

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**

**REPORT ON THE AUDIT OF
FINANCIAL STATEMENTS IN ACCORDANCE
WITH OMB CIRCULAR A-128**

FOR THE YEAR ENDED SEPTEMBER 30, 1991

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
FOR THE YEAR ENDED SEPTEMBER 30, 1991**

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**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**

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

YEAR ENDED SEPTEMBER 30, 1991



INDEPENDENT AUDITORS' REPORT

Honorable Bailey Olter
President
Federated States of Micronesia

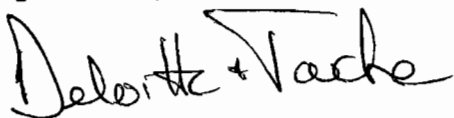
We have audited the accompanying general purpose financial statements of the Federated States of Micronesia National Government, as of September 30, 1991, and for the year then ended. These general purpose financial statements are the responsibility of the National Government's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The financial statements of the Enterprise Funds, a proprietary fund type (see notes 1, 5 and 7) were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Enterprise Funds, is based solely on the reports of the other auditors.

Except as described in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance 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 financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

The National Government has not adequately updated its General Fixed Assets Account Group during the year ended September 30, 1991, nor were we able to apply sufficient alternative procedures to assure ourselves as to the correctness of the balances set forth in the accompanying financial statements.

In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments which may be required as a result of our inability to satisfy ourselves concerning the General Fixed Assets Account Group, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Federated States of Micronesia National Government, as of September 30, 1991, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

April 10, 1992

A handwritten signature in cursive script that reads "Deloitte + Tache". The signature is written in dark ink and is positioned above the printed name of the firm.

Certified Public Accountants

NATIONAL GOVERNMENT
 FEDERATED STATES OF MICRONESIA
Combined Balance Sheet - All Fund Types and Account Groups
September 30, 1991
 (With comparative totals as of September 30, 1990)

	Governmental Fund Types			Proprietary Funds		Fiduciary Funds		Account Groups		Totals	
	General	Special	Capital	Enterprise	Internal	Expendable		General	General	(Memorandum Only)	
	Fund	Funds	Fnds			Funds	Service	Trust	Social	Fixed	Long-Term
								Assets	Debt		
Assets											
Cash and											
equivalents	\$11,425,570	\$ 1,826,870	\$ -	\$ 3,409,018	\$ -	\$ 584,240	\$ 5,225,607	\$ -	\$ -	\$ 22,471,305	\$ 12,502,267
TCDs and other											
term deposits											
(Note 2)	1,502,852	-	-	9,948,147	-	-	450,000	-	-	11,900,999	34,126,685
Investments											
(Note 2)	15,926,712	6,689,901	5,797,686	31,600,985	-	-	7,180,987	-	-	67,196,271	26,728,033
Receivables											
from other											
governments											
and agencies,											
net	275,638	3,605,766	-	-	-	-	-	-	-	3,881,404	4,132,589
Receivables,											
from TTPI/OTIA	-	1,818,600	608,392	-	-	-	-	-	-	2,426,992	2,635,666
General											
receivables,											
net	21,783	-	-	1,226,904	-	106,520	4,096	-	-	1,359,303	1,127,520
Loans											
receivable,											
net	2,360,756	-	3,750,000	7,288,694	-	-	-	-	-	13,399,450	4,787,784
Advances	1,252,031	-	-	87,361	-	-	11,715	-	-	1,351,107	1,162,302
Due from other											
funds	4,038,218	3,215,946	78,822	-	30,108	362,111	-	-	-	7,725,205	6,895,335
Interest and											
other											
receivables	202,919	93,347	85,452	1,068,777	-	-	-	-	-	1,450,495	1,399,799
Deferred charges	-	-	-	1,182,093	-	-	-	-	-	1,182,093	278,484
Inventory	-	-	-	149,683	93,743	-	-	-	-	243,426	567,064
Restricted											
assets (Note 8)	-	-	-	1,328,454	-	-	-	-	-	1,328,454	1,464,287
Amount to be											
provided for											
retirement of											
long-term debt	-	-	-	-	-	-	-	-	2,919,882	2,919,882	424,650
Fixed assets											
(Note 1)	-	-	-	15,556,096	-	-	-	25,812,795	-	41,368,891	34,541,884
Total											
assets	\$37,006,479	\$17,250,430	\$10,320,352	\$72,846,212	\$123,851	\$1,052,871	\$12,872,405	\$25,812,795	\$2,919,882	\$180,205,277	\$132,774,349

See accompanying notes to combined financial statements.

NATIONAL GOVERNMENT
 FEDERATED STATES OF MICRONESIA
 Combined Balance Sheet - All Fund Types and Account Groups
 September 30, 1991
 (With comparative totals as of September 30, 1990)

	Governmental Fund Types			Proprietary Funds		Fiduciary Funds		Account Groups		Totals	
	General	Special	Capital	Enterprise	Internal	Expendable	Social	General	General	(Memorandum Only)	
	Fund	Funds	Fnds	Funds	Service	Funds	Security	Assets	Debt	1991	1990
Liabilities and Fund Equity											
Liabilities:											
Bank overdraft	\$ 1,992,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,754	\$ -	\$ -	\$ 2,051,951	\$ -
Accounts payable	414,294	350,559	192,622	181,520	4,891	635,708	33,604	-	-	1,813,198	3,499,976
Accrued payroll & others	168,888	25,173	1,501	1,234,031	-	1,438	-	-	-	1,431,031	942,127
Tax refunds payable	355,618	-	-	-	-	-	-	-	-	355,618	249,860
Due to other funds	-	6,477,996	1,247,209	-	-	-	-	-	-	7,725,205	6,895,335
Due to FSM State governments	2,110,848	3,821,290	34,455	-	-	-	-	-	-	5,966,593	6,424,239
Deferred revenues	332,012	-	-	46,093	-	-	-	-	-	378,105	302,830
Vacation leave accrual	-	-	-	-	-	-	-	-	459,882	459,882	424,650
Advances for grants, TTPI/OTIA & other agencies	-	1,240,645	-	-	-	-	-	-	-	1,240,645	577,792
Notes payables	-	-	-	14,464,756	-	-	-	-	2,460,000	16,924,756	-
Other	243,272	-	-	-	-	-	-	-	-	243,272	167,499
Total liabilities	5,617,129	11,915,663	1,475,787	15,926,400	4,891	637,146	93,358	-	2,919,882	38,590,256	19,484,308
Commitments and contingencies (Note 3)											
Fund equity:											
Contributed capital	-	-	-	46,391,540	93,743	-	-	25,812,795	-	72,298,078	58,985,553
Retained earnings	-	-	-	10,528,272	25,217	-	-	-	-	10,553,489	9,779,790
Fund balance:											
Reserved for:											
Benefits	-	-	-	-	-	-	12,779,047	-	-	12,779,047	-
Loans	2,360,756	-	3,750,000	-	-	-	-	-	-	6,110,756	-
Related assets											
Encumbrances	1,267,361	-	-	-	-	-	-	-	-	1,267,361	1,049,381
Continuing appropriations (Note 4)	2,590,590	1,519,753	781,759	-	-	-	-	-	-	4,892,102	6,740,221
Investment diminution	7,782,608	1,549,239	1,846,072	-	-	-	-	-	-	11,177,919	18,523,106
Unreserved	125,768	-	-	-	-	-	-	-	-	125,768	255,670
Total fund equity	17,262,267	2,265,775	2,466,734	-	-	415,725	-	-	-	22,410,501	17,956,320
Total liabilities and fund equity	31,389,350	5,334,767	8,844,565	56,919,812	118,960	415,725	12,779,047	25,812,795	-	141,615,021	113,290,041
Total liabilities and fund equity	\$37,006,479	\$17,250,430	\$10,320,352	\$72,846,212	\$123,851	\$1,052,871	\$12,872,405	\$25,812,795	\$2,919,882	\$180,205,277	\$132,774,349

See accompanying notes to combined financial statements.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance
All Governmental Fund Types and Expendable Trust Funds
Year ended September 30, 1991
(With comparative totals for the year ended September 30, 1990)

	Governmental Fund Types			Fiduciary Funds		Totals	
	General Fund	Special Revenue Funds	Capital Projects Funds	Expendable Trust Funds	Social Security	(Memorandum Only)	
						1991	1990
Revenues:							
U.S. federal contributions (including DOI)	\$ -	\$ 1,834,595	\$ 244,761	\$ -	\$ -	\$ 2,079,356	\$ 2,289,950
Compact funds	3,281,392	3,921,814	-	-	-	7,203,206	21,639,810
Other	<u>23,847,157</u>	<u>727,053</u>	<u>6,768,608</u>	<u>1,413,881</u>	<u>4,808,067</u>	<u>37,564,766</u>	<u>25,164,717</u>
Total revenues	<u>27,128,549</u>	<u>6,483,462</u>	<u>7,013,369</u>	<u>1,413,881</u>	<u>4,808,067</u>	<u>46,847,328</u>	<u>49,094,477</u>
Expenditures:							
Executive branch	8,889,166	7,682,525	1,245,760	1,062,457	-	18,879,908	17,460,526
Judicial branch	662,504	-	-	-	-	662,504	581,917
Boards and commissions	996,668	-	-	-	-	996,668	974,634
Legislative branch	2,204,007	-	-	-	-	2,204,007	2,415,799
Office of the Public Auditor	335,515	-	-	-	-	335,515	244,262
Other National Government programs	2,507,665	-	-	-	-	2,507,665	1,927,691
Other legislative appropriations	3,936,227	-	-	-	-	3,936,227	3,325,512
Other	<u>502,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,217,301</u>	<u>4,719,318</u>	<u>180,599</u>
Total expenditures	<u>20,033,769</u>	<u>7,682,525</u>	<u>1,245,760</u>	<u>1,062,457</u>	<u>4,217,301</u>	<u>34,241,812</u>	<u>27,110,940</u>
Revenues in excess of (less than) expenditures	<u>7,094,780</u>	<u>(1,199,063)</u>	<u>5,767,609</u>	<u>351,424</u>	<u>590,766</u>	<u>12,605,516</u>	<u>21,983,537</u>
Other sources (uses):							
Operating and other transfers in (out), net (Note 5)	(2,313,874)	(8,501,167)	(2,200,000)	-	-	(13,015,041)	(6,904,943)
MTN loan proceeds/payments (Note 9)	<u>-</u>	<u>-</u>	<u>2,460,000</u>	<u>-</u>	<u>-</u>	<u>2,460,000</u>	<u>-</u>
	<u>(2,313,874)</u>	<u>(8,501,167)</u>	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>(10,555,041)</u>	<u>(6,904,943)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	4,780,906	(9,700,230)	6,027,609	351,424	590,766	2,050,475	15,078,594
Fund balance, beginning of year	26,608,444	15,034,997	2,816,956	64,301	12,188,281	56,712,979	29,833,777
Adjustment to beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(387,673)</u>
Fund balance, end of year	<u>\$31,389,350</u>	<u>\$ 5,334,767</u>	<u>\$8,844,565</u>	<u>\$ 415,725</u>	<u>\$12,779,047</u>	<u>\$58,763,454</u>	<u>\$44,524,698</u>

See accompanying notes to combined financial statements.

**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, 1991

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Compact grants	\$ 3,876,059	\$ 3,281,392	\$ (594,667)
Locally derived taxes	5,600,000	6,147,367	547,367
Fishing rights fees	12,000,000	12,841,213	841,213
Fishing violation fines	-	42,500	42,500
Postal revenues	400,000	467,074	67,074
Earnings on investments	1,750,000	3,803,208	2,053,208
Business fees and fines	300,000	66,688	(233,312)
Penalties and interest on delinquent taxes	-	332,068	332,068
Other	<u>-</u>	<u>147,039</u>	<u>147,039</u>
Total revenues	<u>23,926,059</u>	<u>27,128,549</u>	<u>3,202,490</u>
Expenditures:			
Executive branch	9,602,729	9,002,601	600,128
Judicial branch	730,105	674,189	55,916
Boards and commissions	1,125,526	1,029,513	96,013
Legislative branch	2,390,356	2,238,583	151,773
Office of the Public Auditor	376,400	324,544	51,856
Other National Government programs	3,264,230	2,216,907	1,047,323
Other legislative appropriations	10,171,944	3,575,927	6,596,017
Unfunded expenditures	<u>-</u>	<u>502,017</u>	<u>(502,017)</u>
Total expenditures	<u>27,661,290</u>	<u>19,564,281</u>	<u>8,097,009</u>
Revenues in excess of (less than) expenditures	<u>(3,735,231)</u>	<u>7,564,268</u>	<u>11,299,499</u>
Other sources (uses):			
Operating transfers (out)	<u>(2,271,779)</u>	<u>(2,274,324)</u>	<u>(2,545)</u>
Total other sources (uses)	<u>(2,271,779)</u>	<u>(2,274,324)</u>	<u>(2,545)</u>
Excess (Deficiency) of revenues and other sources over expenditures and other uses	(6,007,010)	5,289,944	11,296,954
Unreserved fund balance, beginning of year	7,903,523	7,903,523	-
Other changes in unreserved fund balance:			
Increase in reserve for loans	-	(2,360,756)	(2,360,756)
Increase in reserve for related assets	-	(217,980)	(217,980)
Decrease in reserve for continuing appropriations	-	6,119,803	6,119,803
Decrease in reserve for investment diminution	-	129,902	129,902
Net encumbrance adjustments	<u>-</u>	<u>397,831</u>	<u>397,831</u>
Unreserved fund balance, end of year	<u>\$ 1,896,513</u>	<u>\$17,262,267</u>	<u>\$15,365,754</u>

See accompanying notes to combined financial statements.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS
Combined Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual, Budgetary Basis
Year ended September 30, 1991

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Compact base grants	\$ 3,921,814	\$ 3,921,814	\$ -
U.S. Federal contributions	1,834,595	1,834,595	-
Other	<u>-</u>	<u>727,053</u>	<u>727,053</u>
Total revenues	<u>5,756,409</u>	<u>6,483,462</u>	<u>727,053</u>
Expenditures (budgetary basis):			
Executive branch	<u>6,916,939</u>	<u>6,953,215</u>	<u>(36,276)</u>
Total expenditures	<u>6,916,939</u>	<u>6,953,215</u>	<u>(36,276)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,160,530)</u>	<u>(469,753)</u>	<u>690,777</u>
Other financing sources (uses):			
Operating transfers in	1,120,800	1,120,800	-
Operating transfers out	<u>(9,621,967)</u>	<u>(9,621,967)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,501,167)</u>	<u>(8,501,167)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(9,661,697)	(8,970,920)	690,777
Unreserved fund balance, beginning of year	10,107,059	10,107,059	-
Other changes in unreserved fund balance:			
Decrease in reserve for continuing appropriations	<u>-</u>	<u>1,129,636</u>	<u>1,129,636</u>
Unreserved fund balance, end of year	<u>\$ 445,362</u>	<u>\$ 2,265,775</u>	<u>\$1,820,413</u>

See accompanying notes to combined financial statements.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Combined Statement of Revenues, Expenses and Changes in
Fund Equity - Proprietary Fund Types
Year ended September 30, 1991

(With comparative totals for the year ended September 30, 1990)

	Internal Service	Enterprise Fund	Totals (Memorandum Only)	
			1991	1990
Revenues:				
Charges for goods and Services	\$ 56,893	\$ 5,433,734	\$ 5,490,627	\$ 4,864,072
Rental income/interest income	-	2,063,508	2,063,508	1,642,095
Other	-	135,345	135,345	77,865
Total revenues	<u>56,893</u>	<u>7,632,587</u>	<u>7,689,480</u>	<u>6,584,032</u>
Operating expenses:				
Personnel services	-	479,250	479,250	415,566
Supplies and materials	68,358	21,219	89,577	81,753
Other	4,147	1,263,210	1,267,357	869,019
Depreciation	-	69,923	69,923	53,426
Cost of sales	-	5,108,553	5,108,553	3,905,457
Total operating expenses	<u>72,505</u>	<u>6,942,155</u>	<u>7,014,660</u>	<u>5,325,221</u>
Operating income (loss)	<u>(15,612)</u>	<u>690,432</u>	<u>674,820</u>	<u>1,258,811</u>
Non-operating revenues:				
Interest income	-	1,361,579	1,361,579	1,634,626
Transfers in from General Fund and other sources	-	1,958,090	1,958,090	(39,880)
Miscellaneous	-	47,914	47,914	286,832
Equity in subsidiary loss (Note 13)	-	(1,586,116)	(1,586,116)	-
Total non-operating revenues	<u>-</u>	<u>1,781,467</u>	<u>1,781,467</u>	<u>1,881,578</u>
Net income	<u>(15,612)</u>	<u>2,471,899</u>	<u>2,456,287</u>	<u>3,140,389</u>
Retained earnings, beginning of year	40,829	9,738,961	9,779,790	6,618,041
Adjustment to retained earnings, beginning of year	-	(1,682,588)	(1,682,588)	21,360
Retained earnings, end of year	<u>\$ 25,217</u>	<u>\$10,528,272</u>	<u>\$10,553,489</u>	<u>\$ 9,779,790</u>
Contributed capital, beginning of year	\$ 62,225	\$34,768,192	\$34,830,417	\$28,182,468
Current year additions	<u>31,518</u>	<u>11,623,348</u>	<u>11,654,866</u>	<u>6,647,949</u>
Contributed capital, end of year	<u>\$ 93,743</u>	<u>\$46,391,540</u>	<u>\$46,485,283</u>	<u>\$34,830,417</u>

See accompanying notes to combined financial statements.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
PROPRIETARY FUND TYPES**

Combined Statement of Cash Flows

Year ended September 30, 1991

(With comparative totals for the year ended September 30, 1990)

	Internal <u>Service</u>	Enterprise <u>Fund</u>	Totals	
			<u>(Memorandum Only)</u>	
			<u>1991</u>	<u>1990</u>
<u>Operating Activities</u>				
Net income	\$ (15,612)	\$ 1,194,507	\$ 1,178,895	\$ 2,080,788
Add back items not affecting cash:				
Depreciation	-	1,034,905	1,034,905	868,514
Prior period adjustment	-	(1,583,943)	(1,583,943)	18,968
Bad debt	-	3,183	3,183	-
Equity in subsidiary loss	-	<u>1,586,116</u>	<u>1,586,116</u>	<u>-</u>
	<u>(15,612)</u>	<u>2,234,768</u>	<u>2,219,156</u>	<u>2,968,270</u>
Changes in Working Capital:				
Cash advances	-	76,792	76,792	(1,250)
Travel advances	-	(28,678)	(28,678)	1,644
Interest receivable	-	(175,623)	(175,623)	51,305
Accounts receivable trade	-	(104,742)	(104,742)	(139,250)
Unbilled accounts receivable	-	(29,801)	(29,801)	(54,142)
Accounts receivable other	-	(34,557)	(34,557)	72,191
Materials and supplies inventory	-	65,270	65,270	(53,356)
Inventory trade	(31,518)	289,886	258,368	(245,082)
Prepaid expenses	-	(196,709)	(196,709)	(79,854)
Accrued earnings	-	320,748	320,748	(468,180)
Deferred charges	-	(903,609)	(903,609)	(9,064)
Loans receivable	-	(2,404,611)	(2,404,611)	(173,707)
Accounts payable	476	161,690	162,166	199,521
Due from other funds	15,136	(100,972)	(85,836)	(836)
Accrued payroll	-	3,368	3,368	10,396
Accrued payroll taxes and benefits	-	12,594	12,594	19,972
Credit life insurance premium	-	7,498	7,498	(18,957)
Accrued leave payable	-	20,361	20,361	(15,895)
Deferred revenue	-	18,272	18,272	30,603
Accrued expenses other	-	16,877	16,877	128,608
Deferred credits	-	<u>3,351</u>	<u>3,351</u>	<u>-</u>
	<u>(15,906)</u>	<u>(2,982,595)</u>	<u>(2,998,501)</u>	<u>(745,333)</u>
Cash generated (used) by operating activities	<u>(31,518)</u>	<u>(747,827)</u>	<u>(779,345)</u>	<u>2,222,937</u>
<u>Capital Related Financing Activities</u>				
Proceeds from notes	-	14,464,756	14,464,756	-
Acquisition of fixed assets	-	(741,503)	(741,503)	(3,742,339)
Disposals of fixed assets	-	14,534	14,534	4,136
Interest income	-	<u>495,464</u>	<u>495,464</u>	<u>-</u>
Cash generated (used) by capital related financing activities	<u>-</u>	<u>14,233,251</u>	<u>14,233,251</u>	<u>(3,738,203)</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
PROPRIETARY FUND TYPES
Combined Statement of Cash Flows, Continued
Year ended September 30, 1991

(With comparative totals for the year ended September 30, 1990)

	<u>Internal</u>	<u>Enterprise</u>	<u>Totals</u>	
	<u>Service</u>	<u>Fund</u>	<u>(Memorandum Only)</u>	
			<u>1991</u>	<u>1990</u>
<u>Non-Capital Related</u>				
<u>Financing Activities</u>				
CFSM Appropriations	\$ -	\$ 768,000	\$ 768,000	\$ 771,000
Contributed Capital received	<u>31,518</u>	<u>11,794,337</u>	<u>11,825,855</u>	<u>5,936,154</u>
Cash generated (used) by financing activities	<u>31,518</u>	<u>12,562,337</u>	<u>12,593,855</u>	<u>6,707,154</u>
<u>Investment Financing Activities</u>				
Increase in investment	-	(23,434,067)	(23,434,067)	5,048,160
Investment in joint venture	-	(1,226,486)	(1,226,486)	-
Escrow fund	-	(6,060,333)	(6,060,333)	-
Project under construction	-	(1,216,200)	(1,216,200)	-
Plant in service	<u>-</u>	<u>(4,402,252)</u>	<u>(4,402,252)</u>	<u>-</u>
Cash generated (used) by investing activities	<u>-</u>	<u>(36,339,338)</u>	<u>(36,339,338)</u>	<u>5,048,160</u>
Net increase (decrease) in cash and equivalents	-	(10,291,577)	(10,291,577)	10,240,048
Cash and equivalents, beginning of year	<u>-</u>	<u>24,040,577</u>	<u>24,040,577</u>	<u>13,800,529</u>
Cash and equivalents, end of year, restricted (Note 8)	-	391,835	391,835	788,340
Cash and equivalents, end of year, unrestricted	<u>-</u>	<u>13,357,165</u>	<u>13,357,165</u>	<u>23,252,237</u>
Total cash and equivalents, end of year	<u>\$ -</u>	<u>\$13,749,000</u>	<u>\$13,749,000</u>	<u>\$24,040,577</u>

See accompanying notes to combined financial statements.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Statement of Changes in General Fixed Asset Account Group
Year ended September 30, 1991
 (With comparative totals for the year ended September 30, 1990)

	<u>1991</u>	<u>1990</u>
Balance, beginning of year	\$24,155,136	\$ 4,680,246
Current year additions	1,777,291	19,781,021
Current year deletions	<u>(119,632)</u>	<u>(306,131)</u>
Balance, end of year	<u>\$25,812,795</u>	<u>\$24,155,136</u>

See accompanying notes to combined financial statements.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements
September 30, 1991

(1) SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and as described in Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. The accompanying statements include all fund types and account groups of the Federated States of Micronesia National Government.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based on application of the above, the National Government has determined that the following component units should also be included in the accompanying general purpose financial statements.

Enterprise Funds

- FSM Telecommunication Corp.
- FSM Development Bank
- FSM Coconut Development Authority
- National Fisheries Corporation

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1991

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fiduciary Funds

- FSM Social Security Administration

The FSM Social Security Administration has been included in the National Government financial statements for the first time as of September 30, 1991, based on the above criteria for inclusion of component units. Due to a difference in the reporting period from the rest of the National Government, financial results for FSM Social Security are included as of March 31, 1991.

- B. Fund Structure and Basis of Accounting. The accompanying financial statements are structured into three categories of funds and two Account Groups. The fund categories include governmental funds, proprietary funds, and fiduciary funds. The Account Groups include General Fixed Assets and General Long-Term Debt.

The Federated States of Micronesia National Government governmental funds include:

1. The General Fund - used to account for all financial transactions not accounted for in another fund;
2. Special Revenue Funds - used to account for specific revenues earmarked to finance particular programs and activities;
3. Capital Projects Funds - used to account for the acquisition or construction of all major governmental general fixed assets.

All of the governmental funds are presented on the modified accrual basis of accounting. In accordance with the modified accrual basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded at the time liabilities are incurred except:

- a. Inventories generally are considered expenditures at acquisition.
- b. Prepayments usually are not recorded.

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 cancelled.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The proprietary funds include:

1. Enterprise Funds which are used to account for the operations of National Government agencies, which are designed to be self-sufficient and which render services to the general public on a user charge basis.
2. Internal Service Fund is the Supply Stock revolving fund of FSM National Government created into law by Public Law No. 4-74 for the government to benefit from discounted prices of supplies and other items available from volume purchasing.

The proprietary funds are accounted for on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The fiduciary funds include:

Expendable Trust Funds which are used to account for assets held by the National Government as trustee. Expendable Trust funds are accounted for on the modified accrual basis of accounting.

Social Security Administration is an expendable trust fund but does not account for its operations in accordance with generally accepted accounting principles. The financial statements included for Social Security Administration have been prepared on the cash basis of accounting. Revenues are recognized only when received and expenditures are recorded only when paid. Accounting for the Social Security Administration does not generally follow pension fund accounting and accordingly the present value of the liability of prospective benefit payments and the present value of future contributions required are not recorded. However, the Administration's investments are carried at market in the same manner permitted by pension fund accountancy. Social Security Administration has a financial year end of March 31, and consequently the financial results to March 31, 1991 have been included in the accompanying general purpose financial statements. As Social Security Administration does not adhere to generally accepted accounting principles, all relevant note disclosures have not been included with the other funds, but are segregated at Note 12.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- C. Fixed Assets and Long-Term Liabilities Account Groups. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spending resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available resources" during a period.

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 FSM National Government policy to capitalize infrastructure costs. Depreciation is not charged against the general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Accrued annual leave has been presented in the accompanying general long-term debt account group. No current portion of accrued annual leave has been recorded in the General Fund, or in the Special Revenue Funds, as the amounts are immaterial to these funds.

The two account groups are not "funds". 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 Combined Financial Statements, Continued
September 30, 1991

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are, instead, reported as liabilities in the General Long-Term Debt Account Group.

- 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 1991, supplemental appropriations were also made for both operating and capital purposes, to reflect the revised financial priorities of the National Government.

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

Unencumbered funds at year-end revert to the unappropriated surplus of the General Fund. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the FSM Congress as representing continuing appropriations.

- E. Receivables. Receivables in the National Government's governmental and fiduciary funds 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 December 31, 1991, the National Government had rendered tax assessments in the amount of \$1,403,007 for delinquent taxes. If collected, one-half of these receivables will accrue as revenue to the 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 financial statements.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1991

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Additionally, for the general fund general receivables, the amount stated on the balance sheet is net of an allowance for doubtful accounts of \$1,016,859 in 1991 and \$794,531 in 1990.

The General Fund includes a loan receivable from National Fisheries Corporation (an Enterprise Fund) in the amount of \$2,360,756. This loan is fully reserved for in Fund Balance due to the terms of the loan which provide for the first payment to be due in a subsequent fiscal year.

For the Student Loan Fund, an Expendable Trust Fund, the policy of the National Government is to reserve all loans until collection occurs since applicable loan terms are such that it is difficult to estimate when repayments may occur. As of September 30, 1991, \$1,675,536 was the outstanding balance of loans. Additionally \$1,675,536 was reserved for these student loans.

F. Interfund Transactions. The National Government has two 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).

G. Fixed Assets and Depreciation. Governmental general fixed assets are carried in the General Fixed Assets Account Group. No depreciation is provided for on these assets. Assets are stated at cost or estimated cost. Substantially all fixed assets of the National Government are equipment, furniture and fixtures, and vehicles. Enterprise Fund fixed assets are stated at cost. They are depreciated principally on a straight-line basis over estimated useful lives ranging from 20 to 50 years for Buildings and Leasehold Improvements and 5 to 10 years for substantially all other asset categories.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fixed assets for Enterprise funds as of September 30, 1991, are as follows:

	<u>FSM Tele- Communica- tion Corp.</u>	<u>FSM Development Bank</u>	<u>FSM Coconut Development Authority</u>	<u>National Fisheries Corporation</u>	<u>Total</u>
Building & leasehold Improvement	\$ -	\$ -	\$162,994	\$ -	\$ 162,994
Furniture & fixtures	-	149,384	3,574	76,428	229,386
Vehicles	-	60,289	6,000	10,000	76,289
Equipment & machinery	-	-	36,469	685,865	722,334
General support assets	5,158,415	-	-	-	5,158,415
Central office assets	2,803,111	-	-	-	2,803,111
Terminal equipment cable and wiring facilities	5,024,866	-	-	-	5,024,866
Less accumulated depreciation	(3,181,720)	(137,695)	(42,026)	(222,672)	(3,584,113)
Construction in progress	<u>4,312,654</u>	<u>-</u>	<u>-</u>	<u>650,160</u>	<u>4,962,814</u>
Property, plant and equipment	<u>\$14,117,326</u>	<u>\$ 71,978</u>	<u>\$167,011</u>	<u>\$1,199,781</u>	<u>\$15,556,096</u>

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

1. 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.

2. In contrast, budgetary expenditures represent current charges against appropriations; current charges consist of all current year liquidated and unliquidated encumbrances. Budgetary expenditures are determined by subtracting both current year liquidations of prior year encumbrances and unliquidated prior year encumbrances from the combined total of current year actual expenditures and all unliquidated encumbrances.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1991

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

When viewed in relation to respective budgets, budgetary expenditures provide the principal means of evaluating current year operating performance and management stewardship. The effects of current year liquidations of prior year encumbrances by liabilities less than the respective encumbrances, and the effects of current year cancellations of prior year encumbrances are reported together as a separate line item entitled "net encumbrance adjustments". This item of the budgetary financial statements is found under "other changes in unreserved fund balance" as its underlying components have no effect on current operating performance, the measurement of which is the primary purpose of the budgetary financial statements.

- J. Fund Balance Reserves and Designations. The 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. Reserve for encumbrances, contracts, and continuing appropriations are examples of the latter. Reserves for related assets for the general fund as of September 30, 1991, are as follows:

Imprest cash fund	\$ 87,720
Petty cash fund	4,061
Transition and other receivables	550,160
Revolving Funds - FSM States	<u>625,420</u>
Total	<u>\$1,267,361</u>

- 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. Investments are generally carried at the lower of cost or market.
- M. Cash and equivalents

For purposes of the Combined Statement of Cash Flows related to the Enterprise Funds, 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.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(2) CASH 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 National Government and each of the Federated States 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 Combined Financial Statements, Continued
September 30, 1991

(2) CASH AND INVESTMENTS, 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 or FSLIC insured savings and loan associations, both 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

Other invested funds include the Fishing Rights fees and Health Insurance proceeds.

As of September 30, 1991, fishing rights fees of \$10,882,039 plus reinvested earnings are invested with Hawaiian Trust Company, Ltd. \$10,393,795 of the balance is invested in short-term deposits, and the remainder in long-term securities.

The Health Insurance fund, an Expendable Trust Fund, has \$582,073 (cost) invested short-term with Hawaiian Trust Company, Ltd. at September 30, 1991.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1991

(2) CASH AND INVESTMENTS, CONTINUED

III. Enterprise Funds

The FSM Development Bank, an Enterprise fund, owns 80,000 shares of the stock of a commercial bank incorporated within the FSM. The investment of \$800,000 is accounted for on the equity method since the investment constitutes a 20.3% ownership share. During the year ended September 30, 1991, a loss on the investment of \$41,304 was recorded recognizing the 20.3% share of the investee's operating results.

IV. 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, an Enterprise 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 National Government during fiscal year 1990, and was transferred to the FSM Development Bank together with all cumulative earnings on February 22, 1991, pursuant to Public Law 6-109.

V. Investment Valuation

As of September 30, 1991, the details of the National Government's Governmental and Fiduciary fund type investments are as follows:

Compact Funds:

<u>Cash and Equivalents</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Commercial paper, Treasury Notes, HTCo. Automated Cash Management (ACM) [Market value approximates Cost]	\$ 2,060,458	\$ 2,060,458
 <u>Investments</u>		
Pooled Investment Securities	<u>17,876,218</u>	<u>18,900,317</u>
Total Compact Funds	<u>19,936,676</u>	<u>20,960,775</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1991

(2) CASH AND INVESTMENTS, CONTINUED

Other Funds:

<u>Cash and Equivalents</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Banker's Acceptances, Corporate and Bank Notes, TCD's and HCo. ACT	12,610,015	12,610,015
<u>Investments</u>		
Common Stock	<u>10,418,181</u>	<u>11,172,495</u>
Total Other Funds	<u>23,028,196</u>	<u>23,782,510</u>
Total Cash and Investments Governmental and Fiduciary fund types	42,964,872	44,743,285
Reconciliation of Cash and Investments to Combined Balance Sheet (Cost approximates Market):		
Other Cash in Bank, General Fund, net	<u>788,959</u>	<u>788,959</u>
Total Cash and Investments, Governmental and Fiduciary fund types	<u>\$43,753,831</u>	<u>\$45,532,244</u>

The above total does not include FSM Social Security Administration which is shown separately at note 12.

At September 30, 1991, an amount of \$125,768 has been reserved for in the Reserve for Investment Diminution component of the Fund Balance within the General Fund. This reserve represents the National Government's share of the carrying value of the Seibel #2 fund's pooled investment in Colorado Utility Electric Association Inc. as of March 1990, being the date of Colorado Utility's declaration of default on debt repayments.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1990

(2) CASH AND INVESTMENTS, CONTINUED

At September 30, 1991, the National Government had deposits as follows; in each situation, cost approximated market value.

General Fund

Bank overdraft in checking accounts with FDIC insured banks	\$(1,992,197)
Cash on deposit with Hawaiian Trust Co. ACM	242,816
All other cash on deposit with FDIC insured banks	<u>788,959</u>
Total General Fund Cash (Overdraft)	<u>\$ (960,422)</u>
Time Certificates of deposit with Hawaiian Trust Co.	\$10,882,039
Time Certificates of deposit with FDIC insured banks	<u>1,014,608</u>
Total General Fund Time Certificates of Deposit	<u>\$11,896,647</u>

Special Revenue Funds

Cash on deposit with Hawaiian Trust Co. ACM	<u>\$ 1,826,870</u>
---	---------------------

Capital Projects Fund

Cash on deposit with Hawaiian Trust Co. ACM	<u>\$ -</u>
---	-------------

Expendable Trust Funds

Cash on deposit with Hawaiian Trust Co. ACM	<u>\$ 584,240</u>
---	-------------------

Enterprise Funds

Cash in checking and savings accounts with FDIC insured banks.	\$ 3,409,018
Cash held in escrow account with FDIC insured bank.	6,060,333

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(2) CASH AND INVESTMENTS, CONTINUED

	<u>Carrying Value</u>
Time certificates of deposit and money market deposits held with, local banks, Hawaiian Trust Co., Nassau branch of the Bank of Hawaii and Merrill Lynch. Interest rates ranged from 6.875% to 8.2% per annum with maturities from 31 to 365 days.	9,948,147
Carrying value at cost of National Fisheries Corporation's 1/3 equity investment in the Caroline Fisheries Corporation, Inc. and 1/2 equity investment in the Chuuk's Fresh Tuna, Inc., and Yap Fishing Corporation.	1,577,364
Carrying value of investment in a locally incorporated commercial bank accounted for under the equity method.	467,917
Investments held by Hawaiian Trust Co., registered in the name of the FSM Development Bank's Investment Development Fund.	<u>23,495,371</u>
Total Cash and Investments of Enterprise Funds	<u>\$44,958,150</u>

For the above cash balances held by the National Government's Enterprise funds, the carrying value approximates market value except for the investment in the commercial bank and the National Fisheries Corporation equity investments, for which market value is indeterminable.

For cash and investments of the FSM Social Security Administration, refer to Note 12.

VI. Investment Categorization

Governmental Accounting Standards Board Statement (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 National Government or its agent in the National Government's name.

Category 2 - Uninsured and unregistered, or securities held by a party other than the National Government or its agent, but in the National Government's name.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(3) COMMITMENTS AND CONTINGENCIES, CONTINUED

These two items have not been included in the Reserve for Continuing Appropriations as of September 30, 1991, as an additional appropriation law must be passed by Congress before the above balances can be allotted.

5. Committed Compact Funding

Under FSM National Government Public Law No. 6-69, the Congress has appropriated future cash flows of the Compact of Free Association. The amounts will be used by the National Government to repay current and future borrowings under the Medium Term Note program (Refer Note 9). The future appropriations have been made for a project connected with the National Fisheries Corporation's (NFC) investment in the Caroline Fishing Corporation Inc., a fishing joint venture (Refer Note 9). The appropriation for the \$3,750,000 loan to Caroline Fisheries Corporation Inc. has been pledged against future Compact Section 211(a) Capital Account funds of \$4,500,000, representing \$1,500,000 for each of fiscal years 1991, 1992, 1993.

6. 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, \$23,739 in questioned costs exist for the operation of fiscal year 1991 grants. If these questioned costs are ultimately disallowed, the General Fund may bear responsibility for absorbing the amount disallowed. Pursuant to Tittle 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, no provision for any liability that may result from this matter has been recorded in the accompanying financial statements.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1991

(4) CONTINUING APPROPRIATIONS

General Fund

At September 30, 1991, the General Fund reflected the following as continuing appropriations:

Chuuk State Projects	\$2,428,823
Pohnpei State Projects	1,851,190
Yap State Projects	702,889
Kosrae State Projects	924,747
Cooperative and Credit Union	1,056
ADB Membership	945,650
Continental Scholarships	16,000
NFC Joint Venture	739,244
Chuuk Typhoon Relief	6,517
NFC Outer Bank Survey	574
Maritime Training	22,000
Member Representation	20,382
Printing of Convention Journal	24,513
Political Education	<u>99,023</u>
 Total	 <u>\$7,782,608</u>

Capital Project Funds

Continuing appropriations for the Capital Projects Funds as of September 30, 1991, are as follows:

Compact Capital Projects

Public Law No.	5-13	\$ 62,984
	5-75	4,328
	6-4	125,742
	6-7	70,478
	5-86	20,000
	6-19	28,000
	5-115	76,100
	5-118	97,396
	6-10	514,371
	6-91	<u>778,726</u>
 Sub-Total		 <u>1,778,125</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(4) CONTINUING APPROPRIATIONS, CONTINUED

CFSM Capital Projects

Staff housing	3,283
Finance warehouse	27,680
Capitol wells	<u>36,984</u>
	<u>67,947</u>
Total Capital Projects	<u><u>\$1,846,072</u></u>

Special Revenue Funds

Continuing appropriations for Special Revenue Funds as of September 30, 1991, are as follows:

	<u>P.L.5-28</u>	<u>P.L.5-52</u>	<u>P.L.6-10</u>	<u>P.L.6-91</u>	<u>TOTAL</u>
<u>Scholarship Grants:</u>					
Chuuk	\$ -	\$ -	\$ -	\$ 3,513	\$ 3,513
Kosrae	192,181	128,661	128,661	128,661	578,164
Grad Scholarship	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,700</u>	<u>63,700</u>
Total	<u>\$192,181</u>	<u>\$128,661</u>	<u>\$128,661</u>	<u>\$195,874</u>	<u>645,377</u>

Communications one-time (PL 5-3):

FSM Telecommunications Corp. - Building	1,824
FSM Telecommunications Corp. - Switch and others	177,413
FSM Telecommunications Corp. - Telephone System	<u>125,200</u>
	<u>304,437</u>

Energy

Kosrae Projects	41,656
Chuuk Projects	<u>135,522</u>
Sub-Total	<u>177,178</u>

Special Block Grant

Leptospirosis, Dengue Fever and Cholera	<u>46,008</u>
Total Compact Special Revenue	1,173,000
Disaster Revolving Fund	<u>376,239</u>
Total Special Revenue	<u><u>\$1,549,239</u></u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(5) TRANSFERS OUT/IN

Net transfers at September 30, 1991, consisted of the following:

General Fund transfers out/(in):	
Coconut Development Authority	\$ 145,194
Maritime Operations Revolving Fund	620,800
Copra Subsidy	200,000
National Fisheries Corporation	630,600
NFC Outer Bank Survey	6,058
Passport Revolving Fund	(24,978)
FSM Development Bank	236,200
Disaster Relief Fund	500,000
Net General Fund transfers out	<u>\$ 2,313,874</u>

Compact Capital Projects transfers out:	
FSM Development Bank	<u>\$ 2,200,000</u>

Special Revenue transfers out/(in):	
One-Time & annual Communications transfers out to FSM Telecommunications Fund	\$ 768,000
Passport Revolving Fund	24,978
Maritime Operations Revolving transfer in from General Fund	(620,800)
Disaster Revolving Fund transfer in from General Fund	(500,000)
Compact Special Development Fund transfer out to FSM Development Bank	<u>8,828,989</u>

Net Special Revenue transfers out	<u>\$ 8,501,167</u>
-----------------------------------	---------------------

(6) INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 1991, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due To <u>Other Funds</u>	Due From <u>Other Funds</u>
General Fund	\$ -	\$ 4,038,218
Special Revenue Funds:		
Transition	36,936	-
Federal grants direct	1,581,847	2,261,361
OTIA	856,625	-
Maritime Operations	-	433,784
Passport	-	121,466
Disaster Relief	-	393,335
Section 214	154,894	-
Section 215 (a)	87,488	-
Section 215 (b)	721,616	-
Section 216 (a)(1)	692,310	-
Section 216 (a)(2)	89,161	-

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(6) INTERFUND RECEIVABLES AND PAYABLES, CONTINUED

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
Special Revenue Funds, Continued:		
Section 216 (a)(3)	1,847,782	-
Section 216 (b)	265,625	-
Section 221 (b)	143,712	-
Capital Projects Funds:		
Compact	830,890	-
OTIA/TTPI	416,319	-
CFSM	-	78,822
Expendable Trust Funds:		
Health insurance	-	83,438
Student loan fund	-	278,673
Internal Service Fund	-	30,108
Total	<u>\$ 7,725,205</u>	<u>\$ 7,725,205</u>

(7) ENTERPRISE FUNDS

A. Audit Reports

The Federated States of Micronesia (FSM) Public Auditor performed audits of the following Enterprise Funds as of September 30, 1991, and for the year then ended. A description of these Enterprise Funds, the date of the audit report and the type of opinion given follows:

<u>Fund</u>	<u>Report Date</u>	<u>Opinion</u>
Coconut Development Authority	March 20, 1992	Unqualified
FSM Development Bank	March 19, 1992	Unqualified
Telecommunications Corporation	April 30, 1992	Unqualified
National Fisheries Corp.	April 24, 1992	Unqualified

B. Segment Data

Key financial data for material enterprise funds, as of and for the year ended September 30, 1991, is as follows:

	<u>Coconut Development Authority</u>	<u>FSM Development Bank</u>	<u>FSM Telecommuni- cations Corp.</u>	<u>National Fisheries Corporation</u>
Total assets	<u>\$ 440,229</u>	<u>\$38,113,981</u>	<u>\$30,095,328</u>	<u>\$4,196,674</u>

NATIONAL GOVERNMENT
 FEDERATED STATES OF MICRONESIA
 Notes to Combined Financial Statements, Continued
 September 30, 1991

(7) ENTERPRISE FUNDS, CONTINUED

Total equity	<u>\$ 413,109</u>	<u>\$38,017,764</u>	<u>\$16,685,747</u>	<u>\$ 1,803,192</u>
1991 net earnings(loss)	<u>\$(163,330)</u>	<u>\$ 2,061,207</u>	<u>\$ 1,717,765</u>	<u>\$(1,143,743)</u>
1991 non-operating revenue from FSM Congress appropria- tions and other contributions	<u>\$ 353,890</u>	<u>\$ 236,200</u>	<u>\$ 768,000</u>	<u>\$ 600,000</u>
Receivables, net	<u>\$ 44,103</u>	<u>\$ 5,656</u>	<u>\$ 1,520,968</u>	<u>\$ 218,155</u>
Restricted assets	<u>\$ -</u>	<u>\$ 1,328,454</u>	<u>\$ -</u>	<u>\$ -</u>
Allowance for doubtful accounts	<u>\$ 22,368</u>	<u>\$ 1,528,598</u>	<u>\$ 182,776</u>	<u>\$ 3,183</u>

(8) RESTRICTED ASSETS - ENTERPRISE FUNDS

Development loan funds appropriated by the respective State legislatures of the FSM are administered by the FSM Development Bank. Restrictions on these loan funds affect the location of the projects for which funds are borrowed, the eligibility of borrowers, and the recording of loan repayments. At September 30, 1991, \$1,328,454 was held as restricted cash or equivalents with a local FDIC insured bank.

(9) NOTES PAYABLE

During the year ended September 30, 1991, the National Government borrowed \$3,760,000 under a medium term note facility, \$2,460,000 of which is still outstanding at September 30, 1991. Proceeds from the borrowing were used to finance the participation of the National Fisheries Corporation in a fishing joint venture project. The medium term note debt will be serviced by future Compact of Free Association cash flows which have been pledged in support of the debt. Future debt service requirements are as follows:

<u>Principal</u>	<u>Total Interest</u>	<u>Rate</u>	<u>Maturity</u>
\$1,360,000	\$188,895	8.67%	October 15, 1991
<u>1,100,000</u>	<u>193,302</u>	8.75%	October 15, 1992
<u>\$2,460,000</u>	<u>\$312,198</u>		

Interest on the notes is payable semi-annually.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(9) NOTES PAYABLE, CONTINUED

The FSM Telecommunication Corporation during fiscal year 1991, drewdown a total of \$12,104,000 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 entire FSM. Exactly \$6 million was invested in an Escrow fund and the remaining \$6,104,000 was earmarked for network expansion.

The following is the Corporation's Debt Retirement Schedule:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
1992	\$ 814,277	\$ -	\$ 814,277
1993	2,037,898	532,855	2,570,754
1994	2,010,636	560,117	2,570,754
1995	1,981,980	588,774	2,570,754
1996	1,951,857	618,897	2,570,754

During the fiscal year 1991, National Fisheries Corporation borrowed \$2,360,756 from the FSM National Government to be used for purchase of common and preferred stock in Yap Fishing Corporation. (See note 10 for repayment schedule.)

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(10) LOANS RECEIVABLE

A. General Fund

As of September 30, 1991, an amount of \$2,360,756 was outstanding from the National Fisheries Corporation (an Enterprise Fund). This loan was used to purchase common and preferred stock of Yap Fishing Corporation and two longline fishing boats, including initial working capital. This loan consists of three notes as follows:

<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	<u>397,176</u>	23,363	9/27/94	20 years
	<u>\$2,360,756</u>			

Pursuant to Public Law 6-69, no interest is payable on these loans.

B. Compact Capital Project Fund

As of September 30, 1991, an amount of \$3,750,000 was outstanding from the Caroline Fisheries Corporation (CFC), a joint venture between the National Fisheries Corporation (NFC) (an Enterprise Fund), Pohnpei State Economic Development Authority and the Australian-owned Tuna Development Company, Pty Ltd (TDC). The loan matures on October 15, 1997, with interest being paid semi-annually at rates ranging from 9.19% to 9.44% per annum. Five equal principal payments of \$750,000 will occur annually commencing on October 15, 1993. Collateral for the loan is in the form of mortgages over CFC's fishing vessels and guarantees by CFC and TDC.

(11) SUBSEQUENT EVENT

At the date of this report, Caroline Fisheries Corporation (CFC) had defaulted on the first two interest payments to the National Government for a total of \$344,500 (refer note 10B). Such a situation raises doubts as to the collectibility of this loan from CFC. The whole \$3,750,000 of loans receivable has therefore been reserved for in fund balance of the Capital Project Funds.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(12) 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.

A. Basis of Accounting

For the year ended March 31, 1991, the Social Security Administration has prepared financial statements using the cash basis of accounting (refer Note 1B). Accounting for the Social Security system does not 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.

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 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.

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

As of March 31, 1991, the details of the Social Security Administration's cash and investments are as follows:

Cash and Equivalents

Cash on deposit with Hawaiian Trust Company ACM	\$4,876,898
All other cash on deposit with FDIC insured banks	<u>348,709</u>
Total Cash and Equivalents	<u>\$5,225,607</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1991

(12) FSM SOCIAL SECURITY ADMINISTRATION, CONTINUED

Time Certificates of Deposit

TCD's held with Bank of Hawaii - Pohnpei Branch
with interest rates ranging from
5.5% to 5.9% and maturities from
30 days to 33 days \$ 450,000

Investments

Investments held by Hawaiian
Trust Company registered in the name
of Social Security Administration \$7,180,987

The FSM Social Security Administration's demand and time deposits are non-categorized investments in accordance with Governmental Accounting Standard Board (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

FSM Social Security Administration recognizes only net assets available for retirement, disability and survivors benefits. As a result, fixed assets used for administrative purposes are charged to administrative expense in the year of acquisition.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1991

(13) ENTERPRISE FUNDS - EQUITY IN SUBSIDIARY LOSS

As of September 30, 1992, the National Fisheries Corporation recorded its share of equity investment in various fishing corporations in FSM based on the equity method of accounting for investments. The following equity losses were as follows:

Caroline Fishing Corporation, Inc.	\$1,152,096
Chuuk Fresh Tuna, Inc.	4,534
Yap Fishing Corporation	<u>429,486</u>
	<u>\$1,586,116</u>

(14) ENTERPRISE FUNDS - RESTATEMENT OF BEGINNING RETAINED EARNINGS

During fiscal year 1991, National Fisheries Corporation (NFC), Coconut Development Authority (CDA), FSM Telecommunications Corporation (FSMTC), and FSM Development Bank (FSMDB) reevaluated their FY90 financial statements and found various misstatements. Therefore adjustments to the beginning retained earnings were necessary to correct for the following:

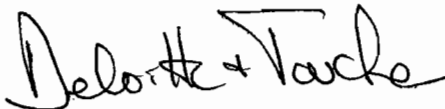
- NFC - net adjustment of \$164,204 to beginning retained earnings of which \$117,179 was for NFC's share of an investee's loss in FY90.
- CDA - net adjustment of \$6,421 for various misstatements.
- FSMTC - net adjustments of \$25,673.
- FSMDB - net adjustments of \$1,486,289 to close out the IDF fund earnings which were erroneously recorded as contributed capital.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

Honorable Bailey Olter
President
Federated States of Micronesia

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed in Section III of the Table of Contents is presented for purpose of additional analysis and is not a required part of the general purpose financial statements. This additional information is the responsibility of the National Government's management. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements, as well as the tests and other procedures in accordance with Office of Management and Budget Circular A-128, issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and in our opinion, except for these matters specified in our report dated April 10, 1992, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

April 10, 1992

A handwritten signature in cursive script that reads "Deloitte & Touche".

Certified Public Accountants

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Combining Schedule of Expenditures by Account -
All Governmental Fund Types and Expendable Trust Funds
Year ended September 30, 1991
(With comparative totals as of September 30, 1990)

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Totals</u>	
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Funds</u>	<u>(Memorandum Only)</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Expendable</u>	<u>1991</u>	<u>1990</u>
			<u>Trust Funds</u>			
Expenditures:						
Personnel	\$ 7,729,794	\$ 613,616	\$ 75,045	\$ -	\$ 8,418,455	\$7,939,631
Travel	2,010,280	120,645	44,672	-	2,175,597	1,963,587
Contractual services, contributions and subsidies	3,487,276	524,967	696,070	-	4,708,313	6,144,700
Equipment, machinery, furniture and fixtures	1,357,952	57,950	129,792	-	1,545,694	1,521,953
Communications	506,411	-	-	-	506,411	452,485
Supplies and materials	1,333,657	-	-	120,726	1,454,383	3,203,421
Office/house rent/lease	1,341,454	-	-	-	1,341,454	952,268
Bad debts	222,328	-	-	-	222,328	-
Construction-in-progress	-	-	138,309	-	138,309	-
Scholarship	298,500	3,324,276	-	-	3,622,776	1,141,111
National Government Direct Assistance	-	2,196,732	-	-	2,196,732	2,545,902
Other	<u>1,746,117</u>	<u>844,339</u>	<u>161,872</u>	<u>941,731</u>	<u>3,694,059</u>	<u>1,245,882</u>
Total expenditures	<u>\$20,033,769</u>	<u>\$7,682,525</u>	<u>\$1,245,760</u>	<u>\$1,062,457</u>	<u>\$30,024,511</u>	<u>\$27,110,940</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
GENERAL FUND**

**Statement of Revenues And Transfers In
Year ended September 30, 1991**

(With comparative totals for the year ended September 30, 1990)

	1991	1990
Compact funding current:		
Base amount	\$ 2,448,800	\$ 5,248,800
Inflation adjustment	832,592	1,574,640
	3,281,392	6,823,440
Locally derived taxes:		
Import	1,165,139	988,488
Fuel	126,997	103,625
Income tax, individuals, net of tax refunds	2,253,540	1,915,742
Gross receipts tax, businesses	2,601,691	2,104,556
	6,147,367	5,112,411
Investment income:		
Realized gain on sale of equities	773,055	716,796
Realized loss on sale of equities	(472,461)	(550,809)
Dividends and interest income	3,502,614	2,722,807
	3,803,208	2,888,794
Fees, licenses and other income:		
Fishing rights fees	12,841,213	12,659,962
Fishing violation fines	42,500	15,000
Postal collections	467,074	559,679
Penalties and interest on delinquent taxes	332,068	346,975
Business license and firearms fees	66,688	49,668
Other miscellaneous income	147,039	114,793
	13,896,582	13,746,077
Total revenues before operating transfers	27,128,549	28,570,722
Operating transfer in from Passport Revolving Fund	24,978	28,453
Total revenues and transfers in	\$27,153,527	\$28,599,175

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
GENERAL FUND**

Statement of Expenditures by Function and Department
Year ended September 30, 1991

(With comparative totals for the year ended September 30, 1990)

	<u>1991</u>	<u>1990</u>
Executive Branch:		
President's Office	\$ 576,393	\$ 497,861
Public Defender	451,889	458,268
Department of Human Resources	564,552	490,875
Department of Resources and Development	426,901	450,749
Office of the Attorney General	1,145,395	1,034,491
Department of Finance	1,542,730	1,630,556
Office of Administrative Services	1,203,551	1,279,692
Planning and Statistics	461,331	412,166
Budget Office	218,913	247,892
External Affairs and LNO's	2,048,387	1,813,742
Transportation	<u>249,124</u>	<u>223,202</u>
Total Executive Branch	<u>8,889,166</u>	<u>8,539,494</u>
Judicial Branch	<u>662,504</u>	<u>581,917</u>
Boards and Commissions:		
FSM Banking Board	17,478	17,487
Micronesian Maritime Authority	310,862	317,759
FSM Postmaster	549,438	520,498
College of Micronesia Board of Regents	<u>118,890</u>	<u>118,890</u>
Total Boards and Commissions	<u>996,668</u>	<u>974,634</u>
Legislative Branch:		
Office of the Speaker	648,023	798,637
Congress Staff	1,169,595	1,393,980
Delegation Offices	134,886	89,927
Legislature Conferences	17,364	10,784
Official Representation	199,230	68,686
Members' Travel & Expense Allowance	<u>34,909</u>	<u>53,785</u>
Total Legislative Branch	<u>2,204,007</u>	<u>2,415,799</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
GENERAL FUND**

Statement of Expenditures by Function and Department, Continued
Year ended September 30, 1991
(With comparative totals for the year ended September 30, 1990)

Office of the Public Auditor	335,515	244,262
Other National Government Programs:		
Aid to non-public schools	200,000	200,000
Contributions	186,000	75,000
State judiciary	181,375	206,561
T-3 program	209,772	174,004
Congressional election	284,089	1,047
2nd National Development Plan	580	4,400
Coop. and credit union development	-	316
Community Action Agency	1,037	2,280
Capital Generator Purchase	2,856	109,747
National census	-	8,723
Staff Upgrading Program	-	13,073
Micronesian Regional Tourism	5,700	5,031
Yap Youth activities	2,000	2,623
Joint Law Enforcement	279,287	339,233
Micro Legal Services	-	100,000
Asian Pac Coc. Commission	5,000	5,207
ICOA Membership Fee	24,395	4,305
Constitutional Convention	60,294	463,796
FSM Membership ADB	27,207	27,143
Capital Grand Opening	519	185,202
Referendum	217,231	-
Special Grants to President	74,064	-
Aquaculture Center Program	64,493	-
South Pacific Forum	201,555	-
Tourism Council of SPAC	6,500	-
Presidential Inauguration	35,858	-
Air Continental Scholarship	19,000	-
FSM Ambassador Washington	10,000	-
CCM Repair and Renovation	10,123	-
FSM Air conditioning	398,730	-
Total Other National Government Programs	2,507,665	1,927,691

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
GENERAL FUND**

Statement of Expenditures by Function and Department, Continued
Year ended September 30, 1991

(With comparative totals for the year ended September 30, 1990)

	<u>1991</u>	<u>1990</u>
Other Legislative Appropriations:		
Investment of Compact funds group		
State projects:		
Chuuk	\$ 1,549,453	\$ 1,684,269
Pohnpei	899,896	559,831
Yap	781,303	718,391
Kosrae	289,673	172,159
Medical Services Equip. & Supplies	28,262	154,977
Land Prep. for Housing	-	35,885
APPV General Assembly	106,262	-
Fisheries and Maritime Scholarship	38,000	-
Political Education	187,892	-
Printing of Convention Journal	5,486	-
FSM Reception in the U.N.	50,000	-
	<u>3,936,227</u>	<u>3,325,512</u>
Other expenditures:		
Bad debts	222,328	-
Investment fees	<u>279,689</u>	<u>180,599</u>
Total other expenditures	<u>502,017</u>	<u>180,599</u>
Total General Fund expenditures before operating transfers	<u>\$20,033,769</u>	<u>\$18,189,908</u>

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, 1991

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Compact grants	\$ 3,876,059	\$ 3,281,392	\$ (594,667)
Locally derived taxes	5,600,000	6,147,367	547,367
Fishing right fees	12,000,000	12,841,213	841,213
Fishing violation fines	-	42,500	42,500
Postal revenues	400,000	467,074	67,074
Earnings on investments	1,750,000	3,803,208	2,053,208
Business fees and fines	300,000	66,688	(233,312)
Penalties and interest on delinquent taxes	-	332,068	332,068
Others	-	147,039	147,039
Total revenues	<u>23,926,059</u>	<u>27,128,549</u>	<u>3,202,490</u>
Expenditures budgetary basis by department:			
Executive Branch:			
Office of the President	456,250	428,856	27,394
Disaster Office	22,000	20,361	1,639
Public Information	146,164	141,362	4,802
Total	<u>624,414</u>	<u>590,579</u>	<u>33,835</u>
Department of External Affairs:			
Administrative	309,951	299,840	10,111
International affairs	195,223	194,737	486
U.S. relations	86,405	81,690	4,715
LNO Guam	160,412	155,683	4,729
LNO Honolulu	128,854	112,321	16,533
LNO Japan	569,416	578,800	(9,384)
Washington Rep. Office	456,908	440,561	16,347
Fiji Embassy	195,764	190,717	5,047
Total	<u>2,102,933</u>	<u>2,054,349</u>	<u>48,584</u>
Office of Human Resources:			
Administration	43,000	41,177	1,823
Health	301,530	280,276	21,254
Education	252,038	247,872	4,166
Total	<u>596,568</u>	<u>569,325</u>	<u>27,243</u>

**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, 1991

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Resources and Development:			
Administration	\$ 136,925	\$ 127,875	\$ 9,050
Commerce & industry	71,700	67,969	3,731
Agriculture	91,184	59,153	32,031
Marine resources	90,013	88,324	1,689
Labor	<u>90,208</u>	<u>89,794</u>	<u>414</u>
Total	<u>480,030</u>	<u>433,115</u>	<u>46,915</u>
Department of Transportation:			
Administration	99,395	90,945	8,450
Marine	116,782	98,996	17,786
Aviation	70,300	58,850	11,450
FSS Constitution	<u>55,925</u>	<u>30,000</u>	<u>25,925</u>
Total	<u>342,402</u>	<u>278,791</u>	<u>63,611</u>
Department of Finance:			
Administration	215,550	224,969	(9,419)
ADP	134,980	131,689	3,291
Investment Management	102,439	94,267	8,172
Accounting	255,870	252,399	3,471
Revenue	435,980	382,714	53,266
Customs	166,360	163,779	2,581
Medium Term-Note Program	<u>260,161</u>	<u>259,056</u>	<u>1,105</u>
Total	<u>1,571,340</u>	<u>1,508,873</u>	<u>62,467</u>
Office of the Attorney General:			
Administration - Immigration	239,390	238,740	650
Administration - Attorney General	351,795	343,986	7,809
Chuuk security and investigation	44,078	37,926	6,152
Law	116,427	101,705	14,722
Litigation	91,855	83,776	8,079
DSI administration	267,362	268,648	(1,286)
International Law	<u>84,239</u>	<u>82,313</u>	<u>1,926</u>
Total	<u>1,195,146</u>	<u>1,157,094</u>	<u>38,052</u>
Office of the Public Defender	<u>532,800</u>	<u>461,790</u>	<u>71,010</u>

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, 1991

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Office of Budget:			
Administration	\$ 93,300	\$ 85,954	\$ 7,346
Management	67,800	56,453	11,347
Budget preparation	36,500	35,966	534
Grant management	<u>110,800</u>	<u>54,995</u>	<u>55,805</u>
Total	<u>308,400</u>	<u>233,368</u>	<u>75,032</u>
Office of Planning and Statistics:			
Administration	80,905	78,903	2,002
Planning	108,650	90,999	17,651
Statistics	140,400	133,161	7,239
Construction review	<u>176,292</u>	<u>158,447</u>	<u>17,845</u>
Total	<u>506,247</u>	<u>461,510</u>	<u>44,737</u>
Office of Administrative Services:			
Administration	74,070	71,735	2,335
Personnel	69,115	52,511	16,604
Library Services	47,500	45,534	1,966
Training	81,212	79,548	1,664
Supply & Housing	852,445	797,300	55,145
OAS Maintenance	<u>218,107</u>	<u>207,179</u>	<u>10,928</u>
Total	<u>1,342,449</u>	<u>1,253,807</u>	<u>88,642</u>
Total Executive Branch	<u>9,602,729</u>	<u>9,002,601</u>	<u>600,128</u>
Judicial Branch:	<u>730,105</u>	<u>674,189</u>	<u>55,916</u>
Boards and Commissions:			
Micronesian Maritime Authority	341,400	336,383	5,017
College of Micronesia Board of Regents	118,889	118,890	(1)
FSM Banking Board	91,830	12,847	78,983
Postal Services	<u>573,407</u>	<u>561,393</u>	<u>12,014</u>
Total Boards and Commissions	<u>1,125,526</u>	<u>1,029,513</u>	<u>96,013</u>

**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, 1991

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Legislative Branch:			
Office of the Speaker	\$ 791,900	\$ 744,368	\$ 47,532
Congress staff	1,195,200	1,120,970	74,230
Delegation offices	120,000	118,389	1,611
Member Official Representation	221,256	199,230	22,026
Members' Travel Fund	<u>62,000</u>	<u>55,626</u>	<u>6,374</u>
Total Legislative Branch	<u>2,390,356</u>	<u>2,238,583</u>	<u>151,773</u>
Public Auditor	<u>376,400</u>	<u>324,544</u>	<u>51,856</u>
Other National Government Programs:			
Aid to non-public schools	200,000	200,000	-
Contributions	211,000	186,000	25,000
Micronesian Regional Tourism	5,000	5,000	-
Judiciary - Kosrae State	50,000	50,000	-
Judiciary - Pohnpei State	70,000	70,000	-
Judiciary - Chuuk State	70,000	70,000	-
Judiciary - Yap State	55,000	55,000	-
T-3 program	224,910	205,841	19,069
Joint law Enforcement Program	358,308	358,308	-
Asian Pac. Coc. Commission	5,000	5,000	-
ICAO Membership Fee	19,000	19,000	-
ADB Membership	972,857	27,207	945,650
Referendum	230,000	217,231	12,769
Special Grants to President	108,000	96,251	11,749
Congressional Election	293,000	285,247	7,753
Aquaculture Center Program	67,800	65,852	1,948
South Pacific Forum	232,255	229,242	3,013
Tourism Council of SPAC	6,500	6,500	-
Presidential Inauguration	40,600	36,228	4,372
Air Continental Scholarship	35,000	19,000	16,000
FSM Ambassador Washington	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Other National Government Programs	<u>3,264,230</u>	<u>2,216,907</u>	<u>1,047,323</u>

**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, 1990

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Other Legislative Appropriations:			
Public projects - Kosrae	\$ 1,217,748	\$ 291,460	\$ 926,288
Public projects - Pohnpei	2,934,964	926,621	2,008,343
Public projects - Chuuk	3,987,140	1,576,443	2,410,697
Public projects - Yap	1,484,192	371,955	1,112,237
Land Preparation for Housing	117,900	124,984	(7,084)
Fisheries and Maritime Scholarship	60,000	38,000	22,000
Political Education	290,000	190,977	99,023
Printing of Convention Journal	30,000	5,487	24,513
FSM Reception into the U.N.	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Other Legislative Appropriations	<u>10,171,944</u>	<u>3,575,927</u>	<u>6,596,017</u>
Unfunded expenditures	<u>-</u>	<u>502,017</u>	<u>(502,017)</u>
Total expenditures	<u>27,661,290</u>	<u>19,564,281</u>	<u>8,097,009</u>
Revenues in excess (less than) expenditures	<u>(3,735,231)</u>	<u>7,564,268</u>	<u>11,299,499</u>
Operating transfers in (out):			
Passport Revolving Fund	24,978	24,978	-
Maritime operations revolving fund	(620,800)	(620,800)	-
Copra Subsidy	(200,000)	(200,000)	-
Coconut development authority	(133,600)	(131,805)	1,795
FSM Development Bank	(236,200)	(236,200)	-
National Fisheries Corp.	(600,000)	(604,914)	(4,914)
NFC Outer Bank Survey	(6,157)	(5,583)	574
Disaster	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Total other sources (uses)	<u>(2,271,779)</u>	<u>(2,274,324)</u>	<u>(2,545)</u>
Excess of revenues and other sources over expenditures and other uses	<u>(6,007,010)</u>	<u>5,289,944</u>	<u>11,296,954</u>
Unreserved fund balance, beginning of year	<u>7,903,523</u>	<u>7,903,523</u>	<u>-</u>
Adjustment to beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Other changes in unreserved fund balance:			
Increase in reserve for loans	-	(2,360,756)	(2,360,756)
Increase in reserve for related assets	-	(217,980)	(217,980)
Decrease in reserve for investment diminution	-	129,902	129,902
Decrease in reserve for continuing appropriations	-	6,119,803	6,119,803
Net encumbrance adjustments	<u>-</u>	<u>397,831</u>	<u>397,831</u>
Unreserved fund balance, end of year	<u>\$ 1,896,513</u>	<u>\$17,262,267</u>	<u>\$15,365,754</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 1991**

Specific revenues have been earmarked to finance certain activities of the Government. These revenues and related expenditures are accounted for in the Special Revenue Funds. The special revenue funds as of September 30, 1991 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 OTIA Technical Assistance and Operation and Maintenance Funds - These funds account for special appropriations made to the 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.

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. The FSM Government receives \$200,100 plus an inflation adjustment annually commencing on the first anniversary of the Compact.

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 FSM 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 1991, and will receive \$125,980 annually for the next ten fiscal years.

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 1991, and will receive \$1,889,700 annually for the next ten fiscal years.

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 1991, and will receive \$315,000 annually for the next ten fiscal years.

E. Special Development Fund Section 111 (b) (1) - This contribution is to assist in funding special economic development projects within the FSM. The FSM Government received \$12 million during the first full fiscal year following the effective date of the Compact and \$8 million during the third full fiscal year following the effective date of the Compact.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 1991**

(With comparative totals as of September 30, 1990)

<u>Assets</u>	<u>Non-Compact</u>	<u>Compact</u>	<u>Totals</u>	
			<u>1991</u>	<u>1990</u>
Cash	\$ -	\$ 1,826,870	\$ 1,826,870	\$ 9,943,630
Investments	-	6,689,901	6,689,901	6,684,198
Receivable from:				
Dept. of the Interior (DOI) grants	1,818,600	-	1,818,600	1,781,205
Federal agencies, TTG	326,871	-	326,871	326,871
Federal agencies, direct	3,278,895	-	3,278,895	3,459,859
Due from other funds	3,215,946	-	3,215,946	2,581,177
Advances to FSM States	-	-	-	100,388
Dividends and interest receivable	-	89,167	89,167	126,426
Other receivables	<u>4,180</u>	<u>-</u>	<u>4,180</u>	<u>50,957</u>
 Total assets	 <u>\$ 8,644,492</u>	 <u>\$ 8,605,938</u>	 <u>\$17,250,430</u>	 <u>\$25,054,711</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 271,157	\$ 79,402	350,559	\$ 397,428
Accrued payroll	11,126	14,047	25,173	15,172
Due to other funds	2,475,408	4,002,588	6,477,996	4,269,538
Due to FSM States	3,761,167	60,123	3,821,290	4,759,784
Advances from DOI/TTG/Other agency	<u>1,240,645</u>	<u>-</u>	<u>1,240,645</u>	<u>577,792</u>
 Total liabilities	 <u>7,759,503</u>	 <u>4,156,160</u>	 <u>11,915,663</u>	 <u>10,019,714</u>
Fund balance:				
Reserved for encumbrances	1,046,421	473,332	1,519,753	2,249,063
Continuing appropriations	376,239	1,173,000	1,549,239	2,678,875
Unreserved	<u>(537,671)</u>	<u>2,803,446</u>	<u>2,265,775</u>	<u>10,107,059</u>
 Total fund balance	 <u>884,989</u>	 <u>4,449,778</u>	 <u>5,334,767</u>	 <u>15,034,997</u>
 Total liabilities and fund balance	 <u>\$ 8,644,492</u>	 <u>\$ 8,605,938</u>	 <u>\$17,250,430</u>	 <u>\$25,054,711</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year ended September 30, 1991
 (With comparative totals as of September 30, 1990)

	<u>Non-Compact</u>	<u>Compact</u>	<u>Totals</u>	
			<u>1991</u>	<u>1990</u>
Revenues:				
Dept. of the Interior grants	\$ 465,792	\$ -	\$ 465,792	\$ 1,011,543
U.S. Federal contributions	1,368,803	-	1,368,803	1,278,407
Compact grants:				
Base amount	-	3,649,780	3,649,780	11,649,780
Inflation adjustment	-	272,034	272,034	240,030
Investment earnings	-	229,589	229,589	599,400
Other contributions	362,137	-	362,137	255,952
Sales of goods and services	<u>135,327</u>	<u>-</u>	<u>135,327</u>	<u>143,202</u>
Total revenues	<u>2,332,059</u>	<u>4,151,403</u>	<u>6,483,462</u>	<u>15,178,314</u>
Expenditures:				
Executive branch	<u>2,939,343</u>	<u>4,743,182</u>	<u>7,682,525</u>	<u>5,139,616</u>
Total expenditures	<u>2,939,343</u>	<u>4,743,182</u>	<u>7,682,525</u>	<u>5,139,616</u>
Revenues over (under) expenditures	(607,284)	(591,779)	(1,199,063)	10,038,698
Other sources (uses):				
Operating and other transfers, net	<u>1,095,822</u>	<u>(9,596,989)</u>	<u>(8,501,167)</u>	<u>(2,144,895)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	488,538	(10,188,768)	(9,700,230)	7,893,803
Fund balance, beginning of year	396,451	14,638,546	15,034,997	7,197,164
Adjustment to beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,970)</u>
Fund balance, end of year	<u>\$ 884,989</u>	<u>\$ 4,449,778</u>	<u>\$ 5,334,767</u>	<u>\$15,034,997</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures by Account and
Changes in Fund Balance
Year ended September 30, 1991
(With comparative totals as of September 30, 1990)

	Non-Compact	Compact	Totals	
			1991	1990
Revenues:				
Dept. of the Interior grants	\$ 465,792	\$ -	\$ 465,792	\$ 1,011,543
U.S. Federal contributions	1,368,803	-	1,368,803	1,278,407
Compact grants:				
Base amount	-	3,649,780	3,649,780	11,649,780
Inflation adjustment	-	272,034	272,034	240,030
Investment earnings (loss)	-	229,589	229,589	599,400
Other contributions	362,137	-	362,137	255,952
Sales of goods and services	<u>135,327</u>	<u>-</u>	<u>135,327</u>	<u>143,202</u>
Total revenues	<u>2,332,059</u>	<u>4,151,403</u>	<u>6,483,462</u>	<u>15,178,314</u>
Expenditures:				
Personnel	180,521	433,095	613,616	355,455
Travel	13,197	107,448	120,645	111,061
Contractual services, contributions and subsidies	208,648	316,319	524,967	536,769
Capital asset purchases	12,201	45,749	57,950	75,502
Scholarship related assistance to Stated and COM	-	3,324,276	3,324,276	1,141,111
National Government Direct Assistance	2,196,732	-	2,196,732	2,545,902
Other	<u>328,044</u>	<u>516,295</u>	<u>844,339</u>	<u>373,816</u>
Total expenditures	<u>2,939,343</u>	<u>4,743,182</u>	<u>7,682,525</u>	<u>5,139,616</u>
Revenues over (under) expenditures	(607,284)	(591,779)	(1,199,063)	10,038,698
Other sources (uses):				
Operating and other transfers, net	<u>1,095,822</u>	<u>(9,596,989)</u>	<u>(8,501,167)</u>	<u>(2,144,895)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	488,538	(10,188,768)	(9,700,230)	7,893,803
Fund balance, beginning of year	396,451	14,638,546	15,034,997	7,197,164
Adjustment to beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,970)</u>
Fund balance, end of year	<u>\$ 884,989</u>	<u>\$ 4,449,778</u>	<u>\$ 5,334,767</u>	<u>\$15,034,997</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS - NON-COMPACT

Combining Balance Sheet

September 30, 1990

(With comparative totals as of September 30, 1989)

	Transition	Maritime	Disaster	Federal and	OTIA Technical	Passport	<u>Totals</u>	
	Fund	Operations	Revolving	Other Direct	Operations and	Revolving	1991	1990
	Fund	Revolving	Fund	Fund	Maintenance	Fund		
Assets								
Receivables from:								
Department of the Interior								
(DOI) grants	\$ 229,591	\$ -	\$ -	\$ -	\$ 1,589,009	\$ -	\$1,818,600	\$1,781,205
Federal agencies - TTG	-	-	-	326,871	-	-	326,871	326,871
Federal agencies, direct	-	-	-	3,278,895	-	-	3,278,895	3,459,859
Advances to States	-	-	-	-	-	-	-	100,388
Due from other funds	-	433,784	393,335	2,267,361	-	121,466	3,215,946	2,581,177
Other receivables	-	3,102	-	1,078	-	-	4,180	50,682
	<u>-</u>	<u>3,102</u>	<u>-</u>	<u>1,078</u>	<u>-</u>	<u>-</u>	<u>4,180</u>	<u>50,682</u>
Total assets	<u>\$ 229,591</u>	<u>\$ 436,886</u>	<u>\$ 393,335</u>	<u>\$5,874,205</u>	<u>\$ 1,589,009</u>	<u>\$ 121,466</u>	<u>\$8,644,492</u>	<u>\$8,300,182</u>
 Liabilities and Fund Balance								
Liabilities:								
Accounts payable	\$ -	\$ 52,545	\$ 936	\$ 189,584	\$ 19,612	\$ 8,480	\$ 271,157	\$ 279,230
Accrued payroll	-	4,097	640	6,151	238	-	11,126	8,805
Due to other funds	36,936	-	-	1,581,847	856,625	-	2,475,408	2,338,243
Payable to States	-	-	-	3,048,633	712,534	-	3,761,167	4,699,661
Advances from other grantors	192,655	-	-	1,047,990	-	-	1,240,645	577,792
	<u>192,655</u>	<u>-</u>	<u>-</u>	<u>1,047,990</u>	<u>-</u>	<u>-</u>	<u>1,240,645</u>	<u>577,792</u>
Total liabilities	<u>229,591</u>	<u>56,642</u>	<u>1,576</u>	<u>5,874,205</u>	<u>1,589,009</u>	<u>8,480</u>	<u>7,759,503</u>	<u>7,903,731</u>
Fund balance:								
Reserve for encumbrances	-	362,887	15,520	520,372	74,656	72,986	1,046,421	1,676,672
Continuing appropriations	-	-	376,239	-	-	-	376,239	-
Unreserved	-	17,357	-	(520,372)	(74,656)	40,000	(537,671)	(1,280,221)
	<u>-</u>	<u>17,357</u>	<u>-</u>	<u>(520,372)</u>	<u>(74,656)</u>	<u>40,000</u>	<u>(537,671)</u>	<u>(1,280,221)</u>
Total fund balance	<u>-</u>	<u>380,244</u>	<u>391,759</u>	<u>-</u>	<u>-</u>	<u>112,986</u>	<u>884,989</u>	<u>396,451</u>
Total liabilities and fund balance	<u>\$ 229,591</u>	<u>\$ 436,886</u>	<u>\$ 393,335</u>	<u>\$5,874,205</u>	<u>\$ 1,589,009</u>	<u>\$ 121,466</u>	<u>\$8,644,492</u>	<u>\$8,300,182</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS - NON-COMPACT
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended September 30, 1991
 (With comparative totals for the year ended September 30, 1990)

	Transition Fund	Maritime Operations Revolving Fund	Disaster Revolving Fund	Federal and Other Direct Fund	OTIA Technical Assistance and Operations and Maintenance Fund	Passport Revolving Fund	<u>Totals</u>	
							1991	1990
Revenues:								
Department of the Interior grants	\$ -	\$ -	\$ -	\$ -	\$ 465,792	\$ -	\$ 465,792	\$1,011,543
U.S. Federal contributions	-	-	-	1,368,803	-	-	1,368,803	1,278,407
Other contributions	-	-	-	362,137	-	-	362,137	255,952
Sales of goods and services	-	37,617	-	-	-	97,710	135,327	143,202
Total revenues	-	37,617	-	1,730,940	465,792	97,710	2,332,059	2,689,104
Expenditures:								
Executive Branch	-	536,758	205,853	1,730,940	465,792	-	2,939,343	3,182,860
Total expenditures	-	536,758	205,853	1,730,940	465,792	-	2,939,343	3,182,860
Revenues over (under) expenditures	-	(499,141)	(205,853)	-	-	97,710	(607,284)	(493,756)
Other sources (uses):								
Operating and other transfers, net	-	620,800	500,000	-	-	(24,978)	1,095,822	441,747
Excess (deficiency) of revenue and other sources over expenditures and other uses	-	121,659	294,147	-	-	72,732	488,538	(52,009)
Fund balance (deficit), beginning of year	-	258,585	97,612	-	-	40,254	396,451	504,430
Adjustment to beginning fund balance	-	-	-	-	-	-	-	(55,970)
Fund balance (deficit), end of year	\$ -	\$ 380,244	\$ 391,759	\$ -	\$ -	\$ 112,986	\$ 884,989	\$ 396,451

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS - NON-COMPACT
Combining Statement of Revenues, Expenditures by Account and Changes in Fund Balance
Year Ended September 30, 1991
 (With comparative totals for the year ended September 30, 1990)

	Transition Fund	Maritime Operations Revolving Fund	Disaster Revolving Fund	Federal and Other Direct Fund	OTIA Technical Assistance and		Totals	
					Operations and Maintenance Fund	Passport Revolving Fund	1991	1990
Revenues:								
Department of the Interior grants	\$ -	\$ -	\$ -	\$ -	\$ 465,792	\$ -	\$ 465,792	\$1,011,543
U.S. Federal contributions	-	-	-	1,368,803	-	-	1,368,803	1,278,407
Other contributions	-	-	-	362,137	-	-	362,137	255,952
Sales of goods and services	-	37,617	-	-	-	97,710	135,327	143,202
Total revenues	-	37,617	-	1,730,940	465,792	97,710	2,332,059	2,689,104
Expenditures:								
Personnel	-	179,071	1,450	-	-	-	180,521	88,678
Travel	-	-	13,197	-	-	-	13,197	1,533
Contractual services, contributions and subsidies	-	208,648	-	-	-	-	208,648	307,707
Capital asset purchases	-	8,084	4,117	-	-	-	12,201	10,815
National Government Direct Assistance	-	-	-	1,730,940	465,792	-	2,196,732	2,545,902
Other	-	140,955	187,089	-	-	-	328,044	228,225
Total expenditures	-	536,758	205,853	1,730,940	465,792	-	2,939,343	3,182,860
Revenues over (under) expenditures	-	(499,141)	(205,853)	-	-	97,710	(607,284)	(493,756)
Other sources (uses):								
Operating and other transfers, net	-	620,800	500,000	-	-	(24,978)	1,095,822	441,747
Excess (deficiency) of revenue and other sources over expenditures and other uses	-	121,659	294,147	-	-	72,732	488,538	(52,009)
Fund balance (deficit), beginning of year	-	258,585	97,612	-	-	40,254	396,451	504,430
Adjustment to beginning fund balance	-	-	-	-	-	-	-	(55,970)
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ 380,244</u>	<u>\$ 391,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,986</u>	<u>\$ 884,989</u>	<u>\$ 396,451</u>

NATIONAL GOVERNMENT
 FEDERATED STATES OF MICRONESIA
 SPECIAL REVENUE FUNDS - COMPACT
 Combining Balance Sheet
 September 30, 1991

	Communic- ations Annual Section 215 (a)	Communic- ations One Time Section 215 (b)(1)	Marine Surveillance Annual Section 216 (a)(1)	Marine Surveillance One Time Section 216 (b)	Post Secondary Education Section 216 (a)(3)	Special Health Medical Section 216 (a)(2)	Block Grant Section 221 (b)	Energy Compact Section 214	Special Development Fund	Total
Assets										
Cash	\$ 60,071	\$ 79,541	\$ 84,485	\$ 5,452	\$ 343,723	\$ 79,973	\$1,111,918	\$ 61,707	\$ -	\$ 1,826,870
Investments	79,238	945,129	1,398,755	916,745	2,314,157	346,606	-	689,271	-	6,689,901
Receivables from:										
Dividends and interest	2,179	1,383	11,010	10,028	50,633	2,569	2,834	8,531	-	89,167
Total assets	\$141,488	\$1,026,053	\$1,494,250	\$932,225	\$2,708,513	\$429,148	\$1,114,752	\$759,509	\$ -	\$ 8,605,938
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 39,886	\$ -	\$ -	\$ 1,003	\$ 17,661	\$ 20,852	\$ -	\$ 79,402
Accrued payroll	-	-	12,472	-	-	291	1,284	-	-	14,047
Due to other funds	87,488	721,616	692,310	265,625	1,847,782	89,161	143,712	154,894	-	4,002,588
Due to FSM States	-	-	-	-	-	-	27,704	32,419	-	60,123
Total liabilities	87,488	721,616	744,668	265,625	1,847,782	90,455	190,361	208,165	-	4,156,160
Fund balance:										
Reserved for encumbrances	-	-	199,835	-	-	25,099	212,483	35,915	-	473,332
Continuing appropriations	-	304,437	-	-	645,377	-	46,008	177,178	-	1,173,000
Unreserved	54,000	-	549,747	666,600	215,354	313,594	665,900	338,251	-	2,803,446
Total fund balance	54,000	304,437	749,582	666,600	860,731	338,693	924,391	551,344	-	4,449,778
Total liabilities and fund balance	\$141,488	\$1,026,053	\$1,494,250	\$932,225	\$2,708,513	\$429,148	\$1,114,752	\$759,509	\$ -	\$ 8,605,938

NATIONAL GOVERNMENT
 FEDERATED STATES OF MICRONESIA
 SPECIAL REVENUE FUNDS - COMPACT
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Year Ended September 30, 1991

	Communic- ations Annual Section <u>215 (a)</u>	Communic- ations One Time Section <u>215 (b)(1)</u>	Marine Surveillance Annual Section <u>216 (a)(1)</u>	Marine Surveillance One Time Section <u>216 (b)</u>	Post Secondary Education Section <u>216 (a)(3)</u>	Special Health Medical Section <u>216 (a)(2)</u>	Block Grant Section <u>221 (b)</u>	Energy Compact Section <u>214</u>	Special Development Fund	Total
Revenues:										
Compact grants:										
Base amount	\$600,000	\$ -	\$ 519,000	\$ -	\$1,889,700	\$125,980	\$315,000	\$200,100	\$ -	\$ 3,649,780
Inflation adjustment	204,000	-	-	-	-	-	-	68,034	-	272,034
Interest and dividend Income	-	-	-	-	-	-	-	-	229,589	229,589
Total revenues	<u>804,000</u>	<u>-</u>	<u>519,000</u>	<u>-</u>	<u>1,889,700</u>	<u>125,980</u>	<u>315,000</u>	<u>268,134</u>	<u>229,589</u>	<u>4,151,403</u>
Expenditures:										
Executive branch	-	-	909,916	-	3,324,276	75,747	235,371	197,872	-	4,743,182
Total expenditures	<u>-</u>	<u>-</u>	<u>909,916</u>	<u>-</u>	<u>3,324,276</u>	<u>75,747</u>	<u>235,371</u>	<u>197,872</u>	<u>-</u>	<u>4,743,182</u>
Revenues over (under) expenditures	804,000	-	(390,916)	-	(1,434,576)	50,233	79,629	70,262	229,589	(591,779)
Other sources (uses):										
Transfer out	(768,000)	-	-	-	-	-	-	-	(8,828,989)	(9,596,989)
Excess (deficiency) of revenue and other sources over expend- itures and other uses	36,000	-	(390,916)	-	(1,434,576)	50,233	79,629	70,262	(8,599,400)	(10,188,768)
Fund balance, beginning of year	<u>18,000</u>	<u>304,437</u>	<u>1,140,498</u>	<u>666,600</u>	<u>2,295,307</u>	<u>288,460</u>	<u>844,762</u>	<u>481,082</u>	<u>8,599,400</u>	<u>14,638,546</u>
Fund balance, end of year	<u>\$ 54,000</u>	<u>\$ 304,437</u>	<u>\$ 749,582</u>	<u>\$ 666,600</u>	<u>\$ 860,731</u>	<u>\$ 338,693</u>	<u>\$ 924,391</u>	<u>\$ 551,344</u>	<u>\$ -</u>	<u>\$ 4,449,778</u>

NATIONAL GOVERNMENT
 FEDERATED STATES OF MICRONESIA
 SPECIAL REVENUE FUNDS - COMPACT
 Combining Statement of Revenues, Expenditures by Account
 and Changes in Fund Balance
 Year Ended September 30, 1991

	Communic- ations Annual Section 215 (a)	Communic- ations One Time Section 215 (b)(1)	Marine Surveillance Annual Section 216 (a)(1)	Marine Surveillance One Time Section 216 (b)	Post Secondary Education Section 216 (a)(3)	Special Health Medical Section 216 (a)(2)	Block Grant Section 221 (b)	Energy Compact Section 214	Special Development Fund	Total
Revenues:										
Compact grants:										
Base amount	\$600,000	\$ -	\$ 519,000	\$ -	\$1,889,700	\$125,980	\$315,000	\$200,100	\$ -	\$ 3,649,780
Inflation adjustment	204,000	-	-	-	-	-	-	68,034	-	272,034
Interest and dividend Income	-	-	-	-	-	-	-	-	229,589	229,589
Total revenues	804,000	-	519,000	-	1,889,700	125,980	315,000	268,134	229,589	4,151,403
Expenditures:										
Personnel	-	-	376,163	-	-	10,260	46,672	-	-	433,095
Travel	-	-	36,411	-	-	10,899	60,138	-	-	107,448
Contractual services, contributions and subsidies	-	-	249,208	-	-	54,588	12,523	-	-	316,319
Capital asset purchase	-	-	32,692	-	-	-	13,057	-	-	45,749
Scholarship related assistance to States and COM	-	-	-	-	3,324,276	-	-	-	-	3,324,276
Other	-	-	215,442	-	-	-	102,981	197,872	-	516,295
Total expenditures	-	-	909,916	-	3,324,276	75,747	235,371	197,872	-	4,743,182
Revenues over (under) expenditures	804,000	-	(390,916)	-	(1,434,576)	50,233	79,629	70,262	229,589	(591,779)
Other sources (uses):										
Transfer out	(768,000)	-	-	-	-	-	-	-	(8,828,989)	(9,596,989)
Excess (deficiency) of revenue and other sources over expend- itures and other uses	36,000	-	(390,916)	-	(1,434,576)	50,233	79,629	70,262	(8,599,400)	(10,188,768)
Fund balance, beginning of year	18,000	304,437	1,140,498	666,600	2,295,307	288,460	844,762	481,082	8,599,400	14,638,546
Fund balance, end of year	\$ 54,000	\$ 304,437	\$ 749,582	\$ 666,600	\$ 860,731	\$ 338,693	\$ 924,391	\$ 551,344	\$ -	\$ 4,449,778

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 1991**

Appropriations or grants earmarked to finance capital projects of the Government are accounted for in the capital projects funds. Project costs, upon completion, are accounted for in the General Fixed Assets Account Group. The Capital Projects Funds within the National Government are described below:

TTPI Capital Projects Fund - This fund is used to account for the expenditures of construction grants from the Trust Territory Government or from the Department of the Interior, Office of Territorial and International 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.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
CAPITAL PROJECTS FUNDS
Combining Balance Sheet
September 30, 1991
 (With comparative totals as of September 30, 1990)

	<u>Compact</u> <u>Capital</u> <u>Projects</u>	<u>OTIA/TTPI</u> <u>Capital</u> <u>Projects</u>	<u>CFSM</u> <u>Capital</u> <u>Projects</u>	<u>Totals</u>	
				<u>1991</u>	<u>1990</u>
<u>Assets</u>					
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,249
Investments	5,797,686	-	-	5,797,686	4,698,151
Receivables from TTPI/OTIA	-	608,392	-	608,392	854,461
Loans receivable	3,750,000	-	-	3,750,000	-
Due from other funds	-	-	78,822	78,822	79,996
Accrued interest	<u>85,452</u>	<u>-</u>	<u>-</u>	<u>85,452</u>	<u>59,769</u>
Total assets	<u>\$9,633,138</u>	<u>\$ 608,392</u>	<u>\$ 78,822</u>	<u>\$10,320,352</u>	<u>\$5,694,626</u>
 <u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ 805	\$ 191,817	\$ -	\$ 192,622	\$ 215,448
Accrued payroll	1,245	256	-	1,501	1,965
Due to FSM States	34,455	-	-	34,455	34,460
Due to other funds	<u>830,890</u>	<u>416,319</u>	<u>-</u>	<u>1,247,209</u>	<u>2,625,797</u>
Total liabilities	<u>867,395</u>	<u>608,392</u>	<u>-</u>	<u>1,475,787</u>	<u>2,877,670</u>
 Fund balance:					
Reserve for loans	3,750,000	-	-	3,750,000	-
Reserve for encumbrances	592,149	189,610	-	781,759	993,699
Reserve for continuing appropriation	1,778,125	-	67,947	1,846,072	1,983,402
Unreserved fund balance	<u>2,645,469</u>	<u>(189,610)</u>	<u>10,875</u>	<u>2,466,734</u>	<u>(160,145)</u>
Total fund balance	<u>8,765,743</u>	<u>-</u>	<u>78,822</u>	<u>8,844,565</u>	<u>2,816,956</u>
 Total liabilities and fund balance	 <u>\$9,633,138</u>	 <u>\$ 608,392</u>	 <u>\$ 78,822</u>	 <u>\$10,320,352</u>	 <u>\$5,694,626</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year ended September 30, 1991
 (With comparative totals for the year ended September 30, 1990)

	Compact Capital Projects	OTIA/TTPI Capital Projects	CFSM Capital Projects	<u>Totals</u>	
				1991	1990
Revenue:					
Department of the Interior grants	\$ -	\$ 244,761	\$ -	\$ 244,761	\$ -
TTPI grants	-	-	-	-	1,086,529
Capital Compact funds:					
Base	5,051,200	-	-	5,051,200	2,251,200
Inflation adjustment	<u>1,717,408</u>	<u>-</u>	<u>-</u>	<u>1,717,408</u>	<u>675,360</u>
Total revenues	<u>6,768,608</u>	<u>244,761</u>	<u>-</u>	<u>7,013,369</u>	<u>4,013,089</u>
Program expenditures:					
Executive Branch	<u>999,825</u>	<u>244,761</u>	<u>1,174</u>	<u>1,245,760</u>	<u>2,026,326</u>
Total expenditures	<u>999,825</u>	<u>244,761</u>	<u>1,174</u>	<u>1,245,760</u>	<u>2,026,326</u>
Revenues in excess of expenditures	<u>5,768,783</u>	<u>-</u>	<u>(1,174)</u>	<u>5,767,609</u>	<u>1,986,763</u>
Other sources (uses):					
Operating transfers out	(2,200,000)	-	-	(2,200,000)	(1,000,000)
MTN loan proceeds/payments	<u>2,460,000</u>	<u>-</u>	<u>-</u>	<u>2,460,000</u>	<u>-</u>
Total other sources (uses)	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>	<u>(1,000,000)</u>
Excess of revenues over expenditures and other sources	6,028,783	-	(1,174)	6,027,609	986,763
Fund balance, beginning of year	2,736,960	-	79,996	2,816,956	1,560,193
Adjustment to beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,000</u>
Fund balance, end of year	<u>\$8,765,743</u>	<u>\$ -</u>	<u>\$ 78,822</u>	<u>\$8,844,565</u>	<u>\$2,816,956</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
CAPITAL PROJECTS FUNDS**

Combining Statement of Revenues, Expenditures by Account
and Changes in Fund Balance
Year ended September 30, 1991
(With comparative totals for the year ended September 30, 1990)

	<u>Compact Capital Projects</u>	<u>OTIA/TTPI Capital Projects</u>	<u>CFSM Capital Projects</u>	<u>Totals</u>	
				<u>1991</u>	<u>1990</u>
Revenue:					
Department of the Interior grants	\$ -	\$ 244,761	\$ -	\$ 244,761	\$ -
TTPI grants	-	-	-	-	1,086,529
Capital Compact funds:					
Base	5,051,200	-	-	5,051,200	2,251,200
Inflation adjustments	<u>1,717,408</u>	<u>-</u>	<u>-</u>	<u>1,717,408</u>	<u>675,360</u>
Total revenues	<u>6,768,608</u>	<u>244,761</u>	<u>-</u>	<u>7,013,369</u>	<u>4,013,089</u>
Program expenditures:					
Personnel	42,985	32,060	-	75,045	155,002
Travel	42,663	2,009	-	44,672	102,391
Contractual services, contributions and subsidies	663,088	32,982	-	696,070	1,213,766
Capital asset purchases	128,266	352	1,174	129,792	62,146
Construction in progress	-	138,309	-	138,309	-
Other	<u>122,823</u>	<u>39,049</u>	<u>-</u>	<u>161,872</u>	<u>493,021</u>
Total expenditures	<u>999,825</u>	<u>244,761</u>	<u>1,174</u>	<u>1,245,760</u>	<u>2,026,326</u>
Revenues in excess of expenditures	<u>5,768,783</u>	<u>-</u>	<u>(1,174)</u>	<u>5,767,609</u>	<u>1,986,763</u>
Other sources (uses):					
Operating transfers out	(2,200,000)	-	-	(2,200,000)	(1,000,000)
MTN loan proceeds/payments	<u>2,460,000</u>	<u>-</u>	<u>-</u>	<u>2,460,000</u>	<u>-</u>
Total other sources (uses)	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>	<u>(1,000,000)</u>
Excess of revenues over expenditures and other sources	6,028,783	-	(1,174)	6,027,609	986,763
Fund balance, beginning of year	2,736,960	-	79,996	2,816,956	1,560,193
Adjustment to beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,000</u>
Fund balance, end of year	<u>\$8,765,743</u>	<u>\$ -</u>	<u>\$ 78,822</u>	<u>\$8,844,565</u>	<u>\$2,816,956</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
ENTERPRISE FUNDS
SEPTEMBER 30, 1991**

The enterprise funds account for the operations of certain agencies which provide goods or services to the general public on a user charge basis. The National Government's enterprise operations are described below:

Coconut Development Authority was established by 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 (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 with points outside of 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 the 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.

National Fisheries Corporation - The National Fisheries Corporation was created on July 13, 1983 by FSM Public Law No. 3-14.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
ENTERPRISE FUNDS**

Combining Balance Sheet

September 30, 1991

(With comparative totals as of September 30, 1990)

	<u>FSM Tele- Communications Corp.</u>	<u>FSM Development Bank</u>	<u>FSM Coconut Development Authority</u>	<u>National Fisheries Corporation</u>	<u>Totals</u>	
					<u>1991</u>	<u>1990</u>
<u>Assets</u>						
Cash and equivalents	\$ 1,719,237	\$ 380,761	\$ 142,663	\$1,166,357	\$ 3,409,018	\$ 1,119,579
Time certificates of deposit	5,023,390	4,924,757	-	-	9,948,147	22,132,658
Investments	6,060,333	23,963,288	-	1,577,364	31,600,985	2,988,609
General receivables, net	1,177,145	5,656	44,103	-	1,226,904	1,008,439
Loans receivable, net	-	7,288,694	-	-	7,288,694	4,787,784
Other receivables and prepaids	699,656	150,393	573	218,155	1,068,777	938,252
Deferred charges	1,182,093	-	-	-	1,182,093	278,484
Advances	9,894	-	42,450	35,017	87,361	59,483
Restricted assets	-	1,328,454	-	-	1,328,454	1,464,287
Inventory	106,254	-	43,429	-	149,683	504,839
Fixed assets, net of accumulated depreciation	<u>14,117,326</u>	<u>71,978</u>	<u>167,011</u>	<u>1,199,781</u>	<u>15,556,096</u>	<u>10,386,748</u>
Total assets	<u>\$30,095,328</u>	<u>\$38,113,981</u>	<u>\$ 440,229</u>	<u>\$4,196,674</u>	<u>\$72,846,212</u>	<u>\$45,700,662</u>
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Accounts payable	\$ 131,967	\$ 22,186	\$ 25,393	\$ 1,974	\$ 181,520	\$ 477,350
Accrued payroll and others	1,127,521	74,031	1,727	30,752	1,234,031	670,037
Deferred credits	46,093	-	-	-	46,093	46,122
Notes payable	<u>12,104,000</u>	<u>-</u>	<u>-</u>	<u>2,360,756</u>	<u>14,464,756</u>	<u>-</u>
Total liabilities	<u>13,409,581</u>	<u>96,217</u>	<u>27,120</u>	<u>2,393,482</u>	<u>15,926,400</u>	<u>1,193,509</u>
Fund equity:						
Contributed capital	7,015,564	35,688,553	646,616	3,040,807	46,391,540	34,768,192
Retained earnings	<u>9,670,183</u>	<u>2,329,211</u>	<u>(233,507)</u>	<u>(1,237,615)</u>	<u>10,528,272</u>	<u>9,738,961</u>
Total fund equity	<u>16,685,747</u>	<u>38,017,764</u>	<u>413,109</u>	<u>1,803,192</u>	<u>56,919,812</u>	<u>44,507,153</u>
Total liabilities and fund equity	<u>\$30,095,328</u>	<u>\$38,113,981</u>	<u>\$ 440,229</u>	<u>\$4,196,674</u>	<u>\$72,846,212</u>	<u>\$45,700,662</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
ENTERPRISE FUNDS**

Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year ended September 30, 1991

(With comparative totals for the year ended September 30, 1990)

	FSM Tele- Communications Corp.	FSM Development Bank	FSM Coconut Development Authority	National Fisheries Corporation	Totals	
					1991	1990
Revenues:						
Charges for goods and services	\$5,033,623	\$ -	\$ 369,471	\$ 30,640	\$ 5,433,734	\$ 4,821,416
Rental income/ interest income	-	2,063,508	-	-	2,063,508	1,642,095
Other	37,825	87,745	-	9,775	135,345	77,865
Total operating revenues	5,071,448	2,151,253	369,471	40,415	7,632,587	6,541,376
Operating expenses:						
Personnel services	-	324,303	61,883	93,064	479,250	415,566
Supplies and materials	-	8,204	13,015	-	21,219	24,317
Other	-	781,584	325,802	155,824	1,263,210	867,643
Depreciation	-	40,551	16,602	12,770	69,923	53,426
Cost of sales	4,631,075	-	477,478	-	5,108,553	3,905,457
Total expenses	4,631,075	1,154,642	894,780	261,658	6,942,155	5,266,409
Operating income (loss)	440,373	996,611	(525,309)	(221,243)	690,432	1,274,967
Non-operating revenues (expenses):						
Loss on equity in subsidiaries	-	-	-	(1,586,116)	(1,586,116)	-
Transfers in	768,000	236,200	353,890	600,000	1,958,090	1,634,626
Miscellaneous	13,928	(593)	8,089	26,490	47,914	(39,880)
Interest income	495,464	828,989	-	37,126	1,361,579	286,832
Total non-operating revenues (expense)	1,277,392	1,064,596	361,979	(922,500)	1,781,467	1,881,578
Net income (loss)	1,717,765	2,061,207	(163,330)	(1,143,743)	2,471,899	3,156,545
Retained earnings (deficit), beginning of year	7,978,091	1,754,293	(63,755)	70,332	9,738,961	6,561,056
Adjustment of retained earnings, beginning of year	(25,673)	(1,486,289)	(6,422)	(164,204)	(1,682,588)	21,360
Retained earnings (deficit) end of year	\$9,670,183	\$ 2,329,211	\$(233,507)	\$(1,237,615)	\$10,528,272	\$ 9,738,961
Contributed capital, beginning of year	\$7,015,564	\$23,894,216	\$ 646,616	\$ 3,211,796	\$34,768,192	\$28,140,397
Additions	-	11,794,337	-	-	11,794,337	6,627,795
Adjustments	-	-	-	(170,989)	(170,989)	-
Contributed capital, end of year	\$7,015,564	\$35,688,553	\$ 646,616	\$ 3,040,807	\$46,391,540	\$34,768,192

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
ENTERPRISE FUNDS
Combining Statement of Cash Flows
Year ended September 30, 1991

(With Comparative totals for the year ended September 30, 1990)

	FSM Tele-	FSM	FSM Coconut	National	Totals	
	Communications Corp.	Development Bank	Development Authority	Fisheries Corporation	1991	1990
Operating Activities						
Net Income	\$ 440,373	\$ 2,061,207	\$(163,330)	\$(1,143,743)	\$ 1,194,507	\$ 2,096,944
Add back items not affecting cash:						
Depreciation	964,982	40,551	16,602	12,770	1,034,905	868,514
Bad debt	-	-	-	3,183	3,183	-
Equity in subsidiary loss	-	-	-	1,586,116	1,586,116	-
Prior period adjustment	<u>(25,673)</u>	<u>(1,486,289)</u>	<u>(6,422)</u>	<u>(65,559)</u>	<u>(1,583,943)</u>	<u>18,968</u>
	<u>1,379,682</u>	<u>615,469</u>	<u>(153,150)</u>	<u>392,767</u>	<u>2,234,768</u>	<u>2,984,426</u>
Changes in Working Capital:						
Cash advances	-	-	800	75,992	76,792	(1,250)
Travel advances	6,339	-	-	(35,017)	(28,678)	1,644
Interest receivable	(130,507)	(46,553)	1,437	-	(175,623)	51,305
Accounts receivable trade	(102,376)	(469)	(23,098)	21,201	(104,742)	(139,250)
Unbilled accounts receivable	(29,801)	-	-	-	(29,801)	(54,142)
Accounts receivable other	(38,777)	-	-	4,220	(34,557)	72,191
Materials and supplies inventory	65,270	-	-	-	65,270	(53,356)
Inventory trade	-	-	289,886	-	289,886	(224,928)
Prepaid expenses	(166,891)	1,176	-	(30,994)	(196,709)	(79,854)
Accrued earnings	320,748	-	-	-	320,748	(468,180)
Deferred charges	(903,609)	-	-	-	(903,609)	(9,064)
Loans receivable	-	(2,404,611)	-	-	(2,404,611)	(173,707)
Accounts payable	332,852	(9,919)	(163,648)	2,405	161,690	198,976
Due from other funds	-	-	31,500	(132,472)	(100,972)	(16,447)
Accrued payroll	12,609	(9,241)	-	-	3,368	10,396
Accrued payroll taxes and benefits	4,236	8,358	-	-	12,594	19,972
Credit life insurance premium	-	7,498	-	-	7,498	(18,957)
Accrued leave payable	19,669	692	-	-	20,361	(15,895)
Deferred revenue	18,272	-	-	-	18,272	30,603
Accrued expenses other	16,877	-	-	-	16,877	128,608
Deferred credits	<u>3,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,351</u>	<u>-</u>
	<u>(571,738)</u>	<u>(2,453,069)</u>	<u>136,877</u>	<u>(94,665)</u>	<u>(2,982,595)</u>	<u>(741,335)</u>
Cash generated (used) by operating activities	<u>807,944</u>	<u>(1,837,600)</u>	<u>(16,273)</u>	<u>298,102</u>	<u>(747,827)</u>	<u>2,243,091</u>
Capital and Related Financing Activities:						
Proceeds from longterm note	12,104,000	-	-	2,360,756	14,464,756	-
Acquisition of fixed assets	-	(37,857)	(43,256)	(660,390)	(741,503)	(3,742,339)
Disposals of fixed assets	13,928	606	-	-	14,534	4,136
Interest income received	<u>495,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,464</u>	<u>5,048,160</u>
Cash generated (used) by financing activities	<u>12,613,392</u>	<u>(37,251)</u>	<u>(43,256)</u>	<u>1,700,366</u>	<u>14,233,251</u>	<u>1,309,957</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
ENTERPRISE FUNDS**

Combining Statement of Cash Flows, (continued)

Year ended September 30, 1991

(With Comparative totals for the year ended September 30, 1990)

	<u>FSM Tele- Communications Corp.</u>	<u>FSM Development Bank</u>	<u>FSM Coconut Development Authority</u>	<u>National Fisheries Corporation</u>	<u>Totals</u>	
					<u>1991</u>	<u>1990</u>
Non-Capital Financing Activities:						
CFSM Appropriation	\$ 768,000	\$ -	\$ -	\$ -	\$ 768,000	\$ 771,000
Contributed Capital Received	<u>-</u>	<u>11,794,337</u>	<u>-</u>	<u>-</u>	<u>11,794,337</u>	<u>5,916,000</u>
Cash generated (used) by financing activities	<u>768,000</u>	<u>11,794,337</u>	<u>-</u>	<u>-</u>	<u>12,562,337</u>	<u>6,687,000</u>
Investing activities:						
Investment in joint ventures	-	-	-	(1,226,486)	(1,226,486)	-
Investment in securities	-	(23,434,067)	-	-	(23,434,067)	-
Escrow fund	(6,060,333)	-	-	-	(6,060,333)	-
Project under construction	(1,216,200)	-	-	-	(1,216,200)	-
Plant in service	<u>(4,402,252)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,402,252)</u>	<u>-</u>
Cash generated (used) by investing activities	<u>(11,678,785)</u>	<u>(23,434,067)</u>	<u>-</u>	<u>(1,226,486)</u>	<u>(36,339,338)</u>	<u>-</u>
Net increase (decrease) in cash and equivalents	2,510,551	(13,514,581)	(59,529)	771,982	(10,291,577)	10,240,048
Cash and equivalents, beginning of year	<u>4,232,076</u>	<u>19,211,934</u>	<u>202,192</u>	<u>394,375</u>	<u>24,040,577</u>	<u>13,800,529</u>
Cash and equivalents, end of year, restricted	-	391,835	-	-	391,835	788,340
Cash and equivalents, end of year, unrestricted	<u>6,742,627</u>	<u>5,305,518</u>	<u>142,663</u>	<u>1,166,357</u>	<u>13,357,165</u>	<u>23,252,237</u>
Total cash and equivalents, end of year	<u>\$ 6,742,627</u>	<u>\$ 5,697,353</u>	<u>\$ 142,663</u>	<u>\$ 1,166,357</u>	<u>\$ 13,749,000</u>	<u>\$ 24,040,577</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
EXPENDABLE TRUST FUNDS
SEPTEMBER 30, 1991**

Special funds which are administered by the FSM National Government in a fiduciary capacity are accounted for as Trust Funds. The expendable trust funds which the National Government bears responsibility for at September 30, 1991, 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 are restricted to \$4,000 per annum and \$16,000 in total to an undergraduate (\$32,000 for a professional or graduate student). 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.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
EXPENDABLE TRUST FUNDS
Combining Balance Sheet
September 30, 1991

(With comparative totals as of September 30, 1990)

	Health Insurance Fund	Student Loan Fund	<u>Totals</u>	
			<u>1991</u>	<u>1990</u>
<u>Assets</u>				
Cash and equivalent	\$ 584,240	\$ -	\$ 584,240	\$ 819,329
General receivables	106,520	-	106,520	104,218
Due from other funds	83,438	278,673	362,111	646,764
Loans	-	1,675,536	1,675,536	1,681,359
Allowance for loan reserves	<u>-</u>	<u>(1,675,536)</u>	<u>(1,675,536)</u>	<u>(1,681,359)</u>
 Total assets	 <u>\$ 774,198</u>	 <u>\$ 278,673</u>	 <u>\$1,052,871</u>	 <u>\$1,570,311</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 635,708	\$ -	\$ 635,708	\$1,505,004
Accrued payable	<u>1,438</u>	<u>-</u>	<u>1,438</u>	<u>1,006</u>
 Total liabilities	 <u>637,146</u>	 <u>-</u>	 <u>637,146</u>	 <u>1,506,010</u>
 Fund balance	 <u>137,052</u>	 <u>278,673</u>	 <u>415,725</u>	 <u>64,301</u>
 Total liabilities and fund balance	 <u>\$ 774,198</u>	 <u>\$ 278,673</u>	 <u>\$1,052,871</u>	 <u>\$1,570,311</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
EXPENDABLE TRUST FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Year ended September 30, 1991
 (With comparative totals for the year ended September 30, 1990)

	Health Insurance Fund	Student Loan Fund	<u>Totals</u>	
			<u>1991</u>	<u>1990</u>
Revenues:				
Interest income	\$ 39,904	\$ -	\$ 39,904	\$ 55,102
Member's contributions	1,312,592	-	1,312,592	1,221,689
Loan repayments	<u>-</u>	<u>61,385</u>	<u>61,385</u>	<u>55,561</u>
Total revenues	<u>1,352,496</u>	<u>61,385</u>	<u>1,413,881</u>	<u>1,332,352</u>
Expenditures:				
Insurance claims	941,731	-	941,731	1,705,523
Administrative expense	<u>120,726</u>	<u>-</u>	<u>120,726</u>	<u>49,567</u>
Total expenditures	<u>1,062,457</u>	<u>-</u>	<u>1,062,457</u>	<u>1,755,090</u>
Revenues greater than (less than) expenditures	290,039	61,385	351,424	(422,738)
Fund balance, beginning of year	(152,987)	217,288	64,301	874,712
Adjustment to beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(387,673)</u>
Fund balance (deficit), end of year	<u>\$ 137,052</u>	<u>\$ 278,673</u>	<u>\$ 415,725</u>	<u>\$ 64,301</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 1991**



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AS A RESULT OF AN AUDIT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable Bailey Olter
President
Federated States of Micronesia

We have audited the general purpose financial statements of the Federated States of Micronesia National Government as of and for the year ended September 30, 1991, and have issued our report thereon dated April 10, 1992.

Except as described in the aforementioned report, we conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to the Federated States of Micronesia National Government is the responsibility of the National Government's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the National Government's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the National Government complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the National Government has not complied, in all material respects, with those provisions.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AS A RESULT OF AN AUDIT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable Bailey Olter
President
Federated States of Micronesia

We have audited the general purpose financial statements of the Federated States of Micronesia National Government as of and for the year ended September 30, 1991, and have issued our report thereon dated April 10, 1992.

Except as described in the aforementioned report, we conducted our audit in accordance with generally accepted auditing standards and 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.

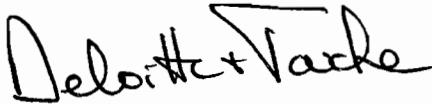
Compliance with laws, regulations, contracts, and grants applicable to the Federated States of Micronesia National Government is the responsibility of the National Government's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the National Government's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the National Government complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the National Government has not complied, in all material respects, with those provisions.

However, with respect to the expenditures of subrecipients as set forth in the accompanying schedules, the audit reports of one subrecipient (Pohnpei State) stated material concerns that caused a disclaimer of opinion of the subrecipient's general purpose financial statements.

This report is intended for the information of the Federated States of Micronesia National Government and the cognizant audit and other federal agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

April 10, 1992

A handwritten signature in cursive script that reads "Deloitte + Tatche". The signature is written in dark ink and is positioned above the printed name of the firm.

Certified Public Accountants



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Honorable Bailey Olter
President
Federated States of Micronesia

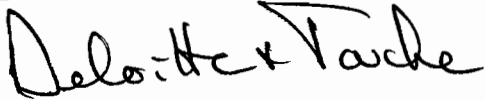
We have audited the Federated States of Micronesia National Government's compliance with the requirements governing types of services allowed or unallowed; eligibility; special tests and provisions related to the Compact of Free Association; level of effort, or earmarking; reporting; and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended September 30, 1991. The management of the Federated States of Micronesia National Government is responsible for the National Government's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

Except as described in the aforementioned report, we conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the National Government's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings and questioned costs.

In our opinion, the Federated State of Micronesia National Government, complied, in all material respects, with the requirements governing the Compact of Free Association, types of services allowed or unallowed; eligibility; level of effort, or earmarking; reporting; and claims for advances and reimbursements; that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1991.

April 10, 1992

A handwritten signature in cursive script that reads "Deloitte & Touche". The signature is written in dark ink and is positioned below the date.

Certified Public Accountants



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH GENERAL REQUIREMENTS

Honorable Bailey Olter
President
Federated States of Micronesia

We have applied procedures to test the Federated States of Micronesia National Government's compliance with the following requirements applicable to each of its major federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended September 30, 1991: cash management, federal financial reports, allowable costs/cost principles, drug free workplace, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the National Government's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the National Government had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of the Federated States of Micronesia National Government and the cognizant audit and other federal agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

April 10, 1992

Certified Public Accountants



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS APPLICABLE
TO NONMAJOR PROGRAMS

Honorable Bailey Olter
President
Federated States of Micronesia

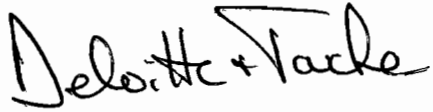
In connection with our audit of the 1991 general purpose financial statements of the Federated States of Micronesia National Government, and with our study and evaluation of the National Government's internal control systems used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Government," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended September 30, 1991.

As required by Circular A-128, we have performed auditing procedures to test compliance with the requirements governing the types of services allowed or unallowed; eligibility; the Compact of Free Association; monitoring of subrecipients and federal financial reports that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the National Government's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the National Government had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of non-compliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of the Federated States of Micronesia National Government and the cognizant audit and the other federal agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

April 10, 1992

A handwritten signature in cursive script that reads "Deloitte + Tatche". The signature is written in black ink and is positioned above the printed name of the firm.

Certified Public Accountants



**INDEPENDENT AUDITORS' REPORT ON INTERNAL
(ACCOUNTING AND ADMINISTRATIVE) CONTROL**

Honorable Bailey Olter
President
Federated States of Micronesia

We have audited the general purpose financial statements of the Federated States of Micronesia National Government, for the year ended September 30, 1991, and have issued our report thereon dated April 10, 1992. As part of our audit, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Government".

For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs into the following categories: payroll, purchases/disbursements, treasury/cash management, revenues/receipts, external financial reporting, types of services, eligibility, monitoring subrecipients, cash management, federal financial reports, allowable costs/cost principles, drug free workplace, and administrative requirements.

The management of the National Government is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures.

The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above. During the year ended September 30, 1991, the National Government expended 71% of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering major federal financial assistance programs, our study and evaluation included considering the type of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering nonmajor federal financial assistance programs for the National Government, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation of the internal control systems used solely in administering the nonmajor federal financial assistance programs of the National Government did not extend beyond this preliminary review phase.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of the National Government. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of the National Government. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of the National Government.

Also, our audit, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs.

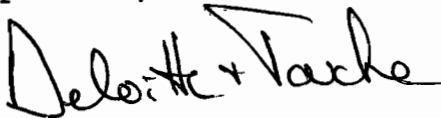
However, our study and evaluation and our audit disclosed the conditions specified in the following pages that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material to a federal financial assistance programs may occur and not be detected within a timely period.

The National Government is the primary grant recipient for substantially all federal programs received by the Federated States of Micronesia. In turn, the National Government subgrants the majority of its federal funding to its four component States. Individual audits of the State subrecipients have found substantial problems with respect to the administration of federal financial assistance. The National Government has not taken effective corrective action to ensure that its subrecipients have corrected the noted problems and deficiencies. This matter is discussed in greater detail in the following pages.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in (1) our audit of the 1991 financial statements and (2) our audit and review of the National Government's compliance with laws and regulations noncompliance with which we believe could have a material effect on the allowability of program expenditures for each major federal financial assistance program and nonmajor federal financial assistance programs. This report does not affect our reports on the general purpose financial statements and on the National Government's compliance with the laws and regulations dated April 10, 1992.

This report is intended solely for the use of the Federated States of Micronesia National Government, and the cognizant audit and other federal agencies and should not be used for any other purpose.

April 10, 1992

A handwritten signature in cursive script that reads "Deloitte + Tatche". The signature is written in dark ink and is positioned above the printed name of the firm.

Certified Public Accountants



**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY
INFORMATION - STATEMENT OF EXPENDITURES AND
QUESTIONED COSTS FOR FEDERAL FINANCIAL ASSISTANCE**

Honorable Bailey Olter
President
Federated States of Micronesia

We have audited the general purpose financial statements of Federated States of Micronesia National Government for the year ended September 30, 1991, and have issued our report thereon dated April 10, 1992. These general purpose financial statements are the responsibility of the National Government's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as described in the aforementioned report, we conducted our audit in accordance with generally accepted auditing standards and 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 included 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the National Government taken as a whole. The accompanying statement of expenditures and questioned costs is presented for purposes of additional analysis and is not a required part of the general purpose financial statements and, in our opinion, except for those matters described in our report referenced in the first paragraph, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

April 10, 1992

Certified Public Accountants

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
INTRODUCTION TO COMPACT OF FREE ASSOCIATION FUNDING,
U.S. FEDERAL AND OTHER ASSISTANCE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1991

Compact Funds

The FSM National Government and the Government of the United States implemented the Compact of Free Association during fiscal year 1987. The Compact funding replaced the Department of the Interior funding for general operations received through the TTPI Government in previous fiscal years. Based on the terms of the Compact agreement, the FSM National Government receives funding in five year increments over a fifteen year period. The Compact funding is received in four different account classifications; current operations, capital projects, block grants, and inflation adjustments. A mutually agreed upon financial institution was selected as the trustee of the Compact funding to facilitate the FSM National Governments' and its four State entities' drawdown requirements. During fiscal year 1991, the FSM National Government submitted quarterly allocation requests for itself and the four State entities to the trustee. The current operation funds are transferred from the Trustee to the designated banking institutions based on the quarterly allocation requests. The capital project funds remain with the trustee institution and are drawdown upon request by the National Government. Capital account funds are transferred in their annual base amounts on the first day of the fiscal year. Block grant funding was transferred with the initial quarterly current account allocation request and these funds were then appropriated by the FSM National Congress in accordance with the guidelines of the Compact. The United States Government annually adjusts the Compact account funding for inflation.

Pursuant to section 233 of the Compact of Free Association and paragraph 1(d), Article IV of the Agreement Concerning Procedures for the Implementation of U.S. Economic Assistance, Programs, and Services provided in the Compact of Free Association between the Government of the U.S. and the Government of the FSM, audits of Compact funding shall be performed in compliance with Government Auditing Standards, issued by the Comptroller General of the United States, and the Single Audit Act of 1984. The above states that audits shall be performed in accordance with Circular A-128, but compliance testing of Compact funding shall not include specific federal guidelines applicable to federal program assistance grants. Rather compliance testing shall be in conformance with local laws and regulations and the program intent as provided in the Compact of Free Association.

Introduction To Special Revenue and Capital Projects Funds

Receipt and use of monetary assistance from sources outside the general fund are accounted for in the following funds:

Non Compact, Special Revenue Funds:

- . Transition Fund
- . Federal and Other Direct Assistance Fund
- . OTIA Technical Assistance and Operations and Maintenance (O & M) Grants Fund

Compact of Free Association, Special Revenue Funds:

- . Communications Annual
- . Communications One-Time
- . Marine Surveillance Annual
- . Marine Surveillance One-Time
- . Post Secondary Education
- . Health and Medical
- . Special Block Grant
- . Energy
- . Special Development Fund

Capital Projects Funds:

- . TTPI Capital Projects Fund
- . Compact of Free Association Capital Projects Fund

As mentioned earlier, the Compact Funds are administered under the guidelines of the Compact of Free Association. With the exception of a few foreign source grants in the Federal and Other Direct Assistance Fund, the revenue of the Special Revenue and Capital Projects Funds is derived through allotments from U.S. grantor agencies for specific purposes.

Framework of Compact of Free Association and Federal Grant Accountability

Fiscal year 1991 marked the fifth full operational year that the National Government functioned as the primary grant recipient of U.S. federal assistance programs and assumed the responsibility of administering the programs to the designated subrecipients, the FSM State entities.

During fiscal year 1991, the FSM National Government utilized an automated accounting system for the special revenue and capital projects funds. Direct expenditure transactions were authorized by the administering agencies of the National Government and were reviewed and approved by the National Government's Department of Finance. Disbursements and receipts were made and accounting documentation was maintained by the Department of Finance.

Framework of Compact of Free Association and Federal Grant
Accountability, Continued

Other expenditures consist of drawdown transfers made to State governments for sub-allotted grants. Transaction balances are supported by allotment (fund status) reports provided by the States to the National Government. Revenues are recorded and recognized on the basis of expenditures. Drawdowns typically occur after expenditures are recorded.

With respect to grant drawdowns of federally assisted programs, the FSM initially funds its expenditures, and on a periodic basis draws down funds directly from the Office of Territorial and International Affairs, or other grantor agencies, based on program expenditures. The FSM National Government as the primary grantee for federally assisted grant programs has the ultimate authority and responsibility to ensure that drawdowns from grantor agencies and federal financial reports are made in an accurate and timely manner.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR

YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. NO.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	Fiscal Year Expenditures 1991		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Education											
			Consolidated Grant								
	84.151		M00860890F:								
		3001	Yap	\$ 505,726	\$ 506,049	\$ -	\$ -	\$ 506,049	\$ (323)	\$ -	
		3003	Kosrae	370,085	330,089	-	-	330,089	39,996	-	
		3005	Pohnpei	744,429	545,048	-	-	545,048	199,381	-	
		3006	Pohnpei	608,641	408,505	-	-	408,505	200,136	-	
		3007	Chuuk	2,649,424	1,672,427	(454)	-	1,671,973	977,451	-	
		3009	National Government	60,848	57,076	-	-	57,076	3,772	-	
			Program Total	<u>4,939,153</u>	<u>3,519,194</u>	<u>(454)</u>	<u>-</u>	<u>3,518,740</u>	<u>1,420,413</u>	<u>-</u>	
			Client Assistance '87								
	84.161		F00878196X:								
		3011	Yap	800	199	-	-	199	601	-	
		3012	Kosrae	3,074	2,442	-	-	2,442	632	-	
		3013	Chuuk	800	-	-	-	-	800	-	
		3014	Pohnpei	800	180	-	-	180	620	-	
		3015	National Government	3,525	2,696	-	-	2,696	829	-	
			Unalloted	<u>4,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,725</u>	<u>-</u>	
			Program Total	<u>13,724</u>	<u>5,517</u>	<u>-</u>	<u>-</u>	<u>5,517</u>	<u>8,207</u>	<u>-</u>	
			Vocational Rehab. '87								
	84.126		E008740960:								
		3017	Yap	100,615	92,196	-	-	92,196	8,419	-	
		3018	Kosrae	79,502	63,155	-	-	63,155	16,347	-	
		3019	Pohnpei	36,015	8,837	-	-	8,837	27,178	-	
		3020	Chuuk	272,355	154,664	-	-	154,664	117,691	-	
		3021	National Government	28,018	28,018	-	-	28,018	-	-	
		3022	Pohnpei	88,067	18,765	-	-	18,765	69,302	-	
			Unalloted	<u>319,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,636</u>	<u>-</u>	
			Program Total	<u>924,208</u>	<u>365,635</u>	<u>-</u>	<u>-</u>	<u>365,635</u>	<u>558,573</u>	<u>-</u>	
			Balance forward	5,877,085	3,890,346	(454)	-	3,889,892	1,987,193	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

<u>Grantor</u>	<u>CFDA No.</u>	<u>FSM Orgn. No.</u>	<u>Grant Title Grant I.D. No.</u>	<u>Total Authorizations</u>	<u>Prior Expenditures</u>	<u>1991 Fiscal Year Expenditures</u>		<u>Total Program Expenditures</u>	<u>Excess (Deficit) Authorizations Over Program Expenditures</u>	<u>National Government Questioned Costs Amount</u>	<u>Detailed at Page</u>
						<u>Subrecipients</u>	<u>National Government</u>				
<u>U.S. Federal Direct Assistance Funds:</u>											
U.S. Dept. of Education			Balance forward	\$ 5,877,085	\$ 3,890,346	\$ (454)	\$ -	\$ 3,889,892	\$ 1,987,193	\$ -	
			Client Assistance '88 -								
	84.161		H161A83960:								
		3027	Yap	1,208	100	-	-	100	1,108	-	
		3028	Kosrae	3,502	1,015	-	-	1,015	2,487	-	
		3029	Pohnpei	2,358	95	-	-	95	2,263	-	
		3030	Chuuk	1,282	314	-	-	314	968	-	
		3031	National Government	7,650	1,815	-	-	1,815	5,835	-	
			Program Total	16,000	3,339	-	-	3,339	12,661	-	
			Consolidated Grant -								
	84.151		H00850890F:								
		3033	Yap	51,022	50,076	-	-	50,076	946	-	
		3034	Yap	71,852	42,238	-	-	42,238	29,614	-	
		3035	Yap	7,885	7,870	-	-	7,870	15	-	
		3036	Yap	2,736	2,466	-	-	2,466	270	-	
		3037	Yap	4,162	3,300	-	-	3,300	862	-	
		3038	Kosrae	10,000	-	-	-	-	10,000	-	
		3039	Kosrae	8,489	(2,625)	-	-	(2,625)	11,114	-	
		3040	Kosrae	24,636	15,888	-	-	15,888	8,748	-	
		3041	Kosrae	3,068	2,289	-	-	2,289	779	-	
		3042	Pohnpei	5,000	-	-	-	-	5,000	-	
		3043	Pohnpei	245,559	80,383	-	-	80,383	165,176	-	
		3044	Pohnpei	395,821	165,639	-	-	165,639	230,182	-	
		3045	Pohnpei	43,365	20,383	-	-	20,383	22,982	-	
		3046	Pohnpei	2,136	2,136	-	-	2,136	-	-	
		3047	Pohnpei	7,563	-	-	-	-	7,563	-	
		3048	Chuuk	303,690	27,322	-	-	27,322	276,368	-	
		3049	Chuuk	312,645	312,645	-	-	312,645	-	-	
		3050	Chuuk	2,000	-	-	-	-	2,000	-	
		3051	Chuuk	9,052	2,440	-	-	2,440	6,612	-	
		3052	National Government	1,027	-	-	-	-	1,027	-	
		3053	National Government	208	-	-	-	-	208	-	
		3054	National Government	10,000	10,000	-	-	10,000	-	-	
			Program Total	1,521,916	742,450	-	-	742,450	779,466	-	
			Balance forward	7,415,001	4,636,135	(454)	-	4,635,681	2,779,320	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs Amount	Detailed at Page
						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Education			Balance forward	\$ 7,415,001	\$ 4,636,135	\$ (454)	\$ -	\$ 4,635,681	\$ 2,779,320	\$ -	
	84.124		Teacher Training '87- W008600007:								
		3056	Yap	59,659	55,714	-	-	55,714	3,945	-	
		3057	Kosrae	64,559	61,663	-	-	61,663	2,896	-	
		3058	Pohnpei	138,368	132,067	-	-	132,067	6,301	-	
		3059	Chuuk	254,120	99,905	-	-	99,905	154,215	-	
		3060	National Government	2,110	-	-	-	-	2,110	-	
			Program Total	518,816	349,349	-	-	349,349	169,467	-	
			Teacher Training '88 -								
	84.124		G008710702:								
		3072	Yap	48,546	43,560	-	-	43,560	4,986	-	
		3073	Kosrae	125,711	126,190	-	-	126,190	(479)	-	
		3074	Pohnpei	109,997	109,996	1,107	-	111,103	(1,106)	-	
		3075	Chuuk	214,756	239,136	-	-	239,136	(24,380)	-	
		3076	National Government	20,990	16,144	-	-	16,144	4,846	-	
			Program Total	520,000	535,026	1,107	-	536,133	(16,133)	-	
			Consolidated Grant -								
			M00860890F:								
	84.151	3062	Yap	46,465	47,605	-	-	47,605	(1,140)	-	
		3063	Kosrae	268	(210)	-	-	(210)	478	-	
		3064	Kosrae	62,278	43,395	-	-	43,395	18,883	-	
		3065	Pohnpei	124,360	141,888	-	-	141,888	(17,528)	-	
		3066	Pohnpei	6,423	-	-	-	-	6,423	-	
		3067	Pohnpei	207,224	210,555	-	-	210,555	(3,331)	-	
		3068	Pohnpei	9,666	-	-	-	-	9,666	-	
		3069	Pohnpei	20,000	15,052	-	-	15,052	4,948	-	
		3070	Chuuk	238,055	238,054	-	-	238,054	1	-	
		3061	Chuuk	377,827	258,843	-	-	258,843	118,984	-	
		3077	Chuuk	9,052	-	-	-	-	9,052	-	
		3078	National Government	20,829	14,559	-	-	14,559	6,270	-	
		3079	National Government	90,000	90,000	-	-	90,000	-	-	
			Program Total	1,212,447	1,059,741	-	-	1,059,741	152,706	-	
			Balance forward	9,666,264	6,580,251	653	-	6,580,904	3,085,360	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

<u>Grantor</u>	<u>CFDA No.</u>	<u>FSM Orgn. No.</u>	<u>Grant Title Grant I.D. No.</u>	<u>Total Authorizations</u>	<u>Prior Expenditures</u>	<u>1991 Fiscal Year Expenditures</u>		<u>Total Program Expenditures</u>	<u>Excess (Deficit) Authorizations Over Program Expenditures</u>	<u>National Government Questioned Costs</u>	
						<u>Subrecipients</u>	<u>National Government</u>			<u>Amount</u>	<u>Detailed at Page</u>
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Education			Balance forward	\$ 9,666,264	\$ 6,580,251	\$ 653	\$ -	\$ 6,580,904	\$ 3,085,360	\$ -	
			HCEEP - G008609001:								
	3023	Yap		68,160	55,031	-	-	55,031	13,129	-	
		Unalloted		<u>5,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,078</u>	<u>-</u>	
		Program Total		<u>73,238</u>	<u>55,031</u>	<u>-</u>	<u>-</u>	<u>55,031</u>	<u>18,207</u>	<u>-</u>	
			Vocational Rehab. '88 -								
84.126			H126A81960:								
	3081	Yap		22,082	24,086	-	-	24,086	(2,004)	-	
	3082	Yap		43,920	45,928	-	-	45,928	(2,008)	-	
	3083	Kosrae		31,760	39,621	-	-	39,621	(7,861)	-	
	3084	Kosrae		48,160	56,305	-	-	56,305	(8,145)	-	
	3085	Pohnpei		36,660	34,438	-	-	34,438	2,222	-	
	3086	Pohnpei		67,340	52,534	-	-	52,534	14,806	-	
	3087	Chuuk		68,625	71,612	-	-	71,612	(2,987)	-	
	3088	Chuuk		131,375	159,959	-	-	159,959	(28,584)	-	
	3089	National Government		80,000	65,502	-	-	65,502	14,498	-	
		Unalloted		<u>15,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,828</u>	<u>-</u>	
		Program Total		<u>545,750</u>	<u>549,985</u>	<u>-</u>	<u>-</u>	<u>549,985</u>	<u>(4,235)</u>	<u>-</u>	
			Educational Transition -								
84.998			M00870890F:								
	3100	Yap		423,188	359,494	366	-	359,860	63,328	-	
	3100	Yap		365,169	326,234	-	-	326,234	38,935	-	
	3102	Yap		22,711	19,358	-	-	19,358	3,353	-	
	3103	Kosrae		527,531	468,220	-	-	468,220	59,311	-	
	3104	Pohnpei		1,130,279	997,748	2,692	-	1,000,440	129,839	-	
	3105	Pohnpei		768,205	695,103	-	-	695,103	73,102	-	
	3106	Chuuk		2,390,635	2,214,960	-	-	2,214,960	175,675	-	
	3107	Chuuk		1,278,255	1,234,040	(790)	-	1,233,250	45,005	-	
	3108	National Government		459,893	256,703	-	-	256,703	203,190	-	
	3109	Yap		30,000	17,996	-	-	17,996	12,004	-	
	3110	Pohnpei		<u>30,000</u>	<u>22,510</u>	<u>-</u>	<u>-</u>	<u>22,510</u>	<u>7,490</u>	<u>-</u>	
		Program Total		<u>7,425,866</u>	<u>6,612,366</u>	<u>2,268</u>	<u>-</u>	<u>6,614,634</u>	<u>811,232</u>	<u>-</u>	
		Balance forward		17,711,118	13,797,633	2,921	-	13,800,554	3,910,564	-	

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Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs Amount	Detailed at Page
						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Education			Balance forward	\$17,711,118	\$13,797,633	\$ 2,921	\$ -	\$13,800,554	\$ 3,910,564	\$ -	
			88 Consolidated grant								
	84.151		89/90								
		3111	Unallotted	18,000	-	-	-	-	18,000	-	
		3112	Yap	214,860	173,777	35,310	-	209,087	5,773	-	
		3113	Yap	307,786	241,565	25,477	-	267,042	40,744	-	
		3115	Kosrae	341,315	220,220	1,308	-	221,528	119,787	-	
		3116	Pohnpei	720,198	504,099	178,688	-	682,787	37,411	-	
		3117	Pohnpei	531,247	536,358	3,661	-	540,019	(8,772)	-	
		3118	Chuuk	1,674,565	1,548,447	45,769	-	1,594,216	80,349	-	
		3119	Chuuk	771,497	532,579	49,850	-	582,429	189,068	-	
		3120	National Government	199,947	112,544	-	51,420	163,964	35,983	-	
			Program Total	4,779,415	3,869,589	340,063	51,420	4,261,072	518,343	-	
	84.124		89 Teacher Training								
		3135	Yap	32,364	18,707	-	-	18,707	13,657	-	
		3136	Kosrae	85,381	41,788	-	-	41,788	43,593	-	
		3137	Pohnpei	74,872	-	-	-	-	74,872	-	
		3138	Chuuk	143,170	180,649	-	-	180,649	(37,479)	-	
		3139	National Government	11,213	8,695	-	-	8,695	2,518	-	
			Program Total	347,000	249,839	-	-	249,839	97,161	-	
	84.998		89 Chap. I & Chap. II								
		3146	National Government	146,004	405	-	118,482	118,887	27,117	-	
		3147	Chuuk	1,176,415	-	859,836	-	859,836	316,579	-	
		3147	Yap	187,602	59,174	110,534	-	169,708	17,894	-	
		3147	Pohnpei	507,418	122,756	368,336	-	491,092	16,326	-	
		3148	Chuuk	336,565	-	230,088	-	230,088	106,477	-	
		3148	Yap	107,206	23,437	65,930	-	89,367	17,839	-	
		3148	Pohnpei	333,224	23,692	232,721	-	256,413	76,811	-	
		3148	Kosrae	216,629	60,416	110,230	-	170,646	45,983	-	
			Program Total	3,011,063	289,880	1,977,675	118,482	2,386,037	625,026	-	
			Total U.S. Dept. of Education	\$25,848,596	\$18,206,941	\$ 2,320,659	\$ 169,902	\$20,697,502	\$ 5,151,094	\$ -	

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						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of											
Housing and Urban											
Development											
	14.219		CDBG:								
			80/B-80-ST-64-0001								
			81/B-81-ST-64-0001								
			82/B-82-ST-64-0001								
			83/B-83-ST-64-0001								
			84/B-84-ST-64-0001								
			85/B-85-ST-64-0001								
			86/B-86-ST-64-0001								
			87/B-87-ST-64-0001								
			88/B-88-ST-64-0001								
			89/B-89-ST-64-0001								
		Various	Kosrae	\$ 729,313	\$ 650,979	\$ 11,164	\$ -	\$ 662,143	\$ 67,170	\$ -	
		Various	Pohnpei	1,048,783	756,458	55,375	-	811,833	236,950	-	
		Various	Chuuk	899,663	656,735	47,661	-	704,396	195,267	-	
		Various	Yap	548,308	448,756	-	-	448,756	99,552	-	
		3151	National Government	61,905	52,721	-	3,383	56,104	5,801	-	
		3160	National Government	3,880	3,211	-	2,040	5,251	(1,371)	-	
		3172	National Government	2,539	2,538	-	(1,434)	1,104	1,435	-	
		3195	National Government	2,775	2,775	-	-	2,775	-	-	
		3196	National Government	2,186	-	-	1,722	1,722	464	-	
		3360	National Government	68,600	50,574	-	4,633	55,207	13,393	-	
		3398	National Government	22,410	(890)	-	7,241	6,351	16,059	-	
		3350	Unalloted	50,653	-	-	-	-	50,653	-	
		3361	Unalloted	108,875	-	-	-	-	108,875	-	
			Unalloted	503	-	-	-	-	503	-	
			Total U.S. Dept.								
			of HUD	<u>\$ 3,550,393</u>	<u>\$ 2,623,857</u>	<u>\$ 114,200</u>	<u>\$ 17,585</u>	<u>\$ 2,755,642</u>	<u>\$ 794,751</u>	<u>\$ -</u>	

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Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Labor											
	17.250		JTPA '87 - N00 #64-04								
		3201	Yap	\$ 149,160	\$ 149,160	\$ -	\$ -	\$ 149,160	\$ -	\$ -	
		3202	Kosrae	90,625	76,399	-	-	76,399	14,226	-	
		3203	Pohnpei	404,477	358,013	-	-	358,013	46,464	-	
		3204	Chuuk	688,016	674,432	4,025	-	678,457	9,559	-	
		3205	National	89,093	74,743	-	-	74,743	14,350	-	
		3217	Kosrae	106,911	67,741	-	32	67,773	39,138	-	
		3218	National Government	27,734	20,825	-	214	21,039	6,695	-	
		3233	National Government	114,814	113,725	-	(305)	113,420	1,394	-	
		3224	Yap	5,113	2,838	-	-	2,838	2,275	-	
		3225	Kosrae	15,003	14,561	-	-	14,561	442	-	
		3226	Pohnpei	13,867	-	-	-	-	13,867	-	
		3227	National Government	23,587	18,204	-	-	18,204	5,383	-	
		3284	National Government	8,195	7,300	-	-	7,300	895	-	
		3285	Pohnpei	30,811	29,201	-	-	29,201	1,610	-	
		3286	Kosrae	14,450	3,935	-	-	3,935	10,515	-	
			Program Total	<u>1,781,856</u>	<u>1,611,077</u>	<u>4,025</u>	<u>(59)</u>	<u>1,615,043</u>	<u>166,813</u>	<u>-</u>	
			Title V SCSEP '87 -								
	17.235		99-7-3409-11-251-02:								
		3207	Yap	36,600	36,598	-	-	36,598	2	-	
		3208	Kosrae	21,099	16,335	-	-	16,335	4,764	-	
		3209	Pohnpei	64,335	62,435	-	-	62,435	1,900	-	
		3210	Chuuk	95,158	63,560	-	-	63,560	31,598	-	
		3211	National Government	23,776	18,202	-	-	18,202	5,574	-	
			Unalloted	<u>6,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,599</u>	<u>-</u>	
			Program Total	<u>247,567</u>	<u>197,130</u>	<u>-</u>	<u>-</u>	<u>197,130</u>	<u>50,437</u>	<u>-</u>	
			Balance forward	2,029,423	1,808,207	4,025	(59)	1,812,173	217,250	-	

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						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Labor			Balance forward	\$ 2,029,423	\$ 1,808,207	\$ 4,025	\$ (59)	\$ 1,812,173	\$ 217,250	\$ -	
			Title V SCSEP '88 -								
	17.235		99-8-3409-11-063-02:								
		3229	Yap	25,258	30,870	-	-	30,870	(5,612)	-	
		3230	Kosrae	14,561	17,419	-	-	17,419	(2,858)	-	
		3231	Pohnpei	53,812	52,216	-	-	52,216	1,596	-	
		3232	Chuuk	45,976	16,155	-	-	16,155	29,821	-	
		3223	National government	22,202	17,875	-	-	17,875	4,327	-	
			Unalloted	8,972	-	-	-	-	8,972	-	
			Program Total	170,781	134,535	-	-	134,535	36,246	-	
	17.250		JTPA'88 - N00 #64-05:								
		3234	Unalloted	95,487	-	-	-	-	95,487	-	
		3235	Yap	17,209	14,860	2,119	-	16,979	230	-	
		3236	Yap	97,521	89,373	6,642	-	96,015	1,506	-	
		3239	Kosrae	11,783	22,553	-	-	22,553	(10,770)	-	
		3240	Kosrae	66,771	84,991	-	-	84,991	(18,220)	-	
		3241	Kosrae	11,353	2,749	10,029	-	12,778	(1,425)	-	
		3243	National Government	66,256	60,720	-	2,707	63,427	2,829	-	
		3244	Pohnpei	46,667	26,766	-	-	26,766	19,901	-	
		3245	Pohnpei	264,445	38,715	(8)	-	38,707	225,738	-	
		3246	Pohnpei	24,209	24,092	-	-	24,092	117	-	
		3248	Chuuk	79,380	79,275	-	-	79,275	105	-	
		3249	Chuuk	449,823	422,549	-	-	422,549	27,274	-	
		3254	National Government	84,808	1,988	-	82,736	84,724	84	-	
		3255	National Government	4,192	1,618	-	-	1,618	2,574	-	
		3256	National Government	79,578	25,800	-	48,250	74,050	5,528	-	
		3257	National Government	21,202	-	-	18,505	18,505	2,697	-	
			Program Total	1,420,684	896,049	18,782	152,198	1,067,029	353,655	-	
			Balance forward	3,620,888	2,838,791	22,807	152,139	3,013,737	607,151	-	

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						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Labor			Balance forward	\$ 3,620,888	\$ 2,838,791	\$ 22,807	\$ 152,139	\$ 3,013,737	\$ 607,151	\$ -	
			99-9-3409 Title IV:								
		3260	Yap	13,597	1,088	6,965	-	8,053	5,544	-	
		3260	Kosrae	12,256	10,646	-	-	10,646	1,610	-	
		3260	Pohnpei	48,010	51,994	-	-	51,994	(3,984)	-	
		3264	National Government	11,528	11,528	-	(1,239)	10,289	1,239	-	
			Program Total 64-7/64-8JTPA 89	85,391	75,256	6,965	(1,239)	80,982	4,409	-	
		3265	Unallotted	104,466	-	-	-	-	104,466	-	
		3266	Yap	16,590	7,192	9,292	-	16,484	106	-	
		3267	Yap	56,408	45,971	3,315	-	49,286	7,122	-	
		3268	Yap	42,443	30,324	12,119	-	42,443	-	-	
		3269	Kosrae	11,856	3,775	8,275	-	12,050	(194)	-	
		3270	Kosrae	38,623	45,604	1,804	-	47,408	(8,785)	-	
		3271	Kosrae	28,563	-	17,483	-	17,483	11,080	-	
		3272	Pohnpei	44,897	30,742	32,142	-	62,884	(17,987)	-	
		3273	Pohnpei	152,962	73,397	70,651	-	144,048	8,914	-	
		3274	Pohnpei	115,099	153,541	35,550	-	189,091	(73,992)	-	
		3275	Chuuk	79,872	87,324	2,427	-	89,751	(9,879)	-	
		3276	Chuuk	260,187	173,290	64,406	-	237,696	22,491	-	
		3277	Chuuk	192,422	134,302	43,076	-	177,378	15,044	-	
		3278	National Government	80,019	62,249	-	4,420	66,669	13,350	-	
		3279	National Government	55,365	-	-	16,006	16,006	39,359	-	
		3281	National Government	38,822	-	-	1,575	1,575	37,247	-	
		3282	National Government	20,705	-	-	8,586	8,586	12,119	-	
			Program Total	1,339,299	847,711	300,540	30,587	1,178,838	160,461	-	
			Balance forward	5,045,578	3,761,758	330,312	181,487	4,273,557	772,021	-	

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						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Department of Labor Balance forward				\$ 5,045,578	\$ 3,761,758	\$ 330,312	\$ 181,487	\$ 4,273,557	\$ 772,021	\$ -	
64-10/64-JTPA 90											
	3287		National Government	42,217	-	-	19,610	19,610	22,607	-	
	3288		National Government	84,434	-	-	77,646	77,646	6,788	-	
	3293		Chuuk	91,864	-	107,876	-	107,876	(16,012)	-	
	3294		Chuuk	312,339	-	298,875	-	298,875	13,464	-	
	3295		Chuuk	208,226	-	200,268	-	200,268	7,958	-	
	3293		Pohnpei	43,602	-	25,957	-	25,957	17,645	-	
	3294		Pohnpei	183,954	-	119,943	-	119,943	64,011	-	
	3295		Pohnpei	122,414	-	122,208	-	122,208	206	-	
	3293		Kosrae	13,636	-	13,636	-	13,636	-	-	
	3294		Kosrae	46,364	-	45,360	-	45,360	1,004	-	
	3295		Kosrae	30,909	-	30,908	-	30,908	1	-	
	3293		Yap	16,089	-	7,738	-	7,738	8,351	-	
	3294		Yap	50,145	-	11,068	-	11,068	39,077	-	
	3295		Yap	41,027	-	21,454	-	21,454	19,573	-	
	3289		Unallotted	165,263	-	-	-	-	165,263	-	
			Program Total	1,452,483	-	1,005,291	97,256	1,102,547	349,936	-	
			Total U.S. Dept. of Labor	\$ 6,498,061	\$ 3,761,758	\$ 1,335,603	\$ 278,743	\$ 5,376,104	\$ 1,121,957	\$ -	

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						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Agriculture											
			Forestry Services '87 -								
	10.664		05-86-03:								
		3301	Kosrae	\$ 11,202	\$ 10,767	\$ -	\$ -	\$ 10,767	\$ 435	\$ -	
		3302	Yap	6,807	3,218	5,591	-	8,809	(2,002)	-	
		3303	Pohnpei	16,603	10,804	6,271	-	17,075	(472)	-	
		3304	Chuuk	10,338	7,030	-	-	7,030	3,308	-	
		3305	National Government	13,686	13,025	-	-	13,025	661	-	
			Unallotted	6,314	-	-	-	-	6,314	-	
			Program Total	64,950	44,844	11,862	-	56,706	8,244	-	
			Food Services Reimburse-								
	10.553/555		ments '87 - 12-35-7565:								
		3308	Kosrae	4,516	-	-	-	-	4,516	-	
		3309	Pohnpei	7,500	558	-	-	558	6,942	-	
		3310	Chuuk	6,800	10,914	-	-	10,914	(4,114)	-	
		3311	National Government	650,017	516,083	-	-	516,083	133,934	-	
			Program Total	668,833	527,555	-	-	527,555	141,278	-	
			Food Services Adminis-								
	10.560		tration '87 /12-35-7565:								
		3312	Yap	59,700	58,572	-	-	58,572	1,128	-	
		3313	Kosrae	270,200	258,282	-	-	258,282	11,918	-	
		3314	Pohnpei	831,837	761,409	-	-	761,409	70,428	-	
		3315	Chuuk	1,813,792	1,749,863	-	-	1,749,863	63,929	-	
		3316	National Government	64,380	64,380	-	-	64,380	-	-	
			Program Total	3,039,909	2,892,506	-	-	2,892,506	147,403	-	
			Elderly Feeding								
			- F87214:								
N/A		3324	National Government	19,866	19,855	-	-	19,855	11	-	
			Program Total	19,866	19,855	-	-	19,855	11	-	
			Balance forward	3,793,558	3,484,760	11,862	-	3,496,622	296,936	-	

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Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs Amount	Detailed at Page
						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Agriculture			Balance Forward	\$ 3,793,558	\$ 3,484,760	\$ 11,862	\$ -	\$ 3,496,622	\$ 296,936	\$ -	
			Food Nutrition -								
			F87311 Amendment 06:								
10.560	3328		Yap	70,000	68,222	-	-	68,222	1,778	-	
	3329		Kosrae	261,223	268,451	-	-	268,451	(7,228)	-	
	3330		Pohnpei	876,371	866,638	-	-	866,638	9,733	-	
	3331		Chuuk	2,464,420	2,455,764	-	-	2,455,764	8,656	-	
	3332		National Government	159,496	153,406	-	6,091	159,497	(1)	-	
			Program Total	3,831,510	3,812,481	-	6,091	3,818,572	12,938	-	
			Child Nutrition								
			- F87045:								
	3335		Kosrae	7,313	2,929	-	-	2,929	4,384	-	
	3336		Pohnpei	9,605	13,692	-	-	13,692	(4,087)	-	
			Program Total	16,918	16,621	-	-	16,621	297	-	
			Nutrition Education								
			F97190:								
	3338		National Government	57,886	18,752	-	1,869	20,621	37,265	-	
			Program Total	57,886	18,752	-	1,869	20,621	37,265	-	
			Forestry Services '87								
10.664			5-87-13:								
	3340		Yap	2,000	-	-	-	-	2,000	-	
	3341		Kosrae	8,950	428	-	-	428	8,522	-	
	3342		Pohnpei	17,950	12,547	483	-	13,030	4,920	-	
	3343		Chuuk	12,750	4,020	-	-	4,020	8,730	-	
	7701		Chuuk	4,200	-	5,982	-	5,982	(1,782)	-	
	7701		Pohnpei	4,200	-	3,097	-	3,097	1,103	-	
	7701		Yap	4,392	1,423	2,349	-	3,772	620	-	
	7701		Kosrae	4,200	-	1,174	-	1,174	3,026	-	
			Unalloted	150	-	-	-	-	150	-	
			Program Total	58,792	18,418	13,085	-	31,503	27,289	-	
			Balance forward	7,758,664	7,351,032	24,947	7,960	7,383,939	374,725	-	

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						Subrecipients	National Government			
U.S. Federal Direct Assistance Funds:										
U.S. Dept. of Agriculture			Balance Forward	\$ 7,758,664	\$ 7,351,032	\$ 24,947	\$ 7,960	\$ 7,383,939	\$ 374,725	\$ -
10.664			Forestry 88 5-88-12:							
	3345	Yap		2,650	-	-	-	-	2,650	-
	3346	Kosrae		2,650	2,138	-	-	2,138	512	-
	3347	Pohnpei		2,650	-	-	-	-	2,650	-
	3348	Chuuk		2,650	-	-	-	-	2,650	-
	7702	Yap		6,634	-	5,440	-	5,440	1,194	-
		Program Total		17,234	2,138	5,440	-	7,578	9,656	-
			Food Service 89							
			F97081							
	3388	Yap		206,873	56,034	15,254	-	71,288	135,585	-
	3388	Kosrae		169,775	82,993	83,888	-	166,881	2,894	-
	3388	Pohnpei		500,674	119,209	157,890	-	277,099	223,575	-
	3388	Chuuk		905,068	1,012,288	2	-	1,012,290	(107,222)	-
	3389	National Government		141,824	71,447	-	11,389	82,836	58,988	-
			F92190							
	3390	National Government		28,943	12,711	-	9,314	22,025	6,918	-
			F97193							
	3391	National Government		9,933	8,324	-	500	8,824	1,109	-
		Program Total		1,963,090	1,363,006	257,034	21,203	1,641,243	321,847	-
			Forestry 89 5-89-10							
	7703	Chuuk		5,333	-	5,321	-	5,321	12	-
	7703	Kosrae		5,334	-	1,000	-	1,000	4,334	-
	7703	Pohnpei		5,333	-	1,187	-	1,187	4,146	-
		Program Total		16,000	-	7,508	-	7,508	8,492	-
			Forestry 91 5-91-05							
	3326	Pohnpei		38,200	-	2,539	-	2,539	35,661	-
	3326	Yap		16,000	-	-	-	-	16,000	-
	3325	Unalloted		16,400	-	-	-	-	16,400	-
		Program Total		70,600	-	2,539	-	2,539	68,061	-
			Total U.S. Dept. of Agriculture	\$ 9,825,588	\$ 8,716,176	\$ 297,468	\$ 29,163	\$ 9,042,807	\$ 782,781	\$ -

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Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Dept of Justice											
			85-JF-CX-0464								
	7635		Pohnpei	\$ 307	\$ -	\$ -	\$ -	\$ -	\$ 307	\$ -	
	7635		Kosrae	5,500	-	5,240	-	5,240	260	-	
	7636		Kosrae	4,200	-	2,483	-	2,483	1,717	-	
			Program Total	10,007	-	7,723	-	7,723	2,284	-	
			86-JF-CX-0464								
	7638		Pohnpei	5,000	-	4,986	-	4,986	14	-	
	7639		Pohnpei	188	-	4,101	-	4,101	(3,913)	-	
	7639		Pohnpei	20,000	-	17,370	-	17,370	2,630	-	
	7639		Pohnpei	7,693	-	-	-	-	7,693	-	
			Program Total	32,881	-	26,457	-	26,457	6,424	-	
			88-JF-CX-1764/87-JS-CX-0764								
16.540	3374		Yap	16,150	-	16,150	-	16,150	-	-	
	3375		Kosrae	8,000	-	5,999	-	5,999	2,001	-	
	3376		Pohnpei	5,900	5,854	6,827	-	12,681	(6,781)	-	
	3377		Chuuk	28,565	-	28,565	-	28,565	-	-	
	3378		National Government	14,411	9,115	-	3,502	12,617	1,794	-	
	3385		Pohnpei	27,476	25,606	1,868	-	27,474	2	-	
			Program Total	100,502	40,575	59,409	3,502	103,486	(2,984)	-	
			88-JF-CX-0064/88-JS-CX-1064								
16.540	3380		Yap	1,518	-	-	-	-	1,518	-	
	3381		Kosrae	17,000	8,783	4,578	-	13,361	3,639	-	
	3382		Pohnpei	14,308	13,279	6,882	-	20,161	(5,853)	-	
	3383		Pohnpei	8,237	-	2,391	-	2,391	5,846	-	
	3383		Pohnpei	2,400	-	-	-	-	2,400	-	
	3383		Yap	6,238	-	-	-	-	6,238	-	
	3384		National Government	17,300	1,550	-	15,676	17,226	74	-	
			Program Total	67,001	23,612	13,851	15,676	53,139	13,862	-	
	7645		National	2,002	-	-	2,002	2,002	-	-	
	7644		Pohnpei	10,000	-	3,888	-	3,888	6,112	-	
	7646		Pohnpei	11,255	-	-	-	-	11,255	-	
	7644		Yap	1,806	-	-	-	-	1,806	-	
			Program Total	25,063	-	3,888	2,002	5,890	19,173	-	
			Balance forward	235,454	64,187	111,328	21,180	196,695	38,759	-	

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<u>Grantor</u>	<u>CFDA No.</u>	<u>FSM Orgn. No.</u>	<u>Grant Title Grant I.D. No.</u>	<u>Total Authorizations</u>	<u>Prior Expenditures</u>	<u>1991 Fiscal Year Expenditures</u>		<u>Total Program Expenditures</u>	<u>Excess (Deficit) Authorizations Over Program Expenditures</u>	<u>National Government Questioned Costs</u>	
						<u>Subrecipients</u>	<u>National Government</u>			<u>Amount</u>	<u>Detailed at Page</u>
U.S. Federal Direct Assistance Funds:											
U.S. Dept of Justice			Balance forward 90-JF-CK-0064	\$ 235,454	\$ 64,187	\$ 111,328	21,180	196,695	38,759	-	
	7641		Chuuk	7,000	-	7,000	-	7,000	-		
	7641		Yap	<u>1,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,438</u>	<u>-</u>	
			Program Total	<u>8,438</u>	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>1,438</u>	<u>-</u>	
			89-VA-GX-0064								
	3372		Yap	5,661	-	-	-	-	5,661	-	
	3372		Kosrae	5,457	-	-	-	-	5,457	-	
	3372		Pohnpei	6,681	1,054	-	-	1,054	5,627	-	
	3372		Chuuk	<u>7,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,701</u>	<u>-</u>	
			Program Total	<u>25,500</u>	<u>1,054</u>	<u>-</u>	<u>-</u>	<u>1,054</u>	<u>24,446</u>	<u>-</u>	
			Total U.S. Dept. of Justice	<u>\$ 269,392</u>	<u>\$ 65,241</u>	<u>\$ 118,328</u>	<u>\$ 21,180</u>	<u>\$ 204,749</u>	<u>\$ 64,643</u>	<u>\$ -</u>	

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						Subrecipients	National Government				
U.S. Dept. of Commerce	11.407		Regional Catch Data - -87-ABD-00216: -84-ABD-00209:								
		3401	National government	\$ 31,000	\$ 30,503	\$ -	\$ -	\$ 30,503	\$ 497	\$ -	
		3402	National government	3,780	3,780	-	-	3,780	-	-	
			Total U.S. Dept. of Commerce	\$ 34,780	\$ 34,283	\$ -	\$ -	\$ 34,283	\$ 497	\$ -	
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of the Interior	15.904		Historic Preservation 86 - 75-FSM860								
		3451	Yap	\$ 8,600	\$ 8,600	\$ -	\$ -	\$ 8,600	\$ -	\$ -	
		3452	Kosrae	22,200	13,865	-	-	13,865	8,335	-	
		3453	Pohnpei	10,655	10,174	-	-	10,174	481	-	
		3455	Chuuk	11,854	4,559	-	-	4,559	7,295	-	
			Program Total	53,309	37,198	-	-	37,198	16,111	-	
	15.904		Historic Preservation 87 64-87-20140								
		3458	Yap	26,350	26,350	-	-	26,350	-	-	
		3459	Kosrae	25,950	40,726	-	-	40,726	(14,776)	-	
		3460	Pohnpei	18,545	18,502	-	-	18,502	43	-	
		3461	Chuuk	18,545	25,780	-	-	25,780	(7,235)	-	
			Program Total	89,390	111,358	-	-	111,358	(21,968)	-	
	15.904		Historic Preservation '88								
		7501	Yap	31,000	29,910	-	-	29,910	1,090	-	
		7502	Kosrae	28,970	10,437	-	-	10,437	18,533	-	
		7503	Pohnpei	22,300	17,910	-	-	17,910	4,390	-	
		7504	Chuuk	18,000	23,022	-	-	23,022	(5,022)	-	
		7505	National Government	23,000	14,613	-	-	14,613	8,387	-	
			Program Total	123,270	95,892	-	-	95,892	27,378	-	
			Balance forward	265,969	244,448	-	-	244,448	21,521	-	

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						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of the Interior			Balance forward	\$ 265,969	\$ 244,448	\$ -	\$ -	\$ 244,448	\$ 21,521	\$ -	
	15.904		Historic Preservation								
		7523	Yap	30,252	25,365	-	-	25,365	4,887	-	
		7524	Kosrae	35,899	-	171	-	171	35,728	-	
		7525	Pohnpei	27,429	22,555	1,108	-	23,663	3,766	-	
		7526	Chuuk	27,429	21,091	5,968	-	27,059	370	-	
		7527	National Government	21,354	18,801	-	1,141	19,942	1,412	-	
			Program Total	142,363	87,812	7,247	1,141	96,200	46,163	-	
			64-88-LH-64:								
		7528	Unallotted	5,000	-	-	-	-	5,000	-	
		7529	Chuuk	5,000	-	-	-	-	5,000	-	
			Program Total	10,000	-	-	-	-	10,000	-	
			64-89-LH-64:								
		7520	Yap	5,000	-	3,000	-	3,000	2,000	-	
		7520	Pohnpei	5,000	-	-	-	-	5,000	-	
			Program Total	10,000	-	3,000	-	3,000	7,000	-	
			64-90-50165								
		7666	National	23,548	-	-	20,693	20,693	2,855	-	
		7667	Pohnpei	33,357	-	15,170	-	15,170	18,187	-	
		7667	Chuuk	33,357	-	16,298	-	16,298	17,059	-	
		7667	Yap	33,357	-	33,357	-	33,357	-	-	
		7667	Kosrae	33,357	-	19,244	-	19,244	14,113	-	
			Program Total	156,976	-	84,069	20,693	104,762	52,214	-	
			Total U.S. Dept. of the Interior	\$ 585,308	\$ 332,260	\$ 94,316	\$ 21,834	\$ 448,410	\$ 136,898	\$ -	

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						Subrecipients	National Government			
U.S. Federal Direct Assistance Funds:										
U.S. Environmental Protection Agency (EPA)										
			Consolidated EPA Grant '87 -							
	66.600		M009431-87-0:							
		3561	Yap	\$ 28,690	\$ 14,508	\$ -	\$ -	\$ 14,508	\$ 14,182	\$ -
		3562	Kosrae	21,350	26,727	-	-	26,727	(5,377)	-
		3563	Pohnpei	28,000	16,224	-	-	16,224	11,776	-
		3564	Chuuk	56,100	991	-	-	991	55,109	-
		3565	National Government	<u>15,586</u>	<u>5,303</u>	<u>-</u>	<u>-</u>	<u>5,303</u>	<u>10,283</u>	<u>-</u>
			Program Total	<u>149,726</u>	<u>63,753</u>	<u>-</u>	<u>-</u>	<u>63,753</u>	<u>85,973</u>	<u>-</u>
			Consolidated EPA Grant '88 -							
	66.600		M009431-88-0							
		3567	Yap	44,227	35,093	-	-	35,093	9,134	-
		3568	Kosrae	49,415	31,938	-	-	31,938	17,477	-
		3569	Pohnpei	59,200	49,998	-	-	49,998	9,202	-
		3571	Chuuk	62,381	67,627	(1)	-	67,626	(5,245)	-
		3570	National Government	41,382	22,902	-	-	22,902	18,480	-
			Unalloted	<u>31,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,210</u>	<u>-</u>
			Program Total	<u>287,815</u>	<u>207,558</u>	<u>(1)</u>	<u>-</u>	<u>207,557</u>	<u>80,258</u>	<u>-</u>
			Consolidated EPA Grant '89 -							
	66.600		M009431-89							
		3594	Unalloted	10,761	-	-	-	-	10,761	-
		3595	Yap	32,230	29,494	-	-	29,494	2,736	-
		3596	Kosrae	26,450	20,485	362	-	20,847	5,603	-
		3597	Pohnpei	45,600	38,097	3,043	-	41,140	4,460	-
		3598	Chuuk	43,240	22,366	8,636	-	31,002	12,238	-
		3599	National Government	<u>39,820</u>	<u>15,166</u>	<u>-</u>	<u>15,466</u>	<u>30,632</u>	<u>9,188</u>	<u>-</u>
			Program Total	<u>198,101</u>	<u>125,608</u>	<u>12,041</u>	<u>15,466</u>	<u>153,115</u>	<u>44,986</u>	<u>-</u>
			Balance forward	635,642	396,919	12,040	15,466	424,425	211,217	-

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						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of EPA			Balance forward	\$ 635,642	\$ 396,919	\$ 12,040	\$ 15,466	\$ 424,425	\$ 211,217	\$ -	
66.418	C64002-01-0:										
	3523		Chuuk South Field	785,000	25,910	-	-	25,910	759,090	-	
	3573		National Government	58,870	-	-	13,871	13,871	44,999	-	
66.418	C750008-03-0:										
	3575		Sokehs Deh Waste Water	115,368	-	-	-	-	115,368	-	
66.418	C640001-03-3:										
	3576		Kolonia Sewer	373,830	356,826	-	-	356,826	17,004	-	
	3579		Unallotted	5,000	-	-	-	-	5,000	-	
66.418	C640001-01-3:										
	3577		Pohnpei RSP, Phase II	281,100	253,198	-	13,094	266,292	14,808	-	
	3578		Pohnpei RSP Administration	18,900	12,952	-	(246)	12,706	6,194	-	
66.418	C640003-02-0:										
	3582		Yap Sewer Connection	531,134	378,530	70,842	-	449,372	81,762	-	
	3581		Yap Sewer Connection/Admn	15,934	-	-	7,966	7,966	7,968	-	
66.418	C640004-01-0:										
	3583		Kosrae Waste Water	1,413,041	5,297	-	-	5,297	1,407,744	-	
	3584		Kosrae Waste Water	37,500	34,885	-	1,481	36,366	1,134	-	
	3585		Kosrae Waste Water	<u>4,175,005</u>	<u>1,482,779</u>	<u>1,036,893</u>	<u>-</u>	<u>2,519,672</u>	<u>1,655,333</u>	<u>-</u>	
			Program Total	<u>7,810,682</u>	<u>2,550,377</u>	<u>1,107,735</u>	<u>36,166</u>	<u>3,694,278</u>	<u>4,116,404</u>	<u>-</u>	
			Ulithi Sewer System Improvement								
	3593		Yap Government	209,000	-	93,187	-	93,187	115,813	-	
			Unallotted	18,000	-	-	-	-	18,000	-	
			Chuuk Rural Sanitary Program								
	7576		Chuuk	200,000	-	3,920	1,599	5,519	194,481	-	
	7580		Chuuk	182,777	-	-	-	-	182,777	-	
			Unallotted	32,223	-	-	-	-	32,223	-	
			Pohnpei Rural Sanitary								
	7581		Pohnpei	95,000	-	-	62,008	62,008	32,992	-	
			Yap Site Sewer System								
	7582		Yap	39,650	-	-	-	-	39,650	-	
	7579		Yap Waste Water Treatment plant Yap	<u>159,428</u>	<u>-</u>	<u>52,054</u>	<u>-</u>	<u>52,054</u>	<u>107,374</u>	<u>-</u>	
			Program Total	<u>936,078</u>	<u>-</u>	<u>149,161</u>	<u>63,607</u>	<u>212,768</u>	<u>723,310</u>	<u>-</u>	
			Total U.S. EPA	<u>\$ 9,382,402</u>	<u>\$ 2,947,296</u>	<u>\$ 1,268,936</u>	<u>\$ 115,239</u>	<u>\$ 4,331,471</u>	<u>\$ 5,050,931</u>	<u>\$ -</u>	

FEDERATED STATES OF MICRONESIA
 NATIONAL GOVERNMENT
 STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
 BY GRANTOR
 YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
<u>U.S. Federal Direct Assistance Funds:</u>											
U.S. Dept. of Energy											
Consolidated Energy Grant '87											
81.041/81.050 DE-FG03-87SF17038:											
	3601		National Government	\$ 41,958	\$ 9,038	\$ -	\$ -	\$ 9,038	\$ 32,920	\$ -	
	3602		National Government	2,438	100	-	-	100	2,338	-	
	3603		Kosrae	3,300	3,300	-	-	3,300	-	-	
	3604		Kosrae	3,000	2,924	-	-	2,924	76	-	
	3605		Kosrae	3,100	3,100	-	-	3,100	-	-	
	3606		Yap	9,500	9,409	-	-	9,409	91	-	
	3607		Yap	6,484	5,600	-	-	5,600	884	-	
	3608		Yap	3,102	2,898	-	-	2,898	204	-	
	3610		Chuuk	9,750	-	-	-	-	9,750	-	
	3611		Chuuk	5,000	-	-	-	-	5,000	-	
	3612		Chuuk	5,500	-	-	-	-	5,500	-	
	3613		Pohnpei	5,000	-	-	-	-	5,000	-	
	3614		Pohnpei	4,966	-	-	-	-	4,966	-	
	3615		Pohnpei	5,310	-	-	-	-	5,310	-	
	3616		Pohnpei	32	-	-	-	-	32	-	
			Program Total	<u>108,440</u>	<u>36,369</u>	<u>-</u>	<u>-</u>	<u>36,369</u>	<u>72,071</u>	<u>-</u>	
Consolidated Energy Grant '88 -											
81.041/81.050 DE-FG03-87SF17038:											
	3618		National Government	39,800	19,670	-	-	19,670	20,130	-	
DEFG03-87SF17038:											
	3620		National Government	<u>116,234</u>	<u>36,700</u>	<u>-</u>	<u>70,232</u>	<u>106,932</u>	<u>9,302</u>	<u>-</u>	
			Program Total	<u>156,034</u>	<u>56,370</u>	<u>-</u>	<u>70,232</u>	<u>126,602</u>	<u>29,432</u>	<u>-</u>	
			Total U.S. Dept. of Energy	<u>\$ 264,474</u>	<u>\$ 92,739</u>	<u>\$ -</u>	<u>\$ 70,232</u>	<u>\$ 162,971</u>	<u>\$ 101,503</u>	<u>\$ -</u>	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs Amount	National Government Questioned Costs Detailed at Page
						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of Health & Human Serv.											
			FY-88 SPRANS -								
	13.110		MCH753881-01-0:								
		3652	National Government	\$ 94,583	\$ 68,059	\$ -	\$ -	\$ 68,059	\$ 26,524	\$ -	
		3653	Chuuk	13,787	4,543	-	-	4,543	9,244	-	
			Program Total	108,370	72,602	-	-	72,602	35,768	-	
			FY-87 SPRANS -								
	13.110		MCH753924-01-1:								
		3654	Chuuk	14,000	10,342	-	-	10,342	3,658	-	
		3655	National Government	62,000	34,194	-	-	34,194	27,806	-	
			Program Total	76,000	44,536	-	-	44,536	31,464	-	
			FY-90 SPRANS.								
			MCJ-75388-03:								
		7587	National Government	58,066	24,976	-	7,121	32,097	25,969	-	
		7588	Chuuk	63,213	28,208	28,093	-	56,301	6,912	-	
		7586	Unallotted	22,005	-	-	-	-	22,005	-	
			Program Total	143,284	53,184	28,093	7,121	88,398	54,886	-	
			MCJ-753881-02								
		3657	Chuuk	49,850	40,693	-	-	40,693	9,157	-	
		3658	National Government	58,520	36,847	-	501	37,348	21,172	-	
			Program Total	108,370	77,540	-	501	78,041	30,329	-	
			FY-87 Family Planning -								
	13.217		09-H-001777-01-0:								
		3662	Yap	13,577	9,116	-	-	9,116	4,461	-	
		3663	Kosrae	11,447	4,756	-	-	4,756	6,691	-	
	3664		Pohnpei	19,819	15,536	-	-	15,536	4,283	-	
		3665	Chuuk	21,157	18,753	-	-	18,753	2,404	-	
			Program Total	66,000	48,161	-	-	48,161	17,839	-	
			Balance forward	502,024	296,023	28,093	7,622	331,738	170,286	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs Amount	Detailed at Page
						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of H&HS			Balance forward	\$ 502,024	\$ 296,023	\$ 28,093	\$ 7,622	\$ 331,738	\$ 170,286	\$ -	
			FY-88 Family Planning -								
	13.217		09-H-001777-02-1:								
		3668	Yap	10,660	10,523	-	-	10,523	137	-	
		3669	Kosrae	10,759	7,880	-	-	7,880	2,879	-	
		3670	Pohnpei	23,277	23,277	-	-	23,277	-	-	
		3671	Chuuk	24,602	24,811	-	-	24,811	(209)	-	
		3672	National Government	6,000	4,759	-	-	4,759	1,241	-	
			Program Total	75,298	71,250	-	-	71,250	4,048	-	
			AIDS Program '87								
	13.118		U62/CCU902703-01:								
		3674	National Government	9,252	9,252	-	-	9,252	-	-	
		3675	National Government	7,212	497	-	-	497	6,715	-	
			Unalloted	2,985	-	-	-	-	2,985	-	
			Program Total	19,449	9,749	-	-	9,749	9,700	-	
			89-B1-FSM-CYAP-01								
		3677	National Government	9,000	1,730	-	6,656	8,386	614	-	
			Program Total	9,000	1,730	-	6,656	8,386	614	-	
			Childhood Immunization								
	13.268		'87 - 09H-001789-01								
		3682	National Government	24,583	16,650	-	-	16,650	7,933	-	
			Program Total	24,583	16,650	-	-	16,650	7,933	-	
			Balance forward	630,354	395,402	28,093	14,278	437,773	192,581	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs Amount	National Government Questioned Costs Detailed at Page
						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of H&HS			Balance forward	\$ 630,354	\$ 395,402	\$ 28,093	\$ 14,278	\$ 437,773	\$ 192,581	\$ -	
			CSH-901-774-04:								
	13.224	3684	National Government	49,785	35,910	-	5,838	41,748	8,037	-	
		3685	Pohnpei	95,705	95,705	-	-	95,705	-	-	
			Program Total	145,490	131,615	-	5,838	137,453	8,037	-	
	13.613		PHI-CSH007571-02:								
		3679	National Government	93,300	15,509	-	58,196	73,705	19,595	-	
		3680	Chuuk	20,000	20,000	-	-	20,000	-	-	
		3678	Unallotted	86,413	-	-	-	-	86,413	-	
			Program Total	199,713	35,509	-	58,196	93,705	106,008	-	
			Childhood Immunization								
	13.268		'88/09H-001789-02-1:								
		3752	National Government	22,203	15,018	-	-	15,018	7,185	-	
		3791	Pohnpei	3,000	1,445	-	-	1,445	1,555	-	
		3792	Chuuk	7,663	2,568	-	-	2,568	5,095	-	
			Program Total	32,866	19,031	-	-	19,031	13,835	-	
			Childhood Immunization								
			09H-001792-03:								
	13.268	7531	Yap	3,228	3,186	-	-	3,186	42	-	
		7532	Kosrae	2,478	419	-	-	419	2,059	-	
		7533	Pohnpei	4,158	4,039	-	-	4,039	119	-	
		7534	Chuuk	8,265	2,465	-	-	2,465	5,800	-	
		7535	National Government	29,251	23,082	-	4,500	27,582	1,669	-	
			Program Total	47,380	33,191	-	4,500	37,691	9,689	-	
	13.665		CSBG-G89B1T2C)SR:								
		7591	National Government	22,002	19,472	-	-	19,472	2,530	-	
		7592	Kosrae	28,327	-	-	-	-	28,327	-	
		7592	Chuuk	54,878	-	-	10,844	10,844	44,034	-	
		7592	Yap	29,700	14,586	3,310	-	17,896	11,804	-	
		7592	Pohnpei	41,796	41,019	-	-	41,019	777	-	
		7593	National Government	17,614	13,996	-	(4,064)	9,932	7,682	-	
			Program Total	194,317	89,073	3,310	6,780	99,163	95,154	-	
			Balance forward	1,250,120	703,821	31,403	89,592	824,816	425,304	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs Amount	National Government Questioned Costs Detailed at Page
						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of H&HS Balance forward				\$ 1,250,120	\$ 703,821	\$ 31,403	\$ 89,592	\$ 824,816	\$ 425,304	\$ -	
			Community Health Centers								
	13.224		'87 09H-001789-02-0:								
		3689	National Government	51,085	41,755	-	-	41,755	9,330	-	
		3690	Pohnpei	49,242	51,166	(354)	-	50,812	(1,570)	-	
			Unalloted	-	-	-	-	-	-	-	
			Program Total	100,327	92,921	(354)	-	92,567	7,760	-	
	13.224		MCH-64502MCHIPS '89								
		3692	National Government	84,549	42,014	-	-	42,014	42,535	-	
			Program Total	84,549	42,014	-	-	42,014	42,535	-	
			MCJ-645029-02:								
		7597	National Government	67,549	23,790	-	3,186	26,976	40,573	-	
			Program Total	67,549	23,790	-	3,186	26,976	40,573	-	
			CSH-647002-01:								
		3694	Yap	14,082	1,706	-	-	1,706	12,376	-	
			Program Total	14,082	1,706	-	-	1,706	12,376	-	
	13.997		09H-001792-03:								
		3696	National Government	36,303	30,169	-	(190)	29,979	6,324	-	
		3697	Pohnpei	5,158	2,103	-	-	2,103	3,055	-	
			Program Total	41,461	32,272	-	(190)	32,082	9,379	-	
			09AT0098-01:								
		3699	National Government	6,030	5,024	-	-	5,024	1,006	-	
			Program Total	6,030	5,024	-	-	5,024	1,006	-	
			FY'88 Community Health								
	13.224		09H-001774-03-0:								
		3757	National Government	66,329	65,770	-	-	65,770	559	-	
		3758	Pohnpei	74,821	74,820	-	-	74,820	1	-	
			Program Total	141,150	140,590	-	-	140,590	560	-	
			Balance forward	1,705,268	1,042,138	31,049	92,588	1,165,775	539,493	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs Amount	Detailed at Page
						1991 Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of H&HS			Balance forward	\$ 1,705,268	\$ 1,042,138	\$ 31,049	\$ 92,588	\$ 1,165,775	\$ 539,493	\$ -	
			Sexually Transmitted -								
	13.977		Dise. '87/09-H001792-01-0								
		3701	National Government	22,697	20,485	-	-	20,485	2,212	-	
		3702	Pohnpei	2,200	20,485	-	-	20,485	(18,285)	-	
			Program Total	24,897	40,970	-	-	40,970	(16,073)	-	
			Sexually Transmitted								
	13.997		Disea. '88-09H-001792-02-0:								
		3754	National Government	27,893	23,610	-	-	23,610	4,283	-	
		3755	Pohnpei	3,882	1,318	-	-	1,318	2,564	-	
		3753	Unallotted	-	628	-	-	628	(628)	-	
			Program total	31,775	25,556	-	-	25,556	6,219	-	
	13.633		Supportive Serv. Title 3 '87								
		3707	National Government	20,917	12,728	-	-	12,728	8,189	-	
		3705	National Government	27,688	27,000	-	-	27,000	688	-	
		3708	Yap	44,700	42,917	-	-	42,917	1,783	-	
		3704	Yap	63,675	63,675	-	-	63,675	-	-	
		3709	Kosrae	68,475	66,852	-	-	66,852	1,623	-	
		3710	Pohnpei	184,875	159,077	1,732	-	160,809	24,066	-	
		3711	Chuuk	281,775	269,271	-	-	269,271	12,504	-	
			Program Total	692,105	641,520	1,732	-	643,252	48,853	-	
	13.633		Supportive Service Title 3 '88								
		3772	Yap	33,306	28,069	-	-	28,069	5,237	-	
		3773	Yap	12,324	11,583	-	-	11,583	741	-	
		3774	Kosrae	49,270	44,137	-	-	44,137	5,133	-	
		3775	Pohnpei	127,320	128,032	(712)	-	127,320	-	-	
		3776	Chuuk	187,850	142,179	-	-	142,179	45,671	-	
		3777	National Government	20,000	14,317	-	-	14,317	5,683	-	
		3778	National Government	31,333	-	-	-	-	31,333	-	
			Program Total	461,403	368,317	(712)	-	367,605	93,798	-	
			Balance forward	2,915,448	2,118,501	32,069	92,588	2,243,158	672,290	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF EXPENDITURES AND QUESTIONED COSTS
AND BUDGETARY POSITION BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
<u>U.S. Federal Direct Assistance Funds:</u>											
U.S. Dept. of H&HS			Balance forward	\$ 2,915,448	\$ 2,118,501	\$ 32,069	\$ 92,588	\$ 2,243,158	\$ 672,290	\$ -	
			Supportive Service '89								
	13.633		01-89-AA-FM-1320:								
		7555	Yap	18,062	14,765	2,050	-	16,815	1,247	-	
		7556	Yap	-	-	18,000	-	18,000	(18,000)	-	
		7556	Kosrae	18,062	14,857	-	-	14,857	3,205	-	
		7557	Kosrae	20,825	16,999	503	-	17,502	3,323	-	
		7558	Pohnpei	61,625	61,626	-	-	61,626	(1)	-	
		7559	Chuuk	93,924	40,229	14,715	-	54,944	38,980	-	
		7560	National Government	11,535	11,266	-	-	11,266	269	-	
		7561	National Government	6,667	-	-	-	-	6,667	-	
			Program Total	230,700	159,742	35,268	-	195,010	35,690	-	
			MHP7K3400-88:								
		7563	National Government	51,786	20,821	-	-	20,821	30,965	-	
			Program Total	51,786	20,821	-	-	20,821	30,965	-	
			MHX7K3400-89:								
		7578	National Government	74,212	54,978	-	2,013	56,991	17,221	-	
			Program Total	74,212	54,978	-	2,013	56,991	17,221	-	
			Aging Title IV-								
	13.668		-Training/09AT0077/01:								
		3687	Title IV/A Training	7,658	433	-	-	433	7,225	-	
		3713	National Government	7,811	7,821	-	-	7,821	(10)	-	
			Program Total	15,469	8,254	-	-	8,254	7,215	-	
			Balance forward	3,287,615	2,362,296	67,337	94,601	2,524,234	763,381	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

<u>Grantor</u>	<u>CFDA No.</u>	<u>FSM Orgn. No.</u>	<u>Grant Title Grant I.D. No.</u>	<u>Total Authorizations</u>	<u>Prior Expenditures</u>	<u>1991 Fiscal Year Expenditures</u>		<u>Total Program Expenditures</u>	<u>Excess (Deficit) Authorizations Over Program Expenditures</u>	<u>National Government Questioned Costs</u>	
						<u>Subrecipients</u>	<u>National Government</u>			<u>Amount</u>	<u>Detailed at Page</u>
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of H&HS			Balance forward	\$ 3,287,615	\$ 2,362,296	\$ 67,337	\$ 94,601	\$ 2,524,234	\$ 763,381	\$ -	
			Maternal & Child Health								
	13.994		'87/87 B1FMMCHS-05:								
		3715	Yap	46,080	44,186	-	-	44,186	1,894	-	
		3716	Kosrae	25,930	23,938	-	-	23,938	1,992	-	
		3717	Pohnpei	78,521	71,837	-	-	71,837	6,684	-	
		3718	Chuuk	75,820	58,216	-	-	58,216	17,604	-	
		3719	National Government	63,003	59,695	-	-	59,695	3,308	-	
		3720	National Government	96,452	94,289	-	-	94,289	2,163	-	
		3740	National Government	<u>14,074</u>	<u>13,490</u>	<u>-</u>	<u>-</u>	<u>13,490</u>	<u>584</u>	<u>-</u>	
			Program Total	<u>399,880</u>	<u>365,651</u>	<u>-</u>	<u>-</u>	<u>365,651</u>	<u>34,229</u>	<u>-</u>	
			Maternal & Child Health								
	13.994		'88/88 B1FMMCHS-02								
		3744	Yap	52,133	38,785	-	-	38,785	13,348	-	
		3727	Yap	2,210	1,392	-	-	1,392	818	-	
		3745	Kosrae	29,534	24,777	-	-	24,777	4,757	-	
		3745	Kosrae	1,920	-	-	-	-	1,920	-	
		3746	Pohnpei	85,746	82,624	-	-	82,624	3,122	-	
		3746	Pohnpei	3,600	740	1,751	-	2,491	1,109	-	
		3747	Chuuk	90,159	67,832	-	-	67,832	22,327	-	
		3747	Chuuk	4,290	-	-	-	-	4,290	-	
		3748	National Government	49,964	46,562	-	1,722	48,284	1,680	-	
		3749	National Government	<u>102,512</u>	<u>90,580</u>	<u>-</u>	<u>-</u>	<u>90,580</u>	<u>11,932</u>	<u>-</u>	
			Program Total	<u>422,068</u>	<u>353,292</u>	<u>1,751</u>	<u>1,722</u>	<u>356,765</u>	<u>65,303</u>	<u>-</u>	
			Balance forward	4,109,563	3,081,239	69,088	96,323	3,246,650	862,913	-	

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						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of H&HS			Balance forward	\$ 4,109,563	\$ 3,081,239	\$ 69,088	\$ 96,323	\$ 3,246,650	\$ 862,913	\$ -	
			Maternal & Child Health								
	13.994		89BIFMMCHS:								
		7537	Yap	61,725	38,585	10,650	-	49,235	12,490	-	
		7538	Yap	3,700	1,500	27	-	1,527	2,173	-	
		7538	Kosrae	1,900	-	1,287	-	1,287	613	-	
		7538	Pohnpei	5,381	2,578	(818)	-	1,760	3,621	-	
		7538	Chuuk	7,700	4,759	-	-	4,759	2,941	-	
		7539	Kosrae	27,055	3,903	268	-	4,171	22,884	-	
		7541	Pohnpei	75,564	75,564	-	-	75,564	-	-	
		7543	Chuuk	87,460	65,753	5,027	-	70,780	16,680	-	
		7545	National Government	91,190	64,220	-	18,872	83,092	8,098	-	
		7546	National Government	<u>80,354</u>	<u>71,358</u>	<u>-</u>	<u>-</u>	<u>71,358</u>	<u>8,996</u>	<u>-</u>	
			Program Total	<u>442,029</u>	<u>328,220</u>	<u>16,441</u>	<u>18,872</u>	<u>363,533</u>	<u>78,496</u>	<u>-</u>	
			Maternal & Child Health								
			90B1FMMCHS:								
		7599	National Government	85,626	9,557	-	53,285	62,842	22,784	-	
		7600	National Government	106,000	81,878	-	12,248	94,126	11,874	-	
		7601	Pohnpei	87,006	-	70,259	-	70,259	16,747	-	
		7601	Yap	48,844	-	46,200	-	46,200	2,644	-	
		7601	Kosrae	27,455	-	21,552	-	21,552	5,903	-	
		7601	Chuuk	90,762	1,123	80,332	-	81,455	9,307	-	
			Unallotted	<u>1,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,361</u>	<u>-</u>	
			Program Total	<u>447,054</u>	<u>92,558</u>	<u>218,343</u>	<u>65,533</u>	<u>376,434</u>	<u>70,620</u>	<u>-</u>	
			Balance forward	<u>4,998,646</u>	<u>3,502,017</u>	<u>303,872</u>	<u>180,728</u>	<u>3,986,617</u>	<u>1,012,029</u>	<u>-</u>	

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						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of H&HS			Balance forward	\$ 4,998,646	\$ 3,502,017	\$ 303,872	\$ 180,728	\$ 3,986,617	\$ 1,012,029	\$ -	
			Preventive Health Ser.								
	13.991		87-B1-FM-PRVS-06:								
		3722	Yap	35,520	19,300	-	-	19,300	16,220	-	
		3723	Kosrae	37,020	49,250	-	-	49,250	(12,230)	-	
		3724	Pohnpei	41,323	42,361	(1,038)	-	41,323	-	-	
		3725	Chuuk	21,105	13,429	-	-	13,429	7,676	-	
		3726	National Government	45,873	46,219	-	-	46,219	(346)	-	
		3659	National Government	1,120	777	-	-	777	343	-	
		3660	National Government	41,539	41,539	-	-	41,539	-	-	
		3721	National Government	-	62	-	-	62	(62)	-	
			Program Total	223,500	212,937	(1,038)	-	211,899	11,601	-	
	13.994		86 MCH/86 BIFMCHS-01								
		3728	Yap	11,534	4,613	-	-	4,613	6,921	-	
		3729	Kosrae	9,629	1,373	-	-	1,373	8,256	-	
		3730	Pohnpei	20,800	20,800	-	-	20,800	-	-	
		3731	Chuuk	16,615	16,096	-	-	16,096	519	-	
		3732	National Government	5,284	5,284	-	-	5,284	-	-	
		3733	National Government	16,000	11,880	-	-	11,880	4,120	-	
			Program Total	79,862	60,046	-	-	60,046	19,816	-	
			CE for Nurses -								
	13.359		1 D10 NU29188-01:								
		3735	Yap	8,950	8,180	-	-	8,180	770	-	
		3736	Kosrae	16,880	15,439	-	-	15,439	1,441	-	
		3737	Chuuk	14,125	10,551	-	-	10,551	3,574	-	
		3738	Pohnpei	17,862	16,756	-	-	16,756	1,106	-	
		3739	National Government	21,570	16,155	-	-	16,155	5,415	-	
			Program Total	79,387	67,081	-	-	67,081	12,306	-	
			Balance forward	5,381,395	3,842,081	302,834	180,728	4,325,643	1,055,752	-	

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						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of H&HS			Balance forward	\$ 5,381,395	\$ 3,842,081	\$ 302,834	\$ 180,728	\$ 4,325,643	\$ 1,055,752	\$ -	
			CE For Nurses '89								
			5D10NU29188-02								
13.359	7565	Yap		6,950	7,076	-	-	7,076	(126)	-	
	7566	Kosrae		15,130	3,075	-	-	3,075	12,055	-	
	7567	Pohnpei		16,862	16,629	-	-	16,629	233	-	
	7568	Chuuk		8,690	4,574	(953)	-	3,621	5,069	-	
	7569	National Government		17,523	12,078	-	-	12,078	5,445	-	
		Program Total		65,155	43,432	(953)	-	42,479	22,676	-	
N/A	3742	CAA Audit Grant		13,929	13,928	-	-	13,928	1	-	
		Program Total		13,929	13,928	-	-	13,928	1	-	
		Pacific Health Initiative									
N/A		CSH 757001-01-1:									
	3760	National Government		218,100	168,189	-	29,020	197,209	20,891	-	
	3761	Pohnpei		26,400	24,400	-	-	24,400	2,000	-	
		Program Total		244,500	192,589	-	29,020	221,609	22,891	-	
		CSBG Grants									
13.665		G88B1MCCOSR									
	3763	Chuuk		76,492	-	-	-	-	76,492	-	
	3766	Yap		66,917	64,947	-	-	64,947	1,970	-	
	3767	Kosrae		61,510	62,879	-	-	62,879	(1,369)	-	
	3768	Pohnpei		91,251	44,436	-	-	44,436	46,815	-	
	3769	Chuuk		41,797	41,797	-	-	41,797	-	-	
	3770	National Government		55,000	55,000	-	(2,080)	52,920	2,080	-	
		Program Total		392,967	269,059	-	(2,080)	266,979	125,988	-	
		Aids '88 -									
13.217		U62/CCU902703-02:									
	3781	Kosrae		2,091	8,496	-	-	8,496	(6,405)	-	
	3782	Pohnpei		791	791	-	-	791	-	-	
	3784	National Government		17,672	15,674	-	-	15,674	1,998	-	
		Program Total		20,554	24,961	-	-	24,961	(4,407)	-	
		Balance forward		6,118,500	4,386,050	301,881	207,668	4,895,599	1,222,901	-	

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Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs Amount	National Government Questioned Costs Detailed at Page
						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of HHS			Balance forward	\$ 6,118,500	\$ 4,386,050	\$ 301,881	\$ 207,668	\$ 4,895,599	\$ 1,222,901	\$ -	
			Aids Prevention '89								
	13.217		U62-CCU902703:								
		7548	Yap	9,499	4,101	-	-	4,101	5,398	-	
		7549	Kosrae	9,019	8,166	-	-	8,166	853	-	
		7550	Pohnpei	8,961	8,961	-	-	8,961	-	-	
		7551	Chuuk	9,499	3,664	-	-	3,664	5,835	-	
		7552	National Government	8,522	5,299	-	-	5,299	3,223	-	
		7553	National Government	<u>38,371</u>	<u>30,552</u>	-	-	<u>30,552</u>	<u>7,819</u>	-	
			Program Total	<u>83,871</u>	<u>60,743</u>	-	-	<u>60,743</u>	<u>23,128</u>	-	
			Family Planning '89								
	13.217		- 09H-001777-03-0:								
		3786	Yap	9,746	10,535	-	-	10,535	(789)	-	
		3787	Kosrae	8,816	8,731	-	-	8,731	85	-	
		3788	Pohnpei	14,039	13,284	-	-	13,284	755	-	
		3789	Chuuk	20,934	15,351	-	-	15,351	5,583	-	
		3790	National Government	<u>13,582</u>	<u>10,870</u>	-	-	<u>10,870</u>	<u>2,712</u>	-	
			Program Total	<u>67,117</u>	<u>58,771</u>	-	-	<u>58,771</u>	<u>8,346</u>	-	
			Family Planning '90								
	13.217		09H-001777-04:								
		7571	Yap	13,947	9,534	-	-	9,534	4,413	-	
		7572	Kosrae	11,642	10,529	-	-	10,529	1,113	-	
		7573	Pohnpei	19,255	13,839	-	-	13,839	5,416	-	
		7574	Chuuk	20,931	18,238	-	-	18,238	2,693	-	
		7575	National Government	<u>10,000</u>	<u>8,193</u>	-	-	<u>8,193</u>	<u>1,807</u>	-	
			Program Total	<u>75,775</u>	<u>60,333</u>	-	-	<u>60,333</u>	<u>15,442</u>	-	
			Family Planning '91								
	13.217		09-001777-05:								
		7629	Chuuk	25,704	2,238	14,552	-	16,790	8,914	-	
		7629	Pohnpei	23,646	3,152	19,774	-	22,926	720	-	
		7629	Kosrae	14,297	-	12,304	-	12,304	1,993	-	
		7629	Yap	<u>17,128</u>	-	<u>11,032</u>	-	<u>11,032</u>	<u>6,096</u>	-	
			Program Total	<u>80,775</u>	<u>5,390</u>	<u>57,662</u>	-	<u>63,052</u>	<u>17,723</u>	-	
			Balance forward	6,426,038	4,571,287	359,543	207,668	5,138,498	1,287,540	-	

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						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of HHS			Balance forward	\$ 6,426,038	\$ 4,571,287	\$ 359,543	\$ 207,668	\$ 5,138,498	\$ 1,287,540	\$ -	
			Preventive Health '88								
	13.991		88B1-FM-PRVS:								
		3791	Unallotted	424	-	-	-	-	424	-	
		3793	Kosrae	22,061	-	-	-	-	22,061	-	
		3794	Pohnpei	44,061	34,300	1,038	-	35,338	8,723	-	
		3795	Chuuk	28,075	15,595	-	-	15,595	12,480	-	
		3796	National Government	45,215	42,303	-	-	42,303	2,912	-	
		3797	National Government	1,113	585	-	-	585	528	-	
		3798	Yap	21,020	6,942	-	-	6,942	14,078	-	
			Program Total	<u>161,969</u>	<u>99,725</u>	<u>1,038</u>	<u>-</u>	<u>100,763</u>	<u>61,206</u>	<u>-</u>	
			Preventive Health 90								
			90-B1-FM-PRVS:								
		7605	Chuuk	14,141	191	11,666	-	11,857	2,284	-	
		7605	Pohnpei	12,000	-	11,999	-	11,999	1	-	
		7605	Yap	9,000	-	8,434	-	8,434	566	-	
		7605	Kosrae	8,500	-	2,167	-	2,167	6,333	-	
		7606	National Government	109,000	14,859	-	77,547	92,406	16,594	-	
		7607	National Government	1,361	-	-	-	-	1,361	-	
		7604	National Government	11,900	299	-	10,957	11,256	644	-	
		7608	Kosrae	29,885	-	15,655	-	15,655	14,230	-	
		7603	Unallotted	8,855	-	-	-	-	8,855	-	
		7608	Yap	40,400	-	20,938	-	20,938	19,462	-	
		7608	Pohnpei	87,060	2,928	81,264	-	84,192	2,868	-	
		7608	Chuuk	65,800	2,817	64,264	-	67,081	(1,281)	-	
			Program Total	<u>397,902</u>	<u>21,094</u>	<u>216,387</u>	<u>88,504</u>	<u>325,985</u>	<u>71,917</u>	<u>-</u>	
			Balance forward	6,985,909	4,692,106	576,968	296,172	5,565,246	1,420,663	-	

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						Subrecipients	National Government				
<u>U.S. Federal Direct Assistance Funds:</u>											
U.S. Dept. of HHS			Balance forward	\$ 6,985,909	\$ 4,692,106	\$ 576,968	\$ 296,172	\$ 5,565,246	\$ 1,420,663	\$ -	
			89B1-FM-PRVS								
		7584	National Government	10,000	10,000	-	268	10,268	(268)	-	
		7589	Kosrae	4,009	1,793	538	-	2,331	1,678	-	
		7589	Pohnpei	24,290	23,945	1,363	-	25,308	(1,018)	-	
		7589	Chuuk	2,610	-	-	-	-	2,610	-	
		7589	Yap	25,175	10,656	13,000	-	23,656	1,519	-	
		7594	National Government	9,449	7,224	-	2,000	9,224	225	-	
		7595	National Government	30,918	27,405	-	3,024	30,429	489	-	
		7623	National Government	135	135	-	-	135	-	-	
		7583	Unallotted	13,563	-	-	-	-	13,563	-	
		7585	Yap	9,700	6,986	1,650	-	8,636	1,064	-	
		7585	Kosrae	8,500	4,582	907	-	5,489	3,011	-	
		7585	Pohnpei	16,785	15,937	848	-	16,785	-	-	
		7585	Chuuk	11,570	9,899	-	-	9,899	1,671	-	
			Program Total	166,704	118,562	18,306	5,292	142,160	24,544	-	
			CSH -901774-05:								
		7610	National	74,025	23,566	-	39,263	62,829	11,196	-	
		7611	Pohnpei	128,591	56,546	64,173	-	120,719	7,872	-	
			Program Total	202,616	80,112	64,173	39,263	183,548	19,068	-	
			H25/CCH904363-01:								
		7613	National Government	25,775	14,174	-	2,616	16,790	8,985	-	
		7614	Pohnpei	5,225	2,820	-	-	2,820	2,405	-	
			Program Total	31,000	16,994	-	2,616	19,610	11,390	-	
			Balance forward	7,386,229	4,907,774	659,447	343,343	5,910,564	1,475,665	-	

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						Subrecipients	National Government				
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of HHS			Balance forward	\$ 7,386,229	\$ 4,907,774	\$ 659,447	\$ 343,343	\$ 5,910,564	\$ 1,475,665	\$ -	
			Childhood Immunization Program								
			H23/CCH904426-01:								
		7616	National Government	90,397	24,632	-	43,388	68,020	22,377	-	
		7617	Chuuk	12,516	4,358	5,394	-	9,752	2,764	-	
		7617	Kosrae	375	-	19	-	19	356	-	
		7617	Yap	400	-	-	-	-	400	-	
		7617	Pohnpei	7,428	3,188	110	-	3,298	4,130	-	
		7615	Unallotted	2,000	-	-	-	-	2,000	-	
			Program Total	113,116	32,178	5,523	43,388	81,089	32,027	-	
			FY 90 AIDS								
			U62-CCH902703-04:								
		7619	National Government	11,896	7,638	-	1,485	9,123	2,773	-	
		7620	National Government	34,782	26,704	-	2,196	28,900	5,882	-	
		7621	Chuuk	7,728	2,077	3,578	-	5,655	2,073	-	
		7621	Pohnpei	7,728	2,428	1,386	-	3,814	3,914	-	
			Program Total	62,134	38,847	4,964	3,681	47,492	14,642	-	
			MCJ-645029-02:								
		7622	Kosrae	-	2,562	-	-	2,562	(2,562)	-	
		7622	Chuuk	5,700	340	300	-	640	5,060	-	
			Program Total	5,700	2,902	300	-	3,202	2,498	-	
			90-B1-FM-CYAP-01:								
		7625	National Government	11,900	-	-	7,996	7,996	3,904	-	
			Program Total	11,900	-	-	7,996	7,996	3,904	-	
		7657	National	5,400	-	-	1,396	1,396	4,004	-	
			Program Total	5,400	-	-	1,396	1,396	4,004	-	
			Balance forward	7,584,479	4,981,701	670,234	399,804	6,051,739	1,532,740	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of HHS			Balance forward	\$ 7,584,479	\$ 4,981,701	\$ 670,234	\$ 399,804	\$ 6,051,739	\$ 1,532,740	\$ -	
			AIDS Prevention								
			U62/CCU902703-05								
		7659	National Government	39,170	-	-	20,430	20,430	18,740	-	
		7660	Pohnpei	6,460		5,478	-	5,478	982	-	
		7660	Chuuk	8,062		3,784	-	3,784	4,278	-	
		7660	Kosrae	5,608	-	4,083	-	4,083	1,525	-	
			Program Total	59,300	-	13,345	20,430	33,775	25,525	-	
			MCJ-645029-03-0								
		7647	National	69,349	-	-	25,590	25,590	43,759	-	
		7648	Chuuk	11,400	-	5,428	-	5,428	5,972	-	
		7648	Kosrae	3,600	-	2,792	-	2,792	808	-	
		7646	Unallotted	200	-	-	(1,000)	(1,000)	1,200	-	
			Program Total	84,549	-	8,220	24,590	32,810	51,739	-	
			1H87 TI00054-0100								
		7633	National	136,513	-	-	136,513	136,513	-	23,739	
			Program Total	136,513	-	-	136,513	136,513	-	23,739	143
			91-1-FM-PRVG								
		7675	National	13,030	-	-	-	-	13,030	-	
		7676	National	82,000	-	-	-	-	82,000	-	
		7678	Pohnpei	13,865	-	-	-	-	13,865	-	
		7679	Pohnpei	35,500	-	-	-	-	35,500	-	
		7678	Chuuk	14,992	-	-	-	-	14,992	-	
		7679	Chuuk	41,500	-	-	-	-	41,500	-	
		7678	Yap	9,800	-	-	-	-	9,800	-	
		7679	Yap	18,700	-	-	-	-	18,700	-	
		7678	Kosrae	9,200	-	-	-	-	9,200	-	
		7679	Kosrae	21,100	-	-	-	-	21,100	-	
		7674	Unallotted	173,547	-	-	-	-	173,547	-	
			Program Total	433,234	-	-	-	-	433,234	-	
			BRX-FM0054-90-0								
		7671	National	30,000	-	-	-	-	30,000	-	
			Program Total	30,000	-	-	-	-	30,000	-	
			Balance forward	8,328,075	4,981,701	691,799	581,337	6,254,837	2,073,238	23,739	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Dept. of HHS			Balance forward	\$ 8,328,075	\$ 4,981,701	\$ 691,799	\$ 581,337	\$ 6,254,837	\$ 2,073,238	\$23,739	
			CSH006472-02								
	7631	Yap		7,309	-	-	-	-	7,309	-	
		Program Total		7,309	-	-	-	-	7,309	-	
			CSH-901774-06								
	7542	National		14,899	-	-	12,110	12,110	2,789	-	
	7544	Pohnpei		120,285	-	91,740	-	91,740	28,545	-	
	7540	Unallotted		14,670	-	-	-	-	14,670	-	
		Program Total		149,854	-	91,740	12,110	103,850	46,004	-	
			H25/CCH904363-02								
	7654	National		30,829	-	-	24,192	24,192	6,637	-	
	7655	Pohnpei		5,271	-	2,291	-	2,291	2,980	-	
		Program Total		36,100	-	2,291	24,192	26,483	9,617	-	
			H23/CH904426-02								
	7651	National		117,961	-	-	41,452	41,452	76,509	-	
	7652	Pohnpei		10,810	-	6,870	-	6,870	3,940	-	
	7652	Chuuk		13,305	-	-	-	-	13,305	-	
	7650	Unallotted		500	-	-	-	-	500	-	
		Program Total		142,576	-	6,870	41,452	48,322	94,254	-	
			09-H-001777-06-0								
	7673	Pohnpei		20,981	-	1,915	-	1,915	19,066	-	
	7673	Chuuk		25,704	-	-	-	-	25,704	-	
	7673	Yap		17,398	-	77	-	77	17,321	-	
	7673	Kosrae		14,297	-	-	-	-	14,297	-	
	7672	Unallotted		5,395	-	-	-	-	5,395	-	
		Program		83,775	-	1,992	-	1,992	81,783	-	
		Total U.S. Dept. of Health & Human Services		<u>\$ 8,747,689</u>	<u>\$ 4,981,701</u>	<u>\$ 794,692</u>	<u>\$ 659,091</u>	<u>\$ 6,435,484</u>	<u>\$ 2,312,205</u>	<u>\$23,739</u>	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
U.S. Federal Direct Assistance Funds:											
U.S. Federal											
Emergency											
Management											
Agency	83.516	3805	Typhoon Orchid	\$ 358,964	\$ 446,388	\$ -	\$ -	\$ 446,388	\$ (87,424)	\$ -	
		3810	Typhoon Nina	2,000,000	3,435,901	-	-	3,435,901	(1,435,901)	-	
		3811	Typhoon Nina	9,600,000	-	-	-	-	9,600,000	-	
			Program Total	<u>11,958,964</u>	<u>3,882,289</u>	<u>-</u>	<u>-</u>	<u>3,882,289</u>	<u>8,076,675</u>	<u>-</u>	
			Disaster Preparedness								
	83.505		'88/EMF-88-K-0299								
		3814	National Government	25,000	6,949	-	-	6,949	18,051	-	
		3816	EMF-89-K-0328	26,700	23,609	-	-	23,609	3,091	-	
			Program Total	<u>51,700</u>	<u>30,558</u>	<u>-</u>	<u>-</u>	<u>30,558</u>	<u>21,142</u>	<u>-</u>	
			EMF-909-K-0337								
		3817	Unallotted	20,300	-	-	-	-	20,300	-	
		3818	National Government	29,700	14,358	-	1,166	15,524	14,176	-	
			Program Total	<u>50,000</u>	<u>14,358</u>	<u>-</u>	<u>1,166</u>	<u>15,524</u>	<u>34,476</u>	<u>-</u>	
			FEMA -886-DR-FSM TYPHOON OWEN IFG								
		3826	Chuuk	6,200,000	-	6,188,383	-	6,188,383	11,617	-	
		3825	Unallotted	900,000	-	-	-	-	900,000	-	
			Program Total	<u>7,100,000</u>	<u>-</u>	<u>6,188,383</u>	<u>-</u>	<u>6,188,383</u>	<u>911,617</u>	<u>-</u>	
			FEMA -886-DR-FSM TYPHOON OWEN PA								
		3824	National	40,339	-	-	6,502	6,502	33,837	-	
		3820	Chuuk	1,659,395	-	1,363,341	-	1,363,341	296,054	-	
		3821	Yap	569,455	-	157,700	-	157,700	411,755	-	
		3819	Unallotted	123,576	-	-	-	-	123,576	-	
			Program Total	<u>2,392,765</u>	<u>-</u>	<u>1,521,041</u>	<u>6,502</u>	<u>1,527,543</u>	<u>865,222</u>	<u>-</u>	
			Balance Forward	21,553,429	3,927,205	7,709,424	7,668	11,644,297	9,909,132	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

<u>Grantor</u>	<u>CFDA No.</u>	<u>FSM Orgn. No.</u>	<u>Grant Title Grant I.D. No.</u>	<u>Total Authorizations</u>	<u>Prior Expenditures</u>	<u>1991 Fiscal Year Expenditures</u>		<u>Total Program Expenditures</u>	<u>Excess (Deficit) Authorizations Over Program Expenditures</u>	<u>National Government Questioned Costs</u>	
						<u>Subrecipients</u>	<u>National Government</u>			<u>Amount</u>	<u>Detailed at Page</u>
U.S. Federal Direct Assistance Funds:											
Federal Emergency Management Agency Balance Forward				\$21,553,429	\$ 3,927,205	\$ 7,709,424	\$ 7,668	\$11,644,297	\$ 9,909,132	\$ -	
FEMA-892-FSM Typhoon Russ PA											
3823			Pohnpei	314,800	-	153,084	-	153,084	161,716	-	
			Program Total	314,800	-	153,084	-	153,084	161,716	-	
FEMA-892-DR-FSM-TYPHOON RUSS IFG											
3828			Pohnpei	125,375	-	122,653	-	122,653	2,722	-	
3827			Unallotted	43,375	-	-	-	-	43,375	-	
			Program Total	168,750	-	122,653	-	122,653	46,097	-	
Total U.S. Federal Emergency Mgmt Agency				<u>\$22,036,979</u>	<u>\$ 3,927,205</u>	<u>\$ 7,985,161</u>	<u>\$ 7,668</u>	<u>\$11,920,034</u>	<u>\$10,116,945</u>	<u>\$ -</u>	
Total U.S. Federal Direct Assistance				<u>\$87,043,662</u>	<u>\$45,689,457</u>	<u>\$14,329,363</u>	<u>\$ 1,390,637</u>	<u>\$61,409,457</u>	<u>\$25,634,205</u>	<u>\$ -</u>	

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991**

<u>Grantor</u>	<u>Org. No.</u>	<u>Grantor Title</u>	<u>1991 Fiscal Year Expenditures National Government</u>
<u>Other Direct Assistance Fund:</u>			
Australian Government Grants	3948	FSM Leptospirosis	\$ 14,282
	3949	Project Cycle Training	5,140
	7809	Purchase of VIP Vehicles	<u>153,000</u>
			<u>172,422</u>
Japan Foreign Assistance	3935	Hansen's Disease	<u>270</u>
			<u>270</u>
United Nations	3961	Health Nutrition Survey	2,383
	3955	Population Education	17,548
	3958	Teacher/Child/Parent	2,968
	3981	Family Food Project	5,057
	7820	EPI/CDD Training	<u>13,559</u>
			<u>41,515</u>
World Health Organization	3905	Primary Health/Support	521
	3915	Family Plan Administration	6,467
	3976	FY89 Leprosy	3,433
	7819	FY89 Health Field Inv	2,751
	7811	National Manpower	6,593
	7820	Diarrhea Control	6,802
	7803	AIDS Prevention Control	<u>24,753</u>
			<u>51,320</u>
South Pacific Nations	3969	Tuna Tagging Project	5,692
	7813	Env. Manage. Sust	7,079
	3968	Chuuk Census Project	<u>3,211</u>
			<u>15,982</u>
Forum Fisheries Agency	3983	Commercial Fish Company	688
	3984	Chuuk Fish Exp. Prom	(15)
	3960	Fish Policy Consol	18,600
	3987	Technical Assistance	8,165
	3985	COM SSY Fish Data	7,100
	3999	Fisheries Dev	<u>19,802</u>
			<u>54,340</u>
University of Hawaii	3937	Data System Dev	<u>3,663</u>
University of Guam	7805	Child Abuse and Neglect	<u>13,839</u>
FSM State Contribution	3939	FSM State Aud Sh	<u>8,782</u>
		Total Non-U.S. Grants	<u>\$ 362,133</u>
		Total U.S. federal direct assistance and non-U.S. grant expenditures	<u>\$1,752,770</u>

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Note: Reconciliation of total expenditures per schedule
to total expenditures per financial statements:

Total expenditures per financial statements	\$1,730,940
Department of the Interior Historic Preservation expenditure	<u>(21,830)</u>
Total expenditures per schedule	<u>\$1,752,770</u>

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
OTIA TECHNICAL ASSISTANCE											
CFDA NO. 15.875											
MOU FSM-24	3487		Automated Land Record System	\$ 80,000	\$ 50,840	\$ -	\$ -	\$ 50,840	\$ 29,160	\$ -	
MOU FSM-2	3488		Financial Advisor	114,000	92,048	-	8,203	100,251	13,749	-	
MOU 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	-	
N/A	3513		Financial Management System	252,655	218,278	-	19,217	237,495	15,160	-	
MOU FSM-44	7507		Anti-Drug Training	28,170	10,615	-	-	10,615	17,555	-	
N/A	7509		Procurement Management Training	13,600	12,054	-	-	12,054	1,546	-	
N/A	7510		Single Audit '89	350,000	341,681	-	7,234	348,915	1,085	-	
	7508		Comprehensive Needs	379,450	378,322	-	-	378,322	1,128	-	
	7512		Cash Management Study	45,000	33,852	-	1,148	35,000	10,000	-	
	7855		Short-Term Health	40,000	-	-	10,124	10,124	29,876	-	
	3505		Economic Newsletter	74,020	-	-	73,954	73,954	66	-	
	7516		Single Audit 90	350,000	-	-	305,517	305,517	44,483	-	
	7517		Intercensal Survey	4,000	-	-	4,000	4,000	-	-	
	7518		Material Man. Works	6,000	-	-	4,979	4,979	1,021	-	
	7853		Vital Statistics	12,307	-	-	9,582	9,582	2,725	-	
			Total OTIA/O&M Grants	<u>\$ 2,147,102</u>	<u>\$ 1,521,216</u>	<u>\$ -</u>	<u>\$ 443,958</u>	<u>\$ 1,965,174</u>	<u>\$ 181,928</u>	<u>\$ -</u>	

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991**

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
<u>Subrecipient</u>											
<u>OTIA Special O&M</u>											
CFDA No. 15.875	Various		Yap O&M - 1,3	\$ 1,550,000	\$ 460,489	\$ 106,242	\$ -	\$ 566,731	\$ 983,269	\$ -	
	Various		Kosrae O&M - 1,2,3	1,500,000	223,817	34,249	-	258,066	1,241,934	-	
	Various		Pohnpei O&M 1,2,3, 4,5,6,7	2,185,000	678,411	178,007	-	856,418	1,328,582	-	
	Various		Chuuk O&M - 1,2,3	2,070,000	582,063	7,268	-	589,331	1,480,669	-	
			Total O&M	<u>\$ 7,305,000</u>	<u>\$ 1,944,780</u>	<u>\$ 325,766</u>	<u>\$ -</u>	<u>\$ 2,270,546</u>	<u>\$ 5,034,454</u>	<u>\$ -</u>	
<p>Note: Because of inadequacies in the reporting procedures of the subrecipients, a comprehensive schedule of grant status for O&M programs cannot be prepared by the National Government.</p>											
<u>CFSM and OTIA/TTPI Capital</u>											
<u>Project Funds:</u>											
6304			Pohnpei Airport Terminal Design & Construction	\$ -	\$ 2,006	\$ -	\$ -	\$ 2,006	\$ (2,006)	\$ -	
6305			Kolonia Water System Improvement Project	2,057,000	1,192,552	-	65,122	1,257,674	799,326	-	
6312			Supply Warehouse	38,087	-	-	-	-	38,087	-	
6303			FSM Capitol Construction	13,320,000	13,250,260	-	69,898	13,320,158	(158)	-	143
6302/6306			Staff House Renovation	250,000	245,593	-	1,174	246,767	3,233	-	
6308			Pohnpei Rural Sanitation	277,500	245,511	-	-	245,511	31,989	-	
6324			Kolonia House Sewer Connection	373,800	17,000	-	-	17,000	356,800	-	
6325			Kolonia Sanitary Facilities	189,000	189,001	-	-	189,001	(1)	-	141
NA			Capital Wells	39,213	-	-	-	-	39,213	-	
6309			Pohnpei Circumferential Road	175,000	-	-	100,985	100,985	74,015	-	
6315			CIP Administration OPS	93,149	-	-	8,756	8,756	84,393	-	
6311			Kolonia Roadside Drainage	500,000	450,755	-	-	450,755	49,245	-	
			Total CFSM & OTIA/TTPI Capital Projects Funds	<u>\$17,312,749</u>	<u>\$15,592,678</u>	<u>\$ -</u>	<u>\$ 245,935</u>	<u>\$15,838,613</u>	<u>\$ 1,474,136</u>	<u>\$ -</u>	

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YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
Compact of Free Association Funding:											
U.S. Office of Territorial and International Affairs											
			Communications - Annual/								
			2230 Section, 215 (a)(2)	\$ 768,000	\$ -	\$ 768,000	\$ -	\$ 768,000	\$ -	\$ -	
			Communications - One-Time Section., 215 (a)(2):								
			2235 Architectural	313,495	311,671	-	-	311,671	1,824	-	
			2236 Work/Equip	334,319	334,319	-	-	334,319	-	-	
			2237 HUB Building	1,610,217	1,610,217	-	-	1,610,217	-	-	
			2238 Comsat Buyout	1,900,000	1,900,000	-	-	1,900,000	-	-	
			2239 Digital Switches	2,361,969	2,184,557	-	-	2,184,557	177,412	-	
			2990 Telephone System	800,000	674,799	-	-	674,799	125,201	-	
			Total Communication One-Time	7,320,000	7,015,563	-	-	7,015,563	304,437	-	
			Marine Surveillance,								
	15.875	2240	Section 216 (a)(1)	1,157,215	-	-	909,916	909,916	247,299	-	
			Health and Medical Section 216 (a) (2)								
	15.875	2501	Local Capabilities	55,000	-	-	28,929	28,929	26,071	-	
		2502	Health Team Visit	50,000	-	-	46,818	46,818	3,182	-	
			Total Health and Medical	105,000	-	-	75,747	75,747	29,253	-	
			Balance forward	9,350,215	7,015,563	768,000	985,663	8,769,226	580,989	-	

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.

**FEDERATED STATES OF MICRONESIA
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Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
Compact of Free Association Funding:											
			Compact Funds Balance forward	\$ 9,350,215	\$ 7,015,563	\$ 768,000	\$ 985,663	\$ 8,769,226	\$ 580,989	\$ -	
			Marine Surveillance, N/A One-Time, Section 216 b Special Block Grant, Section 221 b	-	-	-	-	-	-	-	
			2001 Nutrition & Health Edu.	10,000	-	-	30,796	30,796	(20,796)	-	
			2004 Tuberculosis Program	12,000	-	-	3,876	3,876	8,124	-	
			2012 Lep/Den/Chol. Pohnpei	20,000	-	-	4,365	4,365	15,635	-	
			2017 Lep/Denguel/Cholera	90,000	-	-	37,028	37,028	52,972	-	
			2018 Lept/Dengue/Cholera	10,000	-	-	-	-	10,000	-	
			2019 Lept/Dengue/Cholera	20,000	-	-	300	300	19,700	-	
			2005 Leptoperosis/O/Ch	10,000	-	-	-	-	10,000	-	
			2051 Hansen's Disease	15,800	-	-	11,232	11,232	4,568	-	
			2052 Family Health Project	6,000	-	-	16,365	16,365	(10,365)	-	
			2053 Mental Health Services	1,000	-	-	15,297	15,297	(14,297)	-	
			2054 Maternal & Child Health	8,000	-	-	6,453	6,453	1,547	-	
			2055 Health Planning Agency	12,000	-	-	10,898	10,898	1,102	-	
			2056 Preventive Health	24,000	-	-	22,338	22,338	1,662	-	
			2057 EPA Sanitation	4,000	-	-	5,392	5,392	(1,392)	-	
			2058 Develop Statistical Data	11,300	-	-	10,987	10,987	313	-	
			2102 Standard Testing	25,000	-	-	23,913	23,913	1,087	-	
			2137 Vocational Education Improvement	100,000	-	-	12,916	12,916	87,084	-	
			Immunization Program	56,580	-	-	23,215	23,215	33,365	-	
			Total Special Block Grant	435,680	-	-	235,371	235,371	200,309	-	
			Balance forward	9,785,895	7,015,563	768,000	1,221,034	9,004,597	781,298	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
Compact of Free Association Funding:											
			Compact Funds Balance forward	\$ 9,785,895	\$ 7,015,563	\$ 768,000	\$ 1,221,034	\$ 9,004,597	\$ 781,298	\$ -	
			<u>Post Secondary Education, Section 216(a)(3)</u>								
15.875	2549		FSM Post Secondary Edu.	800,000	-	-	800,000	800,000	-	-	
	2642		Scholarship - Yap	161,321	-	-	161,321	161,321	-	-	
	2580		Scholarship - Pohnpei 88	431,228	250,000	-	181,228	431,228	-	-	
	2679		Scholarship - Pohnpei 87	349,783	300,000	-	49,783	349,783	-	-	
	2650		Scholarship - Kosrae 88	192,181	-	-	-	-	192,181	-	
	2611		Scholarship - Chuuk 88	615,852	500,456	-	115,356	615,812	40	-	
	2681		Scholarship - Pohnpei 89	288,003	-	-	288,003	288,003	-	-	
	2612		Scholarship - Chuuk 89	411,676	-	-	411,716	411,716	(40)	-	
	2653		Scholarship - Kosrae 89	128,661	-	-	-	-	128,661	-	
	2581		Scholarship - Pohnpei 90	288,003	-	-	288,003	288,003	-	-	
	2613		Scholarship - Chuuk 90	411,716	-	-	411,716	411,716	-	-	
			Scholarship - Kosrae 90	128,661	-	-	-	-	128,661	-	
	2582		Scholarship - Pohnpei 91	288,003	-	-	288,003	288,003	-	-	
	2675		Grad Student Sch.	100,000	-	-	36,300	36,300	63,700	-	
	2614		Scholarship - Chuuk 91	411,716	-	-	292,847	292,847	118,869	-	
			Scholarship - Kosrae 91	128,661	-	-	-	-	128,661	-	
			Total Compact Post Secondary Education	5,483,481	1,050,456	-	3,324,276	4,374,732	1,108,749	-	
			Balance forward	15,269,376	8,066,019	768,000	4,545,310	13,379,329	1,890,047	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
Compact of Free Association Funding:											
			Compact Funds Balance forward	\$15,269,376	\$ 8,066,019	\$ 768,000	\$ 4,545,310	\$13,379,329	\$ 1,890,047	\$ -	
			Energy Section. 214(b)								
			2760 91 Energy	228,000	-	-	174,512	174,512	53,488	-	
			2774 Net & U rural electric	10,000	8,818	-	-	8,818	1,182	-	
			2782 Chuuk energy	150,000	14,479	-	-	14,479	135,521	-	
			2792 Yap power plant overhaul	65,000	57,696	-	23,054	80,750	(15,750)	-	
			2802 Malem hydro plant	50,000	306	-	306	612	49,388	-	
			Total Compact Energy	503,000	81,299	-	197,872	279,171	223,829	-	
			Compact Capital Account -								
			Capital Project Funds								
			6000 MTN Program	1,499,570	-	-	1,499,570	1,499,570	-	-	
			6001 Kosrae PD Office	23,000	22,898	-	-	22,898	102	-	
			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	55,930	-	-	55,930	4,070	-	
			6006 Local Catch Stats.	45,000	44,950	-	-	44,950	50	-	
			6007 Fish Poisoning	10,000	6,712	-	-	6,712	3,288	-	
			6009 Coop & Credit Union	-	108	-	-	108	(108)	-	
			6010 Supreme Court Building	100,000	64,137	-	12,273	76,410	23,590	-	
			6008 Investment Development	61,000	49,902	-	3,419	53,321	7,679	-	
			6014 Tuna Transshipment Fees	12,000	11,495	-	-	11,495	505	-	
			6015 Commercial Fish Posters	14,000	8,066	-	3,000	11,066	2,934	-	
			6016 Marine Poison Investigation	42,000	8,080	-	-	8,080	33,920	-	
			6017 Project Planning & Development	354,540	128,028	-	-	128,028	226,512	-	
			6021 Hemodialysis Project	50,000	36,334	-	11,880	48,224	1,776	-	
			6022 Yap Outer Island H.S.	100,000	97,511	-	(1,839)	95,672	4,328	-	
			6024 Livestock Dev Broiler	140,000	27,213	-	108,556	137,769	2,231	-	
			6025 Technical Assistance	350,000	322,699	-	8,468	331,167	18,833	-	
			6026 Chuuk Broiler Project	140,000	-	-	7,102	7,102	132,898	-	
			Subtotal balance forward	3,071,110	947,361	-	1,652,429	2,599,790	471,320	-	
			Balance forward	15,772,376	8,147,318	768,000	4,743,182	13,658,500	2,113,876	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA No.	FSM Orgn. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1991 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures	National Government Questioned Costs	
						Subrecipients	National Government			Amount	Detailed at Page
Compact of Free Association Funding:											
			Compact Funds Balance forward	\$15,772,376	\$ 8,147,318	\$ 768,000	\$ 4,743,182	\$13,658,500	\$ 2,113,876	\$ -	
			Capital Projects Funds								
			Subtotal balance forward	3,071,110	947,361	-	1,652,429	2,599,790	471,320	-	
			6027 Chuuk Survey	15,000	14,520	-	-	14,520	480	-	
			6028 FSM Manpower Survey	50,000	37,862	-	3,523	41,385	8,615	-	
			6029 Ulul Airstrip	40,000	19,622	-	13,787	33,409	6,591	-	
			6032 Fish Aggregation Device	20,000	16,915	-	-	16,915	3,085	-	
			6033 Chuuk Court House Construction	202,000	189,511	-	12,489	202,000	-	-	
			6034 Kittu Road Development	-	-	-	8,333	8,333	(8,333)	-	
			6048 Res Asses. in Outer Bank	75,000	1,400	-	48,000	49,400	25,600	-	
			6050 National Social & Economic Survey	18,000	11,715	-	-	11,715	6,285	-	
			6051 National Staff Upgrad.	75,000	-	-	34,145	34,145	40,855	-	
			6052 FSM Aquaculture Center	150,000	70,368	-	48,412	118,780	31,220	-	
			6053 Development Loan Fund	2,200,000	-	-	2,200,000	2,200,000	-	-	
			6054 A&E CCM Campus	1,100,000	63,696	-	302,262	365,958	734,042	-	
			6055 Maritime Boundary	5,000	3,125	-	11,596	14,721	(9,721)	-	
			6056 Copra Warehouse Pohnpei	71,500	-	-	71,196	71,196	304	-	
			6058 Pohnpei PD Office Construction	38,000	3,420	-	30,784	34,204	3,796	-	
			6060 Bus. & Tourism Promotion	35,000	-	-	20,969	20,969	14,031	-	
			N/A Lehnmesi River Hydro	45,000	-	-	-	-	45,000	-	
			N/A Chuuk Cold Storage	50,000	-	-	-	-	50,000	-	
			FSM Ambassador's residence	175,000	-	-	-	-	175,000	-	
			6288 Yap Hospital Maintenance	70,000	64,038	-	-	64,038	5,962	-	
			6227 Fumigation of Citrus	20,000	7,604	-	-	7,604	12,396	-	
			6918 Iohl Road	-	-	-	41,900	41,900	(41,900)	-	
			Total Compact								
			Capital	7,525,610	1,451,157	-	4,499,825	5,950,982	1,574,628	-	
			Balance forward	23,297,986	9,598,475	768,000	9,243,007	19,609,482	3,688,504	-	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1991

<u>Grantor</u>	<u>CFDA No.</u>	<u>FSM Orgn. No.</u>	<u>Grant Title Grant I.D. No.</u>	<u>Total Authorizations</u>	<u>Prior Expenditures</u>	<u>1991 Fiscal Year Expenditures</u>		<u>Total Program Expenditures</u>	<u>Excess (Deficit) Authorizations Over Program Expenditures</u>	<u>National Government Questioned Costs</u>	
						<u>Subrecipients</u>	<u>National Government</u>			<u>Amount</u>	<u>Detailed at Page</u>
<u>Compact of Free Association Funding:</u>											
			Balance forward	\$23,297,986	\$9,598,475	\$ 768,000	\$ 9,243,007	\$19,609,482	\$3,688,504	\$ -	
<u>Compact Current Account</u>											
<u>General Fund</u>											
15.875			Title II, Article I, Section 211(a) current account	<u>3,281,392</u>	<u>-</u>	<u>-</u>	<u>3,281,392</u>	<u>3,281,392</u>	<u>-</u>	<u>-</u>	
<u>Compact Special Development Fund (Section III)</u>											
15.875	2152		Development Fund	<u>8,828,989</u>	<u>-</u>	<u>-</u>	<u>8,828,989</u>	<u>8,828,989</u>	<u>-</u>	<u>-</u>	
			Total Compact Funding	<u>\$35,408,367</u>	<u>\$ 9,598,475</u>	<u>\$ 768,000</u>	<u>\$21,353,388</u>	<u>\$31,719,863</u>	<u>\$3,688,504</u>	<u>\$ -</u>	

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.

Note: The \$2,200,000 transfer of Compact Capital Account funds (Org. # 6053) was made by the National Government to the FSM Development Bank, an enterprise fund, pursuant to a Congress of the FSM appropriation and authorization of the Federated Development Authority respectively.

FEDERATED STATES OF MICRONESIA NATIONAL GOVERNMENT AND SUBRECIPIENTS
COMPACT FUNDING SUMMARY CFDA #15.875
SUMMARY OF EXPENDITURES, AND BUDGETARY
POSITION BY COMPACT SECTION
YEAR ENDED SEPTEMBER 30, 1991

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year Expenditures & Transfers		Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
						Subrecipients	National Government		
Section 211(a) Current Account									
National Govt.		\$ 23,444,000	\$ 6,238,856	\$ 29,682,856	\$ 26,401,464	\$ -	\$ 3,281,392	\$ 29,682,856	\$ -
Chuuk		66,120,000	18,116,880	84,236,880	66,516,720	17,720,160	-	84,236,880	-
Pohnpei		42,390,000	11,614,913	54,004,913	42,644,393	11,360,520	-	54,004,913	-
Yap		28,824,000	7,822,833	36,646,833	28,922,001	7,724,832	-	36,646,833	-
Kosrae		16,422,000	4,499,628	20,921,628	16,520,532	4,401,096	-	20,921,628	-
Sub Total		<u>177,200,000</u>	<u>48,293,110</u>	<u>225,493,110</u>	<u>181,005,110</u>	<u>41,206,608</u>	<u>3,281,392</u>	<u>225,493,110</u>	<u>-</u>
Section 211(a) Capital Account									
National Government		14,056,000	4,036,144	18,092,144	8,856,576	-	4,499,825	13,356,401	4,735,743
Chuuk		46,080,000	12,625,920	58,705,920	21,773,339	11,661,021	-	33,434,360	25,271,560
Pohnpei		30,540,000	8,367,960	38,907,960	24,908,094	12,421,154	-	37,329,248	1,578,712
Yap		17,736,000	4,813,551	22,549,551	10,827,644	4,872,314	-	15,699,958	6,849,593
Kosrae		14,388,000	3,942,312	18,330,312	8,367,813	4,590,269	-	12,958,082	5,372,230
Sub Total		<u>122,800,000</u>	<u>33,785,887</u>	<u>156,585,887</u>	<u>74,733,466</u>	<u>33,544,758</u>	<u>4,499,825</u>	<u>112,778,049</u>	<u>43,807,838</u>
Sub Total Major Block Grant		<u>\$300,000,000</u>	<u>\$82,078,997</u>	<u>\$382,078,997</u>	<u>\$255,738,576</u>	<u>\$74,751,366</u>	<u>\$ 7,781,217</u>	<u>\$338,271,159</u>	<u>\$43,807,838</u>
Section 213 (b) Yap Coast Guard Station									
Yap		160,000	-	160,000	160,000	-	-	160,000	-
Section 214 Energy Grant									
National Government		800,400	230,115	1,030,515	281,298	-	197,872	479,170	551,345
Chuuk		3,799,200	1,092,270	4,891,470	3,812,638	1,236,507	-	5,049,165	(157,695)
Pohnpei		3,000,000	862,500	3,862,500	2,328,899	736,905	-	3,665,804	196,696
Yap		2,600,400	747,615	3,348,015	2,390,541	875,784	-	3,266,325	81,690
Kosrae		1,800,000	517,500	2,317,500	1,658,651	669,043	-	2,327,694	(10,194)
Total Section 214		<u>12,000,000</u>	<u>3,450,000</u>	<u>15,450,000</u>	<u>11,072,047</u>	<u>3,518,239</u>	<u>197,872</u>	<u>14,788,158</u>	<u>661,842</u>

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT AND SUBRECIPIENTS
COMPACT FUNDING SUMMARY CFDA #15.875
SUMMARY OF EXPENDITURES, AND BUDGETARY
POSITION BY COMPACT SECTION
YEAR ENDED SEPTEMBER 30, 1991

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year Expenditures & Transfers		Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
						Subrecipients	National Government		
Section 215 (a)(2) Communications Annual									
	National Government	\$ 3,000,000	\$ 822,000	\$ 3,822,000	\$ 3,000,000	\$ -	\$ 768,000	\$ 3,768,000	\$ 54,000
Section 215 (b)(2) Communication One Time									
	National Government	6,000,000	1,320,000	7,320,000	7,015,563	-	-	7,015,563	304,437
Section 216 (a)(1) Marine Surveillance Annual									
	National Government	2,595,000	-	2,595,000	935,502	-	909,916	1,845,418	749,582
Section 216 (b) Marine Surveillance One Time									
	National Government	666,600	-	666,600	-	-	-	-	666,600
Section 216 (a)(2) Health and Medical Referral									
	National Government	629,900	-	629,900	215,460	-	75,747	291,207	338,693
	Chuuk	2,305,435	-	2,305,435	1,804,743	469,726	-	2,274,469	30,966
	Pohnpei	1,788,915	-	1,788,915	1,717,433	357,048	-	2,074,481	(285,566)
	Yap	1,014,140	-	1,014,140	596,950	195,803	-	792,753	221,387
	Kosrae	560,610	-	560,610	730,292	113,854	-	844,146	(283,536)
	Sub total	6,299,000	-	6,299,000	5,064,878	1,136,431	75,747	6,277,056	21,944

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT AND SUBRECIPIENTS
COMPACT FUNDING SUMMARY CFDA #15.875
SUMMARY OF EXPENDITURES, AND BUDGETARY
POSITION BY COMPACT SECTION
YEAR ENDED SEPTEMBER 30, 1991

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year Expenditures & Transfers		Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
						Subrecipients	National Government		
Section 216 (2)(3) Scholarship									
	National Government	\$ 9,448,500	\$ -	\$ 9,448,500	\$ 5,263,493	\$ -	\$ 3,324,276	\$ 8,587,769	\$ 860,731
Section 221(b) Special Block Grant									
	National Government	1,575,000	-	1,575,000	415,137	-	235,371	650,508	924,492
	Chuuk	13,650,000	-	13,650,000	9,586,724	2,608,339	-	12,195,063	1,454,937
	Pohnpei	9,450,000	-	9,450,000	6,293,403	1,746,409	-	8,039,812	1,410,188
	Yap	5,950,000	-	5,950,000	4,396,308	990,614	-	5,386,922	563,078
	Kōsrae	4,375,000	-	4,375,000	3,479,924	971,628	-	4,451,552	(76,552)
	Sub Total	35,000,000	-	35,000,000	24,171,496	6,316,990	235,371	30,723,857	4,276,143
Section 111 (b)(1) Special Development Fund									
	National Government	20,000,000	-	20,000,000	12,000,000	-	8,828,989	20,828,989	(828,989)
Section 212 Special Development									
	National Government	-	-	-	-	-	-	-	-
	Chuuk	250,000	287,500	537,500	100,395	305,592	-	405,987	131,513
	Pohnpei	250,000	287,500	537,500	84,819	326,076	-	410,895	126,605
	Yap	250,000	287,500	537,500	105,101	255,851	-	360,952	176,548
	Kōsrae	250,000	287,500	537,500	149,946	257,038	-	406,984	130,516
	Sub Total	1,000,000	1,150,000	2,150,000	440,261	1,144,557	-	1,584,818	565,182
	Total Funding for initial five years of Compact Agreement	\$396,169,100	\$88,820,997	\$484,990,097	\$324,861,816	\$86,867,583	\$22,121,388	\$433,850,787	\$51,139,310

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF PROGRAMS
SELECTED FOR AUDIT IN ACCORDANCE WITH
OMB CIRCULAR A-128
YEAR ENDED SEPTEMBER 30, 1991**

<u>Grantor</u>	<u>Description</u>	<u>CFDA No.</u>	<u>Amount of 1991 Expenditures</u>
U.S. Dept. of the Interior:		15.875	
	Compact of Free Association:		
	Program account related:		
	221(a) Capital Account		\$ 4,499,825
	221-B Block Grant		235,371
	Marine Surveillance annual		909,916
	Communications annual		768,000
	Special Development Fund		8,828,989
	Post Secondary Education		3,324,276
	Energy Programs		197,872
	Health & Medical		75,747
	OTIA Grants Fund		<u>711,727</u>
	Total CFDA # 15.875 excluding Compact Section 211(a) Current Account		19,551,723
U.S. Dept. of the Interior	Single Audit '90		<u>305,517</u>
	Total program expenditures selected excluding Compact Section 211(a) Current Account		<u>\$ 19,857,240</u>
	Total U.S. Federal Program expenditures excluding Compact Section 211(a) Current Account		<u>\$ 20,920,526</u>
	% of Total U.S. Federal expenditures covered by major programs excluding Compact Section 211(a) Current Account		<u>95%</u>

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SUMMARY OF U.S. FEDERAL PROGRAM EXPENDITURES
YEAR ENDED SEPTEMBER 30, 1991**

<u>Grantor</u>	<u>Amount</u>	<u>Page No.</u>
U.S. Department of Education	\$ 169,902	91
U.S. Department of Housing and Urban Development	17,585	92
U.S. Department of Labor	278,743	96
U.S. Department of Agriculture	29,163	99
U.S. Department of Justice	21,180	101
U.S. Department of Commerce	-	102
U.S. Environmental Protection Agency	115,239	105
U.S. Department of Energy	70,232	106
U.S. Department of Health and Human Services	659,091	122
U.S. Federal Emergency Management Agency	7,668	124
U.S. Department of the Interior:		
Various Program Grants	21,834	103
OTIA Technical Assistance	443,958	127
Capital Projects Funds	245,935	128
Compact of Free Association Funding excluding Section 211(a) Current Account	<u>18,839,996</u>	129
Total U.S. Federal Assistance excluding Section 211(a) Current Account	20,920,526	
Section 211(a) Current Account	<u>3,281,392</u>	134
	<u>\$ 24,201,918</u>	

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
INTERNAL ACCOUNTING AND ADMINISTRATIVE
CONTROL WEAKNESSES
YEAR ENDED SEPTEMBER 30, 1991

For the administration of federal funds, the FSM National government uses a centralized system for all billings and financial reporting, which is performed by the Finance Department, and a decentralized system for compliance and program performance which is performed by each of the Departments which receive and administer federal funds. The following findings are the result of an administrative controls review which has been performed on the federal funds system and relates to the FSM National Government as a whole. These matters are not necessarily related to the responsibility of any one individual department.

Previous Years' Administrative Control Findings

Finding No. 1

Criteria: Administrative Control findings from prior audit reports should be resolved.

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

<u>Page No.</u>	<u>Description</u>
<u>FISCAL YEAR 1988</u>	
45	Monitoring of Subrecipients
46	Federal Property Standards
48	Documented Guidelines for Administration
49	Financial Status Reports
<u>FISCAL YEAR 1989</u>	
62	Resolution of Pre-Compact Liabilities
63	Definition of Administrative Expenses with Respect to Compact Capital (211A) Funding

Cause: Unknown

Effect: Lack of timely resolution of audit findings hinders the effectiveness of the National Government's administrative controls over federal financial assistance.

Finding No. 1, Continued

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

U.S. Federal Program General Ledger Accounting Procedures

Finding No. 2

Criteria: The FSM National Government general ledger should accurately reflect expenditures incurred for Federal programs.

Condition: The accounting procedure employed by the Office of Planning and Statistics (OPS) upon reimbursing the states for EPA Federal Grants includes such expenditures in the National Government's books. These expenditures are, however, state expenditures and should not be recorded by the National Government.

Cause: Incorrect accounting classifications are used for reimbursement payments to states for EPA grants.

Effect: This has resulted in the National Government's EDA expenditures being inflated due to the inclusion of state expenditures. Such a situation was corrected at year end by an audit adjustment.

Recommendation: It is recommended that the Federal Grants division advise appropriate OPS personnel of the correct classification of reimbursements as being a reduction in payables. Such a procedure has been adopted for all other Federal programs in response to a fiscal year 1989 audit recommendation.

Compliance Requirement - Drug-Free Workplace Act

Finding No. 3

Criteria: All recipients receiving Federal grants must certify that they will provide a drug-free workplace by adhering to the requirements specified in the Drug-Free Workplace Act.

Condition: Our audit procedures performed to ensure compliance to the Act found a lack of specific programs to ensure a drug-free workplace.

Cause: It appears that the National Government has been unaware that it must comply with these requirements.

Effect: As a result, compliance with the Drug-Free Workplace Act has not been achieved.

Recommendation: A copy of the compliance requirements of the Drug-Free Workplace Act has now been provided to management. We recommend that programs be implemented as soon as possible to ensure compliance with these requirements.

FEDERAL STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 1991

Grantor	CFDA #	<u>Program</u>	<u>Identified Findings and Questioned Costs</u>	<u>Questioned Costs</u>
			These amounts are questioned because payment was either not supported by vendor's invoice or payment was for an activity not related to the grant.	
U.S. Department of Health and Human Services	13.902	T r e a t m e n t p r o g r a m s f o r c r i t i c a l p o p u l a t i o n O r g. 7633	<u>Check #</u>	<u>Amount</u>
			3550	\$ 231
			3552	2,640
			3566	2,508
			3571	1,500
			3572	656
			3573	1,000
			3589	296
			3602	1,689
			3628	624
			3645	438
			3653	1,000
			3666	367
			3685	167
			3693	400
			3718	2,300
			3719	3,800
			3720	700
			3721	1,050
			Various	<u>2,373</u>
				<u>\$ 23,739</u>

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
RESOLUTIONS OF PRIOR YEARS' QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 1991

Pursuant to the audit report of the National Government's general purpose financial statements for the year ended September 30, 1990, all questioned costs as of that date and prior have been satisfactorily resolved. Therefore, remaining outstanding questioned costs are those contained in the accompanying schedule of questioned costs for the fiscal year ending September 30, 1991.

FY91 unresolved questioned costs	<u>\$ 23,739</u>
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NOTE: **National Government Overexpenditures**

A total of \$2,485 has been overexpended in National Government federal programs. This amount has not been included in questioned costs for the fiscal year ending September 30, 1991, as these overexpenditures have been corrected by the National Government in fiscal year 1992.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL STRUCTURE**

YEAR ENDED SEPTEMBER 30, 1991



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

Honorable Bailey Olter
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, 1991, and have issued our report thereon dated April 10, 1992.

Except as described in the aforementioned report, we conducted our audit in accordance with generally accepted auditing standards and 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.

In planning and performing our audit of the financial statements of the Federated States of Micronesia (FSM) National Government for the year ended September 30, 1991, we considered its internal control structure 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 structure.

The management of the Federated States of Micronesia National Government is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structures, policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and

that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures into the following categories:

- Revenues and receipt cycles
- Purchases and disbursement cycles
- Payroll cycles
- External financial reporting

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

The following item, which is further explained in the following pages represents a reportable condition:

Fiscal Year 1987

1. Finding 19 - Fixed Assets Master Listing

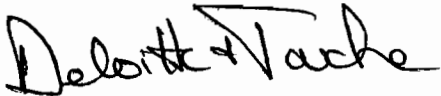
A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the FSM National Government in this letter.

This report is intended for the information of the management of the FSM National Government. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

April 10, 1992

A handwritten signature in cursive script that reads "Deloitte & Touche". The signature is written in dark ink and is positioned above the printed name of the firm.

Certified Public Accountants

Finding No. 1

Prior Year Outstanding Findings

Criteria: Findings and recommendations reported in the Reports on Internal control for the fiscal years ended September 30, 1990, 1988 and 1987 should be adequately resolved.

Condition: The following findings and recommendations remain unresolved from the reports on Internal Control for the fiscal years ended September 30, 1990, 1988 and 1987.

<u>Finding No.</u>	<u>Description</u>	<u>Page No.</u>
Fiscal Year 1987		
15	Recording of Budgetary Amounts in Accounting Records	10
19	Fixed Assets Master Listing	13
Fiscal Year 1988		
9	Internal Reporting Requirements	12
Fiscal Year 1990		
2	General Fixed Assets	138
3	Recording of Fixed Assets	139
9	Travel Expense Reports	143

Cause: Unknown.

Effect: These unresolved findings continue to have the same detrimental effect on the National Government's record keeping system as noted in prior years.

Recommendation: Findings and recommendations reported in prior year Reports on Internal Control should be resolved.

Finding No. 2

Investment Balances

Criteria: All general ledger investments balances should agree to actual investments held by the FSM National Government.

Condition: The general ledger contains various investment balances which do not individually agree to actual investments held.

Cause: The discrepancies have occurred due to the reallocation of management fees between investment accounts. As a result, transfers between accounts have left residual balances when the actual account balance is zero.

Effect: As a result, individual general ledger investment balances cannot be directly agreed to the actual account balances.

Recommendations: It is recommended that a new general ledger account be established in each fund to account for reallocated management fees. This will allow reconciliation of investment balances to actual account balances while still including appropriate management fees for each fund in total investments.

Finding No. 3

Stale Checks

Criteria: Bank account reconciliations should reflect all valid reconciling items.

Condition: Our review of bank reconciliations as of September 30, 1991 revealed that checks which have been outstanding for over one year have still been included in the outstanding check list.

Cause: The Accounting division has not reviewed the outstanding check lists to isolate checks outstanding of over one year and therefore no longer presentable.

Effect: As a result, cash at bank balances are understated.

Recommendation: We recommend that all bank reconciliations be reviewed annually for stale checks and these items written back to cash at bank.

Finding No. 4

Tax, Service Fees, and Other Local Revenue

Criteria: Findings and recommendations reported by the office of the Public Auditor regarding tax, service fees and other local revenue should be adequately resolved.

Condition: Audit Report Number 069-92 issued on June 10, 1992 by the Public Auditor contains several findings and recommendations regarding tax, service fees, and other local revenue.

Cause: Unknown.

Effect: These findings represent deficiencies in the operation of the Divisions of Revenue and Customs.

Recommendations: Findings and recommendations reported by the Public Auditor should be resolved as soon as possible.