

Management Letter

Port Authority of Guam

(A Component Unit of the Government of Guam)

Year ended September 30, 2022





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

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

August 25, 2023

The Board of Directors
Port Authority of Guam
1026 Cabras Highway Suite 201
Piti, Guam 96915

In planning and performing our audit of the financial statements of the Port Authority of 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

During our audit, we noted the following deficiencies in internal control (as described above) and other matters:

Census Data

Observation:

The test of census data for other post-employment benefit liability resulted in discrepancy of 3 employees having incorrect gender and 1 employee with inconsistent date of birth.

Recommendation:

We recommend management to timely update the employee information and review the census data prior to the submission to the Department of Administration.

General Reserve Fund Account

Observation:

Cash balance related to the General Reserve Fund created by board resolution was classified as restricted asset with a corresponding restricted net position for debt service. Government Accounting Standards Board Codification 2220.119 states that restricted assets are reported when constraints are placed on its use either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Management has addressed this matter.

Recommendation:

We recommend management to ensure proper classification of its assets based on its restrictions and purposes.

This communication is intended solely for the information and use of management and the Board of Directors of the Authority, others within the organization, and the Guam Office of Public Accountability, and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Ernst + Young LLP