

REPUBLIC OF THE MARSHALL ISLANDS

Office of the Auditor-General



Republic of the Marshall Islands
Project for the Procurement of Equipment for Dried Coconuts Logistics in Lib Island
(Financed by the Embassy of Japan in the Marshall Islands)

**FINANCIAL STATEMENT AND
INDEPENDENT AUDITOR'S REPORT**

Period from March 14, 2024 through March 30, 2024

Audit No.: 16/25 - 9999

March 10, 2026

**REPUBLIC OF THE MARSHALL ISLANDS
PROJECT FOR THE PROCUREMENT OF EQUIPMENT FOR DRIED COCONUTS
LOGISTICS IN LIB ISLAND**

Period from March 14, 2024 through March 30, 2024

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REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL
P.O. Box 245
Majuro, Republic of the Marshall Islands 96960
Email Address: patrjun@gmail.com Web: www.rmioag.com

Telephone:
Auditor-General: (692) 625-3192
Staff: (692) 625-3390
Facsimile: (692) 625-5135
Fraud Hotline:
Telephone: (692) 625-1155
Facsimile: (692) 625-1156

INDEPENDENT AUDITOR'S REPORT

Honorable Winlan Sheet
Mayor
Lib Island Local Government
Republic of the Marshall Islands

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying cash basis financial statement of the Lib Island Local Government ("the Lib Government") for the Project for the Procurement of Equipment for Dried Coconuts Logistics in Lib Island ("the Project"), which comprises the schedule of receipts and disbursements for the period from March 14, 2024 through March 30, 2024, and the related notes to the financial statement.

In our opinion, the accompanying cash basis financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Project for the period from March 14, 2024 through March 30, 2024, 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 (GAS)*, issued by the Comptroller General of the United States. 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 the Project 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 activities of the Project administered and implemented by the Lib Government and is not intended to present fairly the results of other non-Project related operations of the Lib 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 this 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 the financial statement that is 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 may raise substantial doubt about the Project's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

Auditor's Responsibility for the Audit of the Financial Statement

Our responsibility is to express an opinion on this financial statement based on conducting the 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 statement is free from material misstatement.

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 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:

- Use professional judgement and exercise 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 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 statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise the substantial doubt about the Project's ability to continue as a going concern for a reasonable period of time

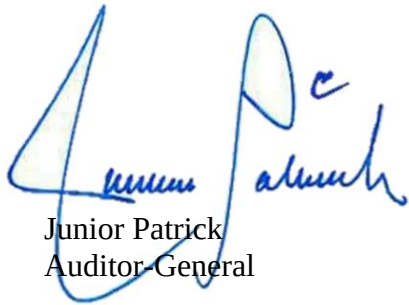
Basis of Accounting

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2026, on our consideration of the Project'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 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 Standards* in considering the Project's internal control over financial reporting and compliance.

March 10, 2026

A handwritten signature in blue ink, appearing to read "Junior Patrick", is written over a light blue circular stamp. The signature is fluid and cursive.

Junior Patrick
Auditor-General

REPUBLIC OF THE MARSHALL ISLANDS
PROJECT FOR THE PROCUREMENT OF EQUIPMENT FOR DRIED COCONUTS
LOGISTICS IN LIB ISLAND

Schedule of Receipts and Disbursements
Period from March 14, 2024 through March 30, 2024

Receipts:

Japan grant	<u>\$ 64,367</u>
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Disbursements:

Purchase of Portable Davit Crane	9,072
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Purchase of Pick-up Truck	27,750
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Purchase of 21 Rear Carts	<u>21,000</u>
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	<u>57,822</u>
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Excess of receipts over disbursements	<u><u>\$ 6,545</u></u>
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See accompanying Notes to Schedule of Receipts and Disbursements.

REPUBLIC OF THE MARSHALL ISLANDS
PROJECT FOR THE PROCUREMENT OF EQUIPMENT FOR DRIED COCONUTS
LOGISTICS IN LIB ISLAND

Notes to Financial Statement
Period from March 14, 2024 through March 30, 2024

(1) Organization

The Lib Island Local Government (“the Lib Government”) was established pursuant to Public Law 1981-2, the Local Government Act of the Republic of the Marshall Islands and operates under the Constitution of Lib Island Government. The Lib Island Government is governed by an elected mayor, council members and representatives.

The Lib Government is the recipient of grant funds provided under a grant contract agreement dated March 14, 2024 between the Lib Government and the Embassy of Japan in the Marshall Islands for the Project for the Procurement of Equipment for Dried Coconuts Logistics in Lib Island (“the Project”).

The accompanying financial statement relates solely to those accounting records maintained by the Lib Government for the Project, and do not incorporate any accounts related to other operations of the Lib Government that may be accounted for by the Lib Government.

(2) Basis of Accounting

The Project’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 similar to 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 statement. 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 Project’s functional and presentation currency.

(3) Subsequent Event

On October 21, 2025, the Lib Government paid audit fees for the audit of the Project in the amount of \$2,500.

(4) Unused Project Funds

As of March 30, 2024, the Project recorded an excess of receipts over disbursements totaling \$6,545. After audit fees of \$2,500 were paid on October 21, 2025, the Project has an unused balance of \$4,045.



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Majuro, Republic of the Marshall Islands 96960
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Staff: (692) 625-3390
Facsimile: (692) 625-5135
Fraud Hotline:
Telephone: (692) 625-1155
Facsimile: (692) 625-1156

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF A FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Winlan Sheet
Mayor
Lib Island Local Government
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 cash basis financial statement of the Lib Island Local Government (“the Lib Government”) for the Project for the Procurement of Equipment for Dried Coconuts Logistics in Lib Island (“the Project”) for the period from March 14, 2024 through March 30, 2024, and the related notes to the financial statement and have issued our report thereon dated March 10, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Lib Government’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 the Lib Government’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Lib Government’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.

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.

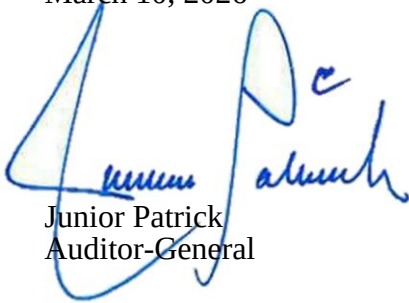
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statement is free of 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 engagement to 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 the *Government Auditing Standards*.

Purpose of the 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 the engagement to audit 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.

March 10, 2026

A handwritten signature in blue ink, appearing to read "Junior Patrick", is written over the printed name and title.

Junior Patrick
Auditor-General

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