

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

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

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**YEAR ENDED SEPTEMBER 30, 1999**

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

YEAR ENDED SEPTEMBER 30, 1999

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FEDERATED STATES OF MICRONESIA**

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**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

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

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**YEAR ENDED SEPTEMBER 30, 1999**



## INDEPENDENT AUDITORS' REPORT

Honorable Leo A. Falcam  
President  
Federated States of Micronesia:

We have audited the accompanying general purpose financial statements of the Federated States of Micronesia (FSM) National Government, as of September 30, 1999, and for the year then ended, as set forth in Section II of the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the FSM National Government. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

The FSM National Government has not updated the General Fixed Assets Account Group for fixed assets acquired during the year ended September 30, 1999, 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.

We were not able to obtain details to support the following General Fund accounts; (1) general receivables (\$768,265), (2) advances (\$2,664,057), (3) due from other governments for CFSM projects (\$380,667) and due to other governments for CFSM projects (\$1,253,577), nor were we able to perform sufficient alternative procedures to assure ourselves as to the correctness of these Governmental Fund Type receivables and payables as of September 30, 1999.

We were not able verify the validity of the General Fund's revenue sharing amounting to \$440,065 as of September 30, 1999, nor were we able to perform alternative audit procedures to assure ourselves as to the correctness of this balance.

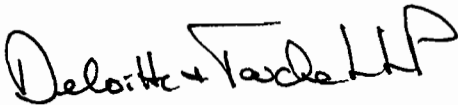
The FSM National Government has not adequately reconciled its accounts payable for the Health Insurance Fund, a Fiduciary Fund Type - Expendable Trust Fund. An unreconciled variance of \$211,730 results from this condition as of September 30, 1999.

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

In our opinion, except for the effects on the general purpose financial statements of such adjustments, if any, as might have been determined to be necessary had we been able to assure ourselves as to the propriety of, and disclosures related to, fixed assets, general receivables, advances, due from other governments, due to other governments and revenue of Governmental Fund Types, the propriety of, and disclosures related to, accounts payable for the Health Insurance Fund, a Fiduciary Fund Type - Expendable Trust Fund, and the omission of the National Fisheries Corporation, a Component Unit - Proprietary Fund, as discussed in the third through seventh paragraphs above, such general purpose financial statements, as set forth in Section II of the table of contents, present fairly, in all material respects, the financial position of the FSM National Government as of September 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2000, on our consideration of the FSM National Government's (primary Government only) internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

November 16, 2000



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units  
September 30, 1999  
(With Comparative Totals as of September 30, 1998)**

	Governmental Fund Types				Proprietary Fund Type		Fiduciary Fund Type			Account Groups			Totals Primary Government (Memorandum Only)		Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue		Capital Projects	Internal Service	Expendable Trust	General	General		Long-Term Debt	Higher Education	Governmental	Proprietary	1999	1998	
		1999	1998	1999				1998	1999							1998
Cash and equivalents (notes 2 and 9)	\$ 2,737,093	\$ 107,955	\$ 20,368	\$ -	\$ -	\$ 693,775	\$ -	\$ -	\$ -	\$ 1,337,101	\$ 3,249,090	\$ 7,566,630	\$ 15,712,012	\$ 16,662,344		
Time certificates and other term deposits (note 2)	4,793,743	337,354	-	-	-	823,945	-	-	-	-	-	-	5,955,042	8,265,106		
Investments (notes 2 and 9)	12,173,833	21,497,572	6,296,844	-	-	1,338,301	-	-	-	1,421,803	36,347,149	20,113,699	99,189,801	87,187,476		
Equity investments (note 2)	1,500,000	-	3,866,064	-	-	-	-	-	-	-	-	1,418,857	6,784,921	4,983,690		
Receivables from ITPI/OTIA and agencies, net	-	751,600	726,755	-	-	-	-	-	-	-	-	-	1,478,355	1,533,600		
General receivables, net	381,388	3,151,464	-	-	-	-	-	-	-	578,182	-	-	4,111,034	699,661		
Advances	2,664,057	133,700	32,060	-	-	105,991	-	-	-	1,774,027	6,926	1,335,950	3,994,261	8,603,238		
Loans receivable, net (note 5)	5,661,987	18,540,289	1,228,636	-	-	-	-	-	-	-	2,050	13,621	2,845,488	2,145,364		
Due from other funds (note 4)	127,516,909	4,408,370	-	54,510	-	582,349	-	-	-	1,921,809	-	-	38,223,572	30,795,958		
Interest and other receivables	22,155	112,817	40,478	-	-	-	-	-	-	138,180	-	265,686	579,316	445,644		
Available-for-sale securities	-	-	-	-	-	-	-	-	-	-	-	662,188	662,188	662,188		
Inventory	-	-	-	111,707	-	-	-	-	-	72,179	-	302,789	486,675	655,929		
Restricted assets (note 1)	-	-	-	-	-	-	-	-	-	2,547,472	-	16,359,643	18,807,115	18,958,745		
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-	-	23,216,027	-	-	-	-	23,216,027	18,761,161		
Prepaid expenses	-	-	-	-	-	219,550	-	-	-	255,064	15,344	532,803	1,022,761	1,178,402		
Fixed assets, net (notes 9 and 10)	-	-	-	-	-	-	35,137,421	-	-	9,674,218	50,744	41,259,662	86,122,045	87,593,675		
<b>Total assets</b>	<b>\$ 158,219,430</b>	<b>\$ 49,064,223</b>	<b>\$ 12,211,205</b>	<b>\$ 1,662,317</b>	<b>\$ 3,764,511</b>	<b>\$ 3,764,511</b>	<b>\$ 35,137,421</b>	<b>\$ 23,216,027</b>	<b>\$ 281,779,034</b>	<b>\$ 19,720,035</b>	<b>\$ 39,671,303</b>	<b>\$ 102,504,188</b>	<b>\$ 443,674,560</b>	<b>\$ 408,203,965</b>		

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**  
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units, Continued  
September 30, 1999  
(With Comparative Totals as of September 30, 1998)

	Governmental Fund Types				Proprietary Fund Type			Fiduciary Fund Type			Account Groups			Totals			Reporting Entity	
	General	Special Revenue		Capital Projects	Internal	Service	Trust	Expendable	General		Long-Term Debt	Higher Education	Component Units		1999	1998	(Memorandum Only)	
		General	Revenue						Fixed Assets	General			Governmental	Proprietary				Government (Memorandum Only)
<b>LIABILITIES AND FUND EQUITY</b>																		
<b>Liabilities:</b>																		
Accounts payable	\$ 1,388,269	\$ 414,337	\$ 66,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,248	\$ 121,989	\$ 261,477	\$ 2,596,716	\$ 3,039,103	\$ -	
Accrued payroll and others	174,788	1,652	-	-	-	-	-	-	-	-	-	373,159	7,556	102,885	659,740	661,705	-	
Tax refunds payable	257,746	-	-	-	-	-	-	-	-	-	-	-	-	-	257,746	287,021	-	
Due to other funds (note 4)	100,597,658	24,270,098	7,404,024	-	-	290,358	-	-	-	-	-	2,157,340	-	-	134,719,478	119,311,222	-	
Due to FSM State governments	3,815,873	183,917	9,456	-	-	-	-	-	-	-	-	4,009,246	-	-	4,009,246	2,344,783	-	
Deferred revenues	-	-	75,358	-	-	-	-	-	-	-	-	1,828,186	-	13,877	1,917,421	1,658,234	-	
Vacation leave accrual	-	-	-	-	-	-	-	-	-	-	-	-	-	-	477,293	1,060,007	-	
Advances from DOI, TTPL, OTIA and other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,112,276	-	
Notes payable (note 6)	-	-	-	-	-	-	-	-	22,738,734	-	-	-	-	29,206,205	51,944,939	47,810,640	-	
Other liabilities	753,957	-	-	-	-	401,808	-	-	-	-	-	401,064	-	565,134	2,121,963	2,762,256	-	
<b>Total liabilities</b>	<b>106,988,291</b>	<b>24,870,004</b>	<b>7,555,234</b>	<b>-</b>	<b>-</b>	<b>692,166</b>	<b>-</b>	<b>23,216,027</b>	<b>-</b>	<b>23,216,027</b>	<b>5,103,997</b>	<b>5,103,997</b>	<b>129,545</b>	<b>30,149,278</b>	<b>198,704,542</b>	<b>180,047,247</b>	<b>-</b>	
<b>Fund equity:</b>																		
Investment in general fixed assets	-	-	-	-	-	-	35,137,421	-	-	-	-	9,674,218	-	-	44,811,639	45,708,859	-	-
Contributed capital	-	-	-	-	129,416	-	-	-	-	-	-	-	50,744	36,798,564	36,978,724	35,927,980	-	-
Retained earnings/unreserved	-	-	-	-	36,801	-	-	-	-	-	-	-	-	35,556,346	35,593,147	32,162,372	-	-
<b>Fund balances:</b>																		
Reserved for:																		
Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	39,491,014	39,491,014	36,281,100	-	-
Loans	5,661,987	18,560,289	1,228,636	-	-	-	-	-	-	-	-	-	-	-	25,450,912	19,242,016	-	-
Related assets	5,472,657	-	3,866,064	-	-	-	-	-	-	-	-	-	-	-	9,338,721	7,314,274	-	-
Encumbrances	3,037,595	485,417	149,593	-	-	-	-	-	-	-	-	-	-	-	3,672,605	10,760,294	-	-
Continuing appropriations (note 7)	26,668,385	3,353,114	2,700,263	-	-	-	-	-	-	-	-	-	-	-	32,721,762	24,648,352	-	-
Unreserved	10,390,515	1,795,399	(3,288,585)	-	-	3,072,345	-	-	-	-	-	4,941,820	-	-	16,911,694	16,111,471	-	-
<b>Total fund equity</b>	<b>51,231,139</b>	<b>24,194,219</b>	<b>4,655,971</b>	<b>166,217</b>	<b>-</b>	<b>3,072,345</b>	<b>35,137,421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,616,038</b>	<b>14,616,038</b>	<b>39,541,758</b>	<b>72,354,910</b>	<b>244,970,018</b>	<b>228,156,718</b>	<b>-</b>	<b>-</b>
<b>Commitments and contingencies (note 3)</b>																		
<b>Total liabilities and fund equity</b>	<b>\$ 158,219,430</b>	<b>\$ 49,064,223</b>	<b>\$ 12,211,205</b>	<b>\$ 166,217</b>	<b>\$ 3,764,511</b>	<b>\$ 35,137,421</b>	<b>\$ 23,216,027</b>	<b>\$ 281,779,034</b>	<b>\$ 19,720,035</b>	<b>\$ 105,504,188</b>	<b>\$ 443,674,560</b>	<b>\$ 408,203,965</b>	<b>\$ 39,671,503</b>	<b>\$ 105,504,188</b>	<b>\$ 443,674,560</b>	<b>\$ 408,203,965</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	Governmental Fund Types			Fiduciary	Totals	Component Units		Totals	
	General	Special	Capital	Fund Type	Primary	Higher	Governmental	Reporting	
		Revenue	Projects	Expendable	Government	Education	Memorandum	Entity	
			Trust	(Memorandum	Only)			1999	1998
								(Memorandum Only)	
<b>Revenues:</b>									
<b>Compact of Free Association:</b>									
Base grant	\$ 3,499,200	\$ 3,649,780	\$ 1,500,800	\$ -	\$ 8,649,780	\$ -	\$ -	\$ 8,649,780	\$ 9,868,257
Inflation adjustment	1,854,576	424,053	795,424	-	3,074,053	-	-	3,074,053	1,854,576
U.S. federal contributions	-	6,024,379	-	-	6,024,379	4,624,899	-	10,649,278	9,918,164
FSM revenue sharing	5,637,317	-	-	-	5,637,317	-	-	5,637,317	10,204,678
Taxes and licenses	17,596,051	-	-	-	17,596,051	-	-	17,596,051	17,427,474
Investment income	9,916,711	-	-	-	9,916,711	-	-	9,916,711	1,131,920
Other	-	381,111	-	2,785,435	3,166,546	4,801,128	12,191,421	20,159,095	26,282,099
<b>Total revenues</b>	<b>38,503,855</b>	<b>10,479,323</b>	<b>2,296,224</b>	<b>2,785,435</b>	<b>54,064,837</b>	<b>9,426,027</b>	<b>12,191,421</b>	<b>75,682,285</b>	<b>76,687,168</b>
<b>Expenditures:</b>									
Executive branch	12,215,796	10,210,150	814,818	-	23,240,764	-	-	23,240,764	27,676,159
Judicial branch	958,364	-	-	-	958,364	-	-	958,364	917,273
Legislative branch	2,748,445	-	-	-	2,748,445	-	-	2,748,445	2,642,389
Office of the Public Auditor	267,985	-	-	-	267,985	-	-	267,985	425,408
Other National Government programs	3,405,684	-	-	-	3,405,684	-	-	3,405,684	5,359,430
Boards and commissions	977,707	-	-	-	977,707	-	-	977,707	913,399
Other legislative appropriations	15,321,357	-	-	-	15,321,357	-	-	15,321,357	15,284,144
Other	-	-	-	2,742,713	2,742,713	10,957,246	8,981,507	22,681,466	19,336,274
<b>Total expenditures</b>	<b>35,895,338</b>	<b>10,210,150</b>	<b>814,818</b>	<b>2,742,713</b>	<b>49,663,019</b>	<b>10,957,246</b>	<b>8,981,507</b>	<b>69,601,772</b>	<b>72,554,476</b>
<b>Excess of revenues over expenditures</b>	<b>2,608,517</b>	<b>269,173</b>	<b>1,481,406</b>	<b>42,722</b>	<b>4,401,818</b>	<b>(1,531,219)</b>	<b>3,209,914</b>	<b>6,080,513</b>	<b>4,132,692</b>
<b>Other financing sources (uses):</b>									
Operating transfers in (out), (note 8)	(3,824,693)	(721,905)	(1,000,000)	-	(5,546,598)	2,401,277	-	(3,145,321)	(4,655,568)
Proceeds from loan (note 6)	-	9,911,435	-	-	9,911,435	-	-	9,911,435	1,778,643
Earnings on equity investment (note 2)	-	-	382,374	-	382,374	-	-	382,374	271,427
Loss from noncollection of notes receivable	-	-	-	-	-	-	-	-	(1,250,000)
<b>Total other financing (uses) sources, net</b>	<b>(3,824,693)</b>	<b>9,189,530</b>	<b>(617,626)</b>	<b>-</b>	<b>4,747,211</b>	<b>2,401,277</b>	<b>-</b>	<b>7,148,488</b>	<b>(3,855,498)</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(1,216,176)</b>	<b>9,458,703</b>	<b>863,780</b>	<b>42,722</b>	<b>9,149,029</b>	<b>870,058</b>	<b>3,209,914</b>	<b>13,229,001</b>	<b>277,194</b>
<b>Fund balances at beginning of year</b>	<b>52,447,315</b>	<b>14,735,516</b>	<b>3,792,191</b>	<b>3,029,623</b>	<b>74,004,645</b>	<b>4,071,762</b>	<b>36,281,100</b>	<b>114,357,507</b>	<b>114,178,399</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(98,086)</b>
<b>Fund balances at end of year</b>	<b>51,231,139</b>	<b>24,194,219</b>	<b>4,655,971</b>	<b>3,072,345</b>	<b>83,153,674</b>	<b>4,941,820</b>	<b>39,491,014</b>	<b>127,586,508</b>	<b>114,357,507</b>
<b>Contributed capital at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,521,096</b>	<b>50,342</b>	<b>10,571,438</b>	<b>10,971,805</b>
<b>Current year additions/deletion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(846,878)</b>	<b>402</b>	<b>(846,476)</b>	<b>(400,367)</b>
<b>Contributed capital at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,674,218</b>	<b>50,744</b>	<b>9,724,962</b>	<b>10,571,438</b>
<b>Total fund equity</b>	<b>\$ 51,231,139</b>	<b>\$ 24,194,219</b>	<b>\$ 4,655,971</b>	<b>\$ 3,072,345</b>	<b>\$ 83,153,674</b>	<b>\$ 14,616,038</b>	<b>\$ 39,541,758</b>	<b>\$ 137,311,470</b>	<b>\$ 124,928,945</b>

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Statement of Revenues, Expenditures and Changes in Fund  
Balance - Budget and Actual, Budgetary Basis - General Fund  
Year Ended September 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Compact	\$ 5,353,776	\$ 5,353,776	\$ -
Local taxes	5,585,100	5,637,317	52,217
Fishing rights fees	14,000,000	16,001,719	2,001,719
Postal revenues	600,000	548,159	(51,841)
Investment earnings	1,700,000	9,376,711	7,676,711
Business fees, fines, penalties, and interest on delinquent taxes	100,000	781,972	681,972
Other	500,000	264,201	(235,799)
Total revenues	27,838,876	37,963,855	10,124,979
Expenditures:			
Executive branch	12,235,344	11,630,513	604,831
Judicial branch	974,320	1,001,539	(27,219)
Legislative branch	3,084,245	2,848,154	236,091
Office of the Public Auditor	475,700	285,778	189,922
Other National Government programs	4,478,835	3,778,462	700,373
Boards and commissions	1,059,872	990,048	69,824
Other legislative appropriations	17,724,699	16,980,571	744,128
Total expenditures	40,033,015	37,515,065	2,517,950
Excess (deficiency) of revenues over (under) expenditures	(12,194,139)	448,790	12,642,929
Other financing sources (uses):			
Operating transfers in (out), net	(4,088,070)	(3,825,498)	262,572
Total other financing sources (uses), net	(4,088,070)	(3,825,498)	262,572
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(16,282,209)	(3,376,708)	12,905,501
Unreserved fund balance at beginning of year	13,244,331	13,244,331	-
Other changes in unreserved fund balance:			
Net encumbrances adjustment	-	6,657,238	6,657,238
Increase in reserve for related assets	-	(1,642,073)	(1,642,073)
Increase in reserve for continuing appropriations	-	(6,089,398)	(6,089,398)
Decrease in loan	-	1,597,125	1,597,125
Unreserved fund balance at end of year	\$ (3,037,878)	\$ 10,390,515	\$ 13,428,393

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Statement of Revenues, Expenses and Changes in Fund Equity -  
All Proprietary Fund Types and Discretely Presented Component Units  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	Proprietary Fund Type	Totals Primary Government	Component Units	Totals Reporting Entity	
	Internal Service	(Memorandum Only)	Proprietary	1999	1998
<b>Operating revenues:</b>					
Charges for goods and services	\$ 20,984	\$ 20,984	\$ 12,415,571	\$ 12,436,555	\$ 10,685,431
Other	-	-	170,589	170,589	217,695
<b>Total operating revenues</b>	<b>20,984</b>	<b>20,984</b>	<b>12,586,160</b>	<b>12,607,144</b>	<b>10,903,126</b>
<b>Operating expenses:</b>					
Personnel services	-	-	3,176,225	3,176,225	3,109,833
Circuit lease	-	-	501,231	501,231	570,224
Bad debts	-	-	1,130,075	1,130,075	5,917,365
Utilities	-	-	401,998	401,998	410,258
Rent	-	-	159,568	159,568	121,579
Communications	-	-	358,269	358,269	311,638
Repairs and maintenance	-	-	478,246	478,246	352,953
Travel	-	-	344,361	344,361	246,792
Supplies and materials	18,454	18,454	128,139	146,593	137,621
Contractual services	-	-	349,977	349,977	220,353
Advertising	-	-	159,502	159,502	-
Professional fees	-	-	136,388	136,388	-
Training	-	-	30,136	30,136	45,312
Depreciation	-	-	2,412,570	2,412,570	2,423,777
Cost of sales	-	-	320,898	320,898	194,926
Other	-	-	506,730	506,730	840,303
<b>Total operating expenses</b>	<b>18,454</b>	<b>18,454</b>	<b>10,594,313</b>	<b>10,612,767</b>	<b>14,902,934</b>
<b>Operating income (loss)</b>	<b>2,530</b>	<b>2,530</b>	<b>1,991,847</b>	<b>1,994,377</b>	<b>(3,999,808)</b>
<b>Nonoperating revenues (expenses):</b>					
Transfers in from General Fund and other sources	-	-	1,255,321	1,255,321	1,208,445
Interest income (expense), net	-	-	(1,091,918)	(1,091,918)	(1,241,564)
Investment income	-	-	1,413,250	1,413,250	364,851
Loss on investment	-	-	(216,187)	(216,187)	-
Gain on sale of fixed assets	-	-	5,454	5,454	-
Other income	-	-	70,478	70,478	326,058
<b>Total nonoperating revenues (expense), net</b>	<b>-</b>	<b>-</b>	<b>1,436,398</b>	<b>1,436,398</b>	<b>657,790</b>
<b>Net income (loss)</b>	<b>2,530</b>	<b>2,530</b>	<b>3,428,245</b>	<b>3,430,775</b>	<b>(3,342,018)</b>
Retained earnings at beginning of year	34,271	34,271	32,128,101	32,162,372	47,162,079
Deduct amounts related to assets held in trust funds	-	-	-	-	(11,657,689)
<b>Retained earnings at end of year</b>	<b>36,801</b>	<b>36,801</b>	<b>35,556,346</b>	<b>35,593,147</b>	<b>32,162,372</b>
Contributed capital at beginning of year	129,416	129,416	35,798,564	35,927,980	35,177,980
Current year additions	-	-	1,000,000	1,000,000	750,000
<b>Contributed capital at end of year</b>	<b>129,416</b>	<b>129,416</b>	<b>36,798,564</b>	<b>36,927,980</b>	<b>35,927,980</b>
<b>Total fund equity</b>	<b>\$ 166,217</b>	<b>\$ 166,217</b>	<b>\$ 72,354,910</b>	<b>\$ 72,521,127</b>	<b>\$ 68,090,352</b>

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Statement of Cash Flows  
All Proprietary Fund Types and Discretely Presented Component Units  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	Proprietary Fund Type	Totals Primary Government (Memorandum Only)	Component Units Proprietary	Totals Reporting Entity (Memorandum Only)	
	Internal Service			1999	1998
Increase (decrease) in cash and equivalents:					
Cash flows from operating activities:					
Operating income (loss)	\$ 2,530	\$ 2,530	\$ 1,991,847	\$ 1,994,377	\$ (3,999,808)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	-	2,412,570	2,412,570	2,423,777
Bad debts	-	-	1,130,075	1,130,075	5,917,365
Others	-	-	74,448	74,448	297,353
	<u>2,530</u>	<u>2,530</u>	<u>5,608,940</u>	<u>5,611,470</u>	<u>4,638,687</u>
Changes in assets and liabilities:					
Cash advance	-	-	-	-	4,360
Interest receivable	-	-	13,851	13,851	87,549
Accounts receivable trade	-	-	(836,085)	(836,085)	(218,367)
Accounts receivable other	-	-	159,685	159,685	(267,605)
Advances	-	-	(915)	(915)	-
Materials and supplies inventory	-	-	-	-	31,327
Inventory trade	-	-	178,685	178,685	(84,089)
Prepaid expenses	-	-	380,422	380,422	(458,473)
Deferred charges	-	-	-	-	-
Loans receivable	-	-	(1,946,618)	(1,946,618)	(3,018,607)
Accounts payable	(5,879)	(5,879)	(207,765)	(213,644)	261,758
Contract retentions payable	-	-	59,086	59,086	(91,809)
Due from other funds	3,349	3,349	374	3,723	1,041
Accrued payroll	-	-	(6,006)	(6,006)	4,979
Accrued leave payable	-	-	14,637	14,637	(124,965)
Deferred revenue	-	-	(21,040)	(21,040)	(8,429)
Accrued expenses, other	-	-	37,567	37,567	(135,511)
Interfund payables	-	-	-	-	(252,907)
	<u>(2,530)</u>	<u>(2,530)</u>	<u>(2,174,122)</u>	<u>(2,176,652)</u>	<u>(4,269,748)</u>
Net cash provided by operating activities	<u>-</u>	<u>-</u>	<u>3,434,818</u>	<u>3,434,818</u>	<u>368,939</u>
Cash flows for noncapital financing activities:					
CFSM appropriations received	-	-	1,253,549	1,253,549	1,208,445
Loan participations sold	-	-	(24,364)	(24,364)	(21,611)
Repayment of borrowed funds	-	-	-	-	(761,810)
Contributed capital received and other funding	-	-	1,000,000	1,000,000	750,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>2,229,185</u>	<u>2,229,185</u>	<u>1,175,024</u>

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Statement of Cash Flows, Continued  
All Proprietary Fund Types and Discretely Presented Component Units  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	Proprietary Fund Type	Totals Primary Government	Component Units	Totals Reporting Entity	
	Internal Service	(Memorandum Only)	Proprietary	1999	1998
Cash flows from capital and related financing activities:					
Note repayments	-	-	(538,917)	(538,917)	(512,589)
Acquisition of fixed assets	-	-	(1,768,261)	(1,768,261)	(2,160,683)
Disposals of fixed assets	-	-	5,304	5,304	1,934
Interest expense	-	-	(1,469,404)	(1,469,404)	(1,495,730)
Proceeds from other income-sale of fixed assets	-	-	150	150	33,911
Restricted cash	-	-	(849,563)	(849,563)	45,208
Net cash used for capital and related financing activities	-	-	(4,620,691)	(4,620,691)	(4,087,949)
Cash flows from investing activities:					
Decrease (increase) in investment	-	-	(436,001)	(436,001)	1,162,305
Withdrawals from (additions to) time deposits	-	-	1,200,000	1,200,000	(1,200,000)
Interest income received	-	-	375,212	375,212	367,140
Net cash provided by investing activities	-	-	1,139,211	1,139,211	329,445
Net increase (decrease) in cash and equivalents	-	-	2,182,523	2,182,523	(2,214,541)
Cash and equivalents at beginning of year	-	-	5,384,107	5,384,107	7,598,648
Cash and equivalents at end of year	\$ -	\$ -	\$ 7,566,630	\$ 7,566,630	\$ 5,384,107

See accompanying notes to financial statements.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Statement of Changes in General Fixed Assets Account Group  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	<u>1999</u>	<u>1998</u>
Balance at beginning of year	\$ 35,137,421	\$ 33,917,800
Current year additions	-	1,376,782
Current year deletions	-	<u>(157,161)</u>
Balance at end of year	<u>\$ 35,137,421</u>	<u>\$ 35,137,421</u>

See accompanying notes to financial statements.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

The general purpose financial statements of the FSM National Government have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Government Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. The FSM National Government has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

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

Discretely Presented Component Units

Governmental Fund - FSM Social Security Administration

The FSM Social Security Administration has been included in the FSM National Government's general purpose financial statements as a component unit. This component unit has been presented on a discrete basis as it is administered separately and apart from other funds. The Component Unit's principal income may be expended in the course of its designated operations, and accordingly, the component unit is accounted for in essentially the same manner as a governmental fund. The financial statements of the component unit are presented under the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related liability is incurred. Due to a difference in the reporting period from the rest of the FSM National Government, financial statements for the FSM Social Security Administration are included as of March 31, 1999 and for the year then ended.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

Discretely Presented Component Units, Continued

Higher Education Fund - College of Micronesia-FSM

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

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

Proprietary Funds

Coconut Development Authority

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

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

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

FSM Telecommunications Corporation

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

Discretely Presented Component Units, Continued

Proprietary Funds, Continued

FSM Development Bank

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

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

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

National Fisheries Corporation

The National Fisheries Corporation (the Corporation) was established on July 13, 1983 by FSM Public Law No. 3-14. The component unit is directed by a board composed of seven members. The purpose of the Corporation is to engage in activities dealing with the development of fisheries in the Federated States of Micronesia. The Corporation has not provided audited financial statements for the year ended September 30, 1999 and is therefore, not included in the accompanying presentation.

B. Fund Accounting

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(1) Summary of Significant Accounting Policies, Continued

B. Fund Accounting, Continued

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

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

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

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

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

C. Basis of Presentation

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(1) Summary of Significant Accounting Policies, Continued

C. Basis of Presentation, Continued

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

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

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

D. Budgetary Process

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

During fiscal year 1999, supplemental appropriations were also made for both operating and capital purposes, to reflect the evolving priorities of the FSM National Government.

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(1) Summary of Significant Accounting Policies, Continued

D. Budgetary Process, Continued

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

E. Receivables

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

At September 30, 1999, the FSM National Government had rendered tax assessments of an unknown amount for delinquent taxes. If collected, one-half of these receivables will accrue as revenue to the FSM National Government; the other one-half will accrue to the collecting State Government. However, due to the uncertainty of collection, these amounts have not been reflected within the accompanying general purpose financial statements.

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

For the Student Loan Fund, a Fiduciary Fund Type - Expendable Trust Fund, the policy of the FSM National Government is to reserve all loans until collection occurs since applicable loan terms are such that it is difficult to estimate when and if repayments may occur. As of September 30, 1999, \$1,606,953 was the outstanding balance of loans, the sum total of which was fully reserved as doubtful.

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(1) Summary of Significant Accounting Policies, Continued

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).

G. Fixed Assets

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

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

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

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

H. Inventories

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(1) Summary of Significant Accounting Policies, Continued

I. Actual Expenditures Contrasted With Budgetary Expenditures

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

J. Fund Balance Reserves and Designations

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

Reserves for related assets for the general fund as of September 30, 1999, are as follows:

World Bank Group securities	\$ 1,149,850
Imprest cash fund	147,431
Petty cash fund	4,061
Revolving Funds - FSM States	910,404
Other receivables	1,034,156
Equity investment - UMDA	1,500,000
Receivable – TTPI CIP Fund	<u>726,755</u>
Total	\$ <u>5,472,657</u>

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

K. Totals - Memorandum Only

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

L. Investments

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

M. Cash and Equivalents

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



**NATIONAL GOVERNMENT  
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Notes to Financial Statements  
September 30, 1999

(1) Summary of Significant Accounting Policies, Continued

N. Management Estimates

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

(2) Cash and Equivalents and Investments

I. Compact Funds

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

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

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

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

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

- A. Investment managers may invest in stocks, bonds and cash equivalents. Minimum standards of quality for investments at the time of purchase shall be:
1. Stocks - A "B" rating by a national rating service. Non-rated stocks such as banks or insurance companies must be equal in quality or higher.
  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:

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FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(2) Cash and Equivalents and Investments, Continued

I. Compact Funds, Continued

- a. Commercial paper must be rated A-1/P-1 or higher by Standard and Poors Corporation and Moodys Investor Services.
  - b. Certificates of deposit must be from FDIC insured banks of which must have assets in excess of two billion dollars. Deposits in smaller institutions are acceptable, but must not exceed the amount of the insurance unless collateralized by U.S. Treasury Securities at 102%.
- B. The equity portfolio shall be diversified among issues and industry classifications. No more than 25% of the equity portfolio may be invested in any single classification, as described by the Standard and Poors 500 Index, unless prior approval is received from the Secretary of Finance.
- C. No investment may be made in a single corporate entity which exceeds 5% of the total assets of the fund at the time of purchase without prior approval by the Secretary of Finance.

II. Other Funds

Other invested funds include fishing rights fees and health insurance proceeds.

As of September 30, 1999, fishing rights fees of \$1,990,977, including reinvested earnings, are held with Pacific Century Trust.

The Health Insurance Fund, an Expendable Trust Fund, has cash deposits of \$249,131 with Pacific Century Trust and \$1,089,770 with Merrill Lynch is invested in U.S. Treasury Notes.

III. Investment Management

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

As of September 30, 1999, the details of the FSM National Government's Governmental and Fiduciary fund type cash and equivalents and investments are as follows:

<u>Cash and equivalents:</u>	<u>Market Value</u>
Compact Funds	\$ 96,180
Others	<u>3,463,011</u>
	\$ <u>3,559,191</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(2) Cash and Equivalents and Investments, Continued

III. Investment Management, Continued

	<u>Market Value</u>
<u>Investments</u>	
Compact Funds	\$ 33,442,117
Others	<u>7,865,033</u>
	\$ <u>41,307,150</u>
 <u>Term Deposits</u>	
General Fund	\$ 4,793,743
Special Revenue Fund	337,354
Expendable Trust Fund	<u>823,945</u>
	\$ <u>5,955,042</u>

IV. FSM Development Bank (FSMDB)

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

Deposits by FSMDB with financial institutions at December 31, 1999, are categorized by risk as follows:

Amount insured or collateralized	\$ 300,000
Uninsured or uncollateralized	<u>3,118,653</u>
Total Deposits	\$ <u>3,418,653</u>

FSMDB management's confidence in the financial strength of their banking institutions was the basis of the decision to not require collateralization. No losses as a result of this practice were incurred for the year ended December 31, 1999.

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(2) Cash and Equivalents and Investments, Continued

IV. FSM Development Bank (FSMDB), Continued

Investments as of December 31, 1999, are carried at cost, which approximates market value, and are comprised of the following:

	<u>FSMDB</u>	<u>IDF</u>	<u>Pohnpei Development Loan Fund</u>	<u>Yap Development Loan Fund</u>
U.S. Government Obligations	\$ 9,060,000	\$ 8,500,001	\$ -	\$ -
Time certificates of deposit with original maturities of greater than ninety days	1,250,000	-	300,000	120,000
Investment premiums and discounts	<u>(1,076)</u>	<u>(10,086)</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,308,924</u>	<u>\$ 8,489,915</u>	<u>\$ 300,000</u>	<u>\$ 120,000</u>

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

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

V. FSM Telecommunications Corporation

Investments in Securities

Investments in securities are carried at market value in accordance with the requirements of Governmental Accounting Standards Board Statement No. 31.

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

Investments in securities comprise the following as of September 30, 1999:

Equities	\$ 6,699,693
U.S. government obligations	297,845
Corporate bonds and others	<u>2,807,237</u>
	<u>\$ 9,804,775</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(2) Cash and Equivalents and Investments, Continued

V. FSM Telecommunications Corporation, Continued

Investment - IntelSat

In September 1994, the Corporation became a member of the International Telecommunications Satellite organization (IntelSat). The Corporation paid its initial capital investment share of \$910,114 representing a .05% valuation of the operating agreement at the time of acquisition. At September 30, 1999, the investment balance of \$910,114 is carried at cost. Interest earned on this investment was \$225,538 during the year ended September 30, 1999.

Investment - Iridium

On January 12, 1998, the Corporation entered into a program offered by Iridium, LLC and Iridium South Pacific. This program provides for low cost financing for investments in Iridium World Communications Limited, for affordable satellite phones, airtime and for limited free access to the Iridium System for use in emergency response efforts. As part of the program, the Corporation purchased 20,625 shares of class B stock at \$13.33 per share. As of September 30, 1999, Iridium was undergoing a court ordered restructuring of its financial obligations. The ultimate outcome of this matter and the related impact on FSM Telecommunications Corporation's investment cannot be predicted at this time. At September 30, 1999, the investment balance of \$71,980 is carried at market value.

Investment - Island Cable Television

On December 8, 1998, FSM Telecommunications Corporation acquired a 50% ownership in Island Cable Television - Pohnpei for \$450,000. The Corporation has recorded this investment under the equity method of accounting. Goodwill of \$383,062 resulting from the purchase is being amortized over a period of fifteen (15) years. For the year ended September 30, 1999, amortization expense of \$19,153 is netted with the Corporation's pro rata share of earnings of \$5,916 to derive a loss on the investment of \$13,237.

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.

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FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(2) Cash and Equivalents and Investments, Continued

VI. Investment Categorization, Continued

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

VII. Equity Investment

The FSM National Government owns 298,745 shares of the stock of a commercial bank incorporated within the FSM. The principal investment of \$3,000,000 is accounted for on the equity method since the investment constitutes a 32% ownership share. The investment is recorded in the Capital Projects Fund and is reserved for as a related asset within that fund (\$3,866,064 as of September 30, 1999).

Opening balance	\$ 3,483,690
FSM's share of subsidiary's net income	<u>382,374</u>
Carrying value	\$ <u>3,866,064</u>

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

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

(3) Commitments and Contingencies

1. Sick Leave. It is the policy of the FSM National Government to record sick leave when leave is actually taken and a liability is actually incurred. The accumulated estimated amount of unused sick leave at September 30, 1999, was \$1,342,449.
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, 1999, there existed several unapproved claims. The Attorney General of the FSM National Government represents that the ultimate resolution of these claims is undeterminable, but should not have a material impact on the accompanying general purpose financial statements.
3. Leases. The FSM National Government has entered into house lease agreements varying from one to five years. The aggregate amount of future lease payments has not been accumulated as renewal is subject to annual appropriation.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(3) Commitments and Contingencies, Continued

4. Federal Program Questioned Costs

The National Government participates in a number of U.S. federally assisted grant programs. These programs are subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. Currently, \$598,992 of unresolved questioned costs exists for FSM National Government. Ultimate resolution is not predictable but may impact the general fund if repayment is required. No provision for any related liability is made in the general purpose financial statements.

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

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

5. Insurance

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

(4) Interfund Receivables and Payables

As of September 30, 1999, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 127,516,909	\$ 100,597,658
Special Revenue Funds:		
Maritime Operations	598,392	-
Disaster Relief	127,426	-
Federal grants direct	705,606	3,532,381
OTIA	-	711,433
Passport Revolving Fund	40,000	-
Fisheries Revolving Fund	136,181	-
FSM Medical Revolving Fund	1,297	-
Asian Development Loan Fund	2,281,952	688,504
Section 215 (a)(2) - Communication - Annual	-	1,971,974
Section 215 (b)(2) - Communication - One Time	-	4,525
Section 216 (a)(1) - Marine Surveillance - Annual	-	3,881,305
Section 216 (b) - Marine Surveillance - One Time	-	1,922,296
Section 216 (a)(3) - Post Secondary Education	-	7,417,419
Section 216 (a)(2) - Health and Medical	-	1,944,953
Section 221 (b) - Special Block	517,516	-

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(4) Interfund Receivables and Payables. Continued

Section 214 - Energy	-	2,195,101
Special Development Fund	-	207
Capital Projects Funds:		
Compact	-	6,831,449
OTIA/TTPI	-	572,575
Expendable Trust Funds:		
Health insurance	-	290,358
Student loan fund	582,349	-
Internal Service Fund	<u>54,510</u>	<u>-</u>
Total	<u>\$ 132,562,138</u>	<u>\$ 132,562,138</u>

(5) Loans Receivable

A. 1) General Fund- NFC

As of September 30, 1999, an amount of \$3,600,000 was outstanding from the National Fisheries Corporation (a component unit-proprietary fund). The first three notes were used for the purchase of common and preferred stock of Yap Fishing Corporation and two longline fishing boats, including initial working capital.

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

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

Pursuant to Public Law 6-69, no interest is payable on these loans. The FSM National Government has reserved this loan as a related asset at September 30, 1999.

A. 2) General Fund- Chuuk State Recovery Loan

During the fiscal year ended September 30, 1998, Chuuk State Government and the FSM National Government entered into a loan agreement whereby the FSM National Government agreed to loan the State of Chuuk the sum of \$5,000,000 dollars ("Chuuk Recovery Loan"). The primary purpose of this loan was to assist the State in satisfying amounts due to various vendors for payroll allotments and the principal portion of the State's tax liabilities to the FSM Revenue and Taxation and the FSM Social Security Administration. Under the terms of the loan agreement, a total of \$3,761,987 was earmarked for this purpose. The remaining principal amount (\$1,238,013) to be disbursed subsequent to fiscal year 1999, is earmarked to finance amounts owed by Chuuk State for payroll allotments, principal, penalties and interest due to the FSM Revenue and Tax Division and the FSM Social Security Administration and payment of amounts due to outside vendors for medical referrals and purchases.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(5) Loans Receivable, Continued

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

The loan is to be repaid in quarterly allotments of \$416,667 including interest thereon beginning October 1, 1998. Interest is at 1% per annum. The total amount outstanding on this loan at September 30, 1999 was \$2,061,987.

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

<u>Year</u>	<u>Principal</u>
2000	\$ 1,666,668
2001	<u>395,319</u>
	\$ <u>2,061,987</u>

B. Loans Receivable - Special Revenue Funds

As set forth in note 6, the FSM National Government has borrowed \$22,738,734 and relent \$18,560,289 of Asian Development Bank (ADB) funds under the same terms and conditions imposed by ADB. (See Note 6B and 6C).

C. Compact Capital Projects Fund

As of September 30, 1999, an amount of \$1,228,636 was outstanding from the Caroline Fisheries Corporation (CFC), a joint venture between the National Fisheries Corporation (NFC) (a component unit-proprietary fund), Pohnpei State Economic Development Authority and the Australian-owned Tuna Development Company, Pty. Ltd. (TDC). The loan was restructured during the year ended September 30, 1998 where Caroline Fisheries Corporation paid FSM National Government \$1,000,000 and the original note of \$3,750,000 was reduced to \$1,500,000. The FSM National Government recorded a loss of \$1,250,000 on this transaction during the year ended September 30, 1998. The new note has an annual interest rate of 8%, is uncollateralized, and is due in monthly installments of \$67,841.

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

<u>Year</u>	<u>Principal</u>
2000	\$ 814,092
2001	<u>414,544</u>
	\$ <u>1,228,636</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(5) Loans Receivable, Continued

D. Loans Receivable - FSM Development Bank (FSMDB)

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

<u>December 31, 1999</u>	<u>Loan Balance</u>	<u>Allowance for D/A</u>	<u>Net Amount</u>
FSM Development Bank	\$ 17,461,200	\$ (4,688,540)	\$ 12,772,660
State Development Funds (Pohnpei and Yap)	546,621	-	546,621
IDF	<u>18,043,269</u>	<u>(12,007,886)</u>	<u>6,035,383</u>
	<u>\$ 36,051,090</u>	<u>\$ (16,696,426)</u>	<u>\$ 19,354,664</u>

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

As of December 31, 1999, the Bank has thirty-one loans of \$2,807,711 to employees and spouses of employees of the Bank of which six loans totaling \$2,690,327 are considered to be normal bank project loans. Certain of the above loans are made from IDF and State Development Funds which are classified in restricted assets (note 11).

(6) Notes Payable

A. Early Retirement Loan

As of fiscal year 1999, the FSM National Government has borrowed \$17,682,020 (\$10,000,000 during fiscal year 1997 and \$7,682,020 in fiscal year 1999) from the Asian Development Bank to be used for an early retirement program for all eligible public service employees of the FSM National Government, Kosrae State Government, Pohnpei State Government, Yap State Government and Chuuk State Government. The loan has a maturity date of 2037 with payment of principal to commence on February 1, 2004. The loan is guaranteed by the FSM National Government with a service charge of 1% payable semiannually on February 1 and August 1. As of September 30, 1999, \$4,053,682, \$3,500,000, \$5,128,335 and \$2,000,000 had been lent to Pohnpei State, Yap State, Chuuk State and Kosrae State respectively, to fund early retirement programs, and \$3,000,000 was allocated to the FSM National Government for its early retirement program. These notes are included in the Special Revenue Funds. The States are to repay the FSM National Government 30% of the outstanding loans in 1999 and 2000 and the remaining 40% in 2001.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(6) Notes Payable, Continued

B. Fisheries & Water Project Loans

As of fiscal year 1999, the FSM National Government has borrowed \$5,056,714 (\$3,167,299 as of fiscal year 1998, \$1,889,415 during fiscal year 1999) from the Asian Development Bank on behalf of Micronesian Longline Fishing Company, Chuuk Public Utilities Corporation, and FSM Department of Economic Affairs for fisheries projects. (An additional \$340,000 was drawdown in 1998 and deposited in a separate cash account. This transaction was not recorded until fiscal year 1999.) The loans have a maturity date of July 15, 2033 with payment of principal to commence on January 15, 2004. These loans are guaranteed by the FSM National Government with a service charge of 1% payable semiannually on January 15 and July 15. As of September 30, 1999, FSM National Government has relented \$3,415,759, and \$462,513 to Micronesia Longline Fishing Company and Chuuk Public Utility Corporation, respectively.

C. Component Unit - Proprietary Funds

1. FSM Telecommunications Corporation

As of fiscal year 1999, FSM Telecommunications Corporation (FSMTC) (a component unit-proprietary fund) had drawn down a total of \$40,195,300 from U.S. Department of Agriculture Rural Electrification Administration as part of a \$41 million loan package to be used for telephone network expansion in the FSM.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2000	\$ 553,339	\$ 1,454,981
2001	581,006	1,427,314
2002	610,056	1,398,264
2003	640,559	1,367,761
2004	672,587	1,335,733
Thereafter	<u>26,042,070</u>	<u>16,990,022</u>
Total	29,099,617	23,974,075

2. FSM Development Bank

Certain loans have been sold to the Pacific Islands Development Bank. The Bank has guaranteed repayment of these loans.

<u>106,588</u>	-
\$ <u>29,206,205</u>	\$ <u>23,974,075</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(7) Continuing Appropriations

General Fund

At September 30, 1999, the General Fund reflected the following as continuing appropriations:

Chuuk State Projects	\$ 6,322,344
Pohnpei State Projects	5,917,335
Yap State Projects	5,865,741
Kosrae State Projects	2,775,569
National Public Projects	1,311,174
Attorney General	57,444
Boards and Commissions	1,352,398
Unallotted appropriations	2,367,912
External Affairs	298,468
COM-FSM	300,000
FSM 2000- Population	<u>100,000</u>
Total	<u>\$ 26,668,385</u>

Capital Project Funds

Continuing appropriations for the Capital Projects Funds as of September 30, 1999, are as follows:

Public Law No. 5-75	\$ 4,328
6-4	64,102
6-7	70,478
6-19	27,875
5-118	90,984
6-10	95,456
6-91	258,517
7-78	667
8-018	55,254
8-096	73,174
9-030	71,609
9-096	214,427
9-125	41,439
10-026	416,417
10-024	175,602
10-094	38,578
10-119	240,803
10-126	192,606
10-145	<u>500,000</u>
Sub-Total	<u>2,632,316</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(7) Continuing Appropriations, Continued

Capital Project Fund, Continued

CFSM Capital Projects Funds

Staff housing	3,283
Finance warehouse	27,680
Capitol wells	<u>36,984</u>
	<u>67,947</u>
Total Capital Projects Funds	\$ <u>2,700,263</u>

Special Revenue Funds

Continuing appropriations for Special Revenue Funds as of September 30, 1999, are as follows:

Scholarship Grants:

Pohnpei	\$ 362,052
Chuuk	78,174
Kosrae	1,547
Yap	170,650
Graduate Scholarship	228,790
College of Micronesia	400,000
COM Operation	160,000
College of Micronesia Assistance	<u>4,758</u>
Total	<u>1,405,971</u>

Communications One-Time (PL 5-3):

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

Energy

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

Special Block Grant

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

Total Compact Special Revenue Funds 1,744,739

Disaster Revolving Fund 69,198

Asian Development Bank Loan Fund 1,539,177

Total Special Revenue Funds \$ 3,353,114

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

**(8) Transfers Out/In**

Net transfers for the year ended September 30, 1999, consist of the following:

General Fund transfers in/out:	
Coconut Development Authority	\$ (373,321)
Maritime Operations Revolving Fund	(960,500)
National Fisheries Corporation	(250,000)
COM-FSM	(2,401,277)
Passport Revolving Fund	<u>160,405</u>
Net General Fund transfers out	\$ <u>(3,824,693)</u>
Special Revenue Funds transfers out:	
Passport Revolving Corporation	\$ (160,405)
One-Time & Annual Communications transfer out to FSM	
Telecommunications Fund	(882,000)
Maritime Operations Revolving Fund	960,500
Post Secondary Education transfer out to COM-FSM	<u>(640,000)</u>
Net Special Revenue Funds transfers out	\$ <u>(721,905)</u>
Capital Improvement Projects Fund transfers out:	
Compact CIP Fund transfer out to FSMDB	\$ <u>(1,000,000)</u>

**(9) FSM Social Security Administration**

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

**A. Basis of Accounting**

For the year ended March 31, 1999, the FSM Social Security Administration has prepared financial statements using the modified accrual basis of accounting (refer Note 1C). Accounting for the Social Security system does not strictly follow pension fund accounting and accordingly the present value of the liability of prospective benefit payments and the present value of future contributions are not recorded. However, investments are recorded at market value in accordance with pension fund accounting guidelines.

**B. Investments**

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(9) FSM Social Security Administration, Continued

B. Investments, Continued

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

As of March 31, 1999, 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	\$ 415,907
All other cash on deposit with FDIC insured banks	<u>2,833,173</u>
Total cash and equivalents	\$ <u>3,249,080</u>

Investments

	<u>Market</u>
Common stock	\$ 20,466,909
U.S. government obligations	7,249,474
Government agencies	2,344,155
Corporate bonds	<u>6,286,611</u>
Total investments	\$ <u>36,347,149</u>

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

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

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

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

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

C. Fixed Assets

Fixed assets are accounted for in the General Fixed Assets Account Group rather than in governmental funds. During the fiscal year ended March 31, 1999, net investment in fixed assets of \$50,744 was accounted for in the Administration's General Fixed Assets Account Group. Fixed assets consist of furniture, fixtures and equipment and are recorded at cost. Depreciation is provided over the estimated useful lives of the assets by the straight-line method.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(9) FSM Social Security Administration, Continued

C. Fixed Assets, Continued

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

(10) Component Units – Fixed Assets

A. Fixed Assets - Component Units-Proprietary Funds

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

Fixed assets of the component units-proprietary funds as of September 30, 1999, are as follows:

	FSM Telecom- munications <u>Corporation</u>	FSM Development <u>Bank</u>	FSM Coconut Development <u>Authority</u>	<u>Total</u>
Estimated useful lives	5-35 years	3 years	5-20 years	
Building and leasehold improvement	\$ -	\$ -	\$ 228,847	\$ 217,592
Furniture and fixtures	-	182,075	50,588	232,663
Vehicles	-	161,875	19,932	181,807
Equipment and machinery	-	229,224	3,489	232,713
General support assets	11,454,463	-	-	11,454,463
Central office assets	8,803,792	-	-	8,803,792
Earth station	4,903,665	-	-	4,903,665
Terminal equipment	3,223,821	-	-	3,223,821
Cable, pole & wiring facilities	28,230,217	-	-	28,230,217
Less accumulated depreciation	(17,339,648)	(488,929)	(120,294)	(17,948,871)
Construction in progress	<u>1,716,545</u>	<u>-</u>	<u>-</u>	<u>1,716,545</u>
	<u>\$ 40,992,855</u>	<u>\$ 84,245</u>	<u>\$ 182,562</u>	<u>\$ 41,259,662</u>

B. Fixed Assets - Higher Education Fund

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

Land	\$ 1,245,685
Buildings and improvements	8,897,754
Furniture and equipment	3,250,916
Library	716,458
Less accumulated depreciation	<u>(4,436,595)</u>
	<u>\$ 9,674,218</u>



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Financial Statements  
September 30, 1999

(11) Restricted Assets

Component Units - Proprietary Funds - Restricted assets at September 30, 1999, are primarily comprised of the following:

FSM Development Bank - Restricted assets are related to various funds which are administered substantially in a trust capacity on behalf of the FSM National Government, Pohnpei State and Yap State. These restricted assets include, among others, approximately \$8,909,915 of U.S. Government obligations and loans receivable of \$6,582,004.

Component Units – Higher Education – The \$2,547,472 of restricted assets are related to the current restricted fund. These restricted assets include, among others, receivable of \$1,627,167 from U.S Government.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Combined Schedule of Expenditures by Account -  
All Governmental Fund Types and Expendable Trust Funds  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	Governmental Fund Types			Fiduciary	Totals	
	General	Special	Capital	Expendable	(Memorandum Only)	
		Revenue	Projects	Trust	1999	1998
Expenditures:						
Personnel	\$ 8,797,327	\$ 3,026,738	\$ 4,594	\$ -	\$ 11,828,659	\$ 13,486,850
Travel	3,304,733	1,349,129	41,867	-	4,695,729	4,315,758
Capital asset purchases	3,284,423	387,301	11,330	-	3,683,054	4,724,542
Contractual services, contributions and subsidies	5,825,476	1,995,159	452,197	-	8,272,832	7,424,324
Communications	735,957	194,850	410	-	931,217	895,284
Supplies and materials	4,947,692	629,679	46,652	-	5,624,023	4,871,219
Office/house rent/lease	1,315,373	138,561	-	-	1,453,934	1,717,506
Construction in progress	2,134,520	100,295	-	-	2,234,815	1,014,732
Scholarships	120,948	1,041,768	-	-	1,162,716	2,283,391
Utilities	178,272	289,902	-	-	468,174	-
POL	463,789	33,823	-	-	497,612	-
Insurance and fee	31,277	2,200	-	-	33,477	-
Drydocking	32,000	23,157	-	-	55,157	-
Other	<u>4,723,551</u>	<u>997,588</u>	<u>257,768</u>	<u>2,742,713</u>	<u>8,721,620</u>	<u>9,894,609</u>
Total expenditures	\$ <u>35,895,338</u>	\$ <u>10,210,150</u>	\$ <u>814,818</u>	\$ <u>2,742,713</u>	\$ <u>49,663,019</u>	\$ <u>50,628,215</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

GENERAL FUND

Schedule of Revenues and Transfers In

Year Ended September 30, 1999

(With comparative totals for the year ended September 30, 1998)

	1999	1998
Compact funding current:		
Base amount	\$ 3,499,200	\$ 3,499,200
Inflation adjustment	1,854,576	1,854,576
	5,353,776	5,353,776
Local taxes:		
Import	2,046,612	3,244,563
Fuel	237,859	203,541
Income tax, individuals, net of tax refunds	1,512,464	3,925,242
Gross receipts tax, businesses	1,840,382	2,831,332
	5,637,317	10,204,678
Fees, licenses, and other income:		
Fishing rights fees	16,001,719	13,471,197
Postal collections	548,159	555,883
Penalties and interest on delinquent taxes	729,874	237,065
Business license and firearms fees	52,098	77,481
Other income	264,201	3,085,848
	17,596,051	17,427,474
Investment income:		
Unrealized (losses) gains on equities	5,057,354	(5,413,980)
Realized gain on sale of equities	3,609,376	4,696,629
Realized losses on sale of equities	-	(59,722)
Dividend and interest income	1,249,981	1,908,993
	9,916,711	1,131,920
Other sources:		
Transfer in	160,405	129,408
Total revenues and transfers in	\$ 38,664,260	\$ 34,247,256

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**GENERAL FUND**

Schedule of Expenditures by Function and Department  
Year Ended September 30, 1999

(With comparative totals for the year ended September 30, 1998)

	<u>1999</u>	<u>1998</u>
Executive Branch:		
President's Office	\$ 857,976	\$ 653,350
Department of External Affairs and LNO's	3,030,089	3,447,821
Department of Health, Education & Social Affairs	857,639	547,873
Department of Resources and Development	748,843	1,158,026
Department of Transportation	1,700,203	328,507
Department of Finance and Administration	2,489,510	2,748,735
Office of the Attorney General	2,112,999	1,921,603
Office of the Public Defender	<u>418,537</u>	<u>462,643</u>
Total Executive Branch	<u>12,215,796</u>	<u>11,268,558</u>
Judicial Branch	<u>958,364</u>	<u>917,273</u>
Legislative Branch:		
Office of the Speaker	619,424	628,296
Congress staff	951,942	1,024,391
Delegation offices	542,578	403,190
Leg. Conference/US Visit	1,159	859
Special Session/Others	-	3,188
Official representation and others	485,347	403,585
Members travel	132,386	178,880
Legislative committees	<u>15,609</u>	<u>-</u>
Total Legislative Branch	<u>2,748,445</u>	<u>2,642,389</u>
Office of the Public Auditor	<u>267,985</u>	<u>425,408</u>
Other National Government Programs:		
Kosrae Tourism Development and Strategies	18,929	-
Northwest Purchase and Repair	1,009	-
Chuuk State Judiciary	102,080	-
Financial Assistance - FSM Students in CNI/PCC	50,000	-
Youth Pacific Forum	19,240	-
NNDA/Installation of Patch Plant	12,024	-
Mort/Office Intra/Inter Travel	6,523	-
Northwest/Compensation Classroom Teacher	2,000	-
Medical Financial Assistance	1,925	-
Northwest Personnel Cost	5,677	-
Sports/Youth Activities Faichuk	10,732	-
NNDA Community Meeting Hall	7,600	-
Official Intra/Inter State Travel	9,334	-
FSM National Close Up Local	45,493	-
Yap State Joint Law Enforcement	86,535	-
Kosrae State Joint Law Enforcement	71,326	-
Chuuk State Joint Law Enforcement	137,363	-
Kosrae State Court	101,833	-
Yap State Judiciary	49,201	-
Pohnpei Joint Law Enforcement	35,564	-
Forum Secretariat	35,000	-
The Pacific Community (Formerly SPC)	30,000	-
FY99 National Election	112,175	-
SPC (Food and Beverages)	3,140	-
COMFSM Yap Campus Construction	8,750	-
Construction/Renovation of State Centers	43,363	-
JCN Supplemental Funding	123,123	-
Kosrae Law School Scholarship	36,648	-
Asia Pacific Coconut Community	15,500	-
Asia Pacific Telecommunity	9,000	-
International Telecommunication Union	49,800	-
Internal Civil Aviation Organization	<u>28,050</u>	<u>-</u>
Subtotal - Other National Government Programs	<u>1,268,937</u>	<u>-</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

GENERAL FUND

Schedule of Expenditures by Function and Department, Continued  
Year Ended September 30, 1999

(With comparative totals for the year ended September 30, 1998)

	1999	1998
Other National Government Programs, Continued:		
Micronesian Legal Services	150,000	-
SOPAC	8,000	-
Forum Fisheries Agencies	21,000	-
SNDA Youth Development Needs	22,776	-
ESCAP	5,000	-
South Pacific Regional Env.	7,375	-
FSM Amateur Sport Association	32,175	-
Yap MMFA	7,296	-
FSM South Pacific Games	203,308	-
1999 National Special Election	10,752	-
Pohnpei 1999 Ref. Election	2,891	-
1999 Chuuk Congressional Election	3,843	-
Housing Lease/Rental Payments	3,850	-
National Law Day Scholarship	1,206	-
PATA	3,185	-
The President	60,000	-
Pacific Island Development Program	15,000	-
UNDP	3,000	-
UNFPA	3,000	-
East West Center	10,000	-
FSM Subsidies and Cont.	363	-
NTLESAL/South Pacific Forum	2,926	-
1994 National Census House/Population	5,498	-
Pohnpei State Judiciary	15,418	-
FY 1997 Youth & Sports	-	190
Yap Sports Facilities	115	91,112
FSM National Economic Summit	1,348	1,170
Aquaculture Center Program	106,263	95,361
South Pacific Forum-Overtime Compensation and Other Expenses	61,733	303,191
Governor, Yap PL 8-103	-	34,336
Yap Political Education	-	63,947
State & National Scholarship	-	2,445
Pohnpei Rural Development	161,257	7,537
Kosrae/Pohnpei Rural Development	-	125,624
Chuuk Rural Development	10,548	25,888
Air Continental scholarship	10,000	35,000
Kosrae Rural Development	88,530	46,536
Yap Rural Development	9,802	41,027
T-3 program	-	247,907
Service Consultant/US Govt	6,212	4,690
FY98 Energy	-	35,850
UNDP Micro Cost Sharing	-	194,000
Aids to non-public schools	400,145	400,000
Fisheries Development Project	-	7,953
Cons/Revnov. CECenter/State	94,895	152,429
World Health Organization	41,385	41,385
Parking/Roadway Pav/PCOM	-	109,535
Joint Committee Compact Economic Contributions	500,948	222,951
FSM ADB Water Supply	-	1,826,657
Staff Upgrade Program	-	429,607
Gymnasium Extension Proj	-	1,299
FSM Census	-	54,657
Yap National Election	-	7,217
Joint law enforcement	-	4,210
State Judiciary	-	409,920
Yap Concon/Disaster Relief	-	322,322
	45,704	13,477
Total Other National Government Programs	3,405,684	5,359,430

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

GENERAL FUND

Schedule of Expenditures by Function and Department, Continued  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	1999	1998
<b>Boards and Commissions:</b>		
Micronesian Maritime Authority	304,470	324,872
FSM Postmaster Postal Services	549,800	558,163
FSM Banking Board	86,049	-
College of Micronesia Board of Regents	25,000	25,000
National Board of Nursing	12,388	5,364
<b>Total Boards and Commissions</b>	<b>977,707</b>	<b>913,399</b>
<b>Other Legislative Appropriations:</b>		
Public Projects - National Government	15,321,357	15,284,144
<b>Total Other Legislative Appropriations</b>	<b>15,321,357</b>	<b>15,284,144</b>
<b>Total General Fund expenditures before operating transfers</b>	<b>\$ 35,895,338</b>	<b>\$ 36,810,601</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**GENERAL FUND**

Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual, Budgetary Basis  
Year Ended September 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Compact	\$ 5,353,776	\$ 5,353,776	\$ -
Local taxes	5,585,100	5,637,317	52,217
Fishing right fees	14,000,000	16,001,719	2,001,719
Postal revenues	600,000	548,159	(51,841)
Investment earnings	1,700,000	9,376,711	7,676,711
Business fees, fines, penalties and interest on delinquent taxes	100,000	781,972	681,972
Other	500,000	264,201	(235,799)
<b>Total revenues</b>	<b>27,838,876</b>	<b>37,963,855</b>	<b>10,124,979</b>
<b>Expenditures-budgetary basis by department:</b>			
<b>Executive Branch:</b>			
Office of the President	734,030	700,515	33,515
Disaster Office	24,610	7,269	17,341
Public Information	107,570	89,519	18,051
Public Education Task Force	125,000	121,388	3,612
Weather Meteorological	26,648	25,670	978
<b>Total</b>	<b>1,017,858</b>	<b>944,361</b>	<b>73,497</b>
<b>Department of External Affairs:</b>			
Administration	247,086	240,760	6,326
Division of APA & Multilateral Affairs	129,700	99,756	29,944
Division of American and European Affairs	44,800	42,271	2,529
FSM Consulate - Guam	215,184	184,643	30,541
FSM Consulate - Honolulu	240,148	210,468	29,680
FSM Embassy - Tokyo	682,961	518,199	164,762
FSM Embassy - Washington D.C.	771,355	829,933	(58,578)
FSM Embassy - Fiji	233,249	244,659	(11,410)
FSM Permanent Mission - New York	536,931	576,401	(39,470)
UN Mission - New York Building	-	127,950	(127,950)
<b>Total</b>	<b>3,101,414</b>	<b>3,075,040</b>	<b>26,374</b>
<b>Department of Health, Education &amp; Social Affairs:</b>			
Administration	124,000	99,158	24,842
Division of Health	364,468	260,509	103,959
Division of Education	377,676	346,162	31,514
Archive & Historic Preservation Unit	79,560	77,386	2,174
Women's Interests Unit	45,400	35,733	9,667
Sports & Youth Unit	46,200	45,348	852
Vocational and Manpower	-	2,352	(2,352)
<b>Total</b>	<b>1,037,304</b>	<b>866,648</b>	<b>170,656</b>
<b>Department of Economic Affairs:</b>			
Administration	294,390	225,307	69,083
Division of Economic Policy	292,732	219,966	72,766
Division of Sectoral Development	347,700	272,357	75,343
Planning and Economic Management	-	188	(188)
Statistics	-	2,064	(2,064)
Tourism	-	821	(821)
Agriculture	-	1,480	(1,480)
<b>Total</b>	<b>934,822</b>	<b>722,183</b>	<b>212,639</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**GENERAL FUND**  
Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual, Budgetary Basis, Continued  
Year Ended September 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Department of Transportation, Communication &amp; Infrastructure:</b>			
Administration	131,270	123,111	8,159
Division of Transportation and Communication	331,274	239,015	92,259
Division of Infrastructure	327,743	260,984	66,759
Other	-	659	(659)
<b>Total</b>	<u>790,287</u>	<u>623,769</u>	<u>166,518</u>
<b>Department of Finance and Administration:</b>			
Administration	261,296	516,960	(255,664)
Division of National Treasury	436,786	475,667	(38,881)
Division of Customs and Tax Administration	751,182	727,146	24,036
Division of Budget	113,220	110,244	2,976
Division of Personnel	95,530	90,491	5,039
Recruitment and Repatriation	126,000	111,431	14,569
Staff Housing	481,980	472,301	9,679
Overtime expenses including retroactive	25,000	24,586	414
<b>Total</b>	<u>2,290,994</u>	<u>2,528,826</u>	<u>(237,832)</u>
<b>Department of Justice:</b>			
Administration	154,380	168,613	(14,233)
Law	135,810	129,496	6,314
Litigation	147,660	141,249	6,411
Immigration & Labor	766,020	797,284	(31,264)
FSM National Police	1,326,675	1,209,397	117,278
<b>Total</b>	<u>2,530,545</u>	<u>2,446,039</u>	<u>84,506</u>
Office of the Public Defender	532,120	423,647	108,473
<b>Total Executive Branch</b>	<u>12,235,344</u>	<u>11,630,513</u>	<u>604,831</u>
Judicial Branch	974,320	1,001,539	(27,219)
<b>Legislative Branch:</b>			
Office of the Speaker	669,000	647,646	21,354
Congress staff	1,144,445	991,273	153,172
Delegation offices	446,517	471,731	(25,214)
Members official representation	456,500	443,942	12,558
Members' travel fund	186,218	156,085	30,133
Legislature committees	16,782	54,745	(37,963)
Other expenditures	164,783	82,732	82,051
<b>Total Legislative Branch</b>	<u>3,084,245</u>	<u>2,848,154</u>	<u>236,091</u>
Office of the Public Auditor	475,700	285,778	189,922
<b>Other National Government Programs:</b>			
Aid to Non Public Schools Fund	400,000	400,145	(145)
Scholarship - Continental Airline	35,000	10,000	25,000
Aquaculture Center	120,400	109,329	11,071
Finan. Asst. FSM Student (CMI&PCC)	50,000	50,000	-
Forum Secretariat	35,000	35,000	-
FSM/ADB Water Supply & Sanitation	-	51,598	(51,598)
FSM National Close Up Local	61,000	50,644	10,356
JCN	344,540	439,549	(95,009)
Joint Comm. Compact Econ. Negot]	-	51,434	(51,434)
Joint Law Enforcement - Chuuk	160,000	137,363	22,637
<b>Sub-total Other National Government Programs</b>	<u>1,205,940</u>	<u>1,335,062</u>	<u>(129,122)</u>

See Accompanying Independent Auditors' Report.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**GENERAL FUND**

Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual, Budgetary Basis, Continued  
Year Ended September 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Other National Government Programs Balance Forwarded	1,205,940	1,335,062	(129,122)
Joint Law Enforcement - Kosrae	70,000	71,326	(1,326)
Joint Law Enforcement - Pohnpei	138,810	35,564	103,246
Kosrae Tourism Dev. Strategies	-	18,929	(18,929)
Medical Financial Assistance	-	1,925	(1,925)
Mort/Offi. Intra/Inter Travel	-	6,523	(6,523)
National Census	132,628	-	132,628
NNDA Community Meeting Hall	-	7,600	(7,600)
NNDA/Install of Patch Plant	-	12,024	(12,024)
Northwest Purchase & Repair	-	1,009	(1,009)
Nwest/Compens. Classrm Teacher	-	2,000	(2,000)
Nwest/Personnel Cost (Fishing Boat)	-	5,677	(5,677)
Official Intra & Inter State Travel	-	9,334	(9,334)
Rural Development - Chuuk	(25,000)	10,548	(35,548)
Rural Development - Kosrae	83,000	81,741	1,259
Rural Development - Pohnpei	185,000	185,251	(251)
South Pacific forum	-	19,240	(19,240)
Sports/Youth Activities Faichuuk	-	10,732	(10,732)
State Court -Kosrae	50,000	101,833	(51,833)
State Joint Law Enforcement - Yap	90,000	86,535	3,465
State Judiciary - Chuuk	188,000	-	188,000
State Judiciary - Yap	70,000	49,201	20,799
Yap State Rural Development	35,000	9,802	25,198
JCN supplemental Funding	200,000	221,309	(21,309)
1999 Chuuk Cong. Election	1,615	3,843	(2,228)
1999 Pohnpei Ref. Election	100	2,891	(2,791)
1999 Yap Cong. Spec. Elelction	808	359	449
1999National Spec. Election	21,692	11,269	10,423
Asia Pacific Coconut Community	15,500	15,500	-
Asia Pacific Telelcommunity	9,000	9,000	-
COM-FSM Koare Campus Const	52,000	-	52,000
COM-FSM Yap Campus Const.	100,000	37,416	62,584
Const./Renov. Of State Centers	-	51,660	(51,660)
Disaster Relief Fund	100,000	45,662	54,338
East West Center	10,000	10,000	-
ESCAP	5,000	5,000	-
Executive Director, Chuuk	25,000	20,988	4,012
Forum Fisheries Agencies	21,000	21,000	-
FSM Amateur Sports Assn	35,000	35,458	(458)
FSM South Pacific Games	250,000	204,103	45,897
FY 1999 National Election	122,747	112,775	9,972
Housing Lease/Rental Payment	7,800	3,850	3,950
International Civil Aviation Org.	28,050	28,050	-
International Telecom. Union	49,800	49,800	-
Kosrae Law School Scholarship	15,000	36,648	(21,648)
Microneisan Legal Services	150,000	150,000	-
Micronesian Maritime Fisheries	130,000	-	130,000
National Board of Nurses	38,000	14,011	23,989
National Law Day Scholarship	8,000	1,206	6,794
Pacific Island Development Progam	15,000	15,000	-
Pacific Island health Officer	50,000	-	50,000
Scholarship - Byrd	15,000	-	15,000
	<u>3,699,490</u>	<u>3,168,654</u>	<u>530,836</u>
Sub-total Other National Government Programs	<u>3,699,490</u>	<u>3,168,654</u>	<u>530,836</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual, Budgetary Basis, Continued  
Year Ended September 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Other National Government Programs Balance Forwarded	3,699,490	3,168,654	530,836
SNDA Youth Development Needs	40,000	22,776	17,224
SOPAC	8,000	8,000	-
South Pacific Regional Env.	7,375	7,375	-
SPC(Food & Beverage)	-	3,140	(3,140)
SPC-Overtime Compens. & Other Exp.	-	61,733	(61,733)
State Judiciary - Pohnpei	160,200	15,418	144,782
The Pac. Community (Form. SPC)	30,000	30,000	-
The President	5,000	-	5,000
The President	60,000	-	60,000
UNDP	3,000	3,000	-
UNFPA	3,000	3,000	-
United Nation Membership Fee	360,000	180,000	180,000
WHO	82,770	41,385	41,385
Yap MMFA	20,000	7,296	12,704
Yap State\ADB Water Project	-	163,500	(163,500)
PATA	-	3,185	(3,185)
Plant Protection Program	-	60,000	(60,000)
<b>Total Other National Government Programs</b>	<b>4,478,835</b>	<b>3,778,462</b>	<b>700,373</b>
Board and Commissions:			
Micronesian Maritime Authority	338,934	311,115	27,819
FSM Banking Board	95,790	89,141	6,649
COM Treaty/Board of Regents	12,500	25,000	(12,500)
Postal services	612,648	564,792	47,856
<b>Total Boards and Commissions</b>	<b>1,059,872</b>	<b>990,048</b>	<b>69,824</b>
Other Legislative Appropriations:			
Public projects - National Government	17,724,699	16,980,571	744,128
<b>Total Other Legislative Appropriations</b>	<b>17,724,699</b>	<b>16,980,571</b>	<b>744,128</b>
<b>Total expenditures</b>	<b>40,033,015</b>	<b>37,515,065</b>	<b>2,517,950</b>
Excess (deficiency) of revenues over (under) expenditures	(12,194,139)	448,790	12,642,929
Other financing sources (uses):			
Passport Revolving Fund	40,000	160,405	(120,405)
Coconut Development Authority	(379,500)	(374,126)	(5,374)
COM-FSM	(2,533,070)	(2,401,277)	(131,793)
FSM National Fisheries	(250,000)	(250,000)	-
Maritime Revolving Fund	(965,500)	(960,500)	(5,000)
<b>Total other financing sources (uses), net</b>	<b>(4,088,070)</b>	<b>(3,825,498)</b>	<b>(262,572)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(16,282,209)	(3,376,708)	12,905,501
Unreserved fund balance at beginning of year	13,244,331	13,244,331	-
Other changes in unreserved fund balance:			
Net encumbrances adjustment	-	6,657,238	6,657,238
Increase in reserved for related assets	-	(1,642,073)	(1,642,073)
Increase in reserved for continuing appropriations	-	(6,089,398)	(6,089,398)
Decrease in loan	-	1,597,125	1,597,125
<b>Unreserved fund balance at end of year</b>	<b>\$ (3,037,878)</b>	<b>\$ 10,390,515</b>	<b>\$ 13,428,393</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Special Revenue Funds  
September 30, 1999

Specific revenues that are legally restricted to expenditures for particular purposes are accounted for in the Special Revenue Funds. The special revenue funds as of September 30, 1999 are discussed below.

Non-Compact Related Special Revenue Funds:

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Special Revenue Funds, Continued  
September 30, 1999

Compact Grants

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

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

B. Section 215

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

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

C. Section 216

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

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

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

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

D. Section 221

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

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

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS**

Combining Balance Sheet

September 30, 1999

(With comparative totals as of September 30, 1998)

<u>Assets</u>	<u>Non-Compact</u>	<u>Compact</u>	<u>Totals</u>	
			<u>1999</u>	<u>1998</u>
Cash and equivalents	\$ -	\$ 107,955	\$ 107,955	\$ 732,292
Time certificates and other term deposits	337,354	-	337,354	757,354
Investments	-	21,497,572	21,497,572	20,326,107
Receivables from:				
U.S. Department of the Interior (DOI)	751,600	-	751,600	806,845
Federal agencies, direct	3,151,464	-	3,151,464	-
General receivables	3,102	-	3,102	6,064,399
Advances	110,153	23,547	133,700	138,345
Loans receivable, net	18,560,289	-	18,560,289	10,482,904
Due from other funds	3,890,854	517,516	4,408,370	2,437,864
Interest receivable	-	112,817	112,817	126,743
 Total assets	 <u>\$ 26,804,816</u>	 <u>\$ 22,259,407</u>	 <u>\$ 49,064,223</u>	 <u>\$ 41,872,853</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 323,595	\$ 90,742	\$ 414,337	\$ 706,789
Accrued payroll and others	1,652	-	1,652	1,652
Due to other funds	4,932,318	19,337,780	24,270,098	24,242,231
Due to FSM State governments	183,917	-	183,917	1,074,389
Advances from DOI/TTPI/Other	-	-	-	1,112,276
 Total liabilities	 <u>5,441,482</u>	 <u>19,428,522</u>	 <u>24,870,004</u>	 <u>27,137,337</u>
 Fund balances:				
Reserved for loans	18,560,289	-	18,560,289	10,482,904
Reserved for encumbrances	377,008	108,409	485,417	2,459,162
Reserved for continuing appropriations	1,608,375	1,744,739	3,353,114	2,433,069
Unreserved (deficit)	817,662	977,737	1,795,399	(639,619)
 Total fund balances	 <u>21,363,334</u>	 <u>2,830,885</u>	 <u>24,194,219</u>	 <u>14,735,516</u>
 Total liabilities and fund balances	 <u>\$ 26,804,816</u>	 <u>\$ 22,259,407</u>	 <u>\$ 49,064,223</u>	 <u>\$ 41,872,853</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 1999

(With comparative totals for the year ended September 30, 1998)

	Non-Compact	Compact	Totals	
			1999	1998
<b>Revenues:</b>				
<b>Compact grants:</b>				
Base amount	\$ -	\$ 3,649,780	\$ 3,649,780	\$ 4,072,833
Inflation adjustment	-	424,053	424,053	-
Federal contributions	5,101,430	-	5,101,430	4,317,386
U.S. Department of the Interior grants	922,949	-	922,949	869,209
Sales of goods and services	381,111	-	381,111	264,703
<b>Total revenues</b>	<b>6,405,490</b>	<b>4,073,833</b>	<b>10,479,323</b>	<b>9,524,131</b>
<b>Expenditures:</b>				
Executive branch	7,884,373	2,325,777	10,210,150	11,091,352
<b>Total expenditures</b>	<b>7,884,373</b>	<b>2,325,777</b>	<b>10,210,150</b>	<b>11,091,352</b>
Excess (deficiency) of revenues over (under) expenditures	(1,478,883)	1,748,056	269,173	(1,567,221)
<b>Other financing sources (uses):</b>				
Operating and other transfers, net	800,095	(1,522,000)	(721,905)	(457,024)
Proceeds from loan	9,911,435	-	9,911,435	1,778,643
<b>Total other financing sources (uses), net</b>	<b>10,711,530</b>	<b>(1,522,000)</b>	<b>9,189,530</b>	<b>1,321,619</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	9,232,647	226,056	9,458,703	(245,602)
Fund balances at beginning of year	12,130,687	2,604,829	14,735,516	14,981,118
Fund balances at end of year	\$ 21,363,334	\$ 2,830,885	\$ 24,194,219	\$ 14,735,516

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures by Account and Changes in Fund Balances

Year Ended September 30, 1999

(With comparative totals for the year ended September 30, 1998)

	Non-Compact	Compact	Totals	
			1999	1998
<b>Revenues:</b>				
Compact grants:				
Base amount	\$ -	\$ 3,649,780	\$ 3,649,780	\$ 4,072,833
Inflation adjustment	-	424,053	424,053	-
Federal contributions	5,101,430	-	5,101,430	4,317,386
U.S. Department of the Interior grants	922,949	-	922,949	869,209
Sales of goods and services	381,111	-	381,111	264,703
 Total revenues	6,405,490	4,073,833	10,479,323	9,524,131
 <b>Expenditures:</b>				
Personnel	2,521,298	505,440	3,026,738	2,969,613
Travel	1,170,850	178,279	1,349,129	1,388,304
Capital asset purchases	324,150	63,151	387,301	328,724
Contractual services, contributions and subsidies	1,852,182	142,977	1,995,159	1,697,232
Communications	160,208	34,642	194,850	114,660
Supplies and materials	585,114	44,565	629,679	884,170
Office/house rent/lease	130,640	7,921	138,561	102,442
Construction in progress	100,295	-	100,295	-
Scholarships	56,250	985,518	1,041,768	1,040,045
Utilities	-	289,902	289,902	-
POL	33,823	-	33,823	-
Insurance and fee	2,200	-	2,200	-
Drydocking	23,157	-	23,157	-
Other	924,206	73,382	997,588	2,566,162
 Total expenditures	7,884,373	2,325,777	10,210,150	11,091,352
 Excess (deficiency) of revenues over (under) expenditures	(1,478,883)	1,748,056	269,173	(1,567,221)
 <b>Other financing sources (uses):</b>				
Operating and other transfers, net	800,095	(1,522,000)	(721,905)	(457,024)
Proceeds from loan	9,911,435	-	9,911,435	1,778,643
 Total other financing sources (uses), net	10,711,530	(1,522,000)	9,189,530	1,321,619
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	9,232,647	226,056	9,458,703	(245,602)
 Fund balances at beginning of year	12,130,687	2,604,829	14,735,516	14,981,118
 Fund balances at end of year	\$ 21,363,334	\$ 2,830,885	\$ 24,194,219	\$ 14,735,516

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

SPECIAL REVENUE FUNDS - NON-COMPACT  
Combining Balance Sheet  
September 30, 1999  
(With comparative totals as of September 30, 1998)

	OTIA							Totals		
	Maritime Operations Revolving	Disaster Relief	Federal and Other Direct Assistance	Technical Assistance & Operations & Maintenance	Passport Revolving	Fisheries Revolving	Medical Revolving	Asian Development Bank Loan	1999	1998
<b>ASSETS</b>										
Time certificates and other term deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,354	\$ 337,354	\$ 757,354
Receivables from:										
U.S. Department of the Interior (DOI)	-	-	-	751,600	-	-	-	-	751,600	806,845
Federal agencies, direct	-	-	3,151,464	-	-	-	-	-	3,151,464	-
General receivables	3,102	-	-	-	-	-	-	-	3,102	6,064,399
Advances	10,115	-	87,351	8,958	-	3,729	-	-	110,153	108,834
Loans receivables, net	-	-	-	-	-	-	-	18,560,289	18,560,289	10,482,904
Due from other funds	598,392	127,426	705,606	-	40,000	136,181	1,297	2,281,952	3,890,854	2,042,049
<b>Total assets</b>	<b>\$ 611,609</b>	<b>\$ 127,426</b>	<b>\$ 3,944,421</b>	<b>\$ 760,558</b>	<b>\$ 40,000</b>	<b>\$ 139,910</b>	<b>\$ 1,297</b>	<b>\$ 21,179,595</b>	<b>\$ 26,804,816</b>	<b>\$ 20,262,385</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>										
Liabilities:										
Account payable	\$ 33,598	\$ -	\$ 265,463	\$ 17,626	\$ -	\$ 4,223	\$ -	\$ 2,685	\$ 323,595	\$ 211,997
Accrued payroll and others	1,652	-	-	-	-	-	-	-	1,652	1,652
Due to other funds	-	-	3,532,381	711,433	-	-	-	688,504	4,932,318	5,731,384
Due to FSM State governments	-	-	148,833	35,084	-	-	-	-	183,917	1,074,389
Advances from DOI/TPI/Other	-	-	-	-	-	-	-	-	-	1,112,276
<b>Total liabilities</b>	<b>35,250</b>	<b>-</b>	<b>3,946,677</b>	<b>764,143</b>	<b>-</b>	<b>4,223</b>	<b>-</b>	<b>691,189</b>	<b>5,441,482</b>	<b>8,131,698</b>
Fund balances (deficit):										
Reserved for loans	-	-	-	-	-	-	-	18,560,289	18,560,289	10,482,904
Reserved for encumbrances	93,019	-	158,614	102,770	-	12,272	2,500	7,833	377,008	1,824,339
Reserved for continuing appropriations	-	69,198	-	-	-	-	-	1,539,177	1,608,375	1,045,202
Unreserved (deficit)	483,340	58,228	(160,870)	(106,355)	40,000	123,415	(1,203)	381,107	817,662	(1,221,758)
<b>Total fund balances (deficit)</b>	<b>576,359</b>	<b>127,426</b>	<b>(2,256)</b>	<b>(3,585)</b>	<b>40,000</b>	<b>135,687</b>	<b>1,297</b>	<b>20,488,406</b>	<b>21,363,334</b>	<b>12,130,687</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 611,609</b>	<b>\$ 127,426</b>	<b>\$ 3,944,421</b>	<b>\$ 760,558</b>	<b>\$ 40,000</b>	<b>\$ 139,910</b>	<b>\$ 1,297</b>	<b>\$ 21,179,595</b>	<b>\$ 26,804,816</b>	<b>\$ 20,262,385</b>

See Accompanying Independent Auditors' Report.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS - NON-COMPACT  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Year Ended September 30, 1999**

(With comparative totals for the year ended September 30, 1998)

	OTIA										Totals
	Maritime Operations Revolving	Disaster Relief	Federal and Other Direct Assistance	Technical Assistance & Operations & Maintenance	Passport Revolving	Fisheries Revolving	Medical Revolving	Asian Development Bank Loan	1999	1998	
<b>Revenues:</b>											
Federal contributions	\$ -	\$ -	\$ 5,101,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,101,430	\$ 4,317,386	
U.S. Department of the Interior grants	-	-	-	922,949	-	-	-	-	922,949	869,209	
Sales of goods and services	44,846	-	-	-	191,705	144,560	-	-	381,111	264,703	
<b>Total revenues</b>	<b>44,846</b>	<b>-</b>	<b>5,101,430</b>	<b>922,949</b>	<b>191,705</b>	<b>144,560</b>	<b>-</b>	<b>-</b>	<b>6,405,490</b>	<b>5,451,298</b>	
<b>Expenditures:</b>											
Executive Branch	841,478	750	5,101,430	922,949	31,300	79,131	(748)	908,083	7,884,373	7,772,952	
<b>Total expenditures</b>	<b>841,478</b>	<b>750</b>	<b>5,101,430</b>	<b>922,949</b>	<b>31,300</b>	<b>79,131</b>	<b>(748)</b>	<b>908,083</b>	<b>7,884,373</b>	<b>7,772,952</b>	
Excess (deficiency) of revenues over (under) expenditures	(796,632)	(750)	-	-	160,405	65,429	748	(908,083)	(1,478,883)	(2,321,654)	
<b>Other financing sources (uses):</b>											
Operating and other transfers, net	960,500	-	-	-	(160,405)	-	-	-	800,095	424,976	
Proceeds from loan	-	-	-	-	-	-	-	9,911,435	9,911,435	1,778,643	
<b>Total other financing sources (uses), net</b>	<b>960,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(160,405)</b>	<b>-</b>	<b>-</b>	<b>9,911,435</b>	<b>10,711,530</b>	<b>2,203,619</b>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	163,868	(750)	-	-	-	65,429	748	9,003,352	9,232,647	(118,035)	
<b>Fund balances (deficit) at beginning of year</b>	<b>412,491</b>	<b>128,176</b>	<b>(2,256)</b>	<b>(3,585)</b>	<b>40,000</b>	<b>70,258</b>	<b>549</b>	<b>11,485,054</b>	<b>12,130,687</b>	<b>12,248,722</b>	
<b>Fund balances (deficit) at end of year</b>	<b>\$ 576,359</b>	<b>\$ 127,426</b>	<b>\$ (2,256)</b>	<b>\$ (3,585)</b>	<b>\$ 40,000</b>	<b>\$ 135,687</b>	<b>\$ 1,297</b>	<b>\$ 20,488,406</b>	<b>\$ 21,363,334</b>	<b>\$ 12,130,687</b>	

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS - NON-COMPACT  
Combining Statement of Revenues, Expenditures by Account and Changes in Fund Balances (Deficit)  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)**

	Maritime Operations Revolving	Disaster Relief	Federal and Other Direct Assistance	Technical Operations & Maintenance	Passport Revolving	Fisheries Revolving	Medical Revolving	Asian Development Bank Loan	Totals	
									1999	1998
<b>Revenues:</b>										
Federal contributions	\$ -	\$ -	\$ 5,101,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,101,430	\$ 4,317,386
U.S. Department of the Interior grants	-	-	-	922,949	-	-	-	-	922,949	869,209
Sales of goods and services	44,846	-	-	-	191,705	144,560	-	-	381,111	264,703
<b>Total revenues</b>	<b>44,846</b>	<b>-</b>	<b>5,101,430</b>	<b>922,949</b>	<b>191,705</b>	<b>144,560</b>	<b>-</b>	<b>-</b>	<b>6,405,490</b>	<b>5,451,298</b>
<b>Expenditures:</b>										
Personnel	417,137	-	1,941,703	125,076	-	-	-	37,382	2,521,298	1,910,710
Travel	18,610	750	994,199	105,369	-	40,062	-	11,860	1,170,850	1,115,874
Capital asset purchases	23,320	-	261,309	39,521	-	-	-	-	324,150	243,653
Contractual services, contributions and subsidies	38,633	-	906,679	597,912	-	31,638	-	277,320	1,852,182	1,623,371
Communications	672	-	146,639	9,897	-	3,000	-	-	160,208	75,022
Supplies and materials	111,594	-	401,879	34,758	31,300	1,709	-	3,874	585,114	779,945
Office/house rent/lease	95,630	-	27,510	-	-	-	-	7,500	130,640	-
Construction in progress	98,251	-	-	2,044	-	-	-	-	100,295	-
Scholarships	-	-	56,250	-	-	-	-	-	56,250	-
POL	-	-	33,823	-	-	-	-	-	33,823	-
Insurance and fcc	23,157	-	-	-	-	2,200	-	-	2,200	-
Dredocking	14,474	-	-	-	-	-	-	-	23,157	-
Other	-	-	331,439	8,372	-	522	(748)	570,147	924,206	2,024,377
<b>Total expenditures</b>	<b>841,478</b>	<b>750</b>	<b>5,101,430</b>	<b>922,949</b>	<b>31,300</b>	<b>79,131</b>	<b>(748)</b>	<b>908,083</b>	<b>7,884,373</b>	<b>7,772,952</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(796,632)</b>	<b>(750)</b>	<b>-</b>	<b>-</b>	<b>160,405</b>	<b>65,429</b>	<b>748</b>	<b>(908,083)</b>	<b>(1,478,883)</b>	<b>(2,321,654)</b>
<b>Other financing sources (uses):</b>										
Operating and other transfers, net	960,500	-	-	-	(160,405)	-	-	-	800,095	424,976
Proceeds from loan	-	-	-	-	-	-	-	9,911,435	9,911,435	1,778,643
<b>Total other financing sources (uses), net</b>	<b>960,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(160,405)</b>	<b>-</b>	<b>-</b>	<b>9,911,435</b>	<b>10,711,530</b>	<b>2,203,619</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>163,868</b>	<b>(750)</b>	<b>-</b>	<b>-</b>	<b>65,429</b>	<b>748</b>	<b>748</b>	<b>9,003,352</b>	<b>9,232,647</b>	<b>(118,035)</b>
<b>Fund balances (deficit) at beginning of year</b>	<b>412,491</b>	<b>128,176</b>	<b>(2,256)</b>	<b>(3,585)</b>	<b>40,000</b>	<b>70,258</b>	<b>549</b>	<b>11,485,054</b>	<b>12,130,687</b>	<b>12,248,722</b>
<b>Fund balances (deficit) at end of year</b>	<b>\$ 576,359</b>	<b>\$ 127,426</b>	<b>\$ (2,256)</b>	<b>\$ (3,585)</b>	<b>\$ 40,000</b>	<b>\$ 135,687</b>	<b>\$ 1,297</b>	<b>\$ 20,488,406</b>	<b>\$ 21,363,334</b>	<b>\$ 12,130,687</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**  
SPECIAL REVENUE FUNDS - COMPACT  
Combining Balance Sheet  
September 30, 1999

<u>Assets</u>	Communications Annual Section 215(a)2	Communications One Time Section 215(b)2	Marine Surveillance Annual Section 216(a)1	Marine Surveillance One Time Section 216(b)	Post Secondary Education Section 216(a)3	Health and Medical Section 216(a)2	Special Block Grant Section 221(b)	Energy Compact Section 214	Special Development Fund Section 212	Totals
Cash and equivalents	\$ 15,539	\$ 63	\$ 8,311	\$ (1,081)	\$ 68,951	\$ (4,591)	\$ 14,095	\$ 6,461	\$ 207	\$ 107,955
Investments	2,238,361	149,069	4,336,595	1,868,626	8,117,322	2,206,322	8,097	2,573,180	-	21,497,572
Advances	-	-	-	-	-	3,379	20,168	-	-	23,547
Due from other funds	-	-	-	-	-	-	517,516	-	-	517,516
Interest receivable	5,902	2,274	24,508	12,437	49,099	10,717	-	7,880	-	112,817
<b>Total assets</b>	<b>\$ 2,259,802</b>	<b>\$ 151,406</b>	<b>\$ 4,369,414</b>	<b>\$ 1,879,982</b>	<b>\$ 8,235,372</b>	<b>\$ 2,215,827</b>	<b>\$ 559,876</b>	<b>\$ 2,587,521</b>	<b>\$ 207</b>	<b>\$ 22,259,407</b>
<u>Liabilities and Fund Balances (Deficit)</u>										
<b>Liabilities:</b>										
Accounts payable	\$ 1,400	\$ -	\$ 4,118	\$ -	\$ 500	\$ 25,900	\$ 44,615	\$ 14,209	\$ -	\$ 90,742
Due to other funds	1,971,974	4,525	3,881,305	1,922,296	7,417,419	1,944,953	-	2,195,101	207	19,337,780
<b>Total liabilities</b>	<b>1,973,374</b>	<b>4,525</b>	<b>3,885,423</b>	<b>1,922,296</b>	<b>7,417,919</b>	<b>1,970,853</b>	<b>44,615</b>	<b>2,209,310</b>	<b>207</b>	<b>19,428,522</b>
<b>Fund balances (deficit):</b>	<b>-</b>	<b>-</b>	<b>1,400</b>	<b>-</b>	<b>-</b>	<b>7,889</b>	<b>90,900</b>	<b>8,220</b>	<b>-</b>	<b>108,409</b>
Reserved for encumbrances	-	146,881	-	-	1,405,971	-	18,575	173,312	-	1,744,739
Continuing appropriation	286,428	-	482,591	(42,314)	(588,518)	237,085	405,786	196,679	-	977,737
Unreserved (deficit)	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>286,428</b>	<b>146,881</b>	<b>483,991</b>	<b>(42,314)</b>	<b>817,453</b>	<b>244,974</b>	<b>515,261</b>	<b>378,211</b>	<b>-</b>	<b>2,830,885</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,259,802</b>	<b>\$ 151,406</b>	<b>\$ 4,369,414</b>	<b>\$ 1,879,982</b>	<b>\$ 8,235,372</b>	<b>\$ 2,215,827</b>	<b>\$ 559,876</b>	<b>\$ 2,587,521</b>	<b>\$ 207</b>	<b>\$ 22,259,407</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**SPECIAL REVENUE FUNDS - COMPACT**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Year Ended September 30, 1999

	Communications Annual Section 215(a)2	Communications One Time Section 215(b)2	Marine Surveillance Annual Section 216(a)1	Marine Surveillance One Time Section 216(b)	Post Secondary Education Section 216(a)3	Health and Medical Section 216(a)2	Special Block Grant Section 221(b)	Energy Compact Section 214	Special Development Fund Section 212	Totals
<b>Revenues:</b>										
Compact grants:										
Base amount	\$ 600,000	\$ -	\$ 519,000	\$ -	\$ 1,889,700	\$ 125,980	\$ 315,000	\$ 200,100	\$ -	\$ 3,649,780
Inflation adjustment	318,000	-	-	-	-	-	-	106,053	-	424,053
Total revenues	918,000	-	519,000	-	1,889,700	125,980	315,000	306,153	-	4,073,833
<b>Expenditures:</b>										
Executive branch	44,757	-	507,679	530	985,518	102,962	391,055	293,276	-	2,325,777
Total expenditures	44,757	-	507,679	530	985,518	102,962	391,055	293,276	-	2,325,777
Excess (deficiency) of revenues over (under) expenditures	873,243	-	11,321	(530)	904,182	23,018	(76,055)	12,877	-	1,748,056
Other financing sources (uses):										
Transfers out	(882,000)	-	-	-	(640,000)	-	-	-	-	(1,522,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(8,757)	-	11,321	(530)	264,182	23,018	(76,055)	12,877	-	226,056
Fund balances (deficit) at beginning of year	295,185	146,881	472,670	(41,784)	553,271	221,956	591,316	365,334	-	2,604,829
Fund balances (deficit) at end of year	\$ 286,428	\$ 146,881	\$ 483,991	\$ (42,314)	\$ 817,453	\$ 244,974	\$ 515,261	\$ 378,211	\$ -	\$ 2,830,885

See Accompanying Independent Auditors' Report.

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

Combining Statement of Revenues, Expenditures by Account and Changes in Fund Balances (Deficit)  
Year Ended September 30, 1999

	Communications Annual Section 215(a)2	Communications One Time Section 215(b)2	Marine Surveillance Annual Section 216(a)1	Marine Surveillance One Time Section 216(b)	Post Secondary Education Section 216(a)3	Health and Medical Section 216(a)2	Special Block Grant Section 221(b)	Energy Compact Section 214	Special Development Fund Section 212	Totals
<b>Revenues:</b>										
Compact grants:										
Base amount	\$ 600,000	\$ -	\$ 519,000	\$ -	\$ 1,889,700	\$ 125,980	\$ 315,000	\$ 200,100	\$ -	\$ 3,649,780
Inflation adjustment	318,000	-	-	-	-	-	-	106,053	-	424,053
Total revenues	918,000	-	519,000	-	1,889,700	125,980	315,000	306,153	-	4,073,833
<b>Expenditures:</b>										
Personnel	-	-	492,282	-	-	13,158	-	-	-	505,440
Travel	-	-	-	-	-	12,604	165,675	-	-	178,279
Capital asset purchases	42,937	-	-	-	-	-	20,214	-	-	63,151
Contractual services, contributions and subsidies	-	-	-	-	-	77,200	65,777	-	-	142,977
Communications	-	-	-	-	-	-	34,642	-	-	34,642
Supplies and materials	1,820	-	1,498	530	-	-	37,343	3,374	-	44,565
Office/house rent/lease	-	-	-	-	-	-	7,921	-	-	7,921
Scholarships	-	-	-	-	985,518	-	-	-	-	985,518
Utilities	-	-	-	-	-	-	-	289,902	-	289,902
Other	-	-	13,899	-	-	-	59,483	-	-	73,382
Total expenditures	44,757	-	507,679	530	985,518	102,962	391,055	293,276	-	2,325,777
Excess (deficiency) of revenues over (under) expenditures	873,243	-	11,321	(530)	904,182	23,018	(76,055)	12,877	-	1,748,056
Other financing sources (uses):										
Transfers out	(882,000)	-	-	-	(640,000)	-	-	-	-	(1,522,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(8,757)	-	11,321	(530)	264,182	23,018	(76,055)	12,877	-	226,056
Fund balances (deficit) at beginning of year	295,185	146,881	472,670	(41,784)	553,271	221,956	591,316	365,334	-	2,604,829
Fund balances (deficit) at end of year	\$ 286,428	\$ 146,881	\$ 483,991	\$ (42,314)	\$ 817,453	\$ 244,974	\$ 515,261	\$ 378,211	\$ -	\$ 2,830,885

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Capital Projects Funds  
September 30, 1999

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

OTIA/TTPI Capital Projects Fund - This fund is used to account for the expenditures of construction grants from the Trust Territory Government or from the U.S. Department of the Interior, Office of 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.

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**CAPITAL PROJECTS FUNDS**

Combining Balance Sheet

September 30, 1999

(With comparative totals as of September 30, 1998)

	Compact Capital Projects	OIA Capital Projects	CFSM Capital Projects	Totals	
				1999	1998
<u>Assets</u>					
Cash and equivalents	\$ 20,368	\$ -	\$ -	\$ 20,368	\$ 122,572
Investments	6,296,844	-	-	6,296,844	4,859,667
Equity investments	3,866,064	-	-	3,866,064	3,483,690
Receivables from TTPI / OTIA	-	647,933	78,822	726,755	726,755
Advances	32,060	-	-	32,060	32,060
Loan receivable, net	1,228,636	-	-	1,228,636	1,500,000
Interest and other receivables	40,478	-	-	40,478	15,865
Total assets	\$ 11,484,450	\$ 647,933	\$ 78,822	\$ 12,211,205	\$ 10,740,609
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 66,396	\$ -	\$ -	\$ 66,396	\$ 181,421
Due to other funds	6,831,449	572,575	-	7,404,024	6,682,184
Due to FSM State governments	9,456	-	-	9,456	9,455
Deferred revenues	-	75,358	-	75,358	75,358
Total liabilities	6,907,301	647,933	-	7,555,234	6,948,418
Fund balances:					
Reserved for:					
Loans	1,228,636	-	-	1,228,636	1,500,000
Related assets	3,866,064	-	-	3,866,064	3,483,690
Encumbrances	74,235	75,358	-	149,593	701,696
Continuing appropriations	2,632,316	-	67,947	2,700,263	1,636,296
Unreserved (deficit)	(3,224,102)	(75,358)	10,875	(3,288,585)	(3,529,491)
Total fund balances	4,577,149	-	78,822	4,655,971	3,792,191
Total liabilities and fund balances	\$ 11,484,450	\$ 647,933	\$ 78,822	\$ 12,211,205	\$ 10,740,609

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**CAPITAL PROJECTS FUNDS**  
Combining Statement of Revenues, Expenditures And Changes in Fund Balances  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	Compact Capital Projects	OIA Capital Projects	CFSM Capital Projects	Totals	
				1999	1998
Revenues:					
Compact Capital grants:					
Base amount	\$ 1,500,800	\$ -	\$ -	\$ 1,500,800	\$ 1,500,800
Inflation Adjustment	<u>795,424</u>	<u>-</u>	<u>-</u>	<u>795,424</u>	<u>795,424</u>
Total revenues	<u>2,296,224</u>	<u>-</u>	<u>-</u>	<u>2,296,224</u>	<u>2,296,224</u>
Expenditures:					
Executive branch	<u>814,818</u>	<u>-</u>	<u>-</u>	<u>814,818</u>	<u>3,230,338</u>
Total expenditures	<u>814,818</u>	<u>-</u>	<u>-</u>	<u>814,818</u>	<u>3,230,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,481,406</u>	<u>-</u>	<u>-</u>	<u>1,481,406</u>	<u>(934,114)</u>
Other financing sources (uses):					
Operating transfers out	(1,000,000)	-	-	(1,000,000)	(1,500,000)
Earnings on equity investment	382,374	-	-	382,374	271,427
Loss from noncollection of notes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,250,000)</u>
Total other financing sources (uses), net	<u>(617,626)</u>	<u>-</u>	<u>-</u>	<u>(617,626)</u>	<u>(2,478,573)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	863,780	-	-	863,780	(3,412,687)
Fund balances at beginning of year	<u>3,713,369</u>	<u>-</u>	<u>78,822</u>	<u>3,792,191</u>	<u>7,204,878</u>
Fund balances at end of year	<u>\$ 4,577,149</u>	<u>\$ -</u>	<u>\$ 78,822</u>	<u>\$ 4,655,971</u>	<u>\$ 3,792,191</u>

See Accompanying Independent Auditors' Report.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**CAPITAL PROJECTS FUNDS**  
Combining Statement of Revenues, Expenditures by Account And Changes in Fund Balances  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	Compact	OIA	CFSM	Totals	
	Capital Projects	Capital Projects	Capital Projects	1999	1998
<b>Revenues:</b>					
Compact Capital grants:					
Base amount	\$ 1,500,800	\$ -	\$ -	\$ 1,500,800	\$ 1,500,800
Inflation Adjustment	<u>795,424</u>	<u>-</u>	<u>-</u>	<u>795,424</u>	<u>795,424</u>
<b>Total revenues</b>	<u>2,296,224</u>	<u>-</u>	<u>-</u>	<u>2,296,224</u>	<u>2,296,224</u>
<b>Expenditures:</b>					
Personnel	4,594	-	-	4,594	12,746
Travel	41,867	-	-	41,867	77,466
Capital asset purchases	11,330	-	-	11,330	348,492
Contractual services, contributions and subsidies	452,197	-	-	452,197	-
Communications	410	-	-	410	479
Supplies and materials	46,652	-	-	46,652	158,039
Construction in progress	-	-	-	-	2,529,997
Other	<u>257,768</u>	<u>-</u>	<u>-</u>	<u>257,768</u>	<u>103,119</u>
<b>Total expenditures</b>	<u>814,818</u>	<u>-</u>	<u>-</u>	<u>814,818</u>	<u>3,230,338</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,481,406</u>	<u>-</u>	<u>-</u>	<u>1,481,406</u>	<u>(934,114)</u>
<b>Other financing sources (uses):</b>					
Operating transfers out	(1,000,000)	-	-	(1,000,000)	(1,500,000)
Earnings on equity investment	382,374	-	-	382,374	271,427
Loss from noncollection of notes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,250,000)</u>
<b>Total other financing sources (uses), net</b>	<u>(617,626)</u>	<u>-</u>	<u>-</u>	<u>(617,626)</u>	<u>(2,478,573)</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	863,780	-	-	863,780	(3,412,687)
<b>Fund balances at beginning of year</b>	<u>3,713,369</u>	<u>-</u>	<u>78,822</u>	<u>3,792,191</u>	<u>7,204,878</u>
<b>Fund balances at end of year</b>	<u>\$ 4,577,149</u>	<u>\$ -</u>	<u>\$ 78,822</u>	<u>\$ 4,655,971</u>	<u>\$ 3,792,191</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Component Units - Proprietary Funds  
September 30, 1999

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

COMPONENT UNITS - PROPRIETARY FUNDS  
Combining Balance Sheet  
September 30, 1999  
(With comparative totals as of September 30, 1998)

<u>ASSETS</u>	FSM Tele- Communication Corporation	FSM Development Bank	FSM Coconut Development Authority	Totals	
				1999	1998
Cash and equivalents	\$ 3,826,159	\$ 3,418,653	\$ 321,818	\$ 7,566,630	\$ 5,384,107
Time deposits	-	-	-	-	1,200,000
Investments	9,804,775	10,308,924	-	20,113,699	18,733,601
Investment - Intelsat	910,114	-	-	910,114	910,114
Investment - Iridium	71,980	-	-	71,980	274,931
Investment - ICTV Pohnpei	436,763	-	-	436,763	-
General receivables, net	1,296,260	36,820	2,870	1,335,950	1,072,600
Advances	11,675	-	1,946	13,621	12,706
Loans receivable, net	-	12,772,660	-	12,772,660	11,553,942
Interest receivable	26,933	238,253	500	265,686	278,961
Available-for-sale securities	-	662,188	-	662,188	662,188
Inventory	261,706	-	41,083	302,789	481,474
Restricted assets	-	16,259,643	-	16,259,643	16,660,344
Prepaid expenses	487,520	1,650	43,633	532,803	903,225
Fixed assets, net	40,992,855	84,245	182,562	41,259,662	41,884,816
<b>Total assets</b>	<b>\$ 58,126,740</b>	<b>\$ 43,783,036</b>	<b>\$ 594,412</b>	<b>\$ 102,504,188</b>	<b>\$ 100,013,009</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities:					
Accounts payable	\$ 166,071	\$ 90,478	\$ 4,928	\$ 261,477	\$ 496,426
Accrued payroll and others	101,565	-	1,020	102,585	93,954
Interfund payable	-	-	-	-	1,250,264
Deferred revenues	13,877	-	-	13,877	34,917
Other payables	426,404	47,772	-	474,176	409,425
Contract retention payable	90,958	-	-	90,958	31,872
Notes payable	29,099,617	106,588	-	29,206,205	29,769,486
<b>Total liabilities</b>	<b>29,898,492</b>	<b>244,838</b>	<b>5,948</b>	<b>30,149,278</b>	<b>32,086,344</b>
Fund equity:					
Contributed capital	7,173,118	28,978,830	646,616	36,798,564	35,798,564
Retained earnings	21,055,130	14,559,368	(58,152)	35,556,346	32,128,101
<b>Total fund equity</b>	<b>28,228,248</b>	<b>43,538,198</b>	<b>588,464</b>	<b>72,354,910</b>	<b>67,926,665</b>
<b>Total liabilities and fund equity</b>	<b>\$ 58,126,740</b>	<b>\$ 43,783,036</b>	<b>\$ 594,412</b>	<b>\$ 102,504,188</b>	<b>\$ 100,013,009</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**COMPONENT UNITS - PROPRIETARY FUNDS**  
Combining Statement of Revenues, Expenses and Changes in Fund Equity  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	FSM Tele- Communication Corporation	FSM Development Bank	FSM Coconut Development Authority	Totals	
				1999	1998
<b>Operating revenues:</b>					
Charges for goods and services	\$ 9,430,853	\$ 2,822,908	\$ 161,810	\$ 12,415,571	\$ 10,654,406
Other	139,696	30,893	-	170,589	217,695
<b>Total operating revenues</b>	<b>9,570,549</b>	<b>2,853,801</b>	<b>161,810</b>	<b>12,586,160</b>	<b>10,872,101</b>
<b>Operating expenses:</b>					
Personnel services	2,440,924	669,275	66,026	3,176,225	3,109,833
Circuit lease	501,231	-	-	501,231	570,224
Bad debts	393,057	727,900	9,118	1,130,075	5,917,365
Utilities	401,998	-	-	401,998	410,258
Rent	40,284	119,284	-	159,568	121,579
Communications	317,024	41,245	-	358,269	311,638
Repairs and maintenance	478,246	-	-	478,246	352,953
Travel	218,069	105,175	21,117	344,361	246,792
Supplies and materials	98,574	13,582	15,983	128,139	109,975
Contractual services	160,047	131,910	58,020	349,977	220,353
Advertising	159,502	-	-	159,502	-
Professional fees	136,388	-	-	136,388	-
Training	-	30,136	-	30,136	45,312
Depreciation and amortization	2,356,986	37,799	17,785	2,412,570	2,423,777
Cost of sales	-	-	320,898	320,898	194,926
Other	234,261	217,816	54,653	506,730	840,303
<b>Total operating expenses</b>	<b>7,936,591</b>	<b>2,094,122</b>	<b>563,600</b>	<b>10,594,313</b>	<b>14,875,288</b>
<b>Operating income (loss)</b>	<b>1,633,958</b>	<b>759,679</b>	<b>(401,790)</b>	<b>1,991,847</b>	<b>(4,003,187)</b>
<b>Nonoperating revenues (expenses) :</b>					
Transfers in	882,000	-	373,321	1,255,321	1,208,445
Interest income (expense), net	(1,094,116)	-	2,198	(1,091,918)	(1,241,564)
Investment income	1,413,250	-	-	1,413,250	364,851
Loss on investment	(216,187)	-	-	(216,187)	-
Gain on sale of fixed assets	150	-	5,304	5,454	-
Other income	-	54,032	16,446	70,478	326,058
<b>Total nonoperating revenues (expenses), net</b>	<b>985,097</b>	<b>54,032</b>	<b>397,269</b>	<b>1,436,398</b>	<b>657,790</b>
<b>Net income (loss)</b>	<b>2,619,055</b>	<b>813,711</b>	<b>(4,521)</b>	<b>3,428,245</b>	<b>(3,345,397)</b>
Retained earnings at beginning of year	18,436,075	13,745,657	(53,631)	32,128,101	47,131,187
Deduct amounts related to assets held in trust funds	-	-	-	-	(11,657,689)
<b>Retained earnings at end of year</b>	<b>21,055,130</b>	<b>14,559,368</b>	<b>(58,152)</b>	<b>35,556,346</b>	<b>32,128,101</b>
Contributed capital at beginning of year	7,173,118	27,978,830	646,616	35,798,564	35,048,564
Additions	-	1,000,000	-	1,000,000	750,000
<b>Contributed capital at end of year</b>	<b>7,173,118</b>	<b>28,978,830</b>	<b>646,616</b>	<b>36,798,564</b>	<b>35,798,564</b>
<b>Total fund equity</b>	<b>\$ 28,228,248</b>	<b>\$ 43,538,198</b>	<b>\$ 588,464</b>	<b>\$ 72,354,910</b>	<b>\$ 67,926,665</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**COMPONENT UNITS - PROPRIETARY FUNDS**

Combining Statement of Cash Flows

Year Ended September 30, 1999

(With comparative totals for the year ended September 30, 1998)

	FSM Tele- Communication Corporation	FSM Development Bank	FSM Coconut Development Authority	Totals	
				1999	1998
Increase (decrease) in cash and equivalents:					
Cash flows from operating activities:					
Operating income (loss)	\$ 1,633,958	\$ 759,679	\$ (401,790)	\$ 1,991,847	\$ (4,003,187)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	2,356,986	37,799	17,785	2,412,570	2,423,777
Bad debts	393,057	727,900	9,118	1,130,075	5,917,365
Others	-	54,032	20,416	74,448	297,353
	<u>4,384,001</u>	<u>1,579,410</u>	<u>(354,471)</u>	<u>5,608,940</u>	<u>4,635,308</u>
Change in assets and liabilities:					
Cash advances	-	-	-	-	4,360
Interest receivable	-	13,851	-	13,851	87,549
Accounts receivable trade	(854,763)	7,275	11,403	(836,085)	(218,367)
Accounts receivable other	159,685	-	-	159,685	(267,605)
Advances	(915)	-	-	(915)	-
Materials and supplies inventory	-	-	-	-	22,588
Inventory trade	128	-	178,557	178,685	(84,089)
Prepaid expenses	380,072	350	-	380,422	(458,473)
Loans receivable	-	(1,946,618)	-	(1,946,618)	(3,018,607)
Accounts payable	(45,003)	(128,603)	(34,159)	(207,765)	261,758
Contract retentions payable	59,086	-	-	59,086	(91,809)
Due from other funds	-	-	374	374	1,041
Accrued payroll and others	-	-	(6,006)	(6,006)	4,979
Accrued leave payable	14,637	-	-	14,637	(124,965)
Deferred revenue	(21,040)	-	-	(21,040)	(8,429)
Accrued expenses, other	37,567	-	-	37,567	(123,393)
Interfund receivable and payable	-	-	-	-	(252,907)
	<u>(270,546)</u>	<u>(2,053,745)</u>	<u>150,169</u>	<u>(2,174,122)</u>	<u>(4,266,369)</u>
Net cash provided by (used for) operating activities	<u>4,113,455</u>	<u>(474,335)</u>	<u>(204,302)</u>	<u>3,434,818</u>	<u>368,939</u>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**COMPONENT UNITS - PROPRIETARY FUNDS**

Combining Statement of Cash Flows, Continued

Year Ended September 30, 1999

(With comparative totals for the year ended September 30, 1998)

	FSM Tele- Communication Corporation	FSM Development Bank	FSM Coconut Development Authority	Totals	
				1999	1998
<b>Cash flows from noncapital financing activities:</b>					
CFSM appropriation received	882,000	-	371,549	1,253,549	1,208,445
Loan participations sold	-	(24,364)	-	(24,364)	(21,611)
Repayment of borrowed funds	-	-	-	-	(761,810)
Contributed capital received and other funding	-	1,000,000	-	1,000,000	750,000
<b>Net cash provided by noncapital financing activities</b>	<b>882,000</b>	<b>975,636</b>	<b>371,549</b>	<b>2,229,185</b>	<b>1,175,024</b>
<b>Cash flows from capital and related financing activities:</b>					
Note repayments	(538,917)	-	-	(538,917)	(512,589)
Acquisition of fixed assets	(1,719,247)	(42,094)	(6,920)	(1,768,261)	(2,160,683)
Disposals of fixed assets	-	-	5,304	5,304	1,934
Interest expense	(1,469,404)	-	-	(1,469,404)	(1,495,730)
Proceeds from other income - sale of fixed assets	150	-	-	150	33,911
Restricted cash	-	(849,563)	-	(849,563)	45,208
<b>Net cash used for capital and related financing activities</b>	<b>(3,727,418)</b>	<b>(891,657)</b>	<b>(1,616)</b>	<b>(4,620,691)</b>	<b>(4,087,949)</b>
<b>Cash flows from investing activities:</b>					
Decrease (increase) in investments	(469,153)	33,152	-	(436,001)	1,162,305
Withdrawals from (additions to) time deposits	1,200,000	-	-	1,200,000	(1,200,000)
Interest income received	375,212	-	-	375,212	367,140
<b>Cash provided by investing activities</b>	<b>1,106,059</b>	<b>33,152</b>	<b>-</b>	<b>1,139,211</b>	<b>329,445</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>2,374,096</b>	<b>(357,204)</b>	<b>165,631</b>	<b>2,182,523</b>	<b>(2,214,541)</b>
<b>Cash and equivalents at beginning of year</b>	<b>1,452,063</b>	<b>3,775,857</b>	<b>156,187</b>	<b>5,384,107</b>	<b>7,598,648</b>
<b>Cash and equivalents at end of year</b>	<b>\$ 3,826,159</b>	<b>\$ 3,418,653</b>	<b>\$ 321,818</b>	<b>\$ 7,566,630</b>	<b>\$ 5,384,107</b>

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Expendable Trust Funds  
September 30, 1999

Expendable trust funds are used to account for assets held by a government unit in a trustee capacity for individuals, private organizations, or other governmental units, whose resources, including both principal and earnings, may be expended. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The expendable trust funds which the National Government bears responsibility for at September 30, 1999, are as follows:

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

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

See Accompanying Independent Auditors' Report.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**EXPENDABLE TRUST FUNDS  
Combining Balance Sheet  
September 30, 1999  
(With comparative totals as of September 30, 1998)**

<u>ASSETS</u>	Health Insurance Fund	Student Loan Fund	<u>Totals</u>	
			<u>1999</u>	<u>1998</u>
Cash and equivalents	\$ 693,775	\$ -	\$ 693,775	\$ 803,082
Term deposits	823,945	-	823,945	886,770
Investments	1,338,901	-	1,338,901	1,276,098
General receivables, net	105,991	-	105,991	11,778
Due from other funds	-	582,349	582,349	574,488
Prepaid insurance	<u>219,550</u>	<u>-</u>	<u>219,550</u>	<u>261,739</u>
 Total assets	 <u>\$ 3,182,162</u>	 <u>\$ 582,349</u>	 <u>\$ 3,764,511</u>	 <u>\$ 3,813,955</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 215,604
Due to other funds	290,358	-	290,358	74,754
IBNR health insurance payable	<u>401,808</u>	<u>-</u>	<u>401,808</u>	<u>493,974</u>
 Total liabilities	 <u>692,166</u>	 <u>-</u>	 <u>692,166</u>	 <u>784,332</u>
Fund balances:				
Reserved for encumbrances	-	-	-	65,135
Unreserved	<u>2,489,996</u>	<u>582,349</u>	<u>3,072,345</u>	<u>2,964,488</u>
 Total fund balances	 <u>2,489,996</u>	 <u>582,349</u>	 <u>3,072,345</u>	 <u>3,029,623</u>
 Total liabilities and fund balances	 <u>\$ 3,182,162</u>	 <u>\$ 582,349</u>	 <u>\$ 3,764,511</u>	 <u>\$ 3,813,955</u>

See Accompanying Independent Auditors' Report.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**EXPENDABLE TRUST FUNDS**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended September 30, 1999  
(With comparative totals for the year ended September 30, 1998)

	Health Insurance Fund	Student Loan Fund	Totals	
			1999	1998
<b>Revenues:</b>				
Interest income	\$ 120,149	\$ -	\$ 120,149	\$ 89,274
Member's contributions	2,657,425	-	2,657,425	2,270,609
Loan repayments	<u>-</u>	<u>7,861</u>	<u>7,861</u>	<u>12,200</u>
<b>Total revenues</b>	<u>2,777,574</u>	<u>7,861</u>	<u>2,785,435</u>	<u>2,372,083</u>
<b>Expenditures:</b>				
Insurance claims	2,518,880	-	2,518,880	1,869,848
Administrative expense	<u>223,833</u>	<u>-</u>	<u>223,833</u>	<u>216,063</u>
<b>Total expenditures</b>	<u>2,742,713</u>	<u>-</u>	<u>2,742,713</u>	<u>2,085,911</u>
Excess of revenues over expenditures	34,861	7,861	42,722	286,172
Fund balances at beginning of year	<u>2,455,135</u>	<u>574,488</u>	<u>3,029,623</u>	<u>2,743,451</u>
Fund balances at end of year	<u>\$ 2,489,996</u>	<u>\$ 582,349</u>	<u>\$ 3,072,345</u>	<u>\$ 3,029,623</u>

See Accompanying Independent Auditors' Report.



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

Honorable Leo A. Falcam  
President  
Federated States of Micronesia:

We have audited the general purpose financial statements of the Federated States of Micronesia (FSM) National Government as of and for the year ended September 30, 1999, and have issued our report thereon dated November 16, 2000, which report was qualified due to our inability to substantiate fixed assets, general receivables, advances, due from other governments, due to other governments and revenue of Government Fund Types, accounts payable for a Fiduciary Fund Type - Expendable Trust Fund and the omission of financial statements of the National Fisheries Corporation, a Component Unit - Proprietary Fund. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

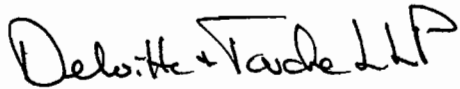
As part of obtaining reasonable assurance about whether FSM National Government's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct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

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered FSM National Government's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we considered to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control on financial reporting that, in our judgment, could adversely affect the FSM National Government's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 99-7 through 99-23.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-7 through 99-13 to be material weaknesses.

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

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

November 16, 2000



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

Honorable Leo A. Falcam  
President  
Federated States of Micronesia:

Compliance

We have audited the compliance of the Federated States of Micronesia (FSM) National Government with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1999. FSM National Government's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs (pages 151 through 200). Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of FSM National Government's management. Our responsibility is to express an opinion on FSM National Government's compliance based on our audit.

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

As described in item 99-1, 99-2, 99-3, 99-4, 99-5 and 99-6 in the accompanying Schedule of Findings and Questioned Costs, the FSM National Government did not comply with requirements regarding allowable costs/cost principles and reporting for U.S. Department of Labor, JTPA Program (CFDA #17.250), allowable costs for U.S. Department of Interior, Compact Scholarship Fund (CFDA #15.875), cash management for U.S. Department of Commerce, NOAA (CFDA #11.460), reporting for U.S. Department of Health and Human Services, Maternal Child Health Program (CFDA #93.994), and subrecipient monitoring for all programs. Compliance with such requirements is necessary, in our opinion, for the FSM National Government to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the FSM National Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999.

## Internal Control Over Compliance

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

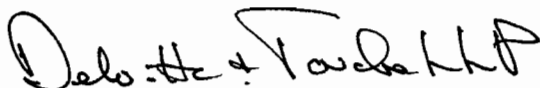
We noted matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the FSM National Government's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 99-6 and 99-7.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe Finding 99-7 to be a material weakness.

## Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the FSM National Government, as of and for the year ended September 30, 1999, and have issued our report thereon dated November 16, 2000, which report was qualified due to our inability to substantiate fixed assets, general receivables, advances, due from other governments, due to other governments and revenue of Government Fund Types, accounts payable for a Fiduciary Fund Type - Expendable Trust Fund and the omission of financial statements of the National Fisheries Corporation, a Component Unit - Proprietary Fund. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards (pages 72 through 139) is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. This schedule is the responsibility of the management of the FSM National Government. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statement and, in our opinion, except for such adjustments, if any, which might be required had we been able to substantiate fixed assets, general receivables, advances, due from other governments, due to other governments, and revenue of Governmental Fund Types, is fairly stated, in all material respects when considered in relation to the general purpose financial statements taken as a whole.

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



November 16, 2000

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Department of Education									
84.002		7737	93 Adult Education V002A30001 National Government	\$ 100,000	\$ 86,981	\$ -	\$ -	\$ 86,981	\$ 13,019
84.002		7738	94 Adult Education V002A40002 National Government	100,000	96,903	-	-	96,903	3,097
84.002		7728	95 Adult Education V002A40057 National Government	100,000	92,943	-	-	92,943	7,057
84.002		3121	96 Adult Education V002A50057 National Government	100,000	48,187	-	-	48,187	51,813
84.002		3006	97 Adult Education V002A60057 National Government	100,000	60,441	-	-	60,441	39,559
84.002		3026	98 Adult Education V002A70057 National Government	100,000	26,577	-	28,211	54,788	45,212
84.002		303040	99 Adult Education V002A980057 National Government	100,000	-	-	9,174	9,174	90,826
			Total CFDA #84.002	700,000	412,032	-	37,385	449,417	250,583
			Balance forward	700,000	412,032	-	37,385	449,417	250,583

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 700,000	\$ 412,032	\$ -	\$ 37,385	\$ 449,417	\$ 250,583
	84.027		93 Special Education H027A30009						
		7731	National Government	398,469	378,212	-	-	378,212	20,257
		7732	Pohnpei	1,187,041	1,118,285	-	-	1,118,285	68,756
		7732	Chuuk	1,301,430	901,087	-	-	901,087	400,343
		7732	Yap	491,683	328,832	-	-	328,832	162,851
		7732	Kosrae	606,074	576,549	-	-	576,549	29,525
			Program Total	3,984,697	3,302,965	-	-	3,302,965	681,732
	84.027		94 Special Education H027A40007						
		7742	National Government	413,923	364,681	-	-	364,681	49,242
		7743	Pohnpei	1,221,717	1,134,119	-	-	1,134,119	87,598
		7743	Chuuk	1,336,476	1,030,774	-	-	1,030,774	305,702
		7743	Kosrae	640,750	515,345	-	-	515,345	125,405
		7743	Yap	526,361	478,817	-	-	478,817	47,544
			Program Total	4,139,227	3,523,736	-	-	3,523,736	615,491
	84.027		95 Special Education H027A40111						
		7721	National Government	713,396	669,897	-	-	669,897	43,499
		7729	Pohnpei	1,224,167	1,113,401	-	-	1,113,401	110,766
		7729	Chuuk	217,464	290,110	-	-	290,110	(72,646)
		7729	Kosrae	627,907	553,947	-	-	553,947	73,960
		7729	Yap	520,000	376,407	-	-	376,407	143,593
		3001	Chuuk	1,031,801	473,095	-	-	473,095	558,706
			Program Total	4,334,735	3,476,857	-	-	3,476,857	857,878
			Balance forward CFDA #84.027	12,458,659	10,303,558	-	-	10,303,558	2,155,101
			Balance forward	700,000	412,032	-	37,385	449,417	250,583

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 700,000	\$ 412,032	\$ -	\$ 37,385	\$ 449,417	\$ 250,583
	84.027		Balance forwarded CFDA #84.02	12,458,659	10,303,558	-	-	10,303,558	2,155,101
			97 Special Education						
			H027B70006						
		3022	National Government	521,237	407,190	-	32,557	439,747	81,490
		3023	Pohnpei	949,141	-	326,968	-	326,968	622,173
		3023	Kosrae	531,235	446,677	31,718	-	478,395	52,840
		3023	Yap	463,473	386,926	63,638	-	450,564	12,909
		3024	Chuuk	1,052,584	750,325	-	273,300	1,025,625	26,959
			Program Total	3,517,670	1,991,118	422,324	307,857	2,721,299	796,371
	84.027		98 Special Education						
			H027B970006-98						
		3037	National Government	516,406	-	-	-	-	516,406
		3037	Pohnpei	850,276	593,375	457,371	-	1,050,946	(200,670)
		3037	Kosrae	535,454	-	396,207	-	396,207	139,247
		3037	Yap	581,399	-	479,949	-	479,949	101,450
		3037	Chuuk	1,052,584	-	-	1,066,179	1,066,179	(13,595)
			Program Total	3,536,119	593,375	1,333,727	1,066,179	2,993,281	542,838
			Total CFDA #84.027	19,512,448	12,888,051	1,756,051	1,374,036	16,018,138	3,494,310
	84.124		93 Teacher Training						
			R124A20001-93						
		7745	National Government	13,389	9,241	-	-	9,241	4,148
		7746	Pohnpei	58,135	57,885	-	-	57,885	250
		7746	Chuuk	66,810	62,299	-	-	62,299	4,511
		7746	Yap	54,424	54,072	-	-	54,072	352
		7746	Kosrae	54,750	51,938	-	-	51,938	2,812
			Program Total	247,508	235,435	-	-	235,435	12,073
			Balance forward CFDA #84.124	247,508	235,435	-	-	235,435	12,073
			Balance forward	20,212,448	13,300,083	1,756,051	1,411,421	16,467,555	3,744,893

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 20,212,448	\$ 13,300,083	\$ 1,756,051	\$ 1,411,421	\$ 16,467,555	\$ 3,744,893
			Balance forward CFDA #84.124	247,508	235,435	-	-	235,435	12,073
84.124			94 Teacher Training R124A20001-94						
		7722	Unallotted	4,242	-	-	-	-	4,242
		7723	National Government	13,303	10,975	-	-	10,975	2,328
		7724	Pohnpei	58,172	58,173	-	-	58,173	(1)
		7724	Chuuk	66,000	59,592	-	-	59,592	6,408
		7724	Yap	53,000	52,614	-	-	52,614	386
		7724	Kosrae	52,464	2,854	-	-	2,854	49,610
			Program Total	247,181	184,208	-	-	184,208	62,973
			Total CFDA #84.124	494,689	419,643	-	-	419,643	75,046
84.185			FY-95 Robert C. Byrd Scholarship P185A60059						
		7749	National Government	30,000	29,250	-	-	29,250	750
84.185			FY-95 National Close-up Local National Government						
		7726	National Government	15,000	14,181	-	-	14,181	819
84.185			FY-96 Robert C. Byrd Scholarship P185A60059						
		3008	National Government	33,630	33,070	-	-	33,070	560
84.185			FY-97 Robert C. Byrd Scholia P185A60059						
		3018	National Government	44,400	43,845	-	-	43,845	555
84.185			FY-98 Robert C. Byrd Scholarship P185A80059						
		3036	National Government	60,000	-	-	56,250	56,250	3,750
			Total CFDA #84.185	183,030	120,346	-	56,250	176,596	6,434
			Balance forward	20,890,167	13,840,072	1,756,051	1,467,671	17,063,794	3,826,373

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures			Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government			
U.S. Federal Direct Assistance Fund				\$ 20,890,167	\$ 13,840,072	\$ 1,756,051	\$ 1,467,671	\$ 17,063,794	\$ 3,826,373	
U.S. Dept. of Education balance forwarded										
	84.194Q		FY-95 Bilingual Education T194Q50048 National Government	100,000	57,830	-	-	57,830	42,170	
	84.194Q	7735								
	84.194Q	3015	FY-96 Bilingual Education T194Q50048 National Government	100,000	88,071	-	472	88,543	11,457	
	84.194Q	3020	FY-97 Bilingual Education T194Q50048-97 National Government	100,000	85,074	-	7,038	92,112	7,888	
	84.194Q	303038	FY-98 Bilingual Education T194Q980042 National Government	100,000	-	-	67,084	67,084	32,916	
			Total CFDA #84.194Q	400,000	230,975	-	74,594	305,569	94,431	
	84.276A		FY-95 Goal 2000 Program S276A50055							
		7735	National Government	29,492	27,627	-	-	27,627	1,865	
		3003	Kosrae	17,237	11,365	-	-	11,365	5,872	
		3004	Chuuk	27,000	16,412	-	-	16,412	10,588	
			Program Total	73,729	55,404	-	-	55,404	18,325	
			Balance forward CFDA #84.276A	73,729	55,404	-	-	55,404	18,325	
			Balance forward	21,290,167	14,071,047	1,756,051	1,542,265	17,369,363	3,920,804	

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Education balance forwarded				\$ 21,290,167	\$ 14,071,047	\$ 1,756,051	\$ 1,542,265	\$ 17,369,363	\$ 3,920,804
	84.276A		Balance forwarded CFDA #84.27	73,729	55,404	-	-	55,404	18,325
			FY-96 Goal 2000 Program S276A60055						
		3010	Unallotted	3,991	-	-	-	-	3,991
		3011	National Government	30,243	30,400	-	-	30,400	(157)
		3012	Pohnpei	103,827	104,660	-	-	104,660	(833)
		3012	Kosrae	28,150	22,587	-	-	22,587	5,563
		3012	Yap	74,026	61,650	-	-	61,650	12,376
		3013	Chuuk	62,196	60,591	-	(77)	60,514	1,682
			Program Total	302,433	279,888	-	(77)	279,811	22,622
			S276A60055-96A						
		3028	National Government	28,538	23,490	-	-	23,490	5,048
		3029	Kosrae	85,946	3,735	12,400	-	16,135	69,811
		3029	Yap	90,904	69,571	6,432	-	76,003	14,901
		3030	Chuuk	80,000	36,851	-	10,931	47,782	32,218
			Program Total	285,388	133,647	18,832	10,931	163,410	121,978
	84.276A		FY-98 Goal 2000 Program S276A70055						
		303033	National	40,368	-	-	76,005	76,005	(35,637)
		303033	Pohnpei	154,207	76,484	77,722	-	154,206	1
		303033	Chuuk	73,000	-	-	-	-	73,000
		303033	Kosrae	65,000	16,185	20,150	-	36,335	28,665
		303033	Yap	73,782	39,946	63,629	-	103,575	(29,793)
			Program Total	406,357	132,615	161,501	76,005	370,121	36,236
			Total CFDA #84.276A	1,067,907	601,554	180,333	86,859	868,746	199,161
			Total U.S. Dept. of Education	\$ 22,358,074	\$ 14,672,601	\$ 1,936,384	\$ 1,629,124	\$ 18,238,109	\$ 4,119,965

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund	17.250	3287	64-10/64 - JTPA 90 National Government	\$ 84,434	\$ 81,045	\$ -	\$ -	\$ 81,045	\$ 3,389
	17.250		64-016 - JTPA '92 Unallotted	347	-	-	-	-	347
U.S. Department of Labor		3415	National Government	88,329	88,564	-	-	88,564	(235)
		3416	National Government	26,167	23,885	-	-	23,885	2,282
		3417	National Government	50,188	52,115	-	-	52,115	(1,927)
		3418	National Government	56,141	55,789	-	-	55,789	352
		3420	Pohnpei	88,137	98,770	-	-	98,770	(10,633)
		3420	Chuuk	11,908	27,751	-	-	27,751	(15,843)
		3420	Kosrae	18,713	19,297	-	-	19,297	(584)
		3420	Yap	157,193	149,639	-	-	149,639	7,554
		3421	Pohnpei	257,461	265,049	-	-	265,049	(7,588)
		3421	Chuuk	33,344	35,004	-	-	35,004	(1,660)
		3421	Kosrae	52,397	52,398	-	-	52,398	(1)
		3422	Yap	104,795	98,045	-	-	98,045	6,750
		3422	Pohnpei	155,605	164,265	-	-	164,265	(8,660)
		3422	Chuuk	22,229	23,380	-	-	23,380	(1,151)
		3422	Kosrae	34,932	36,040	-	-	36,040	(1,108)
		3423	Yap	67,946	65,753	-	-	65,753	2,193
		3423	Pohnpei	83,360	83,038	-	-	83,038	322
		3423	Chuuk	11,908	12,750	-	-	12,750	(842)
		3423	Kosrae	18,713	18,713	-	-	18,713	-
		3424	Yap	17,273	56,829	-	-	56,829	(39,556)
		3424	Pohnpei	47,000	30,523	-	-	30,523	16,477
		3424	Chuuk	22,167	17,287	-	-	17,287	4,880
		3424	Kosrae	7,826	7,826	-	-	7,826	-
	3424	Yap	38,793	11,994	-	-	11,994	26,799	
	3425	Pohnpei			-	-			
			Program Total	1,472,872	1,494,704	-	-	1,494,704	(21,832)
			Balance forward	1,557,306	1,575,749	-	-	1,575,749	(18,443)

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 1,557,306	\$ 1,575,749	\$ -	\$ -	\$ 1,575,749	\$ (18,443)
U.S. Dept. of Labor balance forwarded:									
	17.250		<u>93 JTPA Program</u>						
	3426		Unallotted	38,442	-	-	-	-	38,442
	3427		National Government	79,685	78,600	-	-	78,600	1,085
	3428		National Government	24,156	24,119	-	-	24,119	37
	3430		Pohnpei	68,175	66,957	-	-	66,957	1,218
	3430		Chuuk	105,496	117,919	-	-	117,919	(12,423)
	3430		Kosrae	14,639	22,457	-	-	22,457	(7,818)
	3430		Yap	22,244	24,612	-	-	24,612	(2,368)
	3431		Pohnpei	104,569	94,479	-	-	94,479	10,090
	3431		Chuuk	145,921	144,219	-	-	144,219	1,702
	3431		Kosrae	29,444	39,048	-	-	39,048	(9,604)
	3431		Yap	42,376	36,272	-	-	36,272	6,104
	3432		Pohnpei	110,602	108,815	-	-	108,815	1,787
	3432		Chuuk	181,308	179,032	-	-	179,032	2,276
	3432		Kosrae	25,297	33,842	-	-	33,842	(8,545)
	3432		Yap	28,250	27,499	-	-	27,499	751
	3433		Pohnpei	57,530	54,267	-	-	54,267	3,263
	3433		Chuuk	94,752	99,817	-	-	99,817	(5,065)
	3433		Kosrae	9,935	22,613	-	-	22,613	(12,678)
	3433		Yap	15,000	15,000	-	-	15,000	-
	3434		Pohnpei	27,676	27,676	-	-	27,676	-
	3434		Chuuk	12,263	28,824	-	-	28,824	(16,561)
	3434		Kosrae	41,431	47,502	-	-	47,502	(6,071)
	3435		Chuuk	35,000	35,000	-	-	35,000	-
	3435		Kosrae	13,895	13,896	-	-	13,896	(1)
			Program Total	1,328,086	1,342,465	-	-	1,342,465	(14,379)
			Balance forward	2,885,392	2,918,214	-	-	2,918,214	(32,822)

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 2,885,392	\$ 2,918,214	\$ -	\$ -	\$ 2,918,214	\$ (32,822)
U.S. Dept. of Labor balance forwarded:									
	17.250		<u>94 JTPA Program</u>						
			<u>64-94-01/64-94-02</u>						
	3437		National Government	166,162	164,201	-	-	164,201	1,961
	3438		National Government	18,575	17,781	-	-	17,781	794
	3439		National Government	57,763	56,249	-	-	56,249	1,514
	3440		Pohnpei	86,899	86,647	-	-	86,647	252
	3440		Chuuk	127,854	213,207	-	-	213,207	(85,353)
	3440		Kosrae	19,427	19,328	-	-	19,328	99
	3440		Yap	28,353	27,939	-	-	27,939	414
	3441		Pohnpei	159,702	150,660	-	-	150,660	9,042
	3441		Chuuk	344,503	308,862	-	-	308,862	35,641
	3441		Kosrae	47,110	42,820	-	-	42,820	4,290
	3441		Yap	43,218	42,506	-	-	42,506	712
	3442		Pohnpei	115,428	110,943	-	-	110,943	4,485
	3442		Chuuk	136,231	124,420	-	-	124,420	11,811
	3442		Kosrae	25,400	21,833	-	-	21,833	3,567
	3442		Yap	55,046	63,212	-	-	63,212	(8,166)
	3443		Pohnpei	51,610	47,019	-	-	47,019	4,591
	3443		Kosrae	540	1,780	-	-	1,780	(1,240)
	3443		Yap	8,346	7,868	-	-	7,868	478
	3444		Pohnpei	5,546	-	-	-	-	5,546
	3444		Kosrae	5,948	5,042	-	-	5,042	906
	3444		Yap	20,108	18,808	-	-	18,808	1,300
	3445		Pohnpei	40,000	38,744	-	-	38,744	1,256
	3445		Kosrae	16,000	15,922	-	-	15,922	78
	3446		Pohnpei	20,852	19,518	-	-	19,518	1,334
	3446		Chuuk	30,680	41,595	-	-	41,595	(10,915)
	3446		Kosrae	4,662	4,210	-	-	4,210	452
	3446		Yap	6,804	6,315	-	-	6,315	489
			Program Total	<u>1,642,767</u>	<u>1,657,429</u>	-	-	<u>1,657,429</u>	<u>(14,662)</u>
			Balance forward	<u>4,528,159</u>	<u>4,575,643</u>	-	-	<u>4,575,643</u>	<u>(47,484)</u>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	Subrecipient	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
							Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 4,528,159	\$ 4,575,643	\$ -	\$ -	\$ 4,575,643	\$ (47,484)	
U.S. Dept. of Labor balance forwarded:										
	17.250		<u>95 JTPA Program</u> <u>64-95-01/64-95-02</u>							
		3200	Unallotted	23,222	-	-	-	-	23,222	
		3201	National Government	112,997	110,954	-	-	110,954	2,043	
		3202	National Government	35,429	35,428	-	-	35,428	1	
		3203	Pohnpei	70,829	66,692	-	-	66,692	4,137	
		3203	Kosrae	15,413	15,138	-	-	15,138	275	
		3203	Yap	22,495	25,151	-	-	25,151	(2,656)	
		3204	Pohnpei	120,000	119,415	-	-	119,415	585	
		3204	Kosrae	36,000	33,845	274	-	34,119	1,881	
		3204	Yap	22,946	17,532	-	-	17,532	5,414	
		3205	Pohnpei	90,687	84,675	-	-	84,675	6,012	
		3205	Kosrae	26,379	25,450	-	-	25,450	929	
		3205	Yap	38,520	38,359	-	-	38,359	161	
		3206	Pohnpei	56,801	55,203	-	-	55,203	1,598	
		3206	Yap	7,592	7,597	-	-	7,597	(5)	
		3207	Pohnpei	17,236	13,152	-	-	13,152	4,084	
		3207	Yap	5,624	4,466	-	-	4,466	1,158	
		3208	National Government	82,286	76,236	-	-	76,236	6,050	
		3209	Chuuk	105,136	104,008	-	-	104,008	1,128	
		3210	Chuuk	267,007	259,629	-	-	259,629	7,378	
		3211	Chuuk	128,177	119,591	-	-	119,591	8,586	
		3213	Chuuk	25,359	24,664	-	-	24,664	695	
		3214	Kosrae	16,000	15,481	-	-	15,481	519	
			Program Total	1,326,135	1,252,666	274	-	1,252,940	73,195	
			Balance forward	5,854,294	5,828,309	274	-	5,828,583	25,711	

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 5,854,294	\$ 5,828,309	\$ 274	\$ -	\$ 5,828,583	\$ 25,711
U.S. Dept. of Labor balance forwarded:	17,250		<u>96 JTPA Program</u> <u>64-96-01/64-96-02</u>						
		3150	Unallotted	59,226	-	-	-	169,178	59,226
		3152	National Government	167,831	169,178	-	-	-	(1,347)
		3153	National Government	32,412	18,616	-	-	18,616	13,796
		3154	National Government	57,206	44,901	-	2,215	47,116	10,090
		3155	Pohnpei	55,856	54,958	-	-	54,958	898
		3156	Pohnpei	106,218	109,693	1,939	-	111,632	(5,414)
		3157	Pohnpei	77,516	84,624	-	-	84,624	(7,108)
		3158	Pohnpei	39,692	35,440	151	-	35,591	4,101
		3160	Chuuk	85,932	74,724	-	5,308	80,032	5,900
		3161	Chuuk	190,282	190,776	-	2,934	193,710	(3,428)
		3162	Chuuk	128,782	94,478	-	250	94,728	34,054
		3155	Yap	18,225	18,132	-	-	18,132	93
		3156	Yap	28,000	28,795	-	-	28,795	(795)
		3157	Yap	36,182	34,222	2,096	-	36,318	(136)
		3158	Yap	8,718	8,718	-	-	8,718	-
		3155	Kosrae	12,488	12,348	-	-	12,348	140
		3156	Kosrae	28,950	28,777	-	-	28,777	173
		3157	Kosrae	16,000	16,001	-	-	16,001	(1)
		3158	Kosrae	5,000	5,000	-	-	5,000	-
		3166	Kosrae	12,000	11,958	-	-	11,958	42
			Program Total	1,166,516	1,041,339	4,186	10,707	1,056,232	110,284
			Balance forward	7,020,810	6,869,648	4,460	10,707	6,884,815	135,995

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 7,020,810	\$ 6,869,648	\$ 4,460	\$ 10,707	\$ 6,884,815	\$ 135,995
U.S. Dept. of Labor balance forwarded:	17.250		<u>97 JTPA Program</u> <u>64-97-01/64-97-02</u>						
		3167	Unallotted	12,164	-	-	-	-	12,164
		3168	National Government	106,613	104,089	-	2,149	106,238	375
		3170	National Government	73,848	37,027	-	25,859	62,886	10,962
		3171	National Government	57,694	53,104	-	1,556	54,660	3,034
		3176	Chuuk	109,569	105,528	-	1,205	106,733	2,836
		3177	Chuuk	172,166	71,570	-	81,373	152,943	19,223
		3178	Chuuk	46,415	11,937	-	13,581	25,518	20,897
		3179	Chuuk	76,050	49,035	-	14,946	63,981	12,069
		3172	Pohnpei	58,054	70,298	579	-	70,877	(12,823)
		3173	Pohnpei	143,742	118,392	19,116	-	137,508	6,234
		3174	Pohnpei	36,955	33,658	2,040	-	35,698	1,257
		3175	Pohnpei	65,609	38,925	12,477	-	51,402	14,207
		3172	Yap	18,942	14,603	482	-	15,085	3,857
		3173	Yap	42,007	26,438	10,000	-	36,438	5,569
		3174	Yap	28,387	21,231	2,099	-	23,330	5,057
		3175	Yap	1,000	1,000	-	-	1,000	-
		3180	Yap	31,728	16,711	11,411	-	28,122	3,606
		3172	Kosrae	12,978	12,121	285	-	12,406	572
		3173	Kosrae	19,721	21,939	273	-	22,212	(2,491)
		3174	Kosrae	13,630	9,877	2,375	-	12,252	1,378
		3175	Kosrae	12,285	968	8,461	-	9,429	2,856
		3180	Kosrae	14,327	15,988	-	-	15,988	(1,661)
			Program Total	1,153,884	834,439	69,598	140,669	1,044,706	109,178
			Balance forward	8,174,694	7,704,087	74,058	151,376	7,929,521	245,173

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Dept. of Labor balance forwarded:				\$ 8,174,694	\$ 7,704,087	\$ 74,058	\$ 151,376	\$ 7,929,521	\$ 245,173
	17,250		<u>98 JTPA Program</u>						
			<u>64-98-01</u>						
		3183	Unallotted	105,148	-	-	-	-	105,148
		3184	National Government	104,508	5,688	-	101,556	107,244	(2,736)
		3187	National Government	60,761	5,187	-	55,056	60,243	518
		3186	National Government	77,774	-	-	59,537	59,537	18,237
		3188	Pohnpei	62,423	18,412	37,584	-	55,996	6,427
		3189	Pohnpei	137,041	15,063	114,861	-	129,924	7,117
		3190	Pohnpei	22,270	3,788	15,514	-	19,302	2,968
		3191	Pohnpei	80,800	11,560	59,418	-	70,978	9,822
		3188	Yap	19,949	1,427	17,233	-	18,660	1,289
		3189	Yap	41,839	77	29,740	-	29,817	12,022
		3190	Yap	35,956	42	21,460	-	21,502	14,454
		3191	Yap	2,000	-	-	-	-	2,000
		3185	Yap	15,000	-	15,387	-	15,387	(387)
		3188	Chuuk	89,955	-	-	85,069	85,069	4,886
		3189	Chuuk	263,269	-	-	243,337	243,337	19,932
		3190	Chuuk	2,630	-	-	-	-	2,630
		3191	Chuuk	53,340	-	-	33,539	33,539	19,801
		3188	Kosrae	-	-	13,376	-	13,376	(13,376)
		3189	Kosrae	7,843	-	18,183	-	18,183	(10,340)
		3190	Kosrae	10,371	-	7,708	-	7,708	2,663
		3191	Kosrae	7,335	-	4,659	-	4,659	2,676
		3185	Kosrae	15,000	-	15,000	-	15,000	-
			Program Total	1,215,212	61,244	370,123	578,094	1,009,461	205,751
			Balance forward	9,389,906	7,765,331	444,181	729,470	8,938,982	450,924

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 9,389,906	\$ 7,765,331	\$ 444,181	\$ 729,470	\$ 8,938,982	\$ 450,924
U.S. Dept. of Labor balance forwarded:									
	17.250		<u>99 JTPA Program</u> <u>64-99-01/64-99-02</u>						
			Unallotted	721,374	-	-	-	-	721,374
	323193		National Government	59,747	-	-	1,261	1,261	58,486
	323193		National Government	52,335	-	-	-	-	52,335
	323193		Chuuk	55,012	-	-	-	-	55,012
	323193		Chuuk	148,956	-	-	-	-	148,956
	323193		Chuuk	31,600	-	-	-	-	31,600
	323193		Chuuk	40,600	-	-	-	-	40,600
	323193		Pohnpei	60,295	-	19,158	-	19,158	41,137
	323193		Pohnpei	94,664	-	14,871	-	14,871	79,793
	323193		Pohnpei	12,231	-	-	-	-	12,231
	323193		Pohnpei	19,440	-	-	-	-	19,440
			Program Total	1,296,254	-	34,029	1,261	35,290	1,260,964
			Total CFDA #17.250	10,686,160	7,765,331	478,210	730,731	8,974,272	1,711,888
U.S. Dept. of Labor balance forwarded:									
	17.249		<u>School To Work</u> <u>U-5120-5-00-88-60</u>						
			Unallotted	14,174	-	-	67,488	67,488	(53,314)
	3448		National Government	302,860	217,545	-	-	217,545	85,315
	323164		National Government	28,000	-	-	-	-	28,000
	3181		Pohnpei	36,535	25,131	5,339	-	30,470	6,065
	3181		Kosrae	50,638	15,592	12,720	-	28,312	22,326
	323164		Kosrae	77,000	-	29,197	-	29,197	47,803
	3181		Yap	54,500	32,780	-	-	32,780	21,720
	323164		Yap	96,722	-	37,156	-	37,156	59,566
	3182		Chuuk	52,431	23,094	-	14,854	37,948	14,483
			Total CFDA #17.249	712,860	314,142	84,412	82,342	480,896	231,964
			Total U.S. Dept. of Labor	11,399,020	8,079,473	562,622	813,073	9,455,168	1,943,852

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund	10.555	3388	Food Service 89						
			F97081	\$ 206,873	\$ 204,020	\$ -	\$ -	\$ 204,020	\$ 2,853
			Yap	169,775	166,881	-	-	166,881	2,894
			Kosrae	500,674	455,551	-	-	455,551	45,123
			Pohnpei	905,068	1,012,290	-	-	1,012,290	(107,222)
			Chuuk	141,824	135,512	-	-	135,512	6,312
			National Government	28,943	-	-	-	-	28,943
			National Government	9,933	-	-	-	-	9,933
			Total Program (CFDA #10.555)	1,963,090	1,974,254	-	-	1,974,254	(11,164)
			U.S. Dept. of Agriculture	10.560	3338	Nutrition Education			
F97190:	57,886	39,354				-	-	39,354	18,532
National	57,886	39,354				-	-	39,354	18,532
Total Program (CFDA #10.560)	57,886	39,354				-	-	39,354	18,532
U.S. Dept. of Agriculture	10.664	7708	Forestry 93						
			05-93-13	68,470	64,498	-	-	64,498	3,972
			Pohnpei	12,200	7,003	-	-	7,003	5,197
			Chuuk	12,400	20,769	-	-	20,769	(8,369)
			Kosrae	7,000	7,000	-	-	7,000	-
			Yap	100,070	99,270	-	-	99,270	800
			Program Total	100,070	99,270	-	-	99,270	800
			94 Forestry	28,107	22,281	-	-	22,281	5,826
			G-5-94-20-035	7,900	2,047	-	-	2,047	5,853
			Pohnpei	12,816	12,492	-	-	12,492	324
Chuuk	11,577	5,901	-	-	5,901	5,676			
Yap	60,400	42,721	-	-	42,721	17,679			
Program Total	60,400	42,721	-	-	42,721	17,679			
U.S. Dept. of Agriculture	10.664	7711	93 Fire Prevention						
			G-5-93-20-043	3,500	3,056	-	-	3,056	444
			National Government	5,000	4,120	-	-	4,120	880
			Pohnpei	3,500	-	-	-	-	3,500
			Chuuk	5,000	-	-	-	-	5,000
			Yap	3,000	2,201	-	-	2,201	799
			Kosrae	20,000	9,377	-	-	9,377	10,623
			Program Total	20,000	9,377	-	-	9,377	10,623
			Balance forward CFDA 10.664	180,470	151,368	-	-	151,368	29,102
			Balance forward	2,020,976	2,013,608	-	-	2,013,608	7,368

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 2,020,976	\$ 2,013,608	\$ -	\$ -	\$ 2,013,608	\$ 7,368
U.S. Dept. of Agriculture balance forwarded				180,470	151,368	-	-	151,368	29,102
	10.664		Balance forwarded CFDA 10.664						
			94 Fire Prevention G-5-94-20-097						
		7716	National	5,000	3,918	-	-	3,918	1,082
		7717	Pohnpei	10,000	7,148	-	-	7,148	2,852
		7717	Chuuk	8,500	1,530	-	-	1,530	6,970
		7717	Yap	11,000	6,531	-	-	6,531	4,469
		7717	Kosrae	8,500	9,285	-	-	9,285	(785)
			Program Total	43,000	28,412	-	-	28,412	14,588
	10.664		95 Fire Prevention G-5-95-20-114						
		3407	National	6,000	4,862	-	-	4,862	1,138
		3408	Pohnpei	10,000	8,042	-	-	8,042	1,958
		3409	Chuuk	7,000	4,386	-	-	4,386	2,614
		3408	Yap	10,000	7,119	-	-	7,119	2,881
		3408	Kosrae	10,000	4,740	-	-	4,740	5,260
			Program Total	43,000	29,149	-	-	29,149	13,851
	10.664		97 Fire Prevention G-5-97-20-027						
		3411	National	8,000	6,142	-	-	6,142	1,858
		3412	Pohnpei	11,000	10,710	-	-	10,710	290
		3413	Chuuk	10,000	5,395	-	-	5,395	4,605
		3412	Yap	11,000	10,875	-	-	10,875	125
		3412	Kosrae	10,000	7,984	-	-	7,984	2,016
			Program Total	50,000	41,106	-	-	41,106	8,894
	10.664		98 Fire Prevention G-5-98-20-045						
		343315	National	8,496	-	-	588	588	7,908
		343315	Pohnpei	22,000	-	16,371	-	16,371	5,629
		343315	Chuuk	11,968	-	-	10,938	10,938	1,030
		343315	Yap	15,506	-	8,005	-	8,005	7,501
		343315	Kosrae	32,030	-	23,559	-	23,559	8,471
			Program Total	90,000	-	47,935	11,526	59,461	30,539
			Balance forward CFDA 10.664	406,470	250,035	47,935	11,526	309,496	96,974
			Balance forward	2,020,976	2,013,608	-	-	2,013,608	7,368

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 2,020,976	\$ 2,013,608	\$ -	\$ -	\$ 2,013,608	\$ 7,368
U.S. Dept. of Agriculture balance forwarded			Balance forwarded CFDA 10.664	406,470	250,035	47,935	11,526	309,496	96,974
10.664			95 Forestry G-5-95-20-042						
		7719	Pohnpei	22,900	13,596	-	-	13,596	9,304
		7717	Chuuk	4,000	3,132	-	-	3,132	868
		7719	Yap	11,200	9,087	-	-	9,087	2,113
		7719	Kosrae	-	490	-	-	490	(490)
			Program Total	38,100	26,305	-	-	26,305	11,795
10.664			96 Forestry G-5-96-20-026						
		3302	National	9,000	7,641	-	-	7,641	1,359
		3303	Pohnpei	6,000	5,509	-	-	5,509	491
			Program Total	15,000	13,150	-	-	13,150	1,850
10.664			97 Forestry/Urban Community G-5-97-20-051						
		3309	National	2,675	2,495	-	178	2,673	2
		3312	Pohnpei	38,055	8,931	9,794	-	18,725	19,330
		3312	Yap	5,400	3,150	2,250	-	5,400	-
		3312	Kosrae	4,500	62	745	-	807	3,693
			Program Total	50,630	14,638	12,789	178	27,605	23,025
10.664			97 Forestry/Resource Management G-5-97-20-051						
		3308	National	1,235	-	-	-	-	1,235
		343310	Pohnpei	8,850	-	2,116	-	2,116	6,734
		343310	Kosrae	5,000	-	-	-	-	5,000
		343310	Yap	1,370	-	-	-	-	1,370
			Program Total	16,455	-	2,116	-	2,116	14,339
10.664			97 Forestry/Seedling Nursery & Tree Improvement G-5-97-20-051						
		343311	Pohnpei	2,000	-	1,153	-	1,153	847
		343311	Kosrae	2,000	-	30	-	30	1,970
		343311	Yap	2,000	-	30	-	30	1,970
			Program Total	6,000	-	1,213	-	1,213	4,787
			Balance forward CFDA 10.664	532,655	304,128	64,053	11,704	379,885	152,770
			Balance forward	2,020,976	2,013,608	-	-	2,013,608	7,368

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 2,020,976	\$ 2,013,608	\$ -	\$ -	\$ 2,013,608	\$ 7,368
U.S. Dept. of Agriculture balance forwarded									
	10.664	3414	Balance forwarded CFDA 10.664 National	532,655	304,128	64,053	11,704	379,885	152,770
	10.664		97 Resource Management Training National	6,566	2,924	-	-	2,924	3,642
			98 Forestry/Urban Community G-5-98-20-017						
		343314	National	8,375	-	-	-	-	8,375
		343314	Pohnpei	35,050	500	14,813	-	15,313	19,737
		343314	Kosrae	36,700	-	14,103	-	14,103	22,597
		343314	Yap	20,430	-	11,680	-	11,680	8,750
			Program Total	100,555	500	40,596	-	41,096	59,459
	10.664		98 Forestry/Resource Management G-5-98-20-017						
		343314	Pohnpei	14,500	-	-	-	-	14,500
		343314	Yap	4,900	-	3,418	-	3,418	1,482
			Program Total	19,400	-	3,418	-	3,418	15,982
	10.664		98 Forestry/Seedling & Nursery TI G-5-98-20-017						
		343314	Pohnpei	8,600	-	-	-	-	8,600
		343314	Chuuk	9,000	-	-	10,474	10,474	(1,474)
		343314	Yap	5,500	7,454	5,414	-	12,868	(7,368)
			Program Total	23,100	7,454	5,414	10,474	23,342	(242)
	10.664		99 Resource Management Training PSW-99-002CA						
		343316	Chuuk	6,970	-	-	6,550	6,550	420
			Program Total	6,970	-	-	6,550	6,550	420
			Total CFDA #10.664	689,246	315,006	113,481	28,728	457,215	232,031
			Total U.S. Dept. of Agriculture	2,110,222	2,328,614	113,481	28,728	2,470,823	239,399

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures			Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government			
U.S. Federal Direct Assistance Fund U.S. Dept. of the Interior	15.904		95 Historic Preservation							
			64-95-10113	\$ 88,351	\$ 88,080	\$ -	\$ -	\$ 88,080	\$ 271	
			National Government	44,850	42,501	-	-	42,501	2,349	
			Pohnpei	49,850	40,430	-	-	40,430	9,420	
			Kosrae	45,668	45,669	-	-	45,669	(1)	
	3452	Chuuk	43,050	38,550	-	-	38,550	4,500		
		Program Total	271,769	255,230	-	-	255,230	16,539		
	15.904		96 Historic Preservation							
			64-96-11051	96,276	73,564	-	-	73,564	22,712	
			National Government	44,550	44,824	-	-	44,824	(274)	
			Pohnpei	43,050	38,509	-	-	38,509	4,541	
			Kosrae	43,050	42,581	-	-	42,581	469	
	3457	Chuuk	31,250	17,151	-	-	17,151	14,099		
		Program Total	258,176	216,629	-	-	216,629	41,547		
	15.904		97 Historic Preservation							
64-97-12010			29,176	29,175	-	-	29,175	1		
National Government			26,545	10,937	-	-	10,208	5,400		
Pohnpei			47,583	37,030	3,536	-	40,566	7,017		
Kosrae			10,338	-	6,336	-	6,336	4,002		
3460			Chuuk	47,584	35,171	6,319	-	41,490	6,094	
3462			Kosrae	2,000	-	1,931	-	1,931	69	
3460			Yap	47,583	47,415	3,837	-	51,252	(3,669)	
3462			Chuuk	11,117	5,066	6,111	-	11,177	(60)	
			Program Total	221,926	164,794	28,070	-	203,072	18,854	
15.904		98 Historic Preservation								
		64-98-13110	29,176	-	-	-	26,475	2,701		
		National Government/Operation Archeology	50,000	359	-	-	44,827	4,814		
	Program Total	79,176	359	-	-	71,661	7,515			
	Balance forward	831,047	637,012	28,070	-	746,592	84,455			

See accompanying notes to schedule of expenditures of federal awards.



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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 831,047	\$ 637,012	\$ 28,070	\$ 81,510	\$ 746,592	\$ 84,455
U.S. Dept. of Interior balance forwarded									
15.904			98 Historic Preservation 64-98-13161	36,250	-	33,870	-	33,870	2,380
7524			Kosrae/Historic Operation	23,418	-	10,176	-	10,176	13,242
7524			Kosrae/Special Project						
			Program Total	59,668	-	44,046	-	44,046	15,622
15.904			98 Historic Preservation 64-98-13162	36,250	-	50,287	-	50,287	(14,037)
7523			Pohnpei/Historic Operation	23,416	-	-	-	-	23,416
7523			Pohnpei/Special Project						
			Program Total	59,666	-	50,287	-	50,287	9,379
15.904			98 Historic Preservation 64-98-13163	36,250	-	34,380	-	34,380	1,870
7525			Yap/Historic Operation	23,416	-	22,633	-	22,633	783
7525			Yap/Special Project						
			Program Total	59,666	-	57,013	-	57,013	2,653
15.904			99 Historic Preservation 64-99-14290	36,250	-	116	-	116	36,134
7527			Pohnpei/Historic Operation	25,947	-	-	-	-	25,947
7527			Pohnpei/Special Project						
			Program Total	62,197	-	116	-	116	62,081
15.904			99 Historic Preservation 64-99-14289	36,250	-	2,834	-	2,834	33,416
7526			Kosrae/Historic Operation	25,947	-	9,378	-	9,378	16,569
7526			Kosrae/Special Project						
			Program Total	62,197	-	12,212	-	12,212	49,985
			Total U.S. Dept. of the Interior (CFDA #15,904)	\$ 1,134,441	\$ 637,012	\$ 191,744	\$ 81,510	\$ 910,266	\$ 224,175

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund	66.418	3589 3592	C640001-01-3: National Adm. PRSP-3 Pohnpei RSP	\$ 16,000 734,000	\$ 17,033 417,198	\$ - -	\$ - -	\$ 17,033 417,198	\$ (1,033) 316,802
			Program Total	750,000	434,231	-	-	434,231	315,769
	66.418	3582 3581	C640003-02: Yap Sewer Connection Yap Sewer Connection/Admin.	531,134 15,934	525,019 15,467	- -	- -	525,019 15,467	6,115 467
		Program Total	547,068	540,486	-	-	540,486	6,582	
U.S. Environmental Protection Agency	66.418	3580	C640003-03: Yap Waste Water Treatment	16,000	16,000	-	-	16,000	-
			Program Total	16,000	16,000	-	-	16,000	-
	66.418	3593 3590	C640003-04: Ulithi Sewer System Ulithi Sewer System/Admin	209,000 18,000	172,689 21,476	- -	- -	172,689 21,476	36,311 (3,476)
		Program Total	227,000	194,165	-	-	194,165	32,835	
	66.418	7582	C640003-05: Tomil On-Site Sewer System	39,650	37,864	-	-	37,864	1,786
		Balance forward	1,579,718	1,222,746	-	-	1,222,746	356,972	

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures			Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government			
U.S. Federal Direct Assistance Fund										
U.S. Environmental Protection Agency balance forwarded				\$ 1,579,718	\$ 1,222,746	\$ -	\$ -	\$ 1,222,746	\$ 356,972	
66.418	3584 3585		C640004-01-0: Kosrae Waste Water/Admin. Const. Waste Water Facility Program Total	64,500 4,423,977 4,488,477	73,448 4,806,919 4,880,367	- - -	- - -	73,448 4,806,919 4,880,367	(8,948) (382,942) (391,890)	
66.418	7576		C640002-02: Chuuk Rural Sanitation Prog. Program Total	197,600 197,600	391,262 391,262	- -	- -	391,262 391,262	(193,662) (193,662)	
66.418	7580 3591		C640002-03: Chuuk House Sewer Connection Chuuk HSC Admin. Program Total	184,627 15,373 200,000	152,726 8,868 161,594	- - -	- - -	152,726 8,868 161,594	31,901 6,505 38,406	
66.418	7581		C640001-06: Pohnpei RSP Supplemental	95,000	152,102	-	-	152,102	(57,102)	
66.418	7351		93 Climate Change Study CX822560-01-0 National Government Total U.S. EPA (CFDA #66.418 \$ 6,835,795	275,000	269,137	-	-	269,137	5,863	
				\$ 6,835,795	\$ 7,077,208	\$ -	\$ -	\$ 7,077,208	\$ (241,413)	

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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By Grantor  
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Grantor	CFDA No.	FSM Orig. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund U.S. Department of Health and Human Services	93.110	7480 7481 7481 7481 7481	94 State Sys. Develop. Initiative 1 MCJ-64T046-01-0	\$ 2,072	\$ 2,072	\$ -	\$ -	\$ 2,072	\$ -
			National Government	16,272	16,306	-	-	16,306	(34)
			Pohnpei	18,034	20,941	-	-	20,941	(2,907)
			Chuuk	7,874	11,894	-	-	11,894	(4,020)
			Kosrae	400	400	-	-	400	-
	Yap								
	Program Total		44,652	51,613	-	-	51,613	(6,961)	
	93.110	7387 7388 7388 7388 7388	95 SSDI 5 MCJ-64T046-02	17,000	17,000	-	-	17,000	-
			National Government	3,900	2,900	-	-	2,900	1,000
			Pohnpei	14,422	17,234	-	-	17,234	(2,812)
			Chuuk	13,020	21,292	-	-	21,292	(8,272)
			Kosrae	9,668	8,743	-	-	8,743	925
			Yap						
			Program Total	58,010	67,169	-	-	67,169	(9,159)
	93.110	3648 3649 3642	96 State System Dev. Init. 5 MCJ-64T046-03	81,517	75,317	-	-	75,317	6,200
National Government			6,777	4,043	-	-	4,043	2,734	
Kosrae			3,789	2,977	-	-	2,977	812	
Chuuk									
Program Total			92,083	82,337	-	-	82,337	9,746	
93.110	3732 3733 3734	97 SSDI Program 2-MCJ-64T046-04-0	45,630	45,629	-	-	45,629	1	
		National Government	17	17	-	-	17	-	
		Pohnpei	4,403	4,403	-	-	4,403	-	
		Chuuk							
		Program Total	50,050	50,049	-	-	50,049	1	
		Balance forward	244,795	251,168	-	-	251,168	(6,373)	

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				244,795	251,168	-	-	251,168	(6,373)
	93.110	3761	98 SSDI Program 2-MCJ-64T046-05-0 National Government	110,000	59,014	-	11,946	70,960	39,040
	93.110	413568 413568	99 SSDI Program 5-HB MC 00060-06 Unallotted National Government	7,741 66,900	- -	- -	- 61,674	- 61,674	7,741 5,226
			Program Total	74,641	-	-	61,674	61,674	12,967
			Total CFDA #93.110	429,436	310,182	-	73,620	383,802	45,634
	93.116	7362 7363 7363 7363 7363	94 Tuberculosis Control U52/CCU907874-03 National Government Pohnpei Chuuk Kosrae Yap	85,868 10,216 14,259 7,515 3,696	77,921 11,159 14,727 7,589 3,695	- - - - -	- - - - -	77,921 11,159 14,727 7,589 3,695	7,947 (943) (468) (74) 1
			Program Total	121,554	115,091	-	-	115,091	6,463
	93.116	7446 7447 7448 7448 7448 7448	95 Tuberculosis Control U52/CCU907874-04 Unallotted National Government Pohnpei Chuuk Kosrae Yap	15,172 57,689 20,194 25,883 13,809 17,876	- 32,012 16,948 18,961 8,289 13,257	- - - - -	- - - - -	- 32,012 16,948 18,961 8,289 13,257	15,172 25,677 3,246 6,922 5,520 4,619
			Program Total	150,623	89,467	-	-	89,467	61,156
			Balance forward CFDA #93.116	272,177	204,538	-	-	204,558	67,619
			Balance forward	429,436	310,182	-	73,620	383,802	45,634

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	Subrecipient	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
							National Government	Government		
U.S. Federal Direct Assistance Fund				\$ 429,436	\$ 310,182	\$ -	\$ 73,620	\$ 383,802	\$ 45,634	
U.S. DHHS balance forwarded				272,177	204,558	-	-	204,558	67,619	
	93.116		Balance forwarded CFDA #93.116							
			96 Tuberculosis & AIDS. U52/CCU907874-05							
		3664	National Government	47,424	30,108	-	-	30,108	17,316	
		3665	Pohnpei	28,854	20,658	-	-	20,658	8,196	
		3665	Kosrae	19,892	18,275	-	-	18,275	1,617	
		3665	Yap	24,809	20,496	-	-	20,496	4,313	
		3666	Chuuk	29,644	22,625	-	-	22,625	7,019	
			Program Total	150,623	112,162	-	-	112,162	38,461	
	93.116		97 TB & AIDS Program U52/CCU907874-06							
		3716	Unallotted	373	-	-	-	-	373	
		3717	National Government	45,795	39,068	-	-	39,068	6,727	
		3718	Pohnpei	25,271	12,869	-	-	12,869	12,402	
		3718	Kosrae	12,942	9,162	-	-	9,162	3,780	
		3718	Yap	21,129	9,280	-	-	9,280	11,849	
		3719	Chuuk	26,111	19,515	-	-	19,515	6,596	
			Program Total	131,621	89,894	-	-	89,894	41,727	
	93.116		98 TB & AIDS Program U52/CCU907874-07							
		3771	Unallotted	3,000	-	-	-	-	3,000	
		3772	National Government	58,687	22,004	-	11,623	33,627	25,060	
		3773	Pohnpei	25,804	7,042	3,286	-	10,328	15,476	
		3773	Kosrae	11,125	6,330	119	-	6,449	4,676	
		3773	Yap	19,363	12,579	5,484	-	18,063	1,300	
		3774	Chuuk	26,644	11,018	-	6,422	17,440	9,204	
			Program Total	144,623	58,973	8,889	18,045	85,907	58,716	
			Balance forward CFDA #93.116	699,044	465,587	8,889	18,045	492,521	206,523	
			Balance forward	429,436	310,182	-	73,620	383,802	45,634	

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

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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	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 429,436	\$ 310,182	\$ -	\$ 73,620	\$ 383,802	\$ 45,634
U.S. DHHS balance forwarded			Balance forwarded CFDA #93.116	699,044	465,587	8,889	18,045	492,521	206,523
	93.116		99 TB & AIDS Program U52/CCU907874-08						
		413571	Unallotted	1,900	-	-	-	-	1,900
		413571	National Government	60,091	-	-	37,886	37,886	22,205
		413571	Pohnpei	24,254	-	4,500	-	4,500	19,754
		413571	Chuuk	24,894	-	-	13,717	13,717	11,177
		413571	Kosrae	12,075	-	6,303	-	6,303	5,772
		413571	Yap	19,813	-	10,292	-	10,292	9,521
			Program Total	143,027	-	21,095	51,603	72,698	70,329
			Total CFDA #93.116	842,071	465,587	29,984	69,648	565,219	276,852
	93.118		94 AIDS Surveillance U62/CCU906251-04						
		7496	National Government	5,260	5,570	-	-	5,570	(310)
	93.118		95 AIDS Surveillance U62/CCU906251-05						
		7396	National Government	7,170	7,169	-	-	7,169	1
	93.118		96 Aids Surveillance U62/CCU906251.06						
		3730	National Government	6,973	4,148	-	-	4,148	2,825
	93.118		98 Aids Surveillance U62/CCU906251.07						
		3561	National Government	6,383	2,746	-	1,953	4,699	1,684
	93.118		99 Aids Surveillance U62/CCU906251.08						
		413679	National Government	8,223	-	-	2,909	2,909	5,314
			Total CFDA #93.118	34,009	19,633	-	4,862	24,495	9,514
			Balance forward	1,305,516	795,402	29,984	148,130	973,516	332,000

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 1,305,516	\$ 795,402	\$ 29,984	\$ 148,130	\$ 973,516	\$ 332,000
U.S. DHHS balance forwarded									
	93.119		95 MHIS 5 HR1 SM50914-03 National Government	113,123	109,005	-	-	109,005	4,118
		7371	Pohnpei	17,760	10,527	-	-	10,527	7,233
		7372	Kosrae	8,325	5,487	-	-	5,487	2,838
		7372	Yap	5,690	5,051	-	-	5,051	639
		3674	Chuuk	10,250	8,229	-	-	8,229	2,021
			Program Total	155,148	138,299	-	-	138,299	16,849
			Total CFDA #93.119	155,148	138,299	-	-	138,299	16,849
	93.163		93 PBI/Nurse Practice Act CSH006473-03-0 National Government	50,339	-	-	-	-	50,339
		7483							
	93.163		93 PBI/Biomedical Services CSH006478-02-0 National Government	45,419	45,419	-	-	45,419	-
		7484							
	93.163		93 PBI/Comm. Base Health CSH064710-01-0 Pohnpei	40,000	15,280	-	-	15,280	24,720
		7485							
	93.163		94 PBI/Nurse Practice CSH006478-04-0 National Government	50,339	21,120	-	840	21,960	28,379
		7381							
	93.163		94 PBI/Biomedical Service CSH006478-03-0 National Government	178,510	178,510	-	-	178,510	-
		7382							
	93.163		94 PBI/Comm. Base Health Education CSH006710-02-0 National Government	40,000	-	-	-	-	40,000
		7383							
			Total CFDA #93.163	404,607	260,329	-	840	261,169	143,438
			Balance forward	1,865,271	1,194,030	29,984	148,970	1,372,984	492,287

See accompanying notes to schedule of expenditures of federal awards.



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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 1,865,271	\$ 1,194,030	\$ 29,984	\$ 148,970	\$ 1,372,984	\$ 492,287
U.S. DHHS balance forwarded	93.217		94 Family Planning 09H-001777-8-0	37,229	30,259	-	-	30,259	6,970
		7463	Pohnpei	38,197	31,611	-	-	31,611	6,586
		7463	Chuuk	18,925	16,919	-	-	16,919	2,006
		7463	Kosrae	25,159	16,700	-	-	16,700	8,459
		7360	Yap	20,014	11,625	-	-	11,625	8,389
			National Government						
			Program Total	139,524	107,114	-	-	107,114	32,410
	93.217		95 Family Planning 09H-001777-09-1	32,420	33,573	-	-	33,573	(1,153)
		7365	Pohnpei	36,050	40,436	-	-	40,436	(4,386)
		7365	Chuuk	14,896	17,063	-	-	17,063	(2,167)
		7365	Kosrae	17,338	14,610	-	-	14,610	2,728
			Yap						
			Program Total	100,704	105,682	-	-	105,682	(4,978)
	93.217		96 Family Planning 09H-001777-10-0	42,096	27,042	-	-	27,042	15,054
		7438	Pohnpei	18,010	14,543	-	-	14,543	3,467
		7438	Chuuk	24,510	13,106	-	-	13,106	11,404
		7438	Kosrae	24,190	19,023	-	-	19,023	5,167
		7438	Yap	32,547	29,955	-	-	29,955	2,592
			Chuuk						
			Program Total	141,353	103,669	-	-	103,669	37,684
	93.217		97 Family Planning 09H-001777-11-0	7,006	7,006	-	-	7,006	-
		3677	Pohnpei	20,336	21,931	-	-	21,931	(1,595)
		3675	Chuuk	22,690	25,134	-	-	25,134	(2,444)
		3675	Kosrae	24,730	24,731	-	-	24,731	(1)
		3675	Yap	37,788	37,435	-	-	37,435	353
		3676	Chuuk						
			Program Total	112,550	116,237	-	-	116,237	(3,687)
			Balance forward CFDA #93.217	494,131	432,702	-	-	432,702	61,429
			Balance forward	1,865,271	1,194,030	29,984	148,970	1,372,984	492,287

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures			Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government			
U.S. Federal Direct Assistance Fund				\$ 1,865,271	\$ 1,194,030	\$ 29,984	\$ 148,970	\$ 1,372,984	\$ 492,287	
U.S. DHHS balance forwarded			Balance forwarded CFDA #93.217	494,131	432,702	-	-	432,702	61,429	
	93.217		98 Family Planning 09H-001777-12-0							
		3759	National Government	4,500	3,700	-	-	3,700	800	
		3745	Pohnpei	61,569	44,956	-	-	44,956	16,613	
		3745	Kosrae	41,827	29,941	-	-	29,941	11,886	
		3746	Chuuk	61,175	54,630	-	-	54,630	6,545	
		3745	Yap	51,383	40,640	2,304	-	42,944	8,439	
			Program Total	220,454	173,867	2,304	-	176,171	44,283	
	93.217		99 Family Planning 09H-001777-13-0							
		3796	Unallotted	9,680	-	-	-	-	9,680	
		413798	National Government	76,724	4,845	-	38,159	38,159	38,565	
		3798	Pohnpei	91,997	82,247	-	-	87,092	4,905	
		3798	Kosrae	22,635	16,819	-	-	16,819	5,816	
		3798	Chuuk	41,183	3,923	-	36,935	40,858	325	
		3798	Yap	34,291	7,751	25,638	-	33,389	902	
			Program Total	276,510	16,519	124,704	75,094	216,317	60,193	
	93.217		2000 Family Planning 09H-001777-14-0							
		417534	Unallotted	13,257	-	-	-	-	13,257	
		417534	National Government	92,100	-	-	-	-	92,100	
		417534	Pohnpei	35,007	-	4,042	-	4,042	30,965	
		417534	Kosrae	35,430	-	-	-	-	35,430	
		417534	Chuuk	23,479	-	-	4,426	4,426	19,053	
		417534	Yap	31,291	-	3,941	-	3,941	27,350	
			Program Total	230,564	-	7,983	4,426	12,409	218,155	
			Total CFDA #93.217	1,221,659	623,088	134,991	79,520	837,599	384,060	
			Balance forward	3,086,930	1,817,118	164,975	228,490	2,210,583	876,347	

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 3,086,930	\$ 1,817,118	\$ 164,975	\$ 228,490	\$ 2,210,583	\$ 876,347
U.S. DHHS balance forwarded									
	93.224		94 CHC CSH901774-09-0 Pohnpei	110,566	110,566	-	-	110,566	-
		7359	Program Total	110,566	110,566	-	-	110,566	-
	93.224		95 CHC CSH901774-10-0 Pohnpei	142,362	140,071	-	-	140,071	2,291
	93.224	7390	96 Community Health Center CSH901774-11-0 Pohnpei	133,540	139,451	-	-	139,451	(5,911)
	93.224	3673	97 Community Health Center CSH901774-12-0 Pohnpei	133,540	140,436	-	-	140,436	(6,896)
	93.224	3722	98 Community Health Center CSH901774-13-0 Pohnpei	136,698	70,170	64,846	-	135,016	1,682
	93.224	3785	99 Community Health Center SH09 CS 02179-14 Pohnpei	100,352	-	44,760	-	44,760	55,592
	417532		Total CFDA #93.224	757,058	600,694	109,606	-	710,300	46,758
93.268			Immunization 92 H23/CCH904426-03 National Government	179,636	150,782	-	-	150,782	28,854
	7691		Pohnpei	9,471	9,470	-	-	9,470	1
	7692		Chuuk	19,319	20,463	-	-	20,463	(1,144)
	7692		Kosrae	141	141	-	-	141	-
	7692		Yap	716	1,340	-	-	1,340	(624)
			Program Total	209,283	182,196	-	-	182,196	27,087
			Balance forward CFDA #93.268	209,283	182,196	-	-	182,196	27,087
			Balance forward	3,843,988	2,417,812	274,581	228,490	2,920,883	923,105

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 3,843,988	\$ 2,417,812	\$ 274,581	\$ 228,490	\$ 2,920,883	\$ 923,105
U.S. DHHS balance forwarded			CFDA #93.268 balance forwarded	209,283	182,196	-	-	182,196	27,087
	93.268		93 Immunization HZ3/CCH904426-04						
		7792	National Government	157,507	155,692	-	-	155,692	1,815
		7793	Pohnpei	24,937	24,936	-	-	24,936	1
		7793	Chuuk	33,366	49,097	-	-	49,097	(15,731)
		7793	Yap	5,596	5,595	-	-	5,595	1
		7793	Kosrae	573	573	-	-	573	-
			Program Total	221,979	235,893	-	-	235,893	(13,914)
	93.268		94 Immunization Program HZ3/CCH904426-05						
		7493	National Government	287,025	260,119	-	-	260,119	26,906
		7494	Pohnpei	29,233	28,843	-	-	28,843	390
		7494	Chuuk	40,736	51,319	-	-	51,319	(10,583)
		7494	Kosrae	7,505	7,505	-	-	7,505	-
		7494	Yap	5,747	5,746	-	-	5,746	1
			Program Total	370,246	353,532	-	-	353,532	16,714
	93.268		95 Immunization HZ3/CCH904426-06						
		7393	National Government	270,411	269,374	-	-	269,374	1,037
		7394	Pohnpei	40,166	40,976	-	-	40,976	(810)
		7394	Chuuk	35,306	55,386	-	-	55,386	(20,080)
		7394	Kosrae	536	699	-	-	699	(163)
		7394	Yap	11,805	11,806	-	-	11,806	(1)
			Program Total	358,224	378,241	-	-	378,241	(20,017)
			Balance forward CFDA #93.268	1,465,892	1,449,537	-	-	1,449,537	16,355
			Balance forward	3,843,988	2,417,812	274,581	228,490	2,920,883	923,105

See accompanying notes to schedule of expenditures of federal awards.

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 3,843,988	\$ 2,417,812	\$ 274,581	\$ 228,490	\$ 2,920,883	\$ 923,105
			CFDA #93.268 balance forwarded	1,465,892	1,449,537	-	-	1,449,537	16,355
	93.268		96 Immunization Program H23/CCH904426-07						
		3668	National Government	201,172	192,331	-	-	192,331	8,841
		3669	Pohnpei	42,567	44,220	-	-	44,220	(1,653)
		3669	Kosrae	4,589	4,589	-	-	4,589	(702)
		3669	Yap	10,912	11,614	-	-	11,614	(1)
		3670	Chuuk	46,920	46,921	-	-	46,921	(1)
			Program Total	306,160	299,675	-	-	299,675	6,485
	93.268		97 Immunization Program H23/CCH904426-08						
		3710	National Government	208,828	207,801	-	-	207,801	1,027
		3711	Pohnpei	39,477	40,012	-	-	40,012	(535)
		3711	Kosrae	20,138	21,014	-	-	21,014	(876)
		3711	Yap	20,585	18,645	-	-	18,645	1,940
		3712	Chuuk	43,457	43,456	-	-	43,456	1
			Program Total	332,485	330,928	-	-	330,928	1,557
	93.268		98 Immunization Program H23/CCH904426-09						
		3768	National Government	240,988	155,704	-	84,886	240,590	398
		3769	Pohnpei	40,146	28,256	9,685	-	37,941	2,205
		3769	Kosrae	24,830	14,070	2,154	-	16,224	8,606
		3769	Yap	12,460	7,459	2,116	-	9,575	2,885
		3769	Chuuk	80,463	43,110	-	19,845	62,955	17,508
			Program Total	398,887	248,599	13,955	104,731	367,285	31,602
	93.268		99 Immunization Program H23/CCH904426-10						
		413570	Unallotted	1,687	-	-	-	-	1,687
		413570	National Government	225,486	-	-	151,870	151,870	73,616
		413570	Pohnpei	47,085	-	28,311	-	28,311	18,774
		413570	Chuuk	59,784	-	-	40,674	40,674	19,110
		413570	Kosrae	21,775	-	13,538	-	13,538	8,237
		413570	Yap	11,605	-	6,596	-	6,596	5,009
			Program Total	367,422	-	48,445	192,544	240,989	126,433
			Total CFDA #93.268	2,564,686	2,029,064	62,400	297,275	2,388,739	175,947
			Balance forward	6,408,674	4,446,876	336,981	525,765	5,309,622	1,099,052

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 6,408,674	\$ 4,446,876	\$ 336,981	\$ 525,765	\$ 5,309,622	\$ 1,099,052
U.S. DHHS balance forwarded									
	93.283	7799	93 Data Mgmt. Capacity H1G/CCH908215-01 National Government	26,975	22,895	-	-	22,895	4,080
	93.283	3691	96 Nutrition Intervention H75/CCH912116-01 National Government	14,670	13,263	-	-	13,263	1,407
			Total CFDA #93.283	41,645	36,158	-	-	36,158	5,487
	93.630	7466 7467	93 Development Disabilities G-9301-FMBS84 Unallotted National Government	68,613 152,137	- 128,665	- -	- -	- 128,665	68,613 23,472
			Program Total	220,750	128,665	-	-	128,665	92,085
	93.630	7374	94 Development Disabilities G-9401-FMBS84 National Government	126,610	123,470	-	-	123,470	3,140
			Total CFDA #93.630	347,360	252,135	-	-	252,135	95,225
	93.940	7498 7499 7499	94 AIDS Prevention U62/CCU902703-08 National Government Pohnpei Chuuk Kosrae	40,077 9,105 2,668 9,181	37,131 9,104 2,669 11,644	- - - -	- - - -	37,131 9,104 2,669 11,644	2,946 1 (1) (2,463)
			Program Total	61,031	60,548	-	-	60,548	483
	93.940	7440 7441 7441 7441	95 AIDS Prevention U62/CCU902703-09 National Government Pohnpei Chuuk Kosrae Yap	5,115 10,527 9,860 6,893 4,243	5,115 12,229 12,908 6,893 4,244	- - - - -	- - - - -	5,115 12,229 12,908 6,893 4,244	- (1,702) (3,048) - (1)
			Program Total	36,638	41,389	-	-	41,389	(4,751)
			Balance forward CFDA #93.940	97,669	101,937	-	-	101,937	(4,268)
			Balance forward	6,797,679	4,735,169	336,981	525,765	5,597,915	1,199,764

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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 6,797,679	\$ 4,735,169	\$ 336,981	\$ 525,765	\$ 5,597,915	\$ 1,199,764
			CFDA #93.940 balance forwarded	97,669	101,937	-	-	101,937	(4,268)
	93.940		96 AIDS Prevention U62/CCU902703-10						
		3681	National Government	12,715	12,714	-	-	12,714	1
		3682	Pohnpei	5,103	5,900	-	-	5,900	(797)
		3682	Kosrae	5,088	5,113	-	-	5,113	(25)
		3683	Chuuk	6,725	6,725	-	-	6,725	-
			Program Total	29,631	30,452	-	-	30,452	(821)
	93.940		97 AIDS Prevention Program U62/CCU902703-11						
		3723	Unallotted	25,691	-	-	-	25,691	25,691
		3724	National Government	28,239	25,688	-	203	25,891	2,348
		3725	Kosrae	8,800	7,822	-	-	7,822	978
		3726	Chuuk	11,570	8,177	-	-	8,177	3,393
			Program Total	74,300	41,687	-	203	41,890	32,410
	93.940		98 AIDS Prevention Program U62/CCU902703-11						
		3787	Unallotted	10,079	-	-	-	10,079	10,079
		3788	National Government	22,120	13,838	-	4,399	18,237	3,883
		3788	Pohnpei	13,236	3,351	-	-	3,351	9,885
		3789	Kosrae	10,800	7,673	2,974	-	10,647	153
		3789	Yap	13,236	825	218	-	1,043	12,193
		3790	Chuuk	13,236	4,780	-	3,580	8,360	4,876
			Program Total	82,707	30,467	3,192	7,979	41,638	41,069
	93.940		99 AIDS Prevention Program U62/CCU902703-13						
		417530	National Government	14,768	-	-	11,617	11,617	3,151
		417530	Pohnpei	13,208	-	8,160	-	8,160	5,048
		417530	Chuuk	13,209	-	-	7,344	7,344	5,865
		417530	Kosrae	10,770	-	6,493	-	6,493	4,277
		417530	Yap	13,207	-	3,668	-	3,668	9,539
			Program Total	65,162	-	18,321	18,961	37,282	27,880
			Total CFDA #93.940	349,469	204,543	21,513	27,143	253,199	96,270
			Balance forward	7,147,148	4,939,712	358,494	552,908	5,851,114	1,296,034

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 7,147,148	\$ 4,939,712	\$ 358,494	\$ 552,908	\$ 5,851,114	\$ 1,296,034
U.S. DHHS balance forwarded									
	93.958		94 Comm. Mental Health 94-B1-FM-CMHS-01 National Government	80,062	66,433	-	-	66,433	13,629
	93.958		95 CMHS 95-B1-FM-CMHS National Government	102,115	96,920	-	-	96,920	5,195
	93.958		96 Community Mental Health 96-B1-FM-CMHS National Government	102,115	101,422	-	-	101,422	693
	93.958		97 Community Mental Health 97-B1-FM-CMHS National Government	102,115	93,234	-	-	93,234	8,881
	93.958		98 Community Mental Health 98-B1-FM-CMHS National Government	102,115	-	-	96,214	96,214	5,901
	93.958		99 Community Mental Health 98-B1-FM-CMHS Unallotted National Government	14,289 93,060	-	-	-	-	14,289
			Program Total	107,349	-	-	1,039	1,039	106,310
			Total CFDA #93.958	595,871	358,009	-	97,253	455,262	140,609
	93.959		93 Subs. Abuse Prevention 93-B1-FM-SAPT-02 National Government	138,185	97,988	-	-	97,988	40,197
		7464	Pohnpei	65,000	62,114	-	-	62,114	2,886
		7473	Chuuk	121,000	118,282	-	-	118,282	2,718
		7473	Yap	30,800	15,421	-	-	15,421	15,379
		7473	Yap	36,400	33,656	-	-	33,656	2,744
		7473	Kosrae	18,000	16,923	-	-	16,923	1,077
			Program Total	409,385	344,384	-	-	344,384	65,001
			Balance forward CFDA #93.959	409,385	344,384	-	-	344,384	65,001
			Balance forward	7,743,019	5,297,721	358,494	650,161	6,306,376	1,436,643

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 7,743,019	\$ 5,297,721	\$ 358,494	\$ 650,161	\$ 6,306,376	\$ 1,436,643
U.S. DHHS balance forwarded			CFDA #93.959 balance forwarded	409,385	344,384	-	-	344,384	65,001
93.959			94 Substance Abuse Prevention & Treatment 94 BI FM-SAP1						
		7377	National Government	86,056	84,899	-	-	84,899	1,157
		7378	Pohnpei	124,950	118,634	-	-	118,634	6,316
		7378	Chuuk	122,150	124,216	-	-	124,216	(2,066)
		7378	Kosrae	18,000	8,836	-	-	8,836	9,164
		7378	Yap	25,000	21,340	-	-	21,340	3,660
		7378	Yap	31,900	140	-	-	140	31,760
		7385	Chuuk	19,300	20,697	-	-	20,697	(1,397)
			Program Total	427,356	378,762	-	-	378,762	48,594
93.959			95 Substance Abuse Prevention & Treatment 95 BI FM-SAP1						
		3653	Unallotted	1,761	-	-	-	-	1,761
		3654	National Government	125,488	118,478	-	-	118,478	7,010
		3655	Pohnpei	90,100	86,467	-	-	86,467	3,633
		3655	Kosrae	44,100	40,052	-	-	40,052	4,048
		3655	Yap	27,000	23,484	-	-	23,484	3,516
		3656	Pohnpei	16,900	14,439	-	-	14,439	2,461
		3656	Yap	32,900	26,942	-	-	26,942	5,958
		3657	Chuuk	111,090	87,398	-	-	87,398	23,692
		3658	Chuuk	500	-	-	-	-	500
		3659	Chuuk	14,270	7,089	-	-	7,089	7,181
			Program Total	464,109	404,349	-	-	404,349	59,760
93.959			96 Substance Abuse Prevention & Treatment 96-BI-FM-SAP1						
		3692	Unallotted	450	-	-	-	-	450
		3693	National Government	118,173	114,650	-	-	114,650	3,523
		3702	Chuuk	114,035	113,886	-	-	113,886	149
		3700	Pohnpei	89,371	86,737	-	-	86,737	2,634
		3700	Kosrae	57,171	54,503	-	-	54,503	2,668
		3700	Yap	53,169	47,745	-	-	47,745	5,424
		3701	Yap	31,740	27,580	-	-	27,580	4,160
			Program Total	464,109	445,101	-	-	445,101	19,008
			Balance forward CHDA #93.959	1,764,959	1,572,596	-	-	1,572,596	192,363
			Balance forward	7,743,019	5,297,721	358,494	650,161	6,306,376	1,436,643

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. DHHS balance forwarded				\$ 7,743,019	\$ 5,297,721	\$ 358,494	\$ 650,161	\$ 6,306,376	\$ 1,436,643
	93,959		CFDA #93,959 balance forwarded	1,764,959	1,572,596	-	-	1,572,596	192,363
			97 Substance Abuse Prevention & Treatment						
			97-B1-FM-SAPI						
		3755	National Government	170,653	142,151	-	-	142,151	28,502
		3756	Pohnpei	108,331	96,632	(189)	-	109,423	(1,092)
		3756	Kosrae	63,033	48,968	4,206	12,980	53,174	9,859
		3756	Yap	34,303	22,909	2,414	-	25,323	8,980
		3757	Chuuk	32,336	29,911	-	-	29,911	2,425
		3758	Chuuk	103,827	95,291	-	-	95,291	8,536
			Program Total	512,483	435,862	6,431	12,980	455,273	57,210
	93,959		98 Substance Abuse Prevention & Treatment						
			98-B1-FM-SAPI						
		413566	National Government	189,750	-	-	177,081	177,081	12,669
		413566	Pohnpei	100,389	-	92,185	-	92,185	8,204
		413566	Chuuk	103,030	-	-	97,979	97,979	5,051
		413566	Kosrae	54,978	-	54,255	-	54,255	723
		413566	Yap	36,750	-	23,952	-	23,952	12,798
		413566	Yap	27,586	-	17,066	-	17,066	10,520
			Program Total	512,483	-	187,458	275,060	462,518	49,965
	93,959		99 Substance Abuse Prevention & Treatment						
			99-B1-FM-SAPI-01						
		417535	Unallotted	267,288	-	-	-	-	267,288
		417535	National Government	138,718	-	-	425	425	138,293
		417535	Pohnpei	54,092	-	-	-	-	54,092
		417535	Pohnpei	4,273	-	-	-	-	4,273
		417535	Chuuk	69,471	-	-	1,252	1,252	68,219
		417535	Kosrae	29,418	-	-	-	-	29,418
		417535	Yap	19,909	-	-	-	-	19,909
		417535	Yap	12,900	-	-	-	-	12,900
			Program Total	596,069	-	-	1,677	1,677	594,392
			Total CFDA #93,959	3,385,994	2,008,458	193,889	289,717	2,492,064	893,930
			Balance forward	11,129,013	7,306,179	552,383	939,878	8,798,440	2,330,573

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 11,129,013	\$ 7,306,179	\$ 552,383	\$ 939,878	\$ 8,798,440	\$ 2,330,573
U.S. DHHS balance forwarded	93.977		92 Sexually Trans. Diseases H25/CCH904363-03-1						
		7695	Unallotted	210	-	-	-	-	210
		7696	National Government	48,090	31,948	-	-	31,948	16,142
		7697	Pohnpei	10,691	7,396	-	-	7,396	3,295
			Program Total	58,991	39,344	-	-	39,344	19,647
	93.977		94 Sexually Trans. Diseases H25/CCH904363-04						
		7356	National Government	28,556	24,333	-	-	24,333	4,223
		7357	Pohnpei	6,017	6,017	-	-	6,017	-
			Program Total	34,573	30,350	-	-	30,350	4,223
	93.977		95 Sexually Trans. Diseases H25/CCH904363-05						
		7390	National Government	27,503	26,314	-	-	26,314	1,189
		7391	Pohnpei	6,000	5,998	-	-	5,998	2
			Program Total	33,503	32,312	-	-	32,312	1,191
	93.977		96 Sexually Trans. Diseases H58/CCH904363-06						
		3660	Unallotted	750	-	-	-	-	750
		3661	National Government	33,550	31,339	-	-	31,339	2,211
		3662	Pohnpei	7,075	7,074	-	-	7,074	1
			Program Total	41,375	38,413	-	-	38,413	2,962
	93.977		97 STD Program H25/CCH904363-07						
		3713	Unallotted	1,250	-	-	-	-	1,250
		3714	National Government	29,584	25,835	-	-	25,835	3,749
		3715	Pohnpei	7,140	6,951	-	-	6,951	189
			Program Total	37,974	32,786	-	-	32,786	5,188
			Balance forward CFDA #93.977	206,416	173,205	-	-	173,205	33,211
			Balance forward	11,129,013	7,306,179	552,383	939,878	8,798,440	2,330,573

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 11,129,013	\$ 7,306,179	\$ 552,383	\$ 939,878	\$ 8,798,440	\$ 2,330,573
U.S. DHHS balance forwarded			CFDA #93.977 balance forwarded	206,416	173,205	-	-	173,205	33,211
	93.977		98 STD Program H25/CCU904363-08						
		3776	National Government	40,163	2,116	-	28,782	30,898	9,265
		3777	Pohnpei	7,140	-	747	-	747	6,393
			Program Total	47,303	2,116	747	28,782	31,645	15,658
	93.977		99 STD Program H25/CCU904363-09						
		413569	National Government	54,807	-	-	31,011	31,011	23,796
		413569	Pohnpei	7,497	-	4,511	-	4,511	2,986
			Program Total	62,304	-	4,511	31,011	35,522	26,782
			Total CFDA #93.977	316,023	175,321	5,258	59,793	240,372	75,651
	93.988		94 State-Base Diabetes U32/CCU910641-01						
		7369	National Government	30,339	30,336	-	-	30,336	3
		7384	Pohnpei	4,802	5,789	-	-	5,789	(987)
		7384	Chuuk	8,400	22,543	-	-	22,543	(14,143)
		7384	Kosrae	5,996	8,319	-	-	8,319	(2,323)
		7384	Yap	611	611	-	-	611	-
			Program Total	50,148	67,598	-	-	67,598	(17,450)
	93.988		95 Diabetes Programs U32/CCU910641-02						
		3651	National Government	15,011	17,838	-	-	17,838	(2,827)
		3652	Kosrae	3,185	1,302	-	-	1,302	1,883
		3652	Yap	7,817	8,013	-	-	8,013	(196)
			Program Total	26,013	27,153	-	-	27,153	(1,140)
			Balance forward CFDA #93.988	76,161	94,751	-	-	94,751	(18,590)
			Balance forward	11,445,036	7,481,500	557,641	999,671	9,038,812	2,406,224

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 11,445,036	\$ 7,481,500	\$ 557,641	\$ 999,671	\$ 9,038,812	\$ 2,406,224
U.S. DHHS balance forwarded			CFDA #93.988 balance forwarded	76,161	94,751	-	-	94,751	(18,590)
93.988			96 Diabetes Program U32/CCU910641-03						
		3695	National Government	8,774	8,773	-	-	8,773	1
		3696	Kosrae	565	565	-	-	565	-
		3696	Yap	3,031	3,031	-	-	3,031	-
		3697	Chuuk	6,813	6,813	-	-	6,813	-
			Program Total	19,183	19,182	-	-	19,182	1
93.988			97 Diabetes Program U32/CCU910641-04						
		3751	National Government	41,690	34,745	-	-	34,745	6,945
		3753	Pohnpei	5,600	5,617	-	-	5,617	(17)
		3752	Kosrae	6,000	6,000	-	-	6,000	-
		3753	Chuuk	13,600	10,283	-	-	10,283	3,317
		3752	Yap	6,000	3,754	-	-	3,754	2,246
			Program Total	72,890	60,399	-	-	60,399	12,491
93.988			98 Diabetes Program U32/CCU910641-05						
		3562	Unallotted	18,033	-	-	-	-	18,033
		3563	National Government	17,500	904	-	12,255	13,159	4,341
		3564	Pohnpei	8,850	2,084	6,500	-	8,584	266
		3564	Kosrae	5,000	-	5,892	-	5,892	(892)
		3564	Yap	7,144	906	4,560	-	5,466	1,678
		3565	Chuuk	13,851	1,423	-	12,152	13,575	276
			Program Total	70,378	5,317	16,952	24,407	46,676	23,702
93.988			99 Diabetes Program U32/CCU910641-06						
		417536	Unallotted	11,360	-	-	-	-	11,360
		417536	National Government	10,457	-	-	-	-	10,457
		417536	Pohnpei	6,000	-	926	-	926	5,074
		417536	Chuuk	7,000	-	-	1,559	1,559	5,441
		417536	Kosrae	5,000	-	-	-	-	5,000
		417536	Yap	5,000	-	-	-	-	5,000
			Program Total	44,817	-	926	1,559	2,485	42,332
			Total CFDA #93.988	283,429	179,649	17,878	25,966	223,493	59,936
			Balance forward	11,728,465	7,661,149	575,519	1,025,637	9,262,305	2,466,160

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 11,728,465	\$ 7,661,149	\$ 575,519	\$ 1,025,637	\$ 9,262,305	\$ 2,466,160
U.S. DHHS balance forwarded	93.991		93 Preventive Health 93-B1-FM-PRVS	18,372	-	-	-	-	18,372
		7471	Unallotted	19,650	11,698	-	-	11,698	7,952
		7472	National Government	17,918	17,174	-	-	17,174	744
		7472	Pohnpei	19,292	15,300	-	-	15,300	3,992
		7472	Chuuk	10,000	9,112	-	-	9,112	888
		7472	Kosrae	12,572	12,516	-	-	12,516	56
			Yap						
			Program Total	97,804	65,800	-	-	65,800	32,004
			94 PH & PH						
	93.991		94-B1-FM-PRVS	7,671	-	-	-	-	7,671
		7352	Unallotted	25,350	20,259	-	-	20,259	5,091
		7488	National Government	21,917	9,242	-	-	9,242	12,675
		7489	Pohnpei	23,591	1,800	-	-	1,800	21,791
		7489	Chuuk	11,790	7,116	-	-	7,116	4,674
		7489	Kosrae	13,371	12,451	-	-	12,451	920
			Yap						
			Program Total	103,690	50,868	-	-	50,868	52,822
			95 Preventive Health & PH						
	93.991		95-B1-FM-PRVS	28,325	20,764	-	-	20,764	7,561
		3644	National Government	21,917	5,475	-	-	5,475	16,442
		3645	Pohnpei	13,500	9,090	-	-	9,090	4,410
		3645	Kosrae	16,871	16,388	-	-	16,388	483
		3645	Yap	23,591	17,214	-	-	17,214	6,377
		3646	Chuuk						
			Program Total	104,204	68,931	-	-	68,931	35,273
			96 PH & PH						
	93.991		96-B1-FM-PRVS-01	26,287	-	-	-	-	26,287
		3705	Unallotted	45,000	38,732	-	-	38,732	6,268
		3706	National Government	10,000	8,462	-	-	8,462	1,538
		3707	Pohnpei	8,000	1,317	-	-	1,317	6,683
		3707	Kosrae	9,300	8,960	-	-	8,960	340
		3707	Yap	10,700	5,940	-	-	5,940	4,760
		3708	Chuuk						
			Program Total	109,287	63,411	-	-	63,411	45,876
			Balance forward CFDA #93.991	414,985	249,010	-	-	249,010	165,975
			Balance forward	11,728,465	7,661,149	575,519	1,025,637	9,262,305	2,466,160

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 11,728,465	\$ 7,661,149	\$ 575,519	\$ 1,025,637	\$ 9,262,305	\$ 2,466,160
U.S. DHHHS balance forwarded			CFDA #93.991 balance forwarded	414,985	249,010	-	-	249,010	165,975
93.991		3763 3764	97 PH & PH 97-B1-FM-PRVS Unallotted National Government	76,826 40,915	- 16,641	- -	- -	- 16,641	76,826 24,274
			Program Total	117,741	16,641	-	-	16,641	101,100
93.991		413791 413791 413791 413791 413791 413791	98 PH & PH 1998-B1-FM-PRVS Unallotted National Government Pohnpei Chuuk Kosrae Yap	42,396 21,500 6,000 7,000 6,000 5,000	- - - - - -	- - 5,991 - 2,672 1,821	- 20,398 - 6,994 - -	- 20,398 5,991 6,994 2,672 1,821	42,396 1,102 9 6 3,328 3,179
			Program Total	87,896	-	10,484	27,392	37,876	50,020
			Total CFDA #93.991	620,622	265,651	10,484	27,392	303,527	317,095
93.994		7451 7452 7453 7454 7454 7454 7454 7455 7455 7456 7455	93B1FMMCHS Unallotted National Government National Government Pohnpei Chuuk Kosrae Yap Pohnpei Chuuk Kosrae Kosrae Yap	38,846 53,003 113,920 98,914 99,981 40,312 55,646 6,000 5,500 7,200 6,220 4,500	- 45,818 92,474 100,051 98,615 33,773 53,188 176 5,456 6,800 4,355 3,995	- - - - - - - - - - - -	- 1,400 - - - - - - - - - - -	- 47,218 92,474 100,051 98,615 33,773 53,188 176 5,456 6,800 4,355 3,995	38,846 5,785 21,446 (1,137) 1,366 6,539 2,458 5,824 44 400 1,865 505
			Program Total	530,042	444,701	-	1,400	446,101	83,941
			Balance forward CFDA #93.994	530,042	444,701	-	1,400	446,101	83,941
			Balance forward	12,349,087	7,926,800	586,003	1,053,029	9,565,832	2,783,255

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 12,349,087	\$ 7,926,800	\$ 586,003	\$ 1,053,029	\$ 9,565,832	\$ 2,783,255
U.S. DHHS balance forwarded			CFDA #93.994 balance forwarded	530,042	444,701	-	1,400	446,101	83,941
	93.994		94 MCH						
			94BIFMMCHS						
		7487	National Government	54,582	41,929	-	-	41,929	12,653
		7488	National Government	163,746	111,144	-	-	111,144	52,602
		7489	Pohnpei	103,665	83,038	-	-	83,038	20,627
		7489	Chuuk	107,322	107,290	-	-	107,290	32
		7489	Kosrae	52,093	44,308	-	-	44,308	7,785
		7489	Yap	64,412	58,244	-	-	58,244	6,168
			Program Total	545,820	445,953	-	-	445,953	99,867
	93.994		95 MCH						
			95BIFMMCHS						
		7442	Unallotted	8,519	-	-	-	-	8,519
		7443	National Government	54,490	43,359	-	-	43,359	11,131
		7444	National Government	136,382	104,821	-	-	104,821	31,561
		7445	Pohnpei	97,777	84,360	-	-	84,360	13,417
		7445	Chuuk	37,834	28,732	-	-	28,732	9,102
		7445	Kosrae	55,917	51,107	-	-	51,107	4,810
		7445	Yap	64,484	59,228	-	-	59,228	5,256
		7490	Pohnpei	11,943	11,943	-	-	11,943	-
		7490	Kosrae	4,821	4,821	-	-	4,821	-
		3728	Chuuk	71,480	6,510	-	-	6,510	64,970
		7490	Chuuk	-	57,491	-	-	57,491	(57,491)
			Program Total	543,647	452,372	-	-	452,372	91,275
	93.994		96 MCH Program						
			96-B1-FM-MCHS						
		3685	National Government	59,081	50,947	-	1,000	51,947	7,134
		3686	National Government	130,622	52,962	-	11,287	64,249	66,373
		3688	Chuuk	100,407	100,783	-	-	100,783	(376)
		3704	Chuuk	15,262	2,785	-	-	2,785	12,477
		3689	Pohnpei	97,907	72,169	365	-	72,534	25,373
		3703	Pohnpei	11,943	11,855	-	-	11,855	88
		3689	Kosrae	55,917	54,747	-	-	54,747	1,170
		3703	Kosrae	5,267	-	-	-	-	5,267
		3689	Yap	61,957	55,985	-	-	55,985	5,972
			Program Total	538,363	402,233	365	12,287	414,885	123,478
			Balance forward CFDA #93.994	2,157,872	1,745,259	365	13,687	1,759,311	398,561
			Balance forward	12,349,087	7,926,800	586,003	1,053,029	9,565,832	2,783,255

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 12,349,087	\$ 7,926,800	\$ 586,003	\$ 1,053,029	\$ 9,565,832	\$ 2,783,255
U.S. DHHS balance forwarded			CFDA #93.994 balance forwarded	2,157,872	1,745,259	365	13,687	1,759,311	398,561
	93.994		97-MCH						
			97-B1-FMMCHS						
		3735	Unallotted	15,003	-	-	-	-	15,003
		3736	National Government	60,266	48,258	-	1,050	49,308	10,958
		3737	National Government	133,146	68,553	-	30,000	98,553	34,593
		3738	Pohnpei	103,713	81,341	860	-	82,201	21,512
		3738	Kosrae	43,888	38,821	2,242	-	41,063	2,825
		3738	Kosrae	4,866	-	-	-	-	4,866
		3738	Yap	56,677	50,178	-	-	50,178	6,499
		3740	Chuuk	103,389	81,283	-	1,884	83,167	20,222
		3741	Chuuk	15,413	12,571	-	-	12,571	2,842
			Program Total	536,361	381,005	3,102	32,934	417,041	119,320
	93.994		98-MCH						
			98-B1-FMMCHS						
		3778	Unallotted	31,820	-	-	-	-	31,820
		3779	National Government	53,925	3,961	-	-	3,961	49,964
		3790	National Government	70,476	18,743	-	-	18,743	51,733
		3780	National Government	119,098	-	-	160,709	160,709	(41,611)
		413779	Pohnpei	77,585	-	75,744	-	75,744	1,841
		413780	Pohnpei	9,555	-	10	-	10	9,545
		413780	Pohnpei	2,000	-	-	-	-	2,000
		413779	Chuuk	80,232	-	-	51,365	51,365	28,867
		413780	Chuuk	4,500	-	-	-	-	4,500
		413779	Kosrae	34,540	-	32,356	-	32,356	2,184
		413780	Kosrae	4,911	-	1,048	-	1,048	3,863
		413780	Kosrae	2,000	-	5,274	-	5,274	(3,274)
		413779	Yap	44,042	-	44,920	-	44,920	(878)
		413780	Yap	2,394	1,296	-	-	1,296	1,098
			Program Total	537,078	24,000	159,352	212,074	395,426	141,652
			Balance forward CFDA #93.994	3,231,311	2,150,264	162,819	258,695	2,571,778	659,533
			Balance forward	12,349,087	7,926,800	586,003	1,053,029	9,565,832	2,783,255

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 12,349,087	\$ 7,926,800	\$ 586,003	\$ 1,053,029	\$ 9,565,832	\$ 2,783,255
U.S. DHHHS balance forwarded				3,231,311	2,150,264	162,819	258,695	2,571,778	659,533
	93.994		CFDA #93.994 balance forwarded						
			99 MCH Program						
			2 B04 MC 00347-03						
		417533	Unallotted	172,297	-	-	-	-	172,297
		417533	National Government	121,993	-	-	7,415	7,415	114,578
		417533	National Government	83,743	-	-	50,343	50,343	33,400
		417533	National Government	75,631	-	-	-	-	75,631
		417533	Pohnpei	9,555	-	-	-	-	9,555
		417533	Chuuk	79,287	-	-	19,775	19,775	59,512
		417533	Kosrae	4,911	-	-	-	-	4,911
			Program Total	547,417	-	-	77,533	77,533	469,884
			Total CFDA #93.994	3,778,728	2,150,264	162,819	336,228	2,649,311	1,129,417
	93.879		Medical Library Assistance						
			1 G08 LM066900-01						
		413567	National Government	25,714	-	-	22,710	22,710	3,004
		417533	Pohnpei	1,000	-	792	-	792	208
		417533	Chuuk	1,300	-	-	-	-	1,300
		417533	Kosrae	750	-	750	-	750	-
		417533	Yap	800	-	-	-	-	800
			Program Total	29,564	-	1,542	22,710	24,252	5,312
			Total CFDA #93.879	29,564	-	1,542	22,710	24,252	5,312
			Total U.S. Dept. of Health and Human Services	\$ 16,157,579	\$ 10,077,064	\$ 750,564	\$ 1,411,967	\$ 14,239,595	\$ 3,917,984

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	Fiscal Year 1999 Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund  Federal Emergency Management Agency (FEMA)	83.505	3866	94 Disaster Preparedness EMF-94-K-0435 National Government	\$ 25,000	\$ 17,694	\$ -	\$ -	\$ 17,694	\$ 7,306
	83.505	3867 3868	95 Disaster Preparedness-IG EMF-95-K-0565 Unallotted National Government	1,000 49,000	- 43,858	-	-	43,858	1,000 5,142
			Program Total	50,000	43,858	-	-	43,858	6,142
	83.505	3812	96 Disaster Preparedness EMF-96-PA-0606 National Government	50,000	65,836	-	1,028	66,864	(16,864)
	83.505	3877	97 Disaster Preparedness EMF-97-PA-0309 National Government	38,000	22,141	-	-	22,141	15,859
	83.505	3816	98 Disaster Preparedness EMF-98-PA-9008 National Government	50,000	1,821	-	24,686	26,507	23,493
			Total CFDA #83.505	213,000	151,350	-	25,714	177,064	35,936
	83.516		FEMA-934-DR-FSM Typhoon Axel PA						
		3842 3837 3837 3837	National Government/Admin. Poluppei Yap Kosrae	13,313 655,682	12,461 178,308 31,992	- - -	- -	12,461 178,308 31,992	852 477,374 (31,992) 36,184
			Program Total	705,179	222,761	-	-	222,761	482,418
83.516	3826	FEMA -886-DR-FSM Typhoon Owen IFG Chuuk	6,406,904	6,188,383	-	-	6,188,383	218,521	
		Balance forward	213,000	151,350	-	25,714	177,064	35,936	

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	Fiscal Year 1999 Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 213,000	\$ 151,350	\$ -	\$ 25,714	\$ 177,064	\$ 35,936
FEMA balance forwarded	83.516		FEMA -886-DR-FSM Typhoon Owen P.A	1,667,674	161,860	(465)	-	161,395	1,506,279
	3820		Chuuk	822,353	-	-	-	-	822,353
	3821		Yap	40,771	-	-	-	-	40,771
	3824		National Government	33,472	-	-	-	-	33,472
	3830		National Government	-	-	-	-	-	-
			Program Total	2,564,270	161,860	(465)	-	161,395	2,402,875
	83.516		FEMA-892-FSM Typhoon Russ P.A	324,200	560,913	-	-	560,913	(236,713)
	3823		Pohnpei	8,213	-	-	-	-	8,213
	3829		National	-	-	-	-	-	-
			Program Total	332,413	560,913	-	-	560,913	(228,500)
	83.516		FEMA-892-DR-FSM Typhoon Russ IFG	129,401	123,481	-	-	123,481	5,920
	3828		Pohnpei	-	-	-	-	-	-
	83.516		FEMA-926-DR-FSM Typhoon Yuri P.A	744,683	(6,106)	-	-	(6,106)	750,789
	3834		Pohnpei	199,764	27,431	29,751	-	57,182	142,582
	3840		Chuuk	3,484	367,513	-	-	367,513	(364,029)
	3841		National Government	19,959	7,012	-	-	7,012	12,947
	3843		National Government	-	-	-	-	-	-
			Program Total	967,890	395,850	29,751	-	425,601	542,289
	83.516		FEMA-926-FSM Typhoon Yuri IFG	375,000	455,682	-	-	455,682	(80,682)
	3830		Pohnpei	-	-	-	-	-	-
	83.516		Typhoon Fern FEMA-DR-1166-FM	1,232	-	-	-	-	1,232
	3871		Unallotted	31,485	13,587	-	9,431	23,018	8,467
	3872		National/Grantee Admin.	73,784	-	-	-	-	73,784
	3875		National/P.A. Management Cost	2,001,941	-	444,182	-	444,182	1,557,759
	3873		Yap/Public Assistance	44,848	-	-	-	-	44,848
	3874		Yap/Sub-Grantee Admin.	83,185	-	-	-	-	83,185
	3883		Yap/P.A. Management Cost	-	-	-	-	-	-
			Program Total	2,236,475	13,587	444,182	9,431	467,200	1,769,275
			Balance forward	213,000	151,350	-	25,714	177,064	35,936

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	Fiscal Year 1999 Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
FEMA balance forwarded	83.516		El Nino Drought FEMA-1213-DR-FM	\$ 213,000	\$ 151,350	\$ -	\$ 25,714	\$ 177,064	\$ 35,936
		3806	Unallotted	50	-	-	-	-	50
		3807	National/Grantee Admin.	24,079	7,600	-	15,535	23,135	944
		3808	National/PA Management Cost	35,562	-	-	21,640	21,640	13,922
		3809	National/Public Assistance	15,244	-	-	9,238	9,238	6,006
		3810	Pohnpei/Public Assistance	54,442	38	15,205	-	15,243	39,199
		3811	Pohnpei/Sub-Grantee Admin.	2,178	1,946	20	-	1,966	212
		3813	Yap/Public Assistance	638,662	-	60,952	-	60,952	577,710
		3813	Yap/Sub-Grantee Admin.	18,641	-	3,412	-	3,412	15,229
		3813	Chuuk/Public Assistance	532,919	-	233,911	-	233,911	299,008
		3814	Chuuk/Sub-Grantee Admin.	15,211	-	11,064	-	11,064	4,147
			Program Total	1,336,988	9,584	324,564	46,413	380,561	956,427
			Total CFDA #83.516	15,054,520	8,132,101	798,032	55,844	8,985,977	6,068,543
	83.519		Hazard Mitigation FEMA-892-FSM	394	-	-	-	-	394
		3848	National Government	12,398	12,398	-	-	12,398	-
		3852	Pohnpei	-	-	-	-	-	-
			Program Total	12,792	12,398	-	-	12,398	394
	83.519		Hazard Mitigation FEMA-886-FSM	17,007	-	-	-	-	17,007
		3846	Unallotted	15,851	13,755	-	405	14,160	1,691
		3847	National/FMGP Grantee Admin.	155,000	19,197	-	34,097	53,294	101,706
		3881	National/Local Plant Grant	6,200	821	-	1,398	2,219	3,981
		3882	National/Local Plant Grant	187,000	94,004	1,394	-	95,398	91,602
		3854	Chuuk	26,911	21,721	-	-	21,721	5,190
		3855	Yap	313,716	231,221	96,300	-	327,521	(13,805)
		3856	Yap	114,485	112,557	-	-	112,557	1,928
		3857	Yap	79,147	8,796	-	-	8,796	70,351
		3836	Yap	207,000	-	177,066	-	177,066	29,934
		3878	Yap	92,897	570,743	-	-	570,743	(477,846)
		3880	Chuuk	7,729	-	5,457	-	5,457	2,272
		3870	Chuuk	61,237	-	6,254	-	6,254	54,983
		3869	Chuuk	362,509	-	1,033	-	1,033	361,476
		3879	Kosrae	-	-	-	-	-	-
			Program Total	1,646,689	1,072,815	287,504	35,900	1,396,219	250,470
			Balance forward	15,267,520	8,283,451	798,032	81,558	9,163,041	6,104,479

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
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Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	Fiscal Year 1999 Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund				\$ 15,267,520	\$ 8,283,451	\$ 798,032	\$ 81,558	\$ 9,163,041	\$ 6,104,479
FEMA balance forwarded									
	83.519		FEMA-926-FSM						
		3849	National Government	7,224	5,730	-	-	5,730	1,494
		3851	Pohnpei	9,308	10,021	-	-	10,021	(713)
		3858	Pohnpei	23,202	23,202	-	-	23,202	-
		3859	Pohnpei	207,700	196,894	-	-	196,894	10,806
			Program Total	247,434	235,847	-	-	235,847	11,587
	83.519		Hazard Mitigation FEMA-934-FSM						
		3850	National Government	1,846	-	-	729	729	1,117
		3860	Kosrae	18,829	3,871	-	-	3,871	14,958
		3861	Kosrae	58,216	-	-	-	-	58,216
			Program Total	78,891	3,871	-	729	4,600	74,291
	83.519		Hazard Management Cost FEMA-886-934						
		3862	Unallotted	1,600	-	-	-	-	1,600
		3864	Chuuk	36,000	9,027	21,673	-	30,700	5,300
		3864	Yap	32,000	28,604	6,277	-	34,881	(2,881)
		3864	Pohnpei	10,400	-	-	-	-	10,400
		3853	National Government	9,455	9,410	-	-	9,410	45
			Program Total	89,455	47,041	27,950	-	74,991	14,464
	83.519		Typhoon Fern FEMA-1166-DR-FM						
		3885	National/HMGP Grantee Admin.	7,289	4,870	-	12	4,882	2,407
		3887	Yap State	261,366	502,965	-	-	502,965	(241,599)
		3886	Yap/HMGP Sub-Grantee Admin.	7,970	-	-	-	-	7,970
		3817	Yap/HMGP Management Cost	45,087	-	-	-	-	45,087
			Program Total	321,712	507,835	-	12	507,847	(186,135)
			Balance forward	15,267,520	8,283,451	798,032	81,558	9,163,041	6,104,479

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
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Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org- No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	Fiscal Year 1999 Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
FEMA balance forwarded	83.519		Typhoon Fern Hazard Management Cost	\$ 15,267,520	\$ 8,283,451	\$ 798,032	\$ 81,558	\$ 9,163,041	\$ 6,104,479
		3875	FEMA-1166-DR-FM National Government	61,782	4,308	-	24,015	28,323	33,459
		3883	Yap State	66,551	3,774	18,389	-	22,163	44,388
			Program Total	128,333	8,082	18,389	24,015	50,486	77,847
			Total CFDA #83.519	2,525,306	1,887,889	333,843	60,656	2,282,388	242,918
			Total Federal Emergency Management Agency	\$ 17,792,826	\$ 10,171,340	\$ 1,131,875	\$ 142,214	\$ 11,445,429	\$ 6,347,397

See accompanying notes to schedule of expenditures of federal awards.

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Schedule of Expenditures of Federal Awards, Continued  
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Grantor	CFDA No.	FSM Org No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	Fiscal Year 1999 Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
U.S. Federal Direct Assistance Fund									
U.S. Department of Transportation - Federal Aviation Administration	20.106	N/A	Airport Improvement Program Chuck International Airport	\$ 721,000	\$ 688,053	\$ -	\$ -	\$ 688,053	\$ 32,947
			Total U.S. Federal Aviation Administration	\$ 721,000	\$ 688,053	\$ -	\$ -	\$ 688,053	\$ 32,947
U.S. Department of Commerce - National Oceanic and Atmospheric Administration	11.460	N/A	Special Oceanic and Atmospheric Project National Government	\$ 2,004,481	\$ 3,994,341	\$ -	\$ 721,182	\$ 4,715,523	\$ (2,711,042)
			Total U.S. Department of Commerce	\$ 2,004,481	\$ 3,994,341	\$ -	\$ 721,182	\$ 4,715,523	\$ (2,711,042)
National Foundation on the Arts and the Humanities - Office of Library Services	45.310		Library Services LS-80060-98 Unallotted National	\$ 29,819	\$ -	\$ -	\$ -	\$ -	\$ 29,819
		303039		38,200	-	-	25,839	25,839	12,361
			Program Total (CFDA #45.310)	68,019	-	-	25,839	25,839	42,180
			Total National Foundation on the Arts & the Humanities	\$ 68,019	\$ -	\$ -	\$ 25,839	\$ 25,839	\$ 42,180
			Total U.S. Federal Direct Assistance	\$ 81,181,257	\$ 57,725,706	\$ 4,686,470	\$ 4,853,637	\$ 67,265,813	\$ 13,915,444

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Non U.S. Direct Assistance Grants  
Statement of Expenditures By Grantor  
Year Ended September 30, 1999

Grantor	Org. No.	Grantor Title	1999 Expenditures National Government
Other Direct Assistance Fund:			
World Health Organization	473933	Sexually Transmitted Disease	\$ 4,762
	473893	Leprosy Elimination Program	7,526
	473911	Vital Statistics Training	1,329
	473912	Food Safety & Sanitation	1,793
	473915	Family Planning Admin.	624
	473929	Health Indicators Workshop	671
	473932	Family Health Program	9,645
	473940	Health Promotion & Health E	2,366
	473971	Health Workforce Planning	25
	473976	89 Leprosy Program	1,108
	477803	Aids Prevention Control	1,360
	477838	Family Planning	6,577
			<u>37,786</u>
South Pacific Commission Grants	473931	Climate Change Program	36,273
	473900	Cancer Registry Project	4,326
	477426	FSM Port Sampling	8,536
	473920	Promotion of Vitamin A Banana	3,239
		<u>52,374</u>	
United Nations	473924	Chuuk Public Sector Reform Conference	18,955
	3975	Micronesian Entrepreneur Development	10,383
	3916	Family Food Production	6,235
	3930	Family Food Production	284
	7404	Family Food Production	26,556
	7834	TCP/Nutrition Program	2,769
	3892	Family Health Program	21,878
	3910	Family Health Program	20,880
	473907	Family Health Project	20,452
		<u>128,392</u>	
	Balance forward	<u>218,552</u>	

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Non U.S. Direct Assistance Grants  
Statement of Expenditures By Grantor  
Year Ended September 30, 1999

Grantor	Org. No.	Grantor Title	1999 Expenditures National Government
Other Direct Assistance Fund, Balance Forwarded			\$ 218,552
Forum Fisheries Agency	3906	Support for Regulations	20,279
	7824	FSM Port Sampling	51,977
			72,256
Australian Government Grants	7808	Micronesia Patient Administration	50
Wetland International	3895	JFGE Mangrove Project	8,022
Asian Development Bank	473914	Financial Symposium/Website Training	27,738
Fiji	473903	Health Promotion Schools Initiative	768
Switzerland	473908	Vitamin A Awareness Program	500
		Total Non-U.S. Grants	\$ 327,886
		Total U.S. Federal Direct Assistance and Non-U.S. Grants Expenditures	\$ 5,181,523
Reconciliation to general purpose financial statements			
Balance per the above			\$ 5,181,523
Less amounts which relate to foreign grants			(327,886)
Net federal share			\$ 4,853,637
Amount per general purpose financial statements			\$ 5,101,430
Add amount included in financials which relate to OIA (page 128)			81,510
Less amount included in financials which relate to TTPI CIP Projects (page 129)			(1,417)
			\$ 5,181,523

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<b>OIA TECHNICAL ASSISTANCE:</b>									
FSM-24	15.875	3487	Automated Land Record System	\$ 43,866	\$ 50,840	\$ -	\$ -	\$ 50,840	\$ (6,974)
FSM-24		7888	Land Survey Record	30,000	21,460	-	-	21,460	8,540
FSM-25		3488	Financial Advisor	133,000	-	-	-	-	133,000
FSM-25		3488	Computer Advisor	56,000	55,596	-	-	55,596	404
FSM-38		3505	Economic Newsletter	200,020	158,571	-	-	158,571	41,449
N/A		3506	Single Audit	340,000	16,231	-	-	16,231	323,769
FSM-35		3511	National Health Care Plan	22,900	16,827	-	-	16,827	6,073
N/A		3512	Single Audit 88	375,000	366,699	-	-	366,699	8,301
FSM-31		3513	Financial Management System	252,655	237,495	-	-	237,495	15,160
FSM-44		7507	Anti-Drug Training	28,170	11,515	-	-	11,515	16,655
FSM-45		7508	Comprehensive Needs	379,450	378,322	-	-	378,322	1,128
FSM-46		7509	Procurement Management Training	13,600	12,054	-	-	12,054	1,546
N/A		7510	Single Audit '89	350,000	348,915	-	-	348,915	1,085
FSM-48		7512	Cash Management Study	45,000	35,000	-	-	35,000	10,000
FSM-50		7514	Improvement of Radiology	14,200	14,200	-	-	14,200	-
FSM-47		7515	Custom Advisor	96,000	84,165	-	-	84,165	11,835
N/A		7516	Single Audit 90	350,000	328,347	-	-	328,347	21,653
FSM-51		7517	Intercensal Survey	4,000	4,000	-	-	4,000	-
FSM-53		7518	Material Man. Works	6,000	4,979	-	-	4,979	1,021
FSM-54		7852	Kosrae Sec. Dev. Plan	50,000	25,000	-	-	25,000	25,000
FSM-55		7853	Vital Statistics	24,576	22,820	-	-	22,820	1,756
FSM-56		7854	Tourism Educ. Video	32,000	26,351	-	-	26,351	5,649
FSM-57		7855	Short-Term Health	40,000	31,000	-	-	31,000	9,000
FSM-58		7856	Pohnpei Utilities Corporation	110,000	99,383	-	-	99,383	10,617
N/A		7857	FY-91 Single Audit	355,000	353,105	-	-	353,105	1,895
OMIP-FSM-91		7859	FSM Capital Comp.	61,360	47,618	-	-	47,618	13,742
FSM-59		7863	IMPS	5,200	4,569	-	-	4,569	631
OMIP-Pohnpei-91-1		7864	Initial. of PUC	430,250	419,848	-	-	419,848	10,402
PIR-91-1-FSM		7866	Detector Dog Prog.	45,000	38,546	-	-	38,546	6,454
PIR-91-2-FSM		7867	On-Island Anti-Substance Abuse	25,000	15,742	-	-	15,742	9,258
PIR-91-3-FSM		7868	PIRAAP Conference	15,000	13,531	-	-	13,531	1,469
PIR-91-5-FSM		7869	PIRAAP Ranger Train.	4,000	2,892	-	-	2,892	1,108
PIR-91-8-FSM		7870	ONDOP Conference	3,000	1,180	-	-	1,180	1,820
PIR-91-9-FSM		7871	FBI Regional Training	5,000	4,727	-	-	4,727	273
OMIP-KOS-91-1		7872	Kosrae School Maintenance	75,000	71,134	-	-	71,134	3,866
OMIP-KOS-91-8		7873	Kosrae Vocational Education	25,000	10,474	-	-	10,474	14,526
OMIP-KOS-91-1		7874	Public Works reorganization	91,000	90,862	-	-	90,862	138
N/A		7882	FY-92 Single Audit	365,000	358,641	-	-	358,641	6,359
N/A		3482	Computer Training	9,679	110	-	-	110	9,569
FSM-30		3493	Marketing Study	35,000	11,666	-	-	11,666	23,334
FSM-49		7513	Hospital Lab mgn't imp	25,800	20,017	-	-	20,017	5,783
Balance forward				4,571,726	3,814,432	-	-	3,814,432	757,294

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
OIA Technical Assistance balance forwarded									
FSM-60	7885		93 Census Workshop	\$ 3,600	\$ 2,864	-	-	\$ 2,864	\$ 757,294
FSM-61	7886		Economic Newsletter	84,250	84,250	-	-	84,250	736
FSM-64	7896		Tourism Master Plan	85,596	71,206	-	-	71,206	-
FSM-63	7890		Environmental Management Spec.	30,500	30,829	-	-	30,829	14,390
FSM-62	7887		Supply & Pharmacy	9,440	7,534	-	-	7,534	(329)
FSM-66	7304		Firearms Training	33,000	21,329	-	-	21,329	1,906
PIR-91-18-FSM	7899		FBI Reg. Train	3,000	988	-	-	988	11,671
PIR-92-20-FSM	7881		DUI Breathalyzer	25,200	9,702	-	-	9,702	2,012
PIR-91-13-FSM	7897		Secure Faxnet System	12,000	11,500	-	-	11,500	15,498
PIR-91-17-FSM	7898		Anti-Drug Youth	60,000	41,352	-	-	49,021	500
PIR-91-11-FSM	7884		Comm. Base Trainer	79,000	75,252	-	-	75,252	10,979
PIR-91-19-FSM	7883		Cook Support Proj.	12,000	3,341	-	7,669	3,341	3,748
OMIP-CHUUK-91-1	7894		Dept. Ed. O&M	180,137	54,654	-	-	54,654	8,659
OMIP-CHUUK-91-1	7893		Road Disp. Repair	259,863	80,968	-	-	80,968	125,483
OMIP-KOS-91-1	7892		Power System O&M	232,000	33,705	-	-	33,705	178,895
OMIP-KOS-91-1	7874		Reorgan. PUC	91,000	-	-	-	-	198,295
OMIP-KOS-91-1	7889		Kosrae Util. Auth.	101,500	79,559	-	-	79,559	91,000
FSM-67	7305		Yap Historic Preserv	13,000	10,630	-	-	10,630	21,941
FSM-68	7307		Statistics Workshop	6,500	4,443	-	-	4,443	2,370
FSM-69	7329		Micro. Invest Qtrly	84,250	84,250	-	-	84,250	2,057
FSM-70	7318		US/FSM Econ. Cons.	20,000	19,826	-	-	19,826	-
FSM-72	7322		Pharmac. Workshop	6,000	4,267	-	-	4,267	174
FSM-74	7328		Med. Epidem. Train	13,232	9,405	-	-	9,405	1,733
N/A	7300		FY-93 Single Audit	404,000	398,757	-	-	398,757	3,827
N/A	7319		FSM National Census	500,000	489,886	-	-	494,939	5,243
PIR/93-24-FSM	7309		On-Is. Anti-Sub Conf.	25,000	21,131	-	5,053	21,131	5,061
PIR/93-25-FSM	7310		PIRAAP Rev. Meet.	25,000	19,428	-	-	19,428	3,869
PIR/93-26-FSM	7311		DOI/US Army Training	20,000	8,803	-	-	8,803	5,572
PIR/93-27-FSM	7312		FBI Pac. Training	11,000	9,735	-	-	9,735	1,197
PIR/93-28-FSM	7313		Anti-Sub. Abuse PSA	10,000	6,808	-	-	6,808	1,265
PIR/93-30-FSM	7314		Altern. Youth Actv.	60,000	28,040	-	-	28,689	3,192
PIR/93-34-FSM	7315		Kos. Anti-Sub. Abuse	150,000	71,624	-	649	71,624	31,311
PIR/93-35-FSM	7327		DARE Training	30,000	28,054	-	-	28,054	78,376
OMIP-POHN-93-2	7306		Water, Sewer Develop	810,000	426,266	-	-	426,266	1,946
OMIP-POHN-93-3	7317		Elect. Utility Dev.	273,468	221,543	-	-	221,543	383,734
OMIP-POHN-91-5	7323		Hosp. Maint. Imprv	140,420	126,318	-	-	126,318	51,925
OMIP-CHUUK-91-1	7895		Water & Sewer O&M	50,000	48,337	-	-	48,337	14,102
OMIP-CHUUK-91-1	7316		Public Util. Corp	140,000	23,738	-	-	23,738	116,262
OMIP-KOS-91-1	7321		Elec. & Power Sys.	108,000	-	-	-	-	108,000
OMIP-KOS-91-2	7891		Maint. Repr Hosp.	20,000	20,000	-	-	20,000	-
OMIP-KOS-93-1	7320		School Maint. Prog	125,000	66,141	-	-	66,141	58,859
FSM-73	7333		Health Care Worker	9,750	3,729	-	-	3,729	6,021
Balance forward				8,928,432	6,574,624	-	13,371	6,587,995	2,340,437

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

**Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999**

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
OIA Technical Assistance balance forwarded									
FSM-75		7332	Eliminate VAD Chuuk	\$ 18,796	\$ 15,776	-	-	\$ 15,776	\$ 2,340,437
FSM-76		7335	Statistics Workshop	17,500	12,890	-	-	12,890	3,020
N/A		7334	94 Single Audit	619,000	618,354	-	-	618,354	4,610
PIR-36-1-FSM		7337	Dare Training	20,000	-	-	4,266	4,266	646
PIR-36-2-FSM		7338	Criminal Prosecution	60,000	21,664	-	5,780	27,444	15,734
PIR-36-3-FSM		7339	Regional Law Enforcement	48,000	25,437	-	10,272	35,709	32,556
PIR-36-4-FSM		7340	Regional Law Enforcement Equip.	40,000	23,507	-	13,120	36,627	12,291
PIR-36-5-FSM		7341	Kosrae Youth Activities	30,000	28,727	-	978	29,705	3,373
PIR-36-7-FSM		7342	Pohpei PADY	115,000	57,273	-	16,131	73,404	41,596
PIR-36-8-FSM		7343	Yap Youth Activities	53,000	-	-	-	-	53,000
PIR-36-9-FSM		7344	Chuuk Youth Activities	53,000	10,338	-	15,456	25,794	27,206
PIR-36-10-FSM		7345	FSM Detective Dog	15,000	11,900	-	-	11,900	3,100
PIR-36-11-FSM		7346	FSM Anti-Drug PSA	5,000	653	-	-	653	4,347
PIR-36-14-FSM		7347	On-island Conference	25,000	16,731	-	-	16,731	8,269
PIR-36-17-FSM		7348	Treatment Block Grant	100,000	44,436	-	10,547	54,983	45,017
N/A		7349	FY-95 Single Audit	630,000	610,678	-	-	610,678	19,322
OMIP-KOS-96-1		3601	Strengthening of KUA 3rd Year	315,000	-	-	-	-	315,000
OMIP-YAP-94-1		3602	Power Generation and Distribution	559,931	-	-	-	-	559,931
OMIP-YAP-97-1		3603	Power and Water 2nd Year	257,500	-	-	-	-	257,500
OMIP-POHN-97-2		3604	Facility Repair Maintenance	100,000	97,494	-	1,188	98,682	-
OMIP-POHN-97-3		3605	Solid Waste O&M Program	100,000	78,750	-	21,250	100,000	-
OMIP-POHN-97-5		3607	Civil O&M Engineer	30,500	7,285	-	15,447	22,732	-
OMIP-KOS-97-1		3608	School Maintenance 3rd Year	150,000	-	-	-	-	150,000
OMIP-CPUC-98-1		3614	Strengthening of CPUC 2nd Year	135,000	-	-	-	-	135,000
OMIP-CPUC-98-2		3615	CPUC Technical Assistance	90,000	-	-	-	-	90,000
OMIP-POHN-PUC-95-2		3621	PUC 2nd & 3rd Year	1,035,000	-	-	-	-	1,035,000
OMIP-POHN-PUC-95-1		3622	Financial Comprehensive Analysis	71,000	-	-	-	-	71,000
OMIP-POHN-95-2		3626	Financial Management 1st Year	108,500	108,500	-	4,887	113,387	(4,887)
OMIP-POHN-95-3		3627	95 Pohpei OMIP Program	366,000	143,659	-	3,456	147,115	218,885
OMIP-KOS-94-1		3504	Upgrade C & E/Jail	11,500	3,043	-	-	3,043	8,457
OMIP-KOS-94-1		3504	Computer Aided Design	12,500	12,470	-	-	12,470	30
OMIP-KOS-94-1		3514	Technical Manual C & E	1,800	-	-	-	-	1,800
OMIP-KOS-94-1		7330	2nd Year DPW	314,000	13,183	-	-	13,183	300,817
OMIP-KOS-95-1		3623	Strengthening KUA 2nd Year	441,000	-	-	-	-	441,000
OMIP-KOS-95-3		3624	Solid Waste Management	50,000	47,050	-	-	47,050	2,950
FSM-79		3630	Training in Tax Administration	12,399	12,399	-	-	12,399	80
FSM-80		3631	Training in SCO/Univx & Focus	39,380	37,080	-	2,200	39,280	100
FSM-77		3632	Acctg/Computer Intern & Staff	91,000	84,388	-	83,409	167,797	(76,797)
N/A		3633	96 Single Audit	655,000	586,022	-	-	586,022	68,978
FSM-81		3634	Economic Planning Advisor	150,000	99,288	-	-	129,675	20,325
FSM-82		3635	Land & Survey	474,000	163,629	-	-	231,508	242,492
FSM-83		3636	Pharmacy Supply Workshop	17,000	13,640	-	22,159	35,799	(18,799)
Balance forward				16,365,818	9,580,868	144,494	197,689	9,923,051	6,442,767

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
OIA Technical Assistance balance forwarded				\$ 16,365,818	\$ 9,580,868	\$ 144,494	\$ 197,689	\$ 9,923,051	\$ 6,442,767
FSM-84		3637	Statistic Program Travel	14,000	12,260	-	-	12,260	1,740
OMIP-KOS-95-4		3625	Road Maintenance Management	130,000	127,290	-	-	127,290	2,710
OMIP-FSM-95-1		3629	COM Vocational Education	112,500	-	-	-	-	112,500
FSM-84		3638	Law Enforcement Assessment	20,000	3,307	-	-	3,307	16,693
N/A		3639	97 Single Audit	660,000	563,075	-	48,928	612,003	47,997
Gen-130		3640	House income & expenses survey	65,000	48,877	-	5,113	53,990	11,010
		3641	FY98 Single Audit	-	-	-	572,169	572,169	(572,169)
		3642	Chuuk Hospital Accounting/Proc. Improv	-	-	-	17,540	17,540	(17,540)
			Total OIA Technical Assistance Grants	\$ 1,567,518	\$ 10,335,677	\$ 144,494	\$ 841,439	\$ 11,521,610	\$ 6,045,708
			Amount per general-purpose financial statements				\$ 922,949		
			Less amounts which are classified in U.S. Direct Assistance Fund (See page 124)				(81,510)		
							\$ 841,439		

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<u>Subrecipient</u>									
<u>OIA Special O&amp;M</u>									
	15.875								
			Yap O&M - 1,3	\$ 1,550,000	\$ 610,957	\$ -	\$ -	\$ 610,957	\$ 939,043
			Kosrae O&M - 1,1A,2	1,480,000	284,189	-	-	284,189	1,195,811
			Pohnpei O&M 1,2,3,4,5,6,7,8	2,185,000	1,010,684	-	-	1,010,684	1,174,316
			Chuuk O&M - 1,2,3	2,135,000	592,939	-	-	592,939	1,542,061
			Total O&M	\$ 7,350,000	\$ 2,498,769	\$ -	\$ -	\$ 2,498,769	\$ 4,851,231
<u>CFSM and OIA</u>									
<u>Capital Project Funds:</u>									
6303			FSM Capitol Construction	\$ 13,320,000	\$ 13,317,773	\$ -	\$ -	\$ 13,317,773	\$ 2,227
6304			Pohnpei Airport Terminal Design and Constructions	438,544	152,917	-	-	152,917	285,627
6305			Kolonia Water Sewer Improvement Project	2,007,000	1,678,671	-	-	1,678,671	328,329
6306			Staff House Renovation	250,000	246,767	-	-	246,767	3,233
6307			COM-Palikir Campus Proj.	3,979,040	3,979,040	-	-	3,979,040	-
6308			Pohnpei Rural Sanitation	277,500	245,511	-	-	245,511	31,989
6309			Pohnpei Circumferential Road	1,775,000	234,361	-	-	234,361	1,540,639
6311			Kolonia Roadside Drainage	485,000	450,756	-	-	450,756	34,244
6312			Supply Warehouse	38,087	-	-	-	-	38,087
6313			COM-Palikir Compus Proj	3,950,000	3,948,569	-	-	3,948,569	1,431
6314			Capital Complex & Road	40,760	35,646	-	1,417	37,063	3,697
6315			CIP Administration-OPS	93,149	25,342	-	-	25,342	67,807
6316			Pohnpei CIP Administration	-	-	-	-	-	-
6324			Kolonia House Sewer Connection	373,800	17,000	-	-	17,000	356,800
6325			Kolonia Sanitary Facilities	189,000	189,001	-	-	189,001	(1)
N/A			Capital Wells	39,213	-	-	-	-	39,213
			Total CFMSM & OIA/TTPI Capital Projects Funds	\$ 27,256,093	\$ 24,521,354	\$ -	\$ 1,417	\$ 24,522,771	\$ 2,733,322

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subreceipt	National Government		
<b>Compact of Free Association Funding:</b>									
<b>U.S. Office of Insular Affairs (C 15.875</b>									
		2153	Special Development Assistance Section 212 98 Special Development Assistance	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ 750,000
<b>Communications - Annual</b>									
		2240	Section 215(a)(2) FSM Telecommunication	1,464,000	1,464,000	-	882,000	2,346,000	(882,000)
		2241	Chuuk	40,000	-	-	34,500	34,500	5,500
		2242	Pohnpei	30,000	-	-	-	-	30,000
		2243	Yap	30,000	27,518	-	-	27,518	2,482
		2244	Chuuk	50,000	3,512	-	8,437	11,949	38,051
		2245	Kosrae	50,000	47,993	-	1,820	49,813	187
		2246	Pohnpei	50,000	29,741	-	-	29,741	20,259
		2248	Pohnpei	50,000	28,051	-	-	28,051	21,949
				1,764,000	1,600,815	-	926,757	2,527,572	(763,572)
<b>Communications - One Time</b>									
		2232	Section 215(b)(2) Telephone System	875,000	71,775	-	-	71,775	803,225
<b>Communications - One Time</b>									
		2239	Section 215(b)(2) Digital switches	-	64,468	-	-	64,468	(64,468)
		2286	Marine Surveillance-Annual, Section 216(a)(1)	519,000	3,014,578	-	507,679	3,522,257	(3,003,257)
		2287/276	Marine Surveillance-One Time, Section 216(b)	187,395	439,713	-	530	440,243	(252,848)
<b>Health and Medical, Section 216(a)(2)</b>									
		2505	Med. Serv./President Oller	280,753	280,753	-	-	280,753	-
		2501	Enhancement of Local Capabilities	68,000	62,298	-	-	62,298	5,702
		2502	Health Team Visit	70,000	91,431	-	-	91,431	(21,431)
		2506	Tripler Hospital Medical Bills	200,000	200,000	-	-	200,000	-
		242501	FY99 Enhancement of Local Capabilities	48,000	-	-	32,962	32,962	15,038
		242502	FY99 Visiting Team of Health Specialists Visit	70,000	-	-	70,000	70,000	-
			Total Health and Medical	736,753	634,482	-	102,962	737,444	(691)
			Balance forward	4,832,148	5,825,831	-	1,537,928	7,363,759	(2,531,611)

See accompanying notes to schedule of expenditures of federal awards.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**  
Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Orig. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subreceipt	National Government		
Compact Funding balance forwarded									
			Special Block Grant, Section 221(b)	\$ 4,832,148	\$ 5,823,831	\$ -	\$ 1,537,928	\$ 7,363,759	\$ (2,531,611)
2002			Nutritional and Health Education	30,000	62,696	-	541	63,237	(33,237)
2004			Tuberculosis Program	16,000	37,379	-	-	37,379	(21,379)
2005			Leptospirosis/O/Ch	10,000	6,257	-	-	6,257	3,743
2005			Leptospirosis Control	19,000	2,553	-	-	2,553	16,447
2012			Lep/Den/Cholera Program	20,000	2,985	-	-	2,985	17,015
2017			Lep/Denguel/Cholera	90,000	32,986	-	-	32,986	57,014
2018			Lep/Denguel/Cholera	10,000	-	-	-	-	10,000
2019			Lep/Denguel/Cholera	20,000	3,660	-	-	3,660	16,340
2051			Leprosy Prevention & Control	8,000	12,241	-	-	12,241	(4,241)
2052			Family Planning	20,350	1,178	-	-	1,178	19,172
2053			Mental Health Services	14,000	46,608	-	475	47,083	(33,083)
2054			Maternal and Child Health	10,000	22,766	-	-	22,766	(12,766)
2055			Health Plan/Workforce	13,800	18,950	-	-	18,950	(5,150)
2058			Vital Statistics	12,000	54,812	-	-	54,812	(42,812)
2059			STD Programs	13,000	11,817	-	775	12,592	408
2060			Childhood Immunization	10,000	35,304	-	-	35,304	(25,304)
2101			National Curriculum Str.	-	10,679	-	-	10,679	(10,679)
2102			National Standardize Testing	48,543	132,269	-	875	133,144	(84,601)
2104			FSM Youth Activities	-	27,294	-	-	27,294	(27,294)
2106			Teacher Training Program	-	400	-	-	400	(400)
2107			Vocational Education	50,141	28,616	-	-	28,616	21,525
2109			College Admin. Test	18,600	51,901	-	-	51,901	(33,301)
2900			National Womens Interest	17,300	71,594	-	3,130	74,724	(57,424)
2902			Chronic Disease	9,000	34,059	-	-	34,059	(25,059)
2903			Health Education	8,000	12,282	-	-	12,282	(4,282)
2904			C/Disease Control & Prevention	-	68,150	-	-	68,150	(68,150)
2905			C/Disease Control & Prevention	-	22,249	-	-	22,249	(22,249)
2905			Continuing Education Center	-	5,486	-	-	5,486	(5,486)
2908			Child Abuse & Neglect	11,060	48,928	-	8,737	14,223	(14,223)
2909			S/Abuse Prevention & Treatment	14,300	67,790	-	1,540	50,468	(39,408)
2910			Professional Support Services	12,800	29,499	-	-	29,499	(16,699)
2911			FSM Food Protection, Inspection, & Certificait	33,400	110,665	-	4,415	115,080	(81,680)
2913			AIDS & Prevention Control	14,100	22,629	-	-	22,629	(8,529)
2914			Tobacco Prevention	9,400	6,017	-	-	6,017	3,383
2915			National Close-Up	73,466	102,818	-	-	102,818	(29,352)
2916			FSM Youth Cultural	30,000	59,480	-	-	59,480	(29,480)
2919			Environmental Education & Sustainable Develoi	55,400	70,297	-	14,254	84,551	(29,151)
2921			FSM Sports Development	18,200	16,446	-	-	16,446	1,754
2922			FSM Boy Scout Program	2,000	1,570	-	-	1,570	430
2923			Youth Leadership Conference	11,700	8,319	-	720	9,039	2,661
2924			Teacher Certification Program	17,464	7,860	-	690	8,550	8,914
2925			National Education Standard	23,735	18,066	-	3,113	21,179	2,556
2926			Civic Education & FSM History	20,302	19,270	-	-	19,270	1,032
2927			Development of Educational Ties to Econ. Sum	24,646	6,060	-	15,000	21,060	3,586
2928			Teacher Child Parent Program	31,500	-	-	32,805	32,805	(1,305)
#####			FY99 221B Education Programs	194,600	-	-	130,734	130,734	63,866
#####			FY99 221B Health Services Programs	195,600	-	-	150,533	150,533	45,067
#####			Micronesia Red Cross Society	22,718	-	-	22,718	22,718	-
Total Special Block Grant				1,284,125	1,412,885	-	391,055	1,803,940	(519,815)
Balance forward				6,116,273	7,238,716	-	1,928,983	9,167,699	(3,051,426)

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subreceipt	National Government		
Compact Funding balance forwarded									
				\$ 6,116,273	\$ 7,238,716	\$ -	\$ 1,928,983	\$ 9,167,699	\$ (3,051,426)
			Post Secondary Education Section 216(a)(3):						
			87 Scholarship - Pohnpei	349,783	-	-	-	-	349,783
			87 Scholarship - Chuuk	499,488	-	-	-	-	499,488
			87 Scholarship - Kosrae	155,900	431,228	-	45,522	476,750	(320,850)
			87 Scholarship - Yap	194,828	-	-	-	-	194,828
			88 Scholarship - Pohnpei	431,228	-	-	-	-	431,228
			88 Scholarship - Chuuk	615,852	-	-	-	-	615,852
			88 Scholarship - Kosrae	192,181	26,776	-	1,963	28,739	163,442
			88 Scholarship - Yap	240,179	-	-	-	-	240,179
			88 COM Operations	900,000	-	-	-	-	900,000
			88 Scholarship - Pohnpei	288,003	288,003	-	-	288,003	-
			89 Scholarship - Chuuk	411,716	-	-	-	-	411,716
			89 Scholarship - Kosrae	128,661	-	-	12,912	12,912	115,749
			89 Scholarship - Yap	161,321	-	-	-	-	161,321
			89 COM Operations	900,000	-	-	-	-	900,000
			90 Scholarship - Pohnpei	288,003	-	-	-	-	288,003
			90 Scholarship - Chuuk	411,716	-	-	-	-	411,716
			90 Scholarship - Kosrae	128,661	-	-	3,376	3,376	125,285
			90 Scholarship - Yap	161,321	-	-	-	-	161,321
			90 COM Operations	800,000	-	-	-	-	800,000
			2674	800,000	-	-	-	-	800,000
			2675	100,000	615,812	-	-	615,812	(515,812)
			2582	288,003	411,716	-	-	411,716	(123,713)
			2614	411,716	-	-	-	-	411,716
			2653	128,661	460,158	-	-	460,158	(331,497)
			2642	161,321	411,716	-	-	411,716	(250,395)
			2549	800,000	774,990	-	-	774,990	25,010
			2582	288,003	161,321	-	-	161,321	126,682
			2613	411,716	161,320	-	-	161,320	250,396
			2653	128,661	355,623	-	-	355,623	(226,962)
			2644	161,320	153,467	-	-	153,467	7,853
			2549	800,000	125,285	-	-	125,285	674,715
			2675	75,000	53,241	-	-	53,241	21,759
			2582	288,003	-	-	-	-	288,003
			2613	411,716	199,600	-	-	199,600	212,116
			2653	128,661	349,783	-	-	349,783	(221,122)
			2644	161,320	288,003	-	-	288,003	(126,683)
			2549	800,000	400,000	-	-	400,000	-
			2550	711,837	710,826	-	84,500	710,826	1,011
			2675	50,000	288,003	-	-	288,003	(322,503)
			2582	288,003	344,221	-	-	344,221	(56,218)
			2613	411,716	-	-	-	-	411,716
			2676	18,852	180,172	-	-	180,172	(161,320)
			2677	109,809	566,501	-	-	566,501	(456,692)
			2644	161,320	115,000	-	-	115,000	46,320
			2550	457,500	42,251	-	-	42,251	415,249
			2551	115,000	292,500	-	-	292,500	(177,500)
			Subtotal Post Secondary Education	14,726,979	8,207,516	-	148,273	8,355,789	6,371,190
			Balance forward	6,116,273	7,238,716	-	1,928,983	9,167,699	(3,051,426)

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorizations	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<b>Compact Funding balance forwarded</b>									
<b>Post Secondary Education balance forwarded</b>									
	2552		94 Assistance to Students	14,726,979	8,207,516	-	148,273	8,355,789	6,371,190
	2553		94 COM-FSM Operation	50,000	226,484	-	-	226,484	(176,484)
	2675		95 Scholarship - National	292,500	800,392	-	-	800,392	(507,892)
	2582		95 Scholarship - Pohnpei	100,000	49,000	-	-	49,000	51,000
	2613		95 Scholarship - Chuuk	288,003	288,003	-	-	288,003	-
	2653		95 Scholarship - Kosrae	128,661	468,960	-	-	468,960	(57,244)
	2644		95 Scholarship - Yap	161,320	226,646	-	-	226,646	(97,985)
	2553		95 COM-FSM Operation	800,000	161,320	-	-	161,320	-
	2675		91 Graduate Student Scholarship	10,000	93,000	-	-	93,000	800,000
	2678		96 Scholarship - Chuuk	411,716	804,508	-	-	804,508	(392,792)
	2582		96 Scholarship - Pohnpei	288,003	506,189	-	-	506,189	(218,186)
	2613		96 Scholarship - Chuuk	411,716	364,975	-	-	364,975	46,741
	2653		96 Scholarship - Kosrae	128,661	364,827	-	-	364,827	(236,166)
	2644		96 Scholarship - Yap	161,320	453,640	-	-	453,640	(292,320)
	2553		97 COM-FSM Operation	800,000	800,000	-	-	800,000	-
	2553		96 COM-FSM Operation	800,000	800,000	-	-	800,000	-
	2582		97 Scholarship - Pohnpei	288,003	149,150	-	-	149,150	138,853
	2644		97 Scholarship - Yap	161,320	131,000	-	-	131,000	30,320
	2678		97 Scholarship - Chuuk	411,716	-	-	-	-	411,716
	2653		97 Scholarship - Kosrae	128,661	-	-	-	-	128,661
	2675		97 Graduate Scholarship	100,000	-	-	-	-	100,000
	2582		98 Scholarship - Pohnpei	288,003	224,525	-	-	224,525	63,478
	2679		98 Scholarship - Kosrae	128,661	128,417	-	(5,200)	123,217	5,444
	2644		98 Scholarship - Yap	161,320	143,320	-	-	143,320	18,000
	2678		98 Scholarship - Chuuk	411,716	418,783	-	-	418,783	(7,067)
	2675		98 Graduate Scholarship	45,000	125,000	-	-	125,000	(80,000)
	2553		98 COM-FSM Operation	800,000	800,000	-	-	800,000	-
	252554		99 COM-FSM Operation	800,000	-	-	640,000	640,000	160,000
	252582		99 Scholarship - Pohnpei	288,003	-	-	192,400	192,400	95,603
	252680		99 Scholarship - Chuuk	411,716	-	-	343,650	343,650	68,066
	252644		99 Scholarship - Yap	161,320	-	-	38,990	38,990	122,330
	252653		99 Scholarship - Kosrae	128,661	-	-	267,405	267,405	(138,744)
			<b>Total Post Secondary Education</b>	<b>24,684,695</b>	<b>16,735,655</b>	<b>-</b>	<b>1,625,518</b>	<b>18,361,173</b>	<b>6,323,522</b>
<b>Compact Energy, Section 214</b>									
	2760		National Government	300,150	862,465	-	-	862,465	(562,315)
	2761		National Government	70,000	-	-	-	-	70,000
	27260		FY99 Executive Branch - Energy	154,152	-	-	152,726	152,726	1,426
	27262		FY99 Legislative Branch - Energy	100,000	-	-	48,551	48,551	51,449
	27263		FY99 Judicial Branch - Energy	50,000	-	-	8,080	8,080	41,920
	27264		FY99 TC&I - Energy	84,595	-	-	83,919	83,919	676
			<b>Total Compact Energy</b>	<b>758,897</b>	<b>862,465</b>	<b>-</b>	<b>293,276</b>	<b>1,155,741</b>	<b>(396,844)</b>
			<b>Balance forward</b>	<b>31,559,865</b>	<b>24,836,836</b>	<b>-</b>	<b>3,847,777</b>	<b>28,684,613</b>	<b>2,875,252</b>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subrecipient	National Government		
<b>Compact Funding balance forwarded</b>									
			Compact Capital Account	\$ 31,559,865	\$ 24,836,836	\$ -	\$ 3,847,777	\$ 28,684,613	\$ 2,875,252
			Capital Project Funds:						
			Piggery Production Project	-	17,005	-	-	17,005	(17,005)
			Caroline Fisheries Corporation Debt Restructuring	1,148,125	1,250,000	-	-	1,250,000	(1,250,000)
			MTN Program	-	1,148,125	-	-	1,148,125	-
			Kosrae PD Office Construction	23,000	-	-	28,679	28,679	(28,679)
			FSM Development Projects-FSM Development I	45,000	1,522,898	-	-	1,522,898	(1,499,898)
			Pest & Disease Survey	25,000	43,907	-	-	43,907	1,093
			Livestock Project	60,000	17,381	-	-	17,381	7,619
			MLSC Office Building	45,000	305,930	-	-	305,930	(245,930)
			Local Catch Stais	-	44,950	-	-	44,950	50
			National Staff Upgrading	10,000	71,333	-	55,117	126,450	(126,450)
			Fish Poisoning	61,000	6,712	-	-	6,712	3,288
			Investment Development	10,000	54,303	-	-	54,303	6,697
			Consumer Price Index	100,000	82,910	-	-	82,910	(72,930)
			Supreme Court Building	-	27,143	-	1,103	82,910	17,090
			ADB Strength/Ag.	12,000	56,591	-	-	28,246	(28,246)
			Eco. Mgmt Policy Advisory	11,495	11,495	-	-	11,495	505
			Tuna Transshipment Fees	14,000	27,672	-	2,356	30,028	(16,028)
			Host FSM Promotion	42,000	207,939	-	292	208,231	(166,231)
			Marine Poison Investigation	354,540	203,028	-	-	203,028	151,512
			Project Planning & Development	-	1,856,111	-	-	1,856,111	(1,856,111)
			CCDP Yap International Airport	-	19,921	-	-	19,921	(19,921)
			FSM Tourism Promotion Project	-	(1,074)	-	-	(1,074)	1,074
			U. S Embassy Office Pur.	50,000	48,224	-	-	48,224	1,776
			Hemodialysis Project	100,000	97,751	-	-	97,751	2,249
			Yap Outer Island High School	140,000	136,641	-	-	136,641	3,359
			Livestock Dev. Broiler	350,000	341,810	-	-	341,810	8,190
			Technical Assistance	15,000	116,475	-	-	116,475	23,525
			Chuuk Broiler Project	50,000	43,085	-	-	43,085	6,915
			FSM Manpower Survey	40,000	39,444	-	-	39,444	556
			Uluu Airstrip	20,000	16,915	-	-	16,915	3,085
			Fish Aggregation Device	202,000	202,000	-	-	202,000	-
			Chuuk Court House Construction	-	8,333	-	-	8,333	(8,333)
			Kiiti Road Development	300,000	300,000	-	-	300,000	-
			FSM Third Patrol Boat	45,000	37,536	-	7,940	45,476	(476)
			National Staff Upgrade	86,720	68,307	-	17,421	85,728	992
			FSM Supreme Court	-	241,382	-	49,963	291,345	(291,345)
			FSM Kosrae Court House	-	270	-	-	270	(270)
			CCM Repair & Renov.	75,000	49,400	-	-	49,400	25,600
			Res. Assessment in Outer Bank	-	18,944	-	-	18,944	(18,944)
			YAP PD Office Renovation	-	-	-	-	-	-
			Compact Capital Account Subtotal	3,563,385	8,836,247	-	162,871	9,001,118	(5,437,733)
			Balance forward	31,559,865	24,836,836	-	3,847,777	28,684,613	2,875,252

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subreceipt	National Government		
Compact Funding balance forwarded									
				\$ 31,559,865	\$ 24,836,836	\$	\$ 3,847,777	\$ 28,684,613	\$ 2,875,252
Subtotal Compact Capital Account balance forwarded									
	6030		Judiciary Staff Training	3,563,385	8,836,247	-	162,871	9,001,118	(5,437,733)
			National Social & Economic Survey	20,000	12,054	-	-	12,054	7,946
	6051		National Staff Upgrade	18,000	11,715	-	-	11,715	6,285
	6052		FSM Aquaculture Center	75,000	89,837	-	-	89,837	(14,837)
	6053		Development Loan Fund	150,000	124,016	-	-	124,016	25,984
	6054		A&E CCM Campus	2,200,000	2,200,000	-	-	2,200,000	-
	6055		Maritime Boundary	1,100,000	1,094,786	-	-	1,094,786	5,214
	6056		Copra Warehouse Pohnpei	5,000	27,305	-	-	27,305	(22,305)
	6057		Yap Broiler Project	71,500	71,196	-	-	71,196	304
	6058		Pohnpei PD Office Construction	85,000	69,849	-	-	69,849	15,151
	6060		Business & Tourism Promotion	38,000	34,204	-	-	34,204	3,796
	N/A		Lehnnesi River Hydro	35,000	34,678	-	-	34,678	322
	N/A		Chuuk Cold Storage	50,000	-	-	-	-	45,000
	6083		Development Loan Fund	2,000,000	2,000,000	-	-	2,000,000	50,000
	N/A		FSM Ambassador's Residence	175,000	-	-	-	-	175,000
	6085		National Government Office Building	-	100,000	-	-	100,000	(100,000)
	6089		National Government Office Building	-	56,822	-	-	56,822	(56,822)
	6090		MS Drydocking	610,000	607,851	-	-	607,851	2,149
	6091		National Board	80,000	64,249	-	-	64,249	15,751
	6211		Kosrae Court House Project	150,000	110,241	-	-	110,241	39,759
	6227		Fumigation of Citrus	20,000	7,604	-	-	7,604	12,396
	6228		Ext. Tatfwat Section Road	-	6,412	-	-	6,412	(6,412)
	6229		FSM Postal Services Hdqtr	-	45,000	-	-	45,000	-
	6285		Micro Spirit Des. Equip.	45,000	64,038	-	-	64,038	5,962
	6288		Yap Hospital Maintenance	70,000	64,038	-	-	64,038	(18,172)
	6819		The President	-	38,347	-	18,172	18,172	(18,172)
	6900		Kosrae-Broiler Project	-	10,698	-	38,347	38,347	(76,694)
	6901		Ioil Road	-	-	-	-	-	(10,698)
	6902		Nat'l Staff Upgrading	100,000	-	-	-	-	100,000
	6903		Nat'l Staff Upgrading	95,000	-	-	-	-	95,000
	6904		Purchase of shares/FSM Bank	3,000,000	-	-	-	-	3,000,000
	6905		Caroline Fisheries Corp. subsidy	1,700,000	1,700,000	-	-	1,700,000	-
	6906		Secretary Dept of Economic Affairs	-	-	-	-	-	-
	6907		Coastal Resources Atlas	-	170,000	-	60,871	60,871	(60,871)
	6908		Oneop Ice-plant	-	10,000	-	-	10,000	(170,000)
	6909		President - CIP for National Government	-	10,000	-	-	10,000	(10,000)
	6913		Secretary of Transportation and Infrastructure	-	-	-	232,670	232,670	(232,670)
	6914		Personnel - CIP Personnel Office	-	-	-	7,394	7,394	(7,394)
	6916		Water Treatment Assessment	390,000	345,493	-	74,579	74,579	(74,579)
	6917		Bus. Dev. Loan Fund	2,500,000	2,500,000	-	-	2,500,000	44,507
	506918		The President	-	-	-	1,127,293	1,127,293	(1,127,293)
	6918		Ioil Road	-	41,900	-	-	41,900	(41,900)
	6919		Secretary Dept of Economic Affairs	-	-	-	41,474	41,474	(41,474)
	6920		Nat'l and State CIP	-	10,000	-	-	10,000	(10,000)
	6921		Chuuk Fresh Tuna	1,100,000	1,100,000	-	-	1,100,000	-
	6922		Kosrae Sea Venture Inc.	850,000	50,000	-	-	50,000	800,000
	6923		YFTI Equipment Purchase	1,300,000	1,300,000	-	-	1,300,000	-
Compact Capital Account Subtotal				21,640,885	22,946,542	-	1,763,671	24,710,213	(3,069,328)
Balance forward				31,559,865	24,836,836	-	3,847,777	28,684,613	2,875,252

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**  
Schedule of Expenditures of Federal Awards, Continued  
By Grantor  
Year Ended September 30, 1999

Grantor	CFDA No.	FSM Org. No.	Grant Title Grant I.D. No.	Total Authorization	Prior Expenditures	1999 Fiscal Year Expenditures		Total Program Expenditures	Excess (Deficit) Authorizations Over Program Expenditures
						Subreceipt	National Government		
Compact Funding balance forwarded									
				\$ 31,559,865	\$ 24,836,836	\$ -	\$ 3,847,777	\$ 28,684,613	\$ 2,875,252
Subtotal Compact Capital Account balance forwarded									
	6924		Kosrae Sea Venture	21,640,885	22,946,542	-	1,763,671	24,710,213	(3,069,328)
	6925		Tuna Cannery Feasibility	850,000	850,000	-	-	850,000	-
	6926		Business Development Loan Fund	50,000	23,000	-	-	23,000	27,000
	6927		FSM Staff Upgrade	3,000,000	3,000,000	-	-	3,000,000	-
	6928		Yap Fishing Corporation	130,000	128,323	-	-	128,323	1,677
	6929		Postal Services Headquarters	286,449	286,449	-	-	286,449	-
	6930		FY95 Development Loan Fund	385,000	380,078	-	-	380,078	4,922
	6931		FY95 Development Loan Fund	3,000,000	3,000,000	-	-	3,000,000	-
	6931		Immigration Communication Network	53,500	53,411	-	-	53,411	89
	6932		Furniture/Equipment New Campus	1,810,248	782,598	-	-	782,598	1,027,650
	6933		National Staff Upgrading	39,452	14,965	-	-	14,965	24,487
	6934		Policy Adv. Team Tech. Assist.	100,000	94,216	-	-	94,216	5,784
	6935		Secretary of Economic Affairs	-	-	-	25,490	25,490	(25,490)
	6937		Dredging of YSS Palulap	-	-	-	-	74,671	10,509
	6938		lohl Road	85,180	74,671	-	-	74,671	-
	6940		National Board Sustain Dev.	1,800	1,800	-	-	1,800	-
	6941		FY96 National Staff Upgrade	76,000	57,309	-	-	57,309	18,691
	6942		FY96 Business Development Loan Fund	105,000	98,820	-	-	98,820	6,180
	6943		Pukusrik Inkeeya Inner Road	3,000,000	3,000,000	-	-	3,000,000	-
	6944		Chuuk Coconut Authority	20,000	20,000	-	-	20,000	-
	6945		Office Building Expansion	150,000	95,750	-	6,756	102,506	47,494
	6956		Relocation of Schoolroom	30,000	30,399	-	-	30,399	(399)
	6957		The President	30,000	29,992	-	-	29,992	8
	6960		Furniture and Equipment/New COM Campus	-	783,562	-	-	783,562	(783,562)
	6962		Coconut Replanting	1,810,248	1,027,650	-	-	1,027,650	782,598
	6963		National Staff Upgrade	50,000	16,069	-	9,217	25,286	24,714
	6965		Pohnpei Copra Project	130,000	116,569	-	3,000	119,569	10,431
	6966		Radio Frequency Reprgram	150,000	132,764	-	4,902	137,666	12,334
	6994		Labor Consultant	50,000	16,124	-	-	16,124	33,876
				45,000	37,970	-	1,782	39,752	5,248
			Total Compact Capital Account	37,078,762	37,099,031	-	1,814,818	38,913,849	(1,835,087)
Compact Current Account									
General Fund:									
			Title II, Article I, Section 211(o)	6,513,761	17,116,337	-	5,353,776	22,470,113	(15,956,352)
			Total Compact Funding	\$ 75,152,388	\$ 79,052,204	\$ -	\$ 11,016,371	\$ 90,068,575	\$ (14,916,187)

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

See accompanying notes to schedule of expenditures of federal awards.

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

Schedule of Expenditures of Federal Awards, Continued  
 Compact Funding Summary CFDA # 15.875  
 Summary of Expenditures and Budgetary  
 Position by Compact Section  
 Year Ended September 30, 1999

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year 1999		Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
						Expenditures & Transfers	National Government		
<b>Section 211(a), Current Account</b>									
National Government	\$ 27,905,480	\$ 7,934,218	\$ 35,839,698	\$ 61,663,557	\$ -	\$ 5,353,776	\$ 67,017,333	\$ (31,177,635)	
Chuuk	88,600,800	28,996,796	117,597,596	176,907,236	13,488,480	-	190,395,716	(72,798,120)	
Pohnpei	56,802,600	17,507,890	74,110,490	126,035,644	9,447,560	-	135,483,204	(61,372,714)	
Yap	38,624,160	11,693,896	50,318,056	76,173,184	5,880,096	-	82,053,280	(31,735,224)	
Kosrae	22,005,480	6,705,103	28,710,583	43,872,189	3,350,088	-	47,222,277	(18,511,694)	
Subtotal	233,938,520	72,637,903	306,576,423	484,651,810	32,166,224	5,353,776	522,171,810	(215,595,387)	
<b>Section 211(a), Capital Account</b>									
National Government	22,344,520	7,377,032	29,721,552	50,666,177	-	1,814,818	52,480,995	(22,759,443)	
Chuuk	61,747,200	16,814,464	78,561,664	103,091,846	22,163,990	-	125,255,836	(46,694,172)	
Pohnpei	40,823,600	12,469,482	53,293,082	103,997,836	5,590,513	-	109,588,349	(56,295,267)	
Yap	23,766,240	7,195,496	30,961,736	47,641,561	2,000,244	-	49,641,805	(18,680,069)	
Kosrae	19,279,920	5,874,621	25,154,541	42,348,554	3,315,588	-	45,664,142	(20,509,601)	
Sub Total	167,961,480	49,731,095	217,692,575	347,745,974	33,070,335	1,814,818	382,631,127	(164,938,552)	
Subtotal Major Block Grant	401,900,000	122,368,998	524,268,998	832,397,784	65,236,559	7,168,594	904,802,937	(380,533,939)	
Yap	160,000	-	160,000	160,000	-	-	160,000	-	
<b>Section 213 (b), Yap Coast Guard Station</b>									
<b>Section 214, Energy Grant</b>									
National Government	1,200,600	388,194	1,588,794	2,706,201	-	293,276	2,999,477	(1,410,683)	
Chuuk	5,698,800	1,842,612	7,541,412	14,418,660	1,478,418	-	15,897,078	(8,355,666)	
Pohnpei	4,500,000	1,455,000	5,955,000	10,350,297	975,623	-	11,325,920	(5,370,920)	
Yap	3,900,600	1,261,194	5,161,794	9,119,325	822,351	-	9,941,676	(4,779,882)	
Kosrae	2,700,000	873,000	3,573,000	6,824,931	664,262	-	7,489,193	(3,916,193)	
Total Section 214	18,000,000	5,820,000	23,820,000	43,419,414	3,940,654	293,276	47,653,344	(23,833,344)	
Balance forward	420,060,000	128,188,998	548,248,998	875,977,198	69,177,213	7,461,870	952,616,281	(404,367,283)	

See accompanying notes to schedule of expenditures of federal awards.

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

Schedule of Expenditures of Federal Awards, Continued  
 Compact Funding Summary CFDA # 15.875  
 Summary of Expenditures and Budgetary  
 Position by Compact Section  
 Year Ended September 30, 1999

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year 1999		Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
						Subrecipients	National Government		
Compact Funding Summary balance forwarded		\$ 420,060,000	\$ 128,188,998	\$ 548,248,998	\$ 875,977,198	\$ 69,177,213	\$ 7,461,870	\$ 952,616,281	\$ (404,367,283)
Section 215 (a)(2), Communications-Annual	National Government	4,200,000	1,290,000	5,490,000	9,646,815	-	926,757	10,573,572	(5,083,572)
Section 215 (b)(2), Communication-One Time	National Government	6,000,000	1,320,000	7,320,000	7,173,118	-	-	7,173,118	146,882
Section 216 (a)(1), Marine Surveillance-Annual	National Government	3,633,000	-	3,633,000	5,755,332	-	507,679	6,263,011	(2,630,011)
Section 216 (b) Marine Surveillance-One Time	National Government	666,600	-	666,600	708,384	-	530	708,914	(42,314)
Section 216 (a)(2) Health and Medical Referral	National Government	881,860	-	881,860	1,288,804	-	102,962	1,391,766	(509,906)
	Chuuk	3,227,609	-	3,227,609	5,496,534	560,480	-	6,057,014	(2,829,405)
	Pohnpei	2,504,481	-	2,504,481	4,579,553	69,006	-	4,648,559	(2,144,078)
	Yap	1,419,796	-	1,419,796	2,654,421	202,829	-	2,857,250	(1,437,454)
	Kosrae	784,854	-	784,854	1,448,325	118,163	-	1,566,488	(781,634)
	Total section 216 (a)(2)	8,818,600	-	8,818,600	15,467,637	950,478	102,962	16,521,077	(7,702,477)
Balance forward		443,378,200	130,798,998	574,177,198	914,728,484	70,127,691	8,999,798	993,855,973	(419,678,775)

See accompanying notes to schedule of expenditures of federal awards.



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

Schedule of Expenditures of Federal Awards, Continued  
 Compact Funding Summary CFDA # 15.875  
 Summary of Expenditures and Budgetary  
 Position by Compact Section  
 Year Ended September 30, 1999

Grant Title	Government	Base Grant	Section 217 Inflation Adjustment	Total Cumulative Apportionment	Prior Year Expenditures and Transfers	Fiscal Year 1999		Total Program Expenditures and Transfers	Excess (Deficit) Apportionment Over Program Expenditures
						Expenditures & Transfers	National Government		
Compact Funding Summary balance forwarded		\$ 443,378,200	\$ 130,798,998	\$ 574,177,198	\$ 914,728,484	\$ 70,127,691	\$ 8,999,798	\$ 993,855,973	\$ (419,678,775)
Section 216 (A)(3), Post Secondary Education									
National Government		13,227,900	-	13,227,900	22,123,129	-	1,625,518	22,123,129	(8,895,229)
Chuuk		-	-	-	836,273	-	-	2,461,791	(2,461,791)
Pohnpei		-	-	-	1,395,049	348,650	-	1,743,699	(1,743,699)
Yap		-	-	-	953,010	170,650	-	1,123,660	(1,123,660)
Kosrae		-	-	-	629,202	128,165	-	757,367	(757,367)
		<u>13,227,900</u>	<u>-</u>	<u>13,227,900</u>	<u>25,936,663</u>	<u>647,465</u>	<u>1,625,518</u>	<u>28,209,646</u>	<u>(14,981,746)</u>
Section 221(b), Special Block Grant									
National Government		2,205,000	-	2,205,000	3,188,584	-	391,055	3,579,639	(1,374,639)
Chuuk		19,110,000	-	19,110,000	30,661,013	2,573,161	-	33,234,174	(14,124,174)
Pohnpei		13,230,000	-	13,230,000	21,667,939	1,783,367	-	23,451,306	(10,221,306)
Yap		8,330,000	-	8,330,000	13,376,915	1,348,410	-	14,725,325	(6,395,325)
Kosrae		6,125,000	-	6,125,000	10,484,919	876,967	-	11,361,886	(5,236,886)
		<u>49,000,000</u>	<u>-</u>	<u>49,000,000</u>	<u>79,379,370</u>	<u>6,581,905</u>	<u>391,055</u>	<u>86,352,330</u>	<u>(37,352,330)</u>
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									
Chuuk		750,000	382,500	1,132,500	2,421,350	314,662	-	2,736,012	(1,603,512)
Pohnpei		750,000	382,500	1,132,500	3,443,643	407,450	-	3,851,093	(2,718,593)
Yap		750,000	382,500	1,132,500	2,768,271	317,175	-	3,085,446	(1,952,946)
Kosrae		750,000	382,500	1,132,500	2,577,379	308,787	-	2,886,166	(1,753,666)
		<u>3,000,000</u>	<u>1,530,000</u>	<u>4,530,000</u>	<u>11,210,643</u>	<u>1,348,074</u>	<u>-</u>	<u>12,558,717</u>	<u>(8,028,717)</u>
<b>Total Funding</b>		<b>\$ 528,606,100</b>	<b>\$ 132,328,998</b>	<b>\$ 660,935,098</b>	<b>\$ 1,052,084,149</b>	<b>\$ 78,705,135</b>	<b>\$ 11,016,371</b>	<b>\$ 1,141,805,655</b>	<b>\$ (480,870,557)</b>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999

(1) Scope of Review

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

a. Programs Subject to Single Audit

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

2. Summary of Significant Accounting Policies

A. Basis of Accounting

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

B. Reporting Entity

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

C. Indirect Cost Allocation

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

D. Subgrantees

Certain program funds are passed through the FSM National Government to subrecipients.

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

National Government Subgrantees:

Federated States of Micronesia Development Bank

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

Section 211		
Compact Capital	Total funding received through December 31, 1999	\$ <u>23,700,000</u>
Section 111 IDF Funds	Total funding available through December 31, 1998	\$ 15,515,890
	Amount of expenditures over revenues and other sources during year ended December 31, 1999	<u>(465,085)</u>
	Fund balance as of December 31, 1999	\$ <u>15,980,975</u>

FSM Telecommunications Corporation

	<u>Funds Received</u>	<u>Funds Expended</u>
Compact Section 215(a)(2) for operating assistance	\$ <u>882,000</u>	\$ <u>882,000</u>

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

National Government Subgrantees, Continued

College of Micronesia-FSM (COM-FSM)

COM-FSM receives all federal funding in a direct capacity and separately satisfies its OMB Circular A-133 requirements.

State Subgrantees:

The State of Chuuk's component units are to separately satisfy the requirements of OMB Circular A-133. The following presents information concerning component units which have satisfied their A-133 requirements. The Chuuk Organization for Community Action has yet to satisfy its 1999 A-133 responsibilities.

Chuuk Public Utilities Corporation

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

<u>Grantor Agency/Program</u>	<u>CFDA#</u>	<u>Fiscal Year 1999 Expenditures</u>
U.S. Department of the Interior: Compact of Free Association	15.875	\$ 1,250,000
U.S. Department of Commerce: Economic Development Administration: Weno Water Improvement Project	11.300	90,000
Trust Territory of the Pacific Islands	15.875	25,874
Operations and Maintenance Improvement Programs (OMIP) Grants	15.875	<u>284,328</u>
Total expenditures		\$ <u>1,650,202</u>

Compact of Free Association funds are received in a subrecipient capacity thru the State of Chuuk. All other grants are received in a direct capacity.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Chuuk State Housing Authority

The Chuuk State Housing Authority, a component unit - proprietary fund of the State of Chuuk, is the recipient of various pass-through funds from Chuuk State and certain direct grants. The Chuuk State Housing Authority's Schedule of Expenditures of Federal Awards is as follows:

<u>Grantor Agency/Program</u>	<u>CFDA#</u>	<u>Fiscal Year 1999 Expenditures</u>
U.S. Department of the Interior: Compact of Free Association	15.875	\$ 55,000
U.S. Department of Housing and Urban Development: Section 8 Housing Program	14.156	<u>37,502</u>
Total expenditures		\$ <u>92,502</u>

Loan Funds:

As of September 30, 1999, \$1,146,430 of loans made out of U.S. federal financial assistance CFDA #14.219, were outstanding. The assistance provided by the U.S. Department of Housing and Urban Development was made to the State of Chuuk and passed through to the Authority.

Additionally, as of September 30, 1999, the Authority administered \$710,752 of loan funds provided by the U.S. Department of the Interior, CFDA #15.875, which funds were received by the State of Chuuk and were passed through to the Authority.

Kosrae Utilities Authority

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Kosrae Utilities Authority, Continued

<u>Grantor Agency/Program</u>	<u>CFDA#</u>	<u>Fiscal Year 1999 Expenditures</u>
U.S. Department of the Interior: Compact of Free Association: Energy 214(c)	15.875	\$ 506,250
Operations and Maintenance: OMIP-KOS-95-1, 2 <sup>nd</sup> Year	15.875	14,660
OMIP-KOS-96-1, 3rd Year	15.875	41,393
OMIP-KOS-97-1, 4th Year	15.875	<u>8,688</u>
Total expenditures		\$ <u>570,991</u>

The programs are received from the State of Kosrae in a subrecipient capacity. The aforementioned audit did not specify the existence of any questioned costs pertinent to the above expenditures. Funds passed through to the Kosrae Utilities Authority are included within the Schedule of Expenditures of Federal Awards of Kosrae State.

Pohnpei Utilities Corporation

The Pohnpei Utilities Corporation, a component unit - proprietary fund, is the recipient of various pass-through funds from Pohnpei State. Questioned costs or matters of noncompliance are included in the accompanying Federal Findings and Questioned Costs - Monitoring Subrecipients. The following is the Pohnpei Utilities Corporation's Schedule of Federal Financial Assistance, as extracted from the abovementioned audit reports:

(refer to page 145)

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999

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

Grantor/Program Title	CFDA No.	Total Authorizations	Prior Years' Expenditures	Expenditures for the Year Ended Sept. 30, 1999	Total Program Expenditures
<u>U.S. Department of the Interior:</u>					
Office of Territorial and International Affairs:					
<u>Compact of Free Association:</u>					
Energy Program funds, Section 214(B)	15.875	\$ 2,774,370	\$ 2,822,274	\$ -	\$ 2,822,274
Capital Account funds, Section 211(A):	15.875				
OMIP-First Year Electrical Match		322,250	296,592	-	296,592
OMIP-First Year Water and Sewer Match		1,535,250	1,535,250	-	1,535,250
Power Hook-Ups		492,500	492,500	-	492,500
Kolonia Sewer		33,119	33,119	-	33,119
OMIP-Second Year Water and Sewer Match		280,425	280,425	-	280,425
Second Year Water and Sewer Subsidy		110,200	110,200	-	110,200
Pingelap Solar		196,000	217,046	-	217,046
		<u>2,969,744</u>	<u>2,965,132</u>	<u>-</u>	<u>2,965,132</u>
<u>Operations and Maintenance Improvement Programs (OMIP):</u>					
Initialization of the PUC	15.875	430,250	430,249	-	430,249
Pohnpei Water, Sewerage, and Solid Waste Utilities Development, First-Year		810,000	809,999	-	809,999
Pohnpei Water, Sewerage, and Solid Waste Utilities Development, Second-Year		665,000	563,432	26,009	589,441
Pohnpei Water, Sewerage, and Solid Waste Utilities Development, Third-Year		443,500	99,714	127,297	227,011
Pohnpei Water, Sewerage, and Solid Waste Utilities Development, Fourth-Year		285,000	35,585	17,317	52,902
Pohnpei Power Generation and Distribution Second-Year		273,468	273,468	-	273,468
Pohnpei Power Generation and Distribution Third-Year		370,000	371,902	-	371,902
Pohnpei Power Generation and Distribution Fourth-Year		462,000	274,284	17,975	292,259
Pohnpei Power Generation and Distribution Fifth-Year		456,000	57,256	173,299	230,555
OMIP Bench		71,000	71,000	-	71,000
		<u>4,266,218</u>	<u>2,986,889</u>	<u>361,897</u>	<u>3,348,786</u>
<u>Technical Assistance:</u>					
PUC FSM-58	15.875	110,000	110,000	-	110,000
ALCO Repairs		25,000	25,000	-	25,000
Y2K Program		55,665	-	55,665	55,665
		<u>190,665</u>	<u>135,000</u>	<u>55,665</u>	<u>190,665</u>
Meter Calibration/Facility Inventory	15.875	100,000	100,000	-	100,000
Overhaul ALCO Generators-Pohnpei State	15.875	100,000	100,000	-	100,000
DOI Hazard Mitigation Program	15.875	1,100,000	1,086,021	-	1,086,021
Audit Grant	15.875	32,000	32,000	-	32,000
		<u>1,332,000</u>	<u>1,318,021</u>	<u>-</u>	<u>1,318,021</u>
<u>Trust Territory of the Pacific Islands (TTPI):</u>					
Deficiency Funding:					
Pohnpei Power	15.875	328,271	328,271	-	328,271
Kolonia Sewer		659,328	797,411 *	-	797,411
		<u>987,599</u>	<u>1,125,682</u>	<u>-</u>	<u>1,125,682</u>
Kolonia Water Improvements	15.875	290,700	290,700	-	290,700
		<u>\$ 12,811,296</u>	<u>\$ 11,643,698</u>	<u>\$ 417,562</u>	<u>\$ 12,061,260</u>

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Pohnpei State Housing Authority

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

<u>Grant Title</u>	<u>Grantor Agency</u>	<u>CFDA No.</u>	<u>Loans Outstanding as of Sept. 30, 1999</u>
Compact of Free Association: Capital Account Funds-Capital Projects, Section 211(A)	DOI-OTIA	15.875	\$ <u>4,731,100</u>
Total U.S. Department of the Interior			\$ <u>4,731,100</u>
Rural Services:			
Housing Preservation Grant	USDA	10.433	\$ <u>392,866</u>
Total U.S. Department of Agriculture			\$ <u>392,866</u>

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

Yap Community Action Program

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



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Yap Community Action Program, Continued

<u>Grantor Agency/Program</u>	<u>CFDA#</u>	<u>Fiscal Year 1999 Expenditures</u>
U.S. Department of Health and Human Services: Headstart Program (Received in a subrecipient relationship through the State of Yap)	93.600	\$ 902,002
U.S. Department of Agriculture: Housing Preservation Grants (A Direct Program)	10.433	8,360
U.S. Department of the Interior: Compact of Free Association: CIP Fund, Section 211 (Received in a subrecipient relationship through the State of Yap)	15.875	8,360
U.S. Department of the Interior: Compact of Free Association: Special Development Fund, Section 212A (Received in a subrecipient relationship through the State of Yap)	15.875	<u>86,213</u>
Total expenditures		\$ <u>1,004,935</u>

The Headstart programs are received from the State of Yap in a subrecipient capacity. The Housing Preservation Grants are received in a subrecipient capacity through the Yap USDA Rural Housing Service. The Compact of Free Association program is received from the State of Yap in a subrecipient capacity.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999

2. Summary of Significant Accounting Policies, Continued

D. Subgrantees, Continued

State Subgrantees, Continued

Yap State Public Service Corporation

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

<u>Grantor</u>	<u>CFDA #</u>	<u>Prior Amounts Received</u>	<u>Year Expenditures</u>	<u>1999 Expenditures</u>	<u>Remaining Balance</u>
U.S. Department of the Interior, Pass through from FSM National Government and through the State of Yap:	15.875				
Compact of Free Association Section 211 (a) Capital Account		\$ 467,497	\$ 376,070	\$ -	\$ 91,427
U.S. Department of the Interior, Direct Award-Operations and Maintenance Improvement Programs (OMIP) Yap State Omnibus	15.875	157,155	110,000	66,063	(18,908)
Year 2		251,642	230,441	27,059	(5,858)
Maintenance		95,067	-	126,842	(31,775)
Trust Territory Capital Improvement Project – Yap Water Supply	15.875	229,000	90,191	-	138,809
U.S. Federal Emergency Management Agency, Direct Award - Typhoon Fern Damage Survey Reports	83.516	290,203	272,625	17,578	-
Draught Relief Damage Survey Reports		16,184	16,184	-	-
Hazard Mitigation: Yap State Water Projects		<u>211,040</u>	<u>107,657</u>	<u>51,008</u>	<u>52,375</u>
		<u>\$ 1,717,788</u>	<u>\$ 1,203,168</u>	<u>\$ 288,550</u>	<u>\$ 226,070</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Programs  
Selected for audit in accordance with  
OMB Circular A-133  
Year Ended September 30, 1999

<u>Grantor</u>	<u>Description</u>	<u>CFDA No.</u>	<u>Amount of 1999 Expenditures</u>
U.S. Dept. of the Interior:	Compact of Free Association: Program account related: 211(a) Capital Account Post Secondary Education	15.875	\$ 1,814,818 <u>1,625,518</u>
	Total Compact of Free Association		3,440,336
U.S. Dept. of Labor	JTPA	17.250	730,731
U.S. Dept. of Commerce	NOAA	11.460	721,182
U.S. Dept. of Health and Human Services	Maternal Child Health	93.994	336,228
	Substance Abuse Prevention & Treatment	93.959	289,717
	Immunization Program	93.268	<u>297,275</u>
	Total program expenditures selected		\$ <u>5,815,469</u>
	Total U.S. Federal Program expenditures excluding Compact Section 211(a) Current Account		\$ <u>11,357,671</u>
	% of Total U.S. Federal expenditures covered by major programs excluding Compact Section 211(a) Current Account		<u>51%</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Summary of Expenditures of U.S. Federal Awards  
Year Ended September 30, 1999

<u>Grantor</u>	<u>Amount</u>
U.S. Department of Education	\$ 1,629,124
U.S. Department of Labor	813,073
U.S. Department of Agriculture	28,728
U.S. Department of Health and Human Services	1,411,967
U.S. Federal Emergency Management Agency	142,214
U.S. Department of Commerce	721,182
National Foundation on the Arts and the Humanities	25,839
U.S. Department of the Interior:	
Historical Preservation Grants	81,510
OTIA Technical Assistance	841,439
Compact of Free Association Funding excluding Section 211(a) Current Account	<u>5,662,595</u>
Total U.S. Federal Assistance excluding Section 211(a) Current Account	11,357,671
Compact of Free Association Section 211(a) Current Account	<u>5,353,776</u>
	<b>\$ <u>16,711,447</u></b>

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 1999

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

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

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
U.S. Department of the Interior - Compact of Free Association	15.875
U.S. Department of Labor	17.250
U.S. Department of Commerce	11.460
U.S. Department of Health and Human Services	93.994
U.S. Department of Health and Human Services	93.959
U.S. Department of Health and Human Services	93.268

8. A threshold of \$340,573 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The National Government did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**Part II - Financial Statement Findings Section**

<u>Reference No.</u>	<u>Findings</u>	<u>Questioned Costs</u>
99-7	Fixed Assets	\$ -
99-8	General Receivables	\$ -
99-9	Advances	\$ -
99-10	Receivables from and Payables to States for CFSM Projects	\$ -
99-11	Cash	\$ -
99-12	Revenue Sharing	\$ -
99-13	Health Insurance Fund	\$ -
99-14	Stale Dated Checks	\$ -
99-15	Health Insurance Fund	\$ -
99-16	Encumbrances	\$ -
99-17	Investment Reconciliations	\$ -
99-18	Accounts Payable	\$ -
99-19	Continuing Appropriations	\$ -

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Part II - Financial Statement Findings Section, Continued**

<u>Reference No.</u>	<u>Findings</u>	<u>Questioned Costs</u>
99-20	Local Taxes	\$ -
99-21	Unidentified Revenue	\$ -
99-22	Payroll Revolving Fund	\$ -
99-23	Travel	\$ -

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

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
99-1	Allowable Costs/Cost Principles	\$ 10,296
99-2	Allowable Costs/Cost Principles	\$ 57,860
99-3	Reporting	\$ -
99-4	Cash Management	\$ -
99-5	Reporting	\$ -
99-6	Monitoring of Subrecipient's Questioned Costs	\$ -
99-7	Equipment and Real Property Management	\$ -

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Allowable Costs/Cost Principles</u></b>		
99-1. JTPA Program, U.S. Dept. of Labor/ CFDA #17.250	<p><u>Criteria:</u> Underlying supporting documentation, such as vendor invoices, should be sufficient to support that the transaction is reasonable and necessary for program needs.</p> <p><u>Condition:</u> There was no documentary evidence available to support whether trainees actually attended and completed the referred training program.</p>	
	<u>APV #</u>	
	9003241	\$ 1,071
	9004667	1,163
	9001795	1,477
	9003038	2,010
	9000868	388
	9004340	1,167
	9004591	1,099
	9006725	<u>1,921</u>
		<u>10,296</u>

Cause: The cause of this condition is unknown.

Effect: The effect of the above condition is potential noncompliance with allowable activity requirements.

Recommendation: We recommend that the FSM National Government require evidence of attendance at training programs/seminars.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Allowable Costs/Cost Principles</u></b>		
99-2. Compact Scholarship Fund/ U.S. Dept. of Interior/ CFDA #15.875	<u>Criteria:</u> Funds should be expended in accordance with the intent of the Compact.  <u>Condition:</u> In 33 instances out of 43 tested, documentary evidence such as a college transcript was not made available for inspection. We were accordingly not able to determine whether the funds were disbursed for the intended purpose.	
	<u>APV #</u>	
	9012249	\$ 15,110
	9001447	2,250
	9001450	1,500
	9001546	1,750
	9001567	2,000
	9001613	1,500
	9001659	2,250
	9001663	2,250
	9001688	2,250
	9001725	1,500
	9001636	1,500
	9001643	2,250
	9001653	2,250
	9001669	2,250
	9001710	2,000
	9003432	3,500
	9003442	2,000
	9003535	2,000
	9003595	1,500
	9003626	1,500
	9003612	1,750
	9003551	1,500
	9001620	1,500
		<u>57,860</u>

Cause: The cause of this condition is unknown.



**NATIONAL GOVERNMENT  
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Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Allowable Costs/Cost Principles, Continued</u></b>		
99-2. Compact Scholarship Fund/ U.S. Dept. of Interior/ CFDA #15.875, Continued	<u>Effect:</u> The effect of the above condition is questioned costs of \$57,860.  <u>Recommendation:</u> We recommend that the FSM National Government ensure that Compact funds are expended in accordance with the intent of the Compact treaty.	
	Total Questioned Costs	\$ <u>68,156</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Reporting</u></b>  99-3. JTPA Program, U.S. Dept. of Labor/ CFDA #17.250	<p><u>Criteria:</u> The FSM National Government should ensure compliance with federal cash management requirements.</p> <p><u>Condition:</u> Review of the cash drawdown file revealed that the latest Form 270 was for the period ending September 30, 1998. No documentary evidence was available to explain why the file had not been updated to September 30, 1999.</p> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> Noncompliance with reporting standards results from this condition.</p> <p><u>Recommendation:</u> We recommend that the FSM National Government ensure that it complies with applicable cash management requirements.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Cash Management</u></b>  99-4. NOAA, U.S. Dept. of Commerce/ CFDA #11.460	<p><u>Criteria:</u> The FSM National Government should ensure compliance with Federal cash management requirements.</p> <p><u>Condition:</u> A list of cash receipts for program reimbursements made during the year was not made available for inspection. Therefore, we were not able to evaluate the use of cash for the program to ensure compliance with Federal cash management requirements.</p> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> Noncompliance with Federal cash management requirements could result from this condition.</p> <p><u>Recommendation:</u> We recommend that the FSM National Government ensure that it complies with applicable Federal cash management requirements.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Reporting</u></b>  99-5. MCH, DHHS/ CFDA #93.994	<p><u>Criteria:</u> The FSM National Government should ensure compliance with Federal reporting requirements.</p> <p><u>Condition:</u> We were not able to be provided evidence of the submission of required performance/project reports to the grantor agency.</p> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> Potential noncompliance with Federal reporting requirements results from this condition.</p> <p><u>Recommendation:</u> We recommend that the FSM National Government ensure that it complies with applicable Federal reporting requirements.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Monitoring of Subrecipient's Questioned Costs</u></b>		
<b><u>Finding No. 99-6</u></b>		
<p><u>Criteria:</u> The FSM National Government is required to resolve subrecipient questioned costs in a timely manner (within six months upon receipt of the subrecipient report).</p>		
<p><u>Condition:</u> Prior year questioned costs for subrecipients are still unresolved.</p>		
<p><u>Cause:</u> The cause of this condition is that the task force created to resolve questioned costs has not resolved subrecipient questioned costs.</p>		
<p><u>Effect:</u> There is no effect on the financial statements as a result of this condition.</p>		
<p><u>Prior Year Status:</u> Monitoring of subrecipient questioned costs was reported as a finding in the FSM National Government Single Audit for fiscal year 1998.</p>		
<p><u>Recommendation:</u> We recommend that the FSM National Government resolve subrecipient questioned costs in a timely manner.</p>		

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Fixed assets**

**Finding No. 99-7**

Criteria: The FSM National Government should ensure that a fixed assets listing is properly reconciled and maintained.

Condition: The FSM National Government was not able to provide a complete fixed assets register.

Cause: The FSM National Government upgraded its accounting system during fiscal year 1999. The fixed assets data however, was not rolled over into the new accounting system.

Effect: A misstatement of the National Government's General Fixed Asset Account Group could result.

Recommendation: We recommend that the FSM National Government update and automate the fixed asset listing to reflect prior year asset information.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**General Receivables**

**Finding No. 99-8**

**Criteria:** Details should be maintained to support general ledger control account balances at September 30, 1999.

**Condition:** Details of the following general receivable accounts were not available for inspection.

<u>Fund/Account</u>	<u>Balance</u>
10250	\$ 129,369
10252	544,524
10257	29,447
10258	106,292
10259	12,887
10279	(56,580)
10308	12,000
10313	(10,000)
66270	<u>326</u>
	\$ <u>768,265</u>

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

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

**Recommendation:** We recommend that subsidiary ledgers be maintained to support general ledger control account balances.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Advances**

**Finding No. 99-9**

Criteria: Details should be maintained to support general ledger control account balances at September 30, 1999.

Condition: Details of the following advances receivable accounts were not available for inspection.

<u>Fund/Account</u>	<u>Balance</u>
10260	\$ 762,657
10263	46,000
10270	194
10272	1,697,569
10273	149,729
10273	<u>7,908</u>
	\$ <u>2,664,057</u>

Cause: The cause of this condition is unknown.

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

Recommendation: We recommend that the subsidiary ledger be maintained to support each general ledger control account balance.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Receivables from and Payables to States for CFM Projects**

Finding No. 99-10

Criteria: A functioning system of internal control requires that details of receivables and payables be reconciled on a recurring basis.

Condition: We found that receivables from and payables to the States for Congress of FSM projects have not been reconciled.

<u>Fund Account</u>	<u>Balance</u>
<u>Receivables:</u>	
10291	\$ (200,000)
10300	10,898
10302	498,547
11300	19,245
11301	71,940
11302	25,507
11303	(25,470)
11315	<u>(20,000)</u>
	380,667
<u>Payables:</u>	
10571	(99,140)
10572	(45,316)
10573	(526,113)
10574	(89,204)
11571	17,098
11572	(467,955)
11573	(96,411)
11574	<u>53,464</u>
	(1,253,577)
	\$ <u>(872,910)</u>

Cause: The cause of this condition is unknown.

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Cash**

**Finding No. 99-11**

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

**Condition:** The following cash accounts showed the following unreconciled variances between the general ledger and the adjusted bank balance as of September 30, 1999.

Bank Account	<u>Amount</u>
General Checking Account	\$ (6,754)
Yap Trust Fund	(16,083)
Chuuk Trust Fund	(143,180)
Kosrae Trust Fund	(16,222)
Imprest with Embassies	(114,821)
Fishing Fees – Bank of Hawaii Tokyo	(25,892)
Cash Savings – Unrestricted	4,479
Cash –Tax Refund	(19,322)
Fishing Fees – Agency Account	39,599
Fishing Fees – Olympic Capital	34,515
Honolulu Operations	(17,573)
Fiji Operations	7,914
Washington Operations	91,689
New York Operations	(11,287)
Guam Operations	<u>(46,268)</u>
	\$ <u>(204,060)</u>

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

**Effect:** The effect of this condition is a potential overstatement of cash.

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Revenue Sharing**

**Finding No. 99-12**

Criteria: The FSM National Government should ensure that all transactions recorded in the general ledger balances are properly supported by documentary evidence.

Condition: Revenue and Custom reports supporting taxes recorded of \$440,065 were not available for inspection. We were not able to perform alternative procedures to assure ourselves as to the correctness of the applicable State revenue share as of September 30, 1999.

Cause: The cause of the above condition is unknown.

Effect: The effect of this condition is a potential misstatement of local tax revenues.

Recommendation: We recommend that the FSM National Government ensure that all general ledger activities are properly supported by documentary evidence.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Health Insurance Fund – Accounts Payable**

**Finding No. 99-13**

**Criteria:** The FSM National Government should ensure that the general ledger control accounts are properly reconcile to the subsidiary ledgers.

**Condition:** We found that the general ledger control account for accounts payable was lower than the subsidiary ledger balance by \$211,730.

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

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

**Recommendation:** We recommend that the FSM National Government periodically reconciles its general ledger for the Health Insurance Fund.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Stale Dated Checks**

**Finding No. 99-14**

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

Condition: Of outstanding checks totaling \$1,911,778 as of September 30, 1999, \$99,075 are stale dated.

Cause: The cause of this condition is unknown.

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Health Insurance Fund**

**Finding No. 99-15**

Criteria: A functioning system of internal controls requires that the general ledger be updated on a periodic basis.

Condition: The National Government had not recorded cash receipts and disbursements for the Health Insurance Fund for the period from October 1, 1998 through March 31, 1999.

Cause: The resulting misstatements have been corrected through the audit process.

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

Recommendation: We recommend that the FSM National Government record all transactions in its accounting systems.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Encumbrances**

**Finding No. 99-16**

**Criteria:** The FSM National Government should ensure that encumbrances are properly reconciled on a recurring basis.

**Condition:** Of nineteen encumbrances tested, three reflected variances between the manual liquidation report and computer generated encumbrance report.

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

**Effect:** The resulting misstatements have been corrected through proposed audit adjustments.

**Recommendation:** We recommend that the FSM National Government periodically reconcile outstanding encumbrance balances.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Investment Reconciliations**

**Finding No. 99-17**

Criteria: The National Government is charged with accounting for investments of the States. Through this process, the National Government tracks investment performance, funds transfers, drawdowns and other movements of funds. Reporting of these activities should be accurate and timely.

Condition: Investment schedules provided required numerous material corrections. It does not appear as if reconciliations occur during the year. Rather, it appears that the reconciliation process occurs as of year end. This process is not timely and has resulted in the delay of the issuance of financial information by the States.

Cause: The cause of this condition appears to be inadequate reconciliation procedures.

Effect: The effect of this condition is the nontimely reporting of investment information to the States.

Recommendation: Investment information should be reconciled during the year and should be accurate and complete. Year end reconciliations and resulting dissemination of information should occur in a timely manner.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Accounts Payable**

**Finding No. 99-18**

Criteria: Details should be maintained to effect timely reconciliation of general ledger account balances with subsidiary ledgers at September 30, 1999.

Condition: The details of the September 30, 1999 accounts payable were not provided until October 16, 2000.

Cause: The cause of this condition is unknown.

Effect: Weaknesses in internal control exist over the accounts payable cycle.

Recommendation: We recommend that the FSM National Government ensure that details of the accounts payable subsidiary ledger are available in a timely manner.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Continuing Appropriations**

**Finding No. 99-19**

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

Condition: The Compact Capital Account has an unreserved deficit of \$3,224,102 as of September 30, 1999.

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

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

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Local Taxes**

**Finding No. 99-20**

Criteria: Significant fluctuations in revenue collections should be investigated for potential areas where tax laws are not adequately enforced.

Condition: For fiscal year 1999, import tax and income tax revenues decreased significantly (37% and 30%, respectively) when compared with fiscal year 1998 results. The reason for the drastic decrease has not been fully investigated.

Cause: The cause of the above condition is unknown.

Effect: The effect of this condition is a significant decrease in collections. Possible problems with revenue collections and or tax laws cannot be determined as a result of not fully investigating the cause of fluctuations.

Prior Year Status: This condition was reported in the FSM National Government Single Audit for fiscal year 1998.

Recommendation: We recommend that significant increases or decreases in tax revenue be investigated by tax authorities or by the Public Auditor so that possible revenue problems can be identified and corrective actions can be implemented.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Unidentified Revenue**

**Finding No. 99-21**

**Criteria:** All transactions recorded in the general ledger should be properly classified.

**Condition:** Revenues totaling \$241,426 were recorded as “unidentified revenues” as of September 30, 1999.

**Cause:** The cause of the above condition is unknown.

**Effect:** The effect of this condition is a misclassification of revenue.

**Recommendation:** We recommend that the FSM National Government ensure that all revenues recorded in the general ledger are properly identified.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Payroll Revolving Fund**

Finding No. 99-22

Criteria: The FSM National Government should ensure that the Payroll Revolving Fund is properly reconciled at September 30, 1999.

Condition: Our testing of the Payroll Revolving Fund revealed that the net pay account, 66601, has a debit balance of \$266,393 as of September 30, 1999. It is customary for this account to carry only credit balances.

Cause: The cause of the above condition is unknown.

Effect: Affected account balances are apparently misstated as of September 30, 1999.

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Travel**

**Finding No. 99-23**

Criteria: The FSM National Government should ensure that controls are in place to prevent overpayment to travelers.

Condition: We found one instance out of 43 transactions tested where the disbursement made lacked a third party invoice to substantiate the validity of the transaction:

<u>TA #</u>	<u>Amount</u>
73552	\$6,500

Cause: Based on our review of documentation available, it was evident that a registration fee of \$6,500 was wired to the institution in May 1997. However, further review of a sworn affidavit attached as additional supporting documentation for the disbursement disclosed that the traveler also received an advance of \$6,500 from FSM Finance in June, 1997 for the registration fee.

Effect: The effect of the above condition is an understatement of accounts receivable.

Recommendation: We recommend that the FSM National Government record a receivable from the traveler.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

**Local Finding - Bidding**

**Finding No. 99L-1**

Criteria: Public Contract Act (55 F.S.M.C 403) provides that purchases of personal property over \$50,000 shall be let by free and open competitive bidding.

Condition: During our test procedures, we found evidence of apparent bid circumvention. Purchase orders are issued at a level of below \$50,000. However, the aggregate order to the same vendor placed on the same day exceeded \$50,000.

Cause: The cause of the above condition is that inadequate regulation exists to safeguard the possibility of issuing split purchase orders to circumvent procurement regulations.

Effect: The effect of this condition could be a violation of the referenced Public Contract Act.

Recommendation: We recommend that the use of split purchase orders be specifically addressed in the Public Contract Act.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
C99-1. U.S. Dept. of Education/School Improvement Program - CFDA #84.256A	<p><u>Criteria:</u> Federal expenditures incurred should be necessary and reasonable for program needs.</p> <p><u>Condition:</u> Due to lack of supporting documentation (attendance certificates/training certificates) we were unable to determine if the following travel and training related expenditures were necessary and reasonable to program needs. This finding results from a sample of thirty-five items aggregating \$195,422 out of total program expenditures of \$1,292,912.</p>	
	<u>APV No.</u>	
	9600114	\$ 2,768
	9600153	2,237
	9600149	2,035
	9600150	3,000
	9601368	1,326
	9600804	<u>3,294</u>
		<u>14,660</u>
	<u>Cause:</u> The cause of this condition is unknown.	
	<u>Effect:</u> Questioned costs result from this condition.	
	<u>Prior Year Status:</u> This condition was reported in the Chuuk State Government Single Audit for fiscal years 1998 and 1997.	
	<u>Recommendation:</u> We recommend that Chuuk State ensure that expenditures incurred are properly supported to provide an audit trail to ensure that such are necessary and reasonable for program needs.	



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
C99-2	<u>Note:</u> This finding was removed subsequent to Chuuk State providing responses.	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
C99-3. U.S. Dept. of Education/School Improvement Program - CFDA #84.256A	<p><u>Criteria:</u> Federal expenditures incurred should be necessary and reasonable for program needs.</p> <p><u>Condition:</u> Supporting documentation provided was not sufficient to determine if the following purchases of fuel in bulk were necessary and reasonable for program needs. This finding results from a sample of thirty-five items aggregating \$195,422 out of total program expenditures of \$1,292,112.</p> <p style="text-align: center;"><u>APV No.</u></p> <p style="text-align: center;">9003423 9003769</p>	<p>\$ 10,476</p> <p style="text-align: right;"><u>3,483</u></p> <p style="text-align: right;"><u>13,959</u></p>
	<p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> Questioned costs result from this condition.</p> <p><u>Prior Year Status:</u> This condition was reported in the Chuuk State Government Single Audit for fiscal year 1998.</p> <p><u>Recommendation:</u> We recommend that Chuuk State ensure that expenditures incurred are properly supported to provide an audit trail to ensure that such are necessary and reasonable for program needs.</p>	
	Total questioned costs	\$ <u>28,619</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

**Equipment and Real Property Management**

Item No.    CFDA No.    Criteria:

C99-4.            All            The Common Rule for Uniform Administrative Requirements for Federal Grants, Section 33 (d) (2) requires that a physical inventory of property acquired with federal funds be performed at least every two years and that the inventory be reconciled to property records.

Condition:    A physical inventory of property has not been performed in over two years.

Cause:        The cause of this condition is unknown.

Effect:        The effect is noncompliance with the Administrative Requirements over federal grants.

Prior Year Status:    This condition was reported in the Chuuk State Government Single Audits for fiscal years 1996 through 1998.

Recommendation:    We recommend that a physical inventory of property be taken and the results reconciled to the property records at least once every two years.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

**C99-5. Resolution of Payable to Grantor Agency**

Criteria: Findings from prior audit reports should be resolved.

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

1. FY93 Federal Finding No. 1 – Reimbursement in excess of expenditures (CFDA #84.003) – Chuuk State, in fiscal year 1991, received cash of approximately \$311,292 in excess of expenditures incurred for its DOE Bilingual Education Program. This balance is still reflected as a liability on the State's books.
2. FY93 Federal Finding No. 2 - Reimbursement in excess of expenditures (CFDA #10.560) – Chuuk State. In fiscal year 1991, the State received cash of approximately \$277,320 in excess of expenditures incurred for its Food Services Program. The balance remains recorded as deferred revenue as of September 30, 1999. No additional expenditures were incurred for the program since fiscal year 1993.

Cause: The cause of this condition is unknown.

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

Prior Year Status: The non-resolution of prior years' federal findings was reported in the Chuuk State Government Single Audit for fiscal years 1997 and 1998.

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

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>						
K99-1. Compact Capital Projects Fund- CFDA # 15.875	<p><u>Criteria:</u> A functioning system of internal control requires disbursements to be properly supported by original vendor invoices.</p> <p><u>Condition:</u> Of forty-four disbursements tested for compliance, we noted two instances where disbursements were supported by a photocopy of invoices:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>APV #</u></th> <th style="text-align: center;"><u>Org. #</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">114508</td> <td style="text-align: center;">6911</td> </tr> <tr> <td style="text-align: center;">118059</td> <td style="text-align: center;">6849</td> </tr> </tbody> </table> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> The effect of this condition is potential noncompliance with the Compact treaty.</p> <p><u>Recommendation:</u> We recommend that Kosrae State ensure that expenditures are supported by original invoices.</p>	<u>APV #</u>	<u>Org. #</u>	114508	6911	118059	6849	
<u>APV #</u>	<u>Org. #</u>							
114508	6911							
118059	6849							

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
K99-2. TFAS Educational Grant- CFDA # 84.256	<p><u>Criteria:</u> Kosrae State must follow procedures to ensure compliance with applicable grantor imposed cash management requirements.</p> <p><u>Condition:</u> Kosrae State Government did not follow procedures to ensure that cash on hand are for immediate use. We noticed cash drawdowns exceeded expenditures by approximately \$140,000 incurred during the year.</p> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> The effect of this condition is potential noncompliance with federal rules and regulations.</p> <p><u>Recommendation:</u> We recommend that the Department of Administration implement procedures whereby the Administrator for Finance and Budget reviews all federal activities for compliance.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Allowable Costs/Cost Principles - Refreshments</u></b>		
99-1. U.S. Dept. of Education/TFAS Educational Grant-CFDA #84.256A	<p><u>Criteria:</u> Program expenses should be limited to costs which are necessary and reasonable for program needs and which meet the cost principles of Federal grants to states and local governments.</p> <p><u>Condition:</u> The Dilog 135p report for the Freely Associated States Educational Grant Org. 3827 showed that during the year ended September 30, 1999, Pohnpei State expended \$12,155 for food costs purchased from individuals and various restaurants in Pohnpei.</p> <p><u>Cause:</u> The budget proposal for the project period March 1, 1998 to February 29, 1999 alluded to such costs in the categories for meeting expenses of \$3,000 and school and community expenses of \$10,000.</p> <p><u>Effect:</u> The U.S. Department of Education requested Pohnpei State to remove such expenses from its budget proposal for the period March 1, 1999 to February 28, 2000 citing such costs as unallowable. No questioned costs result from this finding as subsequently, Pohnpei State absorbed these expenditures in its general fund.</p> <p><u>Recommendation:</u> We recommend that Pohnpei State Department of Education ensure that costs charged to Federal awards be limited to costs which meet the costs principles of OMB Circular A-87.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Allowable Costs/Cost Principles</u></b>		
99-2. U.S. Dept. of Education/ Special Education Grant-CFDA #84.027	<p><u>Criteria:</u> Allowable Costs/Cost Principles requires that costs charged be adequately supported by underlying documentation.</p> <p><u>Condition:</u> Supporting invoices for the following transactions could not be found (from a sample of 26 transactions aggregating \$144,745 out of a total population of \$784,539):</p>	

<u>Org. #</u>	<u>Acct. #</u>	<u>APV #</u>	<u>APV Amount</u>	<u>Ref./ Doc. #</u>	<u>Check #</u>
3118	8110	732427	\$1,351	T90248	120757
3118	8305	728356	\$1,082	N/A	117872
3118	8110	726273	\$1,629	T80150	-

Cause: Invoice files were not maintained in a manner to prevent documents from being misplaced.

Effect: We were unable to determine if the above transactions represent allowable costs under the Special Education Grant. No questioned costs result from this finding due to our inability to determine the extent of the above potential noncompliance.

Recommendation: We recommend that Pohnpei State ensure that all payments be adequately supported by authoritative documents before being filed and that supporting documents are filed in a timely and orderly manner.



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

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

99-3. U.S. Dept.  
of Education/  
Special Education  
Grant-  
CFDA #84.027 &  
Educational  
Grant-CFDA #  
84.256A

Criteria: Allowable Costs/Cost principles require that costs charged to federal awards be sufficiently documented to show that such are necessary and reasonable for program needs.

Condition: Our tests of major programs showed insufficient documentation for space rental. Of the transactions below, the supporting invoice merely stated "space rental" and the department officials requesting payments did not offer details as to who utilized the space rental and for what purpose. Two of the invoices (APV 731134 and 116817) were from two islands on the reef of Pohnpei where picnic facilities are available. No justification was provided as to why space was rented at these locations rather than at one of the more widely used conference room areas on the main island. The invoice for APV 731916 was from a hotel/restaurant with no known conference room. The space rental was charged at the nightly room rate for the hotel, but no travel authorization was issued which would have been done had those been actual lodging costs.

The transactions below relate to the TFAS Education Grant (from a sample of 28 transactions aggregating \$184,208):

<u>Org.</u>	<u>Ref. Doc. #</u>	<u>APV #</u>	<u>APV Amt.</u>
3829	L91460	731134	\$2,477
3829	L91621	731916	\$585

These transactions relate to the SEPPIE Grant (Special Education) taken from a sample of 26 transactions aggregating \$144,745:

<u>Org.</u>	<u>Ref. Doc. #</u>	<u>APV #</u>	<u>APV Amt.</u>
3116	N/A	116817	\$189
3116	N/A	120236	\$200
3116	N/A	121669	\$500

Cause: The above condition occurred because Pohnpei State does not require that sufficient details be provided on invoices before processing of payments.

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Allowable Costs/Cost Principles - Specific Support, Continued</u></b>		
99-3. U.S. Dept. of Education/ Special Education Grant-CFDA #84.027 & Educational Grant-CFDA #84.256A	<u>Effect:</u> Costs which are not allowable under federal grants may have been charged to program funds. No questioned costs result from this condition as subsequently, these costs were charged to the Pohnpei State general fund.  <u>Recommendation:</u> We recommend that Pohnpei State require departments and vendors to provide sufficient description of expenses before processing payments.	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>																
<b><u>Allowable Costs/Cost Principles - Questionable Use of Compact Funds</u></b>																		
99-4. U.S. Dept. of Interior/ Compact CIP Fund -CFDA #15.875	<p><u>Criteria:</u> Costs charged to Compact Capital Funds should be consistent with the intent of the Compact Treaty.</p> <p><u>Condition:</u> The transactions below appear to be operational in nature and may not be allowable uses of Compact Capital funds (from a sample of 47 transactions aggregating \$930,033):</p> <table border="0" style="width: 100%; margin-left: 40px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Org./Acct. #</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>APV #</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Ref./ Doc. #</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Description</u></th> </tr> </thead> <tbody> <tr> <td>6478/8110</td> <td>730255</td> <td>T90178</td> <td>To attend APIL meeting on transportation matters - \$1,697</td> </tr> <tr> <td>6478/8110</td> <td>734086</td> <td>T90299</td> <td>Meetings in Guam and Saipan and closing ceremonies for South Pacific Games - \$2,415</td> </tr> <tr> <td>6478/8110</td> <td>N/A</td> <td>V90090</td> <td>Payroll for additional work on election - \$5,600</td> </tr> </tbody> </table>	<u>Org./Acct. #</u>	<u>APV #</u>	<u>Ref./ Doc. #</u>	<u>Description</u>	6478/8110	730255	T90178	To attend APIL meeting on transportation matters - \$1,697	6478/8110	734086	T90299	Meetings in Guam and Saipan and closing ceremonies for South Pacific Games - \$2,415	6478/8110	N/A	V90090	Payroll for additional work on election - \$5,600	
<u>Org./Acct. #</u>	<u>APV #</u>	<u>Ref./ Doc. #</u>	<u>Description</u>															
6478/8110	730255	T90178	To attend APIL meeting on transportation matters - \$1,697															
6478/8110	734086	T90299	Meetings in Guam and Saipan and closing ceremonies for South Pacific Games - \$2,415															
6478/8110	N/A	V90090	Payroll for additional work on election - \$5,600															
	<u>Cause:</u> Pohnpei State may not be adequately reviewing costs charged to Compact Capital Funds for consistency with funding requirements.																	
	<u>Effect:</u> The above transactions may not be allowable under Compact Capital funding. However, no questioned costs result as these charges have been subsequently absorbed by the State's general fund.																	
	<u>Recommendation:</u> We recommend that Pohnpei State review transactions charged to the Compact Capital fund to ensure that costs charged are consistent with established guidelines.																	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Subrecipient Monitoring- PSHA</u></b>		
99-5. Compact of Free Association/ Capital Project Fund - CFDA #15.875	<p><u>Criteria:</u> Compact capital funds received in a subrecipient capacity should be expended in accordance with local laws and regulations.</p> <p><u>Condition:</u> A review of Pohnpei State Housing Authority (PSHA) disbursements disclosed that the amount of \$42,776 was transferred from the revolving loan account to the warehouse and labor account. A material payment of employees' advance of \$24,352 was received in August 1999, and was credited back to the loan account.</p> <p>We also noted that the fund transfers made to the warehouse and labor account were used for employee advances and to pay other operating expenses.</p> <p>Furthermore, PSHA could not provide minutes of board meetings approving the transfers made.</p> <p><u>Cause:</u> It appears that the former Executive Director approved the fund transfers and the subsequent disbursements without the Board's approval.</p> <p><u>Effect:</u> The above condition resulted to noncompliance with the intent of the Compact of Free Association and also resulted in unauthorized disbursements.</p> <p><u>Recommendation:</u> We recommend that PSHA immediately resolve this matter with the Pohnpei State Legislature.</p>	\$ <u>18,424</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Subrecipient Monitoring- PSHA, Continued</u></b>		
99-5. Compact of Free Association/ Capital Project Fund - CFDA #15.875, Continued	<u>Prior Year Status:</u> This was also reported in 1993 up to 1998 audit. A summary of the annual fund transfers is as follows:	
	Fiscal year 1993	\$ 23,714
	Fiscal year 1994	47,518
	Fiscal year 1995	35,266
	Fiscal year 1996	15,182
	Fiscal year 1997	20,738
	Fiscal year 1998	24,000
	Fiscal year 1999	<u>18,424</u>
		<u>\$ 184,842</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>
<b><u>Equipment and Real Property Management</u></b>		
<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>
99-6	All	<p>A summary schedule of the fixed asset detail produced by the automated fixed asset subsystem, classified by major assets category, should be maintained. Additionally, the Common Rule for Uniform Administration Requirements for Federal Grants, Section 33(d)(2) requires that a physical inventory of property acquired with federal funds be performed biannually.</p> <p><u>Condition:</u> A summarization of the asset data from the automated fixed asset subsystem was not available nor was a schedule of asset deletions prepared to facilitate the preparation of a statement of changes in fixed assets. Additionally, a physical inventory of property has not been performed in over two years.</p> <p><u>Cause:</u> The cause of the above condition is unknown.</p> <p><u>Effect:</u> A misstatement of the State's General Fixed Asset Account Group could result.</p> <p><u>Prior Year Status:</u> Insufficient controls over updating of fixed assets data was reported as a finding in the Single Audit of Pohnpei State for the years 1988 through 1998.</p> <p><u>Recommendation:</u> We recommend that Pohnpei State Government update the automated master fixed asset listing based on acquisition and survey activity, summarize the master listing detail appropriately and prepare a statement of changes in fixed assets on a timely basis. Additionally, biannual physical inventories should be performed.</p>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

<u>Program</u>	<u>Reason for Questioned Costs</u>	<u>Questioned Costs</u>																									
<b><u>Compact Capital Fund – Allowable Costs/Cost Principles</u></b>																											
<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>																									
99-7	15.875	Transactions should be supported by underlying documentation.																									
		<u>Condition:</u> Pohnpei State was unable to locate invoices and supporting contracts for the transactions below (from a sample of 47 Compact Capital funds transactions aggregating \$933,033):																									
		<table border="0" style="width: 100%; margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Org. /Acct. #</u></th> <th style="text-align: left;"><u>APV #</u></th> <th style="text-align: left;"><u>APV Amount</u></th> <th style="text-align: left;"><u>Ref./ Doc. #</u></th> <th style="text-align: left;"><u>Check #</u></th> </tr> </thead> <tbody> <tr> <td>6235/ 8303</td> <td>735396</td> <td>\$ 3,197</td> <td>P90259</td> <td>3817</td> </tr> <tr> <td>6417/8400</td> <td>727813</td> <td>\$13,318</td> <td>C89158</td> <td>3333</td> </tr> <tr> <td>6506/8405</td> <td>732581</td> <td>\$ 4,500</td> <td>C90463</td> <td>3584</td> </tr> <tr> <td>6507/8405</td> <td>736816</td> <td>\$ 7,960</td> <td>C90190</td> <td>3903</td> </tr> </tbody> </table>	<u>Org. /Acct. #</u>	<u>APV #</u>	<u>APV Amount</u>	<u>Ref./ Doc. #</u>	<u>Check #</u>	6235/ 8303	735396	\$ 3,197	P90259	3817	6417/8400	727813	\$13,318	C89158	3333	6506/8405	732581	\$ 4,500	C90463	3584	6507/8405	736816	\$ 7,960	C90190	3903
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6506/8405	732581	\$ 4,500	C90463	3584																							
6507/8405	736816	\$ 7,960	C90190	3903																							
		<u>Cause:</u> The above condition occurred as a result of inadequate maintenance of invoice and contract files.																									
		<u>Effect:</u> We were unable to determine if the above transactions were allowable costs under Compact CIP funding. As a result, we have designated \$21,015 as questioned costs.																									
		<u>21,015</u>																									
		<u>Recommendation:</u> We recommend that Pohnpei State ensure that all payments be adequately supported by authoritative documents before being filed and that supporting documents be filed in a timely and accurate manner.																									
		<u>\$ 39,439</u>																									
	<b>Total Questioned Costs</b>	<b>\$ <u>39,439</u></b>																									

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

**Equipment and Real Property Management**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y99-1	All	<p>The Common Rule for Uniform Administrative Requirements for Federal Grants, Section 33 (d) (2) requires that a physical inventory of property acquired with federal funds be performed at least every two years and that the inventory be reconciled to property records.</p> <p><u>Condition:</u> A physical inventory of property has not been performed in over two years.</p> <p><u>Cause:</u> The cause of this condition is unknown.</p> <p><u>Effect:</u> The effect is noncompliance with the Administrative Requirements over federal grants.</p> <p><u>Prior Year Status:</u> Noncompliance with the administrative requirements over federal grants was reported in the Single Audits of Yap State Government for fiscal years 1997 and 1998.</p> <p><u>Recommendation:</u> We recommend that a physical inventory of property be taken and the results reconciled to the property records at least once every two years.</p>	



**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

**Equipment and Real Property Management**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y99-2	All	<p>An updated property ledger by funding source should be maintained for all of Yap State Government.</p> <p><u>Condition:</u> The Division of Real and Personal Property Management (RPPM) maintains property cards. However, these records have not been updated in the accounting system.</p> <p><u>Cause:</u> The off-site terminal used by RPPM no longer works and no manual ledgers appear to have been prepared.</p> <p><u>Effect:</u> The effect is noncompliance with the Administrative Requirements over federal grants due to not being able to test the accuracy of fixed asset inventory ledgers.</p> <p><u>Prior Year Status:</u> Noncompliance with the administrative requirements over federal grants was reported in the Single Audits of Yap State Government for fiscal years 1997 and 1998.</p> <p><u>Recommendation:</u> We recommend that property ledgers be maintained on a timely basis, by funding source, in the General Fixed Assets Account Group.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

**Special Education Program Procurement and Suspension and Debarment**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y99-3	84.027A	<p>OMB Circular A-87 requires that charges to federal grants be adequately supported by underlying documentation to support the costs claimed and contain evidence of competitive procurement.</p> <p><u>Condition:</u> The program acquired certain customized wheelchairs without benefit of competitive procurement. No written documentation was on file substantiating the reason for use of sole source procurement.</p> <p><u>Cause:</u> It appears that while program management understood the basis for its sole source determination, management neglected to reduce its determination to writing.</p> <p><u>Effect:</u> There is no effect of this condition on the financial statements.</p> <p><u>Recommendation:</u> If sole source procurement is utilized, the reasons therefore should be reduced to writing and should be maintained on file in support of the transaction.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

**FEMA Standards and Suspension and Debarment**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y99-4	83.516	<p>The “Common Rule” procurement standards prohibit the participation of an employee, officer, or agent in the selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.</p> <p><u>Condition:</u> During fiscal year 1999, the Department of Public Works and Transportation awarded a FEMA contract for road repair to the supervisor of the Road and Ground division. The total cost of the contract was \$47,000. In addition, the Public Works inspector assigned to certify completion of FEMA projects is also responsible for soliciting bids, writing contracts and preparing change orders for the same contracts.</p> <p><u>Cause:</u> The FEMA road repair contract was awarded to the employee of the Road and Ground division because it was determined that his company was the most qualified for the work. The Department of Public Works may not have considered the potential conflict of interest.</p> <p><u>Effect:</u> Yap State may be in noncompliance with Federal procurement standards for the prevention of conflicts of interest in the administration of contracts involving Federal funds.</p> <p><u>Recommendation:</u> We recommend that the State review its contracts administration policies and procedures to ensure compliance with Federal procurement standards. No questioned costs result from this finding though this item should be specifically reviewed by the grantor agency.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

**OMIP Grant Period of Availability of Federal Funds**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y99-5	15.875	<p>OMB Circular A-102 requires that costs charged to federal grants be adequately documented.</p> <p><u>Condition:</u> During fiscal year 1998, Yap State received FY-94 U.S. DOI Operation and Maintenance Improvement Program (OMIP) funds totaling \$253,000. An additional \$56,000 was received in fiscal year 1999. Yap State credited these funds to the General Fund instead of the Federal Grants Fund. Yap State believed that the funds were intended to reimburse the General Fund for prior year expenditures incurred on various operation and maintenance activities of the type funded by the OMIP Grants. Our discussions with Department of Public Works and Transportation personnel indicated that the funds were awarded to Yap State after the State submitted a report of operation and maintenance expenditures for the years prior to fiscal year 1998. Such costs were not sufficiently documented to allow us to determine that a credit to the General Fund was appropriate. Additionally, Yap State has not provided authoritative documentation from DOI indicating that the funds awarded were intended to reimburse the State of Yap for costs incurred from the General Fund.</p> <p><u>Cause:</u> Yap State has not communicated with the grantor agency to obtain sufficient understanding of the intention of the grant award.</p> <p><u>Effect:</u> The above condition results in potential noncompliance with the intent of the grant award. No questioned costs result from this finding. Program management has shown us documentation that indicates that grant expenditures were charged to the general fund. Due to the timing associated with when the documentation was provided to us, no testing was able to be performed on these balances. Additionally, the Schedule of Expenditures of Federal Awards will have to be revised to reflect the federal expenditures.</p> <p><u>Recommendation:</u> Given the matters set forth in the effect, we recommend that resolution of this matter be deferred to the 2000 audit and that the information be tested at that time and necessary adjustments to the Schedule of Expenditures of Federal Awards, if any, be made at that time.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

**DOI – CIP Runway Reconstruction Cash Management**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y99-6	15.875	<p>US Treasury requirements provide that interest earned on federal funds advanced be reported to the granting agency.</p> <p><u>Condition:</u> Our testing of cash receipts determined that during fiscal year 1999, \$2,045,902 was received as a drawdown under the OTIA/DOI Grant for Airport Reconstruction and was received by Yap State on January 20, 1999. FY99 expenditures for the grant totaled \$1,113,724, with \$932,178 recorded as deferred revenue as of September 30, 1999.</p> <p>The funds were deposited into an interest bearing savings account, however, there was no evidence that interest income earned on the funds were accounted for separately or that such interest was reported to the granting agency. Yap State's General Checking Account is a zero-balance account, therefore, federal funds received by the State remain in the savings account until expended.</p> <p><u>Cause:</u> The DOI grant was passed through the FSM National Government, therefore, the required federal financial reports are prepared by the National Government. Yap State did not report the interest earned on the funds to the FSM National Government for inclusion on those reports.</p> <p><u>Effect:</u> Yap State may be in noncompliance with U.S. Treasury requirements relating to advances of Federal funds.</p> <p><u>Recommendation:</u> We recommend that Yap State calculate the interest earned on the DOI Grant funds received in fiscal year 1999 and report the interest income through the FSM National Government to the U.S. Department of the Interior. No questioned costs result from this finding as Yap State will merely have to amend its federal financial reports to reflect the interest income earned.</p>	

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 1999

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

**Headstart Program – Procurement and Suspension and Debarment**

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
Y99-7	93.600	Purchases made with Federal grant funds should reflect evidence of informal price solicitations or other means of competitive procurement.	
		<u>Condition:</u> The following transactions charged to the Headstart program did not contain evidence on file indicating that the lowest price was obtained (from a sample of 25 transactions):	
		<b><u>Check #</u></b>	
		<b><u>Check Date</u></b>	
		20648	\$ 1,474
		20657	12,532
		20706	6,764
		20707	14,220
		20863	8,524
		20884	6,684
		20985	4,364
		20989	604
		21193	<u>492</u>
			<u>55,658</u>
		<u>Cause:</u> Management may not be reviewing transactions to ensure compliance with Federal procurement standards.	
		<u>Effect:</u> The effect is non-compliance with the federal regulations and questioned costs of \$55,658.	
		<u>Recommendation:</u> It is recommended that the YCAP ensure that evidence of compliance with federal procurement procedure be maintained on file.	
		Total Questioned Costs	\$ <u>55,658</u>

**NATIONAL GOVERNMENT  
FEDERATED STATES OF MICRONESIA**

Unresolved Prior Years' Questioned Costs  
Year Ended September 30, 1999

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

	Questioned Costs Set Forth in Prior Audit Report <u>1998</u>	Questioned Costs Resolved in Fiscal Year <u>1999</u>	Questioned Costs at <u>September 30, 1999</u>
Unresolved Questioned Costs FY 96	\$ 515,520	\$ -	\$ 515,520
Unresolved Questioned Costs FY 98	15,316	-	15,316
Unresolved Questioned Costs FY 99	<u>-</u>	<u>-</u>	<u>68,156</u>
	\$ <u>530,836</u>	\$ <u>-</u>	\$ <u>598,992</u>



Secretary of Finance  
&  
Administration

**GOVERNMENT OF THE  
FEDERATED STATES OF MICRONESIA  
Department of Finance and Administration**

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E-mail: fsmsofa@mail.fm

December 11, 2000

Simao Ichsi  
Deloitte and Touch  
P. O. Box 753  
Kolonja, Pohnpei 96941

Dear Mr. Ichsi:

This is to document our responses to the findings and questioned costs in the FSM National Government, Single Audit for fiscal year 1999.

**Finding 99-1 - Allowable Costs ( JTPA Program)**

The Assistant Secretary of Finance, Treasury & Investment Division contacted JTPA office to provide all required document to support trainees actual completion of training, by February 28, 2001.

**Finding 99-2 - Allowable Activities (Compact Scholarship Fund)**

Department of Finance & Administration has contacted FSM Scholarship Coordinator to have the documents in question available for the auditors to inspect. Effective FY 2001 all scholarships for Chuuk will be disbursed at the State Finance.

**Finding 99-3 - Cash Management ( JTPA)**

The Federal Grants Manager will update and submit all SF 270 reports by March 30 2001.

**Finding 99-4 - Cash Management (NOAA)**

The Account Receivable Manager will correct this finding in the subsequent year. Procedures related to NOAA reimbursements have been significantly modified. All transactions related to NOAA reimbursements can be identified in the assigned general ledger account for NOAA.

**Finding 99-5 - Reporting**

The Federal Grants Manager is assigned responsibility to accumulate project reports in grants files. She is directed to suspend all funding to any grantee for non-compliance with reporting requirements.

**Finding 99-6 - Monitoring of Subrecipient Questioned Cost**

The Secretary of Finance and Administration will call a meeting of the task force created by presidential Order 17 to resolve the findings and questions costs. It is the responsibility of the Question Cost Resolution Committee to monitoring subrecipient's question costs and issue sanctions.



**Finding 99-7 – Fixed Assets**

The Supply and Property section staff will receive written directions to make a physical inventory by March 2001, and post all records to the fixed asset system. They will also maintain purchase order record of all new fixed assets and reconcile documentation to the system on an annual basis.

**Finding 99-8 – General Receivables**

Procedures for payroll reimbursable receivables have been revised to ensure detail reconciles to general ledger for FY 2000, (Accounts 248, 250 and 252).

**Finding 99-9 - Advances**

The Department has completely revised the travel procedures. Detail has been reconciled and balanced to the general ledger. A write off will be made for uncollectible travel advances in FY 2000.

**Finding 99-10 - Receivables from and Payables to States for CFSM Projects**

FSM CIP receivables and payable have been specifically assigned to the accounting staff that annual detailed ledger will be maintained to support the general ledger.

**Finding 99-11 - Cash**

The reconciliation manager will correct this finding by April 30, 2001

**Finding 99-12 – Revenue Sharing**

The tax office staff has been directed to ensure that documentation is available to support all taxes. The Director will make periodic checks of documentation during the year.

**Finding 99-13 – Health Insurance Fund – Accounts Payable**

For FY 2000, the Health Insurance Fund accountant is directed to provide financial information before December 30, 2000 for entry into FSM official records for FY 2000. FSM Finance will provide reports to the Health Insurance Accountant so that the accountant can reconcile the entries to his detailed records. Accounts payables have been corrected for FY 2000 to conform to information provide by the Health Insurance accountant.

**Finding 99-14 - State Dated Checks**

Cash reconciliation staff has been directed to add a procedure for voiding state dated checks as a fiscal year end task before FY 2000 closing.

**Finding 99-15 – Health Insurance Fund**

As in 99-13, FSM Finance will provide financial reports to the Health Insurance accountant to reconcile FSM Finance books to their detailed records. The accounts receivable staff has been appointed responsibility to interface with the Health Insurance Accountants for FY 2000.

**Finding 99-16 - Encumbrances**

The FSM accountants have been trained to reconcile encumbrance documents to the computer records on a monthly basis. Direct charge documentation has been included in the projects file. Manual ledgers have been eliminated. Accountants have completed the fiscal year end closing encumbrance reconciliation for FY 2000.

**Finding 99-17 - Investment Reconciliation**

The Assistant Secretary of Finance, Division of Treasury & Investment will meet with the Custodian Bankers to ensure that all year end reports are submitted to the Department of Finance by mid October each year.

**Finding 99-18 - Continuing Appropriations**

FSM Finance will provide a more timely report for accounts payable detailed in FY 2000. The computer staff has been assigned responsibility for providing required FY end closing reports to the auditor.

**Finding 99-19 - Continuing Appropriations**

Budget staff will reconcile budgets so that the deficit is removed for FY 2000.

**Finding 99-20 - Local Taxes**

The tax and revenue chief has been directed to provide a comparison report for FY 1998, 1999 and 2000. Summary numbers will be detailed by revenue source to identify the location of lost revenue.

**Finding 99-21 - Unidentified Revenue**

The cash reconciliation staff has been directed to include the task of posting transactions at the end of the year rather than just reconciling the balances.

**Finding 99-22 - Payroll Resolving Fund**

The cash reconciliation staff has been directed to assume responsibility for a monthly analysis of payroll cash requirements. Previously, the staff transferred cash to meet the current payroll requirements but overall cash was not periodically analyzed. The staff will make monthly adjustments as necessary.

**Finding 99-23 - Travel**

Travel procedures have been completely revised in FY 2000. Part of the changes have included procedures to ensure that disbursements to travelers in liaison offices are accounted for properly. Imprest fund reimbursement records to travelers are now correctly annotated with the traveler number and travelers are now forced the correct summarization of all disbursement records to be accumulated against the traveler providing future resolutions of similar situations as identified in the finding.

**Finding 99-2L - Bidding**

The Secretary of Finance and Administration will call a meeting of the task force created by Presidential Order 17 to address this finding.

Should our responses require additional detail, please do not hesitate to contact me.

Sincerely,

  
John Ehsa