

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

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**REPORT ON THE AUDIT OF  
FINANCIAL STATEMENTS IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

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**YEAR ENDED SEPTEMBER 30, 2000**

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**YEAR ENDED SEPTEMBER 30, 2000**

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FEDERATED STATES OF MICRONESIA**

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**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

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**INDEPENDENT AUDITORS' REPORT,  
GENERAL PURPOSE FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

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**YEAR ENDED SEPTEMBER 30, 2000**

**INDEPENDENT AUDITORS' REPORT**

Honorable Leo A. Falcam  
President  
Federated States of Micronesia:

We have audited the accompanying general purpose financial statements of the Federated States of Micronesia (FSM) National Government, as of September 30, 2000, and for the year then ended, as set forth in Section II of the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the FSM National Government. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

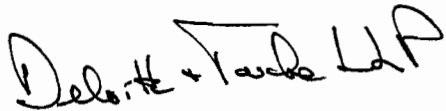
We were not able to able to apply sufficient alternative procedures to assure ourselves as to the propriety of the September 30, 2000 financial statements of Island Cable Television (ICTV)-Pohnpei, an investee of Federated States of Micronesia Telecommunications Corporation (FSMTC), a component-proprietary fund; receivables from other governments and agencies, net for all Governmental Fund Types and due to FSM State governments for all Governmental Fund Types; and revenue share and the attendant payable to state governments as of September 30, 2000. These balances also enter into the determination of revenues and expenditures of the general fund as of and for the year ended September 30, 2000.

The general purpose financial statements referred to above do not include the financial statements of the National Fisheries Corporation, a Component Unit - Proprietary Fund, which should be included in order to conform with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects on the general purpose financial statements of such adjustments, if any, as might have been determined to be necessary had we been able to assure ourselves as to the propriety of, and disclosures related to, receivables from other governments and agencies, due to FSM State governments, and revenues of all Governmental Fund Types, the carrying value of a FSMTC investment and the omission of the National Fisheries Corporation, a Component Unit - Proprietary Fund, as discussed in the third and fourth paragraphs above, such general purpose financial statements, as set forth in Section II of the table of contents, present fairly, in all material respects, the financial position of the FSM National Government as of September 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in Section III of the foregoing table of contents, which are also the responsibility of the management of the FSM National Government, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the FSM National Government. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, except for the matters discussed in the third and fourth paragraphs above, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2001, on our consideration of the FSM National Government's (primary Government only) internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

November 16, 2001



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units  
September 30, 2000  
(With Comparative Totals as of September 30, 1999)

	Governmental Fund Types			Proprietary	Fiduciary Fund Type		Account Groups		Totals	Component Units			Totals	
	General	Special Revenue	Capital Projects	Fund Type	Expendable Trust	General	General	Government (Memorandum Only)	Higher Education	Governmental	Proprietary	Reporting Entity (Memorandum Only)		
				Internal Service		Fixed Assets	Long-Term Debt					2000	1999	
<b>ASSETS</b>														
Cash and equivalents (notes 2 and 9)	\$ 234,063	\$ 1,776,287	\$ -	\$ -	\$ 614,582	\$ -	\$ -	\$ 2,624,932	\$ 1,131,218	\$ 1,619,368	\$ 4,191,502	\$ 9,567,020	\$ 15,712,012	
Time certificates and other term deposits (note 2)	4,248,358	230,000	-	-	868,081	-	-	5,346,439	-	-	3,080,000	8,426,439	5,955,042	
Investments (notes 2 and 9)	10,210,348	19,281,418	4,251,421	-	2,499,130	-	-	36,242,317	1,793,086	38,194,814	21,404,745	97,634,962	99,189,801	
Equity investments (note 2)	1,500,000	-	3,546,181	-	-	-	-	5,046,181	-	-	1,335,385	6,381,566	6,784,921	
Receivables from TTFP/COTIA	-	1,074,336	726,755	-	-	-	-	1,801,091	-	-	-	1,801,091	1,478,355	
Receivables from other governments and agencies, net	513,972	1,940,694	-	-	-	-	-	2,454,666	990,550	-	-	3,445,216	4,111,034	
General receivables, net	1,277,742	3,102	-	-	172,264	-	-	1,453,108	1,901,127	4,566	1,259,241	4,618,042	3,994,261	
Advances	2,906,110	134,114	32,060	-	-	-	-	3,072,284	-	35,629	50,650	3,158,563	2,845,488	
Loans receivable, net (note 5)	5,661,987	21,681,223	1,228,636	-	-	-	-	28,571,846	-	-	15,006,172	43,578,018	38,223,572	
Due from other funds (note 4)	135,272,944	3,210,761	-	66,107	587,288	-	-	139,137,100	2,275,114	-	-	141,412,214	134,483,947	
Interest and other receivables	24,278	120,246	45,617	-	-	-	-	190,141	112,445	-	418,509	721,095	579,316	
Available-for-sale securities	-	-	-	-	-	-	-	-	-	-	662,188	662,188	662,188	
Inventory	-	-	-	111,707	-	-	-	111,707	74,638	-	139,245	325,590	486,675	
Restricted assets (note 11)	-	-	-	-	-	-	-	-	2,533,423	-	17,414,161	19,947,584	18,807,115	
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-	27,084,749	27,084,749	-	-	-	27,084,749	23,216,027	
Prepaid expenses	-	-	-	-	159,039	-	-	159,039	588,709	4,460	661,724	1,413,932	1,022,761	
Fixed assets, net (notes 9 and 10)	-	-	-	-	-	36,206,029	-	36,206,029	9,157,068	155,294	39,802,527	85,320,918	86,122,045	
<b>Total assets</b>	<b>\$ 161,849,802</b>	<b>\$ 49,452,181</b>	<b>\$ 9,830,670</b>	<b>\$ 177,814</b>	<b>\$ 4,900,384</b>	<b>\$ 36,206,029</b>	<b>\$ 27,084,749</b>	<b>\$ 289,501,629</b>	<b>\$ 20,557,378</b>	<b>\$ 40,014,131</b>	<b>\$ 105,426,049</b>	<b>\$ 455,499,187</b>	<b>\$ 443,674,560</b>	

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**  
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units, Continued  
September 30, 2000  
(With Comparative Totals as of September 30, 1999)

	Governmental Fund Types			Proprietary	Fiduciary Fund Type		Account Groups		Totals	Component Units			Reporting Entity	
	General	Special Revenue	Capital Projects	Fund Type Internal Service	Expendable Trust	General Fixed Assets	General Long-Term Debt	Primary Government (Memorandum Only)	Higher Education	Governmental	Proprietary	2000	1999	
<b>LIABILITIES AND FUND EQUITY</b>														
<b>Liabilities:</b>														
Accounts payable	\$ 501,769	\$ 754,390	\$ 210,498	\$ -	\$ 40,019	\$ -	\$ -	\$ 1,506,676	\$ 430,383	\$ 85,665	\$ 208,264	\$ 2,230,988	\$ 2,596,716	
Accrued payroll and others	258,137	1,652	-	-	-	-	-	259,789	422,523	13,737	109,400	805,449	659,740	
Tax refunds payable	255,237	-	-	-	-	-	-	255,237	-	-	-	255,237	257,746	
Due to other funds (note 4)	112,875,143	21,013,700	3,888,565	-	1,359,692	-	-	139,137,100	2,470,440	-	425,782	142,033,322	134,719,478	
Due to FSM State governments	2,397,259	63,469	9,455	-	-	-	-	2,470,183	-	-	-	2,470,183	4,009,246	
Deferred revenues	-	-	75,358	-	-	-	-	75,358	1,982,751	-	58,062	2,116,171	1,917,421	
Vacation leave accrual	-	-	-	-	-	-	822,453	822,453	-	-	-	822,453	477,293	
Notes payable (note 6)	-	-	-	-	-	-	26,262,296	26,262,296	-	-	28,534,154	54,796,450	51,944,939	
Other liabilities	791,873	(55,064)	-	-	1,360,777	-	-	2,097,586	364,282	-	571,495	3,033,363	2,121,963	
<b>Total liabilities</b>	<b>117,079,418</b>	<b>21,778,147</b>	<b>4,183,876</b>	<b>-</b>	<b>2,760,488</b>	<b>-</b>	<b>27,084,749</b>	<b>172,886,678</b>	<b>5,670,379</b>	<b>99,402</b>	<b>29,907,157</b>	<b>208,563,616</b>	<b>198,704,542</b>	
<b>Fund equity:</b>														
Investment in general fixed assets	-	-	-	-	-	36,206,029	-	36,206,029	9,157,068	-	-	45,363,097	44,811,639	
Contributed capital	-	-	-	129,416	-	-	-	129,416	-	155,294	36,798,564	37,083,274	36,978,724	
Retained earnings unreserved	-	-	-	48,398	-	-	-	48,398	-	-	38,720,328	38,768,726	35,593,147	
<b>Fund balances:</b>														
Reserved for:														
Benefits	-	-	-	-	-	-	-	-	-	39,759,435	-	39,759,435	39,491,014	
Loans	5,661,987	21,681,223	1,228,636	-	-	-	-	28,571,846	-	-	-	28,571,846	25,450,912	
Related assets	6,719,828	952,810	3,546,181	-	-	-	-	11,218,819	-	-	-	11,218,819	9,338,721	
Encumbrances	6,673,073	1,162,448	517,413	-	-	-	-	8,352,934	-	-	-	8,352,934	3,672,605	
Continuing appropriations (note 7)	16,172,107	2,127,373	1,272,691	-	-	-	-	19,572,171	-	-	-	19,572,171	32,721,762	
Unreserved	9,543,389	1,750,180	(918,127)	-	2,139,896	-	-	12,515,338	5,729,931	-	-	18,245,269	16,911,494	
<b>Total fund equity</b>	<b>44,770,384</b>	<b>27,674,034</b>	<b>5,646,794</b>	<b>177,814</b>	<b>2,139,896</b>	<b>36,206,029</b>	<b>-</b>	<b>116,614,951</b>	<b>14,886,999</b>	<b>39,914,729</b>	<b>75,518,892</b>	<b>246,935,571</b>	<b>244,970,018</b>	
<b>Commitments and contingencies (note 3)</b>														
<b>Total liabilities and fund equity</b>	<b>\$ 161,849,802</b>	<b>\$ 49,452,181</b>	<b>\$ 9,830,670</b>	<b>\$ 177,814</b>	<b>\$ 4,900,384</b>	<b>\$ 36,206,029</b>	<b>\$ 27,084,749</b>	<b>\$ 289,501,629</b>	<b>\$ 20,557,378</b>	<b>\$ 40,014,131</b>	<b>\$ 105,426,049</b>	<b>\$ 455,499,187</b>	<b>\$ 443,674,560</b>	

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balance:  
All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Unit  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)**

	Governmental Fund Types			Fiduciary	Totals	Component Units		Totals	
	General	Special Revenue	Capital Projects	Expendable Trust	Primary Government (Memorandum Only)	Higher Education	Governmental	Reporting Entity (Memorandum Only)	
								2000	1999
<b>Revenues:</b>									
<b>Compact of Free Association:</b>									
Base grant	\$ 3,499,200	\$ 3,649,780	\$ 1,500,800	\$ -	\$ 8,649,780	\$ -	\$ -	\$ 8,649,780	\$ 8,649,780
Inflation adjustment	1,854,576	424,053	795,424	-	3,074,053	-	-	3,074,053	3,074,053
U.S. federal contributions	-	7,067,609	-	-	7,067,609	6,360,156	-	13,427,765	10,649,278
FSM revenue sharing	5,460,238	-	-	-	5,460,238	-	-	5,460,238	5,637,317
Taxes and licenses	14,814,068	-	-	-	14,814,068	-	-	14,814,068	17,596,051
Investment income	6,529,393	-	-	-	6,529,393	641,012	-	7,170,405	9,916,711
Other	-	547,847	-	3,254,369	3,802,216	7,708,392	5,392,298	16,902,906	20,159,095
<b>Total revenues</b>	<b>32,157,475</b>	<b>11,689,289</b>	<b>2,296,224</b>	<b>3,254,369</b>	<b>49,397,357</b>	<b>14,709,560</b>	<b>5,392,298</b>	<b>69,499,215</b>	<b>75,682,285</b>
<b>Expenditures:</b>									
Executive branch	12,288,587	11,352,472	985,518	-	24,626,577	-	-	24,626,577	23,240,764
Judicial branch	985,512	-	-	-	985,512	-	-	985,512	958,364
Legislative branch	3,013,712	-	-	-	3,013,712	-	-	3,013,712	2,748,445
Office of the Public Auditor	322,241	-	-	-	322,241	-	-	322,241	267,985
Other National Government programs	3,414,349	-	-	-	3,414,349	-	-	3,414,349	3,405,684
Boards and commissions	1,227,117	-	-	-	1,227,117	-	-	1,227,117	977,707
Other legislative appropriations	11,716,759	-	-	-	11,716,759	-	-	11,716,759	15,321,357
Other	-	-	-	4,186,818	4,186,818	13,921,449	7,560,368	25,668,635	22,681,466
<b>Total expenditures</b>	<b>32,968,277</b>	<b>11,352,472</b>	<b>985,518</b>	<b>4,186,818</b>	<b>49,493,085</b>	<b>13,921,449</b>	<b>7,560,368</b>	<b>70,974,902</b>	<b>69,601,772</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(810,802)</b>	<b>336,817</b>	<b>1,310,706</b>	<b>(932,449)</b>	<b>(95,728)</b>	<b>788,111</b>	<b>(2,168,070)</b>	<b>(1,475,687)</b>	<b>6,080,513</b>
<b>Other financing sources (uses):</b>									
Operating transfers in (out), net (note 8)	(5,649,953)	(380,564)	-	-	(6,030,517)	-	-	(6,030,517)	(3,145,321)
Proceeds from loan (note 6)	-	3,523,562	-	-	3,523,562	-	-	3,523,562	9,911,435
Loss on equity investment (note 2)	-	-	(319,883)	-	(319,883)	-	-	(319,883)	382,374
<b>Total other financing (uses) sources, net</b>	<b>(5,649,953)</b>	<b>3,142,998</b>	<b>(319,883)</b>	<b>-</b>	<b>(2,826,838)</b>	<b>-</b>	<b>-</b>	<b>(2,826,838)</b>	<b>7,148,488</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(6,460,755)</b>	<b>3,479,815</b>	<b>990,823</b>	<b>(932,449)</b>	<b>(2,922,566)</b>	<b>788,111</b>	<b>(2,168,070)</b>	<b>(4,302,525)</b>	<b>13,229,001</b>
<b>Fund balances at beginning of year</b>	<b>51,231,139</b>	<b>24,194,219</b>	<b>4,655,971</b>	<b>3,072,345</b>	<b>83,153,674</b>	<b>4,941,820</b>	<b>41,927,505</b>	<b>130,022,999</b>	<b>114,357,507</b>
<b>Fund balances at end of year</b>	<b>44,770,384</b>	<b>27,674,034</b>	<b>5,646,794</b>	<b>2,139,896</b>	<b>80,231,108</b>	<b>5,729,931</b>	<b>39,759,435</b>	<b>125,720,474</b>	<b>127,586,508</b>
Contributed capital at beginning of year	-	-	-	-	-	9,674,218	155,294	9,829,512	10,571,438
Current year additions/deletion	-	-	-	-	-	(517,150)	-	(517,150)	(846,476)
Contributed capital at end of year	-	-	-	-	-	9,157,068	155,294	9,312,362	9,724,962
<b>Total fund equity</b>	<b>\$ 44,770,384</b>	<b>\$ 27,674,034</b>	<b>\$ 5,646,794</b>	<b>\$ 2,139,896</b>	<b>\$ 80,231,108</b>	<b>\$ 14,886,999</b>	<b>\$ 39,914,729</b>	<b>\$ 135,032,836</b>	<b>\$ 137,311,470</b>

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Statement of Revenues, Expenditures and Changes in Fund  
Balance - Budget and Actual, Budgetary Basis - General Fund  
Year Ended September 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Compact	\$ 5,353,776	\$ 5,353,776	\$ -
Local taxes	6,200,000	5,460,238	(739,762)
Fishing rights fees	14,000,000	14,080,615	80,615
Postal revenues	-	515,956	515,956
Investment earnings	1,700,000	6,529,393	4,829,393
Business fees, fines, penalties and interest on delinquent taxes	530,000	217,497	(312,503)
Total revenues	27,783,776	32,157,475	4,373,699
Expenditures:			
Executive branch	13,998,118	12,925,950	1,072,168
Judicial branch	1,006,617	1,002,729	3,888
Legislative branch	4,244,783	3,158,590	1,086,193
Office of the Public Auditor	473,542	326,871	146,671
Other National Government programs	6,344,271	3,641,178	2,703,093
Boards and commissions	1,346,002	1,256,991	89,011
Other legislative appropriations	11,546,656	11,699,048	(152,392)
Total expenditures	38,959,989	34,011,357	4,948,632
Excess (deficiency) of revenues over (under) expenditures	(11,176,213)	(1,853,882)	9,322,331
Other financing sources (uses):			
Operating transfers in (out), net	(5,770,108)	(5,663,387)	106,721
Total other financing sources (uses), net	(5,770,108)	(5,663,387)	106,721
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(16,946,321)	(7,517,269)	9,429,052
Unreserved fund balance at beginning of year	10,390,515	10,390,515	-
Other changes in unreserved fund balance:			
Net encumbrances adjustment	-	(2,578,964)	(2,578,964)
Decrease in continuing appropriation	-	10,496,278	10,496,278
Increase in reserve for related assets	-	(1,247,171)	(1,247,171)
Unreserved fund balance at end of year	\$ (6,555,806)	\$ 9,543,389	\$ 16,099,195

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Statement of Revenues, Expenses and Changes in Fund Equity -  
All Proprietary Fund Types and Discretely Presented Component Units  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Proprietary Fund Type	Totals Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)	
	Internal Service	(Memorandum Only)	Proprietary	2000	1999
Operating revenues:					
Charges for goods and services	\$ 11,464	\$ 11,464	\$ 13,724,786	\$ 13,736,250	\$ 12,436,555
Other	-	-	258,035	258,035	170,589
<b>Total operating revenues</b>	<b>11,464</b>	<b>11,464</b>	<b>13,982,821</b>	<b>13,994,285</b>	<b>12,607,144</b>
Operating expenses:					
Personnel services	-	-	3,686,990	3,686,990	3,176,225
Circuit lease	-	-	491,282	491,282	501,231
Bad debts	-	-	1,769,793	1,769,793	1,130,075
Utilities	-	-	419,857	419,857	401,998
Rent	-	-	170,532	170,532	159,568
Communications	-	-	338,583	338,583	358,269
Repairs and maintenance	-	-	397,770	397,770	478,246
Travel	-	-	338,689	338,689	344,361
Supplies and materials	(133)	(133)	168,767	168,634	146,593
Contractual services	-	-	253,447	253,447	349,977
Advertising	-	-	308,389	308,389	159,502
Professional fees	-	-	62,102	62,102	136,388
Training	-	-	70,873	70,873	30,136
Depreciation	-	-	2,459,354	2,459,354	2,412,570
Cost of sales	-	-	219,716	219,716	320,898
Other	-	-	501,108	501,108	506,730
<b>Total operating expenses</b>	<b>(133)</b>	<b>(133)</b>	<b>11,657,252</b>	<b>11,657,119</b>	<b>10,612,767</b>
<b>Operating income</b>	<b>11,597</b>	<b>11,597</b>	<b>2,325,569</b>	<b>2,337,166</b>	<b>1,994,377</b>
Nonoperating revenues (expenses):					
Transfers in from General Fund and other sources	-	-	699,573	699,573	1,255,321
Interest income (expense), net	-	-	(1,119,671)	(1,119,671)	(1,091,918)
Investment income	-	-	1,283,406	1,283,406	1,413,250
Loss on investment	-	-	(83,472)	(83,472)	(216,187)
Gain on sale of fixed assets	-	-	2,417	2,417	5,454
Other income	-	-	56,160	56,160	70,478
<b>Total nonoperating revenues (expense), net</b>	<b>-</b>	<b>-</b>	<b>838,413</b>	<b>838,413</b>	<b>1,436,398</b>
<b>Net income</b>	<b>11,597</b>	<b>11,597</b>	<b>3,163,982</b>	<b>3,175,579</b>	<b>3,430,775</b>
Retained earnings at beginning of year	36,801	36,801	35,556,346	35,593,147	32,162,372
Retained earnings at end of year	48,398	48,398	38,720,328	38,768,726	35,593,147
Contributed capital at beginning of year	129,416	129,416	36,798,564	36,927,980	35,927,980
Current year additions	-	-	-	-	1,000,000
Contributed capital at end of year	129,416	129,416	36,798,564	36,927,980	36,927,980
<b>Total fund equity</b>	<b>\$ 177,814</b>	<b>\$ 177,814</b>	<b>\$ 75,518,892</b>	<b>\$ 75,696,706</b>	<b>\$ 72,521,127</b>

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Statement of Cash Flows  
All Proprietary Fund Types and Discretely Presented Component Units  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Proprietary Fund Type	Totals Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)	
	Internal Service	(Memorandum Only)	Proprietary	2000	1999
Increase (decrease) in cash and equivalents:					
Cash flows from operating activities:					
Operating income	\$ -	\$ 11,597	\$ 2,325,569	\$ 2,337,166	\$ 1,994,377
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	-	-	2,459,354	2,459,354	2,412,570
Bad debts	-	-	1,769,793	1,769,793	1,130,075
Others	-	-	25,110	25,110	74,448
	<u>-</u>	<u>11,597</u>	<u>6,579,826</u>	<u>6,591,423</u>	<u>5,611,470</u>
Changes in assets and liabilities:					
Interest receivable	-	-	(145,385)	(145,385)	13,851
Accounts receivable trade	-	-	(606,822)	(606,822)	(836,085)
Accounts receivable other	-	-	(1,237)	(1,237)	159,685
Advances	-	-	(37,029)	(37,029)	(915)
Inventory trade	-	-	163,544	163,544	178,685
Prepaid expenses	-	-	(128,921)	(128,921)	380,422
Loans receivable	-	-	(3,629,947)	(3,629,947)	(1,946,618)
Accounts payable	-	-	(63,078)	(63,078)	(213,644)
Contract retentions payable	-	-	(90,958)	(90,958)	59,086
Due from other funds	-	(11,597)	(247)	(11,844)	3,723
Accrued payroll	-	-	4,307	4,307	(6,006)
Accrued leave payable	-	-	2,508	2,508	14,637
Deferred revenue	-	-	44,185	44,185	(21,040)
Accrued expenses, other	-	-	107,184	107,184	37,567
Interfund payables	-	-	(366,876)	(366,876)	-
	<u>-</u>	<u>(11,597)</u>	<u>(4,748,772)</u>	<u>(4,760,369)</u>	<u>(2,176,652)</u>
Net cash provided by operating activities	<u>-</u>	<u>-</u>	<u>1,831,054</u>	<u>1,831,054</u>	<u>3,434,818</u>
Cash flows for noncapital financing activities:					
CFSM appropriations received	-	-	699,573	699,573	1,253,549
Loan participations sold	-	-	(106,588)	(106,588)	(24,364)
Contributed capital received and other funding	-	-	-	-	1,000,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>592,985</u>	<u>592,985</u>	<u>2,229,185</u>

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Statement of Cash Flows, Continued  
All Proprietary Fund Types and Discretely Presented Component Units  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Proprietary Fund Type	Totals Primary Government	Component Units	Totals Reporting Entity	
	Internal Service	(Memorandum Only)	Proprietary	2000	1999
Cash flows from capital and related financing activities:					
Note repayments	-	-	(565,463)	(565,463)	(538,917)
Acquisition of fixed assets	-	-	(949,392)	(949,392)	(1,768,261)
Disposals of fixed assets	-	-	-	-	5,304
Interest expense	-	-	(1,442,856)	(1,442,856)	(1,469,404)
Proceeds from other income-sale of fixed assets	-	-	2,417	2,417	150
Restricted cash	-	-	-	-	(849,563)
Net cash used for capital and related financing activities	-	-	(2,955,294)	(2,955,294)	(4,620,691)
Cash flows from investing activities:					
Increase in investment	-	-	(79,620)	(79,620)	(436,001)
Withdrawals from (additions to) time deposits	-	-	(3,080,000)	(3,080,000)	1,200,000
Interest income received	-	-	315,747	315,747	375,212
Net cash (used for) provided by investing activities	-	-	(2,843,873)	(2,843,873)	1,139,211
Net increase (decrease) in cash and equivalents	-	-	(3,375,128)	(3,375,128)	2,182,523
Cash and equivalents at beginning of year	-	-	7,566,630	7,566,630	5,384,107
Cash and equivalents at end of year	\$ -	\$ -	\$ 4,191,502	\$ 4,191,502	\$ 7,566,630

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Statement of Changes in General Fixed Assets Account Group  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	<u>2000</u>	<u>1999</u>
Balance at beginning of year	\$ 35,137,421	\$ 35,137,421
Current year additions	1,239,565	-
Current year deletions	<u>(170,957)</u>	<u>-</u>
Balance at end of year	<u>\$ 36,206,029</u>	<u>\$ 35,137,421</u>

See accompanying notes to financial statements.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(1) Summary of Significant Accounting Policies

The general purpose financial statements of the Federated States of Micronesia (FSM) National Government have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the FSM National Government's accounting policies are described below.

A. Reporting Entity

GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. The FSM National Government has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

As required by GAAP, the general purpose financial statements of the FSM National Government present the government and its component units; entities for which the government is considered to be financially accountable. Discretely presented component units are reported in separate columns in the general purpose financial statements to emphasize that they are legally separate from the government. Each discretely presented component unit has a September 30 year end except for the FSM Development Bank and the FSM Social Security Administration which have December 31 year ends.

Discretely Presented Component Units

Governmental Fund - FSM Social Security Administration (FSMSSA)

The FSMSSA has been included in the FSM National Government's general purpose financial statements as a component unit. This component unit has been presented on a discrete basis as it is administered separately and apart from other funds. The Component Unit's principal income may be expended in the course of its designated operations, and accordingly, the component unit is accounted for in essentially the same manner as a governmental fund. The financial statements of the component unit are presented under the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related liability is incurred. Financial statements for the FSMSSA are included as of December 31, 2000 and for the nine months then ended.

FSMSSA previously had a March 31 year end, which was changed to December 31, 2000 as of April 1, 2000. As a result, opening fund balance and contributed capital differences result in the accompanying general purpose financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

Discretely Presented Component Units, Continued

Higher Education Fund - College of Micronesia-FSM

The Higher Education Fund consists of the College of Micronesia-FSM (COM-FSM) which is included in the FSM National Government's general purpose financial statements based on the criteria for inclusion of component units. This component unit is presented on a discrete basis as it is administered separately.

COM-FSM was established by the FSM Public Law 7-79 on September 25, 1993 as a FSM public corporation to serve the varied post-secondary and adult educational needs of the Federated States of Micronesia. It is under the general management and control of a seven member Board of Regents, appointed by the FSM President with the advice and consent of the Congress. The term for all the board members is three years.

Proprietary Funds

Coconut Development Authority

The Federated States of Micronesia Coconut Development Authority (the Authority) was established in 1981 by Public Law 1-145, as amended by Public Law 2-8, and incorporated as Chapter Two, Title 22 of the Code of the Federated States of Micronesia. The purpose of the Authority is to manufacture, process, buy, collect, market, sell, export, inspect, improve the quality, and deal with, in general, all products derived from the coconut tree. The Authority has the additional responsibility to establish prices to producers or sellers of coconut products in the Federated States of Micronesia, to collect and receive all monies derived from the sales of coconut products, and to stabilize the price of these products. The Authority is a component unit of the Federated States of Micronesia National Government.

The affairs of the Authority are managed by a five-member board, consisting of representatives of the four FSM states and the FSM National Government. Daily operation of the Authority is delegated to a general manager, who is hired by and serves at the pleasure of the Board.

The operation of the Authority is funded by annual appropriations from the FSM Congress. The purchase of coconut products is funded by copra subsidy appropriations from the FSM Congress and revenues generated through sales of copra.

FSM Telecommunications Corporation

The Telecommunications Corporation of the Federated States of Micronesia (the Corporation) was established as a public corporation under the laws of the Federated States of Micronesia, the purpose of which is to provide telecommunications services, except radio and television broadcasting, throughout the FSM and to points outside the FSM. The Corporation began its operations on October 1, 1983.

Additional funding was made available under Section 215(a)(2) and Section 215(b)(2) of the Compact of Free Association, and loan funds from the USDA Rural Electrification Administration.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

Discretely Presented Component Units, Continued

Proprietary Funds, Continued

FSM Development Bank

The Federated States of Micronesia Development Bank (FSMDB) was created in 1979 by Public Law 1-37 of the First Congress of the Federated States of Micronesia. The FSM Development Bank began its operations on October 1, 1980. The FSMDB was reorganized in January of 1994 by Public Law 8-47 of the Eighth Congress of the Federated States of Micronesia. The purpose of the FSM Development Bank is to provide loans for the economic development of the FSM at below market rates.

The Investment Development Fund (IDF), which provides funds for loans made by the FSMDB, was established by Public Law 5-122 in January 1989. The purpose of the IDF is to finance projects which will (1) have their operations primarily located within the FSM; (2) improve the balance of payments position of the FSM; (3) increase the value of visible and invisible exports or result in import substitutions; (4) demonstrate positive economic returns; (5) contribute to the furtherance of close economic relations with the USA.

The Pohnpei Development Loan fund and the Yap Development Loan Fund are administered by the FSMDB in a Trust capacity. All loan decisions are made by executives of the respective state governments.

Due to a difference in the reporting period, financial statements for the FSM Development Bank are included as of December 31, 2000 and for the year then ended.

National Fisheries Corporation

The National Fisheries Corporation (the Corporation) was established on July 13, 1983 by FSM Public Law No. 3-14. The component unit is directed by a board composed of seven members. The purpose of the Corporation is to engage in activities dealing with the development of fisheries in the Federated States of Micronesia. The Corporation has not provided audited financial statements for the year ended September 30, 2000 and is therefore, not included in the accompanying presentation.

B. Fund Accounting

The FSM National Government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain FSM National Government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position and are not involved with measurement of results of operations.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

**(1) Summary of Significant Accounting Policies, Continued**

**B. Fund Accounting, Continued**

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The proprietary fund type of the FSM National Government is comprised of an internal service fund which is the Supply Stock Revolving Fund created by Public Law No. 4-74 for the government to benefit from discounted prices of supplies and other items available from volume purchasing.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the FSM National Government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the FSM National Government is under an obligation to maintain the trust principal.

There are two account groups. The General Fixed Assets Account Group is used to account for fixed assets not accounted for in proprietary funds. The General Long-Term Debt Account Group is used to account for general long-term debt and certain other long-term liabilities that are not specific liabilities of proprietary funds.

**C. Basis of Presentation**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(1) Summary of Significant Accounting Policies, Continued

C. Basis of Presentation, Continued

The modified accrual basis of accounting is used by all governmental fund types and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are FSM local taxes, charges for services, leases and interest revenue. Fines and permit revenues are not susceptible to accrual because they are generally not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Budgetary Process

The Congress of the Federated States of Micronesia (CFSM) enacts the budget through passage of specific departmental appropriations. Before signing the Appropriations Act, the President may veto or reduce any specific appropriation, subject to Congressional override. Under the Compact of Free Association, which went into effect November 3, 1986, approval of all CFSM Laws is vested with the President of the Federated States of Micronesia.

During fiscal year 2000, supplemental appropriations were also made for both operating and capital purposes, to reflect the evolving priorities of the FSM National Government.

Budgetary control is maintained at the departmental level. Budget revisions during the year, reflecting program changes, may be effected by CFSM approval.

Encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year-end are reported as reservations of fund balance and will be funded as expenditures in the ensuing year. Encumbrances remain reservations of fund balance until becoming expended or canceled. If an encumbrance is subsequently canceled, the funds revert to the applicable unreserved fund balance unless otherwise required by law.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(1) Summary of Significant Accounting Policies, Continued

D. Budgetary Process, Continued

Budgetary expenditures, which are on a basis other than GAAP, represent current charges against appropriations; current charges consist of all current year liquidated and unliquidated encumbrances. Budgetary expenditures are therefore determined by subtracting both current year liquidations of prior year encumbrances and unliquidated prior year encumbrances from the combined total of current year. When reviewed in relation to respective budgets, budgetary expenditures provide the principal means of evaluating current year operating performance and management stewardship. Amounts included on the Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, Budgetary Basis - General Fund (which are presented on a non-GAAP budgetary basis) are reconciled to unreserved fund balance of the Combined Balance Sheet with the other changes in unreserved fund balance section of that statement.

E. Receivables

Receivables in the FSM National Government's governmental and fiduciary fund types primarily consist of taxes and federal revenues. Since few governmental fund revenues are susceptible to accrual prior to receipt, most taxes, licenses, fees, permits and similar revenues are recognized primarily on the cash basis.

At September 30, 2000, the FSM National Government had rendered tax assessments of an unknown amount for delinquent taxes. If collected, one-half of these receivables will accrue as revenue to the FSM National Government; the other one-half will accrue to the collecting State Government. However, due to the uncertainty of collection, these amounts have not been reflected within the accompanying general purpose financial statements.

The General Fund includes \$3,600,000 in loans receivable from the National Fisheries Corporation (a Component Unit - Proprietary Fund) and \$2,061,987 from Chuuk State Government. These loans are fully reserved for in fund balance due to the terms of the loan (see note 5A).

For the Student Loan Fund, a Fiduciary Fund Type - Expendable Trust Fund, the policy of the FSM National Government is to reserve all loans until collection occurs since applicable loan terms are such that it is difficult to estimate when and if repayments may occur. As of September 30, 2000, \$1,606,953 was the outstanding balance of loans, the sum total of which was fully reserved as doubtful.

The Compact Capital Improvement Project Fund includes a loan receivable of \$1,228,636 from Caroline Fisheries Corporation. This outstanding loan balance has been fully reserved for in fund balance (see note 5C).

F. Interfund Transactions

The National Government has two potential types of interfund transactions, as follows:

1. Operating appropriations/subsidies are accounted for as operating transfers in the funds involved.
2. Equity contributions are accounted for as equity transfers (additions to or deductions from beginning governmental fund balances or proprietary fund contributed capital).

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(1) Summary of Significant Accounting Policies, Continued

G. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets), are accounted for in the General Fixed Assets Account Group rather than in governmental funds. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. It is the FSM National Government's policy to not capitalize infrastructure costs. Depreciation is not charged against the General Fixed Assets Account Group. Substantially all fixed assets of the FSM National Government are equipment, furniture and fixtures and vehicles.

The COM-FSM fixed assets are accounted for in the plant fund.

All buildings and equipment transferred to COM-FSM were recorded at management's estimate of fair market value at the date of transfer. Subsequent additions have been recorded at cost and/or realizable value, as estimated and provided by COM-FSM. To the extent that current funds are used to finance plant assets, the amounts are accounted for as: (1) expenditures, in the case of normal replacements or movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases. The COM-FSM has adopted depreciation accounting beginning with fiscal year 1994; however, due to the inadequate inventory of assets acquired prior to fiscal year 1994, no depreciation had been calculated for these previously acquired assets. Since 1994, provision has been made for depreciation for the assets acquired and recorded prior to fiscal year 1994. The provision for depreciation for assets acquired in fiscal year 1994 and thereafter is reflected in the Plant Fund balance sheet as a depreciation allowance with the subsequent reduction of Plant Fund balances. Depreciation is calculated using the straight line method over estimated useful lives of three to fifteen years.

Real property and certain buildings, being used by COM-FSM, were contributed to the COM-FSM by the Pohnpei State Government. No user fee or allowance has been computed or charged to the COM-FSM by the Pohnpei State Government. Therefore, such costs have neither been recorded as in-kind contributions or expenditures.

H. Inventories

Inventories of materials and supplies are determined by physical count and are valued at the lower of cost (principally average cost) or market.

I. Actual Expenditures Contrasted With Budgetary Expenditures

Actual expenditures are charges which represent the total of all current year liabilities incurred which were attributable to operations; such liabilities may represent liquidations of either current or prior year encumbrances. In contrast, budgetary expenditures represent current charges against appropriations; current charges consist of all current year liquidated and unliquidated encumbrances.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(1) Summary of Significant Accounting Policies, Continued

**J. Fund Balance Reserves and Designations**

The FSM National Government's fund balance reserves represent those portions of fund balance (1) not appropriable for expenditure or (2) legally segregated for a specific future use. In the accompanying combined balance sheet, reserves for related assets such as imprest funds and petty cash are examples of the former. Reserves for encumbrances, contracts, and continuing appropriations are examples of the latter.

Reserves for related assets for the general fund as of September 30, 2000, are as follows:

World Bank Group securities	\$ 1,149,850
Imprest cash fund	74,658
Petty cash fund	4,061
Revolving Funds - FSM States	1,035,561
Other receivables	1,381,754
Equity investment - UMDA	1,500,000
Receivable – TTPI CIP Fund	726,754
Early Retirement Fund	<u>847,190</u>
Total	\$ <u>6,719,828</u>

Reserves for related assets of the capital projects funds relate to equity investments of those funds.

The FSM National Government is required to maintain in a trust account 60% of the 3 million dollars loan with ADB for the Early Retirement Program (See note 6A). As of September 30, 2000, \$952,810 of cash maintained in the trust account in the Special Revenue Fund was reserved for as a related asset. The remaining \$847,190 was reserved for in the General Fund.

**K. Totals - Memorandum Only**

The "Totals - Memorandum Only" columns represent an aggregate of the individual combined financial statements. The total column is presented for overview informational purposes and does not represent consolidated financial information.

**L. Investments**

The State adheres to the standards of GASB 31. GASB 31 provides the governmental activities shall, with certain exceptions, report investments at fair value in the balance sheet. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties. Investments in the equity of companies are carried at cost if less than twenty percent of the companies' total equity, on consolidated basis if greater than fifty percent. (See note 2).



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(1) Summary of Significant Accounting Policies, Continued

M. Cash and Equivalents

For purposes of the Combined Balance Sheet and the Combined Statement of Cash Flows, cash and equivalents are defined as cash on deposit in banks including time certificates of deposit with an initial maturity of ninety days or less.

N. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Equivalents and Investments

I. Compact Funds

Public Law No. 4-77, which approved the "Internal Budget and Finance Procedures Under the Compact of Free Association", established and designated the Federated Development Authority (FDA) as the agency under which Compact funds available for investment are obligated and placed. This law also provides that all FDA investment funds shall be managed by the FSM Secretary of Finance for the FDA.

The FSM National Government and each of the individual States of the Federated States of Micronesia channel their investments into combined investment pool accounts.

The investment managers and the trustee report on the investment pool accounts; the trustee also reports on each government-participant's total investments, showing the individual investments in the long-term and short-term accounts and each participant's balance which remains with the trustee.

Ownership or share in the long-term and short-term investment pools are accounted for in terms of units purchased at the time of investment or redeemed at the time of withdrawal. Purchase and redemption of units are made on the first working day of the month at the current market value of the units. Shares of the participants in the reinvested earnings and accrued income (net of management fees and miscellaneous expenses) in the long-term investment account (interest, dividends, realized gains/losses on sales of stocks) and in the short-term account (interest and realized gains/losses on sales of securities) are based on the outstanding units held.

The investment managers are given authority to buy and sell securities as follows:

A. Investment managers may invest in stocks, bonds and cash equivalents. Minimum standards of quality for investments at the time of purchase shall be:

1. Stocks - A "B" rating by a national rating service. Non-rated stocks such as banks or insurance companies must be equal in quality or higher.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(2) Cash and Equivalents and Investments, Continued

I. Compact Funds, Continued

2. Bonds - Confined to issues rated "A" or higher by a national rating service, except in the case of U.S. Treasury or Agency Securities which are not rated.
3. Cash equivalents - The manager may engage in all normally accepted short-term investment practices including, but not limited to: U.S. Treasury and Agency securities, bankers' acceptances, certificates of deposit, commercial paper and repurchase agreements using any of the foregoing as collateral. The following restrictions apply:
  - a. Commercial paper must be rated A-1/P-1 or higher by Standard and Poors Corporation and Moodys Investor Services.
  - b. Certificates of deposit must be from FDIC insured banks of which must have assets in excess of two billion dollars. Deposits in smaller institutions are acceptable, but must not exceed the amount of the insurance unless collateralized by U.S. Treasury Securities at 102%.

B. The equity portfolio shall be diversified among issues and industry classifications. No more than 25% of the equity portfolio may be invested in any single classification, as described by the Standard and Poors 500 Index, unless prior approval is received from the Secretary of Finance.

C. No investment may be made in a single corporate entity which exceeds 5% of the total assets of the fund at the time of purchase without prior approval by the Secretary of Finance.

II. Other Funds

The Health Insurance Fund, an Expendable Trust Fund, has cash deposits of \$1,409,359 with Pacific Century Trust and \$1,089,771 with Merrill Lynch, which is invested in U.S. Treasury Notes.

III. Investment Management

The administration of the initial Compact Investment Development Fund of \$12 million received under Section 111(b)(1) of the Compact agreement in October 1987 was transferred to the FSM Development Bank, a Component Unit - Proprietary Fund, together with all cumulative earnings in March 1989 pursuant to Public Law 5-122. The second installment of \$8 million received under this section of the Compact was received by the FSM National Government during fiscal year 1991, and was transferred to the FSM Development Bank together with all cumulative earnings on February 22, 1994, pursuant to Public Law 6-109. The FSM National Government and its component units do not require collateralization of cash accounts. Therefore, cash and equivalents are substantially uncollateralized. For cash and investments of the FSM Social Security Administration, refer to note 9.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(2) Cash and Equivalents and Investments, Continued

III. Investment Management, Continued

As of September 30, 2000, the details of the FSM National Government's Governmental and Fiduciary fund type cash and equivalents and investments are as follows:

	<u>Market Value</u>
<u>Cash and equivalents</u>	
Compact Funds	\$ 1,316
Others	<u>2,623,616</u>
	\$ <u>2,624,932</u>
<u>Investments</u>	
Compact Funds	\$ 27,215,043
Others	<u>9,027,274</u>
	\$ <u>36,242,317</u>
<u>Term Deposits</u>	
General Fund	\$ 4,248,358
Special Revenue Fund	230,000
Expendable Trust Fund	<u>868,081</u>
	\$ <u>5,346,439</u>

IV. FSM Development Bank (FSMDB)

FSM National Government statutes permit the FSMDB to invest in shares, stocks, mortgages, bonds, obligations, securities and investments of all kinds. IDF funds must be invested in short-term, readily marketable, investment grade nonconvertible bonds, guaranteed investment contracts issued by an insurance company with over \$1 billion in assets, or shares in a money market, open-ended, mutual fund.

Deposits by FSMDB with financial institutions at December 31, 2000, are categorized by risk as follows:

Amount insured or collateralized	\$ 300,000
Uninsured or uncollateralized	<u>2,344,924</u>
Total Deposits	\$ <u>2,644,924</u>

FSMDB management's confidence in the financial strength of their banking institutions was the basis of the decision to not require collateralization. No losses as a result of this practice were incurred for the year ended December 31, 2000.

GASB Statement No. 3 requires government entities to categorize investments in the following categories to give an indication of the level of risk assumed by the entity at year-end.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(2) Cash and Equivalents and Investments, Continued

IV. FSM Development Bank (FSMDB), Continued

- Category 1 - Securities insured or registered and held by the FSMDB or IDF or its agent in the FSMDB's or IDF's name.
- Category 2 - Securities uninsured and unregistered and held by a party other than the FSMDB or IDF or its agent, in the FSMDB's or IDF's name.
- Category 3 - Securities uninsured and unregistered and held by a party other than the FSMDB or IDF and not in the FSMDB's or IDF's name.

Investments as of December 31, 2000, are carried at cost, which approximates market value, and are comprised of the following:

	<u>FSMDB</u>	<u>IDF</u>	<u>Pohnpei Development Loan Fund</u>	<u>Yap Development Loan Fund</u>
U.S. Government Obligations	\$ 7,685,000	\$ 8,850,000	\$ -	\$ -
Time certificates of deposit with original maturities of greater than ninety days	1,200,000	-	300,000	120,000
Investment premiums and discounts	<u>(56,276)</u>	<u>(57,069)</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,828,724</u>	<u>\$ 8,792,931</u>	<u>\$ 300,000</u>	<u>\$ 120,000</u>

The difference between book and market values is not material. Management is of the opinion that it has the intent and ability to hold all of the securities to maturity and, therefore, no losses will be incurred. The investments held by the FSMDB and IDF have been classified as category 1 investments in accordance with the GASB Statement No. 3 as all investments are held in the name of FSMDB or IDF by Merrill Lynch, Inc.

The FSMDB, a component unit - proprietary fund, owns 100,000 shares of the stock of a commercial bank incorporated within the FSM. The investment is now accounted for on the cost method after previously being accounted for on the equity method. The investment constitutes a 10.84% ownership share.

Opening balance	\$ 662,188
FY2000 activities	<u>-</u>
Ending balance	\$ <u>662,188</u>

V. FSM Telecommunications Corporation

Investments in Securities

Investments in securities are carried at fair value in accordance with the requirements of GASB Statement No. 31.

Generally, the Corporation can invest in bonds and other existence of indebtedness of the U.S. and in preferred or common stock of any corporation created or existing under the laws of the U.S. or any U.S. state, territory, or commonwealth. Additionally, a maximum of 10% of the total portfolio may be invested in non-U.S. equities.

**NATIONAL GOVERNMENT  
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Notes to Financial Statements  
September 30, 2000

(2) Cash and Equivalents and Investments, Continued

V. FSM Telecommunications Corporation, Continued

Investments in securities comprise the following as of September 30, 2000:

Equities	\$ 8,169,835
U.S. government obligations	1,168,242
Corporate bonds and others	<u>3,024,104</u>
	\$ <u>12,362,181</u>

Investment - IntelSat

In September 1994, the Corporation became a member of the International Telecommunications Satellite organization (IntelSat). The Corporation paid its initial capital investment share of \$910,114 representing a .05% valuation of the operating agreement at the time of acquisition. At September 30, 2000, the investment balance of \$910,114 is carried at cost. Interest earned on this investment was \$130,078 during the year ended September 30, 2000.

Investment - Iridium

On January 12, 1998, the Corporation entered into a program offered by Iridium, LLC and Iridium South Pacific. This program provides for low cost financing for investments in Iridium World Communications Limited, for affordable satellite phones, airtime and for limited free access to the Iridium System for use in emergency response efforts. As part of the program, the Corporation purchased 20,625 shares of class B stock at \$13.33 per share. As of September 30, 1999, Iridium has declared bankruptcy and the total value of the purchased shares have been valued at \$0.

Investment - Island Cable Television

On December 8, 1998, FSM Telecommunications Corporation acquired a 50% ownership in Island Cable Television - Pohnpei for \$450,000. The Corporation has recorded this investment under the equity method of accounting. Goodwill of \$383,062 resulting from the purchase is being amortized over a period of fifteen (15) years. For the year ended September 30, 2000, amortization expense of \$19,153 is netted with the Corporation's pro rata share of earnings of \$7,661 to derive a loss on the investment of \$11,492.

VI. Investment Categorization

GASB No. 3 requires government entities to categorize investments to give an indication of the level of risk assumed by the entity at year end.

- Category 1 - Insured or registered, or securities held by the FSM National Government or its agent in the FSM National Government's name.
- Category 2 - Uninsured and unregistered, or securities held by a party other than the FSM National Government or its agent, but in the FSM National Government's name.
- Category 3 - Uninsured and unregistered, with securities held by a party other than the FSM National Government and not in the FSM National Government's name.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(2) Cash and Equivalents and Investments, Continued

VI. Investment Categorization, Continued

The FSM National Government's demand and time deposits are non-categorized investments in accordance with GASB Statement # 3. Compact of Free Association funds held by the designated trustee have been classified as category 2 investments as all Compact investments are held in the name of the Federated Development Authority. Other fund investments are classified as category 1 investments as investments are either registered or held in the agency's name. All other investments are classified as category 2 investments as they are held by the designated trustee in the FSM National Government's name.

VII. Equity Investment

The FSM National Government owns 298,745 shares of the stock of a commercial bank incorporated within the FSM. The principal investment of \$3,000,000 is accounted for on the equity method since the investment constitutes a 32% ownership share. The investment is recorded in the Capital Projects Fund and is reserved for as a related asset within that fund.

Opening balance	\$ 3,866,064
FSM's share of subsidiary fund equity (loss)	<u>(319,883)</u>
Carrying value	\$ <u>3,546,181</u>

The FSM National Government also owns 50,000 shares of the stock of a commercial enterprise located in the Commonwealth of the Northern Marianas. The investment of \$1,500,000 resulted from a contribution and is accounted for in the General Fund at cost since the investment constitutes a .05% ownership share. This investment is reserved for as a related asset in the general fund.

The FSM National Fisheries Corporation has recorded various investments in for-profit fishing corporations whose carrying values have each been reduced to zero. NFC has not provided audited financial statements for these investments.

(3) Commitments and Contingencies

1. Sick Leave. It is the policy of the FSM National Government to record sick leave when leave is actually taken and a liability is actually incurred. The accumulated estimated amount of unused sick leave at September 30, 2000, was not available.
2. Litigation. The FSM National Government is party to several legal proceedings arising from governmental operations. Claims are filed with the FSM Attorney General. Approved claims are paid from appropriations to the affected government agency. At September 30, 2000, there existed several unapproved claims. The Attorney General of the FSM National Government represents that the ultimate resolution of these claims is undeterminable, but should not have a material impact on the accompanying general purpose financial statements.
3. Leases. The FSM National Government has entered into house lease agreements varying from one to five years. The aggregate amount of future lease payments has not been accumulated as renewal is subject to annual appropriation.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(3) Commitments and Contingencies, Continued

4. Federal Program Questioned Costs

The National Government participates in a number of U.S. federally assisted grant programs. These programs are subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. Currently, \$158,693 of unresolved questioned costs exists for FSM National Government. Ultimate resolution is not predictable but may impact the general fund if repayment is required. No provision for any related liability is made in the general purpose financial statements.

Additionally, a material amount of questioned costs exists from the four States of the Federated States of Micronesia which receive federal funds in a subrecipient capacity. If these questioned costs are sustained, such will be funded by State resources.

Pursuant to Title I, Section 105 of United States Public Law 99-290, the Government of the Federated States of Micronesia (FSM) is no longer liable for debts to U.S. federal agencies arising prior to the date of the implementation of the Compact of Free Association. This matter has not yet been officially resolved with the U.S. Government. Accordingly, the States have made no adjustment to the above questioned costs for amounts which were incurred prior to the implementation of the Compact of Free Association.

5. Insurance

The FSM National Government does not carry insurance to cover its potential risks. The FSM National Government is substantially self-insured for all risks. Management is of the opinion that no material losses have been sustained as a result of this practice.

(4) Interfund Receivables and Payables

As of September 30, 2000, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 135,272,944	\$ 112,875,143
Special Revenue Funds:		
Maritime Operations	446,143	-
Disaster Relief	125,648	-
Federal grants direct	741,191	2,278,297
OIA	-	1,019,461
Passport Revolving Fund	40,000	-
Fisheries Revolving Fund	184,451	-
FSM Medical Revolving Fund	3,576	-
Asian Development Loan Fund	1,124,742	-
Aqua Center Revolving Fund	30,795	-
Early Retirement Program Fund	-	458,432
Section 215 (a)(2) - Communication - Annual	-	2,391,966
Section 215 (b)(2) - Communication - One Time	2,981	-
Section 216 (a)(1) - Marine Surveillance - Annual	-	3,026,584
Section 216 (b) - Marine Surveillance - One Time	-	1,171,426
Section 216 (a)(3) - Post Secondary Education	-	7,092,448
Section 216 (a)(2) - Health and Medical	-	1,670,408

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

**(4) Interfund Receivables and Payables. Continued**

Section 221 (b) - Special Block	511,234	-
Section 214 - Energy	-	1,813,085
Special Development Fund	-	91,593
Capital Projects Funds:		
Compact	-	3,315,990
OIA/TTPI	-	572,575
Internal Service Fund	66,107	-
Expendable Trust Funds:		
Health insurance	-	1,359,692
Student loan fund	<u>587,288</u>	<u>-</u>
Total	<u>\$ 139,137,100</u>	<u>\$ 139,137,100</u>

**(5) Loans Receivable**

**A. 1) General Fund- NFC**

As of September 30, 2000, an amount of \$3,600,000 was outstanding from the National Fisheries Corporation (a component unit-proprietary fund). The first three notes were used for the purchase of common and preferred stock of Yap Fishing Corporation and two longline fishing boats, including initial working capital.

The additional four notes were used for longline training activities, purchase of common stock of Yap Fresh Tuna, and business joint ventures:

<u>Date</u>	<u>Principal</u>	<u>Annual Installments</u>	<u>First Payment Date</u>	<u>Term</u>
3/29/91	\$ 750,640	\$ 44,155	3/29/94	20 years
7/11/91	1,212,940	86,639	7/11/94	17 years
9/27/91	397,176	23,363	9/27/94	20 years
10/1/91	500,000	29,412	10/18/94	17 years
4/2/92	100,000	5,000	4/30/95	23 years
4/2/92	39,244	1,962	4/30/95	23 years
11/1/91	100,000	5,000	11/30/95	20 years
-	<u>500,000</u>	-	-	-
	<u>\$ 3,600,000</u>			

Pursuant to Public Law 6-69, no interest is payable on these loans. The FSM National Government has reserved this loan within fund balance at September 30, 2000.

**A. 2) General Fund- Chuuk State Recovery Loan**

During the fiscal year ended September 30, 1998, Chuuk State Government and the FSM National Government entered into a loan agreement whereby the FSM National Government agreed to loan the State of Chuuk the sum of \$5,000,000 dollars ("Chuuk Recovery Loan"). The primary purpose of this loan was to assist the State in satisfying amounts due to various vendors for payroll allotments and the principal portion of the State's tax liabilities to the FSM Revenue and Taxation and the FSM Social Security Administration. Under the terms of the loan agreement, a total of \$3,761,987 was earmarked for this purpose.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(5) Loans Receivable, Continued

A. 2) General Fund- Chuuk State Recovery Loan, Continued

The remaining principal amount (\$1,238,013), to be disbursed subsequent to fiscal year 2000, is earmarked to finance amounts owed by Chuuk State for payroll allotments, principal, penalties and interest due to the FSM Revenue and Tax Division and the FSM Social Security Administration and payment of amounts due to outside vendors for medical referrals and purchases. The loan is to be repaid in quarterly allotments of \$416,667 including interest thereon beginning October 1, 1998. Interest is at 1% per annum. The total amount outstanding on this loan at September 30, 2000 was \$2,061,987. Chuuk State has defaulted on the note by not making any repayment during the year.

The following summarizes the Chuuk State Recovery Loan expected repayment requirements:

<u>Year</u>	<u>Principal</u>
2001	\$ <u>2,061,987</u>

B. Loans Receivable - Special Revenue Funds

As set forth in note 6, the FSM National Government has borrowed \$26,262,296 and relent \$22,281,223 of Asian Development Bank (ADB) funds under the same terms and conditions imposed by ADB. (See Note 6A and 6B). During the year ended September 30, 2000, \$600,000 was repaid by a State entity.

C. Compact Capital Projects Fund

As of September 30, 2000, an amount of \$1,228,636 was outstanding from the Caroline Fisheries Corporation (CFC), a joint venture between the National Fisheries Corporation (NFC) (a component unit-proprietary fund), Pohnpei State Economic Development Authority and the Australian-owned Tuna Development Company, Pty. Ltd. (TDC). The loan was restructured during the year ended September 30, 1998 where Caroline Fisheries Corporation paid FSM National Government \$1,000,000 and the original note of \$3,750,000 was reduced to \$1,500,000. The FSM National Government recorded a loss of \$1,250,000 on this transaction during the year ended September 30, 1998. The new note has an annual interest rate of 8%, is uncollateralized, and is due in monthly installments of \$67,841.

The following summarizes the Caroline Fisheries Corporation projected future loan repayments:

<u>Year</u>	<u>Principal</u>
2001	\$ <u>1,228,636</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(5) Loans Receivable, Continued

D. Loans Receivable - FSM Development Bank (FSMDB)

The FSMDB's policy is to report loans receivable net of an allowance for uncollectible loans. Following is a schedule of loan balances and the respective allowances:

<u>December 31, 2000</u>	<u>Loan Balance</u>	<u>Allowance for D/A</u>	<u>Net Amount</u>
FSM Development Bank	\$ 19,938,920	\$ (4,932,748)	\$ 15,006,172
State Development Funds (Pohnpei and Yap)	343,313	-	343,313
IDF	<u>8,059,566</u>	<u>(1,653,820)</u>	<u>6,405,746</u>
	<u>\$ 28,341,799</u>	<u>\$ (6,586,568)</u>	<u>\$ 21,755,231</u>

The loans receivable for State Development Funds and IDF are included as restricted assets as set forth in the accompanying general purpose financial statements.

As of December 31, 2000, the Bank has twenty-eight loans totaling \$3,101,416 to employees and spouses of employees of the Bank of which six loans totaling \$2,955,113 are considered to be normal bank project loans. Certain of the above loans are made from IDF and State Development Funds which are classified in restricted assets (note 11).

(6) Notes Payable

A. Early Retirement Loan

As of fiscal year 2000, the FSM National Government has borrowed \$17,682,020 (\$10,000,000 during fiscal year 1997 and \$7,682,020 in fiscal year 1999) from the Asian Development Bank to be used for an early retirement program for all eligible public service employees of the FSM National Government, Kosrae State Government, Pohnpei State Government, Yap State Government and Chuuk State Government. The loan has a maturity date of 2037 with payment of principal to commence on February 1, 2008. The loan is guaranteed by the FSM National Government with a service charge of 1% payable semiannually on February 1 and August 1. As of September 30, 2000, \$4,053,682, \$3,500,000, \$5,128,335 and \$2,000,000 had been lent to Pohnpei State, Yap State, Chuuk State and Kosrae State respectively, to fund early retirement programs, and \$3,000,000 was allocated to the FSM National Government for its early retirement program. These notes receivable are included in the Special Revenue Funds. The States are to repay the FSM National Government 30% of the outstanding loans in each of 1999 and 2000 and the remaining 40% in 2001.

**NATIONAL GOVERNMENT  
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Notes to Financial Statements  
September 30, 2000

(6) Notes Payable, Continued

B. Fisheries & Water Project Loans

As of fiscal year 2000, the FSM National Government has borrowed a total of \$8,580,276 from the Asian Development Bank on behalf of Micronesian Longline Fishing Company, Chuuk Public Utilities Corporation, Pohnpei Utilities Corporation, Yap State Public Services Corporation, and FSM Department of Economic Affairs for fisheries projects and water projects. The loans have a maturity date of July 15, 2033 with payment of principal to commence on January 15, 2004. These loans are guaranteed by the FSM National Government with a service charge of 1% payable semiannually on January 15 and July 15. As of September 30, 2000, FSM National Government has relented the following:

Micronesia Longline Fishing Company	\$ 3,950,797
Chuuk Public Utility Corporation	1,795,680
Pohnpei Utilities Corporation	842,998
Yap State Public Services Corporation	<u>1,009,729</u>
	<u>\$ 7,599,204</u>

C. Component Unit - Proprietary Funds

FSM Telecommunications Corporation

As of fiscal year 2000, FSM Telecommunications Corporation (FSMTC) (a component unit-proprietary fund) had drawn down a total of \$40,195,300 from U.S. Department of Agriculture Rural Electrification Administration as part of a \$41 million loan package to be used for telephone network expansion in the FSM.

The following summarizes the FSMTC debt service requirements for the next five years and thereafter:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2001	\$ 581,612	\$ 1,426,708
2002	610,693	1,397,627
2003	641,228	1,367,092
2004	673,289	1,335,031
2005	706,953	1,301,367
Thereafter	<u>25,320,379</u>	<u>15,660,281</u>
Total	<u>\$ 28,534,154</u>	<u>\$ 22,488,106</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(7) Continuing Appropriations

General Fund

At September 30, 2000, the General Fund reflected \$16,172,107 as continuing appropriations, primarily representing appropriations for State Projects.

Capital Project Funds

Continuing appropriations of the Capital Projects Funds as of September 30, 2000, follow:

Public Law No.	5-75	\$	4,328
	6-4		64,102
	6-7		70,478
	6-19		27,875
	5-118		90,984
	6-10		95,456
	6-91		258,517
	7-78		667
	8-018		55,254
	8-096		73,174
	9-030		71,609
	9-096		214,427
	9-125		41,439
	10-026		416,417
	10-024		175,602
	10-094		38,578
	10-119		240,803
	10-126		192,606
	10-145		<u>500,000</u>
			2,632,316
	Less expenditures and encumbrances		<u>(1,427,572)</u>
	Sub-Total		<u>1,204,744</u>
 <u>CFSM Capital Projects Funds</u>			
	Staff housing		3,283
	Finance warehouse		27,680
	Capitol wells		<u>36,984</u>
			<u>67,947</u>
	Total Capital Projects Funds	\$	<u>1,272,691</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(7) Continuing Appropriations, Continued

Special Revenue Funds

Continuing appropriations for Special Revenue Funds as of September 30, 2000, follow:

Scholarship Grants:

Pohnpei	\$ 362,052
Chuuk	78,174
Kosrae	1,547
Graduate Scholarship	163,290
College of Micronesia Assistance	<u>4,758</u>
Total	<u>609,821</u>

Communications One-Time (PL 5-3):

FSM Telecommunications Corp. - Building	1,824
FSM Telecommunications Corp. - Switch and others	112,945
FSM Telecommunications Corp. - Telephone System	<u>32,112</u>
	<u>146,881</u>

Energy

Kosrae Projects	37,790
Chuuk Projects	<u>135,522</u>
	<u>173,312</u>

Special Block Grant

Leptospirosis, Dengue Fever and Cholera	3,824
Yap Continuing Education (PL-7-96)	<u>14,751</u>
	<u>18,575</u>

Total Compact Special Revenue Funds	948,589
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Disaster Revolving Fund	<u>67,420</u>
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Asian Development Bank Loan Fund	<u>1,111,364</u>
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Total Special Revenue Funds	\$ <u>2,127,373</u>
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**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

**(8) Transfers Out/In**

Net transfers for the year ended September 30, 2000, consist of the following:

General Fund transfers in/out:	
Coconut Development Authority	\$ (390,600)
Maritime Operations Revolving Fund	(966,265)
National Fisheries Corporation	(1,294,509)
COM-FSM	(3,229,900)
Passport Revolving Fund	<u>231,321</u>
Net General Fund transfers out	\$ <u>(5,649,953)</u>
Special Revenue Funds transfers in (out):	
Passport Revolving Corporation	\$ (231,321)
Maritime Operations Revolving Fund	966,265
FSM Telecommunications Corporation	(555,508)
Post Secondary Education transfer out to COM-FSM	<u>(560,000)</u>
Net Special Revenue Funds transfers out	\$ <u>(380,564)</u>

**(9) FSM Social Security Administration**

The Social Security Administration of the Federated States of Micronesia National Government was established by Public Law 2-74, passed on February 8, 1983, and began operations on October 1, 1987, for the purpose of providing retirement, disability and death benefits to qualified individuals and their survivors. The Administration is administered under the authority of a six-member board appointed by the President of the Federated States of Micronesia (FSM).

**A. Basis of Accounting**

For the nine months ended December 31, 2000, the FSM Social Security Administration has prepared financial statements using the modified accrual basis of accounting (refer Note 1C). Accounting for the Social Security system does not strictly follow pension fund accounting and accordingly the present value of the liability of prospective benefit payments and the present value of future contributions are not recorded. However, investments are recorded at market value in accordance with pension fund accounting guidelines.

**B. Investments**

Securities are stated at market value. Gains or losses on securities sold or disposed of are computed on the basis of specific identification.

Generally, the FSM Social Security Administration can invest in bonds and other evidence of indebtedness of the FSM or U.S.; or of any State of the FSM and U.S.; in bonds, debentures, notes, and other evidence of indebtedness issued or assumed by FSM or U.S. institutions, and in common stock on a U.S. stock exchange.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

**(9) FSM Social Security Administration, Continued**

**B. Investments, Continued**

All investments are registered or held by the Hawaiian Trust Company in the name of the FSM Social Security Administration.

As of December 31, 2000, the details of the FSM Social Security Administration's cash and investments are as follows:

Cash and equivalents

Cash on deposit with Hawaiian Trust Company ACM	\$ 1,308,511
All other cash on deposit with FDIC insured banks	<u>310,857</u>
Total cash and equivalents	\$ <u>1,619,368</u>

Investments

	<u>Market</u>
Common stock	\$ 21,275,633
U.S. government obligations	3,526,695
Government agencies	6,522,329
Corporate bonds	<u>6,870,157</u>
Total investments	\$ <u>38,194,814</u>

The FSM Social Security Administration's demand and time deposits are non-categorized investments in accordance with GASB Statement No. 3. All other investments held by the Administration have been classified as category 1 investments in accordance with GASB No. 3 as all investments are held in the name of the FSM Social Security Administration by the Hawaiian Trust Co., the trustee.

GASB Statement No. 3 requires government entities to categorize investments in the following categories to give an indication of the level of risk assumed by the entity at year end.

Category 1 - Insured or registered, or securities held by the FSM Social Security Administration or its agent in the Administration's name.

Category 2 - Uninsured and unregistered, or securities held by a party other than the FSM Social Security Administration or its agent, in the Administration's name.

Category 3 - Uninsured and unregistered, with securities held by a party other than the FSM Social Security Administration and not in the Administration's name.

**C. Fixed Assets**

Fixed assets are accounted for in the General Fixed Assets Account Group rather than in governmental funds. During the nine months ended December 31, 2000, the net investment in fixed assets of \$50,744 was accounted for in the Administration's General Fixed Assets Account Group. Fixed assets consist of furniture, fixtures and equipment and are recorded at cost. Depreciation is provided over the estimated useful lives of the assets by the straight-line method.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

(9) FSM Social Security Administration, Continued

C. Fixed Assets, Continued

This account group is not a "fund." It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

(10) Component Units – Fixed Assets

A. Fixed Assets - Component Units-Proprietary Funds

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is based on the straight-line method over the estimated useful lives of the respective assets.

Fixed assets of the component units-proprietary funds as of September 30, 2000, are as follows:

	FSM Telecom- munications <u>Corporation</u>	FSM Development <u>Bank</u>	FSM Coconut Development <u>Authority</u>	<u>Total</u>
Estimated useful lives	5-35 years	3 years	5-20 years	
Building and leasehold improvement	\$ -	\$ -	\$ 249,588	\$ 249,588
Furniture and fixtures	-	195,199	-	195,199
Vehicles	-	152,459	28,082	180,541
Equipment and machinery	-	243,950	81,080	325,030
General support assets	11,554,919	-	-	11,554,919
Central office assets	8,896,539	-	-	8,896,539
Earth station	4,903,665	-	-	4,903,665
Terminal equipment	3,698,937	-	-	3,698,937
Cable, pole & wiring facilities	29,783,288	-	-	29,783,288
Construction in progress	338,868	-	-	338,868
Less accumulated depreciation	<u>(19,681,832)</u>	<u>(499,875)</u>	<u>(142,340)</u>	<u>(20,324,047)</u>
	<u>\$ 39,494,384</u>	<u>\$ 91,733</u>	<u>\$ 216,410</u>	<u>\$ 39,802,527</u>

B. Fixed Assets - Higher Education Fund

Fixed assets of the Higher Education Fund are comprised of the following:

Land	\$ 1,245,685
Buildings and improvements	8,897,754
Furniture and equipment	3,349,771
Library	294,105
Less accumulated depreciation	<u>(4,630,247)</u>
	<u>\$ 9,157,068</u>



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 2000

**(11) Restricted Assets**

Component Units - Proprietary Funds - Restricted assets at September 30, 2000, are primarily comprised of the following:

FSM Development Bank - Restricted assets are related to various funds which are administered substantially in a trust capacity on behalf of the FSM National Government, Pohnpei State and Yap State. These restricted assets include, among others, approximately \$9,212,931 of U.S. Government obligations and loans receivable of \$6,749,059.

Component Units – Higher Education – The \$2,533,423 of restricted assets are related to the current restricted fund. These restricted assets include, among others, receivable of \$1,339,685 from U.S Government.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Schedule of Expenditures by Account -  
All Governmental Fund Types and Expendable Trust Funds  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Governmental Fund Types			Fiduciary	Totals	
	General	Special	Capital	Expendable	(Memorandum Only)	
		Revenue	Projects	Trust	2000	1999
Expenditures:						
Personnel	\$ 8,527,725	\$ 2,844,063	\$ 11,145	\$ -	\$ 11,382,933	\$ 11,828,659
Travel	3,506,474	1,370,346	94,229	-	4,971,049	4,695,729
Capital asset purchases	2,074,059	414,091	247,221	-	2,735,371	3,683,054
Contractual services, contributions and subsidies	8,779,734	2,904,428	465,867	-	12,150,029	8,272,832
Communications	768,832	166,485	1,063	-	936,380	931,217
Supplies and materials	3,071,254	444,696	30,229	-	3,546,179	5,624,023
Office/house rent/lease	1,719,546	34,179	-	-	1,753,725	1,453,934
Construction in progress	1,089,771	-	-	-	1,089,771	2,234,815
Scholarships	151,174	1,015,282	-	-	1,166,456	1,162,716
Utilities	198,390	328,172	-	-	526,562	468,174
POL	654,485	303,498	-	-	957,983	497,612
Insurance and fees	81,059	65,361	-	-	146,420	33,477
Drydocking	104,880	240,000	-	-	344,880	55,157
Other	2,240,894	1,221,871	135,764	4,186,818	7,785,347	8,721,620
<b>Total expenditures</b>	<b>\$ 32,968,277</b>	<b>\$ 11,352,472</b>	<b>\$ 985,518</b>	<b>\$ 4,186,818</b>	<b>\$ 49,493,085</b>	<b>\$ 49,663,019</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**GENERAL FUND**

Schedule of Revenues and Transfers In  
Year Ended September 30, 2000

(With comparative totals for the year ended September 30, 1999)

	<u>2000</u>	<u>1999</u>
<b>Compact funding current:</b>		
Base amount	\$ 3,499,200	\$ 3,499,200
Inflation adjustment	1,854,576	1,854,576
	<u>5,353,776</u>	<u>5,353,776</u>
<b>Local taxes:</b>		
Import	2,051,760	2,046,612
Fuel	132,258	237,859
Income tax, individuals, net of tax refunds	1,406,426	1,512,464
Gross receipts tax, businesses	1,869,794	1,840,382
	<u>5,460,238</u>	<u>5,637,317</u>
<b>Fees, licenses, and other income:</b>		
Fishing rights fees	14,080,615	16,001,719
Postal collections	515,956	548,159
Business license and firearms fees	97,283	52,098
Other income	80,105	264,201
Penalties and interest on delinquent taxes	40,109	729,874
	<u>14,814,068</u>	<u>17,596,051</u>
<b>Investment income:</b>		
Unrealized (losses) gains on equities	(6,313)	5,057,354
Realized gain on sale of equities	6,481,989	3,609,376
Dividend and interest income	53,717	1,249,981
	<u>6,529,393</u>	<u>9,916,711</u>
<b>Other sources:</b>		
Transfer in	231,321	160,405
	<u>231,321</u>	<u>160,405</u>
<b>Total revenues and transfers in</b>	<b>\$ <u>32,388,796</u></b>	<b>\$ <u>38,664,260</u></b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**GENERAL FUND**  
Schedule of Expenditures by Function and Department  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	<u>2000</u>	<u>1999</u>
<b>Executive Branch:</b>		
President's Office	\$ 909,229	\$ 857,976
Department of External Affairs and LNO's	3,661,876	3,030,089
Department of Health, Education & Social Affairs	878,383	857,639
Department of Resources and Development	1,447,112	748,843
Department of Transportation	697,528	1,700,203
Department of Finance and Administration	2,222,879	2,489,510
Office of the Attorney General	2,021,469	2,112,999
Office of the Public Defender	<u>450,111</u>	<u>418,537</u>
<b>Total Executive Branch</b>	<u>12,288,587</u>	<u>12,215,796</u>
<b>Judicial Branch</b>	<u>985,512</u>	<u>958,364</u>
<b>Legislative Branch:</b>		
Office of the Speaker	600,551	619,424
Congress staff	1,080,434	951,942
Delegation offices	403,739	542,578
Leg. Conference/US Visit	-	1,159
Official representation and others	543,213	485,347
Members travel	153,568	132,386
Legislative committees	192,189	15,609
Others	<u>40,018</u>	<u>-</u>
<b>Total Legislative Branch</b>	<u>3,013,712</u>	<u>2,748,445</u>
<b>Office of the Public Auditor</b>	<u>322,241</u>	<u>267,985</u>
<b>Other National Government Programs:</b>		
Joint Committee Compact Economic	783,794	500,948
Aid to non-public schools	400,298	400,145
FSM ADB Water Supply & Sanitation	231,397	-
MMFA - College of Micronesia	204,235	-
Ponape Agriculture and Trade School	177,000	-
Micronesian Legal Services	150,000	150,000
Fisheries Development Project	109,205	-
Aquaculture Center Program	87,121	106,263
Yap State Joint Law Enforcement	68,961	86,535
Micronesia Red Cross Society	67,000	-
Kosrae State Court	65,427	101,833
South Pacific Regional Env.	65,014	7,375
Yap State Judiciary	62,342	49,201
EMPAT - Phase II	61,857	-
Chuuk State Judiciary	59,729	102,080
Vehicle Purchase	55,802	-
Chuuk Community Improvement Project	54,439	-
Financial Assistance - FSM Students in CNL/PCC	50,000	50,000
Pohnpei State Judiciary	47,602	-
World Health Organization	41,385	41,385
JCN Supplemental Funding	35,119	123,123
Forum Secretariat	35,000	35,000
Air Continental scholarship	34,995	10,000
The Pacific Community (Formerly SPC)	30,000	30,000
Internal Civil Aviation Organization	28,050	28,050
UNDP	26,800	3,000
COMFSM Yap Campus Construction	24,995	8,750
FSM South Pacific Games	-	203,308
Forum Fisheries Agencies	21,000	21,000
Asia Pacific Coconut Community	20,500	15,500
Executive Director, Chuuk	<u>19,341</u>	<u>-</u>
<b>Subtotal - Other National Government Programs</b>	<u>3,118,408</u>	<u>2,073,496</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

GENERAL FUND  
Schedule of Expenditures by Function and Department, Continued  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	2000	1999
Other National Government Programs, Continued:		
Pohnpei State Judiciary	17,242	15,418
National ConCon/2001 Congress General Election	15,780	-
Mobil Invitational Baseball Tournament	15,545	-
Pacific Island Development Program	15,000	15,000
International Pepper Association	15,000	-
Micronesian Basketball	14,928	-
Yap Rural Development	12,877	9,802
Construction/Renovation of State Centers	12,269	43,363
Yap State Judiciary	10,895	-
1994 National Census House/Population	10,149	5,498
East West Center	10,000	10,000
Micronesia Shipping Commission	10,854	-
Georgetown Initiative of CMCE	10,000	-
FY99 National Election	9,858	112,175
Pohnpei Joint Law Enforcement	9,116	35,564
Asia Pacific Telecommunity	9,000	9,000
Pohnpei ConCon/2001 Congress General Election	8,779	-
Kosrae ConCon/2001 Congress General Election	8,686	-
Chuuk ConCon/2001 Congress General Election	8,327	-
Yap MMFA	8,126	7,296
Yap ConCon/2001 Congress General Election	8,110	-
SOPAC	8,000	8,000
Chuuk Rural Development	6,923	10,548
FSM National Close Up Local	5,791	45,493
ESCAP	5,000	5,000
UNFPA	3,000	3,000
Consultant Services	3,000	-
PATA	2,800	3,185
Housing/Lease Rental Payment	2,750	3,850
NNDA Community Meeting Hall	2,400	7,600
Kosrae Tourism Development Strategies	2,344	-
FSM Amateur Sport Association	2,295	32,175
Cons/Revnov. CE Center/State	2,241	94,895
SNDA Youth Development Needs	2,160	22,776
A&E Associates Cost/COM Chuuk	2,096	-
Kosrae Rural Development	1,621	88,530
Pohnpei Rural Development	836	161,257
FY2001 National Congress/ConCon Election	832	-
FY2001 Chuuk Congress/ConCon Election	489	-
Sports/Youth Activities Faichuk	356	10,732
FY2001 Pohnpei Congress/ConCon Election	270	-
1999 Yap Congress Special Election	156	-
Medical Financial Assistance	40	1,925
Kosrae Tourism Development and Strategies	-	18,929
Northwest Purchase and Repair	-	1,009
Youth Pacific Forum	-	19,240
NNDA/Installation of Patch Plant	-	12,024
Mort/Office Intra/Inter Travel	-	6,523
Northwest/Compensation Classroom Teacher	-	2,000
Northwest Personnel Cost	-	5,677
Official Intra/Inter State Travel	-	9,334
Kosrae State Joint Law Enforcement	-	71,326
Chuuk State Joint Law Enforcement	-	137,363
SPC (Food and Beverages)	-	3,140
Kosrae Law School Scholarship	-	36,648
International Telecommunication Union	-	49,800
Subtotal - Other National Government Programs	<u>3,414,349</u>	<u>3,208,591</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

GENERAL FUND  
Schedule of Expenditures by Function and Department, Continued  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	2000	1999
Other National Government Programs, Continued:		
1999 National Special Election	-	10,752
Pohnpei 1999 Ref. Election	-	2,891
1999 Chuuk Congressional Election	-	3,843
National Law Day Scholarship	-	1,206
The President	-	60,000
FSM Subsidies and Cont.	-	363
NTLESAL/South Pacific Forum	-	2,926
Yap Sports Facilities	-	115
FSM National Economic Summit	-	1,348
South Pacific Forum-Overtime Compensation and Other Expenses	-	61,733
Service Consultant/US Govt	-	6,212
Yap Concon/Disaster Relief	-	45,704
	3,414,349	3,405,684
Boards and Commissions:		
FSM Postmaster Postal Services	652,619	549,800
Micronesian Maritime Authority	338,199	304,470
FSM Banking Board	109,317	86,049
College of Micronesia Board of Regents	76,741	-
College of Micronesia Board of Regents	27,255	25,000
National Board of Nursing	22,986	12,388
	1,227,117	977,707
Other Legislative Appropriations:		
Public Projects - National Government	11,716,759	15,321,357
	11,716,759	15,321,357
Total General Fund expenditures before operating transfers	\$ 32,968,277	\$ 35,895,338

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**GENERAL FUND**  
Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual, Budgetary Basis  
Year Ended September 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Compact	\$ 5,353,776	\$ 5,353,776	\$ -
Local taxes	6,200,000	5,460,238	(739,762)
Fishing right fees	14,000,000	14,080,615	80,615
Postal revenues	-	515,956	515,956
Investment earnings	1,700,000	6,529,393	4,829,393
Business fees, fines, penalties and interest on delinquent taxes	530,000	217,497	(312,503)
<b>Total revenues</b>	<b>27,783,776</b>	<b>32,157,475</b>	<b>4,373,699</b>
<b>Expenditures-budgetary basis by department:</b>			
<b>Executive Branch:</b>			
Office of the President	833,076	794,849	38,227
Disaster Office	21,400	38,043	(16,643)
Public Information	116,985	113,182	3,803
<b>Total</b>	<b>971,461</b>	<b>946,074</b>	<b>25,387</b>
<b>Department of External Affairs:</b>			
Administration	238,218	207,143	31,075
Division of APA & Multilateral Affairs	108,983	109,135	(152)
Division of American and European Affairs	61,021	60,625	396
FSM Consulate - Guam	281,803	301,144	(19,341)
FSM Consulate - Honolulu	244,980	240,204	4,776
FSM Embassy - Tokyo	1,012,188	1,028,572	(16,384)
FSM Embassy - Washington D.C.	947,236	856,688	90,548
FSM Embassy - Fiji	222,170	187,327	34,843
FSM Permanent Mission - New York	568,959	652,111	(83,152)
<b>Total</b>	<b>3,685,558</b>	<b>3,642,949</b>	<b>42,609</b>
<b>Department of Health, Education &amp; Social Affairs:</b>			
Administration	112,288	106,791	5,497
Division of Health	185,055	155,636	29,419
Division of Education	95,560	80,688	14,872
Archive & Historic Preservation Unit	71,670	84,024	(12,354)
Environmental	99,223	93,517	5,706
Women's Interests Unit	42,766	38,508	4,258
Sports & Youth Unit	46,200	45,576	624
Vocational and Manpower	271,336	270,577	759
<b>Total</b>	<b>924,098</b>	<b>875,317</b>	<b>48,781</b>
<b>Department of Economic Affairs:</b>			
Administration	613,231	578,681	34,550
Division of Economic Policy	97,895	56,778	41,117
Division of Sectoral Development	47,127	22,008	25,119
Planning and Economic Management	47,840	24,278	23,562
Aid Coordination	68,475	9,995	58,480
Trade and Investment	78,183	20,830	57,353
Statistics	434,481	306,358	128,123
Tourism	122,895	118,624	4,271
Fisheries	96,471	93,765	2,706
Agriculture	196,156	199,370	(3,214)
Public Enterprise Unit	-	69,371	(69,371)
Environmental and Sustainable Development	54,899	54,165	734
<b>Total</b>	<b>1,857,653</b>	<b>1,554,223</b>	<b>303,430</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

GENERAL FUND  
Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual, Budgetary Basis, Continued  
Year Ended September 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Department of Transportation, Communication &amp; Infrastructure:</b>			
Administration	194,229	193,143	1,086
Division of Marine Transportation	117,017	114,457	2,560
Division of Infrastructure	343,900	342,193	1,707
Civil Aviation	63,091	63,488	(397)
Communication	91,468	91,468	-
<b>Total</b>	<b>809,705</b>	<b>804,749</b>	<b>4,956</b>
<b>Department of Finance and Administration:</b>			
Administration	225,431	225,191	240
Division of National Treasury & Investment	591,373	574,041	17,332
Division of Customs and Tax Administration	739,836	731,773	8,063
Division of Budget	132,283	130,444	1,839
Division of Personnel	113,603	109,169	4,434
Recruitment and Repatriation	172,007	165,525	6,482
Staff Housing	459,680	459,740	(60)
<b>Total</b>	<b>2,434,213</b>	<b>2,395,883</b>	<b>38,330</b>
<b>Department of Justice:</b>			
Administration	149,800	163,893	(14,093)
Law	141,060	97,251	43,809
Litigation	134,588	132,246	2,342
Immigration & Labor	602,932	541,713	61,219
FSM National Police	1,744,739	1,291,309	453,430
Chuuk Joint Law Enforcement	26,667	26,667	-
<b>Total</b>	<b>2,799,786</b>	<b>2,253,079</b>	<b>546,707</b>
<b>Office of the Public Defender</b>			
	515,644	453,676	61,968
<b>Total Executive Branch</b>	<b>13,998,118</b>	<b>12,925,950</b>	<b>1,072,168</b>
<b>Judicial Branch</b>	<b>1,006,617</b>	<b>1,002,729</b>	<b>3,888</b>
<b>Legislative Branch:</b>			
Office of the Speaker	1,529,368	599,307	930,061
Congress staff	1,360,915	1,197,041	163,874
Delegation offices	500,000	431,190	68,810
Members official representation	651,500	780,368	(128,868)
Members' travel fund	203,000	150,684	52,316
<b>Total Legislative Branch</b>	<b>4,244,783</b>	<b>3,158,590</b>	<b>1,086,193</b>
<b>Office of the Public Auditor</b>	<b>473,542</b>	<b>326,871</b>	<b>146,671</b>
<b>Other National Government Programs:</b>			
National Government Early Retirement Loan Repayment	1,371,417	-	1,371,417
MMFA - College of Micronesia	950,000	204,235	745,765
JCN	935,362	850,994	84,368
Aid to Non Public Schools Fund	400,000	400,298	(298)
A & E Association Cost/COM Chuuk	257,000	251,846	5,154
United Nation Membership Fee	180,000	180,000	-
Ponape Agriculture and Trade School	177,000	177,000	-
Microneisan Legal Services	150,000	150,000	-
Joint Law Enforcement - Pohnpei	140,000	9,213	130,787
Aquaculture Center	117,211	91,791	25,420
FSM National Government Building in Chuuk	100,000	-	100,000
<b>Sub-total Other National Government Programs</b>	<b>4,777,990</b>	<b>2,315,377</b>	<b>2,462,613</b>

See Accompanying Independent Auditors' Report.



NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA

GENERAL FUND  
Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual, Budgetary Basis, Continued  
Year Ended September 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Other National Government Programs Balance Forwarded	4,777,990	2,315,377	2,462,613
Joint Law Enforcement - Yap	90,000	138,935	(48,935)
State Judiciary - Chuuk	90,000	82,022	7,978
State Judiciary - Pohnpei	83,000	47,602	35,398
Joint Law Enforcement - Kosrae	70,000	-	70,000
Micronesia Red Cross Society	67,000	67,000	-
Kosrae State Court	65,000	65,427	(427)
FSM National Close Up Local	61,000	4,343	56,657
Chuuk Community Improvement Project	60,000	54,667	5,333
Plant Protection Program	60,000	-	60,000
International Telecom. Union	57,639	-	57,639
Yap State Judiciary	55,000	62,342	(7,342)
Finan. Asst. FSM Student (CMI&PCC)	50,000	50,000	-
Pacific Islands Health Officers Association	50,000	-	50,000
Wold Health Organization	41,385	41,385	-
Forum Secretariat	35,000	35,000	-
Scholarship - Continental Airline	35,000	34,995	5
The Pacific Community (Former SPC)	30,000	30,000	-
UN Development Program	29,800	26,800	3,000
International Civil Aviation Org.	28,050	28,050	-
Forum Fisheries Agencies	21,000	21,000	-
Asia Pacific Coconut Community	20,500	20,500	-
Yap State Judiciary (PL 11-23)	44,168	39,601	4,567
International Pepper Association	15,000	15,000	-
Pacific Island Development Program	15,000	15,000	-
East West Center	10,000	10,000	-
Georgetown Initiative of CMCE	10,000	10,000	-
Micronesian Shipping Commission	10,000	10,854	(854)
International Red Cross Society Membership Fee	10,000	-	10,000
Asia Pacific Telecommunity	9,000	9,000	-
Coord. Comm. for Offshore Mineral Prospecting	8,000	-	8,000
South Pacific Regional Env.	7,375	65,014	(57,639)
Pohnpei Stae Judiciary	7,000	16,842	(9,842)
ESCAP	5,000	5,000	-
PATA	5,000	2,800	2,200
UNFPA	3,000	3,000	-
Fisheries Development Project	-	109,205	(109,205)
EMPAT-Phase	181,000	67,753	113,247
Executive Director-Chuuk	-	1,226	(1,226)
National Concon	16,250	15,856	394
Mobil Invitational Baseball	16,000	15,545	455
Micronesian Basketball Tournament	20,000	20,050	(50)
Yap State Rural Development	-	12,877	(12,877)
1999 National Spec. Election	-	9,858	(9,858)
Pohnpei Concon	8,644	8,929	(285)
Kosrae Concon	8,144	8,686	(542)
Chuuk Concon	8,644	8,327	317
Yap MMFA	-	8,126	(8,126)
Yap Concon/2001 Congress General Election	8,144	8,110	34
SOPAC	8,000	8,000	-
Housing Lease/Rental Payment	-	2,750	(2,750)
NNDA Community Meeting Hall	-	2,400	(2,400)
SNDA Youth Development Needs	-	2,160	(2,160)
Rural Development - Kosrae	-	1,621	(1,621)
FY2001 National Congress/Concon Election	16,250	832	15,418
FY2001 Chuuk Congress/Concon Election	8,644	489	8,155
Sport/Youth Activities Faichuk	-	356	(356)
FY2001 Pohnpei Congress/Concon Election	8,644	270	8,374
1999 Yap Cong. Spec. Election	-	156	(156)
Medical Financial Assistance	-	40	(40)
<b>Total Other National Government Programs</b>	<b>6,344,271</b>	<b>3,641,178</b>	<b>2,703,093</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**GENERAL FUND  
Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual, Budgetary Basis, Continued  
Year Ended September 30, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Board and Commissions:</b>			
Postal services	668,997	660,882	8,115
Micronesian Maritime Authority	395,445	338,199	57,246
FSM Banking Board	141,818	128,128	13,690
Board of Regents-COM-FSM	76,742	76,741	1
College of Micronesia Treaty	25,000	25,000	-
National Board of Nursing	38,000	28,041	9,959
Total Boards and Commissions	1,346,002	1,256,991	89,011
<b>Other Legislative Appropriations:</b>			
Public projects - National Government	11,546,656	11,699,048	(152,392)
Total Other Legislative Appropriations	11,546,656	11,699,048	(152,392)
Total expenditures	38,959,989	34,011,357	4,948,632
Excess (deficiency) of revenues over (under) expenditures	(11,176,213)	(1,853,882)	9,322,331
<b>Other financing sources (uses):</b>			
COM-FSM	(2,800,000)	(2,800,000)	-
FSM National Fisheries	(1,294,509)	(1,294,509)	-
Maritime Revolving Fund	(966,265)	(966,265)	-
COM-FSM	(300,000)	(429,900)	(129,900)
Copra Subsidy	(200,000)	(200,000)	-
Coconut Development Authority	(209,334)	(204,034)	5,300
Passport Revolving Fund	-	231,321	231,321
Total other financing sources (uses), net	(5,770,108)	(5,663,387)	106,721
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(16,946,321)	(7,517,269)	9,429,052
Unreserved fund balance at beginning of year	10,390,515	10,390,515	-
<b>Other changes in unreserved fund balance:</b>			
Net encumbrances adjustment	-	(2,578,964)	(2,578,964)
Decrease in continuing appropriation	-	10,496,278	10,496,278
Increase in reserve for related assets	-	(1,247,171)	(1,247,171)
Unreserved fund balance at end of year	\$ (6,555,806)	\$ 9,543,389	\$ 16,099,195

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Special Revenue Funds  
September 30, 2000

Specific revenues that are legally restricted to expenditures for particular purposes are accounted for in the Special Revenue Funds. The special revenue funds as of September 30, 2000 are discussed below.

Non-Compact Related Special Revenue Funds:

Disaster Relief Fund - This fund was established by the Congress of the Federated States of Micronesia Public Law 2-64 to provide funds for emergency disaster relief.

Transition Grants, and OIA Technical Assistance and Operation and Maintenance Funds - These funds account for special appropriations made by the U.S. Department of the Interior which are to be used for specific purposes and remain available until expended. Expenditures against these grants are on a reimbursable basis.

U.S. Federal Assistance and Other Direct Assistance Funds - These funds account for drawdowns and disbursements related to the grants awarded to the National Government as a primary grantee of U.S. federal assistance programs and direct assistance from other agencies and foreign entities.

Maritime Operations Revolving Fund - This fund was established by the Congress of the Federated States of Micronesia P. L. 3-8. All revenues generated through the conduct of ship operations and all appropriations from the Congress for funding ship repair, maintenance and operations are accounted for in this fund.

Passport Revolving Fund - This fund was established by the Congress of the Federated States of Micronesia Public Law 4-68 to account for the costs and revenues associated with the issuance and renewal of passports. Any funds exceeding a \$40,000 limit are transferred to the General Fund.

Fisheries Revolving Fund - This fund accounts for the use of certain fisheries related collections.

Medical Revolving Fund - This fund was established by Public Law No. 7-81 to provide an ongoing revolving fund for the receipt and disbursement of funds associated with the purchase and sale of controlled substances for the health care systems of the FSM.

Asian Development Bank Loan Fund - The Asian Development Bank Loan Fund was established by Public Law No. 7-101 mainly to carry out the purpose of the Fisheries Development Project Loan Agreement of 1992 between the Government of the Federated States of Micronesia and the Asian Development Bank, and the Technical Assistance Agreement of 1992 for Institutional Strengthening for Marine Resource Management and Conservation between the FSM and ADB.

Early Retirement Fund - This fund accounts for the Early Retirement Program activities.

Aqua Center Revolving Fund - This fund accounts for financial activities of the Aqua Center.

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Special Revenue Funds, Continued  
September 30, 2000

Compact Grants

Compact grant funds account for special assistance given by the United States Government to the Federated States of Micronesia under the "Compact of Free Association Act of 1985" per United States Public Law 99-239.

A. Section 214 - The energy grant is a contribution aimed at aiding the FSM Government in achieving increased self-sufficiency in energy production.

B. Section 215

1. (a) 2 - Communications Annual is a contribution for the current operations and maintenance of communication systems. The FSM Government receives \$600,000 annually from the United States for fifteen years commencing on the effective date of the Compact.

2. (b)2 - Communications One Time Contribution is restricted for the purpose of acquiring communications hardware and for such other current or capital account activity as may be selected.

C. Section 216

1. (a) 1 - Marine Surveillance Annual Contribution is restricted for the surveillance and enforcement of the FSM Maritime Zone. The FSM National Government receives \$519,000 annually through the year 2002.

2. (a) 2 - Health and Medical Contribution is restricted for health and medical programs including referrals to hospital and treatment centers. The National Government received \$125,980 in 1997, and will receive \$125,980 annually.

3. (a) 3 - Post Secondary Education Contribution is restricted for scholarship funds or funds to support the post secondary education of FSM citizens. The FSM Government received \$1,889,700 in fiscal year 1997, and will receive \$1,889,700 annually.

4. (b) - Marine Surveillance One Time Contribution is restricted for the surveillance and enforcement of the Maritime Zone.

D. Section 221

1. (b) - Special Block Grants Fund is restricted for education and health care. The National Government received \$315,000 in 1997, and will receive \$315,000 annually.

E. Special Development Fund Section 212 - This Fund is restricted for special development needs of the Federated States of Micronesia. The FSM National Government receives \$1 million annually for fourteen years, commencing on the first anniversary of the effective date of the Compact. Funds may be used to defray current account expenditures attendant to the operation of U.S. military Civic Action Teams.

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS**

Combining Balance Sheet

September 30, 2000

(With comparative totals as of September 30, 1999)

<u>Assets</u>	<u>Noncompact</u>	<u>Compact</u>	<u>Totals</u>	
			<u>2000</u>	<u>1999</u>
Cash and equivalents	\$ 953,210	\$ 823,077	\$ 1,776,287	\$ 107,955
Time certificates and other term deposits	230,000	-	230,000	337,354
Investments	-	19,281,418	19,281,418	21,497,572
Receivables from:				
U.S. Department of the Interior (DOI)	1,074,336	-	1,074,336	751,600
Federal agencies, direct	1,940,694	-	1,940,694	3,151,464
General receivables	3,102	-	3,102	3,102
Advances	110,566	23,548	134,114	133,700
Loans receivable, net	21,681,223	-	21,681,223	18,560,289
Due from other funds	2,696,546	514,215	3,210,761	4,408,370
Interest receivable	-	120,246	120,246	112,817
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 28,689,677	\$ 20,762,504	\$ 49,452,181	\$ 49,064,223
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 491,736	\$ 262,654	\$ 754,390	\$ 414,337
Accrued payroll and others	1,652	-	1,652	1,652
Due to other funds	3,756,190	17,257,510	21,013,700	24,270,098
Due to FSM State governments	63,469	-	63,469	183,917
Other liabilities	(55,064)	-	(55,064)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,257,983	17,520,164	21,778,147	24,870,004
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Reserved for loans	21,681,223	-	21,681,223	18,560,289
Reserved for related assets	952,810	-	952,810	-
Reserved for encumbrances	540,710	621,738	1,162,448	485,417
Reserved for continuing appropriations	1,178,784	948,589	2,127,373	3,353,114
Unreserved	78,167	1,672,013	1,750,180	1,795,399
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	24,431,694	3,242,340	27,674,034	24,194,219
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 28,689,677	\$ 20,762,504	\$ 49,452,181	\$ 49,064,223
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Noncompact	Compact	Totals	
			2000	1999
<b>Revenues:</b>				
Compact grants:				
Base amount	\$ -	\$ 3,649,780	\$ 3,649,780	\$ 3,649,780
Inflation adjustment	-	424,053	424,053	424,053
Federal contributions	5,201,116	-	5,201,116	5,101,430
U.S. Department of the Interior grants	1,866,493	-	1,866,493	922,949
Sales of goods and services	547,847	-	547,847	381,111
<b>Total revenues</b>	<b>7,615,456</b>	<b>4,073,833</b>	<b>11,689,289</b>	<b>10,479,323</b>
<b>Expenditures:</b>				
Executive branch	8,805,602	2,546,870	11,352,472	10,210,150
<b>Total expenditures</b>	<b>8,805,602</b>	<b>2,546,870</b>	<b>11,352,472</b>	<b>10,210,150</b>
Excess (deficiency) of revenues over (under) expenditures	(1,190,146)	1,526,963	336,817	269,173
<b>Other financing sources (uses):</b>				
Operating and other transfers, net	734,944	(1,115,508)	(380,564)	(721,905)
Proceeds from loan	3,523,562	-	3,523,562	9,911,435
<b>Total other financing sources (uses), net</b>	<b>4,258,506</b>	<b>(1,115,508)</b>	<b>3,142,998</b>	<b>9,189,530</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,068,360	411,455	3,479,815	9,458,703
Fund balances at beginning of year	21,363,334	2,830,885	24,194,219	14,735,516
Fund balances at end of year	\$ 24,431,694	\$ 3,242,340	\$ 27,674,034	\$ 24,194,219

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures by Account and Changes in Fund Balances  
Year Ended September 30, 2000

(With comparative totals for the year ended September 30, 1999)

	Noncompact	Compact	Totals	
			2000	1999
<b>Revenues:</b>				
Compact grants:				
Base amount	\$ -	\$ 3,649,780	\$ 3,649,780	\$ 3,649,780
Inflation adjustment	-	424,053	424,053	424,053
Federal contributions	5,201,116	-	5,201,116	5,101,430
U.S. Department of the Interior grants	1,866,493	-	1,866,493	922,949
Sales of goods and services	547,847	-	547,847	381,111
<b>Total revenues</b>	<b>7,615,456</b>	<b>4,073,833</b>	<b>11,689,289</b>	<b>10,479,323</b>
<b>Expenditures:</b>				
Personnel	2,444,063	400,000	2,844,063	3,026,738
Travel	1,163,460	206,886	1,370,346	1,349,129
Capital asset purchases	288,640	125,451	414,091	387,301
Contractual services, contributions and subsidies	2,838,937	65,491	2,904,428	1,995,159
Communications	140,045	26,440	166,485	194,850
Supplies and materials	408,149	36,547	444,696	629,679
Office/house rent/lease	28,564	5,615	34,179	138,561
Construction in progress	-	-	-	100,295
Scholarships	59,250	956,032	1,015,282	1,041,768
Utilities	-	328,172	328,172	289,902
POL	303,498	-	303,498	33,823
Insurance and fee	65,361	-	65,361	2,200
Drydocking	240,000	-	240,000	23,157
Other	825,635	396,236	1,221,871	997,588
<b>Total expenditures</b>	<b>8,805,602</b>	<b>2,546,870</b>	<b>11,352,472</b>	<b>10,210,150</b>
Excess (deficiency) of revenues over (under) expenditures	(1,190,146)	1,526,963	336,817	269,173
<b>Other financing sources (uses):</b>				
Operating and other transfers, net	734,944	(1,115,508)	(380,564)	(721,905)
Proceeds from loan	3,523,562	-	3,523,562	9,911,435
<b>Total other financing sources (uses), net</b>	<b>4,258,506</b>	<b>(1,115,508)</b>	<b>3,142,998</b>	<b>9,189,530</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,068,360	411,455	3,479,815	9,458,703
Fund balances at beginning of year	21,363,334	2,830,885	24,194,219	14,735,516
Fund balances at end of year	\$ 24,431,694	\$ 3,242,340	\$ 27,674,034	\$ 24,194,219

See Accompanying Independent Auditors' Report.

NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA

SPECIAL REVENUE FUNDS - NON-COMPACT  
Combining Balance Sheet  
September 30, 2000

(With comparative totals as of September 30, 1999)

	OIA										Totals	
	Maritime Operations Revolving	Disaster Relief	Federal and Other Direct Assistance	Technical Assistance & Operations & Maintenance	Passport Revolving	Fisheries Revolving	Medical Revolving	Asian Development Bank Loan	Aqua Center Revolving	Early Retirement Program	2000	1999
<u>ASSETS</u>												
Cash and equivalents	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 952,810	\$ 953,210	\$ -
Time certificates and other term deposits	-	-	-	-	-	-	230,000	-	-	-	230,000	337,354
Receivables from:												
U.S. Department of the Interior (DOI)	-	-	-	1,074,336	-	-	-	-	-	-	1,074,336	751,600
Federal agencies, direct	-	-	1,940,694	-	-	-	-	-	-	-	1,940,694	3,151,464
General receivables	3,102	-	-	-	-	-	-	-	-	-	3,102	3,102
Advances	10,115	-	87,764	8,957	-	3,730	-	-	-	-	110,566	110,153
Loans receivables, net	-	-	-	-	-	-	21,681,223	-	-	-	21,681,223	18,560,289
Due from other funds	446,143	125,648	741,191	-	40,000	184,451	3,576	1,124,742	30,795	-	2,696,546	3,890,854
<b>Total assets</b>	<b>\$ 459,360</b>	<b>\$ 125,648</b>	<b>\$ 2,770,049</b>	<b>\$ 1,083,293</b>	<b>\$ 40,000</b>	<b>\$ 188,181</b>	<b>\$ 3,576</b>	<b>\$ 23,035,965</b>	<b>\$ 30,795</b>	<b>\$ 952,810</b>	<b>\$ 28,689,677</b>	<b>\$ 26,804,816</b>
<u>LIABILITIES AND FUND BALANCES (DEFICIT)</u>												
Liabilities:												
Account payable	\$ 126	\$ -	\$ 454,735	\$ 32,698	\$ -	\$ 2,924	\$ -	\$ -	\$ -	\$ 1,253	\$ 491,736	\$ 323,595
Accrued payroll and others	1,652	-	-	-	-	-	-	-	-	-	1,652	1,652
Due to other funds	-	-	2,278,297	1,019,461	-	-	-	-	-	458,432	3,756,190	4,932,318
Due to FSM State governments	-	-	39,273	24,196	-	-	-	-	-	-	63,469	183,917
Other liabilities	-	-	-	-	-	-	(32,786)	-	-	(22,278)	(55,064)	-
<b>Total liabilities</b>	<b>1,778</b>	<b>-</b>	<b>2,772,305</b>	<b>1,076,355</b>	<b>-</b>	<b>2,924</b>	<b>-</b>	<b>(32,786)</b>	<b>-</b>	<b>437,407</b>	<b>4,257,983</b>	<b>5,441,482</b>
Fund balances (deficit):												
Reserved for loans	-	-	-	-	-	-	21,681,223	-	-	-	21,681,223	18,560,289
Reserved for related assets	-	-	-	-	-	-	-	-	952,810	952,810	-	-
Reserved for encumbrances	62,260	-	351,606	90,825	-	32,905	3,114	-	-	-	540,710	377,008
Reserved for continuing appropriations	-	67,420	-	-	-	-	1,111,364	-	-	-	1,178,784	1,608,375
Unreserved (deficit)	395,322	58,228	(353,862)	(83,887)	40,000	152,352	462	276,164	30,795	(437,407)	78,167	817,662
<b>Total fund balances (deficit)</b>	<b>457,582</b>	<b>125,648</b>	<b>(2,256)</b>	<b>6,938</b>	<b>40,000</b>	<b>185,257</b>	<b>3,576</b>	<b>23,068,751</b>	<b>30,795</b>	<b>515,403</b>	<b>24,431,694</b>	<b>21,363,334</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 459,360</b>	<b>\$ 125,648</b>	<b>\$ 2,770,049</b>	<b>\$ 1,083,293</b>	<b>\$ 40,000</b>	<b>\$ 188,181</b>	<b>\$ 3,576</b>	<b>\$ 23,035,965</b>	<b>\$ 30,795</b>	<b>\$ 952,810</b>	<b>\$ 28,689,677</b>	<b>\$ 26,804,816</b>

See Accompanying Independent Auditors' Report.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS - NON-COMPACT**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Maritime Operations Revolving	Disaster Relief	Federal and Other Direct Assistance	OIA Technical Assistance & Operations & Maintenance	Passport Revolving	Fisheries Revolving	Medical Revolving	Asian Development Bank Loan	Aqua Center Revolving	Early Retirement Program	Totals	
											2000	1999
<b>Revenues:</b>												
Federal contributions	\$ -	\$ -	\$ 5,201,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,201,116	\$ 5,101,430
U.S. Department of the Interior grants	-	-	-	1,866,493	-	-	-	-	-	-	1,866,493	922,949
Sales of goods and services	50,145	-	-	-	302,525	162,103	2,279	-	30,795	-	547,847	381,111
<b>Total revenues</b>	<b>50,145</b>	<b>-</b>	<b>5,201,116</b>	<b>1,866,493</b>	<b>302,525</b>	<b>162,103</b>	<b>2,279</b>	<b>-</b>	<b>30,795</b>	<b>-</b>	<b>7,615,456</b>	<b>6,405,490</b>
<b>Expenditures:</b>												
Executive Branch	1,135,187	1,778	5,201,116	1,855,970	71,204	112,533	-	261,915	-	165,899	8,805,602	7,884,373
<b>Total expenditures</b>	<b>1,135,187</b>	<b>1,778</b>	<b>5,201,116</b>	<b>1,855,970</b>	<b>71,204</b>	<b>112,533</b>	<b>-</b>	<b>261,915</b>	<b>-</b>	<b>165,899</b>	<b>8,805,602</b>	<b>7,884,373</b>
Excess (deficiency) of revenues over (under) expenditures	(1,085,042)	(1,778)	-	10,523	231,321	49,570	2,279	(261,915)	30,795	(165,899)	(1,190,146)	(1,478,883)
<b>Other financing sources (uses):</b>												
Operating and other transfers, net	966,265	-	-	-	(231,321)	-	-	-	-	-	734,944	800,095
Proceeds from loan	-	-	-	-	-	-	-	3,523,562	-	-	3,523,562	9,911,435
<b>Total other financing sources (uses), net</b>	<b>966,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(231,321)</b>	<b>-</b>	<b>-</b>	<b>3,523,562</b>	<b>-</b>	<b>-</b>	<b>4,258,506</b>	<b>10,711,530</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(118,777)	(1,778)	-	10,523	-	49,570	2,279	3,261,647	30,795	(165,899)	3,068,360	9,232,647
<b>Fund balances (deficit) at beginning of year</b>	<b>576,359</b>	<b>127,426</b>	<b>(2,256)</b>	<b>(3,585)</b>	<b>40,000</b>	<b>135,687</b>	<b>1,297</b>	<b>19,807,104</b>	<b>-</b>	<b>681,302</b>	<b>21,363,334</b>	<b>12,130,687</b>
<b>Fund balances (deficit) at end of year</b>	<b>\$ 457,582</b>	<b>\$ 125,648</b>	<b>\$ (2,256)</b>	<b>\$ 6,938</b>	<b>\$ 40,000</b>	<b>\$ 185,257</b>	<b>\$ 3,576</b>	<b>\$ 23,068,751</b>	<b>\$ 30,795</b>	<b>\$ 515,403</b>	<b>\$ 24,431,694</b>	<b>\$ 21,363,334</b>

See Accompanying Independent Auditors' Report.

NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA

SPECIAL REVENUE FUNDS - NON-COMPACT  
Combining Statement of Revenues, Expenditures by Account and Changes in Fund Balances (Deficit)  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Maritime Operations Revolving	Disaster Relief	Federal and Other Direct Assistance	OIA		Passport Revolving	Fisheries Revolving	Medical Revolving	Asian Development Bank Loan	Aqua Center Revolving	Early Retirement Program	Totals	
				Technical Assistance & Operations & Maintenance								2000	1999
<b>Revenues:</b>													
Federal contributions	\$ -	\$ -	\$ 5,201,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,201,116	\$ 5,101,430
U.S. Department of the Interior grants	-	-	-	1,866,493	-	-	-	-	-	-	-	1,866,493	922,949
Sales of goods and services	50,145	-	-	-	302,525	162,103	2,279	-	-	30,795	-	547,847	381,111
<b>Total revenues</b>	<b>50,145</b>	<b>-</b>	<b>5,201,116</b>	<b>1,866,493</b>	<b>302,525</b>	<b>162,103</b>	<b>2,279</b>	<b>-</b>	<b>-</b>	<b>30,795</b>	<b>-</b>	<b>7,615,456</b>	<b>6,405,490</b>
<b>Expenditures:</b>													
Personnel	402,130	-	1,940,141	100,226	-	1,566	-	-	-	-	-	2,444,063	2,521,298
Travel	6,842	1,778	1,008,308	98,193	-	48,339	-	-	-	-	-	1,163,460	1,170,850
Capital asset purchases	-	-	262,834	25,806	-	-	-	-	-	-	-	288,640	324,150
Contractual services, contributions and subsidies	79,221	-	1,130,064	1,576,089	-	53,563	-	-	-	-	-	2,838,937	1,852,182
Communications	-	-	128,601	5,859	-	5,585	-	-	-	-	-	140,045	160,208
Supplies and materials	46,189	-	255,481	39,730	65,200	1,549	-	-	-	-	-	408,149	585,114
Office/house rent/lease	-	-	22,154	6,410	-	-	-	-	-	-	-	28,564	130,640
Construction in progress	-	-	-	-	-	-	-	-	-	-	-	-	100,295
Scholarships	-	-	59,250	-	-	-	-	-	-	-	-	59,250	56,250
POL	260,686	-	41,312	-	-	1,500	-	-	-	-	-	303,498	33,823
Insurance and fee	64,543	-	818	-	-	-	-	-	-	-	-	65,361	2,200
Drydocking	240,000	-	-	-	-	-	-	-	-	-	-	240,000	23,157
Other	35,576	-	352,153	3,657	6,004	431	-	261,915	-	-	165,899	825,635	924,206
<b>Total expenditures</b>	<b>1,135,187</b>	<b>1,778</b>	<b>5,201,116</b>	<b>1,855,970</b>	<b>71,204</b>	<b>112,533</b>	<b>-</b>	<b>261,915</b>	<b>-</b>	<b>165,899</b>	<b>165,899</b>	<b>8,805,602</b>	<b>7,884,373</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,085,042)</b>	<b>(1,778)</b>	<b>-</b>	<b>10,523</b>	<b>231,321</b>	<b>49,570</b>	<b>2,279</b>	<b>(261,915)</b>	<b>30,795</b>	<b>(165,899)</b>	<b>(1,190,146)</b>	<b>(1,478,883)</b>	
<b>Other financing sources (uses):</b>													
Operating and other transfers, net	966,265	-	-	-	(231,321)	-	-	-	-	-	-	734,944	800,095
Proceeds from loan	-	-	-	-	-	-	-	3,523,562	-	-	-	3,523,562	9,911,435
<b>Total other financing sources (uses), net</b>	<b>966,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(231,321)</b>	<b>-</b>	<b>-</b>	<b>3,523,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,258,506</b>	<b>10,711,530</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(118,777)</b>	<b>(1,778)</b>	<b>-</b>	<b>10,523</b>	<b>-</b>	<b>49,570</b>	<b>2,279</b>	<b>3,261,647</b>	<b>30,795</b>	<b>(165,899)</b>	<b>3,068,360</b>	<b>9,232,647</b>	
<b>Fund balances (deficit) at beginning of year</b>	<b>576,359</b>	<b>127,426</b>	<b>(2,256)</b>	<b>(3,585)</b>	<b>40,000</b>	<b>135,687</b>	<b>1,297</b>	<b>19,807,104</b>	<b>-</b>	<b>681,302</b>	<b>21,363,334</b>	<b>12,130,687</b>	
<b>Fund balances (deficit) at end of year</b>	<b>\$ 457,582</b>	<b>\$ 125,648</b>	<b>\$ (2,256)</b>	<b>\$ 6,938</b>	<b>\$ 40,000</b>	<b>\$ 185,257</b>	<b>\$ 3,576</b>	<b>\$ 23,068,751</b>	<b>\$ 30,795</b>	<b>\$ 515,403</b>	<b>\$ 24,431,694</b>	<b>\$ 21,363,334</b>	

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS - COMPACT  
Combining Balance Sheet  
September 30, 2000**

<u>Assets</u>	Communications Annual Section 215(a)2	Communications One Time Section 215(b)2	Marine Surveillance Annual Section 216(a)1	Marine Surveillance One Time Section 216(b)	Post Secondary Education Section 216(a)3	Health and Medical Section 216(a)2	Special Block Grant Section 221(b)	Energy Compact Section 214	Special Development Fund Section 212	Totals
Cash and equivalents	\$ 236,050	\$ 63	\$ 47,639	\$ 166,765	\$ 104,269	\$ 149,575	\$ 57,200	\$ (30,076)	\$ 91,592	\$ 823,077
Investments	2,829,336	142,226	3,183,636	954,830	8,110,051	1,845,849	8,097	2,207,392	1	19,281,418
Advances	-	-	-	-	-	3,380	20,168	-	-	23,548
Due from other funds	-	2,981	-	-	-	-	511,234	-	-	514,215
Interest receivable	6,862	1,611	17,008	7,517	69,749	6,596	-	10,903	-	120,246
<b>Total assets</b>	<b>\$ 3,072,248</b>	<b>\$ 146,881</b>	<b>\$ 3,248,283</b>	<b>\$ 1,129,112</b>	<b>\$ 8,284,069</b>	<b>\$ 2,005,400</b>	<b>\$ 596,699</b>	<b>\$ 2,188,219</b>	<b>\$ 91,593</b>	<b>\$ 20,762,504</b>
<b><u>Liabilities and Fund Balances (Deficit)</u></b>										
<b>Liabilities:</b>										
Accounts payable	\$ 180,327	\$ -	\$ -	\$ -	\$ 500	\$ 10,145	\$ 41,894	\$ 29,788	\$ -	\$ 262,654
Due to other funds	2,391,966	-	3,026,584	1,171,426	7,092,448	1,670,408	-	1,813,085	91,593	17,257,510
<b>Total liabilities</b>	<b>2,572,293</b>	<b>-</b>	<b>3,026,584</b>	<b>1,171,426</b>	<b>7,092,948</b>	<b>1,680,553</b>	<b>41,894</b>	<b>1,842,873</b>	<b>91,593</b>	<b>17,520,164</b>
<b>Fund balances (deficit):</b>										
Reserved for continuing appropriations	-	146,881	-	-	609,821	-	18,575	173,312	-	948,589
Reserved for encumbrances	160,107	-	44,686	-	289,981	73,484	53,480	-	-	621,738
Unreserved (deficit)	339,848	-	177,013	(42,314)	291,319	251,363	482,750	172,034	-	1,672,013
<b>Total fund balances (deficit)</b>	<b>499,955</b>	<b>146,881</b>	<b>221,699</b>	<b>(42,314)</b>	<b>1,191,121</b>	<b>324,847</b>	<b>554,805</b>	<b>345,346</b>	<b>-</b>	<b>3,242,340</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,072,248</b>	<b>\$ 146,881</b>	<b>\$ 3,248,283</b>	<b>\$ 1,129,112</b>	<b>\$ 8,284,069</b>	<b>\$ 2,005,400</b>	<b>\$ 596,699</b>	<b>\$ 2,188,219</b>	<b>\$ 91,593</b>	<b>\$ 20,762,504</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

SPECIAL REVENUE FUNDS - COMPACT  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Year Ended September 30, 2000

	Communications Annual Section 215(a)2	Communications One Time Section 215(b)2	Marine Surveillance Annual Section 216(a)1	Marine Surveillance One Time Section 216(b)	Post Secondary Education Section 216(a)3	Health and Medical Section 216(a)2	Special Block Grant Section 221(b)	Energy Compact Section 214	Special Development Fund Section 212	Totals
Revenues:										
Compact grants:										
Base amount	\$ 600,000	\$ -	\$ 519,000	\$ -	\$ 1,889,700	\$ 125,980	\$ 315,000	\$ 200,100	\$ -	\$ 3,649,780
Inflation adjustment	318,000	-	-	-	-	-	-	106,053	-	424,053
Total revenues	<u>918,000</u>	<u>-</u>	<u>519,000</u>	<u>-</u>	<u>1,889,700</u>	<u>125,980</u>	<u>315,000</u>	<u>306,153</u>	<u>-</u>	<u>4,073,833</u>
Expenditures:										
Executive branch	<u>148,965</u>	<u>-</u>	<u>781,292</u>	<u>-</u>	<u>956,032</u>	<u>46,107</u>	<u>275,456</u>	<u>339,018</u>	<u>-</u>	<u>2,546,870</u>
Total expenditures	<u>148,965</u>	<u>-</u>	<u>781,292</u>	<u>-</u>	<u>956,032</u>	<u>46,107</u>	<u>275,456</u>	<u>339,018</u>	<u>-</u>	<u>2,546,870</u>
Excess (deficiency) of revenues over (under) expenditures	769,035	-	(262,292)	-	933,668	79,873	39,544	(32,865)	-	1,526,963
Other financing sources (uses):										
Transfers out	<u>(555,508)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(560,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,115,508)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	213,527	-	(262,292)	-	373,668	79,873	39,544	(32,865)	-	411,455
Fund balances (deficit) at beginning of year	<u>286,428</u>	<u>146,881</u>	<u>483,991</u>	<u>(42,314)</u>	<u>817,453</u>	<u>244,974</u>	<u>515,261</u>	<u>378,211</u>	<u>-</u>	<u>2,830,885</u>
Fund balances (deficit) at end of year	<u>\$ 499,955</u>	<u>\$ 146,881</u>	<u>\$ 221,699</u>	<u>\$ (42,314)</u>	<u>\$ 1,191,121</u>	<u>\$ 324,847</u>	<u>\$ 554,805</u>	<u>\$ 345,346</u>	<u>\$ -</u>	<u>\$ 3,242,340</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS - COMPACT**  
Combining Statement of Revenues, Expenditures by Account and Changes in Fund Balances (Deficit)  
Year Ended September 30, 2000

	Communications Annual Section 215(a)2	Communications One Time Section 215(b)2	Marine Surveillance Annual Section 216(a)1	Marine Surveillance One Time Section 216(b)	Post Secondary Education Section 216(a)3	Health and Medical Section 216(a)2	Special Block Grant Section 221(b)	Energy Compact Section 214	Special Development Fund Section 212	Totals
<b>Revenues:</b>										
<b>Compact grants:</b>										
Base amount	\$ 600,000	\$ -	\$ 519,000	\$ -	\$ 1,889,700	\$ 125,980	\$ 315,000	\$ 200,100	\$ -	\$ 3,649,780
Inflation adjustment	318,000	-	-	-	-	-	-	106,053	-	424,053
<b>Total revenues</b>	<b>918,000</b>	<b>-</b>	<b>519,000</b>	<b>-</b>	<b>1,889,700</b>	<b>125,980</b>	<b>315,000</b>	<b>306,153</b>	<b>-</b>	<b>4,073,833</b>
<b>Expenditures:</b>										
Personnel	-	-	400,000	-	-	-	-	-	-	400,000
Travel	5,730	-	-	-	-	19,207	181,949	-	-	206,886
Capital asset purchases	114,813	-	-	-	-	-	10,638	-	-	125,451
Contractual services, contributions and subsidies	27,850	-	-	-	-	26,900	10,741	-	-	65,491
Communications	-	-	-	-	-	-	22,940	3,500	-	26,440
Supplies and materials	291	-	11,763	-	-	-	16,643	7,850	-	36,547
Office/house rent/lease	167	-	-	-	-	-	5,448	-	-	5,615
Scholarships	-	-	-	-	956,032	-	-	-	-	956,032
Utilities	-	-	-	-	-	-	504	327,668	-	328,172
Other	114	-	369,529	-	-	-	26,593	-	-	396,236
<b>Total expenditures</b>	<b>148,965</b>	<b>-</b>	<b>781,292</b>	<b>-</b>	<b>956,032</b>	<b>46,107</b>	<b>275,456</b>	<b>339,018</b>	<b>-</b>	<b>2,546,870</b>
Excess (deficiency) of revenues over (under) expenditures	769,035	-	(262,292)	-	933,668	79,873	39,544	(32,865)	-	1,526,963
<b>Other financing sources (uses):</b>										
Transfers out	(555,508)	-	-	-	(560,000)	-	-	-	-	(1,115,508)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	213,527	-	(262,292)	-	373,668	79,873	39,544	(32,865)	-	411,455
<b>Fund balances (deficit) at beginning of year</b>	<b>286,428</b>	<b>146,881</b>	<b>483,991</b>	<b>(42,314)</b>	<b>817,453</b>	<b>244,974</b>	<b>515,261</b>	<b>378,211</b>	<b>-</b>	<b>2,830,885</b>
<b>Fund balances (deficit) at end of year</b>	<b>\$ 499,955</b>	<b>\$ 146,881</b>	<b>\$ 221,699</b>	<b>\$ (42,314)</b>	<b>\$ 1,191,121</b>	<b>\$ 324,847</b>	<b>\$ 554,805</b>	<b>\$ 345,346</b>	<b>\$ -</b>	<b>\$ 3,242,340</b>

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**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Capital Projects Funds  
September 30, 2000

The acquisition and construction of major capital facilities, other than those financed by proprietary and trust funds, are accounted for in the Capital Projects Funds. The Capital Projects Funds within the National Government are described below:

OIA/TTPI Capital Projects Fund - This fund is used to account for the expenditures of construction grants from the Trust Territory Government or from the U.S. Department of the Interior, Office of Insular Affairs. These grants originated from U.S. Congressional appropriations to the U. S. Department of the Interior.

CFSM Capital Projects Fund - This fund is used to account for the expenditure of appropriations from the Congress of the Federated States of Micronesia for improvement and betterment projects within the National Government.

Compact Capital Projects Fund - This fund is used to account for various capital projects funded by the Compact of Free Association with the United States, Title Two, Article I, Section 211.

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**CAPITAL PROJECTS FUNDS**

Combining Balance Sheet

September 30, 2000

(With comparative totals as of September 30, 1999)

	Compact Capital Projects	OIA Capital Projects	CFSM Capital Projects	Totals	
				2000	1999
<u>Assets</u>					
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ 20,368
Investments	4,251,421	-	-	4,251,421	6,296,844
Equity investments	3,546,181	-	-	3,546,181	3,866,064
Receivables from TTPI / OTIA	-	647,933	78,822	726,755	726,755
Advances	32,060	-	-	32,060	32,060
Loan receivable, net	1,228,636	-	-	1,228,636	1,228,636
Interest and other receivables	45,617	-	-	45,617	40,478
<b>Total assets</b>	<b>\$ 9,103,915</b>	<b>\$ 647,933</b>	<b>\$ 78,822</b>	<b>\$ 9,830,670</b>	<b>\$ 12,211,205</b>
<u>Liabilities and Fund Balances</u>					
<b>Liabilities:</b>					
Accounts payable	\$ 210,498	\$ -	\$ -	\$ 210,498	\$ 66,396
Due to other funds	3,315,990	572,575	-	3,888,565	7,404,024
Due to FSM State governments	9,455	-	-	9,455	9,456
Deferred revenues	-	75,358	-	75,358	75,358
<b>Total liabilities</b>	<b>3,535,943</b>	<b>647,933</b>	<b>-</b>	<b>4,183,876</b>	<b>7,555,234</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Loans	1,228,636	-	-	1,228,636	1,228,636
Related assets	3,546,181	-	-	3,546,181	3,866,064
Encumbrances	442,055	75,358	-	517,413	149,593
Continuing appropriations	1,204,744	-	67,947	1,272,691	2,700,263
Unreserved (deficit)	(853,644)	(75,358)	10,875	(918,127)	(3,288,585)
<b>Total fund balances</b>	<b>5,567,972</b>	<b>-</b>	<b>78,822</b>	<b>5,646,794</b>	<b>4,655,971</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,103,915</b>	<b>\$ 647,933</b>	<b>\$ 78,822</b>	<b>\$ 9,830,670</b>	<b>\$ 12,211,205</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**CAPITAL PROJECTS FUNDS**  
Combining Statement of Revenues, Expenditures And Changes in Fund Balances  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Compact Capital Projects	OIA Capital Projects	CFSM Capital Projects	Totals	
				2000	1999
<b>Revenues:</b>					
Compact Capital grants:					
Base amount	\$ 1,500,800	\$ -	\$ -	\$ 1,500,800	\$ 1,500,800
Inflation Adjustment	795,424	-	-	795,424	795,424
<b>Total revenues</b>	<u>2,296,224</u>	<u>-</u>	<u>-</u>	<u>2,296,224</u>	<u>2,296,224</u>
<b>Expenditures:</b>					
Executive branch	985,518	-	-	985,518	814,818
<b>Total expenditures</b>	<u>985,518</u>	<u>-</u>	<u>-</u>	<u>985,518</u>	<u>814,818</u>
Excess of revenues over expenditures	<u>1,310,706</u>	<u>-</u>	<u>-</u>	<u>1,310,706</u>	<u>1,481,406</u>
<b>Other financing sources (uses):</b>					
Operating transfers out	-	-	-	-	(1,000,000)
Loss on equity investment	(319,883)	-	-	(319,883)	382,374
<b>Total other financing sources (uses), net</b>	<u>(319,883)</u>	<u>-</u>	<u>-</u>	<u>(319,883)</u>	<u>(617,626)</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	990,823	-	-	990,823	863,780
Fund balances at beginning of year	<u>4,577,149</u>	<u>-</u>	<u>78,822</u>	<u>4,655,971</u>	<u>3,792,191</u>
Fund balances at end of year	<u>\$ 5,567,972</u>	<u>\$ -</u>	<u>\$ 78,822</u>	<u>\$ 5,646,794</u>	<u>\$ 4,655,971</u>

See Accompanying Independent Auditors' Report.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**CAPITAL PROJECTS FUNDS**  
Combining Statement of Revenues, Expenditures by Account And Changes in Fund Balances  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Compact Capital Projects	OIA Capital Projects	CFSM Capital Projects	Totals	
				2000	1999
<b>Revenues:</b>					
Compact Capital grants:					
Base amount	\$ 1,500,800	\$ -	\$ -	\$ 1,500,800	\$ 1,500,800
Inflation Adjustment	795,424	-	-	795,424	795,424
<b>Total revenues</b>	<b>2,296,224</b>	<b>-</b>	<b>-</b>	<b>2,296,224</b>	<b>2,296,224</b>
<b>Expenditures:</b>					
Personnel	11,145	-	-	11,145	4,594
Travel	94,229	-	-	94,229	41,867
Capital asset purchases	247,221	-	-	247,221	11,330
Contractual services, and subsidies	465,867	-	-	465,867	452,197
Communications	1,063	-	-	1,063	410
Supplies and materials	30,229	-	-	30,229	46,652
Other	135,764	-	-	135,764	257,768
<b>Total expenditures</b>	<b>985,518</b>	<b>-</b>	<b>-</b>	<b>985,518</b>	<b>814,818</b>
<b>Excess of revenues over expenditures</b>	<b>1,310,706</b>	<b>-</b>	<b>-</b>	<b>1,310,706</b>	<b>1,481,406</b>
<b>Other financing sources (uses):</b>					
Operating transfers out	-	-	-	-	(1,000,000)
Loss on equity investment	(319,883)	-	-	(319,883)	382,374
<b>Total other financing sources (uses), net</b>	<b>(319,883)</b>	<b>-</b>	<b>-</b>	<b>(319,883)</b>	<b>(617,626)</b>
<b>Excess of revenues and other financing sources over expenditures and other financing sources (uses)</b>	<b>990,823</b>	<b>-</b>	<b>-</b>	<b>990,823</b>	<b>863,780</b>
<b>Fund balances at beginning of year</b>	<b>4,577,149</b>	<b>-</b>	<b>78,822</b>	<b>4,655,971</b>	<b>3,792,191</b>
<b>Fund balances at end of year</b>	<b>\$ 5,567,972</b>	<b>\$ -</b>	<b>\$ 78,822</b>	<b>\$ 5,646,794</b>	<b>\$ 4,655,971</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Component Units - Proprietary Funds  
September 30, 2000

Component units - proprietary funds are legally separate organizations for which the elected officials of the FSM National Government are financially accountable. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi-business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. The generally accepted accounting principles for these funds are generally those applicable to similar businesses in the private sector; the measurement focus is on determination of net income, financial position and cash flows. The National Government's component units' - proprietary funds are described below:

FSM Coconut Development Authority was established by the FSM Congress to assist in the development and marketing of the copra industry within the Federated States of Micronesia.

FSM Telecommunications Corporation - The Telecommunications Corporation of the Federated States of Micronesia (the Corporation) was established by Chapter Two, Title 21 of the Code of the Federated States of Micronesia. By law, it is an independent government corporation. Its Board of Directors consist of appointees by the President and the Governors of each state. The Vice-President of the Federated States of Micronesia and the General Manager, who is the chief executive officer of the Corporation, are also members of the Board.

The purpose of the Corporation is to provide telecommunications services, except radio and television broadcasting, throughout the FSM and to points outside the FSM. The Corporation began operations on October 1, 1983. Funding of corporate operations is through charges for services and various governmental subsidies, including appropriations from the FSM Government.

FSM Development Bank - Under FSM law, the Bank is an independent government corporation. Its Board consists of appointees by the President of the FSM, with the advice and consent of the Congress. The debts and obligations of the Bank shall not be an obligation of the Government of the FSM except as specifically authorized by the President of the FSM and as enacted into law.

The FSM Development Bank began operations on October 1, 1980. The purpose of the Bank is to provide loans for the economic development of the FSM. Loans are offered at below market rates, currently limited to five percent.

Funding for the Bank has come primarily from the FSM Congress, the prior Trust Territory Economic Development Loan Fund, and Section 111 (b)(1) of the Compact of Free Association.

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**COMPONENT UNITS - PROPRIETARY FUNDS**

Combining Balance Sheet

September 30, 2000

(With comparative totals as of September 30, 1999)

<u>ASSETS</u>	FSM Tele- Communication Corporation	FSM Development Bank	FSM Coconut Development Authority	<u>Totals</u>	
				2000	1999
Cash and equivalents	\$ 1,401,640	\$ 2,644,924	\$ 144,938	\$ 4,191,502	\$ 7,566,630
Time deposits	3,080,000	-	-	3,080,000	-
Investments	12,362,181	8,828,724	213,840	21,404,745	20,113,699
Investment - Intelsat	910,114	-	-	910,114	910,114
Investment - Iridium	-	-	-	-	71,980
Investment - ICTV Pohnpei	425,271	-	-	425,271	436,763
General receivables, net	1,226,049	28,627	4,565	1,259,241	1,335,950
Advances	44,213	-	6,437	50,650	13,621
Loans receivable, net	-	15,006,172	-	15,006,172	12,772,660
Interest receivable	33,985	383,638	886	418,509	265,686
Available-for-sale securities	-	662,188	-	662,188	662,188
Inventory	103,697	-	35,548	139,245	302,789
Restricted assets	-	17,414,161	-	17,414,161	16,259,643
Prepaid expenses	618,091	-	43,633	661,724	532,803
Fixed assets, net	39,494,384	91,733	216,410	39,802,527	41,259,662
<b>Total assets</b>	<b>\$ 59,699,625</b>	<b>\$ 45,060,167</b>	<b>\$ 666,257</b>	<b>\$ 105,426,049</b>	<b>\$ 102,504,188</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b>Liabilities:</b>					
Accounts payable	\$ 135,135	\$ 53,795	\$ 19,334	\$ 208,264	\$ 261,477
Accrued payroll and others	104,073	-	5,327	109,400	102,585
Interfund payable	-	425,782	-	425,782	-
Deferred revenues	58,062	-	-	58,062	13,877
Other payables	533,588	37,907	-	571,495	474,176
Contract retention payable	-	-	-	-	90,958
Notes payable	28,534,154	-	-	28,534,154	29,206,205
<b>Total liabilities</b>	<b>29,365,012</b>	<b>517,484</b>	<b>24,661</b>	<b>29,907,157</b>	<b>30,149,278</b>
<b>Fund equity:</b>					
Contributed capital	7,173,118	28,978,830	646,616	36,798,564	36,798,564
Retained earnings	23,161,495	15,563,853	(5,020)	38,720,328	35,556,346
<b>Total fund equity</b>	<b>30,334,613</b>	<b>44,542,683</b>	<b>641,596</b>	<b>75,518,892</b>	<b>72,354,910</b>
<b>Total liabilities and fund equity</b>	<b>\$ 59,699,625</b>	<b>\$ 45,060,167</b>	<b>\$ 666,257</b>	<b>\$ 105,426,049</b>	<b>\$ 102,504,188</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

COMPONENT UNITS - PROPRIETARY FUNDS

Combining Statement of Revenues, Expenses and Changes in Fund Equity  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	FSM Tele- Communication Corporation	FSM Development Bank	FSM Coconut Development Authority	Totals	
				2000	1999
<b>Operating revenues:</b>					
Charges for goods and services	\$ 10,278,376	\$ 3,330,663	\$ 115,747	\$ 13,724,786	\$ 12,415,571
Other	171,811	86,224	-	258,035	170,589
<b>Total operating revenues</b>	<b>10,450,187</b>	<b>3,416,887</b>	<b>115,747</b>	<b>13,982,821</b>	<b>12,586,160</b>
<b>Operating expenses:</b>					
Personnel services	2,881,079	743,329	62,582	3,686,990	3,176,225
Circuit lease	491,282	-	-	491,282	501,231
Bad debts	684,307	1,065,625	19,861	1,769,793	1,130,075
Utilities	419,857	-	-	419,857	401,998
Rent	40,595	129,937	-	170,532	159,568
Communications	294,243	44,340	-	338,583	358,269
Repairs and maintenance	397,770	-	-	397,770	478,246
Travel	218,995	100,393	19,301	338,689	344,361
Supplies and materials	133,771	18,001	16,995	168,767	128,139
Contractual services	121,949	105,141	26,357	253,447	349,977
Advertising	308,389	-	-	308,389	159,502
Professional fees	62,102	-	-	62,102	136,388
Training	-	70,873	-	70,873	30,136
Depreciation and amortization	2,401,025	35,390	22,939	2,459,354	2,412,570
Cost of sales	-	-	219,716	219,716	320,898
Other	266,862	130,423	103,823	501,108	506,730
<b>Total operating expenses</b>	<b>8,722,226</b>	<b>2,443,452</b>	<b>491,574</b>	<b>11,657,252</b>	<b>10,594,313</b>
<b>Operating income (loss)</b>	<b>1,727,961</b>	<b>973,435</b>	<b>(375,827)</b>	<b>2,325,569</b>	<b>1,991,847</b>
<b>Nonoperating revenues (expenses) :</b>					
Transfers in	300,000	-	399,573	699,573	1,255,321
Interest income (expense), net	(1,123,947)	-	4,276	(1,119,671)	(1,091,918)
Investment income	1,283,406	-	-	1,283,406	1,413,250
Loss on investment	(83,472)	-	-	(83,472)	(216,187)
Gain on sale of fixed assets	2,417	-	-	2,417	5,454
Other income	-	31,050	25,110	56,160	70,478
<b>Total nonoperating revenues (expenses), net</b>	<b>378,404</b>	<b>31,050</b>	<b>428,959</b>	<b>838,413</b>	<b>1,436,398</b>
<b>Net income</b>	<b>2,106,365</b>	<b>1,004,485</b>	<b>53,132</b>	<b>3,163,982</b>	<b>3,428,245</b>
<b>Retained earnings (deficit) at beginning of year</b>	<b>21,055,130</b>	<b>14,559,368</b>	<b>(58,152)</b>	<b>35,556,346</b>	<b>32,128,101</b>
<b>Retained earnings (deficit) at end of year</b>	<b>23,161,495</b>	<b>15,563,853</b>	<b>(5,020)</b>	<b>38,720,328</b>	<b>35,556,346</b>
<b>Contributed capital at beginning of year</b>	<b>7,173,118</b>	<b>28,978,830</b>	<b>646,616</b>	<b>36,798,564</b>	<b>35,798,564</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>
<b>Contributed capital at end of year</b>	<b>7,173,118</b>	<b>28,978,830</b>	<b>646,616</b>	<b>36,798,564</b>	<b>36,798,564</b>
<b>Total fund equity</b>	<b>\$ 30,334,613</b>	<b>\$ 44,542,683</b>	<b>\$ 641,596</b>	<b>\$ 75,518,892</b>	<b>\$ 72,354,910</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**COMPONENT UNITS - PROPRIETARY FUNDS**

Combining Statement of Cash Flows

Year Ended September 30, 2000

(With comparative totals for the year ended September 30, 1999)

	FSM Tele- Communication Corporation	FSM Development Bank	FSM Coconut Development Authority	Totals	
				2000	1999
Increase (decrease) in cash and equivalents:					
Cash flows from operating activities:					
Operating income (loss)	\$ 1,727,961	\$ 973,435	\$ (375,827)	\$ 2,325,569	\$ 1,991,847
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	2,401,025	35,390	22,939	2,459,354	2,412,570
Bad debts	684,307	1,065,625	19,861	1,769,793	1,130,075
Others	-	-	25,110	25,110	74,448
	<u>4,813,293</u>	<u>2,074,450</u>	<u>(307,917)</u>	<u>6,579,826</u>	<u>5,608,940</u>
Change in assets and liabilities:					
Interest receivable	-	(145,385)	-	(145,385)	13,851
Accounts receivable trade	(593,706)	8,193	(21,309)	(606,822)	(836,085)
Accounts receivable other	(1,237)	-	-	(1,237)	159,685
Advances	(32,538)	-	(4,491)	(37,029)	(915)
Inventory trade	158,009	-	5,535	163,544	178,685
Prepaid expenses	(130,571)	1,650	-	(128,921)	380,422
Loans receivable	-	(3,629,947)	-	(3,629,947)	(1,946,618)
Accounts payable	(30,936)	(46,548)	14,406	(63,078)	(207,765)
Contract retentions payable	(90,958)	-	-	(90,958)	59,086
Due from other funds	-	-	(247)	(247)	374
Accrued payroll and others	-	-	4,307	4,307	(6,006)
Accrued leave payable	2,508	-	-	2,508	14,637
Deferred revenue	44,185	-	-	44,185	(21,040)
Accrued expenses, other	107,184	-	-	107,184	37,567
Interfund receivable and payable	-	(366,876)	-	(366,876)	-
	<u>(568,060)</u>	<u>(4,178,913)</u>	<u>(1,799)</u>	<u>(4,748,772)</u>	<u>(2,174,122)</u>
Net cash provided by (used for) operating activities	<u>4,245,233</u>	<u>(2,104,463)</u>	<u>(309,716)</u>	<u>1,831,054</u>	<u>3,434,818</u>
Cash flows from noncapital financing activities:					
CFSM appropriation received	300,000	-	399,573	699,573	1,253,549
Loan participations sold	-	(106,588)	-	(106,588)	(24,364)
Contributed capital received and other funding	-	-	-	-	1,000,000
Net cash provided by (used for) noncapital financing activities	<u>300,000</u>	<u>(106,588)</u>	<u>399,573</u>	<u>592,985</u>	<u>2,229,185</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

COMPONENT UNITS - PROPRIETARY FUNDS  
Combining Statement of Cash Flows, Continued  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	FSM Tele- Communication Corporation	FSM Development Bank	FSM Coconut Development Authority	Totals	
				2000	1999
Cash flows from capital and related financing activities:					
Note repayments	(565,463)	-	-	(565,463)	(538,917)
Acquisition of fixed assets	(849,727)	(42,878)	(56,787)	(949,392)	(1,768,261)
Disposals of fixed assets	-	-	-	-	5,304
Interest expense	(1,442,856)	-	-	(1,442,856)	(1,469,404)
Proceeds from other income - sale of fixed assets	2,417	-	-	2,417	150
Restricted cash	-	-	-	-	(849,563)
Net cash used for capital and related financing activities	<u>(2,855,629)</u>	<u>(42,878)</u>	<u>(56,787)</u>	<u>(2,955,294)</u>	<u>(4,620,691)</u>
Cash flows from investing activities:					
Decrease (increase) in investments	(1,345,980)	1,480,200	(213,840)	(79,620)	(436,001)
Withdrawals from (additions to) time deposits	(3,080,000)	-	-	(3,080,000)	1,200,000
Interest income received	311,857	-	3,890	315,747	375,212
Cash (used for) provided by investing activities	<u>(4,114,123)</u>	<u>1,480,200</u>	<u>(209,950)</u>	<u>(2,843,873)</u>	<u>1,139,211</u>
Net increase (decrease) in cash and equivalents	(2,424,519)	(773,729)	(176,880)	(3,375,128)	2,182,523
Cash and equivalents at beginning of year	<u>3,826,159</u>	<u>3,418,653</u>	<u>321,818</u>	<u>7,566,630</u>	<u>5,384,107</u>
Cash and equivalents at end of year	<u>\$ 1,401,640</u>	<u>\$ 2,644,924</u>	<u>\$ 144,938</u>	<u>\$ 4,191,502</u>	<u>\$ 7,566,630</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Expendable Trust Funds  
September 30, 2000

Expendable trust funds are used to account for assets held by a government unit in a trustee capacity for individuals, private organizations, or other governmental units, whose resources, including both principal and earnings, may be expended. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The expendable trust funds which the National Government bears responsibility for at September 30, 2000, are as follows:

Health Insurance Fund - Employees of the Federated States of Micronesia contribute to the fund to provide for payment of certain eligible medical expenses. The State Governments of the FSM also pay in contributions to the Fund on behalf of State employee participants. This fund essentially operates as an insurer ultimately underwritten by the respective governments of the Federated States.

Student Loan Fund - The Fund was established through Congressional appropriations per Public Law 2-50 to assist in providing funds to eligible students pursuing college degrees. Loans bear interest at 4%. The standard loan term is ten years and nine months after the completion of school or the early withdrawal therefrom.

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**EXPENDABLE TRUST FUNDS**

Combining Balance Sheet

September 30, 2000

(With comparative totals as of September 30, 1999)

<u>ASSETS</u>	Health Insurance Fund	Student Loan Fund	Totals	
			2000	1999
Cash and equivalents	\$ 614,582	\$ -	\$ 614,582	\$ 693,775
Term deposits	868,081	-	868,081	823,945
Investments	2,499,130	-	2,499,130	1,338,901
General receivables, net	172,264	-	172,264	105,991
Due from other funds	-	587,288	587,288	582,349
Prepaid insurance	159,039	-	159,039	219,550
 Total assets	\$ 4,313,096	\$ 587,288	\$ 4,900,384	\$ 3,764,511
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 40,019	\$ -	\$ 40,019	\$ -
Due to other funds	1,359,692	-	1,359,692	290,358
IBNR health insurance payable	1,360,777	-	1,360,777	401,808
 Total liabilities	2,760,488	-	2,760,488	692,166
Fund balances:				
Unreserved	1,552,608	587,288	2,139,896	3,072,345
 Total fund balances	1,552,608	587,288	2,139,896	3,072,345
 Total liabilities and fund balances	\$ 4,313,096	\$ 587,288	\$ 4,900,384	\$ 3,764,511

See Accompanying Independent Auditors' Report.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**EXPENDABLE TRUST FUNDS**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended September 30, 2000  
(With comparative totals for the year ended September 30, 1999)

	Health Insurance Fund	Student Loan Fund	Totals	
			2000	1999
<b>Revenues:</b>				
Interest income	\$ 159,720	\$ -	\$ 159,720	\$ 120,149
Member's contributions	3,089,710	-	3,089,710	2,657,425
Loan repayments	-	4,939	4,939	7,861
<b>Total revenues</b>	<b>3,249,430</b>	<b>4,939</b>	<b>3,254,369</b>	<b>2,785,435</b>
<b>Expenditures:</b>				
Insurance claims	3,828,633	-	3,828,633	2,518,880
Administrative expense	358,185	-	358,185	223,833
<b>Total expenditures</b>	<b>4,186,818</b>	<b>-</b>	<b>4,186,818</b>	<b>2,742,713</b>
<b>(Deficiency) excess of revenues (under) over expenditures</b>	<b>(937,388)</b>	<b>4,939</b>	<b>(932,449)</b>	<b>42,722</b>
Fund balances at beginning of year	2,489,996	582,349	3,072,345	3,029,623
Fund balances at end of year	<u>\$ 1,552,608</u>	<u>\$ 587,288</u>	<u>\$ 2,139,896</u>	<u>\$ 3,072,345</u>

See Accompanying Independent Auditors' Report.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Leo A. Falcam  
President  
Federated States of Micronesia:

We have audited the general purpose financial statements of the Federated States of Micronesia (FSM) National Government as of and for the year ended September 30, 2000, and have issued our report thereon dated November 16, 2001, which report was qualified due to our inability to substantiate receivables from other governments and agencies, due to FSM state governments and revenues of all Government Fund Types, the carrying value of a component unit – proprietary fund investment and the omission of financial statements of the National Fisheries Corporation, a Component Unit - Proprietary Fund. Except as discussed in the preceding sentence, we conducted our audit 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.

**Compliance**

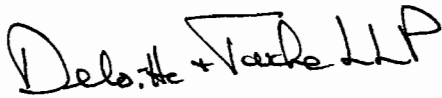
As part of obtaining reasonable assurance about whether FSM National Government's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered FSM National Government's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we considered to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control on financial reporting that, in our judgment, could adversely affect the FSM National Government's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs (pages 154 through 197) as items 2000-6 through 2000-14.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-6 and 2000-7 to be material weaknesses.

This report is intended for the information of the FSM National Government, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

November 16, 2001



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH  
MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

Honorable Leo A. Falcam  
President  
Federated States of Micronesia:

Compliance

We have audited the compliance of the Federated States of Micronesia (FSM) National Government with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2000. FSM National Government's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs (pages 154 through 197). Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of FSM National Government's management. Our responsibility is to express an opinion on FSM National Government's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about FSM National Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on FSM National Government's compliance with those requirements.

As described in items 2000-1 through 2000-5 in the accompanying Schedule of Findings and Questioned Costs, the FSM National Government did not comply with requirements regarding allowable costs/cost principles for U.S. Department of Labor, JTPA Program (CFDA #17.250); allowable costs/cost principles for Compact Scholarship Fund, Compact Capital Projects Fund, Compact Communications-Annual Fund, for U.S. Department of Interior (CFDA #15.875); and subrecipient monitoring for all programs. Compliance with such requirements is necessary, in our opinion, for the FSM National Government to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the FSM National Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2000.

### Internal Control Over Compliance

The management of FSM National Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered FSM National Government's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

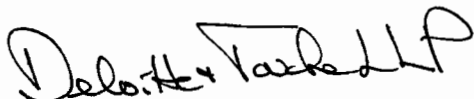
We noted matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the FSM National Government's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2000-1 through 2000-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-1 through 2000-4 to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the FSM National Government, as of and for the year ended September 30, 2000, and have issued our report thereon dated November 16, 2001, which report was qualified due to our inability to substantiate receivables from other governments and agencies, due to FSM state governments and revenues of all Government Fund Types, the carrying value of a component unit – proprietary fund investment and the omission of financial statements of the National Fisheries Corporation, a Component Unit - Proprietary Fund. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards (pages 72 through 142) is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. This schedule is the responsibility of the management of the FSM National Government. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, except for such adjustments, if any, which might be required had we been able to substantiate receivables from other governments and agencies, due to FSM state governments, and revenues of all Governmental Fund Types, is fairly stated, in all material respects when considered in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the FSM National Government, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies, and is not intended to be and should not be used by anyone other than those specified parties.



November 16, 2001

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Department of Education									
	84.002		93 Adult Education V002A30001						
		7737	National Government	\$ 100,000	\$ 86,981	\$ -	\$ -	\$ 86,981	\$ 13,019
	84.002		94 Adult Education V002A40002						
		7738	National Government	100,000	96,903	-	-	96,903	3,097
	84.002		95 Adult Education V002A40057						
		7728	National Government	100,000	92,943	-	-	92,943	7,057
	84.002		96 Adult Education V002A50057						
		3121	National Government	100,000	48,187	-	-	48,187	51,813
	84.002		97 Adult Education V002A60057						
		3006	National Government	100,000	60,441	-	-	60,441	39,559
	84.002		98 Adult Education V002A70057						
		3026	National Government	100,000	54,788	-	2,460	57,248	42,752
	84.002		99 Adult Education V002A980057						
		303040	National Government	100,000	9,174	-	69,920	79,094	20,906
	84.002		FY-2000 Adult Education V002A990057						
		303045	National Government	90,000	-	-	15,092	15,092	74,908
			Total CFDA #84.002	790,000	449,417	-	87,472	536,889	253,111
			Balance forward	790,000	449,417	-	87,472	536,889	253,111

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 790,000	\$ 449,417	\$ -	\$ 87,472	\$ 536,889	\$ 253,111
	84.027		93 Special Education H027A30009						
		7731	National Government	398,469	378,212	-	-	378,212	20,257
		7732	Pohnpei	1,187,041	1,118,285	-	-	1,118,285	68,756
		7732	Chuuk	1,301,430	901,087	-	-	901,087	400,343
		7732	Yap	491,683	328,832	-	-	328,832	162,851
		7732	Kosrae	606,074	576,549	-	-	576,549	29,525
			Program Total	<u>3,984,697</u>	<u>3,302,965</u>	<u>-</u>	<u>-</u>	<u>3,302,965</u>	<u>681,732</u>
	84.027		94 Special Education H027A40007						
		7742	National Government	413,923	364,681	-	-	364,681	49,242
		7743	Pohnpei	1,221,717	1,134,119	-	-	1,134,119	87,598
		7743	Chuuk	1,336,476	1,030,774	-	-	1,030,774	305,702
		7743	Kosrae	640,750	515,345	-	-	515,345	125,405
		7743	Yap	526,361	478,817	-	-	478,817	47,544
			Program Total	<u>4,139,227</u>	<u>3,523,736</u>	<u>-</u>	<u>-</u>	<u>3,523,736</u>	<u>615,491</u>
	84.027		95 Special Education H027A40111						
		7721	National Government	713,396	669,897	-	-	669,897	43,499
		7729	Pohnpei	1,224,167	1,113,401	-	-	1,113,401	110,766
		7729	Chuuk	217,464	290,110	-	-	290,110	(72,646)
		7729	Kosrae	627,907	553,947	-	-	553,947	73,960
		7729	Yap	520,000	376,407	-	-	376,407	143,593
		3001	Chuuk	1,031,801	473,095	-	-	473,095	558,706
			Program Total	<u>4,334,735</u>	<u>3,476,857</u>	<u>-</u>	<u>-</u>	<u>3,476,857</u>	<u>857,878</u>
			Balance forward CFDA #84.027	<u>12,458,659</u>	<u>10,303,558</u>	<u>-</u>	<u>-</u>	<u>10,303,558</u>	<u>2,155,101</u>
			Balance forward	<u>790,000</u>	<u>449,417</u>	<u>-</u>	<u>87,472</u>	<u>536,889</u>	<u>253,111</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 790,000	\$ 449,417	\$ -	\$ 87,472	\$ 536,889	\$ 253,111
			Balance forwarded CFDA #84.027	12,458,659	10,303,558	-	-	10,303,558	2,155,101
	84.027		97 Special Education H027B70006						
		3022	National Government	521,237	439,747	-	78,250	517,997	3,240
		3023	Pohnpei	949,141	326,968	(11)	-	326,957	622,184
		3023	Kosrae	531,235	478,395	-	-	478,395	52,840
		3023	Yap	463,473	450,564	-	-	450,564	12,909
		3024	Chuuk	1,052,584	1,025,625	-	-	1,025,625	26,959
			Program Total	3,517,670	2,721,299	(11)	78,250	2,799,538	718,132
	84.027		98 Special Education H027B970006-98						
		3037	National Government	516,406	-	-	-	-	516,406
		3037	Pohnpei	850,276	1,050,946	345,962	-	1,396,908	(546,632)
		3037	Kosrae	535,454	396,207	77,218	-	473,425	62,029
		3037	Yap	581,399	479,949	-	-	479,949	101,450
		3037	Chuuk	1,052,584	1,066,179	-	448,199	1,514,378	(461,794)
			Program Total	3,536,119	2,993,281	423,180	448,199	3,864,660	(328,541)
			99 Special Education HD27B99-0001						
		303041	National Government	504,336	-	-	-	-	504,336
		303041	Pohnpei	537,210	-	494,766	-	494,766	42,444
		303041	Kosrae	278,430	-	334,926	-	334,926	(56,496)
		303041	Yap	448,980	-	-	-	-	448,980
		303041	Chuuk	753,264	-	-	921,276	921,276	(168,012)
			Program Total	2,522,220	-	829,692	921,276	1,750,968	771,252
			Total CFDA #84.027	22,034,668	16,018,138	1,252,861	1,447,725	18,718,724	3,315,944
			Balance forward	22,824,668	16,467,555	1,252,861	1,535,197	19,255,613	3,569,055

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 22,824,668	\$ 16,467,555	\$ 1,252,861	\$ 1,535,197	\$ 19,255,613	\$ 3,569,055
	84.124		93 Teacher Training R124A20001-93						
		7745	National Government	13,389	9,241	-	-	9,241	4,148
		7746	Pohnpei	58,135	57,885	-	-	57,885	250
		7746	Chuuk	66,810	62,299	-	-	62,299	4,511
		7746	Yap	54,424	54,072	-	-	54,072	352
		7746	Kosrae	54,750	51,938	-	-	51,938	2,812
			Program Total	<u>247,508</u>	<u>235,435</u>	<u>-</u>	<u>-</u>	<u>235,435</u>	<u>12,073</u>
	84.124		94 Teacher Training R124A20001-94						
		7722	Unallotted	4,242	-	-	-	-	4,242
		7723	National Government	13,303	10,975	-	-	10,975	2,328
		7724	Pohnpei	58,172	58,173	-	-	58,173	(1)
		7724	Chuuk	66,000	59,592	-	-	59,592	6,408
		7724	Yap	53,000	52,614	-	-	52,614	386
		7724	Kosrae	52,464	2,854	-	-	2,854	49,610
			Program Total	<u>247,181</u>	<u>184,208</u>	<u>-</u>	<u>-</u>	<u>184,208</u>	<u>62,973</u>
			Total CFDA #84.124	<u>494,689</u>	<u>419,643</u>	<u>-</u>	<u>-</u>	<u>419,643</u>	<u>75,046</u>
	84.185		FY-95 Robert C. Byrd Scholarship P185A60059						
		7749	National Government	30,000	29,250	-	-	29,250	750
	84.185		FY-95 National Close-up Local						
		7726	National Government	15,000	14,181	-	-	14,181	819
	84.185		FY-96 Robert C. Byrd Scholarship P185A60059						
		3008	National Government	33,630	33,070	-	-	33,070	560
	84.185		FY-97 Robert C. Byrd Scholarship P185A60059						
		3018	National Government	44,400	43,845	-	-	43,845	555
			Balance forward CFDA #84.185	<u>123,030</u>	<u>120,346</u>	<u>-</u>	<u>-</u>	<u>120,346</u>	<u>2,684</u>
			Balance forward	<u>23,319,357</u>	<u>16,887,198</u>	<u>1,252,861</u>	<u>1,535,197</u>	<u>19,675,256</u>	<u>3,644,101</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 23,319,357	\$ 16,887,198	\$ 1,252,861	\$ 1,535,197	\$ 19,675,256	\$ 3,644,101
			Balance forwarded CFDA #84.185	123,030	120,346	-	-	120,346	2,684
	84.185		FY-98 Robert C. Byrd Scholarship P185A80059						
		3036	National Government	60,000	56,250	-	-	56,250	3,750
			FY-99 Robert C. Byrd Scholarship P185A990059						
		303044	National Government	60,000	-	-	59,250	59,250	750
			Total CFDA #84.185	243,030	176,596	-	59,250	235,846	7,184
	84.194Q		FY-95 Bilingual Education T194Q50048						
		7735	National Government	100,000	57,830	-	-	57,830	42,170
	84.194Q		FY-96 Bilingual Education T194Q50048						
		3015	National Government	100,000	88,543	-	-	88,543	11,457
	84.194Q		FY-97 Bilingual Education T194Q50048-97						
		3020	National Government	100,000	92,112	-	-	92,112	7,888
	84.194Q		FY-98 Bilingual Education T194Q980042						
		303038	National Government	100,000	67,084	-	24,670	91,754	8,246
	84.194Q		FY-99 Bilingual Education T194Q980042-99						
		303042	National Government	100,000	-	-	72,367	72,367	27,633
			Total CFDA #84.194Q	500,000	305,569	-	97,037	402,606	97,394
			Balance forward	24,062,387	17,369,363	1,252,861	1,691,484	20,313,708	3,748,679

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 24,062,387	\$ 17,369,363	\$ 1,252,861	\$ 1,691,484	\$ 20,313,708	\$ 3,748,679
	84.276A		FY-95 Goal 2000 Program S276A50055						
		7735	National Government	29,492	27,627	-	-	27,627	1,865
		3003	Kosrae	17,237	11,365	-	-	11,365	5,872
		3004	Chuuk	27,000	16,412	-	-	16,412	10,588
			Program Total	<u>73,729</u>	<u>55,404</u>	<u>-</u>	<u>-</u>	<u>55,404</u>	<u>18,325</u>
	84.276A		FY-96 Goal 2000 Program S276A60055						
		3010	Unallotted	3,991	-	-	-	-	3,991
		3011	National Government	30,243	30,400	-	-	30,400	(157)
		3012	Pohnpei	103,827	104,660	-	-	104,660	(833)
		3012	Kosrae	28,150	22,587	-	-	22,587	5,563
		3012	Yap	74,026	61,650	-	-	61,650	12,376
		3013	Chuuk	62,196	60,514	-	-	60,514	1,682
			Program Total	<u>302,433</u>	<u>279,811</u>	<u>-</u>	<u>-</u>	<u>279,811</u>	<u>22,622</u>
	84.276A		FY-97 Goal 2000 Program S276A60055-96A						
		3028	National Government	28,538	23,490	-	-	23,490	5,048
		3029	Kosrae	85,946	16,135	-	-	16,135	69,811
		3029	Yap	90,904	76,003	-	-	76,003	14,901
		3030	Chuuk	80,000	47,782	-	-	47,782	32,218
			Program Total	<u>285,388</u>	<u>163,410</u>	<u>-</u>	<u>-</u>	<u>163,410</u>	<u>121,978</u>
			Balance forward CFDA #84.276A	<u>661,550</u>	<u>498,625</u>	<u>-</u>	<u>-</u>	<u>498,625</u>	<u>162,925</u>
			Balance forward	<u>24,062,387</u>	<u>17,369,363</u>	<u>1,252,861</u>	<u>1,691,484</u>	<u>20,313,708</u>	<u>3,748,679</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 24,062,387	\$ 17,369,363	\$ 1,252,861	\$ 1,691,484	\$ 20,313,708	\$ 3,748,679
Balance forwarded CFDA #84.276a				661,550	498,625	-	-	498,625	162,925
84.276A FY-98 Goal 2000 Program S276A70055									
		303033	National	40,368	76,005	-	9,114	85,119	(44,751)
		303033	Pohnpei	154,207	154,206	-	-	154,206	1
		303033	Chuuk	73,000	-	-	-	-	73,000
		303033	Kosrae	65,000	36,335	-	-	36,335	28,665
		303033	Yap	73,782	103,575	-	-	103,575	(29,793)
Program Total				406,357	370,121	-	9,114	379,235	27,122
84.276A FY-99 Goal 2000 Program S27A980055									
		303043	National	89,352	-	-	106,498	106,498	(17,146)
		303043	Pohnpei	179,167	-	67,596	-	67,596	111,571
		303043	Chuuk	155,177	-	-	-	-	155,177
		303043	Kosrae	60,297	-	41,584	-	41,584	18,713
		303043	Yap	65,711	-	-	-	-	65,711
Program Total				549,704	-	109,180	106,498	215,678	334,026
84.276A FY-2000 Goal 2000 Program S27A990055									
		303047	National	39,788	-	-	17,423	17,423	22,365
		303047	Pohnpei	89,352	-	-	-	-	89,352
		303047	Chuuk	143,376	-	-	-	-	143,376
		303047	Kosrae	59,987	-	-	-	-	59,987
		303047	Yap	65,372	-	-	-	-	65,372
Program Total				397,875	-	-	17,423	17,423	380,452
Total CFDA #84.276A				2,015,486	868,746	109,180	133,035	1,110,961	904,525
Total U.S. Dept. of Education				\$ 26,077,873	\$ 18,238,109	\$ 1,362,041	\$ 1,824,519	\$ 21,424,669	\$ 4,653,204

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Department of Labor									
	17.250		64-10/64 - JTPA '90						
		3287	National Government	\$ 84,434	\$ 81,045	\$ -	\$ -	\$ 81,045	\$ 3,389
	17.250		64-016 - JTPA '92						
		3415	Unallotted	347	-	-	-	-	347
		3416	National Government	88,329	88,564	-	-	88,564	(235)
		3417	National Government	26,167	23,885	-	-	23,885	2,282
		3418	National Government	50,188	52,115	-	-	52,115	(1,927)
		3420	Pohnpei	56,141	55,789	-	-	55,789	352
		3420	Chuuk	88,137	98,770	-	-	98,770	(10,633)
		3420	Kosrae	11,908	27,751	-	-	27,751	(15,843)
		3420	Yap	18,713	19,297	-	-	19,297	(584)
		3421	Pohnpei	157,193	149,639	-	-	149,639	7,554
		3421	Chuuk	257,461	265,049	-	-	265,049	(7,588)
		3421	Kosrae	33,344	35,004	-	-	35,004	(1,660)
		3421	Yap	52,397	52,398	-	-	52,398	(1)
		3422	Pohnpei	104,795	98,045	-	-	98,045	6,750
		3422	Chuuk	155,605	164,265	-	-	164,265	(8,660)
		3422	Kosrae	22,229	23,380	-	-	23,380	(1,151)
		3422	Yap	34,932	36,040	-	-	36,040	(1,108)
		3423	Pohnpei	67,946	65,753	-	-	65,753	2,193
		3423	Chuuk	83,360	83,038	-	-	83,038	322
		3423	Kosrae	11,908	12,750	-	-	12,750	(842)
		3423	Yap	18,713	18,713	-	-	18,713	-
		3424	Pohnpei	17,273	56,829	-	-	56,829	(39,556)
		3424	Chuuk	47,000	30,523	-	-	30,523	16,477
		3424	Kosrae	22,167	17,287	-	-	17,287	4,880
		3424	Yap	7,826	7,826	-	-	7,826	-
		3425	Pohnpei	38,793	11,994	-	-	11,994	26,799
			Program Total	<u>1,472,872</u>	<u>1,494,704</u>	<u>-</u>	<u>-</u>	<u>1,494,704</u>	<u>(21,832)</u>
			Balance forward	<u>1,557,306</u>	<u>1,575,749</u>	<u>-</u>	<u>-</u>	<u>1,575,749</u>	<u>(18,443)</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Labor balance forwarded:				\$ 1,557,306	\$ 1,575,749	\$ -	\$ -	\$ 1,575,749	\$ (18,443)
	17.250		<u>93 JTPA Program</u>						
		3426	Unallotted	38,442	-	-	-	-	38,442
		3427	National Government	79,685	78,600	-	-	78,600	1,085
		3428	National Government	24,156	24,119	-	-	24,119	37
		3430	Pohnpei	68,175	66,957	-	-	66,957	1,218
		3430	Chuuk	105,496	117,919	-	-	117,919	(12,423)
		3430	Kosrae	14,639	22,457	-	-	22,457	(7,818)
		3430	Yap	22,244	24,612	-	-	24,612	(2,368)
		3431	Pohnpei	104,569	94,479	-	-	94,479	10,090
		3431	Chuuk	145,921	144,219	-	-	144,219	1,702
		3431	Kosrae	29,444	39,048	-	-	39,048	(9,604)
		3431	Yap	42,376	36,272	-	-	36,272	6,104
		3432	Pohnpei	110,602	108,815	-	-	108,815	1,787
		3432	Chuuk	181,308	179,032	-	-	179,032	2,276
		3432	Kosrae	25,297	33,842	-	-	33,842	(8,545)
		3432	Yap	28,250	27,499	-	-	27,499	751
		3433	Pohnpei	57,530	54,267	-	-	54,267	3,263
		3433	Chuuk	94,752	99,817	-	-	99,817	(5,065)
		3433	Kosrae	9,935	22,613	-	-	22,613	(12,678)
		3433	Yap	15,000	15,000	-	-	15,000	-
		3434	Pohnpei	27,676	27,676	-	-	27,676	-
		3434	Chuuk	12,263	28,824	-	-	28,824	(16,561)
		3434	Kosrae	41,431	47,502	-	-	47,502	(6,071)
		3435	Chuuk	35,000	35,000	-	-	35,000	-
		3435	Kosrae	13,895	13,896	-	-	13,896	(1)
			<b>Program Total</b>	<u>1,328,086</u>	<u>1,342,465</u>	<u>-</u>	<u>-</u>	<u>1,342,465</u>	<u>(14,379)</u>
			<b>Balance forward</b>	<u>2,885,392</u>	<u>2,918,214</u>	<u>-</u>	<u>-</u>	<u>2,918,214</u>	<u>(32,822)</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Labor balance forwarded:				\$ 2,885,392	\$ 2,918,214	\$ -	\$ -	\$ 2,918,214	\$ (32,822)
17.250									
<u>94 JTPA Program</u>									
<u>64-94-01/64-94-02</u>									
	3437		National Government	166,162	164,201	-	-	164,201	1,961
	3438		National Government	18,575	17,781	-	-	17,781	794
	3439		National Government	57,763	56,249	-	-	56,249	1,514
	3440		Pohnpei	86,899	86,647	-	-	86,647	252
	3440		Chuuk	127,854	213,207	-	-	213,207	(85,353)
	3440		Kosrae	19,427	19,328	-	-	19,328	99
	3440		Yap	28,353	27,939	-	-	27,939	414
	3441		Pohnpei	159,702	150,660	-	-	150,660	9,042
	3441		Chuuk	344,503	308,862	-	-	308,862	35,641
	3441		Kosrae	47,110	42,820	-	-	42,820	4,290
	3441		Yap	43,218	42,506	-	-	42,506	712
	3442		Pohnpei	115,428	110,943	-	-	110,943	4,485
	3442		Chuuk	136,231	124,420	-	-	124,420	11,811
	3442		Kosrae	25,400	21,833	-	-	21,833	3,567
	3442		Yap	55,046	63,212	-	-	63,212	(8,166)
	3443		Pohnpei	51,610	47,019	-	-	47,019	4,591
	3443		Kosrae	540	1,780	-	-	1,780	(1,240)
	3443		Yap	8,346	7,868	-	-	7,868	478
	3444		Pohnpei	5,546	-	-	-	-	5,546
	3444		Kosrae	5,948	5,042	-	-	5,042	906
	3444		Yap	20,108	18,808	-	-	18,808	1,300
	3445		Pohnpei	40,000	38,744	-	-	38,744	1,256
	3445		Kosrae	16,000	15,922	-	-	15,922	78
	3446		Pohnpei	20,852	19,518	-	-	19,518	1,334
	3446		Chuuk	30,680	41,595	-	-	41,595	(10,915)
	3446		Kosrae	4,662	4,210	-	-	4,210	452
	3446		Yap	6,804	6,315	-	-	6,315	489
			Program Total	<u>1,642,767</u>	<u>1,657,429</u>	<u>-</u>	<u>-</u>	<u>1,657,429</u>	<u>(14,662)</u>
			Balance forward	<u>4,528,159</u>	<u>4,575,643</u>	<u>-</u>	<u>-</u>	<u>4,575,643</u>	<u>(47,484)</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Labor balance forwarded:				\$ 4,528,159	\$ 4,575,643	\$ -	\$ -	\$ 4,575,643	\$ (47,484)
	17.250		<u>95 JTPA Program</u>						
			<u>64-95-01/64-95-02</u>						
		3200	Unallotted	23,222	-	-	-	-	23,222
		3201	National Government	112,997	110,954	-	-	110,954	2,043
		3202	National Government	35,429	35,428	-	-	35,428	1
		3203	Pohnpei	70,829	66,692	80	-	66,772	4,057
		3203	Kosrae	15,413	15,138	-	-	15,138	275
		3203	Yap	22,495	25,151	-	-	25,151	(2,656)
		3204	Pohnpei	120,000	119,415	-	-	119,415	585
		3204	Kosrae	36,000	34,119	-	-	34,119	1,881
		3204	Yap	22,946	17,532	-	-	17,532	5,414
		3205	Pohnpei	90,687	84,675	-	-	84,675	6,012
		3205	Kosrae	26,379	25,450	-	-	25,450	929
		3205	Yap	38,520	38,359	-	-	38,359	161
		3206	Pohnpei	56,801	55,203	-	-	55,203	1,598
		3206	Yap	7,592	7,597	-	-	7,597	(5)
		3207	Pohnpei	17,236	13,152	-	-	13,152	4,084
		3207	Yap	5,624	4,466	-	-	4,466	1,158
		3208	National Government	82,286	76,236	-	-	76,236	6,050
		3209	Chuuk	105,136	104,008	-	-	104,008	1,128
		3210	Chuuk	267,007	259,629	-	-	259,629	7,378
		3211	Chuuk	128,177	119,591	-	-	119,591	8,586
		3213	Chuuk	25,359	24,664	-	-	24,664	695
		3214	Kosrae	16,000	15,481	-	-	15,481	519
			<b>Program Total</b>	<b>1,326,135</b>	<b>1,252,940</b>	<b>80</b>	<b>-</b>	<b>1,253,020</b>	<b>73,115</b>
			<b>Balance forward</b>	<b>5,854,294</b>	<b>5,828,583</b>	<b>80</b>	<b>-</b>	<b>5,828,663</b>	<b>25,631</b>

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Labor balance forwarded:				\$ 5,854,294	\$ 5,828,583	\$ 80	\$ -	\$ 5,828,663	\$ 25,631
	17.250		<u>96 JTPA Program</u>						
			<u>64-96-01/64-96-02</u>						
		3150	Unallotted	59,226	-	-	-	-	59,226
		3152	National Government	167,831	169,178	-	-	169,178	(1,347)
		3153	National Government	32,412	18,616	-	-	18,616	13,796
		3154	National Government	57,206	47,116	-	-	47,116	10,090
		3155	Pohnpei	55,856	54,958	-	-	54,958	898
		3156	Pohnpei	106,218	111,632	-	-	111,632	(5,414)
		3157	Pohnpei	77,516	84,624	-	-	84,624	(7,108)
		3158	Pohnpei	39,692	35,591	-	-	35,591	4,101
		3160	Chuuk	85,932	80,032	-	-	80,032	5,900
		3161	Chuuk	190,282	193,710	-	-	193,710	(3,428)
		3162	Chuuk	128,782	94,728	-	-	94,728	34,054
		3155	Yap	18,225	18,132	-	-	18,132	93
		3156	Yap	28,000	28,795	-	-	28,795	(795)
		3157	Yap	36,182	36,318	-	-	36,318	(136)
		3158	Yap	8,718	8,718	-	-	8,718	-
		3155	Kosrae	12,488	12,348	-	-	12,348	140
		3156	Kosrae	28,950	28,777	-	-	28,777	173
		3157	Kosrae	16,000	16,001	-	-	16,001	(1)
		3158	Kosrae	5,000	5,000	-	-	5,000	-
		3166	Kosrae	12,000	11,958	-	-	11,958	42
			Program Total	<u>1,166,516</u>	<u>1,056,232</u>	<u>-</u>	<u>-</u>	<u>1,056,232</u>	<u>110,284</u>
			Balance forward	<u>7,020,810</u>	<u>6,884,815</u>	<u>80</u>	<u>-</u>	<u>6,884,895</u>	<u>135,915</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Labor balance forwarded:				\$ 7,020,810	\$ 6,884,815	\$ 80	\$ -	\$ 6,884,895	\$ 135,915
	17.250		<u>97 JTPA Program</u> <u>64-97-01/64-97-02</u>						
		3167	Unallotted	12,164	-	-	-	-	12,164
		3168	National Government	106,613	106,238	-	-	106,238	375
		3170	National Government	73,848	62,886	-	-	62,886	10,962
		3171	National Government	57,694	54,660	-	-	54,660	3,034
		3176	Chuuk	109,569	106,733	-	876	107,609	1,960
		3177	Chuuk	172,166	152,943	-	148	153,091	19,075
		3178	Chuuk	46,415	25,518	-	392	25,910	20,505
		3179	Chuuk	76,050	63,981	-	8,608	72,589	3,461
		3172	Pohnpei	58,054	70,877	-	-	70,877	(12,823)
		3173	Pohnpei	143,742	137,508	-	-	137,508	6,234
		3174	Pohnpei	36,955	35,698	-	-	35,698	1,257
		3175	Pohnpei	65,609	51,402	-	-	51,402	14,207
		3172	Yap	18,942	15,085	-	-	15,085	3,857
		3173	Yap	42,007	36,438	-	-	36,438	5,569
		3174	Yap	28,387	23,330	-	-	23,330	5,057
		3175	Yap	1,000	1,000	-	-	1,000	-
		3180	Yap	31,728	28,122	-	-	28,122	3,606
		3172	Kosrae	12,978	12,406	-	-	12,406	572
		3173	Kosrae	19,721	22,212	-	-	22,212	(2,491)
		3174	Kosrae	13,630	12,252	-	-	12,252	1,378
		3175	Kosrae	12,285	9,429	3,020	-	12,449	(164)
		3180	Kosrae	14,327	15,988	-	-	15,988	(1,661)
			<b>Program Total</b>	<u>1,153,884</u>	<u>1,044,706</u>	<u>3,020</u>	<u>10,024</u>	<u>1,057,750</u>	<u>96,134</u>
			<b>Balance forward</b>	<u>8,174,694</u>	<u>7,929,521</u>	<u>3,100</u>	<u>10,024</u>	<u>7,942,645</u>	<u>232,049</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Labor balance forwarded:				\$ 8,174,694	\$ 7,929,521	\$ 3,100	\$ 10,024	\$ 7,942,645	\$ 232,049
	17.250		<u>98 JTPA Program</u>						
			<u>64-98-01</u>						
		3183	Unallotted	105,148	-	-	-	-	105,148
		3184	National Government	104,508	107,244	-	900	108,144	(3,636)
		3187	National Government	60,761	60,243	-	-	60,243	518
		3186	National Government	77,774	59,537	-	4,993	64,530	13,244
		3188	Pohnpei	62,423	55,996	1,586	-	57,582	4,841
		3189	Pohnpei	137,041	129,924	1,258	-	131,182	5,859
		3190	Pohnpei	22,270	19,302	(12,911)	-	6,391	15,879
		3191	Pohnpei	80,800	70,978	15	-	70,993	9,807
		3188	Yap	19,949	18,660	-	-	18,660	1,289
		3189	Yap	41,839	29,817	-	-	29,817	12,022
		3190	Yap	35,956	21,502	-	-	21,502	14,454
		3191	Yap	2,000	-	-	-	-	2,000
		3185	Yap	15,000	15,387	-	-	15,387	(387)
		3188	Chuuk	89,955	85,069	-	1,091	86,160	3,795
		3189	Chuuk	263,269	243,337	-	43,189	286,526	(23,257)
		3190	Chuuk	2,630	-	-	2,745	2,745	(115)
		3191	Chuuk	53,340	33,539	-	13,403	46,942	6,398
		3188	Kosrae	-	13,376	-	-	13,376	(13,376)
		3189	Kosrae	7,843	18,183	-	-	18,183	(10,340)
		3190	Kosrae	10,371	7,708	1,947	-	9,655	716
		3191	Kosrae	7,335	4,659	2,413	-	7,072	263
		3185	Kosrae	15,000	15,000	-	-	15,000	-
			<b>Program Total</b>	<u>1,215,212</u>	<u>1,009,461</u>	<u>(5,692)</u>	<u>66,321</u>	<u>1,070,090</u>	<u>145,122</u>
			<b>Balance forward</b>	<u>9,389,906</u>	<u>8,938,982</u>	<u>(2,592)</u>	<u>76,345</u>	<u>9,012,735</u>	<u>377,171</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Labor balance forwarded:				\$ 9,389,906	\$ 8,938,982	\$ (2,592)	\$ 76,345	\$ 9,012,735	\$ 377,171
	17.250		<u>99 JTPA Program</u> <u>64-99-01/64-99-02</u>						
			Unallotted	42,520	-	-	-	-	42,520
		323193	National Government	96,221	1,261	-	975	2,236	93,985
		323193	National Government	60,757	-	-	607,186	607,186	(546,429)
		323193	National Government	12,400	-	-	-	-	12,400
		323193	National Government	97,211	-	-	-	-	97,211
		323193	Chuuk	95,859	-	-	-	-	95,859
		323193	Chuuk	261,282	-	-	-	-	261,282
		323193	Chuuk	39,315	-	-	-	-	39,315
		323193	Chuuk	54,400	-	-	-	-	54,400
		323193	Chuuk	20,000	-	-	-	-	20,000
		323193	Pohnpei	60,295	19,158	49,365	-	68,523	(8,228)
		323193	Pohnpei	124,109	14,871	84,427	-	99,298	24,811
		323193	Pohnpei	12,231	-	10,268	-	10,268	1,963
		323193	Pohnpei	115,940	-	120,726	-	120,726	(4,786)
		323193	Pohnpei	3,100	-	-	-	-	3,100
		323193	Pohnpei	17,150	-	-	-	-	17,150
		323193	Yap	19,999	-	-	-	-	19,999
		323193	Yap	58,299	-	-	-	-	58,299
		323193	Yap	35,200	-	-	-	-	35,200
		323193	Yap	1,000	-	-	-	-	1,000
		323193	Yap	14,000	-	-	-	-	14,000
		323193	Yap	3,100	-	-	-	-	3,100
		323193	Kosrae	13,704	-	13,194	-	13,194	510
		323193	Kosrae	10,523	-	11,661	-	11,661	(1,138)
		323193	Kosrae	1,500	-	2,209	-	2,209	(709)
		323193	Kosrae	7,742	-	31,573	-	31,573	(23,831)
		323193	Kosrae	15,297	-	3,100	-	3,100	12,197
		323193	Kosrae	3,100	-	14,426	-	14,426	(11,326)
			Program Total	<u>1,296,254</u>	<u>35,290</u>	<u>340,949</u>	<u>608,161</u>	<u>984,400</u>	<u>311,854</u>
			Total CFDA #17.250	<u>10,686,160</u>	<u>8,974,272</u>	<u>338,357</u>	<u>684,506</u>	<u>9,997,135</u>	<u>689,025</u>
			Balance forward	<u>10,686,160</u>	<u>8,974,272</u>	<u>338,357</u>	<u>684,506</u>	<u>9,997,135</u>	<u>689,025</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Labor balance forwarded:				\$ 10,686,160	\$ 8,974,272	\$ 338,357	\$ 684,506	\$ 9,997,135	\$ 689,025
	17.249		<u>School To Work</u> <u>U-5120-5-00-88-60</u>						
		323447	Unallotted	14,174	67,488	-	-	67,488	(53,314)
		323448	National Government	302,860	217,545	-	84,716	302,261	599
		323164	National Government	28,000	-	-	7,063	7,063	20,937
		3181	Pohnpei	36,535	30,470	-	-	30,470	6,065
		3181	Kosrae	50,638	28,312	-	-	28,312	22,326
		323164	Kosrae	77,000	29,197	24,349	-	53,546	23,454
		3181	Yap	54,500	32,780	-	-	32,780	21,720
		323164	Yap	96,722	37,156	-	-	37,156	59,566
		3182	Chuuk	<u>52,431</u>	<u>37,948</u>	<u>-</u>	<u>-</u>	<u>37,948</u>	<u>14,483</u>
			Total CFDA #17.249	<u>712,860</u>	<u>480,896</u>	<u>24,349</u>	<u>91,779</u>	<u>597,024</u>	<u>115,836</u>
			Total U.S. Dept. of Labor	<u>\$ 11,399,020</u>	<u>\$ 9,455,168</u>	<u>\$ 362,706</u>	<u>\$ 776,285</u>	<u>\$ 10,594,159</u>	<u>\$ 804,861</u>

See accompanying notes to schedule of expenditures of federal awards.

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Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Agriculture									
	10.555		Food Service 89 F9708 I						
		3388	Yap	\$ 206,873	\$ 204,020	\$ -	\$ -	\$ 204,020	\$ 2,853
		3388	Kosrae	169,775	166,881	-	-	166,881	2,894
		3388	Pohnpei	500,674	455,551	-	-	455,551	45,123
		3388	Chuuk	905,068	1,012,290	-	-	1,012,290	(107,222)
		3389	National Government	141,824	135,512	-	-	135,512	6,312
		3390	National Government	28,943	-	-	1,449	1,449	27,494
		3391	National Government	9,933	-	-	-	-	9,933
			Total Program (CFDA #10.555)	1,963,090	1,974,254	-	1,449	1,975,703	(12,613)
	10.560		Nutrition Education F97190:						
		343338	National	57,886	39,354	-	594	39,948	17,938
			Total Program (CFDA #10.560)	57,886	39,354	-	594	39,948	17,938
	10.664		Forestry 93 05-93-13						
		7708	Pohnpei	68,470	64,498	-	-	64,498	3,972
		7708	Chuuk	12,200	7,003	-	-	7,003	5,197
		7708	Kosrae	12,400	20,769	-	-	20,769	(8,369)
		7708	Yap	7,000	7,000	-	-	7,000	-
			Program Total	100,070	99,270	-	-	99,270	800
	10.664		94 Forestry G-5-94-20-035						
		7714	Pohnpei	28,107	22,281	-	-	22,281	5,826
		7714	Chuuk	7,900	2,047	-	-	2,047	5,853
		7714	Yap	12,816	12,492	-	-	12,492	324
		7714	Kosrae	11,577	5,901	-	-	5,901	5,676
			Program Total	60,400	42,721	-	-	42,721	17,679
	10.664		93 Fire Prevention G-5-93-20-043						
		7711	National Government	3,500	3,056	-	-	3,056	444
		7712	Pohnpei	5,000	4,120	-	-	4,120	880
		7712	Chuuk	3,500	-	-	-	-	3,500
		7712	Yap	5,000	-	-	-	-	5,000
		7712	Kosrae	3,000	2,201	-	-	2,201	799
			Program Total	20,000	9,377	-	-	9,377	10,623
			Balance forward CFDA 10.664	180,470	151,368	-	-	151,368	29,102
			Balance forward	2,020,976	2,013,608	-	2,043	2,015,651	5,325

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Agriculture balance forwarded				\$ 2,020,976	\$ 2,013,608	\$ -	\$ 2,043	\$ 2,015,651	\$ 5,325
			Balance forwarded CFDA 10.664	180,470	151,368	-	-	151,368	29,102
	10.664		94 Fire Prevention G-5-94-20-097						
		7716	National	5,000	3,918	-	-	3,918	1,082
		7717	Pohnpei	10,000	7,148	-	-	7,148	2,852
		7717	Chuuk	8,500	1,530	-	-	1,530	6,970
		7717	Yap	11,000	6,531	-	-	6,531	4,469
		7717	Kosrae	8,500	9,285	-	-	9,285	(785)
			Program Total	43,000	28,412	-	-	28,412	14,588
	10.664		95 Fire Prevention G-5-95-20-114						
		3407	National	6,000	4,862	-	-	4,862	1,138
		3408	Pohnpei	10,000	8,042	-	-	8,042	1,958
		3409	Chuuk	7,000	4,386	-	-	4,386	2,614
		3408	Yap	10,000	7,119	-	-	7,119	2,881
		3408	Kosrae	10,000	4,740	-	-	4,740	5,260
			Program Total	43,000	29,149	-	-	29,149	13,851
	10.664		97 Fire Prevention G-5-97-20-027						
		3411	National	8,000	6,142	-	-	6,142	1,858
		3412	Pohnpei	11,000	10,710	-	-	10,710	290
		3413	Chuuk	10,000	5,395	-	-	5,395	4,605
		3412	Yap	11,000	10,875	-	-	10,875	125
		3412	Kosrae	10,000	7,984	-	-	7,984	2,016
			Program Total	50,000	41,106	-	-	41,106	8,894
	10.664		98 Fire Prevention G-5-98-20-045						
		343315	National	8,496	588	-	-	588	7,908
		343315	Pohnpei	22,000	16,371	614	-	16,985	5,015
		343315	Chuuk	11,968	10,938	-	-	10,938	1,030
		343315	Yap	15,506	8,005	-	-	8,005	7,501
		343315	Kosrae	32,030	23,559	21,877	-	45,436	(13,406)
			Program Total	90,000	59,461	22,491	-	81,952	8,048
			Balance forward CFDA 10.664	406,470	309,496	22,491	-	331,987	74,483
			Balance forward	2,020,976	2,013,608	-	2,043	2,015,651	5,325

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Agriculture			balance forwarded	\$ 2,020,976	\$ 2,013,608	\$ -	\$ 2,043	\$ 2,015,651	\$ 5,325
			Balance forwarded CFDA 10.664	406,470	309,496	22,491	-	331,987	74,483
	10.664		99 Fire Prevention G-5-99-20-070						
		343318	National	8,800	-	-	12,359	12,359	(3,559)
		343318	Pohnpei	22,000	-	10,490	-	10,490	11,510
		343318	Chuuk	17,200	-	-	-	-	17,200
		343318	Yap	27,000	-	-	-	-	27,000
		343318	Kosrae	15,000	-	12,611	-	12,611	2,389
			Program Total	90,000	-	23,101	12,359	35,460	54,540
	10.664		95 Forestry G-5-95-20-042						
		7719	Pohnpei	22,900	13,596	-	-	13,596	9,304
		7717	Chuuk	4,000	3,132	-	-	3,132	868
		7719	Yap	11,200	9,087	-	-	9,087	2,113
		7719	Kosrae	-	490	-	-	490	(490)
			Program Total	38,100	26,305	-	-	26,305	11,795
	10.664		96 Forestry G-5-96-20-026						
		3302	National	9,000	7,641	-	-	7,641	1,359
		3303	Pohnpei	6,000	5,509	-	-	5,509	491
			Program Total	15,000	13,150	-	-	13,150	1,850
	10.664		97 Forestry/Urban Community G-5-97-20-051						
		3309	National	2,675	2,673	-	-	2,673	2
		3312	Pohnpei	38,055	18,725	-	-	18,725	19,330
		3312	Yap	5,400	5,400	-	-	5,400	-
		3312	Kosrae	4,500	807	-	-	807	3,693
			Program Total	50,630	27,605	-	-	27,605	23,025
			Balance forward CFDA 10.664	600,200	376,556	45,592	12,359	434,507	165,693
			Balance forward	2,020,976	2,013,608	-	2,043	2,015,651	5,325

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess Authorizations Over Program Expenditures (Deficit)
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Agriculture			balance forwarded	\$ 2,020,976	\$ 2,013,608	\$ -	\$ 2,043	\$ 2,015,651	\$ 5,325
			Balance forwarded CFDA 10.664	600,200	376,556	45,592	12,359	434,507	165,693
	10.664		97 Forestry/Resource Management G-5-97-20-051						
		3308	National	1,235	-	-	-	-	1,235
		343310	Pohnpei	8,850	2,116	-	-	2,116	6,734
		343310	Kosrae	5,000	-	3,726	-	3,726	1,274
		343310	Yap	1,370	-	-	-	-	1,370
			Program Total	16,455	2,116	3,726	-	5,842	10,613
	10.664		97 Forestry/Seedling Nursery & Tree Improvement G-5-97-20-051						
		343311	Pohnpei	2,000	1,153	-	-	1,153	847
		343311	Kosrae	2,000	30	-	-	30	1,970
		343311	Yap	2,000	30	-	-	30	1,970
			Program Total	6,000	1,213	-	-	1,213	4,787
	10.664		97 Resource Management Training						
		3414	National	6,566	2,924	-	-	2,924	3,642
	10.664		98 Forestry/Urban Community G-5-98-20-017						
		343314	National	8,375	-	-	4,587	4,587	3,788
		343314	Pohnpei	35,050	15,313	8,325	-	23,638	11,412
		343314	Kosrae	36,700	14,103	-	-	14,103	22,597
		343314	Yap	20,430	11,680	-	-	11,680	8,750
			Program Total	100,555	41,096	8,325	4,587	54,008	46,547
			Balance forward CFDA 10.664	729,776	423,905	57,643	16,946	498,494	231,282
			Balance forward	2,020,976	2,013,608	-	2,043	2,015,651	5,325

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Agriculture			balance forwarded	\$ 2,020,976	\$ 2,013,608	\$ -	\$ 2,043	\$ 2,015,651	\$ 5,325
			Balance forwarded CFDA 10.664	729,776	423,905	57,643	16,946	498,494	231,282
	10.664		98 Forestry/Resource Management G-5-98-20-017						
	343314		Pohnpei	14,500	-	9,435	-	9,435	5,065
	343314		Yap	4,900	3,418	-	-	3,418	1,482
			Program Total	19,400	3,418	9,435	-	12,853	6,547
	10.664		98 Forestry/Seedling & Nursery TI G-5-98-20-017						
	343314		Pohnpei	8,600	-	4,862	-	4,862	3,738
	343314		Chuuk	9,000	10,474	-	-	10,474	(1,474)
	343314		Yap	5,500	12,868	-	-	12,868	(7,368)
			Program Total	23,100	23,342	4,862	-	28,204	(5,104)
	10.664		99 Resource Management Training PSW-99-002CA						
	343316		Chuuk	6,970	6,550	-	-	6,550	420
			Program Total	6,970	6,550	-	-	6,550	420
	10.664		99 Forestry/Urban Community G-5-99-20-080						
	343317		National	2,100	-	-	11,368	11,368	(9,268)
	343317		Pohnpei	31,500	-	10,696	-	10,696	20,804
	343317		Yap	38,492	-	-	-	-	38,492
			Program Total	72,092	-	10,696	11,368	22,064	50,028
			Balance forward CFDA 10.664	851,338	457,215	82,636	28,314	568,165	283,173
			Balance forward	2,020,976	2,013,608	-	2,043	2,015,651	5,325

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Agriculture			balance forwarded	\$ 2,020,976	\$ 2,013,608	\$ -	\$ 2,043	\$ 2,015,651	\$ 5,325
			Balance forwarded CFDA 10.664	851,338	457,215	82,636	28,314	568,165	283,173
	10.664		99 Forestry/Resource Management G-5-99-20-080						
		343317	Pohnpei	11,050	-	334	-	334	10,716
		343317	Chuuk	10,770					
		343317	Yap	9,606	-	-	-	-	9,606
			Program Total	31,426	-	334	-	334	20,322
	10.664		99 Forestry/Seedling & Nursery TI G-5-99-20-080						
		343317	Pohnpei	5,100	-	333	-	333	4,767
		343317	Yap	3,724	-	-	-	-	3,724
			Program Total	8,824	-	333	-	333	8,491
	10.664		FY2000 Forestry/Urban Community 00-DG-11050000-0026						
			National	4,000	-	-	-	-	4,000
			Pohnpei	29,770	-	-	-	-	29,770
			Chuuk	47,768	-	-	-	-	47,768
			Kosrae	58,520	-	7,944	-	7,944	50,576
			Yap	13,222	-	-	-	-	13,222
			Program Total	153,280	-	7,944	-	7,944	145,336
	10.664		FY2000 Forestry/Resource Management 00-DG-11050000-0026						
			Pohnpei	20,400	-	334	-	334	20,066
			Yap	20,545	-	-	-	-	20,545
			Program Total	40,945	-	334	-	334	40,611
			Total CFDA #10.664	1,085,813	457,215	91,581	28,314	577,110	497,933
			Total U.S. Dept. of Agriculture	\$ 3,106,789	\$ 2,470,823	\$ 91,581	\$ 30,357	\$ 2,592,761	\$ 503,258

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of the Interior									
	15.904		95 Historic Preservation 64-95-10113						
		3450	National Government	\$ 88,351	\$ 88,080	\$ -	\$ -	\$ 88,080	\$ 271
		3451	Pohnpei	44,850	42,501	-	-	42,501	2,349
		3451	Kosrae	49,850	40,430	-	-	40,430	9,420
		3451	Yap	45,668	45,669	-	-	45,669	(1)
		3452	Chuuk	43,050	38,550	-	-	38,550	4,500
			Program Total	271,769	255,230	-	-	255,230	16,539
	15.904		96 Historic Preservation 64-96-11051						
		3455	National Government	96,276	73,564	-	-	73,564	22,712
		3456	Pohnpei	44,550	44,824	-	-	44,824	(274)
		3455	Kosrae	43,050	38,509	-	-	38,509	4,541
		3456	Yap	43,050	42,581	-	-	42,581	469
		3457	Chuuk	31,250	17,151	-	-	17,151	14,099
			Program Total	258,176	216,629	-	-	216,629	41,547
	15.904		97 Historic Preservation 64-97-12010						
		3459	National Government	29,176	29,175	-	-	29,175	1
		3461	National Government	26,545	21,145	-	-	21,145	5,400
		3460	Pohnpei	47,583	40,566	-	-	40,566	7,017
		3462	Pohnpei	10,338	6,336	-	-	6,336	4,002
		3460	Kosrae	47,584	41,490	1,481	-	42,971	4,613
		3462	Kosrae	2,000	1,931	-	-	1,931	69
		3460	Yap	47,583	51,252	-	-	51,252	(3,669)
		3462	Yap	11,117	11,177	-	-	11,177	(60)
			Program Total	221,926	203,072	1,481	-	204,553	17,373
	15.904		98 Historic Preservation 64-98-13110						
		7522	National Government/Operation	29,176	26,475	-	6,130	32,605	(3,429)
		7522	National Government/Archeology	50,000	45,186	-	-	45,186	4,814
			Program Total	79,176	71,661	-	6,130	77,791	1,385
	15.904		98 Historic Preservation 64-98-13161						
		7524	Kosrae/Historic Operation	36,250	33,870	9,904	-	43,774	(7,524)
		7524	Kosrae/Special Project	23,418	10,176	-	-	10,176	13,242
			Program Total	59,668	44,046	9,904	-	53,950	5,718
			Balance forward	890,715	790,638	11,385	6,130	808,153	82,562

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Interior balance forwarded				\$ 890,715	\$ 790,638	\$ 11,385	\$ 6,130	\$ 808,153	\$ 82,562
	15.904		98 Historic Preservation 64-98-13162						
		7523	Pohnpei/Historic Operation	36,250	50,287	-	-	50,287	(14,037)
		7523	Pohnpei/Special Project	23,416	-	9,844	-	9,844	13,572
			Program Total	<u>59,666</u>	<u>50,287</u>	<u>9,844</u>	<u>-</u>	<u>60,131</u>	<u>(465)</u>
	15.904		98 Historic Preservation 64-98-13163						
		7525	Yap/Historic Operation	36,250	34,380		-	34,380	1,870
		7525	Yap/Special Project	23,416	22,633		-	22,633	783
			Program Total	<u>59,666</u>	<u>57,013</u>	<u>-</u>	<u>-</u>	<u>57,013</u>	<u>2,653</u>
	15.904		99 Historic Preservation 64-99-14290						
		7527	Pohnpei/Historic Operation	36,250	116	32,758	-	32,874	3,376
		7527	Pohnpei/Special Project	25,947	-	24,473	-	24,473	1,474
			Program Total	<u>62,197</u>	<u>116</u>	<u>57,231</u>	<u>-</u>	<u>57,347</u>	<u>4,850</u>
	15.904		99 Historic Preservation 64-99-14289						
		7526	Kosrae/Historic Operation	36,250	2,834	22,605	-	25,439	10,811
		7526	Kosrae/Special Project	25,947	9,378	17,251	-	26,629	(682)
			Program Total	<u>62,197</u>	<u>12,212</u>	<u>39,856</u>	<u>-</u>	<u>52,068</u>	<u>10,129</u>
	15.904		99 Historic Preservation 64-99-14291						
		7529	National Government/Operation	9,000	-	-	5,334	5,334	3,666
		7665	National Government/Archeology	11,376	-	-	7,992	7,992	3,384
			Program Total	<u>20,376</u>	<u>-</u>	<u>-</u>	<u>13,326</u>	<u>13,326</u>	<u>7,050</u>
	15.904		FY2000 Historic Preservation 64-00-15359						
		377530	Yap/Historic Operation	52,577	-	-	-	-	52,577
			Program Total	<u>52,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,577</u>
	15.904		FY2000 Historic Preservation 64-00-15360						
			Pohnpei/Historic Operation	52,577	-	267	-	267	52,310
			Program Total	<u>52,577</u>	<u>-</u>	<u>267</u>	<u>-</u>	<u>267</u>	<u>52,310</u>
			Total U.S. Dept. of the Interior (CFDA #15.904)	<u>\$ 1,207,394</u>	<u>\$ 910,266</u>	<u>\$ 118,316</u>	<u>\$ 19,456</u>	<u>\$ 1,048,038</u>	<u>\$ 159,356</u>

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Environmental Protection Agency									
	66.418		C640001-01-3:						
		3589	National Admin. PRSP-3	\$ 16,000	\$ 17,033	\$ -	\$ -	\$ 17,033	\$ (1,033)
		3592	Pohnpei RSP	734,000	417,198	-	-	417,198	316,802
			Program Total	750,000	434,231	-	-	434,231	315,769
	66.418		C640003-02:						
		3582	Yap Sewer Connection	531,134	525,019	-	-	525,019	6,115
		3581	Yap Sewer Connection/Admin.	15,934	15,467	-	-	15,467	467
			Program Total	547,068	540,486	-	-	540,486	6,582
	66.418		C640003-03:						
		3580	Yap Waste Water Treatment	16,000	16,000	-	-	16,000	-
			Program Total	16,000	16,000	-	-	16,000	-
	66.418		C640003-04:						
		3593	Ulithi Sewer System	209,000	172,689	-	-	172,689	36,311
		3590	Ulithi Sewer System/Admin.	18,000	21,476	-	-	21,476	(3,476)
			Program Total	227,000	194,165	-	-	194,165	32,835
	66.418		C640003-05:						
		7582	Tomil On-Site Sewer System	39,650	37,864	-	-	37,864	1,786
	66.418		C640004-01-0:						
		3584	Kosrae Waste Water/Admin.	64,500	73,448	-	-	73,448	(8,948)
		3585	Const. Waste Water Facility	4,423,977	4,806,919	-	-	4,806,919	(382,942)
			Program Total	4,488,477	4,880,367	-	-	4,880,367	(391,890)
			Balance forward	6,068,195	6,103,113	-	-	6,103,113	(34,918)

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Environmental Protection Agency balance forwarded				\$ 6,068,195	\$ 6,103,113	\$ -	\$ -	\$ 6,103,113	\$ (34,918)
	66.418		C640002-02:						
		7576	Chuuk Rural Sanitation Prog.	197,600	391,262	-	-	391,262	(193,662)
			Program Total	197,600	391,262	-	-	391,262	(193,662)
	66.418		C640002-03:						
		7580	Chuuk House Sewer Connection	184,627	152,726	-	-	152,726	31,901
		3591	Chuuk HSC Admin.	15,373	8,868	-	-	8,868	6,505
			Program Total	200,000	161,594	-	-	161,594	38,406
	66.418		C640001-06:						
		7581	Pohnpei RSP Supplemental	95,000	152,102	-	-	152,102	(57,102)
	66.418		93 Climate Change Study						
			CX822560-01-0						
		7351	National Government	275,000	269,137	-	-	269,137	5,863
			Total U.S. EPA (CFDA #66.418)	\$ 6,835,795	\$ 7,077,208	\$ -	\$ -	\$ 7,077,208	\$ (241,413)

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Department of Health and Human Services									
	93.110		94 State Sys. Develop. Initiative 1 MCJ-64T046-01-0						
		7480	National Government	\$ 2,072	\$ 2,072	\$ -	\$ -	\$ 2,072	\$ -
		7481	Pohnpei	16,272	16,306	-	-	16,306	(34)
		7481	Chuuk	18,034	20,941	-	-	20,941	(2,907)
		7481	Kosrae	7,874	11,894	-	-	11,894	(4,020)
		7481	Yap	400	400	-	-	400	-
			Program Total	44,652	51,613	-	-	51,613	(6,961)
	93.110		95 SSDI 5 MCJ-647046-02						
		7387	National Government	17,000	17,000	-	-	17,000	-
		7388	Pohnpei	3,900	2,900	-	-	2,900	1,000
		7388	Chuuk	14,422	17,234	-	-	17,234	(2,812)
		7388	Kosrae	13,020	21,292	-	-	21,292	(8,272)
		7388	Yap	9,668	8,743	-	-	8,743	925
			Program Total	58,010	67,169	-	-	67,169	(9,159)
	93.110		96 State System Dev. Init. 5 MCJ-64T046-03						
		3648	National Government	81,517	75,317	-	-	75,317	6,200
		3649	Kosrae	6,777	4,043	-	-	4,043	2,734
		3642	Chuuk	3,789	2,977	-	-	2,977	812
			Program Total	92,083	82,337	-	-	82,337	9,746
	93.110		97 SSDI Program 2-MCJ-64T046-04-0						
		3732	National Government	45,630	45,629	-	-	45,629	1
		3733	Pohnpei	17	17	-	-	17	-
		3734	Chuuk	4,403	4,403	-	-	4,403	-
			Program Total	50,050	50,049	-	-	50,049	1
	93.110		98 SSDI Program 2-MCJ-64T046-05-0						
		3761	National Government	110,000	70,960	-	-	70,960	39,040
			Balance forward	354,795	322,128	-	-	322,128	32,667

See accompanying notes to schedule of expenditures of federal awards.



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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				354,795	322,128	-	-	322,128	32,667
	93.110		99 SSDI Program 5-HI8 MC 00060-06						
		413568	Unallotted	7,741	-	-	-	-	7,741
		413568	National Government	66,900	61,674	-	-	61,674	5,226
			Program Total	74,641	61,674	-	-	61,674	12,967
	93.110		2000 SSDI Program 2-HI8 MC 00060-07						
		417538	National Government	100,000	-	-	61,663	61,663	38,337
			Program Total	100,000	-	-	61,663	61,663	38,337
			Total CFDA #93.110	529,436	383,802	-	61,663	445,465	83,971
	93.116		94 Tuberculosis Control U52/CCU907874-03						
		7362	National Government	85,868	77,921	-	-	77,921	7,947
		7363	Pohnpei	10,216	11,159	-	-	11,159	(943)
		7363	Chuuk	14,259	14,727	-	-	14,727	(468)
		7363	Kosrae	7,515	7,589	-	-	7,589	(74)
		7363	Yap	3,696	3,695	-	-	3,695	1
			Program Total	121,554	115,091	-	-	115,091	6,463
	93.116		95 Tuberculosis Control U52/CCU907874-04						
		7446	Unallotted	22,366	-	-	-	-	22,366
		7447	National Government	50,189	32,012	-	-	32,012	18,177
		7448	Pohnpei	20,194	16,948	-	-	16,948	3,246
		7448	Chuuk	25,833	18,961	-	-	18,961	6,872
		7448	Kosrae	18,182	8,289	-	-	8,289	9,893
		7448	Yap	13,809	13,257	-	-	13,257	552
			Program Total	150,573	89,467	-	-	89,467	61,106
			Balance forward CFDA #93.116	272,127	204,558	-	-	204,558	67,569
			Balance forward	529,436	383,802	-	61,663	445,465	83,971

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 529,436	\$ 383,802	\$ -	\$ 61,663	\$ 445,465	\$ 83,971
Balance forwarded CFDA #93.116				272,127	204,558	-	-	204,558	67,569
93.116 96 Tuberculosis & AIDS. U52/CCU907874-05									
		3664	National Government	44,919	30,108	-	-	30,108	14,811
		3665	Pohnpei	28,854	20,658	-	-	20,658	8,196
		3665	Kosrae	19,892	18,275	-	-	18,275	1,617
		3665	Yap	24,809	20,496	-	-	20,496	4,313
		3666	Chuuk	29,644	22,625	-	-	22,625	7,019
Program Total				<u>148,118</u>	<u>112,162</u>	<u>-</u>	<u>-</u>	<u>112,162</u>	<u>35,956</u>
93.116 97 TB & AIDS Program U52/CCU907874-06									
		3717	National Government	45,795	39,068	-	-	39,068	6,727
		3718	Pohnpei	25,271	12,869	-	-	12,869	12,402
		3718	Kosrae	12,942	9,162	-	-	9,162	3,780
		3718	Yap	21,129	9,280	-	-	9,280	11,849
		3719	Chuuk	26,111	19,515	-	-	19,515	6,596
Program Total				<u>131,248</u>	<u>89,894</u>	<u>-</u>	<u>-</u>	<u>89,894</u>	<u>41,354</u>
93.116 98 TB & AIDS Program U52/CCU907874-07									
		3772	National Government	58,687	33,627	-	-	33,627	25,060
		3773	Pohnpei	25,804	10,328	4,488	-	14,816	10,988
		3773	Kosrae	11,125	6,449	-	-	6,449	4,676
		3773	Yap	19,363	18,063	-	-	18,063	1,300
		3774	Chuuk	26,644	17,440	-	-	17,440	9,204
Program Total				<u>141,623</u>	<u>85,907</u>	<u>4,488</u>	<u>-</u>	<u>90,395</u>	<u>51,228</u>
93.116 99 TB & AIDS Program U52/CCU907874-08									
		413571	National Government	60,091	37,886	-	16,514	54,400	5,691
		413571	Pohnpei	24,254	4,500	-	-	4,500	19,754
		413571	Chuuk	24,894	13,717	-	-	13,717	11,177
		413571	Kosrae	12,075	6,303	1,238	-	7,541	4,534
		413571	Yap	19,813	10,292	-	-	10,292	9,521
Program Total				<u>141,127</u>	<u>72,698</u>	<u>1,238</u>	<u>16,514</u>	<u>90,450</u>	<u>50,677</u>
Balance forward CFDA #93.116				834,243	565,219	5,726	16,514	587,459	246,784
Balance forward				<u>529,436</u>	<u>383,802</u>	<u>-</u>	<u>61,663</u>	<u>445,465</u>	<u>83,971</u>

see accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
			U.S. DHHS balance forwarded	\$ 529,436	\$ 383,802	\$ -	\$ 61,663	\$ 445,465	\$ 83,971
			Balance forwarded CFDA #93.116	834,243	565,219	5,726	16,514	587,459	246,784
	93.116		FY00 TB & AIDS Program U52/CCU907874-09						
		417540	National Government	63,213	-	-	57,523	57,523	5,690
		417540	Pohnpei	46,221	-	25,381	-	25,381	20,840
		417540	Chuuk	38,258	-	-	-	-	38,258
		417540	Kosrae	25,385	-	4,240	-	4,240	21,145
		417540	Yap	31,622	-	-	-	-	31,622
			Program Total	204,699	-	29,621	57,523	87,144	117,555
			Total CFDA #93.116	1,038,942	565,219	35,347	74,037	674,603	364,339
	93.118		94 AIDS Surveillance U62/CCU906251-04						
		7496	National Government	5,260	5,570	-	-	5,570	(310)
	93.118		95 AIDS Surveillance U62/CCU906251-05						
		7396	National Government	7,170	7,169	-	-	7,169	1
	93.118		96 Aids Surveillance U62/CCU906251-06						
		3730	National Government	6,973	4,148	-	-	4,148	2,825
	93.118		98 Aids Surveillance U62/CCU906251-07						
		3561	National Government	6,383	4,699	-	-	4,699	1,684
	93.118		99 Aids Surveillance U62/CCU906251-08						
		413679	National Government	8,223	2,909	-	2,131	5,040	3,183
	93.118		FY2000 Aids Surveillance U62/CCU906251-09						
		417543	National Government	8,473	-	-	(46)	(46)	8,519
			Total CFDA #93.118	42,482	24,495	-	2,085	26,580	15,902
			Balance forward	1,610,860	973,516	35,347	137,785	1,146,648	464,212

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						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 1,610,860	\$ 973,516	\$ 35,347	\$ 137,785	\$ 1,146,648	\$ 464,212
	93.119		95 MHIS 5 HR1 SM50914-03						
		7371	National Government	113,123	109,005	-	-	109,005	4,118
		7372	Pohnpei	17,760	10,527	-	-	10,527	7,233
		7372	Kosrae	8,325	5,487	-	-	5,487	2,838
		7372	Yap	5,690	5,051	-	-	5,051	639
		3674	Chuuk	10,250	8,229	-	-	8,229	2,021
			Program Total	155,148	138,299	-	-	138,299	16,849
			Total CFDA #93.119	155,148	138,299	-	-	138,299	16,849
	93.163		93 PBI/Nurse Practice Act CSH006473-03-0						
		7483	National Government	50,339	-	-	-	-	50,339
	93.163		93 PBI/Biomedical Services CSH006478-02-0						
		7484	National Government	45,419	45,419	-	-	45,419	-
	93.163		93 PBI/Comm. Base Health CSH064710-01-0						
		7485	Pohnpei	40,000	15,280	-	-	15,280	24,720
	93.163		94 PBI/Nurse Practice CSH006478-04-0						
		7381	National Government	50,339	21,960	-	-	21,960	28,379
	93.163		94 PBI/Biomedical Service CSH006478-03-0						
		7382	National Government	178,510	178,510	-	-	178,510	-
	93.163		94 PBI/Comm. Base Health Education CSH006710-02-0						
		7383	National Government	40,000	-	-	-	-	40,000
			Total CFDA #93.163	404,607	261,169	-	-	261,169	143,438
			Balance forward	2,170,615	1,372,984	35,347	137,785	1,546,116	624,499

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						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 2,170,615	\$ 1,372,984	\$ 35,347	\$ 137,785	\$ 1,546,116	\$ 624,499
	93.217		94 Family Planning 09H-001777-8-0						
		7463	Pohnpei	37,229	30,259	-	-	30,259	6,970
		7463	Chuuk	38,197	31,611	-	-	31,611	6,586
		7463	Kosrae	18,925	16,919	-	-	16,919	2,006
		7463	Yap	25,159	16,700	-	-	16,700	8,459
		7360	National Government	20,014	11,625	-	-	11,625	8,389
			Program Total	<u>139,524</u>	<u>107,114</u>	<u>-</u>	<u>-</u>	<u>107,114</u>	<u>32,410</u>
	93.217		95 Family Planning 09H-001777-09-1						
		7365	Pohnpei	32,420	33,573	-	-	33,573	(1,153)
		7365	Chuuk	36,050	40,436	-	-	40,436	(4,386)
		7365	Kosrae	14,896	17,063	-	-	17,063	(2,167)
		7365	Yap	17,338	14,610	-	-	14,610	2,728
			Program Total	<u>100,704</u>	<u>105,682</u>	<u>-</u>	<u>-</u>	<u>105,682</u>	<u>(4,978)</u>
	93.217		96 Family Planning 09H-001777-10-0						
		7438	Pohnpei	42,096	27,042	-	-	27,042	15,054
		7438	Chuuk	18,010	14,543	-	-	14,543	3,467
		7438	Kosrae	24,510	13,106	-	-	13,106	11,404
		7438	Yap	24,190	19,023	-	-	19,023	5,167
		7438	Chuuk	32,547	29,955	-	-	29,955	2,592
			Program Total	<u>141,353</u>	<u>103,669</u>	<u>-</u>	<u>-</u>	<u>103,669</u>	<u>37,684</u>
	93.217		97 Family Planning 09H-001777-11-0						
		3677	National Government	7,006	7,006	-	-	7,006	-
		3675	Pohnpei	20,336	21,931	-	-	21,931	(1,595)
		3675	Kosrae	22,690	25,134	-	-	25,134	(2,444)
		3675	Yap	24,730	24,731	-	-	24,731	(1)
		3676	Chuuk	37,788	37,435	-	-	37,435	353
			Program Total	<u>112,550</u>	<u>116,237</u>	<u>-</u>	<u>-</u>	<u>116,237</u>	<u>(3,687)</u>
			Balance forward CFDA #93.217	<u>494,131</u>	<u>432,702</u>	<u>-</u>	<u>-</u>	<u>432,702</u>	<u>61,429</u>
			Balance forward	<u>2,170,615</u>	<u>1,372,984</u>	<u>35,347</u>	<u>137,785</u>	<u>1,546,116</u>	<u>624,499</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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By Grantor  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 2,170,615	\$ 1,372,984	\$ 35,347	\$ 137,785	\$ 1,546,116	\$ 624,499
Balance forwarded CFDA #93.217				494,131	432,702	-	-	432,702	61,429
93.217 98 Family Planning 09H-001777-12-0									
	3759		National Government	4,500	3,700	-	-	3,700	800
	3745		Pohnpei	61,569	44,956	-	-	44,956	16,613
	3745		Kosrae	41,827	29,941	-	-	29,941	11,886
	3746		Chuuk	61,175	54,630	-	-	54,630	6,545
	3745		Yap	51,383	42,944	-	-	42,944	8,439
Program Total				220,454	176,171	-	-	176,171	44,283
93.217 99 Family Planning 09H-001777-13-0									
	3796		Unallotted	9,680	-	-	-	-	9,680
	413798		National Government	76,724	38,159	-	37,444	75,603	1,121
	3798		Pohnpei	91,997	87,092	-	-	87,092	4,905
	3798		Kosrae	22,635	16,819	-	-	16,819	5,816
	3798		Chuuk	41,183	40,858	-	-	40,858	325
	3798		Yap	34,291	33,389	-	-	33,389	902
Program Total				276,510	216,317	-	37,444	253,761	22,749
93.217 2000 Family Planning 09H-001777-14-0									
	417534		Unallotted	13,257	-	-	-	-	13,257
	417534		National Government	122,100	-	-	-	-	122,100
	417534		Pohnpei	35,007	4,042	27,291	-	31,333	3,674
	417534		Kosrae	35,430	-	23,719	-	23,719	11,711
	417534		Chuuk	23,479	4,426	-	81,319	85,745	(62,266)
	417534		Yap	31,291	3,941	-	-	3,941	27,350
Program Total				260,564	12,409	51,010	81,319	144,738	115,826
93.217 2001 Family Planning 09H-001777-15-00									
	417554		National Government	26,445	-	-	-	-	26,445
	417554		Pohnpei	75,039	-	2,023	-	2,023	73,016
	417554		Kosrae	30,578	-	-	-	-	30,578
	417554		Chuuk	64,781	-	-	10,264	10,264	54,517
	417554		Yap	60,396	-	-	-	-	60,396
Program Total				257,239	-	2,023	10,264	12,287	244,952
Total CFDA #93.217				1,508,898	837,599	53,033	129,027	1,019,659	489,239
Balance forward				3,679,513	2,210,583	88,380	266,812	2,565,775	1,113,738

see accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 3,679,513	\$ 2,210,583	\$ 88,380	\$ 266,812	\$ 2,565,775	\$ 1,113,738
	93.224		94 CHC CSH901774-09-0 Pohnpei	110,566	110,566	-	-	110,566	-
		7359							
			Program Total	110,566	110,566	-	-	110,566	-
	93.224		95 CHC CSH901774-10-0 Pohnpei	142,362	140,071	-	-	140,071	2,291
		7390							
	93.224		96 Community Health Center CSH901774-11-0 Pohnpei	133,540	139,451	-	-	139,451	(5,911)
		3673							
	93.224		97 Community Health Center CSH901774-12-0 Pohnpei	133,540	140,436	-	-	140,436	(6,896)
		3722							
	93.224		98 Community Health Center CSH901774-13-0 Pohnpei	136,698	135,016	-	-	135,016	1,682
		3785							
	93.224		99 Community Health Center 5H09 CS 02179-14 Pohnpei	100,352	44,760	40,873	-	85,633	14,719
		417532							
			FY2000 Community Health Center 2H09 CS 02170-15 Pohnpei	142,362	-	99,713	-	99,713	42,649
		417541							
			Total CFDA #93.224	899,420	710,300	140,586	-	850,886	48,534
	93.268		Immunization 92 H23/CCH904426-03						
		7691	National Government	179,636	150,782	-	-	150,782	28,854
		7692	Pohnpei	9,471	9,470	-	-	9,470	1
		7692	Chuuk	19,319	20,463	-	-	20,463	(1,144)
		7692	Kosrae	141	141	-	-	141	-
		7692	Yap	716	1,340	-	-	1,340	(624)
			Program Total	209,283	182,196	-	-	182,196	27,087
			Balance forward CFDA #93.268	209,283	182,196	-	-	182,196	27,087
			Balance forward	4,578,933	2,920,883	228,966	266,812	3,416,661	1,162,272

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 4,578,933	\$ 2,920,883	\$ 228,966	\$ 266,812	\$ 3,416,661	\$ 1,162,272
CFDA #93.268 balance forwarded				209,283	182,196	-	-	182,196	27,087
93.268 93 Immunization									
H23/CCH904426-04									
	7792		National Government	157,507	155,692	-	-	155,692	1,815
	7793		Pohnpei	24,937	24,936	-	-	24,936	1
	7793		Chuuk	33,366	49,097	-	-	49,097	(15,731)
	7793		Yap	5,596	5,595	-	-	5,595	1
	7793		Kosrae	573	573	-	-	573	-
Program Total				221,979	235,893	-	-	235,893	(13,914)
93.268 94 Immunization Program									
H23/CCH904426-05									
	7493		National Government	287,025	260,119	-	-	260,119	26,906
	7494		Pohnpei	29,233	28,843	-	-	28,843	390
	7494		Chuuk	40,736	51,319	-	-	51,319	(10,583)
	7494		Kosrae	7,505	7,505	-	-	7,505	-
	7494		Yap	5,747	5,746	-	-	5,746	1
Program Total				370,246	353,532	-	-	353,532	16,714
93.268 95 Immunization									
H23/CCH904426-06									
	7393		National Government	270,411	269,374	-	-	269,374	1,037
	7394		Pohnpei	40,166	40,976	-	-	40,976	(810)
	7394		Chuuk	35,306	55,386	-	-	55,386	(20,080)
	7394		Kosrae	536	699	-	-	699	(163)
	7394		Yap	11,805	11,806	-	-	11,806	(1)
Program Total				358,224	378,241	-	-	378,241	(20,017)
Balance forward CFDA #93.268				1,465,892	1,449,537	-	-	1,449,537	16,355
Balance forward				4,578,933	2,920,883	228,966	266,812	3,416,661	1,162,272

See accompanying notes to schedule of expenditures of federal awards.



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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 4,578,933	\$ 2,920,883	\$ 228,966	\$ 266,812	\$ 3,416,661	\$ 1,162,272
CFDA #93.268 balance forwarded				1,465,892	1,449,537	-	-	1,449,537	16,355
93.268 96 Immunization Program H23/CCH904426-07									
	3668		National Government	201,172	192,331	-	-	192,331	8,841
	3669		Pohnpei	42,567	44,220	-	-	44,220	(1,653)
	3669		Kosrae	4,589	4,589	-	-	4,589	-
	3669		Yap	10,912	11,614	-	-	11,614	(702)
	3670		Chuuk	46,920	46,921	-	-	46,921	(1)
Program Total				306,160	299,675	-	-	299,675	6,485
93.268 97 Immunization Program H23/CCH904426-08									
	3710		National Government	208,828	207,801	-	-	207,801	1,027
	3711		Pohnpei	39,477	40,012	-	-	40,012	(535)
	3711		Kosrae	20,138	21,014	-	-	21,014	(876)
	3711		Yap	20,585	18,645	-	-	18,645	1,940
	3712		Chuuk	43,457	43,456	-	-	43,456	1
Program Total				332,485	330,928	-	-	330,928	1,557
93.268 98 Immunization Program H23/CCH904426-09									
	3768		National Government	240,988	240,590	-	-	240,590	398
	3769		Pohnpei	40,146	37,941	-	-	37,941	2,205
	3769		Kosrae	24,830	16,224	-	-	16,224	8,606
	3769		Yap	12,460	9,575	-	-	9,575	2,885
	3769		Chuuk	80,463	62,955	-	-	62,955	17,508
Program Total				398,887	367,285	-	-	367,285	31,602
93.268 99 Immunization Program H23/CCH904426-10									
	413570		Unallotted	1,687	-	-	-	-	1,687
	413570		National Government	225,486	151,870	-	313,463	465,333	(239,847)
	413570		Pohnpei	47,085	28,311	23,003	-	51,314	(4,229)
	413570		Chuuk	59,784	40,674	-	-	40,674	19,110
	413570		Kosrae	21,775	13,538	30,537	-	44,075	(22,300)
	413570		Yap	11,605	6,596	-	-	6,596	5,009
Program Total				367,422	240,989	53,540	313,463	607,992	(240,570)
Total CFDA #93.268				2,564,686	2,388,739	53,540	313,463	2,755,742	(191,056)
Balance forward				7,143,619	5,309,622	282,506	580,275	6,172,403	971,216

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 7,143,619	\$ 5,309,622	\$ 282,506	\$ 580,275	\$ 6,172,403	\$ 971,216
	93.283		93 Data Mgmt. Capacity H1G/CCH908215-01						
		7799	National Government	26,975	22,895	-	-	22,895	4,080
	93.283		96 Nutrition Intervention H75/CCH912116-01						
		3691	National Government	14,670	13,263	-	-	13,263	1,407
			Total CFDA #93.283	41,645	36,158	-	-	36,158	5,487
	93.630		93 Development Disabilities G-9301-FMBS84						
		7466	Unallotted	68,613	-	-	-	-	68,613
		7467	National Government	152,137	128,665	-	-	128,665	23,472
			Program Total	220,750	128,665	-	-	128,665	92,085
	93.630		94 Development Disabilities G-9401-FMBS84						
		7374	National Government	126,610	123,470	-	-	123,470	3,140
			Total CFDA #93.630	347,360	252,135	-	-	252,135	95,225
	93.940		94 AIDS Prevention U62/CCU902703-08						
		7498	National Government	40,077	37,131	-	-	37,131	2,946
		7499	Pohnpei	9,105	9,104	-	-	9,104	1
		7499	Chuuk	2,668	2,669	-	-	2,669	(1)
		7499	Kosrae	9,181	11,644	-	-	11,644	(2,463)
			Program Total	61,031	60,548	-	-	60,548	483
	93.940		95 AIDS Prevention U62/CCU902703-09						
		7440	National Government	5,115	5,115	-	-	5,115	-
		7441	Pohnpei	10,527	12,229	-	-	12,229	(1,702)
		7441	Chuuk	9,860	12,908	-	-	12,908	(3,048)
		7441	Kosrae	6,893	6,893	-	-	6,893	-
		7441	Yap	4,243	4,244	-	-	4,244	(1)
			Program Total	36,638	41,389	-	-	41,389	(4,751)
			Balance forward CFDA #93.940	97,669	101,937	-	-	101,937	(4,268)
			Balance forward	7,532,624	5,597,915	282,506	580,275	6,460,696	1,071,928

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 7,532,624	\$ 5,597,915	\$ 282,506	\$ 580,275	\$ 6,460,696	\$ 1,071,928
			CFDA #93.940 balance forwarded	97,669	101,937	-	-	101,937	(4,268)
	93.940		96 AIDS Prevention U62/CCU902703-10						
		3681	National Government	12,715	12,714	-	-	12,714	1
		3682	Polunpei	5,103	5,900	-	-	5,900	(797)
		3682	Kosrae	5,088	5,113	-	-	5,113	(25)
		3683	Chuuk	6,725	6,725	-	-	6,725	-
			Program Total	<u>29,631</u>	<u>30,452</u>	<u>-</u>	<u>-</u>	<u>30,452</u>	<u>(821)</u>
	93.940		97 AIDS Prevention Program U62/CCU902703-11						
		3723	Unallotted	25,691	-	-	-	-	25,691
		3724	National Government	28,239	25,891	-	-	25,891	2,348
		3725	Kosrae	8,800	7,822	-	-	7,822	978
		3726	Chuuk	11,570	8,177	-	-	8,177	3,393
			Program Total	<u>74,300</u>	<u>41,890</u>	<u>-</u>	<u>-</u>	<u>41,890</u>	<u>32,410</u>
	93.940		98 AIDS Prevention Program U62/CCU902703-11						
		3787	Unallotted	10,079	-	-	-	-	10,079
		3788	National Government	22,120	18,237	-	-	18,237	3,883
		3788	Polunpei	13,236	3,351	-	-	3,351	9,885
		3789	Kosrae	10,800	10,647	-	-	10,647	153
		3789	Yap	13,236	1,043	-	-	1,043	12,193
		3790	Chuuk	13,236	8,360	-	-	8,360	4,876
			Program Total	<u>82,707</u>	<u>41,638</u>	<u>-</u>	<u>-</u>	<u>41,638</u>	<u>41,069</u>
	93.940		99 AIDS Prevention Program U62/CCU902703-13						
		417530	National Government	14,768	11,617	-	8,932	20,549	(5,781)
		417530	Polunpei	13,208	8,160	3,945	-	12,105	1,103
		417530	Chuuk	13,209	7,344	-	-	7,344	5,865
		417530	Kosrae	10,770	6,493	2,070	-	8,563	2,207
		417530	Yap	13,207	3,668	-	-	3,668	9,539
			Program Total	<u>65,162</u>	<u>37,282</u>	<u>6,015</u>	<u>8,932</u>	<u>52,229</u>	<u>12,933</u>
			Balance forward CFDA #93.940	<u>349,469</u>	<u>253,199</u>	<u>6,015</u>	<u>8,932</u>	<u>268,146</u>	<u>81,323</u>
			Balance forward	<u>7,532,624</u>	<u>5,597,915</u>	<u>282,506</u>	<u>580,275</u>	<u>6,460,696</u>	<u>1,071,928</u>

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 7,532,624	\$ 5,597,915	\$ 282,506	\$ 580,275	\$ 6,460,696	\$ 1,071,928
			CFDA #93.940 balance forwarded	349,469	253,199	6,015	8,932	268,146	81,323
	93.940		FY00 AIDS Prevention Program U62/CCU902703-14						
			Unallotted	9,848					
	417548		National Government	49,499	-	-	7,474	7,474	42,025
	417548		Pohnpei	11,020	-	6,632	-	6,632	4,388
	417548		Chuuk	11,020	-	-	-	-	11,020
	417548		Kosrae	7,350	-	6,375	-	6,375	975
			Program Total	88,737	-	13,007	7,474	20,481	58,408
			Total CFDA #93.940	438,206	253,199	19,022	16,406	288,627	139,731
	93.958		94 Comm. Mental Health 94 B1 FM CMHS-01						
		7367	National Government	80,062	66,433	-	-	66,433	13,629
	93.958		95 CMHS 95 B1 FM CMHS						
		7450	National Government	102,115	96,920	-	-	96,920	5,195
	93.958		96 Community Mental Health Services 96-B1-FM-CMHS						
		3699	National Government	102,115	101,422	-	-	101,422	693
	93.958		97 Community Mental Health Services 97-B1-FM-CMHS						
		3743	National Government	102,115	93,234	-	-	93,234	8,881
	93.958		98 Community Mental Health Services 98-B1-FM-CMHS						
		413794	National Government	102,115	96,214	-	576	96,790	5,325
	93.958		99 Community Mental Health Services 98-B1-FM-CMHS						
		417531	Unallotted	14,289	-	-	-	-	14,289
		417531	National Government	93,060	1,039	-	89,904	90,943	2,117
			Program Total	107,349	1,039	-	89,904	90,943	16,406
	93.958		2000 Community Mental Health Services 00-B1-FM-CMHS-01						
		417545	Unallotted	53,675	-	-	-	-	53,675
		417545	National Government	186,737	-	-	184	184	186,553
			Program Total	240,412	-	-	184	184	240,228
			Total CFDA #93.958	836,283	455,262	-	90,664	545,926	290,357
			Balance forward	8,807,113	6,306,376	301,528	687,345	7,295,249	1,502,016

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 8,807,113	\$ 6,306,376	\$ 301,528	\$ 687,345	\$ 7,295,249	\$ 1,502,016
	93.959		93 Subs. Abuse Prevention 93 B1 FM SAPT-02						
		7464	National Government	138,185	97,988	-	-	97,988	40,197
		7465	Pohnpei	65,000	62,114	-	-	62,114	2,886
		7473	Chuuk	121,000	118,282	-	-	118,282	2,718
		7473	Yap	30,800	15,421	-	-	15,421	15,379
		7473	Yap	36,400	33,656	-	-	33,656	2,744
		7473	Kosrae	18,000	16,923	-	-	16,923	1,077
			Program Total	409,385	344,384	-	-	344,384	65,001
	93.959		94 Substance Abuse Prevention & Treatment 94 B1 FM SAPT						
		7377	National Government	86,056	84,899	-	-	84,899	1,157
		7378	Pohnpei	124,950	118,634	-	-	118,634	6,316
		7378	Chuuk	122,150	124,216	-	-	124,216	(2,066)
		7378	Kosrae	18,000	8,836	-	-	8,836	9,164
		7378	Yap	25,000	21,340	-	-	21,340	3,660
		7378	Yap	31,900	140	-	-	140	31,760
		7385	Chuuk	19,300	20,697	-	-	20,697	(1,397)
			Program Total	427,356	378,762	-	-	378,762	48,594
	93.959		95 Substance Abuse Prevention & Treatment 95 B1 FM SAPT						
		3653	Unallotted	1,761	-	-	-	-	1,761
		3654	National Government	125,488	118,478	-	-	118,478	7,010
		3655	Pohnpei	90,100	86,467	-	-	86,467	3,633
		3655	Kosrae	44,100	40,052	-	-	40,052	4,048
		3655	Yap	27,000	23,484	-	-	23,484	3,516
		3656	Pohnpei	16,900	14,439	-	-	14,439	2,461
		3656	Yap	32,900	26,942	-	-	26,942	5,958
		3657	Chuuk	111,090	87,398	-	-	87,398	23,692
		3658	Chuuk	500	-	-	-	-	500
		3659	Chuuk	14,270	7,089	-	-	7,089	7,181
			Program Total	464,109	404,349	-	-	404,349	59,760
	93.959		96 Substance Abuse Prevention & Treatment 96-B1-FM-SAPT						
		3692	Unallotted	450	-	-	-	-	450
		3693	National Government	118,173	114,650	-	-	114,650	3,523
		3702	Chuuk	114,035	113,886	-	-	113,886	149
		3700	Pohnpei	89,371	86,737	-	-	86,737	2,634
		3700	Kosrae	57,171	54,503	-	-	54,503	2,668
		3700	Yap	53,169	47,745	-	-	47,745	5,424
		3701	Yap	31,740	27,580	-	-	27,580	4,160
			Program Total	464,109	445,101	-	-	445,101	19,008
			Balance forward CFDA #93.959	1,764,959	1,572,596	-	-	1,572,596	192,363
			Balance forward	8,807,113	6,306,376	301,528	687,345	7,295,249	1,511,864

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 8,807,113	\$ 6,306,376	\$ 301,528	\$ 687,345	\$ 7,295,249	\$ 1,511,864
CFDA #93.959 balance forwarded				1,764,959	1,572,596	-	-	1,572,596	192,363
93.959 97 Substance Abuse Prevention & Treatment									
97-B1-FM-SAPT									
	3755		National Government	170,653	142,151	-	453	142,604	28,049
	3756		Pohnpei	108,331	109,423	-	-	109,423	(1,092)
	3756		Kosrae	63,033	53,174	-	-	53,174	9,859
	3756		Yap	34,303	25,323	-	-	25,323	8,980
	3757		Yap	32,336	29,911	-	-	29,911	2,425
	3758		Chuuk	103,827	95,291	-	-	95,291	8,536
Program Total				512,483	455,273	-	453	455,726	56,757
93.959 98 Substance Abuse Prevention & Treatment									
98-B1-FM-SAPT									
	413566		National Government	189,750	177,081	-	2,633	179,714	10,036
	413566		Pohnpei	100,389	92,185	1,916	-	94,101	6,288
	413566		Chuuk	103,030	97,979	-	-	97,979	5,051
	413566		Kosrae	54,978	54,255	-	-	54,255	723
	413566		Yap	36,750	23,952	-	-	23,952	12,798
	413566		Yap	27,586	17,066	-	-	17,066	10,520
Program Total				512,483	462,518	1,916	2,633	467,067	45,416
93.959 99 Substance Abuse Prevention & Treatment									
99-B1-FM-SAPT-01									
	417535		National Government	224,271	425	-	305,326	305,751	(81,480)
	417535		Pohnpei	106,483	-	99,745	-	99,745	6,738
	417535		Pohnpei	8,545	-	1,687	-	1,687	6,858
	417535		Chuuk	134,664	1,252	-	-	1,252	133,412
	417535		Kosrae	56,836	-	46,738	-	46,738	10,098
	417535		Yap	39,467	-	-	-	-	39,467
	417535		Yap	25,799	-	-	-	-	25,799
Program Total				596,065	1,677	148,170	305,326	455,173	140,892
93.959 FY00-01 Substance Abuse Prevention & Treatment									
00-B1-FM-SAPT									
	417550		National Government	185,834	-	-	446	446	185,388
	417550		Pohnpei	129,419	-	-	-	-	129,419
	417550		Chuuk	143,999	-	-	-	-	143,999
	417550		Kosrae	64,343	-	-	-	-	64,343
	417550		Yap	69,018	-	-	-	-	69,018
	417550		Yap	18,193	-	-	-	-	18,193
Program Total				610,806	-	-	446	446	610,360
Total CFDA #93.959				3,996,796	2,492,064	150,086	308,858	2,951,008	1,045,788
Balance forward				12,803,909	8,798,440	451,614	996,203	10,246,257	2,557,652

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 12,803,909	\$ 8,798,440	\$ 451,614	\$ 996,203	\$ 10,246,257	\$ 2,557,652
	93.977		92 Sexually Trans. Diseases H25/CCH904363-03-1						
		7695	Unallotted	210	-	-	-	-	210
		7696	National Government	48,090	31,948	-	-	31,948	16,142
		7697	Pohnpei	10,691	7,396	-	-	7,396	3,295
			Program Total	<u>58,991</u>	<u>39,344</u>	<u>-</u>	<u>-</u>	<u>39,344</u>	<u>19,647</u>
	93.977		94 Sexually Trans. Diseases H25/CCH904363-04						
		7356	National Government	28,556	24,333	-	-	24,333	4,223
		7357	Pohnpei	6,017	6,017	-	-	6,017	-
			Program Total	<u>34,573</u>	<u>30,350</u>	<u>-</u>	<u>-</u>	<u>30,350</u>	<u>4,223</u>
	93.977		95 Sexually Trans. Diseases H25/CCH904363-05						
		7390	National Government	27,503	26,314	-	-	26,314	1,189
		7391	Pohnpei	6,000	5,998	-	-	5,998	2
			Program Total	<u>33,503</u>	<u>32,312</u>	<u>-</u>	<u>-</u>	<u>32,312</u>	<u>1,191</u>
	93.977		96 Sexually Trans. Diseases H58/CCH904363-06						
		3660	Unallotted	750	-	-	-	-	750
		3661	National Government	33,550	31,339	-	-	31,339	2,211
		3662	Pohnpei	7,075	7,074	-	-	7,074	1
			Program Total	<u>41,375</u>	<u>38,413</u>	<u>-</u>	<u>-</u>	<u>38,413</u>	<u>2,962</u>
	93.977		97 STD Program H25/CCH904363-07						
		3713	Unallotted	1,250	-	-	-	-	1,250
		3714	National Government	29,584	25,835	-	-	25,835	3,749
		3715	Pohnpei	7,140	6,951	-	-	6,951	189
			Program Total	<u>37,974</u>	<u>32,786</u>	<u>-</u>	<u>-</u>	<u>32,786</u>	<u>5,188</u>
	93.977		98 STD Program H25/CCH904363-08						
		3776	National Government	40,163	30,898	-	-	30,898	9,265
		3777	Pohnpei	7,140	747	-	-	747	6,393
			Program Total	<u>47,303</u>	<u>31,645</u>	<u>-</u>	<u>-</u>	<u>31,645</u>	<u>15,658</u>
			Balance forward CFDA #93.977	<u>253,719</u>	<u>204,850</u>	<u>-</u>	<u>-</u>	<u>204,850</u>	<u>48,869</u>
			Balance forward	<u>12,803,909</u>	<u>8,798,440</u>	<u>451,614</u>	<u>996,203</u>	<u>10,246,257</u>	<u>2,557,652</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 12,803,909	\$ 8,798,440	\$ 451,614	\$ 996,203	\$ 10,246,257	\$ 2,557,652
			CFDA #93.977 balance forwarded	253,719	204,850	-	-	204,850	48,869
	93.977		99 STD Program H25/CCH904363-09						
		413569	National Government	54,807	31,011	-	16,226	47,237	7,570
		413569	Pohnpei	7,497	4,511	1,643	-	6,154	1,343
			Program Total	<u>62,304</u>	<u>35,522</u>	<u>1,643</u>	<u>16,226</u>	<u>53,391</u>	<u>8,913</u>
	93.977		FY00 STD Program H25/CCH904363-10						
		417539	National Government	50,764	-	-	25,296	25,296	25,468
		417539	Pohnpei	8,180	-	4,921	-	4,921	3,259
			Program Total	<u>58,944</u>	<u>-</u>	<u>4,921</u>	<u>25,296</u>	<u>30,217</u>	<u>28,727</u>
			Total CFDA #93.977	<u>374,967</u>	<u>240,372</u>	<u># 6,564</u>	<u>41,522</u>	<u>288,458</u>	<u>86,509</u>
	93.988		94 State-Base Diabetes U32/CCU910641-01						
		7369	National Government	30,339	30,336	-	-	30,336	3
		7384	Pohnpei	4,802	5,789	-	-	5,789	(987)
		7384	Chuuk	8,400	22,543	-	-	22,543	(14,143)
		7384	Kosrae	5,996	8,319	-	-	8,319	(2,323)
		7384	Yap	611	611	-	-	611	-
			Program Total	<u>50,148</u>	<u>67,598</u>	<u>-</u>	<u>-</u>	<u>67,598</u>	<u>(17,450)</u>
	93.988		95 Diabetes Programs U32/CCU910641-02						
		3651	National Government	15,011	17,838	-	-	17,838	(2,827)
		3652	Kosrae	3,185	1,302	-	-	1,302	1,883
		3652	Yap	7,817	8,013	-	-	8,013	(196)
			Program Total	<u>26,013</u>	<u>27,153</u>	<u>-</u>	<u>-</u>	<u>27,153</u>	<u>(1,140)</u>
	93.988		96 Diabetes Program U32/CCU910641-03						
		3695	National Government	8,774	8,773	-	-	8,773	1
		3696	Kosrae	565	565	-	-	565	-
		3696	Yap	3,031	3,031	-	-	3,031	-
		3697	Chuuk	6,813	6,813	-	-	6,813	-
			Program Total	<u>19,183</u>	<u>19,182</u>	<u>-</u>	<u>-</u>	<u>19,182</u>	<u>1</u>
			Balance forward CFDA #93.988	<u>95,344</u>	<u>113,933</u>	<u>-</u>	<u>-</u>	<u>113,933</u>	<u>(18,589)</u>
			Balance forward	<u>13,178,876</u>	<u>9,038,812</u>	<u>458,178</u>	<u>1,037,725</u>	<u>10,534,715</u>	<u>2,644,161</u>

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 13,178,876	\$ 9,038,812	\$ 458,178	\$ 1,037,725	\$ 10,534,715	\$ 2,644,161
			CFDA #93.988 balance forwarded	95,344	113,933	-	-	113,933	(18,589)
	93.988		97 Diabetes Program U32/CCU910641-04						
		3751	National Government	41,690	34,745	-	-	34,745	6,945
		3753	Pohnpei	5,600	5,617	-	-	5,617	(17)
		3752	Kosrae	6,000	6,000	-	-	6,000	-
		3753	Chuuk	13,600	10,283	-	-	10,283	3,317
		3752	Yap	6,000	3,754	-	-	3,754	2,246
			Program Total	72,890	60,399	-	-	60,399	12,491
	93.988		98 Diabetes Program U32/CCU910641-05						
		3562	Unallotted	18,033	-	-	-	-	18,033
		3563	National Government	17,500	13,159	-	-	13,159	4,341
		3564	Pohnpei	8,850	8,584	-	-	8,584	266
		3564	Kosrae	5,000	5,892	-	-	5,892	(892)
		3564	Yap	7,144	5,466	-	-	5,466	1,678
		3565	Chuuk	13,851	13,575	-	-	13,575	276
			Program Total	70,378	46,676	-	-	46,676	23,702
	93.988		99 Diabetes Program U32/CCU910641-06						
		417536	National Government	65,991	-	-	59,116	59,116	6,875
		417536	Pohnpei	8,000	926	4,968	-	5,894	2,106
		417536	Chuuk	10,714	1,559	-	-	1,559	9,155
		417536	Kosrae	8,202	-	7,202	-	7,202	1,000
		417536	Yap	6,000	-	-	-	-	6,000
			Program Total	98,907	2,485	12,170	59,116	73,771	25,136
	93.988		2000 Diabetes Program U32/CCU910641-07						
		417544	National Government	32,000	-	-	8,103	8,103	23,897
		417544	Pohnpei	8,000	-	357	-	357	7,643
		417544	Chuuk	10,000	-	-	-	-	10,000
		417544	Kosrae	8,500	-	150	-	150	8,350
		417544	Yap	6,900	-	-	-	-	6,900
			Program Total	65,400	-	507	8,103	8,610	56,790
			Total CFDA #93.988	402,919	223,493	12,677	67,219	303,389	99,530
			Balance forward	13,581,795	9,262,305	470,855	1,104,944	10,838,104	2,743,691

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 13,581,795	\$ 9,262,305	\$ 470,855	\$ 1,104,944	\$ 10,838,104	\$ 2,743,691
	93.991		93 Preventive Health 93-B1-FM-PRVS						
			Unallotted	18,372	-	-	-	-	18,372
		7471	National Government	19,650	11,698	-	-	11,698	7,952
		7472	Pohnpei	17,918	17,174	-	-	17,174	744
		7472	Chuuk	19,292	15,300	-	-	15,300	3,992
		7472	Kosrae	10,000	9,112	-	-	9,112	888
		7472	Yap	12,572	12,516	-	-	12,516	56
			Program Total	<u>97,804</u>	<u>65,800</u>	<u>-</u>	<u>-</u>	<u>65,800</u>	<u>32,004</u>
	93.991		94 PH & PH 94-B1-FM-PRVS						
		7352	Unallotted	7,671	-	-	-	-	7,671
		7488	National Government	25,350	20,259	-	-	20,259	5,091
		7489	Pohnpei	21,917	9,242	-	-	9,242	12,675
		7489	Chuuk	23,591	1,800	-	-	1,800	21,791
		7489	Kosrae	11,790	7,116	-	-	7,116	4,674
		7489	Yap	13,371	12,451	-	-	12,451	920
			Program Total	<u>103,690</u>	<u>50,868</u>	<u>-</u>	<u>-</u>	<u>50,868</u>	<u>52,822</u>
	93.991		95 Preventive Health & PH 95-B1-FM-PRVS						
		3644	National Government	28,325	20,764	-	-	20,764	7,561
		3645	Pohnpei	21,917	5,475	-	-	5,475	16,442
		3645	Kosrae	13,500	9,090	-	-	9,090	4,410
		3645	Yap	16,871	16,388	-	-	16,388	483
		3646	Chuuk	23,591	17,214	-	-	17,214	6,377
			Program Total	<u>104,204</u>	<u>68,931</u>	<u>-</u>	<u>-</u>	<u>68,931</u>	<u>35,273</u>
	93.991		96 PH & PH 96-B1-FM-PRVS-01						
		3705	Unallotted	26,287	-	-	-	-	26,287
		3706	National Government	45,000	38,732	-	-	38,732	6,268
		3707	Pohnpei	10000.00	8,462	-	-	8,462	1,538
		3707	Kosrae	8,000	1,317	-	-	1,317	6,683
		3707	Yap	9,300	8,960	-	-	8,960	340
		3708	Chuuk	10,700	5,940	-	-	5,940	4,760
			Program Total	<u>109,287</u>	<u>63,411</u>	<u>-</u>	<u>-</u>	<u>63,411</u>	<u>45,876</u>
			Balance forward CFDA #93.991	<u>414,985</u>	<u>249,010</u>	<u>-</u>	<u>-</u>	<u>249,010</u>	<u>165,975</u>
			Balance forward	<u>13,581,795</u>	<u>9,262,305</u>	<u>470,855</u>	<u>1,104,944</u>	<u>10,838,104</u>	<u>2,743,691</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 13,581,795	\$ 9,262,305	\$ 470,855	\$ 1,104,944	\$ 10,838,104	\$ 2,743,691
CFDA #93.991 balance forwarded				414,985	249,010	-	-	249,010	165,975
93.991 97 PH & PH									
97-B1-FM-PRVS									
3763 Unallotted				76,826	-	-	-	-	76,826
3764 National Government				40,915	16,641	-	-	16,641	24,274
Program Total				117,741	16,641	-	-	16,641	101,100
93.991 98 PH & PH									
1998-B1-FM-PRVS									
413791 Unallotted				42,396	-	-	-	-	42,396
413791 National Government				21,500	20,398	-	-	20,398	1,102
413791 Pohnpei				6,000	5,991	-	-	5,991	9
413791 Chuuk				7,000	6,994	-	-	6,994	6
413791 Kosrae				6,000	2,672	-	-	2,672	3,328
413791 Yap				5,000	1,821	-	-	1,821	3,179
Program Total				87,896	37,876	-	-	37,876	50,020
Total CFDA #93.991				620,622	303,527	-	-	303,527	317,095
93.994 93 MCH									
93B1FMMCHS									
7451 Unallotted				38,846	-	-	-	-	38,846
7452 National Government				53,003	47,218	-	-	47,218	5,785
7453 National Government				113,920	92,474	-	-	92,474	21,446
7454 Pohnpei				98,914	100,051	-	-	100,051	(1,137)
7454 Chuuk				99,981	98,615	-	-	98,615	1,366
7454 Kosrae				40,312	33,773	-	-	33,773	6,539
7454 Yap				55,646	53,188	-	-	53,188	2,458
7455 Pohnpei				6,000	176	-	-	176	5,824
7455 Chuuk				5,500	5,456	-	-	5,456	44
7455 Kosrae				7,200	6,800	-	-	6,800	400
7456 Kosrae				6,220	4,355	-	-	4,355	1,865
7455 Yap				4,500	3,995	-	-	3,995	505
Program Total				530,042	446,101	-	-	446,101	83,941
Balance forward CFDA #93.994				530,042	446,101	-	-	446,101	83,941
Balance forward				14,202,417	9,565,832	470,855	1,104,944	11,141,631	3,060,786

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 14,202,417	\$ 9,565,832	\$ 470,855	\$ 1,104,944	\$ 11,141,631	\$ 3,060,786
			CFDA #93.994 balance forwarded	530,042	446,101	-	-	446,101	83,941
	93.994		94 MCH 94B1FMMCHS						
		7487	National Government	54,582	41,929	-	-	41,929	12,653
		7488	National Government	163,746	111,144	-	-	111,144	52,602
		7489	Pohnpei	103,665	83,038	-	-	83,038	20,627
		7489	Chuuk	107,322	107,290	-	-	107,290	32
		7489	Kosrae	52,093	44,308	-	-	44,308	7,785
		7489	Yap	64,412	58,244	-	-	58,244	6,168
			Program Total	<u>545,820</u>	<u>445,953</u>	<u>-</u>	<u>-</u>	<u>445,953</u>	<u>99,867</u>
	93.994		95 MCH 95B1FMMCHS						
		7442	Unallotted	8,519	-	-	-	-	8,519
		7443	National Government	54,490	43,359	-	-	43,359	11,131
		7444	National Government	136,382	104,821	-	-	104,821	31,561
		7445	Pohnpei	97,777	84,360	-	-	84,360	13,417
		7445	Chuuk	37,834	28,732	-	-	28,732	9,102
		7445	Kosrae	55,917	51,107	-	-	51,107	4,810
		7445	Yap	64,484	59,228	-	-	59,228	5,256
		7490	Pohnpei	11,943	11,943	-	-	11,943	-
		7490	Kosrae	4,821	4,821	-	-	4,821	-
		3728	Chuuk	71,480	6,510	-	-	6,510	64,970
		7490	Chuuk	-	57,491	-	-	57,491	(57,491)
			Program Total	<u>543,647</u>	<u>452,372</u>	<u>-</u>	<u>-</u>	<u>452,372</u>	<u>91,275</u>
	93.994		96 MCH Program 96-B1-FM-MCHS						
		3685	National Government	59,081	51,947	-	-	51,947	7,134
		3686	National Government	130,622	64,249	-	-	64,249	66,373
		3688	Chuuk	100,407	100,783	-	-	100,783	(376)
		3704	Chuuk	15,262	2,785	-	-	2,785	12,477
		3689	Pohnpei	97,907	72,534	-	-	72,534	25,373
		3703	Pohnpei	11,943	11,855	-	-	11,855	88
		3689	Kosrae	55,917	54,747	-	-	54,747	1,170
		3703	Kosrae	5,267	-	-	-	-	5,267
		3689	Yap	61,957	55,985	-	-	55,985	5,972
			Program Total	<u>538,363</u>	<u>414,885</u>	<u>-</u>	<u>-</u>	<u>414,885</u>	<u>123,478</u>
			Balance forward CFDA #93.994	<u>2,157,872</u>	<u>1,759,311</u>	<u>-</u>	<u>-</u>	<u>1,759,311</u>	<u>398,561</u>
			Balance forward	<u>14,202,417</u>	<u>9,565,832</u>	<u>470,855</u>	<u>1,104,944</u>	<u>11,141,631</u>	<u>3,060,786</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 14,202,417	\$ 9,565,832	\$ 470,855	\$ 1,104,944	\$ 11,141,631	\$ 3,060,786
CFDA #93.994 balance forwarded				2,157,872	1,759,311	-	-	1,759,311	398,561
93.994									
97 MCH									
97-B1-FMMCHS									
	3735		Unallotted	15,003	-	-	-	-	15,003
	3736		National Government	60,266	49,308	-	-	49,308	10,958
	3737		National Government	133,146	98,553	-	-	98,553	34,593
	3738		Pohnpei	103,713	82,201	-	-	82,201	21,512
	3738		Kosrae	43,888	41,063	-	-	41,063	2,825
	3738		Kosrae	4,866	-	-	-	-	4,866
	3738		Yap	56,677	50,178	-	-	50,178	6,499
	3740		Chuuk	103,389	83,167	-	-	83,167	20,222
	3741		Chuuk	15,413	12,571	-	-	12,571	2,842
Program Total				536,361	417,041	-	-	417,041	119,320
93.994									
98 MCH									
98-B1-FMMCHS									
	413778		Unallotted	31,820	-	-	-	-	31,820
	413779		National Government	53,925	3,961	-	8,212	12,173	41,752
	413790		National Government	70,476	18,743	-	-	18,743	51,733
	413790		National Government	119,098	160,709	-	-	160,709	(41,611)
	413779		Pohnpei	77,585	75,744	-	-	75,744	1,841
	413780		Pohnpei	9,555	10	8,544	-	8,554	1,001
	413780		Pohnpei	2,000	-	-	-	-	2,000
	413779		Chuuk	80,232	51,365	-	-	51,365	28,867
	413780		Chuuk	4,500	-	-	-	-	4,500
	413779		Kosrae	34,540	32,356	364	-	32,720	1,820
	413780		Kosrae	4,911	1,048	-	-	1,048	3,863
	413780		Kosrae	2,000	5,274	-	-	5,274	(3,274)
	413779		Yap	44,042	44,920	-	-	44,920	(878)
	413780		Yap	2,394	1,296	-	-	1,296	1,098
Program Total				537,078	395,426	8,908	8,212	412,546	124,532
Balance forward CFDA #93.994				3,231,311	2,571,778	8,908	8,212	2,588,898	642,413
Balance forward				14,202,417	9,565,832	470,855	1,104,944	11,141,631	3,060,786

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 14,202,417	\$ 9,565,832	\$ 470,855	\$ 1,104,944	\$ 11,141,631	\$ 3,060,786
			CFDA #93.994 balance forwarded	3,231,311	2,571,778	8,908	8,212	2,588,898	642,413
	93.994		99 MCH Program 2 B04 MC 00347-03						
		417533	Unallotted	70	-	-	-	-	70
		417533	National Government	50,485	7,415	-	220,222	227,637	(177,152)
		417533	National Government	173,178	50,343	-	-	50,343	122,835
		417533	National Government	75,631	-	-	-	-	75,631
		417533	Pohnpei	70,352	-	70,428	-	70,428	(76)
		417533	Pohnpei	9,555	-	-	-	-	9,555
		417533	Pohnpei	2,000	-	-	-	-	2,000
		417533	Chuuk	79,287	19,775	-	-	19,775	59,512
		417533	Chuuk	3,800	-	-	-	-	3,800
		417533	Kosrae	28,267	-	7,337	-	7,337	20,930
		417533	Kosrae	4,911	-	-	-	-	4,911
		417533	Kosrae	2,000	-	-	-	-	2,000
		417533	Yap	45,881	-	-	-	-	45,881
		417533	Yap	2,000	-	-	-	-	2,000
			Program Total	547,417	77,533	77,765	220,222	375,520	171,897
	93.994		FY00 MCH Program 2 B04 MC 00347-04						
		417547	Unallotted	31,170	-	-	-	-	31,170
		417547	National Government	48,657	-	-	18,863	18,863	29,794
		417547	National Government	130,420	-	-	-	-	130,420
		417547	National Government	57,639	-	-	-	-	57,639
		417547	Pohnpei	83,990	-	-	-	-	83,990
		417547	Pohnpei	9,555	-	-	-	-	9,555
		417547	Pohnpei	3,000	-	-	-	-	3,000
		417547	Chuuk	95,610	-	-	-	-	95,610
		417547	Chuuk	3,000	-	-	-	-	3,000
		417547	Kosrae	31,767	-	11,794	-	-	-
		417547	Kosrae	4,911	-	-	-	-	-
		417547	Kosrae	1,500	-	-	-	-	-
		417547	Yap	50,323	-	-	-	-	-
		417547	Yap	2,000	-	-	-	-	2,000
			Program Total	553,542	-	11,794	18,863	18,863	446,178
			Total CFDA #93.994	4,332,270	2,649,311	98,467	247,297	2,983,281	1,260,488
			Balance forward	18,534,687	12,215,143	569,322	1,352,241	14,124,912	4,321,274

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 18,534,687	\$ 12,215,143	\$ 569,322	\$ 1,352,241	\$ 14,124,912	\$ 4,321,274
	93.879		Medical Library Assistance 1 G08 LM066900-01						
		413567	National Government	25,714	22,710	-	2,803	25,513	201
		417533	Pohnpei	1,000	792	-	-	792	208
		417533	Chuuk	1,300	-	-	-	-	1,300
		417533	Kosrae	750	750	-	-	750	-
		417533	Yap	800	-	-	-	-	800
			Program Total	<u>29,564</u>	<u>24,252</u>	<u>-</u>	<u>2,803</u>	<u>27,055</u>	<u>2,509</u>
			Total CFDA #93.879	<u>29,564</u>	<u>24,252</u>	<u>-</u>	<u>2,803</u>	<u>27,055</u>	<u>2,509</u>
			FY-99 Tobacco Use Prevention U1A/CCU916 991-01						
	93.283	417537	National Government	<u>46,589</u>	<u>-</u>	<u>-</u>	<u>50,450</u>	<u>50,450</u>	<u>(3,861)</u>
			Total U.S. Dept. of Health and Human Services	<u>\$ 18,610,840</u>	<u>\$ 12,239,395</u>	<u>\$ 569,322</u>	<u>\$ 1,405,494</u>	<u>\$ 14,202,417</u>	<u>\$ 4,319,922</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
Federal Emergency Management Agency (FEMA)									
	83.505		94 Disaster Preparedness EMF-94-K-0435						
		3866	National Government	\$ 25,000	\$ 17,694	\$ -	\$ -	\$ 17,694	\$ 7,306
	83.505		95 Disaster Preparedness-IG EMF-95-K-0565						
		3867	Unallotted	1,000	-	-	-	-	1,000
		3868	National Government	49,000	43,858	-	-	43,858	5,142
			Program Total	<u>50,000</u>	<u>43,858</u>	<u>-</u>	<u>-</u>	<u>43,858</u>	<u>6,142</u>
	83.505		96 Disaster Preparedness EMF-96-PA-0606						
		3812	National Government	50,000	66,864	-	-	66,864	(16,864)
	83.505	3877	97 Disaster Preparedness EMF-97-PA-0309 National Government	38,000	22,141	-	-	22,141	15,859
	83.505	3815/3816	98 Disaster Preparedness EMF-98-PA-9008 National Government	50,000	26,507	-	15,575	42,082	7,918
	83.505	3838	99 Disaster Preparedness EMF-1999-PA-9008 National Government	50,000	-	-	22,931	22,931	27,069
	83.505	3838	FY2000 Disaster Preparedness EMF-2000-GR-0018 National Government	50,000	-	-	32,081	32,081	17,919
			Total CFDA #83.505	<u>313,000</u>	<u>177,064</u>	<u>-</u>	<u>70,587</u>	<u>247,651</u>	<u>65,349</u>
	83.516		FEMA-934-DR-FSM Typhoon Axel PA						
		3842	National Government/Admin.	13,313	12,461	-	-	12,461	852
		3837	Pohnpei	655,682	178,308	-	-	178,308	477,374
		3837	Yap	-	31,992	-	-	31,992	(31,992)
		3837	Kosrae	36,184	-	-	-	-	36,184
			Program Total	<u>705,179</u>	<u>222,761</u>	<u>-</u>	<u>-</u>	<u>222,761</u>	<u>482,418</u>
			Balance forward CFDA #83.516	<u>705,179</u>	<u>222,761</u>	<u>-</u>	<u>-</u>	<u>222,761</u>	<u>482,418</u>
			Balance forward	<u>313,000</u>	<u>177,064</u>	<u>-</u>	<u>70,587</u>	<u>247,651</u>	<u>65,349</u>

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
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By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
FEMA balance forwarded				\$ 313,000	\$ 177,064	\$ -	\$ 70,587	\$ 247,651	\$ 65,349
CFDA #83.516 balance forwarded				705,179	222,761	-	-	222,761	482,418
	83.516		FEMA -886-DR-FSM Typhoon Owen IFG						
		3826	Chuuk	<u>6,406,904</u>	<u>6,188,383</u>	-	-	<u>6,188,383</u>	<u>218,521</u>
	83.516		FEMA -886-DR-FSM Typhoon Owen PA						
		3820	Chuuk	1,667,674	161,395	-	-	161,395	1,506,279
		3821	Yap	822,353	-	-	-	-	822,353
		3824	National Government	40,771	-	-	-	-	40,771
		3830	National Government	<u>33,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,472</u>
			Program Total	<u>2,564,270</u>	<u>161,395</u>	<u>-</u>	<u>-</u>	<u>161,395</u>	<u>2,402,875</u>
	83.516		FEMA-892-FSM Typhoon Russ PA						
		3823	Pohnpei	324,200	560,913	-	-	560,913	(236,713)
		3829	National	<u>8,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,213</u>
			Program Total	<u>332,413</u>	<u>560,913</u>	<u>-</u>	<u>-</u>	<u>560,913</u>	<u>(228,500)</u>
	83.516		FEMA-892-DR-FSM Typhoon Russ IFG						
		3828	Pohnpei	<u>129,401</u>	<u>123,481</u>	<u>-</u>	<u>-</u>	<u>123,481</u>	<u>5,920</u>
	83.516		FEMA-926-DR-FSM Typhoon Yuri PA						
		3834	Pohnpei	744,683	(6,106)	-	-	(6,106)	750,789
		3840	Chuuk	199,764	57,182	7,896	-	65,078	134,686
		3841	National Government	3,484	367,513	-	-	367,513	(364,029)
		3843	National Government	<u>19,959</u>	<u>7,012</u>	<u>-</u>	<u>-</u>	<u>7,012</u>	<u>12,947</u>
			Program Total	<u>967,890</u>	<u>425,601</u>	<u>7,896</u>	<u>-</u>	<u>433,497</u>	<u>534,393</u>
	83.516		FEMA-926-FSM Typhoon Yuri IFG						
		3830	Pohnpei	<u>375,000</u>	<u>455,682</u>	<u>-</u>	<u>-</u>	<u>455,682</u>	<u>(80,682)</u>
			Balance forward CFDA #83.516	<u>11,481,057</u>	<u>8,138,216</u>	<u>7,896</u>	<u>-</u>	<u>8,146,112</u>	<u>3,334,945</u>
			Balance forward	<u>313,000</u>	<u>177,064</u>	<u>-</u>	<u>70,587</u>	<u>247,651</u>	<u>65,349</u>

See accompanying notes to schedule of expenditures of federal awards.

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By Grantor  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
FEMA balance forwarded				\$ 313,000	\$ 177,064	\$ -	\$ 70,587	\$ 247,651	\$ 65,349
CFDA #83.516 balance forwarded				11,481,057	8,138,216	7,896	-	8,146,112	3,334,945
83.516 Typhoon Fern FEMA-DR-1166-FM									
	3871		Unallotted	1,232	-	-	-	-	1,232
	3872		National/Grantee Admin.	31,485	23,018	-	2,634	25,652	5,833
	3875		National/PA Management Cost	73,784	-	-	16,334	16,334	57,450
	3873		Yap/Public Assistance	2,001,941	444,182	-	-	444,182	1,557,759
	3874		Yap/Sub-Grantee Admin.	44,848	-	-	-	-	44,848
	3883		Yap/PA Management Cost	83,185	-	-	-	-	83,185
Program Total				2,236,475	467,200	-	18,968	486,168	1,750,307
Total CFDA #83.516				13,717,532	8,605,416	7,896	18,968	8,632,280	5,085,252
83.519 FEMA-892-FSM									
	3848		National Government	394	-	-	-	-	394
	3852		Pohnpei	12,398	12,398	-	-	12,398	-
Program Total				12,792	12,398	-	-	12,398	394
83.519 Hazard Mitigation FEMA-886-FSM									
	3846		Unallotted	17,007	-	-	-	-	17,007
	3847		National/HMGP Grantee Admin.	15,851	14,160	-	-	14,160	1,691
	3881		National/Local Plant Grant	155,000	53,294	-	2,434	55,728	99,272
	3882		National/Local Plant Grant	6,200	2,219	-	-	2,219	3,981
	3854		Chuuk	187,000	95,398	2,069	-	97,467	89,533
	3855		Yap	26,911	21,721	-	-	21,721	5,190
	3856		Yap	313,716	327,521	-	-	327,521	(13,805)
	3857		Yap	114,485	112,557	-	-	112,557	1,928
	3836		Yap	79,147	8,796	-	-	8,796	70,351
	3878		Yap	207,000	177,066	-	-	177,066	29,934
	3880		Yap	92,897	570,743	-	-	570,743	(477,846)
	3870		Chuuk	7,729	5,457	578	-	6,035	1,694
	3869		Chuuk	61,237	6,254	29,879	-	36,133	25,104
	3879		Kosrae	362,509	1,033	9,179	-	10,212	352,297
Program Total				1,646,689	1,396,219	41,705	2,434	1,440,358	206,331
Balance forward CFDA #83.519				1,659,481	1,408,617	41,705	2,434	1,452,756	206,725
Balance forward				14,030,532	8,782,480	7,896	89,555	8,879,931	5,150,601

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
FEMA balance forwarded				\$ 14,030,532	\$ 8,782,480	\$ 7,896	\$ 89,555	\$ 8,879,931	\$ 5,150,601
			CFDA #83.519 balance forwarded	1,659,481	1,408,617	41,705	2,434	1,452,756	206,725
	83.519		FEMA-926-FSM						
		3849	National Government	7,224	5,730	-	-	5,730	1,494
		3851	Pohnpei	9,308	10,021	-	-	10,021	(713)
		3858	Pohnpei	23,202	23,202	-	-	23,202	-
		3859	Pohnpei	207,700	196,894	-	-	196,894	10,806
			Program Total	247,434	235,847	-	-	235,847	11,587
	83.519		Hazard Mitigation FEMA-934-FSM						
		3850	National Government	1,846	729	-	-	729	1,117
		3860	Kosrae	18,829	3,871	-	-	3,871	14,958
		3861	Kosrae	58,216	-	-	-	-	58,216
			Program Total	78,891	4,600	-	-	4,600	74,291
	83.519		Hazard Management Cost FEMA-886-934						
		3862	Unallotted	1,600	-	-	-	-	1,600
		3864	Chuuk	36,000	30,700	13,605	-	44,305	(8,305)
		3864	Yap	32,000	34,881	-	-	34,881	(2,881)
		3864	Pohnpei	10,400	-	-	-	-	10,400
		3853	National Government	9,455	9,410	-	-	9,410	45
			Program Total	89,455	74,991	13,605	-	88,596	859
	83.519		Typhoon Fern FEMA-1166-DR-FM						
		3885	National/HMGP Grantee Admin.	7,289	4,882	-	1,581	6,463	826
		3887	Yap State	261,366	502,965	-	-	502,965	(241,599)
		3886	Yap/HMGP Sub-Grantee Admin.	7,970	-	-	-	-	7,970
		3817	Yap/HMGP Management Cost	45,087	-	-	-	-	45,087
			Program Total	321,712	507,847	-	1,581	509,428	(187,716)
	83.519		Typhoon Fern Hazard Management Cost FEMA-1166-DR-FM						
		3875	National Government	61,782	28,323	-	-	28,323	33,459
		3883	Yap State	66,551	22,163	-	-	22,163	44,388
			Program Total	128,333	50,486	-	-	50,486	77,847
			Total CFDA #83.519	2,525,306	2,282,388	55,310	4,015	2,341,713	183,593
			Balance forward	16,555,838	11,064,868	63,206	93,570	11,221,644	5,334,194

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
FEMA balance forwarded				\$ 16,555,838	\$ 11,064,868	\$ 63,206	\$ 93,570	\$ 11,221,644	\$ 5,334,194
	83.544		El Nino Drought FEMA-1213-DR-FM						
		3806	Unallotted	50	-	-	-	-	50
		3807	National/Grantee Admin.	24,079	23,135	-	-	23,135	944
		3808	National/PA Management Cost	35,562	21,640	-	3,773	25,413	10,149
		3809	National/Public Assistance	15,244	9,238	-	5,509	14,747	497
		3810	Pohnpei/Public Assistance	54,442	15,243	28,238	-	43,481	10,961
		3811	Pohnpei/Sub-Grantee Admin.	2,178	1,966	-	-	1,966	212
		3813	Yap/Public Assistance	638,662	60,952	-	-	60,952	577,710
		3813	Yap/Sub-Grantee Admin.	18,641	3,412	-	-	3,412	15,229
		3813	Chuuk/Public Assistance	532,919	233,911	22,930	-	256,841	276,078
		3814	Chuuk/Sub-Grantee Admin.	15,211	11,064	65,331	-	76,395	(61,184)
		3815	Kosrae/Tafeut Water System	64,782	-	6,445	-	6,445	58,337
			Total CFDA #83.544	<u>1,401,770</u>	<u>380,561</u>	<u>122,944</u>	<u>9,282</u>	<u>512,787</u>	<u>888,983</u>
			Total Federal Emergency Management Agency	<u>\$ 17,957,608</u>	<u>\$ 11,445,429</u>	<u>\$ 186,150</u>	<u>\$ 102,852</u>	<u>\$ 11,734,431</u>	<u>\$ 6,223,177</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Department of Transportation - Federal Aviation Administration	20.106	N/A	Airport Improvement Program Chuuk International Airport	\$ 721,000	\$ 688,053	\$ -	\$ -	\$ 688,053	\$ 32,947
			Total U.S. Federal Aviation Administration	\$ 721,000	\$ 688,053	\$ -	\$ -	\$ 688,053	\$ 32,947
U.S. Department of Commerce - National Oceanic and Atmospheric Administration	11.460	N/A	Special Oceanic and Atmospheric Project National Government	\$ 2,004,481	\$ 4,715,523	\$ -	\$ 774,903	\$ 5,490,426	\$ (3,485,945)
			Total U.S. Department of Commerce	\$ 2,004,481	\$ 4,715,523	\$ -	\$ 774,903	\$ 5,490,426	\$ (3,485,945)
National Foundation on the Arts and the Humanities - Office of Library Services	45.310		Library Services LS-80060-98	\$ 29,819	\$ -	\$ -	\$ -	\$ -	\$ 29,819
		303039	Unallotted	38,200	25,839	-	10,170	36,009	2,191
		303039	National						
			Program Total (CFDA #45.310)	68,019	25,839	-	10,170	36,009	32,010
			Total National Foundation on the Arts & the Humanities	\$ 68,019	\$ 25,839	\$ -	\$ 10,170	\$ 36,009	\$ 32,010
			Total U.S. Federal Direct Assistance	\$ 87,988,819	\$ 67,265,813	\$ 2,690,116	\$ 4,944,036	\$ 74,899,965	\$ 13,088,854
Reconciliation to general purpose financial statements:									
Amount per general-purpose financial statements							\$ 5,201,116		
Add amount included in the financials which relate to OIA (page 131)							19,456		
Less amount included in the financials which relate to Non-U.S. grants							(276,536)		
							\$ 4,944,036		

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<b>OIA TECHNICAL ASSISTANCE:</b>									
	15.875								
N/A		3482	Computer Training	\$ 9,679	\$ 110	\$ -	\$ -	\$ 110	\$ 9,569
FSM-24		3487	Automated Land Record System	43,866	50,840	-	-	50,840	(6,974)
FSM-25		3488	Financial Advisor	133,000	-	-	-	-	133,000
FSM-25		3488	Computer Advisor	56,000	55,596	-	-	55,596	404
FSM-30		3493	Marketing Study	35,000	11,666	-	-	11,666	23,334
FSM-38		3505	Economic Newsletter	200,020	158,571	-	-	158,571	41,449
N/A		3506	Single Audit	340,000	16,231	-	-	16,231	323,769
FSM-35		3511	National Health Care Plan	22,900	16,827	-	-	16,827	6,073
N/A		3512	Single Audit 88	375,000	366,699	-	-	366,699	8,301
FSM-31		3513	Financial Management System	252,655	237,495	-	-	237,495	15,160
FSM-44		7507	Anti-Drug Training	28,170	11,515	-	-	11,515	16,655
FSM-45		7508	Comprehensive Needs	379,450	378,322	-	-	378,322	1,128
FSM-46		7509	Procurement Management Training	13,600	12,054	-	-	12,054	1,546
N/A		7510	Single Audit '89	350,000	348,915	-	-	348,915	1,085
FSM-48		7512	Cash Management Study	45,000	35,000	-	-	35,000	-
FSM-49		7513	Hospital Lab mgm't imp	25,800	20,017	-	-	20,017	5,783
FSM-50		7514	Improvement of Radiology	14,200	14,200	-	-	14,200	-
FSM-47		7515	Custom Advisor	96,000	84,165	-	-	84,165	-
N/A		7516	Single Audit 90	350,000	328,347	-	-	328,347	21,653
FSM-51		7517	Intercensal Survey	4,000	4,000	-	-	4,000	-
FSM-53		7518	Material Man. Works	6,000	4,979	-	-	4,979	1,021
FSM-54		7852	Kosrae Sec. Dev. Plan	50,000	25,000	-	-	25,000	25,000
FSM-55		7853	Vital Statistics	24,576	22,820	-	-	22,820	1,756
FSM-56		7854	Tourism Educ. Video	32,000	26,351	-	-	26,351	5,649
FSM-57		7855	Short-Term Health	40,000	31,000	-	-	31,000	9,000
FSM-58		7856	Pohnpei Utilities Corporation	110,000	99,383	-	-	99,383	10,617
N/A		7857	FY-91 Single Audit	355,000	353,105	-	-	353,105	1,895
OMIP-FSM-91		7859	FSM Capital Comp.	61,360	47,618	-	-	47,618	13,742
FSM-59		7863	IMPS	5,200	4,569	-	-	4,569	631
OMIP-Pohnpei-91-1		7864	Initial. of PUC	430,250	419,848	-	-	419,848	10,402
PIR-91-1-FSM		7866	Detector Dog Prog.	45,000	38,546	-	-	38,546	6,454
PIR-91-2-FSM		7867	On-Island Anti-Substance Abuse	25,000	15,742	-	-	15,742	9,258
PIR-91-3-FSM		7868	PIRAAP Conference	15,000	13,531	-	-	13,531	1,469
PIR-91-5-FSM		7869	PIRAAP Ranger Train.	4,000	2,892	-	-	2,892	1,108
PIR-91-8-FSM		7870	ONDCP Conference	3,000	1,180	-	-	1,180	1,820
PIR-91-9-FSM		7871	FBI Regional Training	5,000	4,727	-	-	4,727	273
OMIP-KOS-91-1		7872	Kosrae School Maintenance	75,000	71,134	2,000	-	73,134	1,866
OMIP-KOS-91-8		7873	Kosrae Vocational Education	25,000	10,474	-	-	10,474	14,526
OMIP-KOS-91-1		7874	Public Works reorganization	91,000	90,862	-	-	90,862	138
N/A		7882	FY-92 Single Audit	365,000	358,641	-	-	358,641	6,359
FSM-24		7888	Land Survey Record	30,000	21,460	-	-	21,460	8,540
			Balance forward	4,571,726	3,814,432	2,000	-	3,816,432	733,459

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards  
By Grantor  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess Authorizations Over Program Expenditures
						Subrecipient	National Government		
OIA Technical Assistance balance forwarded				\$ 4,571,726	\$ 3,814,432	\$ 2,000	\$ -	\$ 3,816,432	\$ 733,459
FSM-62		7887	Supply & Pharmacy	9,440	7,534	-	-	7,534	1,906
FSM-63		7890	Environmental Management Spec.	30,500	30,829	-	-	30,829	-
N/A		7300	FY-93 Single Audit	404,000	398,757	-	-	398,757	5,243
FSM-66		7304	Firearms Training	33,000	21,329	-	-	21,329	11,671
FSM-67		7305	Yap Historic Preserv	13,000	10,630	-	-	10,630	2,370
OMIP-POHN-93-2		7306	Water, Sewer Develop	810,000	426,266	-	-	426,266	383,734
FSM-68		7307	Statistics Workshop	6,500	4,443	-	-	4,443	2,057
PIR/93-24-FSM		7309	On-Is. Anti-Sub Conf.	25,000	21,131	-	-	21,131	3,869
PIR/93-25-FSM		7310	PIRAAP Rev. Meet.	25,000	19,428	-	-	19,428	5,572
PIR/93-26-FSM		7311	DOI/US Army Training	20,000	8,803	-	-	8,803	11,197
PIR/93-27-FSM		7312	FBI Pac. Training	11,000	9,735	-	-	9,735	1,265
PIR/93-28-FSM		7313	Anti-Sub. Abuse PSA	10,000	6,808	-	-	6,808	3,192
PIR/93-30-FSM		7314	Altern. Youth Actv.	60,000	28,689	-	8,952	37,641	22,359
PIR/93-34-FSM		7315	Kos. Anti-Sub. Abuse	150,000	71,624	-	-	71,624	78,376
OMIP-CHUUK-91-1		7316	Public Util. Corp	140,000	23,738	-	-	23,738	116,262
OMIP-POHN-93-3		7317	Elect. Utility Dev.	273,468	221,543	-	-	221,543	51,925
FSM-70		7318	US/FSM Econ. Cons.	20,000	19,826	-	-	19,826	174
N/A		7319	FSM National Census	500,000	494,939	-	-	494,939	5,061
OMIP-KOS-93-1		7320	School Maint. Prog	125,000	66,141	-	-	66,141	58,859
OMIP-KOS-91-1		7321	Elec. & Power Sys.	108,000	-	-	-	-	108,000
FSM-72		7322	Pharmac. Workshop	6,000	4,267	-	-	4,267	1,733
OMIP-POHN-91-5		7323	Hosp. Maint. Imprv	140,420	126,318	-	-	126,318	14,102
PIR/93-35-FSM		7327	DARE Training	30,000	28,054	-	-	28,054	1,946
FSM-74		7328	Med. Epidem. Train	13,232	9,405	-	-	9,405	3,827
FSM-69		7329	Micro. Invest Qrtly	84,250	84,250	-	-	84,250	-
FSM-73		7333	Health Care Worker	9,750	3,729	-	-	3,729	6,021
OMIP-KOS-91-1		7874	Reorgan. PUC	91,000	-	-	-	-	91,000
PIR-92-20-FSM		7881	DUI Brethalizer	25,200	9,702	-	-	9,702	15,498
PIR-91-19-FSM		7883	Cook Support Proj.	12,000	3,341	-	-	3,341	8,659
PIR-91-11-FSM		7884	Comm. Base Trainer	79,000	75,252	-	-	75,252	3,748
FSM-60		7885	93 Census Workshop	3,600	2,864	-	-	2,864	736
FSM-61		7886	Economic Newsletter	84,250	84,250	-	-	84,250	-
OMIP-KOS-91-1		7889	Kosrae Util. Auth.	101,500	79,559	-	-	79,559	21,941
OMIP-KOS-91-2		7891	Maint. Repr Hosp.	20,000	20,000	-	-	20,000	-
OMIP-KOS-91-1		7892	Power System O&M	232,000	33,705	-	-	33,705	198,295
OMIP-CHUUK-91-1		7893	Road Disp. Repair	259,863	80,968	-	-	80,968	178,895
OMIP-CHUUK-91-1		7894	Dept. Ed. O&M	180,137	54,654	-	-	54,654	125,483
OMIP-CHUUK-91-1		7895	Water & Sewer O&M	50,000	48,337	-	-	48,337	1,663
FSM-64		7896	Tourism Master Plan	85,596	71,206	-	-	71,206	14,390
PIR-91-13-FSM		7897	Secure Faxnet System	12,000	11,500	-	-	11,500	500
PIR-91-17-FSM		7898	Anti-Drug Youth	60,000	49,021	-	3,475	52,496	7,504
PIR-91-18-FSM		7899	FBI Reg. Train	3,000	988	-	-	988	2,012
Balance forward				8,928,432	6,587,995	2,000	12,427	6,602,422	2,304,504

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
OIA Technical Assistance balance forwarded				\$ 8,928,432	\$ 6,587,995	\$ 2,000	\$ 12,427	\$ 6,602,422	\$ 2,304,504
FSM-75		7332	Eliminate VAD Chuuk	18,796	15,776	-	-	15,776	3,020
FSM-76		7335	Statistics Workshop	17,500	12,890	-	-	12,890	4,610
N/A		7334	94 Single Audit	619,000	618,354	-	-	618,354	646
PIR-36-1-FSM		7337	Dare Training	20,000	4,266	-	-	4,266	15,734
PIR-36-2-FSM		7338	Criminal Prosecution	60,000	27,444	-	-	27,444	32,556
PIR-36-3-FSM		7339	Regional Law Enforcement	48,000	35,709	-	7,649	43,358	4,642
PIR-36-4-FSM		7340	Regional Law Enforcement Equip.	40,000	36,627	-	-	36,627	3,373
PIR-36-5-FSM		7341	Kosrae Youth Activities	30,000	29,705	-	-	29,705	295
PIR-36-7-FSM		7342	Pohnpei PADY	115,000	73,404	-	-	73,404	41,596
PIR-36-8-FSM		7343	Yap Youth Activities	53,000	-	-	33,954	33,954	19,046
PIR-36-9-FSM		7344	Chuuk Youth Activities	53,000	25,794	-	11,182	36,976	16,024
PIR-36-10-FSM		7345	FSM Detective Dog	15,000	11,900	-	-	11,900	3,100
PIR-36-11-FSM		7346	FSM Anti-Drug PSA	5,000	653	-	-	653	4,347
PIR-36-14-FSM		7347	On-island Conference	25,000	16,731	-	-	16,731	8,269
PIR-36-17-FSM		7348	Treatment Block Grant	100,000	54,983	-	8,076	63,059	36,941
N/A		7349	FY-95 Single Audit	630,000	610,678	-	-	610,678	19,322
OMIP-KOS-96-1		3601	Strengthening of KUA 3rd Year	315,000	-	-	-	-	315,000
OMIP-YAP-94-1		3602	Power Generation and Distribution	559,931	-	-	-	-	559,931
OMIP-YAP-97-1		3603	Power and Water 2nd Year	257,500	-	-	-	-	257,500
OMIP-POHN-97-2		3604	Facility Repair Maintenance	100,000	98,682	1,318	-	100,000	-
OMIP-POHN-97-3		3605	Solid Waste O&M Program	100,000	100,000	-	-	100,000	-
OMIP-POHN-97-5		3607	Civil O&M Engineer	30,500	22,732	6,541	-	29,273	1,227
OMIP-KOS-97-1		3608	School Maintenance 3rd Year	150,000	-	-	-	-	150,000
OMIP-CPUC-98-1		3614	Strengthening of CPUC 2nd Year	135,000	-	-	-	-	135,000
OMIP-CPUC-98-2		3615	CPUC Technical Assistance	90,000	-	-	-	-	90,000
OMIP-COM-99-01/VOC. ED.		3617	OMIP-COM-99-01/VOC. ED.	121,000	-	-	36,485	36,485	84,515
OMIP-POHN-PUC-95-2		3621	PUC 2nd & 3rd Year	1,035,000	-	-	-	-	1,035,000
OMIP-POHN-PUC-95-1		3622	Financial Comprehensive Analysis	71,000	-	-	-	-	71,000
OMIP-POHN-95-2		3626	Financial Management 1st Year	108,500	113,387	280	-	113,667	(5,167)
OMIP-POHN-95-3		3627	95 Pohnpei OMIP Program	366,000	147,115	-	-	147,115	218,885
OMIP-KOS-94-1		7331	Upgrade C & E/Jail	11,500	3,043	-	-	3,043	8,457
OMIP-KOS-94-1		3504	Computer Aided Design	12,500	12,470	-	-	12,470	30
OMIP-KOS-94-1		3514	Technical Manual C & E	1,800	-	-	-	-	1,800
OMIP-KOS-94-1		7330	2nd Year DPW	314,000	13,183	831	-	14,014	299,986
OMIP-KOS-95-1		3623	Strengthening KUA 2nd Year	441,000	-	-	-	-	441,000
OMIP-KOS-95-3		3624	Solid Waste Management	50,000	47,050	-	-	47,050	2,950
FSM-79		3630	Training in Tax Administration	12,479	12,399	-	-	12,399	80
FSM-80		3631	Training in SCO/Univx & Focus	39,380	39,280	-	-	39,280	100
FSM-77		3632	Acct'g/Computer Intern & Staff	91,000	167,797	-	78,911	246,708	(155,708)
N/A		3633	96 Single Audit	655,000	586,022	-	2,685	588,707	66,293
FSM-81		3634	Economic Planning Advisor	150,000	129,675	48,224	-	177,899	(27,899)
FSM-82		3635	Land & Survey	474,000	231,508	18,547	-	250,055	223,945
FSM-83		3636	Pharmacy Supply Workshop	17,000	35,799	-	-	35,799	(18,799)
Balance forward				16,486,818	9,923,051	77,741	191,369	10,192,161	6,273,151

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
OIA Technical Assistance balance forwarded				\$ 16,486,818	\$ 9,923,051	\$ 77,741	\$ 191,369	\$ 10,192,161	\$ 6,273,151
OMIP-KOS-95-4		3625	Road Maintenance Management	130,000	127,290	-	-	127,290	2,710
OMIP-FSM-95-1		3629	COM Vocational Education	112,500	-	-	-	-	112,500
FSM-84		3637	Statistic Program Travel	14,000	12,260	-	-	12,260	1,740
FSM-84		3638	Law Enforcement Assessment	20,000	3,307	-	-	3,307	16,693
N/A		3639	97 Single Audit	660,000	612,003	-	-	612,003	47,997
Gen-130		3640	House income & expenses survey	65,000	53,990	-	-	53,990	11,010
		3641	FY98 Single Audit	675,000	572,169	-	80,561	652,730	22,270
		3642	Chuuk Hospital Accounting/Proc. Improv.	50,000	17,540	-	19,418	36,958	13,042
		3645	Training FSM personnel Inv.	38,717	-	-	35,789	35,789	2,928
		3646	FY99 Single Audit	675,000	-	-	605,877	605,877	69,123
		3647	FSM Y2K Remediation Project	903,500	-	-	903,500	903,500	-
Total OIA Technical Assistance Grants				\$ <u>19,830,535</u>	\$ <u>11,321,610</u>	\$ <u>77,741</u>	\$ <u>1,836,514</u>	\$ <u>13,235,865</u>	\$ <u>6,573,164</u>

Reconciliation to general purpose financial statements:  
Amount per general-purpose financial statements  
Less amounts which are classified in U.S. Direct Assistance Fund (See page 127)

\$ 1,855,970  
(19,456)  
\$ 1,836,514

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<b>Subrecipient</b>									
<b>OIA Special O&amp;M</b>									
	15.875		Yap O&M - 1,3	\$ 1,550,000	\$ 610,957	\$ -	\$ -	\$ 610,957	\$ 939,043
			Kosrae O&M - 1,1A,2	1,480,000	284,189	-	-	284,189	1,195,811
			Pohnpei O&M 1,2,3,4,5,6,7,8	2,185,000	1,010,684	-	-	1,010,684	1,174,316
			Chuuk O&M - 1,2,3	2,135,000	592,939	-	-	592,939	1,542,061
			<b>Total O&amp;M</b>	<b>\$ 7,350,000</b>	<b>\$ 2,498,769</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,498,769</b>	<b>\$ 4,851,231</b>
<b>CFSM and OIA</b>									
<b>Capital Project Funds:</b>									
	6303		FSM Capitol Construction	\$ 13,320,000	\$ 13,317,773	\$ -	\$ -	\$ 13,317,773	\$ 2,227
	6304		Pohnpei Airport Terminal Design and Constructions	438,544	152,917	-	-	152,917	285,627
	6305		Kolonia Water Sewer Improvement Project	2,007,000	1,678,671	-	-	1,678,671	328,329
	6306		Staff House Renovation	250,000	246,767	-	-	246,767	3,233
	6307		COM-Palikir Campus Proj.	3,979,040	3,979,040	-	-	3,979,040	-
	6308		Pohnpei Rural Sanitation	277,500	245,511	-	-	245,511	31,989
	6309		Pohnpei Circumferential Road	1,775,000	234,361	-	-	234,361	1,540,639
	6311		Kolonia Roadside Drainage	485,000	450,756	-	-	450,756	34,244
	6312		Supply Warehouse	38,087	-	-	-	-	38,087
	6313		COM-Palikir Compus Proj	3,950,000	3,948,569	-	-	3,948,569	1,431
	6314		Capital Complex & Road	40,760	37,063	-	-	37,063	3,697
	6315		CIP Administration-OPS	93,149	25,342	-	-	25,342	67,807
	6324		Kolonia House Sewer Connection	373,800	17,000	-	-	17,000	356,800
	6325		Kolonia Sanitary Facilities	189,000	189,001	-	-	189,001	(1)
	N/A		Capital Wells	39,213	-	-	-	-	39,213
			<b>Total CFSM &amp; OIA/TTPI Capital Projects Funds</b>	<b>\$ 27,256,093</b>	<b>\$ 24,522,771</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,522,771</b>	<b>\$ 2,733,322</b>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<u>Compact of Free Association Funding:</u>									
U.S. Office of Insular Affairs (OIA)	15.875		<u>Special Development Assistance Section 212</u>						
		2153	98 Special Development Assistance	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ 750,000
			<u>Communications - Annual Section 215(a)(2)</u>						
		2240	FSM Telecommunication	1,464,000	2,346,000	-	300,000	2,646,000	(1,182,000)
		2241	Chuuk	40,000	34,500	-	-	34,500	5,500
		2242	Pohnpei	30,000	-	-	-	-	30,000
		2243	Yap	30,000	27,518	-	-	27,518	2,482
		2244	Chuuk	50,000	11,949	-	151	12,100	37,900
		2245	Kosrae	50,000	49,813	-	-	49,813	187
		2246	Pohnpei	50,000	29,741	-	-	29,741	20,259
		2248	Pohnpei	50,000	28,051	-	-	28,051	21,949
		2233	FSM Liabilities to FSMTC	200,000	-	-	188,230	188,230	11,770
		2234	Purchase of Iridium Satellite	220,000	-	-	67,278	67,278	152,722
		2235	Communication system for the outlying islands	1,620,000	-	-	22,950	22,950	1,597,050
		2239	Digital switches	33,936	64,468	-	114,813	179,281	(145,345)
		2507	FY2000 216 (A)(2) H & M	37,132	-	-	11,051	11,051	26,081
				<u>3,875,068</u>	<u>2,592,040</u>	<u>-</u>	<u>704,473</u>	<u>3,296,513</u>	<u>578,555</u>
			<u>Communications - One Time, Section 215(b)(2)</u>						
		2232	Telephone System	875,000	71,775	-	-	71,775	803,225
		2286	Marine Surveillance-Annual, Section 216(a)(1)	991,669	3,522,257	-	781,292	4,303,549	(3,311,880)
		2287/2761	Marine Surveillance-One Time, Section 216(b)	187,395	440,243	-	-	440,243	(252,848)
			<u>Health and Medical, Section 216(a)(2)</u>						
		2505	Med. Serv./President Olter	280,753	280,753	-	-	280,753	-
		2501	Enhancement of Local Capabilities	68,000	62,298	-	3,018	65,316	2,684
		2502	Health Team Visit	70,000	91,431	-	-	91,431	(21,431)
		2506	Tripler Hospital Medical Bills	200,000	200,000	-	-	200,000	-
		242501	FY99 Enhancement of Local Capabilities	48,000	32,962	-	-	32,962	15,038
		242502	FY99 Visiting Team of Health Specialists Visit	70,000	70,000	-	-	70,000	-
		242508	FY2000 216(A)(2)/Health	50,000	-	-	43,089	43,089	6,911
			Total Health and Medical	<u>786,753</u>	<u>737,444</u>	<u>-</u>	<u>46,107</u>	<u>783,551</u>	<u>3,202</u>
			Balance forward	<u>7,465,885</u>	<u>7,363,759</u>	<u>-</u>	<u>1,531,872</u>	<u>8,895,631</u>	<u>(1,429,746)</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
Compact Funding balance forwarded				\$ 7,465,885	\$ 7,363,759	\$ -	\$ 1,531,872	\$ 8,895,631	\$ (1,429,746)
			<b>Special Block Grant, Section 221(f)</b>						
		2002	Nutritional and Health Education	30,000	63,237	-	-	63,237	(33,237)
		2004	Tuberculosis Program	16,000	37,379	-	-	37,379	(21,379)
		2005	Leptospirosis/O/Ch	10,000	6,257	-	-	6,257	3,743
		2005	Leptospirosis Control	19,000	2,553	-	-	2,553	16,447
		2012	Lep/Den/Cholera Program	20,000	2,985	-	-	2,985	17,015
		2017	Lep/Denguel/Cholera	90,000	32,986	-	-	32,986	57,014
		2018	Lep/Denguel/Cholera	10,000	-	-	-	-	10,000
		2019	Lep/Denguel/Cholera	20,000	3,660	-	-	3,660	16,340
		2051	Leprosy Prevention & Control	8,000	12,241	-	-	12,241	(4,241)
		2052	Family Planning	20,350	1,178	-	-	1,178	19,172
		2053	Mental Health Services	14,000	47,083	-	-	47,083	(33,083)
		2054	Maternal and Child Health	10,000	22,766	-	-	22,766	(12,766)
		2055	Health Plan/Workforce	13,800	18,950	-	-	18,950	(5,150)
		2058	Vital Statistics	12,000	54,812	-	-	54,812	(42,812)
		2059	STD Programs	13,000	12,592	-	-	12,592	408
		2060	Childhood Immunization	10,000	35,304	-	-	35,304	(25,304)
		2101	National Curriculum Str.	20,000	10,679	-	-	10,679	9,321
		2102	National Standardize Testing	48,543	133,144	-	-	133,144	(84,601)
		2104	FSM Youth Activities	280,000	27,294	-	-	27,294	252,706
		2106	Teacher Training Program	5,000	400	-	-	400	4,600
		2107	Vocational Education	50,141	28,616	-	-	28,616	21,525
		2109	College Admin. Test	18,600	51,901	-	-	51,901	(33,301)
		2900	National Womens Interest	17,300	74,724	-	-	74,724	(57,424)
		2902	Chronic Disease	9,000	34,059	-	-	34,059	(25,059)
		2903	Health Education	8,000	12,282	-	-	12,282	(4,282)
		2904	C/Disease Control & Prevention	11,000	68,150	-	-	68,150	(57,150)
		2905	C/Disease Control & Prevention	15,000	22,249	-	-	22,249	(7,249)
		2905	Continuing Education Center	15,000	14,223	-	-	14,223	777
		2908	Child Abuse & Neglect	11,060	50,468	-	-	50,468	(39,408)
		2909	S/Abuse Prevention & Treatment	14,300	67,790	-	-	67,790	(53,490)
		2910	Professional Support Services	12,800	29,499	-	-	29,499	(16,699)
		2911	FSM Food Protection, Inspection, & Certification	33,400	115,080	-	-	115,080	(81,680)
		2913	AIDS & Prevention Control	14,100	22,629	-	-	22,629	(8,529)
		2914	Tobacco Prevention	9,400	6,017	-	-	6,017	3,383
		2915	National Close-Up	73,466	102,818	-	-	102,818	(29,352)
		2916	FSM Youth Cultural	30,000	59,480	-	-	59,480	(29,480)
		2919	Environmental Education & Sustainable Development	55,400	84,551	-	-	84,551	(29,151)
		2921	FSM Sports Development	18,200	16,446	-	-	16,446	1,754
		2922	FSM Boy Scout Program	2,000	1,570	-	-	1,570	430
		2923	Youth Leadership Conference	11,700	9,039	-	-	9,039	2,661
		2924	Teacher Certification Program	17,464	8,550	-	-	8,550	8,914
		2925	National Education Standard	23,735	21,179	-	-	21,179	2,556
		2926	Civic Education & FSM History	20,302	19,270	-	-	19,270	1,032
		2927	Development of Educational Ties to Econ. Summ	24,646	21,060	-	-	21,060	3,586
		2928	Teacher Child Parent Program	31,500	32,805	-	-	32,805	(1,305)
		152929	FY99 221B Education Programs	194,600	130,734	-	32,898	163,632	30,968
		152930	FY99 221B Health Services Programs	195,600	150,533	-	15,472	166,005	29,595
		152931	Micronesia Red Cross Society	22,718	22,718	-	-	22,718	-
		152932	Special Block Grant Programs	318,088	-	-	227,086	227,086	91,002
			<b>Total Special Block Grant</b>	<b>1,948,213</b>	<b>1,803,940</b>	<b>-</b>	<b>275,456</b>	<b>2,079,396</b>	<b>(131,183)</b>
			<b>Balance forward</b>	<b>9,414,098</b>	<b>9,167,699</b>	<b>-</b>	<b>1,807,328</b>	<b>10,975,027</b>	<b>(1,560,929)</b>

See accompanying notes to schedule of expenditures of federal awards

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
Compact Funding balance forwarded				\$ 9,414,098	\$ 9,167,699	\$ -	\$ 1,807,328	\$ 10,975,027	\$ (1,560,929)
<u>Post Secondary Education</u>									
<u>Section 216(a)(3):</u>									
	2579		87 Scholarship - Pohnpei	349,783	-	-	-	-	349,783
	2610		87 Scholarship - Chuuk	499,488	-	-	-	-	499,488
	2631		87 Scholarship - Kosrae	155,900	476,750	-	-	476,750	(320,850)
	2641		87 Scholarship - Yap	194,828	-	-	-	-	194,828
	2580		88 Scholarship - Pohnpei	431,228	-	-	-	-	431,228
	2611		88 Scholarship - Chuuk	615,852	-	-	-	-	615,852
	2650		88 Scholarship - Kosrae	192,181	28,739	-	-	28,739	163,442
	2641		88 Scholarship - Yap	240,179	-	-	-	-	240,179
	2549		88 COM Operations	900,000	-	-	-	-	900,000
	2681		89 Scholarship - Pohnpei	288,003	288,003	-	-	288,003	-
	2612		89 Scholarship - Chuuk	411,716	-	-	-	-	411,716
	2651		89 Scholarship - Kosrae	128,661	12,912	-	-	12,912	115,749
	2642		89 Scholarship - Yap	161,321	-	-	-	-	161,321
	N/A		89 COM Operations	900,000	-	-	-	-	900,000
	2581		90 Scholarship - Pohnpei	288,003	-	-	-	-	288,003
	2613		90 Scholarship - Chuuk	411,716	-	-	-	-	411,716
	2652		90 Scholarship - Kosrae	128,661	3,376	-	-	3,376	125,285
	2643		90 Scholarship - Yap	161,321	-	-	-	-	161,321
	2674		90 COM Operations	800,000	-	-	-	-	800,000
	2675		91 Scholarship - National	100,000	615,812	-	-	615,812	(515,812)
	2582		91 Scholarship - Pohnpei	288,003	411,716	-	-	411,716	(123,713)
	2614		91 Scholarship - Chuuk	411,716	-	-	-	-	411,716
	2653		91 Scholarship - Kosrae	128,661	460,158	-	-	460,158	(331,497)
	2642		91 Scholarship - Yap	161,321	411,716	-	-	411,716	(250,395)
	2549		91 COM Operations	800,000	774,990	-	-	774,990	25,010
	2582		92 Scholarship - Pohnpei	288,003	161,321	-	-	161,321	126,682
	2613		92 Scholarship - Chuuk	411,716	161,320	-	-	161,320	250,396
	2653		92 Scholarship - Kosrae	128,661	355,623	-	-	355,623	(226,962)
	2644		92 Scholarship - Yap	161,320	153,467	-	-	153,467	7,853
	2549		92 COM Operations	800,000	125,285	-	-	125,285	674,715
	2675		93 Scholarship - National	75,000	53,241	-	-	53,241	21,759
	2582		93 Scholarship - Pohnpei	288,003	-	-	-	-	288,003
	2613		93 Scholarship - Chuuk	411,716	199,600	-	-	199,600	212,116
	2653		93 Scholarship - Kosrae	128,661	349,783	-	-	349,783	(221,122)
	2644		93 Scholarship - Yap	161,320	288,003	-	-	288,003	(126,683)
	2549		93 COM Operations	400,000	400,000	-	-	400,000	-
	2550		93 COM-FSM	711,837	710,826	-	-	710,826	1,011
	2675		94 Scholarship - National	50,000	372,503	-	-	372,503	(322,503)
	2582		94 Scholarship - Pohnpei	288,003	344,221	-	-	344,221	(56,218)
	2613		94 Scholarship - Chuuk	411,716	-	-	-	-	411,716
	2676		94 Scholarship - Kosrae	18,852	180,172	-	-	180,172	(161,320)
	2677		94 Scholarship - Kosrae	109,809	566,501	-	-	566,501	(456,692)
	2644		94 Scholarship - Yap	161,320	115,000	-	-	115,000	46,320
	2550		94 COM-FSM	457,500	42,251	-	-	42,251	415,249
	2551		94 Continuing Education Center	115,000	292,500	-	-	292,500	(177,500)
Subtotal Post Secondary Education				14,726,979	8,355,789	-	-	8,355,789	6,371,190
Balance forward				9,414,098	9,167,699	-	1,807,328	10,975,027	(1,560,929)

See accompanying notes to schedule of expenditures of federal awards

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess Authorizations Over Program Expenditures
						Subrecipient	National Government		
Compact Funding balance forwarded				\$ 9,414,098	\$ 9,167,699	\$ -	\$ 1,807,328	\$ 10,975,027	\$ (1,560,929)
Post Secondary Education balance forwarded				14,726,979	8,355,789	-	-	8,355,789	6,371,190
	2552	94	Assistance to Students	50,000	226,484	-	-	226,484	(176,484)
	2553	94	COM-FSM Operation	292,500	800,392	-	-	800,392	(507,892)
	2675	95	Scholarship - National	100,000	49,000	-	-	49,000	51,000
	2582	95	Scholarship - Pohnpei	288,003	288,003	-	-	288,003	-
	2613	95	Scholarship - Chuuk	411,716	468,960	-	-	468,960	(57,244)
	2653	95	Scholarship - Kosrae	128,661	226,646	-	-	226,646	(97,985)
	2644	95	Scholarship - Yap	161,320	161,320	-	-	161,320	-
	2553	95	COM-FSM Operation	800,000	-	-	-	-	800,000
	2675	91	Graduate Student Scholarship	10,000	93,000	-	-	93,000	(83,000)
	2678	96	Scholarship - Chuuk	411,716	804,508	-	-	804,508	(392,792)
	2582	96	Scholarship - Pohnpei	288,003	506,189	-	-	506,189	(218,186)
	2613	96	Scholarship - Chuuk	411,716	364,975	-	-	364,975	46,741
	2653	96	Scholarship - Kosrae	128,661	364,827	-	-	364,827	(236,166)
	2644	96	Scholarship - Yap	161,320	453,640	-	-	453,640	(292,320)
	2553	97	COM-FSM Operation	800,000	800,000	-	-	800,000	-
	2553	96	COM-FSM Operation	800,000	800,000	-	-	800,000	-
	2582	97	Scholarship - Pohnpei	288,003	149,150	-	-	149,150	138,853
	2644	97	Scholarship - Yap	161,320	131,000	-	-	131,000	30,320
	2678	97	Scholarship - Chuuk	411,716	-	-	-	-	411,716
	2653	97	Scholarship - Kosrae	128,661	-	-	-	-	128,661
	2675	97	Graduate Scholarship	100,000	-	-	65,500	65,500	34,500
	2582	98	Scholarship - Pohnpei	288,003	224,525	-	-	224,525	63,478
	2679	98	Scholarship - Kosrae	128,661	123,217	-	-	123,217	5,444
	2644	98	Scholarship - Yap	161,320	143,320	-	-	143,320	18,000
	2678	98	Scholarship - Chuuk	411,716	418,783	-	-	418,783	(7,067)
	2675	98	Graduate Scholarship	45,000	125,000	-	-	125,000	(80,000)
	2553	98	COM-FSM Operation	800,000	800,000	-	-	800,000	-
	252553	99	COM-FSM Operation	400,000	-	-	400,000 *	400,000	-
	252554	99	COM-FSM Operation	800,000	640,000	-	160,000 *	800,000	-
	252582	99	Scholarship - Pohnpei	288,003	192,400	-	-	192,400	95,603
	252680	99	Scholarship - Chuuk	411,716	343,650	-	182,900	526,550	(114,834)
	252681	FY89	Pohnpei Scholarship	261,716	-	-	248,979	248,979	12,737
	252644	99	Scholarship - Yap	161,320	38,990	-	170,650	209,640	(48,320)
	252653	99	Scholarship - Kosrae	128,661	267,405	-	-	267,405	(138,744)
	252683	FY2000	Post Secondary - Pohnpei	288,003	-	-	288,003	288,003	-
			<b>Total Post Secondary Education</b>	<b>25,634,414</b>	<b>18,361,173</b>	<b>-</b>	<b>1,516,032</b>	<b>19,877,205</b>	<b>5,757,209</b>
			<b>Compact Energy Section 214</b>						
	2760		National Government	300,150	862,465	-	-	862,465	(562,315)
	2761		National Government	70,000	-	-	-	-	70,000
	27260		FY99 Executive Branch - Energy	154,152	152,726	-	-	152,726	1,426
	27262		FY99 Legislative Branch - Energy	100,000	48,551	-	-	48,551	51,449
	27263		FY99 Judicial Branch - Energy	50,000	8,080	-	-	8,080	41,920
	27264		FY99 TC&I - Energy	84,595	83,919	-	-	83,919	676
	272760		FY2000 Executive Branch - Energy	198,000	-	-	195,034	195,034	2,966
	272762		FY99 Congress - Energy	75,000	-	-	61,134	61,134	13,866
	272763		FY99 Judiciary Branch - Energy	75,000	-	-	82,850	82,850	(7,850)
			<b>Total Compact Energy</b>	<b>1,106,897</b>	<b>1,155,741</b>	<b>-</b>	<b>339,018</b>	<b>1,494,759</b>	<b>(387,862)</b>
			<b>Balance forward</b>	<b>36,155,409</b>	<b>28,684,613</b>	<b>-</b>	<b>3,662,378</b>	<b>32,346,991</b>	<b>3,808,418</b>

\* Transfers out to COM-FSM were recorded on COM-FSM's financial statements as grant from FSM National Government

See accompanying notes to schedule of expenditures of federal awards

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess Authorizations (Deficit) Over Program Expenditures
						Subrecipient	National Government		
Compact Funding balance forwarded				\$ 36,155,409	\$ 28,684,613	\$ -	\$ 3,662,378	\$ 32,346,991	\$ 3,808,418
<u>Compact Capital Account</u>									
<u>Capital Project Funds:</u>									
	5870		Piggery Production Project	20,000	17,005	-	-	17,005	2,995
	6000		Caroline Fisheries Corporation Debt Restructuring	3,750,000	1,250,000	-	-	1,250,000	2,500,000
	6000		MTN Program	1,148,125	1,148,125	-	-	1,148,125	-
	506001		Kosrae PD Office Construction	23,000	28,679	-	-	28,679	(5,679)
	6001		FSM Development Projects-FSM Development Bank	23,000	1,522,898	-	-	1,522,898	(1,499,898)
	6003		Pest & Disease Survey	45,000	43,907	-	-	43,907	1,093
	6004		Livestock Project	25,000	17,381	-	-	17,381	7,619
	6005		MLSC Office Building	60,000	305,930	-	-	305,930	(245,930)
	6006		Local Catch Stats.	45,000	44,950	-	-	44,950	50
	6006		National Staff Upgrading	130,000	126,450	-	-	126,450	3,550
	6007		Fish Poisoning	10,000	6,712	-	-	6,712	3,288
	6008		Investment Development	61,000	54,303	-	-	54,303	6,697
	6009		Consumer Price Index	10,000	82,930	-	-	82,930	(72,930)
	6010		Supreme Court Building	100,000	82,910	-	-	82,910	17,090
	6011		ADB Strength/Ag.	92,000	28,246	-	-	28,246	63,754
	6013		Eco. Mgm't Policy Advisory	100,000	56,591	-	-	56,591	43,409
	6014		Tuna Transshipment Fees	12,000	11,495	-	-	11,495	505
	6015		Host FSM Promotion	14,000	30,028	-	6,160	36,188	(22,188)
	6016		Marine Poison Investigation	42,000	208,231	-	(17,138)	191,093	(149,093)
	6017		Project Planning & Development	354,540	203,028	-	-	203,028	151,512
	6018		CCDP Yap International Airport	1,856,111	1,856,111	-	-	1,856,111	-
	6019		FSM Tourism Promotion Project	100,000	19,921	-	-	19,921	80,079
	6020		U. S Embassy Office Pur.	1,200,000	(1,074)	-	-	(1,074)	1,201,074
	6021		Hemodialysis Project	50,000	48,224	-	-	48,224	1,776
	6022		Yap Outer Island High School	100,000	97,751	-	-	97,751	2,249
	6024		Livestock Dev. Broiler	140,000	136,641	-	-	136,641	3,359
	6025		Technical Assistance	350,000	341,810	-	-	341,810	8,190
	6026		Chuuk Broiler Project	140,000	116,475	-	-	116,475	23,525
	6027		Chuuk Survey	15,000	14,520	-	-	14,520	480
	6028		FSM Manpower Survey	50,000	43,085	-	-	43,085	6,915
	6029		Ulul Airstrip	40,000	39,444	-	-	39,444	556
	6032		Fish Aggregation Device	20,000	16,915	-	-	16,915	3,085
	6033		Chuuk Court House Construction	202,000	202,000	-	-	202,000	-
	6034		Kitti Road Development	25,000	8,333	-	-	8,333	16,667
	6035		FSM Third Patrol Boat	300,000	300,000	-	-	300,000	-
	6039		National Staff Upgrade	45,000	45,476	-	-	45,476	(476)
	6042		FSM Supreme Court	86,720	85,728	-	-	85,728	992
	6046		FSM Kosrae Court House	332,727	291,345	-	-	291,345	41,382
	6047		CCM Repair & Renov.	52,000	270	-	-	270	51,730
	6048		Res. Assessment in Outer Bank	75,000	49,400	-	-	49,400	25,600
	6049		YAP PD Office Renovation	19,000	18,944	-	-	18,944	56
Compact Capital Account Subtotal				11,263,223	9,001,118	-	(10,978)	8,990,140	2,273,083
Balance forward				36,155,409	28,684,613	-	3,662,378	32,346,991	3,808,418

See accompanying notes to schedule of expenditures of federal awards

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards

By Grantor

Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess Authorizations (Deficit) Over Program Expenditures
						Subrecipient	National Government		
Compact Funding balance forwarded				\$ 36,155,409	\$ 28,684,613	\$ -	\$ 3,662,378	\$ 32,346,991	\$ 3,808,418
Subtotal Compact Capital Account balance forwarded				11,263,223	9,001,118	-	(10,978)	8,990,140	2,273,083
	6050		Judiciary Staff Training	20,000	12,054	-	-	12,054	7,946
			National Social & Economic Survey	18,000	11,715	-	-	11,715	6,285
	6051		National Staff Upgrade	75,000	89,837	-	-	89,837	(14,837)
	6052		FSM Aquaculture Center	150,000	124,016	-	-	124,016	25,984
	6053		Development Loan Fund	2,200,000	2,200,000	-	-	2,200,000	-
	6054		A&E CCM Campus	1,100,000	1,094,786	-	-	1,094,786	5,214
	6055		Maritime Boundary	5,000	27,305	-	-	27,305	(22,305)
	6056		Copra Warehouse Pohnpei	71,500	71,196	-	-	71,196	304
	6057		Yap Broiler Project	85,000	69,849	-	-	69,849	15,151
	6058		Pohnpei PD Office Construction	38,000	34,204	-	-	34,204	3,796
	6060		Business & Tourism Promotion	35,000	34,678	-	-	34,678	322
	N/A		Lehnmesi River Hydro	45,000	-	-	-	-	45,000
	N/A		Chuuk Cold Storage	50,000	-	-	-	-	50,000
	6083		Development Loan Fund	2,000,000	2,000,000	-	-	2,000,000	-
	N/A		FSM Ambassador's Residence	175,000	-	-	-	-	175,000
	6085		National Government Office Building	200,000	100,000	-	-	100,000	100,000
	506909		Capital Complex Water/Sewer	200,000	56,822	-	-	56,822	143,178
	6090		MS Drydocking	610,000	607,851	-	-	607,851	2,149
	6091		National Board	80,000	64,249	-	-	64,249	15,751
	6211		Kosrae Court House Project	150,000	110,241	-	-	110,241	39,759
	6227		Fumigation of Citrus	20,000	7,604	-	-	7,604	12,396
	6228		Ext. Tafweyat Section Road	10,000	6,412	-	-	6,412	3,588
	6285		Micro Spirit Des. Equip.	45,000	45,000	-	-	45,000	-
	6288		Yap Hospital Maintenance	70,000	64,038	-	-	64,038	5,962
	6935		The President	200,000	18,172	-	8,362	26,534	173,466
	6900		Kosrae-Broiler Project	75,000	76,694	-	-	76,694	(1,694)
	6901		Iohl Road	98,200	10,698	-	-	10,698	87,502
	6902		Nat'l Staff Upgrading	100,000	-	-	-	-	100,000
	6903		Nat'l Staff Upgrading	95,000	-	-	-	-	95,000
	6904		Purchase of shares/FSM Bank	3,000,000	-	-	-	-	3,000,000
	6905		Caroline Fisheries Corp. subsidy	1,700,000	1,700,000	-	-	1,700,000	-
	6906		Secretary Dept of Economic Affairs	100,000	60,871	-	36,600	97,471	2,529
	6907		Coastal Resources Atlas	170,000	170,000	-	-	170,000	-
	6908		Oneop Ice-plant	10,000	10,000	-	-	10,000	-
	6909		President - CIP for National Government	250,000	232,670	-	22,619	255,289	(5,289)
	6913		Secretary of Transportation and Infrastructure	200,000	7,394	-	295,614	303,008	(103,008)
	6914		Personnel - CIP Personnel Office	80,000	74,579	-	2,442	77,021	2,979
	6916		Water Treatment Assessment	390,000	345,493	-	-	345,493	44,507
	6917		Bus. Dev. Loan Fund	2,500,000	2,500,000	-	-	2,500,000	-
	506918		The President	1,208,500	1,127,293	-	445,014	1,572,307	(363,807)
	6198		Iohl Road	100,000	41,900	-	-	41,900	58,100
	6919		Secretary Dept of Economic Affairs	10,000	41,474	-	6,990	48,464	(38,464)
	6920		Nat'l and State CIP	10,000	10,000	-	-	10,000	-
	6921		Chuuk Fresh Tuna	1,100,000	1,100,000	-	-	1,100,000	-
	6922		Kosrae Sea Venture Inc.	850,000	50,000	-	-	50,000	800,000
	6923		YFTI Equipment Purchase	1,300,000	1,300,000	-	-	1,300,000	-
Compact Capital Account Subtotal				32,262,423	24,710,213	-	806,663	25,516,876	6,745,547
Balance forward				36,155,409	28,684,613	-	3,662,378	32,346,991	3,808,418

See accompanying notes to schedule of expenditures of federal awards



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 2000

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	2000 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
Compact Funding balance forwarded				\$ 36,155,409	\$ 28,684,613	\$ -	\$ 3,662,378	\$ 32,346,991	\$ 3,808,418
Subtotal Compact Capital Account balance forwarded				32,262,423	24,710,213	-	806,663	25,516,876	6,745,547
	6924		Kosrae Sea Venture	850,000	850,000	-	-	850,000	-
	6925		Tuna Cannery Feasibility	50,000	23,000	-	-	23,000	27,000
	6926		Business Development Loan Fund	3,000,000	3,000,000	-	-	3,000,000	-
	6927		FSM Staff Upgrade	130,000	128,323	-	-	128,323	1,677
	6928		Yap Fishing Corporation	286,449	286,449	-	-	286,449	-
	6929		Postal Services Headquarters	385,000	380,078	-	-	380,078	4,922
	6930		FY95 Development Loan Fund	3,000,000	3,000,000	-	-	3,000,000	-
	6931		Immigration Communication Network	53,500	53,411	-	-	53,411	89
	506931		Chief Public Defender	47,000	-	-	11,022	11,022	35,978
	6932		Furniture/Equipment New Campus	1,810,248	782,598	-	-	782,598	1,027,650
	6933		National Staff Upgrading	39,452	14,965	-	-	14,965	24,487
	6934		Policy Adv. Team Tech. Assist.	100,000	94,216	-	-	94,216	5,784
	6935		Secretary of Economic Affairs	200,000	25,490	-	133,137	158,627	41,373
	6937		Drydocking of YSS Palulap	85,180	74,671	-	-	74,671	10,509
	6938		Iohl Road	1,800	1,800	-	-	1,800	-
	6940		National Board Sustain Dev.	76,000	57,309	-	-	57,309	18,691
	6941		FY96 National Staff Upgrade	105,000	98,820	-	-	98,820	6,180
	6942		FY96 Business Development Loan Fund	3,000,000	3,000,000	-	-	3,000,000	-
	6943		Pukusrik Inkoeya Inner Road	20,000	20,000	-	-	20,000	-
	6944		Chuuk Coconut Authority	150,000	102,506	-	419	102,925	47,075
	6945		Office Building Expansion	30,000	30,399	-	-	30,399	(399)
	6956		Relocation of Schoolroom	30,000	29,992	-	-	29,992	8
	6957		The President	817,196	783,562	-	-	783,562	33,634
	6960		Furniture and Equipment/New COM Campus	1,810,248	1,027,650	-	-	1,027,650	782,598
	6962		Coconut Replanting	50,000	25,286	-	-	25,286	24,714
	6963		National Staff Upgrade	130,000	119,569	-	-	119,569	10,431
	6965		Pohnpei Copra Project	150,000	137,666	-	34,277	171,943	(21,943)
	6966		Radio Frequency Reprogram	50,000	16,124	-	-	16,124	33,876
	6994		Labor Consultant	45,000	39,752	-	-	39,752	5,248
			<b>Total Compact Capital Account</b>	<b>48,764,496</b>	<b>38,913,849</b>	<b>-</b>	<b>985,518</b>	<b>39,899,367</b>	<b>8,865,129</b>
			Compact Current Account						
			General Fund:						
			Title II, Article I, Section 211(a)	6,513,761	22,470,113	-	5,353,776	27,823,889	(21,310,128)
			<b>Total Compact Funding</b>	<b>\$ 91,433,666</b>	<b>\$ 90,068,575</b>	<b>\$ -</b>	<b>\$ 10,001,672</b>	<b>\$ 100,070,247</b>	<b>\$ (8,636,581)</b>

Note: The National Government's subrecipient of the 215(a)(2) and 215(b)(2) funds is the FSM Telecommunications Corporation (Telecom). These funds are received by the National Government and are then transferred out to Telecom.

See accompanying notes to schedule of expenditures of federal awards.

**FEDERATED STATES OF MICRONESIA NATIONAL GOVERNMENT AND SUBRECIPIENTS**

Schedule of Expenditures of Federal Awards, Continued  
 Compact Funding Summary CFDA # 15.875  
 Summary of Expenditures and Budgetary  
 Position by Compact Section  
 Year Ended September 30, 2000

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year 2000 Expenditures & Transfers		Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
						Subrecipients	National Government		
<b>Section 211(a), Current Account</b>									
	National Government	\$ 27,905,480	\$ 7,934,218	\$ 35,839,698	\$ 67,017,333	\$ -	\$ 5,353,776	\$ 72,371,109	\$ (36,531,411)
	Chuuk	88,600,800	28,996,796	117,597,596	190,395,716	13,576,640	-	203,972,356	(86,374,760)
	Pohnpei	56,802,600	17,307,890	74,110,490	135,483,204	8,704,080	-	144,187,284	(70,076,794)
	Yap	38,624,160	11,693,896	50,318,056	82,053,280	5,929,053	-	87,982,333	(37,664,277)
	Kosrae	22,005,480	6,705,103	28,710,583	47,222,277	3,371,984	-	50,594,261	(21,883,678)
	Subtotal	233,938,520	72,637,903	306,576,423	522,171,810	31,581,757	5,353,776	559,107,343	(252,530,920)
<b>Section 211(a), Capital Account</b>									
	National Government	22,344,520	7,377,032	29,721,552	52,480,995	-	985,518	53,466,513	(23,744,961)
	Chuuk	61,747,200	16,814,464	78,561,664	125,255,836	25,554,814	-	150,810,650	(72,248,986)
	Pohnpei	40,823,600	12,469,482	53,293,082	109,588,349	2,288,634	-	111,876,983	(58,583,901)
	Yap	23,766,240	7,195,496	30,961,736	49,641,805	1,944,120	-	51,585,925	(20,624,189)
	Kosrae	19,279,920	5,874,621	25,154,541	45,664,142	3,524,417	-	49,188,559	(24,034,018)
	Sub Total	167,961,480	49,731,095	217,692,575	382,631,127	33,311,985	985,518	416,928,630	(199,236,055)
	Subtotal Major Block Grant	401,900,000	122,368,998	524,268,998	904,802,937	64,893,742	6,339,294	976,035,973	(451,766,975)
<b>Section 213 (b), Yap Coast Guard Station</b>									
	Yap	160,000	-	160,000	160,000	-	-	160,000	-
<b>Section 214, Energy Grant</b>									
	National Government	1,200,600	388,194	1,588,794	2,999,477	-	339,018	3,338,495	(1,749,701)
	Chuuk	5,698,800	1,842,612	7,541,412	15,897,078	1,451,500	-	17,348,578	(9,807,166)
	Pohnpei	4,500,000	1,455,000	5,955,000	11,325,920	1,213,559	-	12,539,479	(6,584,479)
	Yap	3,900,600	1,261,194	5,161,794	9,941,676	759,267	-	10,700,943	(5,539,149)
	Kosrae	2,700,000	873,000	3,573,000	7,489,193	659,692	-	8,148,885	(4,575,885)
	Total Section 214	18,000,000	5,820,000	23,820,000	47,653,344	4,084,018	339,018	52,076,380	(28,256,380)
	Balance forward	420,060,000	128,188,998	548,248,998	952,616,281	68,977,760	6,678,312	1,028,272,353	(480,023,355)

See accompanying notes to schedule of expenditures of federal awards.

**FEDERATED STATES OF MICRONESIA NATIONAL GOVERNMENT AND SUBRECIPIENTS**

Schedule of Expenditures of Federal Awards, Continued  
 Compact Funding Summary CFDA # 15.875  
 Summary of Expenditures and Budgetary  
 Position by Compact Section  
 Year Ended September 30, 2000

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year 2000 Expenditures & Transfers		Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
						Subrecipients	National Government		
Compact Funding Summary balance forwarded		\$ 420,060,000	\$ 128,188,998	\$ 548,248,998	\$ 952,616,281	\$ 68,977,760	\$ 6,678,312	\$ 1,028,272,353	\$ (480,023,355)
Section 215 (a)(2), Communications-Annual	National Government	4,200,000	1,290,000	5,490,000	10,573,572	-	704,473	11,278,045	(5,788,045)
Section 215 (b)(2), Communication-One Time	National Government	6,000,000	1,320,000	7,320,000	7,173,118	-	-	7,173,118	146,882
Section 216 (a)(1), Marine Surveillance-Annual	National Government	3,633,000	-	3,633,000	6,263,011	-	781,292	7,044,303	(3,411,303)
Section 216 (b) Marine Surveillance-One Time	National Government	666,600	-	666,600	708,914	-	-	708,914	(42,314)
Section 216 (a)(2) Health and Medical Referral	National Government	881,860	-	881,860	1,391,766	-	46,107	1,437,873	(556,013)
	Chuuk	3,227,609	-	3,227,609	6,057,014	489,012	-	6,546,026	(3,318,417)
	Pohnpei	2,504,481	-	2,504,481	4,648,559	162,618	-	4,811,177	(2,306,696)
	Yap	1,419,796	-	1,419,796	2,857,250	255,740	-	3,112,990	(1,693,194)
	Kosrae	784,854	-	784,854	1,566,488	110,134	-	1,676,622	(891,768)
	Total section 216 (a)(2)	8,818,600	-	8,818,600	16,521,077	1,017,504	46,107	17,584,688	(8,766,088)
	Balance forward	443,378,200	130,798,998	574,177,198	993,855,973	69,995,264	8,210,184	1,072,061,421	(497,884,223)

See accompanying notes to schedule of expenditures of federal awards.

**FEDERATED STATES OF MICRONESIA NATIONAL GOVERNMENT AND SUBRECIPIENTS**

Schedule of Expenditures of Federal Awards, Continued  
 Compact Funding Summary CFDA # 15.875  
 Summary of Expenditures and Budgetary  
 Position by Compact Section  
 Year Ended September 30, 2000

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year 2000 Expenditures & Transfers		Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
						Subrecipients	National Government		
Compact Funding Summary balance forwarded		\$ 443,378,200	\$ 130,798,998	\$ 574,177,198	\$ 993,855,973	\$ 69,995,264	\$ 8,210,184	\$ 1,072,061,421	\$ (497,884,223)
Section 216 (A)(3), Post Secondary Education									
	National Government	13,227,900	-	13,227,900	22,123,129	-	1,516,032	23,639,161	(10,411,261)
	Chuuk	-	-	-	2,461,791	-	-	2,461,791	(2,461,791)
	Pohnpei	-	-	-	1,743,699	(2,100)	-	1,741,599	(1,741,599)
	Yap	-	-	-	1,123,660	204,250	-	1,327,910	(1,327,910)
	Kosrae	-	-	-	757,367	127,417	-	884,784	(884,784)
		<u>13,227,900</u>	<u>-</u>	<u>13,227,900</u>	<u>28,209,646</u>	<u>329,567</u>	<u>1,516,032</u>	<u>30,055,245</u>	<u>(16,827,345)</u>
Section 221(b), Special Block Grant									
	National Government	2,205,000	-	2,205,000	3,579,639	-	275,456	3,855,095	(1,650,095)
	Chuuk	19,110,000	-	19,110,000	33,234,174	2,772,257	-	36,006,431	(16,896,431)
	Pohnpei	13,230,000	-	13,230,000	23,451,306	1,723,892	-	25,175,198	(11,945,198)
	Yap	8,330,000	-	8,330,000	14,725,325	1,084,188	-	15,809,513	(7,479,513)
	Kosrae	<u>6,125,000</u>	<u>-</u>	<u>6,125,000</u>	<u>11,361,886</u>	<u>860,122</u>	<u>-</u>	<u>12,222,008</u>	<u>(6,097,008)</u>
		<u>49,000,000</u>	<u>-</u>	<u>49,000,000</u>	<u>86,352,330</u>	<u>6,440,459</u>	<u>275,456</u>	<u>93,068,245</u>	<u>(44,068,245)</u>
Section 111 (b)(1) Special Development Fund									
	National Government	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>	<u>20,828,989</u>	<u>-</u>	<u>-</u>	<u>20,828,989</u>	<u>(828,989)</u>
Section 212, Special Development									
	Chuuk	750,000	382,500	1,132,500	2,736,012	361,219	-	3,097,231	(1,964,731)
	Pohnpei	750,000	382,500	1,132,500	3,851,093	348,241	-	4,199,334	(3,066,834)
	Yap	750,000	382,500	1,132,500	3,085,446	270,850	-	3,356,296	(2,223,796)
	Kosrae	<u>750,000</u>	<u>382,500</u>	<u>1,132,500</u>	<u>2,886,166</u>	<u>372,396</u>	<u>-</u>	<u>3,258,562</u>	<u>(2,126,062)</u>
		<u>3,000,000</u>	<u>1,530,000</u>	<u>4,530,000</u>	<u>12,558,717</u>	<u>1,352,706</u>	<u>-</u>	<u>13,911,423</u>	<u>(9,381,423)</u>
	<b>Total Funding</b>	<u>\$ 528,606,100</u>	<u>\$ 132,328,998</u>	<u>\$ 660,935,098</u>	<u>\$ 1,141,805,655</u>	<u>\$ 78,117,996</u>	<u>\$ 10,001,672</u>	<u>\$ 1,229,925,323</u>	<u>\$ (568,990,225)</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

(1) Scope of Review

The Federated States of Micronesia (FSM) is a governmental entity governed by its own Constitution. All significant operations of the FSM are included in the scope of the OMB Circular A-133 audit (the "Single Audit"). The U.S. Department of the Interior has been designated as the FSM's cognizant agency for Single Audit. All programs received are received in a direct capacity from the specified grantor agency.

a. Programs Subject to Single Audit

- U.S. Department of Agriculture
- U.S. Department of Education
- U.S. Department of Health and Human Services
- U.S. Department of the Interior
- U.S. Department of Labor
- U.S. Federal Emergency Management Agency
- U.S. Department of Transportation
- U.S. Department of Commerce
- U.S. National Foundations on the Arts and the Humanities
- U.S. Environmental Protection Agency

2. Summary of Significant Accounting Policies

A. Basis of Accounting

For purposes of this report, certain accounting procedures were followed which help illustrate the expenditures of the individual programs. All expenses and capital outlays are reported as expenditures. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

B. Reporting Entity

The FSM National Government, for purposes of the general purpose financial statements, includes all of the funds of the primary government as defined by Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity."

C. Indirect Cost Allocation

The FSM National Government does not receive an indirect cost allocation and does not charge indirect costs against federal programs.

D. Subgrantees

Certain program funds are passed through the FSM National Government to subrecipients. The Schedule of Federal Financial Assistance does not contain separate schedules disclosing how all subgrantees outside of the National Government's control utilize these funds. However, the National Government's primary subrecipients are its four component states. The federal expenditures of these entities are incorporated in the accompanying Schedule of Expenditures of Federal Awards. The four states have certain subrecipients to whom funds are also passed through. The National Government's component units - proprietary funds and the State's subrecipients with attendant schedules of expenditures of federal awards as presented in the respective individual Single Audit reports, are as follows:

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

National Government Subgrantees:

Federated States of Micronesia Development Bank (FSMDB)

The Bank receives funds in a subrecipient capacity through the FSM National Government. The loan portfolio established through Section 111 of the Compact of Free Association and the loan portfolio established through Section 211 of the Compact of Free Association were selected for detailed compliance testing in accordance with applicable OMB Circular A-133 requirements. The following sets forth these contributions, by Sections, which are administered by the Bank.

Section 211		
Compact Capital	Total funding received through December 31, 2000	\$ <u>23,700,000</u>
Section 111 IDF Funds	Total funding available through December 31, 1999	\$ 15,980,975
	Amount of expenditures over revenues and other sources during year ended December 31, 2000	<u>(259,331)</u>
	Fund balance as of December 31, 2000	\$ <u>15,721,644</u>

FSM Telecommunications Corporation

<u>Expended</u>	<u>Funds Received</u>	<u>Funds</u>
Compact Section 215(a)(2) for operating assistance	\$ <u>300,000</u>	\$ <u>300,000</u>

The above programs bear CFDA #15.875 and the grantor agency is the U.S. Department of the Interior. The above funds are received initially by the National Government of the Federated States of Micronesia and are then passed to the FSM Telecommunications Corporation or the FSMDB in a subrecipient capacity.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

National Government Subgrantees, Continued

College of Micronesia-FSM (COM-FSM)

COM-FSM receives all federal funding except for Compact Post Secondary, in a direct capacity and separately satisfies its OMB Circular A-133 requirements.

State Subgrantees:

The State of Chuuk's component units are to separately satisfy the requirements of OMB Circular A-133. The following presents information concerning component units which have satisfied their A-133 requirements.

Chuuk Public Utilities Corporation

The Chuuk Public Utilities Corporation, a component unit - proprietary fund of the State of Chuuk, is the recipient of various pass-through funds from Chuuk State and one grant from the U.S. Department of Commerce. No material instances of noncompliance or questioned costs were presented in its audit reports and are therefore not contained in the accompanying Schedule of Findings and Questioned Costs. The Chuuk Public Utilities Corporation's Schedule of Expenditures of Federal Awards is as follows:

<u>Grantor Agency/Program</u>	<u>CFDA#</u>	<u>Fiscal Year 2000 Expenditures</u>
U.S. Department of the Interior:		
Compact of Free Association	15.875	\$ <u>1,050,000</u>
Operations and Maintenance Improvement Programs (OMIP):		
OMIP 98-1 Weno Water Improvement Project	15.875	38,781
OMIP 99-1:		
Sanitary engineer	15.875	19,650
Legal Counsel	15.875	21,099
O&M Development	15.875	1,237
Investigation alternative sewage methods	15.875	11,200
Weno Water	15.875	35,406
Electrical Engineer	15.875	11,638
Computer	15.875	600
OMIP 2000-2:		
Controller	15.875	12,782
Sanitary engineer	15.875	10,000
Legal counsel	15.875	11,084
Electrical engineer	15.875	<u>10,211</u>
		<u>183,688</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Chuuk Public Utilities Corporation, Continued

<u>Grantor Agency/Program</u>	<u>CFDA#</u>	<u>Fiscal Year 2000 Expenditures</u>
Trust Territory of the Pacific Islands	15.875	<u>527,262</u>
Total expenditures		\$ <u>1,760,950</u>

The Compact of Free Association programs are passed through Chuuk State Government to the Chuuk Public Utility Corporation. The OMIP and TTPI grants are received in a direct capacity from the U.S. Department of the Interior.

Chuuk State Housing Authority

The Chuuk State Housing Authority, a component unit - proprietary fund of the State of Chuuk, is the recipient of various pass-through funds from Chuuk State and certain direct grants. As of September 30, 2000, some \$1.1 million of loans previously made out of U.S. federal financial assistance CFDA #14.219, were outstanding. The assistance provided by the U.S. Department of Housing and Urban Development was made to the State of Chuuk and passed through to the Authority. The federal requirement attendant to these funds has expired and therefore, these funds now are only subject to State requirements.

Additionally, as of September 30, 2000, the Authority administered \$710,752 of loan funds provided by the U.S. Department of the Interior, CFDA #15.875, which funds were received by the State of Chuuk and were passed through to the Authority.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Kosrae Utilities Authority

The Kosrae Utilities Authority, a component unit - proprietary fund of the State of Kosrae, separately satisfies the requirements of OMB Circular A-133. The Kosrae Utilities Authority's Schedule of Expenditures of Federal Awards, as extracted from its audit reports, is as follows:

<u>Grantor Agency/Program</u>	<u>CFDA#</u>	<u>Fiscal Year 2000 Expenditures</u>
U.S. Department of the Interior: Compact of Free Association: Energy 214(c)	15.875	\$ 506,250
Operations and Maintenance: OMIP-KOS-97-1, 4th Year	15.875	<u>71,544</u>
Total expenditures		\$ <u>577,794</u>

The Compact of Free Association programs are passed through Kosrae State to the Kosrae Utilities Authority. The OMIP grant is received in a direct capacity from the U.S. Department of the Interior. The above schedule has been prepared on the accrual basis of accounting.

Pohnpei Utilities Corporation

The Pohnpei Utilities Corporation, a component unit - proprietary fund, is the recipient of various pass-through funds from Pohnpei State. The following is the Pohnpei Utilities Corporation's Schedule of Federal Financial Assistance, as extracted from the abovementioned audit reports:

(refer to page 148)

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MCRONESIA**  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

**POHNPEI UTILITIES CORPORATION**  
Schedule of Expenditures of Federal Awards

Grantor/Program Title	CHDA No.	Total Authorizations	Prior Years' Expenditures	Expenditures for the Year Ended Sept. 30, 2000	Total Program Expenditures
<b>U.S. Department of the Interior:</b>					
<b>Office of Insular Affairs:</b>					
<b>Compact of Free Association:</b>					
Energy Program funds, Section 214(B)	15.875	\$ 2,774,370	\$ 2,822,274	\$ -	\$ 2,822,274
Capital Account funds, Section 211(A):	15.875				
OMIP-First Year Electrical Match		322,250	296,592	-	296,592
OMIP-First Year Water and Sewer Match		1,535,250	1,535,250	-	1,535,250
Power Hook-Ups		492,500	492,500	-	492,500
Kolonias Sewer		33,119	33,119	-	33,119
OMIP-Second Year Water and Sewer Match		280,425	280,425	-	280,425
Second Year Water and Sewer Subsidy		110,200	110,200	-	110,200
Pingelap Solar		196,000	217,046	-	217,046
		<u>2,969,744</u>	<u>2,965,132</u>	<u>-</u>	<u>2,965,132</u>
<b>Operations and Maintenance Improvement Programs (OMIP):</b>					
Initialization of the PUC	15.875	430,250	430,249	-	430,249
Pohnpei Water, Sewerage, and Solid Waste Utilities Development, First-Year		810,000	809,999	-	809,999
Pohnpei Water, Sewerage, and Solid Waste Utilities Development, Second-Year		665,000	589,441	47,381	636,822
Pohnpei Water, Sewerage, and Solid Waste Utilities Development, Third-Year		443,500	227,011	92,003	319,014
Pohnpei Water, Sewerage, and Solid Waste Utilities Development, Fourth-Year		285,000	52,902	86,302	139,204
Pohnpei Power Generation and Distribution Second-Year		273,468	273,468	-	273,468
Pohnpei Power Generation and Distribution Third-Year		370,000	370,000	-	370,000
Pohnpei Power Generation and Distribution Fourth-Year		462,000	292,259	180,811	473,070
Pohnpei Power Generation and Distribution Fifth-Year		456,000	230,555	163,556	394,111
Pohnpei Power Generation and Distribution Sixth-Year		60,000	-	34,345	34,345
Continuation of Prepaid Meter Program		250,000	-	-	-
OMIP Bench		71,000	71,000	-	71,000
		<u>4,576,218</u>	<u>3,346,884</u>	<u>604,398</u>	<u>3,951,282</u>
<b>Technical Assistance:</b>					
PUC FSM-58	15.875	110,000	110,000	-	110,000
ALCO Repairs		25,000	25,000	-	25,000
Y2K Program		55,665	55,665	-	55,665
		<u>190,665</u>	<u>190,665</u>	<u>-</u>	<u>190,665</u>
Meter Calibration/Facility Inventory	15.875	100,000	100,000	-	100,000
Overhaul ALCO Generators-Pohnpei State	15.875	100,000	100,000	-	100,000
DOI Hazard Mitigation Program	15.875	1,100,000	1,086,021	-	1,086,021
Audit Grant	15.875	32,000	32,000	-	32,000
		<u>1,332,000</u>	<u>1,318,021</u>	<u>-</u>	<u>1,318,021</u>
<b>Trust Territory of the Pacific Islands (TTPI):</b>					
<b>Deficiency Funding:</b>					
Pohnpei Power	15.875	328,271	328,271	-	328,271
Kolonias Sewer		659,328	797,411 *	-	797,411
		<u>987,599</u>	<u>1,125,682</u>	<u>-</u>	<u>1,125,682</u>
Kolonias Water Improvements	15.875	290,700	290,700	-	290,700
		<u>\$ 13,121,296</u>	<u>\$ 12,059,358</u>	<u>\$ 604,398</u>	<u>\$ 12,663,756</u>

Note: The above programs are passed through Pohnpei State to the Pohnpei Utilities Corporation (PUC). The difference between expenditures per this Schedule and the sum of federal grants and contributions per the financial statements, represents PUC contributions to the projects expended in excess of federal contributions.

\*The Kolonias Sewer Project is contracted with the State of Pohnpei and therefore this information is provided to the State relative to the amount of expenditures incurred to September 30, 1997.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Pohnpei State Housing Authority

The Pohnpei State Housing Authority, a component unit - proprietary fund, is a subrecipient of various pass-through funds as explained hereunder. The following Schedule of Expenditures of Federal Awards is extracted from the Authority's audit reports. All material instances of noncompliance or questioned costs presented in those audit reports are contained in the accompanying Schedule of Findings and Questioned Costs.

<u>Grant Title</u>	<u>Grantor Agency</u>	<u>CFDA No.</u>	<u>Loans Outstanding as of Sept. 30, 2000</u>
Compact of Free Association: Capital Account Funds-Capital Projects, Section 211(A)	DOI-OIA	15.875	\$ <u>5,047,296</u>
Total U.S. Department of the Interior			\$ <u>5,047,296</u>
Rural Services:			
Housing Preservation Grant	USDA	10.433	\$ <u>364,947</u>
Total U.S. Department of Agriculture			\$ <u>364,947</u>

Note: The Compact of Free Association funds are disbursed through the U.S. Department of the Interior (DOI), Office of Insular Affairs (OIA), to the FSM National Government which reallocates such to the component States. Pohnpei State subsequently passed certain of these funds through to the Pohnpei State Housing Authority (PSHA). The Housing Preservation Grant (HPG) funds are received in a subgrantee capacity through the Rural Services to the Pohnpei State Government.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Yap Community Action Program

The Yap Community Action Program, a component unit-governmental fund of Yap State Government, separately satisfies audit requirements of OMB Circular A-133. Yap State is considered to have responsibility for any questioned costs that could result from Single Audits of this entity. Yap Community Action Program's Schedule of Expenditures of Federal Awards is as follows:

<u>Grantor Agency/Program</u>	<u>CFDA#</u>	<u>Fiscal Year 2000 Expenditures</u>
U.S. Department of Health and Human Services: Headstart Program (Received in a subrecipient relationship through the State of Yap for the period October 1, 1999 through March 31, 2000)	93.600	\$ <u>466,375</u>
Expenditures disbursed by an entity sponsored by the Yap State Department of Education for the Period from April 1, 2000 through September 30, 2000	93.600	\$ <u>360,238</u>

The Headstart programs are received from the State of Yap in a subrecipient capacity.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Yap State Public Service Corporation

The Yap State Public Service Corporation programs are received in a subrecipient capacity. Following is the Schedule of Expenditures of Federal Awards for Yap State Public Service Corporation:

<u>Grantor</u>	<u>CFDA #</u>	<u>Amounts Received</u>	<u>Prior Year Expenditures</u>	<u>2000 Expenditures</u>	<u>Remaining Balance</u>
U.S. Department of the Interior, Pass through from FSM National Government and through the State of Yap:	15.875				
Compact of Free Association Section 211 (a) Capital Account		\$ 467,497	\$ 376,070	\$ 28,323	\$ 63,104
U.S. Department of the Interior, Direct Award-Operations and Maintenance Improvement Programs (OMIP)					
Yap State Omnibus Maintenance	15.875	245,230 172,259	176,063 126,842	69,167 57,908	- (12,491)
Trust Territory Capital Improvement Projects:					
Yap Water Supply Yap Rural Sanitation	15.875	229,000 170,365	90,191 -	- 260,457	138,809 (90,092)
U.S. Federal Emergency Management Agency: Hazard Mitigation: Yap State Water Projects	83.516	<u>211,040</u>	<u>158,665</u>	<u>-</u>	<u>52,375</u>
		<u>\$ 1,495,391</u>	<u>\$ 927,831</u>	<u>\$ 415,855</u>	<u>\$ 151,705</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Programs  
Selected for audit in accordance with  
OMB Circular A-133  
Year Ended September 30, 2000

<u>Grantor</u>	<u>Description</u>	<u>CFDA No.</u>	<u>Amount of 2000 Expenditures</u>
U.S. Dept. of the Interior:	Compact of Free Association:	15.875	
	Program account related:		
	211(a) Capital Account		\$ 985,518
	216(a)(3) Post Secondary Education		1,516,032
	216(a)(1) Marine Surveillance-Annual		781,292
	215(a)(2) Communications-Annual		704,473
	214 Energy Fund		<u>339,018</u>
	Total Compact of Free Association		4,326,333
	Y2K Remediation Program	15.875	903,500
U.S. Dept. of Labor	JTPA	17.250	<u>684,506</u>
		Total program expenditures selected	\$ <u>5,914,339</u>
		Total U.S. Federal Program expenditures excluding Compact Section 211(a) Current Account	\$ <u>11,428,446</u>
		% of Total U.S. Federal expenditures covered by major programs excluding Compact Section 211(a) Current Account	<u>52%</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Summary of Expenditures of U.S. Federal Awards  
Year Ended September 30, 2000

<u>Grantor</u>	<u>Amount</u>
U.S. Department of Education	\$ 1,824,519
U.S. Department of Labor	776,285
U.S. Department of Agriculture	30,357
U.S. Department of Health and Human Services	1,405,494
U.S. Federal Emergency Management Agency	102,852
U.S. Department of Commerce	774,903
National Foundation on the Arts and the Humanities	10,170
U.S. Department of the Interior:	
Historical Preservation Grants	19,456
OTIA Technical Assistance	1,836,514
Compact of Free Association Funding excluding Section 211(a) Current Account	<u>4,647,896</u>
Total U.S. Federal Assistance excluding Section 211(a) Current Account	11,428,446
Compact of Free Association Section 211(a) Current Account	<u>5,353,776</u>
	\$ <u>16,782,222</u>

Note: All grant awards are received from the respective grantor agencies in a direct capacity.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2000

**Part I - Summary of Auditors' Results**

1. The Independent Auditors' Report on the financial statements expressed a qualified opinion.
2. Reportable conditions in internal control over financial reporting were identified, some of which are considered to be material weaknesses.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. Reportable conditions in internal control over compliance with requirements applicable to major federal award programs were identified, four of which is considered to be a material weakness.
5. The Independent Auditors' Report on compliance with requirements applicable to major federal award programs expressed a qualified opinion.
6. The audit disclosed findings required to be reported by OMB Circular A-133.
7. The National Government's major programs were:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
U.S. Department of the Interior - Compact of Free Association	15.875
U.S. Department of the Interior – Y2K Remediation Program	15.875
U.S. Department of Labor	17.250

8. A threshold of \$342,853 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The National Government did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**Part II - Financial Statement Findings Section**

<u>Reference No.</u>	<u>Findings</u>	<u>Questioned Costs</u>
2000-6	Revenue Sharing	\$ -
2000-7	Advances to States for CFSM Projects	\$ -
2000-8	Cash (Unreconciled Differences)	\$ -
2000-9	Cash in Bank (Stale Dated Checks)	\$ -
2000-10	Bank Reconciliation – ADB Loan Fund	\$ -
2000-11	Payroll Revolving Fund	\$ -
2000-12	Payroll Allotments	\$ -
2000-13	Continuing Appropriations	\$ -
2000-14	Continuing Appropriations	\$ -



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Part III - Federal Award Findings and Questioned Cost Section**

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
2000-1	Allowable Costs/Cost Principles	\$ -
2000-2	Allowable Costs/Cost Principles	\$ 25,300
2000-3	Allowable Costs/Cost Principles	\$ 30,695
2000-4	Allowable Costs/Cost Principles	\$ 19,226
2000-5	Monitoring of Subrecipient's Questioned Costs	\$ -

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
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**Allowable Costs/Cost Principles**

2000-1. JTPA Program,  
U.S. Dept. of Labor/  
CFDA #17.250

Criteria: Program charges should be identified as to being specific to the program. Otherwise, an allocation method should be reasonable and be approved by the grantor agency.

Condition: We found an instance where the details of \$883 in telephone charges to the JTPA communication account were not available for inspection (drawn from a sample of 34 aggregating \$130,826). This finding is presented as this condition may very well pertain to all communications charges and we were not able to assure ourselves that the aggregate effect is less than \$10,000.

Cause: The cause of this condition is unknown.

Effect: The effect of the above condition is that inadequate information exists to support the eligibility of program expenditures.

Recommendation: The JTPA Program should ensure that adequate information exists to substantiate the direct relationship between the telephone charge and the program benefit derived.

Auditee Response and Corrective Action Plan dated January 2, 2002: Federal Grants Manager will contact JTPA office to provide all required document to support the program expenditures, by February 28, 2002.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Allowable Costs/Cost Principles</u></b>		
2000-2. Compact Scholarship Fund/ U.S. Dept. of Interior/ CFDA #15.875	<p><u>Criteria:</u> Funds should be expended in accordance with the intent of the Compact.</p> <p><u>Condition:</u> In 10 instances out of 43 tested, documentary evidence such as a college transcript was not made available for inspection. We were not able to determine if the funds were disbursed for intended purposes.</p> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> The effect of this condition is potential noncompliance with the Compact of Free Association.</p> <p><u>Recommendation:</u> We recommend that the FSM National Government ensure that Compact funds are expended in accordance with the intent of the Compact treaty.</p> <p><u>Auditee Response and Corrective Action Plan dated January 2, 2002:</u> Department of Finance &amp; Administration has contacted FSM Chuuk Finance Office to have the documents in question available for the auditors to inspect.</p>	\$ <u>25,300</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
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**Allowable Costs/Cost Principles**

2000-3. Compact  
Capital Fund / U.S.  
Dept. of Interior/  
CFDA #15.875

Criteria: Funds should be expended in accordance with the intent of the Compact.

Condition: We found eight instances out of 43 transactions tested aggregating \$503,851 where general operating and administrative expenses, such as purchases of supplies, were charged to the Compact Capital account.

<u>APV #</u>	<u>Check #</u>	
140001	175819	\$ 883
298601	177286	3,241
534301	179364	7,958
583601	179992	8,613
1039401	184294	<u>10,000</u>
		<u>30,695</u>

Cause: The cause of this condition is unknown.

Effect: The effect of this condition is potential noncompliance with the intent of the Compact of Free Association.

Recommendation: We recommend that FSMNG should ensure that compact funds are expended for the intended fund usage.

Auditee Response and Corrective Action Plan dated January 2, 2002: Department of Finance & Administration will obtain the FSM attorney General's legal opinion on this finding and resolve by April 30, 2002.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>						
<b><u>Allowable Costs/Cost Principles</u></b>								
2000-4. Compact Communications-Annual Fund/ U.S. Dept. of Interior/ CFDA #15.875	<p><u>Criteria:</u> A functioning system of internal control requires disbursements to be properly supported by vendor invoices.</p> <p><u>Condition:</u> We found an instance where no invoice was available to support the validity of the expenditure.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>APV #</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Org. #</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">11259</td> <td style="text-align: left;">212234</td> <td style="text-align: right;">\$ 19,226</td> </tr> </tbody> </table> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> The effect of this condition is potential personal use of office account for long distance call.</p> <p><u>Recommendation:</u> We recommend that FSMNG should ensure that vendor invoice are attached to all payments.</p> <p><u>Auditee Response and Corrective Action Plan dated January 2, 2002:</u> Department of Finance &amp; Administration has contacted FSM Chuuk Finance office to provide the invoice in question available for the auditors to inspect.</p>	<u>APV #</u>	<u>Org. #</u>	<u>Amount</u>	11259	212234	\$ 19,226	\$ <u>19,226</u>
<u>APV #</u>	<u>Org. #</u>	<u>Amount</u>						
11259	212234	\$ 19,226						
Total Questioned Costs		\$ <u>75,221</u>						

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Monitoring of Subrecipient's Questioned Costs**

**Finding No. 2000-5**

**Criteria:** The FSM National Government is required to resolve subrecipient questioned costs in a timely manner (within six months upon receipt of the subrecipient report).

**Condition:** Prior year questioned costs for subrecipients remain unresolved.

**Cause:** The cause of this condition is that the task force created to resolve questioned costs has not resolved subrecipient questioned costs.

**Effect:** There is no effect on the financial statements as a result of this condition.

**Prior Year Status:** Monitoring of subrecipient questioned costs was reported as a finding in the FSM National Government Single Audit for fiscal years 1998 and 1999.

**Recommendation:** We recommend that the FSM National Government resolve subrecipient questioned costs in a timely manner.

**Auditee Response and Corrective Action Plan dated January 2, 2002:** The Secretary of Finance will call a meeting of the task force created by the presidential Order 17 to resolve the findings and questioned costs. It is the responsibility of the questioned cost resolution committee to monitor subrecipient's question costs and issue sanctions.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Revenue Sharing**

**Finding No. 2000-6**

**Criteria:** The FSM National Government should ensure that all revenue due the government is recorded in the general ledger.

**Condition:** The Revenue and Custom reports supporting taxes recorded in the general ledger were not subject to audit in fiscal year 2000. We were not able to perform alternative procedures to assure ourselves as to the correctness of the revenue share due to the FSM and the attendant payable to the states as of September 30, 2000.

**Cause:** The cause of this condition is that no audit of this restricted information occurred.

**Effect:** The effect of this condition is a qualification of the report on the financial statements.

**Prior Year Status:** The 1999 Single Audit Report cited a similar condition.

**Recommendation:** We recommend that FSM National Government ensure that all tax revenues are subject to annual audit.

**Auditee Response and Corrective Action Plan dated January 2, 2002:** The General Leger Branch Manager has been directed to reconcile the revenue sharing monthly to assure the correctness of the revenue share due to the FSM and the State.

**Advances to States for CFSM Projects**

**Finding No. 2000-7**

**Criteria:** A functioning system of internal control requires that advances to the States be reconciled on a periodic basis.

**Condition:** We found that advances to the States for Congress of FSM projects have not been reconciled with the State's financial records. As an example, a liability of approximately \$2 million remain unchanged at September 30, 2000 when compared with the 1999 balance.

**Cause:** The cause of this condition is unknown.

**Effect:** The effect of this condition is a potential material misstatement of the financial statements.

**Recommendation:** We recommend that the FSM National Government ensure that intergovernmental receivables are properly reconciled.

**Auditee Response and Corrective Action Plan dated January 2, 2002:** The reconciliation manager will correct this finding by April 30, 2002.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Cash (Unreconciled Differences)**

**Finding No. 2000-8**

**Criteria:** The FSM National Government should ensure that all cash accounts are reconciled to the general ledger at year end.

**Condition:** The following cash accounts indicate unreconciled variances between the general ledger and the adjusted bank balance as of September 30, 2000.

<u>Account</u>	<u>Amount</u>
General Checking	\$ 4,532
Yap Trust Fund	26,161
Chuuk Trust Fund	230,682
Kosrae Trust Fund	96,975
Imprest with Embassies	7,221
Payroll	42,841
Cash savings – restricted	(5,748)
Cash – tax refund	121,042
Chuuk Revenue	(236,418)
Cash – Health Insurance	130,446
TCD – Health Insurance	<u>29,035</u>
Net overstatement	\$ <u>446,769</u>

**Cause:** The cause of this condition is the absence of appropriate reconciliations.

**Effect:** The effect of this condition is an overstatement of cash and equivalents. No adjustment was proposed in the audit process to correct the above errors due to their immateriality.

**Prior Year Status:** The 1999 Single Audit Report cited a similar condition.

**Recommendation:** We recommend that the FSM National Government ensure that all cash funds are reconciled to the general ledger on a monthly basis.

**Auditee Response and Corrective Action Plan dated January 2, 2002:** The reconciliation manager will correct this finding by April 30, 2002.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Cash in Bank – Stale Dated Checks**

Finding No. 2000-9

Criteria: The FSM National Government should ensure that stale dated checks are periodically restored to cash.

Condition: A review of outstanding checks as of September 30, 2000 revealed the following stale dated items.

<u>Account</u>	<u>Amount</u>
General checking	\$ 172,840
Tax refund	<u>108,040</u>
Total	\$ <u>280,880</u>

Cause: The cause of this condition appears to be the absence of a review of stale dated checks.

Effect: The effect of this condition is a potential misstatement of cash and equivalents.

Prior Year Status: The 1999 Single Audit Report cited a similar condition.

Recommendation: We recommend that the FSM National Government ensure that outstanding checks are evaluated on a recurring basis.

Auditee Response and Corrective Action Plan dated January 2, 2002: The assistant secretary of finance will make the necessary adjustment to restore the stale dated checks to cash this fiscal year 2001.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Bank Reconciliation – ADB Loan Fund**

Finding No. 2000-10

Criteria: A functioning system of internal controls requires reconciliation of all bank accounts on a recurring basis.

Condition: No bank reconciliations were available for the following ADB Loan Fund bank accounts as of September 30, 2000.

<u>General Ledger Account</u>	
59-102 Imprest Fund R & D	<u>\$ 51,633</u>
59-131 Cash savings	<u>\$ 178,367</u>

Cause: The cause of this condition is unknown.

Effect: The effect of this condition is potential misstatement of financial statements.

Recommendation: We recommend that FSM National Government reconciles the ADB Loan Fund cash in bank accounts as of September 30, 2000.

Auditee Response and Corrective Action Plan dated January 2, 2002: The reconciliation manager will correct this finding by April 30, 2002.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Payroll Revolving Fund**

**Finding No. 2000-11**

**Criteria:** The FSM National Government should ensure that the Payroll Revolving Fund is properly reconciled at the end of each month.

**Condition:** The net pay account contains a debit balance of \$266,393 as of September 30, 2000. This indicates that \$266,393 is a receivable from affected employees.

**Cause:** The cause of this condition is that periodic account reconciliations have not been performed.

**Effect:** Payroll related balances are misstated as of September 30, 2000 as a result of this condition. This adjustment was not proposed in the audit process as it was netted with other payroll misstatements and the net was considered immaterial.

**Prior Year Status:** The 1999 Single Audit Report cited a similar condition.

**Recommendation:** We recommend that the FSM National Government perform periodic reconciliations of the Payroll Revolving Fund.

**Auditee Response and Corrective Action Plan dated January 2, 2002:** The cash reconciliation staff has been directed to assume responsibility for a monthly analysis of payroll cash requirement. The staff transferred cash to meet the current payroll requirement but overall cash not periodically analyzed. The staff will make monthly adjustments as necessary.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Payroll Allotments**

**Finding No. 2000-12**

Criteria: A functioning system of internal control requires documentary evidence to support disbursements.

Condition: We found three instances out of 25 instances tested where employee authorizations for payroll deductions were not available for inspection.

Cause: The cause of this condition is unknown.

Effect: The effect of this condition is a potential misstatement of the financial statements.

Recommendation: We recommend that the basis for authoritative payroll allotments be maintained in payroll files.

Auditee Response and Corrective Action Plan dated January 2, 2002: The payroll staff has been directed to maintain a separate file for each employee and to keep track for all payroll allotments.

**Continuing Appropriations**

**Finding No. 2000-13**

Criteria: The FSM National Government should ensure that Compact funds are not over appropriated.

Condition: The Compact Capital Project Fund contains an unreserved deficit of \$853,644 as of September 30, 2000.

Cause: While Compact funds allocated to the Capital account have decreased, appropriations have remained the same.

Effect: The effect of this condition is that future appropriations will have to be reduced or the general fund will have to absorb the deficiency.

Prior Year Status: The 1999 Single Audit Report cited a similar condition.

Recommendation: We recommend that the FSM National Government ensure that Compact funds are not over appropriated.

Auditee Response and Corrective Action Plan dated January 2, 2002: The budget staff will reconcile budgets so that the deficit is removed by FY 2001.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Continuing Appropriations**

**Finding No. 2000-14**

**Criteria:** A functioning system of internal control requires that the subsidiary ledger for continuing appropriations be reconciled to the general ledger control account on a timely basis.

**Condition:** Detailed reconciliations of continuing appropriations for the General Fund and Compact Capital Account were performed 13 months after year-end.

**Cause:** The cause of this condition is unknown.

**Effect:** The effect of the above condition is a potential misstatement of the financial statements.

**Recommendation:** We recommend that the FSM National Government reconcile continuing appropriation on a recurring basis.

**Auditee Response and Corrective Action Plan dated January 2, 2002:** Reconciliation manager has been directed to reconcile the continuing appropriation to the general ledger control account per month.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Chuuk**

**U. S. Department of the Interior – Compact of Free Association Compact Capital Funds – Allowable Costs/Cost Principles**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
C00-01	15.875	Compact Capital Funds should be expended for allowable purposes.	\$ 169,006
		<u>Condition:</u> During fiscal year 2000, the State transferred certain Compact Capital Funds to the following entities that have not been audited or reviewed as to compliance with underlying criteria.	
		Nukuno Credit Union – 601802 –C2056	\$ 12,000
		Fefean Housing Authority – 601803 – C0981	10,000
		Weno Association of Guam, Weno Association of Saipan, Weno Association of Honolulu – 601801 – C0148	30,000
		Weno Housing Authority – 601801 – C2244	<u>117,006</u>
		Total	\$ <u>169,006</u>

Cause: The cause of this condition is unknown.

Effect: The effect of this condition is questioned costs of \$169,006.

Recommendation: We recommend that the Office of the Public Auditor of the FSM National Government review the use of these funds and determine the manner that such are allowable costs under the Compact of Free Association.

Auditee Response dated November 16, 2001: We concur that the payments were made to the noted entities in accordance with appropriations made by the Chuuk State Legislature. We concur that such funds should be audited and monitored. Unfortunately, the State has not been able to hire a Public Auditor, despite repeated efforts to do so. Therefore, we concur that the FSM National Government Office of the Public Auditor should be petitioned to audit these funds. Therefore, we are immediately requesting the National Government to assist for the arrangement of these audits and that such be undertaken as soon as possible.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Chuuk**

**U.S. Department of the Interior – Health and Education Funds – Allowable Costs/Cost Principles**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
C00-02	15.875	Compact Health and Education Funds should be expended for allowable purposes.	\$ 72,902

Condition: The State commenced a Health Care Plan during fiscal year 2000. Employees were hired, space rented and equipment acquired. However, no Plan was actually undertaken and the resulting expenditures do not appear health related since no actual health related activities were undertaken. The Health Care Plan has not commenced operating in fiscal year 2001.

Cause: The cause of this condition appears to be due to different opinions with respect to the allowability of this cost.

Effect: The effect of this condition is questioned costs of \$72,902.

Recommendation: In the event that different opinions could exist with respect to the allowability of the costs, the National Government should be consulted in writing since it is the grantor of the funds.

Auditee Response dated November 16, 2001: We do not agree with the finding's conclusions. It is true that a Health Care Plan office has been formed to operate the State's health care plan. However, the plan, for local reasons, has yet to formally commence operations. The Plan has been formed solely to address health care issues in the State and does not relate to any other purpose. Therefore, we believe that such is an allowable use of the specified Compact Health and Education funds and no further action need be taken by the State.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Chuuk**

**U.S. Department of Education - School Improvement Plan Project –Procurement and Suspension and Debarment**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
C00-03	84.256A	Competitive procurement should be performed in accordance with applicable federal guidelines.	\$ 59,981

Condition: No competitive procurement procedures were performed in the administration of the program during fiscal year 2000. The following are specific items that are accordingly questioned.

<u>Check No.</u>	<u>PO #</u>	<u>Amount</u>
74260	L9492001	\$ 2,850
91730	L0233101	6,000
102300	P0009901	3,881
106020-7	P0010101-7	7,165
470901	L0160101	1,475
478701	L0116701	4,475
478702	L0116702	3,250
734601	L0025801	2,850
739502	L9479502	3,285
742401	L9510101	2,800
988101	C0036201	12,000
1187301	N/A	3,000
1015001	C0036801	2,225
1301901	C0036701	2,500
1015401	C0036801	<u>2,225</u>
		<b>\$ <u>59,981</u></b>

Cause: Program officials were of the opinion that the State Procurement Office was performing this function whereas the State Procurement Office does not perform this function.

Effect: The effect is questioned costs of \$59,981.

Recommendation: The Governor of the State of Chuuk should specify the responsibility for performing competitive procurement activities.

Auditee Response dated November 16, 2001: We agree with the finding. The Director of Treasury will write a letter to the Governor by November 30, 2001 with his recommendations for resolution of the issue. This letter will also be copied to the Director of Education. The Governor of the State of Chuuk will then have to appoint the entity responsible for ensuring that competitive procurement has occurred.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Chuuk**

**Resolution of Prior Year Findings**

Finding No. C00-04

Criteria: Findings from the prior year Single Audit should be resolved in a timely manner.

Condition: The following federal, internal control and local compliance findings remain unresolved and may be reiterated above.

99-4	Equipment and Real Property Management	Federal
99-5	Resolution of Payable to Grantor Agency	Federal

Cause: The cause of this condition appears to be failure to address the specified issues.

Effect: The effect on the general purpose financial statements is the same as in the prior years.

Recommendation: The State should prioritize and commence resolution of the above matters.

Auditee Response dated November 16, 2001: The State has requested technical assistance from the FSM National Government if performance of such an inventory and readying for GASB 34 requirements. The National Government has not addressed this issue and therefore, by December 15, 2001, the State again will address, in writing, this issue with the FSM National Government.

We understand that this issue was communicated to the grantor agencies in the audit of the FSM National Government for the fiscal year 1999 and we are awaiting their determination.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Kosrae**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
K00-1. TFAS Educational Grant- CFDA # 84.256	<p><u>Criteria:</u> Kosrae State should ensure that federal funds are expended for allowable activities.</p> <p><u>Condition:</u> Of forty-one items tested, we found six instances where documentary evidence such as trip reports or certificates of completion were not on file to substantiate whether trainees actually attended and completed training.</p> <p><u>Cause:</u> The cause of this condition appears to be the lack of requirement of evidence to ensure that training paid for was actually undertaken. While the State maintains documentation to support the cost of travel to the training site, no procedures are in place to ensure that scheduled training is actually attended.</p> <p><u>Effect:</u> No questioned costs result from this condition as the aggregate effect is less than the \$10,000 threshold.</p> <p><u>Recommendation:</u> We recommend that Kosrae State ensure that federal funds are used for allowable purposes.</p> <p><u>Auditee Response and Corrective Action Plan dated October 18, 2001:</u> Although we agree with this finding, it should be noted that Kosrae State has a regulation (FMR Part II, Section 2.13) requiring reports for all who travel on government sponsored trips. The report should contain all purposes of such trips and accomplishments. This regulation applies to all government sponsored travels, not just federally funded travels.</p> <p>Through internal directive, the director of Administration &amp; Finance will direct the Division of Finance &amp; budget to strictly enforce the requirements of the regulation. Additionally, the Finance Office will ensure that all trip reports are filed and kept in a secure and accessible manner at all times.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Kosrae**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>								
K00-2. Compact Health and Medical Program – CFDA # 15.875	<p><u>Criteria:</u> A functioning system of internal control requires disbursements to be supported by documentary evidence.</p> <p><u>Condition:</u> We found that cash advanced to off-island health providers for medical referral was immediately expensed without reference to detail medical expenses incurred.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>APV #</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">76</td> <td style="text-align: right;">\$ 63,000</td> </tr> <tr> <td style="text-align: center;">6371</td> <td style="text-align: right;"><u>30,000</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$ 93,000</u></td> </tr> </tbody> </table> <p>(The above is drawn from a sample of twenty-three items aggregating \$124,929, out of total program expenditure aggregating \$141,266.).</p> <p><u>Cause:</u> The cause of this condition is that no control procedures are in place to ensure that a reconciliation of cash advanced to the medical referral trustees is performed on a recurring basis to actual costs incurred.</p> <p><u>Effect:</u> The above misstatement was corrected through the audit process.</p> <p><u>Recommendation:</u> We recommend that Kosrae State ensure that cash advanced to the medical referral trustees is reconciled to actual expenditures on a recurring basis.</p> <p><u>Auditee Response and Corrective Action Plan dated October 18, 2001:</u> We agree to this finding.</p> <p>Through internal directives, the Director of Administration &amp; Finance will ensure that disbursements are fully supported by documentary evidence. Additionally, monthly expenditure reports will be required to be submitted by departments/recipients to the finance office for all cash advances disbursed under all service contracts.</p>	<u>APV #</u>	<u>Amount</u>	76	\$ 63,000	6371	<u>30,000</u>		<u>\$ 93,000</u>	
<u>APV #</u>	<u>Amount</u>									
76	\$ 63,000									
6371	<u>30,000</u>									
	<u>\$ 93,000</u>									

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Kosrae**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>								
K00-3. Compact Capital Projects Fund- CFDA # 15.875	<p><u>Criteria:</u> Compact Capital funds should be expended for allowable use.</p> <p><u>Condition:</u> The vendor's invoices for the following revealed that the disbursement is for the purchase of heavy equipment tires and parts. Such appears to relate to ongoing repairs and maintenance rather than eligible Compact Capital use.</p> <table style="margin-left: auto; margin-right: auto; border: none;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>APV</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">1299</td> <td style="text-align: right;">\$ 32,623</td> </tr> <tr> <td style="text-align: left;">3595</td> <td style="text-align: right;"><u>39,303</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ <u>71,926</u></td> </tr> </tbody> </table> <p>(The above is drawn from a sample of forty-four items aggregating \$2,880,439, out of total program expenditure aggregating \$3,524,085.)</p> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> The effect of this condition is potential noncompliance with the Compact terms and conditions.</p> <p><u>Recommendation:</u> We recommend that Kosrae State ensure that disbursements are for allowable use as set forth in the Compact of Free Association.</p> <p><u>Auditee Response and Corrective Action Plan dated October 18, 2001:</u> Kosrae State does not agree with the finding as the transaction was executed under an authorized contract (C25012) &amp; (C24858) by the Allottee for infrastructure improvements. The particular expenditure was necessary to improve and extend the life of road development equipments.</p> <p>Sub accounts will be assigned in future allocations under a general CIP Appropriation to clearly track charges against sub projects.</p>	<u>APV</u>	<u>Amount</u>	1299	\$ 32,623	3595	<u>39,303</u>		\$ <u>71,926</u>	
<u>APV</u>	<u>Amount</u>									
1299	\$ 32,623									
3595	<u>39,303</u>									
	\$ <u>71,926</u>									

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Kosrae**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
K00-4. Compact Capital Projects Fund- CFDA # 15.875	<p><u>Criteria:</u> Compact Capital funds should be expended for allowable uses.</p> <p><u>Condition:</u> We found an instance where Compact Capital funds were expended for travel associated with a Maternal Child Health federal program workshop held in Honolulu.</p> <p>(The above is drawn from a sample of forty-four items aggregating \$2,880,439, out of total program expenditure aggregating \$3,524,085.)</p> <p><u>Cause:</u> The cause of this condition is that Kosrae State allowed Compact Capital funds to be used for travel expense, which does not appear related to a Compact Capital program.</p> <p><u>Effect:</u> The effect of this condition is potential noncompliance with the Compact of Free Association.</p> <p><u>Recommendation:</u> We recommend that Kosrae State ensure that Compact Capital funds are expended for allowable purposes.</p> <p><u>Auditee Response dated October 18, 2001:</u> We do not agree with this finding. The travel taken was charged to the Manpower Development Fund under the Compact Capital Project Fund. Manpower Development is an allowable project under the CIP fund. The travel cost was directly related to a training workshop on Maternal &amp; Child Health in Honolulu. The clear purpose of the trip, which was completed successfully, was to develop/upgrade the skills of the participant in the area of maternal &amp; child health.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Kosrae**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
K00-5. Compact Capital Projects Fund- CFDA # 15.875	<p><u>Criteria:</u> Compact Capital funds should be expended for allowable uses.</p> <p><u>Condition:</u> We found an instance where expenditures incurred by an administrative employee were charged to Compact Capital funds. However, there was no documentation available to determine how the expenditure qualified as an allowable cost or as an allowable administrative cost falling within the 1.5% threshold.</p> <p>(The above is drawn from a sample of forty-four items aggregating \$2,880,439, out of total program expenditure aggregating \$3,524,085.)</p> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> The effect of this condition is potential noncompliance with the Compact Agreement.</p> <p><u>Recommendation:</u> We recommend that Kosrae State should ensure that expenditures incurred by the administrative personnel should be charged to the 1.5% Administration Cost account.</p> <p><u>Auditee Response and Corrective Action Plan dated October 18, 2001:</u> We agree with the finding that Compact Capital Funds should always be supported with documentation that qualifies the expenditures as allowable cost to that fund. Under Article II, Section 3(e)(12) of the Compact Fiscal Procedure Agreement, a maximum of 1.5% of the total capital account for a given fiscal year is allowed for administrative costs. In our FY2000 budget submission to the Legislature, the administrative costs of capital account was described and approved as submitted (see copy attached).</p> <p>The Finance Office will ensure that all expenditures are supported by appropriate documentation and keep separate filing system for all Compact Capital Account Expenditures.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Kosrae**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>				
K00-6. Compact Capital Projects Fund- CFDA # 15.875	<p><u>Criteria:</u> Compact Capital funds should be expended for allowable uses.</p> <p><u>Condition:</u> We were not able to determine how disbursements relating to cleaning various tourism sites qualifies as an allowable use of Compact Capital funds.</p> <table style="margin-left: auto; margin-right: auto; border: none;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black; width: 15%;"><u>APV</u></th> <th style="text-align: center; border-bottom: 1px solid black; width: 35%;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">89</td> <td style="text-align: right;">\$ 2,000</td> </tr> </tbody> </table> <p>(The above is drawn from a sample of forty-four items aggregating \$2,880,439, out of total program expenditure aggregating \$3,524,085.)</p> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> The effect of this condition is potential noncompliance with the Compact of Free Association.</p> <p><u>Recommendation:</u> We recommend that Kosrae State ensure that Compact Capital funds are expended for allowable purposes.</p> <p><u>Auditee Response and Corrective Action Plan dated October 18, 2001:</u> Kosrae State does not agree with the finding as the transaction was executed under an authorized in-house contractual arrangement (C25014) by the Allottee for Tourism Development Projects. The particular expenditure was necessary to improve and upgrade and/or enhance tourism sites in the state.</p> <p>Copies of contracts should be made available by Kosrae State to auditors at all times.</p>	<u>APV</u>	<u>Amount</u>	89	\$ 2,000	
<u>APV</u>	<u>Amount</u>					
89	\$ 2,000					

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Kosrae**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
K00-7. Compact Capital Projects Fund- CFDA # 15.875	<p><u>Criteria:</u> A functioning system of internal control requires disbursements to be properly supported by original vendor invoices.</p> <p><u>Condition:</u> Of forty-four disbursements tested for compliance, we noted four instances where disbursements were supported by a photocopy of invoices:</p>	

<u>APV #</u>	<u>Org./ Cost Center #</u>	
1299	6924	\$ 32,623
1844	6923	7,105
2155	6921	3,708
2669	6923	<u>6,915</u>
		\$ <u>50,351</u>

(The above is drawn from a sample of forty-four items aggregating \$2,880,439, out of total program expenditure aggregating \$3,524,085.).

Cause: The cause of this condition is unknown.

Effect: The effect of this condition is that incorrect or duplicate payments could be processed.

Recommendation: We recommend that Kosrae State ensure that expenditures are supported by original invoices.

Auditee Response and Corrective Action Plan dated October 18, 2001: We agree to this finding.

Through internal directive, the Director of Administration & Finance will ensure that disbursement of funds are fully supported by original vendors' invoices. Additionally, the finance office will be required to file all original vendor's invoices in a sage and accessible manner.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Kosrae**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>General Fixed Assets Account Group</u></b>		

**Finding No. K00-12**

**Criteria:** The General Fixed Assets Account Group should be reconciled at the end of each fiscal year. Additionally, biannual inventories of fixed assets are required by the Common Rule.

**Condition:** Detailed schedules of fixed assets were not available for inspection. In addition, the general ledger fixed asset balances have not been updated in recent years. Additionally, biennial inventories have not been performed as required by the Common Rule.

**Cause:** The cause of this condition is unknown.

**Effect:** The effect of this condition is a potential for misstatement of the financial statements.

**Prior Year Status:** The above condition was reported as a finding in the Single Audit of Kosrae State Government for the fiscal year ended September 30, 1999.

**Recommendation:** We recommend that the Department of Administration ensure that the General Fixed Assets Account Group is updated and reconciled to detailed property listings at the end of each fiscal year and that the required inventories are performed.

**Auditee Response dated October 18, 2001:** Property listing has been provided, but the general ledger fixed asset balance has not been updated.

**Corrective Action Plan:** Internal Policy No. 2001-05

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Pohnpei**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<p><b><u>Equipment and Real Property Management</u></b></p> <p>P00-1. U.S. Dept. Of Education/ Special Education Grant-CFDA #84.027/TFAS Grant-CFDA #84.256a</p>	<p><b><u>Criteria:</u></b> A summary schedule of the fixed asset detail produced by the automated fixed asset subsystem, classified by major assets category, should be maintained. Additionally, the Common Rule for Uniform Administration Requirements for Federal Grants, Section 33(d)(2) requires that a physical inventory of property acquired with federal funds be performed biannually.</p> <p><b><u>Condition:</u></b> A summarization of the asset data from the automated fixed asset subsystem was not available nor was a schedule of asset deletions prepared to facilitate the preparation of a statement of changes in fixed assets. Additionally, a physical inventory of property has not been performed in over two years.</p> <p><b><u>Cause:</u></b> The cause of the above condition is unknown.</p> <p><b><u>Effect:</u></b> A misstatement of the State's General Fixed Asset Account Group could result.</p> <p><b><u>Prior Year Status:</u></b> Insufficient controls over updating of fixed assets data was reported as a finding in the Single Audit of Pohnpei State for the years 1988 through 1999.</p> <p><b><u>Recommendation:</u></b> We recommend that Pohnpei State Government update the automated master fixed asset listing based on acquisition and survey activity, summarize the master listing detail appropriately and prepare a statement of changes in fixed assets on a timely basis. Additionally, biannual physical inventories should be performed.</p> <p><b><u>Auditee Response and Corrective Action Plan dated September 30, 2001:</u></b> Department of Treasury and Admin. even though has limited personnel to do physical inventory of its fixed assets has been updating its fixed asset master file for two years running. The department has targeted to complete its update of fixed asset master file at the end of fiscal year 2001. With the help of our software provider we will be able to interface our fixed system with our dilog system sometimes during fiscal year 2002.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Pohnpei**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Allowable Costs/Cost Principles - Questionable Use of Compact Funds</u></b>		
P00-2. U.S. Dept. of Interior/ Compact Special Block Grant – CFDA #15.875	<p><u>Criteria:</u> Costs charged to Compact Special Block Fund should be consistent with the intent of the Compact Treaty.</p> <p><u>Condition:</u> We found an instance where documentary evidence such as an invoice was not on file for inspection.</p>	

<u>Doc. #</u>	<u>APV #</u>	<u>APV Amount</u>	
P00192	745688	\$12,375	\$ <u>12,375</u>

(The above is drawn from a sample of 9 items aggregating \$38,315, out of total program expenditures aggregating \$1,459,871)

Cause: The cause of this condition is unknown.

Effect: Questioned costs occur as a result of noncompliance with the intent of the Compact as no current support exists to substantiate the allowability of the transaction.

Recommendation: We recommend that Pohnpei State ensure that expenditures are properly supported by documentary evidence.

Auditee Response and Corrective Action Plan dated September 30, 2001: Department of Treasury & Admin have reviewed the transaction in question and has found that this transaction was initiated by the Department of Education to purchase books and instructional materials. The only question we found is that even though all books and instructional materials were received as indicated on the receiving report, the invoicing of the order is not yet complete. We are conducting the vendor to provide such.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Pohnpei**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Allowable Costs/Cost Principles - Questionable Use of Compact Funds</u></b>		
P00-3. U.S. Dept. of Interior/ Compact Health and Medical Fund -CFDA #15.875	This finding was removed as aggregate impact was assessed at less than \$10,000.	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Pohnpei**

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>								
<b><u>Allowable Costs/Cost Principles</u></b>										
P00-4. U.S. Dept. Of Education/ Special Education Grant-CFDA #84.027	<p><u>Criteria:</u> Allowable Costs/Cost Principles require that costs charged be adequately supported by underlying documentation.</p> <p><u>Condition:</u> We found an instance where the details of telephone charges to the Special Education communication account was not available for inspection (drawn from a sample of 26 aggregating \$169,200).</p> <table border="0" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black; width: 15%;"><u>Org. #</u></th> <th style="text-align: left; border-bottom: 1px solid black; width: 15%;"><u>Acct. #</u></th> <th style="text-align: left; border-bottom: 1px solid black; width: 15%;"><u>APV #</u></th> <th style="text-align: left; border-bottom: 1px solid black; width: 15%;"><u>APV Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3116</td> <td></td> <td style="text-align: center;">737744</td> <td style="text-align: right;">\$1,251</td> </tr> </tbody> </table> <p style="padding-left: 20px;">This finding is presented as this condition may very well pertain to all other federal programs and we are not able to assure ourselves that the aggregate effect is less than \$10,000.</p> <p><u>Cause:</u> The details of telephone charges were not maintained.</p> <p><u>Effect:</u> The effect of this condition is noncompliance with federal allowable cost requirements.</p> <p><u>Recommendation:</u> We recommend that Pohnpei State ensure that details of telephone charges be kept to support payments for communication.</p> <p><u>Auditee Response and Corrective Action Plan dated September 30, 2001:</u> Department of Treasury &amp; Administration was informed by departments that details of telephone invoices are kept by the departments. Department of Treasury &amp; Administration have informed departments that effective FY 2001 payment for such can not be process until detail invoices are submitted with summary of telephone invoice.</p>	<u>Org. #</u>	<u>Acct. #</u>	<u>APV #</u>	<u>APV Amount</u>	3116		737744	\$1,251	-
<u>Org. #</u>	<u>Acct. #</u>	<u>APV #</u>	<u>APV Amount</u>							
3116		737744	\$1,251							
Total Questioned Costs		\$ <u>12,375</u>								

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient - Pohnpei**

**Unresolved Prior Year's Federal Findings**

Finding No. P00-5

Criteria: Findings from prior audit reports should be resolved in a timely manner.

Condition: The following findings from previous years' Single Audit Reports remain unresolved.

<u>Page No.</u>	<u>Finding No.</u>	<u>Description</u>
<b>FISCAL YEAR 1999</b>		
74	99-2	Allowable Costs/Costs Principles
75	99-3	Allowable Costs/Costs Principles-Specific Support
77	99-4	Allowable Costs/Costs Principles-Questionable Use of Compact Funds
78	99-5	Subrecipient Monitoring – PSHA
80	99-6	Equipment and Real Property Management
81	99-7	Compact Capital Fund – Allowable Costs/Cost Principles

Cause: The cause of the above condition is unknown.

Effect: Lack of timely resolution of audit findings hinders the effectiveness of Pohnpei State's administrative controls over federal awards.

Recommendation: Administrative control findings from previous Single Audit Reports should be satisfactorily resolved in a timely manner.

Auditee Response and Corrective Action Plan dated September 30, 2001: Department of Treasury & Administration has targeted the end of the Fiscal Year 2002 to resolve all its prior findings.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Headstart – Sufficiency of Service Provider (CFDA #93.600)**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y00-01	93.600	A service provider should be legally constituted.	\$ -

Condition: Operations of the Headstart Program (Headstart) were conducted by two entities during the year ended September 30, 2000. The Yap Community Action Program (Yap Cap) operated the program during the first six months and the last six months were purportedly the responsibility of the Yap State Department of Education. A memo dated July 16, 1999 to the Director, Children and Youth Development Unit, Pacific-West Regional Hub indicated that the State of Yap would operate the program after the removal of Yap Cap. We determined that the last six months of the program were not operated in accordance with the July 16 memo.

1. Headstart was not operated by the State of Yap or by a duly constituted non-profit corporation. It appears that the program was operated by a proprietorship that is not duly registered for tax purposes. As a result, it is possible that gross revenue taxes could be assessed on Headstart operations as they were not operated by the State or by a qualified non-profit corporation.
2. The aforementioned memo indicated that Headstart funds were to be deposited to the State's Treasury. Funds were actually drawn down under the prior arrangement with YapCap and were then deposited to a checking account maintained outside of the State's Treasury. We could not determine why the draw-down procedure was not revised by the federal government and why the funds were not deposited to the State's Treasury.
3. Employees of Headstart were previously employees of YapCap. It is not possible to determine their employer during the last six months.

We also note that the separately established checking account was in violation of State law that requires that such separately established checking accounts be established pursuant to Yap State law.

Cause: The cause of this condition appears to be that the State of Yap did not ensure compliance with the specifications of the July 16, 1999 memo.

Effect: The effect of this condition is difficult to determine as potential tax liabilities may be assessable by the Federated States of Micronesia. It is not possible to determine if an additional effect could occur. We note that this condition persisted throughout fiscal year 2001.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Headstart – Sufficiency of Service Provider (CFDA #93.600), Continued**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Recommendation:</u>	<u>Questioned Costs</u>
Y00-01	93.600	<p>The State of Yap should communicate with the federal grantor and ensure that corrective action is undertaken. Either Headstart employees should become employees of the State or a properly incorporated service provider should be established to operate the program.</p> <p><u>Auditee Response dated January 2, 2002:</u> When Yap Cap (Former Delegate Agency) determined in their letter (dated 6/28/99) to the Grantee not to administer the Yap Head Start Program, the Grantee and the Policy Council made a decision to find another Non Profit Organization to administer the program. The decision was based on these factors:</p> <p style="padding-left: 40px;">The Government of Yap is in a downsizing process and is intent to increase its private sector roles, particularly in the delivery of services. To absorb the additional service delivery responsibilities and personnel would be contrary to its goals.</p> <p style="padding-left: 40px;">A non-governmental organization that is community based and in tune with the community structure is better equipped to administer the program. It is the mission of the Grantee to empower communities in all education programs with the goal of having all school and education programs to be community based and accountable to the community.</p> <p>The desire of the Grantee and the Policy Council to delegate the program again was relayed to the regional office through meeting with Jan Len (Director of Children and Youth Development Unit) in San Francisco and again in Hawaii. All parties concurred with the concept of a delegate agency. The Grantee envisioned the transition would last no more than three months. However, a myriad of difficulties which were not anticipated caused the transition to linger up to this date.</p> <p><u>Corrective Measure:</u> An NGO has responded to the Grantees RFP and has submitted a proposal to administer the program. This proposal along with other related information was submitted to the regional office for their review and approval. The Grantee anticipated that once regional approval is granted, all Head Start personnel would be transferred to and become employees of this new organization. This organization would be able to draw down funds for program operations and relieve Yap Cap from drawing down Head Start funds into its account.</p>	



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Goals 2000 – Special Conditions**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y00-02	84.276A	<p>The Goals 2000 program requires that, after the initial year, at least 85% of the funds must be made available to individual schools to develop and implement comprehensive school improvement plans designed to help all children reach high academic standards.</p> <p><u>Condition:</u> The criteria was not set forth in the grant award received from the FSM National Government and we were unable to determine compliance with the criteria based on the approved budget.</p> <p><u>Cause:</u> The cause of this condition appears to be inadequate communication by the FSM National Government. Additionally, State officials did not appear to fully review applicable CFR requirements.</p> <p><u>Effect:</u> The effect of this condition is potential noncompliance with the Goals 2000 program. No specific costs are questioned as this matter would have to be assessed on a total FSM wide basis.</p> <p><u>Recommendation:</u> Prior to incurring expenditures under approved programs, State management should review and become familiar with applicable program requirements.</p> <p><u>Auditee Response and Corrective Action Plan dated December 22, 2001:</u> There are other requirements under the this specific program that we have no idea of as the National Government didn't give us any documentation as to how they should be met. We operated the program under the assumption that improvement to the overall system is the main focus.</p>	\$ -

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Goals 2000 Program – Special Conditions**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y00-03	84.276A	<p>Proportionate to the number of children in a State or in a local educational agency who are enrolled in private elementary and secondary schools, an LEA using Title III funds for teacher and administrator training must provide for the training of teachers and administrators in private schools.</p> <p><u>Condition:</u> The State was not able to provide documentation to determine compliance with the above criteria.</p> <p><u>Cause:</u> The cause of this condition is failure of the State to document compliance with the criteria.</p> <p><u>Effect:</u> The effect of this condition is noncompliance with the criteria.</p> <p><u>Recommendation:</u> The State should formally document its method of complying with the above criteria.</p> <p><u>Auditee Response and Corrective Action Plan dated December 22, 2001:</u> Our trainings were scheduled in advance and before the summer so public and private school staff can plan on attending. Participants from both, private and public schools are selected by their school Principals. We are operating under the inclusive criteria and we don't exclude anyone as we strongly believe that no child should be left behind.</p>	\$ -

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Telephone Charges – Allowable Costs/Cost Principles (CFDA #84.994S, 84.027B, 84.256A and 84.276A)**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y00-04	84.994S 84.027B 84.256A 84.276A	<p>Program charges should be identified as to being specific to the program. Otherwise, an allocation method should be reasonable and be approved by the grantor agency.</p> <p><u>Condition:</u> The State Department of Education maintains telephone logs that are inadequate for the purpose of determining the specific relationship of the charge to the program.</p> <p><u>Cause:</u> The telephone log was not designed to provide support of program charges.</p> <p><u>Effect:</u> The effect of this condition is that inadequate information exists to support the eligibility of program expenditures.</p> <p><u>Recommendation:</u> The State Department of Education should revise its phone log and ensure that adequate information exists to substantiate the direct relationship between the telephone charge and the program benefit derived.</p> <p><u>Auditee Response and Corrective Action Plan:</u> The Department of Education is reformatting the phone log to ensure that communication services relate to the program paying the bill.</p>	<p>\$ -</p>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Yap Star – Competitive Procurement (CFDA #84.256A)**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y00-05	84.256A	Adequate competition in procurement should occur.	\$ -

Condition: The program procured computers and related equipment in excess of \$100,000 during the year from a vendor. The procurement documents provided in support of the transactions were primarily from two US mainland based vendors. The quotations from the two vendors were on very similarly formatted forms. The last name of each of the two CEO's was the same and the telephone numbers had similar digits. When inquiry of program officials occurred, we were advised that the two vendors were independent as of the date of the procurement and subsequently merged. Due to these conditions, we were unable to determine why only these two vendors responded to the solicitation and whether these two vendors were indeed independent.

Cause: Inadequate documentation exists on site to resolve this issue.

Effect: The effect of this condition is an inability to conclude on whether compliance with federal procurement procedures with respect to this condition.

Recommendation: We recommend that the grantor agency review this transaction and determine whether the underlying costs are allowable.

Auditee Response and Corrective Action Plan: The grantee provided a response in a letter dated December 21, 2001. Please see attachment A.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Special Education – Competitive Procurement**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y00-06	84.027A	Small procurement procedures should be informally documented to ensure compliance with federal procurement procedures.	\$ 30,010

Condition: No informal procedures could be ascertained to ensure compliance with federal procurement procedures for the following transactions:

<u>Check number</u>	<u>\$ Amount</u>
2414	\$ 1,800
2673	3,143
1046	1,080
2605	4,867
2670	2,425
2997	4,000
3695	3,260
2425	4,372
4370	<u>5,063</u>
Total	\$ <u>30,010</u>

Cause: The cause of this condition appears to be that no informal procedures have been documented to ensure compliance with the criteria.

Effect: The effect of this condition is questioned costs of \$30,010.

Prior Year Status: Noncompliance with the criteria was cited in the 1999 Single Audit report.

Recommendation: The State should ensure compliance with the specified criteria.

Auditee Response and Correction Action Plan dated December 21, 2001: All review of all suppliers resulted in one supplier found with the capability of taking locally designed materials and producing the items which related well directly to the village culture in our community. We utilized the sole source supplier because we could find “no one else” who could do this for even 4x the cost.

Items purchased helped tremendously with awareness effort and activities in the school and in the communities for students with special needs and their families.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Prior Year Compliance Findings that Remain Outstanding**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y00-07	All	<p>Prior year findings should be addressed and resolved in a timely manner.</p> <p><u>Condition:</u> The following prior year findings remain unresolved:</p> <ol style="list-style-type: none"> <li>1. Finding 99-1 – Equipment and Real Property Management</li> <li>2. Finding 99-2 – Equipment and Real Property Management</li> </ol> <p><u>Cause:</u> The cause of this condition is the State of Yap’s failure to address the prior year findings.</p> <p><u>Effect:</u> The effect of this condition is noncompliance with federal rules and regulations.</p> <p><u>Recommendation:</u> The State should formulate and implement a plan of action. This plan is especially critical with respect to fixed assets due to the pending implementation of GASB 34.</p> <p><u>Auditee Response and Corrective Action Plan:</u> The Chief of Procurement and Property Management with the Director of Administrative Services will make sure that the physical inventory for all government property will be complete by the end of this fiscal year.</p> <p>The Chief of Procurement and Property Management with the help of Computer Manager will establish and maintain an updated property ledger for funding sources in the General Fixed Assets Account. They will try to complete this by the end of this fiscal year, but we are aware that this must be completed prior to the impending implementation of GASB #34.</p>	\$ -
Total Questioned Costs			\$ <u>30,010</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Yap Community Action Program –Headstart (CFDA #93.600)**

Finding Number Y00-10

Criteria: All program disbursements should be adequately substantiated.

Condition: Supporting documents could not be provided for hotel accommodations charged to the Headstart program. Furthermore, per diem for a total of eight days in Hawaii was charged to the program. However, no documentation was provided to demonstrate how the program benefited from the expense.

Cause: The cause of the above condition is that supporting documentation is not retained to support disbursements.

Effect: No amount will be questioned as the total involved in the condition falls below the \$10,000 threshold.

Recommendation: We recommend that all supporting documentation be retained to support all disbursements.

Auditee Response and Corrective Action Plan: We believe that this is an isolated case and we will review the transaction in question and provide documentation to fully substantiate the charge.

**Headstart Competitive Procurement (CFDA #93.600)**

Finding Number Y00-11

Criteria: Compliance should occur with federal competitive procurement requirements.

Condition: There was no evidence of competitive procurement for the purchase of office equipment (check nos. 1010 & 1012) for the program.

Cause: The cause of the above is lack of procurement policies.

Effect: The impact of the above condition could be questioned costs and noncompliance with federal regulations.

Recommendation: We recommend that evidence of competitive procurement be maintained on file, in accordance with federal procurement procedures.

Auditee Response and Corrective Action Plan dated January 2, 2002: This over spending issue was actually brought up and discussed when the Program Director and the Fiscal Officer met with the Outer Pacific Program and Financial Specialists. Having been made aware of the nature of the over spending in the equipment budget category, the Program and Financial specialists had recommended that a documentation of such undertaking be filed both at the regional office as well as at the Program for audit purposes. However, they have cautioned that any future purchases with federal funds that requires procurement procedures must be in line with the federal procurement standards.

The Program Administration have implemented and will make sure that any purchases over \$10,000 will be acquired through competitive procurement procedure.

**NATIONAL GOVERNMENT  
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Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Yap Community Action Program - Headstart Program– Reporting and Cash Management (CFDA #93.600)**

Finding Number Y00-13 (a)

Criteria: Required federal financial reports should be submitted in a timely manner.

Condition: PMS 269 reports are required to be submitted semi-annually 30 days after the end of the reporting period. The PMS 269 Report for the six-month period ended September 30, 2000 was submitted 152 days late.

PMS 272 reports are required to be submitted 45 days after quarter end. The PMS 272 Reports for all quarters were submitted late as follows:

<u>Quarter</u>	<u>Date Due</u>	<u>Submitted</u>	<u>Days Late</u>
12/31/99	2/14/00	2/15/00	1
01/31/00	5/15/00	5/25/00	10

In addition, the reports submitted should be supported by the accounting records, and requests for advances of funds should be limited to immediate needs.

Total expenses reported on the PMS 269 reports had a \$59,625 variance with the supporting general ledger. Furthermore, requests for cash advances were not limited to immediate needs.

Cause: The cause of the above condition is inadequacies in the accounting records.

Effect: Noncompliance with federal financial reporting requirements occurs as a result of this condition.

Recommendation: We recommend that management ensure that required financial reports are submitted on a timely basis and are adequately supported by the accounting records.

Auditee Response and Corrective Action Plan dated December 21, 2001: This was caused by the challenges associated with the transition period and the program regulations. The Head Start Office will provide a more detail response and action plan separately.

Response from Head Start Office dated January 2, 2002: This particular finding had been, in essence, communicated to Region IX Office of the fact that when financial handling of the program was shifted to us from our former delegate agency, the Program was simply not informed of that particular requirement. The Program was only told by its former delegate agency that the PMS 272 was the only document that it should file 45 days after each quarter ended. Furthermore, that particular letter to Region IX Office sought for Region IX's acceptance of our late filing of that particular report.

The first late submission (1 day late) will be responded to by our former delegate agency since during these periods it (delegate agency) still handled the financial aspect of our Program. The latter late submission incidence (10 days late) was due in large to the then newly implemented PMS 272 internet reporting requirement. As a new system to file PMS 272 reports, the system actually needed some adjustments to become a viable reporting medium. Hence, PMS Office had to delay the regular submission date for that particular said report until to perfected the system. In effect, it had caused us to report that particular PMS 272 rather late.



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Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Yap Community Action Program - Headstart Program– Reporting and Cash Management (CFDA #93.600), Continued**

Response from Head Start Office dated January 2, 2002, Continued

Corrective Measure: Having been notified and made aware of this requirement at the early part of 2001 when the Program Director and the Fiscal Officer met with the Region IX Outer Pacific Specialists in San Francisco, our Program accounting division will make sure that this financial reporting requirement will always be filed and submitted in a timely manner.

To date from the above discussed delinquent PMS 272, we have been filing our PMS 272 report as per the readiness of the PMS Office internet system.

**NATIONAL GOVERNMENT  
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Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Headstart Program – Reporting and Cash Management (CFDA #93.600)**

Finding Number 00-13 (b)

Criteria: Required federal financial reports should be submitted in a timely manner.

Condition: PMS 269 reports are required to be submitted semi-annually 30 days after the end of the reporting period. The PMS 269 Report for the six-month period ended September 30, 2000 was submitted 152 days late.

PMS 272 reports are required to be submitted 45 days after quarter end. The PMS 272 Reports for all quarters were submitted late as follows:

<u>Quarter</u>	<u>Date Due</u>	<u>Date Submitted</u>	<u>Days Late</u>
6/30/00	8/14/00	10/09/00	56
9/30/00	11/14/00	01/16/01	63

In addition, the reports submitted should be supported by the accounting records, and requests for advances of funds should be limited to immediate needs.

Total expenses reported on the PMS 269 reports had a \$59,625 variance with the supporting general ledger. Furthermore, requests for cash advances were not limited to immediate needs.

Cause: The cause of the above condition is inadequacies in the accounting records.

Effect: Noncompliance with federal financial reporting requirements occurs as a result of this condition.

Recommendation: We recommend that management ensure that required financial reports are submitted on a timely basis and are adequately supported by the accounting records.

Auditee Response and Corrective Action Plan dated January 2, 2002: This finding resulted from purely human error. When the accounting division submitted its quarterly PMS reports which eventually totaled and transcribed on the PMS 269 Report, it had over calculated its actual disbursements. The amount reported as a variance is actually an over reporting on the Program actual cash disbursement. In addition, when these said reports were submitted, the accounts were never reconciled and therefore the reported PMS 269 figure was not accurate. The discrepancies which resulted in the variance was revealed when the Program accounting was computerized using an accounting software at the latter part of this year. The supporting general ledger is the accurate figure since all the program accounts at the local banks have been reconciled and every checks disbursed have been accounted for.

As hinted above, the accounting of the Program funds have been computerized using a Quick Book Accounting software. The software have been set up by an outside source and is actively been used by the Program accounting division to enter and track cash disbursements and other required accounting uses.

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Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Federal Findings and Questioned Costs - Monitoring Subrecipients - Subrecipient – Yap**

**Yap Community Action Program –Headstart Eligibility (CFDA #93.600)**

Finding Number 00-14

Criteria: Student files maintained should support student eligibility.

Condition: Of twenty-five student files reviewed for eligibility, there was no application form/parent consent form on file for the 1999/2000 school year for two students. Furthermore, there is insufficient documentation on file to determine the annual income of one of the student's families.

Cause: Program management is not adequately reviewing student files to ensure that all pertinent documents/information is retained.

Effect: The effect of this condition is noncompliance with the program's established procedures for maintenance of student files.

Recommendation: We recommend that controls be strengthened to ensure that the eligibility determination procedures are complied with and that accurate records are maintained.

Auditee Response and Corrective Action Plan dated December 21, 2001: The files are no longer with us so Yap CAP can not research the finding. Consequently, the Head Start Office will provide the response and action plan which will be submitted separately.

Response from Head Start Office dated January 2, 2002: This is also a finding from the Federal Review Team during their monitoring in 1999. After the review, the Grantee (SEED), and the Regional Office have had consultant come in to provide technical assistance to the program. This has resulted in complete overall change in the management and structure of the program. The program now has specific staff assigned to ensure that all families meet eligibility criteria before enrolling in the program.

Corrective Measures: Under the new organizational structure, the Family & Community Partnership Manager and her staff (Family Service Worker) have been tasked to ensure that all families meet all Federal criteria and other pertinent information are documented and maintained in the student files. Procedures and policies have been developed to ensure that the program maintained compliance with Federal regulations.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Unresolved Prior Years' Questioned Costs  
Year Ended September 30, 2000

The following is a summary of unresolved federal questioned costs for the National Government.

	Questioned Costs Set Forth in Prior Audit Report <u>1999</u>	Questioned Costs Resolved in Fiscal Year <u>2000</u>	Questioned Costs at <u>September 30, 2000</u>
Unresolved Questioned Costs FY 96	\$ 515,520	\$ 515,520 (1)	\$ -
Unresolved Questioned Costs FY 98	15,316	-	15,316
Unresolved Questioned Costs FY 99	68,156	-	68,156
Unresolved Questioned Costs FY 00	<u>-</u>	<u>-</u>	<u>75,221</u>
	<u>\$ 598,992</u>	<u>\$ 515,520</u>	<u>\$ 158,693</u>

(1) Findings have been reported to federal agencies for in excess of the two year threshold.



**FEDERATED STATES OF MICRONESIA**  
**YAP EDUCATION ENTERPRISING DEPARTMENT**

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**In reference to:**

Federal Findings Item No. 00-05 "Adequate competition in procurement should occur".

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In all computer bids involving the FASEG program we have used the same technique of requesting bidders and awarding the winner, each time *we did follow procedures* dictated to us by the program and the granting agency.

In this case, because of the technique used there was the situation of one vendor showing a presents of two, even with that happening we still met the requirements for the bidding procedures.

**The following is the technique we use for the bidding process:**

- We post notices locally to insure that everyone is informed and given the chance to bid.  
*>Although there is not a vendor locally for this type of equipment we would allow the award if they can partner with a vendor that does meet the criteria.*
- We use the Web to search for possible vendors on the west coast of the US that meet the criteria of a vendor capable of handling the size of order.  
*>A copy of all bid information is faxed and/or e-mailed to their sales department.*
- Any vendor that has won a bid in the past with us and were successful with the delivery and service of that equipment is sent bid information.
- The bid information is complete and follows the needed information for a vendor to bid; it also contains contact information if a vendor needs more information.

**Reasons a vendor might not choose to respond to our request:**

- We have found that most vendors do not want to ship out to Micronesia either due to some islands not paying on-time and/or they are not willing to deal with a container ship for their shipping method.
- Some companies do not want to ship to a foreign country (even with our close ties to the US).
- Vendor does not meet the specified requirements.

**What happen on this order:**

- First, it is not unusual for vendors not to respond to a request for bid out here, some will see the location and just trash the request.
- I researched the web for west coast vendors and selected some to send information to. (one of these were Mac-Online (a vendor in question)).
- I also sent information to Planet Mac as a vendor that had previously won a bid from us for equipment (at the time we had no knowledge of the planned merger of these two companies).

**Conclusion:**

We continue to try to select vendors that might be willing to answer our requests for bids and who can supply materials at a reasonable cost (that is why we go to vendors on the west coast of the US).



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It is a fact that the lists of vendors willing to go through this process is getting very short due to problems with doing business out here in the Pacific. In particular, computer equipment does not have a very high markup with the vendors that give the best prices (mail order type).

We have been able to stretch our purchasing dollar by finding these vendors that do give us local US costs and are willing to ship out to us in Micronesia. All the time we make sure we follow the guidelines designed as if we have lots of choices.



James L. Stevenson  
FASEG Coordinator 2000-2001