The Auditor's Communication With Those Charged With Governance

Majuro Water and Sewer Company, Inc.

(A Component Unit of the Republic of the Marshall Islands)

Year ended September 30, 2021

Ernst & Young (RMI), Inc.
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May 9, 2025

Board of Directors
Majuro Water and Sewer Company, Inc.

We have performed an audit of the financial statements of the Majuro Water and Sewer Company, Inc. (MWSC), a component unit of the Republic of the Marshall Islands, as of and for the year ended September 30, 2021, 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 May 9, 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 the Board of Directors (the Board) with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of MWSC is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter 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 are the responsibility of MWSC'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.

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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 letter.

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

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

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

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

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included in Note 2 of the financial statements.

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

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

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor MWSC's operations. These budgets include determining how existing financial resources will be used in MWSC's operations.
- Evaluating whether there are indicators that the carrying value of MWSC's long-lived assets is impaired.

- Determining the adequacy of the allowance for doubtful accounts and inventory obsolescence.
- Determining the reasonableness of economic useful lives assigned to depreciable assets.

Related party relationships and transactions

A discussion of related party relationships and transactions is included in Note 7 of the financial statements. We noted no significant matters regarding MWSC'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 MWSC.

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

None.

Material corrected misstatements related to accounts and disclosures

Refer to "Management Representations Letter" in Appendix A.

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

Refer to "Management Representations Letter" in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

We have issued our Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated May 9, 2025. In that report, we identified certain deficiencies in internal control that we consider to be material weaknesses.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the July 2023 meeting during the audit.

Independence matters

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

New accounting pronouncements

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

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

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

We are not aware of any matters that require communication.

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

There were no material disagreements with MWSC'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, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

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.

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 MWSC 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.

Engagement team's involvement with preparation of the financial statements

Under *Government Auditing Standards* 2018 Revisions, Chapter 3 General Standards, Paragraph 3.73 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the 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.

- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of MWSC.

- The preparation of the financial statements is based on MWSC's trial balance with our understanding that MWSC's underlying books and records are maintained by MWSC's accounting department and that the final trial balance prepared by MWSC is complete.

- MWSC's Chief Financial Officer has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosure.

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The Board of Directors of
Majuro Water and Sewer Company, Inc.

May 9, 2025

This communication is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ernst + Young

The Board of Directors of
Majuro Water and Sewer Company, Inc.

May 9, 2025

Appendix

A - Management Representations Letter

May 9, 2025

Ernst & Young LLP
Majuro, Marshall Islands
P.O Box 1288, 96960

In connection with your audit of the financial statements of the business-type activities of Majuro Water and Sewer, Inc. (MWSC), a component unit of the Republic of the Marshall Islands, which comprise the statement of net position as of September 30, 2021 and the related statements of revenues, expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position of the business-type activities of MWSC and the changes in financial position and cash flows thereof in conformity with U.S. 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, considering 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.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MWSC's ability to continue as a going concern for one year after the date that the financial statements are issued, and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

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Management's responsibilities, continued

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
- Unrestricted access to persons within MWSC 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, 2020 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, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Governmental entities

We recognize that we are responsible for MWSC's compliance with laws, regulations, and provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to your representatives, all laws and regulations that have 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.

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.

Governmental entities, continued

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, that you have reported.

Corrected misstatements

We agree with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to MWSC's books.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), accumulated by you during the current 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 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.

Internal control

We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting.

Minutes and contracts and internal audit reports

Minutes of the meetings were not made available. There were no matters of significance were discussed by members of Board of Directors during these meetings that required adjustment to, or disclose in, the financial statements of Sep 30, 2021.

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

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

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

Ownership and pledging of assets

MWSC has satisfactory title to all assets appearing in the statements of net position. No security agreements have been executed under the provisions of any law, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which MWSC has satisfactory title appear in the statements of net position.

Receivables and revenues

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

Adequate provision has been made for losses, costs and expenses that may be incurred after the statements of net position date in respect of any accrued contributions receivable rendered prior to that date and for uncollectible accounts 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.

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 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.

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 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, *Contingencies* other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the statement of financial position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62 - as amended.

We have consulted legal counsel concerning litigation, claims or assessments.

Oral or written guarantees

There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

Purchase commitments

As of September 30, 2021, MWSC had no purchase commitments for inventories more than normal requirements or at prices that were more than market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding as of September 30, 2021, as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that MWSC'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 because of fraud.

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

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 MWSC's affiliates, officers and directors.

We are not aware of any capital lease, material cooperative arrangement or other business relationship between MWSC 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 MWSC's audit.

Conflicts of interest

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

Effects of new accounting principles

We have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB), as discussed in Note 2.

- GASB Statement No. 87
- GASB Statement No. 89
- GASB Statement No. 92
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 97

MWSC is therefore unable to disclose the effects that adopting the amendments in the GASB Statements will have on its financial position and the changes in its financial position when such statement is 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 (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

Required supplementary information

Management has elected to omit the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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.

Other representations, continued

- We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.

- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

- 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 revenues, expenses and change in net position.

- Provisions for uncollectible receivables have been properly identified and recorded.

- Capital assets, including infrastructure, 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.

- Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.

Financial statements approval

We have received a draft copy of the financial statements of MWSC as of and for the year ended September 30, 2021. The accuracy and completeness of the financial statements, including footnote disclosures, are the responsibility of the management of MWSC.

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

- MWSC's underlying books and records are maintained by MWSC's accounting department and that the final trial balance prepared by MWSC is complete; and

- Management of MWSC has designated a competent representative to oversee your services and that there are MWSC personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

We acknowledge, that we have reviewed the draft financial statements for accuracy and completeness, and we take responsibility for them.

Subsequent events

Subsequent to September 30, 2021, 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 MWSC'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, where applicable.

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We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and was, therefore, designed primarily for the purpose of expressing an opinion on the financial statements of MWSC 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,

CEO, Damian Capelle

CFO,
Moni Elbon

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: Majuro Water Sewer and Company Period ended: 30-Sep-2021 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 record the payroll accrual for Sep 2021								
	N.00	Salaries and Wages - RMI citiezen	32,815							
	N.00	Salaries and Wages - Overtime RMI citiezen	848							
	N.00	Benefits Missa RMI Citizen	3,871							
	N.00	Benefits Other RMI Citizen	559							
	N.00	Benefits Other ASC	628							
	N.00	Payroll Accrual							(30,979)	
	N.00	Missa Employee W/H Payable							(7,742)	
AJE 2		To reverse the impact of wrong posting related to saltwater improvement								
	K.01	Office Building Repairs							92,165	
	K.01	Buildings & Leasehold		(92,165)						
AJE 3		To record the saltwater improvement in correct accounts								
	K.01	Buildings & Leasehold	92,165							
	K.01	Inventory - Swr		(90,450)						
	K.01	Freight & Handling							(1,074)	
	K.01	Insurance							(641)	
AJE 4		To record Prior year audit adjustment related to Dump truck cost								
	K.01	Machinery and equipment	32,295							
	K.01	Machine value Adjustment							(32,295)	
AJE 5		To capitalize the import taxes to the cost of saltwater improvements								
	K.01	BUILDINGS & LEASEHOLDS	7,373							
	K.01	BUS. LICENSES, FEES & TAXES							(7,373)	

AJE 6		To Rectify the impact of overbooking of Allowance for DA for FY21								
	E.00	ALLOW. FOR DOUBT.-WTR SYS	(269,710)							
	E.00	ALLOW. FOR DOUBT. WTR DELIV	(14,051)							
	E.00	Bad Debts expense							283,761	
AJE 7		To record the negative receiavbles as Deferred revenue								
	E.01	ACCTS. RECEIVABLE WTR SYS	57,828							
	E.01	Deferred Revenue			(57,828)					
AJE 8		To reverse the impact of invalid prepayment for vehicle								
	G.00	VEHICLE REPAIRS							12,517	
	G.00	PRE-PAID EXPENSE	(12,517)							
AJE 9	N.00	To record the amount of interest and penalty for June and Sep Qtr with correct amount and account								
		BENEFITS - MISSA - RMI CITIZENS							8,742	
		Accounts payable			7,791					
		MISSA EMPLOYEE W/H PAYABLE			(16,533)					
AJE 10	UE1.00	To reverse the impact of RepMar subsidy								
		Subsidies							76,800	
		ACCTS RECEIVABLE-OTHERS	(76,800)							
Total of corrected misstatements before income tax			(144,696)	(182,615)	(66,570)	0	0	0	393,881	

Appendix B– Schedule of Uncorrected Misstatement

Communication schedule for uncorrected misstatements

Entity: Majuro Water Sewer and Company | Period Ended: 30-Sep-2021 | 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	
		(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:										
PAJE 1	C.00	To record the reversal of stale dated checks								
		CASH IN BANK-GENERAL (BOG)	3,471							
		CASH IN BANK-PAYROLL (BOG)	1,536							
		Accounts Payable			(5,007)					
PAJE 2	K.00	To correct the impact of understatment of dep on Water System (Liner's Project - 03/31/14)								
		Depreciation							7,643	
		Acc depreciation	(7,643)							
PAJE 3	N.00	To remove the impact of vendors with negative payable balances								
		Inventory Adjustment							17,262	
		Accounts Payable			(17,262)					
Total of uncorrected misstatements before income tax			(2,636)	0	(22,269)	0	0	0	24,905	

MAJURO WATER & SEWER COMPANY
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