

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

Republic of the Marshall Islands

Year Ended September 30, 2022



June 4, 2025

Management and Those Charged with Governance
Republic of the Marshall Islands

We have performed an audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Republic of the Marshall Islands (RepMar) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise RepMar's basic financial statements, 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 June 4, 2025.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide those charged with governance with additional information regarding the scope and results of the audit that may assist those charged with governance in overseeing the financial reporting and disclosure processes for which the management of RepMar is responsible.

Overview of the planned scoped and timing of the audit

Our audit scope and timing are consistent with the plan communicated in our audit engagement agreement dated March 27, 2023 and at our audit planning meeting with management.

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

The financial statements, required supplementary information and supplementary information are the responsibility of RepMar's management as prepared with the oversight of those charged with governance. 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.

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 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.

Our responsibilities are included in our audit engagement agreement.

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

Our audit strategy is consistent with the plan communicated during the March 2023 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 RepMar's ability to continue as a going concern.

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

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

Management has not selected or changed any significant policies or changed the application of those policies in the current year other than the adoption of Government Accounting Standards Board Statement No. 87 – *Leases* as disclosed in Note 1 of the basic financial statements.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 1 of the basic financial statements.

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 RepMar's operations. These budgets include determining how existing financial resources will be used in RepMar's operations.
- Determining the adequacy of the allowance for accounts receivable.
- Determining the assumptions used in measuring significant accounting estimates for financial reporting purposes.

Related party relationships and transactions

We noted no significant matters regarding RepMar'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 RepMar.

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

There were no difficult or contentious matters that required consultation outside of the audit team.

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

We have identified material weaknesses and significant deficiencies in the internal control during the course of our audit which have been included in our separately issued report of RepMar's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, dated June 4, 2025.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Independence matters

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

New accounting pronouncements

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102

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 RepMar'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 RepMar 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

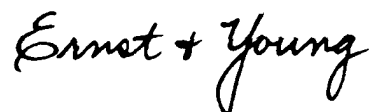
Under GAS 2018 Revisions, Chapter 3 General Standards, Paragraph 3.37 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should 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:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- The preparation of the financial statements is based on RepMar's trial balance with our understanding that RepMar's underlying books and records are maintained by RepMar's accounting department and that the final trial balance prepared by RepMar is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of RepMar.
- RepMar's Secretary of Finance, Banking and Postal Services has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

This communication is intended solely for the information and use of RepMar's management and the Office of the Auditor-General, 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,



Appendix

A – Management Representations Letter

A – Management Representations Letter



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

June 4, 2025

Ernst & Young (RMI), Inc.
NAPA Building
P.O. Box 1288
Majuro, MH 96960

In connection with your audit of the basic financial statements of the Republic of the Marshall Islands (RepMar) 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 respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of RepMar and the respective changes in financial position 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 March 27, 2023, 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.

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.



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Majuro, MH 96960



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A – Management Representations Letter, continued

Management's responsibilities, continued

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
- Unrestricted access to persons within RepMar 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 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 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 RepMar's books.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements (including those related to supplementary information), summarized in Appendix B, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. In addition, to the extent that uncorrected misstatements (including those related to supplementary information) have been subsequently identified in the current period that affect prior period financial statements, we have evaluated the effect of correcting prior period financial statements and believe that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit and supplementary information.

A – Management Representations Letter, continued

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.

Minutes and contracts and internal audit reports

We have made available to you all Cabinet Minutes of the meetings of RepMar's Cabinet 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.

We have also made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

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.

Ownership and pledging of assets

Except for right-of-use assets recognized in accordance with GASB Statement No. 87, RepMar 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 RepMar has satisfactory title appear in the statement of net position.

A – Management Representations Letter, continued

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.

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements of 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.

A – Management Representations Letter, continued

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 RepMar'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 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 other than those disclosed or accrued in the financial statements.

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 other than those disclosed or accrued in 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 other than those accrued or disclosed in the financial statements, 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.

Purchase commitments

At September 30, 2022, RepMar 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, 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

A – Management Representations Letter, continued

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that RepMar’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 disclosed to you all significant facts relating to any frauds or suspected frauds, or allegations of fraud known to us that may have affected RepMar (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), whether involving management or employees who have significant roles in internal control. Similarly, we have disclosed to you our knowledge of frauds or suspected frauds affecting the entity involving others where the fraud could have a material effect on the financial statements. We have also disclosed to you all information in relation to any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the financial statements.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

Independence

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

We are not aware of any business relationship between RepMar 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 RepMar’s audit.

Conflicts of interest

There are no instances where any officer or employee of RepMar an interest in an organization with which RepMar has done business with that would be considered a “conflict of interest.”- Such an interest would be contrary to RepMar policy.

A – Management Representations Letter, continued

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

RepMar 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.

Retirement benefits

We have disclosed to you all significant retirement 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.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the Management's Discussion and Analysis, and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, and notes thereto, 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.

A – Management Representations Letter, continued

Other supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the “Other Supplementary Information”):

- Governmental Funds - Combining Schedule of Expenditures By Account
- Governmental Funds - Combining Schedule of Revenues
- General Fund - Combining Balance Sheet
- General Fund - Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
- Grants Assistance Fund - Combining Balance Sheet
- Grants Assistance Fund - Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances
- Nonmajor Governmental funds: Special Revenue Funds - Combining Balance Sheet
- Nonmajor Governmental funds: Special Revenue Funds - Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
- Fiduciary Funds: Private Purpose Trust Funds - Combining Statement of Fiduciary Net Position
- Fiduciary Funds: Private Purpose Trust Funds - Combining Statement of Changes in Fiduciary Net Position
- Fiduciary Funds: Custodial Funds - Combining Statement of Fiduciary Net Position
- Fiduciary Funds: Custodial Funds - Combining Statement of Changes in Fiduciary Net Position
- Nonmajor Component Units - Combining Statement of Net Position
- Nonmajor Component Units - Combining Statement of Revenues, Expenses, and Changes in Net Position
- Compact of Free Association Sector Grants - Combining Balance Sheet
- Compact of Free Association Sector Grants - Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances

We believe the other 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 other supplementary information from those used in the prior period.

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

A – Management Representations Letter, continued

Additional representations

- We recognize that we are responsible for RepMar’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.
- 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 noncompliance with provisions of laws, regulations, and contracts or grant agreements, that you have reported.
- 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, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the financial statements.
- We have followed all applicable laws and regulations in adopting, approving and amending budgets, deposits and investments, including collateral requirements on depository accounts and investments.
- The financial statements include all fiduciary activities as required by GASB Statement No.84.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54 - as amended.
- All funds that meet the quantitative criteria in GASB Statement No. 34, as amended and GASB Statement No. 37, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable fund balance, and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.
- Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.

A – Management Representations Letter, continued

Additional representations, continued

- Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.
- Capital assets are properly capitalized, reported and, if applicable, depreciated.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.
- We are following either our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or are following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
- RepMar has obligated, expended, received and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Marshall Islands or federal law. Such obligation, expenditure, receipt or use of public funds was in accordance with any limitations, conditions or mandatory directions imposed by Marshall Islands or federal law.
- Money or similar assets handled by RepMar on behalf of the U.S. Federal Government have been properly and legally administered and the accounting and recordkeeping related thereto is proper, accurate and in accordance with law.
- Subsequent events have been evaluated and classified as recognized or not recognized through the date of this letter.
- RepMar has no asset retirement obligations associated with tangible capital assets in accordance with GASB Statement No. 83, Certain Retirement Obligations.
- 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.

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,
- 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.

A – Management Representations Letter, continued

Other matters, continued

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 RepMar's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, and changes in financial position and, where applicable, of RepMar.

We understand that your audit was 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 audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of RepMar 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,



Ayako Yamaguchi-Eliou
Secretary

A – Management Representations Letter, continued

Appendices

A – Schedule of Corrected Misstatements

B – Schedule of Uncorrected Misstatements

A – Management Representations Letter, continued

APPENDIX A – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: REPIMAR - Government Wide

Period ended: 30-Sep-2022

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
AJE 1	A4.6, AJEs tab	To correct balance of loan payable to ICDF								
	Q 01	Amount to be provided					67 033			
		ICDF loans payable			(67 033)					
AJE 2	A4.6, AJEs tab	To correct balance of loan payable to MIDB								
	Q 01	MIDB loans payable			1 690 846					
		Amount to be provided					(1 690 846)			
AJE 3	A4.6, AJEs tab	To correct interest payable - ADB loans								
	Q 01	Accrued interest payable			65 234					
		Amount to be provided					(65 234)			
AJE 4	A4.6, AJEs tab	To adjust ADB loans payable for SDR currency exchange gain								
	Q 01	ADB loans payable			4 959 567					
		Amount to be provided					(4 959 567)			
AJE 5	A4.6, AJEs tab	To correct annual leave payable								
	Q 01	Amount to be provided					409 990			
		Accrued vacation leave			(409 990)					
AJE 6	A4.6, AJEs tab	To correct capital assets for invalid addition pertaining to Lib Islands boat pass and dock project								
	K.02.1	AccDep - Docks, roads and bridges		85 540						
		Net investment in capital assets					1 197 564			
		Docks, roads and bridges		(1 283 104)						
AJE 7	LRE-B.1	To record initial GASB 87 lease assets and liabilities								
	RTU1	RTU assets	30 514 040							
	RTU4	Investment in RTU assets					(30 514 040)			
	RTU5	Lease liabilities			(30 514 040)					
	RTU6	Amount to be provided-RTU assets					30 514 040			
AJE 8	LRE-B.1	To record amortization of GASB 87 lease assets and reduce lease liabilities								
	RTU3	Amortization expense							1 539 174	
	RTU2	Accumulated amortization	(1 539 174)							
	RTU5	Lease liabilities			1 501 383					
	RTU6	Amount to be provided-RTU assets					(1 501 383)			
Total of corrected misstatements before income tax			28 974 866	(1 197 564)	(22 774 034)	0	(6 542 442)	0	1 539 174	
Financial statement amounts			300 682 750	0	(106 084 576)	0	(204 167 087)		9 568 915	
Effect of corrected misstatements on F/S amounts			9.6%	0.0%	21.5%	0.0%	3.2%		16.1%	

A – Management Representations Letter, continued

APPENDIX A – Schedule of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: REPMA - General Fund

Period ended: 30-Sep-2022

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
A/E # 1	A4 1a	To correct PSS Education Fund beginning fund balance								
	PSS-92041	Fund Balance					234,294			
	PSS-02002	Encumbrances					538,742			
	PSS-02001	Accounts payable			(773,036)					
A/E # 2	A3 2d	To reconcile beginning fund balance for 200090								
	200090-92040	FUND BALANCE-UNDESIGNATED					1,227			
	200090-60010	ACCRUED WAGES PAYABLE			(1,227)					
A/E #3		To partially reverse JV G22-404H and correct beginning fund balance								
	100100-10000	EQUITY IN TREASURY	1,830				(1,830)			
	100100-92040	FUND BALANCE-UNDESIGNATED								
	800405-07505	FOREIGN OPERATING GRANTS							1,027	X
	800405-10000	EQUITY IN TREASURY	21,785							
	800405-92040	FUND BALANCE-UNDESIGNATED					(22,812)			
	950000-75100	DTF GENERAL FUND			(1,830)					
	950000-75405	DTF ADB CAPITAL PROJ FUND			(21,784)					
	950000-75415	CMPT II EBEYE SPEC NEEDS	8,623							
	950000-75416	DTF CMPT II KWAIJ IMPACT			(16,782)					
	950000-75530	DTF CMPT II INFRASTRUCTUR	31,693							
A/E #4	IA.00	To reconcile interfund								
	950000-75337	DTF EPA Fund	97,996							
	950000-75111audit	DTF Disaster Assistance Fund			(97,996)					
A/E #6	UE1.01.2	To record subsidy expenditure and income tax revenue								
	100100-02345	Subsidies & Contribution							679,482	X
	100100-06040	Immovable Property Tax							(679,482)	X
A/E #7	VE1.01.2	To record receivable due to MIDB as of 9/30/2022 for unspent funding awarded for Senior Citizens Housing Support Project								
	100100-22035audit	Adv to MIDB-Project	992,000							
	100100-01520	Contractual Services							(992,000)	X
A/E #8	A4 7	To reverse G22-409H and correct impact on interfund balances								
	100100-06350	Other Sales & Charges Service							518,442	X
	100100-10000	Equity in Treasury			(518,442)					
	950000-75100	DTF General Fund	518,442							
	950000-75360	DTF Non US Fed & Other Grants			(518,442)					
Total of corrected misstatements before income tax			1,672,369	0	(1,949,459)	0	749,621	0	(472,531)	
Financial statement amounts			60,942,279	0	(34,112,198)	0	(31,790,825)		4,960,744	
Effect of corrected misstatements on F/S amounts			2.7%	0.0%	5.7%	0.0%	-2.4%		-9.5%	

A – Management Representations Letter, continued

APPENDIX A – Schedule of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: REPIMAR - Grants Assistance Fund

Period ended: 30-Sep-2022

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
AJE 1 To partially reverse JV G22-404H and correct beginning fund balance										
410150-10000		EQUITY IN TREASURY			(8,623)					
410160-07030		CMPTCT II 211A 1 ESN							84,186	X
410150-92040		FUND BALANCE-UNDESIGNATED					(75,563)			
410160-10000		EQUITY IN TREASURY	249,472							
410160-07035		CMPTCT II 211A 2 KWAI IMP							(126,997)	X
410160-02750		OTHER CHARGES & EXPENSES							110,295	X
510100-10000		EQUITY IN TREASURY			(435,565)					
510100-07050		CMPTCT II REVENUE							31,304	X
510100-02750		OTHER CHARGES & EXPENSES							12,874	X
510100-92040		FUND BALANCE-UNDESIGNATED					(12,484)			
510110-10000		EQUITY IN TREASURY	171,101							
AJE 2 A3 2d To reconcile beginning fund balance										
410100-07005		CMPTCT II 211A EDUC SECTO							203,639	X
410100-92040		FUND BALANCE-UNDESIGNATED					(203,639)			
410110-07010		CMPTCT II 211A HEALTH SCT							55,892	X
410110-92040		FUND BALANCE-UNDESIGNATED					(55,892)			
410150-07030		CMPTCT II 211A 1 ESN							266,047	X
410150-92040		FUND BALANCE-UNDESIGNATED					(266,047)			
410170-07040		CMPTCT II 211A3 KWAI ENV							34,709	X
410170-92040		FUND BALANCE-UNDESIGNATED					(34,709)			
AJE 4 To reverse G22-223W										
510100-21012		A/R - COMPACT	27,711							
510100-92040		FUND BALANCE-UNDESIGNATED					(27,711)			
AJE 5 A4.7 To reverse G22-409H										
700360-10000		Equity in Treasury	518,442							
700360-92040		Fund Balance-Undesignated					(518,442)			
AJE 6 UE2 03a To recognize deferred revenue and correct grant revenue- GCF/UNEP Project										
700360-07505		FOREIGN OPERATING GRANTS							1,299,098	X
700360-55060		DEFERRED REVENUE			(1,299,098)					
AJE 7 A3 09 To record GASB33 World Bank Grant Revenue										
700200-24020		A/R - OTHER	968,276							
700200-07505		FOREIGN OPERATING GRANTS							(968,276)	X
Total of corrected misstatements before income tax			1,935,002	0	(1,743,285)	0	(1,194,487)	0	1,002,771	
Financial statement amounts			40,391,343	0	(26,937,362)	0	(14,212,671)		(141,310)	
Effect of corrected misstatements on F/S amounts			4.8%	0.0%	6.7%	0.0%	8.4%		-709.6%	

A – Management Representations Letter, continued

APPENDIX A – Schedule of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: REPIMAR - Compact Trust Fund			Period ended: 30-Sep-2022				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
AJE # 1	H.02	To correct Compact Trust Fund investment balance								
		Trust Fund investments	395,120							
		Trust Fund - other (income)/expense							(395,120)	
Total of corrected misstatements before income tax			395,120	0	0	0	0	0	(395,120)	
Financial statement amounts			93,762,150	0	0	0	(109,220,418)		15,458,268	
Effect of corrected misstatements on F/S amounts			0.4%	0.0%	0.0%	0.0%	0.0%	0.0%		-2.6%

A – Management Representations Letter, continued

APPENDIX B – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: REPMMAR - Government Wide

Period Ended: 30-Sep-2022

Currency: USD

Uncorrected misstatements		Account (Note 1) (misstatements are recorded as journal entries with a description)	Assets Current	Assets Non-current	Analysis of misstatements Debit/(Credit)		Equity components	Effect on the current period OCI	Income statement effect of the current period		Income statement effect of the prior period		
No.	W/P ref.		Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Liabilities Current	Liabilities Non-current	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable	
Factual misstatements:													
AS.1 General Fund - Factual misstatements													
	Uncorrected		(373,662)		787,713					(414,931)	X		
AS.2 Grants Assistance Fund - Factual misstatements													
	Uncorrected		(266,556)							266,556	X		
AS.3 Other Governmental Funds - Factual misstatements													
	Uncorrected		133,541							(133,541)	X		
Judgmental misstatements:													
AS.2 Grants Assistance Fund - Judgmental misstatements													
	Uncorrected		(251,660)							251,660	X		
Total of uncorrected misstatements before income tax			(758,467)	0	787,713	0	0	0		(29,256)		0	
Total of uncorrected misstatements			(758,467)	0	787,713	0	0	0		(29,256)		0	
Financial statement amounts			300,682,750		(106,584,578)		(204,187,087)			9,568,915		(35,992,002)	
Effect of uncorrected misstatements on F/S amounts			-0.3%	0.0%	-0.7%	0.0%	0.0%			-0.3%		0.0%	
Memo: Total of non-taxable items (marked "X" above)										(29,256)		0	
Uncorrected misstatements before income tax									-0.3%	(29,256)		0	
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									-0.3%	(29,256)		0	
Turnaround effect of prior period uncorrected misstatements													
All factual and projected misstatements:													
Judgmental misstatements (Note 3):													
Cumulative effect of uncorrected misstatements, after turnaround effect									-0.3%	(29,256)		0	
Current year income before tax										9,568,915			
Current year income after tax										9,568,915			

A – Management Representations Letter, continued

APPENDIX B – Schedule of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity: REPUBLIC - General Fund

Period Ended: 30-Sep-2022

Currency: USD

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)							Income statement effect of the prior period		
No.	WIP ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)	Effect on the current period OCI Debit/(Credit)	Income statement effect of the current period Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable
Factual misstatements:												
SAD01	C.04	To correct understatement of expenditures and revenues due to unrecorded embassy imprest account transactions.										
		Expenditures							455,204	X		
		Revenues-Other							(455,204)	X		
SAD02	E1.01.1	To correct understatement of taxes receivable and tax revenues.										
		Taxes Receivable	181,888									
		Tax Revenues							(181,888)	X		
SAD03	E1.01.2	To reclassify taxes receivable from RepMar										
		Accrued Payroll			555,567							
		Taxes Receivable	(555,567)									
SAD04	5.00	To record general fund tax revenues.										
		Due to/from			232,148							
		Tax revenues							(232,148)	X		
Total of uncorrected misstatements before income tax			(273,662)	0	787,713	0	0	0	(414,031)		0	
Total of uncorrected misstatements			(273,662)	0	787,713	0	0	0	(414,031)		0	
Financial statement amounts			60,342,279	(34,112,195)	(31,790,825)				4,950,744		(2,124,695)	
Effect of uncorrected misstatements on F/S amounts			-0.6%	0.0%	-2.3%	0.0%	0.0%		-8.3%		0.0%	
Memo: Total of non-taxable items (marked "X" above)									(414,031)		0	
Uncorrected misstatements before income tax								-8.3%	(414,031)		0	
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								-8.3%	(414,031)		0	
Turnaround effect of prior period uncorrected misstatements												
All factual and projected misstatements:									After tax		0	
Judgmental misstatements (Note 3):											0	
Cumulative effect of uncorrected misstatements, after turnaround effect								-8.3%	(414,031)		0	
Current year income before tax									4,950,744			
Current year income after tax									4,960,744			

A – Management Representations Letter, continued

APPENDIX B – Schedule of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity:	REFMAR - Grants Assistance Fund	Period ended:	30-Sep-2022	Currency:	USD					
Uncorrected misstatements		Analysis of misstatements Debit/(Credit)								
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	Income statement effect of the prior period
(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)	Non-taxable
										Prior period Debit/(Credit)
										Non-taxable
Factual misstatements:										
SAD 01	UE2 03	To correct overstatement of expenditures and revenues.								
		Expenditures						(328,999)		
		Revenue						328,999		
SAD 02	14 010	To correct payable to Secretary of Finance.								
		Accounts payable			178,447					
		Due to/from			(178,447)					
SAD 04	IE2 00	To provide for doubtful federal grants receivable								
		Expenditures							296,656	X
		Federal grants receivable	(296,656)							
Judgmental misstatements:										
SAD 03	UE2 00	To reverse doubtful DAEF receivable								
		Revenue							251,660	X
		Compact grant receivable	(251,660)							
Total of uncorrected misstatements before income tax			(518,316)	0	0	0	0	0	518,316	0
Total of uncorrected misstatements			(518,316)	0	0	0	0	0	518,316	0
Financial statement amounts			49,391,343		(26,037,362)		(14,212,871)		(141,310)	269,474
Effect of uncorrected misstatements on F/S amounts			-1.3%	0.0%	0.0%	0.0%	0.0%		-366.8%	6.0%
Memo: Total of non-taxable items (marked "X" above)									518,316	0
Uncorrected misstatements before income tax								-366.8%	518,316	0
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								-366.8%	518,316	0
Turnaround effect of prior period uncorrected misstatements									0	0
All factual and projected misstatements:									0	0
Judgmental misstatements (Note 3):									0	0
Cumulative effect of uncorrected misstatements, after turnaround effect								-366.8%	518,316	0
Current year income before tax									(141,310)	
Current year income after tax									(141,310)	

A – Management Representations Letter, continued

APPENDIX B – Schedule of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity:	REPIMAR - OTHER GOVERNMENTAL FUNDS	Period Ended:	30-Sep-2022	Currency:	USD						
Uncorrected misstatements		Analysis of misstatements Debit/(Credit)							Income statement effect of the prior period		
No.	WIP 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)	Non taxable	
Factual misstatements:											
SAD 01 VE4.1 To correct overstatement of the Four Atoll Medical Fund 300612 expenditures											
		ARR 177 health plan	133,541								
		Contractual services							(133,541)		
Total of uncorrected misstatements before income tax			133,541	0	0	0	0	0	(133,541)	0	0
Total of uncorrected misstatements			133,541	0	0	0	0	0	(133,541)	0	0
Financial statement amounts			13,534,424	(4,064,884)	(3,967,336)				497,796	(1,444,621)	
Effect of uncorrected misstatements on F/S amounts			1.0%	0.0%	0.0%	0.0%			-26.8%	0.0%	
Memo: Total of non-taxable items (marked 'X' above)											
Uncorrected misstatements before income tax								-26.8%	(133,541)	0	0
Less: Tax effect of misstatements at current year marginal rate								0%	0	0	0
Uncorrected misstatements in income tax									0	0	0
Cumulative effect of uncorrected misstatements after tax but before turnaround								-26.8%	(133,541)	0	0
Turnaround effect of prior period uncorrected misstatements											
All factual and projected misstatements:											
Judgmental misstatements (Note 3):											
Cumulative effect of uncorrected misstatements, after turnaround effect								-26.8%	(133,541)		
Current year income before tax									497,796		
Current year income after tax									497,796		