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**Deloitte
Touche
Tohmatsu**

December 9, 2003

CONFIDENTIAL

Mr. Jack Chong Gum
Director
Marshall Islands Airports Authority

Dear Mr. Chong Gum:

In planning and performing our audit of the financial statements of the Marshall Islands Airports Authority (MIAA) as of and for the year ended September 30, 2003, on which we have issued our report dated December 9, 2003, we developed the following recommendations concerning certain matters related to MIAA's internal control and certain observations and recommendations on other accounting, administrative and operating matters. Our principal recommendations are summarized below:

(1) Local Noncompliance

Section 3.7(1) of Public Law 1999-86 requires the Board of Directors to meet at least once every two months. During the year ended September 30, 2003, the Board of Directors conducted four meetings. We recommend that MIAA's Board of Directors meet at least once every two months in accordance with Public Law 1999-86. This matter was discussed in our previous letters dated February 7, 2003, November 15, 2001 and December 29, 2000.

(2) Journal Entries

Proper control of journal entries requires that adequate documents be maintained to support entries made and to evidence authorization of recording to the general ledger. MIAA does not maintain supporting documents for journal entries recorded in the general ledger. In addition, recording of such journal entries are based on verbal authorization from the Director. We recommend that MIAA maintain adequate documents to support journal entries made. In addition, we recommend that authorization to post journal entries be evidenced by the Director's signature on the journal entry document.

(3) Bank Reconciliations

Proper control of cash requires that review of bank reconciliation by a person independent of the reconciliation process be performed. The monthly bank reconciliations did not indicate such review. We recommend that a review of the monthly bank reconciliations by a person independent of the reconciliation process be performed and evidenced by signature.

(4) Receivables

At September 30, 2003, the aged accounts receivable subledger of MIAA indicated that customer accounts with balances greater than ninety days represented fifty-five percent of the total balance. An audit adjustment was proposed to increase the allowance by \$20,453. We recommend that management utilize its aged subledger to evaluate receivables and determine an appropriate allowance for doubtful accounts.

(5) Fixed Assets

Proper control of fixed assets requires that inventories of fixed assets be performed on a regular basis. MIAA does not perform physical inventories of fixed assets. We recommend that MIAA perform a physical inventory of fixed assets on a regular basis.

(6) Accounts Payable

Invoices are not entered into the accounting system as accounts payable vouchers, but are recorded using the direct payment method in the accounting software system as they become due. We recommend that MIAA utilize the Accounts Payable module of the current accounting software for proper monitoring of all vendor invoices and to prevent possible duplicate payment. This matter was discussed in our previous letter dated February 7, 2003.

(7) Revenue

During the year ended September 30, 2003, MIAA billed an affiliated airline, rental for utilizing terminal space. The affiliate has disputed the billing based on a RepMar Cabinet Minute passed in February 1998, which authorized the transfer of the cargo hangar to the affiliate. We recommend that MIAA determine the propriety of this receivable. This matter was discussed in our previous letter dated February 7, 2003.

(8) Expenses

Two disbursements (check #s 1241 and 1297 for \$1,750 and \$2,082, respectively) for prepayments were recorded to expense in the general ledger. We recommend that goods or services paid in advance be recorded as prepayments in the general ledger.

(9) Payroll

The hourly rate paid to one employee did not agree with the hourly rate stated per the Personnel Action Form. We were informed that the hourly rate paid to the employee was the correct rate. We recommend that management ensure that Personnel Action Forms are updated to reflect the correct hourly rates of employees.

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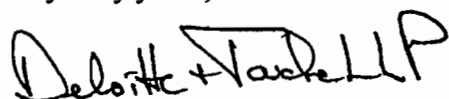
Mr. Jack Chong Gum
December 9, 2003
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We have also communicated certain matters noted during our audit of the financial statements of MIAA for the year ended September 30, 2003, which we considered to be reportable conditions in our report dated December 9, 2003.

This report 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.

We would like to thank the accounting staff and management for their assistance during the course of our audit. Should you have any questions regarding the matters discussed herein, please contact our office at your convenience.

Very truly yours,

Handwritten signature of Deloitte + Touche LLP in black ink.