capital assets and improvement projects through a color-coded and geographically aligned layout. In addition, they found the financial information and water consumption insights helpful and noted GWA's clear explanation of goals.


Certificate of Excellence in Citizen-Centric Reporting

presented to

Guam Waterworks Authority

for the fiscal year ending 2024

Ann M. Ebberts, MS, PMP
Chief Executive Officer, AGA

We extend our appreciation to the GWA finance and executive team who made this report possible, Ernst & Young LLP for their professional audit services, and the CCU for its governance and leadership. We also acknowledge the dedication of all GWA employees whose efforts ensure safe and reliable water resources for our community.

Respectfully submitted,

Miguel C. Bordallo, General Manager

Taling M. Taitano, Chief Financial Officer

GUAM **WATERWORKS** AUTHORITY

ORGANIZATIONAL CHART

CONSOLIDATED COMMISSION ON UTILITIES

GENERAL MANAGER

COMMUNICATIONS

INTERNAL AUDIT

LEGAL COUNSEL
- LEGAL

AGM ADMINISTRATION & SUPPORT
- CUSTOMER CARE
- HUMAN RESOURCES
- INFORMATION TECHNOLOGY
- PROCUREMENT

AGM COMPLIANCE &
- COMPLIANCE
- LABORATORY
- SAFETY

AGM ENGINEERING
- PERMITS
- PLANNING
- WATER CIP
- WASTEWATER CIP
- ELECTRICAL & SUPPORT CIP
- GEOGRAPHIC INFORMATION SYSTEM
- PROPERTY & RIGHTS OF WAY
- ENGINEERING PROCUREMENT

AGM OPERATIONS
- ASSET MANAGEMENT
- WATER PRODUCTION
- WATER DISTRIBUTION
- WASTEWATER TREATMENT
- WASTEWATER COLLECTON
- OPERATIONS SUPPORT/ CONSTRUCTION

CHIEF FINANCIAL OFFICER
- FINANCE

GUAM **WATERWORKS** AUTHORITY

List of Board Members and Key Management
as of September 30, 2025

Consolidated Commission on Utilities

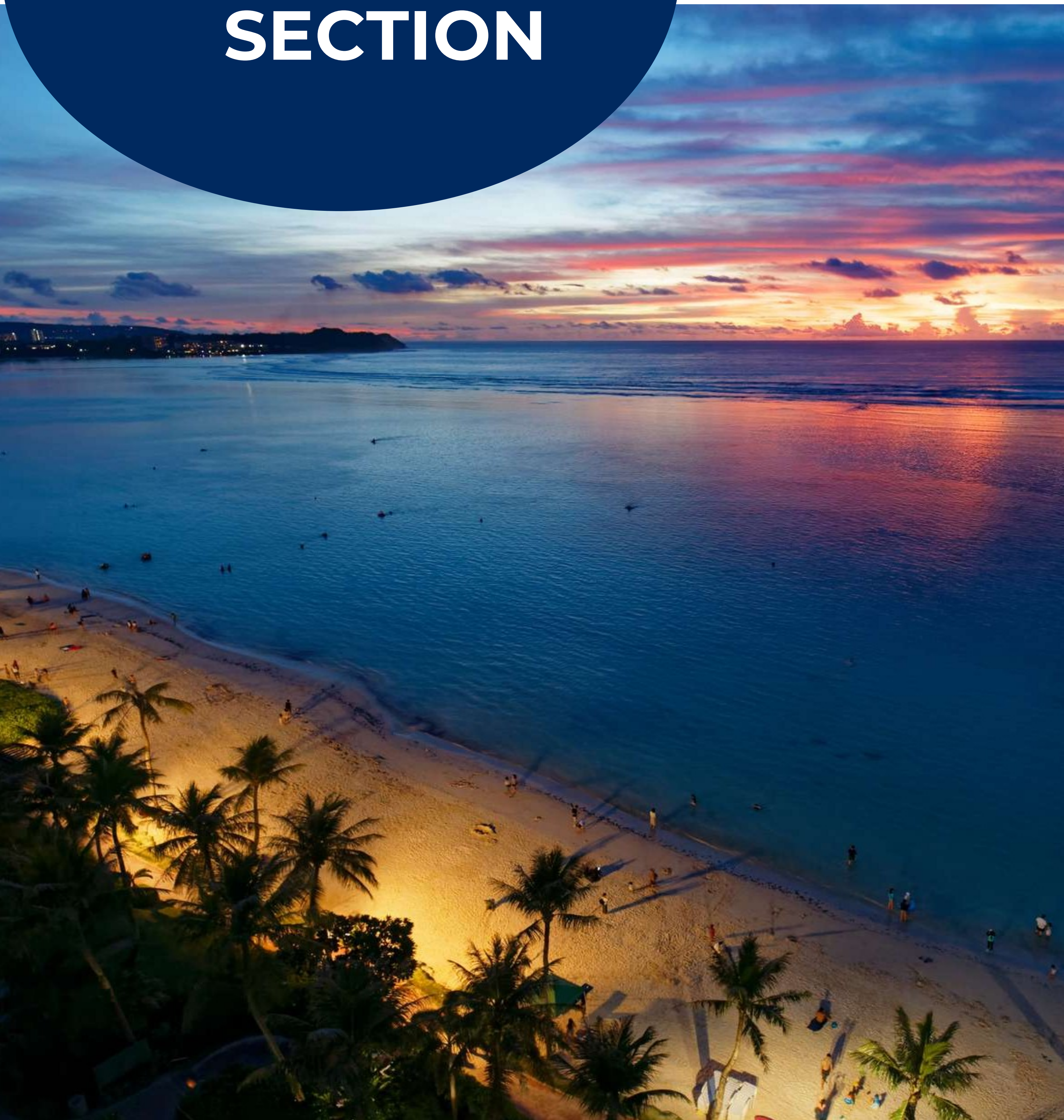
Chairman	Francis E. Santos
Vice Chairman	Pedro Roy Martinez
Secretary	Melvin F. Duenas
Commissioner	Simon A. Sanchez II
Commissioner	Michael Limtiaco

Key Management

General Manager	Miguel C. Bordallo
Chief Financial Officer	Taling M. Taitano
General Counsel	Theresa G. Rojas
Assistant General Manager, Operations	Thomas A. Cruz
Assistant General Manager, Engineering	Brett E. Railey
Assistant General Manager, Compliance and Safety	Paul J. Kemp
Assistant General Manager, Administration and Support	Christopher M. Budasi

GUAM WATERWORKS AUTHORITY

FINANCIAL SECTION



[PAGE INTENTIONALLY LEFT BLANK]

Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

Shape the future with confidence

Report of Independent Auditors

Commissioners
Consolidated Commission on Utilities

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Guam Waterworks Authority (the Authority), a component unit of the Government of Guam, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents (collectively referred to as the "basic financial statements").

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

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Authority adopted a new accounting standard which is GASB 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as well as the Schedules of Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions, the Schedule of Proportionate Share of the Total OPEB Liability, the Schedule of OPEB Contributions, and the Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Certain Operating and Maintenance Expenses, the Schedule of Construction Work in Progress, the Schedules of Net Position, Revenue, Expenses and Changes in Net Position for the System Development Charge Fund, and the Schedule of Operating Revenues 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 Schedule of Certain Operating and Maintenance Expenses, the Schedule of Construction Work in Progress, the Schedules of Net Position, Revenue, Expenses and Changes in Net Position for the System Development Charge Fund, and the Schedule of Operating Revenues are 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 Schedule of Employee and Other Data but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do 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 3, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Ernst + Young LLP

June 3, 2026

This Management's Discussion and Analysis (MD&A) provides an overview and analysis of the financial activities of the Guam Waterworks Authority ("GWA" or the "Authority") for the fiscal year ended September 30, 2025, with comparative information for fiscal year 2024. This discussion should be read in conjunction with the Authority's basic financial statements and the accompanying notes.

If you have any questions about this report or require further information, contact Guam Waterworks Authority at finance@guamwaterworks.org.

Introduction

GWA provides water and wastewater services to the majority of Guam's civilian population and some military facilities, serving more than 43,650 water customers and 31,200 wastewater customers at the end of FY2025, with a staff of 381 full-time equivalent employees.

In 2002, pursuant to Public Law 26-76, the Authority was converted from a government agency to a Guam public corporation governed by the Consolidated Commission on Utilities (CCU) – an elected, non-partisan five-member body that holds policy and decision-making authority over GWA operations, including approval of budgets, management strategy, and the hiring of the General Manager, Legal Counsel, and Chief Financial Officer.

The CCU also oversees the Guam Power Authority (GPA); GWA's main offices are co-located with GPA at the Gloria B. Nelson Public Service Building in Fadian, Mangilao, with satellite offices in Hagåtña and Upper Tumon.

GWA's water system draws on groundwater (approximately 90% of supply), surface water, and springs through a network of 120 wells – 95 of which were operational as of September 30, 2025 – along with transmission and distribution pipelines, booster pump stations, pressure regulating valve stations, reservoirs, tanks, and fire hydrants. The wastewater system is divided into seven basins served by six treatment plants and an extensive collection system of gravity sewer pipes, pump stations, force mains, and related infrastructure. The condition and performance of these assets were last comprehensively reviewed in the 2018 Water Resources Master Plan Update, which was subsequently updated in FY2025. GWA continues to modernize its operations through ongoing deployment of mobile workforce tools, District Metered Areas and proactive leak detection under its Water Loss Control Program, Advanced Metering Infrastructure pilot testing, and procurement process improvements – all contributing to improved efficiency and setting the foundation for stronger operating results in the near term.

Overview of the Financial Statements

GWA's basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting and consist of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. These statements present the Authority's overall financial position, results of operations, and cash flows as a single business-type activity.

The Statements of Net Position report all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Net position is classified into three components: net investment in capital assets; restricted net position; and unrestricted net position. The Statements of Revenues, Expenses, and Changes in Net Position present operating and nonoperating activities for the fiscal year, while the Statements of Cash Flows provide information about the Authority's cash receipts and disbursements and its ability to meet financial obligations.

Proprietary Fund Financial Statements

GWA's operations are accounted for as a single proprietary fund using the full accrual basis of accounting. In this regard, GWA operations are accounted for in a manner similar to a private enterprise. Within this one proprietary fund, GWA segregates revenues and expenses for various purposes such as operations, debt service, and capital improvements, but that segregation does not create separate proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 26 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary and statistical information. Supplementary and statistical information can be found beginning on page 72 of this report.

Financial Highlights

GWA's financial position during FY2025 was shaped by continued execution of its financial plan, implementation of approved rate adjustments, and ongoing capital and regulatory obligations.

As shown in Table 1, as of September 30, 2025, the Authority's total assets and deferred outflows increased by $285.9 million (23.5%) compared to the prior year. New debt issued in 2025 contributed to most of this as restricted cash balances increased. Completed and ongoing capital improvement projects continued to grow in FY2025. Current and other liabilities decreased approximately $22.1 million (11.1%) primarily due to reductions in net pension and OPEB liabilities resulting from updated actuarial valuations and related adjustments. The decrease was partially offset by increases in accrued interest, accrued payroll and employee benefits, and contractor payables.

Total net position increased by $20.1 million (5.9%) to $358.2 million driven primarily by improved operating income and higher capital contributions, partially offset by interest expense on outstanding debt.

Table 1
Summary Statement of Net Position

	September 30, 2025	*(Restated)* September 30, 2024	2025 to 2024 Comparison Increase/ (Decrease)	% Change	September 30, 2023
Current and other assets	$ 594,771,768	$ 333,682,275	$261,089,493	78.2%	$ 325,180,362
Capital assets, net	852,213,105	811,400,744	40,812,361	5.0%	812,902,989
Total assets	1,446,984,873	1,145,083,019	301,901,854	26.4%	1,138,083,351
Deferred outflows of resources	53,252,495	69,291,823	(16,039,328)	-23.1%	77,227,192
Total assets and deferred outflows of resources	$1,500,237,368	$1,214,374,842	$285,862,526	23.5%	$1,215,310,543
Current and other liabilities	$ 177,263,490	$ 199,390,279	$(22,126,789)	-11.1%	$ 182,998,550
Long-term debt	891,289,641	631,351,050	259,938,591	41.2%	650,847,410
Total liabilities	1,068,553,131	830,741,329	237,811,802	28.6%	833,845,960
Deferred inflows of resources	73,525,278	45,550,274	27,975,004	61.4%	46,950,249
Total liabilities and deferred inflows of resources	1,142,078,409	876,291,603	265,786,806	30.3%	880,796,209
Net Position:					
Net investment in capital assets	307,355,311	320,670,696	(13,315,385)	-4.2%	330,849,577
Restricted	143,255,843	119,899,165	23,356,678	19.5%	102,947,398
Unrestricted	(92,452,195)	(102,486,622)	10,034,427	-9.8%	(99,282,641)
Total net position	358,158,959	338,083,239	20,075,720	5.9%	334,514,334
Total liabilities, deferred inflows and net position	$1,500,237,368	$1,214,374,842	$285,862,526	23.5%	$1,215,310,543

Operating income increased significantly due to higher revenues and modest reductions in operating expenses. Increases in capital contributions further strengthened the Authority's financial position and supported ongoing investment in critical infrastructure.

Net position continues to be predominantly invested in capital assets, net of related debt, with restricted balances supporting debt service and capital-related purposes. Unrestricted net position remains constrained due to the capital-intensive nature of utility operations, ongoing regulatory requirements, and long-term financing obligations.

During FY2025, the Authority implemented provisions of GASB Statement No. 101, which required recognition and measurement changes related to compensated absences liabilities. As a result, beginning net position for FY2024 was restated to reflect the cumulative effect of the new accounting standard, including the impact attributable to prior periods dating back to FY2023.

Analysis of Financial Position and Results of Operations

A summary of the Authority's results of operations is presented in Table 2, which reflects a significant improvement over the prior year.

Operating revenues increased by $5.9 million (4.5%), reflecting the combined impact of rate adjustments and changes in customer demand and flow. The Authority implemented a PUC-approved 11.5% increase in water and wastewater rates across all rate classes, effective October 1, 2024, as part of its FY2025–FY2029 Five-Year Financial Plan. Additional discussion of revenue performance is provided in the sections that follow.

Operating expenses decreased by approximately $500 thousand (0.4%), contributing to an increase in net operating income of $6.4 million (33.8%). A $1.8 million increase in net pension expense was substantially offset by a negative $1.8 million OPEB adjustment recorded at year-end.

Non-operating activities resulted in a net expense of $21.3 million, largely attributable to interest expense on outstanding debt. During FY2025, the Authority also recorded a $3.2 million write-off of regulatory assets, as approved by the PUC, related to amounts accumulated in prior years. This item is not expected to recur and is disclosed here as it is material to an understanding of the Authority's results of operations for the year.

Table 2
Results of Operations/Statement of Revenues, Expenses and Changes in Net Position

	September 30, 2025	(Restated) September 30, 2024	2025 to 2024 Comparison Increase/ (Decrease)	% Change	September 30, 2023
Revenues:					
Water	$ 91,422,943	$ 8 1,925,551	$ 9,497,392	11.6%	$ 68,775,882
Wastewater	53,562,483	45,870,259	7,692,224	16.8%	37,478,561
System development charges	1,563,818	1,698,842	(135,024)	-7.9%	1,359,167
Other	709,295	591,327	117,968	19.9%	567,167
Bad debts	(2,004,924)	(229,334)	(1,775,590)	774.2%	(421,467)
Regulatory deferral	(9,500,000)	---	(9,500,000)	---	---
Total operating revenue	135,753,615	129,856,645	5,896,970	4.5%	107,759,310
Expenses:					
Power purchases	19,917,470	21,892,448	(1,974,978)	-9.0%	24,397,961
Water purchases	7,421,447	8,662,002	(1,240,555)	-14.3%	7,038,954
Sludge (waste) disposal fees	1,336,335	1,099,837	236,498	21.5%	676,362
Salaries, wages and benefits	28,914,078	27,106,931	1,807,147	6.7%	24,470,756
Depreciation	29,427,589	30,172,311	(744,722)	-2.5%	30,911,997
Administrative and general	10,754,027	8,213,661	2,540,366	30.9%	8,346,930
Contractual	5,989,602	5,237,504	752,098	14.4%	5,421,883
Retiree healthcare costs and other benefits	6,830,313	8,661,999	(1,831,686)	-21.1%	4,621,864
Total operating expenses	110,590,861	111,046,693	(455,832)	-0.4%	105,886,707
Net operating income	25,162,754	18,809,952	6,352,802	33.8%	1,872,603
Non-operating revenue	9,513,791	9,965,400	(451,609)	-4.5%	25,605,563
Less: Interest expense	(30,774,173)	(26,805,659)	(3,968,514)	14.8%	(28,678,533)
Total non-operating revenues (expenses), net	(21,260,382)	(16,840,259)	(4,420,123)	26.2%	(3,072,970)
Income (loss) before capital contributions	3,902,372	1,969,693	1,932,679	98.1%	(1,200,367)
Capital contributions	16,173,348	2,999,184	13,174,164	439.3%	13,485,967
Change in net position	20,075,720	4,968,877	15,106,843	304.0%	12,285,600
Net position - beginning year	338,083,239	334,514,334	3,568,905	1.1%	322,228,734
Restatement of beginning net position	---	(1,399,972)	1,399,972	---	---
Net position - end of year	$358,158,959	$338,083,239	$20,075,720	5.9%	$334,514,334

Water Revenue Performance

Water revenues increased by $9.5 million (11.6%), shown in Table 2 and detailed by customer rate class in Tables 3 and 4, primarily due to the rate adjustments described above, despite a slight decline in total demand of approximately 0.4%.

Growth was strongest in the residential, hotel, commercial and federal sectors. Federal demand increased notably during the year, reflecting expanded operations and occupancy associated with the continued development of Marine Corps Base Camp Blaz. Hotel demand increased by approximately 8.0%, while residential and commercial demand declined slightly. These increases were partially offset by reduced demand in the government sector.

Table 3
Annual Water Revenues (Excluding System Development Charges)

Class Type	FY25	FY24	2025 to 2024 Comparison Increase (Decrease)	2025 to 2024 Comparison % Change	FY23
Agricultural	$ 512,638	$ 501,463	$ 11,175	2.2%	$ 368,471
Golf Course	147,252	18,620	128,632	690.8%	116,491
Commercial	19,380,075	17,467,530	1,912,545	10.9%	14,461,167
Federal	754,739	33,854	720,885	2129.4%	25,097
Government	9,165,542	9,053,937	111,605	1.2%	7,514,091
Hotel	14,588,487	12,143,153	2,445,334	20.1%	9,046,164
Irrigation	41,032	38,727	2,305	6.0%	34,965
Residential	46,833,178	42,668,267	4,164,911	9.8%	37,209,436
Total	$91,422,943	$81,925,551	$9,497,392	11.6%	$68,775,882

Table 4
Water Demand by Rate Class
(in '000 gallons)

Class Type	FY25	FY24	2025 to 2024 Comparison Increase (Decrease)	2025 to 2024 Comparison % Change	FY23
Agricultural	57,761	59,551	(1,790)	-3.0%	49,748
Golf Course	6,449	158	6,291	3,981.6%	6,415
Commercial	834,395	840,261	(5,866)	-0.7%	816,393
Federal	35,624	1,317	34,307	2604.9%	1,099
Government	411,346	462,968	(51,622)	-11.2%	445,116
Hotel	686,269	635,654	50,615	8.0%	554,767
Irrigation	3,397	3,460	(63)	-1.8%	3,242
Residential	3,064,638	3,115,717	(51,079)	-1.6%	3,185,230
Total	5,099,879	5,119,086	(19,207)	-0.4%	5,062,010

Wastewater Revenue Performance

Wastewater revenues increased by $7.7 million (16.8%), supported by rate adjustments and a 3.9% increase in total wastewater flows, as shown in Tables 5 and 6.

Growth was driven primarily by increased activity in the federal and hotel sectors. Federal volumes increased significantly, consistent with the operational expansion noted above, as well as in other areas serviced, while hotel volumes increased by approximately 7.0%. Commercial and residential revenues also increased modestly, while government volumes declined slightly.

Wastewater revenues for non-residential customers are directly tied to water consumption, while residential customers are billed at a flat rate. Among the approximately 44 thousand residential customers with water services, only about 71%, or 31 thousand, have wastewater services.

Table 5
Annual Wastewater Revenues (Excluding System Development Charges)

			2025 to 2024 Comparison		
Class Type	FY25	FY24	Increase (Decrease)	% Change	FY23
Commercial	$10,314,493	$ 9,280,158	$1,034,335	11.1%	$ 8,538,306
Federal	12,613,431	9,093,663	3,519,768	38.7%	7,094,928
Government	5,426,399	5,583,721	(157,322)	-2.8%	4,356,099
Hotel	12,813,667	10,835,621	1,978,046	18.3%	8,100,157
Residential	12,394,493	11,077,096	1,317,397	11.9%	9,389,071
Total	$53,562,483	$45,870,259	$7,692,224	16.8%	$37,478,561

Table 6
Wastewater Demand by Rate Class
(in '000 gallons)

			2025 to 2024 Comparison		
Class Type	FY25	FY24	Increase (Decrease)	% Change	FY23
Commercial	551,272	548,241	3,031	0.6%	570,488
Federal	760,742	607,799	152,943	25.2%	558,530
Government	338,329	375,420	(37,091)	-9.9%	341,718
Hotel	454,959	425,057	29,902	7.0%	376,947
Residential	1,847,407	1,849,134	(1,727)	-0.1%	1,906,036
Total	3,952,709	3,805,651	147,058	3.9%	3,753,719

Revenue Offsets and Rate Stabilization

As a result of increases in operating revenues, the Authority deferred $9.5 million of current year revenues to the Rate Stabilization Fund (RSF) as part of its ongoing rate management strategy. This deferral reduced reported operating revenues for the year and is intended to support future rate stabilization, ensuring the Authority can manage fluctuations in revenues and maintain affordable rates for customers over time. Additional offsets include an increase in bad debt expense of $1.8 million, primarily due to an increase in aged receivables subject to full allowance, along with lower collection rates and the reduction of disaster-related subsidies compared to the prior year.

Operating Expenses and Performance

Operating expenses decreased by $500 thousand (0.4%) compared to the prior year. The decrease was primarily driven by lower purchased power and water costs.

During FY2025 the Guam Power Authority (GPA) implemented reductions to its Levelized Energy Adjustment Clause (LEAC), the component of the power bill tied to fuel costs. These reductions resulted in approximately $2.0 million in purchased power savings, despite a slight 1% increase in overall power consumption. Purchased water costs also declined, reflecting a 7% drop in consumption along with rate decreases of 6% in the first half of the fiscal year and an additional 23% in the second half.

These savings were partially offset by increases in personnel and administrative costs. Salaries increased due to the implementation of salary adjustments and increased staffing levels, while employee benefits rose as a result of higher retirement contribution rates and medical and dental costs.

Management continued to prioritize system reliability, regulatory compliance and workforce stability while managing overall expense growth.

Non-Operating Activities

Non-operating activities resulted in a net expense of $21.3 million primarily attributable to interest expense on outstanding debt. The Authority recognized approximately $1.0 million in FEMA funding related to prior-year disaster response activities; receipt of funds is pending as of year-end. The Authority also recognized $3.4 million in proceeds from a PFAS litigation settlement during FY2025. Additional settlement proceeds are expected to be received over multiple future periods and will continue to be reported as non-operating revenue. And as noted above, the Authority recognized a $3.2 million write-off related to regulatory assets accumulated in prior years.

Capital Contributions and Change in Net Position

Income before capital contributions increased by $1.9 million (98.1%), reflecting improved operating performance. Capital contributions totaling $16.2 million, 78% of which are derived from U.S. EPA grants, further enhanced the Authority's financial position and were significantly higher than the prior year. As a result, the Authority reported an increase in net position of $20.1 million, compared to $5.0 million in FY2024.

Significant Capital Asset and Long-Term Financing Activity

Capital Asset Activity

GWA owns and operates extensive water and wastewater infrastructure, including wells, treatment plants, reservoirs, transmission and distribution pipelines, and wastewater collection systems. Table 7 reflects that the carrying value of the Authority's capital assets—original cost minus accumulated depreciation—decreased 0.6% over FY2024; however, this change does not completely capture the substantial amount of capital investment activity that occurred in FY2025.

Table 7
Capital Assets, Net of Accumulated Depreciation

			2025 to 2024 Comparison		
	September 30, 2025	September 30, 2024	Increase (Decrease)	% Change	September 30, 2023
Capital assets, net	$726,212,556	$730,296,860	$(4,084,304)	-0.6%	$733,466,467
Land	5,811,163	5,741,163	70,000	1.2%	5,287,305
Construction in progress	120,189,386	75,362,721	44,826,665	59.5%	74,149,217
Total	$852,213,105	$811,400,744	$ 40,812,361	5.0%	$812,902,989

During FY2025, capital asset activity focused on projects identified in the Authority's Capital Improvement Program, including water loss control initiatives, wastewater collection system improvements, reservoir rehabilitation, and other regulatory compliance-driven projects. Capital additions totaled approximately $26.0 million, as reflected in Table 8.

Construction work in progress increased by approximately $44.8 million or 59.5% as projects advanced through planning, procurement, and construction phases. Balances at the start of FY2025 were $75.4 million. Approximately $72.8 million in construction activity progressed throughout the fiscal year, about $25.6 million were transferred to capital assets as projects were substantially completed and roughly $2.5 million were adjusted or reclassified. A detailed schedule of Construction Work in Progress is available on Page 73 of the financial statements showing the movement by major project.

Table 8
FY2025 Capital Asset Additions

Wastewater		
Collection systems	$	2,091,218
Equipment		749,927
		2,841,145
Water		
Treatment plants		9,401,394
Reservoirs		5,734,411
Distribution systems		3,910,021
Deepwells		946,878
Equipment		290,296
Booster pump stations		32,670
Meters		49,391
Fire hydrants		3,234
		20,368,295
General		
Vehicles and heavy equipment		1,514,859
Equipment		757,289
General plant improvements		561,439
		2,833,587
Total	$	26,043,027

Long-Term Financing Activity

Total bonds outstanding, as reflected in Table 9, increased significantly during FY2025, primarily due to the issuance of Water and Wastewater System Revenue Bonds, Series 2025A. The Series 2025A bonds were issued to support the Authority's capital improvement program and address critical regulatory and infrastructure needs, including partial consent decree wastewater projects, PFAS and emerging contaminant initiatives and system-wide infrastructure upgrades identified in the Authority's Capital Improvement Program.

The issuance resulted in an increase in long-term debt of approximately $266.5 million. Debt service will be funded through system revenues, consistent with the Authority's revenue bond structure. Management continues to evaluate opportunities to optimize debt service costs and align financing structures with the timing of capital expenditures.

Debt service coverage for FY2025 was 1.51, compared to 1.53 in FY2024. The slight decrease reflects the impact of increased debt service requirements associated with the issuance of the Series 2025A Revenue Bonds, partially offset by improved operating performance during the year. The Authority continues to maintain debt service coverage above minimum bond covenant requirements and remains focused on preserving financial flexibility while supporting its capital investment program.

Table 9
Long-Term Debt

	September 30, 2025	September 30, 2024	2025 to 2024 Comparison Increase (Decrease)	2025 to 2024 Comparison % Change	September 30, 2023
2013 Bond Series	$ ---	$ ---	$ ---	---	$ 18,365,000
2014 Refunding Bond Series	---	---	---	---	60,050,000
2016 Bond Series	80,965,000	81,890,000	(925,000)	-1.1%	134,140,000
2017 Refunding Bond Series	55,175,000	57,660,000	(2,485,000)	-4.3%	100,930,000
2020A Bond Series	134,000,000	134,000,000	---	---	134,000,000
2020B Refunding Bond Series	125,835,000	125,835,000	---	---	166,075,000
2024A Refunding Bond Series	130,615,000	133,575,000	(2,960,000)	-2.2%	---
2024B Refunding Bond Series	47,200,000	51,275,000	(4,075,000)	-7.9%	---
2025A Bond Series	266,535,000	---	266,535,000	---	---
Total	$840,325,000	$584,235,000	$256,090,000	43.8%	$613,560,000

Currently Known Facts, Decisions, or Conditions

As of the date the financial statements are issued, several currently known facts, decisions, and conditions are expected to affect the Guam Waterworks Authority's future financial position and results of operations.

Court-Ordered Compliance Requirements

The Authority is subject to a federal court order requiring specific improvements to its water and wastewater infrastructure. Compliance with the court order necessitates continued capital investment and operational focus through FY2027.

During FY2025, the Authority filed a request for an extension of certain court-ordered deadlines. On January 6, 2026, the court granted an extension of the applicable deadline to December 31, 2026. While the extension provides additional time to complete required improvements, the underlying compliance obligations remain in effect and will continue to influence capital planning, project sequencing, and future cash flow requirements.

Partial Consent Decree

In August 2024, the U.S. District Court for the District of Guam entered a Partial Consent Decree (Partial CD) between the United States and the Authority, which became effective August 9, 2024. The Partial CD is separate from and in addition to the 2011 Court Order and is focused on GWA's wastewater collection and conveyance system under the federal Clean Water Act, with the primary objective of reducing and preventing sewer system overflows.

The Partial CD requires the Authority to complete a series of assessments, planning measures, operational program enhancements, and capital improvements over a 10-year compliance period ending in 2034. Required improvements include rehabilitation and upgrade of gravity sewer mains, pump stations, and force mains, along with implementation of enhanced cleaning, CCTV inspection, sewer system overflow response, pre-treatment, and asset management programs. Additionally, the Partial CD requires completion of a feasibility study for upgrading or replacing the Hagåtña Wastewater Treatment Plant to secondary treatment within seven years of the effective date.

Compliance with the Partial CD represents a significant driver of the Authority's capital investment requirements. Partial CD-related projects constitute approximately 30% of the Authority's FY2025–FY2029 Five-Year Capital Improvement Program, which totals $899 million. Funding for these projects is anticipated to be provided through a combination of revenue bond proceeds, State Revolving Fund allocations, and other federal grants. Failure to meet established milestones could result in stipulated penalties under the Partial CD. As of the date of issuance of these financial statements, the Authority is on track to meet all deadlines due under the Partial CD. Additional information regarding the Partial CD is disclosed in the notes to the financial statements.

Regulatory Guidance and Dieldrin Response

In July 2025, the Guam Environmental Protection Agency (GEPA) issued guidance establishing acceptable concentrations of dieldrin in drinking water, effective August 1, 2025. In response to this guidance, the Authority removed two wells from service. A third well remained in operation, and precautionary public notices were issued to customers receiving water from that well. Temporary granular activated carbon (GAC) filtration systems were installed to address the identified concentrations, and permanent GAC treatment systems are expected to be installed during the first half of 2026. These actions have resulted in additional operational and capital expenditures and may continue to affect future costs and the timing of capital projects.

In January 2026, claims were filed against both GEPA and the Authority in connection with this matter. While the outcomes of these claims cannot be determined at this time, they may affect future expenditures or cash flows. Additional information regarding claims and contingencies is disclosed in the notes to the financial statements.

Short-Term Financing Authorization

During FY2025, the Consolidated Commission on Utilities and the Public Utilities Commission approved the Authority's use of short-term financing arrangements to support procurement and capital project execution. This authorization provides additional liquidity and flexibility in managing cash flow timing; however, amounts drawn under these arrangements may increase short-term interest expense and will require repayment or refinancing.

Approved Rate Increases and True-Up Requirements

The Authority's approved Five-Year Financial Plan for FY2025–FY2029 includes proposed rate increases for FY2026. Implementation of these increases remains subject to annual true-up proceedings before the Public Utilities Commission. The outcomes of future true-ups will affect the timing and level of revenue recovery and may influence the Authority's ability to meet debt service coverage and capital funding targets.

Capital Structure and Financing Considerations

Management will continue to evaluate opportunities to refinance outstanding revenue bonds when market conditions are favorable and refinancing is economically viable. Any future refunding transactions would be undertaken to reduce debt service costs or improve cash flow flexibility and would be subject to required approvals and prevailing market conditions. In addition, the Authority is evaluating the potential issuance of additional revenue bonds to fund capital projects identified in its Capital Improvement Program. A decision to proceed with any such financing has not been made and would be subject to approval by the Consolidated Commission on Utilities, the Public Utilities Commission, and market conditions at the time of issuance. Any new money bond issuance, if undertaken, would be structured consistent with the Authority's existing bond indenture requirements and would be reflected in future debt service coverage analyses.

Construction Market Conditions and Funding Availability

Construction market conditions in Guam, including labor availability, inflation, and supply chain constraints, may continue to affect project schedules and costs. Additionally, the timing and availability of federal funding, including State Revolving Fund allocations and other infrastructure grants, may influence the pace and sequencing of capital project execution and financing needs.

The Authority is also monitoring the potential financial impacts of the ongoing U.S.-Israel military conflict with Iran (commenced February 2026), which has contributed to disruptions in global shipping lanes and energy markets. Supply chain constraints related to the conflict may affect construction material costs and delivery timelines for capital projects. In addition, energy price volatility associated with global market disruptions may affect purchased power costs in future periods, as GWA's power costs are subject to fuel adjustment clauses applied by the Guam Power Authority. The Authority is also assessing the potential impact of federal budget priorities on the availability of EPA grants and State Revolving Fund allocations in future periods, and the potential for increased federal and military activity in Guam to affect water and wastewater demand.

Management will continue to monitor these developments and their potential financial impact on the Authority's operations.

Workforce Cost Pressures

The Authority continues the phased implementation of its salary market adjustment and migration plan, which is intended to address workforce recruitment, retention, and competitiveness. These adjustments are expected to result in higher personnel costs in future periods while supporting long-term operational stability.

Pending Litigation

The Authority is a party to certain legal proceedings arising in the ordinary course of business. While the outcomes of these matters cannot be determined at this time, certain proceedings, if resolved unfavorably, could require future expenditures or affect the timing of capital projects or financing activities. Additional information regarding pending litigation is disclosed in the notes to the financial statements.

Management will continue to monitor these facts, decisions, and conditions and adjust financial, operational, and capital strategies as necessary to ensure the Authority's ability to provide reliable service, comply with court and regulatory requirements, and meet its long-term financial obligations.

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Statements of Net Position

	September 30, 2025	September 30, 2024 (Restated)
Assets and deferred outflows of resources		
Current assets:		
Cash and cash equivalents:		
Unrestricted	$ 68,753,143	$ 51,776,370
Restricted	47,917,143	47,882,117
Receivables, net of allowance for doubtful accounts	25,790,916	19,067,116
Materials and supplies inventory, net of allowance for obsolescence of $213,524 ($199,791 in 2024)	6,935,675	4,960,656
Prepaid expenses	1,212,737	1,217,846
Total current assets	150,609,614	124,904,105
Capital assets:		
Utility plant in service:		
Water system	483,115,995	463,754,614
Wastewater system	686,191,704	683,350,559
Non-utility property	36,950,224	34,757,389
	1,206,257,923	1,181,862,562
Less accumulated depreciation	(480,656,082)	(452,839,346)
	725,601,841	729,023,216
Lease and subscription-based IT assets, net	610,715	1,273,644
Land and land rights	5,811,163	5,741,163
Construction work in progress	120,189,386	75,362,721
Capital assets, net	852,213,105	811,400,744
Other noncurrent assets:		
Restricted cash and cash equivalents	444,162,154	208,778,170
Total assets	1,446,984,873	1,145,083,019
Deferred outflows of resources:		
Deferred outflows on bond refunding	23,190,417	24,067,333
Deferred outflows from pension	8,244,724	13,056,974
Deferred outflows from OPEB	21,817,354	28,992,788
Regulatory assets	---	3,174,728
Total deferred outflows of resources	53,252,495	69,291,823
Total assets and deferred outflows of resources	$1,500,237,368	$1,214,374,842

See accompanying notes.

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Statements of Net Position, continued

	September 30, 2025	September 30, 2024 (Restated)
Liabilities, deferred inflows of resources and net position		
Current liabilities:		
Current maturities of revenue bonds payable	$ 10,965,000	$ 10,445,000
Accounts payable:		
Guam Power Authority	1,576,203	2,083,943
Trade	2,337,661	3,499,226
Accrued interest	9,002,963	6,852,336
Accrued payroll and employee benefits	2,829,713	872,091
Current portion of compensated absences	1,816,090	1,312,990
Current portion of lease and subscription-based IT liabilities	43,634	204,577
Payable to contractors	18,129,972	12,578,904
Customer deposits	2,613,337	2,311,776
Due to Grantor	8,299,382	7,599,831
Other liabilities	1,066,831	907,716
Total current liabilities	58,680,786	48,668,390
Revenue bonds payable, less current maturities	880,324,641	620,906,050
Compensated absences, less current portion	4,758,237	4,492,666
Lease and subscription-based IT liabilities	52,585	96,219
Net pension liability	44,488,639	53,371,429
Collective total other post-employment benefits liability	80,248,243	103,206,575
Total liabilities	1,068,553,131	830,741,329
Deferred inflows of resources:		
Regulatory related	10,116,337	631,637
Deferred inflows on bond refunding	6,767,085	7,532,330
Deferred inflows from pension	6,116,764	4,909,340
Deferred inflows from OPEB	50,525,092	32,476,967
Total deferred inflows of resources	73,525,278	45,550,274

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Statements of Net Position

	September 30, 2025	September 30, 2024 *(Restated)*
Net position:		
Net investment in capital assets	307,355,311	320,670,696
Restricted for:		
Debt service	85,689,893	63,941,087
Service operations	57,565,950	55,958,078
Total restricted - expendable	143,255,843	119,899,165
Unrestricted	(92,452,195)	(102,486,622)
Total net position	358,158,959	338,083,239
Total liabilities, deferred inflows of resources and net position	$1,500,237,368	$1,214,374,842

See accompanying notes.

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position

	Year ended September 30, 2025	2024 (Restated)
Operating revenues:		
Water:		
Private	$ 78,980,159	$ 70,389,155
Government	9,584,879	8,754,865
Legislative surcharge	2,857,905	2,781,530
System development charge	830,023	776,254
	92,252,966	82,701,804
Wastewater:		
Private	34,742,911	30,453,396
Government	17,432,144	14,140,891
Legislative surcharge	1,387,428	1,275,973
System development charge	733,795	922,588
	54,296,278	46,792,848
Other	709,295	591,327
Bad debts expense	(2,004,924)	(229,334)
Regulatory deferrals	(9,500,000)	(---)
Total operating revenues	135,753,615	129,856,645
Operating and maintenance expenses:		
Power purchases	19,917,470	21,892,448
Water purchases	7,421,447	8,662,002
Waste disposal fees	1,336,335	1,099,837
	28,675,252	31,654,287
Depreciation	29,427,589	30,172,311
Salaries, wages and benefits	28,914,078	27,106,931
Administrative and general	10,754,027	8,213,661
Contractual	5,989,602	5,237,504
Retiree healthcare costs and other benefits	6,830,313	8,661,999
Total operating and maintenance expenses	110,590,861	111,046,693
Operating income	25,162,754	18,809,952

See accompanying notes.

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position, continued

	Year ended September 30, 2025	Year ended September 30, 2024 (Restated)
Nonoperating revenues (expenses):		
Interest income	$ 13,116,573	$ 13,949,794
Insurance recoveries	659,567	1,000,000
Interest expense	(30,774,173)	(26,805,659)
Others, net	(2,325,859)	(219,504)
Bond issuance costs	(1,208,522)	(3,364,221)
Loss on capital asset disposals	(727,968)	(1,400,669)
Total non-operating expenses, net	(21,260,382)	(16,840,259)
Income before capital contributions	3,902,372	1,969,693
Capital contributions:		
Grants from the U.S. Government	16,173,348	2,999,184
Change in net position	20,075,720	4,968,877
Net position at beginning of year	338,083,239	333,114,362
Net position at end of year	$358,158,959	$338,083,239

See accompanying notes.

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Statements of Cash Flows

	Year ended September 30, 2025	2024
Cash flows from operating activities:		
Cash received from customers	$ 132,999,217	$127,084,900
Cash payments to supplies for goods and services	(49,434,193)	(43,969,246)
Cash payments to employees for services	(32,577,783)	(28,417,575)
Cash payments for retiree healthcare costs	(4,565,086)	(3,909,646)
Net cash provided by operating activities	46,422,155	50,788,433
Cash flows from capital and related financing activities:		
Proceeds from revenue bond issuances	269,286,740	212,168,699
Federal grants received	22,512,445	1,311,964
Proceeds from disposals of capital assets	---	21,871
Insurance proceeds	659,567	1,000,000
Principal paid on revenue bond maturities	(10,445,000)	(224,379,819)
Interest paid on revenue bonds	(28,614,861)	(27,013,904)
Acquisition of capital assets	(64,150,189)	(23,049,455)
Net cash provided by (used in) capital and related financing activities	189,248,702	(59,940,644)
Cash flows from noncapital financing activity:		
Legal proceeds	3,415,740	---
Cash flows from investing activity – Interest income received	13,309,186	13,949,794
Net change in cash and cash equivalents	252,395,783	4,797,583
Cash and cash equivalents at beginning of year	308,436,657	303,639,074
Cash and cash equivalents at end of year	$ 560,832,440	$308,436,657

Reconciliation of cash and cash equivalents to the statement of net position:

	2025	2024
Current assets:		
Cash and cash equivalents	$ 68,753,143	$ 51,776,370
Restricted cash and cash equivalents	47,917,143	47,882,117
Noncurrent assets:		
Restricted cash and cash equivalents	444,162,154	208,778,170
	$560,832,440	$308,436,657

See accompanying notes.

Statements of Cash Flows, continued

	Year ended September 30, 2025	Year ended September 30, 2024 (Restated)
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$25,162,754	$18,809,952
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	29,427,589	30,172,311
Bad debts expense	2,004,924	229,334
Capitalized labor and benefits	(3,526,882)	(3,321,043)
Non-cash pension costs	2,863,116	6,925,523
Non-cash OPEB costs	(2,265,227)	7,389,859
Regulatory deferral	9,500,000	---
Other non-cash adjustments	(3,709,940)	(219,504)
(Increase) decrease in assets:		
Receivables	(15,260,434)	(2,371,548)
Materials and supplies inventory	(1,975,019)	136,002
Prepaid expenses	5,109	(10,898)
Regulatory assets	3,174,728	---
Increase (decrease) in liabilities:		
Accounts payable	(1,669,305)	1,121,328
Accrued payroll and employee benefits	1,957,622	(461,931)
Compensated absences	768,671	1,333,007
Customer deposits	301,561	42,808
Due to Grantor	699,551	(672,339)
Other liabilities	159,115	109,278
Net pension liability	(5,726,232)	(5,786,200)
Collective total other post-employment benefits liability	4,530,454	(2,637,506)
Net cash provided by operating activities	$46,422,155	$50,788,433
Supplemental information on noncash capital activities:		
Lease and subscription IT assets	$ 43,524	$ 108,550
Lease and subscription IT liabilities	(43,524)	(108,550)
	$ ---	$ ---

See accompanying notes.

1. Reporting Entity

The Guam Waterworks Authority (GWA), a component unit of the Government of Guam (GovGuam), is subject to the regulations of the Public Utilities Commission of Guam (PUC). GWA became an autonomous agency in 1996 under Public Law 23-119 and derives its revenues mainly from its water and wastewater system. The water system is engaged in the production, treatment, and distribution of water to villages and communities of Guam. The wastewater system is engaged in the collection and treatment of wastewater from residences and industries in the villages of Guam. GWA is governed by a five-member elected Consolidated Commission on Utilities (CCU). PUC determines such matters as rates and charges for services.

2. Summary of Significant Accounting Policies

Basis of Accounting

GWA utilizes the flow of economic resources measurement focus. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. 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 interest in GWA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of the following categories:

> Net investment in capital assets - consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets, net of debt service reserve. Deferred outflows of resources that are attributable to related debt are also included in this component.
>
> Restricted nonexpendable - net position subject to externally imposed stipulations that require GWA to maintain them permanently.
>
> Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GWA pursuant to those stipulations or that expire with the passage of time.

2. Summary of Significant Accounting Policies, continued

Net Position, continued

Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the CCU or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, generally it is GWA's policy to use restricted resources first and the unrestricted resources when they are needed.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure 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.

Risk Management

GWA is exposed to various risks of loss; theft of, damage to, and destruction of assets; operation liability; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. There is commercial insurance coverage obtained to provide for claims arising from most of these matters. No material losses have been sustained as a result of GWA's risk management practices during the past three years.

Cash and Cash Equivalents

For purposes of the statements of net position and of cash flows, cash and cash equivalents is defined as cash deposits in banks, time certificates of deposit, and short-term investments in U.S. Treasury obligations with original maturities of three months or less.

Allowance 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 charged to revenues. Bad debts are written-off against the allowance based on the specific identification method.

Materials and Supplies Inventory

Materials and supplies inventory is stated at the lower of cost or market with cost determined by the weighted average costing method.

2. Summary of Significant Accounting Policies, continued

Prepaid Expenses

Certain payments made to vendors or persons for services reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the accompanying statements of net position.

Capital Assets

Plant in service of $139,583,309 is stated at estimated historical cost as determined by an independent engineering consultant at September 30, 1998. Plant in service acquired subsequent to that date is stated at cost. Non-utility capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Current policy is to capitalize items over $5,000.

Noncurrent Restricted Cash and Cash Equivalents

The purpose of noncurrent restricted cash and cash equivalents is for long-term capital improvements and bond related activities.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. GWA has determined the deferred outflows on debt defeasance of the 2005, 2010, 2013 and 2024 series bonds, regulatory assets, the difference between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, the net difference between projected and actual earnings on pension plan investments, changes of assumptions, pension and OPEB contributions made subsequent to the measurement date, and changes in proportion and difference between GWA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. GWA has determined regulatory liabilities, the difference between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension and OPEB liabilities, the net difference between projected and actual earnings on pension plan investments, changes of assumptions, and changes in proportion and differences between GWA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

2. Summary of Significant Accounting Policies, continued

Compensated Absences

Vesting annual leave accrued during employment. Employees occupying permanent positions shall accrue annual leave in accordance with its policies. One-half day (four hours) for each full bi-weekly pay period in the case of employees with less than three years of service; Three-fourths day (six hours) for each full bi-weekly pay period except that the accrual for the last full bi-weekly pay period in the year shall be one and one-fourth day (10 hour) in the case of employees with three, but less than 15 years of service; and One day (eight hours) for each full bi-weekly pay period in the case of employees with 15 or more years of service. Unused annual leave is paid out upon termination up to 320 hours. The full unused balance is considered a liability under GASB 101 as employees have earned the right to payment.

For Defined Benefit (DB) plan participants, sick leave is not paid at retirement; instead, it is converted to service credit therefore no liability for compensated absences was computed. However, sick leave expected to be used prior to retiring was computed and is measured based on expected usage. For Defined Contribution (DC) plan participants, sick leave is paid at retirement at 50% of unused sick leave balance. Sick leave that does not vest and is not paid out is measured based on expected usage and payout probabilities.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GWA recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GWA's proportionate share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GWA's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA payments to DCRS members. 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. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are 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 are 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.

2. Summary of Significant Accounting Policies, continued

Other Postemployment Benefits (OPEB)

OPEB is required to be recognized and disclosed using the accrual basis of accounting. GWA recognizes an OPEB liability for the defined benefit OPEB plan in which it participates, which represents GWA's proportionate share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established, thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the 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. Those changes in total OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Bond Premiums and Discounts

Bond premiums and discounts are amortized using the straight-line method, which approximates the effective yield method, over the life of the related bond issue.

Contribution in Aid of Construction

Contribution in aid of construction represents contributions received by GWA from consumers for improvement of water services and assets owned by GWA. These amounts are recorded as a deferred inflow of resources net of amortization.

Revenue Recognition

Customer water meters are read on a cyclical basis throughout a monthly period based on the route schedules of GWA. Revenue is recognized in the period that meters are read. Wastewater treatment is billed at a flat rate of $35.84 ($32.14 in 2024) per month for residential accounts and 80% of current water consumption for commercial and government accounts. At the end of each month, unbilled revenues are accrued for each cycle based on the most recent cycle billing. Unbilled receivables at September 30, 2025 and 2024 is $5,088,036 and $3,864,984, respectively and is included in receivables in the accompanying statement of net position.

2. Summary of Significant Accounting Policies, continued

Operating and Non-Operating Revenue and Expenses

Operating revenues and expenses generally result directly from GWA's ongoing operations. Non-operating revenues and expenses result from capital and financing activities, costs and related recoveries from natural disasters, and certain other non-recurring income and expenses.

Grants and Contributions

Grants and contributions consist of government mandated and voluntary nonexchange transactions.

Recently Adopted Accounting Pronouncement

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

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

	09/30/2023 As Previously Reported	Change in Accounting Principle	09/30/2023 As Restated
Government-Wide	$(99,902,179)	$(2,584,443)	$(102,486,622)

The restatement of the beginning net position affected the current and noncurrent portion of compensated absences in the statement of net position, and salaries, wages and benefits reported in the statement of revenues, expenses and changes in net position.

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement, continued

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

Upcoming Accounting Pronouncements

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

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

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

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

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. GASB Statement No. 105 will be effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

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

3. Deposits and Investments

GWA's bond indenture agreements require the establishment of special funds to be held and administered by trustees and by GWA. In addition, proceeds from borrowings to fund capital improvements are maintained by GWA in construction accounts. Funds in these accounts are required by loan agreement or public law to be used to fund capital improvements.

The deposits and investment policies of GWA are governed by 15 GCA 21, *Investments and Deposits*, in conjunction with applicable bond indentures. Authorized investments include obligations issued or guaranteed by the U.S. government or agencies of the U.S. government; bonds, notes or other indebtedness rated in the highest rating by Moody's Investors Service (Moody's) or Standard & Poor's Corporation (S&P); obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities of not more than three years; any bonds or other obligations of any state of the U.S. or any agency, instrumentality or local government unit of such state which are rated in the highest rating category of either Moody's or S&P; demand and time deposits in or certificates of deposit or bankers acceptances with U.S. domestic banks which have a rating of their short term certificates of deposit of A-1 or better by S&P and P-1 by Moody's and mature no more than 360 days after purchase; commercial paper which is rating in the highest classification by S&P and Moody's; and money market funds rated AAA or better by S&P.

Custodial credit risk is the risk that in the event of a bank failure, GWA's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, collateralized with securities held by the pledging financial institution, or held by the pledging financial institution but not in the depositor-government's name. GWA does not have a deposit policy for custodial credit risk.

As of September 30, 2025 and 2024, the carrying amount of GWA's total deposits was $40,171,214 and $89,111,882, and the corresponding bank balance was $49,268,525 and $88,972,984, respectively. Of that bank balance, $31,004,417 and $23,554,882 were uninsured and uncollateralized, respectively as of September 30, 2025 and 2024.

As of September 30, 2025 and 2024, the remaining amount of $520,121,226 and $219,318,845, respectively, represents short-term investments held and administered by GWA's trustees in GWA's name in accordance with various trust agreements and bond indentures.

Unrestricted cash and cash equivalents at September 30, 2025 and 2024 in the amount of $26,308,170 and $16,165,703, respectively, are subject to internally imposed restrictions by the CCU to provide additional liquidity to assist GWA in addressing unforeseen obligations and unexpected short-term cash flow demands and the amount of $12,660,059 and $9,947,328, respectively are subject to internally imposed restrictions by the CCU to fund capital expenditures.

Restricted cash and cash equivalents consist of cash received for specific capital projects and for bond indenture related accounts. The working capital funds are internally imposed restrictions and are not subject to externally imposed stipulations.

3. Deposits and Investments, continued

The composition of restricted cash and cash equivalents at September 30, 2025 and 2024 is as follows:

	2025	2024
Current restricted:		
Sewer Hook-up Revolving Fund	$ 2,278,951	$ 2,172,114
Legislative Surcharge Fund	302,974	74,446
Bid Escrow Fund	1,347,321	990,824
Customer Deposit Fund	2,180,461	2,351,163
Revenue Trust and Revenue Fund	13,725,730	11,507,306
System Development Fund	9,004,334	7,160,562
Working Cap – Reserved for CAPEX	15,993,890	20,542,219
Working Cap – Reserved for O&M	3,083,482	3,083,483
	47,917,143	47,882,117
Noncurrent restricted:		
2010 Bond Indenture Funds:		
Construction Fund	3,184,141	3,144,121
2013 Bond Indenture Funds:		
Construction Fund	1,315,745	2,014,974
2014 Bond Indenture Funds:		
Operations, Maintenance, Renewal and Replacement Reserve Fund	23,300,857	19,560,351
2016 Bond Indenture Funds:		
Construction Fund	7,807,728	18,506,062
Reserved for Debt Service	1,362,934	1,297,905
2017 Bond Indenture Funds:		
Reserved for Debt Service	1,485,212	1,399,148
2020A Bond Indenture Funds:		
Construction Fund	$ 76,494,812	$ 108,145,643
Reserved for Debt Service	1,929,765	1,847,966

3. Deposits and Investments, continued

	2025	2024
Noncurrent restricted, continued:		
2020B Bond Indenture Funds:		
Reserved for Debt Service	1,284,405	1,229,928
2024A Bond Indenture Funds:		
Cost of Issuance Fund	---	16,946
Bond Reserve Fund	41,343,585	42,180,075
Reserved for Debt Service	2,962,442	2,810,063
2024B Bond Indenture Funds:		
Cost of Issuance Fund	---	5,970
Reserved for Debt Service	1,782,255	1,668,696
2025A Bonds Indenture Series		
Cost of Issuance Fund	73,682	---
Construction Fund	250,677,264	---
Reserved for Debt Service	19,813,563	---
Various Construction Fund	9,343,764	4,950,322
	444,162,154	208,778,170
Total restricted cash and cash equivalents	$492,079,297	$256,660,287

4. Receivables

Receivables at September 30, 2025 and 2024 are as follows:

	2025	2024
Customers:		
Private	$22,758,097	$19,624,964
Government	2,466,728	3,321,993
	25,224,825	22,946,957
Federal grants receivable	6,877,296	538,199
Guam Power Authority	625,097	2,516,111
Other	2,482,057	1,725,880
	35,209,275	27,727,147
Less allowance for doubtful accounts	(9,418,359)	(8,660,031)
	$25,790,916	$19,067,116

5. Capital Assets

Capital assets activities for the years ended September 30, 2025 and 2024 are as follows:

	Estimated Useful Lives in Years	Beginning Balance October 1, 2024	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2025
Depreciable:					
Utility Plant in Service Water	25-50	$ 463,754,614	$20,368,295	$(1,006,914)	$ 483,115,995
Utility Plant in Service Wastewater	25-50	683,350,559	2,841,145	---	686,191,704
General Fixed Assets	25-50	34,757,389	2,833,587	(640,752)	36,950,224
		1,181,862,562	26,043,027	(1,647,666)	1,206,257,923
Less: Accumulated Depreciation		452,839,346	28,721,135	(904,399)	480,656,082
		729,023,216	(2,678,108)	(743,267)	725,601,841
Lease assets:					
Equipment	1-4	928,842	---	---	928,842
Building		22,473	---	---	22,473
		951,315	---	---	951,315
Less: Accumulated amortization		765,445	100,073	---	865,518
		185,870	(100,073)	---	85,797
Subscription-based IT assets		1,644,158	43,524	---	1,687,682
Less: Accumulated amortization		556,384	606,380	---	1,162,764
		1,087,774	(562,856)	---	524,918
Non-depreciable:					
Land		5,741,163	70,000	---	5,811,163
Construction Work in Progress		75,362,721	72,819,309	(27,992,644)	120,189,386
		$ 811,400,744	$69,548,272	$(28,735,911)	$ 852,213,105

5. Capital Assets, continued

	Estimated Useful Lives in Years	Beginning Balance October 1, 2023	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2024
Depreciable:					
Utility Plant in Service Water	25-50	$ 444,848,078	$21,295,194	$(2,388,658)	$ 463,754,614
Utility Plant in Service Wastewater	25-50	679,249,470	4,430,989	(329,900)	683,350,559
General Fixed Assets	25-50	33,683,228	1,271,439	(197,278)	34,757,389
		1,157,780,776	26,997,622	(2,915,836)	1,181,862,562
Less: Accumulated Depreciation		424,928,727	29,491,632	(1,581,013)	452,839,346
		732,852,049	(2,494,010)	(1,334,823)	729,023,216
Lease assets:					
Equipment	1-4	928,842	---	---	928,842
Building		22,473	---	---	22,473
		951,315	---	---	951,315
Less: Accumulated amortization		498,065	267,380	---	765,445
		453,250	(267,380)	---	185,870
Subscription-based IT assets		304,253	1,339,905	---	1,644,158
Less: Accumulated amortization		143,085	413,299	---	556,384
		161,168	926,606	---	1,087,774
Non-depreciable:					
Land		5,287,305	453,858	---	5,741,163
Construction Work in Progress		74,149,217	28,587,981	(27,374,477)	75,362,721
		$ 812,902,989	$27,207,055	$(28,709,300)	$ 811,400,744

Lease assets

Guam Power Authority (GPA)

In February 2015, GWA moved to a building owned by GPA. GWA does not currently have a signed lease agreement with GPA but pays for its share of building maintenance costs. GWA's use of the building did not amount to a lease as the resolution passed by the CCU did not convey the right to use an underlying asset. For the years ended September 30, 2025 and 2024, GWA's share of building maintenance cost totaled $294,705 and $291,811, respectively

Morrico Equipment, LLC (Morrico)

GWA and Morrico have an equipment lease agreement with lease term of five (5) years for dump trucks, backhoe loaders and backhoe trailers, with various inception dates based on the delivery dates of the equipment. The lease agreement may be terminated for convenience by GWA with penalty.

6. Long-Term Debt

Long-term debt at September 30, 2025 and 2024 is as follows:

Revenue Bonds

	2025	2024
2016 Series revenue bonds, interest at 5% per annum, payable semiannually in January and July, principal and mandatory sinking fund payments in varying annual installments commencing with a payment of $420,000 in July 2020, maturity date in January 2046. On March 14, 2024, these bonds were partially refunded through the issuance of $133,575,000 2024A refunding bonds.	$ 80,965,000	$ 81,890,000
2017 Series refunding bonds, interest at 5% per annum, payable semiannually in January and July, principal and mandatory sinking fund payments in varying annual installments commencing with a payment of $55,000 in July 2019, maturity date in July 2040. On March 14, 2024, these bonds were partially refunded through the issuance of $133,575,000 2024A refunding bonds.	55,175,000	57,660,000
2020A Series revenue bonds, interest at 5% per annum, payable semiannually in January and July, principal and mandatory sinking fund payments in varying annual installments commencing with a payment of $30,880,000 in July 2047, maturity date in January 2050.	134,000,000	134,000,000
2020B Series refunding bonds, interest at varying rates from 2.75% to 3.70% per annum, payable semiannually in January and July, principal and mandatory sinking fund payments in varying annual installments commencing with a payment of $1,260,000 in July 2028, maturity date in July 2043. On March 14, 2024, these bonds were partially refunded through the issuance of $133,575,000 2024A refunding bonds.	125,835,000	125,835,000

6. Long-Term Debt, continued

Revenue Bonds, continued

	2025	2024
2024A Series refunding bonds, interest at 5% per annum, payable annually in July, principal and mandatory sinking fund payments in varying annual installments commencing with a payment of $2,960,000 in July 2025, maturity date in January 2046.	130,615,000	133,575,000
2024B Series refunding bonds, interest at 5% per annum, payable annually in July, principal and mandatory sinking fund payments in varying annual installments commencing with a payment of $4,075,000 in July 2025, maturity date in July 2034.	47,200,000	51,275,000
2025A Series bonds, interest at varying rates from 5.00% to 5.50% per annum, principal and mandatory sinking fund payments in varying annual installments commencing with a payment of $2,725,000 in July 2031, maturity date in July 2055.	266,535,000	---
Total revenue bonds payable	840,325,000	584,235,000
Less current maturities	(10,965,000)	(10,445,000)
	829,360,000	573,790,000
Bond premium – 2024A series bonds	13,428,603	14,075,764
Bond premium – 2016 series bonds	10,700,283	11,224,379
Bond premium – 2020A series bonds	9,379,312	9,764,763
Bond premium – 2017 series bonds	6,640,582	7,088,262
Bond premium – 2025A series bond	6,361,993	---
Bond premium – 2024B series bonds	4,453,868	4,962,882
	$880,324,641	$620,906,050

6. Long-Term Debt, continued

Revenue Bonds, continued

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2026	$ 10,965,000	$ 39,669,625	$ 50,634,625
2027	11,510,000	40,497,955	52,007,955
2028	13,300,000	39,922,455	53,222,455
2029	14,675,000	39,269,830	53,944,830
2030	15,165,000	38,596,605	53,761,605
2031 through 2035	114,930,000	179,843,688	294,773,688
2036 through 2040	150,670,000	149,730,905	300,400,905
2041 through 2045	192,840,000	110,928,560	303,768,560
2046 through 2050	231,670,000	57,699,588	289,369,588
2051 through 2055	84,600,000	14,456,750	99,056,750
	$840,325,000	$710,615,961	$1,550,940,961

On March 14, 2024, GWA issued $133.58 million in Refunding Bonds to refund $18.37 million of outstanding 2013 Series bonds, $51.39 million outstanding 2016 Series bonds, $40.91 million of outstanding 2017 Series bonds and $40.24 million outstanding of 2020B Series bonds. The net proceeds of $151.09 million (after payment of $1.96 million in underwriting fees, insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments.

On April 2, 2024, GWA issued $51.28 million in Refunding Bonds to refund $55.84 million outstanding 2014 Series bonds. The net proceeds of $56.48 million (after payment of $0.67 million in underwriting fees, insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments.

Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in GWA's financial statements. The economic gain from this transaction was $14.5 million.

The refunding resulted in a difference between the reacquisition price and net carrying amount of the old debt of $7.74 million. This difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged to operations using the effective-interest method.

6. Long-Term Debt, continued

Revenue Bonds, continued

During FY2025, the Authority issued Water and Wastewater System Revenue Bonds, Series 2025A, with an aggregate principal amount of $266.5 million. The bonds were issued to finance capital improvements to the Authority's water and wastewater systems, fund the required bond reserve fund and pay certain costs of issuance. The Series 2025A Bonds were delivered on August 6, 2025, with the first interest payment due January 1, 2026 and final maturity on July 1, 2055. Interest rates range from 5.00% to 5.50%. Total bond proceeds were $272.93 million , consisting of the par amount of $266.54 million and net original issue premium of $6.40 million.

Proceeds from the issuance were applied as follows: $250 million was deposited to the Series 2025A Construction Account, $19.81 million was deposited to the Bond Reserve Fund and $3.12 million was used for costs of issuance and underwriter's discount. The Authority also contributed $0.56 million from cash for Guam Economic Development Authority fees. The Series 2025A Bonds require annual debt service payments ranging from approximately $12.8 million in fiscal year 2026 to approximately $19.8 million thereafter through fiscal year 2055. Total debt service over the life of the bonds is approximately $561.78 million consisting of $266.54 million of principal and $295.24 million of interest.

Changes in GWA's long-term debt for the year ended September 30, 2025 and 2024 are as follows:

	Outstanding October 1, 2024	Increases	Decreases	Outstanding September 30, 2025	Current
Revenue Bonds:					
2016 series A bonds	$ 81,890,000	$ ---	$(925,000)	$ 80,965,000	$ 965,000
2017 series A bonds	57,660,000	---	(2,485,000)	55,175,000	2,610,000
2020 series A bonds	134,000,000	---	---	134,000,000	---
2020 series B bonds	125,835,000	---	---	125,835,000	---
2024 series A bonds	133,575,000	---	(2,960,000)	130,615,000	---
2024 series B bonds	51,275,000	---	(4,075,000)	47,200,000	3,110,000
2025 series A bonds	---	266,535,000		266,535,000	4,280,000
Unamortized premium on bonds	47,116,050	3,848,591	---	50,964,641	---
	$631,351,050	$270,383,591	$(10,445,000)	$891,289,641	$10,965,000

6. Long-Term Debt, continued

Revenue Bonds, continued

	Outstanding October 1, 2023	Increases	Decreases	Outstanding September 30, 2024	Current
Revenue Bonds:					
2013 series A bonds	$18,365,000	$ ---	$(18,365,000)	$ ---	$ ---
2014 series A and B bonds	60,050,000	---	(60,050,000)	---	---
2016 series A bonds	134,140,000	---	(52,250,000)	81,890,000	925,000
2017 series A bonds	100,930,000	---	(43,270,000)	57,660,000	2,485,000
2020 series A bonds	134,000,000	---	---	134,000,000	---
2020 series B bonds	166,075,000	---	(40,240,000)	125,835,000	---
2024 series A bonds	---	133,575,000	---	133,575,000	2,960,000
2024 series B bonds	---	51,275,000	---	51,275,000	4,075,000
Unamortized premium on bonds	37,287,410	19,574,316	(9,745,676)	47,116,050	---
	$650,847,410	$204,424,316	$(223,920,676)	$631,351,050	$10,445,000

Pledged Revenues

The 2013, 2014, 2016, 2017, 2020A, 2020B, 2024A, 2024B and 2025A Series Bonds are limited obligations of GWA and are payable solely from, and secured solely by a lien on and pledge of, GWA system revenues (excluding legislative surcharges and system development charges) to secure the payment of principal and interest on the Bonds. As of September 30, 2025, total principal and interest remaining on these bonds is $1,550,940,961 payable through July 2055. For the years ended September 30, 2025 and 2024, debt service paid on these bonds was $36,308,121 and $251,393,723, respectively, and total pledged GWA system revenues were $140,740,093 and $123,738,307, respectively.

Prior-Year Defeasance of Debt

In prior years, GWA defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payouts on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in GWA's financial statements. As of September 30, 2025, bonds outstanding of $206,730,000, are considered defeased.

6. Long-Term Debt, continued

Bond Covenants

The General Indenture, dated December 1, 2005, as updated by supplemental indentures, sets forth the establishment of accounts, the application of revenues, and certain other covenants to ensure proper operation and maintenance of the water and wastewater system and payment of debt service. Management believes GWA was in compliance with all bond covenants as of and for the years ended September 30, 2025 and 2024. The primary requirements of the General Indenture are summarized below:

Rate Covenant - GWA has covenanted to at all times fix, prescribe and collect rates, fees and charges in connection with the services furnished by the water and wastewater system which will be sufficient to yield the sum of net revenues during each fiscal year equal to at least 125% of the annual debt service for such fiscal year. Net revenues are defined generally as all GWA system revenues (excluding legislative surcharges, system development charges and Federal grants) less operating and maintenance expenses (excluding depreciation and amortization charges and certain extraordinary, nonrecurring expenses).

Operation and Maintenance Funds - the General Indenture creates an Operation and Maintenance Fund, available for working capital purposes, and the Operation, Maintenance, Renewal and Replacement Reserve Fund, available for emergency renewals, replacements and other contingency items. With respect to the Operation and Maintenance Fund, GWA must maintain a balance in such account equal to the amount of operation and maintenance expenses budgeted by GWA to be paid from revenues during the next succeeding calendar month. With respect to the Operation, Maintenance, Renewal and Replacement Reserve Fund, GWA must maintain a balance in such account equal to one-fourth of the budgeted sum for the then current fiscal year.

Debt Service Fund - the General Indenture creates a Debt Service Fund available for the purpose of: (1) paying interest on bonds as it shall become due and payable; (2) paying the principal of Serial Bonds when due and payable; (3) purchasing or redeeming or paying at maturity Term Bonds; (4) paying Parity Payment Agreement Payments due and payable; and (5) paying Credit Agreement Reimbursement Payments due and payable. As of September 30, 2025 and 2024, GWA is not currently a party to any Parity Payment Agreements.

Bond Reserve Fund - the General Indenture created a Bond Reserve Fund available for the purpose of paying debt service on Bonds (including Payment Agreement Payments) in the event of a deficiency in the Debt Service Fund. GWA is required to maintain an amount within the Bond Reserve Fund equal to the maximum annual debt service for the then current or future fiscal year on all outstanding bonds.

6. Long-Term Debt, continued

Bond Covenants, continued

Events of default with finance related consequences - the General Indenture specifies a number of Events of Default and related remedies. In the event that the amount in any Fund or Account is insufficient for the purposes for which such Fund or Account was established, the Trustee shall transfer such amount as is necessary to satisfy such deficiency. If after making all such transfers, the amount in the Debt Service Fund is insufficient, the Trustee shall promptly issue a notice of default to Bondholders.

Acceleration - the remedies granted to the Trustee and the Bondholders under the General Indenture do not include any right to accelerate the payment of the outstanding bonds. The Trustee is authorized to take certain actions upon the occurrence of an event of default, including proceedings to enforce the rights of Bondholders as outlined in the General Indenture.

7. Change in Other Long-Term Liabilities

Changes in GWA's other long-term liabilities for the year ended September 30, 2025 are as follows:

	Outstanding October 1, 2024	Increases	Decreases	Outstanding September 30, 2025	Current
Other:					
Compensated absences	$ 5,805,656	$ 768,671	$ ---	$ 6,574,327	$1,816,090
Lease liabilities	192,245	---	(103,802)	88,443	35,858
Subscription-based IT liabilities	108,551	---	(100,775)	7,776	7,776
Net pension liability	53,371,429	---	(8,882,790)	44,488,639	---
OPEB liability	103,206,575	---	(22,958,332)	80,248,243	---
	$162,684,456	$ 768,671	$(32,045,699)	$131,407,428	$1,859,724

7. Change in Other Long-Term Liabilities, continued

	Outstanding October 1, 2023	Increases	Decreases	Outstanding September 30, 2024	Current
(Restated)					
Other:					
Compensated absences	$ 4,472,647	$ 1,333,009	$ ---	$ 5,805,656	$1,312,990
Lease liabilities	438,714	---	(246,469)	192,245	103,802
Subscription-based IT liabilities	128,634	108,550	(128,633)	108,551	100,775
Net pension liability	59,402,698	---	(6,031,269)	53,371,429	---
OPEB liability	87,184,863	16,021,712	---	103,206,575	---
	$151,627,556	$17,463,271	$(6,406,371)	$162,684,456	$1,517,567

The future payments of lease and subscription-based IT liabilities are as follows:

Year ending September 30,	Principal	Interest	Total
2026	$ 62,073	$3,153	$ 65,226
2027	34,147	1,376	35,523
	$96,220	$4,529	$100,749

8. Pensions

GWA is statutorily responsible for providing pension benefits for GWA employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GWA, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, and prior to January 1, 2018 are required to participate in the Defined Contribution Retirement System (DCRS) Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2020 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. 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.

Benefits Provided: 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. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

8. Pensions, continued

A. General Information About the Pension Plans, continued

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of $4,238 per year, but not to exceed $40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of $2,300. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a "pay-as-you-go" basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP).

On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the "election window", to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan 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. Benefits are fully vested upon attaining 5 years of credited service.

8. Pensions, continued

A. General Information About the Pension Plans, continued

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

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 GWA are established and may be amended by the GGRF.

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

GWA's contributions to the DB Plan for the years ended September 30, 2025 and 2024 were $5,812,289 and $5,639,689, respectively, which were equal to the statutorily required contributions for the year then ended.

GWA's contributions for supplemental annuity benefit and COLA payments for the years ended September 30, 2025 and 2024 were $602,600 and $611,800, respectively which were equal to the statutorily required contributions for the years then ended.

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

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

8. Pensions, continued

A. General Information About the Pension Plans, continued

GWA's contributions to the DCRS Plan for the years ended September 30, 2025 and 2024 were $3,801,591 and $3,823,503, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $3,035,589 and $2,491,199 were contributed towards the unfunded liability of the DB Plan for the years ended September 30, 2025 and 2024, respectively.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability: At September 30, 2025 and 2024, GWA reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2024 and September 30, 2023, respectively, which is comprised of the following:

	2025	2024
Defined Benefit Plan	$31,191,285	$41,197,565
Ad Hoc COLA/supplemental annuity Plan for DB retirees	11,411,860	10,123,344
Ad Hoc COLA Plan for DCRS retirees	1,885,494	2,050,520
	$44,488,639	$53,371,429

GWA's proportion of the GovGuam net pension liabilities was based on GWA's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2025 and 2024, GWA's proportionate shares of the GovGuam net pension liabilities were as follows:

	2025	2024
Defined Benefit Plan	2.96%	2.95%
Ad Hoc COLA/supplemental annuity Plan for DB retirees	3.75%	3.76%
Ad Hoc COLA Plan for DCRS retirees	2.64%	2.62%

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Pension Expense (Benefit): For the years ended September 30, 2025 and 2024, GWA recognized pension expense (benefit) for its proportionate share of plan pension expense from the above pension plans as follows:

	2025	2024
Defined Benefit Plan	$2,672,777	$5,645,481
Ad Hoc COLA/supplemental annuity Plan for DB retirees	783,853	868,052
Ad Hoc COLA Plan for DCRS retirees	(152,289)	411,990
	$3,304,341	$6,925,523

Deferred Outflows and Inflows of Resources: At September 30, 2025 and 2024, GWA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025					
	Defined Benefit Plan		Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 41,903	$ 232,994	$552,118	$193,269	$197,371	$21,798
Net difference between projected and actual earnings on pension plan investments	---	3,964,351	250,887	---	---	---
Changes of assumptions	---	125,002	---	---	396,534	307,402
Contributions subsequent to the measurement date	5,812,289	---	602,600	---	94,300	---
Changes in proportion and difference between GWA contributions and proportionate share of contributions	126,725	1,102,043	---	48,768	169,997	121,137
	$5,980,917	$5,424,390	$1,405,605	$242,037	$858,202	$450,337

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

	2024					
	Defined Benefit Plan		Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 423,016	$ 463,409	$ ---	$410,000	$200,897	$ 26,380
Net difference between projected and actual earnings on pension plan investments	5,361,803	---	---	---	---	---
Changes of assumptions	---	248,620	155,090	515,766	396,982	363,012
Contributions subsequent to the measurement date	5,639,689	---	611,800	---	89,700	---
Changes in proportion and difference between GWA contributions and proportionate share of contributions	---	2,683,825	---	48,444	177,998	149,884
	$11,424,508	$3,395,854	$766,890	$974,210	$865,577	$539,276

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2025 and 2024 will be recognized in pension expense as follows:

Year ending September 30,	Defined Benefit Plan	Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees	Ad Hoc COLA Plan for DCRS Retirees
2026	$(1,388,885)	$282,169	$ 38,051
2027	425,858	278,798	38,052
2028	(2,376,762)	---	40,137
2029	(1,908,164)	---	37,589
2030	---	---	6,725
Thereafter	---	---	131,749
	$(5,247,953)	$560,967	$292,303

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020.

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

Defined Benefit Plan:

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

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

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

Ad Hoc COLA Plan for DCRS Retirees:

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

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, 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 Asset Allocation	Nominal Return	Component Return
U.S. Equities (large cap)	26.0%	7.83%	2.03%
U.S. Equities (small cap)	4.0%	9.32%	0.37%
Non-U.S. Equities	17.0%	10.12%	1.72%
Non-U.S. Equities (emerging markets)	3.0%	11.79%	0.35%
U.S. Fixed Income (aggregate)	22.0%	4.86%	1.07%
Risk Parity	8.0%	6.53%	0.52%
High Yield Bonds	8.0%	6.54%	0.52%
Global Real Estate (REITs)	2.5%	9.34%	0.23%
Global Equity	7.5%	8.59%	0.64%
Global Infrastructure	2.0%	8.42%	0.17%
Expected average return for one year			7.64%
Expected geometric mean (30 years)			6.91%

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments was 3.81% (4.09% at September 30, 2024), which is equal to the rate of return of a high-quality bond index.

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GWA's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$40,863,250	$31,191,285	$22,864,413

8. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 2.81%	Current Discount Rate 3.81%	1% Increase in Discount Rate 4.81%
Net Pension Liability	$12,453,265	$11,411,860	$10,504,990

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 2.81%	Current Discount Rate 3.81%	1% Increase in Discount Rate 4.81%
Net Pension Liability	$2,115,875	$1,885,494	$1,690,198

C. Payables to the Pension Plans

As of September 30, 2025 and 2024, GWA recorded payables to GGRF of $186,674 and $138,453, respectively, representing unremitted statutorily required contributions.

9. Other Post Employment Benefits (OPEB)

GWA participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

9. Other Post Employment Benefits (OPEB), continued

A. General Information About the OPEB Plan

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. 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, Suite 224, 2nd Floor, ITC Building, 590 South Marine Corps Drive, or by visiting the Guam Department of Administration website – https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/.

Benefits: GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially "pay-as-you-go" basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

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

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

Collective total OPEB liability as of September 30, 2025 and 2024 is $80,248,243 and $103,206,575, respectively.

Proportionate share of total OPEB liability at September 30, 2025 and 2024 is 3.66% and 3.77%, respectively.

9. Other Post Employment Benefits (OPEB), continued

B. Total OPEB Liability:

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

Inflation:	2.60%
Healthcare cost trend rate:	For both non-Medicare and Medicare claims, 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years. For both Medicare and non-Medicare retiree contributions, 0% for all years.
Dental trend rates:	For claims, 4.25% per year. For retiree contributions, 0% per year. These trend rates are based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. The 0% retiree contribution increases reflect recent Guam plan experience.
Employee mortality rates	PUB-2010 General Employees Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.
Healthy retiree mortality rates:	PUB-2010 General Healthy Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.
Disabled retiree mortality rates:	PUB-2010 General Disabled Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

9. Other Post Employment Benefits (OPEB), continued

B. Total OPEB Liability, continued

Discount rate: The discount rate used to measure the total OPEB liability was 3.81%. The projection of cash flows used to determine the discount rate assumed that contributions from the Government 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, the 3.81% municipal bond rate was applied to all periods to determine the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GWA's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate 2.81%	Current Discount Rate 3.81%	1% Increase in Discount Rate 4.81%
Total OPEB Liability	$93,220,216	$80,248,243	$69,743,077

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GWA's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$68,471,105	$80,248,243	$95,300,412

9. Other Post Employment Benefits (OPEB), continued

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended September 30, 2025 and 2024, GWA reported total OPEB expense of $6,404,598 and $7,389,859, respectively. for its proportionate share of the GovGuam total OPEB expense. At September 30, 2025 and 2024, GWA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 4,519,014	$13,397,181	$ 3,487,443	$19,775,455
Difference between expected and actual experience	11,199,060	28,309,956	15,791,492	4,358,671
Contributions subsequent to the measurement date	3,324,872	---	2,735,797	---
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,774,408	8,817,955	6,978,056	8,342,841
	$21,817,354	$50,525,092	$28,992,788	$32,476,967

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	
2026	$(4,533,669)
2027	(6,809,757)
2028	(7,339,013)
2029	(7,339,015)
2030	(2,348,623)
Thereafter	(3,662,533)
	$(32,032,610)

10. Agreements with the United States Navy

Pursuant to a Memorandum of Agreement, the U.S. Navy supplies water through its water system to GWA for distribution and resale to non-military customers. Total purchases from the U.S. Navy for the year ended September 30, 2025 and 2024 amount to $7,421,447 and $8,662,002.

11. Commitments and Contingencies

Claims

Due to the nature of its operations, GWA is subject to various claims by private and governmental customers and vendors for various alleged losses. Because an estimate of the amount or range of potential loss cannot be determined at this time, no provision for any liability that may result from such claims has been made in the accompanying financial statements.

Litigation

In a civil action before the Superior Court of Guam GWA continues to seek resolution in a quiet title action for its Northern District Wastewater Treatment Plant (WWTP) property. In the civil action, a crossclaim and a counterclaim against GWA was filed seeking just compensation for inverse condemnation in the amount of $220 million plus damages for trespass and encroachment. While a final judgment has not been issued, an April 2024 decision and order by the Superior Court granted title to the opposing party. In May 2024, GWA sought an interlocutory appeal on the trial court's April order and an earlier decision arguing that certificates of title for property upon which the Northern District WWTP resides have been continuously owned, used, and occupied by the federal government, the Government of Guam, and GWA's predecessor (the PUAG) for the use of a very visible wastewater treatment plant since 1979. In January 2025, the Guam Supreme Court granted GWA's request for an interlocutory appeal and since August 2025, the appeal has been under advisement awaiting the Supreme Court's decision. Before the Guam Supreme Court, the Office of the Governor, the Guam Legislature, and the Guam Public Utilities Commission each filed separate appearances and briefs supporting GWA's overall position. As such, the litigation before the Superior Court remains stayed until the appeal is resolved. Considering the status of the litigation and without any firm liability or entry of Judgment having been entered by the courts and realized, no related provision has been recorded in the accompanying financial statements for the potential impact, if any, of this matter.

On November 5, 2024, GWA was served a civil suit (GWA lawsuit) resulting from a $4.4. million demand in damages from Gershman Brickner and Bratton, Inc. (GBB) the federal dump's Receiver. The suit alleges that GWA waterline leaks are solely responsible for increased leachate flows and volumes to the Ordot Dump resulting in extraordinary costs to the federal receiver and the local Guam Solid Waste Authority (GSWA) for treatment and investigation. On January 6, 2025, GWA filed a Motion to Dismiss the matter citing GBB's failure to properly file a government claim and for GBB's failure to have the authority to seek a claim on behalf of GSWA without GSWA's consent as GSWA and GWA had publicly agreed to resolve these claims with a $1M account credit prior to GBB's suit. A Decision and Order denying GWA's Motion to Dismiss was entered and a reconsideration motion was filed shortly thereafter; however as of October 2026, the case has remain stayed by the Superior court pending the outcome of a global mediation involving the GWA Lawsuit and three related federal cases. Issues concerning the landfill's high leachate volumes and alleged design flaws that purportedly allowed the intrusion of stormwater and waterline leaks into the dumps leachate collection system remain the subject of global mediation efforts and the ongoing litigation.

11. Commitments and Contingencies

Litigation, continued

GWA is a class member and claimant in the National Water Provider Settlement class action suit for PFAS. In 2024 and 2025, GWA entered settlement and filed timely claims with four settling defendants: the 3M, Dupont, Tyco and BASF manufacturing companies. Since 2025, GWA has received both lumpsum and periodic award payments from each of the four (4) settlements. Future periodic payments are to be made over the next nine (9) years for the 3M company in accordance with applicable settlement agreements.

In 2025, the Guam EPA promulgated local drinking water regulations for a pesticide compound known as Dieldrin currently unregulated at the federal level. After the regulation took effect, GWA complied with the regulation and issued required Do Not Drink without Treatment Notices to approximately 1,200 ratepayers receiving water from GWA's affected well(s) until treatment systems were put in place reducing and eliminating traces of the pesticide compound. These actions were in line and compliant with the local Guam EPA water regulations. Notwithstanding, as of January 2026, through May 2026, 360 government claims totaling $167.5 million have been filed against GWA resulting from the local drinking water regulations with claimants threatening to file a class-action lawsuit.

As of May 2026, no litigation has been initiated and all claims received remain under review. Based on the information currently available, management believes that the likelihood of a material loss arising from these claims is remote. Accordingly, no related liability and no provision has been recorded in the accompanying financial statements. As the finalized review of the claims progress and as any threatened or potential litigation developments become known this assessment may change.

Contract Commitments

Contract commitments in connection with projects currently in construction approximate $86,155,383 at September 30, 2025, of which $36,827,269 will be funded by federal grants from the U.S. Government.

Regulatory Oversight - Court Orders

In 2002, the US Government filed a complaint against GWA and the Government of Guam for alleged violations under the Federal Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA). Because of GWA's non-compliance with the National Primary Drinking Water Regulations, the U.S. Government sought both civil penalties and injunctive relief to address such non-compliance. Both GWA and the U.S. Department of Justice, Environmental and Natural Resources Division, mutually agreed in the form of a Court Order to resolve the violation issues.

11. Commitments and Contingencies, continued

Regulatory Oversight - Court Orders, continued

In 2003, a Court Order for Preliminary Relief was filed before the District Court of Guam. The Stipulation required implementation of short-term projects and initial planning measures by GWA. GWA was required to submit a final financial plan in the Master Plan that generates sufficient revenue to cover the cost of all compliance activities and deliverables required by the Court Order for Preliminary Relief, as well as any other anticipated expenses, including any measures necessary to ensure compliance with the CWA and the SDWA and costs related to the infrastructure improvements identified in the Master Plan.

In 2006, the Court Order was amended, which required GWA to perform approximately $220 million of capital improvement projects and perform other actions to bring GWA's system into compliance. However, GWA was unable to meet all deadlines set out in the amended Court Order. The District Court ordered the parties to stipulate as to the scope of the remaining projects and project completion dates. The parties were unable to reach an agreement on all items. As a result, on November 10, 2011, the District Court issued an order setting new deadlines for the unfinished projects and included new projects that were not part of the amended Court Order. As of September 2021, of the 93 items required by the Court Order, 92 are either complete or in progress (e.g., continuous reporting requirement). GWA continues to make progress in completing the one remaining item, using 2020A Series Bond Revenue to repair, rehabilitate or replace water storage reservoirs.

GWA together with the Government of Guam, as a co-Defendant, filed an unopposed motion in the U.S. District Court to extend the final completion deadline from December 31, 2025, to December 31, 2026. The Court approved the extension and GWA continues its work to complete the sole remaining compliance requirement by the new deadline.

In further regulatory enforcement efforts, GWA and the U.S. EPA entered and filed a Partial Consent Decree (Partial CD) in the Guam U.S. District Court on January 31, 2024. In August 2024, the federal court entered an Order accepting the Partial CD making it effective August 9, 2024. The Order triggers proximate deadlines from August 9, 2024, for GWA to address a series of assessments, planning, reporting, rule updates, and construction measures within a 10-year period to avoid stipulated penalties. The deadlines to be completed vary from months to years over the 10-year period. . To date, GWA remains on track to meet all applicable deadlines. Where schedule modifications are necessary, the U.S. EPA has been notified and requests for deadline extensions are expected for review.

12. Supplemental Annuities/COLA

As required by GovGuam's Annual Appropriation's Act, GWA must reimburse GovGuam's Department of Administration for certain supplemental and healthcare benefits paid to retirees. During the years ended September 30, 2025 and 2024, GWA levied a 3.5% and 3.80% surcharge, respectively amounting to $4,245,333 and $4,057,503, respectively, in order to satisfy this legislative mandate.

13. System Development Charge (SDC)

In 2010, PUC approved the implementation of a water and sewer SDC, which authorized GWA to charge water and wastewater SDC to applicable customers on and after March 2, 2010. SDC revenues generated and collected are to be expended for costs associated with the construction, expansion, upgrade, and repair of water and wastewater facilities for users who are for the first time connecting property into the Guam water or wastewater system or for builders if the density of the existing connection is increased. SDC revenues may also be used to pay the principal sum and interest and other finance costs on bonds, notes or other obligations issued by or on behalf of GWA to finance such capital improvements or facilities expansion or renovations. During the years ended September 30, 2025 and 2024, SDC revenues were $1,563,818 and $1,698,842, respectively.

14. Related Party Transactions

GWA receives electrical and administrative services from GPA, a component unit of the Government of Guam also governed by the CCU. Electricity purchases from GPA for the years ended September 30, 2025 and 2024 were $19,917,470 and $21,892,448, respectively, and GWA was also charged $610,302 and $593,742, respectively, for administrative services provided by GPA. Outstanding payables for power purchases, administrative expenses and cost reimbursements owed by GWA to GPA were $1,577,928 and $1,961,502 as of September 30, 2025 and 2024, respectively.

For the years ended September 30, 2025 and 2024, GWA billed GPA a total of $3,058,705 and $2,501,224 for water and sewer charges on the facilities transferred by the Navy to GPA. The amount due from GPA as of September 30, 2025 and 2024 was $625,097 and $2,516,111, respectively, which is included in receivables in the accompanying statements of net position.

GWA receives waste disposal services from Guam Solid Waste Authority (GSWA). Waste disposal fees for the year ended September 30, 2025 and 2024 were $1,336,335 and $1,099,837, respectively. Outstanding payables for waste disposal fees owed by GWA to GSWA were $126,545 and $84,595 as of September 30, 2025 and 2024, respectively, and were included in trade accounts payable in the accompanying statements of net position.

Required Supplementary Information

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Defined Benefit Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017
GWA's proportionate share of the net pension liability	$31,191,285	$41,197,565	$48,214,836	$32,556,486	$42,300,716	$40,222,332	$37,292,034	$33,100,479	$38,799,923
GWA's proportion of the net pension liability	2.96%	2.95%	3.24%	3.38%	3.39%	3.31%	3.16%	2.90%	2.83%
GWA's covered payroll**	$20,283,563	$19,718,173	$19,156,692	$18,724,804	$17,738,557	$16,874,281	$16,251,058	$14,729,699	$14,353,805
GWA's proportionate share of the net pension liability as percentage of its covered payroll	153.78%	208.93%	251.69%	173.87%	238.47%	238.36%	229.47%	224.72%	270.31%
Plan fiduciary net position as a percentage of the total pension liability	69.98%	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%

*Data is presented for those years for which information is available.
**Covered-employee payroll data from the actuarial valuation date with one-year lag.

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Collective Total Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	2025	2024	2023	2022	2021	2020	2019
GWA's proportionate share of the net pension liability	$11,411,860	$10,123,344	$9,694,959	$11,715,208	$12,486,188	$12,866,333	$11,195,277
GWA's proportion of the net pension liability	3.75%	3.76%	3.78%	3.80%	3.88%	3.97%	3.86%

*Data is presented for those years for which information is available.

Schedule 3

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Collective Total Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA Plan for DCRS Retirees

	2025	2024	2023	2022	2021	2020	2019
GWA's proportionate share of the net pension liability	$1,885,494	$2,050,520	$1,492,903	$1,766,641	$1,577,875	$1,299,011	$1,105,860
GWA's proportion of the net pension liability	2.64%	2.62%	2.48%	2.50%	2.38%	2.17%	2.24%

*Data is presented for those years for which information is available.

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 4,979,441	$ 4,365,333	$ 4,474,004	$ 4,263,160	$ 4,116,086	$ 3,998,221	$ 4,029,190	$ 3,491,479	$ 3,524,561
Contributions in relation to the actuarially determined contribution	6,578,291	5,639,689	5,187,181	5,180,477	4,038,242	4,025,886	4,296,287	3,630,252	3,527,186
Contribution deficiency (excess)	$(1,598,850)	$(1,274,356)	$(713,177)	$(917,317)	$ 77,844	$(27,665)	$(267,097)	$(138,773)	$(2,625)
GWA's covered payroll**	$22,596,768	$20,283,563	$19,718,173	$ 18,724,804	$17,738,557	$ 16,874,281	$ 16,251,058	$ 14,729,699	$ 14,353,805
Contributions as a percentage of covered payroll	29.11%	27.80%	26.31%	27.67%	22.77%	23.86%	26.44%	24.65%	24.57%

*Data is presented for those years for which information is available.

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Collective Total OPEB Liability
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
GWA's proportionate share of the OPEB liability	$80,248,243	$103,206,575	$87,184,863	$116,272,057	$106,433,894	$84,163,331	$62,656,405	$88,950,661
GWA's proportion of the OPEB liability	3.66%	3.77%	3.80%	4.19%	4.23%	3.30%	3.34%	3.66%

*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' information is available.

Schedule 6

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of OPEB Contributions
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$9,347,798	$7,868,855	$9,019,293	$8,511,831	$7,175,899	$5,617,770	$7,776,105	$8,045,954
Contributions in relation to the actuarially determined contribution	3,550,297	2,869,062	2,397,392	1,966,259	1,598,791	1,745,004	1,795,850	1,617,515
Contribution deficiency	$5,797,501	$4,999,793	$6,621,901	$6,545,572	$5,577,108	$3,872,766	$5,980,255	$6,428,439

*Data is presented for those years for which information is available.

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Notes to Required Supplementary Information (Unaudited)

Changes in Assumptions – Pension Plans

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

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

Amounts reported in 2022 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,798,000 per year.

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to increase 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 the 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to $6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

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

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

Other Postemployment Benefit Plan

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

Supplementary and Other Information

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Schedule of Certain Operating and Maintenance Expenses

	Year ended September 30, 2025	2024 (Restated)
Salaries, wages and benefits:		
Regular, differential and hazardous pay	$19,748,833	$17,077,804
Pension costs and other benefits	8,352,274	9,264,298
Overtime pay	812,971	764,829
Total salaries, wages and benefits	$28,914,078	$27,106,931
Administrative and general:		
Materials and supplies	$ 2,949,256	$ 1,396,741
Chemicals	2,615,143	1,882,201
Insurance	1,878,914	1,803,101
Transportation	738,450	504,105
Miscellaneous	738,879	665,430
Merchant fees	857,559	860,821
Public Utility Commission	212,101	552,292
Communications	131,982	136,781
Training	489,052	198,701
Liability claims	84,431	144,593
Advertising	58,260	68,895
Total administrative and general	$10,754,027	$ 8,213,661
Contractual:		
Labor, materials and others	$ 2,007,291	$ 1,404,959
Accounting	2,182,406	1,879,040
Legal	448,384	559,014
Property rental	586,377	582,808
Equipment rental	453,606	124,257
Testing	311,538	687,426
Total contractual	$ 5,989,602	$ 5,237,504
Other expense:		
Interest expense	$30,774,173	$26,805,659
Retiree healthcare costs and other benefits	6,830,313	8,661,999
Bond issuance costs	1,208,522	3,364,221
Total other expense	$38,813,008	$38,831,879

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Schedule of Construction Work in Progress

Year ended September 30, 2025

Projects	Type	Beginning Balance FY2025	Additions and Transfers	Closeouts and Adjustments	Ending Balance FY2025
Asan / Santa Rita Springs Rehabilitation	Water	$ 1,016,691	$ 56,615	$ ---	$ 1,073,306
Deepwells (New Well Site Development, Rehabilitation, GAC treatment)	Water	2,328,052	3,049,753	---	5,377,805
District Metered Areas	Water	---	470,479	---	470,479
Equipment Purchases	Water/Wastewater	606,843	2,472,895	(2,434,575)	645,163
Facilities Improvement	Water/Wastewater	1,036,445	1,039,298	(663,523)	1,412,220
Fire Hydrant Replacement Project	Water	3,234	---	(3,234)	-
GIS Mapping	Water	96,736	---	(96,736)	-
Hydraulic Modeling	Water/Wastewater	644,072	---	(119,849)	524,223
I&I SSES for Central/Northern/Southern Sewer Systems	Wastewater	1,451,991	---	(241,999)	1,209,992
Information Technology	Water/Wastewater	77,257	148,726	(216,889)	9,094
Island Wide Real Property Survey & Mapping	Water/Wastewater	432,318	40,471	---	472,789
Island Wide Water Reservoirs	Water	48,262,157	43,612,998	(5,734,411)	86,140,744
Meters and related	Water	536,524	(92,483)	(10,905)	433,136
Northern & Central Sewer Transmission System	Wastewater	---	278,436	---	278,436
Pressure Zone Realignment	Water	268,291	1,426,980	(256,650)	1,438,621
Program Management Office	Water/Wastewater	3,973,462	193,759	(2,168,101)	1,999,120
Pumps, Motors, Cables and related Replacements	Water/Wastewater	145,121	420,683	(510,848)	54,956
SCADA System for Water and Wastewater	Water/Wastewater	7,240	---	(3,694)	3,546
Sewer Pump Station Improvements	Wastewater	2,839,820	1,036,802	(179,678)	3,696,944
Southern and Central Sewer Transmission	Wastewater	---	30,889	---	30,889
Tumon Hot Spots Sewer Line Rehabilitation	Wastewater	444,979	94,007	---	538,986
Ugum Water Treatment Plant Rehabilitation	Water	877,483	10,156,727	(9,401,394)	1,632,816
Upgrade to Secondary Treatment at NDWWTP	Wastewater	660,382	---	---	660,382
Wastewater Collection Systems	Wastewater	2,261,953	4,872,538	(2,120,852)	5,013,639
Water and Wastewater Infrastructure Improvements	Water/Wastewater	1,723,602	2,017,581	(70,000)	3,671,183
Water Booster Pump Station Improvements	Water	723,245	213,537	(32,670)	904,112
Water Distribution Systems	Water	4,944,823	1,278,618	(3,726,636)	2,496,805
Total		$ 75,362,721	$ 72,819,309	$ (27,992,644)	$ 120,189,386

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

System Development Charge Fund
Schedules of Net Position, Revenue, Expenses and Changes in Net Position

	September 30, 2025	September 30, 2024
Assets		
Current assets:		
Restricted cash	$ 9,004,334	$7,160,562
Receivables	1,350,811	1,334,015
	$10,355,145	$8,494,577
Liabilities and Net Position		
Current liabilities:		
Due to GWA	$ 1,096,611	$1,091,264
Net Position:		
Restricted	9,258,534	7,403,313
	$10,355,145	$8,494,577
Revenues, Expenses and Changes in Net Position		
Revenues:		
System development charge	$1,563,818	$1,698,842
Other revenues	291,403	193,550
Change in net position	1,855,221	1,892,392
Net position at beginning of year	7,403,313	5,510,921
Net position at end of year	$9,258,534	$7,403,313

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Schedule of Operating Revenues

	Year ended September 30, 2025	Year ended September 30, 2024
Water	$ 88,565,038	$ 79,144,020
Wastewater	52,175,055	44,594,287
Surcharges:		
Legislative	4,245,333	4,057,503
System development charge	1,563,818	1,698,842
Other	709,295	591,327
Bad debts expense	(2,004,924)	(229,334)
Regulatory deferral	(9,500,000)	---
Total operating revenues	$135,753,615	$129,856,645

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Schedule of Employee and Other Data

Years ended September 30, 2025 and 2024

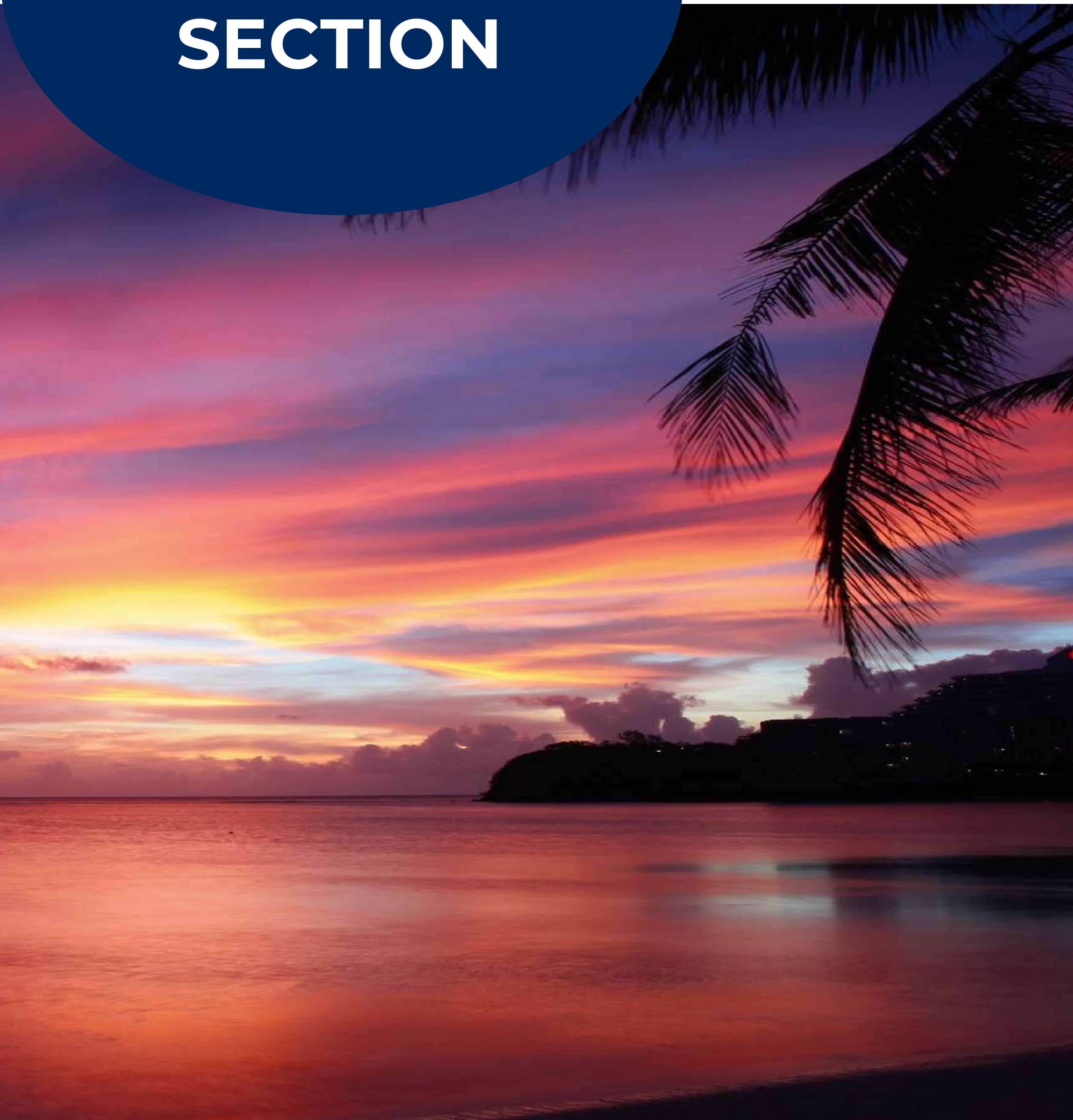
2025

Cost Category	Full-Time Employees		Personnel Services		Contractual Services		Materials and Supplies		Total
Administration and Support	76	$	5,911,576	$	1,600,466	$	152,809	$	7,664,851
Compliance & Safety	18		1,999,306		687,529		121,312		2,808,147
Engineering	32		1,457,551		11,967		29,527		1,499,045
Executive Management	45		4,523,791		1,570,497		223,391		6,317,679
Operations: Construction & Maintenance	33		2,037,386		176,301		134,171		2,347,858
Operations: Water Distribution	55		3,845,798		904,855		1,086,880		5,837,533
Operations: Water Production & Treatment	32		2,454,255		287,546		285,870		3,027,671
Operations: Wastewater Collection	55		4,270,789		735,179		643,456		5,649,424
Operations: Wastewater Treatment	35		2,413,625		15,262		271,840		2,700,729
Total	381	$	28,914,077	$	5,989,602	$	2,949,256	$	37,852,937

2024 *(Restated)*

Cost Category	Full-Time Employees		Personnel Services		Contractual Services		Materials and Supplies		Total
Administration and Support	72	$	5,825,477	$	1,668,452	$	72,220	$	7,566,149
Compliance & Safety	18		2,137,330		1,072,148		43,961		3,253,439
Engineering	28		1,718,923		---		7,953		1,726,876
Executive Management	43		4,242,489		1,588,523		14,321		5,845,333
Operations: Construction & Maintenance	27		2,123,667		47,689		73,721		2,245,077
Operations: Water Distribution	49		3,164,670		438,184		788,992		4,391,846
Operations: Water Production & Treatment	34		2,030,299		125,826		124,951		2,281,076
Operations: Wastewater Collection	48		3,461,107		242,888		193,623		3,897,618
Operations: Wastewater Treatment	28		2,402,969		53,795		76,999		2,533,763
Total	347	$	27,106,931	$	5,237,505	$	1,396,741	$	33,741,177

STATISTICAL SECTION



[PAGE INTENTIONALLY LEFT BLANK]

STATISTICAL SECTION
(UNAUDITED)

This part of GWA's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents **Page**

Financial Trends
These schedules contain trend information to help the reader understand how GWA's financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess GWA's most significant local revenue sources.

Debt Capacity
These schedules present information to help the reader assess the affordability of GWA's current level of outstanding debt and the ability to issue additional debt in the future.

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which GWA's financial activities take place.

Statistical Section Table of Contents, Continued

Contents **Page**

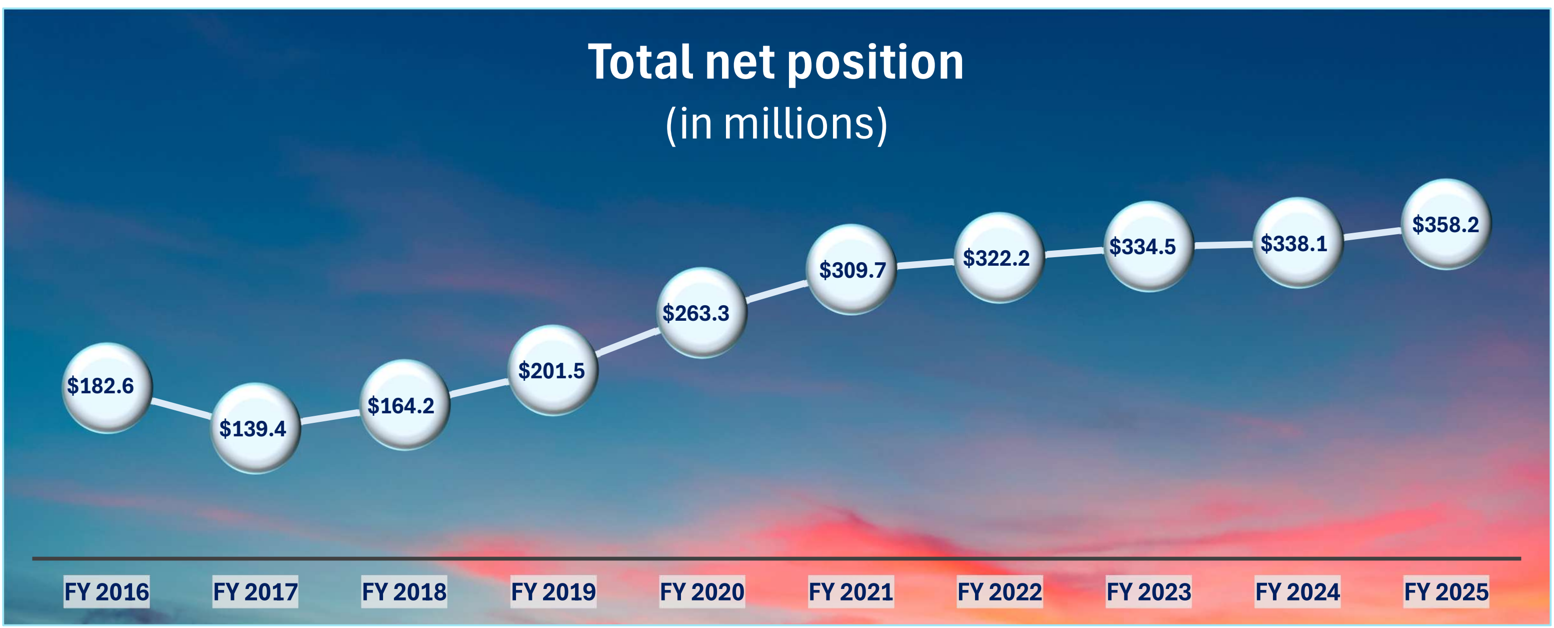
Operating Information

These schedules contain infrastructure and service data to help the reader understand how the information in the financial report relates to the services that GWA provides and the activities it performs.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 1: Schedule of Net Position as of September 30, 20XX
(accrual basis of accounting)

	2025[4]	2024[4]	2023	2022	2021	2020	2019	2018	2017[1]	2016[2]
Net investment in capital assets	$307,355,311	$ 320,670,696	$ 330,849,577	$ 322,499,972	$ 286,341,746	$ 229,805,072	$ 190,953,226	$ 163,459,395	$ 218,057,386	$ 185,367,498
Restricted for:										
Debt service [3]	85,689,893	63,941,087	63,409,545	60,881,220	-	-	-	-	-	-
Service Operations [3]	57,565,950	55,958,078	39,537,853	38,512,203	-	-	-	-	-	-
Total restricted - expendable	143,255,843	119,899,165	102,947,398	99,393,423	28,019,130	$ 27,166,805	35,182,289	17,679,328	18,481,379	18,266,223
Unrestricted	(92,452,195)	(102,486,622)	(99,282,641)	(99,664,661)	(4,644,273)	$ 6,288,492	(24,602,011)	(16,903,750)	(97,117,318)	(21,080,390)
Total net position	$358,158,959	$338,083,239	$ 334,514,334	$ 322,228,734	$ 309,716,603	$ 263,260,369	$ 201,533,504	$ 164,234,973	$139,421,447	$ 182,553,331

Source: Guam Waterworks Authority audited financial statements.
Note:
(1) In fiscal year 2018, GWA adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, GWA elected to restate its 2017 financial statements.
(2) In fiscal year 2017, GWA adopted GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. As a result, GWA elected to restate its 2016 financial statements.
(3) Certain line items are presented as "-" in years where the financial statements did not provide a separate breakout.
(4) GASB Statement No. 101 was adopted in FY 2025, which requires retrospective application. As a result, the FY 2024 financial statements have been restated.



GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 2: Schedule of Revenues, Expenses and Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	FY 2025[3]	FY 2024[3]	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017[1]	FY 2016[2]
Operating revenues:										
Water										
Private	$78,980,159	$70,389,155	$59,343,982	$57,230,980	$58,664,043	$60,200,529	$61,955,342	$60,049,063	$57,875,384	$58,162,503
Government	9,584,879	8,754,865	7,284,629	7,376,219	6,261,569	5,931,406	6,027,388	6,326,501	6,101,458	6,177,211
Legislative surcharge	2,857,905	2,781,530	2,147,271	2,127,896	2,130,826	2,218,881	2,386,371	2,357,002	2,166,056	1,959,204
System development charge	830,023	776,254	706,977	536,746	740,966	377,802	461,048	528,993	431,060	642,568
	92,252,966	82,701,804	69,482,859	67,271,841	67,797,404	68,728,618	70,830,149	69,261,559	66,573,958	66,941,486
Wastewater										
Private	34,742,911	30,453,396	25,467,513	23,701,033	22,459,992	25,462,248	30,055,421	28,536,974	28,386,690	27,570,392
Government	17,432,144	14,140,891	11,063,720	10,141,643	9,236,444	9,193,158	9,591,225	9,764,431	8,807,642	9,658,388
Legislative surcharge	1,387,428	1,275,973	947,328	882,878	812,169	943,890	1,176,661	1,113,506	1,041,170	939,121
System development charge	733,795	922,588	652,190	708,615	855,493	378,536	424,465	541,992	440,886	785,764
	54,296,278	46,792,848	38,130,751	35,434,169	33,364,098	35,977,832	41,247,772	39,956,903	38,676,388	38,953,665
Other	709 295	591,327	567,167	464,488	502,315	588,593	679,465	519,529	435,514	519,898
Bad debts expense	(2,004,924)	(229,334)	(421,467)	(2,028,510)	(1,991,300)	(2,033,768)	(2,217,121)	(2,162,950)	(1,316,397)	(1,034,310)
Regulatory expense	(9,500,000)	-	-	-	-	-	-	-	-	-
Total operating revenues	135,753,615	129,856,645	107,759,310	101,141,988	99,672,517	103,261,275	110,540,265	107,575,041	104,369,463	105,380,739
Operating and maintenance expenses:										
Power purchases	19,917,470	21,892,448	24,397,961	18,577,440	12,507,537	14,118,145	16,150,781	14,686,486	12,076,262	11,225,884
Water purchases	7,421,447	8,662,002	7,038,954	5,656,471	6,615,983	5,551,065	6,277,864	8,684,974	7,309,125	6,374,035
Waste disposal fees	1,336,335	1,099,837	676,362	658,813	1,415,293	1,277,885	1,333,887	1,507,654	1,685,842	1,565,080
	28,675,252	31,654,287	32,113,277	24,892,724	20,538,813	20,947,095	23,762,532	24,879,114	21,071,229	19,164,999
Depreciation	29,427,589	30,172,311	30,911,997	28,462,573	26,869,495	25,048,700	21,174,220	19,280,249	16,824,455	15,348,101
Salaries, wages and benefits	28,914,078	27,106,931	24,470,756	22,191,629	24,240,266	24,192,355	21,030,363	18,534,508	19,697,917	19,856,213
Administrative and general	10,754,027	8,213,661	8,346,930	7,297,610	6,861,923	7,359,398	8,510,862	8,072,979	7,300,127	7,008,883
Contractual	5,989,602	5,237,504	5,421,883	4,492,845	4,247,073	4,431,836	5,945,478	5,036,651	4,087,429	4,117,122
Retiree healthcare costs and other benefits	6,830,313	8,661,999	4,621,864	8,864,985	9,707,749	4,381,255	2,267,681	8,548,967	11,187,439	3,348,262
Total operating and maintenance expenses	110,590,861	111,046,693	105,886,707	96,202,366	92,465,319	86,360,639	82,691,136	84,352,468	80,168,596	68,843,580
Operating income	25,162,754	18,809,952	1,872,603	4,939,622	7,207,198	16,900,636	27,849,129	23,222,573	24,200,867	36,537,159

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 2: Schedule of Revenues, Expenses and Changes in Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	FY 2025[3]	FY 2024[3]	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017[1]	FY 2016[2]
Non-operating revenues (expenses):										
Interest income	13,116,573	13,949,794	11,604,779	1,542,233	112,720	1,380,414	4,953,524	3,778,449	917,351	63,115
Insurance recoveries	659,567	1,000,000	-	-	-	-	-	-	-	-
Interest expense	(30,774,173)	(26,805,659)	(28,678,533)	(29,175,309)	(30,075,496)	(26,821,893)	(25,192,512)	(26,498,040)	(27,173,760)	(24,641,647)
Others, net	(2,325,859)	(219,504)	626,929	70,011	169,128	83,560	(722,188)	(707,085)	238,639	(2,869,723)
Bond issuance costs	(1,208,522)	(3,364,221)	(554,655)	(180,594)	-	(4,342,432)	-	-	-	-
Loss on capital asset disposals	(727,968)	(1,400,669)	(531,538)	(490,215)	(1,093,328)	(3,678,963)	(2,698,053)	(1,945,630)	(755,256)	(49,796)
Contributions from local government	-	-	14,460,048	-	-	-	-	-	-	-
Contributions from federal government	-	-	-	-	188,768	223,909	-	-	-	-
Allowance for funds used during construction	-	-	-	-	5,485,464	6,008,368	11,307,192	12,501,196	14,066,891	13,708,441
Federal expenditures	-		-	-	(130,939)	(276,105)	-	(746,644)	(510,017)	(1,058,262)
Loss on inventory write down	-	-	-	-	-	-	-	-	(217,999)	-
Total non-operating expenses, net	(21,919,949)	(16,840,259)	(3,072,970)	(28,233,874)	(25,343,683)	(27,423,142)	(12,352,037)	(13,617,754)	(13,434,151)	(14,847,872)
Income (Loss) before capital contributions	3,902,372	1,969,693	(1,200,367)	(23,294,252)	(18,136,485)	(10,522,506)	15,497,092	9,604,819	10,766,716	21,689,287
Capital contributions:										
Grants from the U.S. Government	16,173,348	2,999,184	13,485,967	35,806,383	64,592,719	72,249,371	21,801,439	15,208,707	21,811,030	5,488,862
Changes in net position	20,075,720	4,968,877	12,285,600	12,512,131	46,456,234	61,726,865	37,298,531	24,813,526	32,577,746	27,178,149
Net Position at beginning of year	338,083,239	333,114,362	322,228,734	309,716,603	263,260,369	201,533,504	164,234,973	139,421,447	106,843,701	155,375,182
Net Position at end of year	$ 358,158,959	$338,083,239	$334,514,334	$322,228,734	$309,716,603	$263,260,369	$201,533,504	$164,234,973	$139,421,447	$182,553,331

Source: Guam Waterworks Authority audited financial statements.

Note:
(1) In fiscal year 2018, GWA adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, GWA elected to restate its 2017 financial statements.
(2) In fiscal year 2017, GWA adopted GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. As a result, GWA elected to restate its 2016 financial statements.
(3) GASB Statement No. 101 was adopted in FY 2025, which requires retrospective application. As a result, the FY 2024 financial statements have been restated.

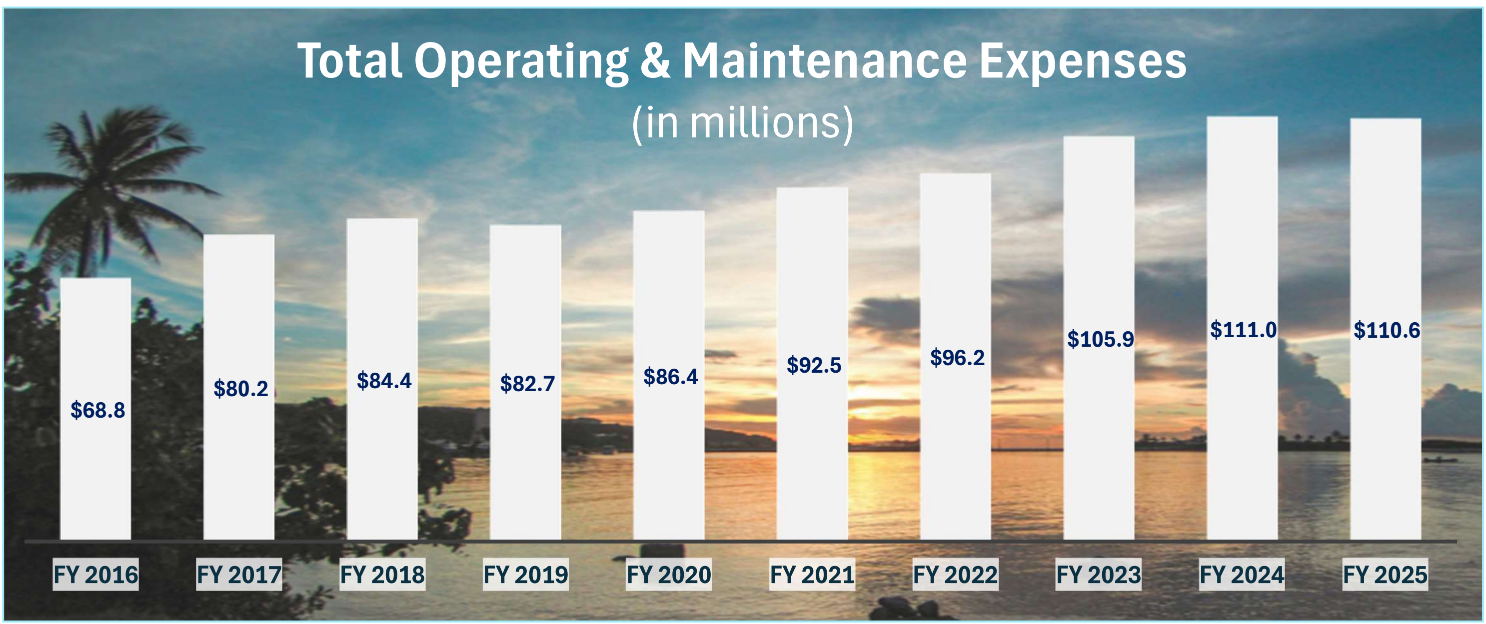
GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 3: Operating and Maintenance Expenses
Last Ten Fiscal Years
(accrual basis of accounting)

	FY 2025[1]	FY 2024[1]	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Operating and maintenance expenses:										
Power purchases	$19,917,470	$21,892,448	$24,397,961	$18,577,440	$12,507,537	$14,118,145	$16,150,781	$14,686,486	$12,076,262	$11,225,884
Water purchases	7,421,447	8,662,002	7,038,954	5,656,471	6,615,983	5,551,065	6,277,864	8,684,974	7,309,125	6,374,035
Waste disposal fees	1,336,335	1,099,837	676,362	658,813	1,415,293	1,277,885	1,333,887	1,507,654	1,685,842	1,565,080
	28,675,252	31,654,287	32,113,277	24,892,724	20,538,813	20,947,095	23,762,532	24,879,114	21,071,229	19,164,999
Depreciation	29,427,589	30,172,311	30,911,997	28,462,573	26,869,495	25,048,700	21,174,220	19,280,249	16,824,455	15,348,101
Salaries, wages and benefits:										
Regular, differential and hazardous pay	19,748,833	17,077,804	16,535,676	16,055,989	16,269,531	16,900,151	15,130,677	13,008,745	13,461,180	12,829,124
Pension costs and other benefits	8,352,274	9,264,298	6,724,057	5,726,543	7,663,597	6,519,080	4,264,322	3,695,093	5,157,837	6,140,881
Overtime pay	812,971	764,829	1,211,023	409,097	307,138	773,124	1,635,364	1,830,670	1,078,900	886,208
Total salaries, wages and benefits	28,914,078	27,106,931	24,470,756	22,191,629	24,240,266	24,192,355	21,030,363	18,534,508	19,697,917	19,856,213
Administrative and general:										
Materials and supplies	2,949,256	1,396,741	1,965,599	1,923,816	1,425,390	2,091,704	2,246,462	2,171,938	1,545,542	1,244,535
Chemicals	2,615,143	1,882,201	1,778,433	1,506,895	2,124,444	1,817,213	2,451,801	2,191,505	2,088,013	2,239,147
Insurance	1,878,914	1,803,101	1,779,677	1,299,193	956,589	937,471	916,471	912,061	1,087,233	1,213,327
Transportation	738,450	504,105	632,636	696,392	519,743	606,260	778,349	768,010	644,933	574,510
Miscellaneous	738,879	665,430	629,100	628,488	644,833	648,685	1,035,408	1,014,770	863,869	821,152
Merchant fees	857,559	860,821	669,025	625,606	560,463	453,980	-	-	-	-
Public Utility Commission	212,101	552,292	213,555	203,851	260,410	317,344	268,597	265,454	289,613	325,252
Communications	131,982	136,781	114,403	156,595	159,073	153,371	161,836	177,066	130,605	123,178
Training	489,052	198,701	164,370	95,939	34,926	137,912	331,577	271,825	276,654	149,481
Liability claims	84,431	144,593	300,724	92,335	89,348	134,529	196,334	129,641	265,812	127,412
Advertising	58,260	68,895	99,408	68,500	86,704	60,929	124,027	170,709	107,853	190,889
Total administrative and general	10,754,027	8,213,661	8,346,930	7,297,610	6,861,923	7,359,398	8,510,862	8,072,979	7,300,127	7,008,883

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 3: Operating and Maintenance Expenses, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	FY 2025(1)	FY 2024(1)	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Contractual:										
Labor, materials and others	2,007,291	1,404,959	1,824,658	1,627,464	1,701,284	2,109,246	2,985,591	2,406,807	1,880,965	1,855,070
Accounting	2,182,406	1,879,040	1,706,562	1,411,843	1,346,323	853,736	941,820	706,830	922,812	1,037,609
Legal	448,384	559,014	619,291	563,305	-	28,477	11,954	-	4,969	4,348
Property rental	586,377	582,808	570,187	510,840	497,007	440,879	423,622	439,236	438,678	399,343
Equipment rental	453,606	124,257	439,277	192,456	288,743	786,736	1,412,592	1,070,482	712,487	697,942
Testing	311,538	687,426	261,908	186,937	413,716	212,762	169,899	413,296	127,518	122,810
Total contractual	5,989,602	5,237,504	5,421,883	4,492,845	4,247,073	4,431,836	5,945,478	5,036,651	4,087,429	4,117,122
Retiree healthcare costs and other benefits	6,830,313	8,661,999	4,621,864	8,864,985	9,707,749	4,381,255	2,267,681	8,548,967	11,187,439	3,348,262
Total operating and maintenance expenses	$110,590,861	$111,046,693	$105,886,707	$96,202,366	$92,465,319	$86,360,639	$82,691,136	$84,352,468	$80,168,596	$68,843,580
Percentage increase (decrease) over prior year	0%	5%	10%	4%	7%	4%	(2%)	5%	16%	8%

Source: Guam Waterworks Authority audited financial statements.
Note: (1) GASB Statement No. 101 was adopted in FY 2025, which requires retrospective application. As a result, the FY 2024 financial statements have been restated.



GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 4: Water and Wastewater Revenues (excluding System Development Charges) by Major Customer Classes
Last Ten Fiscal Years
(accrual basis of accounting)

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Water Customer Class										
Agricultural	$512,638	$501,463	$368,471	$431,070	$444,892	$485,425	$496,399	$460,076	$395,449	$431,606
Golf Course	147,252	18,620	116,491	70,280	56,152	85,504	49,903	48,567	80,243	97,990
Commercial	19,380,075	17,467,530	14,461,167	13,720,269	13,251,332	12,896,717	13,868,755	13,667,485	13,962,171	13,736,890
Federal Agencies	754,739	33,854	25,097	28,145	38,596	25,625	23,137	31,502	39,532	38,497
Government of Guam	9,165,542	9,053,937	7,514,091	7,611,024	6,437,468	6,123,799	6,233,660	6,572,048	6,297,642	6,360,728
Hotel	14,588,487	12,143,153	9,046,164	7,125,401	6,968,351	10,237,252	14,955,990	13,802,981	13,499,695	13,116,414
Irrigation	41,032	38,727	34,965	39,113	43,360	57,432	51,409	49,457	60,821	59,481
Residential	46,833,178	42,668,267	37,209,436	37,709,793	39,816,286	38,439,018	34,689,848	34,100,450	31,807,344	32,457,312
Total Water Revenues (1)	$91,422,943	$81,925,551	$68,775,882	$66,735,095	$67,056,437	$68,350,772	$70,369,101	$68,732,566	$66,142,897	$66,298,918

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Wastewater Customer Class										
Commercial	$10,314,493	$9,280,158	$8,538,306	$8,373,667	$7,760,006	$7,933,048	$8,753,399	$8,735,533	$8,588,060	$8,046,990
Federal Agencies	12,613,431	9,093,663	7,094,928	6,110,211	5,944,514	6,108,423	6,388,022	6,322,371	5,610,218	6,580,018
Government of Guam	5,426,399	5,583,721	4,356,099	4,391,010	3,617,134	3,423,005	3,569,358	3,800,155	3,533,788	3,375,762
Hotel	12,813,667	10,835,621	8,100,157	6,523,248	6,091,381	9,156,976	13,178,157	11,937,462	11,684,107	11,698,441
Residential	12,394,492	11,077,096	9,389,071	9,327,418	9,095,570	8,977,791	8,934,371	8,619,390	8,819,329	8,466,690
Total Wastewater Revenues (1)	$53,562,483	$45,870,259	$37,478,561	$34,725,554	$32,508,605	$35,599,243	$40,823,307	$39,414,911	$38,235,502	$38,167,901

Source: Guam Waterworks Authority audited financial statements.
Note: (1) Excludes System Development Charges.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 5: Water Demand and Wastewater Flows (in '000 gallons) by Major Customer Classes
Last Ten Fiscal Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Water Customer Class										
Agricultural	57,761	59,551	49,748	65,719	68,805	84,492	90,803	81,127	69,482	78,628
Golf Course	6,449	158	6,415	3,796	2,855	5,128	2,793	2,741	5,252	6,770
Commercial	834,395	840,261	816,393	818,460	786,157	822,736	906,192	910,905	964,639	1,022,890
Federal Agencies	35,624	1,317	1,099	1,389	2,069	1,338	1,602	1,813	2,508	1,180
Government of Guam	411,346	462,968	445,116	471,943	404,026	408,502	405,980	450,165	448,430	475,366
Hotel	686,269	635,654	554,767	462,757	448,034	714,161	1,079,919	989,723	1,004,525	1,008,087
Irrigation	3,397	3,460	3,242	4,888	5,404	8,654	7,896	8,504	10,143	11,351
Residential	3,064,638	3,115,717	3,185,230	3,450,574	3,622,514	3,712,723	3,359,905	3,313,613	3,206,811	3,429,689
Total Water Demand	5,099,879	5,119,086	5,062,010	5,279,526	5,339,864	5,757,734	5,855,090	5,758,591	5,711,790	6,033,961

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Wastewater Customer Class										
Commercial	551,271	548,241	570,488	585,512	566,044	591,972	652,842	662,938	685,628	716,887
Federal Agencies	760,742	607,799	558,530	508,438	493,841	542,970	597,041	592,819	533,174	614,008
Government of Guam	338,329	375,420	341,718	365,856	303,587	298,457	326,653	345,049	339,780	322,040
Hotel	454,959	425,057	376,947	318,491	297,738	480,884	707,934	639,157	652,562	679,262
Residential	1,847,407	1,849,134	1,906,036	2,051,330	2,150,617	2,118,282	1,836,324	1,836,672	1,861,916	2,008,430
Total Wastewater Demand	3,952,709	3,805,651	3,753,719	3,829,627	3,811,827	4,032,565	4,120,794	4,076,635	4,073,060	4,340,626

Source:
(a) Guam Waterworks Authority, Finance Division (FY 2016-FY2017).
(b) Guam Waterworks Authority audited financial statements (FY 2018-FY2025).

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 6: Customer Count by Class
Last Ten Fiscal Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Water Customer Class										
Agricultural	306	312	324	330	328	326	329	338	344	346
Golf Course	12	15	16	16	16	16	15	16	15	15
Commercial	2,756	2,738	2,727	2,671	2,643	2,650	2,673	2,671	2,677	2,630
Federal Agencies	14	14	14	14	14	14	14	14	14	13
Government of Guam	416	413	416	408	403	401	398	394	395	397
Hotel	53	53	53	54	55	53	53	56	55	55
Irrigation	27	30	33	32	32	30	27	28	31	32
Residential	40,109	40,040	39,990	39,717	39,658	39,281	39,510	38,927	38,675	38,267
Total Water Customers	43,693	43,616	43,574	43,241	43,148	42,770	43,019	42,443	42,206	41,755

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Wastewater Customer Class										
Commercial	2,068	2,055	2,058	2,022	1,994	2,017	2,028	2,050	2,040	1,996
Federal Agencies	9	8	9	9	9	9	9	9	9	9
Government of Guam	249	238	244	246	244	239	239	241	239	240
Hotel	42	43	44	45	46	45	45	46	46	45
Residential	28,820	28,710	28,388	28,166	27,501	27,172	27,010	27,029	26,731	26,473
Total Wastewater Customers	31,188	31,054	30,742	30,488	29,793	29,482	29,331	29,374	29,065	28,763

Source: Guam Waterworks Authority, Finance Division.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 7: Ten Largest Customers
Last Ten Fiscal Years
(accrual basis of accounting)

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Top 10 Water Customers										
Department of Education	$2,632,771	$2,955,418	$3,279,496	$3,025,016	$2,352,377	$1,943,966	$1,540,824	--	--	--
Guam Power Authority	2,320,192	1,821,851	692,774	1,367,507	1,350,818	1,431,379	692,694	--	--	--
Pacific Islands Club	1,943,511	1,885,711	1,287,493	692,049	970,027	1,207,148	1,951,350	$2,063,500	$1,178,757	$1,084,985
Dusit Thani Guam Resort	1,444,695	1,047,637	653,931	564,338	--	1,317,232	1,644,137	981,995	--	--
Leopalace Resort Guam [1]	1,268,073	861,253	643,942	575,015	754,272	1,524,488	1,876,658	2,003,473	1,316,123	1,222,035
Department of Corrections	1,265,688	965,343	--	--	463,674	--	--	--	--	--
Dusit Beach Resort Guam [2]	1,240,035	1,014,421	814,170	--	500,169	608,925	619,395	767,092	591,248	644,931
Hilton Guam Resort & Spa	1,216,290	1,051,107	775,326	698,265	615,204	627,600	997,217	1,016,867	995,330	1,026,983
Hotel Nikko Guam	916,828	--	--	--	--	673,106	--	807,746	813,085	778,380
Hyatt Regency Guam	848,223	803,285	713,869	587,923	464,046	632,604	847,431	883,087	847,386	789,528
University of Guam	--	1,001,140	885,893	567,192	--	--	--	--	--	--
The Westin Resort Guam [3]	--	--	639,428	570,665	--	--	--	--	628,271	637,657
Onward Beach Resort Guam, Inc.	--	--	--	926,352	725,293	684,299	--	783,072	--	--
Micronesia Mall	--	--	--	--	483,879	--	--	--	--	--
Pacific Star Resort & Spa	--	--	--	--	--	--	672,551	--	649,388	850,076
Sheraton Laguna Guam Resort	--	--	--	--	--	--	615,160	744,503	851,904	794,407
Guam Reef Hotel Inc	--	--	--	--	--	--	--	851,152	592,583	583,729
Total	$15,096,306	$13,407,167	$10,386,321	$9,574,322	$8,679,760	$10,650,746	$11,457,417	$10,902,488	$8,464,075	$8,412,712
Total Water Revenue	91,422,943	81,925,551	68,775,882	66,735,095	67,056,437	68,350,772	70,369,101	68,732,566	66,142,897	66,298,918
% of Total Water Revenue	16.5%	16.4%	15.1%	14.3%	12.9%	15.6%	16.3%	15.9%	12.8%	12.7%

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 7: Ten Largest Customers, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Top 10 Wastewater Customers										
Air Force DOD	$6,796,129	$7,133,968	$5,784,105	$4,872,082	$4,680,103	$4,536,136	$3,100,031	$3,938,808	$3,860,920	$4,043,806
Navy DOD	5,751,794	2,443,160	1,676,508	1,406,283	1,443,383	1,898,558	3,050,977	2,339,465	1,684,854	2,261,098
Department of Education	1,568,493	1,763,868	1,980,186	1,818,678	1,406,303	1,162,315	920,462	--	--	--
Dusit Thani Guam Resort	1,549,242	1,122,938	700,028	603,869	--	1,413,401	1,764,803	1,053,429	--	--
Dusit Beach Resort Guam (2)	1,328,298	1,086,790	886,380	--	542,405	671,837	663,727	864,985	633,320	691,013
Guam Power Authority	1,307,741	1,092,558	--	827,803	819,464	862,299	--	--	--	--
Hilton Guam Resort & Spa	1,297,461	1,120,658	825,224	742,859	653,637	667,488	1,065,051	1,085,600	1,064,415	1,098,538
Hotel Nikko Guam	975,127	687,087	--	--	--	716,396	--	861,128	868,680	831,546
Hyatt Regency Guam	906,322	858,373	762,650	627,598	494,542	676,521	907,296	945,324	906,969	844,912
Pacific Islands Club	865,225	783,674	614,798	--	596,235	603,651	847,982	880,001	--	--
The Westin Resort Guam	--	--	681,000	607,455	461,147	--	--	--	--	--
Gershman, Brickner & Bratton, Inc.	--	--	662,279	1,012,634	--	--	--	--	--	--
Onward Beach Resort Guam Inc	--	--	--	580,981	--	--	--	--	--	--
Micronesia Mall	--	--	--	--	509,380	--	--	--	--	--
Pacific Star Resort & Spa	--	--	--	--	--	--	718,062	--	692,867	908,545
Leopalace Resort Guam	--	--	--	--	--	--	716,925	--	671,635	681,806
Guam Reef Hotel Inc	--	--	--	--	--	--	--	911,021	633,306	623,890
Sheraton Laguna Guam Resort	--	--	--	--	--	--	--	794,702	911,821	850,152
Total	$22,345,833	$18,093,074	$14,573,159	$13,100,241	$11,606,600	$13,208,602	$13,755,317	$13,674,462	$11,928,786	$12,835,306
Total Wastewater Revenue	53,562,483	45,870,259	37,478,561	34,725,554	32,508,605	35,599,243	40,823,307	39,414,911	38,235,502	38,167,901
% of Total Wastewater Revenue	41.7%	39.4%	38.9%	37.7%	35.7%	37.1%	33.7%	34.7%	31.2%	33.6%

Source: (a) FY 2019-FY 2025: GWA Annual Financial Information & Operating Data Reports posted to the EMMA website of the Municipal Securities Rulemaking Board. (b) FY 2016- FY 2018: Guam Waterworks Authority, Finance Division.

Note: (1) Includes revenues from "MDI Guam Corporation/Leo Palace" in FY 2018 and prior years. (2) Formerly “Outrigger Guam Resort.” (3) Includes revenues from "MDI Guam Corporation/Westin" for FY 2017.
“--” denotes that the customer was not in the Top 10 during the respective fiscal year.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 8: Water Rates
Last Ten Fiscal Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Basic										
Residential - 3/4 "	$34.14	$30.62	$26.24	$24.87	$24.87	$23.69	$22.56	$22.56	$21.69	$20.96
Residential - 1 "	39.84	35.73	30.62	29.02	29.02	27.64	26.32	26.32	25.31	24.45
Residential - 1 1/2 "	62.51	56.06	48.04	45.54	45.54	43.37	41.31	41.31	39.72	38.38
Residential - 2 "	79.62	71.41	61.19	58.00	58.00	55.24	52.62	52.62	50.59	48.88
Residential - 3 "	142.22	127.55	109.30	103.60	103.60	98.67	93.98	93.98	90.36	87.31
Residential - 4 "	199.08	178.55	153.00	145.02	145.02	138.11	131.53	131.53	126.47	122.20
Residential - 6 "	369.70	331.57	284.12	269.31	269.31	256.49	244.28	244.28	234.88	226.94
Residential - 8 "	540.32	484.59	415.24	393.59	393.59	374.85	357.00	357.00	343.27	331.66
Residential - 10 "	739.41	663.15	568.25	538.63	538.63	512.98	488.55	488.55	469.76	453.87
Residential - 12 "	881.55	790.63	677.49	642.17	642.17	611.59	582.46	582.46	560.06	541.12
Residential Volume Charge, per Kgal										
0-5 kgals	$3.91	$3.51	$3.01	$3.01	$3.01	$3.01	$3.01	$3.01	$3.01	$2.91
6 kgals & above	16.26	14.58	12.49	11.83	11.83	11.27	10.73	10.73	10.32	9.97
Non-Residential Volume Charges, per kgal										
Commercial-1	$20.20	$18.12	$15.53	$14.72	$14.72	$14.02	$13.36	$13.36	$12.84	$12.41
Commercial-2	20.20	18.12	15.53	14.72	14.72	14.02	13.36	13.36	12.84	12.41
Commercial-3	20.20	18.12	15.53	14.72	14.72	14.02	13.36	13.36	12.84	12.41
Federal	20.20	18.12	15.53	14.72	14.72	14.02	13.36	13.36	12.84	12.41
Hotels	20.20	18.12	15.53	14.72	14.72	14.02	13.36	13.36	12.84	12.41
Golf Course	20.20	18.12	15.53	14.72	14.72	14.02	13.36	13.36	12.84	12.41
Government	20.20	18.12	15.53	14.72	14.72	14.02	13.36	13.36	12.84	12.41
Agriculture	6.49	5.82	4.99	4.73	4.73	4.50	4.29	4.29	4.12	4.12
Irrigation	6.71	6.02	5.16	4.89	4.89	4.66	4.44	4.44	4.27	4.12
Surcharge	3.50%	3.80%	3.50%	3.60%	3.60%	3.60%	3.75%	3.75%	3.25%	3.25%
Residential Water Bill (1)	$96.96	$87.17	$74.53	$71.46	$71.46	$68.78	$66.30	$66.30	$64.08	$61.93
Bill Increase	11.2%	17.0%	4.3%	0.0%	3.9%	3.7%	0.0%	3.5%	3.5%	11.8%

Source: Guam Waterworks Authority, Finance Division.
Note: (1) Monthly residential bill based on ¾ inch meter and water usage of 7,500 gallons.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 9: Wastewater Rates
Last Ten Fiscal Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Residential Flat Rate	$35.84	$32.14	$27.54	$27.54	$27.54	$27.54	$27.54	$27.54	$27.54	$26.61
Non-Residential Volume Charges, per kgal										
Commercial-1	$11.14	$9.99	$8.56	$8.11	$8.11	$7.73	$7.36	$7.36	$7.08	$6.84
Commercial-2	27.14	24.34	20.86	19.77	19.77	18.83	17.93	17.93	17.24	16.66
Commercial-3	37.63	33.75	28.92	27.42	27.42	26.11	24.87	24.87	23.91	23.10
Hotels	27.14	24.34	20.86	19.77	19.77	18.83	17.93	17.93	17.24	16.66
Government	15.92	14.28	12.24	11.60	11.60	11.05	10.52	10.52	10.12	9.77
Federal (Navy)	15.92	14.28	12.24	11.60	11.60	11.05	10.52	10.52	10.12	9.77
Leachate	16.41	14.72	28.92	27.42	27.42	26.11	24.87	24.87	23.91	23.10
Surcharge	3.50%	3.80%	3.50%	3.60%	3.60%	3.60%	3.75%	3.75%	3.25%	3.25%
Residential Wastewater Bill	$35.84	$32.14	$27.54	$27.54	$27.54	$27.54	$27.54	$27.54	$27.54	$26.61
Bill Increase	11.5%	16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.5%	0.0%

Source: Guam Waterworks Authority, Finance Division.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 10: Schedule of Long-Term Debt
Last Ten Fiscal Years
(accrual basis of accounting)

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Revenue Bonds										
Series 2010 Revenue Bonds	$-	$-	$-	$-	$-	$-	$1,895,000	$3,695,000	$114,525,000	$116,180,000
Series 2013 Revenue Bonds	-	-	18,365,000	21,510,000	24,500,000	27,340,000	172,630,000	172,630,000	172,630,000	172,630,000
Series 2014 Refunding Revenue Bonds	-	-	60,050,000	64,055,000	64,610,000	65,140,000	68,900,000	72,520,000	75,995,000	79,380,000
Series 2016 Revenue Bonds	80,965,000	81,890,000	134,140,000	134,975,000	139,030,000	142,890,000	143,310,000	143,310,000	143,310,000	143,310,000
Series 2017 Refunding Revenue Bonds	55,175,000	57,660,000	100,930,000	103,180,000	105,325,000	107,365,000	107,365,000	107,660,000	-	-
Series 2020A Revenue Bonds	134,000,000	134,000,000	134,000,000	134,000,000	134,000,000	134,000,000	-	-	-	-
Series 2020B Refunding Revenue Bonds	125,835,000	125,835,000	166,075,000	166,075,000	166,075,000	166,075,000	-	-	-	-
Series 2024A Refunding Revenue Bonds	130,615,000	133,575,000	-	-	-	-	-	-	-	-
Series 2024B Refunding Revenue Bonds	47,200,000	51,275,000	-	-	-	-	-	-	-	-
Series 2025A Revenue Bonds	266,535,000	-	-	-	-	-	-	-	-	-
Total revenue bonds payable	840,325,000	584,235,000	613,560,000	623,795,000	633,540,000	642,810,000	494,100,000	499,815,000	506,460,000	511,500,000
Notes Payable	-	-	-	-	-	-	-	5,529,024	8,571,487	11,452,191
Total long-term debt payable	840,325,000	584,235,000	613,560,000	623,795,000	633,540,000	642,810,000	494,100,000	505,344,024	515,031,487	522,952,191
Premiums on bond issuance	50,964,641	47,116,050	37,287,410	38,778,147	40,654,335	42,530,523	33,100,142	34,588,270	22,067,669	22,941,777
Discounts on bond issuance	-	-	-	-	-	-	(1,236,552)	(1,287,651)	(3,206,276)	(3,338,055)
Less current maturities	(10,965,000)	(10,445,000)	(10,760,000)	(10,235,000)	(9,745,000)	(9,270,000)	(8,770,000)	(8,918,870)	(8,237,569)	(7,913,988)
Total long-term debt, less current maturities	$880,324,641	$620,906,050	$640,087,410	$ 652,338,147	$664,449,335	$676,070,523	$517,193,590	$529,725,773	$525,655,311	$534,641,925
Customer accounts [1]	43,693	43,616	43,574	43,241	43,148	42,770	43,019	42,443	41,847	41,755
Long-term liabilities per customer account	$19,232	$13,395	$14,081	$14,426	$14,683	$15,030	$11,486	$11,906	$12,307	$12,524

Source: Guam Waterworks Authority audited financial statements.

Note: (1) Represents water customer accounts. Customers may receive water service without corresponding wastewater service (e.g., for irrigation or properties not connected to a sewer system). However, wastewater service generally requires an active water account.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 11: Long-Term Debt Obligations (Excluding Premiums and Discounts)
As of September 30, 2025
(accrual basis of accounting)

	Series 2016 Revenue Bonds	Series 2017 Refunding Revenue Bonds	Series 2020A Revenue Bonds	Series 2020B Refunding Revenue Bonds	Series 2024A Refunding Revenue Bonds	Series 2024B Refunding Revenue Bonds	Series 2025A Revenue Bonds	Total
Principal								
FY 2026	$965,000	$2,610,000	$-	$-	$3,110,000	$4,280,000	$ -	$10,965,000
FY 2027	1,015,000	2,740,000	-	-	3,260,000	4,495,000	-	11,510,000
FY 2028	1,065,000	2,875,000	-	550,000	4,090,000	4,720,000	-	13,300,000
FY 2029	1,120,000	3,015,000	-	2,690,000	2,895,000	4,955,000	-	14,675,000
FY 2030	1,180,000	150,000	-	2,760,000	5,875,000	5,200,000	-	15,165,000
FY 2031	920,000	125,000	-	5,800,000	3,715,000	5,465,000	2,725,000	18,750,000
FY 2032	310,000	125,000	-	5,985,000	4,525,000	5,735,000	5,790,000	22,470,000
FY 2033	325,000	1,250,000	-	6,180,000	3,700,000	6,025,000	6,080,000	23,560,000
FY 2034	345,000	1,000,000	-	6,380,000	4,175,000	6,325,000	6,380,000	24,605,000
FY 2035	1,990,000	1,000,000	-	5,665,000	10,190,000	-	6,700,000	25,545,000
FY 2036	460,000	2,870,000	-	5,870,000	10,875,000	-	7,035,000	27,110,000
FY 2037	1,290,000	5,110,000	-	6,085,000	8,685,000	-	7,390,000	28,560,000
FY 2038	1,355,000	10,250,000	-	6,315,000	4,535,000	-	7,755,000	30,210,000
FY 2039	1,415,000	10,760,000	-	6,545,000	4,770,000	-	8,145,000	31,635,000
FY 2040	1,490,000	11,295,000	-	6,785,000	5,010,000	-	8,575,000	33,155,000
FY 2041	1,565,000	-	-	18,710,000	6,050,000	-	9,025,000	35,350,000
FY 2042	1,645,000	-	-	19,400,000	6,350,000	-	9,495,000	36,890,000
FY 2043	1,725,000	-	-	20,115,000	6,675,000	-	9,995,000	38,510,000
FY 2044	19,280,000	-	-	-	10,195,000	-	10,545,000	40,020,000
FY 2045	20,245,000	-	-	-	10,700,000	-	11,125,000	42,070,000
FY 2046	21,260,000	-	-	-	11,235,000	-	11,735,000	44,230,000
FY 2047	-	-	30,880,000	-	-	-	12,355,000	43,235,000
FY 2048	-	-	32,420,000	-	-	-	13,000,000	45,420,000
FY 2049	-	-	34,040,000	-	-	-	13,685,000	47,725,000
FY 2050	-	-	36,660,000	-	-	-	14,400,000	51,060,000
FY 2051	-	-	-	-	-	-	15,160,000	15,160,000
FY 2052	-	-	-	-	-	-	15,990,000	15,990,000
FY 2053	-	-	-	-	-	-	16,870,000	16,870,000
FY 2054	-	-	-	-	-	-	17,800,000	17,800,000
FY 2055	-	-	-	-	-	-	18,780,000	18,780,000
Total principal	$80,965,000	$55,175,000	$134,000,000	$125,835,000	$130,615,000	$47,200,000	$266,535,000	$840,325,000
Interest								
FY 2026	$4,048,250	$2,758,750	$6,700,000	$4,489,343	$6,530,750	$2,360,000	$12,782,532	$39,669,625
FY 2027	4,000,000	2,628,250	6,700,000	4,489,343	6,375,250	2,146,000	14,159,113	40,497,955
FY 2028	3,949,250	2,491,250	6,700,000	4,489,343	6,212,250	1,921,250	14,159,113	39,922,455
FY 2029	3,896,000	2,347,500	6,700,000	4,474,218	6,007,750	1,685,250	14,159,113	39,269,830
FY 2030	3,840,000	2,196,750	6,700,000	4,400,243	5,863,000	1,437,500	14,159,113	38,596,605
FY 2031	3,781,000	2,189,250	6,700,000	4,324,343	5,569,250	1,177,500	14,159,113	37,900,455
FY 2032	3,735,000	2,183,000	6,700,000	4,135,843	5,383,500	904,250	14,022,863	37,064,455
FY 2033	3,719,500	2,176,750	6,700,000	3,941,330	5,157,250	617,500	13,733,363	36,045,693
FY 2034	3,703,250	2,114,250	6,700,000	3,740,480	4,972,250	316,250	13,429,363	34,975,843
FY 2035	3,686,000	2,064,250	6,700,000	3,533,130	4,763,500	-	13,110,363	33,857,243
FY 2036	3,586,500	2,014,250	6,700,000	3,323,525	4,254,000	-	12,775,363	32,653,638
FY 2037	3,563,500	1,870,750	6,700,000	3,106,335	3,710,250	-	12,423,613	31,374,448
FY 2038	3,499,000	1,615,250	6,700,000	2,881,190	3,276,000	-	12,054,113	30,025,553
FY 2039	3,431,250	1,102,750	6,700,000	2,647,535	3,049,250	-	11,666,363	28,597,148
FY 2040	3,360,500	564,750	6,700,000	2,405,370	2,810,750	-	11,238,750	27,080,120
FY 2041	3,286,000	-	6,700,000	2,154,325	2,560,250	-	10,788,563	25,489,138
FY 2042	3,207,750	-	6,700,000	1,462,055	2,257,750	-	10,314,750	23,942,305
FY 2043	3,125,500	-	6,700,000	744,255	1,940,250	-	9,816,263	22,326,268
FY 2044	3,039,250	-	6,700,000	-	1,606,500	-	9,266,538	20,612,288
FY 2045	2,075,250	-	6,700,000	-	1,096,750	-	8,686,563	18,558,563
FY 2046	531,500	-	6,700,000	-	280,875	-	8,074,688	15,587,063
FY 2047	-	-	6,700,000	-	-	-	7,458,600	14,158,600
FY 2048	-	-	5,156,000	-	-	-	6,809,963	11,965,963
FY 2049	-	-	3,535,000	-	-	-	6,127,463	9,662,463
FY 2050	-	-	916,500	-	-	-	5,409,000	6,325,500

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 11: Long-Term Debt Obligations (Excluding Premiums and Discounts), Continued
As of September 30, 2025
(accrual basis of accounting)

	Series 2016 Revenue Bonds	Series 2017 Refunding Revenue Bonds	Series 2020A Revenue Bonds	Series 2020B Refunding Revenue Bonds	Series 2024A Refunding Revenue Bonds	Series 2024B Refunding Revenue Bonds	Series 2025A Revenue Bonds	Total
Interest, Cont'd								
FY 2051	$-	$-	$-	$-	$-	$ -	$4,653,000	$4,653,000
FY 2052	-	-	-	-	-	-	3,819,200	3,819,200
FY 2053	-	-	-	-	-	-	2,939,750	2,939,750
FY 2054	-	-	-	-	-	-	2,011,900	2,011,900
FY 2055	-	-	-	-	-	-	1,032,900	1,032,900
Total interest	$71,064,250	$30,317,750	$157,007,500	$60,742,203	$83,677,375	$12,565,500	$295,241,382	$710,615,960
Total Debt Service								
FY 2026	$5,013,250	$5,368,750	$6,700,000	$4,489,343	$9,640,750	$6,640,000	$12,782,532	$50,634,625
FY 2027	5,015,000	5,368,250	6,700,000	4,489,343	9,635,250	6,641,000	14,159,113	52,007,955
FY 2028	5,014,250	5,366,250	6,700,000	5,039,343	10,302,250	6,641,250	14,159,113	53,222,455
FY 2029	5,016,000	5,362,500	6,700,000	7,164,218	8,902,750	6,640,250	14,159,113	53,944,830
FY 2030	5,020,000	2,346,750	6,700,000	7,160,243	11,738,000	6,637,500	14,159,113	53,761,605
FY 2031	4,701,000	2,314,250	6,700,000	10,124,343	9,284,250	6,642,500	16,884,113	56,650,455
FY 2032	4,045,000	2,308,000	6,700,000	10,120,843	9,908,500	6,639,250	19,812,863	59,534,455
FY 2033	4,044,500	3,426,750	6,700,000	10,121,330	8,857,250	6,642,500	19,813,363	59,605,693
FY 2034	4,048,250	3,114,250	6,700,000	10,120,480	9,147,250	6,641,250	19,809,363	59,580,843
FY 2035	5,676,000	3,064,250	6,700,000	9,198,130	14,953,500	-	19,810,363	59,402,243
FY 2036	4,046,500	4,884,250	6,700,000	9,193,525	15,129,000	-	19,810,363	59,763,638
FY 2037	4,853,500	6,980,750	6,700,000	9,191,335	12,395,250	-	19,813,613	59,934,448
FY 2038	4,854,000	11,865,250	6,700,000	9,196,190	7,811,000	-	19,809,113	60,235,553
FY 2039	4,846,250	11,862,750	6,700,000	9,192,535	7,819,250	-	19,811,363	60,232,148
FY 2040	4,850,500	11,859,750	6,700,000	9,190,370	7,820,750	-	19,813,750	60,235,120
FY 2041	4,851,000	-	6,700,000	20,864,325	8,610,250	-	19,813,563	60,839,138
FY 2042	4,852,750	-	6,700,000	20,862,055	8,607,750	-	19,809,750	60,832,305
FY 2043	4,850,500	-	6,700,000	20,859,255	8,615,250	-	19,811,263	60,836,268
FY 2044	22,319,250	-	6,700,000	-	11,801,500	-	19,811,538	60,632,288
FY 2045	22,320,250	-	6,700,000	-	11,796,750	-	19,811,563	60,628,563
FY 2046	21,791,500	-	6,700,000	-	11,515,875	-	19,809,688	59,817,063
FY 2047	-	-	37,580,000	-	-	-	19,813,600	57,393,600
FY 2048	-	-	37,576,000	-	-	-	19,809,963	57,385,963
FY 2049	-	-	37,575,000	-	-	-	19,812,463	57,387,463
FY 2050	-	-	37,576,500	-	-	-	19,809,000	57,385,500
FY 2051	-	-	-	-	-	-	19,813,000	19,813,000
FY 2052	-	-	-	-	-	-	19,809,200	19,809,200
FY 2053	-	-	-	-	-	-	19,809,750	19,809,750
FY 2054	-	-	-	-	-	-	19,811,900	19,811,900
FY 2055	-	-	-	-	-	-	19,812,900	19,812,900
Total debt service	$152,029,250	$85,492,750	$291,007,500	$186,577,203	$214,292,375	$59,765,500	$561,776,382	$1,550,940,960

Source: Guam Waterworks Authority, Finance Division.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 12: Debt Service Coverage
Last Ten Fiscal Years
(accrual basis of accounting)

**In thousands of dollars, except for debt service coverage ratio*

	FY 2025[1]	FY 2024[1]	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Operating Revenues:										
Water Sales Revenues	$91,423	$81,926	$68,776	$66,735	$67,056	$68,351	$70,369	$68,733	$66,143	$66,299
Wastewater Revenues	53,562	45,870	37,479	34,726	32,509	35,599	40,823	39,415	38,235	38,168
Other Revenues	709	591	567	464	502	589	679	520	436	520
Total Operating Revenues	$145,694	$128,387	$106,822	$101,925	$100,067	$104,539	$111,871	$108,668	$104,814	$104,987
Operating Expenses:										
Water Purchases	$7,421	$8,662	$7,039	$5,656	$6,616	$5,551	$6,278	$8,685	$7,309	$6,374
Power Purchases	19,917	21,892	24,398	18,577	12,508	14,118	16,151	14,686	12,076	11,226
Salaries and Wages [2]	31,777	25,968	24,196	22,827	22,800	23,168	22,138	19,920	19,544	18,559
Contractual [2]	5,542	5,238	5,422	4,493	4,247	4,432	5,945	5,037	4,087	4,117
Retiree and Healthcare [2]	3,808	3,208	2,887	2,595	2,527	2,557	2,857	2,850	2,783	2,764
Administrative and General [2], [3]	14,095	9,543	9,689	10,677	11,761	11,102	12,062	11,744	10,302	9,608
Total Operating Expenses	$82,560	$74,511	$73,631	$64,825	$60,459	$60,928	$65,431	$62,922	$56,101	$52,648
Amounts Available for Debt Service										
Net Operating Revenues	$63,134	$53,876	$33,190	$37,100	$39,609	$43,611	$46,440	$45,746	$48,713	$52,339
Transfer from (to) Rate Stabilization	(9,500)	-	$5,650	$5,750	-	-	-	-	-	-
ARPA Grant	-	-	$12,400	-	-	-	-	-	-	-
Investment Income – Other Funds [4]	5,554	5,166	1,972	276	71	288	830	548	120	15
Current Revenues Available for Debt Service	$59,188	$59,042	$53,213	$43,126	$39,679	$43,899	$47,270	$46,294	$48,833	$52,354
Indenture Debt Service Coverage:										
Current Revenues Available for Debt Service	$59,188	$59,042	$53,212	$43,126	$39,679	$43,899	$47,270	$46,294	$48,833	$52,354
Debt Service on Outstanding Bonds	39,280	38,516	39,037	33,458	31,437	34,175	31,368	26,739	24,562	22,225
Debt Service Coverage (_1.25_x)	1.51	1.53	1.36	1.29	1.26	1.28	1.51	1.73	1.99	2.36
PUC DSCR:										
Current Revenues Available for Debt Service	$59,188	$59,042	$53,213	$43,126	$39,679	$43,899	$47,270	$46,294	$48,833	$52,354
Working Capital Reserve Available for Debt Service	-	-	-	-	-	-	11,564	11,342	11,218	11,186
Adjusted Current Revenues Available for Debt Service	$59,188	$59,042	$53,212	$43,126	$39,679	$43,899	$58,834	$57,636	$60,051	$63,540
Debt Service on Outstanding Bonds	$39,280	$38,516	$39,037	$33,458	$31,437	$34,175	$31,368	$26,739	$24,562	$22,225
PUC DSCR (___x)	1.51	1.53	1.36	1.29	1.26	1.28	1.88	2.16	2.44	2.86
Bond Issuances & Ratings:										
Bond Issuances	Series 2025A	Series 2024A&B	--	--	--	Series 2020A&B	--	--	Series 2017	Series 2016
Bond Rating (at Closing): Moody's/S&P/Fitch	Baa2/A-/--	Baa2/A-/--	--	--	--	Baa2/A-/--	--	--	Baa2/A-/BBB-	Baa2/A-/BBB-

Source: GWA FY 2025 Annual Financial Information & Operating Data, FY 2024 Annual Report – Amended and Restated, and FY 2019 Annual Financial Information & Operating Data Reports posted to the EMMA website of the Municipal Securities Rulemaking Board.

Notes: (1) GASB Statement No. 101 was adopted in FY 2025, which requires retrospective application. As a result, the FY 2024 financial statements have been restated. (2) Includes adjustments, which are excluded for coverage calculations such as cost of living and GASB pension adjustments, and regulatory adjustments relative to GWA's FY 2025-2029 rate case. (3) Includes bad debt expense and waste disposal fees and restatement of expenses incurred and paid in FY 2020-FY 2023 relative to GWA's FY 2020-2024 rate case. (4) Includes amounts for certain interest-bearing accounts available for debt service coverage.

"--" denotes no rating by respective rating agency or that no bonds were issued during the respective fiscal year.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 13: Demographic and Economic Statistics
Last Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Population (1)	168,998 (2)	167,777 (2)	169,330	169,086	168,801	153,836	154,388	165,177	155,493	156,045
Total Civilian Population (3)	123,050	123,120	122,680	123,640	124,110	123,600	123,300	122,950	122,540	122,170
Total Civilian Labor Force (3)	74,490	67,500	71,990	71,680	69,920	70,620	70,590	71,490	71,600	71,960
Number of Unemployed (3)	2,640	2,290	2,980	3,130	5,660	12,650	2,580	2,580	4,130	3,910
Unemployment Rate (3)	3.5%	3.4%	4.1%	4.4%	8.1%	17.9%	3.6%	3.6%	5.8%	5.4%
Active Duty Military Personnel (4)	6,986	6,486	6,363	6,667	6,273	6,140	5,560	6,199	4,590	3,977
School Enrollment (5)										
Primary and Secondary										
Catholic	2,431	2,847	2,828	2,974	2,970	3,574	3,104	3,827	3,791	3,942
DoDEA	2,086	2,092	2,127	2,209	2,174	2,279	2,250	2,252	2,264	2,168
Other Private Schools	2,041	1,916	2,180	2,038	1,546	2,392	3,507	3,797	3,397	3,106
Charter Schools (5)(b)	2,722	2,109	1,985	1,925	1,512	-	-	-	-	-
Guam Public Schools	22,781	23,685	24,982	25,956	26,860	28,090	28,954	29,510	30,244	30,307
Higher Education										
University of Guam	2,896	2,896	2,962	3,105	3,449	3,563	3,744	3,917	3,875	3,991
Guam Community College	1,587	1,533	1,730	1,690	1,796	1,979	2,078	2,218	2,428	2,410
Total School Enrollment	36,544	37,078	38,794	39,897	40,307	41,877	43,637	45,521	45,999	45,924
Gross Domestic Product (6)	See Note (6)	See Note (6)	See Note (6)	6,910	6,234	5,916	6,355	6,051	6,013	5,901
Consumer Price Index (7)	See Note (7)	171.4	161.5	151.1	140.9	132.9	131.8	129.9	126.4	123.6

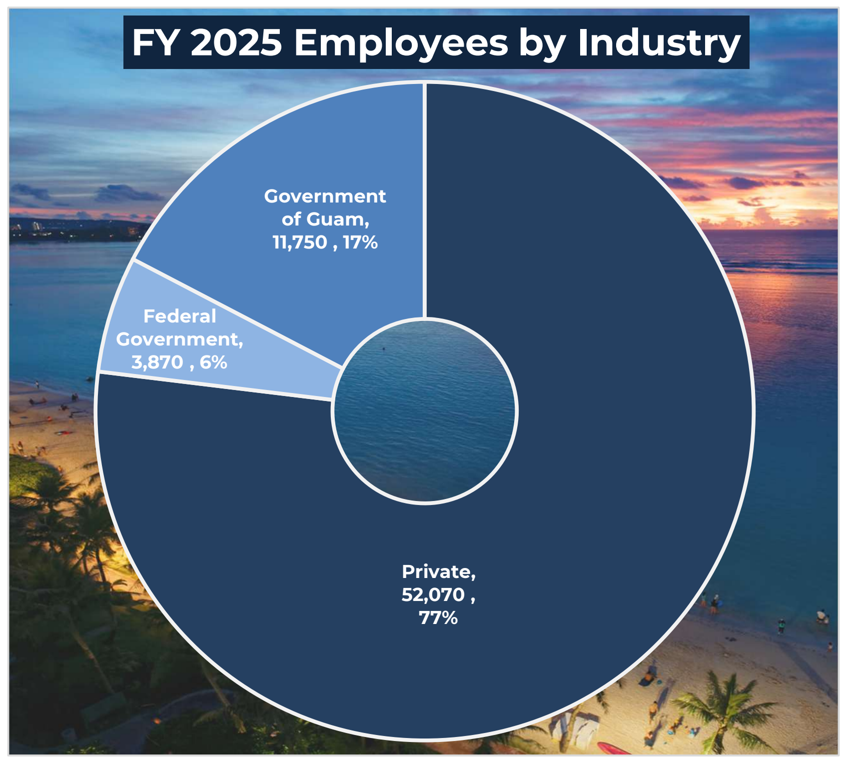
Sources and Notes:

(1) Source: Bureau of Statistics and Plans, 2024 Guam Statistical Yearbook. Note: Calendar Year.
(2) Source: United Nations-Dept of Economic & Social Affairs, Population Division (World Population Prospect). Note: Data compiled by population pyramid using United Nations data.
(3) Source: Bureau of Labor Statistics, Department of Labor, Government of Guam. Note: Data is as of September 20XX for FY 2016-2025.
(4) Source: Defense Manpower Data Center. Note: Data is as of September 20XX.
(5) Source: Bureau of Statistics and Plans, Guam Statistical Yearbooks, 2024, 2023 and 2018. Note: (a) Data is as of Fall enrollment for School Year/Academic Year ending 20XX. (b) For SY 2019-2020 and prior, Charter School enrollment was included under Other Private Schools.
(6) Source: Bureau of Statistics and Plans, 2024 Guam Statistical Yearbook. Note: CY 2022 is the most recent data
(7) Source: Bureau of Statistics and Plans, 2024 Guam Statistical Yearbook. Note: CY 2024 is the most recent data. Data is as of 3rd Quarter 20XX.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 14: Employees by Industry Based on Payrolls
Last Ten Years

Fiscal Year [(a)]	Private	% of Total Employment	Federal Government	% of Total Employment	Government of Guam	% of Total Employment	Total Employment
FY 2025[(b)]	52,070	76.9%	3,870	5.7%	11,750	17.4%	67,690
FY 2024	51,880	76.4%	3,820	5.6%	12,210	18.0%	67,910
FY 2023	50,370	75.7%	4,110	6.2%	12,040	18.1%	66,520
FY 2022	48,530	75.2%	3,900	6.0%	12,110	18.8%	64,540
FY 2021	45,900	74.3%	3,940	6.4%	11,920	19.3%	61,760
FY 2020	43,460	73.7%	3,810	6.5%	11,730	19.9%	59,000
FY 2019	51,430	77.0%	3,880	5.8%	11,500	17.2%	66,810
FY 2018	49,100	76.5%	3,760	5.9%	11,360	17.7%	64,220
FY 2017	49,370	76.1%	3,910	6.0%	11,580	17.9%	64,860
FY 2016	47,770	75.4%	3,900	6.2%	11,720	18.5%	63,390

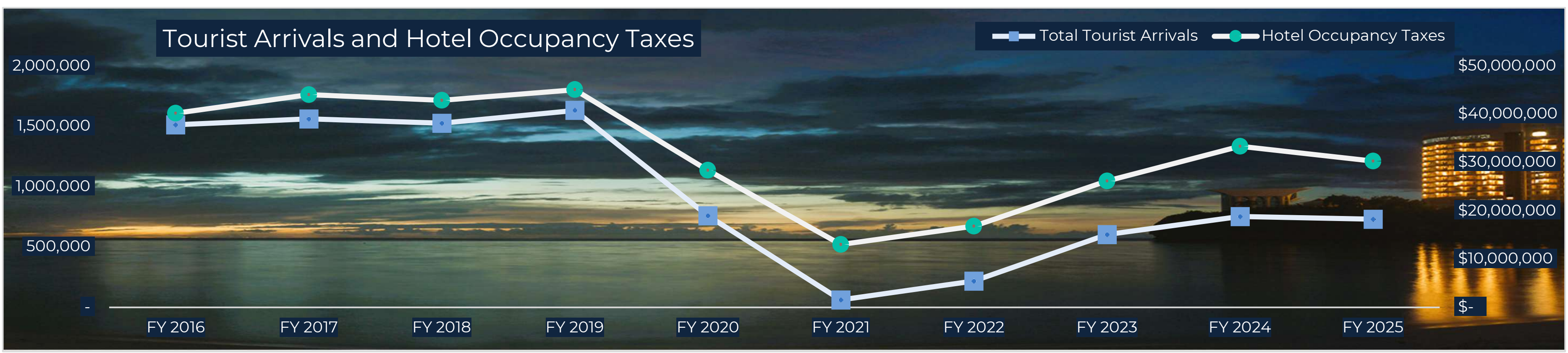
Source:
(a) FY 2016-FY 2024: Bureau of Statistics and Plans, Guam Statistical Yearbooks, 2024 and 2018.
(b) FY 2025: Bureau of Labor Statistics, Department of Labor, Government of Guam - September 2025 Current Employment Report.



GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 15: Visitor Arrival and Industry Statistics
Last Ten Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
South Korea	344,003	392,694	358,570	108,454	2,063	325,109	734,339	752,715	649,434	519,430
Japan	238,998	203,482	97,823	13,022	3,454	324,574	664,784	530,223	674,345	752,757
United States	79,653	86,754	82,794	64,572	41,239	48,263	94,141	89,363	76,291	76,727
CNMI/Micronesia	26,907	29,842	30,286	17,915	6,027	20,176	42,354	41,298	34,729	34,591
Philippines	14,465	13,235	13,593	6,230	2,262	9,344	20,708	19,026	19,817	18,704
Taiwan	7,789	2,913	5,371	423	2,253	10,691	28,346	27,550	36,268	41,534
China	4,730	4,832	2,025	416	124	4,287	12,588	17,035	23,239	26,271
Hong Kong	707	777	708	125	31	1,226	6,395	6,663	16,140	8,397
Other	10,029	9,320	7,827	4,771	3,230	8,192	17,299	18,041	14,710	13,838
Total Air Arrivals	**727,281**	**743,849**	**598,997**	**215,928**	**60,683**	**751,862**	**1,620,954**	**1,501,914**	**1,544,973**	**1,492,249**
Total Sea Arrival	**1,843**	**8,723**	**3,597**	**987**	**924**	**5,523**	**10,095**	**23,305**	**14,514**	**18,816**
Total Tourist Arrivals	**729,124**	**752,572**	**602,594**	**216,915**	**61,607**	**757,385**	**1,631,049**	**1,525,219**	**1,559,487**	**1,511,065**
Hotel Occupancy Taxes (1)	$30,235,927	$33,346,720	$26,142,339	$16,775,348	$13,002,349	$28,354,864	$45,061,822	$42,868,664	$44,011,958	$40,192,651
Weighted Hotel Occupancy Rate(1)	67.50%	65.80%	65.10%	53.00%	45.90%	56.40%	88.50%	85.10%	85.40%	77.00%
Weighted Hotel Room Rate(1)	$204.08	$206.19	$197.46	$173.15	$157.48	$188.72	$211.01	$206.13	$203.34	$162.00

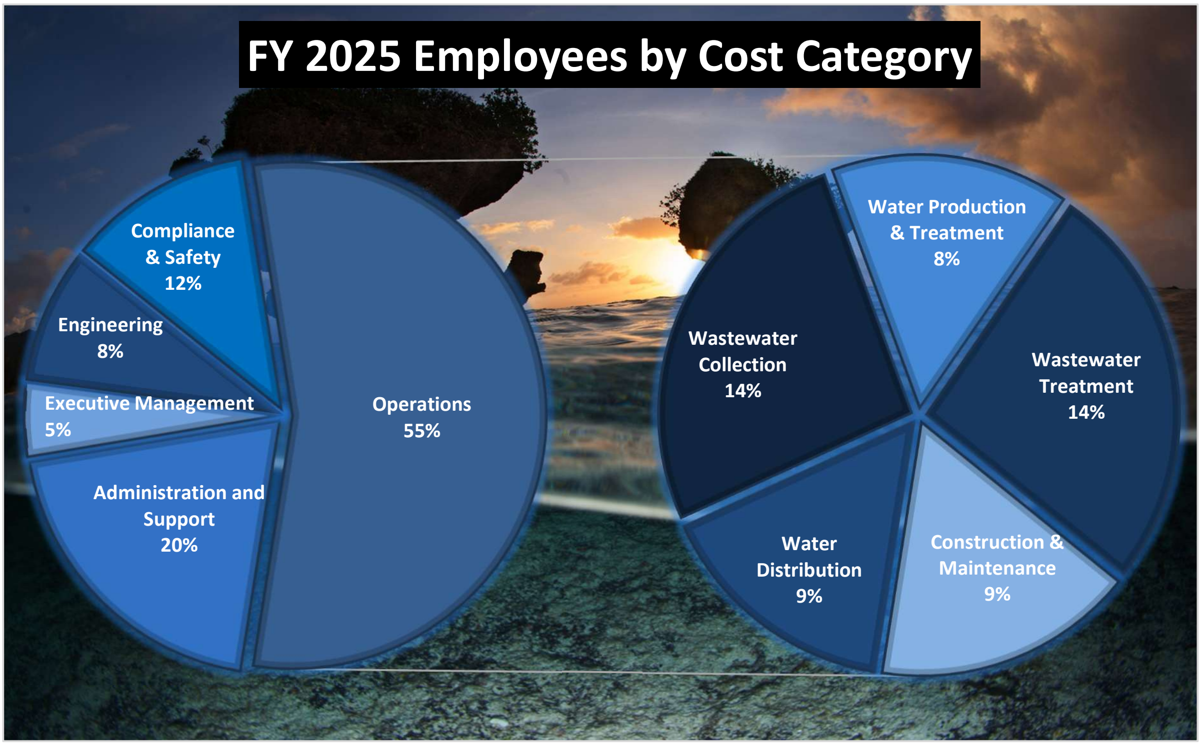
Source: Guam Visitors Bureau (GVB), Visitor Arrival Summary Reports as of September 20XX.
Note: (1) FY 2025 visitor industry statistics were reported in GVB's October 2025 Visitor Arrivals Summary.



GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 16: Personnel Count by Cost Category
Last Ten Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Administration and Support	76	72	77	80	73	86	94	102	83	83
Compliance & Safety	18	18	19	19	17	16	16	17	15	14
Engineering	32	28	29	28	34	33	31	31	30	29
Executive Management	45	43	43	46	47	44	44	37	34	36
Operations: Construction & Maintenance	33	27	32	31	35	29	26	39	42	37
Operations: Water Distribution	55	49	48	51	49	48	48	38	37	39
Operations: Water Production & Treatment	32	34	31	36	36	37	41	36	31	33
Operations: Wastewater Collection	55	48	48	45	48	54	48	39	32	35
Operations: Wastewater Treatment	35	28	29	30	30	32	29	29	26	27
Total	381	347	356	366	369	379	377	368	330	333

Source: (a) FY 2016-FY 2018: Guam Waterworks Authority, Finance Division. (b) FY 2019-FY 2020: GWA FY 2022 Citizen Centric Report. (c) FY 2021-FY 2024: GWA FY 2024 Citizen Centric Report. (d) FY 2025: GWA Financial Audit Report.

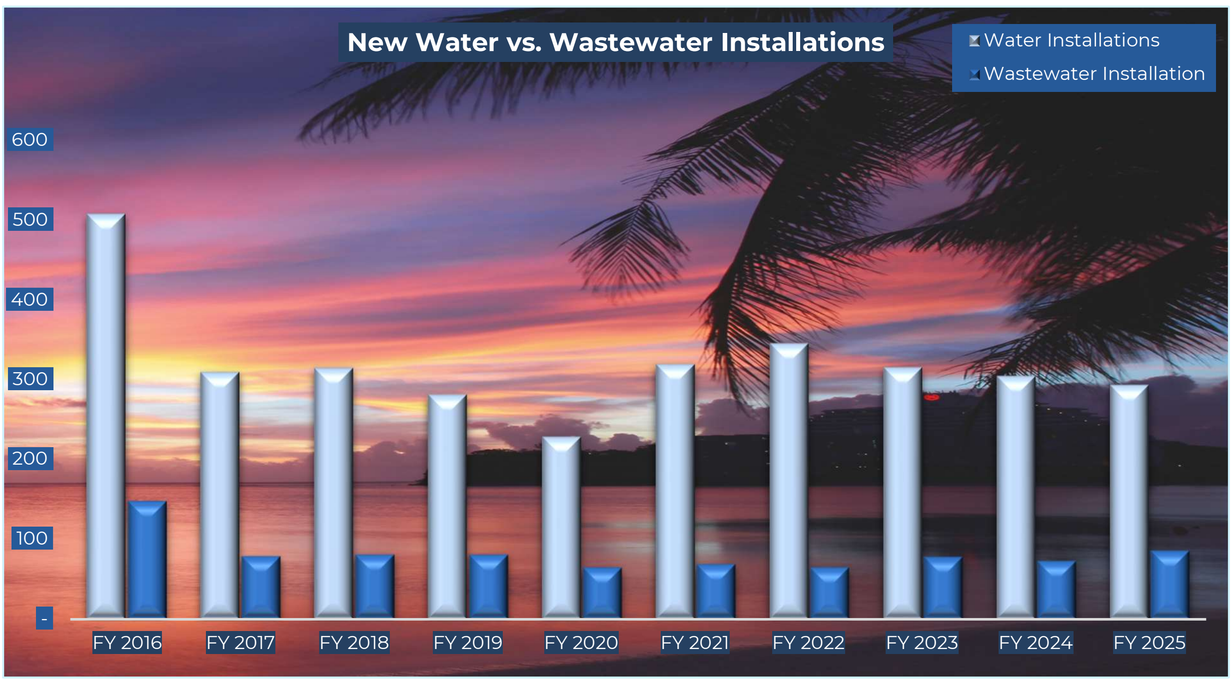


GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 17: New Water and Wastewater Installations
Last Ten Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Water Customer Class										
Residential	285	298	304	330	310	223	252	288	252	440
Government	-	-	1	1	-	1	2	2	2	4
Federal	-	-	-	-	-	-	-	-	-	1
Commercial	8	7	8	9	7	5	24	23	53	51
Agriculture	1	-	3	6	3	-	4	2	3	12
Total Water Installations	294	305	316	346	320	229	282	315	310	508

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Wastewater Customer Class										
Commercial	79	69	72	60	65	63	73	75	69	133
Federal Agencies	2	-	-	2	-	-	-	-	1	1
Government of Guam	5	4	6	3	4	2	8	6	9	14
Total Wastewater Installations	86	73	78	65	69	65	81	81	79	148

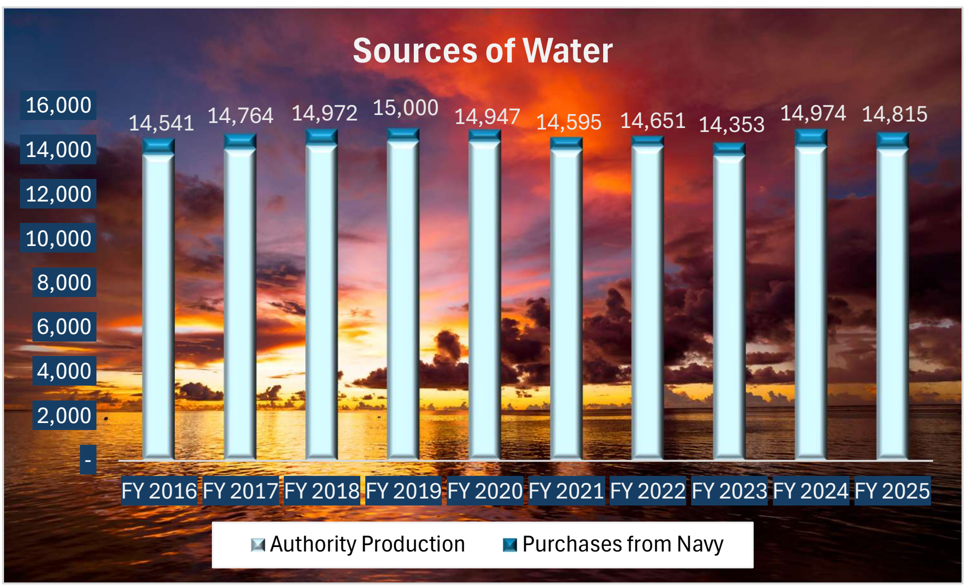
Source: FY 2016-FY 2025: Annual Financial Information & Operating Data posted to the EMMA website of the Municipal Securities Rulemaking Board.

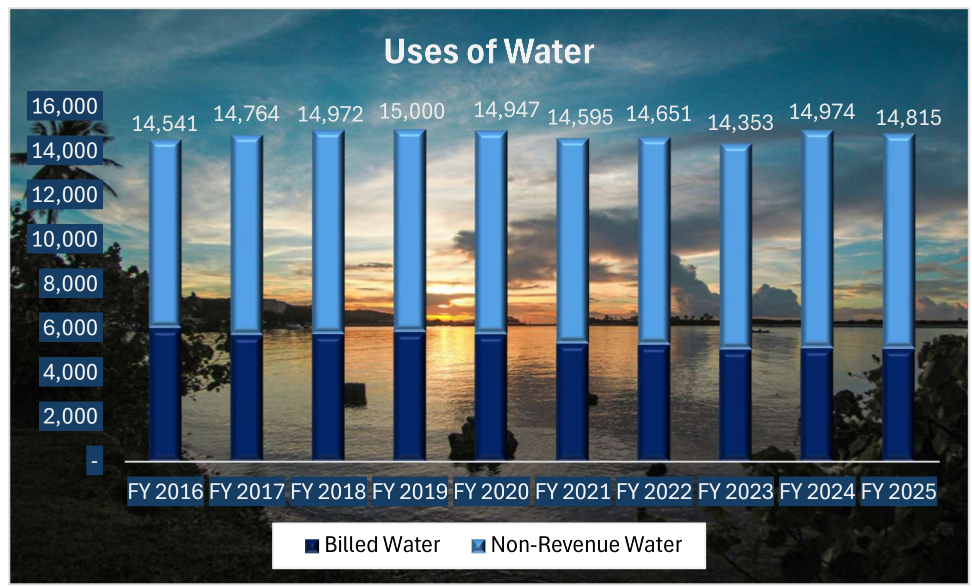


GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 18: Sources and Uses of Water
Last Ten Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Sources										
Authority Production	14,058	14,164	13,762	14,175	14,030	14,393	14,418	14,219	14,046	13,803
Purchases from Navy	757	810	591	476	565	554	582	753	718	738
Total Sources	14,815	14,974	14,353	14,651	14,595	14,947	15,000	14,972	14,764	14,541
Uses										
Billed Water	5,100	5,119	5,062	5,280	5,340	5,758	5,855	5,759	5,712	6,034
Non-Revenue Water	9,715	9,855	9,291	9,371	9,255	9,189	9,145	9,213	9,052	8,507
Total Uses	14,815	14,974	14,353	14,651	14,595	14,947	15,000	14,972	14,764	14,541

Source: FY 2016-FY 2025: Annual Financial Information & Operating Data posted to the EMMA website of the Municipal Securities Rulemaking Board.





GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 19: Operating Information – Infrastructure Data
Last Eight Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Water System								
Deep Wells								
Active Wells	97	96	96	95	89	92	97	100
Inactive Wells	23	24	24	25	31	28	23	20
Total Deep Wells	120	120	120	120	120	120	120	120
Booster Pump Stations								
Norther District Stations	14	14	14	13	13	13	11	11
Central District Stations	8	7	7	7	7	7	7	7
Southern District Stations	8	8	8	7	7	7	7	7
Total Booster Pump Stations	30	29	29	27	27	27	25	25
Total Booster Pumps								
Norther District Pumps	34	33	33	27	26	26	20	21
Central District Pumps	18	15	15	15	14	15	15	15
Southern District Pumps	19	19	19	16	15	15	15	15
Total Booster Pumps	71	67	67	58	55	56	50	51
No. of Booster Pumps Operating								
Norther District Pumps	32	31	32	26	25	24	18	19
Central District Pumps	16	14	13	15	12	14	14	15
Southern District Pumps	19	19	18	15	15	15	14	15
Total No. of Operating Booster Pumps	67	64	63	56	52	53	46	49
% Booster Pumps Operating								
Norther District Pumps	94.1%	93.9%	97.0%	96.3%	96.2%	92.3%	90.0%	90.5%
Central District Pumps	88.9%	93.3%	86.7%	100.0%	85.7%	93.3%	93.3%	100.0%
Southern District Pumps	100.0%	100.0%	94.7%	93.8%	100.0%	100.0%	93.3%	100.0%
Total % of Operating Booster Pumps	94.4%	95.5%	94.0%	96.6%	94.5%	94.6%	92.0%	96.1%

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 19: Operating Information – Infrastructure Data, Continued
Last Eight Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Water System, Continued								
Production								
October (kgals)	1,174,479	1,201,146	1,194,900	1,207,982	1,176,416	1,128,138	1,199,543	1,204,936
November (kgals)	1,211,665	1,165,041	1,140,299	1,186,535	1,117,081	1,128,138	1,167,065	1,170,987
December (kgals)	1,448,715	1,213,032	1,198,301	1,213,818	1,179,743	1,226,298	1,221,097	1,206,585
January (kgals)	1,220,768	1,197,468	1,192,710	1,210,725	1,188,884	1,250,063	1,230,247	1,321,969
February (kgals)	1,082,024	1,142,185	1,091,340	1,098,916	1,085,840	1,166,795	1,101,156	1,101,750
March (kgals)	1,080,039	1,200,922	1,157,476	1,195,298	1,214,795	1,236,764	1,208,533	1,223,925
April (kgals)	1,134,873	1,173,098	1,133,775	1,160,850	1,175,735	1,191,500	1,186,014	1,158,999
May (kgals)	1,224,370	1,197,345	1,064,187	1,196,285	1,208,200	1,220,996	1,238,980	1,184,507
June (kgals)	1,173,524	1,197,345	1,086,196	1,160,850	1,153,089	1,158,410	1,188,695	1,153,144
July (kgals)	1,252,588	1,176,384	1,192,426	1,184,824	1,187,880	1,186,147	1,228,484	1,183,615
August (kgals)	1,229,909	1,236,620	1,195,452	1,190,001	1,179,558	1,182,163	1,245,240	1,153,745
September (kgals)	1,146,525	1,155,430	1,115,215	1,179,991	1,160,009	1,143,723	1,203,058	1,152,725
Total Production (kgals)	14,379,479	14,256,016	13,762,277	14,186,075	14,027,230	14,219,135	14,418,112	14,216,887
Average Production (kgals)	1,198,290	1,188,001	1,146,856	1,182,173	1,168,936	1,184,928	1,201,509	1,184,741
Days in Operation per year	365	365	365	365	365	366	365	365
Production per Day (MGD)	39.40	39.06	37.70	38.87	38.43	38.85	39.50	38.95
Wastewater System								
Wastewater Treatment Plants	5	5	5	5	5	5	5	6
Wastewater Treatment Plant - Average Daily Flows (MGD)								
Hagatna Facility								
October	4.15	5.14	5.39	6.00	4.83	4.83	4.87	6.82
November	3.61	4.42	4.38	4.83	4.48	4.88	4.60	6.01
December	3.95	4.30	4.42	4.62	4.45	4.52	4.62	5.49
January	3.72	4.14	4.69	4.41	4.58	4.44	4.50	4.96
February	3.40	3.98	4.20	4.30	4.31	4.45	4.80	5.00
March	3.27	4.04	4.12	4.23	4.26	4.23	4.30	4.40
April	3.15	4.01	4.19	4.21	4.39	3.94	4.35	5.03

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 19: Operating Information – Infrastructure Data, Continued
Last Eight Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Wastewater System, Continued								
May	3.03	3.96	5.57	4.16	4.65	3.94	4.49	4.93
June	3.12	4.07	3.59	4.21	4.40	3.94	4.59	4.67
July	3.33	4.09	4.19	4.50	4.46	4.39	4.69	5.12
August	3.36	4.36	5.19	4.50	5.06	4.56	5.57	5.36
September	3.36	3.30	4.72	4.95	4.78	4.63	5.30	5.40
Average Annual Daily Flow (MGD)	3.45	4.15	4.55	4.58	4.55	4.40	4.72	5.27
Northern Facility								
October	4.68	5.14	4.71	4.85	4.62	5.62	6.00	5.96
November	4.77	4.75	4.53	4.43	4.51	5.86	6.00	5.78
December	4.75	4.88	4.90	4.25	4.40	5.69	6.01	5.79
January	4.61	4.93	4.99	4.20	4.20	5.77	6.10	5.10
February	4.64	4.86	4.81	4.30	4.38	5.66	6.20	4.51
March	4.65	4.69	4.80	4.16	4.24	4.95	6.00	5.20
April	4.43	4.70	4.91	4.23	4.61	4.95	5.81	5.12
May	4.56	4.76	4.85	4.16	4.00	4.68	5.87	5.32
June	4.87	4.67	4.53	4.31	4.20	4.32	5.56	5.78
July	5.01	4.65	5.00	4.38	4.67	4.30	6.04	6.18
August	5.35	4.81	5.03	4.59	5.10	4.50	6.53	6.49
September	5.25	4.90	4.97	4.56	4.66	4.63	6.41	6.70
Average Annual Daily Flow (MGD)	4.80	4.81	4.84	4.37	4.47	5.08	6.04	5.66
Agat Facility								
October	1.83	2.57	3.09	3.75	3.04	2.93	1.86	2.05
November	1.24	1.35	1.75	1.84	2.46	2.13	1.19	0.85
December	1.18	1.15	1.47	1.48	2.10	1.43	1.28	0.73
January	0.69	0.91	1.90	1.26	1.23	1.10	1.40	0.63
February	0.61	0.78	1.35	1.07	1.16	1.06	1.80	0.58
March	0.71	0.88	1.09	0.82	1.10	0.85	1.10	0.58
April	0.69	1.07	1.24	1.08	1.23	0.97	0.80	0.59
May	0.66	0.90	1.14	0.82	1.05	1.05	0.80	0.63
June	1.17	0.78	1.86	0.98	1.12	1.16	0.87	0.86

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 19: Operating Information – Infrastructure Data, Continued
Last Eight Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Wastewater System, Continued								
July	2.28	0.98	1.90	1.47	1.63	1.10	1.06	1.31
August	2.51	1.64	2.51	2.18	2.39	1.80	2.61	3.10
September	2.44	2.21	2.34	2.72	2.44	2.91	2.80	3.46
Average Annual Daily Flow (MGD)	1.33	1.27	1.80	1.62	1.75	1.54	1.46	1.28
Baza Facility								
October	-	-	-	-	-	-	0.50	0.25
November	-	-	-	-	-	-	0.30	0.25
December	-	-	-	-	-	-	0.25	0.25
January	-	-	-	-	-	-	-	0.25
February	-	-	-	-	-	-	-	0.25
March	-	-	-	-	-	-	-	0.25
April	-	-	-	-	-	-	-	0.25
May	-	-	-	-	-	-	-	0.25
June	-	-	-	-	-	-	-	0.25
July	-	-	-	-	-	-	-	0.50
August	-	-	-	-	-	-	-	0.75
September	-	-	-	-	-	-	-	0.75
Average Annual Daily Flow (MGD)	-	-	-	-	-	-	0.09	0.35
Umatac Facility								
October	0.98	0.98	1.17	1.13	1.03	0.39	0.60	0.30
November	0.69	0.38	0.62	0.49	0.73	0.59	0.30	0.30
December	0.40	0.34	0.53	0.46	0.80	0.41	0.30	0.30
January	0.25	0.30	0.74	0.42	0.39	0.24	0.39	0.30
February	0.21	0.24	0.50	0.32	0.25	0.33	0.40	0.30
March	0.27	0.18	0.49	0.27	0.27	0.22	0.40	0.30
April	0.20	0.20	0.47	0.27	0.23	0.20	0.40	0.30
May	0.18	0.21	0.29	0.27	0.22	0.20	0.39	0.30
June	0.26	0.24	0.26	0.26	0.21	0.20	0.39	0.30
July	0.49	0.23	0.70	0.49	0.33	0.19	0.39	0.60
August	0.52	0.33	0.80	0.64	0.78	0.40	0.39	1.20

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 19: Operating Information – Infrastructure Data, Continued
Last Eight Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Wastewater System, Continued								
September	0.80	0.93	0.93	0.89	0.78	0.72	0.39	0.90
Average Annual Daily Flow (MGD)	0.44	0.38	0.63	0.49	0.50	0.34	0.40	0.45
Inarajan Facility								
October	0.22	0.26	0.36	0.31	0.17	0.12	0.14	0.23
November	0.14	0.13	0.11	0.13	0.17	0.13	0.06	0.07
December	0.11	0.12	0.11	-	0.15	0.08	0.06	0.06
January	0.08	0.11	0.21	0.10	0.07	0.05	0.05	0.05
February	0.06	0.10	0.11	0.07	0.06	0.06	0.10	0.05
March	0.07	0.06	0.09	0.06	0.08	0.04	0.05	0.05
April	0.05	0.07	0.10	0.07	0.07	0.04	0.04	0.06
May	0.06	0.06	0.18	0.06	0.07	0.06	0.05	0.07
June	0.09	0.07	0.18	0.07	0.07	0.05	0.04	0.06
July	0.07	0.07	0.17	0.13	0.08	0.07	0.05	0.19
August	0.15	0.10	0.23	0.16	0.16	0.09	0.22	0.24
September	0.17	0.27	0.29	0.23	0.17	0.16	0.15	0.24
Average Annual Daily Flow (MGD)	0.11	0.12	0.18	0.12	0.11	0.08	0.08	0.11
Total Average Annual Daily Flow (MGD)	10.13	10.73	12.00	11.18	11.38	11.43	12.80	13.13
Wastewater Pump Stations								
Northern District Stations	22	22	22	22	22	22	22	22
Central District Stations	30	30	29	29	29	29	29	29
Southern District Stations	32	32	32	31	26	26	27	25
Total Wastewater Pump Stations	84	84	83	82	77	77	78	76
Total Wastewater Pumps								
Northern District Pumps	52	52	52	52	52	52	52	52
Central District Pumps	66	66	66	63	63	63	63	65
Southern District Pumps	68	68	68	66	56	56	58	52
Total Wastewater Pumps	186	186	186	181	171	171	173	169

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 19: Operating Information – Infrastructure Data, Continued
Last Eight Years

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Wastewater System, Continued								
No. of Pumps Operating								
Northern District Pumps	42	40	42	46	43	47	40	48
Central District Pumps	58	57	55	58	58	57	51	55
Southern District Pumps	65	58	55	61	51	53	47	48
Total No. of Operating Pumps	165	155	152	165	152	157	138	151
% Pumps Operating								
Northern District Pumps	80.8%	76.9%	80.8%	88.5%	82.7%	90.4%	76.9%	92.3%
Central District Pumps	87.9%	86.4%	83.3%	92.1%	92.1%	90.5%	81.0%	84.6%
Southern District Pumps	95.6%	85.3%	80.9%	92.4%	91.1%	94.6%	81.0%	92.3%
Total % of Operating Pumps	88.7%	83.3%	81.7%	91.2%	88.9%	91.8%	79.8%	89.3%

Source: Guam Waterworks Authority, Office of the General Manager.

Note: Data from FY 2016 and FY 2017 is not available as of the date of this report.

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 20: Level of Service Indicators
Last Eight Years

LOS #	LOS [1]	Measure	Target	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	Estimated 2018 [2]
1	Drinking water quality	Compliance with Drinking Water Quality Standards	0 violations	100%	100%	100%	100%	100%	100%	100%	~100%
2	Reliability of water supply	Unplanned water service outages each year	70 events	125 events	70 events	91 events	64 events	55 events	See Note (3)	See Note (3)	90 events
3	Wastewater effluent discharges	Compliance with USEPA Requirements for Wastewater Effluent Discharges from Treatment Plants during non- storm periods	0 violations	95% compliant	85% compliant	85% compliant	75% compliant	50% compliant	50% compliant	25% compliant	75% compliant
4	Wastewater system spills	Number of spills/100 system miles/year from wastewater system	38 spills / 100 miles	16 spills / 100 miles	37 spills / 100 miles	35 spills / 100 miles	46 spills / 100 miles	37 spills / 100 miles	45 spills / 100 miles	48 spills / 100 miles	51 spills / 100 miles
5	Ensure financial capacity to meet operational needs	User fee collection rate	99%	95%	96%	97%	98%	99%	99%	99%	96%
6	Ensure financial capacity to meet operational needs	Days receivable outstanding (average days needed to collect user fees)	30 days	41 days	40 days	30 days	39 days	43 days	47 days	51 days	60 days
7	Improve customer wait times to register issues/concerns at GWA offices (CS only)	Wait time (minutes)	8 minutes	5 minutes	4 minutes	6 minutes	8 minutes	7 minutes	6 minutes	10 minutes	11 minutes
8	Adequate pressure exists in the distribution system	System Pressure	35 psi - 90 psi 20 psi during fire flow	82%	78% of 117; 84% of 45 DMZ	See Note (4)	See Note (4)	See Note (4)	See Note (4)	See Note (4)	• <20 psi • > 90 psi in places
9	CIP execution schedule	CIP project expenditures encumbered per CIP plan5	80%	60%	79%	74%	79%	72%	75%	92%	~70%
10	Ensure a safe work environment	Lost time accidents	0	3 cases/131 days	3 cases/207 days	2 cases / 96 days	4 cases / 31 days	3 cases	3 cases	2 cases	3 (2016)
11	Customer complaint response	Percentage of time that customer response is within 8 hours	75%	79%	95%	55%	68%	66%	50%	74%	17%

GUAM WATERWORKS AUTHORITY
(A Component Unit of the Government of Guam)
Exhibit 20: Level of Service Indicators, Continued
Last Eight Years

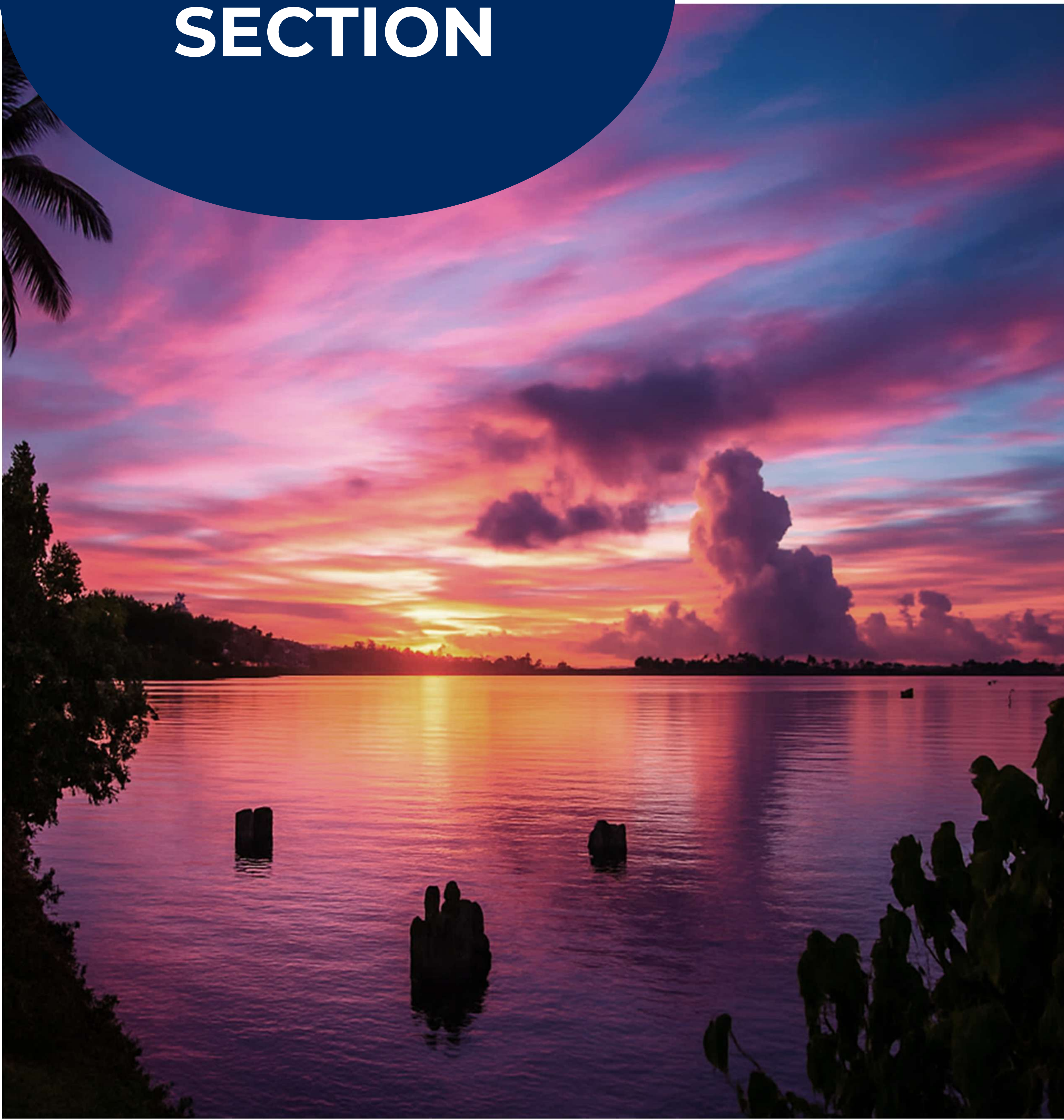
LOS #	LOS [1]	Measure	Target	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	Estimated 2018 [2]
12	Distribution system integrity	Percentage of water produced that is lost	40%	See Note (5)	See Note (5)	See Note (5)	See Note (5)	60%	38%	32%	52%
		"2022 - Normalized Real Water Loss volume/service connection/day [5]	224 gal/connection/day	624 gal/connection/day"	587 gal/connection/day"	448 gal/connection/day"	560 gal/connection/day	560 gal/connection/day	See Note (5)	See Note (5)	See Note (5)
13	Critical asset reliability (WTPs and WWTPs, pump stations, wells)	Percentage of time production requirements are met	100%	Water Treatment 100% Wastewater Treatment 95% Water Pumps 93% Wastewater Pumps 83% Wells 79%	Water Treatment 100% Wastewater Treatment 90% Water Pumps 94% Wastewater Pumps 82% Wells 79%	Water Treatment 100% Wastewater Treatment 95% Water Pumps 95% Wastewater Pumps 87% Wells 79%	Water Treatment 100% Wastewater Treatment 100% Water Pumps 97% Wastewater Pumps 91% Wells 79%	Water Treatment 100% Wastewater Treatment 90% Water Pumps 95% Wastewater Pumps 90% Wells 79%	Water Treatment 100% Wastewater Treatment 100% Water Pumps 97% Wastewater Pumps 90% Wells 86%	Water Treatment 100% Wastewater Treatment 100% Water Pumps 95% Wastewater Pumps 84% Wells 86%	60%
14	Septic tank elimination (sewer hook-up program)	Number of septic tanks eliminated [6]	48	1	0	0	0	1	0	0	0
15	Integration of GWA/DoD OneGuam Partnership	Number of GWA facilities inter- operable with DoD	Approximately 10	11	4	4	4	4	3	3	5
16	Employee satisfaction/pride	Satisfaction survey (to be developed)	TBD	No survey	No survey	Survey issued	No survey	No survey	No survey	No survey	TBD

Source: Guam Waterworks Authority, Finance Division.

Note:
(1) GWA developed Level of Service (LOS) metrics in 2018 to guide performance monitoring across operational and customer service areas.
(2) The "Estimated" LOS values were provided by GWA staff in a workshop based on their best judgement of their level of performance in August 2018.
(3) Limited data was available in FY 2020. GWA began collecting information to better track unscheduled water outages in the last two months of FY 2020.
(4) GWA is implementing measures to provide consistent data within prioritized areas of the distribution system under current projects. Additionally, GWA is evaluating the use of AMI meter capabilities to provide comprehensive distribution system data in the future.
(5) Short-term LOS was considered appropriate for initial performance in first year. AWWA Water Loss Committee recommended metric Real Losses in gallon / connection / day. PUC FY2020 Rate Order required update of water loss metrics for reporting.
(6) Updated from "Annual expansion of the sewer system near the aquifer."

COMPLIANCE SECTION

GUAM WATERWORKS AUTHORITY



[PAGE INTENTIONALLY LEFT BLANK]

Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

Shape the future
with confidence

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Management of Guam Waterworks Authority and
The Commissioners of the Consolidated Commission on Utilities

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Guam Waterworks Authority (GWA), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise GWA's basic financial statements (collectively referred to as the "financial statements"), and have issued our report thereon dated June 3, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GWA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GWA's internal control. Accordingly, we do not express an opinion on the effectiveness of GWA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GWA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

June 3, 2026

Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

Report of Independent Auditors on Compliance for the Major Federal Programs; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Management of Guam Waterworks Authority and
The Commissioners of the Consolidated Commission on Utilities

Report of Independent Auditors on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Guam Waterworks Authority's (GWA's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of GWA's major federal programs for the year ended September 30, 2025. GWA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on ALN 15.875 - Economic, Social, and Political Development of the Territories

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, GWA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on ALN 15.875 - *Economic, Social, and Political Development of the Territories* for the year ended September 30, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GWA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GWA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for the major federal program. Our audit does not provide a legal determination of GWA's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on ALN 15.875 - Economic, Social, and Political Development of the Territories

As described in the accompanying schedule of findings and questioned costs, GWA did not comply with the requirements regarding ALN 15.875 - Economic, Social, and Political Development of the Territories as described in finding number 2025-001 for Procurement, Suspension and Debarment and 2025-002 for Equipment and Real Property Management.

Compliance with such requirements is necessary, in our opinion, for GWA to comply with the requirements applicable to those programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to GWA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GWA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of GWA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GWA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 for Procurement, Suspension and Debarment and Equipment and Real Property Management, respectively, of ALN 15.875 - Economic, Social, and Political Development of the Territories to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of GWA as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise GWA's basic financial statements. We have issued our report thereon dated June 3, 2026, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst + Young LLP

June 3, 2026

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards

Year ended September 30, 2025

Federal Grantor/Passed-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Environmental Protection Agency			
Direct Award:			
Environmental Protection Consolidated Grants for the Insular Areas - Program Support	66.600		$ 12,528,954
Passed-Through from Guam Environmental Protection Agency:			
Environmental Protection Consolidated Grants for the Insular Areas - Program Support	66.600	M00906324	141,805
Total U.S. Environmental Protection Agency			12,670,759
U.S. Department of Interior			
Direct Award:			
Economic, Social, and Political Development of the Territories	15.875		752,449
Passed-Through from Government of Guam - Department of Administration:			
Economic, Social, and Political Development ofthe Territories	15.875	D19AP00019	1,028,111
Total U.S. Department of Interior			1,780,560
Federal Emergency Management Agency			
Passed-Through from Guam Homeland Security/Office of Civil Defense			
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4495	37,673
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4715 Typhoon Mawar	1,025,713
Total Federal Emergency Management Agency			1,063,386
U.S. Department of Treasury			
Passed-Through from Government of Guam - Department of Administration:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	5682C219978AR302	658,643
Total U.S. Department of Treasury			658,643
Total Expenditures of Federal Awards			**$ 16,173,348**

Notes to the Schedule of Expenditures of Federal Awards

Year ended September 30, 2025

1. Scope of Audit

Guam Waterworks Authority (GWA) is a component unit of the Government of Guam (GovGuam). GWA is subject to the regulations of the Guam Public Utilities Commission (PUC). GWA became an autonomous agency in 1996 under Public Law 23-119. Only the transactions of GWA are included within the scope of the Single Audit.

Programs Subject to Single Audit

The Schedule of Expenditures of Federal Awards (the Schedule) presents each Federal program related to the U.S. Environmental Protection Agency, the U.S. Department of Interior, the Federal Emergency Management Agency (FEMA), and the U.S. Department of the Treasury.

During the year ended September 30, 2025, GWA reported FEMA Public Assistance (Assistance Listing Number 97.036) expenditures on the SEFA amounting to $1,025,713 that were incurred in 2023. The grant was awarded in 2025 by Guam Homeland Security/Office of Civil Defense, as pass-through for FEMA, for Typhoon Mawar recovery costs.

2. Basis of Presentation

The accompanying Schedule includes the federal award activity of GWA for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As the Schedule presents only a selected portion of the operations of GWA, it is not intended to and does not present the financial position, changes in net position, or cash flows of GWA.

3. Summary of Significant Accounting Policies

Basis of Accounting

Expenditures reported on the Schedule are presented on the accrual basis of accounting, consistent with the manner in which GWA maintains its accounting records. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. All expenses and capital outlays are reported as expenditures. GWA has not elected to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance. GWA did not subaward federal funds to subrecipients during the fiscal year ended September 30, 2025.

Schedule of Findings and Questioned Costs

Year ended September 30, 2025

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ **Yes**	X **No**
Significant deficiency(ies) identified?	____ **Yes**	X **None reported**
Noncompliance material to financial statements noted?	____ **Yes**	X **No**

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	X **Yes**	____ **No**
Significant deficiency(ies) identified?	____ **Yes**	X **None reported**

Type of auditor's report issued on compliance for major federal programs:

ALN 66.600	Unmodified
ALN 15.875	Qualified
ALN 97.036	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ **Yes**	X **No**

Identification of Major Programs:

Assistance Listing Number(s)	**Name of federal program or cluster**
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support
15.875	Economic, Social, and Political Development of the Territories
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000

Auditee qualified as low-risk auditee? X **Yes** ____ **No**

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

Finding No.	Assistance Listing Number	Requirement	Questioned Cost
2025-001	15.875	Procurement, Suspension and Debarment	$333,198
2025-002	15.875	Equipment and Real Property Management	$303,960

Finding No.:	**2025-001**
Federal Agency:	U.S. Department of Interior
AL Program:	Economic, Social, and Political Development of the Territories
Award No.:	D22AP00317 and D20AP00137
Area:	Procurement, Suspension and Debarment
Questioned Cost:	$333,198

Criteria:

2 CFR § 200.214 requires non-federal entities to ensure that vendors are not suspended or debarred from participating in federal programs. This verification must be performed by:

- Checking the System for Award Management (SAM) Exclusions list,
- Obtaining a certification from the vendor, or
- Including a clause or condition in the transaction that the vendor is not suspended or debarred.

Condition:

During testing of 8 procurement transactions, we noted that GWA did not perform or document suspension and debarment verification for 2 vendors. The total disbursements associated with these vendors amounted to $333,198.

Cause:

GWA did not consistently implement procedures or controls to ensure that suspension and debarment checks are performed and documented for all applicable vendors.

Effect or Potential Effect:

Failure to perform and document suspension and debarment verification increases the risk that GWA may contract with vendors that are ineligible to receive federal funds, resulting in noncompliance with federal regulations and potential questioned costs.

Recommendation:

We recommend that GWA strengthen its procurement controls by implementing and enforcing procedures to ensure that suspension and debarment verification is performed and properly documented for all applicable vendors prior to contract award. This may include requiring SAM checks, maintaining evidence of verification, and providing periodic training to procurement personnel.

Identification as a Repeat Finding: Not applicable.

Finding No.:	**2025-001, continued**
Federal Agency:	U.S. Department of Interior
AL Program:	Economic, Social, and Political Development of the Territories
Award No.:	D22AP00317 and D20AP00137
Area:	Procurement, Suspension and Debarment
Questioned Cost:	$333,198

Views of Responsible Officials:

GWA acknowledges inconsistent implementation of procedures that required suspension and debarment verifications for 2 of the 8 procurement transactions tested and concurs with the recommendation to strengthen its procurement controls to address this finding.

During FY2025, GWA implemented corrective actions including an immediate directive issued in April 2025 to comply with updated procurement procedures formally approved in September 2025. These procedures included standardized checklists, required vendor certification forms and mandatory SAM.gov verification procedures for all federally funded procurements. Training was conducted to required personnel in October 2025 and subsequently expanded to a broader audience in December 2025. All related SOPs and guidance materials were also made available through the employee intranet.

Management also directed staff to retrospectively perform and document SAM.gov verifications for certain procurements initiated prior to implementation of the revised procedures. However, due to procurement management and personnel transitions, the retrospective review was not fully completed for the sampled procurements. Subsequent checks confirmed that the vendors were not suspended or debarred.

GWA will continue reinforcing monitoring procedures to ensure all required compliance documentation is timely completed and retained in the procurement files.

Finding No.:	**2025-002**
Federal Agency:	U.S. Department of Interior
AL Program:	Economic, Social, and Political Development of the Territories
Award No.:	D22AP00317
Area:	Equipment and Real Property Management
Questioned Cost:	$303,960

Criteria:

2 CFR § 200.313(d) requires non-federal entities to maintain accurate property records for equipment acquired with federal funds. Such records must include, at a minimum, a description of the property, serial number or other identification number, source of funding, acquisition date, cost, location, use and condition, and ultimate disposition data.

Condition:

We identified that 8 electric vehicles, with a total cost of $303,960, acquired during the fiscal year ended September 30, 2025, were not included in the federally funded fixed asset register.

Cause:

GWA did not consistently follow established procedures to ensure that all federally funded equipment acquisitions were recorded in the federally funded fixed asset register in a timely and complete manner.

Effect or Potential Effect:

Failure to maintain complete and accurate records for federally funded equipment increases the risk of noncompliance with federal regulations. It may also result in improper tracking, safeguarding, and reporting of assets, potentially leading to questioned costs and audit findings.

Recommendation:

We recommend that GWA strengthen its controls over equipment and real property management by implementing procedures to ensure that all federally funded asset acquisitions are promptly and accurately recorded in the Federally Funded Fixed Asset Register. Management should also perform periodic reconciliations between procurement records and the asset register and provide training to responsible personnel to ensure compliance with federal requirements.

Identification as a Repeat Finding: Not applicable.

Finding No.:	**2025-002, continued**
Federal Agency:	U.S. Department of Interior
AL Program:	Economic, Social, and Political Development of the Territories
Award No.:	D22AP00317
Area:	Equipment and Real Property Management
Questioned Cost:	$303,960

<u>Views of Responsible Officials:</u>

GWA concurs with the finding. The eight electric vehicles identified in the finding were properly procured, capitalized and recorded in the Authority's main fixed asset register; however, due to an administrative oversight, the assets were not included in the federally funded fixed asset register during FY2025.

Following discussions with personnel involved in the transaction processing and asset recording, GWA determined that established internal procedures were generally followed; however, due to staffing constraints at the time, the assets were not properly coded with the applicable federally funded identifier when added to the Authority's main fixed asset register. As a result, the assets were inadvertently omitted from the federally funded fixed asset register.

Management notes that the omission was limited to the federally funded fixed asset register and did not affect the existence, safeguarding or operational use of the assets. The vehicles were physically accounted for, supported by procurement and payment documentation and properly reflected in the Authority's general accounting records.

GUAM WATERWORKS AUTHORITY
Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6846/47 Fax No. (671) 648-3290

Finding 2025-001

Corrective Action Plan:

Management will complete the retrospective review of appliable federally funded procurements to ensure required suspension and debarment verifications are documented and retained in the procurement files. In addition, Procurement superviso1y personnel will implement periodic compliance reviews to verify that required SAM.gov verifications are completed, documented and maintained prior to contract execution. Additionally, the Internal Audit team will conduct random reviews of federally funded procurement files to ensure compliance with the SOPs and to verify that proper documentation *is* maintained.

Expected completion date: September 30, 2026

Point of contact for Follow-Up:
Diana Hayashi, Buyer Supe1visor II
Rita Aquiningoc, Program Coordinator III
Janet Taitano-Arroyo, Internal Auditor

GUAM WATERWORKS AUTHORITY
Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6846/47 Fax No. (671) 648-3290

Finding 2025-002

Corrective Action Plan:

GWA has updated the federally funded fixed asset register to include the omitted assets and has implemented additional procedures to strengthen compliance with 2 CPR§ 200.313(d). Corrective actions include the following:

1. Finance personnel will review capital asset additions to identify federally funded assets and ensure the appropriate federally funded asset code is assigned when recorded in the Authority 's main fixed asset register.
2. Federally funded assets will be recorded in the federally funded fixed asset register and periodically reconciled to related procurement and capital expenditures records to ensure completeness and accuracy.
3. A superviso1y review process has been enhanced to verify that federally funded asset codes are properly assigned prior to posting and that federally funded assets are accurately reflected in the federally funded fixed asset register. Additionally, at the general ledger level, fund source identifiers will be incorporated into the asset close-out journal entry process to further strengthen visibility and review of federally funded asset activity.
4. Finance personnel responsible for asset recording will be briefed on federal property management requirements and revised internal procedures related to federally funded asset coding, tracking and reporting.

GWA believes these corrective measures adequately address the control gap identified in the finding and will ensure compliance with 2 CPR§ 200.313(d) on a prospective basis.

Expected completion date: September 30, 2026

Point of contact for Follow-Up:
Bryan Iriarte, Accountant III
Josephine Sanalila, Accountant III
Sandra Santos, Controller

GUAM WATERWORKS AUTHORITY
Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagåtña, Guam 96932
Tel. No. (671) 300-6846/47 Fax No. (671) 648-3290

Summary Schedule of Prior Year Audit Finding

Year ended September 30, 2025

Finding No:	**2024-001**
Federal Agency:	U.S. Environmental Protection Agency
AL No. and Title:	66.600 - Environmental Protection Consolidated Grants for the Insular Areas - Program Support
Area:	Procurement Suspension and Debarment
Status:	Resolved

GWA implemented corrective actions in response to the prior-year finding, including formal procurement procedures requiring suspension and debarment verifications, updates to procurement templates and training of applicable personnel. The U.S. Environmental Protection Agency reviewed the corrective actions and formally determined that the prior-year finding was resolved and closed.

GUAM **WATERWORKS** AUTHORITY

guamwaterworks.org