

PUBLIC SCHOOL SYSTEM

---

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

YEAR ENDED SEPTEMBER 30, 1998

---

PUBLIC SCHOOL SYSTEM

TABLE OF CONTENTS  
September 30, 1998

<u>Item</u>	<u>Page No(s)</u>
I. COMPREHENSIVE FINANCIAL STATEMENTS	
A. Independent Auditor's Report on Financial Statements	1-2
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	4
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual - General Fund	5
Notes to Financial Statements	6-14
B. Combining Financial Statements	
Special Revenue Funds:	
Combining Balance Sheet	15
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	16
Capital Project Funds:	
Combining Balance Sheet	17
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	18
C. Supplementary Information	
Schedule of Expenditures of Federal Awards:	
Capital Improvement Projects	19
Federal Grants Fund	20-33
Notes to the Schedule of Expenditures of Federal Awards	34
II. SINGLE AUDIT REPORTS	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting in Accordance with <i>Government Auditing Standards</i>	35-36
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	37-39

PUBLIC SCHOOL SYSTEM

TABLE OF CONTENTS, CONTINUED  
September 30, 1998

<u>Item</u>	<u>Page No(s)</u>
II. SINGLE AUDIT REPORTS, CONTINUED	
Schedule of Findings and Questioned Costs	
Section I - Summary of Auditor's Results	40
Section II - Financial Statements Findings	41-42
Section III - Federal Awards Findings and Questioned Costs	43-100
Summary Schedule of Prior Audit Findings	101-114
III. SUMMARY OF UNRESOLVED QUESTIONED COSTS	115
IV. AUDITEE GENERAL RESPONSE ON UNRESOLVED QUESTIONED COSTS	116-117

PUBLIC SCHOOL SYSTEM

---

INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS

---

YEAR ENDED SEPTEMBER 30, 1998

J. Scott Magliari  
& COMPANY

CERTIFIED PUBLIC ACCOUNTANT

SAIPAN:  
PMB 297 PPP Box 10000 • SAIPAN, MP 96950  
TEL: (670) 233-1837 • FAX: (670) 233-8214

GUAM:  
P. O. Box 12734 • TAMUNING, GUAM 96931  
TEL: (671) 472-2680 • FAX: (671) 472-2686

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Public School System

I have audited the accompanying financial statements of the Public School System (PSS), a component unit of the Commonwealth of the Northern Mariana Islands, as of September 30, 1998, and for the year then ended. These financial statements are the responsibility of PSS's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraphs, I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

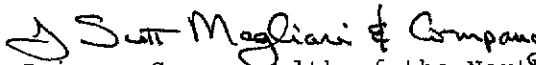
The general fixed assets account group shown in the balance sheet has not been updated since 1995. Because there are no detailed property records available for audit, I was not able to apply auditing procedures necessary to satisfy myself about the amounts reported as investment in fixed assets, net of accumulated depreciation.

Because of inadequacies in the accounting records, I was unable to determine that accounts receivable-CNMI, travel advances, due from grantor agencies, vouchers payable, contract retention payable and reserve for encumbrances for all Governmental Fund Types were fairly stated as of September 30, 1998. Furthermore, in my judgment, the balances of accounts receivable-CNMI, travel advances, vouchers payable, contract retention payable and reserve for encumbrances materially affect revenues, expenditures and operating transfers in for the year ended September 30, 1998.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the propriety of the General Fixed Assets Account Group been determinable and had the propriety of accounts receivable-CNMI, travel advances, due from grantor agencies, vouchers payable, contract retention payable, reserve for encumbrances, revenues, expenditures and operating transfers in for all Government Fund Types been determinable, such financial statements present fairly, in all material respects, the financial position of PSS as of September 30, 1998, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining balance sheets and statements of revenues, expenditures and changes in fund balances (deficit) for special revenue funds and capital project funds (pages 15 through 18), which are also the responsibility of the management of PSS, are presented for purposes of additional analysis and are not a required part of the financial statements of PSS. Such additional information has been subjected to the auditing procedures applied in my audit of the financial statements and, except for the matters discussed in the third and fourth paragraphs, in my opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated July 20, 2001 on my consideration of PSS's internal control structure over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

  
Saipan, Commonwealth of the Northern Mariana Islands  
July 20, 2001

PUBLIC SCHOOL SYSTEM

Balance Sheet  
September 30, 1998  
(With Comparative Totals as of September 30, 1997)

ASSETS	Governmental Fund Types			Account Groups		Total (Memorandum Only)	
	General	Special	Capital	General	General	1998	1997
	Fund	Revenue Funds	Projects Funds	Long-Term Debt	Fixed Assets		
Cash	\$ 2,412,469	\$ -	\$ -	\$ -	\$ -	\$ 2,412,469	\$ 5,868,913
Accounts receivable-CNMI (note 4)	4,342,171	14,739	487,609	-	-	4,844,519	4,799,122
Travel Advances	151,291	289,879	-	-	-	441,170	262,464
Advances	29,521	19,357	-	-	-	48,878	19,420
Due from other funds	-	776,205	311,167	-	-	1,087,372	2,215,577
Due from grantor agencies (note 3)	-	497,655	-	-	-	497,655	64,940
Other receivables	42,361	16,528	-	-	-	58,889	16,418
Inventory	-	-	-	-	-	-	30,783
Investment in fixed assets, net of accumulated depreciation	-	-	-	-	58,201,244	58,201,244	58,201,244
Amount to be provided for retirement of long-term debt	-	-	-	2,257,866	-	2,257,866	1,983,841
	<u>\$ 6,977,813</u>	<u>\$ 1,614,363</u>	<u>\$ 798,776</u>	<u>\$ 2,257,866</u>	<u>\$58,201,244</u>	<u>\$69,850,062</u>	<u>\$73,462,722</u>
<b>LIABILITIES AND FUND EQUITY</b>							
Liabilities:							
Vouchers payable	\$ 466,442	\$ 503,282	\$ -	\$ -	\$ -	\$ 969,724	\$ 2,431,380
Contract retention payable	-	-	221,170	-	-	221,170	221,170
Accrued payroll and others (note 2)	1,924,368	125,544	-	2,257,866	-	4,307,778	4,391,444
Due to other funds	651,578	17,966	417,828	-	-	1,087,372	2,215,774
Due to grantor agencies (note 3)	-	-	170,266	-	-	170,266	170,266
Total liabilities	<u>3,042,388</u>	<u>646,792</u>	<u>809,264</u>	<u>2,257,866</u>	<u>-</u>	<u>6,756,310</u>	<u>9,430,034</u>
Fund equity:							
Investment in general fixed asset	-	-	-	-	58,201,244	58,201,244	58,201,244
Fund balances (deficit):							
Reserved for supplies inventory	-	-	-	-	-	-	30,783
Reserved for related assets	-	-	-	-	-	-	275,388
Reserved for encumbrances	2,437,708	1,887,952	-	-	-	4,325,660	5,487,863
Unreserved	1,497,717	(920,381)	(10,488)	-	-	566,848	37,410
Total fund equity	<u>3,935,425</u>	<u>967,571</u>	<u>(10,488)</u>	<u>-</u>	<u>58,201,244</u>	<u>63,093,752</u>	<u>64,032,688</u>
Contingencies and commitment (notes 7 and 8)							
	<u>\$ 6,977,813</u>	<u>\$ 1,614,363</u>	<u>\$ 798,776</u>	<u>\$ 2,257,866</u>	<u>\$58,201,244</u>	<u>\$69,850,062</u>	<u>\$73,462,722</u>

See accompanying notes to financial statements.

PUBLIC SCHOOL SYSTEM

Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit)

Year Ended September 30, 1998

(With Comparative Totals for the Year Ended September 30, 1997)

	Government Fund Types			Total (Memorandum Only)	
	General	Special	Capital	1998	1997
	Fund	Revenue Funds	Projects Funds		
<b>Revenues:</b>					
Federal grants	\$ -	\$12,062,899	\$ -	\$12,062,899	\$12,124,082
Other grants	-	1,638,369	-	1,638,369	1,619,234
<b>Total revenues</b>	<u>-</u>	<u>13,701,268</u>	<u>-</u>	<u>13,701,268</u>	<u>13,743,316</u>
<b>Expenditures:</b>					
Elementary education	19,918,025	-	-	19,918,025	15,948,526
Secondary education	12,101,074	-	-	12,101,074	10,177,328
Administration	6,979,086	-	-	6,979,086	6,962,900
Consolidated grants	-	3,721,279	-	3,721,279	3,997,127
Special education	2,727,325	2,176,870	-	4,904,195	4,442,934
Food Service	-	3,581,066	-	3,581,066	3,312,944
Headstart	1,009,331	1,172,511	-	2,181,842	2,123,622
Child Care	-	784,110	-	784,110	772,021
Individual programs	294,907	-	-	294,907	-
Capital expenditures	-	-	-	-	117,018
Liaison offices	866,595	-	-	866,595	819,959
Bilingual education	722,995	163,450	-	886,445	754,459
Curriculum development	-	-	-	-	177,074
Board of Education	132,975	-	-	132,975	121,911
Miscellaneous	-	1,933,020	-	1,933,020	2,765,016
<b>Total expenditures</b>	<u>44,752,313</u>	<u>13,532,306</u>	<u>-</u>	<u>58,284,619</u>	<u>52,492,839</u>
Revenues over (under) expenditures	<u>(44,752,313)</u>	<u>168,962</u>	<u>-</u>	<u>(44,583,351)</u>	<u>(38,749,523)</u>
<b>Other sources (note 4):</b>					
Operating transfers in	42,581,138	-	-	42,581,138	42,240,391
<b>Total other sources</b>	<u>42,581,138</u>	<u>-</u>	<u>-</u>	<u>42,581,138</u>	<u>42,240,391</u>
Excess (deficiency) of revenues and other sources over expenditures	(2,171,175)	168,962	-	(2,002,213)	3,490,868
(Increase) decrease in reserve for encumbrances	2,666,648	(1,198,275)	-	1,468,373	(1,042,430)
Net change in unreserved fund balance for the year	495,473	(1,029,313)	-	(533,840)	2,448,438
Fund balances (deficit) - unreserved beginning of the year	(337,372)	385,270	(10,488)	37,410	(2,411,028)
Prior period adjustments (note 10)	1,339,616	(276,338)	-	1,063,278	-
Fund balances (deficit) - unreserved end of the year	<u>\$ 1,497,717</u>	<u>\$ (920,381)</u>	<u>\$ (10,488)</u>	<u>\$ 566,848</u>	<u>\$ 37,410</u>

See accompanying notes to financial statements.



PUBLIC SCHOOL SYSTEM

Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Budget(GAAP Basis) and Actual - General Fund  
Year Ended September 30, 1998

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures:			
Elementary education	20,442,988	19,918,025	524,963
Secondary education	12,591,184	12,101,074	490,110
Administration	8,477,339	6,979,086	1,498,253
Special education	2,812,791	2,727,325	85,466
Headstart	948,366	1,009,331	(60,965)
Individual programs	408,591	294,907	113,684
Liaison offices	786,792	866,595	(79,803)
Bilingual education	715,305	722,995	(7,690)
Board of Education	160,148	132,975	27,173
Total expenditures	47,343,504	44,752,313	2,591,191
Revenues under expenditures	(47,343,504)	(44,752,313)	(2,591,191)
Other sources (note 4):			
Operating transfers in	47,343,504	42,581,138	4,762,366
(Deficiency) of revenues and other sources over expenditures	-	(2,171,175)	2,171,175
Other changes in unreserved fund balance:			
Reserved for encumbrances	-	2,360,477	(2,360,477)
Reserved for related assets	-	275,388	(275,388)
Reserved for supplies inventory	-	30,783	(30,783)
Unreserved fund balance (deficit) at beginning of year	-	(337,372)	337,372
Prior period adjustment (note 10)	-	1,339,616	(1,339,616)
Unreserved fund balance at end of year	\$ -	\$ 1,497,717	\$ (1,497,717)

See accompanying notes to financial statements.

## PUBLIC SCHOOL SYSTEM

Notes to Financial Statements  
September 30, 1998

### (1) Organization

The Public School System (PSS), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI) was established as a public non-profit corporation by the CNMI Public Law 6-10 (The Education Act of 1988), effective October 25, 1988, and began operations on October 1, 1988. The PSS, as the state education agency for pre-school, elementary and secondary educations programs in the CNMI is under the direction of the Board of Education (BOE), which consists of five voting members elected at-large on a nonpartisan basis: one from Rota, one from Tinian, and three from Saipan. The Commissioner of Education, who is appointed by the Board of Education, is responsible for administering the PSS in accordance with applicable laws and Board policies.

Pursuant to CNMI Constitutional Amendment 38, the public education school system is guaranteed an annual budget of not less than fifteen percent of the general revenues of the CNMI. This budgetary appropriation may not be reprogrammed for other purposes, and any unencumbered fund balance at the end of a fiscal year shall be available for reappropriation.

### (2) Summary of Significant Accounting Policies

PSS uses funds and an account group to report on its financial position and the results of its operations in conformity with standards of fund basis accounting for local governments promulgated by the Governmental Accounting Standards Board (GASB).

#### Fund Accounting

In governmental accounting, a fund is defined as an independent fiscal and accounting entity, with a self-balancing sets of accounts, recording cash and/or other financial resources together with all related liabilities and residual equities and balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with the fund's special regulations, restrictions or limitations.

The PSS has established the following fund types and account groups as follows:

#### A. Governmental Funds

General Fund - Accounts for all financial resources except for those required to be accounted for in another fund. The General Fund is the PSS's major operating fund.

Special Revenue Funds - Account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Project Funds - Account for financial resources to be used for the acquisition or construction of all major governmental projects.

PUBLIC SCHOOL SYSTEM

Notes to Financial Statements  
September 30, 1998

(2) Summary of Significant Accounting Policies, Continued

Fund Accounting, Governmental Funds, Continued

The Commissioner of Education has directed that indirect costs of the general fund expended for federal grant activity be accounted for in a special revenue fund and be used for particular programs and activities.

B. Account groups

General Fixed Assets Account Group - Accounts for all general fixed assets used in governmental fund type operations rather than in governmental funds.

General Long-Term Debt Account Group- Accounts for all long-term debt of PSS.

Basis of Accounting:

Basis of accounting refers to the timing of recognition, that is, when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred.

Revenues from other sources are recognized when received. Expenditures are generally recognized in the fiscal year the goods or services are received and the related fund liability is incurred. Debt service expenditures for principal interest on general long-term obligations are recognized when due unless resources have been provided for payment early in the subsequent fiscal year. Prepaid items and inventory purchases are reported as current fiscal year expenditures, rather than allocating cost to the fiscal year when items are used. Expenditures for claims, judgments, compensated absences and employer retirement contributions are reported as the amount accrued during the fiscal year that normally would be liquidated with expendable available financial resources. Budgetary encumbrances are not reported as expenditures.

PUBLIC SCHOOL SYSTEM

Notes to Financial Statements  
September 30, 1998

(2) Summary of Significant Accounting Policies, Continued

Budgets:

PSS has no authority to impose taxes to generate revenue. PSS is a dependent school district as revenue and expenditure authorizations come from the CNMI Legislature. The CNMI legislative budgets are adopted on a basis consistent with generally accepted accounting principles of the United States of America. An annual appropriated budget is adopted by the Legislature for PSS through an Annual Appropriations Act. Budgets for special revenue funds are not included in the annual appropriations act. Budgets for these funds are based upon grant awards received (and are thus non-appropriated). Project-length financial plans are adopted for all capital project funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable budget, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Cash

For purposes of the balance sheets, cash is defined as amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired. Of the total amounts deposited with FDIC banks of approximately \$3,892,040, \$200,000 is subject to coverage by FDIC with the remaining balance exceeding insurable limits. Remaining cash is deposited with a non-FDIC institution. PSS does not require collateralization of bank accounts, and therefore, amounts in excess of insurable limits are uncollateralized.

Accounts Receivable

Accounts receivable are amounts due primarily from the CNMI government and from Federal grantor agencies.

Travel Advances

The Board of Education's policy consider travel advances as loan to the traveler until proper reconciliation of approved travel expenses has been authorized. Travel advances are liquidated upon submission of required travel documents in accordance with PSS policy.

## PUBLIC SCHOOL SYSTEM

Notes to Financial Statements  
September 30, 1998

### (2) Summary of Significant Accounting Policies, Continued

#### Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. Measurement focus refers to what is being expressed in reporting an entity's financial performance and position. The general, special revenue and capital projects funds (Governmental Fund Types) and expendable trust funds are reported using the current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets. Unreserved fund balance represents a measure of available expendable resources.

In 1995, PSS has started to account for its property, plant and equipment that arise from its governmental fund type operations (general fixed assets) and had begun including a General Fixed Account Group in its financial statements in same fiscal year, however, it has not been updated since then. Accordingly, the amount shown in the general fixed assets account group consists of fixed assets recorded during fiscal year 1995 for all governmental fund types.

#### Retirement Plan

PSS contributes to the Northern Mariana Islands Retirement Fund (the Fund), a defined benefit, cost-sharing multi-employer pension plan established and administered by the CNMI.

The Fund provides retirement, security and other benefits to employees, and their spouses and dependents, of the CNMI Government and CNMI agencies, instrumentalities and public corporations. Benefits are based on the average annual salary of the beneficiary over the term of credited service. Generally, benefits vest after three years of credited service. Members, who retire at or after age 60, or with 25 years of vesting service, are entitled to retirement benefits. CNMI Public Law 6-17, the Northern Mariana Retirement Fund Act of 1988, is the authority under the benefit provisions are established.

PSS's total payroll for fiscal year 1998 was \$34,959,646, which was covered in total by the Fund's pension plan. As a result of the Fund's actuarial valuation report (as of October 1, 1996), it has been determined that for the year ended September 30, 1998, the funding requirement for employer is 23% of covered payroll, and funding requirements for employees are 6.5% and 9.0% of covered payroll for Class I and Class II members, respectively. The funding requirement is calculated as that percentage of total payroll, which is necessary to accumulate sufficient assets to pay benefits when due. The Fund uses the level percentage of payroll method to amortize the unfounded liability over a period not to exceed 40 years from October 1980. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.

PUBLIC SCHOOL SYSTEM

Notes to Financial Statements  
September 30, 1998

(2) Summary of Significant Accounting Policies, Continued

Retirement Plan, Continued

The Fund utilizes the actuarial cost method termed "entry age normal cost" with actuarial assumptions used to compute the pension benefit obligation as follows: (a) a rate of return of 7.5% per year on the investment of present and future assets, (b) a 5% increase in employee salaries compounded annually until retirement, (c) expenses at 1.1% of total payroll, and (d) retirement age of the earlier of age 62 and 3 years of vesting service (not including 5 additional years granted after 20 years of service) for Class I or age 60 and 25 years of service for Class II members (including 5 additional years granted after 20 years of service).

The pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employment service to date. The measure is intended to assist users to evaluate the Fund's funding status on a going-concern basis, and evaluate progress made in accumulating adequate assets to pay benefits when due.

The Fund's October 1, 1997 actuarial valuation determined the unfunded pension benefit obligation as follows:

	<u>Class I</u>	<u>Class II</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 16,239,301	\$ 314,154,313	\$ 330,393,614
Active	112,414,535	228,279,408	340,693,943
Inactive including contributions held for non-vested terminated employees	<u>2,135,974</u>	<u>2,564,764</u>	<u>4,700,738</u>
Total pension benefit obligation	130,789,810	544,998,485	675,788,295
Net assets available for benefits, at market value	<u>116,402,528</u>	<u>199,703,716</u>	<u>316,106,244</u>
Unfunded pension benefit obligation	<u>\$ 14,387,282</u>	<u>\$ 345,294,769</u>	<u>\$ 359,682,051</u>

The actuarial valuation did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor.

Ten-year historical trend information designed to provide information about the Fund's progress in accumulating adequate assets to meet payment of benefits when due is included within the Fund's audited financial statements.

PUBLIC SCHOOL SYSTEM

Notes to Financial Statements  
September 30, 1998

(2) Summary of Significant Accounting Policies, Continued

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. The liability as of September 30, 1998 is \$2,257,866. No expenditure is reported for these amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Grants

Federal grants and assistance awards from various federal agencies made on the basis of entitlement periods are recorded as revenues when entitlement occurs. Federal reimbursement-type grants are recorded as revenues when the related expenditures or expenses are incurred.

Total-Memorandum Only

The "Total (Memorandum Only)" columns represent an aggregation of the combined financial statement amounts of the fund types and account groups and are presented only for analytical purposes. These amounts are not comparable to a consolidation and do not represent the total resources available to or used by the PSS. Interfund eliminations have not been made in the aggregation of the totals.

(3) Due From/To Grantor Agencies

PSS is a recipient of federal grants from various federal agencies. Excess grant disbursements over receipts are recognized as a receivable due from grantor agencies.

Changes in the due from/to grantor agency accounts for the year ended September 30, 1998, are as follows:

	Special Revenue Fund	Capital Projects Fund
Balance at beginning of year	\$ 64,940	\$ (170,266)
Additions - program outlays	12,062,899	-
Deductions - cash receipts from grantor agencies	<u>(11,630,184)</u>	<u>-</u>
Balance at end of year	<u>\$ 497,655</u>	<u>\$ (170,266)</u>

PUBLIC SCHOOL SYSTEM

Notes to Financial Statements  
September 30, 1998

(4) Transfer in from CNMI Government

In accordance with Public Law 10-34, the CNMI government appropriated \$47,343,504 for PSS's operational use for the year ended September 30, 1998. The amount received in cash and/or services was \$41,793,447 and \$4,342,171 was receivable at September 30, 1998.

(5) Special Revenue Funds

Specific revenues earmarked to finance particular programs and activities of the Public School System are accounted for in Special Revenue Funds. A summary of PSS's Special Revenue Funds as of September 30, 1998 follows:

- Federal Grants Fund - This fund accounts for activities pertaining to federal operations grants. The primary revenue source of this fund is grant awards from various federal agencies.
- Local Donations Fund - This fund accounts for activities pertaining to local donations received for specific purposes. The primary revenue source of this fund is donations from private individuals or organizations.
- CNMI Grants Fund - This fund was established to account for projects that were appropriated without fiscal year limitation by Public Law 8-2.
- School Lunch Fund - This fund was established to account for PSS's share of Pachinko license fees specifically earmarked for the School Lunch Program by Public Law 9-29.
- Indirect Costs Fund - This fund, established through directive of the PSS Commissioner of Education, accounts for indirect cost of PSS related to federal grants.

(6) Capital Projects Funds

Specific revenues earmarked to finance the acquisition or construction of all major general fixed assets are accounted for in PSS's Capital Projects Funds. A summary of PSS's Capital Projects Funds as of September 30, 1998 follows:

Federal Capital Projects Fund

This fund accounts for activities pertaining to the construction or acquisition of major general fixed assets where PSS has utilized federal funds. The primary source of revenue is from the Commonwealth Development Authority (a component unit of the CNMI Government), passed through to PSS for specific projects.



PUBLIC SCHOOL SYSTEM

Notes to Financial Statements  
September 30, 1998

(6) Capital Projects Funds, Continued

Local Capital Projects Fund

This fund accounts for activities pertaining to the construction or acquisition of major general fixed assets where PSS has utilized locally generated revenues. The primary source of revenues is from CNMI Legislature appropriations to PSS for specific capital projects.

Non-Resident Workers' Fund

This fund was established to account or activities pertaining to specific funds appropriated by the CNMI Legislature through Public Law 7-5.

(7) Contingencies

PSS administers significant financial assistance from the Federal government in the form of grants and entitlements. Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including expenditure of resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit Act or to financial and compliance audits by the grantor agencies of the Federal government or their designees. As of September 30, 1998, expenditures in the amount of \$1,401,897.45 and various amounts for which a value cannot be determined have been questioned as a result of Single Audits in fiscal years 1993 through 1998. Disallowances and sanctions as a result of these audits may become liabilities of the PSS and the general fund would be liable for the return of such funds. However, no liability which may arise from the ultimate outcome of this matter has been provided for in the accompanying financial statements.

PSS is a defendant in several legal cases involving former employees and contractors. At this time, the potential liability relating to such claims cannot be determined.

(8) Commitment

In June 1997, CNMI House Joint Resolution No. 10-36 authorized PSS to issue general obligation bonds for a total value not to exceed \$15,685,000 and shall be used to leverage an equal amount of federal capital improvement project funds to finance school construction projects, and will be repaid by the CNMI Government through appropriation of liquid fuel taxes as per Public Law 11-14. The liability relating to these bonds will therefore, be recorded by the CNMI Government (see Note 9).

PUBLIC SCHOOL SYSTEM

Notes to Financial Statements  
September 30, 1998

(9) Subsequent Events

In April 1999, PSS issued the general obligation bonds referred to in Note 8.

(10) Prior Period Adjustment

During the year ended September 30, 1998, PSS determined certain accounts required adjustment to correct their actual balances. The effect of this restatement, if recorded in the prior year, would be an increase in the General Fund Balance of \$1,339,616 and a decrease in Special Revenue Fund Balance of \$276,338.

	General Fund	Special Revenue Fund
Due from other funds	\$ 397,173	\$ -
Accounts Receivable - CNMI	795,552	-
General Fund Receivable	94,749	-
Inventory	(30,783)	-
Employees Payroll & Benefits	5,523	(816,281)
Travel Advances	-	58,290
Vouchers Payable	77,402	436,275
Unreserved Federal Fund	-	45,378
	<u>\$1,339,616</u>	<u>\$ (276,338)</u>

PUBLIC SCHOOL SYSTEM

Combining Balance Sheet - Special Revenue Funds  
September 30, 1998

<u>ASSETS</u>	Federal Grants Fund	Local Donations Fund	CNMI Grants Fund	School Lunch Fund	Indirect Costs Fund	Total
Accounts receivable - CNMI	\$ -	\$ -	\$ 14,739	\$ -	\$ -	\$ 14,739
Travel advances	289,879	-	-	-	-	289,879
Advances	19,357	-	-	-	-	19,357
Due from other funds	110,957	266,711	398,537	-	-	776,205
Due from grantor agencies	497,655	-	-	-	-	497,655
Other receivables	-	16,528	-	-	-	16,528
	<u>\$ 917,848</u>	<u>\$ 283,239</u>	<u>\$ 413,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,614,363</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Vouchers payable	\$ 450,078	\$ 52,379	\$ 719	\$ -	\$ 106	\$ 503,282
Accrued payroll and others	113,788	1,304	-	-	10,452	125,544
Due to other funds	-	-	-	-	17,966	17,966
Total liabilities	<u>563,866</u>	<u>53,683</u>	<u>719</u>	<u>-</u>	<u>28,524</u>	<u>646,792</u>
Fund balances (deficit):						
Reserved for encumbrances	1,674,365	145,731	-	-	67,856	1,887,952
Unreserved	<u>(1,320,383)</u>	<u>83,825</u>	<u>412,557</u>	<u>-</u>	<u>(96,380)</u>	<u>(920,381)</u>
Total fund balances (deficit)	<u>353,982</u>	<u>229,556</u>	<u>412,557</u>	<u>-</u>	<u>(28,524)</u>	<u>967,571</u>
	<u>\$ 917,848</u>	<u>\$ 283,239</u>	<u>\$ 413,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,614,363</u>

See accompanying Independent Auditor's Report.

PUBLIC SCHOOL SYSTEM

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit) - Special Revenue Funds  
Year Ended September 30, 1998

	Federal Grants Fund	Local Donations Fund	CNMI Grants Fund	School Lunch Fund	Indirect Costs Fund	Total
Revenues:						
Federal grants	\$ 12,062,899	\$ -	\$ -	\$ -	\$ -	\$ 12,062,899
Other grants	-	652,150	234,972	-	751,247	1,638,369
Total revenues	<u>12,062,899</u>	<u>652,150</u>	<u>234,972</u>	<u>-</u>	<u>751,247</u>	<u>13,701,268</u>
Expenditures:						
Consolidated grants	3,721,279	-	-	-	-	3,721,279
Food service	3,581,066	-	-	-	-	3,581,066
Special education	2,176,870	-	-	-	-	2,176,870
Headstart	1,172,511	-	-	-	-	1,172,511
Child Care	784,110	-	-	-	-	784,110
Bilingual education	163,450	-	-	-	-	163,450
Miscellaneous	463,613	677,139	52,679	-	739,589	1,933,020
Total expenditures	<u>12,062,899</u>	<u>677,139</u>	<u>52,679</u>	<u>-</u>	<u>739,589</u>	<u>13,532,306</u>
Excess of revenue over expenditures	-	(24,989)	182,293	-	11,658	168,962
(Increase) decrease in reserve for encumbrances	<u>(1,158,511)</u>	<u>(21,564)</u>	<u>22,488</u>	<u>-</u>	<u>(40,688)</u>	<u>(1,198,275)</u>
Net change in unreserved fund balance for the year	(1,158,511)	(46,553)	204,781	-	(29,030)	(1,029,313)
Fund balances (deficit) - unreserved, beginning of the year	(515,854)	155,101	(23,522)	227,308	542,237	385,270
Prior period adjustments - unreserved	<u>353,982</u>	<u>(24,723)</u>	<u>231,298</u>	<u>(227,308)</u>	<u>(609,587)</u>	<u>(276,338)</u>
Fund balances (deficit) - unreserved, end of year	<u>\$ (1,320,383)</u>	<u>\$ 83,825</u>	<u>\$ 412,557</u>	<u>\$ -</u>	<u>\$ (96,380)</u>	<u>\$ (920,381)</u>

See Accompanying Independent Auditor's Report.

PUBLIC SCHOOL SYSTEM

Combining Balance Sheet - Capital Project Funds  
September 30, 1998

<u>ASSETS</u>	<u>Federal Capital Projects Fund</u>	<u>Local Capital Projects Fund</u>	<u>Non- Resident Workers' Fund</u>	<u>Total</u>
Accounts receivable-CNMI	\$ -	\$ 339,069	\$ 148,540	\$ 487,609
Due from other funds	<u>311,167</u>	<u>-</u>	<u>-</u>	<u>311,167</u>
	<u>\$ 311,167</u>	<u>\$ 339,069</u>	<u>\$ 148,540</u>	<u>\$ 798,776</u>
 <u>LIABILITIES AND DEFICIT</u> 				
Liabilities:				
Contract retention payable	\$ 140,901	\$ 20,190	\$ 60,079	\$ 221,170
Due to grantor agencies	170,266	-	-	170,266
Due to other funds	<u>-</u>	<u>329,367</u>	<u>88,461</u>	<u>417,828</u>
Total liabilities	<u>311,167</u>	<u>349,557</u>	<u>148,540</u>	<u>809,264</u>
Deficit:				
Unreserved	<u>-</u>	<u>(10,488)</u>	<u>-</u>	<u>(10,488)</u>
Total deficit	<u>-</u>	<u>(10,488)</u>	<u>-</u>	<u>(10,488)</u>
	<u>\$ 311,167</u>	<u>\$ 339,069</u>	<u>\$ 148,540</u>	<u>\$ 798,776</u>

See Accompanying Independent Auditor's Report.

PUBLIC SCHOOL SYSTEM

Combining Statement of Revenues, Expenditures  
 Changes in Deficit - Capital Projects Funds  
 Year Ended September 30, 1998

	Federal Capital Projects Fund	Local Capital Projects Fund	Non- Resident Workers' Fund	Total
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Revenues under expenditures	-	-	-	-
Other sources	-	-	-	-
Excess of revenue over expenditures	-	-	-	-
Increase in reserve for encumbrances	-	-	-	-
Net change in unreserved fund balance for the year	-	-	-	-
Fund balances (deficit) - unreserved, beginning of the year	-	(10,488)	-	(10,488)
Fund balances (deficit) - unreserved, end of the year	\$ -	\$ (10,488)	\$ -	\$ (10,488)

See Accompanying Independent Auditor's Report.

PUBLIC SCHOOL SYSTEM

---

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

---

YEAR ENDED SEPTEMBER 30, 1998

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards  
Capital Improvement Projects  
Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of the Interior</u>						
<u>Pass-Through the Commonwealth</u>						
<u>Development Authority</u>						
<u>Capital Improvement Projects</u>						
CFDA# 15.875						
<u>Series 1 Education Projects</u>						
Bldg. Fac.	3310	\$ 483,000	\$ 36,212	\$ -	\$ -	\$ 36,212
B/GTC/Clsrms.-4	3321	240,000	(9,308)	-	-	(9,308)
B/San V/Clsrms.-6	3326	150,000	70,640	-	-	70,640
B/Admin/Lib	3421	330,000	(9,863)	-	-	(9,863)
B/Clsrms	3520	220,000	(32,611)	-	-	(32,611)
B/Café	3521	249,000	(874)	-	-	(874)
Cafetorium Building	3522	238,186	(52,506)	-	-	(52,506)
Const. Of 4 Clsrms HS	3523	220,000	2,550	-	-	2,550
Subtotal Series 1 Education Projects		<u>2,130,186</u>	<u>4,240</u>	<u>-</u>	<u>-</u>	<u>4,240</u>
<u>Governor's Grant No. 2 - Passed</u>						
<u>Through the CNMI Government</u>						
Tinian High School	1801	-	(183,261)	-	-	(183,261)
Tinian Elementary School Renov.	1811	-	8,755	-	-	8,755
Subtotal Governor's Grant No. 2		<u>-</u>	<u>(174,506)</u>	<u>-</u>	<u>-</u>	<u>(174,506)</u>
Total Capital Improvement Projects Fund		<u>\$ 2,130,186</u>	<u>\$ (170,266)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (170,266)</u>



PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
 Federal Grants Fund  
 Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of Education</u>						
<u>Direct Programs</u>						
<u>Bilingual Education</u>						
<u>CFDA# 84.003</u>						
Data Collection Section-10	2454	\$ 75,000	\$ 7	\$ -	\$ -	\$ 7
Limited English Program	2613	162,355	13,617	-	-	13,617
Basic K-1	2622	127,634	6,405	-	-	6,405
Basic 2-3	2624	108,509	14,476	-	-	14,476
Training 2-3	2625	-	2,233	-	-	2,233
Garapan Elementary School	2565	-	(1,461)	-	-	(1,461)
Data Collection Section 10	2554	-	6,549	-	-	6,549
Technical Assistant Section 11	2555	-	(15,008)	19	-	(15,027)
Data Collection Section 10	2654	50,000	1,409	-	-	1,409
Data Collection Section 10	2672	200,000	1,166	89	-	1,077
Technical Assistant Section 11	2673	-	5,972	-	-	5,972
Technology SEA	2758	-	3,413	4,534	1,555	434
Technology LEA	2759	-	(6,181)	43,736	60,472	10,555
Data Collection Section-10 SEA	2772	-	-	(974)	-	974
Technology Assistant Section-11 SEA	2773	-	19,723	32,210	12,487	-
Data Collection Section 10 SEA	2872	-	-	31,806	43,423	11,617
Technology SEA	2858	-	-	207	551	344
Technology SEA	2859	-	-	16,883	6,166	(10,717)
Technology Assistant Section-11 SEA	2873	-	-	22,284	38,796	16,512
Technology Assistant Section-11	2655	-	489	-	-	489
Subtotal CFDA# 84.003		723,498	52,809	150,794	163,450	65,465
<u>CFDA# 84.276</u>						
Goals 2000-2	2662	-	4	8,654	15,236	6,586
Goals 2000-1	2663	-	379	48,661	59,256	10,974
Goals 2000-2	2763	-	-	15,896	4,130	(11,766)
Goals 2000-1	2562	-	(460)	(460)	-	-
Subtotal CFDA# 84.276		-	(77)	72,751	78,622	5,794

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
Federal Grants Fund  
Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of Education, Continued</u>						
<u>Direct Programs, Continued</u>						
<u>Consolidated Grant to Insular Areas</u>						
<u>CFDA# 84.998</u>						
Advisory Council	2630	\$ -	\$ 785	\$ -	\$ -	\$ 785
Art Program	2631	-	3,859	-	-	3,859
Career Education	2632	-	25,008	-	-	25,008
Improving School Management	2633	-	31,552	-	-	31,552
English	2634	-	4,791	-	-	4,791
Library Sciences	2635	-	9,571	-	-	9,571
Math Program	2636	-	2,784	-	-	2,784
Physical Education	2637	-	3,340	-	-	3,340
Paternal Individual Program	2638	-	2,969	-	-	2,969
P.R.R.I.C.	2639	-	8,395	-	-	8,395
Science Program	2640	-	5,874	-	-	5,874
Social Studies	2641	-	4,355	-	-	4,355
Testing & Evaluation Program	2642	-	1,232	-	-	1,232
Media Production	2643	-	1,318	-	-	1,318
Saipan Community School	2645	-	2,379	-	-	2,379
Mt. Carmel School	2648	-	7,644	-	-	7,644
Marianas Preschool	2649	-	1,807	-	-	1,807
Seventh Day Adventist	2650	-	935	-	-	935
State Facility Program	2950	-	566	-	-	566
Math Supplies	5323	-	1	-	-	1
Saipan Community School	5331	-	(114)	(114)	-	-
Civics Textbooks	5371	-	(40)	-	-	(40)
Professional Development	5406	-	(86)	-	-	(86)
Non-Class Staff Development	5407	-	194	-	-	194
Paternal Individual Program	5411	-	(376)	-	-	(376)
P.E. High Risk	5412	-	(306)	-	-	(306)
Arts Supplies	5427	-	8,970	-	-	8,970
Grace Christian Academy	5432	-	1	-	-	1
Comprehensive Staff Development	5440	-	761	-	-	761
Library Staff Development	5442	-	(45)	-	-	(45)
Counselor Development	5443	-	36	-	-	36
Paul Douglas School	5498	-	(5,000)	-	-	(5,000)
SEA Chapter 2 Administration	5501	-	(3,725)	(3,725)	-	-
SEA Special Need/Preschool	5502	-	(2,473)	(2,473)	-	-
SEA Professional Development	5506	-	(1,659)	(1,659)	-	-
SEA Non-Class Staff	5507	-	(1,517)	(1,521)	-	4

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
 Federal Grants Fund  
 Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of Education, Continued</u>						
<u>Direct Programs, Continued</u>						
<u>Consolidated Grant to Insular Areas</u>						
<u>CFDA# 84.998, Continued</u>						
Balance forwarded		\$ -	\$ 113,786	\$ (9,492)	\$ -	\$ 123,278
SEA Comprehensive	5508	-	(250)	(250)	-	-
SEA Student Account	5509	-	7,462	7,462	-	-
LEA Side 1 at Risk	5511	-	-	-	-	-
LEA Wide 2 Supplement Material	5512	-	(48,099)	(48,099)	-	-
TAP III Saipan Community School	5531	-	(2,100)	(2,100)	-	-
TAP III Grace Christian Academy	5532	-	(5,403)	(5,403)	-	-
TAP III Smith Preschool	5538	-	(3,275)	(3,275)	-	-
TAP IV Comprehensive Staff Developme	5540	-	(905)	(905)	-	-
TAP IV Library Staff D	5542	-	50	50	-	-
TAP IV Counselor DV	5543	-	(111)	(111)	-	-
TAP IV Language Art Training	5544	-	905	905	-	-
TAP IV Vocational Training	5545	-	1,275	1,275	-	-
TAP IV Social Studies Training	5546	-	85	85	-	-
TAP V Library Resource	5552	-	(10,651)	(10,651)	-	-
TAP V Social Studies	5553	-	(2,099)	(2,099)	-	-
TAP V Math Student Achievement	5554	-	(7,415)	(7,415)	-	-
TAP V Voced Student Achievement	5557	-	(1,054)	(1,054)	-	-
TAP VI Math Innovation	5566	-	(2,175)	(2,175)	-	-
TA VI Arts-Innovation	5568	-	96	-	-	96
TAP VII Early Child	5572	-	(683)	(587)	-	(96)
TAP V Chamorro Bilingual Program	5578	-	(1,619)	(1,619)	-	-
TAP III Grace Chrisitan-T	5589	-	(4,445)	(4,445)	-	-
SEA Ric	5590	-	(576)	(576)	-	-
SEA Accrediation	5591	-	(150)	(150)	-	-
SEA Student Test	5592	-	(729)	(729)	-	-
SEA Teacher Aide	5593	-	(11,700)	(11,700)	-	-
Drug Free	5597	-	(6,833)	(6,833)	-	-
LEA Consdtd. Person	5599	-	(9,241)	(9,241)	-	-
Strategies-1	5601	-	176	176	-	-
Drug Free	5607	-	194	(765)	-	959
Emerg. Immig	5609	-	-	(9,098)	(9,098)	-
Title 6-Administration	5610	-	(57,501)	(57,501)	-	-
Title 6-Personnel	5619	-	32,739	32,739	-	-
Strategies-1	5701	3,944,321	3,626	9,514	5,888	-

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
 Federal Grants Fund  
 Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of Education, Continued</u>						
<u>Direct Programs, Continued</u>						
<u>Consolidated Grant to Insular Areas</u>						
<u>CFDA# 84.998, Continued</u>						
Balance forwarded		\$ 3,944,321	\$ (16,620)	\$ (144,067)	\$ (3,210)	\$ 124,237
Strategies-2	5702	-	7,377	20,521	13,144	-
Strategies-3	5703	-	7,269	7,524	255	-
Strategies-4	5704	-	13,498	13,748	250	-
Strategies-5	5705	-	43,279	46,475	3,281	85
Drug Free	5707	-	10,145	27,268	16,892	(231)
Emerg Immig	5709	-	98,199	224,700	126,269	(232)
Title 6-Administration	5710	-	(14,844)	(14,811)	33	-
Title 6-Personnel	5719	-	(53,467)	(53,467)	-	-
Student Achievement	7505	-	(11,880)	(11,880)	-	-
OES TAP 2 Supplies Materials	7522	-	(578)	(578)	-	-
OES TAP 4 Professional Development	7524	-	(600)	(600)	-	-
SA TAP 5 Student Achievement	7535	-	(282)	(282)	-	-
SV TAP 5 Student Achievement	7545	-	(744)	(744)	-	-
SV TAP 7 Innovation Project	7546	-	(8,150)	(8,150)	-	-
Tinian TAP 5 Student Achievement	7558	-	(3,929)	(3,929)	-	-
WSR TAP 5 Student Achievement	7565	-	1,745	1,745	-	-
WSR TAP 6 Innovation Project	7566	-	8,069	8,069	-	-
Tinian TAP 6 Innovation Project	7568	-	3,036	3,036	-	-
KES TAP 2 Supplies Materials	7572	-	(5,797)	(5,797)	-	-
KES TAP 4 Professional Development	7574	-	1,227	1,227	-	-
JHJ TAP 5 Student Achievement	7585	-	(10,848)	(10,848)	-	-
MHS TAP 4 Professional Development	7594	-	2,918	2,918	-	-
Title 6 - Personnel	5819	-	-	(104,071)	-	104,071
Strategies 1	5801	-	-	27,054	31,037	3,983
Strategies 2	5802	-	-	41,387	43,953	2,566
Strategies 3	5803	-	-	4,693	4,693	-
Strategies 4	5804	-	-	30,239	37,249	7,010
Strategies 5	5805	-	-	239,061	249,582	10,521
Drug Free	5807	-	-	180,574	210,097	29,523
Consolidated - ELE	5809	-	-	594,843	687,671	92,828
Title 6 - Administration	5810	-	-	6,624	6,633	9
Title 6 - Personnel	5819	-	-	2,293,450	2,293,450	-
MHS TAP 5 Student Achievement	7595	-	15,911	15,911	-	-
MHS TAP Innovation Project	7596	-	(415)	(415)	-	-
Subtotal CFDA# 84.998		<u>3,944,321</u>	<u>84,519</u>	<u>3,431,428</u>	<u>3,721,279</u>	<u>374,370</u>

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
Federal Grants Fund  
Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of Education, Continued</u>						
<u>Direct Programs, Continued</u>						
<u>Territorial Teachers Training</u>						
<u>Assistance CFDA# 84.124</u>						
Territorial Teacher Training	2453	\$ -	\$ 255	\$ -	\$ -	\$ 255
Territorial Teacher Training	2553	-	(19,562)	(81)	-	(19,481)
Territorial Teacher Training	2653	430,000	(211,153)	-	-	(211,153)
Subtotal CFDA# 84.124		430,000	(230,460)	(81)	-	(230,379)
<u>Leadership in Educational Admin.</u>						
<u>Development CFDA# 84.178</u>						
Lead in Educational Development	2456	-	214	-	-	214
Lead in Educational Development	2656	127,400	(1,633)	-	-	(1,633)
Subtotal CFDA# 84.178		127,400	(1,419)	-	-	(1,419)
<u>Safe and Drug-Free Schools</u>						
<u>CFDA# 84.186</u>						
Drug-Free Science	2257	262,481	(795)	-	-	(795)
Drug-Free School	2258	-	-	-	-	-
Drug-Free Science	2357	352,935	(40,826)	(40,826)	-	-
Drug-Free School	2358	-	-	-	-	-
Drug-Free Administration School	2359	7,961	(1)	-	-	(1)
Drug-Free Science	2457	-	(1,755)	(1)	-	(1,754)
Drug-Free Counselor	2544	-	48,843	48,843	-	-
Drug-Free Science	2657	106,184	21,518	-	-	21,518
Drug-Free School	2658	-	7,512	-	-	7,512
Subtotal CFDA# 84.186		729,561	34,496	8,016	-	26,480

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
 Federal Grants Fund  
 Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of Education, Continued</u>						
<u>Direct Programs, Continued</u>						
<u>Christa McAuliffe Fellowship</u>						
<u>CFDA# 84.190</u>						
Individual Grant Christa McAuliffe	275 2945	\$ 49,838 -	\$ 716 -	\$ - 25,041	\$ - 25,041	\$ 716 -
Subtotal CFDA# 84.190		49,838	716	25,041	25,041	716
<u>Migrant Education CFDA# 84.011</u>						
Migrant Education	2615	45,812	2,831	-	-	2,831
Subtotal CFDA# 84.011		45,812	2,831	-	-	2,831
<u>Handicapped State Grant CFDA# 84.027</u>						
Handicapped Children	2306	1,299,845	(69)	-	-	(69)
Adm. Handicapped Children	2405	-	(7,737)	-	-	(7,737)
Handicapped Children	2406	-	(57,290)	(52,728)	-	(4,562)
SEA Handicapped Children	2504	-	7,697	7,697	-	-
Adm. Handicapped Children	2505	-	(119)	(51)	-	(68)
LEA Handicapped Children	2506	-	(7,083)	(7,151)	-	68
SEA Handicapped Children	2683	1,613,239	108,217	171,002	62,785	-
Adm. Handicapped Children	2684	-	6,384	8,342	1,958	-
LEA Handicapped Children	2685	-	8,633	27,533	18,900	-
SPED Handicapped Children SEA	2783	-	(60,505)	71,216	213,213	81,492
SPED Children With Disabilities-5%	2784	-	(1,766)	11,755	15,003	1,482
SPED Children With Disabilities-95%	2785	1,570,112	(35,628)	(35,628)	-	-
Handicapped Children	2601	635,687	(233,059)	-	-	(233,059)
SPED Handicapped Children SEA	2883	-	-	195,083	8,730	(186,353)
SPED Children With Disabilities	2884	-	-	15,356	22,414	7,058
SPED Children With Disabilities	2885	-	-	1,176,720	1,154,687	(22,033)
SPED Pacific Grant	2886	-	-	386,208	439,180	52,972
SPED R.S. PERS (UAP)	2787	-	-	120,000	120,000	-
SPED R.S. PERS (UAP)	2887	-	-	120,000	120,000	-
Subtotal CFDA# 83.027		5,118,883	(272,325)	2,215,354	2,176,870	(310,809)

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
 Federal Grants Fund  
 Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of Education, Continued</u>						
<u>Direct Programs, Continued</u>						
<u>Homeless Children CFDA# 84.196</u>						
Homeless Children	2194	\$ 50,000	\$ (30)	\$ -	\$ -	\$ (30)
Subtotal CFDA# 84.196		50,000	(30)	-	-	(30)
<u>Infants and Toddlers with Handicaps CFDA# 84.181</u>						
Infants and Toddlers	2008	70,640	(1)	-	-	(1)
Infants and Toddlers	2608	67,794	12,759	-	-	12,759
Infants and Toddlers	2508	-	-	(5,556)	(5,556)	-
Subtotal CFDA# 84.181		138,434	12,758	(5,556)	(5,556)	12,758
<u>Deaf and Blind Children CFDA# 84.025</u>						
Deaf and Blind	2614	11,437	13,548	-	-	13,548
Subtotal CFDA# 84.025		11,437	13,548	-	-	13,548
<u>Handicapped Personnel Preparation CFDA# 84.029</u>						
Training and Technical Assistance	2413	-	55	-	-	55
Personnel Preparation H	2609	32,002	(3,203)	-	-	(3,203)
Personnel Preparation B	2610	76,447	11,826	-	-	11,826
Subtotal CFDA# 84.029		108,449	8,678	-	-	8,678

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
Federal Grants Fund  
Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of Education, Continued</u>						
<u>Direct Programs, Continued</u>						
<u>Education for Handicapped Children</u>						
<u>CFDA# 84.009</u>						
State Assistant Handicapped	2207	\$ 29,476	\$ (1)	\$ -	\$ -	\$ (1)
State Assistant Handicapped	2407	-	100	(7,202)	-	7,302
State Assistant Handicapped	2507	-	(2,095)	(2,095)	-	-
State Assistant Handicapped	2602	184,770	20,587	-	-	20,587
Subtotal CFDA# 84.009		214,246	18,591	(9,297)	-	27,888
<u>NCN State Facilitator CFDA# 84.073</u>						
State Facility Program	2360	2,174	(991)	-	-	(991)
State Facility Program	2460	-	1,570	-	-	1,570
State Facility Program	2560	-	(3,294)	22	-	(3,316)
NDN State Facility Program	2660	-	(497)	(23)	-	(474)
Subtotal CFDA# 84.073		2,174	(3,212)	(1)	-	(3,211)
<u>Preschool CFDA# 84.173A</u>						
Pre-school incentive	2312	20,083	(1)	-	-	(1)
Pre-school incentive	2512	-	(213)	(213)	-	-
Pre-school incentive	2612	10,169	8,924	-	-	8,924
Pre-school incentive	2688	-	936	1,422	486	-
Pre-school incentive	2888	-	1,362	2,760	1,950	552
SPED Pre-School Grant	2788	-	1,814	26,334	26,059	1,539
Innovative Program	2616	-	225	-	-	225
Subtotal CFDA# 84.173A		30,252	13,047	30,303	28,495	11,239



PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
Federal Grants Fund  
Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U.S. Department of Education, Continued</u>						
<u>Direct Programs, Continued</u>						
<u>Common Core CFDA# 84.000</u>						
NCES Computers	2289	\$ -	\$ (21,087)	\$ (11,806)	\$ -	\$ (9,281)
NCES Computers	2389	-	(336)	11,806	-	(12,142)
Common Core-Data	2452	-	-	-	-	-
Common Core-Data	2552	-	18,572	22,980	1,345	(3,063)
NCES Computers	2589	-	(131)	126	-	(257)
Common Core-Data	2665	-	(15,867)	-	4,265	(11,602)
Common Core-Data-NCES	2765	-	(24,000)	-	2	(23,998)
Common Core-Data	2689	-	(10,000)	-	-	(10,000)
Common Core-Data	2652	-	(605)	(81)	-	(524)
Common Core-Data	2252	-	-	-	25	25
Comparability NCES	2789	-	-	25,000	-	(25,000)
Common Core-Data-NCES	2865	-	-	15,970	-	(15,970)
Subtotal CFDA# 84.000		-	(53,454)	63,995	5,637	(111,812)
<u>Byrd Honors Sch. P. CFDA# 84.185</u>						
R.C. Byrd School Program	2774	-	7,426	2,975	(4,451)	-
R.C. Byrd School Program	2874	-	1,465	44,400	42,935	-
R.C. Byrd School Program	2974	-	-	-	6,505	6,505
Subtotal CFDA# 84.185		-	8,891	47,375	44,989	6,505
<u>Education Grant Program for the Freely Associated States CFDA# 84.256</u>						
School Leadership Academy	2442	-	(15)	-	-	(15)
School Leadership ACA	2542	-	445	-	-	445
Community School Partnership	2543	-	(384)	-	-	(384)
Subtotal CFDA# 84.256		-	46	-	-	46
Total U.S. Department of Education		\$ 11,724,305	\$ (310,047)	\$ 6,030,122	\$ 6,238,827	\$ (101,342)

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
Federal Grants Fund  
Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U. S. Department of Health and Human Services</u>						
<u>Direct Programs</u>						
<u>Admin., Child, Youth and Family</u>						
<u>CFDA# 93.600</u>						
Headstart Basic P-22	2426	\$ -	\$ (1,557)	\$ -	\$ -	\$ (1,557)
Headstart Basic P-22	2626	408,903	10,133	-	-	10,133
Headstart Training P-20	2627	-	(1,704)	-	-	(1,704)
Headstart Services P-26	2628	-	(32)	-	-	(32)
Headstart Basic P-22	2681	1,107,961	(23,796)	(23,796)	-	-
Headstart Training	2682	-	19,294	19,294	-	-
Headstart Basic P22	2781	1,127,012	(58,024)	(27,390)	30,634	-
Headstart Training	2782	-	7,782	9,602	1,820	-
Headstart Basic P22	2881	1,153,065	3,826	1,026,451	1,034,662	12,037
Headstart Basic P-22	2526	1,098,242	(25,826)	(25,826)	-	-
Headstart Training	2527	-	1,375	1,375	-	-
Headstart Training	2882	-	-	11,395	20,981	9,586
Headstart	2981	-	-	-	84,414	84,414
Subtotal CFDA# 93.600		<u>4,895,183</u>	<u>(68,529)</u>	<u>991,105</u>	<u>1,172,511</u>	<u>112,877</u>
<u>Developmental Disabilities</u>						
<u>CFDA# 13.601</u>						
Administration	2003	10,000	901	-	-	901
Planning	2004	170,000	16,112	-	-	16,112
Services	2005	20,000	3,050	-	-	3,050
Administration	2103	200,000	(248)	-	-	(248)
Planning	2104	-	(119)	-	-	(119)
Services	2105	-	(1,669)	-	-	(1,669)
Development Disabilities Administration	2603	160,561	(62,703)	-	-	(62,703)
Development Disabilities Planning	2604	-	39,927	-	-	39,927
Development Disabilities Services	2605	-	54,592	-	-	54,592
Subtotal CFDA# 13.601		<u>560,561</u>	<u>49,843</u>	<u>-</u>	<u>-</u>	<u>49,843</u>

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
Federal Grants Fund  
Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U. S. Department of Health and</u>						
<u>Human Services</u>						
<u>Direct Programs</u>						
<u>Child Care CFDA# 93.575</u>						
Child Care Certificates	2331	\$ -	\$ (1,511)	\$ (1,511)	\$ -	\$ -
Quality and AvailabilityActivity	2332	-	1,249	1,249	-	-
Saturday School	2335	-	1,132	1,132	-	-
Training and Technical Assistance	2338	-	945	945	-	-
CCDBG Administration	2430	-	32	32	-	-
CCDBG Certificates	2431	-	22,232	22,232	-	-
CCDBG Quality & Availability	2432	-	11	11	-	-
CCDBG Before & After School	2434	-	(31,089)	(31,089)	-	-
CCDBG Saturday School	2435	-	1,224	1,224	-	-
CCDBG Training & Technical	2438	-	5,000	5,000	-	-
CCDBG Summer School	2439	-	392	392	-	-
CCDBG Administration	2530	-	(2,220)	(151)	-	(2,069)
CCDBG Certificates	2531	-	12,420	-	-	12,420
CCDBG Saturday School	2535	-	(5,434)	-	-	(5,434)
CCDBG School Care Administration	2536	-	228	-	-	228
CCDBG Monitoring	2537	-	277	-	-	277
CCDBG Training & Technical	2538	-	1,157	162	-	995
CCDBG Summer School	2539	-	(173)	-	-	(173)
CCDBG Certificates	2691	522,443	5,131	28,713	25,832	2,250
CCDBG Administration	2690	-	11,183	26,974	22,471	6,680
CCDBG After School	2694	-	18,743	-	-	18,743
CCDBG Monitoring	2697	-	(277)	1,696	1,696	(277)
CCDBG Training & Technical	2698	-	(995)	11,628	11,628	(995)
Child Care Administration	2790	528,094	(4,023)	55,239	59,110	(152)
Child Care Certificates	2791	-	8,794	91,614	100,187	17,367
CC Before & After School	2794	-	29,121	71,281	42,775	615
CCDBG After School	2534	-	(67,224)	(28,039)	-	(39,185)
Child Care Administration	2890	-	-	15,380	17,951	2,571
Child Care Certificates	2891	-	-	77,369	80,565	3,196
CC Before & After School	2894	-	-	372,203	389,145	16,942
Headstart Training	2682	-	-	3,000	3,000	-
Child Care Saturday School	2795	-	-	9,712	9,712	-
CC School Care Administration	2796	-	-	5,516	5,516	-
CC Training & Technical Assistant	2798	-	-	3,350	3,350	-
Child Care Summer School	2799	-	-	11,172	11,172	-
Subtotal CFDA# 93.575		1,050,537	6,325	756,436	784,110	33,999

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
Federal Grants Fund  
Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U. S. Department of Health and Human Services</u>						
<u>Direct Programs</u>						
<u>AIDS CFDA# 93.938</u>						
Aids-HIV	2461	\$ -	\$ 2,650	\$ 5,258	\$ -	\$ (2,608)
Aids-HIV	2661	-	(645)	(575)	70	-
Aids-HIV	2761	-	10,345	72,641	62,366	70
Aids-HIV	2561	-	(7,867)	17,246	-	(25,113)
Aids-HIV	2861	-	-	53,540	59,854	6,314
Subtotal CFDA# 93.938		-	4,483	148,110	122,290	(21,337)
Total U. S. Department of Health and Human Services		\$ 6,506,281	\$ (7,878)	\$ 1,895,651	\$ 2,078,911	\$ 175,382
<u>U. S. Department of Agriculture</u>						
<u>Direct Programs</u>						
<u>Nutrition Assistance Grant</u>						
<u>CFDA# 10.555</u>						
T.E.F.A.P.	2120	-	(7)	-	-	(7)
School Breakfast/Lunch Program	2217	2,493,904	893	-	-	893
State Administration Expense	2218	-	289,842	-	-	289,842
Equipment and Facility Improvement	2221	-	7,738	-	-	7,738
School Lunch Program	2317	2,886,421	29,734	-	-	29,734
State Administration Expense	2318	-	(331,467)	-	-	(331,467)
School Lunch Program	2417	2,619,854	(239,330)	-	-	(239,330)
State Administration Expense	2418	135,586	34,318	-	-	34,318
Unknown	2419	-	4,128	-	-	4,128
Equipment and Facility Improvement	2421	22,174	(13,415)	-	-	(13,415)
Breakfast Lunch Program	2517	-	16,444	(5,894)	40	22,378
State Administration Expense	2518	-	98	98	-	-
Equipment and Facility Improvement	2521	-	3,334	3,334	-	-
School Breakfast/Lunch Program	2617	2,363,388	170,723	-	-	170,723
State Administration Expense	2618	-	2,933	-	-	2,933
Breakfast Lunch Program	2677	-	(19,404)	(19,119)	-	(285)
State Administration Expense	2678	-	4,446	4,446	-	-
N.E.T.P.	2679	-	(4,742)	(4,742)	-	-
FNS: School Breakfast/Lunch	2777	3,257,810	167,370	393,488	226,118	-

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
Federal Grants Fund  
Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U. S. Department of Agriculture</u>						
<u>Direct Programs</u>						
<u>Nutrition Assistance Grant</u>						
<u>CFDA# 10.555</u>						
Balance forwarded		\$ 13,779,137	\$ 123,636	\$ 371,611	\$ 226,158	\$ (21,817)
FNS: Student Administration Expense	2778	-	11,158	46,384	35,226	-
FNS: Nutrition Education	2779	62,500	(2,725)	35,472	38,197	-
FNS: Equipment & Facility Improvement	2780	-	5,130	14,674	9,544	-
T.E.F.A.P.	2620		997	-	-	997
FNS School Breakfast & Lunch	2877		-	2,795,252	3,080,955	285,703
FNS Student Administration Expense	2878		-	129,051	137,737	8,686
FNS Nutrition Education	2879		-	26,438	37,473	11,035
FNS Equipment & Facility Improvement	2880		-	13,869	15,628	1,759
Dandan Cafeterium	2776	-	-	148	148	-
Total U.S. Department of Agriculture CFDA# 10.555		<u>\$ 13,841,637</u>	<u>\$ 138,196</u>	<u>\$ 3,432,899</u>	<u>\$ 3,581,066</u>	<u>\$ 286,363</u>
<u>U.S. Department of the Interior</u>						
<u>CFDA# 15.875</u>						
Micro Impact Aid	2340	\$ 146,268	\$ 10,106	\$ -	\$ -	\$ 10,106
Micro Impact Aid	2667	-	(3,760)	-	3,760	-
Micro Impact Aid	2767	-	(29,055)	-	15,525	(13,530)
Micro Impact Aid	2440	-	(2,496)	-	-	(2,496)
Total U.S. Department of the Interior CFDA# 15.875		<u>\$ 146,268</u>	<u>\$ (25,205)</u>	<u>\$ -</u>	<u>\$ 19,285</u>	<u>\$ (5,920)</u>

PUBLIC SCHOOL SYSTEM

Schedule of Expenditures of Federal Awards, Continued  
 Federal Grants Fund  
 Year Ended September 30, 1998

Federal Grantor/Program/ Title/Federal CFDA Number	Org. No.	Program or Award Amount	Receivable From Grantor (Deferred Revenue) at 09/30/97	Cash Receipts FY 98	Expenditures FY 98	Receivable From Grantor (Deferred Revenue) at 09/30/98
<u>U. S. Department of Transportation</u>						
<u>Direct Programs</u>						
<u>CFDA# 20.509</u>						
Federal Transit Administration	2370	\$ 5,375	\$ (20)	\$ -	\$ -	\$ (20)
Federal Transit Operation 1	2373	105,429	7,210	8,632	1,422	-
Federal Transit Administration	2470	-	61,317	-	-	61,317
Federal Transit Administration	2670	-	99,617	114,801	7,675	(7,509)
Federal Transit-Business	2770	-	87,750	117,372	28,648	(974)
Federal Transit-Administration	2570	-	7,928	11,665	3,737	-
Federal Transit-Business	2870	-	-	-	98,070	98,070
Total U.S. Department of Transportation CFDA# 20.509		\$ 110,804	\$ 263,802	\$ 252,470	\$ 139,552	\$ 150,884
<u>Other</u>						
School to Work	2564	\$ -	\$ (3,455)	\$ -	\$ 1,228	\$ (2,227)
School to Work	2664	-	9,527	19,042	4,030	(5,485)
Total other		\$ -	\$ 6,072	\$ 19,042	\$ 5,258	\$ (7,712)
Total Federal Grants Fund		\$ 32,329,295	\$ 64,940	\$ 11,630,184	\$ 12,062,899	\$ 497,655

## PUBLIC SCHOOL SYSTEM

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1998

### (1) Scope of Review

The Public School System was established as a public non-profit corporation by the Commonwealth of the Northern Mariana Islands (CNMI) Public Law 6-10, effective October 25, 1988 and began operations on October 1, 1988. All significant operations of PSS are included in the scope of the OMB Circular A-133 audit (the "Single Audit"). The U.S. Department of the Interior's Office of the Inspector General has been designated as PSS's cognizant agency for the Single Audit.

### (2) Summary of Significant Accounting Policies

#### a. Basis of Accounting

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

Any federal funds expended in excess of federal funds received are recorded as a receivable from the grantor agency and any federal funds received in excess of federal funds expended are recorded as a payable to the grantor agency.

#### b. Indirect Cost Allocation

PSS negotiated an indirect cost plan with the U.S. Department of the Interior for fiscal year 1998. It is applicable to all federal grant programs and was 10.01% of payroll expenditures for the year ended September 30, 1998.

PUBLIC SCHOOL SYSTEM

---

SINGLE AUDIT REPORTS

---

YEAR ENDED SEPTEMBER 30, 1998