

*The Auditor's Communication With Those Charged
With Governance*

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

Year ended September 30, 2022





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August 24, 2023

The Board of Directors
A.B. Won Pat International Airport Authority, Guam
P.O Box 8770
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We have performed an audit of the financial statements of A.B. Won Pat International Airport Authority, Guam (the Authority), a component unit of the Government of Guam, as of and for the year ended September 30, 2022, 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, and have issued our report thereon dated August 24, 2023.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *“The Auditor’s Communication With Those Charged With Governance”*, and other applicable auditing standards.

This communication is intended solely for the information and use of the Authority’s Board of Directors and management and the Office of Public Accountability of Guam, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

REQUIRED COMMUNICATIONS

Auditors' Responsibilities under GAAS, including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on the Authority's financial statements as of and for the year ended September 30, 2022.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

Changes to the audit strategy, timing of the audit and significant risks identified

Our audit strategy is consistent with the plan communicated during the October 2022 meeting.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about the Authority's ability to continue as a going concern.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates has been included in footnote 1 of the financial statements.

We are not aware of any significant accounting policies used by the Authority in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor the Authority's operations. These budgets include determining how existing financial resources will be used in the Authority's operations.
- Determining the adequacy of the allowance for accounts receivable.
- Determining the assumptions used in measuring significant accounting estimates for financial accounting purposes.

Related party relationships and transactions

We noted no significant matters regarding the Authority's relationships and transactions with related parties.

Changes to the terms of the audit with no reasonable justification for the change

We are not aware of any matters that require communication.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by the Authority.

Difficult or contentious matters subject to consultation outside of the audit team

None.

Material corrected misstatements related to accounts and disclosures

Refer to "Management Representations Letter" in Appendix A.

Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial

Refer to "Management Representations Letter" in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

Significant deficiencies identified during the course of our audit have been included in our 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* dated August 24, 2023.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the October 2022 meeting and in the update status meetings during the audit.

Independence matters

We are not aware of any matters that in our professional judgment would impair our independence.

New accounting pronouncements

Issues have been identified with regard to management's adoption of GASB Statement No. 87 – *Leases* and have been resolved during the audit.

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

We are not aware of any matters that require communication.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

There were no material disagreements with the Authority's management on financial accounting and reporting matters during the audit.

Management's consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Other material written communications with management

None.

Other matters

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with the Authority or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

Representations from management

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

Engagement team's involvement with preparation of the financial statements

Under GAS 2011 Revisions, Chapter 3 General Standards, Paragraph 3.34 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the Authority.
- The preparation of the financial statements is based on the Authority's trial balance with the understanding that underlying books and records are maintained by the Authority's accounting department and that the final trial balance prepared by the Authority is complete.
- The Authority's Deputy Executive Manager and General Accounting Supervisor have the skill set to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

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

August 24, 2023

Appendix

A – Management Representations Letter

A – Management Representations Letter



August 24, 2023

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

In connection with your audit of the basic financial statements of the Antonio B. Won Pat International Airport Authority, Guam (the Authority) as of September 30, 2022 and for the year then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position of the business-type activities of the Authority and the changes in financial position and cash flows thereof in conformity with US generally accepted accounting principles (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated October 26, 2022, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding years.

In preparing the financial statements, we evaluated 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 one year after the date that the financial statements are issued, and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

We acknowledge our responsibility 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. We have provided you with:



A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the Authority from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From March 16, 2022 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Corrected misstatements

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to the Authority's books.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit.

Internal control

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We have communicated to you all significant deficiencies in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2022.

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

Minutes and contracts

The dates of meetings of the Board of Directors and important management committees from October 1, 2021 to July 18, 2023 are as follows:

<u>Date of Meeting</u>	<u>Type</u>
October 28, 2021	Regular
December 16, 2021	Regular
January 31, 2021	Regular
February 28, 2022	Regular
March 16, 2022	Special
March 31, 2022	Regular
April 28, 2022	Regular
May 26, 2022	Regular
June 30, 2022	Regular
July 26, 2022	Regular
August 30, 2022	Regular
September 29, 2022	Regular
November 28, 2022	Regular
December 29, 2022	Regular
January 26, 2023	Regular
March 28, 2023	Regular
April 27, 2023	Regular
July 6, 2023	Regular
July 18, 2023	Special

We have made available to you all minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

Environmental liabilities

We have disclosed to you all significant pollution remediation matters and have made available to you all significant relevant information related to them. The pollution remediation obligations included in the statement of net position represents our best estimate of the potential losses in accordance with GASB Statement No. 49 – as amended. The disclosures of pollution remediation matter in the financial statements are in accordance with GASB Statement No. 49 – as amended.

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

Ownership and pledging of assets

Except for right-to-use another entity's nonfinancial asset (the underlying asset), the Authority has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the Authority has satisfactory title appear in the statement of net position.

Receivables and revenues

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of any sales and services rendered prior to that date and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that date.

Long-lived assets to be held and used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

Fair value measurements

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72 – as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72 – as amended.

Leases

Our calculation of the cumulative effect of initially applying GASB 87 – as amended as of the beginning of the period of adoption is in accordance with our accounting policies established under GASB 87 – as amended. The initial adoption does not have an impact on the beginning balance of net position.

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB 87 – as amended. We have appropriately considered any renewal, termination or purchase options in the contract.

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

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Related party relationships and transactions

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56 – as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Arrangements with financial institutions

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

Events of default under debt agreements

No events of default have occurred with respect to any of the Authority's debt agreements.

Contingent liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62—as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, *Contingencies*, nor are there any accruals for loss contingencies included in the statement of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62—as amended.

There are no oral or written guarantees, including guarantees of the debt of others.

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
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Purchase commitments

At September 30, 2022 the Authority had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that the Authority's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Authority's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority.

Independence

We have communicated to you the names of the Authority's affiliates, officers and directors, or individuals who serve in such capacity for the Authority.

We are not aware of any business relationship between the Authority and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the Authority's audit.

Conflicts of interest

There are no instances where any officer or employee of the Authority has an interest in a company with which the Authority does business that would be considered a "conflict of interest." Such an interest would be contrary to the Authority's policy.

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

Effects of new accounting principles

As discussed in Note 1 to the financial statements, we have not completed the process of evaluating the effects that will result from adopting the amendments to the following codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

The Authority is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statements are adopted.

Going concern

In preparing the financial statements, we evaluated the entity's ability to continue as a going concern for twelve months after the date that the financial statements are issued, and provide appropriate financial statement disclosure, as necessary under GASB requirements.

Pension benefits

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Postemployment benefits other than pensions

We have disclosed to you all significant postemployment benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the management's discussion and analysis on pages 5 through 26, schedule of proportionate share of net pension liability on pages 77, 79 and 81, the schedule of contributions on pages 78, 80, 82 and 84 and the schedule of proportionate share of other postemployment benefits liability on page 83, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

We believe that the separate presentation of the schedule of changes in total pension liability and related

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

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ratios related to GASB statement No. 73 is not significant. The required information is combined with schedules required under GASB Statement No. 68.

Supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the "supplementary information"):

- Schedule 9 - Facilities and Systems Usage Charges
- Schedule 10 - Concession Fees
- Schedule 11 - Rental Income
- Schedule 12 - Contractual Services
- Schedule 13 - Personnel Services
- Schedule 14 - Materials and Supplies
- Schedule 15 - Insurance Coverage
- Schedule 16 - Debt Service Computation

We believe the supplementary information, including its form and content, is fairly stated in all material respects.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

Government of Guam General Fund

Pursuant to 5 GCA Chapter 22 § 22421 *Transfer of Autonomous Agency Revenues to Autonomous Agencies Collections Fund*, certain autonomous agencies, to include the Authority, are to remit certain amounts to the Government of Guam General Fund at the end of each fiscal year.

Notwithstanding the requirements of 5 G.C.A. § 22421, the Authority is prohibited by its 2013 General Revenue Bond Indentures (2013 Indentures) and federal law from transferring any funds from its operating surplus to the General Fund.

During the course of Fiscal Year 2022, there was no substantive progress of discussions with the Executive and Legislative branches to repeal 5 GCA § 22421 or on the issue of the Government of Guam assessment.

The Authority recognizes that it is an instrumentality of the Government of Guam. The Authority may reimburse the Government of Guam for costs of services and contributions provided to the Authority subject to the standards of documentation as required by the FAA's Policy and Procedures Concerning the Use of Airport Revenue. The Authority may also pay for an indirect cost allocation that is reasonable, transparent, calculated similarly for other governmental units and consistent with Attachment A to OMB Circular A-87 and the aforementioned FAA policy.

Unearned Revenue

The Authority received \$1,078,367 on September 13, 2017 from the Federal Aviation Administration (FAA); however, no support was included with the funds transfer to indicate the purpose of the transfer

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

of funds. As such, the Authority has sought clarification from the FAA and has recorded the receipt of these funds under unearned revenue until it is certain what the funds were for.

Other Representations

- We recognize that we are responsible for the Authority's compliance with the laws, regulations, provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to your representatives all laws, regulations, provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have identified to your representatives all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented.
- We have informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.
- There have been no instances of abuse that have occurred or are likely to have occurred that could be quantitatively or qualitatively material to the financial statements.
- We have a process to track the status of audit findings and recommendations.
- We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
- We have followed applicable laws and regulations in adopting, approving and amending budgets, debt limits and covenants, deposits and investments, including collateral requirements on depository accounts and investments.
- Components of net position (net investments in capital assets, restricted; and unrestricted) are properly classified and, if applicable, approved.
- Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.
- Investments are properly valued.
- Capital assets are properly capitalized, reported and, if applicable, depreciated.

Other matters

We have received a draft copy of our financial statements as of and for the year ended September 30, 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statements based on information in our trial balance and accounting records. It is our understanding that:

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

- All adjusting journal entries posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness.

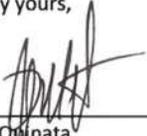
We acknowledge that we have reviewed them and taken responsibility for them.

Subsequent events

Subsequent to September 30, 2022, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the Authority's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and cash flows of the Authority.

We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the Authority and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,



John M. Quinata
Executive Manager



Artemio "Ricky" Hernandez, Ph.D.
Deputy Executive Manager



Danielle Camacho
Acting Comptroller

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

Appendices

- A - Schedule of Corrected Misstatements
- B - Schedule of Uncorrected Misstatements
- C - Subsequent Events

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

Appendix A – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements		Entity: A.B. Won Pat International Airport Authority, Guam	Period ended: 30-Sep-2022	Currency: USD								
Corrected misstatements No. W/P ref.	Account (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/(Credit)				Effect on the current period OCI	Income statement effect of the current period					
		Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current			Equity components	Debit/(Credit)	Debit/(Credit)	Non tangible	
AJEO1 00131	To recognize amortization on a difference on refunding of 2021 bonds for the year interest expense Deferred outflow - deferred differences on refunding of 2021 bonds		(1,203,105)							1,203,105	X	
AJEO2 00400	To record the adjustment to pension amounts based on the September 30, 2021 audited pension schedules Deferred outflow of resources - Pension Net pension liability Deferred inflows of resources - Pension Operating costs and expenses - Personal services			92,021			(137,544) 852,068					(866,543) X
AJEO1 10100	To reclass debt service to unrestricted assets Retained Earnings - Debt Service Retained Earnings - Unrestricted								4,036,111 (4,036,111)			
AJEO3 00400	To reclassify ABPA fund revenue as nonoperating revenue for proper FS presentation Miscellaneous revenue Grants from the US Govt										15,945,898 X (15,945,898) X	
AJEO3 00100	To reclass accounts and notes receivables from PALCAR to lease receivables Lease Receivable Lease Receivable - Non-current Tenant Accounts Receivables-T Accounts Receivable-L			120,000				118,800				
AJEO3 00100 100	To reclassify fund transfers made at fiscal year end (HST100) General Revenue Fund PHC-TQAB005 Cath/Gen Rev Fund-Fid			140,000 3,000 143,000								

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
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August 24, 2023

Appendix A – Schedule of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: A.B. Won Pat International Airport Authority, Guam Period ended: 30-Sep-2022 Currency: USD

No.	W/P ref.	Account	Analysis of misstatements Debit/(Credit)						Income statement effect of the current period	
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI		
			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non-liable	
(misstatements are recorded as journal entries with a description)										
A.03	P0600	To adjust the OPFB balances based on the audited actual reports of RMS for the year ended September 30, 2021		2,381,173						
		Deferred Outflow - OPFB					292,166			
		Deferred inflow-OPFB					(3,363,378)			
		Total (contra) OPFB liability								622,243
		Other income (expense) - OPFB Expense								
Total of corrected misstatements before income tax			0	1,260,969	0	(2,268,662)	0	0	0	1,018,803
Financial statement amounts			27,868,334	597,594,223	(11,254,737)	(313,563,694)	(261,514,136)			321,993
Effect of corrected misstatements on FS amounts			0.0%	0.2%	0.0%	0.7%	0.0%			316.4%

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
 Letter of Representations

August 24, 2023

Appendix B – Schedule of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements
 Entity: **A.B. Won Pat International Airport Authority, Guam** Period Ended: **30-Sep-2022** Currency: **USD**

No.	WP ref.	Account (Row 1) (misstatements are recorded as journal entries with a description)	Assets		Liabilities		Equity		Effect on the current period OCI		Income statement effect of the current period		Income statement effect of the prior period	
			Current	Non-current	Current	Non-current	Current	Non-current	Debit(Credit)	OCI	Debit(Credit)	OCI	Prior period Debit(Credit)	Non-taxable
			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					-17.2%	
Memo: Total of non-taxable items (marked 'X' above)														-27,726
Uncorrected misstatements before income tax														27,726
Less: Tax effect of misstatements at current year marginal rate									-3.2%					0
Uncorrected misstatements in income tax									0%					0
Cumulative effect of uncorrected misstatements after tax but before turnaround														0
Turnaround effect of prior period uncorrected misstatements														0
All factual and projected misstatements: Judgmental misstatements (Row 3)														0
Cumulative effect of uncorrected misstatements, after turnaround effect														0
Current year income before tax														33,184
Current year income after tax									-8.2%					30,282

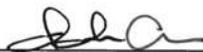
A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam

Subsequent Events Questionnaire

Coverage: For the period from October 1, 2022 to auditor's report

Question	Response Yes or No	If yes, please provide additional information
1 Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements?	No	
2 Have there been any new significant contingent liabilities or commitments arisen, except as disclosed in the financial statements?	No	
3 Have there been any significant changes that occurred in trends of grant revenue or expense that could affect accounting estimates (e.g., valuation of receivables, provisions for liabilities or unearned income)?	No	
4 Have there been any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?	No	
5 Have there been any significant changes that occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?	No	
6 Were there any significant unusual or non-recurring adjustments been recorded (or are necessary)?	No	
7 Were there any communications, written or oral, occurred with the regulatory agencies (including Federal granting agencies and the Government of Guam or any of its agencies) with which the entity files financial statements or seeks federal assistance/grants form?	No	
8 Were there any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements?	No	
9 Are you aware of any fraud or suspected fraud affecting A.B. Won Pat International Airport Authority involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements?	No	
10 Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of A.B. Won Pat International Airport Authority ?	No	


Danielle Camacho, Acting Comptroller

8/24/2023
Date

A – Management Representations Letter, continued



August 24, 2023

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

We are providing this letter in connection with your audit of the passenger facility charge program of the Antonio B. Won Pat Airport Authority, Guam (the "Authority") as of and for the year ended September 30, 2022, which was performed in accordance with auditing standards generally accepted in the United States, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide). We recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure and we understand that the purpose of your testing of transactions and records from the Authority's passenger facility charge program was to obtain reasonable assurance that the Authority had complied, in all material respects, with the compliance requirements that could have a direct and material effect on the Authority's passenger facility charge program.

In connection with your audit, we confirm, to the best of our knowledge and belief, the following representations:

1. We acknowledge our responsibility for understanding and complying with the requirements of laws, regulations, and provisions of contracts and agreements of the passenger facility charge program. We are responsible for complying, and have complied, with the requirements of the Guide.
2. We have identified and disclosed to you the laws, regulations, and provisions of contracts and agreements that are considered to have a direct and material effect on the Authority's passenger facility charge program.
3. We have made available to you all contracts and agreements (including amendments, if any) and any other correspondence relevant to the passenger facility charge program and related activities that have taken place with the Federal Aviation Administration (FAA) related to passenger facility charge program.
4. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to passenger facility charge programs financial reports and claims for advances and reimbursements.



A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

5. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
6. We acknowledge our responsibility for establishing and maintaining, and have established and maintained effective internal control over compliance for passenger facility charge programs that provides reasonable assurance that passenger facility charge programs are managed in compliance with the laws, regulations, and provisions of contracts or agreements that could have a material effect on the passenger facility charge program. Internal control is functioning as intended.
7. We have complied in all material respects with the requirements of the Guide including with the laws, regulations, and provisions of contracts and grant agreements related to each of the passenger facility charge programs, except for those findings disclosed in the Schedule of Findings and/or otherwise disclosed by you.
8. We have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of the passenger facility charge programs, including the results of other audits or program reviews.
9. We are responsible for the presentation of the Schedule of Passenger Facility Charges Collected and Expended (the Schedule) in accordance with the Guide. We believe the Schedule, including its form and content, is presented in accordance with the Guide. There have been no changes in the methods of measurement or presentation of the Schedule from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the Schedule.
10. We acknowledge that it is our responsibility for understanding and complying with the compliance requirements related to the preparation of the Schedule. We have identified and disclosed to you all our passenger facility charge programs and related activities subject to the Guide compliance audit and have included in the Schedule all expenditures made, revenues received, and interest and investment income earned. The Schedule is accurate and complete in all material respects, presents the information required by the Guide, and includes all passenger facility charge program expenditures made during the year ended September 30, 2022.
11. We have made expenditures to the approved second application pertaining to debt service related to the terminal renovation/construction.
12. Information presented in passenger facility charge program financial reports are supported by the books and records from which the Authority's financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Passenger Facility Charges Collected and Expended. Amounts received or expended were determined in accordance with the applicable cost circulars and administrative requirements.
13. Amounts claimed or used were determined in accordance with the applicable cost principles and administrative requirements.
14. The copies of the Authority's passenger facility charge program financial reports provided to you are true copies of the reports submitted or electronically transmitted to the FAA.

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

15. We acknowledge our responsibility for the design, implementation and maintenance of programs and internal control to prevent and detect fraud. We have no knowledge of any fraud or suspected fraud affecting passenger facility charge programs involving management or other employees who have a significant role in the Authority's internal control over financial reporting and compliance. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the passenger facility charge program. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the passenger facility charge program.
16. The summary schedule of prior audit findings is accurate and complete in all material respects and contain the information required by the Guide.
17. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Guide.
18. The reporting package does not contain protected personally identifiable information.
19. We have provided you with all information on the status of the follow-up on prior audit findings by the FAA, including all management decisions.
20. We have disclosed to you any communications from the FAA concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of this letter.
21. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the year ended September 30, 2022 to the date of this letter.
22. We have disclosed to you all known noncompliance with direct and material compliance requirements occurring subsequent to the year ended September 30, 2022.
23. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the year ended September 30, 2022.
24. We have disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the year ended September 30, 2022.
25. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Guide.

In connection with your audit, we also confirm, to the best of our knowledge and belief, the following representations related to any findings included in the Schedule of Findings and Questioned Costs:

A – Management Representations Letter, continued

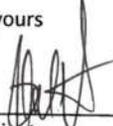
A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

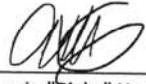
26. We have resolved any audit findings and recommendations directed to us and have a process to track their status.
27. We have taken timely and appropriate steps to remedy fraud, noncompliance with the passenger facility charge program statutes, regulations, the terms and conditions of passenger facility charge program or abuse that you have reported.
28. We have provided views on your reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

We understand that your audit was made in accordance with auditing standards generally accepted in the United States, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of the Guide and, and was, therefore, designed for the purpose of obtaining reasonable assurance about whether the Schedule of Passenger Facility Charges Collected and Expended is presented fairly, in all material respects, in relation to the financial statements taken as a whole and whether the Authority had, in all material respects, administered the passenger facility charge program in compliance with laws, regulations, and the provisions of contracts or agreements, noncompliance with which could have a direct and material effect on the passenger facility charge program. Accordingly, we understand that your tests of the accounting and passenger facility charge program records and other auditing procedures were limited to those that you considered necessary for those purposes.

Very truly yours



John M. Quinata
Executive Manager



Artemio "Ricky" Hernandez, Ph.D.
Deputy Executive Manager



Danielle E. Camacho
Acting Comptroller

A – Management Representations Letter, continued



August 24, 2023

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

We are providing this letter in connection with your audit of the federal award programs of Antonio B. Won Pat International Authority, Guam (the "Authority") as of and for the year ended September 30, 2022, which was performed in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the Single Audit Act Amendments of 1996, 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). We recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure and we understand that the purpose of your testing of transactions and records from the Authority's federal programs was to obtain reasonable assurance that the Authority had complied, in all material respects, with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of its major programs.

In connection with your audit, we confirm, to the best of our knowledge and belief, the following representations:

1. We acknowledge our responsibility for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs. We are responsible for complying, and have complied, with the requirements of the Uniform Guidance.
2. We have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each of the Authority's major federal programs.
3. We have identified and disclosed to you any changes to compliance requirements for any COVID-19 related awards.
4. We have identified and disclosed to you any compliance requirement flexibilities provided by federal grantor agencies for any existing awards not due to additional COVID-19 funding.



A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

5. We have identified and disclosed to you any compliance requirement flexibilities provided by federal grantor agencies for existing awards due to those respective agencies' adoption of various COVID-19 related US Office of Management and Budget memoranda listed in Appendix VII of the OMB Compliance Supplement.
6. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
7. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
8. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
9. We acknowledge our responsibility for the design, implementation, and maintenance of internal control over compliance and have designed, implemented and maintained effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are managed in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on the federal programs.
10. We have complied in all material respects with the requirements of the Uniform Guidance including with the direct and material compliance requirements, and with federal statutes, regulations, and the terms and conditions federal awards related to each of the federal programs, except for those findings disclosed in the Schedule of Findings and Questioned Costs and/or otherwise disclosed to you.
11. We have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
12. We are responsible for the presentation of the Schedule of Expenditures of Federal Awards ("the Schedule") in accordance with the Uniform Guidance, 2 CFR 200.510(b). We believe the schedule, including its form and content, is presented in accordance with the Uniform Guidance, 2 CFR 200.510(b). There have been no changes in the methods of measurement or presentation of the schedule from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the schedule. We will make the audited financial statements readily available to the intended users of the schedule no later than the date of issuance of the Schedule of Expenditures of Federal Awards and the auditor's report thereon.
13. We acknowledge that it is our responsibility for understanding and complying with the compliance requirements related to the preparation of the Schedule. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit and have included in the Schedule all expenditures made during the period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees and other noncash awards, property (including donated surplus property), cooperative agreements under the Federal Acquisition Regulations, interest subsidies, insurance, food commodities, direct appropriations and other direct assistance. The schedule is accurate and complete in all material respects, presents the information required by the Uniform Guidance, and includes all federal program expenditures made during the year ended September 30, 2022.
14. We have charged costs to federal awards in accordance with applicable cost principles.

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

15. Information presented in federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the Authority's financial statements have been prepared, and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards.
16. Amounts claimed or used for matching were determined in accordance with the applicable cost principles and administrative requirements.
17. The copies of the Authority's federal program financial reports provided to you are true copies of the reports submitted or electronically transmitted to the federal agencies or pass-through entities, as applicable.
18. We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud. We have no knowledge of any fraud or suspected fraud affecting federal programs involving management or other employees who have a significant role in internal control over financial reporting and compliance. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the federal programs. We have disclosed to you any allegations of financial improprieties, including fraud or suspected fraud, coming to our attention (regardless of the source or form and including, without limitation, allegations by "whistle-blowers") where such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the federal program.
19. We have accurately completed the appropriate sections of the Data Collection Form.
20. The reporting package does not contain protected personally identifiable information.
21. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
22. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of this letter.
23. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the year ended September 30, 2022 to the date of this letter.
24. We have disclosed to you that there are no known instances of noncompliance with the direct and material compliance requirements occurring subsequent to the year ended September 30, 2022.
25. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the year ended September 30, 2022.
26. We have disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the year ended September 30, 2022.
27. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

August 24, 2023

28. From October 1, 2021 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on a major federal program, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.
29. We have communicated to you the names of all of the Authority's affiliates, officers and directors, or individuals who serve in such capacity for the Authority.
30. We are not aware of any business relationship between the Authority and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.
31. We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the Authority's audit.

In connection with your audit, we also confirm, to the best of our knowledge and belief, the following representations related to any findings included in the Schedule of Findings and Questioned Costs:

32. We have resolved any audit findings and recommendations directed to us and have a process to track their status.
33. We have taken timely and appropriate steps to remedy fraud, noncompliance with federal statutes, regulations, the terms and conditions of federal awards or abuse that you have reported.
34. We have provided views on your reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
35. We have developed a corrective action plan that meets the requirements of the Uniform Guidance and addresses each of the findings reported in the Schedule of Findings and Questioned Costs.

A – Management Representations Letter, continued

A.B. Won Pat International Airport Authority, Guam
Letter of Representations

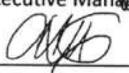
August 24, 2023

We understand that your audit was made in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the Single Audit Act Amendments of 1996, and the audit requirements of the Uniform Guidance and, and was, therefore, designed for the purpose of obtaining reasonable assurance about whether the Schedule of Expenditures of Federal Awards is presented fairly, in all material respects, in relation to the financial statements taken as a whole and whether the Authority had complied, in all material respects, with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each major federal program. Accordingly, we understand that your tests of the accounting and federal program records and other auditing procedures were limited to those that you considered necessary for those purposes.

Very truly yours,



John M. Quinata
Executive Manager



Artemio "Ricky" Hernandez, Ph.D.
Deputy Executive Manager



Danielle E. Camacho
Acting Comptroller