

REPUBLIC OF THE MARSHALL ISLANDS

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BASIC FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT

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YEAR ENDED SEPTEMBER 30, 2021

REPUBLIC OF THE MARSHALL ISLANDS

FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

His Excellency David Kabua  
President  
Republic of the Marshall Islands:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Republic of the Marshall Islands (RepMar) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise RepMar's basic financial statements as set forth in Section III of the foregoing table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

## Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Grants Assistance Fund	Unmodified
Compact Trust Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

RepMar's component units' column does not include the financial statements of the College of the Marshall Islands (CMI), Kwajalein Atoll Joint Utilities Resources, Inc. (KAJUR), Majuro Water and Sewer Company, Inc. (MWSC) and the Marshall Islands Marine Resources Authority (MIMRA). Accounting principles generally accepted in the United States of America require financial information about CMI, KAJUR, MWSC and MIMRA to be part of the aggregate discretely presented component units, thus increasing the component units' column assets, liabilities, revenues, and expenses, and changing its net position. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units has not been determined.

### Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Republic of the Marshall Islands as of September 30, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Republic of the Marshall Islands as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis-of-Matters

#### Federal Grants Receivable

As discussed in Note 3 to the financial statements, RepMar is currently negotiating with federal grantor agencies to determine the ultimate collectability of certain receivables from federal agencies.

#### Social Security Obligations

As discussed in Note 14 to the financial statements, the Marshall Islands Social Security Administration may be unable to meet its future benefit obligations.

#### Implementation of Governmental Accounting Standards Board (GASB) Statement No. 84

As described in Note 1 to the financial statements, RepMar implemented GASB Statement No. 84, Fiduciary Activities, during the year ended September 30, 2021.

## Emphasis-of-Matters, Continued

### COVID-19

As discussed in Note 15 to the financial statements, RepMar determined that the COVID-19 pandemic may negatively impact its financial position.

Our opinion is not modified with respect to these matters.

### Other Matters

#### Required Supplementary Information:

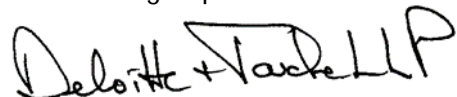
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as set forth in Section II of the foregoing table of contents, as well as the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, as set forth in Section IV of the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RepMar's basic financial statements. The supplementary information, as set forth in Section V of the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2023 on our consideration of RepMar's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RepMar's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering RepMar's internal control over financial reporting and compliance.



March 9, 2023

## REPUBLIC OF THE MARSHALL ISLANDS

### Management's Discussion and Analysis Year Ended September 30, 2021

As management of the Government of the Republic of the Marshall Islands (RepMar), we offer readers of RepMar's financial statements this narrative overview and analysis of the financial activities of RepMar for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with RepMar's basic financial statements, which follow this section. Fiscal year 2020 comparative information has been included, where appropriate.

#### FINANCIAL HIGHLIGHTS

- The assets of RepMar exceeded its liabilities at the close of the most recent fiscal year by \$204.2 million (net position), increasing by \$36 million (or 21%) from \$168.2 million in the prior year. Of this amount, \$76.5 million represents RepMar's investment in capital assets; \$130.1 million represents amounts restricted for various purposes, with the remaining deficiency of \$2.4 million to be funded from future governmental activities.
- During the current fiscal year, RepMar's expenses for governmental activities were \$176.8 million, including special appropriations made to State-Owned Enterprises, and were funded in part by \$109.9 million in program revenues and \$76.1 million in taxes and other general revenues. Program revenues increased by \$20.5 million (or 23%) from \$89.4 million in the prior year to \$109.9 million, which was attributable primarily to the increase in operating grants and contributions. Taxes and other general revenues decreased by \$9.7 million (or 11%) from \$85.8 million in the prior year to \$76.1 million, which was attributable primarily to the decrease in contributions from component units partially offset by the increase in tax receipts. Expenses increased by \$7.4 million (or 4%) from \$169.4 million in the prior year to \$176.8 million, which was attributable primarily to an increase in mitigation expenses associated with the COVID-19 pandemic.
- The Compact Trust Fund experienced an increase in fund balance of \$23.1 million in the current fiscal year ending with a trust fund balance of \$109.2 million, up from \$86.1 million in the prior year. This increase reflects the net increase in the value of trust fund investments of \$20.8 million and a net transfer in of \$2.25 million from the General Fund.
- For the current fiscal year, General Fund revenues (and other financing sources) of \$103.9 million exceeded General Fund expenditures (and other financing uses) of \$101.8 million by \$2.1 million. General fund revenues (and other financing sources) were up \$4.1 million (or 4.1%) from prior year primarily due to an increase in grant receipts of \$8.5 million (or 47%), which included grant receipts of \$16 million from the Asian Development Bank to fund COVID-19 pandemic mitigation costs, offset by a decrease in contributions from component units of \$5.3 million (or 17%), which primarily represents receipts from the Marshall Islands Marine Resources Authority. Concurrently, General Fund expenditures (and other financing uses) were up \$8.2 million (or 8.7%) from prior year primarily due to an increase in ministry expenditures of \$11.7 million (or 15%) offset by a decrease in debt service costs of \$3.3 million (or 45%) and other uses of \$0.2 million (or 3%).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to RepMar's basic financial statements, which comprise of the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information in the form of a budgetary schedule, which is prepared on the budgetary basis of accounting, and other supplementary information, in addition to the basic financial statements themselves, which includes combining statements for governmental funds, fiduciary funds and component units.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of RepMar's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of RepMar's assets and liabilities, with the difference between the two reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two government-wide financial statements report RepMar's net position and how such has changed. Net position, being the difference between RepMar's assets and liabilities, is one way to measure RepMar's financial health or position. Over time, increases or decreases in RepMar's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of RepMar, additional non-financial factors such as changes in RepMar's tax base, the condition of RepMar's roads and infrastructure, and the quality of services needs to be considered.

## REPUBLIC OF THE MARSHALL ISLANDS

### Management's Discussion and Analysis Year Ended September 30, 2021

#### Government-wide Financial Statements, continued

The government-wide financial statements of RepMar are divided into two categories:

- Primary government - this grouping comprises governmental activities, which includes most of RepMar's basic services such as education, health, special appropriations, finance, judiciary, and general administration. Compact and other federal grants finance most activities of the primary government.
- Discretely presented component units - RepMar includes numerous other entities in its report. Although legally separate, these "component units" are important because RepMar is financially accountable for them.

The government-wide financial statements can be found on pages 18 and 19 of this report.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. RepMar, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal matters.

- Some funds are required by Nitijela legislation.
- RepMar establishes other funds to control and manage money for particular purposes (like the Republic of China Projects Fund) or to show that it is properly using certain grants (like federal grants reported in the U.S. Federal Grants Fund).

All of the funds of RepMar can be divided into two categories - governmental and fiduciary.

Governmental funds - These are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of RepMar's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance RepMar's programs. The basic governmental fund financial statements can be found on pages 20 and 21 of this report.

Fiduciary funds - These are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support RepMar's own programs. RepMar is the trustee, or fiduciary, for other assets that because of trust arrangements, can be used only for the trust beneficiaries. RepMar is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of RepMar's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. During the year ended September 30, 2021, RepMar implemented GASB Statement No. 84, Fiduciary Activities, which resulted in the reporting of certain assets previously not reported now being reported in the fiduciary fund financial statements as a custodial fund. Refer to Note 1T for additional information associated with the implementation of GASB Statement No. 84. The basic fiduciary fund financial statements can be found on pages 23 and 24 of this report.

Discretely presented component unit financial statements are presented for entities where RepMar has financial accountability but are independent of the core RepMar operations. Most operate similar to private-sector businesses. The discretely presented component unit financial statements can be found on pages 25 and 26 of this report.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 66 of this report.



REPUBLIC OF THE MARSHALL ISLANDS

Management's Discussion and Analysis  
Year Ended September 30, 2021

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons. Required supplementary information can be found on pages 67 through 69 of this report. The other supplementary information referred to earlier is presented immediately following the required supplementary information on budgetary comparisons and can be found on pages 70 through 111 of this report.

A FINANCIAL ANALYSIS OF REPMAR AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of RepMar, assets exceeded liabilities by \$204.2 million at the close of the most recent fiscal year; however, such is either restricted as to the purpose it can be used for or is invested in capital assets. RepMar uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although RepMar's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. The majority of RepMar's net position is comprised of its capital assets and long-term liabilities. Current assets and liabilities are amounts that are available in the current period and obligations that will be paid within one year, respectively. RepMar's current assets amounted to \$66.7 million (up from \$63.6 million in the prior year) while current liabilities were \$29.7 million (up from \$28.4 million in the prior year). Restricted net position represents resources that are subject to external constraints. The table below summarizes RepMar's net position at the close of the current year compared with prior year.

RepMar's Net Position  
As of September 30

	Governmental Activities 2021	Governmental Activities 2020	Total \$ Change 2021-2020	Total % Change 2021-2020
Current and other assets	\$ 186,925,296	\$ 159,412,670	\$ 27,512,626	17%
Capital assets	94,896,580	86,341,081	8,555,499	10%
Total assets	<u>281,821,876</u>	<u>245,753,751</u>	<u>36,068,125</u>	15%
Long-term debt outstanding	48,906,712	50,141,875	(1,235,163)	(2)%
Current and other liabilities	<u>28,748,077</u>	<u>27,437,691</u>	<u>1,310,386</u>	5%
Total liabilities	<u>77,654,789</u>	<u>77,579,566</u>	<u>75,223</u>	0%
Net position:				
Net investment in capital assets	76,562,082	69,645,290	6,916,792	10%
Restricted	130,053,831	103,343,761	26,710,070	26%
Unrestricted	<u>(2,448,826)</u>	<u>(4,814,866)</u>	<u>2,366,040</u>	(49)%
Total net position	<u>\$ 204,167,087</u>	<u>\$ 168,174,185</u>	<u>\$ 35,992,902</u>	21%

At the end of the current fiscal year, RepMar's unrestricted net position deficiency was \$2.4 million, a decrease in the prior year amount by \$2.4 million (or 49%). This deficiency is the result of having long-term commitments that are greater than currently available resources. Specifically, RepMar did not include in past annual budgets the full amounts needed to finance future liabilities arising from ADB loans as well as to pay for unused employee annual leave balances. RepMar will include these amounts in future years' budgets as they become due.

Total liabilities increased marginally by \$0.1 million from the prior year amount of \$77.6 million to \$77.7 million, which was primarily attributable to a decrease in long-term debt of \$1.2 million (or 2%) offset by an increase in current liabilities of \$1.3 million (or 5%) due primarily to an increase in accounts payable.

REPUBLIC OF THE MARSHALL ISLANDS

Management's Discussion and Analysis  
Year Ended September 30, 2021

Changes in Net Position

As discussed earlier, net position of the primary government increased by \$36 million, which represents an increase of 21% from the prior year's amount of \$168.2 million. This result indicates that RepMar's financial condition, as a whole, improved from the prior year. The table below summarizes RepMar's change in net position for the current fiscal year as compared with prior year.

RepMar's Changes in Net Position  
For the Years Ended September 30

	Governmental Activities 2021	Governmental Activities 2020	Total \$ Change 2021-2020	Total % Change 2021-2020
Revenues:				
Program revenues:				
Charges for services	\$ 13,003,121	\$ 12,973,991	\$ 29,130	0%
Operating grants and contributions	91,466,892	69,719,490	21,747,402	31%
Capital grants and contributions	<u>5,455,015</u>	<u>6,712,433</u>	<u>(1,257,418)</u>	(19)%
	<u>109,925,028</u>	<u>89,405,914</u>	<u>20,519,114</u>	23%
General revenues:				
Taxes	35,441,927	33,537,102	1,904,825	6%
Grants and contributions	32,000,000	44,303,658	(12,303,658)	(28)%
Ship registry	8,171,815	7,386,364	785,451	11%
Other general revenues	<u>512,207</u>	<u>553,326</u>	<u>(41,119)</u>	(7)%
	<u>76,125,949</u>	<u>85,780,450</u>	<u>(9,654,501)</u>	(11)%
Total revenues	<u>186,050,977</u>	<u>175,186,364</u>	<u>10,864,613</u>	6%
Expenses:				
Education, sports and training	38,951,670	35,500,180	3,451,490	10%
Health and human services	32,266,374	31,825,346	441,028	1%
Finance, banking and postal services	30,379,879	17,129,431	13,250,448	77%
Special appropriations	12,346,832	11,434,928	911,904	8%
Foreign affairs and trade	5,680,340	4,939,332	741,008	15%
Works, infrastructure and utilities	7,470,561	7,404,422	66,139	1%
Justice, immigration and labor	4,019,170	4,640,671	(621,501)	(13)%
Culture and internal affairs	5,144,078	6,439,682	(1,295,604)	(20)%
Capital projects	4,258,124	7,461,664	(3,203,540)	(43)%
Natural resources and commerce	3,339,696	10,278,185	(6,938,489)	(68)%
Transportation, communication and information technology	909,635	6,280,728	(5,371,093)	(86)%
President and cabinet	2,332,080	2,229,914	102,166	5%
Nitijela	2,332,454	2,200,120	132,334	6%
Nuclear claims related	1,607,010	1,680,238	(73,228)	(4)%
Interest	530,809	715,604	(184,795)	(26)%
Other	<u>25,216,875</u>	<u>19,186,767</u>	<u>6,030,108</u>	31%
Total expenses	<u>176,785,587</u>	<u>169,347,212</u>	<u>7,438,375</u>	4%
	9,265,390	5,839,152	3,426,238	59%
Special item - gain (loss) on SDR revaluation	888,968	(1,227,718)	2,116,686	
Contributions to permanent funds	<u>25,838,544</u>	<u>13,991,499</u>	<u>11,847,045</u>	85%
Change in net position	35,992,902	18,602,933	17,389,969	93%
Net position, beginning of year	<u>168,174,185</u>	<u>149,571,252</u>	<u>18,602,933</u>	12%
Net position, end of year	<u>\$ 204,167,087</u>	<u>\$ 168,174,185</u>	<u>\$ 35,992,902</u>	21%

REPUBLIC OF THE MARSHALL ISLANDS

Management's Discussion and Analysis  
Year Ended September 30, 2021

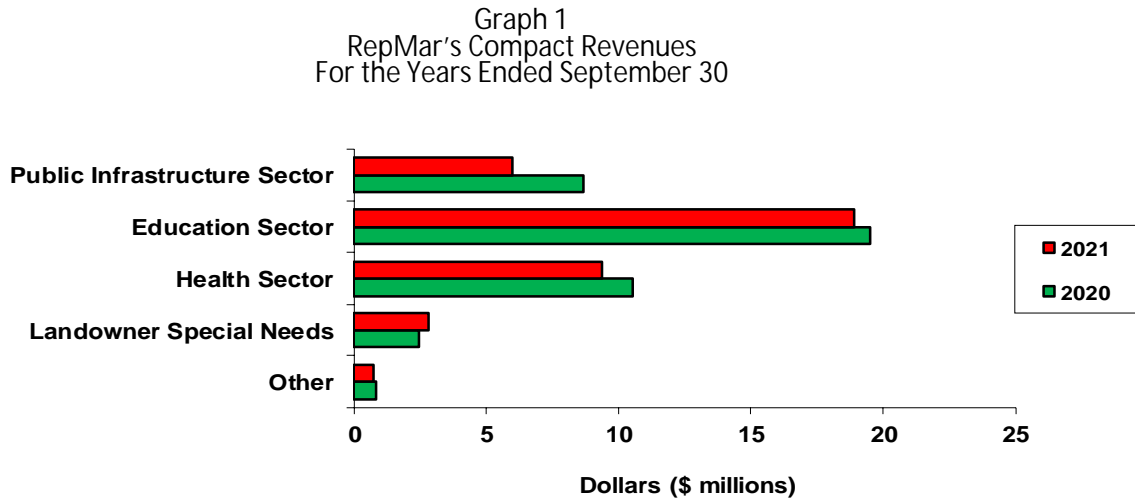
Changes in Net Position, continued

Key elements of the change in net position are as follows:

- Total revenues increased by \$10.9 million (or 6%) compared with prior year. Program revenues increased by \$20.5 million (or 23%) as compared with prior year while general revenues decreased by \$9.6 million (or 11%) as compared with prior year. The increase in program revenues reflects a \$21.7 million (or 31%) increase in operating grants and contributions offset by a \$1.3 million (or 19%) decrease in capital grants and contributions. The increase in operating grants and contributions reflects the receipt of donor grant funds from the Asian Development Bank (\$16 million), the U.S. Department of the Interior (\$3 million), and the Republic of China (\$1 million) to fund COVID-19 pandemic mitigation costs.
- At the same time, cost of governmental activities increased in the current year by \$7.4 million (or 4%) as compared with prior year, which was attributable primarily to an increase in mitigation expenses associated with the COVID-19 pandemic.
- The Compact Trust Fund experienced an increase in fund balance of \$23.1 million in the current fiscal year, increasing RepMar's trust fund balance to \$109.2 million from \$86.1 million in the prior year (up 27%). The increase was primarily the result of investment earnings of \$20.8 million, which substantially increased from the earnings experienced in prior year of \$9 million due to external global financial market forces, as well as a \$5 million deposit from the General Fund funded by a Section 216 Compact grant.

A significant portion of RepMar's program revenues involve contributions from the Government of the United States under the Compact of Free Association. Overall funding from Compact sector grant revenues decreased by \$4.1 million (or 10%) from prior year primarily due to a decrease in public infrastructure sector activities.

A graphic summary of overall Compact sector grant revenues received by RepMar for the current year compared with the prior year follows:



A significant portion of RepMar's general revenues involves tax revenue collections. At \$35.4 million in the current year, tax revenues increased marginally by \$1.9 million (or 6%) compared with \$33.5 million collected in the prior year.

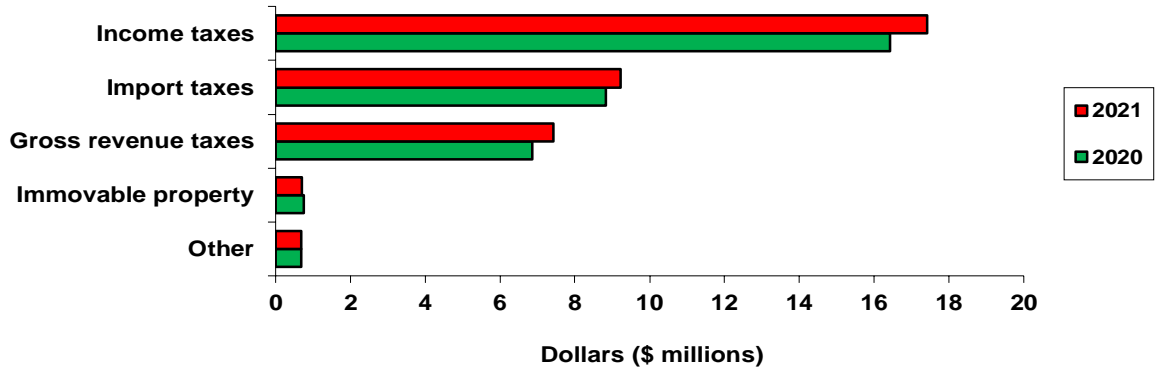
REPUBLIC OF THE MARSHALL ISLANDS

Management's Discussion and Analysis  
Year Ended September 30, 2021

Changes in Net Position, continued

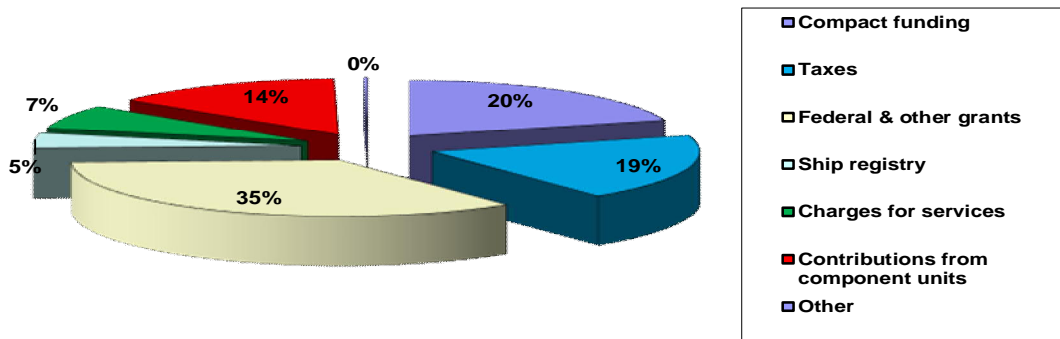
A graphic summary of RepMar's tax revenue collections for the current year compared with the prior year follows:

Graph 2  
RepMar's Tax Revenues  
For the Years Ended September 30



Graphs 3 and 4 below indicate the major components of revenues and cost of governmental activities.

Graph 3  
RepMar's Revenue Sources  
For the Year Ended September 30, 2021



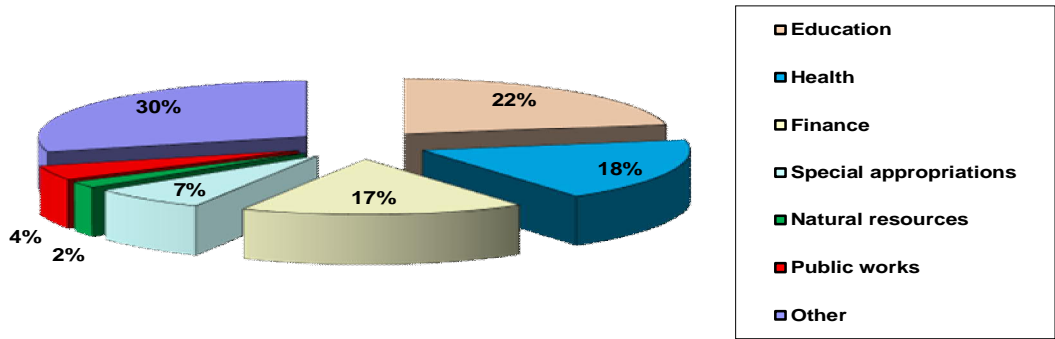
Compact funding, local taxes and federal and other grants are the major sources of revenue for RepMar, which comprise 74% of total revenues for the current year. The remaining 26% is primarily comprised of ship registry fees, fishing revenue contributions from MIMRA, and various fees and service charges.

REPUBLIC OF THE MARSHALL ISLANDS

Management’s Discussion and Analysis  
Year Ended September 30, 2021

Changes in Net Position, continued

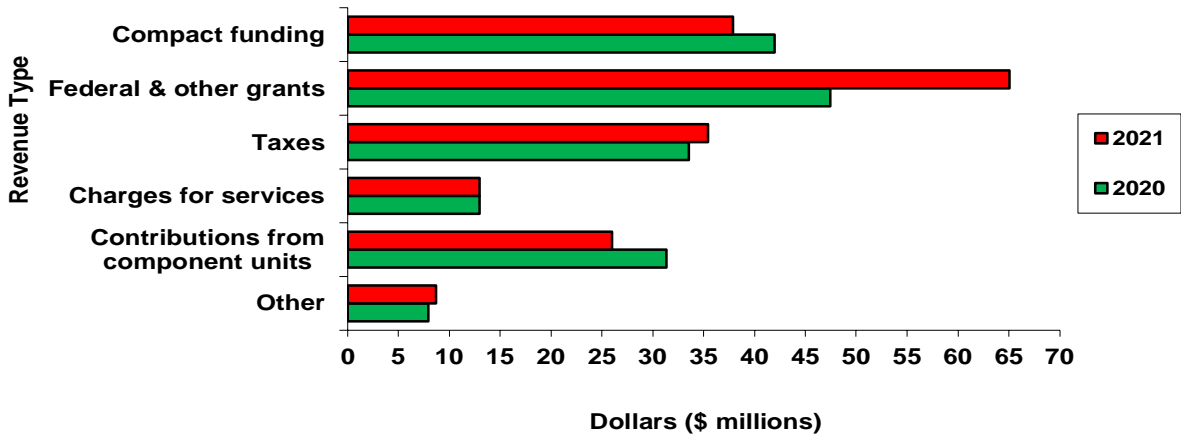
Graph 4  
RepMar’s Cost of Governmental Activities  
For the Year Ended September 30, 2021



Other expenses that make up a portion of the costs of governmental activities include ministerial expenses within the Ministry of Foreign Affairs and Trade (\$5.7 million), the Ministry of Culture and Internal Affairs (\$5.1 million), the Ministry of Justice, Immigration and Labor (\$4 million), and the Ministry of Transportation, Communication and Information Technology (\$0.9 million); legislative expenses within the Nitijela (\$2.3 million); and executive expenses within the Office of Chief Secretary (\$13.3 million), the Office of the Attorney General (\$6.9 million), and the President’s Office and Cabinet (\$2.3 million).

Graphs 5 and 6 below show a comparison of the major components of revenues and cost of governmental activities for the current year compared with the prior year follows:

Graph 5  
RepMar’s Revenue Sources  
For the Years Ended September 30

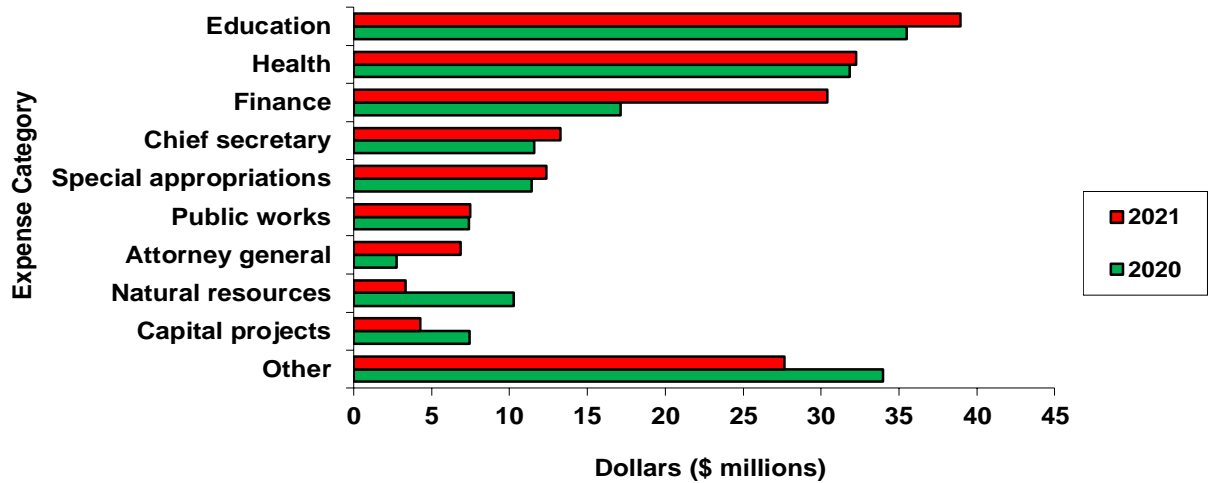


REPUBLIC OF THE MARSHALL ISLANDS

Management's Discussion and Analysis  
Year Ended September 30, 2021

Changes in Net Position, continued

Graph 6  
RepMar's Cost of Governmental Activities  
For the Years Ended September 30



Other expenses in the current year includes ministerial expenses within the Ministry of Foreign Affairs and Trade of \$5.7 million, up from \$4.9 million in the prior year; the Ministry of Culture and Internal Affairs of \$5.1 million, down from \$6.4 million in the prior year; the Ministry of Justice, Immigration and Labor of \$4 million, down from \$4.6 million in the prior year; legislative expenses within the Nitijela of \$2.3 million, up from \$2.2 million in the prior year; and executive expenses within the Office of the Chief Secretary of \$13.3 million, up from \$11.6 million in the prior year, and the President's Office and Cabinet of \$2.3 million, up from \$2.2 million in the prior year.

Analysis of Changes in Net Position

During the current fiscal year, RepMar's total net position increased by \$36 million compared with an increase in the prior fiscal year of \$18.6 million. This represents an increase year-on-year in the change in net position of \$17.4 million (or 93%). The key elements of this year-on-year increase are: (1) an increase in Compact Trust contributions and earnings of \$11.8 million; (2) a decrease in expenses, net of program revenues, of \$13.1 million; and (3) a decrease in general revenues of \$9.6 million.

Compact Trust contributions and earnings increased by \$11.8 million (or 85%) from the previous year, which was primarily due to an increase in investment earnings.

Expenses, net of program revenues, decreased by \$13.1 million (or 16%) from the previous fiscal year. The decrease was primarily attributable to a decrease in the Ministry of Natural Resources and Commerce of \$6.9 million and the Ministry of Transportation, Communication and Information Technology of \$5.6 million compared with prior year.

REPUBLIC OF THE MARSHALL ISLANDS

Management's Discussion and Analysis  
Year Ended September 30, 2021

Analysis of Changes in Net Position, continued

The elements of these changes are reflected below:

	RepMar's Changes in Net Position For the Years Ended September 30			
	Governmental Activities 2021	Governmental Activities 2020	Total \$ Change 2021-2020	Total % Change 2021-2020
General revenues:				
Taxes	\$ 35,441,927	\$ 33,537,102	\$ 1,904,825	6%
Grants and contributions	6,000,000	12,975,705	(6,975,705)	(54)%
Contributions from component units	26,000,000	31,327,953	(5,327,953)	(17)%
Ship registry	8,171,815	7,386,364	785,451	11%
Other general revenues	512,207	553,326	(41,119)	(7)%
Total general revenues	<u>76,125,949</u>	<u>85,780,450</u>	<u>(9,654,501)</u>	(11)%
Expenses, net of program revenues:				
Education, sports and training	15,797,767	13,506,333	2,291,434	17%
Health and human services	5,801,497	6,013,868	(212,371)	(4)%
Special appropriations	12,079,187	11,434,928	644,259	6%
Finance, banking and postal services	6,929,923	6,795,558	134,365	2%
Works, infrastructure and utilities	7,313,586	7,235,321	78,265	1%
Natural resources and commerce	3,326,163	10,235,942	(6,909,779)	(68)%
Justice, immigration and labor	2,838,589	3,547,424	(708,835)	(20)%
Culture and internal affairs	4,611,530	6,118,828	(1,507,298)	(25)%
Foreign affairs and trade	5,544,012	4,846,972	697,040	14%
President and cabinet	2,332,080	2,229,914	102,166	5%
Capital projects	476,532	(927,968)	1,404,500	(151)%
Nitijela	2,332,454	2,200,120	132,334	6%
Transportation, communication and information technology	710,245	6,278,103	(5,567,858)	(89)%
Nuclear claims related	(130,041)	24,233	(154,274)	(637)%
Interest	530,809	715,604	(184,795)	(26)%
Other	(3,633,774)	(313,882)	(3,319,892)	1058%
Total expenses	<u>66,860,559</u>	<u>79,941,298</u>	<u>(13,080,739)</u>	(16)%
	9,265,390	5,839,152	3,426,238	59%
Special item - gain (loss) on SDR revaluation	888,968	(1,227,718)	2,116,686	(172)%
Contributions to permanent fund	25,838,544	13,991,499	11,847,045	85%
Change in net position	<u>\$ 35,992,902</u>	<u>\$ 18,602,933</u>	<u>\$ 17,389,969</u>	93%

## REPUBLIC OF THE MARSHALL ISLANDS

### Management's Discussion and Analysis Year Ended September 30, 2021

#### FINANCIAL ANALYSIS OF REPMAR'S FUNDS

As noted earlier, RepMar uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

##### Governmental Funds

The focus of RepMar's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing RepMar's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, RepMar's governmental funds reported combined ending fund balances of \$165.2 million, which represents a net increase of \$26.4 million (or 19%) in comparison with the prior year. This net increase is primarily attributable to an increase in the fair value of RepMar's investments in the Compact Trust Fund of \$20.8 million, loan proceeds of \$3.2 million to fund the track and field Micronesian Games project and Compact revenues in excess of grant expenditures of \$0.6 million.

The General Fund is the chief operating fund of RepMar. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$10.3 million, no change from the prior year balance. Total fund balance was \$31.8 million compared with a total fund balance of \$29.7 million at the end of the prior fiscal year, an increase of \$2.1 million (or 7.2%).

The Grants Assistance Fund has a total fund balance of \$14.2 million, which primarily represents unexpended European Union, World Bank, Republic of China (ROC) and Compact Sector grants at year end. The net decrease in fund balance during the current year in the Grants Assistance Fund was \$0.3 million (or 2%).

The Compact Trust Fund has a total fund balance of \$109.2 million, all of which is reserved for the funding of future operations of the primary government commencing in fiscal year 2023. The net increase in fund balance during the current year in the Compact Trust Fund was \$23.1 million (or 27%), which reflects a net increase in the value of trust fund investments of \$20.8 million and a net transfer in of \$2.25 million from the General Fund.

The other governmental funds have a total combined fund balance of \$10 million, of which \$9.3 million is committed for specific purposes that are internally imposed by the Nitijela RepMar through enabling legislation. The net increase in fund balance during the current year in the other governmental funds was \$1.4 million (or 17%).

#### GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the fiscal year, budget revisions of \$28.4 million were made by management and elected officials of RepMar to the General Fund budget. Revenues collected (including other financing sources) of \$98 million were lower than budgeted amounts of \$99.3 million (or \$0.9 million) due primarily to lower than anticipated grant receipts, which fell short of budgeted amounts by \$1.3 million. In addition, charges to appropriations (including other financing uses) of \$107.4 million were lower than budgeted amounts of \$113.7 million due primarily to lower actual ministerial expenditures.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

RepMar's investment in capital assets for its governmental activities as of September 30, 2021 amounted to \$193.5 million, net of accumulated depreciation of \$98.6 million, leaving a net book value of \$94.9 million. This represents an increase of \$8.6 million (or 10%) from the \$86.3 million reported in the prior year. RepMar's capital assets include electrical and water infrastructure, roads and bridges, heavy equipment, ships, buildings, and various projects under construction.



REPUBLIC OF THE MARSHALL ISLANDS

Management's Discussion and Analysis  
Year Ended September 30, 2021

Capital Assets, continued

The table below summarizes RepMar's capital assets at the close of the current year compared with prior year.

RepMar's Capital Assets  
September 30,  
(Net of depreciation)

	Governmental Activities 2021	Governmental Activities 2020	Total \$ Change 2021-2020	Total % Change 2021-2020
Buildings	\$ 59,191,381	\$ 60,615,146	\$ (1,423,765)	(2)%
Water infrastructure system	-	364,420	(364,420)	(100)%
Docks, roads and bridges	4,532,994	5,281,936	(748,942)	(14)%
Ships	2,004,560	2,957,120	(952,560)	(32)%
Software	1,399,651	1,624,842	(225,191)	(14)%
Heavy equipment	3,874,942	3,954,541	(79,599)	(2)%
Construction in progress	23,893,052	11,543,076	12,349,976	107%
Total	\$ 94,896,580	\$ 86,341,081	\$ 8,555,499	10%

Major capital asset additions during the current year were as follows:

- Ongoing construction in progress of the following infrastructure projects:

Infrastructure Project	Current Year Additions (\$ millions)	Total To Date (\$ millions)	Estimated Completed Cost (\$ millions)
Track and Field 2022 Micronesian Games	\$ 4.35	\$ 6.85	\$ 7.74
Ebeye Public School Classrooms (P1 & P2)	\$ 1.99	\$ 2.72	\$ 2.83
Mid-Corridor Housing Stage 1	\$ 1.25	\$ 1.89	\$ 2.12
OIHS Warehouse	\$ 0.65	\$ 0.65	\$ 0.69
Ebeye Hospital Isolation Ward	\$ 0.27	\$ 0.95	\$ 0.96
Ebeye Beach Park	\$ 0.09	\$ 0.74	\$ 0.75
KAJUR Gensets & Diesel Engines	\$ -	\$ 2.34	\$ 2.60
Surgical Ward (P1)	\$ -	\$ 2.99	\$ 3.02
MIPD Office and Jail	\$ -	\$ 0.37	\$ 1.24

- \$1.2 million investment in heavy equipment including the \$0.6 million acquisition of 2 Fire Wolf Fire Trucks for Majuro Public Safety.

Additional information on RepMar's capital assets can be found in Note 5 to the financial statements.

Long-term Debt

The Government Borrowing Act of 1985 authorizes RepMar to borrow for such purposes as approved by the Nitijela. Since 1991, RepMar has entered into thirteen separate loans with the ADB (See table below). Long-term debt obligations decreased by \$1.2 million (or 2%) in the current fiscal year.

REPUBLIC OF THE MARSHALL ISLANDS

Management's Discussion and Analysis  
Year Ended September 30, 2021

Long-term Debt, continued

The table below summarizes RepMar's long-term debt at the close of the current year compared with prior year.

RepMar's Outstanding Debt September 30,				
	Governmental Activities 2021	Governmental Activities 2020	Total \$ Change 2021-2020	Total % Change 2021-2020
Asian Development Bank:				
Fisheries Development Project	\$ 1,259,150	\$ 1,420,721	\$ (161,571)	(11)%
Typhoon Rehabilitation	235,428	256,555	(21,127)	(8)%
Basic Education Project	3,908,477	4,365,508	(457,031)	(10)%
Majuro Water Supply Project No. 1	299,642	329,321	(29,679)	(9)%
Health and Population Project	2,989,738	3,342,466	(352,728)	(11)%
Majuro Water Supply Project No. 2	5,007,176	5,620,910	(613,734)	(11)%
Public Sector Reform Program	7,418,854	8,083,290	(664,436)	(8)%
Ebeye Health and Infrastructure Project	4,072,243	4,667,854	(595,611)	(13)%
Skills Training and Vocational Education Project	2,409,457	2,702,058	(292,601)	(11)%
Fiscal and Financial Management Program No. 2	2,097,242	2,621,552	(524,310)	(20)%
Outer Island Transport Infrastructure Project	246,478	272,461	(25,983)	(10)%
Public Sector Program Loan	7,365,340	7,896,777	(531,437)	(7)%
Fiscal Reform and Debt Management Project	4,439,487	4,562,402	(122,915)	(3)%
International Cooperation Development Fund	7,158,000	4,000,000	3,158,000	79%
<b>Total</b>	<b>\$ 48,906,712</b>	<b>\$ 50,141,875</b>	<b>\$ (1,235,163)</b>	<b>(2)%</b>

As mentioned above, total long-term debt decreased by \$1.2 million (or 2%) during the current year, which represents declining principal balances associated with ADB debt service payments of \$3.5 million and SDR revaluation of the ADB loan portfolio of \$0.9 million offset by long-term debt additions of \$3.2 million. The long-term debt additions entered into during the current year were associated with the International Cooperation Development Fund in the original amount of \$6.2 million, of which \$3 million had been drawn down for the Track and Field 2022 Micronesian Games Project in the prior year with the final \$3.2 million drawn down in the current year. Additional information on RepMar's long-term debt can be found in Notes 7 and 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

RepMar has taken strong proactive measures since March 2020 to protect the health of the nation from COVID-19 by effectively closing the borders, however this has resulted in an economic contraction.<sup>1</sup> The economy was performing well prior to the COVID-19 outbreak, but the pandemic and containment measures have strained the economy. Real GDP is estimated to have increased by around 6.5% in FY2019 (October 1-September 30), driven by strong fishery and construction activities. The COVID-19 travel restrictions have significantly impacted fisheries, construction, transportation, and tourism related activities. As a result, GDP is expected to have contracted by 1.6% in FY2022 compared to FY2019.<sup>2</sup> RepMar benefitted from a \$71-million donor response to COVID-19, primarily from the U.S. Federal government and the Asian Development Bank (ADB). The U.S. CARES Act unemployment benefits supported affected RMI workers. Household incomes in FY2021 are projected to be 8.7% higher than they would otherwise have been without the mitigation programs and unemployment benefits. However, the end of mitigation programs will lead to a projected 2.2% reduction of household incomes in FY2022.<sup>3</sup>

<sup>1</sup> The data for FY20 is based on provisional economic statistics, while FY21 is based on projections

<sup>2</sup> RMI FY22 Economic Brief, US Graduate School, November 2022

<sup>3</sup> IBID

# REPUBLIC OF THE MARSHALL ISLANDS

## Management's Discussion and Analysis Year Ended September 30, 2021

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES, CONTINUED

RepMar's economic performance from FY2004 to FY2019 and just prior to the onset of COVID-19 has been modest, with real economic growth averaging 1.4% during the period with fisheries, private sector services including finance, and public sector services being the main drivers of this growth. Public administration, education, and health have all been forces of growth supported by disbursement of the Compact sector grants in education and health. The economy is estimated to have declined by 1.8% in FY2020, grown by 1.1% in FY2021, and to have fallen by a further 0.9% in FY2022, bringing the total impact of COVID-19 to a 1.6% decline over the three years.<sup>4</sup>

#### COVID-19

The COVID-19 containment measures impacted economic activity through disruptions to transshipment, restaurant, and hotel services, transportation, and other business activities. Planned large investment projects continue to be delayed because of restrictions on the movement of personnel and materials. In early 2020, the National Disaster Committee (NDC), chaired by the Chief Secretary, was tasked with the primary responsibility for the development of the COVID-19 Preparedness and Response Plan. The National Disaster Management Office along with various other agencies were tasked to provide the technical support to the NDC for the implementation of the Plan. In June 2020, RepMar released the original version of the Plan with an estimated funding need of \$42.3 million (18% of GDP). This was subsequently extended several times and reached \$63.3 million (27% of GDP) by May 2021. To date, a funding level of \$70.6 million has been reached allocated as follows: Health mitigation (\$30.2 million), Household mitigation programs (CARES support and ADB funded hot lunch program - \$14.1 million), Education support through College of the Marshall Islands (\$1.9 million), Private sector business support (\$6 million), and General budgetary support (\$18.4 million).<sup>5</sup>

The major benefactor to support the Plan has been the U.S. Federal government with \$34.8 million, which included support under the CARES Act unemployment benefits of \$10.8 million, and \$24.0 million of health-related funding disbursed through Centers for Disease Control and Prevention (CDC), the U.S. Department of the Interior (OIA), and various other Federal Programs. The ADB was the second largest donor and contributed \$23.7 million largely through budgetary support. Additional health-related funding was available from the World Bank (\$2.5 million), the European Union (\$2.7 million), and other donors for \$2.6 million. The ROC-Taiwan contributed \$1.5 million in budgetary support and RepMar allocated \$2.8 million of its own internal funds.<sup>6</sup>

Before COVID-19, public sector jobs grew steadily, but in the non-fisheries private sector, employment growth has been anemic. A loss of 155 jobs or a decline of 1.4% of the work force has been estimated for the FY2019-FY2022 period. The loss in total jobs has been small and similar to the reduction in GDP; however, the distribution of the reduction has been uneven. In the commercial fisheries sector, 281 jobs were lost primarily at the loining plant. Support from the U.S. CARES unemployment benefits provided a perverse incentive. The company was able cut back on loining operations and thus reduce costs of a loss-making activity. At the same time, the plant workers were able to increase their income through higher unemployment compensation available under the CARES Act. In the non-fisheries private sector, a loss of 201 jobs was recorded, with the major sectors impacted being construction, a loss of 26 jobs, wholesaling and retailing 85 jobs, and the hotel sector 68 jobs. Offsetting this decline, the recent trend of a growing public sector helped compensate for the private sector loss with the creation of 370 jobs in public administration.<sup>7</sup>

#### Budget and Debt

Inflation has been moderate since the global financial crisis but has started to rise rapidly in FY2022. During the pandemic, inflation actually fell from the FY2019 rate of -0.1% to -0.7% in FY2020. In FY2021, prices started to rise and the CPI recorded an increase of 2.2% mainly reflecting increases in food prices. In FY2022 by the end of the June quarter, the CPI had reached 4% (year-on-year) but remained lower than other regional economies. The impact of the surge in global oil prices has resulted in a rapid increase in operational costs of Marshall Energy Company (MEC) and, if passed onto consumers, will have a strong and negative impact on inflation. By September 2022, MEC was recording a doubling of fuel costs and was running a large deficit with projected exhaustion of reserves by year end without increasing tariffs or subsidies.<sup>8</sup>

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<sup>4</sup> IBID  
<sup>5</sup> IBID  
<sup>6</sup> IBID  
<sup>7</sup> IBID  
<sup>8</sup> IBID

## REPUBLIC OF THE MARSHALL ISLANDS

### Management's Discussion and Analysis Year Ended September 30, 2021

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES, CONTINUED

After a period of strong fiscal performance, RepMar recorded a fiscal deficit in FY2019 that was 1.9% of GDP, reflecting the emergence of a structural deficit as rising expenditures outstripped revenues. This balance was restored in FY2020, and 2.4% surplus was recorded. During FY2020, the rapid increase in grants led to a buildup in deposits with the accumulation of unused funds. In FY2021, the fiscal surplus fell to 0.7% of GDP as capacity limitations were overcome and cash balances were drawn down. In FY2022, a 2.6% deficit is projected while a 2.9% deficit is projected in FY2023 as the large increases in COVID-19 related grants and additional expenditures work their way through the system, and the underlying structural fiscal deficit existing pre-COVID is expected to reassert itself.

As a result of the IMF/World Bank's Debt Sustainability Analysis indicating the nation as being at high risk of debt distress, RepMar has been designated as a "grant only" recipient, making RepMar no longer eligible for loan financing from multilateral donors. The designation of "grant only" status has served RepMar well. External debt has fallen sharply to sustainable levels as a result of being accorded "grant only" status. This status is accorded on the proviso that RepMar does not incur debt from third parties at non-concessional rates.<sup>10</sup>

On June 8, 2021, the Fiscal Responsibility and Debt Management Act (FRDMA) was signed into law. Resulting FRDMA regulations developed by Cabinet were issued that provided for an appropriate institutional structure to guide responsible use and investment of unanticipated surplus funds. The adoption of the FRDMA regulations was a trigger for a World Bank Development Policy Operation (budgetary support). In addition, RepMar's commitment under these regulations was a key element of the ADB's Performance and Policy Actions, which are required for continued ADB grant support at planned program levels. The FRDMA regulations also include key assumptions regarding debt levels, ratio of operating expenses and revenues, net worth, risk management and compliance, which will be considered when preparing the annual budget and medium-term budget and investment framework moving forward.

#### Public Financial Management Reform

Reform implementation has continued in FY2022. In addition to revising and adopting the updated FRDMA, there was continued implementation of the Public Financial Management (PFM) reforms including:

- Implementation of new Financial Management Information System (FMIS);
- Ongoing implementation of the PFM Roadmap and PFM reforms;
- Improved accounting for fiscal risks; and
- Continued strengthening of fiscal projections and budget presentation including the budget book transparency to help guide policy goals.

#### Economic Policy Statement

The Economic Policy Statement (EPS) sets out the framework for Government, development partners and Marshallese stakeholders to support growth and development of the economy. The EPS complements the National Strategic Plan and the annual budget while defining the strategic direction of fiscal and reform strategy. The RMI Economic Policy Statement, approved by Cabinet in November 2021, includes a table of selected economic indicators, prepared by IMF using data from RMI government sources. The focus on these indicators moving forward with the development of macroeconomic targets provides a foundation for addressing fiscal and other budgetary issues. Some of the most critical indicators include:

- Debt ratio (as a percentage of GDP);
- Amount of domestic revenues including fishing and other non-tax revenues; and
- Balance of payments.

Government will review these indicators and projections so that realistic targets are agreed to as a guide to implementing the medium-term fiscal strategy.

#### CONTACTING REPMAR'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors a general overview of RepMar's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Secretary of Finance, P.O. Box D, Majuro, MH 96960.

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<sup>9</sup> IBID  
<sup>10</sup> IBID

**REPUBLIC OF THE MARSHALL ISLANDS**

Statement of Net Position  
September 30, 2021

	Primary Government	Component Units
<u>ASSETS</u>		
Cash and cash equivalents	\$ 23,403,935	\$ 27,984,269
Time certificates of deposit	-	8,571,023
Receivables, net	30,850,667	32,188,092
Inventories	-	14,143,953
Advances and other assets	4,615,008	3,695,124
Due from external parties	1,309,154	-
Due from component units	6,479,955	-
Due from primary government	-	2,986,019
Investments	-	9,976,328
Restricted assets:		
Cash and cash equivalents	11,046,159	733,486
Investments	109,220,418	-
Capital assets:		
Nondepreciable capital assets	23,893,052	2,942,781
Capital assets, net of accumulated depreciation	71,003,528	100,820,989
Indefeasible right of use, net	-	3,553,383
Total assets	281,821,876	207,595,447
<u>LIABILITIES</u>		
Accounts payable	11,591,792	9,033,866
Medical claims payable	1,101,222	-
Other liabilities and accruals	4,399,931	6,901,215
Contracts payable	-	1,658,205
Retention payable	3,025,593	-
Payable to federal agencies	278,447	-
Unearned revenues	335,320	6,135,383
Customer deposits	-	1,682,742
Accrued interest payable	173,420	-
Noncurrent liabilities:		
Due within one year	8,797,744	1,816,551
Due in more than one year	47,951,320	24,204,862
Total liabilities	77,654,789	51,432,824
Commitments and contingencies		
<u>NET POSITION</u>		
Net investment in capital assets	76,562,082	98,901,107
Restricted for:		
Future operations - nonexpendable	109,220,418	-
Debt service	3,711,242	-
Compact related	5,725,924	-
Other purposes	11,396,247	1,619,615
Unrestricted (deficits)	(2,448,826)	55,641,901
Total net position	\$ 204,167,087	\$ 156,162,623

See accompanying notes to basic financial statements.

**REPUBLIC OF THE MARSHALL ISLANDS**

Statement of Activities  
Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
<b>Primary government:</b>						
<b>Governmental activities:</b>						
President and Cabinet	\$ 2,332,080	\$ -	\$ -	\$ -	\$ (2,332,080)	\$ -
Office of the Chief Secretary	13,260,028	-	18,550,049	-	5,290,021	-
Special appropriations	12,346,832	-	267,645	-	(12,079,187)	-
Council of Iroij	593,149	-	-	-	(593,149)	-
Nitijela	2,332,454	-	-	-	(2,332,454)	-
Office of the Auditor-General	1,126,040	-	215,382	-	(910,658)	-
Public Service Commission	661,792	4,500	-	-	(657,292)	-
Judiciary	1,027,564	147,601	-	-	(879,963)	-
Office of the Attorney General	6,870,690	25,578	5,663,759	-	(1,181,353)	-
Education, Sports and Training	38,951,670	-	20,699,960	2,453,943	(15,797,767)	-
Health and Human Services	32,266,374	9,288,238	17,176,639	-	(5,801,497)	-
Transportation, Communication and Information Technology	909,635	1,485	197,905	-	(710,245)	-
Natural Resources and Commerce	3,339,696	12,814	719	-	(3,326,163)	-
Culture and Internal Affairs	5,144,078	64,412	468,136	-	(4,611,530)	-
Justice, Immigration and Labor	4,019,170	1,180,581	-	-	(2,838,589)	-
Finance, Banking and Postal Services	30,379,879	1,086,015	22,363,941	-	(6,929,923)	-
Foreign Affairs and Trade	5,680,340	135,278	1,050	-	(5,544,012)	-
Works, Infrastructure and Utilities	7,470,561	112,034	44,941	-	(7,313,586)	-
Environmental Protection Authority	1,677,612	944,585	3,299,195	-	2,566,168	-
Nuclear claims related	1,607,010	-	1,737,051	-	130,041	-
Capital projects	4,258,124	-	780,520	3,001,072	(476,532)	-
Unallocated interest - long-term debt	530,809	-	-	-	(530,809)	-
<b>Total primary government</b>	<b>\$ 176,785,587</b>	<b>\$ 13,003,121</b>	<b>\$ 91,466,892</b>	<b>\$ 5,455,015</b>	<b>(66,860,559)</b>	<b>-</b>
<b>Component units:</b>						
Air Marshall Islands, Inc.	6,703,125	5,834,993	-	-	-	(868,132)
Marshalls Energy Company, Inc.	30,820,360	35,067,001	135,833	-	-	4,382,474
MI Development Bank	3,150,818	4,610,078	194,141	-	-	1,653,401
MI National Telecom. Authority	9,165,564	8,990,878	-	1,762,690	-	1,588,004
MI Shipping Corporation	3,825,164	1,163,258	-	819,787	-	(1,842,119)
RMI Ports Authority	7,459,507	2,996,526	-	154,538	-	(4,308,443)
Tobolar Copra Processing Authority	11,537,006	4,462,316	-	-	-	(7,074,690)
Other nonmajor component units	7,549,718	5,273,811	587,380	283,927	-	(1,404,600)
<b>Total component units</b>	<b>\$ 80,211,262</b>	<b>\$ 68,398,861</b>	<b>\$ 917,354</b>	<b>\$ 3,020,942</b>	<b>-</b>	<b>(7,874,105)</b>
<b>General revenues:</b>						
<b>Taxes:</b>						
Income taxes					17,410,860	-
Import taxes					9,219,405	-
Gross revenue taxes					7,424,215	-
Immovable property					710,001	-
Fuel taxes					588,613	-
Penalties and interest					82,433	-
Other					6,400	-
Unrestricted grants and contributions					6,000,000	-
Contributions from component units					26,000,000	-
Ship registry					8,171,815	-
Unrestricted investment earnings					121,911	830,973
Contributions from primary government					-	13,451,686
Other					390,296	588,117
<b>Total general revenues</b>					<b>76,125,949</b>	<b>14,870,776</b>
Special item - foreign exchange gain					888,968	-
Contributions to permanent funds					25,838,544	-
<b>Total general revenues, special items and contributions</b>					<b>102,853,461</b>	<b>14,870,776</b>
Change in net position					35,992,902	6,996,671
Net position at the beginning of the year					168,174,185	149,165,952
<b>Net position at the end of the year</b>					<b>\$ 204,167,087</b>	<b>\$ 156,162,623</b>

See accompanying notes to basic financial statements.

**REPUBLIC OF THE MARSHALL ISLANDS**

**Balance Sheet  
Governmental Funds  
September 30, 2021**

	General	Special Revenue Grants Assistance	Permanent Compact Trust	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 19,728,150	\$ -	\$ -	\$ 3,675,785	\$ 23,403,935
Receivables, net:					
Taxes	2,956,033	-	-	144,375	3,100,408
Federal agencies	-	19,237,357	-	-	19,237,357
General	801,652	5,112,463	-	2,583,310	8,497,425
Other	-	-	-	15,477	15,477
Due from other funds	16,010,691	13,000,207	-	6,789,588	35,800,486
Due from component units	6,479,955	-	-	-	6,479,955
Advances	514,008	637,346	-	473,404	1,624,758
Other assets	2,990,250	-	-	-	2,990,250
Restricted assets:					
Cash and cash equivalents	11,046,159	-	-	-	11,046,159
Investments	-	-	109,220,418	-	109,220,418
<b>Total assets</b>	<b>\$ 60,526,898</b>	<b>\$ 37,987,373</b>	<b>\$ 109,220,418</b>	<b>\$ 13,681,939</b>	<b>\$ 221,416,628</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 5,060,852	\$ 4,261,576	\$ -	\$ 2,269,364	\$ 11,591,792
Medical claims payable	-	-	-	1,101,222	1,101,222
Other liabilities and accruals	2,732,157	1,323,757	-	344,017	4,399,931
Payable to federal agencies	-	278,447	-	-	278,447
Retention payable	1,125,362	1,900,231	-	-	3,025,593
Due to component units	1,001,741	-	-	-	1,001,741
Unearned revenue	335,320	-	-	-	335,320
Due to other funds	18,480,641	16,010,691	-	-	34,491,332
<b>Total liabilities</b>	<b>28,736,073</b>	<b>23,774,702</b>	<b>-</b>	<b>3,714,603</b>	<b>56,225,378</b>
Fund balances:					
Nonspendable	9,470,205	-	109,220,418	-	118,690,623
Restricted	12,022,229	9,686,075	-	688,788	22,397,092
Committed	14,251	4,568,640	-	9,278,548	13,861,439
Unassigned (deficits)	10,284,140	(42,044)	-	-	10,242,096
<b>Total fund balances</b>	<b>31,790,825</b>	<b>14,212,671</b>	<b>109,220,418</b>	<b>9,967,336</b>	<b>165,191,250</b>
<b>Total liabilities and fund balances</b>	<b>\$ 60,526,898</b>	<b>\$ 37,987,373</b>	<b>\$ 109,220,418</b>	<b>\$ 13,681,939</b>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					94,896,580
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities include:					
				(173,420)	
				(48,906,712)	
				(2,536,019)	
				(4,304,592)	
					(55,920,743)
<b>Net position of governmental activities</b>					<b>\$ 204,167,087</b>

See accompanying notes to basic financial statements.

**REPUBLIC OF THE MARSHALL ISLANDS**

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2021

	General	Special Revenue	Permanent	Other	Total
		Grants Assistance	Compact Trust	Governmental Funds	
<b>Revenues:</b>					
Taxes	\$ 35,441,927	\$ -	\$ -	\$ -	\$ 35,441,927
Federal and other grants	26,734,700	80,584,393	-	602,814	107,921,907
Sales	-	-	-	316,761	316,761
Ship registry	8,171,815	-	-	-	8,171,815
Net change in the fair value of investments	-	-	20,838,544	-	20,838,544
Interest and dividends	103,035	-	-	18,876	121,911
Fees and charges	122,704	-	-	12,563,656	12,686,360
Contributions from component units	26,000,000	-	-	-	26,000,000
Other	390,296	-	-	-	390,296
<b>Total revenues</b>	<b>96,964,477</b>	<b>80,584,393</b>	<b>20,838,544</b>	<b>13,502,107</b>	<b>211,889,521</b>
<b>Expenditures:</b>					
<b>Current:</b>					
President and Cabinet	2,315,102	-	-	-	2,315,102
Office of the Chief Secretary	14,332,326	2,077,484	-	-	16,409,810
Special appropriations	11,701,139	821,625	-	-	12,522,764
Council of Iroij	590,352	-	-	-	590,352
Nitijela	2,285,779	-	-	-	2,285,779
Office of the Auditor-General	1,044,482	215,382	-	-	1,259,864
Public Service Commission	647,693	-	-	-	647,693
Judiciary	-	-	-	1,032,881	1,032,881
Office of the Attorney General	1,186,091	5,663,759	-	-	6,849,850
<b>Ministries:</b>					
Education, Sports and Training	12,940,731	22,097,795	-	2,274,573	37,313,099
Health and Human Services	5,123,425	17,174,094	-	9,643,982	31,941,501
Transportation, Communication and Information Technology	701,979	183,000	-	-	884,979
Natural Resources and Commerce	1,787,306	1,528,815	-	-	3,316,121
Culture and Internal Affairs	3,571,070	1,495,185	-	57,939	5,124,194
Justice, Immigration and Labor	3,877,811	196,512	-	341,316	4,415,639
Finance, Banking and Postal Services	18,658,538	16,754,531	-	815,823	36,228,892
Foreign Affairs and Trade	4,841,029	553,188	-	50,242	5,444,459
Works, Infrastructure and Utilities	4,570,713	44,941	-	129,814	4,745,468
Environmental Protection Authority	511,323	1,164,045	-	-	1,675,368
Nuclear claims related	-	-	-	1,607,010	1,607,010
<b>Debt service:</b>					
Principal repayment	3,504,195	-	-	-	3,504,195
Interest	571,020	-	-	-	571,020
Capital outlay	-	7,963,105	-	-	7,963,105
<b>Total expenditures</b>	<b>94,762,104</b>	<b>77,933,461</b>	<b>-</b>	<b>15,953,580</b>	<b>188,649,145</b>
Excess (deficiency) of revenues over (under) expenditures	2,202,373	2,650,932	20,838,544	(2,451,473)	23,240,376
<b>Other financing sources (uses):</b>					
Loan proceeds	3,158,000	-	-	-	3,158,000
Operating transfers in	3,840,556	-	5,250,000	4,736,650	13,827,206
Operating transfers out	(7,076,244)	(2,910,406)	(3,000,000)	(840,556)	(13,827,206)
<b>Total other financing sources (uses), net</b>	<b>(77,688)</b>	<b>(2,910,406)</b>	<b>2,250,000</b>	<b>3,896,094</b>	<b>3,158,000</b>
<b>Net change in fund balances</b>	<b>2,124,685</b>	<b>(259,474)</b>	<b>23,088,544</b>	<b>1,444,621</b>	<b>26,398,376</b>
Fund balances at the beginning of the year	29,666,140	14,472,145	86,131,874	8,522,715	138,792,874
Fund balances at the end of the year	\$ 31,790,825	\$ 14,212,671	\$ 109,220,418	\$ 9,967,336	\$ 165,191,250

See accompanying notes to basic financial statements.



REPUBLIC OF THE MARSHALL ISLANDS

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year ended September 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 26,398,376
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Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year, these amounts consist of:

Capital outlays, net of disposals	\$ 16,242,717	
Depreciation expense	<u>(5,444,027)</u>	
		8,843,395

Capital assets transferred to Majuro Atoll Local Government		(287,896)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. For the current year, these amounts consist of:

ICDF loan proceeds	\$ (3,158,000)	
Repayment of ADB loans	<u>3,504,195</u>	
		346,195

Special item - gain on SDR re-evaluation (see Note 7)		888,968
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. For the current year, these activities consist of:

Change in compensated absences payable	(236,347)	
Change in accrued interest payable	<u>40,211</u>	
		<u>(196,136)</u>

Change in net position of governmental activities		\$ <u>35,992,902</u>
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See accompanying notes to basic financial statements.

**REPUBLIC OF THE MARSHALL ISLANDS**

Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2021

	<u>Private Purpose Trust</u>	<u>Custodial</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,036,935	\$ 3,652,812
Time certificate of deposit	3,500,000	90,337
Receivables, net	5,435,980	-
Investments	93,637,998	-
Due from other funds	885,118	164,484
Capital assets, net of accumulated depreciation	399,800	-
Total assets	<u>107,895,831</u>	<u>3,907,633</u>
<u>LIABILITIES</u>		
Accounts payable	188,175	-
Other liabilities and accruals	12,659	-
Due to other funds	2,358,756	-
	<u>2,559,590</u>	<u>-</u>
<u>NET POSITION</u>		
Held in trust for:		
Individuals, organizations and other governments	104,451,123	3,907,633
Land use distributions	885,118	-
Total net position	<u>\$ 105,336,241</u>	<u>\$ 3,907,633</u>

See accompanying notes to basic financial statements.

**REPUBLIC OF THE MARSHALL ISLANDS**

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended September 30, 2021

	Private Purpose Trust	Custodial
Additions:		
Contributions:		
Private employees	\$ 14,785,248	\$ -
Government employees	7,231,746	-
Penalties and interest	907,334	-
Total contributions	22,924,328	-
Investment earnings:		
Net change in the fair value of investments	13,072,322	-
Interest and dividends	948,677	1,358
Total investment earnings	14,020,999	1,358
Less investment expense	164,881	-
Net investment earnings	13,856,118	1,358
Other:		
Compact funding	22,678,200	-
Transfer in	1,587,200	-
Other	340,056	55,840
Total additions	24,605,456	55,840
Total additions	61,385,902	57,198
Deductions:		
Land use distributions	22,568,306	-
Benefits	21,202,996	-
Other distributions	-	305,125
Administrative expenses	1,208,166	153
Total deductions	44,979,468	305,278
Change in net position held in trust for:		
Individuals, organizations and other governments		(248,080)
Social security benefits	16,296,540	
Land use distributions	109,894	
Net position at the beginning of the year, as restated (Note 1.T.)	88,929,807	4,155,713
Net position at the end of the year	\$ 105,336,241	\$ 3,907,633

See accompanying notes to basic financial statements.

# REPUBLIC OF THE MARSHALL ISLANDS

## Combining Statement of Net Position Component Units September 30, 2021

	Air Marshall Islands, Inc.	Marshalls Energy Company, Inc.	Marshall Islands Development Bank	Marshall Islands National Telecom. Authority	Marshall Islands Shipping Corporation	RMI Ports Authority	Tobolar Copra Processing Authority	Nonmajor Component Units	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,619,605	\$ 8,944,673	\$ 10,361,677	\$ 626,155	\$ 243,607	\$ 2,417,089	\$ 290,166	\$ 3,481,297	\$ 27,984,269
Time certificates of deposit	-	3,059,214	1,868,411	845,909	-	2,667,813	129,676	-	8,571,023
Receivables, net	282,894	5,741,882	22,841,878	1,814,883	270,070	605,660	241,092	389,733	32,188,092
Inventories	983,502	11,708,266	-	334,745	60,000	-	1,016,259	41,181	14,143,953
Other assets	254,395	2,990,663	26,787	106,087	84,555	18,705	30,693	183,239	3,695,124
Investments	-	-	9,976,328	-	-	-	-	-	9,976,328
Due from primary government	150,000	-	2,536,019	-	-	-	300,000	-	2,986,019
Restricted assets:									
Cash and cash equivalents	-	216,674	516,812	-	-	-	-	-	733,486
Capital assets:									
Nondepreciable capital assets	-	672,129	62,842	671,330	-	1,536,480	-	-	2,942,781
Capital assets, net of accumulated depreciation	9,310,322	9,831,777	291,448	20,585,837	8,774,440	49,496,230	873,203	1,657,732	100,820,989
Indefeasible right of use, net	-	-	-	3,553,383	-	-	-	-	3,553,383
<b>Total assets</b>	<b>12,600,718</b>	<b>43,165,278</b>	<b>48,482,202</b>	<b>28,538,329</b>	<b>9,432,672</b>	<b>56,741,977</b>	<b>2,881,089</b>	<b>5,753,182</b>	<b>207,595,447</b>
<b>LIABILITIES</b>									
Accounts payable	1,074,994	3,564,439	341,883	1,041,960	441,355	841,211	853,335	874,689	9,033,866
Other liabilities and accruals	768,767	4,613,057	99,530	217,708	161,348	147,727	69,381	823,697	6,901,215
Contracts payable	-	-	-	1,449,861	-	208,344	-	-	1,658,205
Unearned revenue	190,238	5,490,164	340,784	42,269	17,031	-	-	54,897	6,135,383
Customer deposits	-	-	1,333,920	348,822	-	-	-	-	1,682,742
Noncurrent liabilities:									
Due within one year	-	347,231	-	1,005,284	-	285,714	174,557	3,765	1,816,551
Due in more than one year	3,116,890	5,132,801	1,000,000	14,655,936	-	-	-	299,235	24,204,862
<b>Total liabilities</b>	<b>5,150,889</b>	<b>19,147,692</b>	<b>3,116,117</b>	<b>18,761,840</b>	<b>619,734</b>	<b>1,482,996</b>	<b>1,097,273</b>	<b>2,056,283</b>	<b>51,432,824</b>
<b>NET POSITION</b>									
Net investment in capital assets	9,310,322	17,369,030	354,290	9,449,330	8,774,440	51,032,710	892,946	1,718,039	98,901,107
Restricted	-	216,674	516,812	135,609	283,626	-	-	466,894	1,619,615
Unrestricted	(1,860,493)	6,431,882	44,494,983	191,550	(245,128)	4,226,271	890,870	1,511,966	55,641,901
<b>Total net position</b>	<b>\$ 7,449,829</b>	<b>\$ 24,017,586</b>	<b>\$ 45,366,085</b>	<b>\$ 9,776,489</b>	<b>\$ 8,812,938</b>	<b>\$ 55,258,981</b>	<b>\$ 1,783,816</b>	<b>\$ 3,696,899</b>	<b>\$ 156,162,623</b>

See accompanying notes to basic financial statements.

**REPUBLIC OF THE MARSHALL ISLANDS**

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
Component Units  
Year Ended September 30, 2021**

	Air Marshall Islands, Inc.	Marshalls Energy Company, Inc.	Marshall Islands Development Bank	Marshall Islands National Telecom. Authority	Marshall Islands Shipping Corporation	RMI Ports Authority	Tobolar Copra Processing Authority	Nonmajor Component Units	Total
Expenses	\$ 6,703,125	\$ 30,820,360	\$ 3,150,818	\$ 9,165,564	\$ 3,825,164	\$ 7,459,507	\$ 11,537,006	\$ 7,549,718	\$ 80,211,262
Program revenues:									
Charges for services	5,834,993	35,067,001	4,610,078	8,990,878	1,163,258	2,996,526	4,462,316	5,273,811	68,398,861
Operating grants and contributions	-	135,833	194,141	-	-	-	-	587,380	917,354
Capital grants and contributions	-	-	-	1,762,690	819,787	154,538	-	283,927	3,020,942
Total program revenues	5,834,993	35,202,834	4,804,219	10,753,568	1,983,045	3,151,064	4,462,316	6,145,118	72,337,157
Net program revenues (expenses)	(868,132)	4,382,474	1,653,401	1,588,004	(1,842,119)	(4,308,443)	(7,074,690)	(1,404,600)	(7,874,105)
General revenues:									
Payments from RepMar	1,072,440	515,840	-	503,000	1,814,824	548,586	6,752,000	2,244,996	13,451,686
Investment earnings	-	-	735,240	16,813	-	78,920	-	-	830,973
Other	-	-	-	-	588,069	-	-	48	588,117
Total general revenues	1,072,440	515,840	735,240	519,813	2,402,893	627,506	6,752,000	2,245,044	14,870,776
Change in net position	204,308	4,898,314	2,388,641	2,107,817	560,774	(3,680,937)	(322,690)	840,444	6,996,671
Net position at the beginning of the year	7,245,521	19,119,272	42,977,444	7,668,672	8,252,164	58,939,918	2,106,506	2,856,455	149,165,952
Net position at the end of the year	\$ 7,449,829	\$ 24,017,586	\$ 45,366,085	\$ 9,776,489	\$ 8,812,938	\$ 55,258,981	\$ 1,783,816	\$ 3,696,899	\$ 156,162,623

See accompanying notes to basic financial statements.

# REPUBLIC OF THE MARSHALL ISLANDS

## Notes to Financial Statements September 30, 2021

### (1) Summary of Significant Accounting Policies

The Republic of the Marshall Islands ("RepMar") was constituted on May 1, 1979, under the provisions of the Constitution of the Republic of the Marshall Islands (the "Constitution") as approved by the people of the Marshall Islands. The Constitution provides for the separation of powers of the executive, legislative, and judicial branches of the government. RepMar assumes responsibility for general government, public safety, health, education, and economic development. The United States dollar is the official currency and legal tender.

The accompanying financial statements of RepMar have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of RepMar's accounting policies are described below.

#### A. Reporting Entity

The Government of RepMar is a constitutional government comprised of three branches: Legislative Branch (the Nitijela), consisting of 33 members elected for a term of four years; Executive Branch, consisting of the Cabinet; and Judiciary Branch made up of the High Court, the Supreme Court, and the Traditional Rights Court that advises the High Court on matters concerning customary law and traditional practice. The Nitijela elects one of its members at its first session following an election to serve as President. The President, in turn, appoints six to ten members of the Nitijela to serve as Ministers who collectively comprise the Cabinet.

For financial reporting purposes, RepMar has included all funds, organizations, agencies, boards, commissions and institutions. RepMar has also considered all potential component units for which it is financially accountable as well as other entities for which the nature and significance of their relationship with RepMar are such that exclusion would cause RepMar's financial statements to be misleading or incomplete. The criteria to be considered in determining financial accountability include whether RepMar, as the primary government, has appointed a voting majority of an organization's governing body and either has the ability to impose its will on that organization or there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on RepMar. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government, although the primary government does not appoint a voting majority of the organization's governing board.

Each blended and discretely presented component unit of RepMar has a September 30 year-end.

The financial statements of the component units have been included in the financial reporting entity in accordance with GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and 34, and GASB Statement No. 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14. Component units are entities that are legally separate organizations for which RepMar's elected officials are financially accountable or other organizations for which the nature and significance of their relationship with RepMar are such that exclusion would cause RepMar's basic financial statements to be misleading or incomplete. RepMar is financially accountable because it appoints the members of the governing authorities of each of the component units and because it is able to impose its will on these organizations or because the organizations provide specific financial benefits or impose specific financial burdens on RepMar.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

Blended component units are entities that are legally separate from RepMar, but are so related to RepMar that they are, in substance, the same as RepMar or entities providing services entirely or almost entirely to RepMar. The net position and results of operations of the following legally separate entities are presented as part of RepMar's operations:

- Marshall Islands Scholarship Grant and Loan Board, a Governmental Fund Type - Special Revenue Fund. This fund was established under Public Law No. 1979-19 to account for all disbursements of scholarship funds and is governed by a seven-member Board appointed by the Cabinet of RepMar.
- Marshall Islands Judiciary Fund, a Governmental Fund Type - Special Revenue Fund. This fund was established to account for all activities of the Marshall Islands Judiciary not accounted for within the General Fund.
- Health Care Revenue Fund, a Governmental Fund Type - Special Revenue Fund. This fund was established under Public Law No. 1989-59 within the Ministry of Health and Human Services to control the expenditure of funds for health care related services.
- Marshall Islands Health Fund, a Governmental Fund Type - Special Revenue Fund. This fund was established under Public Law No. 1990-75, as amended by Public Law Nos. 2001-31 and 2001-35, to account for the operations of the Basic and Supplemental Health Funds delivering comprehensive medical care.

Discretely presented component units are entities which are legally separate from RepMar, but are financially accountable to RepMar, or whose relationships with RepMar are such that exclusion would cause RepMar's basic financial statements to be misleading or incomplete.

The component units' column of the basic financial statements includes the financial data of the following major component units:

- Air Marshall Islands, Inc. (AMI): AMI was granted a corporate charter by the Cabinet of RepMar on October 12, 1989 to provide domestic and international carrier service within and from the Marshall Islands. AMI is governed by a seven-member Board of Directors appointed by the President upon approval of the Cabinet of RepMar. RepMar provides financial support to AMI through legislative appropriations.
- Marshalls Energy Company, Inc. (MEC): MEC was granted a corporate charter by the Cabinet of RepMar on February 2, 1984 to engage in the business of generating and transmitting electricity, and the import and marketing of petroleum products. MEC is governed by a seven-member RMI Combined Utilities Board of Directors appointed by the Cabinet of RepMar. The RMI Combined Utilities Board of Directors also have governance over KAJUR and MWSC. RepMar guarantees principal and interest payments to the Rural Utilities Service in the event of default by MEC on a Federal Financing Bank loan. RepMar provides financial support to MEC through legislative appropriations.
- Marshall Islands Development Bank (MIDB): MIDB was established under Public Law No. 1988-1 to promote development and expansion of the Marshall Islands economy and is governed by a seven-member Board of Directors appointed by the Cabinet. MIDB has received funds under Sections 111 and 211 of the Compact of Free Association and funds from the U.S. Department of Agriculture under the Rural Housing and Community Development Service Housing Preservation Grant. RepMar has the ability to impose its will on MIDB.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

- Marshall Islands National Telecommunications Authority (MINTA): MINTA was incorporated under Public Law No. 1990-105 to engage in the business of providing local and international telecommunication services. MINTA is governed by an eight-member Board of Directors elected by a majority vote of its shareholders. RepMar owns a voting majority of MINTA stock. RepMar guarantees principal and interest payments to the Rural Utilities Service in the event of default by MINTA on Rural Electrification and Telephone Revolving Fund loans.
- Marshall Islands Shipping Corporation (MISC): MISC was established as a body corporate pursuant to the Marshall Islands Shipping Corporation Act of 2004 (Public Law No. 2005-41) to operate services for the transportation of goods, mails and passengers by sea and to carry on business as ship owners, charterers of ships and vessels, ship brokers, and shipping agents, and to make provision for purposes connected with the aforesaid matters. MISC is governed by a five-member Board of Directors appointed by the President upon approval of the Cabinet of RepMar. RepMar provides financial support to MISC through legislative appropriations.
- RMI Ports Authority (RMIPA): RMIPA was incorporated under Public Law No. 2003-81 to engage in the operation and maintenance of commercial port facilities in the Marshall Islands. RMIPA is governed by a seven-member Board of Directors appointed by the President upon the approval of the Cabinet of RepMar. RepMar has the ability to impose its will on RMIPA.
- Tobolar Copra Processing Authority (TCPA): TCPA was granted a corporate charter by the Cabinet of RepMar on August 13, 1977 for the primary purpose of engaging in the production, processing, and marketing of copra products. TCPA is governed by a six-member Board of Directors (with the President serving ex officio and without vote) appointed by the President upon approval by the Cabinet of RepMar. RepMar provides financial support to TCPA through legislative appropriations.

The component units' column of the basic financial statements also includes the financial data of the following nonmajor component units: Majuro Atoll Waste Company, Inc., Majuro Resort, Inc., Marshall Islands Postal Service Authority, National Environmental Protection Authority, and Office of Commerce, Investment and Tourism.

The component units' column of the basic financial statements does not include the financial data of the following major components:

- College of the Marshall Islands (CMI): CMI was established as an independent institution pursuant to the College of the Marshall Islands Act of 1992 (Public Law No. 1992-13) to provide post-secondary education services to meet the needs of the Marshall Islands. CMI is governed by a nine-member Board of Regents appointed by the President upon approval of the Cabinet of RepMar. RepMar provides financial support to CMI through legislative appropriations.
- Kwajalein Atoll Joint Utilities Resources, Inc. (KAJUR): KAJUR was incorporated under the laws of the Republic of the Marshall Islands on September 1, 1990, to generate and distribute utilities on the island of Ebeye. KAJUR is governed by a seven-member RMI Combined Utilities Board of Directors appointed by the Cabinet of RepMar. The RMI Combined Utilities Board of Directors also has governance over Marshalls Energy Company, Inc. and Majuro Water and Sewer Company, Inc. (MWSC). RepMar provides financial support to KAJUR through legislative appropriations.



REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

- Majuro Water and Sewer Company, Inc. (MWSC): MWSC was granted a corporate charter by the Cabinet of RepMar on January 26, 1989 to engage in the business of collecting and distributing fresh water, waste water and maintaining the sewer system. MWSC is governed by a seven-member Board of Directors appointed by the President upon approval of the Cabinet of RepMar. RepMar provides financial support to MWSC through legislative appropriations.
- Marshall Islands Marine Resources Authority (MIMRA): MIMRA was established as a body corporate pursuant to the Marshall Islands Marine Resources Authority Act of 1997 (Public Law No. 1997-60) to facilitate the sustainable and responsible use of the marine resources in the Marshall Islands. MIMRA is governed by a seven-member Board of Directors, including the Minister of Natural Resources and Commerce, the Minister of Foreign Affairs and Trade, the Minister of Culture and Internal Affairs, and four members appointed by the President. RepMar has the ability to impose its will on MIMRA.

In addition, RepMar's single fiduciary component unit is subject to legislative and executive controls. This component unit, while meeting the definition of a component unit and while legally separate, is presented in the fund financial statements of RepMar; however, has been omitted from the government-wide financial statements as the resources are not available to fund operations of RepMar.

The fiduciary component unit is as follows:

- Marshall Islands Social Security Administration (MISSA), a Fiduciary Fund Type - Private Purpose Trust Fund. MISSA was established to provide a financially sound social security system with pension benefits and early retirement and operates under the authority of a seven-member Board of Directors appointed by the Cabinet of RepMar.

RepMar's component units, departments, and funds that are separately audited issue their own financial statements. These statements may be obtained by directly contacting the various entities or obtaining them directly from the Office of the Auditor-General website [www.rmioag.com](http://www.rmioag.com).

RepMar is also responsible for appointing voting members to the governing boards of additional legally separate organizations, but RepMar's financial accountability for these organizations does not extend beyond making the appointments. Therefore, the financial data of these entities are excluded from RepMar's financial statements. Those organizations are Alele Museum, Inc. and the Republic of the Marshall Islands Private Industry Council, Inc.

B. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report financial information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from these statements except for other charges between the primary government and the discretely presented component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

B. Government-Wide Financial Statements, Continued

Primary government activities are defined as either governmental or business-type activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services. As such, business-type activities account for operations similarly to a for-profit business. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

The Statement of Net Position presents all of the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law.
- Unrestricted net position consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often is designated, (for example, internally restricted), to indicate that management does not consider such to be available for general operations.

The government-wide Statement of Net Position reports \$130,053,831 of restricted net position, of which \$11,396,247 is restricted by enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are, instead, reported as general revenue.

C. Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements pursuant to GASB reporting standards, with nonmajor governmental funds being combined into a single column.

RepMar reports its financial position and results of operations in funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Transactions between funds within a fund type, if any, have not been eliminated.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - the government-wide financial statements are reported using the economic resources management focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenue is derived from taxation, investment income and other fees that are not allocated to specific programs.

Governmental Fund Financial Statements - the governmental fund financial statements account for the general governmental activities of RepMar and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, RepMar considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Significant revenues susceptible to accrual include income and gross revenue taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services. Miscellaneous revenues from other financing sources are recognized when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Investments and related investment earnings are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Expenditures generally are recorded in the period in which the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fiduciary funds and discretely presented component units financial statements - the fiduciary funds and discretely presented component units financial statements are reported using the economic resources management focus and the accrual basis of accounting, similar to government-wide financial statements, as described above.

Contributions for fiduciary funds are recorded when due and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Additional contributions are recognized as revenue as soon as all eligibility requirements have been met. Investment earnings are recorded as earned, since they are both measurable and available.

Discretely presented component units distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a component unit's principal ongoing operations. All other revenues are reported as nonoperating. Operating expenses includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments, as amended by GASB Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses for either fund category or the governmental and enterprise combined) for the determination of major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements.

RepMar reports the following major funds:

- General Fund - this fund is the primary operating fund of RepMar. It is used to account for all governmental transactions, except those required to be accounted for in another fund.
- Grants Assistance Fund - this special revenue fund accounts for all financial transactions that are sub-granted to RepMar, including United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(a) and approved by Nitijela resolution 123 to promote economic advancement and budgetary self-reliance as well as other direct grants that RepMar received from the United States government and other donor countries.
- Compact Trust Fund - this permanent fund accounts for RepMar's contributions to the Trust Fund established in accordance with Section 216 of the Compact of Free Association, as amended, to provide for an additional source of revenue for the government budget that will be needed to substitute for the absence of Compact of Free Association funding in the future.

The nonmajor governmental funds are comprised of special revenue funds, which account for financial resources obtained from specific revenue sources and used for restricted purposes.

In addition, RepMar reports the following fund types:

- Private Purpose Trust Funds - these funds are used to account for resources held in trust under which principal and income benefit certain individuals. These include funds held in trust by the Marshall Islands Social Security Administration (MISSA) for the beneficiaries of the MISSA Retirement Fund; funds received under the Interim Use Agreement for the benefit of Kwajalein landowners; and funds received under Section 177 of the Compact of Free Association for the benefit of victims related to the United States Nuclear Testing Program.
- Custodial Funds - this fund is used to report resources held by the primary government in a purely custodial capacity relating to deposits made by defendants for court cases and unclaimed property.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

E. Cash and Cash Equivalents and Time Certificates of Deposit

RepMar pools cash resources of its various funds in order to facilitate the management of cash. Unless otherwise required by law, interest income received on pooled cash accrues to the General Fund. Cash and cash equivalents applicable to a particular fund are readily identifiable. Cash and cash equivalents include cash on hand, demand deposits, and short-term investments in U.S. Treasury obligations with a maturity date within three months of the date acquired by RepMar. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are separately classified on the statement of net position/balance sheet.

F. Investments

Investments and related investment earnings of the primary government and the discretely presented component units are recorded at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (ie., the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

RepMar categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair measurement. Investments not categorized under the fair value hierarchy are shown at either Net Asset Value (NAV) or amortized cost.

Investments of 20% or more of the voting stock of an investee are presumed to give the investor significant influence and are carried using the equity method. Under the equity method, the investor records, as earnings or loss, its proportionate share of the investee's earnings or loss.

RepMar holds approximately 30% of the outstanding shares of Pacific Islands Development Bank at cost of \$2,990,250. This equity interest does not meet the definition of an investment as the asset is held primarily for economic development. Accordingly, such is presented within the accompanying financial statements as other assets.

G. Receivables

In general, tax revenue is recognized on the government-wide financial statements, when assessed or levied and on the governmental fund financial statements to the extent that it is both measurable and available. Receivables are stated net of estimated allowances for uncollectible accounts. Reimbursements due to RepMar for expenditures on federally funded reimbursement and grant programs are reported as "receivables from federal agencies" on the governmental fund balance sheet.

Receivables of the primary government and the discretely presented component units are primarily due from businesses and individuals residing on the islands of Majuro and Ebeye. The allowance for uncollectible accounts primarily represents estimated allowances for uncollectible amounts that are determined based upon past collection experience and aging of the accounts.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

H. Inventories

Inventories of the discretely presented component units are valued at the lower of cost (FIFO) or market.

I. Interfund Receivables/Payables

During the course of its operations, RepMar records transactions between individual funds for goods provided or services rendered. Receivables and payables resulting from transactions between funds are classified as "due from other funds" or "due to other funds" on the governmental fund balance sheet. Receivables and payables resulting from transactions between component units and the primary government are classified as "due to/from primary government" or "due to/from component units" on the governmental fund balance sheet and the statement of net position. Interfund receivables and payables have been eliminated from the statement of net position.

J. Restricted Assets

Certain assets of the primary government and the discretely presented component units are classified as restricted assets because their use is restricted through loan agreements or enabling legislation.

K. Indefeasible Right of Use

RepMar has capitalized the cost of acquisition of the exclusive right to use a specified amount of fiber capacity for a period of time, which is amortized over the length of the term of the capacity agreement on the straight-line method.

L. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, docks, water and sewer lines, water catchments, and other similar items), are reported in the governmental activity column of the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. RepMar currently holds no title to land. Singular pieces of machinery and equipment that equal or exceed \$50,000 are capitalized. Buildings and infrastructure projects with a cost that equals or exceeds \$100,000 are capitalized. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Capital assets of the primary government and the component units are depreciated using the straight-line method over their estimated useful lives, with a full year's depreciation charged in the year of acquisition and disposal, regardless of date.

M. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. RepMar has no items that qualify for reporting in this category.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

N. Unearned Revenue

In the government-wide financial statements, unearned revenue is recognized when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, unearned revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. Unearned revenue of the discretely presented component units primarily represents amounts received for tuition and fees, certain auxiliary activities, and fuel sales prior to the end of the fiscal year but are related to the subsequent accounting period.

O. Long-term Debt

The liabilities reported in the government-wide financial statements include long-term obligations incurred under various Asian Development Bank loans and compensated absences payable. Long-term obligations of component units are recorded as liabilities in the discretely presented component unit's column.

P. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Annual leave accumulates at the rate of one working day per bi-weekly pay period.

Q. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. RepMar has no items that qualify for reporting in this category.

R. Fund Balances

Fund balance classifications are based on the extent to which RepMar is bound to honor constraints on the specific purposes for which amounts in those funds can be spent and are reported under the following fund balance classifications:

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Unassigned - includes negative fund balances in other governmental funds.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

R. Fund Balances, Continued

RepMar has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of RepMar is to use committed resources first followed by unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

A formal minimum fund balance policy has not been adopted.

S. Risk Financing

RepMar is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the primary government not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, RepMar management believes it is more economical to manage its risks internally. In the event of claim settlements and judgments, RepMar reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. No losses have occurred as a result of these policies in any of the past three fiscal years.

T. New Accounting Standards

In 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which postponed the effective dates of GASB Statements No. 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements. During the year ended September 30, 2021, RepMar implemented the following pronouncements:

- GASB Statement No. 84, Fiduciary Activities, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Certain assets previously not reported by the High Court are now reported in the fiduciary fund financial statements as a custodial fund resulting in an increase in beginning fiduciary net position of \$3,991,229.
- GASB Statement No. 90, Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 93, Replacement of Interbank Offered Rates, which establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. The provision removing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of derivative instruments is effective for the fiscal year ending September 30, 2022. The implementation of this statement did not have a material effect on the accompanying financial statements.



REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

T. New Accounting Standards, Continued

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for the fiscal year ending September 30, 2022.

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for the fiscal year ending September 30, 2022.

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for the fiscal year ending September 30, 2023.

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefits. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. In accordance with GASB Statement No. 95, the remaining requirements of GASB Statement No. 92 are effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for the fiscal year ending September 30, 2023.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

T. New Accounting Standards, Continued

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for the fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for the fiscal year ending September 30, 2022.

U. Encumbrances

RepMar utilizes encumbrance accounting to identify fund obligations. Encumbrances represent commitments related to unperformed contracts for goods. As of September 30, 2021, RepMar has significant encumbrances summarized as follows:

<u>General</u>	<u>Grants Assistance</u>	<u>Compact Trust</u>	<u>Other Governmental</u>	<u>Total</u>
<u>\$ 12,114,524</u>	<u>\$ 42,638,483</u>	<u>\$ -</u>	<u>\$ 43,686</u>	<u>\$ 54,796,693</u>

V. Estimates

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

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(1) Summary of Significant Accounting Policies, Continued

W. Total Columns

Total columns are presented primarily to facilitate financial analysis. The Management's Discussion and Analysis includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a full comparative presentation. Accordingly, such information should be read in conjunction with RepMar's financial statements for the year ended September 30, 2020 from which summarized information was derived.

(2) Deposits and Investments

The deposit and investment policies of RepMar are governed by 3 MIRC 7, Investment of Public Funds, and 11 MIRC 1, Financial Management, in conjunction with various trust agreements. Under 3 MIRC 7, the Secretary of Finance, Banking and Postal Services, subject to approval of the Cabinet, may transfer specific amounts of money from the General Fund, and invest such money in financial institution investment accounts.

Investment guidelines to be followed by the Secretary of Finance, Banking and Postal Services are as follows:

- (a) Public monies shall not be deposited with any financial institution that is not a member of the Federal Deposit Insurance Corporation (FDIC) of the United States or the Federal Savings and Loan Insurance Corporation (FSLIC) of the United States, unless the Secretary of Finance, Banking and Postal Services is satisfied, on the advice of the Banking Commissioner, that a financial institution (although not a member of the FDIC or FSLIC), owns sufficient assets to cover the total amount of the deposit;
- (b) The demand deposit account shall be continuously maintained to cover not less than seventy-five percent of the cash expenditures projected to be expended over the next succeeding ninety-day period;
- (c) All deposits, accounts and funds maintained pursuant to this Act shall be subordinate deposits, accounts and funds of the General Fund; and
- (d) No withdrawal of monies shall be made out of or charged against time or savings deposits, accounts or funds maintained pursuant to this Act except to transfer funds into the demand deposit account of the General Fund. All expenditures shall be made out of or charged against the demand deposit account of the General Fund only.

Under 11 MIRC 1, the Secretary of Finance, Banking and Postal Services may invest any monies of RepMar, which:

- (a) Are funds that have not been appropriated by an Act;
- (b) In his judgment are in excess of the amounts necessary for meeting the immediate requirements of RepMar; and
- (c) In his judgment will not impede or hamper the necessary financial operations of RepMar.

Any of such investments shall be due to mature no later than one (1) year from the date of investment, unless otherwise directed and authorized by the Cabinet for a longer period. Income derived from investments may be reinvested, unless the Cabinet decides otherwise, at the discretion of the Secretary of Finance, Banking and Postal Services and shall be recognized as revenue in accordance with generally accepted accounting principles. Long-term investments shall be in time certificates of deposit, bonds, notes, prime commercial paper or other low-risk investments.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(2) Deposits and Investments, Continued

The Compact Trust Fund (the Trust Fund) operates under an investment policy adopted by the Trust Fund Committee. The investment policy has been established to reflect the growth objectives and risk tolerance of the Committee. The investment policy was adjusted in May 2021 per resolution RMI 2021-4, Adoption of Investment Policy Statement With Revised Capital Market Assumptions, and requires the Trust Fund to allocate its managed investment portfolios among domestic and foreign equity and fixed income securities. All or a portion of the Trust Fund may be invested in exchange traded funds ("ETFs"), mutual funds, real estate investment trusts ("REITs"), common trust funds ("commingled vehicles"), private equity funds, and other pooled investment vehicles ("pooled vehicles").

Equity securities issued by ETFs, mutual funds, REITs, commingled and pooled vehicles which invest exclusively in fixed income securities are considered to be fixed income securities for the purpose of compliance with the Trust Fund's investment policy. The fair values of ETFs, mutual funds, commingled and pooled vehicles are generally determined by the fair value of the underlying marketable equity and debt securities owned, which are principally common stocks and bonds, respectively. The fair value of REITs is generally based upon the quoted market value of underlying REIT units owned. Publicly traded ETFs, mutual funds, REITs and similar vehicles may trade at prices above or below the fair values of the underlying investments owned; therefore the fair value of such investments may differ from the sum of the fair values of the underlying investments owned.

The Trust Fund's equity investment objective is for its various portfolios to achieve total returns similar to their benchmark equity indices. Benchmark indices include the CRSP US Total Market Index, the FTSE Global All Cap ex US Index, and the MSCI ACWI Index.

The core fixed income portfolios may be invested in securities issued by the U.S. government and government agencies, foreign governments, domestic and international corporate securities, including asset-backed and mortgage-backed obligations. The fixed income portfolio may invest in high yield securities; however the average quality of the fixed income portfolio must be rated "investment grade" by at least one nationally recognized rating agency at the time of purchase.

Private equity funds are a form of pooled investment vehicle, typically limited partnerships controlled by a private equity firm that acts as general partner. The general partner seeks to obtain specific dollar commitments from qualified institutional and accredited investors to invest capital in the fund as limited partners. The passive limited partners fund pro rata portions of their commitments when the general partner has identified an appropriate opportunity, which may be venture capital in the form of equity securities, convertible debt securities, or real estate for which no active markets exist. Venture capital is often used to finance new products and technologies, expand working capital, make acquisitions, or finance leveraged buyouts. A typical private equity fund could make between 15 and 25 separate investments over a ten-year life, with no single investment exceeding 10% of the total capital commitment. The fair values of the underlying investments held by each private equity fund are generally determined by management of the equity investee or as determined by the general partner or manager of the private equity fund and is based upon the Trust Fund's percentage ownership of the underlying investments. Investments in private equity funds generally tend to be illiquid for significant periods of time.

Derivatives, options and futures are permitted investments for the purpose of reducing risk and efficient portfolio management. Derivatives, options and futures may not be used for speculative purposes.

Asset allocations are targets and will be dictated by current and anticipated market conditions and may be amended by the Trust Fund Committee from time to time. Tactical ranges anticipate fluctuation and provide flexibility for each investment manager's portfolio to vary within the range without the need for immediate rebalancing.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(2) Deposits and Investments, Continued

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, RepMar's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. RepMar does not have a deposit policy for custodial credit risk.

As of September 30, 2021, the carrying amount of the primary government's total cash and cash equivalents was \$34,450,094 and the corresponding bank balances were \$41,283,758. Of the bank balances, \$35,858,514 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2021, bank deposits in the amount of \$1,890,663 were FDIC insured. Bank deposits of \$5,425,244 are maintained in financial institutions not subject to depository insurance. RepMar does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

As of September 30, 2021, the carrying amount of the fiduciary fund's total cash and cash equivalents and time certificates of deposit was \$11,280,084 and the corresponding bank balances were \$11,504,603. Of the bank balances, \$3,844,104 is maintained in financial institutions subject to FDIC insurance. Bank deposits of \$7,660,499 are maintained in financial institutions not subject to depository insurance. As of September 30, 2021, bank deposits in the amount of \$443,108 were FDIC insured. RepMar does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

As of September 30, 2021, the carrying amount in the aggregate of the discretely presented component units' total cash and cash equivalents and time certificates of deposit was \$37,288,778 and the corresponding bank balances were \$37,909,143. Of the bank balances, \$11,942,419 is maintained in financial institutions subject to FDIC insurance. As of September 30, 2021, bank deposits in the amount of \$2,866,590 were FDIC insured. Bank deposits of \$25,966,724 are maintained in financial institutions not subject to depository insurance. The component units do not require collateralization of their cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

B. Investments

Primary Government

Investments of the primary government as of September 30, 2021, are as follows:

Compact Trust Fund:	
Common Trust Funds:	
Domestic Equity	\$ 41,301,065
International Equity	36,987,661
Fixed Income	23,134,257
Real Estate Investment Trust	244,185
Private Markets	7,541,074
Money Market Funds	<u>12,176</u>
	<u>\$ 109,220,418</u>

As of September 30, 2021, all fixed income investments were held in ETFs.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(2) Deposits and Investments, Continued

B. Investments, Continued

Primary Government, Continued

The Trust Fund's fixed income allocation consists of a Vanguard Total Bond Market Index ("VTBMI"), a Vanguard Intermediate-Term Investment Grade Fund ("VIT IGF"), a Vanguard Short-Term Investment-Grade Fund ("VST IGF"), and a Vanguard High-Yield Corporate Fund ("VHY CF"); the performance of the fixed income funds is expected to closely replicate the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index. The bonds held by VTBMI vary in credit quality with an average overall rating of "A" as rated by Moody's as of September 30, 2021. High yield debt receiving a credit rating below "A" comprises approximately 15.6% of the VTBMI fixed income portfolio as rated by Moody's as of September 30, 2021. As of September 30, 2021, the weighted average maturity of the bonds comprising VTBMI is 8.68 years. The bonds held by VIT IGF vary in credit quality with an average overall rating of "A" as rated by Moody's as of September 30, 2021. High yield debt receiving a credit rating below "A" comprises approximately 56.8% of the VIT IGF fixed income portfolio as rated by Moody's as of September 30, 2021. As of September 30, 2021, the weighted average maturity of the bonds comprising VIT IGF is 7.19 years. The bonds held by VST IGF vary in credit quality with an average overall rating of "A" as rated by Moody's as of September 30, 2021. High yield debt receiving a credit rating below "A" comprises approximately 48.6% of the VST IGF fixed income portfolio as rated by Moody's as of September 30, 2021. As of September 30, 2021, the weighted average maturity of the bonds comprising VST IGF is 2.80 years. The bonds held by VHY CF vary in credit quality with an average overall rating of "A" as rated by Moody's as of September 30, 2021. High yield debt receiving a credit rating below "A" comprises approximately 92.9% of the VHY CF fixed income portfolio as rated by Moody's as of September 30, 2021. As of September 30, 2021, the weighted average maturity of the bonds comprising VHY CF is 4.33 years.

The Trust Fund's investment policy does not require direct investment in fixed maturity securities ("Bonds") as a means of managing its exposure to loss of principal due to increasing interest rates. The Trust Fund's investment policy requires the performance of each investment class to be periodically compared with an associated benchmark. Bonds and bond funds generally decrease in value in response to rising interest rates. Bonds, however, have a fixed date of maturity and do not have exposure to loss of principal from rising interest rates, whereas shares of a common trust fund, ETF, or similar investment vehicle have no maturity date.

The Trust Fund's exposure to foreign currency risk is derived from its investment in common trust funds and ETFs that hold investments in securities of foreign issuers and sovereigns.

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. As of September 30, 2021, the Trust Fund held approximately \$24,428,000 in securities of foreign issuers held in common trust funds. Of this amount, approximately 26% was held in securities whose functional currency is the Euro, 13% whose functional currency is the Japanese Yen, 11% whose functional currency is the British pound, 10% whose functional currency is the Chinese Yuan, and 40% in functional currencies of 36 other countries.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of September 30, 2021, there were no investments in any one issuer that exceeded 5% of total investments.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(2) Deposits and Investments, Continued

B. Investments, Continued

Primary Government, Continued

The Trust Fund has the following recurring fair value measurements as of September 30, 2021:

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		Quoted Prices In Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Investments by fair value level:				
Common trust funds:				
Domestic Equity	\$ 41,301,065	\$ 41,301,065	\$ -	\$ -
International Equity	36,987,661	36,987,661	-	-
Fixed Income	23,134,257	23,134,257	-	-
Real Estate Investment Trust	<u>244,185</u>	<u>244,185</u>	-	-
	101,667,168	<u>\$ 101,667,168</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV:				
Private Markets	7,541,074			
Investments measured at amortized cost:				
Money market funds	<u>12,176</u>			
	<u>\$ 109,220,418</u>			

Fiduciary Funds

Investments in marketable securities of the Marshall Islands Social Security Administration (MISSA) as of September 30, 2021, are as follows:

Money market funds	\$ 95,931
Exchange Traded Funds	28,425,388
Mutual funds	<u>44,083,970</u>
	<u>\$ 72,605,289</u>

Fiduciary funds have the following recurring fair value measurements as of September 30, 2021:

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		Quoted Prices In Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Investments by fair value level:				
Exchange traded funds	\$ 28,425,388	\$ 28,425,388	\$ -	\$ -
Mutual funds	<u>44,083,970</u>	<u>44,083,970</u>	-	-
	72,509,358	<u>\$ 72,509,358</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Money market funds	<u>95,931</u>			
	<u>\$ 72,605,289</u>			

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(2) Deposits and Investments, Continued

B. Investments, Continued

Fiduciary Funds, Continued

Additionally, MISSA owns 60,250 shares of common stock of Marshall Islands Holdings, Inc. (MIHI), which represents approximately 36% of the outstanding shares of MIHI as of September 30, 2021. MIHI engages in all aspects of holding company activities in the Marshall Islands and which is the sole shareholder of Bank of Marshall Islands (BOMI). MISSA also owns 80,080 shares of common stock of Marshall Islands Service Corporation (MISC), which represents approximately 5% of the outstanding shares of MISC as of September 30, 2021. MISC is majority-owned by MIHI. The investment in MIHI is accounted for on the equity method since the investment constitutes 20% or more of the voting stock of MIHI. As of September 30, 2021, MISSA's investment in MIHI amounted to \$20,002,612. The investment in MISC is accounted for at the Net Asset Value. As of September 30, 2021, MISSA's investment in MISC amounted to \$1,030,097. During the year ended September 30, 2021, MISSA received dividend payments from MIHI of \$481,400. For the year ended September 30, 2021, MISSA recognized \$939,868 of equity in net earnings of MIHI.

A summarized financial information of MIHI as of and for the year ended December 31, 2021 is presented on the table below:

Total assets	\$ <u>185,286,064</u>
Total liabilities	\$ <u>123,230,020</u>
Equity:	
Attributable to stockholders of MIHI	\$ <u>56,127,730</u>
Noncontrolling interest	\$ <u>5,928,314</u>
Net income attributed to:	
Stockholder of MIHI	\$ <u>4,233,057</u>
Noncontrolling interests	\$ <u>447,103</u>

The deposit and investment policies of MISSA are governed by its enabling legislation. The Board is required to engage one or more fund custodians to assume responsibility for the physical possession of MISSA's investments. Legally authorized investments are as follows:

- (i) Government obligations - Obligations issued or guaranteed as to principal and interest by RepMar or by the Government of the United States, provided that the total market value of the investments in obligations guaranteed by RepMar shall at the time of purchase not exceed twenty-five percent (25%) of the total market value of all investments of MISSA, and further provided that the principal and interest on each obligation are payable in the currency of the United States.
- (ii) Corporate obligations and mortgage-backed securities - Obligations of any public or private entity or corporation created or existing under the laws of RepMar or of the United States or any state, territory or commonwealth thereof, or obligations of any other government or economic community which are payable in United States dollars, or pass through and other mortgage-backed securities provided that the obligation is from an agency of the United States Government or is rated in one of the four highest categories by two nationally recognized rating agencies in the United States. No investment under this heading shall exceed five percent of the market value of the Fund or ten percent of the outstanding value of the issue at the time of purchase.



REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(2) Deposits and Investments, Continued

B. Investments, Continued

Fiduciary Funds, Continued

- (iii) Preferred and common stocks - Shares of preferred or common stocks of any corporation created or existing under the laws of RepMar or under the laws of the United States or any state, territory or commonwealth thereof provided that the purchase of such shares shall be considered reasonable and prudent by MISSA's investment advisor at the time of purchase, that not more than fifteen percent (15%) of the market value of the Fund shall be invested in the stock of any one corporation, and that not more than twenty-five percent (25%) of the market value of the Fund shall be invested in any one industry group.
- (iv) Insurance company obligations - Contracts and agreements supplemental thereto providing for participation in one or more accounts of a life insurance company authorized to do business in the Republic or in any state, territory or commonwealth of the United States provided that the total market value of these investments at no time shall exceed ten percent (10%) of all investments of the Fund.

MISSA investments are held and administered by trustees in accordance with various trustee agreements. Based on negotiated trust and custody contracts, all of these investments were held in the name of MISSA by their custodial financial institutions as of September 30, 2021.

MISSA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Furthermore, as of September 30, 2021, there were no investments in any one issuer that exceeded 5% of total investments.

Discretely Presented Component Units

Investments of the discretely presented component units as of September 30, 2021, are as follows:

Marshall Islands Development Bank:  
Common equity securities \$ 9,976,328

The deposit and investment policies of MIDB are governed by MIDB's Board of Directors. Generally, MIDB can provide financial assistance to enterprises operating in the Republic, including making equity investments in such enterprises.

MIDB owns 26,376 shares of common stock of Marshall Islands Holdings, Inc. (MIHI), which represents approximately 16% of the outstanding shares of MIHI as of September 30, 2021. MIDB also owns 3,000 shares of common stock of Marshall Islands Service Corporation (MISC), which represents approximately 1% of the outstanding shares of MISC as of September 30, 2021. MISC is majority-owned by MIHI. A summary of MIDB's investments in MIHI and MISC, which are accounted for at the Net Asset Value, follows:

Marshall Islands Holdings, Inc.	\$ 9,920,541
Marshall Islands Service Corporation	<u>55,787</u>
	\$ <u>9,976,328</u>

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(3) Receivables

Primary Government

Receivables as of September 30, 2021, for the primary government's individual major governmental funds, nonmajor governmental funds in the aggregate, and fiduciary funds, including applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Grants Assistance</u>	<u>Compact Trust</u>	<u>Nonmajor Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Totals</u>
Receivables:						
Taxes	\$ 2,956,033	\$ -	\$ -	\$ 144,375	\$ -	\$ 3,100,408
Federal agencies	-	19,237,357	-	-	-	19,237,357
General	1,358,453	5,304,400	-	8,752,613	-	15,415,466
Contributions	-	-	-	-	11,825,748	11,825,748
Loans	4,368,787	-	-	14,082,436	-	18,451,223
Other	-	-	-	521,114	-	521,114
	<u>8,684,273</u>	<u>24,541,757</u>	<u>-</u>	<u>23,500,538</u>	<u>12,071,875</u>	<u>68,797,443</u>
Less: allowance for uncollectible accounts	<u>(4,926,588)</u>	<u>(191,937)</u>	<u>-</u>	<u>(20,757,376)</u>	<u>(6,635,895)</u>	<u>(32,511,796)</u>
Net receivables	<u>\$ 3,757,685</u>	<u>\$ 24,349,820</u>	<u>\$ -</u>	<u>\$ 2,743,162</u>	<u>\$ 5,435,980</u>	<u>\$ 36,285,647</u>

Certain receivables due from federal grantor agencies recorded within the Grants Assistance Fund remain uncollected. RepMar is currently negotiating with these grantors for a final determination insofar as collection on these amounts. Management is of the opinion that collection efforts will be favorable and thus no allowance for uncollectible accounts is considered necessary.

Loans receivable of the primary government are summarized as follows:

General Fund:

Notes receivable from four fishing companies incorporated and operating in the Republic of the Marshall Islands, due August 1992, interest at 6% per annum, interest and principal payable on demand. These notes have been fully provided for in the allowance for uncollectible accounts. \$ 1,780,000

Loan receivable from Ebje Ruktok/Rukjenlein Fishing Company, Inc., interest at 8.5% per annum, with repayments commencing March 1995. The loan is a subsidiary loan of a loan agreement (Loan Number 1102 MAR (SF)) between RepMar and the Asian Development Bank. This loan has been fully provided for in the allowance for uncollectible accounts. 2,588,787

\$ 4,368,787

Nonmajor Governmental Funds:

Loans to qualified Marshallese students under a student financial assistance program, interest free, uncollateralized with no set repayment terms, and may be converted to grants at a later date if the recipients meet certain criteria. These loans have been fully provided for in the allowance for uncollectible accounts. During the year ended September 30, 2021, loans in the amount of \$841,444 were converted to grants as the recipients met the criteria for conversion. \$ 14,082,436

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(3) Receivables, Continued

Discretely Presented Component Units

Receivables as of September 30, 2021, for the discretely presented component units, including applicable allowance for uncollectible accounts, are as follows:

	Air Marshall Islands, Inc.	Marshalls Energy Company, Inc.	Marshall Islands Development Bank	Marshall Islands National Telecom. Authority	Marshall Islands Shipping Corporation	RMI Ports Authority	Tobolar Copra Processing Authority	Non-major Component Units	Totals
Receivables:									
Federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,707	\$ -	\$ 7,329	\$ 131,036
General	491,276	19,053,756	-	2,543,984	892,319	1,847,118	1,211,207	979,381	27,019,041
Loans	-	-	26,431,835	-	-	-	-	-	26,431,835
Interest	-	-	229,776	-	-	58,284	-	-	288,060
Other	-	231,143	570,346	98,944	241,673	16,417	134,820	93,926	1,387,269
	491,276	19,284,899	27,231,957	2,642,928	1,133,992	2,045,526	1,346,027	1,080,636	55,257,241
Less: allowance for uncollectible accounts	(208,382)	(13,543,017)	(4,390,079)	(828,045)	(863,922)	(1,439,866)	(1,104,935)	(690,903)	(23,069,149)
Net receivables	\$ 282,894	\$ 5,741,882	\$ 22,841,878	\$ 1,814,883	\$ 270,070	\$ 605,660	\$ 241,092	\$ 389,733	\$ 32,188,092

Loans receivable of the discretely presented component units are as follows:

Marshall Islands Development Bank (MIDB):

MIDB's loan portfolio is comprised of consumer, housing and business loans. The majority of the loan portfolio is unsecured, while the remaining portion is secured by various forms of collateral. These loans are cosigned by third parties. The basis for expected repayment of a majority of consumer and housing loans is the continued employment of the borrower and allotment agreements between MIDB and the borrower's employer. All loans are at fixed rates ranging from 4% - 14% per annum.

(4) Interfund Receivables and Payables

Primary Government

Receivables and payables between funds reflected as due to/from other funds in the governmental funds balance sheet as of September 30, 2021, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	Grants Assistance	\$ 16,010,691	\$ 16,010,691
Grants Assistance	General	13,000,207	13,000,207
Nonmajor governmental funds	General	4,430,832	4,430,832
Nonmajor governmental funds	Fiduciary Funds - Private Purpose Trust	2,358,756	-
Fiduciary Funds - Private Purpose Trust	General	-	885,118
Fiduciary Funds - Custodial	General	-	164,484
		35,800,486	34,491,332
Fiduciary Funds - Private Purpose Trust	General	885,118	-
Nonmajor governmental funds	Fiduciary Funds - Private Purpose Trust	-	2,358,756
Fiduciary Funds - Custodial	General	164,484	-
		\$ 36,850,088	\$ 36,850,088

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(4) Interfund Receivables and Payables, Continued

Primary Government, Continued

Receivables and payables reflected as due to/from component units as of September 30, 2021, are summarized as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental activities:		
Marshall Islands Development Bank	\$ -	\$ 2,536,019
General Fund:		
Air Marshall Islands, Inc.	-	150,000
Marshalls Energy Company, Inc.	5,479,955	-
Marshall Islands Development Bank	1,000,000	-
Marshall Islands Marine Resources Authority	-	330,000
RMI Ports Authority	-	152,678
Tobolar Copra Processing Authority	-	300,000
Nonmajor component units	-	69,063
	<u>6,479,955</u>	<u>1,001,741</u>
	<u>\$ 6,479,955</u>	<u>\$ 3,537,760</u>

The amount recorded by the General Fund due from Marshalls Energy Company, Inc. of \$5,479,955 represents a subsidiary loan agreement under an Asian Development Bank (ADB) loan (Loan Number 2659 RMI (SF)) received by RepMar from the ADB. Interest accrues at the rate of 1% per annum through September 30, 2021 and at 1.5% per annum thereafter with monthly principal and interest payments due of \$37,960 and matures on May 31, 2034.

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 347,231	\$ 80,050	\$ 427,281
2023	381,141	74,379	455,520
2024	386,898	68,622	455,520
2025	392,741	62,779	455,520
2026	398,673	56,847	455,520
2026-2030	2,085,526	192,074	2,277,600
2031-2034	<u>1,487,845</u>	<u>37,142</u>	<u>1,524,987</u>
	<u>\$ 5,479,955</u>	<u>\$ 571,893</u>	<u>\$ 6,051,848</u>

The amount recorded by the General Fund due from Marshall Islands Development Bank of \$1,000,000 represents a subsidiary loan agreement received by RepMar from the International Cooperation and Development Fund (ICDF). Total available subsidiary loan of \$4,000,000 was divided into four drawdowns of \$1,000,000 each. Loan drawdowns commenced in 2019 with repayment commencing on December 15, 2021 in bi-monthly installments with interest at the rate of 2% per annum. Loan repayments will be based on total drawdowns made up to 2021.

The amount recorded as due from component units of the primary government of \$6,479,955 does not equal the corresponding due to primary government of the discretely presented component units of \$10,882,559 due to an allowance for doubtful accounts recorded by the General Fund and the Grants Assistance Fund of \$2,802,604 and \$1,600,000, respectively. The amount recorded as due to component units of the primary government of \$3,537,760 does not equal the corresponding due from primary government of the discretely presented component units of \$2,986,019 due to a \$551,741 allowance for doubtful accounts recorded by the respective component units.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(4) Interfund Receivables and Payables, Continued

Primary Government, Continued

Due to component units includes \$2,536,019 due to the Marshall Islands Development Bank (MIDB), which represents amounts drawn down on a \$6,000,000 loan facility to provide additional funds to supplement the General Fund's subsidy to Tobolar Copra Processing Authority as a result of the increase in the price of copra.

The MIDB loan is governed by a Loan Agreement and related Promissory Note, which sets forth covenants to ensure compliance with the terms and conditions during the term of the loan including payment of debt service. The primary requirements are summarized below:

Events of Default - Article 5A of the Loan Agreement sets forth various events of default, which occurs when the Borrower fails to fulfill a payment obligation under the loan agreement when due; or the Borrower fails to perform any of the covenants provided under Article 4 of the Loan Agreement.

Acceleration of Maturity - Article 5B of the Loan Agreement sets forth certain remedies in the event of default. Upon default by the Borrower, MIDB may exercise all rights and remedies available to MIDB to enforce the Loan Agreement.

Discretely Presented Component Units

Receivables and payables reflected as due to/from primary government as of September 30, 2021, are summarized as follows:

	<u>Due From</u>	<u>Due To</u>
Air Marshall Islands, Inc.:		
General Fund	\$ 150,000	\$ 1,516,890
Grants Assistance Fund	-	1,600,000
Marshall's Energy Company, Inc.:		
General Fund	-	5,479,955
Marshall Islands Development Bank:		
Governmental activities	2,536,019	-
General Fund	-	1,000,000
Marshall Islands National Telecommunications Authority:		
General Fund	-	1,000,000
Tobolar Copra Processing Authority:		
General Fund	300,000	-
RMI Ports Authority:		
General Fund	<u>-</u>	<u>285,714</u>
	<u>\$ 2,986,019</u>	<u>\$ 10,882,559</u>

The amount recorded by the Marshall Islands National Telecommunications Authority (MINTA) due to the General Fund of \$1,000,000 includes Compact of Free Association Infrastructure Maintenance Sector grant funds borrowed by MINTA of \$700,000. This loan is unsecured and interest free with annual payments due of \$100,000 commencing March 2012 to be deposited into a savings account established in accordance with Section 211(d)(2) of the Compact of Free Association, as amended. The remaining amount of \$300,000 represents an advance from the General Fund for the purpose of providing funding for the 4G LTE Project, which is to be reimbursed by MINTA.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(5) Capital Assets

Capital asset activities for the year ended September 30, 2021, are as follows:

Primary Government

	Estimated Useful Lives	Balance October 1, 2020	Additions	Transfers	Retirements	Balance September 30, 2021
Depreciable capital assets:						
Buildings	20 - 40 yrs	\$ 115,119,485	\$ 944,143	\$ -	\$ -	\$ 116,063,628
Water infrastructure system	25 yrs	9,261,029	-	-	-	9,261,029
Docks, roads and bridges	25 - 30 yrs	20,710,923	-	-	-	20,710,923
Ships	25 yrs	11,123,000	-	-	-	11,123,000
Software	10 yrs	3,743,327	-	-	-	3,743,327
Heavy equipment	3 - 10 yrs	<u>9,150,655</u>	<u>1,204,560</u>	<u>(644,318)</u>	<u>(1,029,178)</u>	<u>8,681,719</u>
		<u>169,108,419</u>	<u>2,148,703</u>	<u>(644,318)</u>	<u>(1,029,178)</u>	<u>169,583,626</u>
Less accumulated depreciation:						
Buildings		(54,504,339)	(2,367,908)	-	-	(56,872,247)
Water infrastructure system		(8,896,609)	(364,420)	-	-	(9,261,029)
Docks, roads and bridges		(15,428,987)	(748,942)	-	-	(16,177,929)
Ships		(8,165,880)	(952,560)	-	-	(9,118,440)
Software		(2,118,485)	(225,191)	-	-	(2,343,676)
Heavy equipment		<u>(5,196,114)</u>	<u>(785,006)</u>	<u>356,422</u>	<u>817,921</u>	<u>(4,806,777)</u>
		<u>(94,310,414)</u>	<u>(5,444,027)</u>	<u>356,422</u>	<u>817,921</u>	<u>(98,580,098)</u>
Total depreciable capital assets, net		74,798,005	(3,295,324)	(287,896)	(211,257)	71,003,528
Nondepreciable capital assets:						
Construction in progress		<u>11,543,076</u>	<u>12,474,976</u>	-	<u>(125,000)</u>	<u>23,893,052</u>
		<u>\$ 86,341,081</u>	<u>\$ 9,179,652</u>	<u>\$ (287,896)</u>	<u>\$ (336,257)</u>	<u>\$ 94,896,580</u>

Depreciation expense was charged to functions/programs of the primary government's governmental activities as follows:

Public Service Commission	\$ 15,000
Education, Sports and Training	1,598,177
Health and Human Services	715,482
Transportation, Communication and Information Technology	18,214
Natural Resources and Commerce	22,600
Culture and Internal Affairs	58,430
Justice, Immigration and Labor	207,417
Finance, Banking and Postal Services	45,907
Foreign Affairs and Trade	231,510
Works, Infrastructure and Utilities	2,472,165
President and Cabinet	10,958
Chief Secretary	9,776
Nitijela	<u>38,391</u>
	<u>\$ 5,444,027</u>

Discretely Presented Component Units

	Estimated Useful Lives	Balance October 1, 2020	Additions	Retirements	Balance September 30, 2021
Depreciable capital assets:					
Buildings	3 - 34 yrs	\$ 22,088,477	\$ 86,060	\$ -	\$ 22,174,537
Utility plant	3 - 40 yrs	114,549,275	5,976,558	(145,495)	120,380,338
Vessels	25 yrs	8,239,074	1,639,787	-	9,878,861
Machinery and equipment	2 - 25 yrs	46,939,841	2,288,327	(407,744)	48,820,424
Infrastructure	5 - 50 yrs	<u>89,044,521</u>	<u>-</u>	<u>-</u>	<u>89,044,521</u>
		280,861,188	9,990,732	(553,239)	290,298,681
		<u>(178,847,943)</u>	<u>(11,073,667)</u>	<u>443,918</u>	<u>(189,477,692)</u>
Total depreciable capital assets, net		102,013,245	(1,082,935)	(109,321)	100,820,989
Less accumulated depreciation					
Total depreciable capital assets, net					
Nondepreciable capital assets:		<u>4,579,297</u>	<u>3,648,357</u>	<u>(5,284,873)</u>	<u>2,942,781</u>
Construction in progress		<u>\$ 106,592,542</u>	<u>\$ 2,565,422</u>	<u>\$ (5,394,194)</u>	<u>\$ 103,763,770</u>

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(6) Indefeasible Right of Use (IRU)

In 2009, the Marshall Islands National Telecommunications Authority (MINTA) entered into an IRU Capital Lease agreement with a third party for the exclusive use of 8 wave lengths of fiber capacity of the two fibers of the Kwajalein Cable System (KCS) which runs between Guam and Kwajalein and which is known as the "HANTRU1 System". Under the terms of the agreement, MINTA made certain payments of \$6,500,091. The initial term of the agreement is for a period of 10 years commencing on the date MINTA is initially granted access, and which term is automatically renewable for a further 10-year period and an additional 5-year period thereafter. Prior to the tenth and twentieth anniversary dates, MINTA has the option to terminate this agreement; however, such is subject to prior approval of the Rural Utilities Services (RUS) of the U.S. Department of Agriculture. MINTA's policy is to amortize the right of use over the 25-year period. As of September 30, 2021, accumulated amortization expense of \$2,946,708 has been recorded.

(7) Long-term Debt

Primary Government

Under the Government Borrowing Act of 1985, RepMar may borrow money for such purposes as approved by the Nitijela of RepMar. As of September 30, 2021, the primary government had the following long-term debt outstanding and payable:

	<u>Dated Date</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding Amount</u>
Asian Development Bank (ADB):				
Loan No. 1102 MAR (SF) Fisheries Development Project	November 28, 1991	1%	July 1, 2031	\$ 1,259,150
Loan No. 1218 MAR (SF) Typhoon Rehabilitation	January 29, 1993	1%	November 15, 2032	235,428
Loan No. 1249 MAR (SF) Basic Education Project	November 17, 1993	1%	October 15, 2033	3,908,477
Loan No. 1250 MAR (SF) Majuro Water Supply Project #1	November 17, 1993	1%	May 15, 2033	299,642
Loan No. 1316 RMI (SF) Health and Population Project	February 24, 1995	1%	July 1, 2034	2,989,738
Loan No. 1389 RMI (SF) Majuro Water Supply Project #2	February 1, 1996	1%	September 1, 2035	5,007,176
Loan No. 1513 RMI (SF) Public Sector Reform Program	January 30, 1997	1%	December 1, 2036	7,418,854
Loan No. 1694 RMI (SF) Ebeye Health and Infrastructure Project	October 8, 1999	1.5%	August 1, 2031	4,072,243
Loan No. 1791 RMI (SF) Skills Training and Vocational Education Project	January 11, 2001	1.5%	November 15, 2032	2,409,457
Loan No. 1829 RMI (SF) Fiscal and Financial Management Program #2	June 22, 2001	1.5%	May 15, 2025	2,097,242
Loan No. 1948 RMI (SF) Outer Island Transport Infrastructure Project	February 14, 2003	1.5%	August 1, 2034	246,478
Loan No. 2659 RMI (SF) Public Sector Reform Sub Program #1	September 8, 2010	1.5%	August 15, 2034	7,365,340
Loan No. 2950 RMI (SF) Public Sector Reform Sub Program #2	December 13, 2012	1.5%	November 15, 2036	4,439,487
				<u>41,748,712</u>
International Cooperation and Development Fund (ICDF):				
Home Energy Efficiency and Renewable Energy Project	November 8, 2016	2%	May 8, 2032	1,000,000
Track and Field 2022 Micronesian Games Project	August 16, 2019	2%	March 15, 2052	6,158,000
				<u>7,158,000</u>
				<u>\$ 48,906,712</u>

Asian Development Bank Loans:

Loan Number 1102 MAR (SF) in the amount of SDR 2,432,599 is to assist RepMar in initiating a domestic commercial fish production and marketing capability, and to strengthen RepMar's institutional capabilities to support economic self-reliance through the development of its major natural resource of fisheries.

Loan Number 1218 MAR (SF) in the amount of SDR 364,000 is to provide funding for the emergency rehabilitation and restoration of facilities that were damaged or destroyed by Typhoon Gay in November 1992.

Loan Number 1249 MAR (SF) in the amount of SDR 5,717,446 is to provide funding for the improvement of basic education within the Marshall Islands.

Loan Number 1250 MAR (SF) and Loan Number 1389 RMI (SF) in the cumulative amount of SDR 6,540,496 is to provide funding for the Majuro Water Supply Project.

Loan Number 1316 RMI (SF) in the amount of SDR 3,911,000 is to provide funding for improving the quality of health and family planning services and strengthening RepMar's primary health care model of services.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(7) Long-term Debt, Continued

Primary Government, Continued

Asian Development Bank Loans, Continued:

Loan Number 1513 RMI (SF) in the amount of SDR 8,241,000 is to provide funding for the Public Sector Reform Program. The proceeds are to be used to: (i) stabilize RepMar's finances in the short run; (ii) ensure the long-term structural stability of RepMar's finances; and (iii) create an improved enabling environment for the private sector.

Loan Number 1694 RMI (SF) in the amount of SDR 6,924,000 is to provide funding for the Ebeye Health and Infrastructure Project. The proceeds are to be used to: (i) improve the delivery of quality medical care for Ebeye and proximate islands; (ii) strengthen primary health care and preventive services to the general population; (iii) rehabilitate and expand the existing water supply and sewerage systems on Ebeye; and (iv) upgrade the islets power generation and distribution system.

Loan Number 1791 RMI (SF) in the amount of SDR 5,276,000 is to provide funding for the Skills Training and Vocational Education Project. The proceeds are to be used to: 1) provide funding for career awareness, skills training, special training programs for women and youth; and 2) institutional capacity building within the Marshall Islands.

Loan Number 1829 RMI (SF) in the amount of SDR 6,320,000 is to provide funding for the Fiscal and Financial Management Program. The proceeds are to be used to: 1) establish a trust fund; 2) finance the payment of medical referral costs in arrears; and 3) improve the overall financial management of RepMar.

Loan Number 1948 RMI (SF) in the amount of SDR 5,304,000 is to provide funding for the Outer Island Transport Infrastructure Project. The proceeds are to be used to provide or improve outer island port infrastructure, navigation aids, storage warehouses, and airstrip extensions and maintenance.

Loan Number 2659 RMI (SF) and Loan Number 2950 RMI (SF) in the cumulative amount of SDR 9,655,000 is to provide funding for the Public Sector Reform Sub Program # 1 and # 2. The proceeds are to be used to: 1) improve the medium term fiscal outlook, with a view to increasing the budget surplus; 2) restrain public expenditure through selected reductions and freezes in selected major recurrent expenditure items; 3) reform and modernize the tax system, including introducing a sales tax, and by improving tax administration; 4) improve the operational and financial performance of state owned enterprises (SOEs) through introduction of a national SOE policy and related legislation, and to implement a recovery plan for MEC; and 5) support stakeholder participation and consultation in respect of the Program.

The abovementioned ADB loans payable are uncollateralized and are backed by the full faith and credit of RepMar. The abovementioned loans are designated and measured by the ADB using Special Drawing Rights (SDRs). The value of a SDR is defined by a weighted currency basket of five major currencies: the U.S. Dollar, the Chinese Yuan, the Euro, the British Pound, and the Japanese Yen. Accordingly, ADB loans payable denominated in SDR are subject to remeasurement at the year-end SDR exchange rate. In addition, the International Monetary Fund (IMF) re-evaluates this currency basket every five years. The effects of foreign currency transaction gains or losses resulting from year-end remeasurement or IMF re-evaluation are included in the government-wide financial statements in the period when such remeasurement or re-evaluation occurs. During the year ended September 30, 2021, RepMar recognized a foreign exchange gain of \$888,968 associated with year-end remeasurement, which is presented as a special item in the accompanying financial statements, and which results in a decrease in ADB loans payable.



REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(7) Long-term Debt, Continued

Primary Government, Continued

Asian Development Bank Loans, Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,563,047	\$ 509,215	\$ 4,072,262
2023	3,563,047	463,519	4,026,566
2024	3,563,047	417,824	3,980,871
2025	3,563,047	372,128	3,935,175
2026	3,038,737	328,399	3,367,136
2027 - 2031	15,197,072	1,074,533	16,271,605
2032 - 2036	8,876,805	255,343	9,132,148
2037	383,910	2,278	386,188
	<u>\$ 41,748,712</u>	<u>\$ 3,423,239</u>	<u>\$ 45,171,951</u>

ADB loans are governed by Loan Regulations, which set forth certain terms and conditions applicable to these loans as follows:

Events of default with finance related consequences - in the event that the Borrower shall have failed to make payment of principal, interest charge or any other charge required under the Loan Agreement, the ADB may by notice to the Borrower suspend in whole or in part the right of the Borrower to make any further withdrawals from the Loan Account. The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event which gave rise to such suspension shall have, in the reasonable opinion of the ADB, ceased to exist or until the ADB shall have notified the Borrower that the right to make withdrawals has been restored in whole or in part, whichever is the earlier. If the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of 30 days, the ADB may by notice to the Borrower terminate the right of the Borrower to make withdrawals. Upon the giving of such notice, the Loan shall be cancelled.

Acceleration of maturity - the regulations specify that in the case of default that has occurred and continues for a period of 30 days, the ADB, at its option, may by notice to the Borrower declare the principal of the loan then outstanding, together with all accrued interest and other charges thereon, to be due and payable immediately.

International Cooperation and Development Fund (ICDF) Loans:

The Home Energy Efficiency and Renewable Energy Project loan in the amount of \$4,000,000 aims to increase local energy resources and efficient utilization of energy through the household sector, both of which are expected to reduce pollution through a reduction in the use of imported fossil fuel for power generation. Loan proceeds are to be lent to the Marshall Islands Development Bank (MIDB) for the purpose of providing funds to household borrowers. The applicant households must take an energy audit to obtain a list of the inefficient appliances and light fittings in need of replacement, which will later be provided to MIDB for loan approval.

The RMI Track and Field Project loan in the amount of \$6,158,000 is to provide funding for the construction of a track and field for the purpose of hosting the 2023 Micronesian Games.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(7) Long-term Debt, Continued

Primary Government, Continued

International Cooperation and Development Fund (ICDF) Loans, Continued:

The abovementioned ICDF loans payable are uncollateralized and are backed by the full faith and credit of RepMar.

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 50,000	\$ 143,160	\$ 193,160
2023	100,000	141,660	241,660
2024	100,000	139,660	239,660
2025	100,000	137,660	237,660
2026	218,423	135,660	354,083
2027 - 2031	1,684,231	583,167	2,267,398
2032 - 2036	1,234,231	432,744	1,666,975
2037 - 2041	1,184,231	313,821	1,498,052
2042 - 2046	1,184,231	195,398	1,379,629
2047 - 2051	1,184,231	76,975	1,261,206
2052	<u>118,422</u>	<u>1,185</u>	<u>119,607</u>
	<u>\$ 7,158,000</u>	<u>\$ 2,301,090</u>	<u>\$ 9,459,090</u>

ICDF loans are governed by the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Lender (the "General Conditions"), which set forth covenants to ensure compliance with the terms and conditions of the Projects during the implementation phase and payment of debt service. The primary requirements of the General Conditions are summarized below:

The Borrower shall implement the Projects with due diligence and due care and in accordance with sound financial standards and practice.

Events of default with finance related consequences - Section 13.1 of the General Conditions sets forth various events of default, which occurs when the Borrower shall have failed to pay, when due, any interest or installment of principal or any other sums due under the Loan Agreement; or the Borrower shall have failed to perform any of the covenants provided under Section 11 of the General Conditions.

Acceleration of maturity - Section 13.2 of the General Conditions specify that in the case of default that has occurred and continues for a period of 21 days, the ICDF, at its option, may by notice to the Borrower declare the principal of the loan then outstanding, together with all accrued interest and other charges thereon, to be due and payable immediately. Default interest at a rate equal to 4% above the applicable LIBOR, as defined in the General Conditions, shall accrue on each installment payment of the principal amount of the Loan, interest thereon, which are overdue.

Changes in long-term debt of the primary government for the year ended September 30, 2021 was as follows:

	<u>Balance October 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2021</u>	<u>Due Within One Year</u>
Loans payable:					
ADB loans	\$ 46,141,875	\$ -	\$ (4,393,163)	\$ 41,748,712	\$ 3,563,047
ICDF loans	<u>4,000,000</u>	<u>3,158,000</u>	<u>-</u>	<u>7,158,000</u>	<u>50,000</u>
	<u>\$ 50,141,875</u>	<u>\$ 3,158,000</u>	<u>\$ (4,393,163)</u>	<u>\$ 48,906,712</u>	<u>\$ 3,613,047</u>

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(7) Long-term Debt, Continued

Discretely Presented Component Units

As of September 30, 2021, the discretely presented component units had the following long-term debt outstanding and payable:

	<u>Dated Date</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding Amount</u>
Marshall Islands National Telecommunications Authority: Rural Utilities Service (RUS) mortgage note (Loan A)	June 4, 1992	5.00%	June 4, 2027	\$ 3,788,798
Rural Utilities Service (RUS) mortgage note (Loan C)	March 12, 2009	3.64% - 5.00%	March 12, 2031	<u>10,872,422</u>
				14,661,220
Tobolar Copra Processing Authority: Bank loan	June 23, 2016	8.5%	June 30, 2022	<u>174,557</u>
				\$ <u>14,835,777</u>

Marshall Islands National Telecommunications Authority (MINTA):

Certain portions of loan repayments of the RUS mortgage notes are unconditionally guaranteed by the primary government, under which the primary government will make debt service payments to RUS up to \$1,500,000 annually in the event of default by MINTA and have been collateralized by a leasehold mortgage and security agreement over the assets of MINTA.

The respective RUS Loan Agreements set forth covenants to ensure proper operation and maintenance of the telecommunications system and payment of debt service, including a requirement to meet the required times interest earned ratio (TIER).

The primary requirements of the loan agreements are summarized below:

Rate Covenant - MINTA has covenanted to at all times fix, prescribe and collect rates, fees and charges in connection with the services furnished by the telecommunications system that will be sufficient to yield the sum of net income during each fiscal year equal to at least 150% of the annual debt service commencing on December 31, 2012. TIER is defined as net income (after tax) plus interest divided by interest expense. The Loan Agreements prohibit MINTA, without the prior written consent of RUS, to incur additional indebtedness while MINTA maintains a TIER below 1.0; or if the additional indebtedness will cause MINTA's TIER to fall below 1.0; or an Event of Default has occurred and is continuing.

Events of default with finance related consequences - the Loan Agreements specify a number of Events of Default and related Remedies. MINTA shall furnish to RUS promptly, after becoming aware, notice of the occurrence of any default under the Loan Documents or the receipt of any notice with respect to the occurrence of any event with which the giving of notice or the passage of time, or both, could become an Event of Default.

Acceleration of maturity - Upon the occurrence of an Event of Default and is continuing, RUS may, by notice in writing to MINTA, declare all unpaid principal of and all interest accrued on the Notes to be immediately due and payable and upon such declaration, all such principal and interest shall become immediately due and payable.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(7) Long-term Debt, Continued

Discretely Presented Component Units, Continued

Marshall Islands National Telecommunications Authority (MINTA), Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 705,284	\$ 286,781	\$ 992,065
2023	719,520	272,545	992,065
2024	733,852	258,213	992,065
2025	749,030	243,035	992,065
2026	763,974	228,091	992,065
2027 - 2031	4,057,474	902,850	4,960,324
2032 - 2036	4,054,111	482,630	4,536,741
2037 - 2041	<u>2,877,975</u>	<u>130,528</u>	<u>3,008,503</u>
	\$ <u>14,661,220</u>	\$ <u>2,804,673</u>	\$ <u>17,465,893</u>

Tobolar Copra Processing Authority (TCPA):

Loan repayments to the bank are guaranteed by Marshall Islands Development Bank (MIDB) under which MIDB will make debt service payments in the event of default by TCPA and have been collateralized by a general security agreement over the assets of TCPA. The Loan Agreement sets forth covenants to ensure payment of debt service. The primary requirements of the loan agreement are summarized below:

Events of default with finance related consequences - the Loan Agreement specifies a number of Events of Default and related Remedies.

Acceleration of maturity - Upon the occurrence of an Event of Default and is continuing, the bank may, without notice or demand, declare all unpaid principal of and all interest accrued on the loan to be immediately due and payable and upon such declaration, all such principal and interest shall become immediately due and payable.

Annual repayment requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ <u>174,557</u>	\$ <u>3,793</u>	\$ <u>178,350</u>

Changes in long-term debt of the discretely presented component units for the year ended September 30, 2021 were as follows:

	<u>Balance October 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2021</u>	<u>Due Within One Year</u>
Loans payable:					
MINTA	\$ 16,366,097	\$ -	\$ (1,704,877)	\$ 14,661,220	\$ 705,284
TCPA	<u>486,865</u>	<u>-</u>	<u>(312,308)</u>	<u>174,557</u>	<u>174,557</u>
	\$ <u>16,852,962</u>	\$ <u>-</u>	\$ <u>(2,017,185)</u>	\$ <u>14,835,777</u>	\$ <u>879,841</u>

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(8) Change in Other Long-term Obligations

Primary Government

Other long-term liabilities will be liquidated in the future primarily from the General Fund and the Grants Assistance Fund. During the year ended September 30, 2021, the following changes occurred in liabilities reported as part of the primary government's long-term liabilities in the statement of net position:

	Balance October 1, 2020	Additions	Reductions	Balance September 30, 2021	Due Within One Year
Due to component units	\$ 3,087,760	\$ 450,000	\$ -	\$ 3,537,760	\$ 3,537,760
Other:					
Compensated absences	4,068,245	2,508,750	(2,272,403)	4,304,592	1,646,937
	<u>\$ 7,156,005</u>	<u>\$ 2,958,750</u>	<u>\$ (2,272,403)</u>	<u>\$ 7,832,352</u>	<u>\$ 5,184,697</u>

Discretely Presented Component Units

Changes in other long-term liabilities of discretely presented component units for the year ended September 30, 2021, are as follows:

	Balance October 1, 2020	Additions	Reductions	Balance September 30, 2021	Due Within One Year
Due to primary government:					
AMI	\$ 3,116,890	\$ -	\$ -	\$ 3,116,890	\$ -
MEC	5,850,336	-	(370,381)	5,479,955	347,231
MIDB	1,000,000	-	-	1,000,000	-
MINTA	1,000,000	-	-	1,000,000	1,000,000
RMIPA	285,714	-	-	285,714	285,714
	<u>\$ 11,252,940</u>	<u>\$ -</u>	<u>\$ (370,381)</u>	<u>\$ 10,882,559</u>	<u>\$ 1,632,945</u>

(9) Fund Balances

Classifications of fund balances comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following table enumerates the fund balance classifications:

	General	Grants Assistance	Compact Trust	Nonmajor Governmental Funds	Totals
Fund balances:					
Nonspendable:					
Pacific Islands Development Bank investment	\$ 2,990,250	\$ -	\$ -	\$ -	\$ 2,990,250
Loan receivable – MEC	5,479,955	-	-	-	5,479,955
Loan receivable – MIDB	1,000,000	-	-	-	1,000,000
Permanent fund principal	-	-	109,220,418	-	109,220,418
Restricted:					
Education and health	-	843,943	-	1,500	845,443
Capacity building	-	163,374	-	-	163,374
Environmental	-	134,564	-	-	134,564
Infrastructure	-	3,072	-	-	3,072
Infrastructure maintenance	-	1,608,900	-	-	1,608,900
Disaster assistance	-	4,445,199	-	-	4,445,199
Compact – other	-	42,663	-	-	42,663
ADB COVID-19 support	4,019,878	-	-	-	4,019,878
ADB Hot Lunch reimbursement	3,500,000	-	-	-	3,500,000
ROC COVID-19 emergency response	98,729	-	-	-	98,729
ADB Pacific Disaster Resilience Program	350,082	-	-	-	350,082
ADB COVID-19 emergency response	270,699	-	-	-	270,699
ADB PFM	8,890	-	-	-	8,890
ADB loan # 2659 sinking fund	3,711,242	-	-	-	3,711,242
European Development Fund	-	1,909,375	-	-	1,909,375
World Bank	-	99,880	-	-	99,880
Credit card collateralization	62,709	-	-	-	62,709
Nuclear claims related	-	-	-	687,288	687,288
Other	-	435,105	-	-	435,105
Committed:					
Judiciary	-	-	-	660,615	660,615
Education and health	-	-	-	6,764,856	6,764,856
Capital projects	-	4,568,640	-	-	4,568,640
Other	14,251	-	-	1,853,077	1,867,328
Unassigned	10,284,140	(42,044)	-	-	10,242,096
	<u>\$ 31,790,825</u>	<u>\$ 14,212,671</u>	<u>\$ 109,220,418</u>	<u>\$ 9,967,336</u>	<u>\$ 165,191,250</u>

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(9) Fund Balances, Continued

Restricted fund balance of the Grants Assistance Fund includes unexpended World Bank funds as follows:

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Pacific Resilience Project II Sustainable Energy Development Project	\$ 87,358	\$ 1,000,000	\$ 1,087,358	\$ -
RMI Maritime Investment Project	-	4,908,610	4,908,610	-
Strengthen Budget Execution and Financial Reporting Multisectoral Early Childhood Development Project	37,740	498,201	535,941	-
Digital RMI Project	-	1,508,090	1,508,090	-
Education and Skills Strengthening Project	252,757	457,682	710,439	-
COVID-19 Emergency Response	3,000	806,966	809,966	-
	-	6,891	1,578	5,313
	<u>95,122</u>	<u>257,888</u>	<u>258,443</u>	<u>94,567</u>
	<u>\$ 475,977</u>	<u>\$ 9,444,328</u>	<u>\$ 9,820,425</u>	<u>\$ 99,880</u>

(10) Employee Retirement Plan

The Government-Employee Retirement Plan was created by Public Law 2019-104 for the purpose of establishing a defined contribution retirement savings plan (the Plan) for RepMar employees, whereby employees eighteen years and older are eligible to participate upon regularization of employment. Plan participants may contribute any amount of their salaries to be matched 100% by RepMar up to 3% of base salaries. Withdrawal from the Plan occurs upon termination of employment, death, or financial hardship. Plan assets are held in a trust fund administered by a trustee in accordance with the trust agreement. Management has the authority to establish or amend Plan provisions and contribution requirements. RepMar contributed \$91,090 to Plan participant accounts during the year ended September 30, 2021, and total combined Plan assets were \$411,108 as of September 30, 2021.

(11) Restricted Assets

Primary Government

Restricted cash and cash equivalents of the primary government are as follows:

Escrow account established for the benefit of landowners of Kwajalein Atoll.	\$ 294,239
Savings account established in accordance with Section 211(d)(2) of the Compact of Free Association, as amended, for the purpose of funding RepMar's infrastructure maintenance plan.	2,310,844
Savings account established in accordance with Section 211(e) of the Compact of Free Association, as amended, for the purpose of funding RepMar's disaster assistance emergency fund.	4,559,929

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(11) Restricted Assets, Continued

Primary Government, Continued

Savings accounts collateralizing a credit card facility.	62,709
Deposit account established in accordance with ADB Loan 2659-RMI (SF) for the purpose of funding loan debt service payments.	3,711,242
Savings account established for the purpose of accounting for funds held by RepMar in a custodial capacity relating to unclaimed property.	<u>107,196</u>
	<u>\$ 11,046,159</u>

Restricted investments of the primary government are as follows:

Investments held in a trust fund for the purpose of accumulating resources to fund RepMar government operations after fiscal year 2023.	<u>\$ 109,220,418</u>
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Discretely Presented Component Units

Restricted cash and cash equivalents of the discretely presented component units are as follows:

Deposit account established by Marshalls Energy Company, Inc. in accordance with ADB Loan 2659-RMI (SF) for the purpose of funding repairs and maintenance.	\$ 216,674
Savings account established by the Marshall Islands Development Bank collateralizing loans funded by Rural Housing Service.	<u>516,812</u>
	<u>\$ 733,486</u>

(12) Operating Transfers In/Out

Operating transfers in/out for each major governmental fund and nonmajor governmental funds in the aggregate, for the year ended September 30, 2021, are as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund:		
Compact Trust Fund	\$ 5,250,000	\$ 3,000,000
Nonmajor governmental funds	<u>1,826,244</u>	<u>840,556</u>
	<u>7,076,244</u>	<u>3,840,556</u>
Grants Assistance Fund:		
Nonmajor governmental funds	<u>2,910,406</u>	<u>-</u>
Compact Trust Fund:		
General Fund	<u>3,000,000</u>	<u>5,250,000</u>
Nonmajor governmental funds:		
General Fund	840,556	1,826,244
Grants Assistance Fund	<u>-</u>	<u>2,910,406</u>
	<u>840,556</u>	<u>4,736,650</u>
	<u>\$ 13,827,206</u>	<u>\$ 13,827,206</u>

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(12) Operating Transfers In/Out, Continued

Transfers are used to 1) move revenues from the fund that enabling legislation or budget requires to collect them to the fund that enabling legislation or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) record reductions in interfund loans for amounts that are not expected to be repaid. Specifically, RepMar transferred \$2,250,000 from the General Fund to the Compact Trust Fund as a net trust fund contribution; \$1,826,244 from the General Fund to the Nonmajor Governmental Funds to finance Judicial branch operations and scholarships; \$2,910,406 from the Grants Assistance Fund to the Nonmajor Governmental Funds to finance scholarships and Four-atoll medical costs; and \$840,556 from the Nonmajor Governmental Funds to the General Fund to fund general operations.

(13) Compact Trust Fund

Section 216(a) of the Compact, as amended, provides for annual contributions from the United States into a trust fund established in accordance with the Agreement Between the Government of the United States of America and the Government of the Republic of the Marshall Islands Implementing Section 216 and Section 217 of the Compact, as Amended, Regarding a Trust Fund (Trust Fund Agreement). The contributions by the United States were conditioned upon RepMar contributing to the trust fund at least \$25,000,000 on October 1, 2003, \$2,500,000 prior to October 1, 2004, and a final \$2,500,000 prior to October 1, 2005. As of September 30, 2020, RepMar has contributed the required amounts to the "A Account" as required under Article 16 of the Trust Fund Agreement; however, Article 21 of the Trust Fund Agreement states that the United States may withdraw the Present Market Value of its contributions to the "A Account" if certain events occur.

In 2005, RepMar entered into a Subsequent Contributor Accession Agreement with the Republic of China whereby the Republic of China agreed to contribute annually certain amounts to the "A Account". In addition, the Republic of China agreed to contribute annually certain amounts to the "D Account", which was established by RepMar in accordance with Article 16. However, in the event of a severing of diplomatic relations between the Government of the Republic of the Marshall Islands and the Government of the Republic of China, the Republic of China may withdraw the Present Market Value of its contributions to the "A Account".

In addition to the "A Account", the Trust Fund Agreement requires a "C Account" be created into which annual income earnings over 6% from the "A Account" shall be deposited. The "C Account" is maintained as a memorandum account within the Trust Fund and is not separately invested.

Accordingly, the Compact Trust Fund presented within the accompanying financial statements presents only the contributions made to the "A Account" by RepMar and the "D Account" by the Republic of China and the related "C Account" as well as associated undistributed income summarized as follows:

RepMar - "A Account" and "C Account"	\$ 96,430,097
RepMar - "D Account"	<u>12,790,321</u>
	\$ <u>109,220,418</u>



REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(13) Compact Trust Fund, Continued

As of September 30, 2021, the fair market value of contributions to the Compact Trust Fund "A Account" by the United States and the Republic of China, including associated undistributed income, and the related "C Account" is as follows:

United States - "A Account" and "C Account"	\$ 500,114,419
Republic of China - "A Account" and "C Account"	<u>72,390,152</u>
	\$ <u>572,504,571</u>

(14) Contingencies and Commitments

Economic Dependency

During the year ended September 30, 2021, RepMar's General Fund recorded contributions from component units of \$26,000,000, which represents 27% of total General Fund revenues. These contributions represent fisheries revenues collected by the Marshall Islands Marine Resources Authority (MIMRA) and, as a result, the General Fund is economically dependent upon such contributions. If a significant reduction in the level of budgetary support from MIMRA due to the migratory nature of this economic resource were to occur, it may have an effect on the General Fund's programs and activities.

Nuclear Claims Trust Fund (NCTF)

Section 177(c) of the Compact of Free Association (the Compact) provides, on a one-time grant basis, the amount of \$150,000,000 to RepMar to be used to establish a trust fund from which annual distributions are to be made in accordance with Article II of the Agreement between the Government of the United States and RepMar for Implementation of Section 177 of the Compact (the Agreement). Pursuant to the Agreement, RepMar established the NCTF from which these distributions are made. Over a period of fifteen years, the Nuclear Claims Tribunal (NCT) received \$45,750,000 from the NCTF that was made available for whole or partial payment of monetary awards. As of September 30, 2021, NCT has committed to the distribution of monetary awards for personal injury claims of \$23,159,963 and of property damage claims of \$2,284,108,436. Accordingly, in order to satisfy these claims, additional funds will have to be made available from a renegotiated financial settlement of damages with the United States.

Federal Grants

RepMar participates in a number of federally assisted grant programs and other various U.S. Department of the Interior grants. These programs are subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. Questioned costs relating to fiscal years 2005 through 2021 have been set forth in RepMar's Single Audit Report for the year ended September 30, 2021. In addition, RepMar is considered to have responsibility for any questioned costs that may result from Single Audits of subgrantees who have not satisfied the audit requirements of OMB Circular A-133 or the OMB Uniform Guidance. The ultimate disposition of these questioned costs can be determined only by final action of the respective grantor agencies. Therefore, no provision for any liability that may result upon resolution of this matter has been made in the accompanying financial statements.

Litigation

RepMar is party to various legal proceedings, many of which are normal recurrences in governmental operations. The Attorney General of RepMar is of the opinion that the probable outcome of suits existing as of September 30, 2021 is not predictable. No provision for any liability has been made in the accompanying financial statements because management believes that no unfavorable outcome is likely to occur.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(14) Contingencies and Commitments, Continued

Marshall Islands Social Security Administration (MISSA)

In 2019, MISSA obtained an actuarial valuation of the Retirement Fund as of October 1, 2018. The valuation reported actuarial accrued liabilities and market value of assets for the Retirement Fund of \$428,740,000 and \$79,270,000, respectively, as of October 1, 2018. The funded ratio of the Retirement Fund as of October 1, 2017 is 18%. As of September 30, 2021, MISSA recorded total fund equity of \$88,122,276 in the Retirement Fund, as funds available to fund future benefit obligations. These conditions indicate that MISSA may be unable to meet its future benefit obligations.

Insurance Coverage

RepMar does not maintain insurance coverage for a significant amount of fixed assets. In the event of a catastrophe, RepMar may be self-insured to a material extent.

Sick Leave

It is the policy of RepMar to record expenditures for sick leave when leave is actually taken. Sick leave is compensated time for absence during working hours arising from employee illness or injury. The estimated accumulated amount of unused sick leave as of September 30, 2021 is \$13,771,957.

Leases

RepMar enters into numerous leases with various landowners. The lease terms generally range from one to fifteen years. However, appropriations to fund these leases are made on an annual basis. For the year ended September 30, 2021, RepMar appropriated \$1,423,972 to fund such leases.

Marshall Islands National Telecommunications Authority (MINTA) has long-term commitments for several ground and satellite circuit leases. Leases are both cancelable and noncancelable operating leases. Future minimum annual lease payments under these leases are as follows:

<u>Year ending September 30,</u>	<u>Total</u>
2022	\$ 1,530,337
2023	1,487,137
2024	1,465,537
2025	1,464,026
2026	1,025,818
2027 - 2031	144,381
2032 - 2036	139,623
2037 - 2041	<u>69,466</u>
	<u>\$ 7,326,325</u>

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(14) Contingencies and Commitments, Continued

Operation, Management and Repair (OM&R) Agreement

In 2009, MINTA, along with the Federated States of Micronesia Telecommunications Corporation (FSMTC), entered into an OM&R agreement with a third party for the purpose of operating, maintaining, and repairing the "Micronesian Addition", which is a subset of the HANTRU1 System. The term of the agreement coincides with the term of the IRU Capital Lease agreement wherein MINTA and FSMTC are required to each make monthly payments of \$6,400 less certain service credits, and which are subject to inflationary adjustments and an annual incremental increase of 3%.

Approximate future minimum annual payments under this agreement are as follows:

<u>Year ending September 30,</u>	<u>Total</u>
2022	\$ 107,904
2023	111,141
2024	114,475
2025	117,909
2026	121,447
2027 - 2031	664,120
2032 - 2034	<u>448,223</u>
	<u>\$ 1,685,219</u>

Trust Company of the Marshall Islands

Under the Joint Venture Agreement, as amended, between RepMar and the Trust Company of the Marshall Islands, Inc. (TCMI) dated September 14, 1990, and as amended August 18, 1995, after meeting certain contractual working capital requirements, annual gross revenues of the programs managed by TCMI are shared using a graduated schedule. In 2002, RepMar agreed to set aside the financial provisions of this Joint Venture Agreement in favor of an annual payment of \$1,000,000, payable in quarterly installments of \$250,000 through December 31, 2006. On December 6, 2006, RepMar agreed to again set aside the financial provisions of this Joint Venture Agreement in favor of an annual payment of \$2,000,000, payable in quarterly installments of \$500,000 through December 31, 2009.

In 2009, RepMar agreed to further amend the financial provisions of this Joint Venture Agreement whereby an annual payment of \$3,000,000 is payable by TCMI through December 31, 2010 in monthly installments of \$250,000, with an effective date of July 1, 2008. For the period January 1, 2011 through December 31, 2013, the annual payment amount increased to \$4,000,000, payable in monthly installments of \$333,333 and further increased to an annual payment amount of \$5,000,000 for the period January 1, 2014 through December 31, 2018, payable in monthly installments of \$416,667.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(14) Contingencies and Commitments, Continued

Trust Company of the Marshall Islands, Continued

In 2015, RepMar agreed to further amend the financial provisions of this Joint Venture Agreement whereby annual payments payable by TCMI through December 31 of each year would be as follows:

<u>Year ending December 31,</u>	<u>Total</u>
2016	\$ 6,500,000
2017	\$ 7,000,000
2018	\$ 7,500,000
2019	\$ 7,500,000
2020	\$ 8,000,000

The abovementioned annual payments are contingent upon continued net earnings being generated by TCMI. In the event that net earnings of TCMI fall below 2007 levels, the annual payments are to be adjusted accordingly on a prorated basis. During the year ended September 30, 2021, TCMI made payments of \$7,921,815 to RepMar.

Loan Guarantees

Marshall Islands Development Bank (MIDB) has pledged an escrow account in support of certain USDA Rural Development housing loans, the balance of which amounted to \$12,162,878 as of September 30, 2021. In the event of default, MIDB could be exposed to an amount in excess of the escrow account balance, an amount that is presently indeterminable. No provision for any liability that may result from this matter has been provided for within the accompanying financial statements.

Budgetary Compliance

For the year ended September 30, 2021, significant over-expenditures exceeding appropriations within the General Fund were as follows:

Office of the Chief Secretary	\$ 1,141,444
Outer Islands Local Government MISSA Payments	\$ 680,346
Majuro Landowners Electricity Bills	\$ 439,923

These over-expenditures of the General Fund have not been funded by legislative authorization.

Other Commitments

Significant commitments of the primary government as of September 30, 2021, are as follows:

- a) Guaranteed debt of Marshall Islands National Telecommunications Authority (MINTA) in respect of a loan from RUS with a letter of guarantee. As of September 30, 2021, MINTA had guaranteed RUS debt totaling \$14,661,220.
- b) On October 27, 2016, the Cabinet of RepMar authorized and approved a loan from the International Cooperation and Development Fund (ICDF) for the Home Energy Efficiency and Renewable Energy Projects. On November 8, 2016, RepMar entered into a \$4,000,000 loan with ICDF. As of September 30, 2021, \$1,000,000 has been drawn against this loan commitment.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Financial Statements  
September 30, 2021

(15) COVID-19 Pandemic

On January 30, 2020, the World Health Organization (WHO) declared the novel strain of coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. On February 7, 2020, RepMar's Office of the President issued a State of Emergency declaration due to COVID-19. RepMar's Ministry of Health and Human Services in conjunction with the National Disaster Committee and the Cabinet subsequently issued Health Travel Advisory and Restrictions Issuance No. 9 suspending passenger air travel into the Marshall Islands effective March 8, 2020. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended the containment and mitigation measures worldwide. During the year ended September 30, 2021, four confirmed cases were identified in the Marshall Islands that were subsequently isolated and contained. On August 8, 2022, community transmission was identified, which may negatively impact RepMar's financial position. However, the effect of the pandemic on RepMar is uncertain. Therefore, while RepMar expects this matter to potentially have a negative impact on its financial position, the related financial impact cannot be reasonably estimated at this time.

Major donor organizations committed resources to assist RepMar in responding to the threat posed by the pandemic, including the Asian Development Bank (ADB) and the World Bank (WB). The ADB committed \$24,500,000 for COVID-19 response in the Marshall Islands, comprising \$16,000,000 from the Health Expenditure and Livelihoods Support Program, \$6,000,000 from Phase 3 of the Pacific Disaster Resilience Program, and \$1,000,000 from COVID-19 Emergency Response. In addition, the WB committed \$2,500,000 to assist RepMar with prevention and detection of COVID-19 and to strengthening the local health system. Finally, RepMar was also able to avail of certain funding under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by the U.S. Congress and signed into law by President Donald Trump on March 27, 2020.

(16) Subsequent Event

On September 29, 2022, Majuro Resort, Inc. obtained a RepMar guaranteed \$2,000,000 loan from the Marshall Islands Development Bank for certain building projects.

REPUBLIC OF THE MARSHALL ISLANDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2021

**REPUBLIC OF THE MARSHALL ISLANDS**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
General Fund (Fund 100100)  
Year Ended September 30, 2021

	Budgeted Amounts		Actual - Budgetary Basis (see Note 1)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 32,665,806	\$ 32,665,806	\$ 35,441,927	\$ 2,776,121
MI Marine Resources Authority	26,000,000	26,000,000	26,000,000	-
Ship registry	8,000,000	8,000,000	8,171,815	171,815
Asian Development Bank grant	-	16,627,495	16,000,000	(627,495)
Taiwan grant	4,000,000	5,173,246	5,112,268	(60,978)
Other grants	-	862,480	-	(862,480)
Fees and charges	-	-	55,534	55,534
Interest and dividends	110,000	110,000	103,035	(6,965)
Other	4,428,000	3,859,248	363,384	(3,495,864)
<b>Total revenues</b>	<b>75,203,806</b>	<b>93,298,275</b>	<b>91,247,963</b>	<b>(2,050,312)</b>
<b>Expenditures:</b>				
President and Cabinet	3,038,667	2,580,428	2,408,441	171,987
Office of the Chief Secretary	2,188,451	15,812,054	16,953,498	(1,141,444)
Special appropriations	15,464,658	17,263,263	16,728,921	534,342
Council of Iroij	596,765	595,862	597,762	(1,900)
Nitijela	2,554,784	2,536,761	2,403,299	133,462
Office of the Auditor-General	1,972,353	2,301,313	2,236,187	65,126
Foreign Affairs and Trade	4,815,153	5,270,351	4,875,035	395,316
Public Service Commission	659,094	661,486	653,558	7,928
Judiciary	1,393,884	1,348,897	1,238,486	110,411
Office of the Attorney General	1,439,005	1,371,129	1,164,916	206,213
Education, Sports and Training	14,435,083	14,808,109	13,821,200	986,909
Health and Human Services	5,519,783	5,668,501	5,401,317	267,184
Transportation, Communication and Information Technology	863,727	829,846	717,799	112,047
Natural Resources and Commerce	2,435,486	2,132,224	1,836,383	295,841
Culture and Internal Affairs	3,778,300	3,874,014	3,649,385	224,629
Justice, Immigration and Labor	3,863,475	3,955,770	3,932,718	23,052
Finance, Banking and Postal Services	15,764,614	21,049,893	18,333,866	2,716,027
Work, Infrastructure and Utilities	4,387,871	10,868,182	9,749,226	1,118,956
Environment	495,637	491,176	457,175	34,001
<b>Total expenditures</b>	<b>85,666,790</b>	<b>113,419,259</b>	<b>107,159,172</b>	<b>6,260,087</b>
Deficiency of revenues under expenditures	(10,462,984)	(20,120,984)	(15,911,209)	4,209,775
<b>Other financing sources(uses):</b>				
Loan proceeds	-	3,158,000	3,158,000	-
Operating transfers in	374,173	2,874,173	3,840,556	966,383
Operating transfers out	(250,000)	(250,000)	(250,000)	-
<b>Total other financing sources(uses), net</b>	<b>124,173</b>	<b>5,782,173</b>	<b>6,748,556</b>	<b>966,383</b>
	(10,338,811)	(14,338,811)	(9,162,653)	5,176,158
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes				
	10,338,811	10,338,811	11,699,999	1,361,188
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (4,000,000)</b>	<b>\$ 2,537,346</b>	<b>\$ 6,537,346</b>

See accompanying notes to required supplementary information - budgetary reporting.

REPUBLIC OF THE MARSHALL ISLANDS

Notes to Required Supplementary Information - Budgetary Reporting  
September 30, 2021

(1) Budgetary Information

The Secretary of Finance, Banking and Postal Services and the Chief Budget Officer present to the Cabinet, prior to September 30, proposed budget estimates for the fiscal year commencing October 1. The budget estimates include the overall and total proposed expenditures of RepMar and the means of financing those expenditures. The Cabinet reviews and approves these estimates making changes, as it deems appropriate. The Appropriation Committee of the Nitijela, during the second sitting of the regular session of the Nitijela, holds public hearings at which time Ministries and Offices are required to justify their budget estimates. During the second sitting of the Nitijela, an appropriation bill, as required by the Constitution, is introduced and budget estimates are then legally enacted by the Nitijela.

The Budget Act for fiscal year 2021, Public Law No. 2020-14, was passed by the Nitijela on September 24, 2020. Formal budget integration is employed as a management control device during the year for all funds. The Cabinet has the authority to reprogram budgeted estimates in accordance with the Constitution. All annual appropriations lapse at fiscal year-end unless otherwise specified by law. Supplemental appropriations may occur throughout the year. Unexpended encumbrances at each fiscal year end are carried forward until they are expended or canceled without further legislative action. RepMar does not establish budgets for the operations of its other governmental funds.

Encumbrance accounting is employed in governmental funds. For budgetary purposes, the encumbrances (i.e., purchase orders, contracts) are considered expenditures when incurred. For GAAP reporting purposes, encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent fiscal year.

(2) Reconciliation of Budgetary Schedule

	Net Change In Fund Balance	Reserve for Encumbrances
Budgetary basis - Fund 100100	\$ <u>2,860,520</u>	\$ <u>11,699,999</u>
GASB 54 Funds included within the General Fund:		
PSS Education Fund	(14,602)	-
Reimbursable Fund	(13,277)	5,094
Judiciary Fund	975	-
EPA Fund	(55,875)	-
Agricultural Supplies Fund	26,912	-
ADB Development Fund	<u>(356,794)</u>	<u>409,431</u>
	<u>(412,661)</u>	<u>414,525</u>
General Fund	\$ <u>2,447,859</u>	\$ <u>12,114,524</u>

See Accompanying Independent Auditor's Report.



REPUBLIC OF THE MARSHALL ISLANDS  
OTHER SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2021

**REPUBLIC OF THE MARSHALL ISLANDS**

Combining Schedule of Expenditures by Account  
Governmental Funds  
Year Ended September 30, 2021

	Special Revenue		Permanent		Other Governmental Funds	Total
	General	Grants Assistance	Compact Trust	-		
Expenditures:						
Salaries and wages	\$ 27,785,580	\$ 24,331,014	\$ -	\$ -	\$ 1,469,672	\$ 53,586,266
Unemployment benefits	-	5,417,762	-	-	-	5,417,762
Grants and subsidies	20,572,528	8,949,157	-	-	1,653,929	31,175,614
Financial assistance	3,890,933	-	-	-	-	3,890,933
Utilities	5,407,510	1,828,545	-	-	40,917	7,276,972
Contractual services	4,772,913	6,908,281	-	-	5,666,342	17,347,536
Capital outlay	8,221,869	9,100,424	-	-	892,711	18,215,004
Travel	2,543,004	988,336	-	-	975,330	4,506,670
Medical supplies	226,789	601,533	-	-	3,141,399	3,969,721
Principal repayment	3,504,195	-	-	-	-	3,504,195
Supplies and materials	633,191	1,959,694	-	-	271,696	2,864,581
Leased housing	2,667,259	373,643	-	-	70,660	3,111,562
Rentals	3,129,064	975,233	-	-	157,320	4,261,617
Food stuffs	4,232,941	1,331,551	-	-	88,008	5,652,500
Interest	571,020	-	-	-	-	571,020
Communications	667,871	581,131	-	-	127,903	1,376,905
POL	657,481	835,101	-	-	153,129	1,645,711
Allowances	1,399,694	12,221	-	-	18,000	1,429,915
Professional services	291,700	9,069,339	-	-	689,801	10,050,840
Printing and reproduction	121,153	107,635	-	-	29,597	258,385
Insurance	210,210	66,200	-	-	9,442	285,852
Freight	55,408	79,633	-	-	78,621	213,662
Other	3,199,791	4,417,028	-	-	419,103	8,035,922
	<u>\$ 94,762,104</u>	<u>\$ 77,933,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,953,580</u>	<u>\$ 188,649,145</u>

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

GENERAL FUND

September 30, 2021

The general fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

See Accompanying Independent Auditors' Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

Statement of Revenues, Expenditures by Function, and Changes in  
Fund Balance - General Fund (Fund 100100)  
Year Ended September 30, 2021  
(with comparative totals for the year ended September 30, 2020)

	2021	2020
Revenues:		
Taxes:		
Income	\$ 17,410,860	\$ 16,428,709
Import	7,527,949	7,199,898
Import - CMI	1,691,456	1,619,502
Gross revenue	7,424,215	6,863,681
Immovable property	710,001	752,390
Fuel	588,613	446,554
Penalties and interest	82,433	117,395
Other	6,400	108,973
	35,441,927	33,537,102
Fees and charges	55,534	40,583
Interest and dividends	103,035	113,087
Other:		
Asian Development Bank grant	16,000,000	-
Taiwan grant	5,112,268	5,282,388
World Bank grants	-	6,000,000
Other grants	-	53,317
Ship registry	8,171,815	7,386,364
Contribution from MI Marine Resources Authority	26,000,000	31,300,000
Contribution from RMI Ports Authority	-	27,953
Other	363,384	298,763
	55,647,467	50,348,785
Total revenues	91,247,963	84,039,557
Expenditures:		
President and Cabinet:		
Office of the President	1,251,740	1,174,216
President and Ministers	672,894	6,632
Building Renovation	-	6,146
Cabinet Operations	390,468	1,060,116
	2,315,102	2,247,110
Office of the Chief Secretary:		
Administration	13,498,159	5,847,157
Deputy Chief Secretary - Ebeye	114,873	108,329
Economic Policy, Planning and Statistics Office	364,238	331,847
Disaster Management	90	-
	13,977,360	6,287,333
Special appropriations:		
Marshall Islands Social Security Administration (MISSA) subsidy	1,587,200	1,686,400
Employee Pension Fund	126,365	10,294
National Election - Ebeye	5,900	-
Kwajalein Atoll Local Government (MISSA payments)	680,346	671,220
National Election	369	611,303
Majuro Resort, Inc. (Ebeye Wellness)	-	(178,560)
KADA Operations	25,087	29,847
Centralized Utility Billings - Majuro	636,698	794,776
Nuclear Victim's Day	-	11,000
COMI Endowment Fund	92,256	99,200
MIDB Loan Repayment	-	3,482,900
OIHD Solar System	-	50,592
ICDF Commitment Fee	114,980	10,667
Kwajalein Solid Waste	148,800	135,000
Kwajalein Sewage Truck	148,800	-
Census 2021	418,334	-
Compact Negotiation	99,200	-
Non State Actor Support	98,220	-
Centralized Utility Billings - Ebeye	44,946	39,830
Land leases	1,689,237	1,244,134
Majuro Landowners Electricity	3,794,913	3,821,071
Leased housing	123,725	118,725
Contingency Fund	345,858	59,008
International Subscriptions/Membership Fees	504,075	485,029
Prior Year Liabilities	860,796	152,390

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

Statement of Revenues, Expenditures by Function, and Changes in  
Fund Balance - General Fund (Fund 100100), Continued  
Year Ended September 30, 2021  
(with comparative totals for the year ended September 30, 2020)

	2021	2020
Expenditures, continued:		
Special appropriations, continued:		
Tobolar subsidy	65	-
ADB loan repayment	4,075,215	3,875,401
Special Election	154,969	-
	15,776,354	17,210,227
Council of Iroij:		
Administration	157,765	180,856
Members	432,587	415,858
	590,352	596,714
Nitijela:		
Operations	821,738	880,919
General membership	1,244,755	1,084,107
Speaker's contingency	90,461	83,434
Committee	31,424	9,531
Legislative counsel	97,401	94,480
	2,285,779	2,152,471
Office of the Auditor-General:		
Operations	813,050	672,931
Single audit - local match	231,432	405,247
	1,044,482	1,078,178
Public Service Commission:		
Members	124,785	134,149
Administration	522,908	480,896
	647,693	615,045
Judiciary	943,886	1,027,666
Office of the Attorney General	1,158,406	1,072,978
Ministries:		
Education, Sports and Training	13,808,487	11,815,674
Health and Human Services	5,123,425	4,826,912
Transportation, Communication and Information Technology	701,979	4,466,278
Natural Resources and Commerce	1,777,260	9,928,802
Culture and Internal Affairs	3,569,240	3,559,122
Justice, Immigration and Labor	3,877,811	3,792,067
Finance, Banking and Postal Services	17,994,367	7,642,389
Foreign Affairs and Trade	4,841,029	4,495,084
Works, Infrastructure and Utilities	4,570,713	3,486,548
	56,264,311	54,012,876
Environmental Protection Authority	455,448	451,188
Total expenditures	95,459,173	86,751,786
Deficiency of revenues under expenditures	(4,211,210)	(2,712,229)
Other financing sources:		
Loan proceeds:		
International Cooperation and Development Fund	3,158,000	3,000,000
Marshall Islands Development Bank	-	2,035,670
Operating transfers in:		
Compact Trust Fund	3,000,000	3,000,000
Ministry of Justice Fund	780,582	683,006
Health Care Revenue Fund	30,495	-
Marshall Islands Health Fund	29,479	-
Total other financing sources	6,998,556	8,718,676
Other financing uses:		
Operating transfers out:		
Compact Trust Fund	250,000	500,000
Net change in fund balance	2,537,346	5,506,447
Fund balance at the beginning of the year	28,860,093	23,353,646
Fund balance at the end of the year	\$ 31,397,439	\$ 28,860,093

See Accompanying Independent Auditor's Report.

## REPUBLIC OF THE MARSHALL ISLANDS

### Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund (Fund 100100) Year Ended September 30, 2021

	Budgeted Amounts		Actual -	
	Original	Final	Budgetary Basis	Variance
Revenues:				
Taxes:				
Income	\$ 16,681,006	\$ 16,681,006	\$ 17,410,860	\$ 729,854
Import	6,950,000	6,950,000	7,527,949	577,949
Import - CMI	1,400,000	1,400,000	1,691,456	291,456
Gross revenue	6,465,000	6,465,000	7,424,215	959,215
Immovable property	722,000	722,000	710,001	(11,999)
Fuel	325,000	325,000	588,613	263,613
Penalties and interest	54,000	54,000	82,433	28,433
Other	68,800	68,800	6,400	(62,400)
	<u>32,665,806</u>	<u>32,665,806</u>	<u>35,441,927</u>	<u>2,776,121</u>
Fees and charges	-	-	55,534	55,534
Interest and dividends	110,000	110,000	103,035	(6,965)
Other:				
Asian Development Bank grant	-	16,627,495	16,000,000	(627,495)
Taiwan grant	4,000,000	5,173,246	5,112,268	(60,978)
Other grants	-	862,480	-	(862,480)
Ship registry	8,000,000	8,000,000	8,171,815	171,815
MI Marine Resources Authority	26,000,000	26,000,000	26,000,000	-
RMI Ports Authority	28,000	28,000	-	(28,000)
Other	4,400,000	3,831,248	363,384	(3,467,864)
	<u>42,428,000</u>	<u>60,522,469</u>	<u>55,647,467</u>	<u>(4,875,002)</u>
Total revenues	<u>75,203,806</u>	<u>93,298,275</u>	<u>91,247,963</u>	<u>(2,050,312)</u>
Expenditures:				
President and Cabinet:				
Office of the President	1,888,534	1,380,593	1,300,402	80,191
President and Ministers	658,014	658,032	672,894	(14,862)
Cabinet Operations	492,119	541,803	435,145	106,658
	<u>3,038,667</u>	<u>2,580,428</u>	<u>2,408,441</u>	<u>171,987</u>
Office of the Chief Secretary:				
Administration	1,616,366	15,264,921	16,468,947	(1,204,026)
Deputy Chief Secretary - Ebeye	107,606	116,357	116,502	(145)
EPPSO	464,479	430,776	367,959	62,817
Disaster Management	-	-	90	(90)
	<u>2,188,451</u>	<u>15,812,054</u>	<u>16,953,498</u>	<u>(1,141,444)</u>
Special appropriations:				
MISSA subsidy	1,587,200	1,587,200	1,587,200	-
Capital Building	40,625	40,625	40,625	-
Employee Pension Fund	217,908	215,012	137,971	77,041
National Election - Ebeye	-	6,280	5,900	380
Outer Islands Local Government MISSA payments	-	-	680,346	(680,346)
National Election	49,646	49,196	45,669	3,527
General Fund reserve	30,000	-	-	-
Ebeye Wellness	198,400	198,400	-	198,400
KADA operations	43,232	43,232	41,714	1,518
Infrastructure Maintenance Fund	404,981	404,981	404,981	-
Centralized Utility Billings - Majuro	823,360	823,360	636,698	186,662
Outer Islands Projects	260	260	260	-
Water Project	53,694	53,694	53,694	-
CMI Endowment Fund	92,256	92,256	92,256	-
Constitutional Convention	-	297,600	-	297,600
ICDF Commitment Fee	148,800	150,000	114,980	35,020
Immovable Tax Share	274,478	274,478	-	274,478
Kwajalein Solid Waste	148,800	148,800	148,800	-
Kwajalein Sewage Truck	148,800	148,800	148,800	-
Census 2021	-	496,000	420,682	75,318
Compact Negotiation	-	99,200	99,200	-
Non State Actor Support	-	-	98,220	(98,220)
Centralized Utility Billings - Ebeye	49,600	49,600	44,946	4,654
Land leases	1,412,580	1,872,645	1,689,237	183,408
Majuro Landowners Electricity	3,354,990	3,354,990	3,794,913	(439,923)
Leased housing	160,093	155,075	123,725	31,350
Contingency Fund	207,689	387,295	350,887	36,408
International Subscriptions/Membership Fees	464,256	464,256	504,075	(39,819)
Prior Year Liabilities	1,569,738	1,654,076	1,210,228	443,848
Tobolar Subsidy	-	-	65	(65)
ADB loan repayment	3,968,000	4,000,000	4,075,215	(75,215)
Constitutional Convention	15,272	195,952	177,634	18,318
	<u>15,464,658</u>	<u>17,263,263</u>	<u>16,728,921</u>	<u>534,342</u>
Council of Iroij:				
Administration	155,437	159,508	160,718	(1,210)
Members	441,328	436,354	437,044	(690)
	<u>596,765</u>	<u>595,862</u>	<u>597,762</u>	<u>(1,900)</u>

See Accompanying Independent Auditor's Report.

## REPUBLIC OF THE MARSHALL ISLANDS

### Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund (Fund 100100) Year Ended September 30, 2021

	Budgeted Amounts		Actual -	Variance
	Original	Final	Budgetary Basis	
Expenditures, Continued:				
Nitijela:				
Operations	844,233	905,962	853,203	52,759
General Membership	1,358,491	1,306,107	1,277,720	28,387
Speaker's Contingency	122,381	124,678	115,022	9,656
Committee	92,273	62,103	59,953	2,150
Legislative Counsel	137,406	137,911	97,401	40,510
	<u>2,554,784</u>	<u>2,536,761</u>	<u>2,403,299</u>	<u>133,462</u>
Office of the Auditor-General:				
Operations	697,234	1,026,194	963,268	62,926
Single audit	1,275,119	1,275,119	1,272,919	2,200
	<u>1,972,353</u>	<u>2,301,313</u>	<u>2,236,187</u>	<u>65,126</u>
Foreign Affairs and Trade:				
Administration	1,854,340	1,985,140	1,912,597	72,543
Washington D.C. Embassy	635,650	639,015	540,808	98,207
RMI-USaka Office	114,533	97,935	98,131	(196)
Honolulu Consulate	266,968	298,693	272,062	26,631
United Nations Mission - New York	500,208	620,801	541,601	79,200
Japan Embassy - Tokyo	523,373	586,510	549,806	36,704
ROC Embassy - Taipei	365,367	416,701	398,387	18,314
Fiji Embassy - Suva	483,207	510,311	479,544	30,767
Korea Embassy	71,507	115,245	82,099	33,146
	<u>4,815,153</u>	<u>5,270,351</u>	<u>4,875,035</u>	<u>395,316</u>
Public Service Commission:				
Members	147,504	123,440	125,285	(1,845)
Administration	511,590	538,046	528,273	9,773
	<u>659,094</u>	<u>661,486</u>	<u>653,558</u>	<u>7,928</u>
Judiciary:				
General Courts	1,150,580	1,139,063	1,035,161	103,902
Traditional Rights Court	142,585	126,187	121,630	4,557
Community Court	100,344	83,272	81,320	1,952
Judicial Service Commission	375	375	375	-
	<u>1,393,884</u>	<u>1,348,897</u>	<u>1,238,486</u>	<u>110,411</u>
Office of the Attorney General:				
Attorney General Office	1,105,083	1,014,922	896,545	118,377
Immigration - Majuro	245,662	267,947	193,563	74,384
Immigration - Ebeye	88,260	88,260	74,808	13,452
	<u>1,439,005</u>	<u>1,371,129</u>	<u>1,164,916</u>	<u>206,213</u>
Education, Sports and Training:				
College of the Marshall Islands	2,385,639	2,385,639	2,385,638	1
National Training Council	86,347	86,338	77,596	8,742
RMI/USP Joint Project	744,000	793,600	-	793,600
Scholarship Board	1,008,751	1,008,751	1,003,866	4,885
Administration	5,327,146	5,768,522	5,807,034	(38,512)
Policy and Planning	231,392	231,392	223,653	7,739
Elementary Support Services	609,833	609,833	540,426	69,407
Contracted Teachers	2,858,173	2,740,232	2,633,216	107,016
Secondary Education and Support Services	88,480	88,480	53,553	34,927
Aid to Private Schools	788,640	788,640	788,640	-
Property and Maintenance	306,682	306,682	307,346	(664)
PSS Teachers Certification Program	-	-	232	(232)
	<u>14,435,083</u>	<u>14,808,109</u>	<u>13,821,200</u>	<u>986,909</u>
Health and Human Services:				
Office of the Secretary	1,909,886	2,083,476	1,827,303	256,173
Health Planning and Statistics	177,255	174,318	167,926	6,392
Majuro Hospital Medical Services	2,511,452	2,487,119	2,530,442	(43,323)
Hospital Capital Account	197,658	197,658	197,658	-
Primary Health Care	172,749	172,870	158,985	13,885
Outer Island Dispensaries	14,545	16,823	12,297	4,526
Kwajalein Atoll Public Health	-	-	5,174	(5,174)
Kwajalein Atoll Health Services	536,238	536,237	501,532	34,705
	<u>5,519,783</u>	<u>5,668,501</u>	<u>5,401,317</u>	<u>267,184</u>
Transportation, Communication and Information Technology:				
Office of the Secretary	529,955	497,979	426,633	71,346
Director of Civil Aviation	333,772	331,867	291,166	40,701
	<u>863,727</u>	<u>829,846</u>	<u>717,799</u>	<u>112,047</u>
Natural Resources and Commerce:				
Administration	688,449	582,443	388,841	193,602
Agro-Forestry	657,457	539,169	467,666	71,503
Trade and Investment	351,532	272,564	241,828	30,736
Office of Commerce and Investment	738,048	738,048	738,048	-
	<u>2,435,486</u>	<u>2,132,224</u>	<u>1,836,383</u>	<u>295,841</u>

See Accompanying Independent Auditor's Report.

## REPUBLIC OF THE MARSHALL ISLANDS

### Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund (Fund 100100) Year Ended September 30, 2021

	Budgeted Amounts		Actual -	Variance
	Original	Final	Budgetary Basis	
<b>Expenditures, Continued:</b>				
<b>Culture and Internal Affairs:</b>				
Administration	1,405,903	1,495,251	1,435,198	60,053
Alele Corporation	207,221	349,821	303,147	46,674
Local Government Affairs	1,489,619	1,441,664	1,324,738	116,926
Community Development	55,677	32,498	14,029	18,469
Youth Services Bureau	44,256	32,071	25,597	6,474
Gender and Development	51,994	28,705	5,187	23,518
Electoral Administration	94,792	90,202	76,016	14,186
Elections	352	352	352	-
V7AB Radio Division	282,141	262,571	270,811	(8,240)
Registrar Office	98,099	110,546	155,023	(44,477)
Central Adoption Administration	48,246	30,333	39,287	(8,954)
	<u>3,778,300</u>	<u>3,874,014</u>	<u>3,649,385</u>	<u>224,629</u>
<b>Justice, Immigration and Labor:</b>				
Public Defender	236,143	236,143	200,381	35,762
Public Safety - Majuro	2,251,237	2,295,452	2,274,630	20,822
Public Safety - Ebeye	522,314	522,303	559,006	(36,703)
Sea Patrol	747,382	795,473	792,029	3,444
Land Registry Authority	106,399	106,399	106,672	(273)
	<u>3,863,475</u>	<u>3,955,770</u>	<u>3,932,718</u>	<u>23,052</u>
<b>Finance, Banking and Postal Services:</b>				
Office of the Secretary	4,107,397	7,960,036	5,738,192	2,221,844
Accounting and Administration	718,878	813,898	818,183	(4,285)
SOE Monitoring Unit	8,369,038	9,522,766	9,177,319	345,447
Revenue Division - Majuro	363,045	348,971	364,795	(15,824)
Customs Division	373,155	387,000	301,675	85,325
Treasury Division	80,002	86,370	77,973	8,397
Budget and Procurement	550,148	541,895	455,991	85,904
State Agency SAPT - Match	36,501	36,501	48,560	(12,059)
Procurement and Supply Division	240,105	455,431	495,728	(40,297)
Ebeye - Finance	161,772	268,175	260,177	7,998
Ebeye - Revenue Collections	-	-	2,934	(2,934)
Ebeye Revenue/Custom Office	265,908	130,724	126,434	4,290
Banking Commission	498,665	498,126	465,905	32,221
	<u>15,764,614</u>	<u>21,049,893</u>	<u>18,333,866</u>	<u>2,716,027</u>
<b>Work, Infrastructure and Utilities:</b>				
Administration	2,751,144	8,456,577	7,385,974	1,070,603
CGMA	1,416,181	1,397,459	1,426,037	(28,578)
OI Projects	1,402	1,402	1,402	-
Pass (Lib and Jabot)	120,000	913,600	913,600	-
Project Management Unit	99,144	99,144	22,213	76,931
	<u>4,387,871</u>	<u>10,868,182</u>	<u>9,749,226</u>	<u>1,118,956</u>
<b>Environment:</b>				
Ministry Office	495,637	491,176	457,175	34,001
Total expenditures	<u>85,666,790</u>	<u>113,419,259</u>	<u>107,159,172</u>	<u>6,260,087</u>
	<u>(10,462,984)</u>	<u>(20,120,984)</u>	<u>(15,911,209)</u>	<u>4,209,775</u>
<b>Other financing sources (uses):</b>				
<b>Loan proceeds:</b>				
International Cooperation and Development Fund	-	3,158,000	3,158,000	-
<b>Operating transfers in:</b>				
Compact Trust Fund	-	2,500,000	3,000,000	500,000
Ministry of Justice Fund	374,173	374,173	780,582	406,409
Health Care Revenue Fund	-	-	30,495	30,495
Marshall Islands Health Fund	-	-	29,479	29,479
	<u>374,173</u>	<u>2,874,173</u>	<u>3,840,556</u>	<u>966,383</u>
<b>Operating transfers out:</b>				
Compact Trust Fund	250,000	250,000	250,000	-
<b>Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes</b>				
	<u>10,338,811</u>	<u>10,338,811</u>	<u>11,699,999</u>	<u>1,361,188</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (4,000,000)</u>	<u>\$ 2,537,346</u>	<u>\$ 6,537,346</u>

See Accompanying Independent Auditor's Report.



REPUBLIC OF THE MARSHALL ISLANDS  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

September 30, 2021

Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes. A brief discussion of RepMar's Nonmajor Governmental Funds - Special Revenue Funds as of September 30, 2021, follows:

Public Works Fund

This fund was established under Public Law No. 2003-24 and accounts for all charges, fees and other monies collected or generated by the Ministry of Works, Infrastructure and Utilities.

Land Registration Authority Fund

This fund accounts for the operations of the Marshall Islands Land Registration Authority. This Authority was established under Public Law No. 2001-26 to provide a legal framework for registration of land in the Marshall Islands in order to encourage investment and to protect land interest holders.

Labor (General) Fund

This fund accounts for the collection of all fees and charges levied under the Labor (Non-Resident Workers) Act of 2006 (Public Law No. 2006-60) as administered by the Ministry of Foreign Affairs and Trade.

Labor (Bond) Fund

This fund accounts for the collection of all bonds paid or forfeited by employers under the Labor (Non-Resident Workers) Act of 2006 (Public Law No. 2006-60) as administered by the Ministry of Foreign Affairs and Trade.

Ministry of Justice Fund

This fund accounts for specific operations of both the Department of Public Safety and Ministry of Justice, Immigration and Labor. This fund was established under Public Law No. 1989-70 and administers fees and fines, as collected by the courts with respect to violation of National Government laws, and any appropriations made by the Nitijela for related purposes.

Marshall Islands Revised Code Fund

This fund accounts for the maintenance of the Marshall Islands Revised Code. This fund was established under Public Law No. 2006-61 to administer revenue received with respect to the sale and distribution of the Marshall Islands Revised code, and any appropriations made by the Nitijela for related purposes.

Recycling Fund

This fund accounts for the collection of all fees and charges levied under the Styrofoam Cups and Plates, and Plastic Products Prohibition, and Container Deposit Act, 2016 (Public Law No. 2016-17) as administered by the RMI Environmental Protection Authority.

Resident Workers Training Account Fund

This fund was established under Public Law No. 1987-6 and accounts for all monies collected under the provisions of the Nonresident Workers Act of 1983 from employers who employ non-resident workers, and accounts for all financial transactions of the National Training Council.

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

September 30, 2021

National Training Fund

This fund was established under Public Law No. 1991-140 for the purpose of providing training, including vocational training and human resources development.

Sea Patrol Fund

This fund was established under Public Law No. 1991-143 and accounts for all charges, fees and fines generated and received by the Sea Patrol Division through the use of the patrol boat M.V. Lomor.

Transportation Services Fund

This fund was established under Public Law No. 2001-38 and accounts for all charges, fees and other monies collected or generated by the Ministry of Transportation, Communication and Information Technology through the use of their shipping vessels.

Registrar General Fund

This fund was established under Public Law No. 1992-4 and accounts for all charges, fees and monies collected or generated by the Ministry of Culture and Internal Affairs Registrar-General of Births, Deaths and Marriages.

Ministry of Internal Affairs Fund

This fund was established under Public Law No. 2003-84 and accounts for all charges, fees and monies collected or generated by Ministry of Culture and Internal Affairs through Radio V7AB, the Lands and Survey Division, the ID Card Section, the Sports and Recreation Division, and any other funds generated by the Ministry for a specific purpose.

Banking Commissioner Fund

This fund was established under Public Law No. 2019-114 and accounts for all activities of the Commissioner of Banking.

Four-Atoll Medical Fund

This fund accounts for transactions from the distribution of annual proceeds from the Nuclear Claims Trust Fund in accordance with Article II, Section 1(a) of the agreement between the Government of the United States and RepMar for the implementation of Section 177 of the Compact of Free Association.

Marshall Islands Scholarship Grant and Loan Board

This fund was established under Public Law No. 1979-19 and accounts for all disbursements of scholarship funds.

Marshall Islands Judiciary Fund

This fund was established to account for all activities of the Marshall Islands Judiciary not accounted for within the General Fund.

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

September 30, 2021

Health Care Revenue Fund

This fund was established under Public Law No. 1989-59 within the Ministry of Health and Human Services to control the expenditure of funds for health care related services.

Marshall Islands Health Fund

This fund was established under Public Law No. 1990-75, as amended by Public Law Nos. 2001-31 and 2001-35, to account for the operations of the Basic and Supplemental Health Funds delivering comprehensive medical care to the residents of the Marshall Islands.

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**Combining Balance Sheet  
September 30, 2021**

	<b>200105</b>	<b>200224</b>	<b>200318</b>	<b>200319</b>	<b>200332</b>	<b>200333</b>	<b>200334</b>	<b>200340</b>	<b>NTC</b>	<b>200520</b>
	Public Works	Land Registration Authority	Labor (General)	Labor (Bond)	Ministry of Justice	Marshall Islands Revised Code	Recycling	Resident Workers Training Account	National Training	Sea Patrol
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,077	\$ -
Receivables, net:										
Taxes	-	-	-	-	-	-	-	144,375	-	-
General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	810	-	-
Due from other funds	330,706	18,118	562,203	183,845	678,881	-	369,830	1,416,932	386,374	9,055
Advances	100	-	4,497	-	22,021	-	-	(1,804)	-	-
<b>Total assets</b>	<b>\$ 330,806</b>	<b>\$ 18,118</b>	<b>\$ 566,700</b>	<b>\$ 183,845</b>	<b>\$ 700,902</b>	<b>\$ -</b>	<b>\$ 369,830</b>	<b>\$ 1,560,313</b>	<b>\$ 614,451</b>	<b>\$ 9,055</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ 270	\$ -	\$ 3,453	\$ -	\$ 486,793	\$ -	\$ 28,932	\$ 557,400	\$ -	\$ -
Medical claims payable	-	-	-	-	-	-	-	-	-	-
Other liabilities and accruals	-	-	447	183,845	-	-	-	13,240	3,538	-
<b>Total liabilities</b>	<b>270</b>	<b>-</b>	<b>3,900</b>	<b>183,845</b>	<b>486,793</b>	<b>-</b>	<b>28,932</b>	<b>570,640</b>	<b>3,538</b>	<b>-</b>
Fund balances:										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	330,536	18,118	562,800	-	214,109	-	340,898	989,673	610,913	9,055
<b>Total fund balances</b>	<b>330,536</b>	<b>18,118</b>	<b>562,800</b>	<b>-</b>	<b>214,109</b>	<b>-</b>	<b>340,898</b>	<b>989,673</b>	<b>610,913</b>	<b>9,055</b>
<b>Total liabilities and fund balances</b>	<b>\$ 330,806</b>	<b>\$ 18,118</b>	<b>\$ 566,700</b>	<b>\$ 183,845</b>	<b>\$ 700,902</b>	<b>\$ -</b>	<b>\$ 369,830</b>	<b>\$ 1,560,313</b>	<b>\$ 614,451</b>	<b>\$ 9,055</b>

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**Combining Balance Sheet, Continued  
September 30, 2021**

	<b>200525</b>	<b>200527</b>	<b>200528</b>	<b>200540</b>	<b>300612</b>						
	Transportation Services	Registrar General	Ministry of Internal Affairs	Banking Commissioner	Four-Atoll Medical	Marshall Islands Scholarship, Grant and Loan Board	Marshall Islands Judiciary	Health Care Revenue	Marshall Islands Health	Elimination	Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 632,088	\$ 682,621	\$ 1,166,168	\$ 966,831	\$ -	\$ 3,675,785
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	144,375
General	-	-	-	-	589,653	-	-	317,349	1,676,308	-	2,583,310
Other	-	-	-	-	-	10,904	3,763	-	-	-	15,477
Due from other funds	38,504	391	226,029	112,329	97,635	-	-	-	2,358,756	-	6,789,588
Advances	-	-	6,242	1,552	-	-	-	47,472	393,324	-	473,404
Total assets	<u>\$ 38,504</u>	<u>\$ 391</u>	<u>\$ 232,271</u>	<u>\$ 113,881</u>	<u>\$ 687,288</u>	<u>\$ 642,992</u>	<u>\$ 686,384</u>	<u>\$ 1,530,989</u>	<u>\$ 5,395,219</u>	<u>\$ -</u>	<u>\$ 13,681,939</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 2,443	\$ 5,043	\$ -	\$ 28,993	\$ -	\$ 748,465	\$ 407,572	\$ -	\$ 2,269,364
Medical claims payable	-	-	-	-	-	-	-	-	1,101,222	-	1,101,222
Other liabilities and accruals	-	-	-	-	-	-	25,769	117,178	-	-	344,017
Total liabilities	<u>-</u>	<u>-</u>	<u>2,443</u>	<u>5,043</u>	<u>-</u>	<u>28,993</u>	<u>25,769</u>	<u>865,643</u>	<u>1,508,794</u>	<u>-</u>	<u>3,714,603</u>
Fund balances:											
Restricted	-	-	-	-	687,288	1,500	-	-	-	-	688,788
Committed	38,504	391	229,828	108,838	-	612,499	660,615	665,346	3,886,425	-	9,278,548
Total fund balances	<u>38,504</u>	<u>391</u>	<u>229,828</u>	<u>108,838</u>	<u>687,288</u>	<u>613,999</u>	<u>660,615</u>	<u>665,346</u>	<u>3,886,425</u>	<u>-</u>	<u>9,967,336</u>
Total liabilities and fund balances	<u>\$ 38,504</u>	<u>\$ 391</u>	<u>\$ 232,271</u>	<u>\$ 113,881</u>	<u>\$ 687,288</u>	<u>\$ 642,992</u>	<u>\$ 686,384</u>	<u>\$ 1,530,989</u>	<u>\$ 5,395,219</u>	<u>\$ -</u>	<u>\$ 13,681,939</u>

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures By Function,  
and Changes in Fund Balances (Deficits)  
Year Ended September 30, 2021

	200105	200224	200318	200319	200332	200333	200334	200340	NTC	200520
	Public Works	Land Registration Authority	Labor (General)	Labor (Bond)	Ministry of Justice	Marshall Islands Revised Code	Recycling	Resident Workers Training Account	National Training	Sea Patrol
Revenues:										
Federal and other grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and charges	17,150	-	135,278	-	1,133,503	-	944,585	642,276	50,000	-
Interest	-	-	-	-	-	-	-	-	-	-
Sales	94,884	-	-	-	47,078	-	-	-	161,685	-
Total revenues	<u>112,034</u>	<u>-</u>	<u>135,278</u>	<u>-</u>	<u>1,180,581</u>	<u>-</u>	<u>944,585</u>	<u>642,276</u>	<u>211,685</u>	<u>-</u>
Expenditures by Function:										
Current:										
Judiciary	-	-	-	-	-	-	-	-	-	-
Ministries:										
Education, Sports and Training	-	-	-	-	-	-	-	214,931	310,002	-
Health and Human Services	-	-	-	-	-	-	-	-	-	-
Culture and Internal Affairs	-	-	-	-	-	-	-	-	-	-
Justice, Immigration and Labor	-	-	-	-	337,982	-	-	-	-	3,334
Finance, Banking and Postal Services	-	-	-	-	-	-	763,944	-	-	-
Foreign Affairs and Trade	-	-	50,242	-	-	-	-	-	-	-
Works, Infrastructure and Utilities	129,814	-	-	-	-	-	-	-	-	-
Nuclear claims related	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>129,814</u>	<u>-</u>	<u>50,242</u>	<u>-</u>	<u>337,982</u>	<u>-</u>	<u>763,944</u>	<u>214,931</u>	<u>310,002</u>	<u>3,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,780)</u>	<u>-</u>	<u>85,036</u>	<u>-</u>	<u>842,599</u>	<u>-</u>	<u>180,641</u>	<u>427,345</u>	<u>(98,317)</u>	<u>(3,334)</u>
Other financing sources (uses):										
Operating transfers in	-	-	-	-	-	-	-	-	709,230	-
Operating transfers out	-	-	-	-	(780,582)	-	-	(322,856)	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(780,582)</u>	<u>-</u>	<u>-</u>	<u>(322,856)</u>	<u>709,230</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(17,780)</u>	<u>-</u>	<u>85,036</u>	<u>-</u>	<u>62,017</u>	<u>-</u>	<u>180,641</u>	<u>104,489</u>	<u>610,913</u>	<u>(3,334)</u>
Fund balances (deficits) at the beginning of the year	<u>348,316</u>	<u>18,118</u>	<u>477,764</u>	<u>-</u>	<u>152,092</u>	<u>-</u>	<u>160,257</u>	<u>885,184</u>	<u>-</u>	<u>12,389</u>
Fund balances at the end of the year	<u>\$ 330,536</u>	<u>\$ 18,118</u>	<u>\$ 562,800</u>	<u>\$ -</u>	<u>\$ 214,109</u>	<u>\$ -</u>	<u>\$ 340,898</u>	<u>\$ 989,673</u>	<u>\$ 610,913</u>	<u>\$ 9,055</u>

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures By Function,  
and Changes in Fund Balances (Deficits), Continued  
Year Ended September 30, 2021

	200525	200527	200528	200540	300612						
	Transportation Services	Registrar General	Ministry of Internal Affairs	Banking Commissioner	Four-Atoll Medical	Marshall Islands Scholarship, Grant and Loan Board	Marshall Islands Judiciary	Health Care Revenue	Marshall Islands Health	Elimination	Total
Revenues:											
Federal and other grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602,814	\$ -	\$ -	\$ 602,814
Fees and charges	-	-	61,142	153,217	-	-	138,267	514,662	8,773,576	-	12,563,656
Interest	-	-	-	-	-	9,636	9,240	-	-	-	18,876
Sales	1,485	-	3,270	-	-	-	8,359	-	-	-	316,761
Total revenues	1,485	-	64,412	153,217	-	9,636	155,866	1,117,476	8,773,576	-	13,502,107
Expenditures by Function:											
Current:											
Judiciary	-	-	-	-	-	-	1,032,881	-	-	-	1,032,881
Ministries:											
Education, Sports and Training	-	-	-	-	-	1,749,640	-	-	-	-	2,274,573
Health and Human Services	-	-	-	-	-	-	-	4,723,547	4,920,435	-	9,643,982
Culture and Internal Affairs	-	-	57,939	-	-	-	-	-	-	-	57,939
Justice, Immigration and Labor	-	-	-	-	-	-	-	-	-	-	341,316
Finance, Banking and Postal Services	-	-	-	51,879	-	-	-	-	-	-	815,823
Foreign Affairs and Trade	-	-	-	-	-	-	-	-	-	-	50,242
Works, Infrastructure and Utilities	-	-	-	-	-	-	-	-	-	-	129,814
Nuclear claims related	-	-	-	-	1,607,010	-	-	-	-	-	1,607,010
Total expenditures	-	-	57,939	51,879	1,607,010	1,749,640	1,032,881	4,723,547	4,920,435	-	15,953,580
Excess (deficiency) of revenues over (under) expenditures	1,485	-	6,473	101,338	(1,607,010)	(1,740,004)	(877,015)	(3,606,071)	3,853,141	-	(2,451,473)
Other financing sources (uses):											
Operating transfers in	-	-	-	-	1,737,051	1,669,339	943,886	3,832,073	-	(4,154,929)	4,736,650
Operating transfers out	-	-	-	-	-	-	-	(30,495)	(3,861,552)	4,154,929	(840,556)
Total other financing sources (uses), net	-	-	-	-	1,737,051	1,669,339	943,886	3,801,578	(3,861,552)	-	3,896,094
Net change in fund balances (deficits)	1,485	-	6,473	101,338	130,041	(70,665)	66,871	195,507	(8,411)	-	1,444,621
Fund balances (deficits) at the beginning of the year	37,019	391	223,355	7,500	557,247	684,664	593,744	469,839	3,894,836	-	8,522,715
Fund balances at the end of the year	\$ 38,504	\$ 391	\$ 229,828	\$ 108,838	\$ 687,288	\$ 613,999	\$ 660,615	\$ 665,346	\$ 3,886,425	\$ -	\$ 9,967,336

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**Combining Statement of Revenues, Expenditures By Account,  
and Changes in Fund Balances (Deficits)  
Year Ended September 30, 2021**

	200105	200224	200318	200319	200332	200333	200334	200340	NTC	200520
	Public Works	Land Registration Authority	Labor (General)	Labor (Bond)	Ministry of Justice	Marshall Islands Revised Code	Recycling	Resident Workers Training Account	National Training	Sea Patrol
<b>Revenues:</b>										
Federal and other grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and charges	17,150	-	135,278	-	1,133,503	-	944,585	642,276	50,000	-
Interest	-	-	-	-	-	-	-	-	-	-
Sales	94,884	-	-	-	47,078	-	-	-	161,685	-
<b>Total revenues</b>	<b>112,034</b>	<b>-</b>	<b>135,278</b>	<b>-</b>	<b>1,180,581</b>	<b>-</b>	<b>944,585</b>	<b>642,276</b>	<b>211,685</b>	<b>-</b>
<b>Expenditures by Account:</b>										
Grants and subsidies	-	-	-	-	-	-	-	-	100	-
Salaries and wages	-	-	12,400	-	-	-	-	200,995	8,317	-
Medical supplies	-	-	-	-	-	-	-	-	-	-
Contractual services	-	-	-	-	5,000	-	763,944	-	196,627	-
Capital outlay	85,386	-	8,218	-	99,249	-	-	-	-	3,334
Travel	-	-	9,153	-	31,825	-	-	-	35,967	-
Food stuffs	8,000	-	677	-	199	-	-	100	11,500	-
Supplies and materials	(10,592)	-	4,730	-	84,985	-	-	-	11,537	-
POL	30,408	-	3,260	-	78,446	-	-	-	1,614	-
Rentals	8,008	-	3,140	-	1,313	-	-	10,836	6,270	-
Allowances	-	-	-	-	-	-	-	3,000	15,000	-
Communications	-	-	3,345	-	-	-	-	-	9,387	-
Insurance	-	-	-	-	3,983	-	-	-	1,626	-
Utilities	-	-	-	-	1,185	-	-	-	2,068	-
Leased housing	-	-	4,200	-	-	-	-	-	-	-
Freight	1,583	-	-	-	10,740	-	-	-	75	-
Professional services	-	-	-	-	-	-	-	-	-	-
Printing and reproduction	-	-	-	-	512	-	-	-	210	-
Other	7,021	-	1,119	-	20,545	-	-	-	9,704	-
<b>Total expenditures</b>	<b>129,814</b>	<b>-</b>	<b>50,242</b>	<b>-</b>	<b>337,982</b>	<b>-</b>	<b>763,944</b>	<b>214,931</b>	<b>310,002</b>	<b>3,334</b>
Excess (deficiency) of revenues over (under) expenditures	(17,780)	-	85,036	-	842,599	-	180,641	427,345	(98,317)	(3,334)
<b>Other financing sources (uses):</b>										
Operating transfers in	-	-	-	-	-	-	-	-	709,230	-
Operating transfers out	-	-	-	-	(780,582)	-	-	(322,856)	-	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(780,582)</b>	<b>-</b>	<b>-</b>	<b>(322,856)</b>	<b>709,230</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>(17,780)</b>	<b>-</b>	<b>85,036</b>	<b>-</b>	<b>62,017</b>	<b>-</b>	<b>180,641</b>	<b>104,489</b>	<b>610,913</b>	<b>(3,334)</b>
Fund balances (deficits) at the beginning of the year	348,316	18,118	477,764	-	152,092	-	160,257	885,184	-	12,389
<b>Fund balances at the end of the year</b>	<b>\$ 330,536</b>	<b>\$ 18,118</b>	<b>\$ 562,800</b>	<b>\$ -</b>	<b>\$ 214,109</b>	<b>\$ -</b>	<b>\$ 340,898</b>	<b>\$ 989,673</b>	<b>\$ 610,913</b>	<b>\$ 9,055</b>

See Accompanying Independent Auditor's Report.



**REPUBLIC OF THE MARSHALL ISLANDS**

**NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**Combining Statement of Revenues, Expenditures By Account,  
and Changes in Fund Balances (Deficits), Continued  
Year Ended September 30, 2021**

	200525	200527	200528	200540	300612	Marshall Islands Scholarship, Grant and Loan Board	Marshall Islands Judiciary	Health Care Revenue	Marshall Islands Health	Elimination	Total
	Transportation Services	Registrar General	Ministry of Internal Affairs	Banking Commissioner	Four-Atoll Medical						
Revenues:											
Federal and other grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602,814	\$ -	\$ -	\$ 602,814
Fees and charges	-	-	61,142	153,217	-	-	138,267	514,662	8,773,576	-	12,563,656
Interest	-	-	-	-	-	9,636	9,240	-	-	-	18,876
Sales	1,485	-	3,270	-	-	-	8,359	-	-	-	316,761
<b>Total revenues</b>	<b>1,485</b>	<b>-</b>	<b>64,412</b>	<b>153,217</b>	<b>-</b>	<b>9,636</b>	<b>155,866</b>	<b>1,117,476</b>	<b>8,773,576</b>	<b>-</b>	<b>13,502,107</b>
Expenditures by Account:											
Grants and subsidies	-	-	-	-	-	1,653,829	-	-	-	-	1,653,929
Salaries and wages	-	-	-	-	-	-	689,312	200,824	357,824	-	1,469,672
Medical supplies	-	-	-	-	-	-	-	3,141,399	-	-	3,141,399
Contractual services	-	-	-	1,584	1,607,010	-	-	-	3,092,177	-	5,666,342
Capital outlay	-	-	7,077	18,786	-	10,672	35,910	624,079	-	-	892,711
Travel	-	-	-	2,728	-	8,747	12,579	72,974	801,357	-	975,330
Food stuffs	-	-	33,223	2,889	-	-	1,989	29,431	-	-	88,008
Supplies and materials	-	-	-	10,977	-	6,859	62,327	100,873	-	-	271,696
POL	-	-	-	350	-	2,856	10,023	26,172	-	-	153,129
Rentals	-	-	-	162	-	15,840	563	111,188	-	-	157,320
Allowances	-	-	-	-	-	-	-	-	-	-	18,000
Communications	-	-	-	5,839	-	28,973	47,784	32,575	-	-	127,903
Insurance	-	-	-	-	-	-	3,833	-	-	-	9,442
Utilities	-	-	-	-	-	-	37,664	-	-	-	40,917
Leased housing	-	-	-	-	-	-	66,460	-	-	-	70,660
Freight	-	-	-	-	-	-	238	65,985	-	-	78,621
Professional services	-	-	-	-	-	-	43,536	223,065	423,200	-	689,801
Printing and reproduction	-	-	-	-	-	3,729	-	25,146	-	-	29,597
Other	-	-	17,639	8,564	-	18,135	20,663	69,836	245,877	-	419,103
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>57,939</b>	<b>51,879</b>	<b>1,607,010</b>	<b>1,749,640</b>	<b>1,032,881</b>	<b>4,723,547</b>	<b>4,920,435</b>	<b>-</b>	<b>15,953,580</b>
Excess (deficiency) of revenues over (under) expenditures	1,485	-	6,473	101,338	(1,607,010)	(1,740,004)	(877,015)	(3,606,071)	3,853,141	-	(2,451,473)
Other financing sources (uses):											
Operating transfers in	-	-	-	-	1,737,051	1,669,339	943,886	3,832,073	-	(4,154,929)	4,736,650
Operating transfers out	-	-	-	-	-	-	-	(30,495)	(3,861,552)	4,154,929	(840,556)
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,737,051</b>	<b>1,669,339</b>	<b>943,886</b>	<b>3,801,578</b>	<b>(3,861,552)</b>	<b>-</b>	<b>3,896,094</b>
<b>Net change in fund balances (deficits)</b>	<b>1,485</b>	<b>-</b>	<b>6,473</b>	<b>101,338</b>	<b>130,041</b>	<b>(70,665)</b>	<b>66,871</b>	<b>195,507</b>	<b>(8,411)</b>	<b>-</b>	<b>1,444,621</b>
Fund balances (deficits) at the beginning of the year	37,019	391	223,355	7,500	557,247	684,664	593,744	469,839	3,894,836	-	8,522,715
<b>Fund balances at the end of the year</b>	<b>\$ 38,504</b>	<b>\$ 391</b>	<b>\$ 229,828</b>	<b>\$ 108,838</b>	<b>\$ 687,288</b>	<b>\$ 613,999</b>	<b>\$ 660,615</b>	<b>\$ 665,346</b>	<b>\$ 3,886,425</b>	<b>\$ -</b>	<b>\$ 9,967,336</b>

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS  
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUSTS

September 30, 2021

Private purpose trusts are used to report any trust arrangement not properly reported in a pension trust fund or an investment trust fund "under which principal and income benefit individuals, private organizations, or other governments." A brief discussion of RepMar's Private Purpose Trusts as of September 30, 2021, follows:

Marshall Islands Social Security Administration (MISSA)

This fund established MISSA under Public Law No. 1990-75, which administers the Marshall Islands Social Security Retirement Fund, to provide a financially sound social security system with pension benefits and early retirement.

Kwajalein Atoll Trust Fund

This fund accounts for funds received under the Interim Use Agreement, to be disbursed to various Kwajalein landowners.

Section 212 Kwajalein Landowners Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 212 and approved by Nitijela resolution 123 in accordance with the Military Use and Operating Rights Agreement.

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

Combining Statement of Fiduciary Net Position  
Fiduciary Funds - Private Purpose Trusts  
September 30, 2021

DILOG Fund Number	350610	510610	
	Marshall Islands Social Security Admin.	Kwajalein Atoll Trust	Section 212 Kwajalein Landowners
	<u>                    </u>	<u>                    </u>	<u>                    </u>
			Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,036,935	\$ -	\$ -
Time certificate of deposit	3,500,000	-	-
Receivables, net:			
Contributions	4,114,319	-	-
Other	1,321,661	-	-
Investments	93,637,998	-	-
Due from other funds	-	421,658	463,460
Capital assets, net of accumulated depreciation	399,800	-	-
	<u>107,010,713</u>	<u>421,658</u>	<u>463,460</u>
Total assets			<u>107,895,831</u>
<u>LIABILITIES</u>			
Accounts payable	188,175	-	-
Other liabilities and accruals	12,659	-	-
Due to other funds	2,358,756	-	-
	<u>2,559,590</u>	<u>-</u>	<u>-</u>
Total liabilities			<u>2,559,590</u>
<u>NET POSITION</u>			
Restricted for:			
Social security benefits	104,451,123	-	-
Land use distributions	-	421,658	463,460
	<u>104,451,123</u>	<u>421,658</u>	<u>463,460</u>
Total net position	<u>\$ 104,451,123</u>	<u>\$ 421,658</u>	<u>\$ 463,460</u>
			<u>\$ 105,336,241</u>

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds - Private Purpose Trusts  
Year Ended September 30, 2021

DILOG Fund Number	350610	510610	Total	
	Marshall Islands Social Security Admin.	Kwajalein Atoll Trust	Section 212 Kwajalein Landowners	
<b>Additions:</b>				
<b>Contributions:</b>				
Private employees	\$ 14,785,248	\$ -	\$ -	\$ 14,785,248
Government employees	7,231,746	-	-	7,231,746
Penalties and interest	907,334	-	-	907,334
<b>Total contributions</b>	<b>22,924,328</b>	<b>-</b>	<b>-</b>	<b>22,924,328</b>
<b>Investment earnings:</b>				
Net change in the fair value of investments	13,072,322	-	-	13,072,322
Interest and dividends	948,677	-	-	948,677
<b>Total investment earnings</b>	<b>14,020,999</b>	<b>-</b>	<b>-</b>	<b>14,020,999</b>
Less investment expense	164,881	-	-	164,881
<b>Net investment earnings</b>	<b>13,856,118</b>	<b>-</b>	<b>-</b>	<b>13,856,118</b>
<b>Other:</b>				
Compact funding	-	-	22,678,200	22,678,200
Transfer in	1,587,200	-	-	1,587,200
Other	340,056	-	-	340,056
	1,927,256	-	22,678,200	24,605,456
<b>Total additions</b>	<b>38,707,702</b>	<b>-</b>	<b>22,678,200</b>	<b>61,385,902</b>
<b>Deductions:</b>				
Land use distributions	-	-	22,568,306	22,568,306
Benefits	21,202,996	-	-	21,202,996
Administrative expenses	1,208,166	-	-	1,208,166
<b>Total deductions</b>	<b>22,411,162</b>	<b>-</b>	<b>22,568,306</b>	<b>44,979,468</b>
<b>Change in net position held in trust for:</b>				
Social security benefits	16,296,540	-	-	16,296,540
Land use distributions	-	-	109,894	109,894
<b>Net position at the beginning of the year</b>	<b>88,154,583</b>	<b>421,658</b>	<b>353,566</b>	<b>88,929,807</b>
<b>Net position at the end of the year</b>	<b>\$ 104,451,123</b>	<b>\$ 421,658</b>	<b>\$ 463,460</b>	<b>\$ 105,336,241</b>

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

FIDUCIARY FUNDS - CUSTODIAL

September 30, 2021

Custodial funds are used to report resources held by the reporting government in a purely custodial capacity and typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. A brief discussion of RepMar's Agency Funds as of September 30, 2021, follows:

Judiciary Fund

This fund accounts for funds received by the High Court in a fiduciary capacity for deposits made by defendants for court cases.

Unclaimed Property Fund

This fund accounts for funds received in a fiduciary capacity for distribution to other individuals that primarily consists of Bank of Hawaii deposits and share dividends from United Micronesia Development Association.

See Accompanying Independent Auditor's Report.



**REPUBLIC OF THE MARSHALL ISLANDS**

Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds - Custodial Funds  
Year Ended September 30, 2021

DILOG Fund Number	300430	300430	
	Unclaimed Bank Deposits	UMDA Stock Buyout	Total
	<u>Judiciary</u>		<u>Total</u>
Additions:			
Investment earnings:			
Interest and dividends	\$ 1,358	\$ -	\$ 1,358
Other	<u>55,840</u>	<u>-</u>	<u>55,840</u>
Total additions	<u>57,198</u>	<u>-</u>	<u>57,198</u>
Deductions:			
Other distributions	305,125	-	305,125
Administrative expenses	<u>153</u>	<u>-</u>	<u>153</u>
Total deductions	<u>305,278</u>	<u>-</u>	<u>305,278</u>
Change in net position held in trust for:			
Individuals, organizations and other governments	(248,080)	-	(248,080)
Net position at the beginning of the year	<u>3,991,229</u>	<u>93,737</u>	<u>4,155,713</u>
Net position at the end of the year	<u>\$ 3,743,149</u>	<u>\$ 93,737</u>	<u>\$ 3,907,633</u>

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

NONMAJOR COMPONENT UNITS

September 30, 2021

Component units are legally separate organizations for which the elected officials of RepMar are financially accountable. A brief discussion of RepMar's Nonmajor Component Units as of September 30, 2021, follows:

Majuro Atoll Waste Company, Inc. (MAWC)

MAWC was incorporated under the laws of the Republic of the Marshall Islands on January 30, 2007 to engage in, but not limited to, the collection and disposal of solid waste on Majuro Atoll. MAWC is governed by a five-member Board of Directors comprising the Secretary of Public Works or Secretary responsible for solid waste, the Councilman on the Executive Committee responsible for solid waste management on the Majuro Atoll Local Government, one member from a list of two or more nominations by the Marshall Islands Chamber of Commerce, one member from a list of two or more nominations by the Marshall Islands Tourism Association, and one member from a list of two or more nominations by the Marshall Islands Conservation Society. RepMar provides financial support to MAWC through legislative appropriations.

Majuro Resort, Inc. (MRI)

MRI was granted a corporate charter by the Cabinet of RepMar on November 8, 1995 to engage in the operation of a 150-room hotel on the atoll of Majuro. MRI is governed by a seven-member Board of Directors appointed by the President upon approval of the Cabinet of RepMar. RepMar has the ability to impose its will on MRI.

Marshall Islands Postal Services Authority (MIPSA)

MIPSA was created by the Postal Service Act of 1983 for the purpose of establishing an effective and efficient postal service for the Republic, both domestic and international, from three service outlets - the Uliga and Delap postal stations located on Majuro Atoll, and the Ebeye postal station located on Kwajalein Atoll. MIPSA is governed by a five-member Board of Directors appointed by the President upon approval of the Cabinet of RepMar. The Board of Directors, in turn, is responsible for the appointment of the Postmaster General who oversees the day-to-day operations of the Authority. RepMar provides financial support to MIPSA through legislative appropriations.

National Environmental Protection Authority (EPA)

EPA was created by the National Environmental Protection Authority Act of 1984 (Public Law No, 1984-31, the Act). EPA began operations as a statutory corporation on December 19, 1984, in accordance with the Act. The objectives of EPA are to preserve and improve the quality of the environment of the Marshall Islands. EPA is governed by a five-member Board of Directors appointed by the President upon approval of the Cabinet of RepMar. RepMar provides financial support to EPA through legislative appropriations.

See Accompanying Independent Auditor's Report.



REPUBLIC OF THE MARSHALL ISLANDS

NONMAJOR COMPONENT UNITS

September 30, 2021

Office of Commerce, Investment and Tourism (OCIT)

OCIT was established pursuant to the Office of Commerce, Investment and Tourism (Amendment) Act 2018 (Public Law No. 2018-57). OCIT began operations as a statutory corporation on November 25, 2013 upon receiving its first operational budget. The objectives of OCIT were to: (1) to investigate, study, develop and implement social and economic development programs and projects, alone or in conjunction with other governmental, private organizations, or agencies, for the betterment of the economic and social conditions of the inhabitants of the Republic; (2) encourage and develop, and manage, businesses of economic or social importance to the Republic, such as tourism, poultry farming and piggeries; and (3) conduct, on behalf of RepMar, such business enterprises as the RepMar Cabinet directs, on such terms and conditions as were agreed to between OCIT and the RepMar Cabinet; provided, however, in all decisions of the Board or the RepMar Cabinet, the protection of existing enterprises shall be given highest consideration. OCIT is governed by a seven-member Board of Directors appointed by the President upon approval of the Cabinet of RepMar. RepMar provides financial support to OCIT through legislative appropriations.

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**NONMAJOR COMPONENT UNITS**

**Combining Statement of Net Position  
September 30, 2021**

	Majuro Atoll Waste Company, Inc.	Majuro Resort, Inc.	Marshall Islands Postal Service Authority	National Environmental Protection Authority	Office of Commerce, Investment and Tourism	Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ 596,994	\$ 520,812	\$ 1,337,643	\$ 875,174	\$ 150,674	\$ 3,481,297
Receivables, net	72,339	295,069	19,557	1,041	1,727	389,733
Inventories	-	31,632	9,549	-	-	41,181
Other assets	85,523	74,381	23,335	-	-	183,239
Capital assets:						
Other capital assets, net of accumulated depreciation	<u>481,358</u>	<u>891,586</u>	<u>45,656</u>	<u>89,196</u>	<u>149,936</u>	<u>1,657,732</u>
Total assets	<u>1,236,214</u>	<u>1,813,480</u>	<u>1,435,740</u>	<u>965,411</u>	<u>302,337</u>	<u>5,753,182</u>
<u>LIABILITIES</u>						
Accounts payable	76,330	698,865	71,386	-	28,108	874,689
Other liabilities and accruals	64,856	599,897	73,360	33,647	51,937	823,697
Unearned revenue	-	-	23,516	31,381	-	54,897
Noncurrent liabilities:						
Due within one year	-	3,765	-	-	-	3,765
Due in more than one year	-	<u>299,235</u>	-	-	-	<u>299,235</u>
Total liabilities	<u>141,186</u>	<u>1,601,762</u>	<u>168,262</u>	<u>65,028</u>	<u>80,045</u>	<u>2,056,283</u>
<u>NET POSITION</u>						
Net investment in capital assets	481,358	932,896	64,653	89,196	149,936	1,718,039
Restricted	233,525	-	-	233,369	-	466,894
Unrestricted	<u>380,145</u>	<u>(721,178)</u>	<u>1,202,825</u>	<u>577,818</u>	<u>72,356</u>	<u>1,511,966</u>
Total net position	<u>\$ 1,095,028</u>	<u>\$ 211,718</u>	<u>\$ 1,267,478</u>	<u>\$ 900,383</u>	<u>\$ 222,292</u>	<u>\$ 3,696,899</u>

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**NONMAJOR COMPONENT UNITS**

**Combining Statement of Revenues, Expenses,  
and Changes in Net Position  
Year Ended September 30, 2021**

	Majuro Atoll Waste Company, Inc.	Majuro Resort, Inc.	Marshall Islands Postal Service Authority	National Environmental Protection Authority	Office of Commerce, Investment and Tourism	Total
Expenses	\$ 1,781,960	\$ 3,662,245	\$ 937,271	\$ 479,833	\$ 688,409	\$ 7,549,718
Program revenues:						
Charges for services	1,006,279	3,059,622	1,026,247	168,969	12,694	5,273,811
Operating grants and contributions	-	-	-	560,405	26,975	587,380
Capital grants and contributions	283,927	-	-	-	-	283,927
Total program revenues	1,290,206	3,059,622	1,026,247	729,374	39,669	6,145,118
Net program revenues (expenses)	(491,754)	(602,623)	88,976	249,541	(648,740)	(1,404,600)
General revenues:						
Payments from RepMar	965,393	298,766	221,414	-	759,423	2,244,996
Other	-	-	-	48	-	48
Total general revenues	965,393	298,766	221,414	48	759,423	2,245,044
Change in net position	473,639	(303,857)	310,390	249,589	110,683	840,444
Net position at the beginning of the year	621,389	515,575	957,088	650,794	111,609	2,856,455
Net position at the end of the year	\$ 1,095,028	\$ 211,718	\$ 1,267,478	\$ 900,383	\$ 222,292	\$ 3,696,899

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

GRANTS ASSISTANCE FUND

September 30, 2021

The Grants Assistance Fund accounts for all financial transactions that are subgranted to RepMar. A brief discussion of the funds that comprise the Grants Assistance Fund as of September 30, 2021, follows:

Section 215(a)(1) Communications Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, Title II, Article I, Section 215(a)(1) and approved by Nitijela resolution 62.

Section 216(a)(1) Surveillance and Enforcement Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, Title II, Article I, Section 216(a)(1) and approved by Nitijela resolution 62.

Section 216(a)(3) Scholarship Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, Title II, Article I, Section 216(a)(3) and approved by Nitijela resolution 62.

Section 213 Audit Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 213 and approved by Nitijela resolution 123.

Enewetak Food and Agricultural Support Fund

This fund accounts for funding received pursuant to Section 103(f)(2) of the Compact of Free Association Amendments Act of 2003.

U.S. Federal Grants Fund

This fund accounts for all financial transactions that are subgranted to RepMar, as well as other direct federal grants that RepMar received from the United States government.

European Union Grants Fund

This fund accounts for all financial transactions that are subgranted to RepMar, as well as other direct grants that RepMar received from the European Union.

World Bank Fund

This fund accounts for all financial transactions that are subgranted to RepMar, as well as other direct grants that RepMar received from the World Bank.

Other Direct Assistance Fund

This fund accounts for all financial transactions related to direct grants received from non-U.S. agencies, which have historically been accounted for herein, and also includes grants from other world organizations.

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

GRANTS ASSISTANCE FUND

September 30, 2021

Republic of China Projects Fund

This fund accounts for all financial transactions related to direct grants received from the Republic of China relating to designated projects.

Compact Sector Grants Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(a) and approved by Nitijela resolution 123 to promote economic advancement and budgetary self-reliance. These appropriations are to be used for assistance in education, health care, the environment, public sector capacity building, and private sector development, or for other areas as mutually agreed, with priorities in the education and health care sectors.

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**GRANTS ASSISTANCE FUND  
Combining Balance Sheet  
September 30, 2021**

<b>DILOG Fund Number</b>	<b>350200</b>	<b>350305</b>	<b>350315</b>	<b>510130</b>	<b>510140</b>	<b>600350</b>	<b>700100</b>	<b>700200</b>	<b>700360</b>	<b>700370</b>		
	Section 215(a)(1) Communi- cations	Section 216(a)(1) Surveillance and Enforcement	Section 216(a)(3) Scholarship	Section 213 Audit	Enewetak Food and Agricultural Support	U.S. Federal Grants	European Union Grants	World Bank	Other Direct Assistance	Republic of China Projects	Compact Sector	Total
<b><u>ASSETS</u></b>												
Receivables:												
Federal agencies	\$ -	\$ -	\$ -	\$ 366,882	\$ 328,936	\$ 6,173,459	\$ -	\$ -	\$ -	\$ -	\$ 12,368,080	\$ 19,237,357
General	-	-	-	-	-	-	-	2,728,016	384,447	2,000,000	-	5,112,463
Due from other funds	40,380	690	1,593	-	-	-	1,915,546	-	266,359	3,072,849	7,702,790	13,000,207
Advances	-	-	-	-	-	250,062	7,443	27,505	(6,904)	61,287	297,953	637,346
Total assets	<u>\$ 40,380</u>	<u>\$ 690</u>	<u>\$ 1,593</u>	<u>\$ 366,882</u>	<u>\$ 328,936</u>	<u>\$ 6,423,521</u>	<u>\$ 1,922,989</u>	<u>\$ 2,755,521</u>	<u>\$ 643,902</u>	<u>\$ 5,134,136</u>	<u>\$ 20,368,823</u>	<u>\$ 37,987,373</u>
<b><u>LIABILITIES AND FUND BALANCES (DEFICITS)</u></b>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ 36,500	\$ 2,533	\$ 1,259,229	\$ 6,730	\$ 381,509	\$ 136,528	\$ 316,603	\$ 2,121,944	\$ 4,261,576
Other liabilities and accruals	-	-	-	-	-	265,291	6,884	-	2,269	13,423	1,035,890	1,323,757
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	278,447	278,447
Retention payable	-	-	-	-	-	107,829	-	8,567	70,000	235,470	1,478,365	1,900,231
Due to other funds	-	-	-	330,382	326,403	4,833,216	-	2,265,565	-	-	8,255,125	16,010,691
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,882</u>	<u>328,936</u>	<u>6,465,565</u>	<u>13,614</u>	<u>2,655,641</u>	<u>208,797</u>	<u>565,496</u>	<u>13,169,771</u>	<u>23,774,702</u>
Fund balances:												
Restricted	40,380	690	1,593	-	-	-	1,909,375	99,880	435,105	-	7,199,052	9,686,075
Committed	-	-	-	-	-	-	-	-	-	4,568,640	-	4,568,640
Unassigned (deficits)	-	-	-	-	-	(42,044)	-	-	-	-	-	(42,044)
Total fund balances (deficits)	<u>40,380</u>	<u>690</u>	<u>1,593</u>	<u>-</u>	<u>-</u>	<u>(42,044)</u>	<u>1,909,375</u>	<u>99,880</u>	<u>435,105</u>	<u>4,568,640</u>	<u>7,199,052</u>	<u>14,212,671</u>
Total liabilities and fund balances	<u>\$ 40,380</u>	<u>\$ 690</u>	<u>\$ 1,593</u>	<u>\$ 366,882</u>	<u>\$ 328,936</u>	<u>\$ 6,423,521</u>	<u>\$ 1,922,989</u>	<u>\$ 2,755,521</u>	<u>\$ 643,902</u>	<u>\$ 5,134,136</u>	<u>\$ 20,368,823</u>	<u>\$ 37,987,373</u>

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**GRANTS ASSISTANCE FUND**  
**Combining Statement of Revenues, Expenditures by Function,**  
**and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2021**

<b>DILOG Fund Number</b>	<b>350200</b>	<b>350305</b>	<b>350315</b>	<b>510130</b>	<b>510140</b>	<b>600350</b>	<b>700100</b>	<b>700200</b>	<b>700360</b>	<b>700370</b>			
	Section 215(a)(1) Commu- nications	Section 216(a)(1) Surveillance and Enforcement	Section 216(a)(3) Scholarship	Section 213 Audit	Enewetak Food and Agricultural Support	U.S. Federal Grants	European Union Grants	World Bank	Other Direct Assistance	Republic of China Projects	Compact Sector	Elimination	Total
<b>Revenues:</b>													
Federal and other grants	\$ -	\$ -	\$ -	\$ 215,382	\$ 1,355,918	\$ 21,083,938	\$ 3,272,427	\$ 9,444,328	\$ 1,347,165	\$ 6,000,000	\$ 37,865,235	\$ -	\$ 80,584,393
<b>Expenditures by Function:</b>													
<b>Current:</b>													
President and Cabinet	-	-	-	-	-	-	-	-	-	-	-	-	-
Office of the Chief Secretary	-	-	-	-	-	1,590,567	-	23,397	458,018	5,502	-	-	2,077,484
Special appropriations	-	-	-	-	-	-	515,840	-	267,645	38,140	-	-	821,625
Office of the Auditor-General	-	-	-	215,382	-	-	-	-	-	-	-	-	215,382
Office of the Attorney General	-	-	-	-	-	5,663,759	-	-	-	-	-	-	5,663,759
<b>Ministries:</b>													
Education, Sports and Training	-	-	-	-	-	1,781,284	-	-	-	-	20,316,511	-	22,097,795
Health and Human Services	-	-	-	-	-	7,204,757	16,463	-	-	259,540	9,693,334	-	17,174,094
Transportation, Communication and Information Technology	-	-	-	-	-	-	183,000	-	-	-	-	-	183,000
Natural Resources and Commerce	-	-	-	-	-	-	-	-	719	1,528,096	-	-	1,528,815
Culture and Internal Affairs	-	-	-	-	-	468,136	-	-	-	1,027,049	-	-	1,495,185
Justice, Immigration and Labor	-	-	-	-	-	-	-	-	-	196,512	-	-	196,512
Finance, Banking and Postal Services	-	-	-	-	1,355,918	2,638,384	37,704	9,797,028	41,579	45,922	2,837,996	-	16,754,531
Foreign Affairs and Trade	-	-	-	-	-	-	-	-	1,050	552,138	-	-	553,188
Works, Infrastructure and Utilities	-	-	-	-	-	-	-	-	44,941	-	-	-	44,941
Environmental Protection Authority	-	-	-	-	-	-	901,905	-	36,768	-	225,372	-	1,164,045
Capital outlay	-	-	-	-	-	-	-	-	-	3,724,499	4,238,606	-	7,963,105
Total expenditures	-	-	-	215,382	1,355,918	19,346,887	1,654,912	9,820,425	850,720	7,377,398	37,311,819	-	77,933,461
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	1,737,051	1,617,515	(376,097)	496,445	(1,377,398)	553,416	-	2,650,932
<b>Other financing sources (uses):</b>													
Operating transfers in	-	-	-	-	-	-	-	-	-	-	794,367	(794,367)	-
Operating transfers out	-	-	-	-	-	(1,737,051)	(386,374)	-	-	(794,367)	(786,981)	794,367	(2,910,406)
Total other financing sources (uses), net	-	-	-	-	-	(1,737,051)	(386,374)	-	-	(794,367)	7,386	-	(2,910,406)
Net change in fund balances (deficits)	-	-	-	-	-	-	1,231,141	(376,097)	496,445	(2,171,765)	560,802	-	(259,474)
Fund balances (deficits) at the beginning of the year	40,380	690	1,593	-	-	(42,044)	678,234	475,977	(61,340)	6,740,405	6,638,250	-	14,472,145
Fund balances (deficits) at the end of the year	\$ 40,380	\$ 690	\$ 1,593	\$ -	\$ -	\$ (42,044)	\$ 1,909,375	\$ 99,880	\$ 435,105	\$ 4,568,640	\$ 7,199,052	\$ -	\$ 14,212,671

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**GRANTS ASSISTANCE FUND**  
**Combining Statement of Revenues, Expenditures by Account,**  
**and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2021**

DILOG Fund Number	350200	350305	350315	510130	510140	600350	700100	700200	700360	700370			
	Section 215(a)(1) Communications	Section 216(a)(1) Surveillance and Enforcement	Section 216(a)(3) Scholarship	Section 213 Audit	Enewetak Food and Agricultural Support	U.S. Federal Grants	European Union Grants	World Bank	Other Direct Assistance	Republic of China Projects	Compact Sector	Elimination	Total
<b>Revenues:</b>													
Federal and other grants	\$ -	\$ -	\$ -	\$ 215,382	\$ 1,355,918	\$ 21,083,938	\$ 3,272,427	\$ 9,444,328	\$ 1,347,165	\$ 6,000,000	\$ 37,865,235	\$ -	\$ 80,584,393
<b>Expenditures by Account:</b>													
Salaries and wages	-	-	-	-	548,661	4,582,025	97,877	-	44,229	216,579	18,841,643	-	24,331,014
Unemployment benefits	-	-	-	-	-	5,417,762	-	-	-	-	-	-	5,417,762
Capital outlay	-	-	-	-	2,041	1,810,871	38,688	207,247	29,965	1,101,753	5,909,859	-	9,100,424
Grants and subsidies	-	-	-	-	-	603,652	698,840	-	267,645	3,742,787	3,636,233	-	8,949,157
Utilities	-	-	-	-	16,038	300,766	1,926	522	-	480	1,508,813	-	1,828,545
Leased housing	-	-	-	-	23,650	47,996	-	-	-	-	301,997	-	373,643
Supplies and materials	-	-	-	-	96,363	514,139	11,257	109,132	2,294	144,916	1,081,593	-	1,959,694
Contractual services	-	-	-	-	21,027	2,599,238	661,326	1,141,536	470,633	823,066	1,191,455	-	6,908,281
Travel	-	-	-	-	-	589,693	2,629	21,378	350	77,817	296,469	-	988,336
Food stuffs	-	-	-	-	367,632	143,289	8,032	48,770	2,219	110,321	651,288	-	1,331,551
Professional services	-	-	-	215,382	-	261,141	36,571	8,073,262	-	482,983	-	-	9,069,339
Allowances	-	-	-	-	-	9,300	-	-	-	-	2,921	-	12,221
Medical supplies	-	-	-	-	-	580,269	-	-	-	-	21,264	-	601,533
Communications	-	-	-	-	2,920	403,074	6,997	12,428	-	1,680	154,032	-	581,131
POL	-	-	-	-	66,853	317,714	3,252	944	-	136,428	309,910	-	835,101
Rentals	-	-	-	-	620	290,908	30,600	95,739	6,990	10,582	539,794	-	975,233
Freight	-	-	-	-	-	9,074	-	390	8,087	5,011	57,071	-	79,633
Printing and reproduction	-	-	-	-	-	74,350	3,102	11,131	-	-	19,052	-	107,635
Insurance	-	-	-	-	-	8,177	2,135	3,984	1,043	-	50,861	-	66,200
Other	-	-	-	-	210,113	783,449	51,680	93,962	17,265	522,995	2,737,564	-	4,417,028
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,382</b>	<b>1,355,918</b>	<b>19,346,887</b>	<b>1,654,912</b>	<b>9,820,425</b>	<b>850,720</b>	<b>7,377,398</b>	<b>37,311,819</b>	<b>-</b>	<b>77,933,461</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	1,737,051	1,617,515	(376,097)	496,445	(1,377,398)	553,416	-	2,650,932
<b>Other financing sources (uses):</b>													
Operating transfers in	-	-	-	-	-	-	-	-	-	-	794,367	(794,367)	-
Operating transfers out	-	-	-	-	-	(1,737,051)	(386,374)	-	-	(794,367)	(786,981)	794,367	(2,910,406)
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,737,051)</b>	<b>(386,374)</b>	<b>-</b>	<b>-</b>	<b>(794,367)</b>	<b>7,386</b>	<b>-</b>	<b>(2,910,406)</b>
<b>Net change in fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,231,141</b>	<b>(376,097)</b>	<b>496,445</b>	<b>(2,171,765)</b>	<b>560,802</b>	<b>-</b>	<b>(259,474)</b>
<b>Fund balances (deficits) at the beginning of the year</b>	<b>40,380</b>	<b>690</b>	<b>1,593</b>	<b>-</b>	<b>-</b>	<b>(42,044)</b>	<b>678,234</b>	<b>475,977</b>	<b>(61,340)</b>	<b>6,740,405</b>	<b>6,638,250</b>	<b>-</b>	<b>14,472,145</b>
<b>Fund balances (deficits) at the end of the year</b>	<b>\$ 40,380</b>	<b>\$ 690</b>	<b>\$ 1,593</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (42,044)</b>	<b>\$ 1,909,375</b>	<b>\$ 99,880</b>	<b>\$ 435,105</b>	<b>\$ 4,568,640</b>	<b>\$ 7,199,052</b>	<b>\$ -</b>	<b>\$ 14,212,671</b>

See Accompanying Independent Auditor's Report.



REPUBLIC OF THE MARSHALL ISLANDS  
COMPACT OF FREE ASSOCIATION SECTOR GRANTS FUND

September 30, 2021

Section 211(a)(1) Education Sector Grant Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(a)(1) and approved by Nitijela resolution 123 to support and improve the educational system of the Republic of the Marshall Islands.

Supplemental Education Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, which takes the place of certain domestic grants once offered through the U.S. Department of Education, the U.S. Department of Health and Human Services and the U.S. Department of Labor.

Section 211(a)(2) Health Sector Grant Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(a)(2) and approved by Nitijela resolution 123 to support and improve the delivery of preventive, curative, and environmental healthcare services in the Republic of the Marshall Islands.

Section 211(a)(4) Capacity Building Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(a)(4) and approved by Nitijela resolution 123 to support the efforts in building an effective, accountable and transparent national and local government and other public sector institutions and systems in the Republic of the Marshall Islands.

Section 211(a)(5) Environment Sector Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(a)(5) and approved by Nitijela resolution 123 to increase environmental protection; establish and manage conservation areas; engage in environmental infrastructure planning, design construction and operation; and to involve the citizens of the Marshall Islands in the process of conserving their country's natural resources.

Section 211(b)(1) Ebeye Special Needs Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(b)(1) and approved by Nitijela resolution 123 to support the special needs of the community at Ebeye, Kwajalein Atoll and other Marshallese communities within Kwajalein Atoll.

Section 211(b)(2) Landowners Special Needs Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(b)(1) and approved by Nitijela resolution 123 to support the special needs of the community at Ebeye, Kwajalein Atoll and other Marshallese communities within Kwajalein Atoll with emphasis on the Kwajalein Landowners.

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS  
COMPACT OF FREE ASSOCIATION SECTOR GRANTS FUND

September 30, 2021

Section 211(b)(3) Kwajalein Environment Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(b)(1) and approved by Nitijela resolution 123 to address the special needs of the community at Ebeye, Kwajalein Atoll, with respect to environmental protection issues.

Section 211(d)(1) Public Infrastructure Sector Grant Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(d)(1) and approved by Nitijela resolution 123. The aforementioned section requires no less than 30% and no more than 50% of the total amounts appropriated by the United States Congress under Section 211 to be made available in accordance with a list of specific projects included in the infrastructure improvement and maintenance plan prepared by RepMar.

Section 211(d)(2) Infrastructure Maintenance Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(d)(2) and approved by Nitijela resolution 123. The aforementioned section requires 5% of the total amounts appropriated by the United States Congress under Section 211(d)(1) to be set aside and made available, with an equal contribution from RepMar, as a contribution to an Infrastructure Maintenance Fund.

Section 211(e)(1) Disaster Assistance Emergency Fund

This fund accounts for United States Congress appropriations under United States Public Law 99-239, as amended, Title II, Article I, Section 211(e)(1) and approved by Nitijela resolution 123 to support the establishment of a disaster assistance emergency fund.

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**COMPACT OF FREE ASSOCIATION SECTOR GRANTS  
Combining Balance Sheet  
September 30, 2021**

<b>DILOG Fund Number</b>	<b>410100</b>	<b>410102</b>	<b>410110</b>	<b>410120</b>	<b>410140</b>	<b>410150</b>	<b>410160</b>	<b>410170</b>	<b>510100</b>	<b>510110</b>	<b>510120</b>	<b>Total</b>
	Section 211(a)(1) Education	Supplemental Education	Section 211(a)(2) Health	Section 211(a)(4) Capacity Building	Section 211(a)(5) Environment	Section 211(b)(1) Ebeye Special Needs	Section 211(b)(2) Landowners Special Needs	Section 211(b)(3) Kwajalein Environment	Section 211(d)(1) Public Infrastructure	Section 211(d)(2) Infrastructure Maintenance	Section 211(e)(1) Disaster Assistance	
<b>ASSETS</b>												
Receivables:												
Federal agencies	\$ -	\$ 2,441,293	\$ 117,063	\$ -	\$ -	\$ 1,313,755	\$ 1,909,118	\$ -	\$ 5,985,202	\$ 349,669	\$ 251,980	\$ 12,368,080
Due from other funds	715,340	-	902,968	163,374	-	-	-	140,952	-	1,586,937	4,193,219	7,702,790
Advances	12,245	63,369	16,554	-	-	183,820	11,362	5,153	8,421	(2,971)	-	297,953
Total assets	<u>\$ 727,585</u>	<u>\$ 2,504,662</u>	<u>\$ 1,036,585</u>	<u>\$ 163,374</u>	<u>\$ -</u>	<u>\$ 1,497,575</u>	<u>\$ 1,920,480</u>	<u>\$ 146,105</u>	<u>\$ 5,993,623</u>	<u>\$ 1,933,635</u>	<u>\$ 4,445,199</u>	<u>\$ 20,368,823</u>
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	\$ 148,287	\$ 280,698	\$ 530,197	\$ -	\$ -	\$ 494,497	\$ 252,371	\$ 1,752	\$ 347,064	\$ 67,078	\$ -	\$ 2,121,944
Other liabilities and accruals	432,116	148,611	309,306	-	-	109,915	6,064	9,789	20,089	-	-	1,035,890
Payable to federal agencies	-	-	29,458	-	-	-	248,989	-	-	-	-	278,447
Retention payable	-	-	-	-	-	190,085	319,901	-	710,722	257,657	-	1,478,365
Due to other funds	-	2,075,353	-	-	-	173,941	1,093,155	-	4,912,676	-	-	8,255,125
Total liabilities	<u>580,403</u>	<u>2,504,662</u>	<u>868,961</u>	<u>-</u>	<u>-</u>	<u>968,438</u>	<u>1,920,480</u>	<u>11,541</u>	<u>5,990,551</u>	<u>324,735</u>	<u>-</u>	<u>13,169,771</u>
Fund balances:												
Restricted	147,182	-	167,624	163,374	-	529,137	-	134,564	3,072	1,608,900	4,445,199	7,199,052
Unassigned (deficits)	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balance	<u>147,182</u>	<u>-</u>	<u>167,624</u>	<u>163,374</u>	<u>-</u>	<u>529,137</u>	<u>-</u>	<u>134,564</u>	<u>3,072</u>	<u>1,608,900</u>	<u>4,445,199</u>	<u>7,199,052</u>
Total liabilities and fund balances	<u>\$ 727,585</u>	<u>\$ 2,504,662</u>	<u>\$ 1,036,585</u>	<u>\$ 163,374</u>	<u>\$ -</u>	<u>\$ 1,497,575</u>	<u>\$ 1,920,480</u>	<u>\$ 146,105</u>	<u>\$ 5,993,623</u>	<u>\$ 1,933,635</u>	<u>\$ 4,445,199</u>	<u>\$ 20,368,823</u>

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

COMPACT OF FREE ASSOCIATION SECTOR GRANTS  
Combining Statement of Revenues, Expenditures by Function,  
and Changes in Fund Balances  
Year Ended September 30, 2021

DILOG Fund Number	410100	410102	410110	410120	410140	410150	410160	410170	510100	510110	510120	Total
	Section 211(a)(1) Education	Supplemental Education	Section 211(a)(2) Health	Section 211(a)(4) Capacity Building	Section 211(a)(5) Environment	Section 211(b)(1) Ebeye Special Needs	Section 211(b)(2) Landowners Special Needs	Section 211(b)(3) Kwajalein Environment	Section 211(d)(1) Public Infrastructure	Section 211(d)(2) Infrastructure Maintenance	Section 211(e)(1) Disaster Assistance	
Revenues:												
Compact funding	\$ 10,450,788	\$ 5,444,820	\$ 7,279,311	\$ -	\$ -	\$ 5,893,345	\$ 2,837,996	\$ 251,980	\$ 5,219,788	\$ 235,227	\$ 251,980	\$ 37,865,235
Expenditures by Function:												
Current:												
Ministries:												
Education, Sports and Training	10,022,052	5,444,820	-	-	-	2,737,900	-	-	2,111,739	-	-	20,316,511
Health and Human Services	-	-	7,573,757	-	-	2,119,577	-	-	-	-	-	9,693,334
Finance, Banking and Postal Services	-	-	-	-	-	-	2,837,996	-	-	-	-	2,837,996
Environmental Protection Authority	-	-	-	-	-	-	-	225,372	-	-	-	225,372
Capital outlay	-	-	-	-	-	895,327	-	-	3,108,052	235,227	-	4,238,606
Total expenditures	10,022,052	5,444,820	7,573,757	-	-	5,752,804	2,837,996	225,372	5,219,791	235,227	-	37,311,819
Excess (deficiency) of revenues over (under) expenditures	428,736	-	(294,446)	-	-	140,541	-	26,608	(3)	-	251,980	553,416
Other financing sources (uses):												
Operating transfers in	-	-	-	-	-	-	-	-	-	542,387	251,980	794,367
Operating transfers out	(592,202)	-	-	-	-	(194,779)	-	-	-	-	-	(786,981)
Total other financing sources (uses), net	(592,202)	-	-	-	-	(194,779)	-	-	-	542,387	251,980	7,386
Net change in fund balances (deficits)	(163,466)	-	(294,446)	-	-	(54,238)	-	26,608	(3)	542,387	503,960	560,802
Fund balances at the beginning of the year	310,648	-	462,070	163,374	-	583,375	-	107,956	3,075	1,066,513	3,941,239	6,638,250
Fund balances at the end of the year	\$ 147,182	\$ -	\$ 167,624	\$ 163,374	\$ -	\$ 529,137	\$ -	\$ 134,564	\$ 3,072	\$ 1,608,900	\$ 4,445,199	\$ 7,199,052

See Accompanying Independent Auditor's Report.

**REPUBLIC OF THE MARSHALL ISLANDS**

**COMPACT OF FREE ASSOCIATION SECTOR GRANTS**  
**Combining Statement of Revenues, Expenditures by Account,**  
**and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2021**

<b>DILOG Fund Number</b>	<b>410100</b>	<b>410102</b>	<b>410110</b>	<b>410120</b>	<b>410140</b>	<b>410150</b>	<b>410160</b>	<b>410170</b>	<b>510100</b>	<b>510110</b>	<b>510120</b>	
	Section 211(a)(1) Education	Supplemental Education	Section 211(a)(2) Health	Section 211(a)(4) Capacity Building	Section 211(a)(5) Environment	Section 211(b)(1) Ebeye Special Needs	Section 211(b)(2) Landowners Special Needs	Section 211(b)(3) Kwajalein Environment	Section 211(d)(1) Public Infrastructure	Section 211(d)(2) Infrastructure Maintenance	Section 211(e)(1) Disaster Assistance	Total
Revenues:												
Compact funding	\$ 10,450,788	\$ 5,444,820	\$ 7,279,311	\$ -	\$ -	\$ 5,893,345	\$ 2,837,996	\$ 251,980	\$ 5,219,788	\$ 235,227	\$ 251,980	\$ 37,865,235
Expenditures by Account:												
Salaries and wages	7,874,705	2,555,999	5,820,759	-	-	1,924,778	108,499	197,226	359,677	-	-	18,841,643
Capital outlay	117,200	627,301	94,357	-	-	770,319	1,675,023	11,080	2,614,579	-	-	5,909,859
Grants and subsidies	987,003	338,325	-	-	-	600,273	1,039,901	-	670,731	-	-	3,636,233
Utilities	229,929	39,195	516,645	-	-	721,839	-	1,205	-	-	-	1,508,813
Leased housing	-	-	259,197	-	-	-	9,000	-	33,800	-	-	301,997
Supplies and materials	88,969	563,473	78,024	-	-	330,159	2,785	4,616	13,567	-	-	1,081,593
Contractual services	-	687,405	397,717	-	-	106,333	-	-	-	-	-	1,191,455
Travel	59,382	122,563	13,903	-	-	80,990	2,215	3,045	14,371	-	-	296,469
Food stuffs	238,362	100,880	116,149	-	-	195,897	-	-	-	-	-	651,288
Professional services	-	-	-	-	-	-	-	-	-	-	-	-
Allowances	-	2,921	-	-	-	-	-	-	-	-	-	2,921
Medical supplies	-	-	-	-	-	21,264	-	-	-	-	-	21,264
Communications	25,260	27,351	13,943	-	-	79,778	-	-	7,700	-	-	154,032
POL	90,222	32,680	36,951	-	-	139,497	-	1,000	9,560	-	-	309,910
Rentals	73,382	42,209	41,100	-	-	375,903	-	7,200	-	-	-	539,794
Freight	15,111	21,695	1,067	-	-	19,198	-	-	-	-	-	57,071
Printing and reproduction	8,008	170	3,601	-	-	6,700	573	-	-	-	-	19,052
Insurance	23,304	17,612	4,623	-	-	1,669	-	-	3,653	-	-	50,861
Other	191,215	265,041	175,721	-	-	378,207	-	-	1,492,153	235,227	-	2,737,564
Total expenditures	10,022,052	5,444,820	7,573,757	-	-	5,752,804	2,837,996	225,372	5,219,791	235,227	-	37,311,819
Excess (deficiency) of revenues over (under) expenditures	428,736	-	(294,446)	-	-	140,541	-	26,608	(3)	-	251,980	553,416
Other financing sources (uses):												
Operating transfers in	-	-	-	-	-	-	-	-	-	542,387	251,980	794,367
Operating transfers out	(592,202)	-	-	-	-	(194,779)	-	-	-	-	-	(786,981)
Total other financing sources (uses), net	(592,202)	-	-	-	-	(194,779)	-	-	-	542,387	251,980	7,386
Net change in fund balances (deficits)	(163,466)	-	(294,446)	-	-	(54,238)	-	26,608	(3)	542,387	503,960	560,802
Fund balances (deficits) at the beginning of the year	310,648	-	462,070	163,374	-	583,375	-	107,956	3,075	1,066,513	3,941,239	6,638,250
Fund balances at the end of the year	\$ 147,182	\$ -	\$ 167,624	\$ 163,374	\$ -	\$ 529,137	\$ -	\$ 134,564	\$ 3,072	\$ 1,608,900	\$ 4,445,199	\$ 7,199,052

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

GENERAL FUND

September 30, 2021

Education Fund

This fund was established under Public Law No. 2013-23 to account for and administer monies collected and paid under the provisions of the Marshall Islands Public School System Act 2013 and any appropriations made by the Nitijela for related purposes.

Reimbursable Fund

This fund accounts for the operations of the Majuro Weather Station that is funded by the United States Department of Commerce National Weather Service and overtime charges for Customs and Immigration personnel whose attendance is required at the various ports of entry into the Marshall Islands.

Changed Circumstances Fund

This fund accounts for the expenditures related to the Changed Circumstances Study using excess annual proceeds from the Section 177 Nuclear Claims Trust Fund.

Judiciary Fund

This fund accounts for all financial transactions related to RepMar's judicial system as required under Public Law No. 1989-69.

Alternative Energy Fund

This fund accounts for the development, marketing, and operation of alternative energy systems. This fund was established under Public Law No. 1989-63 to administer revenue received with respect to alternative energy systems, and any appropriations made by the Nitijela for related purposes.

EPA Fund

This fund accounts for all financial transactions related to RepMar's Environmental Protection Authority Fund prior to the creation of the separate statutory body under Public Law No. 1984-31.

Agricultural Supplies Fund

This fund was established under Public Law No. 1979-18 to account for and administer monies collected and paid under the provisions of the Agricultural Supplies Account Act 1979 and any appropriations made by the Nitijela for related purposes.

Postal Service Fund

This fund was established under Public Law No. 1985-4 to account for and administer monies collected and paid under the provisions of the Postal Service Act 1983 and any appropriations made by the Nitijela for related purposes.

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

GENERAL FUND

September 30, 2021

Marshall Islands Development Authority (MIDA) Fund

This fund accounts for capital projects specified under Public Law No. 1988-14, Section 12 and Schedule 3, appropriated to MIDA from Capital Account funds provided under Section 211 of the Compact of Free Association. Those appropriations do not lapse at the end of the fiscal year, but continue until either the purpose of the appropriation is complete, or the funds are expended, whichever occurs first.

Local Government Fund

This fund accounts for the disbursement of funds to Local Governments. The fund was established under Public Law No. 1981-2 to channel monies appropriated by the Nitijela and granted by RepMar to local governments.

Asian Development Bank (ADB) Development Projects

This fund accounts for projects funded by Asian Development Bank loans. These projects include the fisheries development (ADB Loan Number 1102 MAR (SF)), typhoon emergency rehabilitation program (ADB Loan Number 1218 MAR (SF)), improvement of basic education (ADB Loan Number 1249 MAR (SF)), Majuro water supply project (ADB Loan Numbers 1250 MAR (SF) and 1389 RMI (SF)), improvement of health care (ADB Loan Number 1316 RMI (SF)), the Ebeye health and infrastructure project (ADB Loan Number 1694 RMI (SF)), the skills training and vocational education project (ADB Loan Number 1791 RMI (SF)), and the fiscal debt management project (ADB Loan Number 2950 RMI (SF)).

Treasury Fund

This fund accounts for cash account balances centrally maintained by RepMar within the Ministry of Finance, Banking, and Postal Services for the government as a whole unless otherwise required by law to be maintained outside of the treasury.

Payroll Revolving Fund

This fund accounts for all accounts associated with the payment of compensation to employees and officers of RepMar and distributions of all amounts withheld therefrom pursuant to law and amounts authorized by employees to be withheld.

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

GENERAL FUND

Combining Balance Sheet  
September 30, 2021

	100100	200090	200317	200330	200335	200337	200507	200515	300400	300600	500617	800405	950000	960000		
	General	Education	Reimbursable	Changed Circumstances	Judiciary	Alternative Energy	Agricultural Supplies	Postal Service	MIDA	Local Government	Compact Section 111	ADB Development Projects	Treasury	Payroll Revolving	Elimination	Total
<b>ASSETS</b>																
Cash and cash equivalents	\$ -	\$ 337,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,268	\$ 19,368,067	\$ -	\$ -	\$ 19,728,150
Receivables, net:																
Taxes	2,956,033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,956,033
General	553,590	-	8,508	-	-	-	-	-	-	-	-	241,120	(1,566)	-	-	801,652
Due from other funds	27,646,031	-	-	54,458	421,470	444	-	100,238	-	14,251	-	-	16,392,302	18,320	(28,636,823)	16,010,691
Due from component units	6,479,955	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,479,955
Advances	569,281	-	6,966	-	-	-	-	-	-	-	-	1,493	(63,732)	-	-	514,008
Other assets	2,990,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,990,250
Restricted assets:																
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	11,046,159	-	-	11,046,159
Total assets	\$ 41,195,140	\$ 337,815	\$ 15,474	\$ 54,458	\$ 421,470	\$ 444	\$ -	\$ 100,238	\$ -	\$ 14,251	\$ -	\$ 264,881	\$ 46,741,230	\$ 18,320	\$ (28,636,823)	\$ 60,526,898
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>																
Liabilities:																
Accounts payable	\$ 4,652,906	\$ 337,981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,965	\$ -	\$ -	\$ -	\$ 5,060,852
Other liabilities and accruals	2,682,372	-	16,103	-	-	28	2,754	-	-	-	-	7,203	5,377	18,320	-	2,732,157
Retention payable	1,125,362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,125,362
Due to component units	1,001,741	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,001,741
Unearned revenue	335,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	335,320
Due to other funds	-	-	177,996	-	-	-	88,466	-	658	-	-	114,491	46,735,853	-	(28,636,823)	18,480,641
Total liabilities	9,797,701	337,981	194,099	-	-	28	91,220	-	658	-	-	191,659	46,741,230	18,320	(28,636,823)	28,736,073
Fund balance:																
Nonspendable	9,470,205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,470,205
Restricted	7,968,689	-	-	-	-	-	-	-	-	-	-	279,589	3,773,951	-	-	12,022,229
Committed	-	-	-	-	-	-	-	-	-	14,251	-	-	-	-	-	14,251
Unassigned (deficits)	13,958,545	(166)	(178,625)	54,458	421,470	416	(91,220)	100,238	(658)	-	-	(206,367)	(3,773,951)	-	-	10,284,140
Total fund balance (deficits)	31,397,439	(166)	(178,625)	54,458	421,470	416	(91,220)	100,238	(658)	14,251	-	73,222	-	-	-	31,790,825
Total liabilities and fund balance	\$ 41,195,140	\$ 337,815	\$ 15,474	\$ 54,458	\$ 421,470	\$ 444	\$ -	\$ 100,238	\$ -	\$ 14,251	\$ -	\$ 264,881	\$ 46,741,230	\$ 18,320	\$ (28,636,823)	\$ 60,526,898

See Accompanying Independent Auditor's Report.



REPUBLIC OF THE MARSHALL ISLANDS

GENERAL FUND

Combining Statement of Revenues, Expenditures By Function,  
and Changes in Fund Balances (Deficits)  
Year Ended September 30, 2021

	100100	200090	200317	200330	200335	200337	200507	200515	300400	300600	500617	800405	950000	960000			
	General	Education	Reimbursable	Changed Circumstances	Judiciary	Alternative Energy	EPA	Agricultural Supplies	Postal Service	MIDA	Local Government	Compact Section 111	ADB Development Projects	Treasury	Payroll Revolving	Elimination	Total
Revenues:																	
Taxes	\$ 35,441,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,441,927
Federal and other grants	21,112,268	-	-	-	-	-	-	-	-	-	-	5,000,000	622,432	-	-	-	26,734,700
Ship registry	8,171,815	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,171,815
Interest and dividends	103,035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103,035
Fees and charges	55,534	-	66,195	-	975	-	-	-	-	-	-	-	-	-	-	-	122,704
Contributions from component units	26,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,000,000
Other	363,384	-	-	-	-	-	26,912	-	-	-	-	-	-	-	-	-	390,296
Total revenues	91,247,963	-	66,195	-	975	-	26,912	-	-	-	-	5,000,000	622,432	-	-	-	96,964,477
Expenditures by Function:																	
Current:																	
President and Cabinet	2,315,102	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,315,102
Office of the Chief Secretary	13,975,530	-	-	-	-	-	-	-	-	-	-	-	356,796	-	-	-	14,332,326
Special appropriations	11,701,139	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,701,139
Council of Iroij	590,352	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	590,352
Nitijela	2,285,779	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,285,779
Office of the Auditor-General	1,044,482	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,044,482
Public Service Commission	647,693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	647,693
Office of the Attorney General	1,158,406	-	27,685	-	-	-	-	-	-	-	-	-	-	-	-	-	1,186,091
Ministries:																	
Education, Sports and Training	7,839,843	5,100,888	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,940,731
Health and Human Services	5,123,425	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,123,425
Transportation, Communication and Information Technology	701,979	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	701,979
Natural Resources and Commerce	1,777,260	-	10,046	-	-	-	-	-	-	-	-	-	-	-	-	-	1,787,306
Culture and Internal Affairs	3,571,070	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,571,070
Justice, Immigration and Labor	3,877,811	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,877,811
Finance, Banking and Postal Services	17,994,367	-	41,741	-	-	-	-	-	-	-	-	-	622,430	-	-	-	18,658,538
Foreign Affairs and Trade	4,841,029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,841,029
Works, Infrastructure and Utilities	4,570,713	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,570,713
Environmental Protection Authority	455,448	-	-	-	-	55,875	-	-	-	-	-	-	-	-	-	-	511,323
Debt service:																	
Principal repayment	3,504,195	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,504,195
Interest	571,020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	571,020
Total expenditures	88,546,643	5,100,888	79,472	-	-	-	55,875	-	-	-	-	-	979,226	-	-	-	94,762,104
Excess (deficiency) of revenues over (under) expenditures	2,701,320	(5,100,888)	(13,277)	-	975	-	(55,875)	26,912	-	-	-	5,000,000	(356,794)	-	-	-	2,202,373
Other financing sources (uses):																	
Loan proceeds	3,158,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,158,000
Operating transfers in	3,840,556	5,086,286	-	-	689,312	-	-	-	-	-	-	-	-	-	-	(5,775,598)	3,840,556
Operating transfers out	(7,162,530)	-	-	-	(689,312)	-	-	-	-	-	-	(5,000,000)	-	-	-	5,775,598	(7,076,244)
Total other financing sources (uses), net	(163,974)	5,086,286	-	-	-	-	-	-	-	-	-	(5,000,000)	-	-	-	-	(77,688)
Net change in fund balances (deficits)	2,537,346	(14,602)	(13,277)	-	975	-	(55,875)	26,912	-	-	-	(356,794)	-	-	-	-	2,124,685
Fund balances (deficits) at the beginning of the year	28,860,093	14,436	(165,348)	54,458	420,495	416	(35,345)	73,326	(658)	-	14,251	-	430,016	-	-	-	29,666,140
Fund balances (deficits) at the end of the year	\$ 31,397,439	\$ (166)	\$ (178,625)	\$ 54,458	\$ 421,470	\$ 416	\$ (91,220)	\$ 100,238	\$ (658)	\$ -	\$ 14,251	\$ -	\$ 73,222	\$ -	\$ -	\$ -	\$ 31,790,825

See Accompanying Independent Auditor's Report.

REPUBLIC OF THE MARSHALL ISLANDS

GENERAL FUND

Combining Schedule of Expenditures By Account  
Year Ended September 30, 2021

	100100		200090	200317	200330	200335	200337	200507	200515	300400	300600	500617	800405	
	General	Education	Reimbursable	Changed Circumstances	Judiciary	Alternative Energy	EPA	Agricultural Supplies	Postal Service	MIDA	Local Government	Compact Section 111	ADB Development Projects	Total
Expenditures by Account:														
Salaries and wages	\$ 27,651,462	\$ -	\$ 78,243	\$ -	\$ -	\$ -	\$ 55,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,785,580
Capital outlay	8,196,240	20,375	-	-	-	-	-	-	-	-	-	-	5,254	8,221,869
Grants and subsidies	19,769,377	803,151	-	-	-	-	-	-	-	-	-	-	-	20,572,528
Financial assistance	3,871,983	-	-	-	-	-	-	-	-	-	-	-	18,950	3,890,933
Medical supplies	226,789	-	-	-	-	-	-	-	-	-	-	-	-	226,789
Contractual services	4,056,821	42,277	-	-	-	-	-	-	-	-	-	-	673,815	4,772,913
Travel	2,508,603	31,935	-	-	-	-	-	-	-	-	-	-	2,466	2,543,004
Utilities	5,288,373	119,137	-	-	-	-	-	-	-	-	-	-	-	5,407,510
Supplies and materials	593,281	32,583	-	-	-	-	-	-	-	-	-	-	7,327	633,191
Leased housing	2,047,516	619,743	-	-	-	-	-	-	-	-	-	-	-	2,667,259
POL	648,384	4,217	-	-	-	-	-	-	-	-	-	-	4,880	657,481
Rentals	3,039,441	10,250	-	-	-	-	-	-	-	-	-	-	79,373	3,129,064
Food stuffs	890,445	3,321,863	-	-	-	-	-	-	-	-	-	-	20,633	4,232,941
Professional services	281,917	-	-	-	-	-	-	-	-	-	-	-	9,783	291,700
Principal repayment	3,504,195	-	-	-	-	-	-	-	-	-	-	-	-	3,504,195
Interest	571,020	-	-	-	-	-	-	-	-	-	-	-	-	571,020
Allowances	1,357,740	41,954	-	-	-	-	-	-	-	-	-	-	-	1,399,694
Communications	664,294	960	-	-	-	-	-	-	-	-	-	-	2,617	667,871
Freight	46,595	6,140	-	-	-	-	-	-	-	-	-	-	2,673	55,408
Printing and reproduction	119,963	-	-	-	-	-	-	-	-	-	-	-	1,190	121,153
Insurance	210,210	-	-	-	-	-	-	-	-	-	-	-	-	210,210
Other	3,001,994	46,303	1,229	-	-	-	-	-	-	-	-	-	150,265	3,199,791
Total expenditures	\$ 88,546,643	\$ 5,100,888	\$ 79,472	\$ -	\$ -	\$ -	\$ 55,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 979,226	\$ 94,762,104

See Accompanying Independent Auditor's Report.