

*Financial Statement, Supplementary Information, and
Report on Internal Control and Compliance*

Kili/Bikini/Ejit Local Government

*Year ended September 30, 2022
with Report of Independent Auditors*



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Kili/Bikini/Ejit Local Government

Financial Statement, Supplementary Information, and
Report on Internal Control and Compliance

Year ended September 30, 2022

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Report of Independent Auditors

The Honorable Mayor Tommy Irujiman Jibok
Kili/Bikini/Ejit Local Government

Report on the Audit of the Financial Statement

Opinion

We have audited the financial statement of the Kili/Bikini/Ejit Local Government (KBLGOV), which comprises the statement of cash receipts and disbursements for the year ended September 30, 2022, and the related notes to the financial statement.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of KBLGOV for the year ended September 30, 2022 in accordance with the cash basis of accounting described in Note 2 to the financial statement.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of KBLGOV and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter

Reporting Entity

As discussed in Note 1 to the financial statement, the financial statement referred to above presents only the receipts and disbursements of Kili/Bikini/Ejit Local Government accounting records maintained by the KBLGOV Support Office and is not intended to present fairly the financial position and results of operations of the Kili/Bikini/Ejit Local Government in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 2 to the financial statement; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KBLGOV's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 KBLGOV's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KBLGOV's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Accounting

We draw attention to Note 2 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

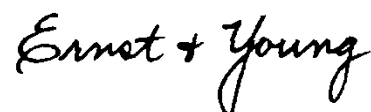
Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises KBLGOV's basic financial statement. The supplementary information, which comprises the Combining Statement of Cash Receipts and Disbursements for the year ended September 30, 2022 on page 9, is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 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 statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statement 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, 2026, on our consideration of KBLGOV's internal control over financial reporting and 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 KBLGOV'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 KBLGOV's internal control over financial reporting and compliance.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style script.

March 9, 2026

Kili/Bikini/Ejit Local Government

Notes to Financial Statement

Year ended September 30, 2022

Cash receipts:	
Distribution from Bikini Claims Trust Fund	\$ 12,691,275
Distribution from Resettlement Trust Fund	2,305,469
RMI repatriation grant	425,000
RMI Local Government Fund	408,488
Madoff collections	301,647
RMI deposits	204,573
Rental income	142,925
Other grants	98,079
Shipping income	5,265
Miscellaneous	79,894
Total cash receipts	<u>16,662,615</u>
Cash disbursements:	
Section 177 distribution payments	4,040,747
Salary payments	3,360,230
Kili/Ejit Projects	2,629,806
MIBI project	853,998
Airline project	713,419
Supplemental food purchases	509,024
Travel	475,252
Shipping expenses	427,275
Repatriation	385,084
Per diem	274,590
Lease payments	195,732
Scholarships	185,066
Representation	173,802
Housing	161,055
Administrative	158,675
Bikini Day	154,507
Benefit payments	151,779
Car/auto	146,012
Insurance	145,457
Health clinic	142,250
Seawall project	118,564
Land project	49,952
Apartment building project	33,616
Telephone and fax	27,495
KBE Annex	16,499
Education	15,212
LGF expenditures	14,925
Bank charges	7,375
Miscellaneous	93,981
Total cash disbursements	<u>15,661,379</u>
Net change in cash	<u>\$ 1,001,236</u>

See accompanying notes.

Kili/Bikini/Ejit Local Government

Notes to Financial Statement

Year ended September 30, 2022

1. Organization

The Kili/Bikini/Ejit Local Government (KBLGOV) was established pursuant to Section 13(1) of the Local Government Act 1980, the Ordinance. KBLGOV is governed by an elected Mayor, Council members, and representatives.

The accompanying financial statement relates solely to those accounting records maintained by the KBLGOV Support Office located on Majuro Atoll and does not incorporate any accounts related to the Bikini Claims Trust Fund, the Bikini Resettlement Trust Fund, or any other departments or agencies of KBLGOV that may be accounted for outside of the KBLGOV Support Office.

The KBLGOV Support Office is responsible for the day-to-day administration of KBLGOV operations on Majuro Atoll. The Support Office maintains several bank accounts to function in this capacity. These bank accounts are comprised of the following:

- Section 177 Distribution Account - accounts for the receipts and disbursements of quarterly distribution payments in accordance with Article II of the Agreement between the Government of the United States and the Government of the Republic of the Marshall Islands (RepMar) for Implementation of Section 177 of the Compact of Free Association (the Compact) (the Agreement).
- Council Account - accounts for the receipts of rebates received from the Fund Manager, UBS. The Council is allowed to use a certain percentage of the Claims Trust Fund and the Resettlement Trust Fund to pay for the commission. The commission is set at a certain amount and once it has reached that amount, anything over that is remitted to the Council to be used for whatever the Council decides. The Council Account also receives funds from RepMar's Local Government Fund.
- Revenue Account - accounts for the receipts and disbursements of funds received from diver visits and other local revenue activities deposited into the account such as payment of electricity and water from the U.S. Department of Energy for personnel who are stationed on Bikini Atoll.
- Purchasing Account - accounts for the receipts and disbursements of the USDA food program that is received by the Ministry of Finance on a quarterly basis and passed through to KBLGOV.
- Operations Account - accounts for the receipts and disbursements of funds received from the Resettlement Trust Fund to pay for general KBLGOV operations.

Kili/Bikini/Ejit Local Government

Notes to Financial Statement, continued

1. Organization, continued

- Labor Account - accounts for the receipts and disbursements of funds received from the Resettlement Trust Fund to pay for certain KBLGOV payroll costs.
- Bikini Projects Department Account - accounts for the receipts and disbursements of funds received from the Resettlement Trust Fund to pay for certain KBLGOV living costs for Bikinians living on the islands of Kili and Ejit.

In addition to the above accounts, KBLGOV maintains the following investment trust funds:

- Bikini Claims Trust Fund - accounts for funds received under Article II, Section 2, of the Agreement.
- Bikini Resettlement Trust Fund - accounts for United States Congress appropriations under United States Public Law 97-257 to assist in the resettlement of Kili Island by the people of Bikini.

These investment accounts are separately maintained by a trustee located in the United States of America.

Bikini Claims Trust Fund:

The Bikini Distribution Authority (the Distribution Authority) was established pursuant to Section 177 of the Compact. The Distribution Authority was established to satisfy requirements of the Agreement. Article III of the Agreement establishes KBLGOV as the Distribution Authority.

Section 177(c) of 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. Pursuant to the Agreement, RepMar established the Nuclear Claims Trust Fund (NCTF) from which these distributions are made. The Distribution Authority is to receive \$75,000,000 from the NCTF, in payment of claims arising out of the Nuclear Testing Program for loss or damage to property of or personal injury to the people of Bikini, to be disbursed in quarterly amounts of \$1,250,000, commencing one calendar quarter after the effective date (October 21, 1986) of the Compact. These funds shall be distributed, placed in trust or otherwise invested as the Distribution Authority may determine consistent with the Agreement. Accordingly, the Distribution Authority established the Bikini Claims Trust Fund. Pursuant to the Bikini Claims Trust Fund agreement, the trustee, upon receipt of each quarterly payment, distributes 48% to the Distribution Authority, for distribution to the people of Bikini. These distributions are based on an approved distribution scheme. The remaining 52% is retained and added to the corpus of the Bikini Claims Trust Fund.

Kili/Bikini/Ejit Local Government

Notes to Financial Statement, continued

1. Organization, continued

Bikini Claims Trust Fund, continued:

The trust agreement was amended on July 25, 2002 (retroactive to the quarter ending March 31, 2002) to allow for quarterly distributions to the Distribution Authority at the rate of 1.25% of the average market value of the Bikini Claims Trust Fund for the previous three fiscal years.

The trust agreement was further amended in August of 2005 to allow for a 3% distribution in lieu of the 1.25% quarterly distribution in the event of an unforeseen natural disaster or other similar circumstance to occur no more frequently than every three years, provided the value of the trust fund has increased as of the preceding fiscal year ends.

Bikini Resettlement Trust Fund:

The Resettlement Trust Fund for the People of Bikini was established by the U.S. Congress under Public Law No. 97-257 on October 16, 1982, and a trust agreement approved by the people of Bikini and the Secretary of the Interior effective October 18, 1982. The trust agreement was amended on October 26, 1988, to comply with Public Law No. 100-446.

2. Basis of Accounting

The KBLGOV Support Office's policy is to maintain its accounts and prepare its financial statement on the cash basis of accounting. Cash basis of accounting is a special purpose framework, and like other bases such as tax, regulatory and contractual, use a definitive set of logical, reasonable criteria that is applied to all material items appearing in the financial statements. The cash, tax, regulatory, and other bases of accounting are commonly referred to as other comprehensive basis of accounting.

The cash basis differs from accounting principles generally accepted in the United States of America (GAAP) primarily because receipts/revenues are recognized when received rather than when earned and disbursements/expenses are recognized when paid rather than when the obligation is incurred. The American Institute of Certified Public Accountants (AICPA) issues nonauthoritative guidance and best practices in the form of Practice Aids.

The financial statement is presented in US Dollars, which is the KBLGOV Support Office's functional and presentation currency.

3. Budget Process

The Constitution of KBLGOV stated that "no taxes shall be imposed, and no other revenue shall be raised, and no money of the Local government shall be expended unless authorized by Law".

Kili/Bikini/Ejit Local Government

Notes to Financial Statement, continued

4. Distributions from the Trust Funds

During the year ended September 30, 2022, distribution payments of \$4,040,747 were paid to the people of Bikini, on a per capita basis, based on a distribution scheme approved by KBLGOV. These distribution payments were funded by distributions made from the Bikini Claims Trust Fund as follows:

Bikini Claims Trust Fund:

1.25% distributions from corpus:

December 6, 2021	\$ 794,300
February 25, 2022	801,160
May 30, 2022	809,245
September 19, 2022	845,960
Special Distribution:	
December 10, 2021	<u>794,300</u>
	<u>\$4,044,965</u>

Kili/Bikini/Ejit Local Government

Combining Statement of Cash Receipts and Disbursements

Year ended September 30, 2022

	Section 177 Distribution Account	Council Account	Revenue Account	Operations Account	Labor Account	BPD Account	USDA Purchasing Account	Total
Cash receipts:								
Distribution from Bikini Claims Trust Fund	\$ 4,044,965	\$ ---	\$ ---	\$ 8,646,310	\$ ---	\$ ---	\$ ---	\$ 12,691,275
Distribution from Resettlement Trust Fund	---	---	---	2,305,469	---	---	---	2,305,469
RMI repatriation grant	---	---	375,000	50,000	---	---	---	425,000
RMI Local Government Fund	---	15,363	393,125	---	---	---	---	408,488
Madoff collections	1,647	---	200,000	100,000	---	---	---	301,647
RMI deposits	---	---	---	---	---	---	204,573	204,573
Rental income	---	---	142,925	---	---	---	---	142,925
Other grants	---	---	98,079	---	---	---	---	98,079
Shipping income	---	---	5,265	---	---	---	---	5,265
Miscellaneous	593	7	66,198	289	14	12,793	---	79,894
Total cash receipts	4,047,205	15,370	1,280,592	11,102,068	14	12,793	204,573	16,662,615
Cash disbursements:								
Section 177 distribution payments	4,040,747	---	---	---	---	---	---	4,040,747
Salary payments	---	---	---	23,000	3,337,230	---	---	3,360,230
Kili/Ejit Projects	---	---	---	1,003,570	545	1,625,691	---	2,629,806
MIBI project	---	---	853,998	---	---	---	---	853,998
Airline project	---	---	713,419	---	---	---	---	713,419
Supplemental food purchases	---	---	---	288,600	14,048	---	206,376	509,024
Travel	---	---	---	444,394	30,858	---	---	475,252
Shipping expenses	---	---	427,275	---	---	---	---	427,275
Repatriation	---	---	348,284	36,800	---	---	---	385,084
Per diem	15,175	---	---	251,015	8,400	---	---	274,590
Lease payments	---	---	---	195,732	---	---	---	195,732
Scholarships	---	---	---	185,066	---	---	---	185,066
Representation	---	---	---	157,756	16,046	---	---	173,802
Housing	---	---	---	16,105	144,950	---	---	161,055
Administrative	1,661	---	---	145,101	11,914	---	---	158,675
Bikini Day	---	---	---	154,507	---	---	---	154,507
Benefit payments	7,000	---	---	125,297	19,482	---	---	151,779
Car/auto	---	---	---	146,012	---	---	---	146,012
Insurance	---	---	---	144,857	600	---	---	145,457
Health clinic	---	---	142,250	---	---	---	---	142,250
Seawall project	---	---	118,564	---	---	---	---	118,564
Land project	---	---	31,944	18,008	---	---	---	49,952
Apartment building project	---	---	33,616	---	---	---	---	33,616
Telephone and fax	---	---	---	25,945	1,550	---	---	27,495
KBE Annex	---	---	---	16,499	---	---	---	16,499
Education	---	---	2,137	9,201	3,874	---	---	15,212
LGF expenditures	---	14,925	---	---	---	---	---	14,925
Bank charges	927	360	509	4,245	1,334	---	---	7,375
Miscellaneous	---	---	---	90,214	3,767	---	---	93,981
Total cash disbursements	4,065,510	15,285	2,671,996	3,481,923	3,594,598	1,625,691	206,376	15,661,379
	(18,305)	85	(1,391,404)	7,620,145	(3,594,584)	(1,612,898)	(1,803)	1,001,236
Cash transfers:								
Transfers in	---	---	1,379,121	---	4,709,988	1,605,097	---	7,694,206
Transfers out	(30,000)	---	---	(7,585,706)	(78,500)	---	---	(7,694,206)
	(30,000)	---	1,379,121	(7,585,706)	4,631,488	1,605,097	---	---
Net change in cash	\$ (48,305)	\$ 85	\$ (12,283)	\$ 34,439	\$ 1,036,905	\$ (7,801)	\$ (1,803)	\$ 1,001,236

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor Tommy Irujiman Jibok
Kili/Bikini/Ejit Local Government

We have audited, in accordance with the 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, the financial statement of the Kili/Bikini/Ejit Local Government (KBLGOV), which comprises the statement of cash receipts and disbursements for the year ended September 30, 2022, and the related notes to the financial statement, and have issued our report thereon dated March 9, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered KBLGOV's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of KBLGOV's internal control. Accordingly, we do not express an opinion on the effectiveness of KBLGOV's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

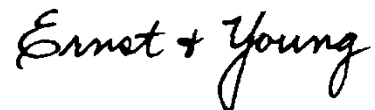
As part of obtaining reasonable assurance about whether KBLGOV's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

KBLGOV's Response to Findings

KBLGOV's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. KBLGOV's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

March 9, 2026

Kili/Bikini/Ejit Local Government

Schedule of Findings and Responses

Year ended September 30, 2022

Finding No.: 2022-001
Area: Local Noncompliance - RMI Procurement Code

Criteria: The RMI Procurement Code states the following:

(a) Section 124 - unless otherwise authorized by law, all Government contracts (including local government Councils) shall be awarded by competitive sealed bidding.

(b) Section 127 - procurement of goods and services not exceeding \$25,000 may be made in accordance with small purchase procedures promulgated by RepMar's Policy Office. Small purchase procedures are those relatively simple and informal methods for securing services, supplies, or other property that do not cost more than \$25,000. RepMar's Ministry of Finance has previously declared that if small purchase procedures are used, price or rate quotations shall be obtained from three qualified sources.

(c) Section 128 - a contract may be awarded for a supply, service, or construction item without competition when it is determined in writing that there is only one source for the required supply, service, or construction item.

Condition: Of \$7,527,522 in non-payroll disbursements, we tested the following seven (6) non-federal program disbursements for which supporting documentation was inadequate to evidence the procurement process:

<u>Item</u>	<u>Account</u>	<u>Check #</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
1	BOG BPD	31104	08/03/2022	Fuel for Kili	\$133,000
2	Operations	51188	11/19/2021	Fuel for Kili	\$ 294,000
3	Revenue	6463	05/31/2022	Dash 8- Project	\$105,254
4	Revenue	6331	11/08/2021	MIBI Project Expenses	\$95,730
5	Revenue	6342	11/16/2021	MIBI Project Expenses	\$170,590
6	BOG BPD	30009	11/4/2021	Various Expenses	\$536

Items #1 and 2 pertain to the fuel purchased. Included in the disbursement is the fuel and oils for the 2nd and 4th quarters of FY2022.

Item #3 pertains to the payment related to the Dash-8 Project of the local government.

Items #4 and 5 pertain to the payment of the heavy equipment purchased for the MIBI Project.

Item #6 pertains to various expenses for the Kili/Ejit Projects.

Kili/Bikini/Ejit Local Government

Schedule of Findings and Responses, continued

Finding No.: 2022-001, continued
Area: Local Noncompliance - RMI Procurement Code

Cause: Lack of adequate internal control policies and procedures requiring the documentation of procurement procedures to satisfy compliance with applicable procurement requirements.

Effect: Noncompliance with procurement requirements of the RMI Procurement Code.

Recommendation: We recommend that KBLGOV require that documentation be adequate to comply with the RMI Procurement Code. Specifically, documentation should indicate the history of procurement, including the rationale for contractor selection.

Auditee Response and Corrective Action Plan: We concur with the finding. KBLGOV is aware of the RMI Procurement Code and we will strictly implement this law.

Kili/Bikini/Ejit Local Government

Schedule of Findings and Responses, continued

Finding No.: 2022-002
Area: Lack of Council Resolutions Approving Trust Fund Withdrawals

Criteria: Local government regulations and internal policies typically require that all trust fund withdrawals be authorized through a formal council resolution to ensure proper oversight and accountability.

Condition: During our audit of trust fund transactions, we noted the following withdrawals made from the Resettlement Trust Fund and the Bikini Claims Trust Fund that were not supported by formal approval through a Council resolution, as required by applicable policies and procedures:

Resettlement Trust Fund:

<u>Withdrawal</u> <u>Date</u>	<u>Receipt</u> <u>Date</u>	<u>Amount</u>	<u>Withdrawal</u> <u>Date</u>	<u>Receipt</u> <u>Date</u>	<u>Amount</u>
07/06/2022	07/08/2022	\$556,120	08/23/2022	08/23/2022	\$72,400
07/20/2022	07/22/2022	\$289,949	09/07/2022	09/07/2022	\$550,000
08/02/2022	08/02/2022	\$837,000			

Bikini Claims Trust Fund:

<u>Withdrawal</u> <u>Date</u>	<u>Receipt</u> <u>Date</u>	<u>Amount</u>	<u>Withdrawal</u> <u>Date</u>	<u>Receipt</u> <u>Date</u>	<u>Amount</u>
10/04/2021	10/04/2021	\$1,315,633	03/31/2022	03/31/2022	\$650,729
11/03/2021	11/03/2021	\$1,383,887	04/29/2022	04/29/2022	\$754,039
12/06/2021	12/06/2021	\$679,790	05/30/2022	05/30/2022	\$919,305
01/03/2022	01/03/2022	\$766,164	09/27/2022	09/27/2022	\$629,973
01/31/2022	01/31/2022	\$766,661			

Cause: KBLGOV did not consistently follow established procedures requiring Council approval prior to initiating withdrawals from the respective trust funds.

Effect: Without proper Council authorization, there is an increased risk of unauthorized or inappropriate use of trust fund resources. This also undermines the transparency and accountability of financial operations related to the respective trust funds.

Recommendation: We recommend that KBLGOV implement controls to ensure that all future withdrawals from the respective trust funds are supported by approved Council resolutions. Management should also review past withdrawals to determine whether retroactive Council approval or corrective action is necessary.

Auditee Response and Corrective Action Plan: We concur with the finding. KBLGOV will make sure that all KBLGOV Trust Fund Withdrawals will be supported by approved Council Resolutions.