July 28, 2026

The Board of Directors
Pohnpei Port Authority:

We have audited the financial statements of the Pohnpei Port Authority (the Authority), a component unit of the Pohnpei State Government, as of and for the year ended September 30, 2024, and have issued our report thereon dated July 28, 2026. Professional standards require that we communicate certain matters related to the conduct of the audit to those charged with governance. This letter presents those required communications and certain other matters that we believe will assist the Board of Directors in fulfilling its oversight responsibilities for the Authority's financial reporting process.

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

We appreciate the cooperation and assistance provided by the Authority's management and staff during the audit.

Respectfully,

Burger Comer & Associates

Tamuning, Guam

cc: Management of the Pohnpei Port Authority

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Our Responsibilities Under Generally Accepted Auditing Standards and *Government Auditing Standards*

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The objectives of our audit were:

- To express an opinion on whether the Authority's statement of net position as of September 30, 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- To apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America; and
- To report on the Authority's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.

Our responsibilities include forming and expressing an opinion about whether the financial statements, which have been prepared by management with the oversight of the Board of Directors, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. The audit does not relieve management or the Board of Directors of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including our assessment of the risks of material misstatement, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express such an opinion. Our consideration of internal control was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies.

Independence

We are required to communicate any relationships between our firm and the Authority that, in our professional judgment, may reasonably be thought to bear on our independence. We are not aware of any such relationships that have not been previously communicated. We have complied with the applicable ethical requirements regarding independence and with the independence requirements of *Government Auditing Standards*. As permitted by professional standards, we assisted management in preparing the financial statements and related notes based on information provided by management. Management accepted responsibility for the financial statements, designated an individual with suitable skill, knowledge, or experience to oversee the service, evaluated the adequacy and results of the service, and accepted responsibility for the results. We applied appropriate safeguards to reduce any threats to independence to an acceptable level.

Significant Audit Matters

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. Except for the implementation of the GASB pronouncements described below, no new significant accounting policies were adopted and the application of existing significant accounting policies was not changed during 2024. We noted no significant unusual transactions or transactions for which authoritative guidance or consensus was lacking.

During the year ended September 30, 2024, the Authority implemented the following pronouncements:

- Applicable provisions of GASB Statement No. 99, Omnibus 2022, including provisions related to derivative instruments and nonexchange financial guarantees;
- GASB Statement No. 100, Accounting Changes and Error Corrections; and
- GASB Statement No. 102, Certain Risk Disclosures, which the Authority elected to implement early.

The implementation of these statements did not have a material effect on the Authority's financial statements.

Management is evaluating the effects of the following pronouncements that were not yet effective for the Authority's fiscal year ended September 30, 2024:

- GASB Statement No. 101, Compensated Absences;
- GASB Statement No. 103, Financial Reporting Model Improvements;
- GASB Statement No. 104, Disclosure of Certain Capital Assets; and
- GASB Statement No. 105, Subsequent Events.

We evaluated the significant qualitative aspects of the Authority's accounting practices, including accounting policies, accounting estimates, and financial statement disclosures. We concluded that the significant accounting policies are appropriate, adequately disclosed, and consistently applied.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's judgments. Those judgments ordinarily are based on knowledge and experience about past and current events and assumptions about future events. Significant estimates reflected in the Authority's financial statements include the allowance for uncollectible accounts, based on historical collection experience and the aging of accounts, and depreciation expense, based on the estimated useful lives of capital assets. We are not aware of significant changes during the year ended September 30, 2024, in the methods used to develop these estimates or in management's judgments relating to them. We evaluated the key factors and assumptions used to develop the estimates and determined that they were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Corrected Misstatements and Reclassification Adjustments

During our audit, we identified certain reclassification adjustments that management recorded and that are reflected in the 2024 financial statements. These adjustments did not have a material effect, individually or in the aggregate, on the Authority's reported net position or change in net position. A schedule of the corrected reclassification adjustments is included in **Appendix A**.

Uncorrected Misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate uncorrected misstatements to those charged with governance. The uncorrected misstatements summarized in **Appendix B** were presented to management. Management concluded that their effects are immaterial, individually and in the aggregate, to the financial statements taken as a whole. In our judgment, the effects of the uncorrected misstatements are immaterial, individually and in the aggregate, to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this communication, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during our audit.

Management Representations

We requested certain representations from management that are included in the management representation letter dated July 28, 2026.

Management Consultations with Other Independent Accountants

To our knowledge, management did not consult with other independent accountants regarding the application of an accounting principle to the Authority's financial statements or the type of auditor's opinion that might be expressed on the financial statements.

Other Significant Findings or Issues

We discussed the application of accounting principles and auditing standards with management during the normal course of our professional relationship. Our responses were not a condition of our retention. We are not aware of other significant findings or issues arising from the audit that require communication to the Board of Directors.

Internal Control and Compliance Matters

We issued a separate report dated July 28, 2026, on the Authority's internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, we identified certain other deficiencies in internal control and opportunities for improvement, which are presented in **Attachment I** for the consideration of the Board of Directors and management. These matters are not considered material weaknesses or significant deficiencies.

Management's responsibility for establishing and maintaining internal control over financial reporting and the objectives and inherent limitations of internal control are described in **Attachment II**, which should be read in conjunction with this communication.

Restriction on Use

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

Attachment I—Other Deficiencies in Internal Control

In planning and performing our audit of the financial statements of the Pohnpei Port Authority as of and for the year ended September 30, 2024, we considered the Authority's internal control over financial reporting as a basis for designing audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express such an opinion.

We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, during our audit, we identified the following other deficiencies in internal control and opportunities for strengthening internal controls and operating efficiency. We are communicating these matters for the consideration of the Board of Directors and management. These matters are not considered material weaknesses or significant deficiencies.

Our audit was not designed to identify all deficiencies in internal control or all opportunities for improvement. Accordingly, other deficiencies or opportunities for improvement may exist that were not identified during our audit.

1. Revenue

Comment: Based on our review of the Authority's revenue process, we noted that information transcribed from the Seaport Control logbook to the Pilot and Boat Services Form is not independently reviewed or verified by the Seaport Control Supervisor before the form is submitted to the Seaport Administration Office for billing. The absence of an independent supervisory review increases the risk that transcription errors or omissions may not be detected timely, which could result in inaccurate billings or incomplete recording of services provided.

Recommendation: Management should require the Seaport Control Supervisor to compare the completed Pilot and Boat Services Form with the original logbook before the form is submitted for billing. The supervisor should document the review by signing and dating the form. Management also should periodically reconcile the logbook, Pilot and Boat Services Forms, and customer billings to help ensure that all services rendered are accurately recorded and billed.

2. Payroll

Comment: During our review of payroll transactions, we noted one employee who received holiday pay for which documentation evidencing supervisory approval was not provided. The absence of documented approval indicates that the control over authorization of supplemental compensation did not operate as intended for this transaction and increases the risk of unauthorized or unsupported payroll payments.

Recommendation: Management should require documented supervisory approval for all supplemental compensation, including holiday pay, before payment. Supporting documentation should be retained with the payroll records. Management also should periodically review supplemental payroll transactions to verify that they are properly authorized and supported.

3. Cash Disbursements

Comment: During our review of cash disbursements, we noted one instance in which the check number recorded in the accounting system did not agree with the number on the corresponding pre-numbered check issued. Management indicated that the discrepancy resulted from a manual data-entry error. Although management detected and documented the discrepancy in the manual check register, the mismatch indicates that the preventive control designed to ensure agreement between the system-recorded check number and the pre-numbered check stock did not operate effectively for this transaction. Such discrepancies may impair the audit trail and complicate reconciliation of cash disbursements.

Recommendation: Management should require verification, before issuance, that the check number recorded in the accounting system agrees with the corresponding pre-numbered check. An individual independent of check preparation also should periodically review the check register and investigate and document any discrepancies in the check sequence.

4. Cash Receipts

Comment: During our testing of cash receipts, we noted one transaction for which the supporting bill of lading was not included in the documentation maintained in the related invoice file. Management indicated that another bill of lading had inadvertently been photocopied twice and included in the file and that the original bill of lading could not subsequently be retrieved. The absence of complete supporting documentation weakens the audit trail and limits the Authority’s ability to independently support the related revenue transaction.

Recommendation: Management should implement procedures to verify that all required supporting documentation is properly copied, compiled, and retained in the applicable invoice file. Personnel responsible for compiling the supporting documentation should compare the documents retained in the invoice file with the original source documents for completeness before filing. Management also should periodically review the supporting documentation maintained in the invoice files to verify its completeness and accuracy.

Attachment II—Management's Responsibility for Internal Control

Management is responsible for establishing and maintaining effective internal control over financial reporting. In fulfilling this responsibility, management must make estimates and judgments to assess the expected benefits and related costs of internal-control policies and procedures.

The objectives of internal control over financial reporting are to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Internal control includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Authority's assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures are made only in accordance with authorizations of management and the Board of Directors; and
- provide reasonable assurance regarding prevention, or timely detection, of unauthorized acquisition, use, or disposition of the Authority's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with established policies and procedures may deteriorate.

POHNPEI PORT AUTHORITY
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July 28, 2026

Burger Comer Magliari, LLC
333 South Marine Corps Drive
Tamuning GU 96913

This representation letter is provided in connection with your audit of the financial statements of the Pohnpei Port Authority (the Authority) which comprise the statement of net position, statement of revenues, expenses, and changes in net position and of cash flows for the years then ended September 30, 2024 and 2023, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America (U.S. 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 20, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S GAAP and for preparation of supplementary information in accordance with the applicable criteria.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all the following:

    a. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
    b. Receivables recorded in the financial statements represents valid claims or other charges arising on or before the date of the statements of net position and have been appropriately reduced to their estimated net realizable value.

c. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
d. Revenues are appropriately classified in the statement of activities.
e. If applicable, interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
f. If applicable, deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
g. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated, or amortized.
h. If applicable, financial instruments with significant individual or group concentration of credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.
i. Required supplementary information is measured and presented within prescribed guidelines.
    i. We confirm that we are responsible for the required supplementary information.
    ii. The required supplementary information is measured and presented in accordance with GASB Statement No. 98, *Annual Comprehensive Financial Report*.
    iii. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
j. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

3. 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.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP. Additionally,
    a. The significant judgments made in making accounting estimates have considered all relevant information of which management is aware.
    b. The appropriateness and consistency of the measurement processes used by management in determining accounting estimates.
    c. That the assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
    d. That the disclosures related to accounting estimates, including those describing estimation uncertainty, are complete and appropriate under GAAP.
    e. That, when necessary, appropriate specialized skills or expertise have been applied.

f. That no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements.
g. That for any accounting estimates not recognized or disclosed in the financial statements, management decided to exclude them after considering the appropriate recognition and disclosure criteria in GAAP.
h. The Authority is responsible for determining and maintaining the adequacy of the allowance for loan losses, as well as estimates used to determine it. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.
i. Quantitative and qualitative information regarding the allowance for loan losses has been properly disclosed in the financial statements.

6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter under: **Appendix B.** Except as listed in **Appendix B**, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

11. We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements.
    b) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
    c) Minutes of the meetings of the Authority's Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
    d) Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.
    e) Additional information that you have requested from us for the purpose of the audit.

12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13. The Authority has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the Authority and do not believe that the financial statements are materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the Authority and involves—
    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.

16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware that includes sales, purchases, loans, transfers, lease agreements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

Government-specific:

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. The Authority has a process to track the status of audit findings and recommendations.

21. We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

22. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

24. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

25. We are responsible for compliance with State, FSM and Federal laws, rules, and regulations, including compliance with the provisions of grants and contracts relating to the Authority's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Authority is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

26. As applicable, we have appropriately identified, recorded, and disclosed all leases in accordance with **GASB Statement (GASBS) No. 87** .

27. As applicable, we have appropriately disclosed or recognized conduit debt obligations and/or certain arrangements associated with conduit debt obligations in accordance with **GASBS No. 91** .

28. We have appropriately disclosed identified, recorded, and disclosed public-private and public-public partnerships and availability payment arrangements in accordance with **GASBS No. 94** .

29. We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with **GASBS No. 96** .

30. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

31. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

32. As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

Additionally, we agree with the reclassification adjusting journal entries as listed in: **Appendix A** to this letter.

33. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

34. The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

35. The financial statements include all fiduciary activities required by **GASBS No. 84** , as amended.

36. The financial statements properly classify all funds and activities in accordance with **GASBS No. 34** , as amended.

37. All funds that meet the quantitative criteria in **GASBS Nos. 34** and **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.

38. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

39. We have appropriately disclosed the Authority's 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 and have determined that net position is properly recognized under the policy.

40. We are following 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. That policy determines the fund balance classifications for financial reporting purposes.

41. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Entity specific:

42. The Authority has ensured that all significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that:

a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
b. The effect of the change would be material to the financial statements.

43. Management is aware of its responsibility to disclose whether, subsequent to September 30, 2024, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses, have occurred. We represent to you that no such changes or corrective actions has occurred.

44. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments.*

45. There has been no action taken by the Authority's management that contravenes the provisions of Federal laws and Federated States of Micronesia's (FSM) laws and regulations or of contracts and grants applicable to the Authority.

46. We are responsible for taking corrective action on audit findings and have developed a corrective action plan. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.

47. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

48. No organizations were identified that meet the criteria established in GASB codification section 2100, *Defining the Financial Reporting Entity.*

49. Regarding related third parties:
    a. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
    b. To the extent applicable, related parties and all the related party relationship and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

50. During the year ended September 30, 2024, the Authority implemented the following pronouncements:

    a. Certain effective provisions of GASB Statement No. 99, *Omnibus 2022* relating to GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees* and GASB Statement No. 53. *Accounting and Financial Reporting for Derivative Instruments.* The Authority implemented the GASB pronouncement with the applicable transition guidance prescribed in the

Statement. The Authority has sufficient and appropriate documentation supporting the conclusion that the implementation of this standard had no material impact on the financial statements.

b. GASB Statement No. 100, *Accounting Changes and Error Corrections.* The Authority implemented the GASB pronouncement with the applicable transition guidance prescribed in the Statement. The Authority has sufficient and appropriate documentation supporting the conclusion that the implementation of this standard had no material impact on the financial statements.
c. GASB Statement No. 102, *Certain Risk Disclosures*. The Authority elected to early implement the GASB pronouncement with the applicable transition guidance prescribed in the Statement. The Authority evaluated the requirements of the Statement and has sufficient and appropriate documentation supporting the conclusion that the early implementation of this standard had no material impact on the financial statements and did not result in any additional required disclosures.

51. The Authority is still in the process of evaluating the impact which upcoming GASB pronouncements may have on the financial statements of the Authority:
    a. GASB Statement No. 101, *Compensated Absences.*
    b. GASB Statement No. 103, *Financial Reporting Model Improvements.*
    c. GASB Statement No. 104, *Disclosures about Capital Assets.*
    d. GASB Statement No. 105, *Subsequent Events.*

52. The Authority's retirement plan (the Plan) is a self-administered program established to pay retirement, disability and survivor income to employees and their survivors to supplement benefits that employees received from the FSM Social Security System. Management is of the opinion that the Plan does not represent an asset or a liability of the Authority.

53. To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Very truly yours,

Grilly Jack
General Manager

Ritchie Joy Valencia
Comptroller

Appendix A
Reclassification Adjusting Journal Entries

RAJE #	Account Number	Account Name	Debit Amount	Credit Amount
RAJE-2024-001	1011	Lease receivable - Customer	68,087.13	
	1013	Lease receivabe - Current		68,087.13
			68,087.13	**68,087.13**
	To reclassify the current portion of the lease receivables as of 9/30/2024.			
	Grand Total:		**68,087.13**	**68,087.13**

The above reclassification adjustments were discussed with management of the Authority and were the result of bookkeeping errors, not fraud. Based on our discussions with the auditors we agree to record them.

Grilly Jack
General Manager

Ritchie Joy Valencia
Comptroller

Appendix B
Passed Adjusting Journal Entries

		Financial Statement Effect—Amount of Over (Under) Statement of:					
		Assets	Liabilities	Deferred Inflow	Equity	Net Income	Expense
Account Number	Account Name	Debit (Credit)	Debit (Credit)	Debit(Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)
PAJE 2024-001							
1005	Cash in Bank	1,292.36					
2551	Sate Dated Checks		(1,292.36)				
To record stale dated checks as of 9/30/2024.							
PAJE 2024-002							
2600	Deferred inflow of resources			50,308.07			
4412	Interest revenue - space rental					206.87	
1011	Lease receivable - customer	(29,900.79)					
1101	Trade receivable	(19,732.15)					
4012	Lease revenue - space					(882.00)	
To adjust ending balance per amortization table as of 9/30/2024.							
Grand Total		**(48,340.58)**	**(1,292.36)**	**50,308.07**	**-**	**(675.13)**	**-**