

**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, 1992

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

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**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**

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

YEAR ENDED SEPTEMBER 30, 1992

**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 (FSM) National Government, as of September 30, 1992, and for the year then ended, listed in Section II of the foregoing table of contents. These general purpose financial statements are the responsibility of the FSM National Government's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the FSM Telecommunications Corporation, the FSM Development Bank, the FSM Coconut Development Authority and the National Fisheries Corporation, which are shown as the Proprietary Fund Type - Enterprise Funds (see notes 1 and 7). Those statements 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 Proprietary Fund Type - Enterprise Funds, is based solely on the reports of the other auditors.

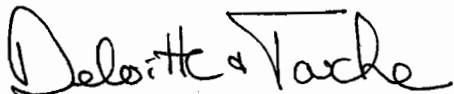
Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

The FSM National Government has not adequately updated its General Fixed Assets Account Group during the year ended September 30, 1992, nor were we able to apply sufficient alternative procedures to assure ourselves as to the correctness of the balances set forth in the accompanying general purpose financial statements.

With respect to the financial statements of the National Fisheries Corporation, which approximates 7% and 6%, respectively, of assets and revenues of the Proprietary Fund Type - Enterprise Funds, audited financial statements could not be obtained from two material investees and therefore it was not possible to determine that the investments were properly recorded at the lower of cost or market.

In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to assure ourselves as to the fairness of presentation of the General Fixed Assets Account Group, and except for the inability to obtain audited financial statements of two investees of the National Fisheries Corporation, 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, 1992, 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.

March 17, 1993



Certified Public Accountants

NATIONAL GOVERNMENT
 FEDERATED STATES OF MICRONESIA
Combined Balance Sheet - All Fund Types and Account Groups
September 30, 1992
 (With comparative totals as of September 30, 1991)

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>		<u>Account Groups</u>		<u>Totals</u>	
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Enterprise</u>	<u>Internal</u>	<u>Other</u>	<u>FSM</u>	<u>General</u>	<u>General</u>	<u>(Memorandum Only)</u>	
		<u>Revenue</u>	<u>Projects</u>								
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Fund</u>	<u>Trust</u>	<u>Security</u>	<u>Assets</u>	<u>Debt</u>	<u>1992</u>	<u>1991</u>
					<u>Administration</u>						
<u>Assets</u>											
Cash and equivalents	\$12,794,260	\$ 1,795,271	\$ -	\$17,603,577	\$ -	\$ 602,599	\$ 4,033,821	\$ -	\$ -	\$ 36,829,528	\$ 22,471,305
TCD's and other term deposits (Note 2)	1,181,354	-	-	-	-	-	-	-	-	1,181,354	11,900,999
Investments (Notes 1 and 2)	17,743,143	7,551,080	3,848,403	28,396,185	-	-	10,751,070	-	-	68,289,881	67,196,271
Receivables from other governments and agencies, net	358,928	2,324,459	-	-	-	-	-	-	-	2,683,387	3,881,404
Receivables from TTPI/OTIA	-	1,128,736	655,714	-	-	-	-	-	-	1,784,450	2,426,992
General receivables, net	66,835	4,180	-	1,586,785	-	1,085,171	9,731	-	-	2,752,702	1,359,303
Loans receivable, net (Notes 1E and 10)	3,100,000	-	3,750,000	13,519,288	-	-	-	-	-	20,369,288	13,399,450
Advances	1,312,101	57,318	-	102,956	-	-	10,035	-	-	1,482,410	1,351,107
Due from other funds (Note 6)	18,036,279	2,886,375	78,822	-	-	347,255	-	-	-	21,348,731	7,725,205
Interest and other receivables	13,322	53,433	48,635	1,073,619	-	-	-	-	-	1,189,009	1,450,495
Deferred charges	-	-	-	2,134,423	-	-	-	-	-	2,134,423	1,182,093
Inventory	-	-	-	122,844	110,583	-	-	-	-	233,427	243,426
Restricted assets	-	-	-	199,841	-	-	-	-	-	199,841	1,328,454
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-	-	-	1,698,412	1,698,412	2,919,882
Fixed assets (Note 1)	-	-	-	28,998,358	-	-	-	-	-	55,073,638	41,368,891
Total assets	\$54,606,222	\$15,800,852	\$ 8,381,574	\$93,737,876	\$110,583	\$2,035,025	\$14,804,657	\$26,075,280	\$1,698,412	\$217,250,481	\$180,205,277

See accompanying notes to combined financial statements.

NATIONAL GOVERNMENT
 FEDERATED STATES OF MICRONESIA
Combined Balance Sheet - All Fund Types and Account Groups, Continued
September 30, 1992
 (With comparative totals as of September 30, 1991)

	<u>Fiduciary Fund Type</u>									<u>Totals</u>	
	<u>Expendable Trust Funds</u>										
	<u>Governmental Fund Types</u>			<u>Proprietary Fund Types</u>		<u>Other</u>	<u>FSM</u>	<u>Account Groups</u>			
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Enterprise</u>	<u>Internal</u>	<u>Expendable</u>	<u>Social</u>	<u>General</u>	<u>General</u>		
<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Funds</u>	<u>Service</u>	<u>Trust</u>	<u>Security</u>	<u>Fixed</u>	<u>Long-Term</u>	<u>1991</u>		
						<u>Administration</u>	<u>Assets</u>	<u>Debt</u>			
<u>Liabilities and Fund Equity</u>											
<u>Liabilities:</u>											
Bank overdraft	\$ 1,141,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,141,806	\$ 2,051,951	
Accounts payable	582,961	726,350	214,510	209,763	5,890	621,172	30,183	-	2,390,829	1,813,198	
Accrued payroll and others	386,228	35,308	2,503	2,391,470	-	1,082	-	-	2,816,591	1,431,031	
Tax refunds payable	339,561	-	-	-	-	-	2,323	-	341,884	355,618	
Due to other funds	13,892,613	5,653,879	1,481,737	-	654	319,848	-	-	21,348,731	7,725,205	
Due to FSM State governments	1,766,245	3,062,120	34,456	-	-	-	-	-	4,862,821	5,966,593	
Deferred revenues	373,073	-	-	46,093	-	-	-	-	419,166	378,105	
Vacation leave accrual	-	-	-	-	-	-	-	598,412	598,412	459,882	
Advances for grants, TTPI/OTIA and other agencies	-	1,438,121	-	-	-	-	-	-	1,438,121	1,240,645	
Notes payable (Note 9)	-	-	-	25,528,000	-	-	-	1,100,000	26,628,000	16,924,756	
Other	229,545	-	-	-	-	-	-	-	229,545	243,272	
Total liabilities	18,712,032	10,915,778	1,733,206	28,175,326	6,544	942,102	32,506	1,698,412	62,215,906	38,590,256	
<u>Commitments and contingencies (Note 3)</u>											
<u>Fund equity:</u>											
Investment in general fixed assets	-	-	-	-	-	-	-	26,075,280	26,075,280	25,812,795	
Contributed capital	-	-	-	54,044,923	110,583	-	-	26,075,280	54,155,506	46,485,283	
Retained earnings (deficit)	-	-	-	11,517,627	(6,544)	-	-	-	11,511,083	10,553,489	
Fund balance: Reserved for:											
Benefits	-	-	-	-	-	-	14,772,151	-	14,772,151	12,779,047	
Loans	3,100,000	-	3,750,000	-	-	-	-	-	6,850,000	6,110,756	
Related assets (Note 1)	1,484,221	-	-	-	-	-	-	-	1,484,221	1,267,361	
Encumbrances (Note 2)	2,939,321	1,787,848	912,945	-	-	-	-	-	5,485,510	4,892,102	
Continuing appropriations (Note 4)	9,101,197	1,814,030	1,621,445	-	-	-	-	-	12,421,316	11,177,919	
Investment diminution (Note 2)	25,154	-	-	-	-	-	-	-	25,154	125,768	
Unreserved	19,244,297	1,283,196	363,978	-	-	1,092,923	-	-	22,254,354	22,410,501	
Total fund equity	35,894,190	4,885,074	6,648,368	65,562,550	104,039	1,092,923	14,772,151	26,075,280	155,034,575	141,615,021	
Total liabilities and fund equity	\$54,606,222	\$15,800,852	\$ 8,381,574	\$93,737,876	\$110,583	\$2,035,025	\$14,804,657	\$26,075,280	\$1,698,412	\$217,250,481	\$180,205,277

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, 1992
(With comparative totals for the year ended September 30, 1991)

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Funds</u>	<u>Capital</u> <u>Projects</u> <u>Funds</u>	<u>Expendable Trust Funds</u>			
				<u>Other</u> <u>Expendable</u> <u>Trust</u> <u>Funds</u>	<u>FSM Social</u> <u>Security</u> <u>Admini-</u> <u>stration</u>	<u>1992</u>	<u>1991</u>
Revenues:							
U.S. federal contributions (including DOI)	\$ -	\$ 1,872,048	\$ 47,321	\$ -	\$ -	\$ 1,919,369	\$ 2,079,356
Compact funds	6,156,842	3,953,818	2,640,658	-	-	12,751,318	7,203,206
Other	<u>23,840,694</u>	<u>430,248</u>	<u>-</u>	<u>2,058,551</u>	<u>6,563,795</u>	<u>32,893,288</u>	<u>37,564,766</u>
Total revenues	<u>29,997,536</u>	<u>6,256,114</u>	<u>2,687,979</u>	<u>2,058,551</u>	<u>6,563,795</u>	<u>47,563,975</u>	<u>46,847,328</u>
Expenditures:							
Executive branch	9,259,252	6,919,807	868,968	1,381,353	-	18,429,380	18,879,908
Judicial branch	723,578	-	-	-	-	723,578	662,504
Boards and commissions	1,058,983	-	-	-	-	1,058,983	996,668
Legislative branch	2,310,991	-	-	-	-	2,310,991	2,204,007
Office of the Public Auditor	315,649	-	-	-	-	315,649	335,515
Other National Government programs	2,082,737	-	-	-	-	2,082,737	2,507,665
Other legislative appropriations	7,889,434	-	-	-	-	7,889,434	3,936,227
Other	<u>224,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,570,691</u>	<u>4,795,199</u>	<u>4,719,318</u>
Total expenditures	<u>23,865,132</u>	<u>6,919,807</u>	<u>868,968</u>	<u>1,381,353</u>	<u>4,570,691</u>	<u>37,605,951</u>	<u>34,241,812</u>
Revenues in excess of (less than) expenditures	<u>6,132,404</u>	<u>(663,693)</u>	<u>1,819,011</u>	<u>677,198</u>	<u>1,993,104</u>	<u>9,958,024</u>	<u>12,605,516</u>
Other sources (uses):							
Operating and other transfers in (out), net (Note 5)	(1,627,564)	214,000	(2,500,000)	-	-	(3,913,564)	(13,015,041)
MTN proceeds/(related payments) (Note 9)	<u>-</u>	<u>-</u>	<u>(1,515,208)</u>	<u>-</u>	<u>-</u>	<u>(1,515,208)</u>	<u>2,460,000</u>
Total other sources (uses)	<u>(1,627,564)</u>	<u>214,000</u>	<u>(4,015,208)</u>	<u>-</u>	<u>-</u>	<u>(5,428,772)</u>	<u>(10,555,041)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	4,504,840	(449,693)	(2,196,197)	677,198	1,993,104	4,529,252	2,050,475
Fund balance, beginning 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>56,712,979</u>
Fund balance, end of year	<u>\$35,894,190</u>	<u>\$ 4,885,074</u>	<u>\$6,648,368</u>	<u>\$ 1,092,923</u>	<u>\$14,772,151</u>	<u>\$63,292,706</u>	<u>\$58,763,454</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, 1992

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Compact grants	\$ 6,156,842	\$ 6,156,842	\$ -
Locally derived taxes	5,900,000	6,587,699	687,699
Fishing rights fees	10,000,000	12,394,186	2,394,186
Fishing violation fines	-	134,500	134,500
Postal revenues	450,000	454,583	4,583
Earnings on investments	1,800,000	3,865,373	2,065,373
Business fees, fines and penalties, and interest on delinquent taxes	300,000	305,134	5,134
Other	<u>-</u>	<u>99,219</u>	<u>99,219</u>
 Total revenues	 <u>24,606,842</u>	 <u>29,997,536</u>	 <u>5,390,694</u>
 Expenditures:			
Executive branch	10,097,090	9,484,362	612,728
Judicial branch	760,700	691,454	69,246
Boards and commissions	1,138,983	1,072,786	66,197
Legislative branch	2,350,900	2,304,104	46,796
Office of the Public Auditor	364,750	333,555	31,195
Other National Government programs	2,122,830	2,033,402	89,428
Other legislative appropriations	16,107,698	8,156,123	7,951,575
Unfunded expenditures	<u>-</u>	<u>224,508</u>	<u>(224,508)</u>
 Total expenditures	 <u>32,942,951</u>	 <u>24,300,294</u>	 <u>8,642,657</u>
 Revenues in excess of (less than) expenditures	 <u>(8,336,109)</u>	 <u>5,697,242</u>	 <u>14,033,351</u>
 Other uses:			
Operating transfers out	<u>(1,635,935)</u>	<u>(1,650,589)</u>	<u>14,654</u>
 Total other uses	 <u>(1,635,935)</u>	 <u>(1,650,589)</u>	 <u>14,654</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 <u>(9,972,044)</u>	 <u>4,046,653</u>	 <u>14,018,697</u>
 Unreserved fund balance, beginning of year	 <u>17,262,267</u>	 <u>17,262,267</u>	 <u>-</u>
 Other changes in unreserved fund balance:			
Increase in reserve for loans	-	(739,244)	(739,244)
Increase in reserve for related assets	-	(216,860)	(216,860)
Increase in reserve for continuing appropriations	-	(1,318,589)	(1,318,589)
Decrease in reserve for investment diminution	-	100,614	100,614
Net encumbrance adjustments	<u>-</u>	<u>109,456</u>	<u>109,456</u>
 Unreserved fund balance, end of year	 <u>\$ 7,290,223</u>	 <u>\$19,244,297</u>	 <u>\$11,954,074</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, 1992
(With comparative totals for the year ended September 30, 1991)

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Internal</u>	<u>Enterprise</u>	<u>(Memorandum Only)</u>	
	<u>Service</u>		<u>1992</u>	<u>1991</u>
	<u>Fund</u>	<u>Funds</u>		
Revenues:				
Charges for goods and services	\$ 63,834	\$ 6,646,755	\$ 6,710,589	\$ 5,490,627
Rental income/interest income	-	2,669,622	2,669,622	2,063,508
Other	-	160,586	160,586	135,345
	<u>63,834</u>	<u>9,476,963</u>	<u>9,540,797</u>	<u>7,689,480</u>
Total revenues				
Operating expenses:				
Personnel services	-	524,787	524,787	479,250
Supplies and materials	87,753	27,615	115,368	89,577
Other	7,842	533,631	541,473	1,267,357
Depreciation	-	75,186	75,186	69,923
Cost of sales	-	6,096,842	6,096,842	5,108,553
	<u>95,595</u>	<u>7,258,061</u>	<u>7,353,656</u>	<u>7,014,660</u>
Total operating expenses				
Operating income (loss)	<u>(31,761)</u>	<u>2,218,902</u>	<u>2,187,141</u>	<u>674,820</u>
Non-operating revenues (expenses):				
Interest income	-	839,751	839,751	1,361,579
Transfers-in from General Fund and other sources	-	1,413,564	1,413,564	1,958,090
Miscellaneous	-	(545,299)	(545,299)	47,914
Equity in subsidiary loss (Note 13)	-	(742,146)	(742,146)	(1,586,116)
	<u>-</u>	<u>965,870</u>	<u>965,870</u>	<u>1,781,467</u>
Total non-operating revenues (expenses), net				
Net income (loss)	<u>(31,761)</u>	<u>3,184,772</u>	<u>3,153,011</u>	<u>2,456,287</u>
Retained earnings, beginning of year	25,217	10,528,272	10,553,489	9,779,790
Adjustment to retained earnings, beginning of year (note 8)	<u>-</u>	<u>(2,195,417)</u>	<u>(2,195,417)</u>	<u>(1,682,588)</u>
Retained earnings (deficit), end of year	<u>\$ (6,544)</u>	<u>\$11,517,627</u>	<u>\$11,511,083</u>	<u>\$10,553,489</u>
Contributed capital, beginning of year	\$ 93,743	\$46,391,540	\$46,485,283	\$34,830,417
Current year additions	<u>16,840</u>	<u>7,653,383</u>	<u>7,670,223</u>	<u>11,654,866</u>
Contributed capital, end of year	<u>\$ 110,583</u>	<u>\$54,044,923</u>	<u>\$54,155,506</u>	<u>\$46,485,283</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, 1992

(With comparative totals for the year ended September 30, 1991)

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Internal</u>		<u>(Memorandum Only)</u>	
	<u>Service</u>	<u>Enterprise</u>	<u>1992</u>	<u>1991</u>
	<u>Fund</u>	<u>Funds</u>		
<u>Operating Activities</u>				
Operating income (loss)	\$ (31,761)	\$ 2,218,902	\$ 2,187,141	\$ 1,194,507
Add back items not affecting cash:				
Depreciation	-	1,279,074	1,279,074	1,034,905
Prior period adjustment	-	(2,201,874)	(2,201,874)	(1,583,943)
Bad debts	-	-	-	3,183
Equity in subsidiary loss	-	742,146	742,146	1,586,116
	<u>(31,761)</u>	<u>2,038,248</u>	<u>2,006,487</u>	<u>2,234,768</u>
Changes in assets and liabilities:				
Cash advances	-	(18,408)	(18,408)	76,792
Travel advances	-	2,814	2,814	(28,678)
Interest receivable	-	8,233	8,233	(175,623)
Accounts receivable trade	-	(265,307)	(265,307)	(104,742)
Unbilled accounts receivable	-	(67,648)	(67,648)	(29,801)
Accounts receivable other	-	(214,282)	(214,282)	(34,557)
Materials and supplies inventory	-	47,486	47,486	65,270
Inventory trade	(16,840)	(20,647)	(37,487)	289,886
Prepaid expenses	-	236,992	236,992	(196,709)
Accrued earnings	-	(61,204)	(61,204)	320,748
Deferred charges	-	(952,330)	(952,330)	(903,609)
Loans receivable	-	(5,653,339)	(5,653,339)	(2,404,611)
Accounts payable	999	583,840	584,839	161,690
Due from other funds	30,762	-	30,762	(100,972)
Accrued payroll	-	27,457	27,457	3,368
Accrued payroll taxes and benefits	-	(43,775)	(43,775)	12,594
Credit life insurance premium	-	9,213	9,213	7,498
Accrued leave payable	-	16,450	16,450	20,361
Deferred revenue	-	(9,198)	(9,198)	18,272
Accrued expenses other	-	584,141	584,141	16,877
Deferred credits	-	17,567	17,567	3,351
	<u>14,921</u>	<u>(5,771,945)</u>	<u>(5,757,024)</u>	<u>(2,982,595)</u>
Cash flow used in operating activities	<u>(16,840)</u>	<u>(3,733,697)</u>	<u>(3,750,537)</u>	<u>(747,827)</u>

See accompanying notes to combined financial statements.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**

PROPRIETARY FUND TYPES

Combined Statement of Cash Flows, Continued

Year ended September 30, 1992

(With comparative totals for the year ended September 30, 1991)

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Internal</u>		<u>(Memorandum Only)</u>	
	<u>Service</u>	<u>Enterprise</u>	<u>1992</u>	<u>1991</u>
	<u>Fund</u>	<u>Fund</u>		
<u>Cash flows from capital related</u>				
<u>financing activities</u>				
Proceeds from notes payable	\$ -	\$11,063,244	\$11,063,244	\$14,464,756
Acquisition of fixed assets	-	(1,240,690)	(1,240,690)	(741,503)
Disposals of fixed assets	-	273	273	14,534
Project under construction	-	(4,510,478)	(4,510,478)	(1,216,200)
Plant in service additions	-	(7,940,888)	(7,940,888)	(4,402,252)
	<u>-</u>	<u>(7,940,888)</u>	<u>(7,940,888)</u>	<u>(4,402,252)</u>
Cash flows provided by (used in) capital related financing activities	<u>-</u>	<u>(2,628,539)</u>	<u>(2,628,539)</u>	<u>8,119,335</u>
<u>Non-capital related</u>				
<u>financing activities</u>				
CFSM appropriations received	-	1,413,564	1,413,564	768,000
Contributed capital received	16,840	5,888,415	5,905,255	11,794,337
	<u>16,840</u>	<u>5,888,415</u>	<u>5,905,255</u>	<u>11,794,337</u>
Cash flows provided by non-capital related financing activities	<u>16,840</u>	<u>7,301,979</u>	<u>7,318,819</u>	<u>12,562,337</u>
<u>Cash flows from investment</u>				
<u>activities</u>				
Investment in securities	-	3,676,839	3,676,839	(23,434,067)
Investment in joint venture	-	(1,142,095)	(1,142,095)	(1,226,486)
Escrow fund	-	(462,797)	(462,797)	(6,060,333)
Interest income	-	842,887	842,887	495,464
	<u>-</u>	<u>842,887</u>	<u>842,887</u>	<u>495,464</u>
Cash flows provided by (used in) investing activities	<u>-</u>	<u>2,914,834</u>	<u>2,914,834</u>	<u>(30,225,422)</u>
Net increase (decrease) in cash and equivalents	-	3,854,577	3,854,577	(10,291,577)
Cash and equivalents, beginning of year	<u>-</u>	<u>13,749,000</u>	<u>13,749,000</u>	<u>24,040,577</u>
Cash and equivalents, end of year	<u>\$ -</u>	<u>\$17,603,577</u>	<u>\$17,603,577</u>	<u>\$13,749,000</u>

Non-cash Capital Financing Activities

During the year ended September 30, 1992, National Fisheries Corporation, (an Enterprise Fund) acquired \$1,725,451 of capital assets that were donated by the Government of Japan.

See accompanying notes to combined financial statements.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Statement of Changes in General Fixed Assets Account Group
Year ended September 30, 1992
 (With comparative totals for the year ended September 30, 1991)

	<u>1992</u>	<u>1991</u>
Balance, beginning of year	\$25,812,795	\$24,155,136
Current year additions	299,537	1,777,291
Current year deletions	<u>(37,052)</u>	<u>(119,632)</u>
Balance, end of year	<u>\$26,075,280</u>	<u>\$25,812,795</u>

See accompanying notes to combined financial statements.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements
September 30, 1992

(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 general purpose financial statements include all fund types and account groups of the Federated States of Micronesia (FSM) 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 FSM National Government has determined that the following component units should also be included in the accompanying general purpose financial statements.

Enterprise Funds

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

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fiduciary Funds

- FSM Social Security Administration

The FSM Social Security Administration has been included in the FSM National Government general purpose financial statements based on the above criteria for inclusion of component units. This component unit has been presented on a discrete basis as it is administered separately and apart from other expendable trust funds. Due to a difference in the reporting period from the rest of the National Government, financial results for FSM Social Security Administration are included as of March 31, 1992 and for the year then ended.

- B. Fund Structure and Basis of Accounting. The accompanying general purpose 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 fund types 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.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

The proprietary fund types include:

1. Enterprise Funds which are used to account for the operations of FSM 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 created 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 fund types 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 fund type includes:

Expendable Trust Funds which are used to account for assets held by the FSM 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. The financial statements included for Social Security Administration have been prepared on the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related liability is incurred. 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 accounting.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1992

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Social Security Administration has a financial year end of March 31, and consequently the financial results for the year ended March 31, 1992 have been included in the accompanying general purpose financial statements. As FSM 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.

- 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 account group.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group, not in the governmental fund types. 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.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1992

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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 1992, supplemental appropriations were also made for both operating and capital purposes, to reflect the evolving priorities of the FSM National Government.

Budgetary control is maintained at the departmental level. Budget revisions during the year, reflecting program changes, may be effected by 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 FSM National Government's governmental and fiduciary fund types primarily consist of taxes and federal revenues. Since few governmental fund revenues are susceptible to accrual prior to receipt, most taxes, licenses, fees, permits and similar revenues are recognized primarily on the cash basis.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1992

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

At September 30, 1992, the FSM National Government had rendered tax assessments in the amount of \$3,059,107 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 general purpose financial statements.

Additionally, for the general fund general receivables, the amount stated on the accompanying combined balance sheet is net of an allowance for doubtful accounts of \$1,241,368 in 1992 (\$1,016,859 in 1991).

The General Fund includes a loan receivable from National Fisheries Corporation (an Enterprise Fund) in the amount of \$3,100,000. 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, a fiduciary fund type - Expendable Trust Fund, the policy of the FSM National Government is to reserve all loans until collection occurs since applicable loan terms are such that it is difficult to estimate when repayments may occur. As of September 30, 1992, \$1,606,953 was the outstanding balance of loans, the sum total of which was fully reserved.

The Compact Capital Improvement Project Fund includes a loan receivable of \$3,750,000 from Caroline Fisheries Corporation. This outstanding loan balance has been fully reserved for in the fund balance (Also refer Note 10B).

F. Interfund Transactions. The National Government has two potential types of interfund transactions, as follows:

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

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- 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 FSM 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.

Fixed assets for Enterprise funds as of September 30, 1992, 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 and leasehold Improvement	\$ -	\$ -	\$162,994	\$ -	\$ 162,994
Furniture and fixtures	-	176,796	4,550	135,250	316,596
Vehicles	-	60,289	20,130	-	80,419
Equipment and machinery	-	-	59,194	3,562,383	3,621,577
General support assets	8,080,792	-	-	-	8,080,792
Central office assets	6,718,460	-	-	-	6,718,460
Terminal equipment cable and wiring facilities	6,116,822	-	-	-	6,116,822
Less accumulated depreciation	(4,327,385)	(176,015)	(56,396)	(362,638)	(4,922,434)
Construction in progress	<u>8,823,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,823,132</u>
	<u>\$25,411,821</u>	<u>\$ 61,070</u>	<u>\$190,472</u>	<u>\$3,334,995</u>	<u>\$28,998,358</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.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(1) SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(1) SIGNIFICANT ACCOUNTING POLICIES; CONTINUED

Reserves for related assets for the general fund as of September 30, 1992, are as follows:

Imprest cash fund	\$ 87,231
Petty cash fund	4,061
Revolving Funds - FSM States	625,420
Other receivables	<u>767,509</u>
Total	<u>\$1,484,221</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 Balance Sheet and 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.

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

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

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(2) CASH AND INVESTMENTS, CONTINUED

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.
 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%.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(2) CASH AND INVESTMENTS, CONTINUED

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, 1992, fishing rights fees of \$20,879,630, including reinvested earnings, are held with Hawaiian Trust Company, Ltd. \$9,198,146 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 cash deposits of \$602,599 with Hawaiian Trust Company, Ltd. at September 30, 1992.

III. Enterprise Funds

The FSM Development Bank, an Enterprise fund, owns 100,000 shares of the stock of a commercial bank incorporated within the FSM. The investment of \$1,000,000 is accounted for on the equity method since the investment constitutes a 23.97% ownership share. During the year ended September 30, 1992, a gain on the investment of \$76,415 was recorded recognizing the 23.97% 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 1991, and was transferred to the FSM Development Bank together with all cumulative earnings on February 22, 1992, pursuant to Public Law 6-109.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(2) CASH AND INVESTMENTS, CONTINUED

V. Investment Valuation

As of September 30, 1992, the details of the FSM National Government's Governmental and Fiduciary fund type cash and equivalents and investments are as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Compact Funds:</u>		
<u>Cash and Equivalents</u>		
Commercial paper, Treasury notes, HTCO. Automated Cash Management (ACM) [Market value approximates cost]	\$ 2,395,432	\$ 2,395,432
<u>Investments</u>		
Pooled investment securities	<u>18,740,444</u>	<u>18,537,017</u>
Total Compact Funds	<u>21,135,876</u>	<u>20,932,449</u>
<u>Other Funds:</u>		
<u>Cash and Equivalents</u>		
Banker's acceptances, corporate and bank notes, TCD's and HTCO. ACT	12,261,401	12,261,401
<u>Investments</u>		
Common Stock	<u>10,402,183</u>	<u>10,894,689</u>
Total Other Funds	<u>22,663,584</u>	<u>23,156,090</u>
Total cash and investments Governmental and Fiduciary fund types	43,799,460	44,088,539
Reconciliation of cash and investments to combined balance sheet (Cost approximates Market):		
Other cash in bank, General Fund, net	<u>1,716,650</u>	<u>1,716,650</u>
Total cash and investments, Governmental and Fiduciary Fund Types	<u>\$45,516,110</u>	<u>\$45,805,189</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(2) CASH AND INVESTMENTS, CONTINUED

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

At September 30, 1992, an amount of \$25,154 has been reserved for in the reserve for investment diminution component of the fund balance within the General Fund. This reserve represents the FSM National Government's share of the unresolved portion of the Seibel #2 fund's pooled investment with a carrying value of \$125,766 in Colorado Utility Electric Association Inc. as of March 1991, being the date of Colorado Utility's declaration of default on debt repayments.

At September 30, 1992, the FSM National Government had deposits as follows:

General Fund

Cash and deposits with Hawaiian Trust Co., ACM	\$ 2,533,548
All other cash and deposit held in FDIC insured banks	1,716,650
Money market deposits with Hawaiian Trust Co.	<u>8,544,062</u>
Total cash and equivalents	12,794,260
Less overdraft in checking account	<u>(1,141,806)</u>
Net cash and equivalents	<u>\$11,652,454</u>
Time certificates of deposit with FDIC insured banks	<u>\$ 1,181,354</u>
 <u>Special Revenue Funds</u>	
Cash on deposit with Hawaiian Trust Co. ACM	<u>\$ 1,795,271</u>
 <u>Expendable Trust Funds</u>	
Cash on deposit with Hawaiian Trust Co. ACM	<u>\$ 602,599</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1992

(2) CASH AND INVESTMENTS, CONTINUED

Enterprise Funds

Carrying Value

Cash and Equivalents

Cash in checking and savings accounts with FDIC insured banks.

\$17,603,577

Total cash and equivalents

\$17,603,577

Investments

Cash held in an escrow account with FDIC insured bank.

\$ 6,523,130

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, Yap Fresh Tuna, and Micronesia Longline Fishing Co.

1,977,313

Carrying value of an investment in a locally incorporated commercial bank accounted for on the equity method.

662,188

Investments held by Hawaiian Trust Co., registered in the name of the FSM Development Bank's Investment Development Fund. (\$12,127,387 in U.S. government obligations fixed income securities and \$6,881,290 of U.S. treasury notes, market value of \$19,272,591.)

19,233,554

Total investments

\$28,396,185

Total Cash and Investments of
Enterprise Funds

\$45,999,762

For the above cash balances held by the FSM 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.

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1992

(2) CASH AND INVESTMENTS, CONTINUED

The FSM National Government and its component units, except as specified above, do not require collateralization of its cash accounts. Therefore, cash and equivalents are substantially uncollateralized.

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 FSM National Government or its agent in the FSM National Government's name.

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

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

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

(3) COMMITMENTS AND CONTINGENCIES

1. Sick Leave. It is the policy of the FSM National Government to record sick leave when leave is actually taken and a liability is actually incurred. The accumulated estimated amount of unused sick leave at September 30, 1992, was \$1,066,993.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(3) COMMITMENTS AND CONTINGENCIES, CONTINUED

2. Litigation. The FSM National Government is party to several legal proceedings arising from governmental operations. Claims are filed with the FSM Attorney General. Approved claims are paid from appropriations to the affected government agency. At September 30, 1992, there existed several unapproved claims. The Attorney General of the FSM National Government represents that the ultimate resolution of these claims is undeterminable, but should not have a material impact on the accompanying general purpose financial statements.
3. Leases. The FSM National Government has entered into house lease agreements varying from one to five years. The aggregate amount of future lease payments has not been accumulated as renewal is subject to annual appropriation.
4. Authorization for Appropriations As of September 30, 1992, the following authorizations for appropriations from the general fund were outstanding:

<u>Public Law 6-69</u>	
Loan to National Fisheries Corporation	\$ 4,649,000
<u>Public Law 7-19</u>	
Coconut Milk Plant Project and Other Projects	2,494,000
<u>Public Law 6-91</u>	
College of Micronesia Palikir Campus	<u>3,000,000</u>
 Total Commitments	 <u>\$10,143,000</u>

These items have not been included in the reserve for continuing appropriations as of September 30, 1992, 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 FSM 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 Notes 9 and 10).

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(3) COMMITMENTS AND CONTINGENCIES, CONTINUED

5. Committed Compact Funding, Continued

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 from the operation of fiscal year 1991 grants remain unresolved. If these questioned costs are ultimately disallowed, the General Fund may bear responsibility for absorbing the amount disallowed.

Additionally, \$11,488,866 of questioned costs exists from the four States of the Federated States of Micronesia which receive federal funds in a subrecipient capacity. If these questioned costs are sustained, such will be funded by State resources.

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

(4) CONTINUING APPROPRIATIONS

At September 30, 1992, the General Fund reflected the following as continuing appropriations:

Chuuk State Projects	\$2,529,281
Pohnpei State Projects	3,643,323
Yap State Projects	407,765
Kosrae State Projects	1,477,823
Cooperative and Credit Union	1,056
ADB Membership	918,507
Continental Scholarships	6,000

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(4) CONTINUING APPROPRIATIONS, CONTINUED

General Fund, Continued

Chuuk Typhoon Relief	6,517
NFC Outer Bank Survey	574
Maritime Training	13,000
Printing of Convention Journal	24,513
Political Education	<u>72,838</u>

Total	<u>\$9,101,197</u>
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Capital Project Funds

Continuing appropriations for the Capital Projects Funds as of September 30, 1992, are as follows:

Compact Capital Projects Funds

Public Law No.	5-13	\$	55,502
	5-75		4,328
	6-4		77,804
	6-7		70,478
	5-86		20,000
	6-19		28,000
	5-115		76,100
	5-118		90,984
	6-10		408,699
	6-91		337,169
	7-19		<u>384,434</u>

Sub-Total	<u>1,553,498</u>
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CFSM Capital Projects Funds

Staff housing	3,283
Finance warehouse	27,680
Capitol wells	<u>36,984</u>

67,947

Total Capital Projects Funds	<u>\$1,621,445</u>
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**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(4) CONTINUING APPROPRIATIONS, CONTINUED

Special Revenue Funds

Continuing appropriations for Special Revenue Funds as of September 30, 1992, are as follows:

Scholarship Grants:

Pohnpei	\$ 104,383
Chuuk	156,801
Kosrae	477,226
Graduate Scholarship	<u>10,900</u>
Total	<u>749,310</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>
	<u>177,178</u>

Special Block Grant

Leptospirosis, Dengue Fever and Cholera	<u>10,394</u>
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Total Compact Special Revenue Funds	1,241,319
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Disaster Revolving Fund	<u>572,711</u>
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Total Special Revenue Funds	<u>\$1,814,030</u>
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(5) TRANSFERS (OUT) IN

Net transfers at September 30, 1992, consist of the following:

General Fund transfers out:

Coconut Development Authority	\$ 137,279
Maritime Operations Revolving Fund	436,000
Copra Subsidy	200,000
FSM Development Bank	254,285
Disaster Relief Fund	<u>600,000</u>

Net General Fund transfers out	<u>\$ 1,627,564</u>
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**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(5) TRANSFERS (OUT) IN, CONTINUED

Compact Capital Projects transfers out: FSM Development Bank	<u>\$ 2,500,000</u>
Special Revenue transfers out/(in):	
One-Time & annual Communications transfer out to FSM Telecommunications Fund	\$ (822,000)
Maritime Operations Revolving Fund	436,000
Disaster Revolving Fund	<u>600,000</u>
Net Special Revenue Fund transfers	<u>\$ 214,000</u>

(6) INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 1992, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	\$13,892,613	\$18,036,279
Special Revenue Funds:		
Transition	36,936	-
Federal grants direct	317,667	1,866,166
OTIA	142,004	-
Maritime Operations	-	202,903
Passport	-	181,861
Disaster Relief	-	612,445
Fisheries Revolving Fund	-	23,000
Section 214	249,960	-
Section 215 (a)	94,060	-
Section 215 (b)	776,931	-
Section 216 (a)(1)	1,116,012	-
Section 216 (a)(2)	111,751	-
Section 216 (a)(3)	1,946,738	-
Section 216 (b)	567,090	-
Section 221 (b)	290,133	-
Special Development Fund	4,597	-
Capital Projects Funds:		
Compact	1,010,332	-
OTIA/TTPI	471,405	-
CFSM		78,822
Expendable Trust Funds:		
Health insurance	319,848	-
Student loan fund	-	347,255
Internal Service Fund	<u>654</u>	<u>-</u>
Total	<u>\$21,348,731</u>	<u>\$21,348,731</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(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, 1992, 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>
FSM Coconut Development Authority	January 12, 1993	Unqualified
FSM Development Bank	January 4, 1993	Unqualified
FSM Telecommunications Corporation	November 30, 1992	Unqualified
National Fisheries Corporation	March 6, 1993	Qualified

The auditors' report on the National Fisheries Corporation was qualified due to an inability to obtain audited financial statements of two investees.

B. Segment Data

Key financial data for material enterprise funds, as of and for the year ended September 30, 1992, is as follows:

	FSM Coconut Development <u>Authority</u>	FSM Development <u>Bank</u>	FSM Telecommuni- <u>cations Corp.</u>	National Fisheries <u>Corporation</u>
Total assets	<u>\$ 530,713</u>	<u>\$42,926,532</u>	<u>\$43,833,100</u>	<u>\$ 6,447,531</u>
Total equity	<u>\$ 515,314</u>	<u>\$42,824,159</u>	<u>\$19,027,684</u>	<u>\$ 3,195,393</u>
1992 net earnings (loss)	<u>\$ 148,884</u>	<u>\$ 2,002,798</u>	<u>\$ 2,265,837</u>	<u>\$(1,232,747)</u>
operating subsidy	<u>\$ 337,279</u>	<u>\$ 254,285</u>	<u>\$ 822,000</u>	<u>\$ -</u>
capital contributions	<u>\$ -</u>	<u>\$ 5,034,892</u>	<u>\$ -</u>	<u>\$ 2,618,491</u>
Receivables, net	<u>\$ 18,297</u>	<u>\$ 26,371</u>	<u>\$ 1,519,875</u>	<u>\$ 22,242</u>
Allowance for doubtful accounts	<u>\$ 2,368</u>	<u>\$ -</u>	<u>\$ 222,554</u>	<u>\$ -</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(7) ENTERPRISE FUNDS, CONTINUED

B. Segment Data, Continued

	FSM Coconut Development Authority	FSM Development Bank	FSM Telecommuni- cations Corp.	National Fisheries Corporation
Operating revenue	<u>\$ 219,130</u>	<u>\$ 2,776,674</u>	<u>\$ 5,902,429</u>	<u>\$ 578,730</u>
Depreciation and amortization	<u>\$ 14,217</u>	<u>\$ 43,188</u>	<u>\$ 1,156,873</u>	<u>\$ 17,781</u>
Operating income (loss)	<u>\$(192,293)</u>	<u>\$ 2,297,221</u>	<u>\$ 656,917</u>	<u>\$ (542,943)</u>
Additions to fixed assets	<u>\$ 37,678</u>	<u>\$ 32,281</u>	<u>\$ -</u>	<u>\$ 1,170,731</u>
Disposals of fixed assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273</u>	<u>\$ -</u>

(8) ENTERPRISE FUNDS - RESTATEMENT OF BEGINNING RETAINED EARNINGS

During fiscal year 1992, National Fisheries Corporation (NFC), FSM Coconut Development Authority (CDA), FSM Telecommunications Corporation (FSMTC), and FSM Development Bank (FSMDB) reevaluated their FY91 financial statements and found various misstatements. Therefore adjustments to the beginning retained earnings were necessary to correct for the following:

	<u>Net Adjustment to Retained Earnings</u>
National Fisheries Corporation	\$ 6,457
FSM Coconut Development Authority	(46,679)
FSM Telecommunications Corporation	76,100
FSM Development Bank	<u>(2,231,295)</u>
	<u>\$ (2,195,417)</u>

The adjustment for the FSM Development Bank was to reflect the restricted nature of earnings on certain capital contributions. Therefore, the adjustment was to decrease retained earnings and to increase contributed capital by the same amount.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(9) NOTES PAYABLE

During the year ended September 30, 1991, the National Government borrowed \$3,760,000 under a medium term note facility, \$1,100,000 of which is still outstanding at September 30, 1992. 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>
\$1,100,000	\$193,302	8.75%	October 15, 1992
<u>\$1,100,000</u>	<u>\$193,302</u>		

Interest on the notes is payable semi-annually.

The FSM Telecommunication Corporation during fiscal year 1992, drew down a total of \$10,324,000 from U.S. Department of Agriculture Rural Electrification Administration in addition to the \$12,104,000 received in fiscal year 1991 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 \$16,428,000 was earmarked for network expansion.

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

<u>Year</u>	<u>Principal</u>
1993	\$ 457,218
1994	572,955
1995	588,774
1996	618,897
1997	663,268
1998 and thereafter	<u>19,526,888</u>
	<u>\$22,428,000</u>

During fiscal year 1992, National Fisheries Corporation borrowed \$739,244 from the FSM National Government in addition to the \$2,360,756 borrowed in fiscal year 1991 to be used for the purchase of common and preferred stock in Yap Fresh Tuna, training for longlining, and NFC's business joint ventures.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(9) NOTES PAYABLE, CONTINUED

The future debt payments for this \$3,100,000 are as follows:

<u>Year</u>	<u>Principal</u>
1993	\$ -
1994	154,157
1995	190,531
1996	190,531
1997	190,531
1998 and thereafter	<u>2,374,250</u>
	<u>\$3,100,000</u>

The following is the total Enterprise Fund future debt payments for subsequent years:

1993	\$ 457,218
1994	727,112
1995	779,305
1996	809,428
1997	853,799
Thereafter	<u>21,901,138</u>
	<u>\$25,528,000</u>

(10) LOANS RECEIVABLE

A. General Fund

As of September 30, 1992, an amount of \$3,100,000 was outstanding from the National Fisheries Corporation (an Enterprise Fund). The first three notes were used for the purchase of common and preferred stock of Yap Fishing Corporation and two longline fishing boats, including initial working capital. The additional four notes were used for longline training activities, purchase of common stock of Yap Fresh Tuna, and business joint ventures:

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

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

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(10) LOANS RECEIVABLE, CONTINUED

B. Compact Capital Projects Fund

As of September 30, 1992, 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 annual principal payments of \$750,000 will occur 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.

C. Loans Receivable - FSM Development Bank

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

<u>General Loan Fund</u>	<u>September 30, 1992</u>		
	<u>Loan Balance</u>	<u>Allowance for D/A</u>	<u>Net</u>
Unrestricted Fund	\$ 7,833,687	\$(1,047,565)	\$ 6,786,122
Restricted:			
PDLF	1,193,370	(289,765)	903,605
KDLF	72,710	-	72,710
YDLF	51,025	-	51,025
Total Restricted	<u>1,317,105</u>	<u>(289,765)</u>	<u>1,027,340</u>
IDF	<u>5,705,826</u>	<u>-</u>	<u>5,705,826</u>
Total	<u>\$14,856,618</u>	<u>\$(1,337,330)</u>	<u>\$13,519,288</u>

The Bank has total loans of \$1,512,396 to nineteen, former or currently elected officials in the FSM National Government and State governments, or organizations owned partly by former or currently elected government officials. Outstanding loans to these officials represent 10% of the Bank's total outstanding loans at September 30, 1992. Six borrowers with total outstanding loans of \$366,361 are in arrears in their monthly payments.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(10) LOANS RECEIVABLE, CONTINUED

C. Loans Receivable - FSM Development Bank, continued

As of September 30, 1992, the bank has total loans of \$132,863 to a former employee and spouses of two employees of the Bank.

(11) SUBSEQUENT EVENT

At the date of this report, Caroline Fisheries Corporation (CFC) had defaulted on the first two interest payments to the FSM National Government for a total of \$689,000 (refer note 10B). Such a situation raises doubts as to the collectibility of this loan from CFC. Management is currently assessing CFC'S financial viability and it is expected that a determination as to the collectibility of this note will be made in fiscal year 1993. Given the probability that amounts will not be collected in the current year, the loan balance has been reserved as a related asset.

Pursuant to Public Law No. 7-87, a sum of \$3,000,000 was appropriated and paid from the General Fund for purchase of stock in the Bank of the FSM. The source of these funds is ultimately to be transferred from the Compact Capital Improvement Project Fund to the General Fund.

(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 (FSM).

A. Basis of Accounting

For the year ended March 31, 1992, the FSM Social Security Administration has prepared financial statements using the modified accrual basis of accounting (refer Note 1B). Accounting for the Social Security system does not strictly follow pension fund accounting and accordingly the present value of the liability of prospective benefit payments and the present value of future contributions are not recorded. However, investments are recorded at market value in accordance with pension fund accounting guidelines.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(12) FSM SOCIAL SECURITY ADMINISTRATION, CONTINUED

B. Investments

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

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

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

As of March 31, 1992, the details of the FSM Social Security Administration's cash and investments are as follows:

Cash and Equivalents

Cash on deposit with Hawaiian Trust Company ACM	\$2,772,180
All other cash on deposit with FDIC insured banks	<u>1,261,641</u>
Total cash and equivalents	<u>\$4,033,821</u>

Investments

Investments held by Hawaiian Trust Company registered in the name of Social Security Administration	<u>\$10,751,070</u>
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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.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA**
Notes to Combined Financial Statements, Continued
September 30, 1992

(12) FSM SOCIAL SECURITY ADMINISTRATION, CONTINUED

B. Investments, continued

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

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

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

C. Fixed Assets

Fixed assets are accounted for in the General Fixed Assets Account Group rather than in governmental funds. During the fiscal year ended March 31, 1992, net investment in fixed assets of \$114,961 was accounted for in the Administration's General Fixed Assets Account Group. Fixed assets consist of furniture, fixtures and equipment and are recorded at cost. Depreciation is provided over the estimated useful lives of the assets by the straight-line method.

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

(13) ENTERPRISE FUNDS - EQUITY IN SUBSIDIARY LOSS

For the year ended September 30, 1992, the National Fisheries Corporation recorded its share of equity investments in various fishing corporations in the FSM based on the equity method of accounting for investments. Equity losses for the year were incurred as follows:

Yap Fresh Tuna	\$ 1,845
Caroline Fishing Corporation, Inc.	730,223
Chuuk Fresh Tuna, Inc.	7,284
Yap Fishing Corporation	<u>2,794</u>
	<u>\$ 742,146</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
Notes to Combined Financial Statements, Continued
September 30, 1992

(14) MATERIAL FUND DEFICIT

The following funds reflect material fund deficits as of September 30, 1992.

National Fisheries Corporation	\$ (2,463,905)
FSM Coconut Development Authority	<u>(131,302)</u>
	<u><u>\$ (2,595,207)</u></u>

However, the above deficit retained earnings are offset by contributed capital of \$5,659,298 for the National Fisheries Corporation and \$646,616 for the FSM Coconut Development Authority.



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 Federated States of Micronesia National Government's management. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, except for those matters specified in our report dated March 17, 1993, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

March 17, 1993

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, 1992
(With comparative totals for the year ended September 30, 1991)

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Totals</u>	
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Fund Type</u>	<u>(Memorandum Only)</u>	
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Expendable</u>	<u>1992</u>	<u>1991</u>
			<u>Trust Funds</u>			
Expenditures:						
Personnel	\$ 8,067,525	\$ 681,345	\$ 92,478	\$ 61,464	\$ 8,902,812	\$ 8,418,455
Travel	2,234,247	171,933	11,450	11,588	2,429,218	2,175,597
Contractual services, contributions and subsidies	3,236,077	746,480	213,709	10,539	4,206,805	4,708,313
Equipment, machinery, furniture and fixtures	2,874,350	54,850	136,356	773	3,066,329	1,545,694
Communications	513,971	-	-	-	513,971	506,411
Supplies and materials	1,604,429	-	-	3,553	1,607,982	1,454,383
Office/house rent/lease	663,538	-	-	-	663,538	1,341,454
Bad debts	224,508	-	-	-	224,508	222,328
Construction-in-progress	-	-	-	-	-	138,309
Scholarship	84,038	1,801,123	-	-	1,885,161	3,622,776
National Government direct assistance	-	2,194,688	-	-	2,194,688	2,196,732
Other	<u>4,362,449</u>	<u>1,269,388</u>	<u>414,975</u>	<u>1,293,436</u>	<u>7,340,248</u>	<u>3,694,059</u>
Total expenditures	<u>\$23,865,132</u>	<u>\$6,919,807</u>	<u>\$ 868,968</u>	<u>\$1,381,353</u>	<u>\$33,035,260</u>	<u>\$30,024,511</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
GENERAL FUND

Statement of Revenues And Transfers In
Year ended September 30, 1992

(With comparative totals for the year ended September 30, 1991)

	<u>1992</u>	<u>1991</u>
Compact funding current:		
Base amount	\$ 4,461,480	\$ 2,448,800
Inflation adjustment	<u>1,695,362</u>	<u>832,592</u>
	<u>6,156,842</u>	<u>3,281,392</u>
Locally derived taxes:		
Import	1,289,942	1,165,139
Fuel	128,618	126,997
Income tax, individuals, net of tax refunds	2,304,081	2,253,540
Gross receipts tax, businesses	<u>2,865,058</u>	<u>2,601,691</u>
	<u>6,587,699</u>	<u>6,147,367</u>
Investment income:		
Realized gain on sale of equities	2,181,872	773,055
Realized loss on sale of equities	(251,352)	(472,461)
Dividends and interest income	<u>1,934,853</u>	<u>3,502,614</u>
	<u>3,865,373</u>	<u>3,803,208</u>
Fees, licenses and other income:		
Fishing rights fees	12,394,186	12,841,213
Fishing violation fines	134,500	42,500
Postal collections	454,583	467,074
Penalties and interest on delinquent taxes	252,469	332,068
Business license and firearms fees	52,665	66,688
Other miscellaneous income	<u>99,219</u>	<u>147,039</u>
	<u>13,387,622</u>	<u>13,896,582</u>
Total revenues before operating transfers	29,997,536	27,128,549
Operating transfer in from Passport Revolving Fund	<u>-</u>	<u>24,978</u>
Total revenues and transfers in	<u>\$29,997,536</u>	<u>\$27,153,527</u>

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

Statement of Expenditures by Function and Department
Year ended September 30, 1992

(With comparative totals for the year ended September 30, 1991)

	<u>1992</u>	<u>1991</u>
Executive Branch:		
President's Office	\$ 554,690	\$ 576,393
Public Defender	512,677	451,889
Department of Human Resources	621,973	564,552
Department of Resources and Development	430,796	426,901
Office of the Attorney General	1,164,086	1,145,395
Department of Finance	1,393,412	1,542,730
Office of Administrative Services	1,240,066	1,203,551
Planning and Statistics	503,477	461,331
Budget Office	247,541	218,913
External Affairs and LNO's	2,285,186	2,048,387
Transportation	<u>305,348</u>	<u>249,124</u>
Total Executive Branch	<u>9,259,252</u>	<u>8,889,166</u>
Judicial Branch	<u>723,578</u>	<u>662,504</u>
Boards and Commissions:		
FSM Banking Board	14	17,478
Micronesian Maritime Authority	354,340	310,862
FSM Postmaster	584,426	549,438
College of Micronesia Board of Regents	118,890	118,890
Board of Education	<u>1,313</u>	<u>-</u>
Total Boards and Commissions	<u>1,058,983</u>	<u>996,668</u>
Legislative Branch:		
Office of the Speaker	683,901	648,023
Congress staff	1,144,041	1,169,595
Delegation offices	92,130	134,886
Legislature conferences	391	17,364
Official representation	179,131	199,230
Members' travel & expense allowance	<u>211,397</u>	<u>34,909</u>
Total Legislative Branch	<u>2,310,991</u>	<u>2,204,007</u>

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

Statement of Expenditures by Function and Department, Continued
Year ended September 30, 1992
(With comparative totals for the year ended September 30, 1991)

	<u>1992</u>	<u>1991</u>
Office of the Public Auditor	315,649	335,515
Other National Government programs:		
Aid to non-public schools	250,000	200,000
Contributions	518,086	186,000
State judiciary	265,656	181,375
T-3 program	231,927	209,772
Congressional election	-	284,089
2nd National Development Plan	-	580
Community Action Agency	-	1,037
Capital generator purchase	-	2,856
Continental Airlines feasibility study	150,000	-
Computer - FHA	20,000	-
Micronesian Regional Tourism	5,000	5,700
Yap Youth activities	-	2,000
Joint law enforcement	383,791	279,287
Asian Pac Coc. Commission	-	5,000
ICOA membership fee	19,000	24,395
Constitutional Convention	9,440	60,294
FSM membership ADB	27,143	27,207
Capital grand opening	-	519
Referendum	-	217,231
Special grants to President	13,877	74,064
Aquaculture Center Program	118,941	64,493
South Pacific Forum	18,376	201,555
Tourism Council of SPAC	6,500	6,500
Presidential inauguration	-	35,858
Air Continentals scholarship	45,000	19,000
FSM Ambassador Washington	-	10,000
CCM repair and renovation	-	10,123
FSM air conditioning	-	398,730
 Total other National Government programs	 <u>2,082,737</u>	 <u>2,507,665</u>

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

Statement of Expenditures by Function and Department, Continued
Year ended September 30, 1992
(With comparative totals for the year ended September 30, 1991)

	<u>1992</u>	<u>1991</u>
Other Legislative Appropriations:		
Investment of Compact funds group		
State projects:		
Chuuk	3,189,049	1,549,453
Pohnpei	865,763	899,896
Yap	3,351,564	781,303
Kosrae	446,923	289,673
Medical services equip. & supplies	-	28,262
APPU General Assembly	950	106,262
Fisheries and maritime scholarship	9,000	38,000
Political education	26,185	187,892
Printing of convention journal	-	5,486
FSM reception in the U.N.	-	50,000
	<u>7,889,434</u>	<u>3,936,227</u>
Other expenditures:		
Bad debts	224,508	222,328
Investment fees	-	279,689
	<u>224,508</u>	<u>502,017</u>
Total General Fund expenditures before operating transfers	<u>\$23,865,132</u>	<u>\$20,033,769</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, 1992

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Compact grants	\$ 6,156,842	\$ 6,156,842	\$ -
Locally derived taxes	5,900,000	6,587,699	687,699
Fishing right fees	10,000,000	12,394,186	2,394,186
Fishing violation fines	-	134,500	134,500
Postal revenues	450,000	454,583	4,583
Earnings on investments	1,800,000	3,865,373	2,065,373
Business fees and fines	300,000	305,134	5,134
Others	-	99,219	99,219
	<u>24,606,842</u>	<u>29,997,536</u>	<u>5,390,694</u>
 Expenditures—budgetary basis by department:			
Executive Branch:			
Office of the President	<u>439,400</u>	<u>401,832</u>	<u>37,568</u>
Disaster Office	<u>23,500</u>	<u>22,157</u>	<u>1,343</u>
Public Information	<u>150,000</u>	<u>120,481</u>	<u>29,519</u>
Travel	<u>30,000</u>	<u>29,197</u>	<u>803</u>
 Department of External Affairs:			
Administrative	255,525	255,357	168
International affairs	236,000	231,945	4,055
U.S. relations	73,500	70,841	2,659
LNO Guam	130,805	126,360	4,445
LNO Honolulu	128,718	124,922	3,796
LNO Japan	654,536	659,848	(5,312)
Washington Rep. Office	490,140	484,910	5,230
Fiji Embassy	238,600	246,096	(7,496)
U.N. Mission	<u>247,152</u>	<u>230,452</u>	<u>16,700</u>
	<u>2,454,976</u>	<u>2,430,731</u>	<u>24,245</u>
 Office of Human Resources:			
Administration	40,000	38,518	1,482
Health	337,080	325,761	11,319
Education	<u>264,850</u>	<u>259,324</u>	<u>5,526</u>
	<u>641,930</u>	<u>623,603</u>	<u>18,327</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, 1992

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Resources and Development:			
Administration	\$ 141,800	\$ 122,288	\$ 19,512
Commerce & industry	99,200	90,799	8,401
Agriculture	92,800	89,307	3,493
Marine resources	76,300	68,494	7,806
Labor	<u>84,300</u>	<u>83,627</u>	<u>673</u>
	<u>494,400</u>	<u>454,515</u>	<u>39,885</u>
Department of Transportation:			
Administration	128,000	121,651	6,349
Marine	134,600	122,345	12,255
Aviation	60,000	43,481	16,519
FSS Constitution	-	(310)	310
Communication	<u>27,610</u>	<u>18,575</u>	<u>9,035</u>
	<u>350,210</u>	<u>305,742</u>	<u>44,468</u>
Department of Finance:			
Administration	208,200	206,847	1,353
ADP	152,800	144,738	8,062
Investment Management	140,850	128,342	12,508
Accounting	275,125	268,481	6,644
Revenue	462,554	419,869	42,685
Customs	<u>252,500</u>	<u>220,285</u>	<u>32,215</u>
	<u>1,492,029</u>	<u>1,388,562</u>	<u>103,467</u>
Office of the Attorney General:			
Administration - Immigration	249,235	234,269	14,966
Administration - Attorney General	398,653	368,420	30,233
Chuuk security and investigation	40,100	32,059	8,041
Law	136,000	133,482	2,518
Litigation	96,700	66,032	30,668
DSI administration	297,800	277,538	20,262
International Law	<u>96,200</u>	<u>82,942</u>	<u>13,258</u>
	<u>1,314,688</u>	<u>1,194,742</u>	<u>119,946</u>
Office of the Public Defender	<u>556,900</u>	<u>507,763</u>	<u>49,137</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, 1992

	Budget	Actual	Variance
Office of Budget:			
Administration	\$ 104,600	\$ 103,855	\$ 745
Management	37,300	36,308	992
Budget preparation	64,800	65,726	(926)
Grant management	54,400	49,962	4,438
	261,100	255,851	5,249
Office of Planning and Statistics:			
Administration	84,700	74,591	10,109
Planning	128,032	115,863	12,169
Statistics	192,325	156,901	35,424
Construction review	157,500	144,014	13,486
	562,557	491,369	71,188
Office of Administrative Services:			
Administration	201,500	193,255	8,245
Personnel	70,300	58,048	12,252
Library Services	47,900	44,970	2,930
Training	76,300	75,053	1,247
Supply & Housing	659,800	678,584	(18,784)
OAS Maintenance	269,600	207,907	61,693
	1,325,400	1,257,817	67,583
Total Executive Branch	10,097,090	9,484,362	612,728
Judicial Branch	760,700	691,454	69,246
Boards and Commissions:			
Micronesian Maritime Authority	409,939	347,059	62,880
College of Micronesia Board of Regents	118,890	118,890	-
Postal Services	610,154	606,837	3,317
	1,138,983	1,072,786	66,197

**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, 1992

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Legislative Branch:			
Office of the Speaker	\$ 650,600	\$ 660,971	\$ (10,371)
Congress staff	1,185,300	1,120,891	64,409
Delegation offices	104,000	96,526	7,474
Member Official Representation	161,000	180,080	(19,080)
Members' Travel Fund	250,000	245,245	4,755
Legislature Conference	<u>-</u>	<u>391</u>	<u>(391)</u>
 Total Legislative Branch	 <u>2,350,900</u>	 <u>2,304,104</u>	 <u>46,796</u>
 Public Auditor	 <u>364,750</u>	 <u>333,555</u>	 <u>31,195</u>
 Other National Government Programs:			
Aid to non-public schools	250,000	250,000	-
Contributions	584,431	522,717	61,714
Micronesia Regional Tourism	5,000	5,000	-
Judiciary - Kosrae State	55,000	52,808	2,192
Judiciary - Pohnpei State	75,000	55,793	19,207
Judiciary - Chuuk State	75,000	75,000	-
Judiciary - Yap State	60,000	60,000	-
T-3 program	264,811	250,332	14,479
Joint Law Enforcement Program	352,170	352,170	-
Continental Feasibility Study	150,000	150,000	-
ICAO Membership	19,000	19,000	-
Aquaculture Center Program	150,008	129,782	20,226
South Pacific Forum	10,910	12,157	(1,247)
Tourism Council of SPAC	6,500	6,500	-
Air Continental Scholarship	45,000	45,000	-
Computer - FHA	20,000	20,000	-
FSM Membership ADB	<u>-</u>	<u>27,143</u>	<u>(27,143)</u>
 Total Other National Government Programs	 <u>2,122,830</u>	 <u>2,033,402</u>	 <u>89,428</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, 1992

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Other Legislative Appropriations:			
Public projects - Kosrae	\$ 1,971,007	\$ 493,184	\$ 1,477,823
Public projects - Pohnpei	4,557,898	914,575	3,643,323
Public projects - Chuuk	5,752,926	3,223,645	2,529,281
Public projects - Yap	3,825,867	3,488,583	337,284
Fisheries and Maritime Scholarship	-	9,000	(9,000)
Political Education	-	26,186	(26,186)
APPU General Assembly	-	950	(950)
Total Other Legislative Appropriations	<u>16,107,698</u>	<u>8,156,123</u>	<u>7,951,575</u>
Unfunded expenditures	-	224,508	(224,508)
Total expenditures	<u>32,942,951</u>	<u>24,300,294</u>	<u>8,642,657</u>
Revenues in excess (less than) expenditures	<u>(8,336,109)</u>	<u>5,697,242</u>	<u>14,033,351</u>
Operating transfers out:			
Maritime operations revolving fund	(436,000)	(436,000)	-
Copra Subsidy	(200,000)	(200,000)	-
Coconut development authority	(145,650)	(160,304)	(14,654)
FSM Development Bank	(254,285)	(254,285)	-
Disaster	(600,000)	(600,000)	-
Total other uses	<u>(1,635,935)</u>	<u>(1,650,589)</u>	<u>(14,654)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(9,972,044)	4,046,653	14,018,697
Unreserved fund balance, beginning of year	17,262,267	17,262,267	-
Other changes in unreserved fund balance:			
Increase in reserve for loans	-	(739,244)	(739,244)
Increase in reserve for related assets	-	(216,860)	(216,860)
Decrease in reserve for investment diminution	-	100,614	100,614
Increase in reserve for continuing appropriations	-	(1,318,589)	(1,318,589)
Net encumbrance adjustments	-	109,456	109,456
Unreserved fund balance, end of year	<u>\$ 7,290,223</u>	<u>\$19,244,297</u>	<u>\$11,954,074</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 1992**

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, 1992 are discussed below.

Non-Compact Related Special Revenue Funds:

Disaster Revolving 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.

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

Compact Grants

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

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

B. Section 215

1. (a) 2 - Communications Annual is a contribution for the current operations and maintenance of communication systems. The FSM Government receives \$600,000 annually from the United States for fifteen years commencing on the effective date of the 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 1992, and will receive \$125,980 annually.

3. (a) 3 - Post Secondary Education Contribution is restricted for scholarship funds or funds to support the post secondary education of FSM citizens. The FSM Government received \$1,889,700 in fiscal year 1992, and will receive \$1,889,700 annually.

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

D. Section 221

1. (b) - Special Block Grants Fund is restricted for education and health care. The National Government received \$315,000 in 1992, and will receive \$315,000 annually.

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, 1992**

(With comparative totals as of September 30, 1991)

<u>Assets</u>	<u>Non-Compact</u>	<u>Compact</u>	<u>Totals</u>	
			<u>1992</u>	<u>1991</u>
Cash and equivalents	\$ -	\$ 1,795,271	\$ 1,795,271	\$ 1,826,870
Investments	-	7,551,080	7,551,080	6,689,901
Receivables from:				
Dept. of the Interior (DOI) grants	1,128,736	-	1,128,736	1,818,600
Federal agencies, TTG	326,871	-	326,871	326,871
Federal agencies, direct	1,997,588	-	1,997,588	3,278,895
Due from other funds	2,886,375	-	2,886,375	3,215,946
Advances to FSM States	57,318	-	57,318	-
Dividends and interest receivable	-	53,433	53,433	89,167
Other receivables	4,180	-	4,180	4,180
Total assets	<u>\$ 6,401,068</u>	<u>\$ 9,399,784</u>	<u>\$15,800,852</u>	<u>\$17,250,430</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 478,278	\$ 248,072	\$ 726,350	\$ 350,559
Accrued payroll	16,792	18,516	35,308	25,173
Due to other funds	496,607	5,157,272	5,653,879	6,477,996
Due to FSM States	3,001,997	60,123	3,062,120	3,821,290
Advances from DOI/TTG/Other agency	1,438,121	-	1,438,121	1,240,645
Total liabilities	<u>5,431,795</u>	<u>5,483,983</u>	<u>10,915,778</u>	<u>11,915,663</u>
Fund balance:				
Reserved for encumbrances	1,304,822	483,026	1,787,848	1,519,753
Continuing appropriations	572,711	1,241,319	1,814,030	1,549,239
Unreserved	(908,260)	2,191,456	1,283,196	2,265,775
Total fund balance	<u>969,273</u>	<u>3,915,801</u>	<u>4,885,074</u>	<u>5,334,767</u>
Total liabilities and fund balance	<u>\$ 6,401,068</u>	<u>\$ 9,399,784</u>	<u>\$15,800,852</u>	<u>\$17,250,430</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended September 30, 1992

(With comparative totals for the year ended September 30, 1991)

	<u>Non-Compact</u>	<u>Compact</u>	<u>Totals</u>	
			<u>1992</u>	<u>1991</u>
Revenues:				
Dept. of the Interior grants	\$ 627,290	\$ -	\$ 627,290	\$ 465,792
U.S. Federal contributions	1,244,758	-	1,244,758	1,368,803
Compact grants:				
Base amount	-	3,649,780	3,649,780	3,649,780
Inflation adjustment	-	304,038	304,038	272,034
Investment earnings	-	-	-	229,589
Other contributions	345,640	-	345,640	362,137
Sales of goods and services	<u>84,608</u>	<u>-</u>	<u>84,608</u>	<u>135,327</u>
Total revenues	<u>2,302,296</u>	<u>3,953,818</u>	<u>6,256,114</u>	<u>6,483,462</u>
Expenditures:				
Executive branch	<u>3,254,012</u>	<u>3,665,795</u>	<u>6,919,807</u>	<u>7,682,525</u>
Total expenditures	<u>3,254,012</u>	<u>3,665,795</u>	<u>6,919,807</u>	<u>7,682,525</u>
Revenues over (under) expenditures	(951,716)	288,023	(663,693)	(1,199,063)
Other sources (uses):				
Operating and other transfers, net	<u>1,036,000</u>	<u>(822,000)</u>	<u>214,000</u>	<u>(8,501,167)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	84,284	(533,977)	(449,693)	(9,700,230)
Fund balance, beginning of year	<u>884,989</u>	<u>4,449,778</u>	<u>5,334,767</u>	<u>15,034,997</u>
Fund balance, end of year	<u>\$ 969,273</u>	<u>\$ 3,915,801</u>	<u>\$ 4,885,074</u>	<u>\$ 5,334,767</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, 1992
 (With comparative totals for the year ended September 30, 1991)

	<u>Non-Compact</u>	<u>Compact</u>	<u>Totals</u>	
			<u>1992</u>	<u>1991</u>
Revenues:				
Dept. of the Interior grants	\$ 627,290	\$ -	\$ 627,290	\$ 465,792
U.S. Federal contributions	1,244,758	-	1,244,758	1,368,803
Compact grants:				
Base amount	-	3,649,780	3,649,780	3,649,780
Inflation adjustment	-	304,038	304,038	272,034
Investment earnings	-	-	-	229,589
Other contributions	345,640	-	345,640	362,137
Sales of goods and services	<u>84,608</u>	<u>-</u>	<u>84,608</u>	<u>135,327</u>
Total revenues	<u>2,302,296</u>	<u>3,953,818</u>	<u>6,256,114</u>	<u>6,483,462</u>
Expenditures:				
Personnel	193,671	487,674	681,345	613,616
Travel	20,079	151,854	171,933	120,645
Contractual services, contributions and subsidies	419,806	326,674	746,480	524,967
Capital asset purchases	28,404	26,446	54,850	57,950
Scholarship related assistance to States and COM	-	1,801,123	1,801,123	3,324,276
National Government direct assistance	2,194,688	-	2,194,688	2,196,732
Other	<u>397,364</u>	<u>872,024</u>	<u>1,269,388</u>	<u>844,339</u>
Total expenditures	<u>3,254,012</u>	<u>3,665,795</u>	<u>6,919,807</u>	<u>7,682,525</u>
Revenues over (under) expenditures	(951,716)	288,023	(663,693)	(1,199,063)
Other sources (uses):				
Operating and other transfers, net	<u>1,036,000</u>	<u>(822,000)</u>	<u>214,000</u>	<u>(8,501,167)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	84,284	(533,977)	(449,693)	(9,700,230)
Fund balance, beginning of year	<u>884,989</u>	<u>4,449,778</u>	<u>5,334,767</u>	<u>15,034,997</u>
Fund balance, end of year	<u>\$ 969,273</u>	<u>\$ 3,915,801</u>	<u>\$ 4,885,074</u>	<u>\$ 5,334,767</u>

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

Combining Balance Sheet

September 30, 1992

(With comparative totals as of September 30, 1991)

	Transition	Maritime	Disaster	Federal and	OTIA Technical	Passport	Fisheries	Totals	
	Fund	Operations	Revolving	Other Direct	Operations and	Revolving	Revolving	1992	1991
	Fund	Revolving	Fund	Fund	Maintenance	Fund	Fund		
<u>Assets</u>									
Receivables from:									
Department of the									
Interior (DOI)									
grants	\$229,591	\$ -	\$ -	\$ -	\$899,145	\$ -	\$ -	\$1,128,736	\$1,818,600
Federal agencies,									
TTG	-	-	-	326,871	-	-	-	326,871	326,871
Federal agencies,									
direct	-	-	-	1,997,588	-	-	-	1,997,588	3,278,895
Advances to States	-	-	-	57,318	-	-	-	57,318	-
Due from other funds	-	202,903	612,445	1,866,166	-	181,861	23,000	2,886,375	3,215,946
Other	-	3,102	-	1,078	-	-	-	4,180	4,180
	<u>-</u>	<u>3,102</u>	<u>-</u>	<u>1,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,180</u>	<u>4,180</u>
Total assets	<u>\$229,591</u>	<u>\$ 206,005</u>	<u>\$612,445</u>	<u>\$4,249,021</u>	<u>\$899,145</u>	<u>\$181,861</u>	<u>\$ 23,000</u>	<u>\$6,401,068</u>	<u>\$8,644,492</u>
<u>Liabilities and</u>									
<u>Fund Balance</u>									
Liabilities:									
Accounts payable	\$ -	\$ 31,768	\$ 8,264	\$ 383,263	\$ 46,503	\$ 8,480	\$ -	\$ 478,278	\$ 271,157
Accrued payroll	-	5,526	-	8,439	2,827	-	-	16,792	11,126
Due to other funds	36,936	-	-	317,667	142,004	-	-	496,607	2,475,408
Payable to States	-	-	-	2,294,186	707,811	-	-	3,001,997	3,761,167
Advances from									
other grantors	192,655	-	-	1,245,466	-	-	-	1,438,121	1,240,645
	<u>192,655</u>	<u>-</u>	<u>-</u>	<u>1,245,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,438,121</u>	<u>1,240,645</u>
Total									
liabilities	<u>229,591</u>	<u>37,294</u>	<u>8,264</u>	<u>4,249,021</u>	<u>899,145</u>	<u>8,480</u>	<u>-</u>	<u>5,431,795</u>	<u>7,759,503</u>
Fund balance:									
Reserved for									
encumbrances	-	381,380	37,441	672,144	68,171	145,686	-	1,304,822	1,046,421
Continuing									
appropriations	-	-	572,711	-	-	-	-	572,711	376,239
Unreserved	-	(212,669)	(5,971)	(672,144)	(68,171)	27,695	23,000	(908,260)	(537,671)
	<u>-</u>	<u>(212,669)</u>	<u>(5,971)</u>	<u>(672,144)</u>	<u>(68,171)</u>	<u>27,695</u>	<u>23,000</u>	<u>(908,260)</u>	<u>(537,671)</u>
Total fund									
balance	<u>-</u>	<u>168,711</u>	<u>604,181</u>	<u>-</u>	<u>-</u>	<u>173,381</u>	<u>23,000</u>	<u>969,273</u>	<u>884,989</u>
Total									
liabilities									
and fund									
balance	<u>\$229,591</u>	<u>\$ 206,005</u>	<u>\$612,445</u>	<u>\$4,249,021</u>	<u>\$899,145</u>	<u>\$181,861</u>	<u>\$ 23,000</u>	<u>\$6,401,068</u>	<u>\$8,644,492</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, 1992
 (With comparative totals for the year ended September 30, 1991)

	Transition	Maritime Operations	Disaster Revolving	Federal and Other Direct	OTIA Technical Assistance and Operations and Maintenance	Passport Revolving	Fisheries Revolving	Totals	
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	1992	1991
Revenues:									
Department of the									
Interior grants	\$ -	\$ -	\$ -	\$ -	\$627,290	\$ -	\$ -	\$ 627,290	\$ 645,792
U.S. Federal									
contributions	-	-	-	1,244,758	-	-	-	1,244,758	1,368,803
Other contributions	-	-	-	322,640	-	-	23,000	345,640	362,137
Sales of goods and									
services	-	24,213	-	-	-	60,395	-	84,608	135,327
Total revenues	-	24,213	-	1,567,398	627,290	60,395	23,000	2,302,296	2,332,059
Expenditures:									
Executive branch	-	671,746	387,578	1,567,398	627,290	-	-	3,254,012	2,939,343
Total	-	671,746	387,578	1,567,398	627,290	-	-	3,254,012	2,939,343
Revenues over									
(under)									
expenditures	-	(647,533)	(387,578)	-	-	60,395	23,000	(951,716)	(607,284)
Other sources (uses):									
Operating and other									
transfers, net	-	436,000	600,000	-	-	-	-	1,036,000	1,095,822
Excess									
(deficiency)									
of revenue									
and other									
sources over									
expenditures									
and other uses	-	(211,533)	212,422	-	-	60,395	23,000	84,284	488,538
Fund balance,									
beginning of year	-	380,244	391,759	-	-	112,986	-	884,989	396,451
Fund balance,									
end of year	\$ -	\$168,711	\$604,181	\$ -	\$ -	\$ 173,381	\$ 23,000	\$ 969,273	\$ 884,989

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, 1992

(With comparative totals for the year ended September 30, 1991)

	Maritime		Disaster Revolving Fund	Federal and Other Direct Fund	OTIA Technical Assistance and Operations and Maintenance		Passport Revolving Fund	Fisheries Revolving Fund	Totals	
	Transition	Operations			Operations and					
	Fund	Fund			Fund	Fund				
Revenues:										
Department of the Interior grants	\$ -	\$ -	\$ -	\$ -	\$627,290	\$ -	\$ -	\$ 627,290	\$ 465,792	
U.S. Federal contributions	-	-	-	1,244,758	-	-	-	1,244,758	1,368,803	
Other contributions	-	-	-	322,640	-	-	23,000	345,640	362,137	
Sales of goods and services	-	24,213	-	-	-	60,395	-	84,608	135,327	
Total revenues	-	24,213	-	1,567,398	627,290	60,395	23,000	2,302,296	2,332,059	
Expenditures:										
Personnel	-	191,374	2,297	-	-	-	-	193,671	180,521	
Travel	-	1,737	18,342	-	-	-	-	20,079	13,197	
Contractual services, contributions and subsidies	-	409,923	9,883	-	-	-	-	419,806	208,648	
Capital asset purchases	-	2,887	25,517	-	-	-	-	28,404	12,201	
National Government Direct Assistance	-	-	-	1,567,398	627,290	-	-	2,194,688	2,196,732	
Other	-	65,825	331,539	-	-	-	-	397,364	328,044	
Total expenditures	-	671,746	387,578	1,567,398	627,290	-	-	3,254,012	2,939,343	
Revenues over (under) expenditures	-	(647,533)	(387,578)	-	-	60,395	23,000	(951,716)	(607,284)	
Other sources (uses):										
Operating and other transfers, net	-	436,000	600,000	-	-	-	-	1,036,000	1,095,822	
Excess (deficiency) of revenue and other sources over expenditures and other uses	-	(211,533)	212,422	-	-	60,395	23,000	84,284	488,538	
Fund balance, beginning of year	-	380,244	391,759	-	-	112,986	-	884,989	396,451	
Fund balance, end of year	\$ -	\$168,711	\$604,181	\$ -	\$ -	\$173,381	\$ 23,000	\$ 969,273	\$ 884,989	

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SPECIAL REVENUE FUNDS - COMPACT

Combining Balance Sheet

September 30, 1992

	Communic- ations Annual Section <u>215 (a)</u>	Communic- ations One Time Section <u>215 (b)(2)</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 <u>Fund</u>	<u>Total</u>
<u>Assets</u>										
Cash	\$ 60,906	\$ 71,147	\$ 84,863	\$ 4,793	\$ 178,243	\$ 30,449	\$1,284,726	\$ 34,840	\$ 45,304	\$ 1,795,271
Investments	92,840	1,009,254	1,441,743	1,036,673	2,712,420	480,172	-	777,978	-	7,551,080
Receivables from:										
Dividends and interest	<u>314</u>	<u>967</u>	<u>6,266</u>	<u>23,348</u>	<u>5,383</u>	<u>2,407</u>	<u>-</u>	<u>14,748</u>	<u>-</u>	<u>53,433</u>
Total assets	<u>\$154,060</u>	<u>\$1,081,368</u>	<u>\$1,532,872</u>	<u>\$1,064,814</u>	<u>\$2,896,046</u>	<u>\$513,028</u>	<u>\$1,284,726</u>	<u>\$827,566</u>	<u>\$ 45,304</u>	<u>\$ 9,399,784</u>
<u>Liabilities and Fund Balance</u>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 43,613	\$ 81,783	\$ -	\$ 1,003	\$ 21,975	\$ 58,991	\$ 40,707	\$ 248,072
Accrued payroll	-	-	-	18,013	-	-	503	-	-	18,516
Due to other funds	94,060	776,931	1,116,012	567,090	1,946,738	111,751	290,133	249,960	4,597	5,157,272
Due to FSM States	-	-	-	-	-	-	27,704	32,419	-	60,123
Total liabilities	<u>94,060</u>	<u>776,931</u>	<u>1,159,625</u>	<u>666,886</u>	<u>1,946,738</u>	<u>112,754</u>	<u>340,315</u>	<u>341,370</u>	<u>45,304</u>	<u>5,483,983</u>
Fund balance:										
Reserved for encumbrances	-	-	173,213	105,584	-	31,579	141,027	31,623	-	483,026
Continuing appropriations	-	304,437	-	-	749,310	-	10,394	177,178	-	1,241,319
Unreserved	<u>60,000</u>	<u>-</u>	<u>200,034</u>	<u>292,344</u>	<u>199,998</u>	<u>368,695</u>	<u>792,990</u>	<u>277,395</u>	<u>-</u>	<u>2,191,456</u>
Total fund balance	<u>60,000</u>	<u>304,437</u>	<u>373,247</u>	<u>397,928</u>	<u>949,308</u>	<u>400,274</u>	<u>944,411</u>	<u>486,196</u>	<u>-</u>	<u>3,915,801</u>
Total liabilities and fund balance	<u>\$154,060</u>	<u>\$1,081,368</u>	<u>\$1,532,872</u>	<u>\$1,064,814</u>	<u>\$2,896,046</u>	<u>\$513,028</u>	<u>\$1,284,726</u>	<u>\$827,566</u>	<u>\$ 45,304</u>	<u>\$ 9,399,784</u>

NATIONAL GOVERNMENT
 FEDERATED STATES OF MICRONESIA
 SPECIAL REVENUE FUNDS - COMPACT
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Year Ended September 30, 1992

	Communica- tions Annual Section <u>215 (a)</u>	Communica- tions One Time Section <u>215 (b)(2)</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 <u>Fund</u>	<u>Total</u>
Revenues:										
Compact grants:										
Base amount	\$600,000	\$ -	\$ 519,000	\$ -	\$1,889,700	\$125,980	\$315,000	\$200,100	\$ -	\$ 3,649,780
Inflation adjustment	<u>228,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,038</u>	<u>-</u>	<u>304,038</u>
Total revenues	<u>828,000</u>	<u>-</u>	<u>519,000</u>	<u>-</u>	<u>1,889,700</u>	<u>125,980</u>	<u>315,000</u>	<u>276,138</u>	<u>-</u>	<u>3,953,818</u>
Expenditures:										
Executive branch	<u>-</u>	<u>-</u>	<u>895,335</u>	<u>268,672</u>	<u>1,801,123</u>	<u>64,399</u>	<u>294,980</u>	<u>341,286</u>	<u>-</u>	<u>3,665,795</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>895,335</u>	<u>268,672</u>	<u>1,801,123</u>	<u>64,399</u>	<u>294,980</u>	<u>341,286</u>	<u>-</u>	<u>3,665,795</u>
Revenues over (under) expenditures	828,000	-	(376,335)	(268,672)	88,577	61,581	20,020	(65,148)	-	288,023
Other sources (uses):										
Transfer out	(822,000)	-	-	-	-	-	-	-	-	(822,000)
Excess (deficiency) of revenue and other sources over expend- itures and other uses	6,000	-	(376,335)	(268,672)	88,577	61,581	20,020	(65,148)	-	(533,977)
Fund balance, beginning 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>
Fund balance, end of year	<u>\$ 60,000</u>	<u>\$ 304,437</u>	<u>\$ 373,247</u>	<u>\$397,928</u>	<u>\$ 949,308</u>	<u>\$400,274</u>	<u>\$944,411</u>	<u>\$486,196</u>	<u>\$ -</u>	<u>\$ 3,915,801</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, 1992

	Communic- ations Annual Section 215 (a)	Communic- ations One Time Section 215 (b)(2)	Marine Surveillance Annual Section 216 (a)(1)	Marine Surveillance One Time Section 216 (b)	Post Secondary Education Section 216 (a)(3)	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	228,000	-	-	-	-	-	-	76,038	-	304,038
Total revenues	828,000	-	519,000	-	1,889,700	125,980	315,000	276,138	-	3,953,818
Expenditures:										
Personnel	-	-	355,414	117,578	-	-	14,682	-	-	487,674
Travel	-	-	30,917	-	-	5,276	115,661	-	-	151,854
Contractual services, contributions and subsidies	-	-	236,941	8,417	-	59,123	22,193	-	-	326,674
Capital asset purchases	-	-	9,747	-	-	-	16,309	390	-	26,446
Scholarship related assistance to States and COM	-	-	-	-	1,801,123	-	-	-	-	1,801,123
Other	-	-	262,316	142,677	-	-	126,135	340,896	-	872,024
Total expenditures	-	-	895,335	268,672	1,801,123	64,399	294,980	341,286	-	3,665,795
Revenues over (under) expenditures	828,000	-	(376,335)	(268,672)	88,577	61,581	20,020	(65,148)	-	288,023
Other sources (uses):										
Transfer out	(822,000)	-	-	-	-	-	-	-	-	(822,000)
Excess (deficiency) of revenue and other sources over expend- itures and other uses	6,000	-	(376,335)	(268,672)	88,577	61,581	20,020	(65,148)	-	(533,977)
Fund balance, beginning of year	54,000	304,437	749,582	666,600	860,731	338,693	924,391	551,344	-	4,449,778
Fund balance, end of year	\$ 60,000	\$ 304,437	\$ 373,247	\$397,928	\$ 949,308	\$400,274	\$944,411	\$486,196	\$ -	\$ 3,915,801

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 1992**

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, 1992

(With comparative totals as of September 30, 1991)

	<u>Compact Capital Projects</u>	<u>OTIA/TTPI Capital Projects</u>	<u>CFSM Capital Projects</u>	<u>Totals</u>	
				<u>1992</u>	<u>1991</u>
<u>Assets</u>					
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,848,403	-	-	3,848,403	5,797,686
Receivables from TTPI/OTIA	-	655,714	-	655,714	608,392
Loans receivable	3,750,000	-	-	3,750,000	3,750,000
Due from other funds	-	-	78,822	78,822	78,822
Accrued interest	<u>48,635</u>	<u>-</u>	<u>-</u>	<u>48,635</u>	<u>85,452</u>
Total assets	<u>\$7,647,038</u>	<u>\$ 655,714</u>	<u>\$ 78,822</u>	<u>\$ 8,381,574</u>	<u>\$10,320,352</u>
 <u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ 30,406	\$ 184,104	\$ -	\$ 214,510	\$ 192,622
Accrued payroll	2,298	205	-	2,503	1,501
Due to FSM States	34,456	-	-	34,456	34,455
Due to other funds	<u>1,010,332</u>	<u>471,405</u>	<u>-</u>	<u>1,481,737</u>	<u>1,247,209</u>
Total liabilities	<u>1,077,492</u>	<u>655,714</u>	<u>-</u>	<u>1,733,206</u>	<u>1,475,787</u>
 Fund balance:					
Reserved for loans	3,750,000	-	-	3,750,000	3,750,000
Reserved for encumbrances	479,208	433,737	-	912,945	781,759
Reserved for continuing appropriation	1,553,498	-	67,947	1,621,445	1,846,072
Unreserved fund balance	<u>786,840</u>	<u>(433,737)</u>	<u>10,875</u>	<u>363,978</u>	<u>2,466,734</u>
Total fund balance	<u>6,569,546</u>	<u>-</u>	<u>78,822</u>	<u>6,648,368</u>	<u>8,844,565</u>
 Total liabilities and fund balance	 <u>\$7,647,038</u>	 <u>\$ 655,714</u>	 <u>\$ 78,822</u>	 <u>\$ 8,381,574</u>	 <u>\$10,320,352</u>

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

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year ended September 30, 1992

(With comparative totals for the year ended September 30, 1991)

	<u>Compact Capital Projects</u>	<u>OTIA/TTPI Capital Projects</u>	<u>CFSM Capital Projects</u>	<u>Totals</u>	
				<u>1992</u>	<u>1991</u>
Revenues:					
Department of the Interior grants	\$ -	\$ 47,321	\$ -	\$ 47,321	\$ 244,761
TTPI grants	-	-	-	-	-
Capital Compact funds:					
Base	1,913,520	-	-	1,913,520	5,051,200
Inflation adjustment	<u>727,138</u>	<u>-</u>	<u>-</u>	<u>727,138</u>	<u>1,717,408</u>
Total revenues	<u>2,640,658</u>	<u>47,321</u>	<u>-</u>	<u>2,687,979</u>	<u>7,013,369</u>
Program expenditures:					
Executive Branch	<u>821,647</u>	<u>47,321</u>	<u>-</u>	<u>868,968</u>	<u>1,245,760</u>
Total expenditures	<u>821,647</u>	<u>47,321</u>	<u>-</u>	<u>868,968</u>	<u>1,245,760</u>
Revenues in excess of expenditures	<u>1,819,011</u>	<u>-</u>	<u>-</u>	<u>1,819,011</u>	<u>5,767,609</u>
Other sources (uses):					
Operating transfers out	(2,500,000)	-	-	(2,500,000)	(2,200,000)
MTN loan proceeds (payments)	(1,360,000)	-	-	(1,360,000)	2,460,000
Interest expense	<u>(155,208)</u>	<u>-</u>	<u>-</u>	<u>(155,208)</u>	<u>-</u>
Total other sources (uses)	<u>(4,015,208)</u>	<u>-</u>	<u>-</u>	<u>(4,015,208)</u>	<u>260,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,196,197)	-	-	(2,196,197)	6,027,609
Fund balance, beginning of year	<u>8,765,743</u>	<u>-</u>	<u>78,822</u>	<u>8,844,565</u>	<u>2,816,956</u>
Fund balance, end of year	<u>\$6,569,546</u>	<u>\$ -</u>	<u>\$ 78,822</u>	<u>\$6,648,368</u>	<u>\$8,844,565</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, 1992
(With comparative totals for the year ended September 30, 1991)

	<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>1992</u>	<u>1991</u>
Revenues:					
Department of the Interior grants	\$ -	\$ 47,321	\$ -	\$ 47,321	\$ 244,761
TTPI grants	-	-	-	-	-
Capital Compact funds:					
Base	1,913,520	-	-	1,913,520	5,051,200
Inflation adjustment	<u>727,138</u>	<u>-</u>	<u>-</u>	<u>727,138</u>	<u>1,717,408</u>
Total revenues	<u>2,640,658</u>	<u>47,321</u>	<u>-</u>	<u>2,687,979</u>	<u>7,013,369</u>
Program expenditures:					
Personnel	64,794	27,684	-	92,478	75,045
Travel	11,450	-	-	11,450	44,672
Contractual services	200,003	13,706	-	213,709	696,070
Capital assets purchases	135,861	495	-	136,356	129,792
Construction in progress	-	-	-	-	138,309
Other	<u>409,539</u>	<u>5,436</u>	<u>-</u>	<u>414,975</u>	<u>161,872</u>
Total expenditures	<u>821,647</u>	<u>47,321</u>	<u>-</u>	<u>868,968</u>	<u>1,245,760</u>
Revenues in excess of expenditures	<u>1,819,011</u>	<u>-</u>	<u>-</u>	<u>1,819,011</u>	<u>5,767,609</u>
Other sources (uses):					
Operating transfers out	(2,500,000)	-	-	(2,500,000)	(2,200,000)
MTN loan proceeds (payments)	(1,360,000)	-	-	(1,360,000)	2,460,000
Interest expense	<u>(155,208)</u>	<u>-</u>	<u>-</u>	<u>(155,208)</u>	<u>-</u>
Total other sources (uses)	<u>(4,015,208)</u>	<u>-</u>	<u>-</u>	<u>(4,015,208)</u>	<u>260,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,196,197)	-	-	(2,196,197)	6,027,609
Fund balance, beginning of year	<u>8,765,743</u>	<u>-</u>	<u>78,822</u>	<u>8,844,565</u>	<u>2,816,956</u>
Fund balance, end of year	<u>\$6,569,546</u>	<u>\$ -</u>	<u>\$ 78,822</u>	<u>\$6,648,368</u>	<u>\$8,844,565</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
ENTERPRISE FUNDS
SEPTEMBER 30, 1992

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:

FSM 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, 1992

(With comparative totals as of September 30, 1991)

	<u>FSM Tele- Communications Corporation</u>	<u>FSM Development Bank</u>	<u>FSM Coconut Development Authority</u>	<u>National Fisheries Corporation</u>	<u>Totals</u>	
					<u>1992</u>	<u>1991</u>
<u>Assets</u>						
Cash and equivalents	\$ 7,643,152	\$ 9,090,583	\$ 215,469	\$ 654,373	\$17,603,577	\$ 3,409,018
Time certificates of deposit	-	-	-	-	-	9,948,147
Investments	6,523,130	19,895,742	-	1,977,313	28,396,185	31,600,985
General receivables, net	1,519,875	26,371	18,297	22,242	1,586,785	1,226,904
Loans receivable, net	-	13,519,288	-	-	13,519,288	7,288,694
Other receivables and prepaids	534,851	133,637	349	404,782	1,073,619	1,068,777
Deferred charges	2,134,423	-	-	-	2,134,423	1,182,093
Advances	7,080	-	42,050	53,826	102,956	87,361
Restricted assets	-	199,841	-	-	199,841	1,328,454
Inventory	58,768	-	64,076	-	122,844	149,683
Fixed assets, net of accumulated depreciation	<u>25,411,821</u>	<u>61,070</u>	<u>190,472</u>	<u>3,334,995</u>	<u>28,998,358</u>	<u>15,556,096</u>
Total assets	<u>\$43,833,100</u>	<u>\$42,926,532</u>	<u>\$ 530,713</u>	<u>\$6,447,531</u>	<u>\$93,737,876</u>	<u>\$72,846,212</u>
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Accounts payable	\$ 46,751	\$ 2,514	\$ 15,399	\$ 145,099	\$ 209,763	\$ 181,520
Accrued payroll and others	2,284,572	99,859	-	7,039	2,391,470	1,234,031
Deferred credits	46,093	-	-	-	46,093	46,093
Notes payable	<u>22,428,000</u>	<u>-</u>	<u>-</u>	<u>3,100,000</u>	<u>25,528,000</u>	<u>14,464,756</u>
Total liabilities	<u>24,805,416</u>	<u>102,373</u>	<u>15,399</u>	<u>3,252,138</u>	<u>28,175,326</u>	<u>15,926,400</u>
Fund equity:						
Contributed capital	7,015,564	40,723,445	646,616	5,659,298	54,044,923	46,391,540
Retained earnings (deficit)	<u>12,012,120</u>	<u>2,100,714</u>	<u>(131,302)</u>	<u>(2,463,905)</u>	<u>11,517,627</u>	<u>10,528,272</u>
Total fund equity	<u>19,027,684</u>	<u>42,824,159</u>	<u>515,314</u>	<u>3,195,393</u>	<u>65,562,550</u>	<u>56,919,812</u>
Total liabilities and fund equity	<u>\$43,833,100</u>	<u>\$42,926,532</u>	<u>\$ 530,713</u>	<u>\$6,447,531</u>	<u>\$93,737,876</u>	<u>\$72,846,212</u>

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

Combining Statement of Revenues, Expenses and Changes in Fund Equity

Year ended September 30, 1992

(With comparative totals for the year ended September 30, 1991)

	FSM Tele- Communications Corporation	FSM Development Bank	FSM Coconut Development Authority	National Fisheries Corporation	Totals	
					1992	1991
Revenues:						
Charges for goods and services	\$ 5,848,895	\$ -	\$ 219,130	\$ 578,730	\$ 6,646,755	\$ 5,433,734
Rental income/interest income	-	2,669,622	-	-	2,669,622	2,063,508
Other	53,534	107,052	-	-	160,586	135,345
Total revenues	5,902,429	2,776,674	219,130	578,730	9,476,963	7,632,587
Operating expenses:						
Personnel services	-	322,230	62,031	140,526	524,787	479,250
Supplies and materials	-	11,016	6,377	10,222	27,615	21,219
Other	-	103,019	129,578	301,034	533,631	1,263,210
Depreciation	-	43,188	14,217	17,781	75,186	69,923
Cost of sales	5,245,512	-	199,220	652,110	6,096,842	5,108,553
Total operating expenses	5,245,512	479,453	411,423	1,121,673	7,258,061	6,942,155
Operating income (loss)	656,917	2,297,221	(192,293)	(542,943)	2,218,902	690,432
Non-operating revenues (expenses):						
Loss on equity in subsidiaries	-	-	-	(742,146)	(742,146)	(1,586,116)
Transfers in	822,000	254,285	337,279	-	1,413,564	1,958,090
Miscellaneous	273	(548,708)	(3,359)	6,495	(545,299)	47,914
Interest income	786,647	-	7,257	45,847	839,751	1,361,579
Total non-operating revenues (expenses), net	1,608,920	(294,423)	341,177	(689,804)	965,870	1,781,467
Net income (loss)	2,265,837	2,002,798	148,884	(1,232,747)	3,184,772	2,471,899
Retained earnings (deficit), beginning of year	9,670,183	2,329,211	(233,507)	(1,237,615)	10,528,272	9,738,961
Adjustment of retained earnings, beginning of year	76,100	(2,231,295)	(46,679)	6,457	(2,195,417)	(1,682,588)
Retained earnings (deficit) end of year	\$12,012,120	\$ 2,100,714	\$(131,302)	\$(2,463,905)	\$11,517,627	\$10,528,272
Contributed capital, beginning of year	\$ 7,015,564	\$35,688,553	\$ 646,616	\$ 3,040,807	\$46,391,540	\$34,768,192
Additions	-	5,034,892	-	2,618,491	7,653,383	11,794,337
Adjustments	-	-	-	-	-	(170,989)
Contributed capital, end of year	\$ 7,015,564	\$40,723,445	\$ 646,616	\$ 5,659,298	\$54,044,923	\$46,391,540

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
ENTERPRISE FUNDS

Combining Statement of Cash Flows

Year ended September 30, 1992

(With Comparative totals for the year ended September 30, 1991)

	FSM Tele- Communications <u>Corporation</u>	FSM Development <u>Bank</u>	FSM Coconut Development <u>Authority</u>	National Fisheries <u>Corporation</u>	<u>Totals</u>	
					<u>1992</u>	<u>1991</u>
<u>Operating Activities</u>						
Operating income (loss)	\$ 656,917	\$ 2,297,221	\$(192,293)	\$ (542,943)	\$ 2,218,902	\$ 1,194,507
Add back items not affecting cash:						
Depreciation	1,156,873	43,188	14,217	64,796	1,279,074	1,034,905
Bad debt	-	-	-	-	-	3,183
Equity in subsidiary loss	-	-	-	742,146	742,146	1,586,116
Prior period adjustment	<u>76,100</u>	<u>(2,231,295)</u>	<u>(46,679)</u>	<u>-</u>	<u>(2,201,874)</u>	<u>(1,583,943)</u>
	<u>1,889,890</u>	<u>109,114</u>	<u>(224,755)</u>	<u>263,999</u>	<u>2,038,248</u>	<u>2,234,768</u>
 Changes in working capital:						
Cash advances	-	-	400	(18,808)	(18,408)	76,792
Travel advances	2,814	-	-	-	2,814	(28,678)
Interest receivable	(26,927)	34,936	224	-	8,233	(175,623)
Accounts receivable trade	(248,154)	(20,715)	25,806	(22,244)	(265,307)	(104,742)
Unbilled accounts receivable	(67,648)	-	-	-	(67,648)	(29,801)
Accounts receivable other	3,353	-	-	(217,635)	(214,282)	(34,557)
Materials and supplies inventory	47,486	-	-	-	47,486	65,270
Inventory trade	-	-	(20,647)	-	(20,647)	289,886
Prepaid expenses	222,655	(16,657)	-	30,994	236,992	(196,709)
Accrued earnings	(61,204)	-	-	-	(61,204)	320,748
Deferred charges	(952,330)	-	-	-	(952,330)	(903,609)
Loans receivable	-	(5,653,339)	-	-	(5,653,339)	(2,404,611)
Accounts payable	496,217	(19,672)	(11,721)	119,016	583,840	161,690
Due from other funds	-	-	-	-	-	(100,972)
Accrued payroll	17,447	10,010	-	-	27,457	3,368
Accrued payroll taxes and benefits	(47,840)	3,654	-	411	(43,775)	12,594
Credit life insurance premium	-	9,213	-	-	9,213	7,498
Accrued leave payable	13,499	2,951	-	-	16,450	20,361
Deferred revenue	(9,198)	-	-	-	(9,198)	18,272
Accrued expenses other	584,141	-	-	-	584,141	16,877
Deferred credits	<u>17,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,567</u>	<u>3,351</u>
	<u>(8,122)</u>	<u>(5,649,619)</u>	<u>(5,938)</u>	<u>(108,266)</u>	<u>(5,771,945)</u>	<u>(2,982,595)</u>
 Cash flows provided by (used in) operating activities						
	<u>1,881,768</u>	<u>(5,540,505)</u>	<u>(230,693)</u>	<u>155,733</u>	<u>(3,733,697)</u>	<u>(747,827)</u>

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

Combining Statement of Cash Flows, Continued
Year ended September 30, 1992

(With Comparative totals for the year ended September 30, 1991)

	<u>FSM Tele- Communications Corporation</u>	<u>FSM Development Bank</u>	<u>FSM Coconut Development Authority</u>	<u>National Fisheries Corporation</u>	<u>Totals</u>	
					<u>1992</u>	<u>1991</u>
Cash flows from Capital and Related financing Activities:						
Proceeds from long-term notes	\$10,324,000	\$ -	\$ -	\$ 739,244	\$11,063,244	\$14,464,756
Acquisition of fixed assets	-	(32,281)	(37,678)	(1,170,731)	(1,240,690)	(741,503)
Disposals of fixed assets	273	-	-	-	273	14,534
Project under construction	(4,510,478)	-	-	-	(4,510,478)	(1,216,200)
Plant in service	<u>(7,940,888)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,940,888)</u>	<u>(4,402,252)</u>
 Cash flow provided by (used in) financing activities	 <u>(2,127,093)</u>	 <u>(32,281)</u>	 <u>(37,678)</u>	 <u>(431,487)</u>	 <u>(2,628,539)</u>	 <u>8,119,335</u>
 Non-Capital Financing Activities:						
CFSM appropriation received	822,000	254,285	337,279	-	1,413,564	768,000
Contributed capital received	<u>-</u>	<u>5,034,892</u>	<u>-</u>	<u>853,523</u>	<u>5,888,415</u>	<u>11,794,337</u>
 Cash flows provided by financing activities	 <u>822,000</u>	 <u>5,289,177</u>	 <u>337,279</u>	 <u>853,523</u>	 <u>7,301,979</u>	 <u>12,562,337</u>
 Cash flows from investing activities:						
Investment in joint ventures	-	-	-	(1,142,095)	(1,142,095)	(1,226,486)
Investment in securities	-	3,676,839	-	-	3,676,839	(23,434,067)
Escrow fund	(462,797)	-	-	-	(462,797)	(6,060,333)
Interest income received	<u>786,647</u>	<u>-</u>	<u>3,898</u>	<u>52,342</u>	<u>842,887</u>	<u>495,464</u>
 Cash flows provided by (used in) investing activities	 <u>323,850</u>	 <u>3,676,839</u>	 <u>3,898</u>	 <u>(1,089,753)</u>	 <u>2,914,834</u>	 <u>(30,225,422)</u>
 Net increase (decrease) in cash and equivalents	 900,525	 3,393,230	 72,806	 (511,984)	 3,854,577	 (10,291,577)
 Cash and equivalents, beginning 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>
 Cash and equivalents, end of year	 <u>\$ 7,643,152</u>	 <u>\$ 9,090,583</u>	 <u>\$ 215,469</u>	 <u>\$ 654,373</u>	 <u>\$17,603,577</u>	 <u>\$13,749,000</u>

Non-cash Capital Financing Activities

During the year ended September 30, 1992, National Fisheries Corporation, (an Enterprise Fund) acquired \$1,725,451 of capital assets that were donated by the Government of Japan.

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
EXPENDABLE TRUST FUNDS
SEPTEMBER 30, 1992**

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, 1992, 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, 1992

(With comparative totals as of September 30, 1991)

	<u>Health Insurance Fund</u>	<u>Student Loan Fund</u>	<u>Totals</u>	
			<u>1992</u>	<u>1991</u>
<u>Assets</u>				
Cash and equivalents	\$ 602,599	\$ -	\$ 602,599	\$ 584,240
General receivables	1,085,171	-	1,085,171	106,520
Due from other funds	-	347,255	347,255	362,111
Loans	-	1,606,953	1,606,953	1,675,536
Allowance for loan reserves	<u>-</u>	<u>(1,606,953)</u>	<u>(1,606,953)</u>	<u>(1,675,536)</u>
 Total assets	 <u>\$1,687,770</u>	 <u>\$ 347,255</u>	 <u>\$2,035,025</u>	 <u>\$1,052,871</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 621,172	\$ -	\$ 621,172	\$ 635,708
Accrued payable	1,082	-	1,082	1,438
Due to other funds	<u>319,848</u>	<u>-</u>	<u>319,848</u>	<u>-</u>
 Total liabilities	 <u>942,102</u>	 <u>-</u>	 <u>942,102</u>	 <u>637,146</u>
 Fund balance	 <u>745,668</u>	 <u>347,255</u>	 <u>1,092,923</u>	 <u>415,725</u>
 Total liabilities and fund balance	 <u>\$1,687,770</u>	 <u>\$ 347,255</u>	 <u>\$2,035,025</u>	 <u>\$1,052,871</u>

NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
EXPENDABLE TRUST FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Year ended September 30, 1992
 (With comparative totals for the year ended September 30, 1991)

	<u>Health Insurance Fund</u>	<u>Student Loan Fund</u>	<u>Totals</u>	
			<u>1992</u>	<u>1991</u>
Revenues:				
Interest income	\$ 17,725	\$ -	\$ 17,725	\$ 39,904
Member's contributions	1,972,244	-	1,972,244	1,312,592
Loan repayments	<u>-</u>	<u>68,582</u>	<u>68,582</u>	<u>61,385</u>
Total revenues	<u>\$1,989,969</u>	<u>68,582</u>	<u>2,058,551</u>	<u>1,413,881</u>
Expenditures:				
Insurance claims	1,293,436	-	1,293,436	941,731
Administrative expense	<u>87,917</u>	<u>-</u>	<u>87,917</u>	<u>120,726</u>
Total expenditures	<u>1,381,353</u>	<u>-</u>	<u>1,381,353</u>	<u>1,062,457</u>
Revenues greater than expenditures	608,616	68,582	677,198	351,424
Fund balance, beginning of year	<u>137,052</u>	<u>278,673</u>	<u>415,725</u>	<u>64,301</u>
Fund balance, end of year	<u>\$ 745,668</u>	<u>\$ 347,255</u>	<u>\$1,092,923</u>	<u>\$ 415,725</u>

**NATIONAL GOVERNMENT
FEDERATED STATES OF MICRONESIA
SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 1992**



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS

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, 1992, and have issued our report thereon dated March 17, 1993. Our report on the audit of the general purpose financial statements was modified as a result of our inability to form an opinion as to the fairness of presentation of the General Fixed Assets Account Group and the inability to obtain audited financial statements of two investees of the National Fisheries Corporation (an Enterprise Fund).

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.

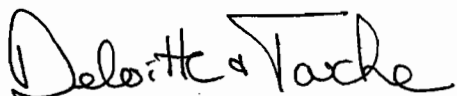
Compliance with laws, regulations, contracts, and grants applicable to the FSM National Government is the responsibility of the FSM National Government's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we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

The results of our tests indicate that, with respect to the items tested, the FSM 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 FSM National Government has not complied, in all material respects, with those provisions.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Federated States of Micronesia National Government in the following Schedule of Questioned Costs, Identified Noncompliance and Internal Control Weaknesses.

This report is intended for the information of the Federated States of Micronesia National Government and the cognizant audit and other federal agencies. However, this report is a matter of public record and its distribution is not limited.

March 17, 1993

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



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 general purpose financial statements of the Federated States of Micronesia (FSM) National Government as of and for the year ended September 30, 1992, and have issued our report thereon dated March 17, 1993. Our report on the audit of the general purpose financial statements was modified as a result of our inability to form an opinion as to the fairness of presentation of the General Fixed Assets Account Group and the inability to obtain audited financial statements of two investees of the National Fisheries Corporation (an Enterprise Fund).

We have also audited the FSM 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; matching, level of effort, or earmarking; reporting; monitoring subrecipients, and claims for advances and reimbursements; and amounts claimed or used for matching 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, 1992. The management of the FSM National Government is responsible for the FSM National Government's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

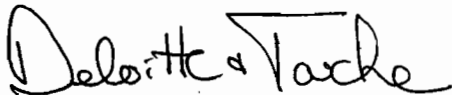
We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." 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 FSM 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 Questioned Costs, Identified Noncompliance and Internal Control Weaknesses. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the FSM National Government, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; special tests and provisions related to the Compact of Free Association; matching, level of effort, or earmarking; monitoring subrecipients; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1992.

This report is intended for the information of FSM National Government and the cognizant audit and other federal agencies. However, this report is a matter of public record and its distribution is not limited.

March 17, 1993

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

Certified Public Accountants



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE

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, 1992, and have issued our report thereon dated March 17, 1993. Our report on the audit of the general purpose financial statements was modified as a result of our inability to form an opinion as to the fairness of presentation of the General Fixed Assets Account Group and the inability to obtain audited financial statements of two investees of the National Fisheries Corporation (an Enterprise Fund). We have also audited the FSM National Government's compliance applicable to requirements of major federal financial assistance programs and have issued our report thereon dated March 17, 1993.

We have applied procedures to test the FSM National Government's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended September 30, 1992: cash management, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act, and administrative requirements.

The requirements of Political Activity, Davis-Bacon Act, Civil Rights, and Relocation Assistance and Real Property Acquisition are not applicable to the federal financial assistance programs of the FSM, which are identified in the Schedule of Federal Financial Assistance.

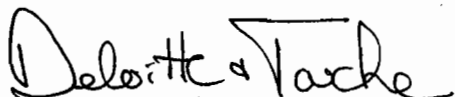
Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the FSM 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 second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the FSM 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 Questioned Costs, Identified Noncompliance and Internal Control Weaknesses.

We also noted matters involving compliance with laws and regulations related to our audit of the general purpose financial statements and with requirements related to major and nonmajor federal financial assistance programs which we reported to the management of the FSM National Government in our reports dated March 17, 1993.

This report is intended for the information of the FSM National Government and the cognizant audit and other federal agencies. However, this report is a matter of public record and its distribution is not limited.

March 17, 1993

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

Certified Public Accountants



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

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, 1992, and have issued our report thereon dated March 17, 1993. Our report on the audit of the general purpose financial statements was modified as a result of our inability to form an opinion as to the fairness of presentation of the General Fixed Assets Account Group and the inability to obtain audited financial statements of two investees of the National Fisheries Corporation (an Enterprise Fund). We have also audited the FSM National Government's compliance applicable to requirements of major federal financial assistance programs and applied procedures to test compliance with general requirements applicable to federal financial assistance programs and have issued our reports thereon dated March 17, 1993.

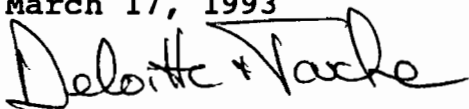
In connection with our audit of the 1992 general purpose financial statements of the Federated States of Micronesia National Government, and with our consideration of the National Government's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended September 30, 1992.

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 Questioned Costs, Identified Noncompliance and Internal Control Weaknesses.

This report is intended for the information of the Federated States of Micronesia National Government and the cognizant audit and the other federal agencies. However, this report is a matter of public record and its distribution is not limited.

March 17, 1993

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



**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE**

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, 1992, and have issued our report thereon dated March 17, 1993. Our report on the audit of the general purpose financial statements was modified as a result of our inability to form an opinion as to the fairness of presentation of the General Fixed Assets Account Group and the inability to obtain audited financial statements of two investees of the National Fisheries Corporation (an Enterprise Fund). We have also audited FSM National Government's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated March 17, 1993.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audits to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the FSM National Government complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended September 30, 1992, we considered FSM National Government's internal control structure and assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinions on FSM National Government's general purpose financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This

report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated March 17, 1993.

The management of the FSM National Government is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure 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, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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 used in administering federal financial assistance programs in the following categories:

General Requirements

- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free-Workplace-Act
- Administrative requirements

Specific Requirements

- Types of services allowed or unallowed
- Eligibility
- Matching, level of effort, or earmarking
- Monitoring subrecipients
- Reporting
- Compact of Free Association

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

Accounting Requirements

- Revenues and receipt cycles
- Purchases and disbursement cycles
- Payroll cycles
- External financial reporting
- Cash
- Receivables
- Investments
- Payables and accrued liabilities
- Fund balance

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

During the year ended September 30, 1992, the FSM National Government expended 83% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the FSM National Government's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

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 judgement, could adversely affect the FSM National Government's ability to administer federal financial assistance programs in accordance with applicable laws and regulations. A description of these matters is presented in the accompanying Schedule of Questioned Costs, Identified Noncompliance and Internal Control Weaknesses.

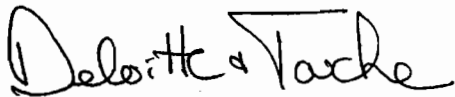
A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may 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 policies and procedures used in administering federal financial assistance 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 none of the reportable conditions described above is a material weakness.

We also noted matters involving the internal control structure and its operation based on our audit of the general purpose financial statements which we reported to the management of FSM National Government in a report dated March 17, 1993.

This report is intended for the information of Federated States of Micronesia National Government and the cognizant audit and other federal agencies. However, this report is a matter of public record and its distribution is not limited.

March 17, 1993

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



**INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

Honorable Bailey Olter
President
Federated States of Micronesia

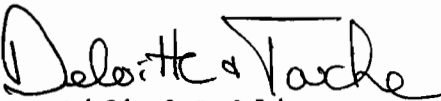
We have audited the general purpose financial statements of the Federated States of Micronesia (FSM) National Government as of and for the year ended September 30, 1992, and have issued our report thereon dated March 17, 1993. Our report on the audit of the general purpose financial statements was modified as a result of our inability to form an opinion as to the fairness of presentation of the General Fixed Assets Account Group and the inability to obtain audited financial statements of two investees of the National Fisheries Corporation (an Enterprise Fund). These general purpose financial statements are the responsibility of the FSM National Government's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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 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 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 Schedule of Federal Financial Assistance for the year ended September 30, 1992, which is also the responsibility of the management of Federated States of Micronesia National Government is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of Federated States of Micronesia National Government and the cognizant audit and other federal agencies. However, this report is a matter of public record and its distribution is not limited.

March 17, 1993


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, 1992

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 1992, 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 1992 marked the sixth 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 1992, 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
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Education									
84.151			Consolidated Grant 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	1,671,973	-	-	1,671,973	977,451
	3009		National Government	60,848	57,076	-	-	57,076	3,772
			Program Total	<u>4,939,153</u>	<u>3,518,740</u>	<u>-</u>	<u>-</u>	<u>3,518,740</u>	<u>1,402,413</u>
84.161			Client Assistance '87 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	4,725	-	-	-	-	4,725
			Program Total	<u>13,724</u>	<u>5,517</u>	<u>-</u>	<u>-</u>	<u>5,517</u>	<u>8,207</u>
84.126			Vocational Rehab. '87 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	319,636	-	-	-	-	319,636
			Program Total	<u>924,208</u>	<u>365,635</u>	<u>-</u>	<u>-</u>	<u>365,635</u>	<u>558,573</u>
84.161			Client Assistance '88 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	<u>16,000</u>	<u>3,339</u>	<u>-</u>	<u>-</u>	<u>3,339</u>	<u>12,661</u>
			Balance forward	5,893,085	3,893,231	-	-	3,893,231	1,999,854

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Education									
			\$ 5,893,085	\$ 3,893,231	\$ -	\$ -	\$ 3,893,231	\$ 1,999,854	
	84.151		Consolidated Grant 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	24,559	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	<u>1,521,916</u>	<u>742,450</u>	<u>-</u>	<u>-</u>	<u>742,450</u>	<u>779,466</u>
	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	<u>518,816</u>	<u>349,349</u>	<u>-</u>	<u>-</u>	<u>349,349</u>	<u>169,467</u>
	84.124		Teacher Training '88 G008710702:						
		3072	Yap	48,546	43,560	-	-	43,560	4,986
		3073	Kosrae	125,711	126,190	-	-	126,190	(479)
		3074	Pohnpei	109,997	111,103	-	-	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	<u>520,000</u>	<u>536,133</u>	<u>-</u>	<u>-</u>	<u>536,133</u>	<u>(16,133)</u>
			Balance forward	8,453,817	5,521,163	-	-	5,521,163	2,932,654

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Education									
			Balance forward	\$ 8,453,817	\$ 5,521,163	\$ -	\$ -	\$ 5,521,163	\$ 2,932,654
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	43,954	-	-	43,954	18,324
	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
HCEEP - G008609001:									
3023			Yap	68,160	55,031	-	-	55,031	13,129
			Unalloted	5,078	-	-	-	-	5,078
			Program Total	73,238	55,031	-	-	55,031	18,207
Vocational Rehab. '88 H126A81960:									
84.126	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	164,219	159,959	-	-	159,959	4,260
	3089		National Government	80,000	65,502	-	-	65,502	14,498
			Unalloted	15,828	-	-	-	-	15,828
			Program Total	578,594	549,985	-	-	549,985	28,609
			Balance forward	10,318,096	7,185,920	-	-	7,185,920	3,132,176

See accompanying notes to the Schedule of Federal Financial Assistance.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Education									
			Balance forward	\$10,318,096	\$ 7,185,920	\$ -	\$ -	\$ 7,185,920	\$ 3,132,176
84.998			Educational Transition M00870890F:						
	3100		Yap	423,188	359,860	-	-	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	1,000,440	-	-	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	1,233,250	-	-	1,233,250	45,005
	3108		National Government	459,893	256,703	-	830	257,533	202,360
	3109		Yap	30,000	17,996	-	-	17,996	12,004
	3110		Pohnpei	30,000	22,510	-	-	22,510	7,490
			Program Total	7,425,866	6,614,634	-	830	6,615,464	810,402
84.151			88 Consolidated grant 89/90						
	3111		Unallotted	18,000	-	-	-	-	18,000
	3112		Yap	214,860	209,087	-	-	209,087	5,773
	3113		Yap	307,786	267,042	-	-	267,042	40,744
	3115		Kosrae	341,315	221,528	1,167	-	222,695	118,620
	3116		Pohnpei	720,198	682,787	2,557	-	685,344	34,854
	3117		Pohnpei	531,247	540,019	41	-	540,060	(8,813)
	3118		Chuuk	1,674,565	1,594,216	2,952	-	1,597,168	77,397
	3119		Chuuk	771,497	582,429	3,031	-	585,460	186,037
	3120		National Government	199,947	163,964	-	216	164,180	35,767
			Program Total	4,779,415	4,261,072	9,748	216	4,271,036	508,379
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
			Balance forward	22,870,377	18,311,465	9,748	1,046	18,322,259	4,548,118

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Education									
				\$22,870,377	\$18,311,465	\$ 9,748	\$ 1,046	\$18,322,259	\$ 4,548,118
	84.998	3146	89 Chap. I & Chap. II National Government						
		3147	Chuuk	146,004	118,887	-	21,057	139,944	6,060
		3147	Yap	1,176,415	859,836	224,461	-	1,084,297	92,118
		3147	Pohnpei	187,602	169,708	9,508	-	179,216	8,386
		3148	Chuuk	507,418	491,092	41,310	-	532,402	(24,984)
		3148	Yap	332,935	230,088	2,389	-	332,477	100,458
		3148	Pohnpei	102,206	89,367	4,194	-	93,561	13,645
		3148	Kosrae	336,565	256,413	19,042	-	275,455	61,110
		3148	Kosrae	216,629	170,646	28,366	-	199,012	17,617
			Program Total	3,010,774	2,386,037	329,270	21,057	2,736,364	274,410
			Total U.S. Dept. of Education	\$25,881,151	\$20,515,359	\$ 339,018	\$ 22,103	\$20,876,480	\$ 5,004,671
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						
			Kosrae	\$ 729,313	\$ 662,143	\$ 704	\$ -	\$ 662,847	\$ 66,466
			Pohnpei	1,048,783	811,833	81,825	-	893,658	155,125
			Chuuk	899,663	704,396	180,458	-	884,854	14,809
			Yap	548,308	448,756	-	-	448,756	99,552
		3151	National Government	61,905	56,104	-	1,100	57,204	4,701
		3160	National Government	3,880	5,251	-	(1,471)	3,780	100
		3172	National Government	2,539	1,104	-	-	1,104	1,435
		3195	National Government	2,775	2,775	-	-	2,775	-
		3196	National Government	2,186	1,722	-	371	2,093	93
		3360	National Government	68,600	55,207	-	(418)	54,789	13,811
		3398	National Government	22,410	6,351	-	-	6,351	16,059
		3350	Unallotted	50,653	-	-	-	-	50,653
		3361	Unallotted	108,875	-	-	-	-	108,875
			Unallotted	503	-	-	-	-	503
			Total U.S. Dept. of HUD	\$ 3,550,393	\$ 2,755,642	\$ 262,987	\$ (418)	\$ 3,018,211	\$ 532,182

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
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	678,457	887	-	679,344	18,672
		3205	National	89,093	74,743	-	-	74,743	14,350
		3217	Kosrae	106,911	67,773	-	(150)	67,623	39,288
		3218	National Government	27,734	21,039	-	-	21,039	6,695
		3233	National Government	114,814	113,420	-	-	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	639	-	4,574	9,876
			Program Total	<u>1,781,856</u>	<u>1,615,043</u>	<u>1,526</u>	<u>(150)</u>	<u>1,616,419</u>	<u>165,437</u>
	17.235		Title V SCSEP '87 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	6,599	-	-	-	-	6,599
			Program Total	<u>247,567</u>	<u>197,130</u>	<u>-</u>	<u>-</u>	<u>197,130</u>	<u>50,437</u>
	17.235		Title V SCSEP '88 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	-	-	-	-	-
			Program Total	<u>170,781</u>	<u>134,535</u>	<u>-</u>	<u>-</u>	<u>134,535</u>	<u>36,246</u>
			Balance forward	2,200,204	1,946,708	1,526	(150)	1,948,084	252,120

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Labor Balance forward				\$ 2,200,204	\$ 1,946,708	\$ 1,526	\$ (150)	\$ 1,948,084	\$ 252,120
17.250		JTPA '88 N00 #64-05:							
	3235	Yap		17,209	16,979	-	-	16,979	230
	3236	Yap		97,521	96,015	-	-	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	12,778	-	-	12,778	(1,425)
	3243	National		66,256	63,427	-	-	63,427	2,829
	3244	Pohnpei		46,467	26,766	-	-	26,766	19,901
	3245	Pohnpei		264,447	38,707	-	-	38,707	225,738
	3246	Pohnpei		24,209	24,092	-	-	24,092	117
	3248	Chuuk		79,880	79,275	-	-	79,275	105
	3249	Chuuk		449,833	422,549	-	-	422,549	27,274
	3254	National		84,808	84,724	-	-	84,724	84
	3255	National		4,192	1,618	-	-	1,618	2,574
	3256	National		79,508	74,050	-	-	74,050	5,458
	3257	National		21,202	18,505	-	723	19,228	1,974
		Program Total		1,325,127	1,067,029	-	723	1,067,752	257,375
		99-9-3409 Title IV: JTPA '89							
	3260	Yap		13,597	8,053	-	-	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		11,528	10,289	-	-	10,286	1,239
		Program Total		85,391	80,982	-	-	80,982	4,409
17.250		64-07/64-08/64-09 JTPA 89							
	3265	Yap		64	-	24	-	24	40
	3266	Yap		16,590	16,484	6,183	-	22,667	106
	3267	Yap		56,408	49,286	-	-	49,286	7,122
	3268	Yap		42,443	42,443	-	-	42,443	-
	3269	Kosrae		11,856	12,050	-	-	12,050	(194)
	3270	Kosrae		38,623	47,408	-	-	47,408	(8,785)
	3271	Kosrae		28,623	17,483	-	-	17,483	11,980
	3272	Pohnpei		45,527	62,884	-	-	62,884	(17,357)
	3273	Pohnpei		152,942	144,048	-	-	144,048	8,914
	3274	Pohnpei		175,099	188,091	(21)	-	189,070	(73,371)
	3275	Chuuk		79,872	89,751	-	-	89,751	(9,879)
	3276	Chuuk		260,187	232,676	7,440	-	245,136	15,051
	3277	Chuuk		192,422	177,378	-	-	177,378	15,044
	3278	National		80,019	66,062	-	2,512	69,181	10,838
	3279	National		58,344	16,006	-	23,112	39,118	42,838
	3281	National		77,644	1,573	-	62,338	71,513	76,969
	3282	National		20,205	8,586	-	7,787	16,373	11,614
	3291	Kosrae		32,650	-	22,476	-	22,476	10,174
	3292	Kosrae		6,171	-	4,773	-	4,773	1,398
	3296	Chuuk		24,280	-	13,877	-	13,877	10,403
		Program Total		1,339,929	1,178,838	54,752	103,349	1,336,939	2,990
		Balance forward		4,950,651	4,273,557	56,278	103,922	4,433,757	516,894

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Labor Balance forward									
				\$ 4,950,651	\$ 4,273,557	\$ 56,278	\$ 103,922	\$ 4,433,757	\$ 516,894
			64-10/64-JTPA '90						
	3287		National	84,434	19,610	-	42,171	61,781	22,653
	3288		National	87,150	77,646	-	3,571	81,217	5,933
	3293		Chuuk	95,130	107,876	4,317	-	112,193	(17,063)
	3294		Chuuk	312,339	298,875	10,112	-	308,987	3,352
	3295		Chuuk	226,736	200,268	32,339	-	232,607	26,468
	3293		Pohnpei	53,673	25,957	8,882	-	34,839	18,834
	3294		Pohnpei	183,954	119,943	26,643	-	146,586	37,368
	3295		Pohnpei	135,216	122,208	12,801	-	135,009	207
	3293		Kosrae	14,121	13,636	-	-	13,636	485
	3294		Kosrae	46,364	45,360	-	-	45,360	1,004
	3295		Kosrae	33,656	30,908	-	-	30,908	2,748
	3293		Yap	16,089	7,738	9,129	-	16,867	(778)
	3294		Yap	50,145	11,068	23,048	-	34,116	16,029
	3295		Yap	41,027	21,454	10,618	-	32,072	8,955
	3289		Unallotted	72,449	-	-	-	-	72,449
			Program Total	1,452,483	1,102,547	137,889	45,742	1,286,178	166,305
17.250			64-13 JTPA '91						
	3261		Pohnpei	56,456	-	51,176	-	51,176	5,280
	3261		Chuuk	100,870	-	112,959	-	112,959	(12,089)
	3261		Kosrae	14,255	-	18,254	-	18,254	(3,999)
	3261		Yap	21,905	-	12,824	-	12,824	9,081
	3262		Pohnpei	158,077	-	136,560	-	136,560	21,517
	3262		Chuuk	268,889	-	264,938	-	264,938	3,951
	3262		Kosrae	38,368	-	18,971	-	18,971	19,397
	3262		Yap	58,294	-	56,003	-	56,003	2,291
	3263		Pohnpei	127,104	-	124,627	-	124,627	2,477
	3263		Chuuk	206,671	-	215,751	-	215,751	(9,080)
	3263		Kosrae	31,216	-	27,302	-	27,302	3,914
	3263		Yap	45,017	-	16,094	-	16,094	28,923
	3280		Pohnpei	56,456	-	54,442	-	54,442	2,014
	3280		Chuuk	96,032	-	89,070	-	89,070	6,962
	3280		Kosrae	15,800	-	12,543	-	12,543	3,257
	3280		Yap	20,819	-	3,581	-	3,581	17,238
	3283		National	92,465	-	-	82,520	82,520	9,945
	3290		National	44,132	-	-	7,931	7,931	36,201
	3258		Unallotted	88,265	-	-	-	-	88,265
			Program Total	1,541,091	-	1,215,095	90,451	1,305,546	235,545
17.250			64-016 - JTPA '92						
	3416		National	61,329	-	-	3,620	3,620	57,709
	3420		Chuuk	83,360	-	6,598	-	6,598	76,762
	3421		Chuuk	233,408	-	15,836	-	15,836	217,572
	3420		Pohnpei	42,153	-	3,479	-	3,479	38,674
	3421		Pohnpei	157,193	-	6,014	-	6,014	151,179
	3422		Pohnpei	45,232	-	520	-	520	44,712
	3422		Chuuk	155,605	-	-	-	-	155,605
	3423		Pohnpei	36,297	-	-	-	-	36,297
	3415		Unallotted	658,295	-	-	-	-	658,295
			Program Total	1,472,872	-	32,447	3,620	36,067	1,436,805
			Total U.S. Dept. of Labor	\$ 9,417,097	\$ 5,376,104	\$ 1,441,709	\$ 243,735	\$ 7,061,548	\$ 2,355,549

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**FEDERATED STATES OF MICRONESIA
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	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	8,809	-	-	8,809	(2,002)
		3303	Pohnpei	16,603	17,075	-	-	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	56,706	-	-	56,706	8,244
			Food Services Reimbursements '87						
	10.553/555		12-35-7565:						
		3308	Kosrae	4,516	-	-	-	-	4,516
		3309	Pohnpei	7,500	558	-	-	588	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 Administration '87						
	10.560		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:						
	10.570	3324	National Government	19,866	19,855	-	-	19,855	11
			Program Total	19,866	19,855	-	-	19,855	11
			Food Nutrition F87311						
	10.560		Amendment 06:						
		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	159,497	-	(652)	158,845	651
			Program Total	3,831,510	3,818,572	-	(652)	3,817,920	13,590
			Balance forward	7,625,068	7,315,194	-	(652)	7,314,542	310,526

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BY GRANTOR
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Agriculture Balance Forward									
			\$ 7,625,068	\$ 7,315,194	\$ -	\$ (652)	\$ 7,314,542	\$ 310,526	
			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		57,886	20,621	-	13,039	33,660	24,226
		Program Total		57,886	20,621	-	13,039	33,660	24,226
			Forestry Services '87 5-87-13:						
10.664	3340	Yap		2,000	-	517	-	517	1,483
	3341	Kosrae		8,950	428	-	-	428	8,522
	3342	Pohnpei		17,950	13,030	1,541	-	14,571	3,379
	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	431	-	3,528	672
	7701	Yap		4,392	3,772	-	-	3,772	620
	7701	Kosrae		4,200	1,174	2,906	-	4,080	120
		Unalloted		150	-	-	-	-	150
		Program Total		58,792	31,503	5,395	-	36,898	21,894
10.664			Forestry 88 5-88-12:						
	3345	Yap		2,650	-	-	-	-	2,650
	3346	Kosrae		2,650	2,138	-	-	2,138	2,138
	3347	Pohnpei		2,650	-	-	-	-	2,650
	3348	Chuuk		2,650	-	-	-	-	2,650
	7702	Yap		6,634	5,440	1,194	-	6,634	-
		Program Total		17,234	7,578	1,194	-	8,772	8,462
			Food Service 89 F97081						
	3388	Yap		206,873	71,288	40,152	-	111,440	95,433
	3388	Kosrae		169,775	166,881	-	-	166,881	2,894
	3388	Pohnpei		500,674	277,099	43,086	-	320,185	223,575
	3388	Chuuk		905,068	1,012,290	-	-	1,012,290	(107,222)
	3389	National		141,824	82,836	-	652	83,488	58,336
		Program Total		1,924,214	1,610,394	83,238	652	1,694,284	229,930
			F92190						
	3390	National		28,943	22,025	-	1,650	23,675	5,268
		Program Total		28,943	22,025	-	1,650	23,675	5,268
		Balance forward		9,729,055	9,023,936	89,827	14,689	9,128,452	600,603

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**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Agriculture									
				\$ 9,729,055	\$ 9,023,936	\$ 89,827	\$ 14,689	\$ 9,128,452	\$ 600,603
			F97193						
		3391	National Government	9,933	8,824	-	188	9,012	921
			Program Total	9,933	8,824	-	188	9,012	921
			Forestry 89						
			5-89-10						
		7703	Chuuk	5,333	5,321	-	-	5,321	12
		7703	Kosrae	5,334	1,000	4,334	-	5,334	-
		7703	Pohnpei	5,333	1,187	738	-	1,925	3,408
			Program Total	16,000	7,508	5,072	-	12,580	3,420
			Forestry 91						
			5-91-05						
		3326	Pohnpei	38,200	2,539	21,966	-	24,505	13,695
		3326	Yap	16,000	-	6,991	-	6,991	9,009
		3326	Kosrae	9,700	-	2,503	-	2,503	7,197
		3329	National Government	6,700	-	-	577	577	6,123
			Program Total	70,600	2,539	31,460	577	34,576	36,024
			Forestry 92						
			5-92-06						
		3451	Pohnpei	7,500	-	-	-	-	7,500
		3451	Chuuk	5,000	-	3,477	-	3,477	1,523
		3451	Yap	5,000	-	-	-	-	5,000
		3451	Kosrae	5,000	-	-	-	-	5,000
			Program Total	22,500	-	3,477	-	3,477	19,023
			Total U.S. Dept. of Agriculture	\$ 9,848,088	\$ 9,042,807	\$ 129,836	\$ 15,454	\$ 9,188,097	\$ 659,991
U.S. Dept of Justice									
			85-JF-CX-0464						
		7635	Pohnpei	307	-	-	-	-	307
		7635	Kosrae	5,500	5,240	248	-	5,488	12
		7636	Kosrae	4,200	2,483	1,490	-	3,973	227
			Program Total	10,007	7,723	1,738	-	9,461	546
			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	2,216	-	19,586	414
		7639	Pohnpei	7,693	-	-	-	-	7,693
			Program Total	32,881	26,457	2,216	-	28,673	4,208
			Balance forward	42,888	34,180	3,954	-	38,134	4,754

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**FEDERATED STATES OF MICRONESIA
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SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept of Justice									
Balance forward			\$ 42,888	\$ 34,180	\$ 3,954	\$ -	\$ 38,134	\$ 4,754	
			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	12,681	-	-	12,681	(6,781)
	3377		Chuuk	28,565	28,565	-	-	28,565	-
	3378		National Government	14,411	12,617	-	1,789	14,406	5
	3385		Pohnpei	27,476	27,474	-	-	27,474	2
			Program Total	100,502	103,486	-	1,789	105,275	(4,773)
			88-JF-CX-0064 /88-JS-CX-1064						
16.540	3380		Yap	1,518	-	-	-	-	1,518
	3381		Kosrae	17,000	13,361	1,543	-	14,904	2,096
	3382		Pohnpei	14,308	20,161	-	-	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	17,226	-	(128)	17,098	202
			Program Total	67,001	53,139	1,543	(128)	54,554	12,447
	7645		National	2,002	2,002	-	-	2,002	-
	7644		Pohnpei	10,000	3,888	4,023	-	7,911	2,089
	7646		Pohnpei	11,255	-	2,202	-	2,202	9,053
	7644		Yap	1,806	-	-	-	-	1,806
			Program Total	25,063	5,890	6,225	-	12,115	12,948
			90-JF-CX-0064						
	7641		Chuuk	7,000	7,000	-	-	7,000	-
	7641		Yap	1,438	-	-	-	-	1,438
			Program Total	8,438	7,000	-	-	7,000	1,438
			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	7,701	-	-	-	-	7,701
			Program Total	25,500	1,054	-	-	1,054	24,446
			Total U.S. Dept. of Justice	\$ 269,392	\$ 204,749	\$ 11,722	\$ 1,661	\$ 218,132	\$ 51,260

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Commerce									
	11.407		Regional Catch Data 87-ABD-00216: 84-ABD-00209:						
	3401		National	\$ 31,000	\$ 30,503	\$ -	\$ -	\$ 30,503	\$ 497
	3402		National	3,780	3,780	-	-	3,780	-
			Program Total	34,780	34,283	-	-	34,283	497
	3402		NA16D0225-01 Unallotted	40	-	-	-	-	40
	3403		National	23,860	-	-	20,795	20,795	3,065
			Program Total	23,900	-	-	20,795	20,795	3,105
	3405		NA26FD0165-01 National	54,890	-	-	5,382	5,382	49,508
			Program Total	54,890	-	-	5,382	5,382	49,508
	11.300	N/A	Yap State Trochus Re seeding	-	-	10,074	-	10,074	(10,074)
			Program Total	-	-	10,074	-	10,074	(10,074)
	11.300	N/A	Yap Fishing Authority	-	-	4,910	-	4,910	(4,910)
			Program Total	-	-	4,910	-	4,910	(4,910)
	11.300	N/A	Pohnpei Road Paving Matching	1,000,000	-	966,278	-	966,278	33,722
			Program Total	1,000,000	-	966,278	-	966,278	33,722
			Total U.S. Dept. of Commerce	\$ 1,113,570	\$ 34,283	\$ 981,262	\$ 26,177	\$ 1,041,722	\$ 71,848
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)
			Balance forward	142,699	148,556	-	-	148,556	(5,857)

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of the Interior									
Balance forward			\$ 142,699	\$ 148,556	\$ -	\$ -	\$ 148,556	\$ (5,857)	
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	23,000	14,613	-	-	14,613	8,387
			Program Total	123,270	95,892	-	-	95,892	27,378
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	23,663	-	-	23,663	3,766
	7526		Chuuk	27,429	27,059	-	-	27,059	370
	7527		National	21,354	19,942	-	-	19,942	1,412
			Program Total	142,363	96,200	-	-	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	2,000	-	5,000	-
	7520		Pohnpei	5,000	-	-	-	-	5,000
			Program Total	10,000	3,000	2,000	-	5,000	5,000
Historic Preservation '90 64-90-50165									
	7666		National	23,548	20,693	-	2,855	23,548	-
	7667		Pohnpei	33,357	15,170	10,982	-	26,152	7,205
	7667		Chuuk	33,357	16,298	16,541	-	32,839	518
	7667		Yap	33,357	33,357	-	-	33,357	-
	7667		Kosrae	33,357	19,244	13,937	-	33,181	176
			Program Total	156,976	104,762	41,460	2,855	149,077	7,899
Historic Preservation '91 64-91-60017									
	7861		National	92,976	-	-	53,141	53,141	39,835
	7862		Pohnpei	36,000	-	17,922	-	17,922	18,078
	7862		Chuuk	36,000	-	26,046	-	26,046	9,954
	7862		Kosrae	36,000	-	31,453	-	31,453	4,547
	7862		Yap	36,000	-	36,000	-	36,000	-
			Program Total	236,976	-	111,421	53,141	164,562	72,414
Balance forward				822,284	448,410	154,881	55,996	659,287	162,997

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of the Interior			Balance forward	\$ 822,284	\$ 448,410	\$ 154,881	\$ 55,996	\$ 659,287	\$ 162,997
			Historic Preservation '92 64-92-70067						
		7876	National	92,976	-	-	12,256	12,256	80,720
		7877	Pohnpei	36,000	-	1,595	-	1,595	34,405
		7877	Chuuk	36,000	-	3,189	-	3,189	32,811
		7877	Yap	36,000	-	5,908	-	5,908	30,092
		7877	Kosrae	36,000	-	-	-	-	36,000
			Program Total	236,976	-	10,692	12,256	22,948	214,028
			Total U.S. Dept. of the Interior	\$ 1,059,260	\$ 448,410	\$ 165,573	\$ 68,252	\$ 682,235	\$ 377,025
U.S. Environmental Protection Agency (EPA)									
			Consolidated EPA Grant '87 M009431-87-0:						
	66.600	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	15,586	5,303	-	-	5,303	10,283
			Program Total	149,726	63,753	-	-	63,753	85,973
			Consolidated EPA Grant '88 M009431-88-0						
	66.600	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	67,626	-	-	67,626	(5,245)
		3570	National Government	41,382	22,902	-	-	22,902	18,480
			Unalloted	31,210	-	-	-	-	31,210
			Program Total	287,815	207,557	-	-	207,557	80,258
			Consolidated EPA Grant '89 M009431-89						
	66.600	3594	Unalloted	10,761	-	-	-	-	10,761
		3595	Yap	32,230	29,494	-	-	29,494	2,736
		3596	Kosrae	26,450	20,847	-	-	20,847	5,603
		3597	Pohnpei	45,600	41,140	-	-	41,140	4,460
		3598	Chuuk	43,240	31,002	-	-	31,002	12,238
		3599	National Government	39,820	30,632	-	-	30,632	9,188
			Program Total	198,101	153,115	-	-	153,115	44,986
			Balance forward	635,642	424,425	-	-	424,425	211,217

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NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of EPA Balance Forward				\$ 635,642	\$ 424,425	\$ -	\$ -	\$ 424,425	\$ 211,217
66.418	3523 3573	C64002-01-0:	Chuuk South Field National Government	785,000 58,870	25,910 13,871	657,144 -	- 1,162	683,054 15,033	101,946 43,837
		Program Total		843,870	39,781	657,144	1,162	698,087	145,783
66.418	3575	C750008-03-0:	Sokehs Deh Waste Water	115,368	-	52,309	-	52,309	63,059
		Program Total		115,368	-	52,309	-	52,309	63,059
66.418	3576 3579	C640001-03-3:	Kolonia Sewer Unallotted	373,830 5,000	356,826 -	- -	- -	356,826 -	17,004 5,000
		Program Total		378,830	356,826	-	-	356,826	22,004
66.418	3577 3578 3589 3592	C640001-01-3:	Pohnpei RSP, Phase I Pohnpei RSP Administration National Admin. PRSP-3 Pohnpei RSP	281,100 18,900 13,500 736,500	266,292 12,706 - -	- - - -	3,843 - 12,881 144,784	270,135 12,706 12,881 144,784	10,965 6,194 619 591,716
		Program Total		1,050,000	278,998	-	161,508	440,506	609,494
66.418	3582 3581 3580	C640003-02-0:	Yap Sewer Connection Yap Sewer Connection/Admn Yap Water Treatment/Admin.	531,134 15,934 16,000	449,372 7,966 -	21,074 - -	- 1,980 1,217	470,446 9,946 1,217	60,688 5,988 14,783
		Program Total		563,068	457,338	21,074	3,197	481,609	81,459
66.418	3583 3584 3585	C640004-01-0:	Kosrae Waste Water Kosrae Waste Water Kosrae Waste Water	1,413,041 47,500 4,175,005	5,297 36,366 2,519,672	- - 280,832	- 8,277 -	5,297 44,643 2,800,504	1,407,744 2,857 1,374,501
		Program Total		5,635,546	2,561,335	280,832	8,277	2,850,444	2,785,102
	3593	Ulithi Sewer System Improvement	Yap Government Unallotted	209,000 18,000	93,187 -	60,882 -	- -	154,069 -	54,931 18,000
		Program Total		227,000	93,187	60,882	-	154,069	72,931
		Balance forward		9,449,324	4,211,890	1,072,241	174,144	5,458,275	3,991,049

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NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of EPA Balance Forward				\$ 9,449,324	\$ 4,211,890	\$ 1,072,241	\$ 174,144	\$ 5,458,275	\$ 3,991,049
			Chuuk Rural Sanitary Program						
		7576	Chuuk	200,000	5,519	243,536	-	249,055	(49,055)
		7580	Chuuk	182,777	-	-	-	-	182,777
			Unallotted	32,223	-	-	-	-	32,223
		3588	Truk RSP/Admin.	15,000	-	-	4,235	4,235	10,765
			Program Total	430,000	5,519	243,536	4,235	253,290	176,710
			Pohnpei Rural Sanitary Pohnpei						
		7581	Pohnpei	95,000	62,008	-	-	62,008	32,992
			Program Total	95,000	62,008	-	-	62,008	32,992
			Yap Site Sewer System Yap						
		7582	Yap	39,650	-	-	-	-	39,650
			Program Total	39,650	-	-	-	-	39,650
			Yap Waste Water Treatment Plant Yap						
		7579	Yap	159,428	52,054	-	-	52,054	107,374
			Program Total	159,428	52,054	-	-	52,054	107,374
			Total U.S. EPA	\$10,173,402	\$ 4,331,471	\$ 1,315,777	\$ 178,379	\$ 5,825,627	\$ 4,347,775
U.S. Dept. of Energy			Consolidated Energy Grant '87 DE-FG03-87SF17038:						
	81.041								
	81.050								
		3601	National	\$ 41,958	\$ 9,038	\$ -	\$ -	\$ 9,038	\$ 32,920
		3602	National	2,438	100	-	-	100	2,338
		3603	Kosrae	300	300	-	-	300	-
		3604	Kosrae	000	3,924	-	-	3,924	76
		3605	Kosrae	100	3,100	-	-	3,100	-
		3606	Yap	500	9,409	-	-	9,409	91
		3607	Yap	484	5,600	-	-	5,600	884
		3608	Yap	102	2,898	-	-	2,898	204
		3610	Chuuk	750	-	-	-	-	9,750
		3611	Chuuk	000	-	-	-	-	5,000
		3612	Chuuk	500	-	-	-	-	5,500
		3613	Pohnpei	000	-	-	-	-	5,000
		3614	Pohnpei	966	-	-	-	-	5,966
		3615	Pohnpei	310	-	-	-	-	5,310
		3616	Pohnpei	32	-	-	-	-	32
			Program Total	108,440	36,369	-	-	36,369	72,071
			Consolidated Energy Grant '88 DE-FG03-87SF17038:						
	81.050	3618	National	39,800	19,670	-	-	19,670	20,130
			Program Total	39,800	19,670	-	-	19,670	20,130
			Balance forward	148,240	56,039	-	-	56,039	92,201

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SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of Energy Balance Forward				\$ 148,240	\$ 56,039	\$ -	\$ -	\$ 56,039	\$ 92,201
	3620		DEFG03-87SF17038: National Government	116,234	106,932	-	-	106,932	9,302
			Program Total	116,234	106,932	-	-	106,932	9,302
			Total U.S. Dept. of Energy	\$ 264,474	\$ 162,971	\$ -	\$ -	\$ 162,971	\$ 101,503
U.S. Dept. of Health & Human Services									
	13.110	3652	FY-88 SPRANS MCH753881-01-0: 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
	13.110	3654	FY-87 SPRANS MCH753924-01-1: 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
		7587	FY-90 SPRANS MCJ-75388-03: National Government	58,066	32,097	-	4,462	36,559	21,507
		7588	Chuuk	63,213	56,301	2,582	-	58,883	4,330
		7586	Unallotted	22,005	-	-	-	-	22,005
			Program Total	143,284	88,398	2,582	4,462	95,442	47,842
		3657	MCJ-753881-02 Chuuk	49,850	40,693	-	-	40,693	9,157
		3658	National Government	58,520	37,348	-	-	37,348	21,172
			Program Total	108,370	78,041	-	-	78,041	30,329
	13.217	3662	FY-87 Family Planning 09-H-001777-01-0: 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	331,738	2,582	4,462	338,782	163,242

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NATIONAL GOVERNMENT
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BY GRANTOR
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal									
Direct Assistance Funds:									
U.S. Dept. of Health & Human Services Balance Forward									
				\$ 502,024	\$ 331,738	\$ 2,582	\$ 4,462	\$ 338,782	\$ 163,242
			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	<u>75,298</u>	<u>71,250</u>	<u>-</u>	<u>-</u>	<u>71,250</u>	<u>4,048</u>
			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
			Unallotted	2,985	-	-	-	-	2,985
			Program Total	<u>19,449</u>	<u>9,749</u>	<u>-</u>	<u>-</u>	<u>9,749</u>	<u>9,700</u>
			89-B1-FSM-CYAP-01						
		3677	National Government	9,000	8,386	-	-	8,386	614
			Program Total	<u>9,000</u>	<u>8,386</u>	<u>-</u>	<u>-</u>	<u>8,386</u>	<u>614</u>
			Childhood Immunization '87						
	13.268		09H-001789-01						
		3682	National Government	24,583	16,650	-	-	16,650	7,933
			Program Total	<u>24,583</u>	<u>16,650</u>	<u>-</u>	<u>-</u>	<u>16,650</u>	<u>7,933</u>
			CSH-901-774-04:						
	13.224								
		3684	National Government	49,785	41,748	-	-	41,748	8,037
		3685	Pohnpei	95,705	95,705	-	-	95,705	-
			Program Total	<u>145,490</u>	<u>137,453</u>	<u>-</u>	<u>-</u>	<u>137,453</u>	<u>8,037</u>
			PHI-CSH007571-02:						
	13.613								
		3679	National Government	179,444	73,705	-	42,862	116,567	62,877
		3680	Chuuk	20,000	20,000	-	-	20,000	-
		3678	Unallotted	86,413	-	-	-	-	86,413
			Program Total	<u>285,857</u>	<u>93,705</u>	<u>-</u>	<u>42,862</u>	<u>136,567</u>	<u>149,290</u>
			Balance forward	1,061,701	668,931	2,582	47,324	718,837	342,864

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward									
				\$ 1,061,701	\$ 668,931	\$ 2,582	\$ 47,324	\$ 718,837	\$ 342,864
	13.268		Childhood Immunization '89 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	<u>32,866</u>	<u>19,031</u>	<u>-</u>	<u>-</u>	<u>19,031</u>	<u>13,835</u>
	13.268		Childhood Immunization 09H-001792-03:						
		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	27,582	-	-	27,582	1,669
			Program Total	<u>47,380</u>	<u>37,691</u>	<u>-</u>	<u>-</u>	<u>37,691</u>	<u>9,689</u>
	13.665		CSBG-G89B1T2CSR:						
		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	17,896	-	-	17,896	11,804
		7592	Pohnpei	41,796	41,019	-	-	41,019	777
		7593	National Government	17,614	9,932	-	-	9,932	7,682
			Program Total	<u>194,317</u>	<u>99,163</u>	<u>-</u>	<u>-</u>	<u>99,163</u>	<u>95,154</u>
	13.224		Community Health Centers '87 09H-001789-02-0:						
		3689	National Government	51,085	41,755	-	-	41,755	9,330
		3690	Pohnpei	49,242	50,812	-	-	50,812	(1,570)
			Program Total	<u>100,327</u>	<u>92,567</u>	<u>-</u>	<u>-</u>	<u>92,567</u>	<u>7,760</u>
	13.224		MCH-64502MCHIPS '89						
		3692	National Government	84,549	42,014	-	-	42,014	42,535
			Program Total	<u>84,549</u>	<u>42,014</u>	<u>-</u>	<u>-</u>	<u>42,014</u>	<u>42,535</u>
		7597	MCJ-645029-02: National Government	67,549	26,976	-	-	26,976	40,573
			Program Total	<u>67,549</u>	<u>26,976</u>	<u>-</u>	<u>-</u>	<u>26,976</u>	<u>40,573</u>
			Balance forward	1,588,689	986,373	2,582	47,324	1,036,279	552,410

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward									
				\$ 1,588,689	\$ 986,373	\$ 2,582	\$ 47,324	\$ 1,036,279	\$ 552,410
	3694		CSH-647002-01: Yap	<u>14,082</u>	<u>1,706</u>	-	-	<u>1,706</u>	<u>12,376</u>
			Program Total	<u>14,082</u>	<u>1,706</u>	-	-	<u>1,706</u>	<u>12,376</u>
13.997	3696		09H-001792-03: National Government	<u>36,303</u>	<u>29,979</u>	-	-	<u>29,979</u>	<u>6,324</u>
	3697		Pohnpei	<u>5,158</u>	<u>2,103</u>	-	-	<u>2,103</u>	<u>3,055</u>
			Program Total	<u>41,461</u>	<u>32,082</u>	-	-	<u>32,082</u>	<u>9,379</u>
	3699		09AT0098-01: National Government	<u>6,030</u>	<u>5,024</u>	-	-	<u>5,024</u>	<u>1,006</u>
			Program Total	<u>6,030</u>	<u>5,024</u>	-	-	<u>5,024</u>	<u>1,006</u>
13.224			FY'88 Community Health						
	3757		09H-001774-03-0: National Government	<u>66,329</u>	<u>65,770</u>	-	-	<u>65,770</u>	<u>559</u>
	3758		Pohnpei	<u>74,821</u>	<u>74,820</u>	-	-	<u>74,820</u>	<u>1</u>
			Program Total	<u>141,150</u>	<u>140,590</u>	-	-	<u>140,590</u>	<u>560</u>
13.977			Sexually Transmitted Diseases '87						
	3701		-09-H001792-01-0 National Government	<u>22,697</u>	<u>20,485</u>	-	-	<u>20,485</u>	<u>2,212</u>
	3702		Pohnpei	<u>2,200</u>	<u>20,485</u>	-	-	<u>20,485</u>	<u>(18,285)</u>
			Program Total	<u>24,897</u>	<u>40,970</u>	-	-	<u>40,970</u>	<u>(16,073)</u>
13.997			Sexually Transmitted Diseases '88						
	3754		-09H-001792-02-0: National Government	<u>27,893</u>	<u>23,610</u>	-	-	<u>23,610</u>	<u>4,283</u>
	3755		Pohnpei	<u>3,882</u>	<u>1,318</u>	-	-	<u>1,318</u>	<u>2,564</u>
	3753		Unallotted	<u>-</u>	<u>628</u>	-	-	<u>628</u>	<u>(628)</u>
			Program total	<u>31,775</u>	<u>25,556</u>	-	-	<u>25,556</u>	<u>6,219</u>
			Balance forward	<u>1,848,084</u>	<u>1,232,301</u>	<u>2,582</u>	<u>47,324</u>	<u>1,282,207</u>	<u>565,877</u>

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward				\$ 1,848,084	\$ 1,232,301	\$ 2,582	\$ 47,324	\$ 1,282,207	\$ 565,877
13.633			Supportive Services 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	160,809	-	-	160,809	24,066
	3711		Chuuk	281,775	269,271	-	-	269,271	12,504
			Program Total	692,105	643,252	-	-	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	127,320	-	-	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	367,605	-	-	367,605	93,798
13.633			Supportive Service 89 01-89-AA-FM-1320:						
	7555		Yap	18,062	16,815	-	-	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	17,502	-	-	17,502	3,323
	7558		Pohnpei	61,625	61,626	-	-	61,626	(1)
	7559		Chuuk	93,924	54,944	-	-	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	195,010	-	-	195,010	35,690
7563			MHP7K3400-88: National Government	51,786	20,821	-	-	20,821	30,965
			Program Total	51,786	20,821	-	-	20,821	30,965
7578			MHX7K3400-89: National Government	74,212	56,991	-	17,719	74,710	(498)
			Program Total	74,212	56,991	-	17,719	74,710	(498)
			Balance forward	3,358,290	2,515,980	2,582	65,043	2,583,605	774,685

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward									
				\$ 3,358,290	\$ 2,515,980	\$ 2,582	\$ 65,043	\$2,582,783	\$ 774,685
	13.668		Aging Title IV- Training						
		3687	09AT0077/01: Title IV/A						
		3713	Training	7,658	433	-	-	433	7,225
			National	7,811	7,821	-	-	7,821	(10)
			Program Total	15,469	8,254	-	-	8,254	7,215
	13.994		Maternal & Child Health 87						
			87 BIFMMCHS-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	63,003	59,695	-	-	59,695	3,308
		3720	National	96,452	94,289	-	-	94,289	2,163
		3740	National	14,074	13,490	-	-	13,490	584
			Program Total	399,880	365,651	-	-	365,651	34,229
	13.994		Maternal & Child Health 88						
			88 BIFMMCHS-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	2,491	-	-	2,491	1,109
		3747	Chuuk	90,159	67,832	-	-	67,832	22,327
		3747	Chuuk	4,290	-	-	-	-	4,290
		3748	National	49,964	48,284	-	-	48,284	1,680
		3749	National	102,512	90,580	-	-	90,580	11,932
			Program Total	422,068	356,765	-	-	356,765	65,303
	13.994		Maternal & Child Health						
			89BIFMMCHS:						
		7537	Yap	61,725	49,235	-	-	49,235	12,490
		7538	Yap	3,700	1,527	-	-	1,527	2,173
		7538	Kosrae	1,900	1,287	-	-	1,287	613
		7538	Pohnpei	5,381	1,760	-	-	1,760	3,621
		7538	Chuuk	7,700	4,759	-	-	4,759	2,941
		7539	Kosrae	27,055	4,171	-	-	4,171	22,884
		7541	Pohnpei	75,564	75,564	-	-	75,564	-
		7543	Chuuk	87,460	70,780	-	-	70,780	16,680
		7545	National	91,190	83,092	-	40	83,132	8,058
		7546	National	80,354	71,358	-	-	71,358	8,996
			Program Total	442,029	363,533	-	40	363,573	78,456
			Balance forward	4,637,736	3,610,183	2,582	65,083	3,677,848	959,888

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward				\$ 4,637,736	\$ 3,610,183	\$ 2,582	\$ 65,083	\$3,677,848	\$ 959,888
Maternal & Child Health									
90B1FMMCHS:									
	7599		National Government	85,626	62,842	-	5,542	68,384	17,242
	7600		National Government	106,000	94,126	-	-	94,126	11,874
	7601		Pohnpei	87,006	70,259	10,139	-	80,398	6,608
	7601		Yap	48,844	46,200	1,175	-	47,375	1,469
	7601		Kosrae	27,455	21,552	-	-	21,709	5,746
	7601		Chuuk	90,762	81,455	12,340	-	93,795	(3,033)
			Unallotted	1,361	-	-	-	-	1,361
			Program Total	447,054	376,434	23,811	5,542	405,787	41,267
13.994 91-B1-FM-MCHS									
	7642		Pohnpei	7,255	-	4,984	-	4,984	2,271
	7642		Chuuk	1,200	-	-	-	-	1,200
	7642		Kosrae	1,000	-	498	-	498	502
	7642		Yap	8,000	-	1,325	-	1,325	6,675
	7649		Unallotted	25,644	-	-	-	-	25,644
	7661		National	59,186	-	-	37,435	37,435	21,751
	7662		National	88,218	-	-	25,261	25,261	62,957
	7663		Pohnpei	77,442	-	64,764	-	64,764	12,678
	7663		Chuuk	80,216	-	64,662	-	64,662	15,554
	7663		Kosrae	23,836	-	15,187	-	15,187	8,649
	7663		Yap	43,844	-	35,381	-	35,381	8,463
	7664		Pohnpei	24,200	-	16,145	-	16,145	8,055
	7664		Chuuk	13,440	-	499	-	499	12,941
	7664		Kosrae	8,030	-	3,693	-	3,693	4,337
	7664		Yap	12,736	-	11,036	-	11,036	1,700
			Program Total	474,247	-	218,174	62,696	280,870	193,377
Preventive Health Services									
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	41,323	-	-	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	211,899	-	-	211,899	11,601
Balance forward				5,782,537	4,198,516	244,567	133,321	4,576,404	1,206,133

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward									
				\$ 5,782,537	\$ 4,198,516	\$ 244,567	\$ 133,321	\$ 4,576,404	\$ 1,206,133
13.994		86	MCH/86 BIFMMCHS-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	<u>79,862</u>	<u>60,046</u>	<u>-</u>	<u>-</u>	<u>60,046</u>	<u>19,816</u>
13.359			CE for Nurses - 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	<u>79,387</u>	<u>67,081</u>	<u>-</u>	<u>-</u>	<u>67,081</u>	<u>12,306</u>
13.359			CE For Nurses 89 5D10NU29188-02						
	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	3,621	-	-	3,621	5,069
	7569		National Government	17,523	12,078	-	-	12,078	5,445
			Program Total	<u>65,155</u>	<u>42,479</u>	<u>-</u>	<u>-</u>	<u>42,479</u>	<u>22,676</u>
13.665	3742		CAA Audit Grant	<u>13,929</u>	<u>13,928</u>	<u>-</u>	<u>-</u>	<u>13,928</u>	<u>1</u>
			Program Total	<u>13,929</u>	<u>13,928</u>	<u>-</u>	<u>-</u>	<u>13,928</u>	<u>1</u>
93.163			Pacific Health Initiative CSH 757001-01-1:						
	3760		National Government	218,100	197,209	-	3,347	200,556	17,544
	3761		Pohnpei	26,400	24,400	-	-	24,400	2,000
			Program Total	<u>244,500</u>	<u>221,609</u>	<u>-</u>	<u>3,347</u>	<u>224,956</u>	<u>19,544</u>
			Balance forward	6,265,370	4,603,659	244,567	136,668	4,984,894	1,280,476

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward				\$ 6,265,370	\$ 4,603,659	\$ 244,567	\$ 136,668	\$ 4,984,894	\$ 1,280,476
			CSBG Grants G88B1MCCOSR						
	13.665		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	52,920	-	-	52,920	2,080
			Program Total	392,967	266,979	-	-	266,979	125,988
			Aids '88 - U62/CCU902703-02:						
	13.217		3781 Kosrae	2,091	8,496	-	-	8,496	(6,405)
			3782 Pohnpei	791	791	-	-	791	-
			National Government	17,672	15,674	-	-	15,674	1,998
			Program Total	20,554	24,961	-	-	24,961	(4,407)
			Aids Prevention 89 U62-CCU902703:						
	13.217		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	38,371	30,552	-	-	30,552	7,819
			Program Total	83,871	60,743	-	-	60,743	23,128
			Family Planning 89 09H-001777-03-0:						
	13.217		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	13,582	10,870	-	-	10,870	2,712
			Program Total	67,117	58,771	-	-	58,771	8,346
			Family Planning 90 09H-001777-04:						
	13.217		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	10,000	8,193	-	-	8,193	1,807
			Program Total	75,775	60,333	-	-	60,333	15,442
			Balance forward	6,905,654	5,075,446	244,567	136,668	5,456,681	1,448,973

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward				\$ 6,905,654	\$ 5,075,446	\$ 244,567	\$ 136,668	\$ 5,456,681	\$ 1,448,973
13.217			Family Planning 91 09-001777-05:						
	7629		Chuuk	25,704	16,790	5,350	-	22,140	3,564
	7629		Pohnpei	23,646	22,926	-	-	22,926	720
	7629		Kosrae	14,297	12,304	-	-	12,304	1,993
	7629		Yap	17,128	11,032	-	-	11,032	6,096
			Program Total	80,775	63,052	5,350	-	68,402	12,373
93.217			09H-001777-07-0 Family Planning 93						
	7768		Pohnpei	25,931	-	-	-	-	25,931
	7768		Chuuk	30,716	-	3,593	-	3,593	27,123
	7768		Kosrae	14,832	-	-	-	-	14,832
	7768		Yap	18,809	-	577	-	577	18,232
			Total Program	90,288	-	4,170	-	4,170	86,118
			09-H-001777-06-0 Family Planning 92						
	7673		Pohnpei	20,981	1,915	19,678	-	21,593	(612)
	7673		Chuuk	25,704	-	25,559	-	25,559	145
	7673		Yap	17,398	77	13,048	-	13,125	4,273
	7673		Kosrae	14,297	-	12,314	-	12,314	1,983
	7673		National	2,665	-	-	2,115	2,115	550
	7672		Unallotted	2,730	-	-	-	-	2,730
			Program Total	83,775	1,992	70,599	2,115	74,706	9,069
13.991			Preventive Health 88 88B1-FM-PRVS:						
	3791		Unallotted	424	-	-	-	-	424
	3793		Kosrae	22,061	-	-	-	-	22,061
	3794		Pohnpei	44,061	35,338	-	-	35,338	8,723
	3795		Chuuk	28,075	15,595	-	-	15,595	12,480
	3796		National	45,215	42,303	-	-	42,303	2,912
	3797		National	1,113	585	-	-	585	528
	3798		Yap	21,020	6,942	-	-	6,942	14,078
			Program Total	161,969	100,763	-	-	100,763	61,206
			Preventive Health 90 90-B1-FM-PRVS:						
	7605		Chuuk	14,141	11,857	12,416	-	24,273	(10,132)
	7605		Pohnpei	12,000	11,999	736	-	12,735	(735)
	7605		Yap	9,000	8,434	1,571	-	10,005	(1,005)
	7605		Kosrae	8,500	1,167	364	-	2,531	5,969
	7606		National	109,000	92,406	-	4,666	97,072	11,928
	7607		National	1,361	-	-	-	-	1,361
	7604		National	11,900	11,256	-	268	11,524	376
	7608		Kosrae	29,885	15,655	11,791	-	27,446	2,439
	7603		Unallotted	8,855	-	-	-	-	8,855
	7608		Yap	40,400	20,938	13,022	-	33,960	6,440
	7608		Pohnpei	87,060	84,192	5,430	-	89,622	(2,562)
	7608		Chuuk	65,800	67,081	21,539	-	88,620	(22,820)
			Program Total	397,902	325,985	66,869	4,934	397,788	114
			Balance forward	7,720,363	5,567,238	391,555	143,717	6,102,510	1,617,853

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward				\$ 7,720,363	\$ 5,567,238	\$ 391,555	\$ 143,717	\$ 6,102,510	\$ 1,617,853
			89B1-FM-PRVS						
		7584	National	10,000	10,268	-	(268)	10,000	-
		7589	Kosrae	4,009	2,331	-	-	2,331	1,678
		7589	Pohnpei	24,290	25,308	-	-	25,308	(1,018)
		7589	Chuuk	2,610	-	-	-	-	2,610
		7589	Yap	25,175	23,656	-	-	23,656	1,519
		7594	National	9,449	9,224	-	-	9,224	225
		7595	National	30,918	30,429	-	-	30,429	489
		7623	National	135	135	-	-	135	-
		7583	Unallotted	13,563	-	-	-	-	13,563
		7585	Yap	9,700	8,636	-	-	8,636	1,064
		7585	Kosrae	8,500	5,489	-	-	5,489	3,011
		7585	Pohnpei	16,785	16,785	-	-	16,785	-
		7585	Chuuk	11,570	9,899	-	-	9,899	1,671
			Program Total	166,704	142,160	-	(268)	141,892	24,812
			CSH -901774-05:						
		7610	National	74,025	62,829	-	4,763	67,592	6,433
		7611	Pohnpei	128,591	120,719	86	-	120,805	7,786
			Program Total	202,616	183,548	86	4,763	188,397	14,219
			H25/CCH904363-01:						
		7613	National	25,775	16,790	-	4,868	21,658	4,117
		7614	Pohnpei	5,225	2,820	-	-	2,820	2,405
			Program Total	31,000	19,610	-	4,868	24,478	6,522
			H23/CCH904426-01:						
			Childhood Immunization Program						
		7616	National	64,581	68,020	-	-	68,020	(3,439)
		7617	Chuuk	5,255	9,752	10,046	-	19,798	(14,543)
		7617	Kosrae	357	19	-	-	19	338
		7617	Pohnpei	3,168	3,298	-	-	3,298	(130)
		7615	Unallotted	2,000	-	-	-	-	2,000
			Program Total	75,361	81,089	10,046	-	91,135	(15,774)
			FY 90 AIDS U62-CCH902703-04:						
		7619	National	11,896	9,123	-	-	9,123	2,773
		7620	National	34,782	28,900	-	887	29,787	4,995
		7621	Chuuk	7,728	5,655	6,596	-	12,251	(4,523)
		7621	Pohnpei	7,728	3,814	4,105	-	7,919	(191)
			Program Total	62,134	47,492	10,701	887	59,080	3,054
			Balance forward	8,258,178	6,041,137	412,388	153,967	6,607,492	1,650,686

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward				\$ 8,258,178	\$ 6,041,137	\$ 412,388	\$ 153,967	\$ 6,607,492	\$ 1,650,686
			MCJ-645029-02:						
	7622		National	67,549	-	-	-	-	67,549
	7622		Kosrae	3,000	2,562	-	-	2,562	438
	7622		Chuuk	5,700	640	-	-	640	5,060
	7622		Unallotted	8,300	-	-	-	-	8,300
			Program Total	84,549	3,202	-	-	3,202	81,347
			90-B1-FM-CYAP-01:						
	7625		National Government	11,900	7,996	-	1,115	9,111	2,789
			Program Total	11,900	7,996	-	1,115	9,111	2,789
			U62/CCU906251-01:						
	7657		National Government	5,400	1,396	-	3,913	5,309	91
			Program Total	5,400	1,396	-	3,913	5,309	91
			U62/CCU0906251-02:						
	7694		National Government	9,214	-	-	7,816	7,816	1,398
			Program Total	9,214	-	-	7,816	7,816	1,398
			AIDS Prevention U62/CCU902703-05:						
	7659		National Government	39,170	20,430	-	15,610	36,040	3,130
	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	872	-	4,955	653
			Program Total	59,300	33,775	872	15,610	50,257	9,043
			93.118 U62/CCU902703-06:						
			Aids Prevention 92						
	7758		National	16,889	-	-	9,048	9,048	7,841
	7759		Pohnpei	6,077	-	3,672	-	3,672	2,405
	7759		Chuuk	9,197	-	2,207	-	2,207	6,990
	7759		Kosrae	9,370	-	7,354	-	7,354	2,016
	7759		Yap	6,076	-	488	-	488	5,588
			Total Program	47,609	-	13,721	9,048	22,769	24,840
			MCJ-645029-03-0:						
	7647		National	69,349	25,590	-	29,027	54,617	14,732
	7648		Chuuk	11,400	5,428	2,624	-	8,052	3,348
	7648		Kosrae	3,600	2,792	-	-	2,792	808
	7646		Unallotted	200	(1,000)	-	-	(1,000)	1,200
			Program Total	84,549	32,810	2,624	29,027	64,461	20,088
			Balance forward	8,560,699	6,120,316	429,605	220,496	6,770,417	1,790,282

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward									
				\$ 8,560,699	\$ 6,120,316	\$ 429,605	\$ 220,496	\$ 6,770,417	\$ 1,790,282
	7633		1H87 TI00054-0100 National	136,513	136,513	-	-	136,513	-
			Program Total	136,513	136,513	-	-	136,513	-
	7681		5H87 TI00054-02 National	112,500	-	-	103,465	103,465	9,035
	7680		Unallotted	2,250	-	-	-	-	2,250
			Program Total	114,750	-	-	103,465	103,465	11,285
	7683		1-87 TI000257-0100 National	77,436	-	-	77,436	77,436	-
	7682		Unallotted	1,549	-	-	-	-	1,549
			Program Total	78,985	-	-	77,436	77,436	1,549
	7675		91-1-FM-PRVS National	14,377	-	-	13,635	13,635	742
	7676		National	112,000	-	-	92,539	92,539	19,461
	7678		Pohnpei	13,865	-	12,257	-	12,257	1,608
	7679		Pohnpei	96,634	-	81,301	-	81,301	15,333
	7678		Chuuk	14,992	-	236	-	236	14,756
	7679		Chuuk	95,000	-	53,038	-	53,038	41,962
	7678		Yap	9,800	-	7,289	-	7,289	2,511
	7679		Yap	40,400	-	21,995	-	21,995	18,405
	7678		Kosrae	9,200	-	6,637	-	6,637	2,563
	7679		Kosrae	25,700	-	19,283	-	19,283	6,417
	7674		Unallotted	1,266	-	-	-	-	1,266
			Program Total	433,234	-	202,036	106,174	308,210	125,024
93.991	7763		92-B1-FM-PRVS Unallotted	23,218	-	-	802	802	22,416
	7764		National	14,873	-	-	-	-	14,873
	7766		Pohnpei	16,402	-	-	-	-	16,402
	7766		Chuuk	16,500	-	-	-	-	16,500
	7766		Kosrae	8,338	-	-	-	-	8,338
	7766		Yap	9,500	-	1,125	-	1,125	8,375
			Total Program	88,831	-	1,125	802	1,927	86,904
	7671		BRX-FM0054-90-0 National Government	30,000	-	-	12,785	12,785	17,215
			Program Total	30,000	-	-	12,785	12,785	17,215
	7631		CSH006472-02 Yap	7,309	-	-	-	-	7,309
			Program Total	7,309	-	-	-	-	7,309
			Balance forward	9,450,321	6,256,829	632,766	521,158	7,410,753	2,039,568

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward				\$ 9,450,321	\$ 6,256,829	\$ 632,766	\$ 521,158	\$ 7,410,753	\$ 2,039,568
93.163			CSH006473/4/5-01						
	7684		Unallotted	2,400	-	-	-	-	2,400
	7685		National	16,354	-	-	15,024	-	1,330
	7686		Yap	21,055	-	12,749	-	12,749	8,306
	7687		Pohnpei	38,392	-	17,643	-	17,643	20,749
			Program Total	78,201	-	30,392	15,024	45,416	32,785
93.110			MCJ-64B024-01						
	7689		National	20,000	-	-	7,015	7,015	12,985
			Program Total	20,000	-	-	7,015	7,015	12,985
			CSH-901774-06						
	7542		CHC 91 National	16,899	12,110	-	3,314	15,424	1,475
	7544		Pohnpei	132,955	91,740	37,086	-	128,826	4,129
			Program Total	149,854	103,850	37,086	3,314	144,250	5,604
93.224			CSH901774-07-0						
	3762		CHC 92 Pohnpei	120,050	-	102,441	-	102,441	17,609
	7698		Unallotted	29,804	-	-	-	-	29,804
			Program Total	149,854	-	102,441	-	102,441	47,413
			H25/CCH904363-02 STD						
	7654		National	30,829	24,192	-	(2,068)	22,124	8,705
	7655		Pohnpei	5,271	2,291	1,089	-	3,380	1,891
			Program Total	36,100	26,483	1,089	(2,068)	25,504	10,596
93.997			H25/CCH904363-03						
	7695		Unallotted	210	-	-	-	-	210
	7696		National	25,558	-	-	8,986	8,986	16,572
	7697		Pohnpei	6,590	-	3,296	-	3,296	3,294
			Total Program	32,358	-	3,296	8,986	12,282	20,076
			H23/CH904426-02						
			Immunization 91						
	7651		National	117,961	41,452	-	63,374	104,826	13,135
	7652		Pohnpei	10,810	6,870	2,425	-	9,295	1,515
	7652		Chuuk	13,305	-	3,375	-	3,375	9,930
	7652		Yap	350	-	-	-	-	350
	7652		Kōsrae	150	-	-	-	-	150
			Program Total	142,576	48,322	5,800	63,374	117,496	25,080
			Balance forward	10,059,264	6,435,484	812,870	616,803	7,865,157	2,194,107

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**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
U.S. Dept. of HHS Balance forward				\$10,059,264	\$ 6,435,484	\$ 812,870	\$ 616,803	\$ 7,865,157	\$ 2,194,107
	93.268		H23/CCH904426-03 Immunization 92						
		7691	National	192,980	-	-	80,218	80,218	112,762
		7692	Pohnpei	13,117	-	5,917	-	5,917	7,200
		7692	Chuuk	23,295	-	7,741	-	7,741	15,554
		7692	Kosrae	6,120	-	141	-	141	5,979
		7692	Yap	6,270	-	-	-	-	6,270
			Program Total	241,782	-	13,799	80,218	94,017	147,765
	93.992		92-B1-FM-ADMS						
		7769	Unallotted	229,300	-	-	-	-	229,300
		7770	National	70,500	-	-	-	-	70,500
		7771	Chuuk	52,000	-	-	-	-	52,000
		7771	Kosrae	14,700	-	-	-	-	14,700
		7771	Yap	34,500	-	-	-	-	34,500
			Program Total	401,000	-	-	-	-	401,000
	93.994		92-B1-FM-MCHS						
		7751	Unallotted	519,728	-	-	-	-	519,728
			Program Total	519,728	-	-	-	-	519,728
	93.171		91-B1-FM-CYAP-01						
		7769	National	12,101	-	-	-	-	12,101
			Total Program	12,101	-	-	-	-	12,101
	93.116		U52/CCU907874-01						
		7760	Unallotted	10,246	-	-	-	-	10,246
		7761	National	34,982	-	-	4,043	4,043	30,939
			Total Program	45,228	-	-	4,043	4,043	41,185
			Total U.S. Dept. of Health & Human Services	\$11,279,103	\$ 6,435,484	\$ 826,669	\$ 701,064	\$ 7,963,217	\$ 3,315,886

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**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal									
Direct Assistance FUNDS:									
Federal Emergency Management Agency (FEMA)									
	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	11,958,964	3,882,289	-	-	3,882,289	8,076,675
	83.505		Disaster Preparedness '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	51,700	30,558	-	-	30,558	21,142
		3817	EMF-909-K-0337 Unallotted	20,300	-	-	-	-	20,300
		3818	National Government	29,700	15,524	-	-	15,524	14,176
			Program Total	50,000	15,524	-	-	15,524	34,476
	83.516		FEMA-934-DR-FSM Typhoon Axes PA						
		3837	Pohnpei	560,569	-	75,343	-	75,343	485,226
		3837	Kosrae	36,184	-	-	-	-	36,184
			Program Total	596,753	-	75,343	-	75,343	521,410
		3842	FEMA-934-DR-FSM Typhoon Axel Admin. National Government	13,313	-	-	652	652	12,661
			Program Total	13,313	-	-	652	652	12,661
	83.516		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	7,100,000	6,188,383	-	-	6,188,383	911,617
		3831	FEMA -886-DR-FSM Typhoon Owen Admin. National	-	-	-	3,709	3,709	(3,709)
			Program Total	-	-	-	3,709	3,709	(3,709)
			Balance Forward	19,770,730	10,116,754	75,343	4,361	10,196,458	9,574,272

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**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Funds:									
FEMA Balance Forward				\$19,770,730	\$10,116,754	\$ 75,343	\$ 4,361	\$10,196,458	\$ 9,574,272
FEMA -886-DR-FSM Typhoon Owen PA									
	3824		National Government	40,771	6,502	-	26,373	32,875	7,896
	3820		Chuuk	1,659,395	1,363,341	492,614	-	1,855,955	(196,560)
	3821		Chuuk	3,000	-	189	-	189	2,811
	3821		Yap	761,314	157,700	-	-	157,700	603,614
	3830		National Government	33,472	-	-	-	-	33,472
	3819		Unallotted	89,672	-	-	-	-	89,672
			Program Total	2,587,624	1,527,543	492,803	26,373	2,046,719	540,905
FEMA-892-FSM Typhoon Russ PA									
	3823		Pohnpei	324,200	153,084	213,323	-	366,407	(42,207)
	3829		National	8,213	-	-	-	-	8,213
			Program Total	332,413	153,084	213,323	-	366,407	(33,994)
FEMA-892-DR-FSM Typhoon Russ IFG									
	3828		Pohnpei	125,375	122,653	828	-	123,481	1,894
	3827		Unallotted	43,375	-	-	-	-	43,375
			Program Total	168,750	122,653	828	-	123,481	45,269
FEMA-926-DR-FSM Typhoon Russ Admin.									
	3832		National	8,213	-	-	2,424	2,424	5,789
			Total Program	8,213	-	-	2,424	2,424	5,789
FEMA-926-DR-FSM Typhoon Yuri Admin.									
	3841		National	3,484	-	-	-	-	3,484
			Total Program	3,484	-	-	-	-	3,484
83.516			FEMA-926-DR-FSM Typhoon Yuri PA Pohnpei	-	-	181,587	-	181,587	(181,587)
			Total Program	-	-	181,587	-	181,587	(181,587)
83.516			FEMA-926-FSM Typhoon Yuri IFG Pohnpei	375,000	-	321,942	-	321,942	53,058
	3830		Program Total	375,000	-	321,942	-	321,942	53,058
			Balance Forward	23,246,214	11,920,034	1,285,826	33,158	13,239,018	10,007,196

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<u>U.S. Federal Direct Assistance Funds:</u>									
FEMA Balance Forward				\$23,246,214	\$11,920,034	\$ 1,285,826	\$ 33,158	\$13,239,018	\$10,007,196
	83.505	3839	EMF-92-K-0399 National Government	50,000	-	-	23,449	23,449	26,551
			Program Total	50,000	-	-	23,449	23,449	26,551
			U.S Direct Assistance Grant						
	83.516	N/A	Yap Typhoon Owen	761,314	-	698,359	-	698,359	62,955
			Program Total	761,314	-	698,359	-	698,359	62,955
			Total Federal Emergency Management Agency	\$24,057,528	\$11,920,034	\$ 1,984,185	\$ 56,607	\$13,960,826	\$10,096,702
U.S Federal Aviation Administration	15.875	N/A	Chuuk International Airport	\$ 721,000	\$ -	\$ 458,269	\$ -	\$ 458,269	\$ 262,731
			Total U.S. Federal Direct Assistance	\$97,634,458	\$61,409,457	\$ 7,917,007	\$ 1,313,014	\$70,639,478	\$26,994,980

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
NON U.S. SCHEDULE OF DIRECT ASSISTANCE GRANTS
YEAR ENDED SEPTEMBER 30, 1992

<u>Grantor</u>	<u>Org. No.</u>	<u>Grantor Title</u>	<u>1992 Fiscal Year Expenditures National Government</u>
<u>Other Direct Assistance Fund:</u>			
<u>Australian Government Grants</u>			
	3948	FSM Leptospirosis	\$ 20,300
	7808	Micronesia Patient Admin.	13,077
	7827	Environmental Management	<u>5,386</u>
			<u>38,763</u>
<u>Japan Foreign Assistance</u>			
	3935	Hansen's Disease	<u>3,170</u>
			<u>3,170</u>
<u>United Nations</u>			
	3953	Population Census	14,983
	3955	Population Education	23,810
	3981	Family Food Project	3,192
	7821	EPI/CDD Training	5,672
	7834	TCP/Nutrition	<u>15,790</u>
			<u>63,447</u>
<u>World Health Organization</u>			
	3905	Primary Health/Support	19,906
	3915	Family Plan Administration	26,285
	3976	FY89 Leprosy	400
	7819	FY89 Health Field Inv	3,165
	7838	Family Health	350
	7803	AIDS Prevention Control	<u>52,375</u>
			<u>102,481</u>
		Balance forward	207,861

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
NON U.S. SCHEDULE OF DIRECT ASSISTANCE GRANTS
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	Org. No.	Grantor Title	1992 Fiscal Year Expenditures National Government
<u>Other Direct Assistance</u>			
<u>Fund, Balance forward</u>			\$ 207,861
<u>South Pacific Nations</u>			
	3969	Tuna Tagging Project	11,640
	7813	Env. Manage. Sust	31,111
	3968	Chuuk Census Project	<u>16,580</u>
			<u>59,331</u>
<u>Forum Fisheries Agency</u>			
	3960	Fish Policy Consol	181
	3999	Fisheries Dev	6,495
	7824	Chuuk Port Sampling	12,171
	7831	Fresh Fish Production	<u>2,490</u>
			<u>21,337</u>
<u>University of Hawaii</u>			
	3937	Data System Dev	<u>2,218</u>
<u>University of Guam</u>			
	7805	Child Abuse and Neglect	<u>18,000</u>
<u>Forum Secretariat-South Pacific</u>			
	7832	Photovoltaic System	4,495
	7833	Regional seminar	4,228
	7835	Regulatory & Tariff	2,787
	7836	Basic Supervision	<u>2,379</u>
			<u>13,889</u>
Total Non-U.S. Grants			<u>\$ 322,636</u>
Total U.S. federal direct assistance and Non-U.S. grant expenditures			<u>\$1,635,650</u>

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
NON U.S. SCHEDULE OF DIRECT ASSISTANCE GRANTS
YEAR ENDED SEPTEMBER 30, 1992**

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

Total expenditures per financial statements	\$1,567,398
Department of the Interior Historic Preservation expenditure	<u>68,252</u>
Total expenditures per schedule	<u>\$1,635,650</u>

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
OTIA TECHNICAL ASSISTANCE:									
CFDA NO. 15.875									
	3487		MOU FSM-24 Automated Land Record System	\$ 30,000	\$ 50,840	\$ -	\$ -	\$ 50,840	\$ (20,840)
	3488		MOU FSM-2 Financial Advisor	114,000	100,251	-	-	100,251	13,749
	3505		Economic Newsletter	74,000	73,954	-	74,000	147,954	(73,954)
	3506		Single Audit	-	-	-	16,231	16,231	(16,231)
	3511		MOU FSM-35 National Health Care Plan	22,900	16,827	-	-	16,827	6,073
	3512		Single Audit 88	375,000	366,699	-	-	366,699	8,301
	3513		Financial Management System	252,655	237,495	-	-	237,495	15,160
	7507		MOU FSM-44 Anti-Drug Training	28,170	10,615	-	-	10,615	17,555
	7508		Comprehensive Needs	379,450	378,322	-	-	378,322	1,128
	7509		Procurement Management Training	13,600	12,054	-	-	12,054	1,546
	7510		Single Audit '89	350,000	348,915	-	-	348,915	1,085
	7512		Cash Management Study	45,000	35,000	-	-	35,000	10,000
	7514		Improvement of Radiology	-	-	-	14,200	14,200	(14,200)
	7515		Custom Advisor	-	-	-	39,559	39,559	(39,559)
	7516		Single Audit 90	350,000	305,517	-	22,830	328,347	21,653
	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
	7854		Tourism Educ. Video	32,000	-	-	1,665	11,247	1,060
	7855		Short-Term Health	40,000	-	-	11,852	11,852	20,148
	7856		PUC	110,000	10,124	-	20,876	31,000	9,000
	7857		FY-91 Single Audit	355,000	-	60,400	-	60,400	49,600
	7859		Road Maintenance	61,360	-	-	330,970	330,970	24,030
	7863		IMPS	5,200	-	-	7,709	7,709	53,651
	7864		PUC	430,250	-	253,639	4,569	253,639	176,611
	7866		Detector Dog Prog.	45,000	-	-	-	-	45,000
	7867		On-Island Anti-Substance Abuse	25,000	-	-	13,060	13,060	11,940
	7868		PIRRAP Conference	15,000	-	-	1,517	1,517	13,483
	7869		PIRAAP Ranger Train.	4,000	-	-	-	-	4,000
	7870		ONDCP Conference	3,000	-	-	-	-	3,000
	7871		FBI Regional Training	5,000	-	-	-	-	5,000
	7872		Kosrae School Maintenance	75,000	-	664	-	664	74,336
	7874		Reorg. Pub. Works	65,000	-	-	-	-	65,000
			Total OTIA/ Technical Assistance Grants	\$ 3,327,892	\$ 1,965,174	\$ 314,703	\$ 559,038	\$ 2,838,915	\$ 488,977

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<u>Subrecipient</u>									
<u>OTIA Special O&M</u>									
<u>CFDA No. 15.875</u>									
			Yap O&M - 1,3	\$ 1,550,000	\$ 566,731	\$ 41,289	\$ -	\$ 608,020	\$ 941,980
			Kosrae O&M - 1,2,3	1,500,000	258,066	26,123	-	284,189	1,215,811
			Pohnpei O&M 1,2,3, 4,5,6,7	2,185,000	856,418	54,261	-	910,679	1,274,321
			Chuuk O&M - 1,2,3	<u>2,070,000</u>	<u>589,331</u>	<u>3,608</u>	-	<u>592,939</u>	<u>1,477,061</u>
			Total O&M	<u>\$ 7,305,000</u>	<u>\$ 2,270,546</u>	<u>\$ 125,281</u>	<u>\$ -</u>	<u>\$ 2,395,827</u>	<u>\$ 4,909,173</u>
<u>CFSM and OTIA</u>									
<u>TTPI Capital</u>									
<u>Project Funds:</u>									
			6303 FSM Capitol Construction	\$13,320,000	\$13,320,158	\$ -	\$ (2,385)	\$13,317,773	\$ 2,227
			6304 Pohnpei Airport Terminal Design & Construction	-	2,006	-	-	2,006	(2,006)
			6305 Kolonia Water System Improvement Project	2,057,000	1,257,674	-	12,620	1,270,294	786,706
			6306 Staff House Renovation	250,000	246,767	-	-	246,767	3,233
			6308 Pohnpei Rural Sanitation	277,500	245,511	-	-	245,511	31,989
			6309 Pohnpei Circumferential Road	175,000	100,985	-	-	100,985	74,015
			6311 Kolonia Roadside Drainage	500,000	450,755	-	-	450,755	49,245
			6312 Supply Warehouse	38,087	-	-	-	-	38,087
			6314 Capital Complex & Road	-	-	-	20,500	20,500	(20,500)
			6315 CIP Administration OPS	93,149	8,756	-	16,586	25,342	67,807
			6324 Kolonia House Sewer Connection	373,800	17,000	-	-	17,000	356,800
			6325 Kolonia Sanitary Facilities	189,000	189,001	-	-	189,001	(1)
			N/A Capital Wells	<u>39,213</u>	-	-	-	-	<u>39,213</u>
			Total CFSM & OTIA/TTPI Capital Projects Funds	<u>\$17,312,749</u>	<u>\$15,838,613</u>	<u>\$ -</u>	<u>\$ 47,321</u>	<u>\$15,885,934</u>	<u>\$ 1,426,815</u>

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<u>Compact of Free Association Funding:</u>									
<u>U.S. Office of Territorial and International Affairs (OTIA)</u>									
			<u>Communications - Annual,</u>						
	2230		Section 215 (a)(2) \$	822,000 \$	- \$	822,000 \$	- \$	822,000 \$	- \$
			Total Communications-Annual	822,000	-	822,000	-	822,000	-
			<u>Communications - One-Time,</u>						
			Section 215 (b)(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 Communications One-Time	7,320,000	7,015,563	-	-	7,015,563	304,437
			<u>Marine Surveillance,</u>						
	2286		Section 216 (a)	895,778	-	-	895,335	895,335	443
			Total Marine Surveillance Section 216 (a)	895,778	-	-	895,335	895,335	443
			<u>Health and Medical</u>						
	15.875		Section 216(a)(2)						
	2501		Local Capabilities	110,960	-	-	32,583	32,583	78,377
	2502		Health Team Visit	36,000	-	-	31,816	31,816	4,184
			Total Health and Medical	146,960	-	-	64,399	64,399	82,561
			Balance forward	9,184,738	7,015,563	822,000	959,734	8,797,297	387,441

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

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
Compact of Free Association Funding:									
Compact Funds Balance forward				\$ 9,184,738	\$ 7,015,563	\$ 822,000	\$ 959,734	\$ 8,797,297	\$ 387,441
Marine Surveillance, Section 216 (b)									
	2287		Section 216 (b)	378,128	-	-	268,672	268,672	109,456
			Total Marine Surveillance Section 216(b)	378,128	-	-	268,672	268,672	109,456
Special Block Grant, Section 221 (D):									
	2001		Nutrition & Health Education	10,000	-	-	-	-	10,000
	2002		Nutrition Services	9,400	-	-	11,375	11,375	(1,975)
	2003		Immunization Program	-	-	-	28,536	28,536	(28,536)
	2004		Tuberculosis Program	12,000	-	-	260	260	11,740
	2005		Leptospirosis/O/Ch	10,000	-	-	5,598	5,598	4,402
	2012		Lep/Den/Cholera Pohnpei	20,000	-	-	1,213	1,213	18,787
	2013		C.E. for Nurses	51,000	-	-	19,074	19,074	31,926
	2014		Pharmacy Service	10,000	-	-	7,041	7,041	2,959
	2015		Home Based Record	15,000	-	-	4,852	4,852	10,148
	2017		Lep/Denguel /Cholera	90,000	-	-	31,696	31,696	58,304
	2018		Lept/Dengue /Cholera	10,000	-	-	-	-	10,000
	2019		Lept/Dengue /Cholera	20,000	-	-	-	-	20,000
	2020		Biomedical Lab.	23,740	-	-	20,929	20,929	2,811
	2051		Hansen's Disease	15,800	-	-	721	721	15,079
	2052		Family Health Project	6,000	-	-	-	-	6,000
	2053		Mental Health Services	12,000	-	-	11,897	11,897	103
	2054		Maternal & Child Health	8,000	-	-	100	100	7,900
	2055		Health Planning Agency	12,000	-	-	-	-	12,000
	2056		Preventive Health	24,000	-	-	100	100	23,900
	2057		EPA Sanitation	28,806	-	-	16,886	16,886	11,920
	2058		Develop Statistical Data	4,900	-	-	9,153	9,153	(4,253)
	2102		Standard Testing	46,000	-	-	48,353	48,353	(2,353)
	2104		Youth Activities	20,000	-	-	16,675	16,675	3,325
	2137		Vocational Educ. Improvement	100,000	-	-	14,108	14,108	85,892
	2143		VEIP/TRUK	-	-	-	31,156	31,156	(31,156)
	2900		National Womens Officer	5,000	-	-	-	-	5,000
	2901		AIDS Surveillance Immunization Program	30,300	-	-	15,257	15,257	15,043
				56,580	-	-	-	-	56,580
			Total Special Block Grant	650,526	-	-	294,980	294,980	355,546
Balance forward				10,213,392	7,015,563	822,000	1,523,386	9,360,949	852,443

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<u>Compact of Free Association Funding:</u>									
Compact Funds Balance forward			\$10,213,392	\$ 7,015,563	\$ 822,000	\$ 1,523,386	\$ 9,360,949	\$ 852,443	
			<u>Post Secondary Education Section 216(a)(3):</u>						
	15.875	2549	FSM Post						
		2549	Secondary Education College of Micronesia '92	800,000	800,000	-	-	800,000	-
		2580	Scholarship Pohnpei 88	800,000	-	-	800,000	800,000	-
		2581	Scholarship Pohnpei 90	431,228	431,228	-	-	431,228	-
		2582	Scholarship Pohnpei 91	288,003	288,003	-	-	288,003	-
		2582	Scholarship Pohnpei 92	288,003	288,003	-	-	288,003	-
		2611	Scholarship Chuuk 88	288,003	-	-	183,620	183,620	104,383
		2612	Scholarship Chuuk 89	615,852	615,812	-	-	615,812	-
		2613	Scholarship Chuuk 90	411,676	411,716	-	-	411,716	-
		2614	Scholarship Chuuk 91	411,716	411,716	-	-	411,716	-
		2613	Scholarship Chuuk 92	411,716	292,847	-	38,050	330,897	80,819
		2642	Scholarship Yap 91	411,716	-	-	335,734	335,734	75,982
		2644	Scholarship Yap 92	161,321	161,321	-	-	161,321	-
		2650	Scholarship Kosrae 88	161,320	-	-	161,320	161,320	-
		2653	Scholarship Kosrae 89	192,181	-	-	192,181	192,181	-
			Scholarship Kosrae 90	128,661	-	-	37,418	37,418	91,243
			Scholarship Kosrae 91	128,661	-	-	-	-	128,661
		2653	Scholarship Kosrae 92	128,661	-	-	-	-	128,661
		2675	Grad Student Scholarship	128,661	-	-	-	-	128,661
		2679	Scholarship Pohnpei 87	100,000	36,300	-	52,800	89,100	10,900
		2681	Scholarship Pohnpei 89	349,783	349,783	-	-	349,783	-
				<u>288,003</u>	<u>288,003</u>	<u>-</u>	<u>-</u>	<u>288,003</u>	<u>-</u>
			Total Compact Post Secondary Education	<u>6,925,165</u>	<u>4,374,732</u>	<u>-</u>	<u>1,801,123</u>	<u>6,175,855</u>	<u>749,310</u>
			Balance forward	17,138,557	11,390,295	822,000	3,324,509	15,536,804	1,601,753

See accompanying notes to the Schedule of Federal Financial Assistance.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
STATEMENT OF EXPENDITURES AND QUESTIONED COSTS
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<u>Compact of Free Association Funding:</u>									
Compact Funds				\$17,138,557	\$11,390,295	\$ 822,000	\$ 3,324,509	\$15,536,804	\$ 1,601,753
Balance forward									
			<u>Energy</u>						
			<u>Section 214(b):</u>						
	2760		FY-92 Energy	400,000	-	-	341,286	341,286	58,714
	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	80,750	-	-	80,750	(15,750)
	2802		Malem Hydro Plant	50,000	612	-	-	612	49,388
			Total Compact Energy	675,000	104,659	-	341,286	445,945	229,055
			<u>Compact Capital</u>						
			<u>Account - Capital</u>						
			<u>Project Funds:</u>						
	6000		MTN Program	1,515,208	-	-	1,515,208	1,515,208	-
	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		Consumer Price Index	10,000	108	-	-	108	9,892
	6010		Supreme Court Building	100,000	76,410	-	6,500	82,910	17,090
	6008		Investment Development	61,000	53,321	-	982	54,303	6,697
	6014		Tuna Transshipment Fees	12,000	11,495	-	-	11,495	505
	6015		Commercial Fish Posters	14,000	11,066	-	-	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	48,224	-	-	48,224	1,776
	6022		Yap Outer Island High School	100,000	95,672	-	2,079	97,751	2,249
	6024		Livestock Dev. Broiler	140,000	137,769	-	-	137,769	2,231
	6025		Technical Assistance	350,000	331,167	-	8,785	339,952	10,048
	6026		Chuuk Broiler Project	140,000	7,102	-	89,162	96,264	43,736
	6027		Chuuk Survey	15,000	14,520	-	-	14,520	480
	6028		FSM Manpower Survey	50,000	41,385	-	1,700	43,085	6,915
			Subtotal Capital Projects Fund	3,161,748	1,156,125	-	1,624,416	2,780,541	381,207
			Balance forward	17,813,557	11,494,954	822,000	3,665,795	15,982,749	1,830,808

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<u>Compact of Free Association Funding:</u>									
Compact Funds				\$17,813,557	\$11,494,954	\$ 822,000	\$ 3,665,795	\$15,982,749	\$ 1,830,808
Balance Forward									
<u>Capital Projects Funds Subtotal</u>									
Balance Forward				3,161,748	1,156,125	-	1,624,416	2,780,541	381,207
	6029		Ulul Airstrip	40,000	33,409	-	-	33,409	6,591
	6032		Fish Aggregation Device	20,000	16,915	-	-	16,915	3,085
	6033		Chuuk Court House Construction	202,000	202,000	-	-	202,000	-
	6034		Kitti Road Development	-	8,333	-	-	8,333	(8,333)
	6047		CCM Repair & Renov.	-	-	-	270	270	(270)
	6048		Res. Assessment in Outer Bank	75,000	49,400	-	-	49,400	25,600
	6049		Yap PD Office Renov.	-	-	-	18,944	18,944	(18,944)
	6050		National Social & Economic Survey	18,000	11,715	-	-	11,715	6,285
	6051		National Staff Upgrade	75,000	34,145	-	35,093	69,238	5,762
	6052		FSM Aquaculture Center	150,000	118,780	-	5,236	124,016	25,984
	6053		Development Loan Fund	2,200,000	2,200,000	-	-	2,200,000	-
	6054		A&E CCM Campus	1,100,000	365,958	-	148,482	514,440	585,560
	6055		Maritime Boundary	5,000	14,721	-	-	14,721	(9,721)
	6056		Copra Warehouse	-	-	-	-	-	-
			Pohnpei	71,500	71,196	-	-	71,196	304
	6058		Pohnpei PD Office Construction	38,000	34,204	-	-	34,204	3,796
	6060		Business & Tourism Promotion	35,000	20,969	-	13,709	34,678	322
	N/A		Lehmesl 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
	6228		Ext. Tafwevat Section Road	-	-	-	6,412	6,412	(6,412)
	6285		Micro Spirit Des. Equip.	45,000	-	-	45,000	45,000	-
	6901		Iohl Road	-	-	-	10,698	10,698	(10,698)
	6902		Nat'l Staff Upgrading	100,000	-	-	58,102	58,102	41,898
	6916		Water Treatment Assessment	-	-	-	345,493	345,493	(345,493)
	6917		Bus. Dev. Loan Fund	2,500,000	-	-	2,500,000	2,500,000	-
	6956		Relocation of Schoolroom	30,000	-	-	25,000	25,000	5,000
	6918		Iohl Road	-	41,900	-	-	41,900	(41,900)
			Total Compact Capital Projects Fund	10,226,248	4,451,412	-	4,836,855	9,288,267	937,981
			Balance forward	28,039,805	15,946,366	822,000	8,502,650	25,271,016	2,768,789

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
BY GRANTOR
YEAR ENDED SEPTEMBER 30, 1992

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1992 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<u>Compact of Free Association Funding:</u>									
Compact Funds Balance Forward				\$28,039,805	\$15,946,366	\$ 822,000	\$ 8,502,650	\$25,271,016	\$ 2,768,789
	15.875		Compact Current Account General Fund: Title II, Article I, Section 211(a) Current account Total Title II, Article I, Section 211(a)	<u>6,156,842</u>	<u>-</u>	<u>-</u>	<u>6,156,842</u>	<u>6,156,842</u>	<u>-</u>
			Compact Special Development Fund (Section III): National	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
	15.875	2153	Total Special Development Fund	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
			Total Compact Funding	<u>\$35,196,647</u>	<u>\$15,946,366</u>	<u>\$ 822,000</u>	<u>\$14,659,492</u>	<u>\$31,427,858</u>	<u>\$ 3,768,789</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 \$2,500,000 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.

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA NATIONAL GOVERNMENT AND SUBRECIPIENTS

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NATIONAL GOVERNMENT AND SUBRECIPIENTS

COMPACT FUNDING SUMMARY CFDA #15.875

SUMMARY OF EXPENDITURES, AND BUDGETARY

POSITION BY COMPACT SECTION

YEAR ENDED SEPTEMBER 30, 1992

<u>Grant Title</u>	<u>Government</u>	<u>Base Grant</u>	<u>Section 217 Inflation Adjustment</u>	<u>Total Cumulative Apportionment</u>	<u>Prior Year Expenditures and Transfers</u>	<u>Fiscal Year Expenditures & Transfers Subrecipients</u>	<u>National Government</u>	<u>Total Program Expenditures and Transfers</u>	<u>Excess (Deficit) Apportionment Over Program Expenditures</u>
Section 211(a) Current Account									
National Govt.		\$ 27,905,480	\$ 7,934,218	\$ 35,839,698	\$ 29,682,856	\$ -	\$ 6,156,842	\$ 35,839,698	\$ -
Chuuk		77,360,400	22,388,232	99,748,632	84,236,880	15,511,752	-	99,748,632	-
Pohnpei		49,596,300	14,353,307	63,949,607	54,004,913	9,944,694	-	63,949,607	-
Yap		33,724,080	9,684,863	43,408,943	36,646,833	6,762,110	-	43,408,943	-
Kosrae		19,213,740	5,560,490	24,774,230	20,921,628	3,852,602	-	24,774,230	-
Sub Total		<u>207,800,000</u>	<u>59,921,110</u>	<u>267,721,110</u>	<u>225,493,110</u>	<u>36,071,158</u>	<u>6,156,842</u>	<u>267,721,110</u>	<u>-</u>
Section 211(a) Capital Account									
National Government		15,969,520	4,763,282	20,732,802	13,356,401	-	4,836,855	18,193,256	2,539,546
Chuuk		53,913,600	15,602,688	69,516,288	33,434,360	10,251,670	-	43,686,030	25,830,258
Pohnpei		35,731,800	10,340,844	46,072,644	37,329,248	11,856,162	-	49,185,410	(3,112,766)
Yap		20,751,120	5,959,297	26,710,417	15,699,958	3,823,302	-	19,523,260	(7,187,157)
Kosrae		16,833,960	4,871,777	21,705,737	12,958,082	7,214,591	-	20,172,673	1,533,064
Sub Total		<u>143,200,000</u>	<u>41,537,888</u>	<u>184,737,888</u>	<u>112,778,049</u>	<u>33,145,725</u>	<u>4,836,855</u>	<u>150,760,629</u>	<u>33,977,259</u>
Sub Total Major Block Grant		<u>\$351,000,000</u>	<u>\$101,458,998</u>	<u>\$452,458,998</u>	<u>\$338,271,159</u>	<u>\$69,216,883</u>	<u>\$10,993,697</u>	<u>\$417,429,004</u>	<u>\$33,977,259</u>
Section 213 (b) Yap Coast Guard Station	Yap	160,000	-	160,000	160,000	-	-	160,000	-
Section 214 Energy Grant									
National Government		1,000,500	306,153	1,306,653	479,170	-	341,286	820,456	486,197
Chuuk		4,749,000	1,453,194	6,202,194	5,049,165	1,248,882	-	6,298,047	(95,853)
Pohnpei		3,750,000	1,147,500	4,897,500	3,665,804	1,047,904	-	4,713,708	183,792
Yap		3,250,500	994,653	4,245,153	3,266,325	1,045,300	-	4,311,625	(66,472)
Kosrae		2,250,000	688,500	2,938,500	2,327,694	504,303	-	2,831,997	106,503
Total Section 214		<u>15,000,000</u>	<u>4,950,000</u>	<u>19,950,000</u>	<u>14,788,158</u>	<u>3,846,389</u>	<u>341,286</u>	<u>18,975,833</u>	<u>614,167</u>
Section 215 (a)(2) Communications Annual	National Government	3,600,000	1,050,000	4,650,000	3,768,000	-	822,000	4,590,000	60,000
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	3,114,000	-	3,114,000	1,845,418	-	895,336	2,740,754	373,246

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
NATIONAL GOVERNMENT AND SUBRECIPIENTS
COMPACT FUNDING SUMMARY CFDA #15.875
SUMMARY OF EXPENDITURES, AND BUDGETARY
POSITION BY COMPACT SECTION
YEAR ENDED SEPTEMBER 30, 1992

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year Expenditures & Transfers Subrecipients	Transfers National Government	Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
Section 216 (b) Marine Surveillance One Time	National Government	666,600	-	666,600	-	-	268,671	268,671	397,929
Section 216 (a)(2) Health and Medical Referral	National Government	755,880	-	755,880	291,207	-	64,399	355,606	400,274
	Chuuk	2,766,522	-	2,766,522	2,274,469	437,882	-	2,712,351	54,171
	Pohnpei	2,146,698	-	2,146,698	2,074,481	343,367	-	2,417,848	(271,150)
	Yap	1,216,968	-	1,216,968	792,753	262,590	-	1,055,343	161,625
	Kosrae	672,732	-	672,732	844,146	79,881	-	924,027	(251,295)
	Sub total	7,558,800	-	7,558,800	6,277,056	1,123,720	64,399	7,465,175	93,625
Section 216 (2)(3) Scholarship	National Government	11,338,200	-	11,338,200	8,587,769	-	1,801,123	10,388,892	949,308
Section 221(b) Special Block Grant	National Government	1,890,000	-	1,890,000	650,508	-	294,980	945,488	944,512
	Chuuk	16,380,000	-	16,380,000	12,195,063	3,997,686	-	16,192,749	187,251
	Pohnpei	11,340,000	-	11,340,000	8,039,812	1,646,852	-	9,686,664	1,653,336
	Yap	7,140,000	-	7,140,000	5,386,922	1,281,414	-	6,668,336	471,664
	Kosrae	5,250,000	-	5,250,000	4,451,552	905,510	-	5,357,062	(107,062)
	Sub Total	42,000,000	-	42,000,000	30,723,857	7,831,462	294,980	38,850,299	3,149,701
Section 111 (b)(1) Special Development Fund	National Government	20,000,000	-	20,000,000	20,828,989	-	-	20,828,989	(828,989)
Section 212 Special Development	National Government	-	-	-	-	-	-	-	-
	Chuuk	500,000	382,500	882,500	405,987	333,305	-	739,292	143,208
	Pohnpei	500,000	382,500	882,500	410,895	309,836	-	720,731	161,769
	Yap	500,000	382,500	882,500	360,952	259,932	-	620,884	261,616
	Kosrae	500,000	382,500	882,500	406,984	327,617	-	734,601	147,899
	Sub Total	2,000,000	1,530,000	3,530,000	1,584,818	1,230,690	-	2,815,508	714,492
Total Funding for initial six years of Compact Agreement		\$462,437,600	\$109,948,998	\$572,386,598	\$433,850,787	\$82,196,409	\$15,481,492	\$531,528,688	\$40,857,910

See accompanying notes to the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Notes to Schedule of Federal Financial Assistance
Year Ended September 30, 1992

1. Scope of Review

The Federated States of Micronesia (FSM) is a governmental entity governed by its own Constitution. All significant operations of the FSM are included in the scope of the OMB Circular A-128 audit (the "Single Audit"). The U.S. Department of Interior has been designated as the FSM's cognizant agency for Single Audit.

a. Programs Subject to Single Audit

- . U.S. Department of Agriculture
- . U.S. Department of Commerce
- . U.S. Department of Education
- . U.S. Department of Energy
- . U.S. Department of Health and Human Services
- . U.S. Department of Housing and Urban Development
- . U.S. Department of the Interior
- . U.S. Department of Justice
- . U.S. Department of Labor
- . U.S. Department of Transportation
- . U.S. Environmental Protection Agency
- . U.S. Federal Aviation Administration
- . U.S. Federal Emergency Management Agency

b. Fiscal Period Audited

Single audit testing procedures were performed for program transactions during the fiscal year ended September 30, 1992.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

For purpose of this report, certain accounting procedures were followed which help illustrate the authorizations and expenditures of the individual programs. All program or award amounts represent the total allotment or grant award received. All expenses and capital outlays are reported as expenditures.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Notes to Schedule of Federal Financial Assistance, Continued
Year Ended September 30, 1992

2. Summary of Significant Accounting Policies, Continued

b. Reporting Entity

The FSM National Government, for purposes of the general purpose financial statements, includes all of the funds of the primary government as defined by Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity". The Schedule of Federal Financial Assistance does not include the following units which receive federal financial assistance, but separately satisfy the audit requirements of OMB Circular A-128 or A-133:

FSM Development Bank
College of Micronesia
FSM Telecommunications Authority

c. Subgrantees

Certain program funds are passed through the FSM National Government to subgrantees. The Schedule of Federal Financial Assistance contains disclosure as to how the component States of the FSM utilize such funds. That Schedule does not purport to contain separate schedules disclosing how any other subgrantees, outside of the FSM's control, utilized the funds.

3. Findings of Noncompliance

The findings of noncompliance identified in connection with the 1992 Single Audit are discussed in the Schedule of Questioned Costs, Identified Noncompliance and Internal Control Weaknesses. In determining compliance with requirements of awards receive by the FSM, A representative sample was selected from 1992 expenditures for testing from each major program as shown in the Schedule of Federal Financial Assistance.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Programs
Selected for audit in accordance with
OMB Circular A-128
Year Ended September 30, 1992

Grantor	Description	CFDA No.	Amount of 1992 Expenditures
U.S. Dept. of the Interior:		15.875	
	Compact of Free Association:		
	Program account related:		
	221(a) Capital Account		\$ 4,836,855
	221-B Block Grant		294,980
	Marine Surveillance annual		895,336
	Communications annual		822,000
	Post Secondary Education		1,801,123
	Energy Programs		341,286
	Health & Medical		64,399
	Marine Surveillance one-time		<u>268,671</u>
	 Total CFDA # 15.875 excluding Compact Section 211(a) Current Account		 9,324,650
	 Total program expenditures selected excluding Compact Section 211(a) Current Account		 <u>\$ 9,324,650</u>
	 Total U.S. Federal Program expenditures excluding Compact Section 211(a) Current Account		 <u>\$11,244,023</u>
	 % of Total U.S. Federal expenditures covered by major programs excluding Compact Section 211(a) Current Account		 <u>83%</u>

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Summary of U.S. Federal Program Expenditures
Year Ended September 30, 1992

<u>Grantor</u>	<u>Amount</u>	<u>Page No.</u>
U.S. Department of Education	\$ 22,103	96
U.S. Department of Housing and Urban Development	(418)	96
U.S. Department of Labor	243,735	99
U.S. Department of Agriculture	15,454	102
U.S. Department of Justice	1,661	103
U.S. Department of Commerce	26,177	104
U.S. Environmental Protection Agency	178,379	108
U.S. Department of Energy	-	109
U.S. Department of Health and Human Services	701,064	123
U.S. Federal Emergency Management Agency	56,607	126
U.S. Department of the Interior:		
Historical Preservation Grants	68,252	106
OTIA Technical Assistance	559,038	130
Capital Projects Funds	47,321	131
Compact of Free Association Funding excluding Section 211(a) Current Account (\$827,000 plus \$8,502,650)	<u>9,324,650</u>	137
Total U.S. Federal Assistance excluding Section 211(a) Current Account	11,244,023	
Section 211(a) Current Account	<u>6,156,842</u>	137
	<u>\$ 17,400,865</u>	

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Chuuk State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>																								
U.S. Dept. of Labor/Job Training Partnership Act/CFDA #17.250	<p><u>Criteria:</u> Per OMB Circular A-87, Attachment A, Section A, paragraph 2(b), the grantee assumes the responsibility for ensuring that federally assisted program funds have been expended and accounted for consistently with underlying agreements and program objectives.</p> <p><u>Condition:</u> We noted no supporting documentation for the following transactions.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black; width: 15%;"><u>ORG. NO.</u></th> <th style="text-align: left; border-bottom: 1px solid black; width: 15%;"><u>APV NO.</u></th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3262</td> <td style="text-align: center;">020022</td> <td style="text-align: right;">\$ 4,050</td> </tr> <tr> <td style="text-align: center;">3262</td> <td style="text-align: center;">923476</td> <td style="text-align: right;">2,850</td> </tr> <tr> <td style="text-align: center;">3262</td> <td style="text-align: center;">020344</td> <td style="text-align: right;">3,280</td> </tr> <tr> <td style="text-align: center;">3262</td> <td style="text-align: center;">020448</td> <td style="text-align: right;">3,955</td> </tr> <tr> <td style="text-align: center;">3280</td> <td style="text-align: center;">021229</td> <td style="text-align: right;">1,912</td> </tr> <tr> <td style="text-align: center;">3456</td> <td style="text-align: center;">021991</td> <td style="text-align: right;">2,585</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right; border-top: 1px solid black;"><u>18,632</u></td> </tr> </tbody> </table>	<u>ORG. NO.</u>	<u>APV NO.</u>		3262	020022	\$ 4,050	3262	923476	2,850	3262	020344	3,280	3262	020448	3,955	3280	021229	1,912	3456	021991	2,585			<u>18,632</u>	
<u>ORG. NO.</u>	<u>APV NO.</u>																									
3262	020022	\$ 4,050																								
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3262	020448	3,955																								
3280	021229	1,912																								
3456	021991	2,585																								
		<u>18,632</u>																								

(The above was drawn from a sample of 33 non-payroll items aggregating \$209,465 out of total non-payroll expenditures aggregating \$639,114.)

Cause: The cause of the above condition is a lack of control over follow-up procedures dealing with cash advances to JTPA participants for expected expenses.

Effect: The effect of the above condition is a questioned cost.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Chuuk State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>
U.S. Dept. of Labor/Job Training Partnership Act/CFDA #17.250	<p><u>Recommendation:</u> We recommend that Chuuk State should attempt to collect such from the participant.</p> <p><u>Auditee Response:</u> The Department of Finance is attempting to locate the documentation from JTPA and will provide such, if available for the September 30, 1993 audit.</p> <p><u>Corrective Action Plan:</u> (See above)</p>	

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Chuuk State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>						
U.S. Dept. of Labor/Job Training Partnership Act/CFDA # 17.250	<p><u>Criteria:</u> Per JTPA Training Plan, training will be provided for the development of the private communities and public sectors in the areas of fisheries, tourism, agriculture, construction, small industries and other related areas for the purpose of improving employment opportunities.</p> <p><u>Condition:</u> No documentation exists to evidence that a workshop for a State Judge in South America aligned with the training objectives of the JTPA program for the following expenditures:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>ORG. NO.</u></th> <th style="text-align: center;"><u>APV NO.</u></th> <th style="text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3456</td> <td style="text-align: center;">021991</td> <td style="text-align: center;"><u>\$2,585</u></td> </tr> </tbody> </table> <p>This expenditure has already been questioned on page 144, so it is not questioned again here.</p> <p><u>Cause:</u> The cause of the above condition is unknown.</p> <p><u>Effect:</u> The effect of the above condition is a possible liability to the grantor agency.</p> <p><u>Recommendation:</u> We recommend that JTPA office adhere to the Grant Agreement Title C, Section 3 (r).</p> <p><u>Auditee Response:</u> We agree with the above finding.</p> <p><u>Corrective Action Plan:</u> Approval of grantor agencies will be obtained in the future.</p>	<u>ORG. NO.</u>	<u>APV NO.</u>	<u>Amount</u>	3456	021991	<u>\$2,585</u>	
<u>ORG. NO.</u>	<u>APV NO.</u>	<u>Amount</u>						
3456	021991	<u>\$2,585</u>						

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Chuuk State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>															
U.S. Dept. of Labor/Job Training Partnership Act/CFDA # 17.250	<p><u>Criteria:</u> Per OMB Circular A-87, Attachment A, Section A, paragraph 2(b), the grantee assumes the responsibility for ensuring that federally assisted program funds have been expended and accounted for consistently with underlying agreements and program objectives.</p> <p><u>Condition:</u> We noted no supporting source documents for the following contractual services payments:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>ORG. NO.</u></th> <th style="text-align: center;"><u>APV NO.</u></th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3262</td> <td style="text-align: center;">920207</td> <td style="text-align: right;">\$ 12,125</td> </tr> <tr> <td style="text-align: center;">3262</td> <td style="text-align: center;">925947</td> <td style="text-align: right;">3,450</td> </tr> <tr> <td style="text-align: center;">3262</td> <td style="text-align: center;">920458</td> <td style="text-align: right;"><u>5,160</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>20,735</u></td> </tr> </tbody> </table>	<u>ORG. NO.</u>	<u>APV NO.</u>		3262	920207	\$ 12,125	3262	925947	3,450	3262	920458	<u>5,160</u>			<u>20,735</u>	
<u>ORG. NO.</u>	<u>APV NO.</u>																
3262	920207	\$ 12,125															
3262	925947	3,450															
3262	920458	<u>5,160</u>															
		<u>20,735</u>															

(Refer sample size and universe on page 144.)

Cause: The cause of the above condition is a lack of control over source documentation and a lack of administrative control over expenditures charged to federal grants.

Effect: The effect of the above condition is a possible liability to the grantor agency.

Recommendation: We recommend policies and procedures surrounding source documentation be upgraded to ensure documentation for expenditures is retained and properly filed.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Chuuk State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>
U.S. Dept. of Labor/Job Training Partnership Act/CFDA # 17.250	<u>Auditee Response:</u> The Department of Finance is attempting to locate the documentation from JTPA and will provide such, if available for the September 30, 1993 audit. <u>Corrective Action Plan:</u> (See above)	

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>		
U.S. Dept. of Labor/Job Training Partnership Act/CFDA #17.250	<p><u>Criteria:</u> Per OMB Circular A-87, Attachment A, Section A, paragraph 2(b), the grantee assumes the responsibility for ensuring that federally assisted program funds have been expended and accounted for consistently with underlying agreements and program objectives.</p> <p><u>Condition:</u> We noted the supporting documentation for the following transaction was incomplete.</p> <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="text-align: center; padding: 0 20px;"><u>ORG. NO.</u> 3211</td> <td style="text-align: center; padding: 0 20px;"><u>CK. NO.</u> 63425</td> </tr> </table> <p>(The above was drawn from a sample of 21 non-payroll items aggregating \$56,054 out of total non-payroll expenditures aggregating \$128,477.)</p> <p><u>Cause:</u> Unknown.</p> <p><u>Effect:</u> The effect of the above condition is a questioned cost.</p> <p><u>Recommendation:</u> We recommend that the complete supporting documentation be obtained to properly support the above transaction. We also recommend that in the future, reimbursement requests are not allowed until complete documentation is obtained.</p> <p><u>Auditee Response:</u> See corrective action plan.</p> <p><u>Corrective Action Plan:</u> We will again follow up with JTPA to ensure that all necessary supporting documents are obtained prior to disbursements of funds.</p>	<u>ORG. NO.</u> 3211	<u>CK. NO.</u> 63425	\$ <u>2,980</u>
<u>ORG. NO.</u> 3211	<u>CK. NO.</u> 63425			

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>
<p>U.S. Dept. of Labor/Job Training Partnership Act/CFDA #17.250</p>	<p><u>Criteria:</u> Per OMB Circular A-87, Attachment A, Section A, paragraph 2(b), the grantee assumes the responsibility for ensuring that federally assisted program funds have been expended and accounted for consistently with underlying agreements and program objectives.</p> <p><u>Condition:</u> We noted that some of the timesheets provided for reimbursement were duplicated in the supporting documentation and paid twice.</p> <p style="text-align: center;"><u>ORG. NO.</u> 3211</p> <p style="text-align: center;"><u>CK. NO.</u> 64032</p> <p>(Refer sample size and universe on page 149.)</p> <p><u>Cause:</u> Unknown.</p> <p><u>Effect:</u> The effect of the above condition is a questioned cost.</p> <p><u>Recommendation:</u> We recommend that the above amount be collected from the participant or reduced from future reimbursement requests. We also recommend that reimbursement request documentation be carefully reviewed to avoid situations such as this in the future.</p> <p><u>Auditee Response:</u> We agree with the above finding.</p> <p><u>Corrective Action Plan:</u> We have informed the appropriate staff to closely review the documents so that similar errors do not occur in the future.</p>	<p><u>\$ 1,048</u></p>

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>
U.S. Dept. of Labor/Job Training Partnership Act/CFDA #17.250	<p><u>Criteria:</u> Per OMB Circular A-87, Attachment A, Section A, paragraph 2(b), the grantee assumes the responsibility for ensuring that federally assisted program funds have been expended and accounted for consistently with underlying agreements and program objectives.</p> <p><u>Condition:</u> The following represents an unauthorized transaction as we were not able to locate an additional contract which was represented to authorize the purchase of equipment used under contract number C20112.</p> <p style="text-align: center;"><u>ORG. NO.</u> 3294 <u>CK. NO.</u> 58964</p> <p>(Refer sample size and universe on page 149.)</p> <p><u>Cause:</u> Unknown.</p> <p><u>Effect:</u> The effect of the above condition is a questioned cost.</p> <p><u>Recommendation:</u> We recommend that the missing contract discussed above either be located or some other proof of authorization be obtained to properly support the transaction.</p> <p><u>Auditee Response:</u> We agree with the above finding.</p> <p><u>Corrective Action Plan:</u> We will carefully monitor each contract payment so that only what is authorized in the contract will be paid. The JTPA Coordinator will also be informed.</p>	\$ <u>2,330</u>

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>		
U.S. Dept. of Labor/Job Training Partnership Act/CFDA #17.250	<p><u>Criteria:</u> Per OMB Circular A-87, Attachment A, Section A, paragraph 2(b), the grantee assumes the responsibility for ensuring that federally assisted program funds have been expended and accounted for consistently with underlying agreements and program objectives.</p> <p><u>Condition:</u> We noted the authorized contract amount (Contract number C10250) had been exceeded related to the following transaction.</p> <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="text-align: center; padding: 0 10px;"><u>ORG. NO.</u> 3294</td> <td style="text-align: center; padding: 0 10px;"><u>CK. NO.</u> 56916</td> </tr> </table> <p>(Refer sample size and universe on page 149.)</p> <p><u>Cause:</u> Unknown.</p> <p><u>Effect:</u> The effect of the above condition is a questioned cost.</p> <p><u>Recommendation:</u> We recommend that the above amount be collected from the participant or authorization for the excess expenditure be obtained.</p> <p><u>Auditee Response:</u> We agree with the above finding.</p> <p><u>Corrective Action Plan:</u> We have informed the appropriate staff to closely review the documents so that similar errors do not occur in the future.</p>	<u>ORG. NO.</u> 3294	<u>CK. NO.</u> 56916	<p style="margin-top: 20px;"><u>\$ 324</u></p>
<u>ORG. NO.</u> 3294	<u>CK. NO.</u> 56916			

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Labor

Subrecipient - Yap State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>
U.S. Dept. of Labor/CFDA #17.250	<p><u>Criteria:</u> Expenditures should not be made against lapsed authorizations.</p> <p><u>Condition:</u> An expenditure was incurred in the amount of \$216 against the above mentioned program after the authorization lapsed.</p> <p><u>Cause:</u> Unknown.</p> <p><u>Effect:</u> A questioned cost of \$216 has been incurred.</p> <p><u>Recommendation:</u> Expenditures should not be made against authorizations which have lapsed.</p> <p><u>Auditee Response:</u> The amount is being reviewed and we anticipate resolution of this issue in the 1993 report.</p> <p><u>Corrective Action Plan:</u> (See Auditee response.)</p>	\$ 216
Total U.S. Department of Labor Questioned Costs		\$ 46,265

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Commerce

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>						
U.S. Dept. of Commerce/Road Paving Project/CFDA #11.300	<p><u>Criteria:</u> Bidding procedure documentation should be maintained in order to show that Financial Management and Public Contracts regulations have been complied with.</p> <p><u>Condition:</u> We were not able to locate documentation to support the bids received and decision to award for the following contract. The entire contract for \$39,000 falls under the bidding guidelines, however only the portion of the contract charged to federal programs has been questioned here.</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>ORG. NO.</u></td> <td style="text-align: center;"><u>Contract #</u></td> <td></td> </tr> <tr> <td style="text-align: center;">3810</td> <td style="text-align: center;">C20002</td> <td style="text-align: right; vertical-align: bottom;">\$ <u>13,000</u></td> </tr> </table> <p>(The above was drawn from the total population of 8 items aggregating \$966,278 which were all selected for testing.)</p> <p><u>Cause:</u> Unknown.</p> <p><u>Effect:</u> The effect of the above condition is a questioned cost.</p> <p><u>Recommendation:</u> We recommend that the supporting documentation be located for the above contract in order to clear the questioned cost and that each project with bidding be fully documented in separate files in order to keep better track of these documents in the future.</p>	<u>ORG. NO.</u>	<u>Contract #</u>		3810	C20002	\$ <u>13,000</u>	
<u>ORG. NO.</u>	<u>Contract #</u>							
3810	C20002	\$ <u>13,000</u>						

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of Commerce

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>
U.S. Dept. of Commerce/Road Paving Project/CFDA #11.300	<p><u>Auditee Response:</u> We disagree with the above finding because all major contracts go through several steps prior to becoming final. The Contract Review Board had reviewed and approved the contract, which should mean that it followed all the bidding or non-bidding requirements as stated in the Financial Management Act.</p> <p><u>Corrective Action Plan:</u> We will require that a list of at least 3 bidders shall be submitted along with the contracts.</p> <p><u>Auditors' Response:</u> Although the entity disagrees, the State was not able to provide evidence to support its assertion with respect to the above matter.</p>	\$ <u>13,000</u>
Total U.S. Department of Commerce Questioned Costs		\$ <u>13,000</u>

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Federal Emergency Management Agency

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>												
Federal Emergency Management Agency (FEMA)/ Disaster Assistance/ CFDA #83.516	<p><u>Criteria:</u> Per OMB Circular A-87, Attachment A, Section A, paragraph 2(b), the grantee assumes the responsibility for ensuring that federally assisted program funds have been expended and accounted for consistently with underlying agreements and program objectives.</p> <p><u>Condition:</u> We noted no supporting Damage Survey Report (DSR) for the following transactions.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>ORG. NO.</u></th> <th style="text-align: center;"><u>CK. NO.</u></th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3757</td> <td style="text-align: center;">2066</td> <td style="text-align: right;">\$ 34,405</td> </tr> <tr> <td style="text-align: center;">3757</td> <td style="text-align: center;">56863</td> <td style="text-align: right;"><u>3,482</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>37,887</u></td> </tr> </tbody> </table>	<u>ORG. NO.</u>	<u>CK. NO.</u>		3757	2066	\$ 34,405	3757	56863	<u>3,482</u>			<u>37,887</u>	
<u>ORG. NO.</u>	<u>CK. NO.</u>													
3757	2066	\$ 34,405												
3757	56863	<u>3,482</u>												
		<u>37,887</u>												

(The above was drawn from a sample of 30 items aggregating \$180,235 out of total expenditures aggregating \$793,023.)

Cause: Unknown.

Effect: The effect of the above condition is a questioned cost.

Recommendation: We recommend that DSR's which cover the above transactions are located or charge off these expenditures against the General Fund.

Auditee Response: We agree with the above finding.

Corrective Action Plan: We will pass these along to the State and the FSM National FEMA Coordinators.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Federal Emergency Management Agency

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>
FEMA/Disaster Assistance/ CFDA #83.516	<p><u>Criteria:</u> Per OMB Circular A-87, Attachment A, Section A, paragraph 2(b), the grantee assumes the responsibility for ensuring that federally assisted program funds have been expended and accounted for consistently with underlying agreements and program objectives.</p> <p><u>Condition:</u> We were not able to locate the represented authorization from FEMA to reimburse the Governor's Office for the expenditures classified under this org. Consequently all the expenditures under this org. have been questioned.</p> <p style="text-align: center;"><u>ORG. NO.</u> 3755</p> <p style="text-align: center;"><u>CK. NO.</u> Various</p> <p>(Refer sample size and universe on page 156.)</p> <p><u>Cause:</u> The above condition appears to have been caused by either misclassification of General Fund and FEMA expenditures or by misplacement of a represented authorization from FEMA to cover the above expenditures.</p> <p><u>Effect:</u> The effect of the above condition is a questioned cost.</p> <p><u>Recommendation:</u> We recommend that the represented authorization from FEMA be obtained in order to clear the above questioned expenditures.</p> <p><u>Auditee Response:</u> We agree with the above finding.</p> <p><u>Corrective Action Plan:</u> We will pass these along to the State and the FSM National FEMA Coordinators.</p>	\$ <u>57,074</u>

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Federal Emergency Management Agency

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>															
FEMA/Disaster Assistance/ CFDA #83.516	<p><u>Criteria:</u> Per OMB Circular A-87, Attachment A, Section A, paragraph 2(b), the grantee assumes the responsibility for ensuring that federally assisted program funds have been expended and accounted for consistently with underlying agreements and program objectives.</p> <p><u>Condition:</u> We noted that the following transactions did not appear to be covered by the Damage Survey Report (DSR) provided as supporting documentation.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;"><u>ORG. NO.</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>CK. NO.</u></th> <th style="text-align: right; width: 10%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3770</td> <td style="text-align: center;">61549</td> <td style="text-align: right;">\$ 241</td> </tr> <tr> <td style="text-align: center;">3783</td> <td style="text-align: center;">64079</td> <td style="text-align: right;">567</td> </tr> <tr> <td style="text-align: center;">3793</td> <td style="text-align: center;">64769</td> <td style="text-align: right; border-top: 1px solid black;">216</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">1,024</td> </tr> </tbody> </table> <p>(Refer sample size and universe on page 156.)</p> <p><u>Cause:</u> Unknown.</p> <p><u>Effect:</u> The effect of the above condition is a questioned cost.</p> <p><u>Recommendation:</u> We recommend that a DSR authorizing the above transactions be located or the expenditures should be charged off to the General Fund.</p> <p><u>Auditee Response:</u> We agree with the above finding.</p> <p><u>Corrective Action Plan:</u> We will pass these along to the State and the FSM National FEMA Coordinators.</p>	<u>ORG. NO.</u>	<u>CK. NO.</u>		3770	61549	\$ 241	3783	64079	567	3793	64769	216			1,024	
<u>ORG. NO.</u>	<u>CK. NO.</u>																
3770	61549	\$ 241															
3783	64079	567															
3793	64769	216															
		1,024															
Total FEMA Questioned Costs		<u><u>\$ 95,985</u></u>															

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, continued
For the year ended September 30, 1992

U.S. Department of the Interior

Subrecipient - Pohnpei State

<u>Program</u>	<u>Reason for Questioned Cost</u>	<u>Questioned Cost</u>				
U.S. Dept. of the Interior (OTIA)/ Compact of Free Assoc. Section 216(A)(2) - Health and Medical Programs/ CFDA #15.875	<p><u>Criteria:</u> Compact funds should be reasonably spent in furtherance of its applicable program funding.</p> <p><u>Condition:</u> Under Compact Section 216(A)(2) - Health and Medical Programs, we found the following transaction for mortuary services, which does not appear reasonable under the applicable program.</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>ORG. NO.</u></td> <td style="text-align: center;"><u>CK. NO.</u></td> </tr> <tr> <td style="text-align: center;">2355</td> <td style="text-align: center;">57538</td> </tr> </table>	<u>ORG. NO.</u>	<u>CK. NO.</u>	2355	57538	\$ <u>2,764</u>
<u>ORG. NO.</u>	<u>CK. NO.</u>					
2355	57538					

(The above was drawn from a sample of 14 items aggregating \$1,792,642 out of total expenditures aggregating \$9,792,977.)

Cause: Unknown.

Effect: The effect of the above condition is a questioned cost.

Recommendation: We recommend that the above amount be charged against the General Fund in order to clear off the above questioned cost and that these type of expenditures are directly charged to the General Fund in the future.

Auditee Response: We agree with the above finding.

Corrective Action Plan: We will ensure that such transactions do not get charged to this program again.

Total U.S. Department of the Interior (OTIA)
Questioned Costs

\$ 2,764

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses
For the year ended September 30, 1992

Previous Years' Findings - FSM National Government

Finding No. 1

Criteria: Findings from prior audit reports should be resolved.

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

<u>Page No.</u>	<u>Description</u>
<u>FISCAL YEAR 1988</u>	
Federal finding 46	Federal Property Standards
Federal finding 48	Documented Guidelines for Administration
<u>FISCAL YEAR 1989</u>	
Local finding 62	Resolution of Pre-Compact Liabilities
Local finding 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.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 1, Continued

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

Auditee Response:

An automated fixed asset system has been installed and in operation since October 1989. The system provides information on description of each assets procured, source of fund used to purchased asset, and name of purchasing department/agency, etc. Presently, two new fixed asset projects are being pursued and they are: (1) to conduct room-by-room physical inventory of FSM Government fixed assets and properties starting in January 1994 (see memo enclosed - Enclosure #1) and (2) to integrate fixed assets records and accounts into the FSM accounting and financial reporting system beginning Fiscal Year 1993. These are ongoing programs.

The Office of Budget has developed a Grants Management Handbook which portrays responsibilities and duties for each level within the federal grants area of the National Government. The Handbook has been disseminated to implementing agencies for comments. Expected date of completion is by the end of FY94.

It is the position of the National Government that resolution of the medical liabilities is the responsibility of the U.S. Government. The independent auditors completed audit adjustments during FY88, and FY89 in the States' books which removed the liabilities from the States' Financial Statements. The liabilities are footnoted as "contingent."

During a Budget Officers Conference held during late part of September and early October of 1993, the issue of defining the proper Administrative expenses with respect to the use of the Compact Capital (211 (a)) funding was discussed. A consensus was reached by all the Budget Officers that each State incorporate Administration in program cost or have one separate appropriation 1.5% of the Capital Account for administrative purposes. In addition, a committee was formulated to study the matter.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

U.S. Federal Program Reimbursement and Reporting Procedures - FSM
National Government

Finding No. 2

Criteria: The State expenditure reports should display matching organizations or account identifications in order for FSM Finance to properly account for all expenditures listed on the expenditure report for reimbursement and reporting purposes.

Condition: The State expenditure reports (132-Ps) normally contained federal grant and non-federal grant expenditures which the FSM Finance Federal Grants section was not able to identify. Therefore, reimbursement for such accounts were withheld and then added to the already material withheld item balance.

Cause: Unknown

Effect: The effect is a potential misstatement of drawdown payable balances.

Recommendation: We recommend that the FSM Finance Federal Grants section contact each subrecipient in a timely manner, preferably upon receipt of the 132-P, regarding any unidentified accounts so proper action can be taken by the subrecipient to help identify questionable expenditure before it is considered a withheld item.

Auditee Response:

Subrecipients are notified on a monthly basis regarding any unidentified accounts. FSM Finance Federal Grants provides a cumulative report indicating unidentified accounts which comprise the withheld item balance. FSM Finance Federal Grants will continue to encourage the subrecipients to follow up on unidentified items.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 3 - Unresolved Subrecipient Prior Year Findings

Criteria: Federal Grants findings from audit reports of subrecipients should be resolved.

Condition: The following findings from the Single Audit subrecipient remain.

<u>State</u>	<u>Page No.</u>	<u>Description</u>
<u>FISCAL YEAR 1988</u>		
Kosrae	26	Federal Property Standards
<u>FISCAL YEAR 1990</u>		
Kosrae	81	Wastewater Facility - Use Charge System
Kosrae	94	Federal Grants Administration
<u>FISCAL YEAR 1991</u>		
Chuuk	88	Grant Benefit - JTPA
Chuuk	89	Fund Certification - JTPA
Chuuk	90	Procurement - Chapter I
Chuuk	91	Fund Certification - Chapter I
Chuuk	95	Training Programs - JTPA
Chuuk	97	Grant Master Plan - Chapter I
Chuuk	98	Transfer of Funds - Chapter I
Chuuk	103	Job Place Requirement - JTPA
Chuuk	104	Course and Instructor Evaluation - JTPA
Chuuk	105	Drug-Free Workplace
Chuuk	107	Matching - Chapter I
Kosrae	80	General Requirements - Drug-Free Workplace
Pohnpei	91	CFDA Numbers

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 3, continued

Cause: Unknown

Effect: Lack of timely resolution of audit findings hinders the effectiveness of the four States' administrative controls over federal financial assistance.

Recommendation: Administrative control findings from the Single Audit Reports of the four states should be satisfactorily resolved in a timely manner.

Auditee Responses:

FISCAL YEAR 1988

Kosrae - Federal Property Standards - The State and the FSM National Government are working to remedy its fixed asset accounting. Resolution is not expected until fiscal year 1994.

FISCAL YEAR 1990

Kosrae - Waste Water Facility - The State is following up on the establishment of a use charge system.

Pohnpei - Federal Grants Administration - We will manually file allotment advices by CFDA number beginning fiscal year 1994. We have met twice in the last year with the FSM National Government to reconcile federal program reimbursements.

FISCAL YEAR 1991

All Chuuk Findings - Chuuk State has responded in the same manner as set forth in the 1991 reports.

Kosrae - Drug-Free Workplace - The State, in conjunction with the National Government, is implementing the Drug-Free Workplace Act and compliance with this Act is expected in fiscal year 1993.

Pohnpei State - CFDA Numbers - The State, in conjunction with the National Government is ensuring that all grant awards possess CFDA #'s and we do not expect such to be a finding in the 1993 audit.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Subrecipient - Chuuk State

Finding No. 4 - (CFDA # 17.250) - JTPA

Criteria: Periodic audits should be performed of all major subrecipients of Federal funds.

Condition: The Private Industry Council appears to be a recipient of JTPA funds and thus would be subject to audit. At this time no audit of this organization has been performed.

Cause: Unknown.

Effect: Possible noncompliance with federal funds could occur.

Recommendation: We recommend that Chuuk State ensure that periodic audits of all subrecipients be performed.

Auditee Response: The Department of Finance is communicating with JTPA officials to inform them of this responsibility so that they can determine whether an audit requirement exists.

Corrective Action Plan: See above.

Subrecipient - Chuuk State

Federal Emergency Management Agency (CFDA #83.516)

Finding No. 5

Criteria: The State should establish procedures to ensure that all federal program matching requirements have been met and recorded in the year end compilations.

Condition: The State has incurred federal assistance from the Federal Emergency Management Agency (FEMA) which, in certain instances, requires matching funds from the State. The State has no appropriated funds from the local sources to be used for this matching purpose. However, the actual match has not yet been recorded in the State's financial statements.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 5, Continued

Cause: Unknown.

Effect: The FEMA match requirements have not been formally documented.

Recommendation: The match should be calculated and the respective percentages recorded in the proper funds. We understand that this matter is one of timing. Therefore, we believe that the issue will be resolved in fiscal year 1993 and that action by the grantor agency with respect to this finding should await the 1993 resolution.

Auditee Response: The Department of Finance concurs that this issue is one of timing and it will be resolved in fiscal year 1993.

Corrective Action Plan: See above.

Subrecipient - Pohnpei State

Budgetary Control - OMIP Grant Award (CFDA #15.875)

Finding No. 6

Criteria: Budgetary amounts for federal grants should be in line with the grant award.

Condition: For the Department of the Interior OMIP grant award and matching funds (org. 3506 and 6211) we noted some adjustments are necessary to agree the budgetary amounts to the grant award.

Cause: Unknown.

Effect: A possible misuse of grant funds under the grant award categories is the effect of this funding.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 6, Continued

Recommendation: We recommend that the budgetary amounts for these orgs. be adjusted to reflect the categories of the grant award.

Auditee Response: The State agrees with the above finding.

Corrective Action Plan: The State Finance had centralized Federal Grants transaction supervision to one person and believes that this will enable Finance to better track Federal funds.

Subrecipient - Pohnpei State

Administrative Control - OMIP Grant Award (CFDA #15.875)

Finding No. 7

Criteria: Employees reviewing accounts payable vouchers related to federal grants should be aware of any grant award restrictions or matching requirements.

Condition: Based on discussing with finance personnel, it was evident that the proper employees were not aware of the matching requirement under the Department of the Interior OMIP grant award; however, we noted that the budget amounts had been set up to properly meet the match.

Cause: This appears to be due to a lack of communication between departments and personnel.

Effect: The effect is a possible improper match allowed on federal grants funds.

Recommendation: We recommend that an additional strong control over proper matching and authorization on federal grants is implemented by the accounts payable manager being informed by the grantee of specific requirements related to their grant.

Auditee Response: The State agrees with the above finding.

Corrective Action Plan: The State Finance has centralized Federal Grant transaction supervision to one person and believes that this will enable Finance to better track Federal funds.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Subrecipient - Pohnpei State

Expenditure Classification (CFDA #17.250)

Finding No. 8

Criteria: Expenditures under federal grants should specifically state which grant award they should be applied to.

Condition: The request for payment for check number 56778 did not specifically indicate the JTPA program it would be used for (only the org. to charge was indicated).

Cause: Unknown.

Effect: The effect is a possible misclassification of federal grant expenditures.

Recommendation: We recommend that in the request for payment, it is documented which program an expenditure should be applied to, as well as the org. number.

Auditee Response: The State does not agree with the above finding as each grant award is assigned a separate org. thus the org. number listed on the APV is adequate for proper classification. But the State will ensure that grant award numbers are also properly recorded.

Corrective Action Plan: See auditee response.

Subrecipient - Pohnpei State

Funds Control - JTPA (CFDA #17.250)

Finding No. 9

Criteria: There is a specific requirement under JTPA programs to track funds available.

Condition: Available funds are occasionally tracked manually; however, the funds available portion of the monthly report is not filled out.

Cause: Unknown.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 9, continued

Effect: The effect is noncompliance with a program grant specific requirement.

Recommendation: We recommend that the funds available be tracked regularly and included in the monthly reports.

Auditee Response: See corrective

Corrective Action Plan: The State has established a policy for the EDP department to perform daily updates of transactions rather than weekly. This would enable the State to better track funds.

Subrecipient - Pohnpei State

Matching Documentation - JTPA (CFDA #17.250)

Finding No. 10

Criteria: JTPA Cooperative agreements (Section 123(b)) should document the 50/50 match between federal funds and the related State agency.

Condition: There are cooperative agreements with the Department of Education; however, not federal matching policy is documented.

Cause: Unknown.

Effect: The effect is noncompliance with the grant's specific requirements.

Recommendation: We recommend that it be determined whether these cooperative agreements fall under section 123(b), and if so, that the 50/50 match is made and clearly documented.

Auditee Response: See corrective action plan.

Corrective Action Plan: State Finance will communicate with the local JTPA office to ensure proper resolution of the above finding.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Subrecipient - Pohnpei State

Budgetary Control - JTPA (CFDA #17.250)

Finding No. 11

Criteria: Budgetary amounts should not be exceeded.

Condition: Org. 3210, 3211, 3212 and 3213 all had budgetary classifications which were exceeded.

Cause: This appears to be due to not classifying expenditures under the new fiscal year 1992 org. numbers which have funds available.

Effect: The effect in noncompliance with local laws and regulations.

Recommendation: We recommend that the over budget amounts be reclassified to the current orgs. so to accurately track funds available.

Auditee Response: See corrective action plan.

Corrective Action Plan: The State has established a policy for the EDP department to perform daily updates of transactions rather than weekly. This would enable the State to better track funds.

Subrecipient - Pohnpei State

Documentation Control - JTPA (CFDA #17.250)

Finding No. 12

Criteria: Timesheets should be provided for all payroll reimbursements, and project completion reports should be filed with completed files.

Condition: Not all the timesheets were provided to support disbursed check number 63425 and the related contract file did not have the project completion report included.

Cause: Unknown.

Effect: The effect is a questioned cost related to the disbursement and incomplete file documentation.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Subrecipient - Pohnpei State

Finding No. 12, continued

Recommendation: We recommend that the questioned costs be resolved (obtain timesheets) and that the completed files be updated with their respective project completion reports.

Auditee Response: See corrective action plan.

Corrective Action Plan: State Finance will communicate with the local JTPA office to ensure proper resolution of the above finding.

Subrecipient - Pohnpei State

Documentation Control - JTPA (CFDA #17.250)

Finding No. 13

Criteria: Only authorized timesheets should be accepted for payroll reimbursements.

Condition: The timesheets provided for check number 56916 under contract C10250 did not include authorizations.

Cause: This is due to the grantee using their own timesheet rather than JTPA's form with a space for authorizations.

Effect: The effect is possible future questioned costs related to payroll reimbursements not documenting authorizations.

Recommendation: We recommend that all grantees be required to use JTPA's timesheet form to ensure uniformity and the proper authorizations are obtained.

Auditee Response: See corrective action plan.

Corrective Action Plan: State Finance will communicate with the local JTPA office to ensure proper resolution of the above finding.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Subrecipient - Pohnpei

Equipment Control - JTPA (CFDA #17.250)

Finding No. 14

Criteria: Equipment purchased with JTPA funds remain the property of JTPA.

Condition: Equipment purchased with JTPA funds remain the property of JTPA.

Cause: Unknown.

Effect: The effect is poor asset management and a potential loss related to the equipment.

Recommendation: We recommend that the equipment either be returned to JTPA or purchased by the grantee.

Auditee Response: See corrective action plan.

Corrective Action Plan: State Finance will communicate with the local JTPA office to ensure proper resolution of the above finding.

Subrecipient - Pohnpei State

Drug-Free Workplace Act

Finding No. 15

Criteria: Per the Office of Management and Budget General Compliance Supplement, grantees are required to provide employees a drug-free workplace. In order to satisfy the above requirement, the following procedures must be performed:

- a) Publishing a policy statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 15, continued

- b) Establishing an ongoing drug-free awareness program to inform employees about:
 - . The dangers of drug abuse in the workplace;
 - . The grantee's policy of maintaining a drug-free workplace;
 - . Any available drug counseling, rehabilitation, and employee assistance programs, and,
 - . The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

- c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

- d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will:
 - . Abide by the terms of the statement; and
 - . Notify the employer in writing of any criminal drug statute conviction for a violation occurring in the workplace no later than five calendar days after such conviction;

- e) Notifying the agency in writing ten calendar days after receiving notice under subparagraph (d) (2)

- f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d) (2), with respect to any employee who is so convicted:
 - . Taking appropriate personnel action against such an employee, up to and including termination; or
 - . Requiring such employees to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 15, continued

Condition: Per our inquiries, we noted the State of Pohnpei is not in compliance with the Drug-Free Workplace Act.

Cause: The cause of the above condition is that a policy statement on a Drug-Free Workplace has not been issued.

Effect: The effect of the above condition is that the State of Pohnpei may not be eligible to receive federal grant-in-aid monies.

Recommendation: We recommend a policy statement on a Drug-Free Workplace be issued by the Office of the Governor.

Auditee Response: We agree with the above finding.

Corrective Action Plan: We will investigate the issue and establish policies to ensure compliance with the Drug-Free Workplace Act.

Subrecipient - Yap State

Drug-Free Workplace Act

Finding No. 16

Criteria: Per the Office of Management and Budget General Compliance Supplement, grantees are required to provide employees a drug-free workplace. In order to satisfy the above requirement, the following procedures must be performed.

- a) Publishing a policy statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 16, continued

- b) Establishing an ongoing drug-free awareness program to inform employees about:
- . The dangers of drug abuse in the workplace;
 - . The grantee's policy of maintaining a drug-free workplace;
 - . Any available drug counseling, rehabilitation, and employee assistance programs, and,
 - . The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will:
- . Abide by the terms of the statement; and
 - . Notify the employer in writing of any criminal drug statute conviction for a violation occurring in the workplace no later than five calendar days after such conviction;
- e) Notifying the agency in writing ten calendar days after receiving notice under subparagraph (d) (2)
- f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d) (2), with respect to any employee who is so convicted:
- . Taking appropriate personnel action against such an employee, up to and including termination; or
 - . Requiring such employees to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.

Condition: Per our inquiries, we noted the State of Yap is not in compliance with the Drug-Free Workplace Act.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 16, continued

Cause: The cause of the above condition is that a policy statement on a Drug-Free Workplace has not been issued.

Effect: The effect of the above condition is that the State of Pohnpei may not be eligible to receive federal grant-in-aid monies.

Recommendation: We recommend a policy statement on a Drug-Free Workplace be issued by the Office of the Governor.

Auditee Response: All of FSM states have requested the FSM National Government Department of Health Services to develop a program for all the FSM that will result in compliance.

Corrective Action Plan: Referred to the Governor of Yap for compliance by June 30, 1994.

Subrecipient - Yap State

Finding No. 17 - Documentation Controls - JTPA (CFDA #17.250)

Criteria: The supporting documentation for expenditures under federal programs should be complete and accurate.

Condition: Per review of the JTPA contract files noted situations such as; a project had been extended, but the paperwork for the extension had not been filed; a timesheet filed for support was not signed as being properly authorized; and the files we reviewed had no documentation of progress reports and follow-up reports being performed. These findings were noted in four out of seven JTPA transactions randomly selected with the four transactions representing approximately \$254.

Cause: This appears to be due to a lack of complete and accurate filing and providing supporting documentation.

Effect: The effect is possible future questioned costs related to the lack of documentation.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 17, continued

Recommendation: We recommend that the files supporting expenditures under federal programs be complete and accurate.

Auditee Response: None.

Corrective Action Plan: The JTPA Coordinator has been instructed to review the records and correct any deficiencies by September 30, 1993.

Subrecipient - Yap State

Finding No. 18 - Disbursement Controls - JTPA (CFDA #17.250)

Criteria: Contract/encumbrance unliquidated balances should be reconciled to the manual records on a periodic (quarterly) basis.

Condition: For JTPA contract numbers C20018, C20006, C10052, and C10049 and medical referral number M20005, we were not able to reconcile the manual records to the computer funds available balance.

Cause: This appears to be an accounting problem caused by the manual records for these contracts not being updated to the general ledger (computer records) on a timely basis, and not a questioned cost situation.

Effect: The effect is a possible misstatement of the reserve for encumbrances, although it does not appear to be material.

Recommendation: We recommend that the manual contract/encumbrance liquidation records be reconciled to the general ledger (computer) encumbrance available balance on a quarterly basis.

Auditee Response: None.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Finding No. 18, continued

Correction Action Plan: Procedures have been established to require certain supplemental information to be submitted with each payment request. The completion of this information requires reconciliation to the manual records thus eliminating the problem.

Subrecipient - Yap State

Finding No. 19 - FEMA IFG Program (CFDA #83.516)

Criteria: Proper supporting documentation should be maintained on all transactions and they should be properly recorded on the books.

Condition: A check written by the FSM National Government representative in Yap on behalf of Yap State was not recorded in the accounting system and no supporting documentation as to whether it is to be repaid or not has been located.

Cause: The check did not go through the proper channels and was never received by the accounting department.

Effect: The effect is a possible understatement of liabilities or an understatement of both revenues and expenditures.

Recommendation: We recommend that all funds received or paid in the name of Yap State go through the accounting department and proper documentation be obtained from the FSM National Government regarding the status of this amount, and a liability recorded if repayment is required.

Auditee Response: None.

Corrective Action Plan: The Disaster Control Officer has been advised that if such transactions should occur in the future, the Finance office is to be notified so that the transaction can be properly recorded.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
Schedule of Questioned Costs, Identified Noncompliance
and Internal Control Weaknesses, Continued
For the year ended September 30, 1992

Subrecipient - Yap State

Finding No. 20 - Reimbursement Requirements

Criteria: Federal program specific requirements should be met.

Condition: The Department of the Interior National Park Service found in an on-site visit that not all travel costs were appropriately documented and verified as required by the grants' specific requirements.

Cause: Unknown.

Effect: The effect is that the Department of the Interior National Park Service, as grantor, has requested that receipts be included in reimbursement requests and that the U.S. standards per diem rates be used, with possible unreimbursed costs if this request is not followed.

Recommendation: We recommend that the Department of the Interior National Park Service request be complied with in full.

Auditee Response: None.

Corrective Action Plan: The Yap Historical Preservation Officer has been instructed to comply with all National Park Service regulations.

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
RESOLUTIONS OF PRIOR YEARS' QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 1992**

Pursuant to the audit report of the National Government's general purpose financial statements for the year ended September 30, 1992, the remaining outstanding questioned costs are those contained in the audit report for the fiscal year ending September 30, 1991.

FY91 unresolved National Government questioned costs	<u>\$ 23,739</u>
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The following is a summary of unresolved federal questioned costs for the National Government's subrecipients.

State of Chuuk

Unresolved 1984 questioned costs	\$ 221,836
Unresolved 1985 questioned costs	193,164
Unresolved 1986 questioned costs	685,713
Unresolved 1987 questioned costs	833,896
Unresolved 1988 questioned costs	4,385,827
Unresolved 1989 questioned costs	779,850
Unresolved 1990 questioned costs	1,337,063
Unresolved 1991 questioned costs	167,352
Unresolved 1992 questioned costs	<u>39,367</u>

Total Chuuk State unresolved questioned costs	<u>8,644,338</u>
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State of Kosrae

FY85 unresolved questioned costs	12,838
FY87 unresolved questioned costs	573
FY88 unresolved questioned costs	<u>215,383</u>

Total State of Kosrae unresolved questioned costs	<u>228,794</u>
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State of Pohnpei

FY85 unresolved questioned costs	227,940
FY86 unresolved questioned costs	171,686
FY87 unresolved questioned costs	1,049,740
FY88 unresolved questioned costs	393,372
FY89 unresolved questioned costs	271,650
FY90 unresolved questioned costs	87,296
FY91 unresolved questioned costs	62,193
FY92 unresolved questioned costs	<u>118,431</u>

Total State of Pohnpei unresolved questioned costs	<u>2,382,308</u>
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FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
RESOLUTIONS OF PRIOR YEARS' QUESTIONED COSTS, CONTINUED
YEAR ENDED SEPTEMBER 30, 1992

State of Yap

FY84 unresolved questioned costs	\$ 28,904
FY85 unresolved questioned costs	24,094
FY86 unresolved questioned costs	176,002
FY92 unresolved questioned costs	<u>216</u>

Total State of Yap unresolved questioned costs	<u>229,216</u>
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Total unresolved subrecipient questioned costs	<u>\$11,484,656</u>
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**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**

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

YEAR ENDED SEPTEMBER 30, 1992



INDEPENDENT AUDITORS' REPORT ON
THE INTERNAL CONTROL STRUCTURE BASED ON
THE AUDIT OF THE FINANCIAL STATEMENTS

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, 1992, and have issued our report thereon dated March 17, 1993. Our report on the audit of the general purpose financial statements was modified as a result of our inability to form an opinion as to the fairness of presentation of the General Fixed Assets Account Group and the inability to obtain audited financial statements of two investees of the National Fisheries Corporation (an Enterprise Fund).

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 general purpose financial statements of the FSM National Government for the year ended September 30, 1992, 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 FSM National Government is responsible for establishing and maintaining the 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 structure 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 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 in the following categories:

- Revenues and receipt cycles
- Purchases and disbursement cycles
- Payroll cycles
- External financial reporting
- Cash
- Receivables
- Investments
- Payables and accrued liabilities
- Fund balance

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 items, which are further explained in the following pages, represent reportable conditions:

Fiscal Year 1987

1. Finding 19 - Fixed Assets Master Listing

Fiscal Year 1990

1. Finding 2 - General Fixed Assets
2. Finding 3 - Recording of Fixed Assets

A material weakness is a reportable condition in which the design or operation of one or more 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.

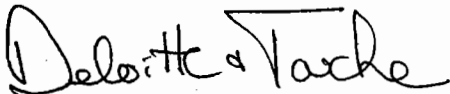
Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe each of the reportable conditions 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.

We have also noted matters involving the internal control structure and its operation used to administer federal financial assistance programs which we reported to the management of the FSM National Government in a report dated March 17, 1993.

This report is intended for the information of the management of the FSM National Government and the cognizant audit and other federal agencies. However, this report is a matter of public record and its distribution is not limited.

March 17, 1993



Certified Public Accountants

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
SCHEDULE OF IDENTIFIED INTERNAL CONTROL WEAKNESSES
For the year ended September 30, 1992

Prior Year Outstanding Findings

Finding No. 1

Criteria: Findings and recommendations reported in the Reports on Internal control for the fiscal years ended September 30, 1991, 1990 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, 1991, 1990 and 1987.

<u>Finding No.</u>	<u>Description</u>	<u>Page No.</u>
Fiscal Year 1987		
19	Fixed Assets Master Listing	13
Fiscal Year 1990		
2	General Fixed Assets	138
3	Recording of Fixed Assets	139
Fiscal Year 1991		
4	Tax, Service Fee, and other Local Revenue	152

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.

FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT
SCHEDULE OF IDENTIFIED INTERNAL CONTROL WEAKNESSES, CONTINUED
For the year ended September 30, 1992

Finding No. 1, Continued

Auditee Response and Corrective Action: The Division of Supply and Property, in collaboration with the Division of ADP have completed and implemented the automated Fixed Asset System for the National Government. The system is automatically expanded when new assets are procured and reduced when assets are surveyed. Tagging of fixed assets is done as soon as they are acquired. Accounting of fixed assets, like in many organizations, is still difficult. Accurate and reflective fixed assets system in the FSM is a problem and the five governments have decided to join in a nation-wide hopefully in FY94. The project will be coordinated by the FSM and States Finance Departments. A copy of the Fixed Master Listing is also enclosed (Enclosure #3).

The fixed assets system is fully functioning. The transfer of Property and Supply functions from the Office of Administrative Services back to the Finance Department was completed in FY92. The Division is now physically located in the same building next to Accounting and ADP Divisions. Coordination in this area between Accounting and Property Management has improved since we took back Property and Supply functions in FY92.

Recording of fixed assets procured from local vendors are done on invoices since Property and Supply receives them on behalf of procuring agencies. Invoices for fixed assets purchased from off-island sources are sent directly to Accounting. A procedures has been instituted where Accounting is providing a copy of fixed assets invoices to Property and Supply for recording purposes. Coordination in this area between Accounting and Property Management has improved since we took back Property and Supply functions in FY92.

Our responses and related action plans are discussed in the Public Auditors follow-up audit of our Revenue collection functions for FY92 and Deloitte & Touche audit report on FSM Government fiscal and accounting activities in FY92. (See also responses to Finding No. 8).

**FEDERATED STATES OF MICRONESIA
NATIONAL GOVERNMENT**
SCHEDULE OF IDENTIFIED INTERNAL CONTROL WEAKNESSES, CONTINUED
For the year ended September 30, 1992

Cash In Bank - Tax Refund

Finding No. 2

Criteria: All prior year bank reconciling items should be reconciled on a timely manner.

Condition: We found through our review of the bank reconciliation for the tax refund bank account that unreconciled items such as missing checks, stop payment fees, overdrawn charges, outstanding deposits, and unmatched bank transfers from previous years are still outstanding as of fiscal year ended September 30, 1992.

Cause: Unknown.

Effect: The effect could be a potential misstatement of cash.

Recommendation: We recommend that all outstanding reconciling items be resolved in a timely manner.

Auditee Response and Corrective Action: We are in agreement with this finding. FSM Accounting is currently investigating and clearing items. In addition, procedures are being developed to ensure that reconciling items will be cleared on a timely basis.

Document Cutoff

Finding No. 3

Criteria: FSM Finance Office-Chuuk Branch should ensure that proper cash cut-off is achieved at the end of the fiscal year.

Condition: We found that checks dated on October 1, 1992 totalling \$4,000 were included in the September 1992 outstanding check list.

Cause: Unknown.

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Finding No. 3, continued

Effect: The effect is a misstatement of expenditure.

Recommendations: We recommend that FSM Finance-Chuuk Branch ensure that proper document cut-off is achieved at the end of each fiscal year.

Auditee Response and Corrective Action: FSM Finance is in agreement with this finding. However, after investigating the error, it appears that it is not a recurring error. All employees of the Department of Finance have reviewed cut-off procedures.

Advance Purchase Orders

Finding No. 4

Criteria: Purchase order advances should be reviewed periodically (monthly) to determine the validity of each Purchase Order advance.

Condition: We found that FSM National Government division responsible for all purchase order advances has not been following up on any outstanding advance with vendors.

Cause: Unknown.

Effect: The effect is a potential overstatement of Advance Purchase Orders and understatement of expenditures.

Recommendations: We recommend that the Supply Office contact all vendors with outstanding Purchase Order advances so documentation regarding the status of each Purchase Order Advance can be provided to Finance Office for reconciliation purposes.

Auditee Response and Corrective Action: FSM is in agreement with this finding. Invoices must be received from the vendor to match with receiving documentation prior to recording the supply as an expenditure. FSM now requires an invoice from the vendor prior to issuing a purchase order advance. Additionally, the accounting division will review Purchase Order advances monthly to determine the validity of each purchase order advance.

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Loan Receivable

Finding No. 5

Criteria: All transaction entries to the loan receivable general ledger account must be properly supported.

Condition: We found that a \$100,000 payment to National Fisheries Corporation recorded as a loan receivable in the general ledger lacked any loan agreement to support the transaction.

Cause: Unknown.

Effect: The effect is potential noncompliance with local laws and regulations.

Recommendations: We recommend that the Department of Finance ensure that all loan activities are adequately supported.

Auditee Response and Corrective Action: Promissory note in question has been executed on September 2, 1993, by National Fisheries Corporation and is now on file to rectify the oversight. Promissory Note is now available for review.

General Fund Drawdown Payable To the States

Finding No. 6

Criteria: A functioning system of internal control requires that all general ledger account balances be reconciled on a periodic basis.

Condition: The drawdown payable accounts on the National Government's financial records and the drawdown receivable accounts on the four States' financial records should be in agreement as of and for the year ended September 30, 1992. However, we found that the general fund balance sheet accounts 571 through 573 (Drawdown Payable to the States) reflected balance with material difference from those of the four States' financial records.

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For the year ended September 30, 1992

Finding No. 6, continued

Cause: Unknown.

Effect: The effect is a potential misstatement of liabilities.

Recommendations: We recommend that the National Government should take the initiative in reconciling such intergovernmental cash drawdown accounts.

Auditee Response and Corrective Action: FSM Finance agrees with this finding. FSM accounting maintains the supporting documentation to the account balances for the intergovernmental cash drawdown accounts and will encourage the four States to examine the documentation and correct the balance per the States accordingly.

Inventory

Finding No. 7

Criteria: The Supply Office should ensure that physical inventory counts are conducted at the end of each fiscal year.

Condition: We found that the year end physical count was not conducted on September 30, 1992. The physical count was conducted subsequent to September 30, 1992.

Cause: Unknown.

Effect: The effect is a potential misstatement of inventory and expenditures.

Recommendations: We recommend that the Supply Office perform inventory counts at the end of each fiscal year.

Auditee Response and Corrective Action: The Division of Property and Supply plans to conduct periodic inventory starting January 1994, within the National Government offices to ensure that all property are identified and recorded with their present location and conditions. More comments are in the memo from the Administrator of Division of Property and Supply.

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For the year ended September 30, 1992

Tax, Service Fees, and Other Local Revenue

Finding No. 8

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

Condition: Audit Report Number 79-93 issued on June 10, 1993, 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.

Auditee Response and Corrective Action: Both Divisions of Revenue and Customs have noted the findings and recommendations reported in the Public Auditors Report Number 79-93. Their related action plans include the draft Customs Act which is currently before the Congress and a bill drafted by the FSM Attorney General to provide for the sharing of information between the Administrator of the FSM Social Security Administration and the Secretary of Finance. Please refer to the memos from the Commissioner of Revenue and Customs Administrator.

National Government Employee's Health Insurance Plan Fund

Finding No. 9

Criteria: Findings and recommendations reported by the Office of the Public Auditor regarding the National Government Employee's Health Insurance Plan Fund should be adequately resolved.

Condition: Audit Report Number 76-93 issued on February 3, 1993, by the Public Auditor contains several findings and recommendations regarding the National Government Employee's Health Insurance Plan Fund.

Cause: Unknown.

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SCHEDULE OF IDENTIFIED INTERNAL CONTROL WEAKNESSES, CONTINUED
For the year ended September 30, 1992

Finding No. 9, continued

Effect: These findings represent deficiencies in the operation of the National Government Employee's Health Insurance Plan Fund.

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

Auditee Response and Corrective Action: Please refer to the memorandum to the Secretary of Finance from the Office of Administrative Services Director dated November 12, 1993. This memo give an update on the actions taken so far and also the progress that has been made in their effort to resolve the findings and recommendations in the audit report.