

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

Kwajalein Atoll Joint Utilities Resources, Inc.
(A Component Unit of the Republic of the Marshall Islands)

Year ended September 30, 2022



**Shape the future
with confidence**

June 11, 2026

Board of Directors
Kwajalein Atoll Joint Utilities Resources, Inc.

We were engaged to audit the financial statements of the business-type activities of Kwajalein Atoll Joint Utilities Resources, Inc. (KAJUR), a component unit of the Republic of the Marshall Islands, as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated June 11, 2026.

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 which the management of KAJUR is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing are consistent with the plan communicated in our engagement letter and at our February 2026 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 KAJUR'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 statement is free of material misstatement.

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

We have issued a disclaimer of opinion on KAJUR's financial statements as of and for the year ended September 30, 2022.

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

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

Our audit strategy is consistent with the plan communicated during the February 2026 meeting.

Matters relevant to our evaluation of KAJUR'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 KAJUR's ability to continue as a going concern.

Our views about the qualitative aspects of KAJUR'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 accounting policies used by KAJUR 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 KAJUR's operations. These budgets include determining how existing financial resources will be used in KAJUR's operations.
- Evaluating whether there are indications that the carrying value of KAJUR's long-lived assets is impaired.
- Determining the adequacy of the allowance for doubtful accounts.
- Determining the reasonableness of economic useful lives assigned to depreciable assets.

Related party relationships and transactions

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

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 carried out by KAJUR.

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 the Engagement to Audit the Financial Statements in Accordance with *Government Auditing Standards* dated June 11, 2026. 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)

No matters of noncompliance with laws and regulations have been identified.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the engagement to audit were performed during the February 2026 meeting during the engagement.

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
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104
- GASB Statement No. 105

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 KAJUR's management on financial accounting and reporting matters during the audit.

Management 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 KAJUR 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 provide services for EY in connection with the Audit Services.

Engagement team's involvement with preparation of the financial statements

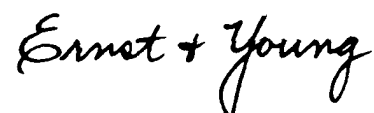
Under *Government Auditing Standards* 2018 Revisions, Chapter 3 General Standards, Paragraph 3.73 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed.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

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

- An engagement quality 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 KAJUR's management.
- The preparation of the financial statements is based on KAJUR's trial balance with our understanding that KAJUR's underlying books and records are maintained by KAJUR's accounting department and that the final trial balance prepared by KAJUR is complete.
- KAJUR's Chief Financial Officer have 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 KAJUR's Board of Directors, 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,

The signature is written in a cursive, handwritten style. It consists of the words "Ernst" and "Young" connected by a stylized ampersand. The ink is black and the signature is positioned in the lower right area of the page.

Board of Directors
Kwajalein Atoll Joint Utilities Resources, Inc.

June 11, 2026

Appendix

A – Management’s Representations Letter

A – Management’s Representations Letter



Kwajalein Atoll Joint Utilities Resources
PO BOX 5819
Ebeye Marshall Islands 96960
Phone: (692) 329-3799

June 11, 2026

Ernst & Young (RMI), Inc.
P.O. Box 1288
Majuro, Marshall Islands 96960

In connection with your engagement to audit the financial statements of the business-type activities of Kwajalein Atoll Joint Utilities Resources, Inc. (KAJUR), a component unit of the Republic of the Marshall Islands, which comprises the statements of net position as of September 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position and of cash flows for the years 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 KAJUR 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 KAJUR’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.

A - Management's Representations Letter, continued

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 engagement to audit
- Unrestricted access to persons within KAJUR 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 KAJUR'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.

We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

A - Management's Representations Letter, continued

Governmental entities, continued

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 B) and have posted the adjusting journal entries to KAJUR's books.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix A), 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 or 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 that were discussed by members of Board of Directors during these meetings that required adjustment to, or disclose in, the financial statements of September 30, 2022.

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.

A - Management's Representations Letter, continued

Ownership and pledging of assets

KAJUR 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 KAJUR 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.

A - Management's Representations Letter, continued

Contingent liabilities, continued

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, 2022, KAJUR 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, 2022, because 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 KAJUR'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.

A - Management's Representations Letter, continued

Non-compliance with laws and regulations, including fraud, continued

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in KAJUR'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 KAJUR.

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 KAJUR's affiliates, officers and directors.

We are not aware of any capital lease, material cooperative arrangement or other business relationship between KAJUR and Ernst & Young (RMI), Inc. or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young (RMI), Inc. would not be independent for purposes of KAJUR's engagement to audit.

Conflicts of interest

There are no instances where any officer or employee of KAJUR held an interest in a company with which KAJUR does business with that would be considered a "conflict of interest." Such an interest would be contrary to KAJUR'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. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 97
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104
- GASB Statement No. 105

A - Management's Representations Letter, continued

Effects of new accounting principles, continued

KAJUR 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 omitted the Management's Discussion and Analysis that US GAAP 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.
- 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.

Other representations, continued

- 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 KAJUR as of and for the years ended September 30, 2022 and 2021. The accuracy and completeness of the financial statements, including footnote disclosures, are the responsibility of the management of KAJUR.

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

- KAJUR's underlying books and records are maintained by KAJUR's accounting department and that the final trial balance prepared by KAJUR is complete; and
- Management of KAJUR has designated a competent representative to oversee your services and that there are KAJUR 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, 2022, except as disclosed in the footnotes to the financial statements, 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 KAJUR'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.

A - Management's Representations Letter, continued

We understand that your engagement to 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 KAJUR 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,

A handwritten signature in black ink, consisting of a stylized 'J' and 'P' followed by a horizontal line, is written over a solid horizontal line.

General Manager, Joseph T. Pedro

A - Management's Representations Letter, continued

Appendices

A – Schedule of Uncorrected Misstatements

B – Schedule of Corrected Misstatements

A - Management's Representations Letter, continued

Appendix A – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: Kwajalein Atoll Joint Utilities Resources

Period Ended: 30-Sep-2022

Currency: USD

Uncorrected misstatements			Analysis of misstatements Debit/Credit							Income statement effect of the prior period	
No.	WP ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Prior period Debit/Credit	Non-taxable
(misstatements are recorded as journal entries with a description)			Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Non-taxable
Actual misstatements:											
PAJE 1	C.00	To record the reversal of stale dated checks.									
		Operating Cash (BOM) New Acct	43,316								
		BOM Payroll Account	3,875								
		Accounts Payable (Subsidiary Ledger)			(47,191)						
PAJE 2	E.01	To tie our GL with SL									
		Customer Receivable	174,540								
		Residential Sales							(174,540)		
Total of uncorrected misstatements before income tax			221,731	0	(47,191)	0	0	0	(174,540)	0	
Total of uncorrected misstatements			221,731	0	(47,191)	0	0	0	(174,540)	0	
Financial statement amounts			2,265,371	10,780,755	(8,985,980)	0	(5,965,590)		1,888,371	(269,114)	
Effect of uncorrected misstatements on F/S amounts			3.7%	0.0%	0.5%	0.0%	0.0%		-5.3%	0.0%	
Memo: Total of non-taxable items (marked 'X' above)										0	
Uncorrected misstatements before income tax								-6.3%	(174,540)	0	
Less: Tax effect of misstatements at current year marginal rate								5%	0	0	
Uncorrected misstatements in income tax									0	0	
Cumulative effect of uncorrected misstatements after tax but before turnaround								-6.3%	(174,540)	0	
Turnaround effect of prior period uncorrected misstatements											
All factual and projected misstatements: Judgmental misstatements (Note 3):									0	0	
Cumulative effect of uncorrected misstatements, after turnaround effect								-6.3%	(174,540)	0	
Current year income before tax									1,888,371		
Current year income after tax									1,888,371		

A - Management's Representations Letter, continued

Appendix B-- Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Kwajalein Atoll Joint Utilities Resources

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	UE1.00	To reverse erroneous recording of JICS grant counterfund portion.								
		Grant Revenue							7,723,777	
		Other Expense							(7,723,777)	
AJE 2	N.00	To tie up Due to MISSA amount per subledger and per confirmation reply.								
		MISSA Retirement Benefit							37,350	
		PR W/Holding-MISSA Ret. Tax			(21,785)					
		PR W/Holding MISSA Med. Tax			(15,565)					
AJE 3	N.00	To reverse erroneous entry made in recording cash payment of inventories not yet received at year-end.								
		Accounts Payable (Subsidiary Ledger)			126,635					
		Materials and Supplies Inventory	(11,800)							
		Materials & Inventory- Electric	(102,600)							
		Freight & Shipping							(12,235)	
AJE 4	F.00	To rectify the overstatement of diesel fuel inventory value.								
		Fuel Consumption							33,392	
		Fuel Inventory	(33,392)							
AJE 5	N.00	To record Receivables from RepMar for the CCB invoice Progress billing Claim 01.								
		Accounts Receivable	481,774							
		Accounts Payable (Subsidiary Ledger)			(481,774)					
AJE 6	UE1.00	To record FY2022 grant expenditures and reverse the FY2021 grant expenditures.								
		Water Bill/ Water Operations							23,736	
		Grant Revenue - ADB							(23,736)	
AJE 7	UE.00	To record the receivable from ADB for WA 145 and the net receivable impact of adjustments for September 2021 and September 2022.								

A - Management's Representations Letter, continued

Appendix B– Schedule of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: Kwajalein Atoll Joint Utilities Resources

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
		Accounts Receivable	231,329							
		Accounts Payable (Subsidiary Ledger)			(231,329)					
AJE 8	VD.00	To properly recognize Due to MEC as a result of erroneous inventory quantity adjustments.								
		Diesel Fuel Expense							22,382	
		Accounts Payable - Affiliates			(22,382)					
AJE 9	E.00	To reverse the erroneous recording of Payable to MEC for the ROI Santo Electric Distribution System.								
		Accounts Payable - Affiliates			51,344					
		Accounts Receivable	(51,344)							
AJE 10	UE.00	To correct the payment made to KALGOVT for the Solar Freezer project.								
		Other Expense							20,000	
		Subsidies Required Funds							(20,000)	
AJE 11	VD.00	To reconcile the Due to MEC as per MEC's audited financial statements.								
		Accounts Payable - Affiliates			245,306					
		Fuel Consumption							(245,306)	
AJE 12	UE.00	To record the Mid-Corridor related grant revenue.								
		Residential Sales							154,224	
		Grant Revenues-Power Plant Support - KDF							(154,224)	
AJE 13		To recognize the bucket truck contributed by MEC.								
		Vehicle and Heavy Equipment		147,250						
		Donation - MEC							(147,250)	

A - Management's Representations Letter, continued

Appendix B- Schedule of Corrected Misstatements, continued

Communication s schedule for corrected miss tatements

Entity:	Kwajalein Atoll Joint Utilities Resources	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 14		To record deprecation of the bucket truck contributed by MEC.								
		Depreciation Expense								29,450
		Accum. Depreciation		(29,450)						
AJE 15		To record inventories received before year-end.								
		Fuel Inventory	359,553							
		Accounts Payable - Affiliates		(359,553)						
Total of corrected misstatements before income tax			873,519	117,800	(709,102)	0	0	0	(282,217)	
Financial statement amounts			2,295,371	10,780,798	(8,995,960)	0	(5,966,580)		1,886,371	
Effect of corrected misstatements on F/S amounts			38.1%	1.1%	7.9%	0.0%	0.0%		-15.0%	