

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

**Antonio B. Won Pat International Airport
Authority, Guam**

Year ended September 30, 2020





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February 26, 2021

The Board of Directors
Antonio 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 the Antonio 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, 2020, in accordance with auditing standards generally accepted in the United States 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 February 26, 2021.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide the Board of Directors (the Board or those charged with governance) with additional information regarding the scope and results of the audit that may assist the Board (or those charged with governance) in overseeing the financial reporting and disclosure processes which the management of the Authority is responsible. We summarize these required communications as follows:

Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)

The financial statements are the responsibility of the Authority's management. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting.

Auditors' Responsibilities under US GAAS and GAGAS, continued

Our audit included 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 Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

As part of our audit, we considered the Authority's internal control over financial reporting as a basis for designing audit procedures that were appropriate in the circumstances.

As described in our engagement letter dated November 5, 2019, the objective of a financial statement audit performed in accordance with US GAAS and GAGAS is as follows:

1. To express an opinion on whether the basic financial statements of the Authority are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. To conduct an audit in accordance with the Single Audit Act Amendments of 1996 and the provisions of Title 2 U.S Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express an opinion on compliance for each major program and to render the required reports.
2. To provide a report on internal control over financial reporting related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements and other matters, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*. We did not perform sufficient procedures to render an opinion on internal control over financial reporting nor on compliance with provisions of laws, regulations, contracts or grant agreements and other matters, and therefore, we did not express such an opinion.
3. To report on the fairness of the schedule of expenditures of federal awards when considered in relation to the financial statements as a whole. We also will report on internal control related to major programs and provide an opinion on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and the Uniform Guidance.

The Adoption of, or a Change in Significant Accounting Policies

We determined that the Board is informed about the initial selection of, and any changes in significant accounting principles or their application when the accounting principle or its application, including alternative methods of applying the accounting principle, has a material effect on the financial statements.

Auditor's Judgments about the Quality of the Authority's Accounting Principles

We discussed our judgments about the quality, not just the acceptability, of the Authority's accounting principles as applied in its financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and related disclosures.

Sensitive Accounting Estimates

Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.

We determined that the Board is 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 valuation of investments.
- Determining the adequacy of the recorded valuation of receivables, including the need for any reserve.
- Determining useful lives in the calculation of depreciation expense.
- Determining assumptions utilized in measuring pension and other employee-related reserves and related costs for financial accounting purposes.

Material Corrected Misstatements

As a result of our audit procedures, material misstatements were brought to the attention of management and were corrected during the current period (see Appendix A – *Summary of Corrected Misstatements*). During our audit, several post-closing journal entries were recorded while we were conducting our fieldwork.

Uncorrected Misstatements Considered by Management to be Immaterial

Certain uncorrected misstatements accumulated by us (i.e. adjustments either identified by us or brought to our attention by management) were identified during the audit and pertaining to the latest period presented, which were determined by the Authority's management to be immaterial, both individually and in the aggregate, to the financial statements as a whole (see Appendix B – *Summary of Uncorrected Misstatements*).

Other Information in Documents Containing the Audited Financial Statements

We reviewed the Management's Discussion and Analysis and other supplementary schedules to the financial statements to ensure consistency with the audited financial statements.

Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants regarding any significant auditing and accounting matters during the fiscal year ended September 30, 2020.

Disagreements with Management on Financial Accounting and Reporting Matters

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

Major Issues Discussed with Management Prior to Retention

There were no major accounting issues discussed with the Authority's management prior to our retention.

Methods of Accounting for Significant Unusual Transactions and for Controversial or Emerging Issues

We are not aware of any significant unusual transactions recorded by the Authority, or of any significant accounting policies used by the Authority related to controversial or emerging areas for which there is lack of authoritative guidance.

Serious Difficulties Encountered in Dealing with Management in Performing the Audit

There were no serious difficulties encountered in dealing with management in performing the audit.

Fraud and Illegal Acts

We are not aware of any matters that require communication. Furthermore, the Authority's management has represented to us that they were not aware of any fraud or illegal acts for the period from October 1, 2019 to February 26, 2021 (see Appendix C – *Management's Representation Letter*).

Control Related Matters

We did not identify any findings relating to the Authority's internal control over financial reporting.

We have communicated to management, in a separate letter also dated February 26, 2021, certain deficiencies and other matters related to the Authority's internal control over financial reporting that we identified during the audit.

Management's written responses to our comments have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

Independence

We are not aware of any relationships between Ernst & Young and our related entities, and the Authority, or any other matters that in our professional judgment, may reasonably be thought to bear on our independence.

We confirm that we are independent with respect to the Authority within the meaning of the applicable published rules and pronouncements, its interpretations and rulings.

Engagement team's involvement with preparation of the financial statements

Under GAS 2011 Revision, 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 who possesses suitable skill, knowledge or experience and that the individual understands 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:

- The preparation of the financial statements is based on the Authority's trial balance with our understanding that the Authority's underlying books and records are maintained by the Authority's accounting department and that the final trial balance prepared by the Authority is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the Authority.
- The Authority's Controller has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

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

Our responsibility, any procedures performed and the results relating to other information in documents containing audited financial statements

In the event that the Authority issues an Annual Report or other documentation that includes the audited financial statements, you will be required to have the other information in the Authority's Annual Report be reviewed by us. Material inconsistency or knowledge of a material misstatement of fact, if any, will be discussed with the management and to the Board of Trustees, if deemed necessary.

This report is intended solely for the use of the Authority's board of directors and management, 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,

Ernst + Young LLP

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

Appendix

A – Summary of Corrected Misstatements

B – Summary of Uncorrected Misstatements

C – Management's Representation Letters

A – Summary of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: A.B. Won Pat International Airport Authority, Guam

Period ended: 30-Sep-2020

Currency: USD

| Corrected misstatements | | Analysis of misstatements Debit/(Credit) | | | | | | | |
|-------------------------|----------|---|----------------|--------------------|---------------------|-------------------------|-------------------|----------------------------------|---|
| No. | W/P ref. | Account | Assets Current | Assets Non-current | Liabilities Current | Liabilities Non-current | Equity components | Effect on the current period OCI | Income statement effect of the current period |
| | | (misstatements are recorded as journal entries with a description) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) Non taxable |
| RJE01 | VD0320 | To reclassify expenses to proper account | | | | | | | |
| | | Personnel Services | | | | | | | 2,472,087.00 |
| | | Contractual Services | | | | | | | 308,656.00 |
| | | Material & Supplies | | | | | | | 297,624.00 |
| | | Non-recurring expenses | | | | | | | (3,078,367.00) |
| AJE01 | P0400 | To record the adjustment to pension amounts based on the September 30, 2019 audited pension schedules | | | | | | | |
| | | Non-operating (income) expense: Other (income) expense | | | | | | | 53,047.00 |
| | | Operating costs and expenses: Personnel services | | | | | | | (53,047.00) |
| AJE02 | P0600 | To adjust the OPEB balances based on the audited actuarial reports of KMS for Plan year ended September 30, 2019. | | 12,794,451 | | (466,590) | | | |
| | | Deferred Outflow - OPEB | | 12,794,451 | | (466,590) | | | |
| | | Deferred Inflow - OPEB | | | | (466,590) | | | |
| | | Total collective OPEB liability | | | | (18,395,773) | | | |
| | | Other Income (expense) - OPEB Expense | | | | | | | 6,067,912 |
| AJE03 | Q0110 | To derecognize debts defeased in substance | | | | 9,430,000 | | | |
| | | Current portion of Long-term bonds payable | | | | 9,430,000 | | | |
| | | Long-term bonds payable, net | | | | 9,900,000 | | | |
| | | Long-term bonds payable, net Premium | | | | 343,000 | | | |
| | | Deferred Outflow of Resources: Refundings | | 690,098 | | | | | |
| | | Investments and cash with trustees, restricted | | | (19,942,779) | | | | |
| | | Interest Expense | | | | | | | (420,319) |
| AJE04 | Q0110 | To amortize deferred outflows from refundings | | | | | | | |
| | | Interest Expense | | | | | | | 126,518 |
| | | Deferred Outflow of Resources: Refundings | | (126,518) | | | | | |



A – Summary of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: A.B. Won Pat International Airport Authority, Guam

Period ended: 30-Sep-2020

Currency: USD

| Corrected misstatements | | Analysis of misstatements Debit/(Credit) | | | | | | | | |
|--|----------|--|----------------|--------------------|---------------------|-------------------------|-------------------|----------------------------------|---|-------------|
| No. | W/P ref. | Account | Assets Current | Assets Non-current | Liabilities Current | Liabilities Non-current | Equity components | Effect on the current period OCI | Income statement effect of the current period | |
| (misstatements are recorded as journal entries with a description) | | | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Non taxable |
| AJE08 | Q0110 | To derecognize interest payable for defeased debts | | | | | | | | |
| | | General revenue bonds, accrued 2013 Bonds | | | 483,250 | | | | | |
| | | 90.9331.13BND Interest Expense-2013 | | | | | | | (483,250) | |
| RJE02 | | To reclassify amounts received not related to PFC as unrestricted cash | | | | | | | | |
| | | Cash and cash equivalents - unrestricted | 6,615 | | | | | | | |
| | | Passenger facility charge cash | (6,615) | | | | | | | |
| Total of corrected misstatements before income tax | | | 0 | 13,358,031 | (19,459,529) | 810,637 | 0 | 0 | 5,290,861 | |
| Financial statement amounts | | | 10,547,485 | 603,044,441 | (39,348,371) | (293,931,455) | (280,312,100) | | 4,448,408 | |
| Effect of corrected misstatements on F/S amounts | | | 0.0% | 2.2% | 49.5% | -0.3% | 0.0% | | 118.9% | |

Concurrence:

The above adjustments have been discussed with us and we agree to record them.


 John M. Qbintata, Executive Manager


 John A. Rios, Comptroller

B – Summary of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: A.B. Won Pat International Airport Authority, Guam Period Ended: 30-Sep-2020 Currency: USD

| Uncorrected misstatements | | Analysis of misstatements Debit/(Credit) | | | | | | | | | | Income statement effect of the prior period | |
|--|----------|--|---|-------------------------|-------------------------|-------------------------|-------------------|----------------------------------|---|----------------|-----------------------------|---|-----------|
| No. | W/P ref. | Account (Note 1) | Assets Current | Assets Non-current | Liabilities Current | Liabilities Non-current | Equity components | Effect on the current period OCI | Income statement effect of the current period | | Prior period Debit/(Credit) | Non taxable | |
| (misstatements are recorded as journal entries with a description) | | | Debit/(Credit) (Note 2) | Debit/(Credit) (Note 2) | Debit/(Credit) (Note 2) | Debit/(Credit) (Note 2) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Debit/(Credit) | Non taxable | |
| Factual misstatements: | | | | | | | | | | | | | |
| PY SAD | | To record additional capitalized interest on CIP projects at September 30, 2019. | | | | | | | | | | | |
| | | Interest expense | | | | | | | | | (292,629) | X | |
| Judgmental misstatements: | | | | | | | | | | | | | |
| SAD01 | UA0200 | To record provision for AR allowance | | | | | | | | | | | |
| | | Provision for AR allowance | | | | | | | | | | | |
| | | AR Allowance | (52,000) | | | | | | | | | | |
| Total of uncorrected misstatements before income tax | | | (52,000) | 0 | 0 | 0 | 0 | 0 | 0 | 52,000 | (292,629) | | |
| Total of uncorrected misstatements | | | (52,000) | 0 | 0 | 0 | 0 | 0 | 0 | 52,000 | (292,629) | | |
| Financial statement amounts | | | 10,547,485 | 603,044,441 | (39,348,371) | (293,931,455) | (280,312,100) | | | 4,448,408 | (3,272,224) | | |
| Effect of uncorrected misstatements on F/S amounts | | | -0.5% | 0.0% | 0.0% | 0.0% | 0.0% | | | 1.2% | 8.9% | | |
| We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule, 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 as a whole. | | | Memo: Total of non-taxable items (marked 'X' above) | | | | | | | | | 0 | (292,629) |
| | | | Uncorrected misstatements before income tax | | | | | | | 1.2% | 52,000 | (292,629) | |
| | | | Less: Tax effect of misstatements at current year marginal rate | | | | | | | 0% | 0 | 0 | |
| | | | Uncorrected misstatements in income tax | | | | | | | | 0 | 0 | |
| | | | Cumulative effect of uncorrected misstatements after tax but before turnaround | | | | | | | 1.2% | 52,000 | (292,629) | |
| | | | Turnaround effect of prior period uncorrected misstatements | | | | | | | | | | |
| | | | All factual and projected misstatements: | | | | | | | After tax | 292,629 | 292,629 | |
| | | | Judgmental misstatements (Note 3): | | | | | | | | 0 | 0 | |
| | | | Cumulative effect of uncorrected misstatements, after turnaround effect | | | | | | | 7.7% | 344,629 | (292,629) | |
| | | | Current year income before tax | | | | | | | | 4,448,408 | | |
| | | | Current year income after tax | | | | | | | | 4,448,408 | | |


 John M. Quinata, Executive Manager


 John A. Rios, Comptroller





February 26, 2021

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

In connection with your audits of the basic financial statements of the Antonio B. Won Pat International Airport Authority, Guam (the Authority) as of September 30, 2020 and 2019 and for the periods 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 respective changes in financial position and cash flows, thereof in conformity with US generally accepted accounting principles.

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 November 5, 2019, for the preparation and fair presentation of the financial statements (including disclosures) in conformity with US generally accepted accounting principles (US GAAP) applied on a basis consistent with that of the preceding periods.

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:

- 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



AMERICAN ASSOCIATION
OF AIRPORT EXECUTIVES



NASAO
National Association of State Aviation Officials



C – Management’s Representation Letters, continued

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

February 26, 2021

- Unrestricted access to persons within the Authority from whom you determined it necessary to obtain evidence

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.

There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements 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 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 taken timely and appropriate steps to remedy fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported.

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

From April 23, 2020 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, 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 impact to the financial statements, in each case or in the aggregate.

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 and material weaknesses in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2020.

C – Management’s Representation Letters, continued

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

February 26, 2021

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements (including those related to supplementary information), summarized in the accompanying schedules, 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 as a whole and to the supplementary information.

Minutes and contracts

The dates of meetings of shareholders, directors, committees of directors and important management committees from October 1, 2019 to February 26, 2021 are as follows:

| <u>Date Meeting</u> | <u>Type</u> |
|---------------------|----------------------|
| October 11, 2019 | Special |
| November 12, 2019 | Regular |
| January 17, 2020 | Regular |
| January 30, 2020 | Regular |
| February 27, 2020 | Regular |
| March 11, 2020 | Special |
| March 16, 2020 | Reconvened - Special |
| April 23, 2020 | Regular |
| June 2, 2020 | Regular |
| June 15, 2020 | Special |
| June 18, 2020 | Reconvened - Special |
| June 26, 2020 | Regular |
| July 30, 2020 | Regular |
| August 27, 2020 | Regular |
| September 24, 2020 | Regular |
| October 29, 2020 | Regular |
| November 24, 2020 | Regular |
| December 29, 2020 | Regular |
| January 28, 2021 | Regular |

We have made available to you all minutes of the meetings of shareholders, directors and committees 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.

C – Management’s Representation Letters, continued

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

February 26, 2021

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 making 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 statements 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.

Ownership and pledging of assets

Except for properties capitalized under capital leases, the Authority has satisfactory title to all assets appearing in the statements 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 except as disclosed in the financial statements. All assets to which the Authority has satisfactory title appear in the statements of net position (except assets leased to others under sales-type leases).

Receivables and revenues

Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the statement of net position dates, goods shipped on consignment, or other types of arrangements not constituting sales. 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 dates in respect of any sales and services rendered prior to those dates and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at those dates.

We have disclosed to you all sales terms (both expressed and implied), including all rights of return or price adjustments and warranty provisions. We have made available to you all significant contracts, communications (either written or oral), and other relevant information pertaining to arrangements with our customers, including distributors and resellers.

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.

C – Management’s Representation Letters, continued

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

February 26, 2021

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 methodologies 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.

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 62 other than those disclosed in the financial statements.

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 concerning investigations or allegations of noncompliance with laws

C – Management’s Representation Letters, continued

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

February 26, 2021

or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could have a material effect on 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 generally accepted accounting principles other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB 62 – as amended.

Oral or written guarantees

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

Purchase commitments

At September 30, 2020 and 2019, the Authority had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2020 and 2019 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Fraud

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 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 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 disclosed to you all 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 Authority.

Independence

We have communicated to you the names of all the Authority’s affiliates, officers and directors.

We are not aware of any reason that Ernst & Young LLP would not be considered to be independent for purposes of the Authority’s audits.

C – Management’s Representation Letters, continued

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

February 26, 2021

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.

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 codifications provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 84
- GASB Statement No. 87
- GASB Statement No. 89
- GASB Statement No. 90
- GASB Statement No. 91
- GASB Statement No. 92
- GASB Statement No. 93
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 97

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.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the management’s discussion and analysis on pages 4 through 25, schedule of proportionate share of net pension liability on pages 78, 80 and 82, the schedule of contributions on pages 79, 81, 83 and 85 and the schedule of proportionate share of other postemployment benefits liability on page 84, 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 ratios related to GASB statement No. 73 is not significant. The required information is combined with schedules required under GASB Statement No. 68.

We have omitted the Schedule of Funding Progress and Actuarial Accrued Liability – Post Employment Benefits Other Than Pension that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. We understand the missing information, although not a part of the basic financial statements is required by the Governmental

C – Management’s Representation Letters, continued

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

February 26, 2021

Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

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
- Schedule 17 - Employee Data

We believe the supplementary information, including its form and content, is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 2020, 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.

C – Management’s Representation Letters, continued

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

February 26, 2021

Other Representations

- We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds
- We have identified and disclosed to you violations (and possible violations) of laws, regulations and provisions of contracts and grant agreements with effects that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- We have followed applicable laws and regulations in adopting, approving and amending budgets, debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54—as amended.
- Components of net position (net investments in capital assets, restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Special and extraordinary items are appropriately classified and reported.
- Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.
- Investments are properly valued.
- Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated.

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 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.

Subsequent events

Subsequent to September 30, 2020, 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.

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C – Management’s Representation Letters, continued

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

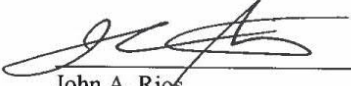
February 26, 2021

We understand that your audits were conducted in accordance with auditing standards generally accepted in the United States 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, and were, 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



John A. Rios
Comptroller



February 26, 2021

Ernst & Young LLP
Ernst & Young Building
231 Ypao Road, Suite 201
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, 2020, 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.



AMERICAN ASSOCIATION
OF AIRPORT EXECUTIVES



AIR TRANSPORT
ASSOCIATION



NASAO
National Association of State Aviation Officials



THE INTERNATIONAL AIR CARGO ASSOCIATION

C – Management’s Representation Letters, continued

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 of 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, 2020.
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.

C – Management’s Representation Letters, continued

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.
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 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 programs. We have disclosed to you all 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 passenger facility charge program.
16. The summary schedule of prior audit findings are 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, 2020 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, 2020.
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, 2020.
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, 2020.

C – Management’s Representation Letters, continued


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:


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



John A. Rios
Comptroller



February 26, 2021

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

We are providing this letter in connection with your audit of the federal award programs of the Antonio B. Won Pat Airport Authority, Guam (the “Authority”) as of and for the year ended September 30, 2020, 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, 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 compliance requirements 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.
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 2020 OMB Compliance Supplement.



C – Management’s Representation Letters, continued

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 establishing and maintaining, and have established 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 disclosed to you that there are no instances of 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.
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, 2020.
14. We have charged costs to federal awards in accordance with applicable cost principles.

C – Management’s Representation Letters, continued

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 programs and 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 all 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. 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 Uniform Guidance.
21. The reporting package does not contain protected personally identifiable information.
22. 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.
23. 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.
24. 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, 2020 to the date of this letter.
25. 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, 2020.

C – Management’s Representation Letters, continued

26. 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, 2020.
27. 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, 2020.
28. 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.

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:

29. We have resolved any audit findings and recommendations directed to us and have a process to track their status.
30. 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.
31. We have provided views on your reported findings, conclusions and recommendations, as well as management’s planned corrective actions, for the report.

Corrective action plan

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.

C – Management’s Representation Letters, continued

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, 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, in all material respects, administered each of its major federal programs in compliance with federal statutes, regulations, and the terms and conditions of federal awards, noncompliance with which could have a direct and material effect on the 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



John A. Rios
Comptroller