

*Financial Statements, Supplementary and Other
Information, and Report on Internal Control and
Compliance*

Republic of the Marshall Islands

Ebeye Solid Waste Management Project

(Financed by the Asian Development Bank's Special Fund)

(A Governmental Fund of the Republic of the Marshall Islands)

Years ended September 30, 2025 and 2024

with Report of Independent Auditors



**Shape the future
with confidence**

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Financial Statements, Supplementary and Other Information, and
Report on Internal Control and Compliance

Years ended September 30, 2025 and 2024

Contents

Report of Independent Auditors.....	1
Audited Basic Financial Statements	
Balance Sheets	5
Statements of Revenues, Expenditures and Changes in Fund Balance	6
Notes to Financial Statements.....	7
Supplementary and Other Information	
Schedule of Budgeted vs. Actual Expenditures	14
Schedule of Project Expenditures Not Reimbursed.....	15
Detailed Reconciliation of ADB Grant Funds Received	16
Report on Internal Control and Compliance	
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 <i>Government Auditing Standards</i>	18

Report of Independent Auditors

Honorable Minister David Paul
Ministry of Finance, Banking and Postal Services
Republic of the Marshall Islands

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Republic of the Marshall Islands (RMI) Ebeye Solid Waste Management Project (the "Project"), a governmental fund of the Republic of the Marshall Islands financed by the Asian Development Bank's Special Fund, which comprises the balance sheets as of September 30, 2025 and 2024, and the related statements of revenues, expenditures and changes in fund balance for the years then ended, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Project as of September 30, 2025 and 2024, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Statements section of our report. We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 statements, the financial statements referred to above present only the activities of the Project administered by the RMI Ministry of Finance, Banking and Postal Services and are not intended to present fairly the financial position results of other non-Project related operations of the RMI Ministry of Finance, Banking and Postal Services 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 Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project'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 Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 statements.

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 statements, 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 statements.
- 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 the Project'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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project'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.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Project's basic financial statements. The supplementary information on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audits 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.

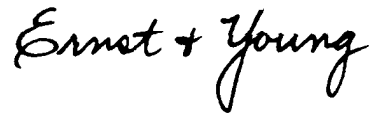
Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the Schedule of Budgeted vs. Actual Expenditures on page 14 and the Detailed Reconciliation of ADB Grant Funds Received By Grant on pages 16 and 17 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2026, on our consideration of the Project'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 the Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing* in considering the Project's internal control over financial reporting and compliance.

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

April 27, 2026

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Balance Sheets

	September 30, <u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
ADB grant receivable	\$ <u>23,322</u>	\$ <u>163,168</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ <u>23,322</u>	\$ <u>163,168</u>
Commitment and contingency		
Fund balance:		
Restricted	<u>---</u>	<u>---</u>
Total liabilities and fund balance	\$ <u>23,322</u>	\$ <u>163,168</u>

See accompanying notes.

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Statements of Revenues, Expenditures, and Changes in Fund Balance

	Year ended September 30,	
	<u>2025</u>	<u>2024</u>
Revenues:		
ADB grant drawdowns	\$ <u>361,042</u>	\$ <u>688,624</u>
Expenditures:		
Investment costs:		
Consulting services	233,555	201,653
Equipment and materials	66,572	254,396
Civil works	<u>60,915</u>	<u>232,575</u>
Total expenditures	<u>361,042</u>	<u>688,624</u>
Change in fund balance	---	---
Fund balance - beginning	<u>---</u>	<u>---</u>
Fund balance - ending	\$ <u>---</u>	\$ <u>---</u>

See accompanying notes.

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Notes to Financial Statements

Years ended September 30, 2025 and 2024

1. Organization

On December 11, 2020, the Republic of the Marshall Islands (RMI) through the Ministry of Finance, Banking and Postal Services (MOFBPS or the Recipient) entered into a grant agreement (Grant Number 0780 RMI (SF)) with the Asian Development Bank (ADB) for the purpose of assisting in financing the implementation of Ebeye Solid Waste Management Project (the Project). The ADB agreed to extend to the Recipient the amount of \$6,500,000 under Grant Number 0780 RMI (SF) to cover eligible expenditures up to the closing date of June 30, 2028.

The objective of the Project is to improve the coverage and sustainability of integrated solid waste management service delivery in Ebeye comprising of the following:

- a) Upgrading the existing waste disposal site by (i) constructing a 9-13 ton per day high-temperature incinerator; (ii) constructing a seawall along the western and northern shorelines of the site and converting it to a managed landfill for the installation and operation of an incinerator and disposal of ash and construction waste; and (iii) constructing a recycling facility house in the landfill site to store recycling equipment;
- b) Enhancing municipal solid waste collection, transportation, and disposal operations by (i) upgrading and replacement of vehicles, equipment and waste collection containers; (ii) provision of equipment and supplies for safe medical waste management; and (iii) provision of support to strengthen the existing medical waste management system at Ebeye Hospital; and
- c) Strengthening institutional capacity for sustainable solid waste management services delivery and local engagement by (improving the technical capacity of the Kwajalein Atoll Local Government (KALGOV) by developing and implementing a waste collection and transportation plan, an operation plan for managed waste landfill, an asset management plan, a gender sensitive institutional reform plan for KALGOV, and a solid waste management tariff framework; (ii) conducting a gender sensitive public awareness campaign on recycling and waste collection fees; and (iii) developing new medical waste management procedures for the Ebeye Hospital and training hospital staff and contractors.

MOFBPS is designated as the representative of the RMI for the purposes of the grant regulations. The RMI Ministry of Works, Infrastructure and Utilities (MOWIU), as the Project Implementation Agency, is responsible for carrying out the Project. The accompanying financial statement is prepared for and relates solely to those accounting records maintained by MOFBPS associated with the Project and do not incorporate any accounts related to other non-Project activities of MOFBPS, MOWIU or any other departments or agencies of the RMI Government.

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Principles

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

Measurement Focus and Basis of Accounting

The Project reports the results of its operations in one governmental fund. A fund is a separate accounting entity with a self-balancing set of accounts. They are concerned only with the measurement of financial position and are not involved with measurement of results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and 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 available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period.

Grant revenues are recognized as soon as all eligibility criteria have been met and the related amounts become available to finance expenditures of the current period. Expenditures are recorded in the period in which the related fund liability is incurred, including direct payments made by the ADB to vendors. Direct payments are disbursements made by the ADB, at the request of MOFBPS, to designated beneficiaries (e.g., supplier, contractor, or consultant) directly.

Grant Receivables

Grant receivables represent amounts due from the ADB on Withdrawal Applications submitted for eligible Project expenditures not reimbursed or paid from grant proceeds.

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Principles, continued

Fund Balances

Fund balance classifications are based on the extent to which the Project 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.

The Project 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 the Project 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.

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 liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Principles, continued

Recently Adopted Accounting Pronouncements

During the year ended September 30, 2025, the Project implemented the following pronouncements:

- GASB Statement No. 101, *Compensated Absences*, which better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.
- GASB Statement No. 102, *Certain Risk Disclosures*, which provides users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The implementation of these Statements did not have a material effect on the accompanying financial statements.

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues identified through agenda research conducted by GASB. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following: a) management's discussion and analysis (MD&A); b) unusual or infrequent items; c) presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; d) information about major component units in basic financial statements; e) budgetary comparison information; and f) financial trends information in the statistical section. GASB Statement No. 103 will be effective for the fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. GASB Statement No. 104 also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. The Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB Statement No. 104 will be effective for the fiscal year ending September 30, 2026.

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. GASB Statement No. 105 will be effective for the fiscal year ending September 30, 2027.

Management is evaluating the effect that these Statements, upon implementation, will have on the financial statements.

3. ADB Grant Proceeds

For the years ended September 30, 2025 and 2024, ADB made available grant proceeds in the amount of \$361,042 and \$688,624, respectively, for expenditures incurred under certain categories of the Project. As of September 30, 2025 and 2024, the Project recognized grants receivable of \$23,322 and \$163,168, respectively, associated with these expenditures incurred not reimbursed.

4. RMI Government Contributions

Under the provisions of the grant agreement, the RMI is required to provide counterpart in-kind contributions estimated at \$567,000 in the form of recurrent costs for taxes and duties exemption. The total actual amount of in-kind RMI Government contributions cannot be reliably measured and fully quantified. Management believes that the counterpart in-kind contributions from the RMI Government will be provided throughout the duration of the Project. For the years ended September 30, 2025 and 2024, the RMI has not yet made available counterpart in-kind contributions.

5. Commitments

ADB has made grant proceeds of \$6,500,000 available to the RMI Government for the exclusive purpose of financing Project expenditures in accordance with grant agreement provisions. As of September 30, 2025 and 2024, total grant proceeds utilized amount to \$1,404,527 and \$1,043,485, respectively, with remaining commitments associated with unused grant proceeds amounting to \$5,095,473 and \$5,456,515, respectively.

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

6. Advance Account

The Project does not maintain a designated advance account. All payments for eligible project expenditures are processed directly by ADB through withdrawal applications in accordance with the disbursement procedures outlined in the grant agreement.

7. Statement of Revenues, Expenditures and Changes in Fund Balance

All the ADB grant funds received by the Project for the respective years ended September 30, 2025 and 2024 have been expended by the Project.

Supplementary and Other Information

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Schedule of Budgeted vs. Actual Expenditures

Period from inception (December 11, 2020) through September 30, 2025

	Original Budget	Adjustments	Adjusted Budget	Actual Expenditures			Variance *
				Cumulative from December 11, 2020 to September 30, 2024	Year ended September 30, 2025	Cumulative from December 11, 2020 to September 30, 2025	
Expenditures:							
Investment costs:							
Civil works	\$ 3,407,500	\$ 759,723	\$ 4,167,223	\$ 232,575	\$ 60,915	\$ 293,490	\$ 3,873,733
Equipment and materials	681,500	(27,654)	653,846	281,377	66,572	347,949	305,897
Consulting services	1,713,480	(34,549)	1,678,931	529,533	233,555	763,088	915,843
	<u>5,802,480</u>	<u>697,520</u>	<u>6,500,000</u>	<u>1,043,485</u>	<u>361,042</u>	<u>1,404,527</u>	<u>5,095,473</u>
Contingencies:							
Physical	583,520	(583,520)	---	---	---	---	---
Price	114,000	(114,000)	---	---	---	---	---
	<u>697,520</u>	<u>(697,520)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total expenditures	<u>\$ 6,500,000</u>	<u>\$ ---</u>	<u>\$ 6,500,000</u>	<u>\$ 1,043,485</u>	<u>\$ 361,042</u>	<u>\$ 1,404,527</u>	<u>\$ 5,095,473</u>

*As of September 30, 2025, the cumulative expenditures of the Project totaled \$1,404,527 against the adjusted budget of \$6,500,000. For the year ended September 30, 2025, the Project's expenditures related to consulting services of \$233,555, equipment and materials of \$66,572 and civil works of \$60,915. Significant budget balances remain unutilized, particularly under civil works, resulting in a total budget variance of \$5,095,473. This variance reflects the untimely implementation and execution of the Project's objectives and planned activities to improve the coverage and sustainability of integrated solid waste management service delivery in Ebeye.

Republic of the Marshall Islands
 Ebeye Solid Waste Management Project
 (Financed by the Asian Development Bank's Special Fund)
 (A Governmental Fund of the Republic of the Marshall Islands)

Schedule of Project Expenditures Not Reimbursed

September 30, 2025

Grant #	Withdrawal Application #	Civil Works	Equipment and Materials	Consulting Services	Total
0780-RMI	DP082	\$ ---	\$ ---	\$ 3,941	\$ 3,941
0780-RMI	DP097	---	---	19,381	19,381
		<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 23,322</u>	<u>\$ 23,322</u>

Republic of the Marshall Islands
Ebeye Solid Waste Management Project
(Financed by the Asian Development Bank's Special Fund)
(A Governmental Fund of the Republic of the Marshall Islands)

Detailed Reconciliation of ADB Grant Funds Received By Grant

September 30, 2025

WITHDRAWAL APPLICATION NOS. (WA)	DISBURSEMENT METHOD (Identify whether Reimbursement, Direct Payment, etc)	Per APFS (amount reported in the project financial statement as reimb, DP etc.) (A)				Per LFIS (actual paid per ADB LFS/GFIS system) (B)		DIFFERENCE and REASON (ie. timing, forex, pending, rejected) (C = A - B)	
		Date	In local currency (i)	Exchange Rate (ii)	USD Equivalent (i*ii) (A)	Value Date	In USD (B)	Amount (A - B)	Reason/ Justification
DP001	Direct Payment	11/25/2022	23,447.60	1.00	23,447.60	11/29/2022	23,447.60	-	
DP002	Direct Payment	12/6/2022	22,165.00	1.00	22,165.00	12/8/2022	22,165.00	-	
DP003	Direct Payment	1/20/2023	18,292.40	1.00	18,292.40	1/24/2023	18,292.40	-	
DP004	Direct Payment	2/13/2023	6,841.00	1.00	6,841.00	2/14/2023	6,841.00	-	
DP005	Direct Payment	3/2/2023	8,280.00	1.00	8,280.00	3/7/2023	8,280.00	-	
DP006	Direct Payment	4/6/2023	7,740.00	1.00	7,740.00	4/11/2023	7,740.00	-	
DP007	Direct Payment	5/11/2023	6,660.00	1.00	6,660.00	5/12/2023	6,660.00	-	
DP008	Direct Payment	6/14/2023	7,920.00	1.00	7,920.00	6/16/2023	7,920.00	-	
DP009	Direct Payment	7/11/2023	6,120.00	1.00	6,120.00	7/13/2023	6,120.00	-	
DP010	Direct Payment	8/16/2023	8,640.00	1.00	8,640.00	8/18/2023	8,640.00	-	
DP013	Direct Payment	11/25/2022	19,096.86	1.00	19,096.86	11/29/2022	19,096.86	-	
DP014	Direct Payment	11/25/2022	14,530.00	1.00	14,530.00	11/29/2022	14,530.00	-	
DP015	Direct Payment	12/6/2022	15,879.64	1.00	15,879.64	12/8/2022	15,879.64	-	
DP016	Direct Payment	1/20/2023	5,250.76	1.00	5,250.76	1/24/2023	5,250.76	-	
DP017	Direct Payment	2/13/2023	5,750.00	1.00	5,750.00	2/14/2023	5,750.00	-	
DP018	Direct Payment	3/2/2023	8,669.30	1.00	8,669.30	3/7/2023	8,669.30	-	
DP019	Direct Payment	4/6/2023	22,352.29	1.00	22,352.29	4/13/2023	22,352.29	-	
DP020	Direct Payment	5/11/2023	16,020.00	1.00	16,020.00	5/12/2023	16,020.00	-	
DP021	Direct Payment	6/14/2023	17,138.00	1.00	17,138.00	6/16/2023	17,138.00	-	
DP022	Direct Payment	7/11/2023	13,838.27	1.00	13,838.27	7/13/2023	13,838.27	-	
DP023	Direct Payment	8/16/2023	5,000.00	1.00	5,000.00	8/22/2023	5,000.00	-	
DP064	Direct Payment	11/8/2023	26,981.39	1.00	26,981.39	12/8/2023	26,981.39	-	
DP012	Direct Payment	10/5/2023	23,298.00	1.00	23,298.00	10/10/2023	23,298.00	-	
DP11A	Direct Payment	10/25/2023	16,378.00	1.00	16,378.00	10/26/2023	16,378.00	-	
DP24A	Direct Payment	10/24/2023	11,396.05	1.00	11,396.05	10/31/2023	11,396.05	-	
DP025	Direct Payment	10/5/2023	17,175.96	1.00	17,175.96	10/10/2023	17,175.96	-	
DP026	Direct Payment	11/8/2023	8,775.00	1.00	8,775.00	11/9/2023	8,775.00	-	
DP028	Direct Payment	12/7/2023	9,651.00	1.00	9,651.00	12/11/2023	9,651.00	-	
DP030	Direct Payment	1/19/2024	8,820.00	1.00	8,820.00	1/23/2024	8,820.00	-	
DP032	Direct Payment	2/22/2024	8,640.00	1.00	8,640.00	2/26/2024	8,640.00	-	
DP065	Direct Payment	2/22/2024	215,851.09	1.00	215,851.09	3/13/2024	215,851.09	-	
DP034	Direct Payment	3/25/2024	7,920.00	1.00	7,920.00	4/2/2024	7,920.00	-	
DP036	Direct Payment	4/25/2024	9,720.00	1.00	9,720.00	4/26/2024	9,720.00	-	
DP066	Direct Payment	4/25/2024	26,981.38	1.00	26,981.38	4/26/2024	26,981.38	-	
DP027	Direct Payment	11/8/2023	3,634.00	1.00	3,634.00	5/7/2024	3,634.00	-	
DP029	Direct Payment	12/7/2023	3,524.00	1.00	3,524.00	5/7/2024	3,524.00	-	
DP031	Direct Payment	1/19/2024	1,403.09	1.00	1,403.09	5/7/2024	1,403.09	-	
DP033	Direct Payment	2/22/2024	6,100.00	1.00	6,100.00	5/7/2024	6,100.00	-	
DP035	Direct Payment	3/25/2024	5,725.19	1.00	5,725.19	5/7/2024	5,725.19	-	
DP037	Direct Payment	4/25/2024	5,000.00	1.00	5,000.00	5/7/2024	5,000.00	-	
DP038	Direct Payment	5/16/2024	6,660.00	1.00	6,660.00	5/20/2024	6,660.00	-	
DP039	Direct Payment	5/16/2024	4,500.00	1.00	4,500.00	5/20/2024	4,500.00	-	
DP040	Direct Payment	7/4/2024	8,280.00	1.00	8,280.00	7/8/2024	8,280.00	-	
DP041	Direct Payment	7/4/2024	7,500.00	1.00	7,500.00	7/9/2024	7,500.00	-	
DP042	Direct Payment	7/29/2024	5,220.00	1.00	5,220.00	7/30/2024	5,220.00	-	
DP043	Direct Payment	7/29/2024	7,740.00	1.00	7,740.00	7/30/2024	7,740.00	-	
DP044	Direct Payment	8/27/2024	6,840.00	1.00	6,840.00	8/28/2024	6,840.00	-	
DP045	Direct Payment	8/27/2024	5,000.00	1.00	5,000.00	8/29/2024	5,000.00	-	
DP086	Direct Payment	8/27/2024	123,128.10	1.00	123,128.10	9/4/2024	123,128.10	-	
DP094	Direct Payment	9/9/2024	11,563.38	1.00	11,563.38	9/10/2024	11,563.38	-	
DP046	Direct Payment	9/9/2024	7,200.00	1.00	7,200.00	9/10/2024	7,200.00	-	
DP047	Direct Payment	9/9/2024	5,240.00	1.00	5,240.00	9/10/2024	5,240.00	-	
DP048	Direct Payment	10/9/2024	11,576.00	1.00	11,576.00	10/10/2024	11,576.00	-	
DP049	Direct Payment	10/9/2024	13,765.01	1.00	13,765.01	10/10/2024	13,765.01	-	
DP068	Direct Payment	9/9/2024	1,320.00	1.00	1,320.00	9/10/2024	1,320.00	-	
DP069	Direct Payment	9/9/2024	3,520.00	1.00	3,520.00	9/17/2024	3,520.00	-	
DP070	Direct Payment	9/30/2024	2,380.00	1.00	2,380.00	10/10/2024	2,380.00	-	
DP087	Direct Payment	9/14/2024	109,447.20	1.00	109,447.20	10/23/2024	109,447.20	-	
DP095	Direct Payment	10/11/2024	26,000.00	1.00	26,000.00	10/16/2024	26,000.00	-	
DP051	Direct Payment	11/7/2024	17,458.68	1.00	17,458.68	11/12/2024	17,458.68	-	
DP071	Direct Payment	11/7/2024	2,633.48	1.00	2,633.48	11/12/2024	2,633.48	-	
DP050	Direct Payment	11/7/2024	21,348.43	1.00	21,348.43	11/14/2024	21,348.43	-	
DP052	Direct Payment	12/2/2024	4,320.00	1.00	4,320.00	12/3/2024	4,320.00	-	
DP053	Direct Payment	12/2/2024	16,254.00	1.00	16,254.00	12/3/2024	16,254.00	-	
DP072	Direct Payment	12/2/2024	3,460.00	1.00	3,460.00	12/9/2024	3,460.00	-	
DP073	Direct Payment	1/16/2025	4,029.65	1.00	4,029.65	1/21/2025	4,029.65	-	
DP054	Direct Payment	1/16/2025	7,200.00	1.00	7,200.00	1/22/2025	7,200.00	-	
DP055	Direct Payment	1/16/2025	8,981.39	1.00	8,981.39	1/22/2025	8,981.39	-	
DP056	Direct Payment	2/14/2025	6,120.00	1.00	6,120.00	2/18/2025	6,120.00	-	
DP057	Direct Payment	2/14/2025	5,000.00	1.00	5,000.00	2/18/2025	5,000.00	-	
DP074	Direct Payment	2/14/2025	4,468.31	1.00	4,468.31	2/18/2025	4,468.31	-	
DP088	Direct Payment	2/14/2025	41,042.70	1.00	41,042.70	2/18/2025	41,042.70	-	
DP059	Direct Payment	3/14/2025	4,000.00	1.00	4,000.00	3/17/2025	4,000.00	-	
DP075	Direct Payment	3/14/2025	3,500.00	1.00	3,500.00	3/17/2025	3,500.00	-	
DP058	Direct Payment	3/14/2025	6,480.00	1.00	6,480.00	3/18/2025	6,480.00	-	
DP060	Direct Payment	4/3/2025	5,220.00	1.00	5,220.00	4/7/2025	5,220.00	-	
DP061	Direct Payment	4/3/2025	4,000.00	1.00	4,000.00	4/7/2025	4,000.00	-	
DP076	Direct Payment	4/3/2025	3,835.00	1.00	3,835.00	4/7/2025	3,835.00	-	

Republic of the Marshall Islands
 Ebeye Solid Waste Management Project
 (Financed by the Asian Development Bank's Special Fund)
 (A Governmental Fund of the Republic of the Marshall Islands)

Detailed Reconciliation of ADB Grant Funds Received By Grant

September 30, 2025

WITHDRAWAL APPLICATION NOS. (WA)	DISBURSEMENT METHOD (Identify whether Reimbursement, Direct Payment, etc)	Per APFS (amount reported in the project financial statement as reimb, DP etc.) (A)				Per LFIS (actual paid per ADB LFS/GFIS system) (B)		DIFFERENCE and REASON (ie. timing, forex, pending, rejected) (C = A - B)	
		Date	In local currency (i)	Exchange Rate (ii)	USD Equivalent (i*ii)	Value Date	In USD (B)	Amount (A - B)	Reason/ Justification
					(A)				
DP077	Direct Payment	5/6/2025	3,920.00	1.00	3,920.00	5/8/2025	3,920.00	-	
DP062	Direct Payment	5/14/2025	4,000.00	1.00	4,000.00	5/15/2025	4,000.00	-	
DP063	Direct Payment	6/3/2025	3,600.00	1.00	3,600.00	6/9/2025	3,600.00	-	
DP078	Direct Payment	6/3/2025	3,120.00	1.00	3,120.00	6/9/2025	3,120.00	-	
DP089	Direct Payment	6/3/2025	19,872.00	1.00	19,872.00	6/9/2025	19,872.00	-	
DP090	Direct Payment	6/3/2025	8,051.01	1.00	8,051.01	6/9/2025	8,051.01	-	
DP079	Direct Payment	7/9/2025	2,116.17	1.00	2,116.17	7/10/2025	2,116.17	-	
DP091	Direct Payment	7/9/2025	18,737.16	1.00	18,737.16	7/10/2025	18,737.16	-	
DP080	Direct Payment	8/8/2025	3,590.00	1.00	3,590.00	8/11/2025	3,590.00	-	
DP092	Direct Payment	8/11/2025	20,058.43	1.00	20,058.43	8/12/2025	20,058.43	-	
DP101	Direct Payment	8/29/2025	66,572.10	1.00	66,572.10	9/4/2025	66,572.10	-	
DP093	Direct Payment	9/4/2025	11,331.71	1.00	11,331.71	9/9/2025	11,331.71	-	
WA081	Direct Payment	9/4/2025	3,400.00	1.00	3,400.00	9/9/2025	3,400.00	-	
DP082	Direct Payment	10/7/2025	3,941.26	1.00	3,941.26			3,941.26	Timing/Accrual
DP097	Direct Payment	10/7/2025	19,380.44	1.00	19,380.44			19,380.44	Timing/Accrual
TOTAL			1,404,526.88		1,404,526.88		1,381,205.18	23,321.70	



Shape the future
with confidence

Ernst & Young (RMI), Inc.
P.O. Box 1288
Majuro, Republic of the Marshall
Islands 96960

Tel: 692 625 7387
ey.com

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*

Honorable Minister David Paul
Ministry of Finance, Banking and Postal Services
Republic of the Marshall Islands

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 statements of the Republic of the Marshall Islands Ebeye Solid Waste Management Project (the “Project”), a governmental fund of the Republic of the Marshall Islands financed by the Asian Development Bank’s Special Fund, which comprise the balance sheet as of September 30, 2025 and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Project'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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statements are 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 financial statements. 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*.

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, handwritten-style script.

April 27, 2026