MAJUROATOLL
WASTE COMPANY

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ANNUAL REPORT

CONFIDENTIAL

For the Period FY2024

Final Approved by the Board

31 January 2025 (Sign)_____ (Chair)

Final Submitted to SOEMU / Minister

31 January 2025 (Sign)_____ (Chair)

1 CHAIRMAN'S REPORT 3

2 CEO'S REPORT 9

3 ANALYSIS / OVERVIEW OF THE BUSINESS 13

4 AUDITED FINANCIAL STATEMENTS 46

5 DIRECTORS DECLARATION 52

6 RECONCILIATION – PERFORMANCE TO PLAN 53

7 OTHER MATTERS 56

1 CHAIRMAN'S REPORT

Majuro Atoll Waste Company was established in 2007 under the National Government as one of the State owned enterprises, mandatory for solid waste collection services and managing the landfill on Majuro capital city. It is governed by a seven (7) – member Board of Directors from relevant entities and is under the Ministry of Works, Infrastructure and Utility. There are forty one (41) employees including the General Manager managing the daily operational works and ensure the service is provided continuously both to residence and the business sectors.

Prior to the establishment of the Majuro Atoll Waste Company, collection services was provided by the Majuro Atoll Local Government and managing the landfill was under the Ministry of Public works – renamed as Ministry of Works, Infrastructure and Utility until 2007, it became a State-owned Enterprise (SOE), among other SOEs of the National Government. It is guided and in compliance to the SOE Act 2015. Under the law, the " Primary objectives of State- Owned enterprises are·

a) To be a successful business and, to this end, to be at least as profitable and efficient as comparable businesses· and

b) To maximize the net worth of the public investment in the State-owned enterprise.

Fiscal year 2024 had many challenges and waste disposal continues to be a major issue on Majuro, capital city. It is evident by the growing mountain at the current dump site at Batkan/Jable. In 2020, the national government declared the current dump as a "State of Emergency".

The same year, MAWC's Solid Waste Management Plan 2019-2028 was developed with the assistance of the Japan International Cooperation Agency (JICA). It has been used as guidance through implementing

technically sound and financially sustainable solid waste management system to address the current state of the dumpsite.

For the purpose of this report, the MAWC's Solid Waste Management Plan (SWMP) document will be used as guidance for reporting.

Under the SWMP, key issues that have been identified are·

1. Issue 1· Proper final disposal is a critical component of sustainable SWM
2. Issue 2· Waste reduction and recycling
3. Issue 3· Improvement of collection services
4. Issue 4· Careful consideration on the applicability of new technologies

To enable MAWC to implement the plan, further requirement under the SOE Act for each SOE's of the Government to developed a sound business plan and a Community Service Obligation (CSO) proposal that identifies clearly of the Government's obligation in providing the service to the community. For MAWC, it is providing the waste collection and waste disposal service to all residence on Majuro.

MAWC receives it financial funding through subsidy from the National Government to support its operational cost and to implement the plan annually. Although, financial support is given annually, it is highly competitive among other offices of the government. With limited resources, MAWC seeks other support from donor partners to assist in other areas of its operation.

Despite the challenges, collaborative efforts in tackling everyday waste disposal and teamwork have made highlights and improvements for fiscal year 2024 and working toward more improvements for a safe and healthy Majuro.

Few of the highlights and achievements during the fiscal year·

- CSO proposal developed and approved by the Government for 3-years contract
- Funding available under the Compact to construct new landfill. Site have been identified. Design proposal by PMU, Ministry of WIU. (Note) There are changes on this matter for current fiscal year (2025).
- Increase in the collection equipment fleet
- Replacement of residential garbage bins after 10years
- Replacement of business garbage bins after 10years and increase in number of business subscribers.
- Constructing temporary landfill at the lagoon side to lessen burden on the current dump site while seeking and identifying new landfill site.
- Strong collaboration, team efforts and improvement on communication work. For instance, great work during the Olympic games 2024.
- Capacity building. Training provided to compost processing labors for more understanding and enhance skills on importance of green waste to divert incoming to dump.
- Improvement on compost facility Laura – increase water accessibility through PacWastePlus project under SPREP.
- Current Landfill rehabilitation project under the ADB Urban Project

Business strategy and compliance.

MAWC have been awarded a Community Service Obligation (CSO) contract from the Government to provide the waste collection service and waste disposal at landfill on Majuro. It is a 3-years contract and MAWC is the first

among the other SOEs to have been awarded for the current fiscal year. The document clearly identifies the estimated cost on the essential service that the Government is obligated to provide to the community at no charge. This allows MAWC to be able to secure operational funding from the Government at the estimated operational cost of providing the service and managing the landfill. Furthermore, it provides more transparency and accountability to both parties as services are paid after delivery.

MAWC also receives revenue from its other operation. For instance, while the CSO revenue provides for the residence, there are other revenues received from·

- the business/industrial collection services
- gate fees
- the Blue bag prepaid service towards end of Laura from Airport
- Container Deposit Legislation (CDL) and exportation (battery&aluminum cans)
- Recycling (selling of discarded materials on site) such as oven, barbecue grill, etc...
- Compost from green waste materials

Comments on external factors (Government Policy, Laws etc.) that are impacting on business and new initiatives underway.

MAWC is mandated under the SOE Act 2015. Also compliance to international, national and local level of policies, ordinances relating to solid waste, health, and environment.

1. International Laws (Convention) – MAWC is exporting Ulabs (Used-lead acid battery), hazardous materials that are considered harmful, there are laws, international convention that MAWC need to comply to in order to successfully export these materials off shore. Otherwise, should it not comply, there are consequences or may result in losing exporting these hazardous materials.

2. National Laws (RMI) – Waste collection and waste disposal are health and environmental harmful substances when not careful in handling will cause harm for our health and our surroundings. It is why MAWC also comply to all health and environment related policies in place to ensure while providing the waste collection service and managing the landfill, it is with careful and strict handling to prevent any life threatening occurrences to anyone. Few of these are, among others;
    i. National Environmental Act 1984
    ii. Solid Waste Regulation 1989
    iii. Marine Water quality regulation 1992
    iv. Ozone layer depleting substances regulation 2004
    v. Marshall Islands public health, safety and welfare act
    vi. Marshall Islands littering act 1982
    vii. Styrofoam cups, plates and plastic products prohibition and container deposit act 2016 (amended 2018)

Comment on the business law affecting implementing of projects affecting revenues sources.

3. Local Level – MAWC operate under the Majuro Atoll Local Government and need to comply to all local ordinances. For instance, there is the Majuro Atoll Local Government Ordinances (Nos; 1986–16, 1986–17,1986–20 and 1988–3). MAWC roles and responsibilities does not provide authorization to enforce any law breaking civilian not complying to the local ordinances.

MAWC's roles and responsibilities does not provide authority in certain law enforcement that may allow for other revenue venues. Some instances, under project implementation, process of tax exempt may or may not be allowed. Penalized residence for littering, charge the community for Clean Up initiatives and so forth. Other factors affecting revenue is the competition with other offices and local government of no clarity of office responsible for waste collection services on public areas.

Board Performance including No. of meetings and attendance

The Board of Directors held their regular meeting current fiscal year three (3) times. The first meeting was held on March 2024, 2nd Meeting on May and last meeting for the fiscal year was on August 2024.

2 CEO'S REPORT

Waste disposal and landfill management remains an issue on Majuro. MAWC have been awarded a Community Service Obligation (CSO) for fiscal year 2024 to implement waste collection and waste disposal successfully on Majuro community that services the 61% of household residence. Table below shows waste flow on Majuro.

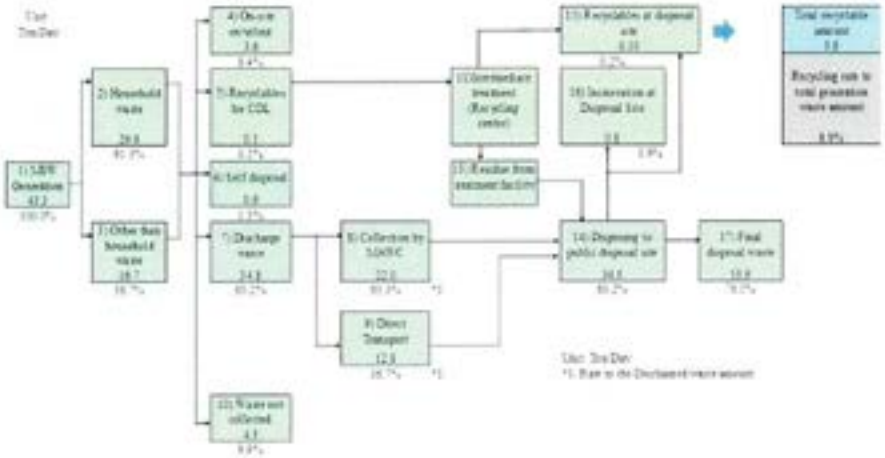
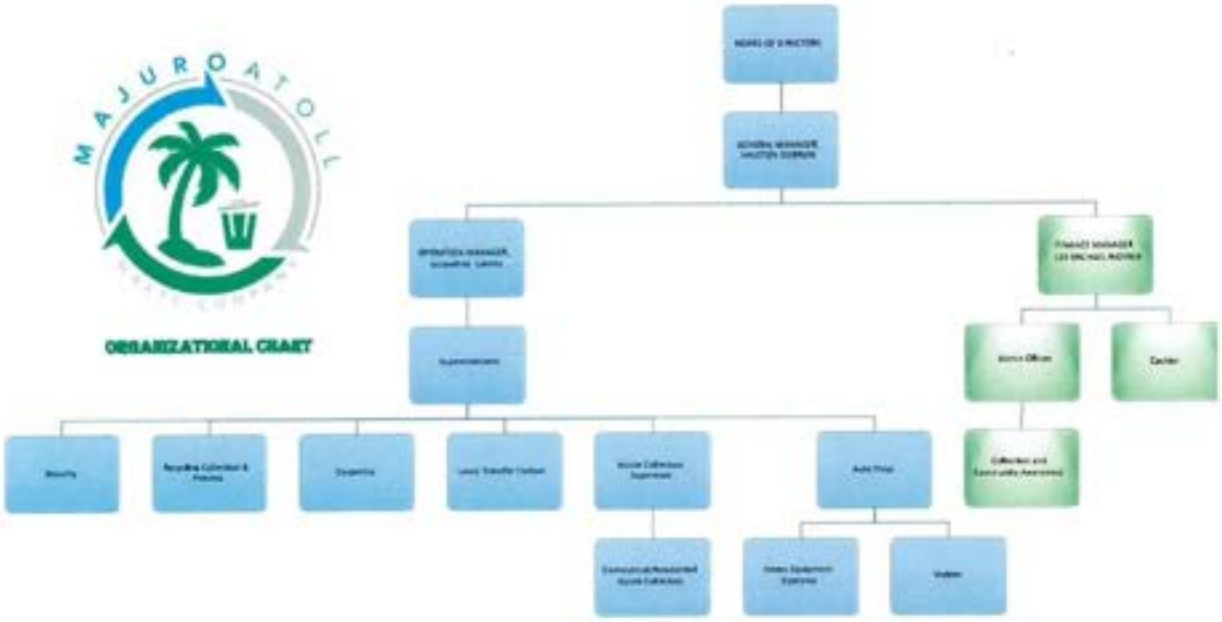


Figure 2-1 Waste flow in Majuro in 2017

In order to deliver the service successfully, MAWC employed 46 employees for the fiscal year 2024 to implement operation.MAWC follows its organizational employee chart where employee are informed of job responsibilities and roles to understand work flow and produce good work performance.



It recognizes the importance for effective and efficiency of service delivery through team work efforts and empowerment. Work benefits are provided as incentives, utilize training opportunities for capacity building to enhance workers skills, offer internship programs when needed for work exposure, and empowering employees to participate in community activities. Strong team building around work areas and understanding of roles and responsibilities resulting in positive and productive work performance and service delivery.

For over sixteen years, MAWC have expanded operational activities and implement other work activities to address the issues arising in providing and delivering the service and managed daily incoming waste disposal at dump site. For instance, waste collection to cover all Majuro area from Rita to Laura was successful in 2017 through assistance from donor partners, PacWaste projects under SPREP. In 2018, Container Deposit Legislation

(CDL) was implemented after endorsed by the National Government. Recyclable beverages accepted under the law can be claimed back at MAWC instead of discarding in public or dispose it. Securing compost facility to divert green waste materials coming to landfill was finalized in 2019. The expansion of operational work and increase in the mountain trash with the subsidy receives from the Government annually limited the capability of management to be able to address the challenges faced with the current situation.

Latest data on waste audit under the PacWaste Plus program shows in 2021· Very important to understand waste categorization because it clearly shows type of waste with high consumption and how it can help MAWC tackle them.

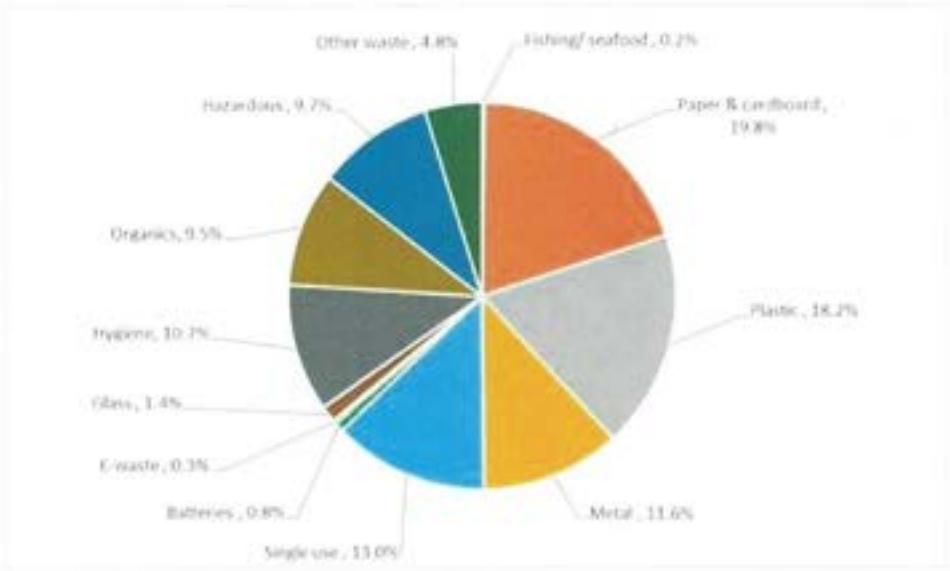


Figure Error! No text of specified style in document.3: *Majuro average household waste composition summary*

For this, MAWC developed its business plan year 24–26 under the SOE Act 2015, guided by the Solid Waste Management Plan 2019–2028 to address issues identified dealing with accumulation of waste generated and collected at the current dump over the years. Furthermore, with limited financial support receive from the Government and high competition among other

government entities, MAWC has to seek other sources of revenue and financial assistance from donor partners.

The huge challenge MAWC is facing at the current time is limited available space at the dump. The situation have become very concerning as the mountain trash continue to rise. MAWC is working in collaboration with donor partners with wide range of project activities to improve operational work.

- Asian Development Bank(ADB)
  - Waste recovery
  - Waste incineration
  - Dumpsite remediation and on-going disposal arrangements
  - Waste collection
  - Organizational development
- PacWastePlus under SPREP
  - Composting operating effectively at Laura organic facility(include training and facility upgrade
  - Paper/Cardboad diversion in place at Majuro landfill (including equipment, facilities, and training)
  - Community engagement and participating in organics and paper/cardboard segregation and purchasing local compost
- J-PRISM3 – Project for promotion of Regional Initiative on solid waste management in the Pacific Island Countries Phase 3.
  - Five (5) years project (July 2023-July 2028). Purpose is to strengthened the mechanism for self sustaining solid waste management and 3R+Return. There are four (4) expected outputs.

1. Organizational, institutional and financial capacities on solid waste management are enhanced/improved
2. Capacity of providing public services on waste management is enhanced
3. "3R+Return" system is promoted
4. The knowledge and experiences in the region are shared

3 ANALYSIS / OVERVIEW OF THE BUSINESS

3.1 Comments on key strategies initiated and relative success

There are five (5) main objectives of the business plan 2024 –2026 that have been identified and key strategies/actions to achieved these will be reported below;

Key Strategy	Action	Success
A. Proper Operation of the Final Disposal Site (s)	1. Complete landfill operation at the extension area at lagoon site	Area complete and close. Sand is needed for cover materials
	2. Identify new landfill site and start preparation for a new landfill site (site selection, design, budget allocation, etc)	Area identified at Mobile tank farm FY24. There are changes in FY25 for new proposed site at Ri-Wut to CMI.
B. Reduction of final disposal amount by composting and recycling	3. Develop a plan for community and awareness outreach program	Still in progress under the PacWastePlus program under SPREP

	4. Increase waste segregation at the source through waste awareness campaign	No activity due to limited space
	5. Increase level of production at Laura transfer station	Increase water accessibly. Install 5 water catchments, rain gutters and water pump under the PacWaste Plus Project
	6. Monitor and maintain CDL activities	On– going
	7. Participate in international forums to explore new knowledge and opportunities for 3Rs technology	On–going
	8. Procure more tools & equipment	New tools for heavy machinery and equipment procure under the Japan Grant
C. Maintain of waste collection services	9. Formulate investment plan for waste collection	
	10. Replacement of waste collection truck as	– Receive new collection fleet (20 cubic yard

	equipment are nearing lifespan	garbage truck, 2 medium truck) under the Japan grant and heavy machinery(wheel loader & excavator) – Mack truck (40cubic yard) under the MAP DOI grant
	11. Replacement of trash bin	– Procure 330 96 wheelie bins for household, 60 (2cubic yard) for business under the MAP DOI
D. Secure revenue generation and financing sustainability	12. Improve monitor on CDL and recycle exports	On– going. Explore other venues for PET export. Currently export aluminum cans and batteries
	13. Restructure services and gate fees to include all services	
	14. Improve costing and pricing mechanisms	
	15. Proposal to increase beverage container deposit fee	

	16. Proposal contract thru community service obligation	Completed. MAWC is now operating under a CSO contract FY24
E. Careful examination on new SWM technologies	17. Conduct feasibility studies on new technologies	On-going
	18. Careful examination of the results of these feasibility studies and produce assessment report	On-going
	19. Submit an assessment report to the relevant authorities	On-going

3.2 Specific comments on the business operations and performance to include relevant data tables, graphs and narrative and to explain business achievements and challenges, under appropriate key headings:

MAWC's business operation and performance is based on the financial audit on operation fiscal year 2023.

Overview

MAWC's operation and business performance will be reported based on the audit report for the fiscal year ended September 2023 in comparison to previous years 2022 and 2021. Narrative overview and analysis of the financial activities will be presented on this report from the management's discussion and analysis of the audit current audit report FY23.

MAWC is a state owned enterprise of the Republic of the Marshall Islands under the portfolio of the Ministry of Environment, effective September 2,2020. Prior to this, oversight of MAWC was under the Ministry of Works, Infrastructure and Utilities. MAWC receives general fund subsidies from the RepMar government. Other sources of funds are provided by grants from government and private institutions and from MAWC's own revenues from operations.

MAWC is engaged in collection and disposal of solid waste as well as implementation and operation of the Container Deposit Legislation (CDL) recycling program on Majuro Atoll. It is governed by a nine member Board of Directors, chaired by the Minister in Assistance to the President and Environment with members from Majuro Atoll Local Government (MalGov), Chamber of Commerce, Tourism & Hospitality community association, Ministry of Health and Human services (MOHHS), Ministry of Finance, Banking and Postal Services (MOFBPS), Office of Environmental Planning and Policy Coordination (OEPPC), Ministry of Works, Infrastructure and Utilities (MWIU), and the RMI Environmental Protection Authority(EPA), and is managed by 47 employees with the leadership of the General Manager.

Operational and Financial Performance

MAWC's results of operations for FY 2023 have decreased its net operating loss by $200,501 (or 20%) from $985,943 in 2022 to $785,442 in 2023. Factors that contributed to the net unfavorable results for 2023 are attributed to the decrease in the total net operating revenues by $85,055 (or 9%) from $956,863 in 2022 to $871,808 in 2023 offset by the decrease in net operating expenses by $285,556 (or 15%) from $1,942,806 in 2022 to $1,657,250 in 2023.

Major contributors to the decrease in operating revenues was the decrease in revenues from recycling fund revenues, other recycling revenues, and waste collection revenues offset by the increase in miscellaneous revenue. The decrease in operating expenses was attributed to the decrease in recycling, payroll, seawall, waste collection, repair and maintenance, utilities and communication, leases, insurance and uniform expenses offset by the increase in depreciation, fuel, office supplies taxes and licenses, meetings and entertainment, advertising and miscellaneous expenses.

Financial Analysis of MAWC

The statements of net position and statements of revenues, expenses and changes in net position provide an indication of MAWC's financial condition. MAWC's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

Net Position

A summary of MAWC's statements of net position is presented below:

Summary Statements of Net Position

As of September 30

			$ Change	% Change	
	2023	2022	2023-2022	2023-2022	2021
Assets:					
Current and other assets	$583,904	$443,751	$140,153	31.6%	$673,374
Deposit on acquisition					
of capital assets					$81,482
Capital assets	$818,530	$542,495	$276,035	50.9%	$481,358
Total assets	$1,402,434	$986,246	$416,188	42.2%	$1,236,214
Liabilities					
Current and other liabilities	$173,187	$147,678	$25,509	17.3%	$141,186
Net position:					
Net investment in capital assets	$818,530	$542,495	$276,035	50.9%	$481,358
Restricted				100%	$233,525
Unrestricted	$410,717	$296,073	$114,644	38.7%	$380,145
Total net position	$1,229,247	$838,568	$390,679	46.6%	$1,095,028

MAWC's total assets have increased by $416,188 (or 42%) from $986,246 in 2022 to $1,402,434 in 2023. This increase is due to current and other assets increasing by $140,153 (or 32%) from $443,751 in 2022 to $583,904 in 2023 and capital assets increasing by $276,035 (or 51%) from $542,495 in 2022 to $818,530 in 2023.

The increase in MAWC's current and other assets was primarily due to increase in cash of $69,580 (20%) from $349,225 in 2022 to $163,599 in 2023.

The increase in MAWC's capital assets was primarily due to current year capital acquisitions of $412,683 offset by current year depreciation of $136,648 in 2023. Capital asset acquisitions include the purchase of garbage truck in the amount of $357,744 funded by the U.S Department of Interior.

MAWC's liabilities have increased by $25,509 (or 17%) from $147,678 in 2022 to $173,187 in 2023. This increase was attributed to the increase in accounts payable of $41,701 (323%) from $12,919 in 2022 to $54,620 in 2023 offset by the decrease in payroll liabilities of $10,415 (or16%) from $66,272 in 2022 to $55,857 in 2023 and the decrease in payable to affiliates of $5,777(or 9%) from $67,311 in 2022 to $61,534 in 2023.

MAWC's total net position has increased by $390,679 (or 42%) from $838,568 in 2022 to $1,229,247 in 2023. This increase was due to the receipt of capital contributions in 2023 of $399,365 offset by the net loss incurred in 2023 of $8,686.

Change in Net Position

A summary of MAWC's Statements of Revenues, Expenses and Changes in Net Position is presented below:

Summary Statements of Revenues, Expenses and Changes in Net Position

Year Ended September 30

			$ Change	% Change	
	2023	2022	2023-2022	2023-2022	2021
Operating:					
Operating revenues	$871,808	$956,863	$(85,055)	(8.9%)	$1,006,279

Operating expenses	$1,657,250	$1,942,806	$285,556	(14%)	$1,781,960
Operating loss	($758,442)	($985,943)	$200,501	(20.3%)	($775,681)
Nonoperating:					
Nonoperating revenues	$776,756	$708,506	$68,250	9.6%	$965,393
	($8,686)	($277,437)	$268,751	(96.9%)	$189,712
Capital contributions	$399,365	$20,977	$378,388	1803.8%	$283,927
Change in net position	$390,679	$(256,460)	$647,139	(252.3%)	$473,639

MAWC's operating revenues decreased by $85,055 (or9%) from $956,863 in 2022 to $871,808 in 2023 whilst operating expenses decreased by $285,556(or15%) from $1,942,806 in 2022 to $1,657,250 in 2023. Nonoperating revenues, which represents subsidy contributions from RepMar, increased by $68,250 (or 10%) from $708,506 in 2022 to $776,756 in 2023. Capital contributions, which primarily represents donations of capital assets from Asian Development Bank and United States Department of Interior, increased by $378,388 (or 1,804%) from $20,977 in 2022 to $399,365 in 2023.

The decreased in operating revenues was attributed primarily to a decrease in other recycling revenues of $46,137 (or37%) from $123,582 in 2022 to $77,445 in 2023; a decrease in recycling fund revenues of $28,246 (or4%) from $753,027 in 2022 to $724,781 in 2023; and a decrease in waste collection revenues of $12,011 (14%) from $84,650 in 2022 to $72,639 in 2023. The decrease in operating expenses was attributed primarily to the decrease in recycling expenses of $33,578 (or5%) from $680,515 in 2022 to $646,937 in 2023; payroll expense of $33,578 (or 4%) from $663,515 in 2022 to $636,698 in 2023; seawall expense of $69,862 (or

98%) from $71,549 in 2022 to $1,687 in 2023; waste collection expense of $144,455(100%) from $144,455 in 2022 to $0 in 2023; repairs and maintenance of $7,734 (or 16%) from $47,703 in 2022 to $39,969 in 2023; utilities and communications expense of $5,203 (or58%) from $9,042 in 2022 to $14,245 in 2023; lease expenses of $955 (or 24%) from $4,000 in 2022 to $3,045 in 2023; insurance expense of $464 (or 10%) from $4,820 in 2022 to $4,356 in 2023; professional and contractual services expense of $4,000 (100%) from $4,000 in 2022 to $0 in 2023; financial assistance of $11,750 (or 100%) in 2022 to $0 in 2023; and uniform expense of $35,920(or 91%) from $39,500 in 2022 to $3,580 in 2023. These decreases in operating expenses were offset by the increase in fuel expense of $3,093 (or 4%) from $75,302 in 2022 to $78,396 in 2023; office supplies expense of $7,195 (or 39%) from $18,293 in 2022 to $25,488 in 2023; taxes and licenses expense of $22,149(or 405%) from $5,467 in 2022 to $27,616 in 2023; meeting and entertainment expense of $5,920 (or 52% from $11,445 in 2022 to $17,365 in 2023; and miscellaneous expense of $4,498 (or 33%) from $14,801 in 2022 to $19,749 in 2023.

Capital Assets and long –term Debt

As of September 30, 2023, MAWC has investments in capital assets, net of accumulated depreciation of $818,530, an increase of $276,035 (or 51%) from 2022. This increase is the result of current year depreciation expense amounting to $136,648 offset by current year additions to depreciable capital assets amounting to $412,683. The capital asset additions in FY2023 pertain to waste collection equipment and office equipment.

A summary of MAWC's capital assets is presented below:

Summary Schedules of Capital Assets

As of September 30

			$ Change	% Change	
	2023	2022	2023-2022	2023-2022	2021
Office equipment	$43,803	$36,401	$7,402	20.3%	$26,299
Recycling equipment	503,822	503,822	---	0%	503,822
Truck and heavy equipment	501,570	501,570	---	0%	442,203
Buildings & other structures	29,694	29,694	---	0%	29,694
Recycling Center	185,684	185,684	---	0%	185,684
Waste Collection equipment	938,880	533,599	405,281	76%	405,828
	2,203,453	1,790,770	412,683	23%	1,539,530
Accumulated depreciation	(1,384,923)	(1,248,275)	(136,648)	10.9%	(1,112,172)
	818,530	542,495	276,035	50.9%	481,358

Economic Factors and Next Year Budget and Rates (Fiscal year 2024)

Fiscal Year 2023 Budget

MAWC received a $776,756 financial subsidy from RepMar's General Fund and generated a total operating revenues of $871,808, which was lower than anticipated revenues of $1,006,284. The decrease in operating revenues is primarily caused by the decrease from CDL and recycling.

Fiscal Year 2024 Budget

MAWC operational funding for FY2024 from RepMar's General Fund will no longer continue. MAWC will now be under a new agreement with the RMI government through a Community Service Obligation (CSO) amounting to $987,086 plus anticipated grants and operating revenues of $792,434 with the total operating revenue of $1,799,520 that aim to attain the following four outputs/goals;

1. All residential and commercial solid waste in Majuro service areas successfully collected in bins, bags or as bulk materials, and hauled to landfill for segregation, recycling or disposal.
2. All segregated, non –recyclable waste from Majuro service areas effectively disposed of in semi-sanitary landfill.
3. All segregated, non-recyclable waste from Majuro service areas processed for local reuse or exportation.
4. MAWC's operations and development guided by effective strategic plans and governance of Board of Directors with manager.

MAWC will continue to develop and implement strategic and annual action plans, build revenue towards sustainable financing and more independent operations as a befit a state-owned enterprise.

Statements of Net Position

	September 30	
Assets	2023	2022
Current assets:		
Cash	$ 418,805	$ 349,225
Receivable		
Trade	$ 88,846	$ 78,537

Due from RepMar	$ 86,202	$ 57,625
Affiliates	$ 50,270	$ 53,617
Due from federal grants	$ 39,346	$ -
	$ 264,664	$ 189,779
Less allowance for doubtful accounts	$ (101,065)	$ (96,753)
Receivables, net	$ 163,599	$ 93,026
Other current assets	$ 1,500	$ 1,500
Total current assets	$ 583,904	$ 443,751
Capital assets, net of accumulated depreciation	$ 818,530	$ 54,249
	$ 1,402,434	$ 986,246
Liabilities and Net Position		
Current liabilities		
Account Payable	$ 54,620	$ 12,919
Payroll liabilities	$ 55,857	$ 66,272
Other liabilities and accruals	$ 1,176	$ 1,176
Payable to affiliates	$ 61,534	$ 67,311
Total liabilities	$ 173,187	$ 147,678
Commitment and contigencies		
Net Position		
Net investment in capital assets	$ 818,530	$ 542,495
Unrestricted	$ 410,717	$ 296,073
Total net position	$ 1,229,247	$ 838,568
	$ 1,402,434	$ 986,246

Statement of Revenues, Expenses and Changes in Net Position

	Year Ended September 30 2023	2022
Operating revenues:		
Recyling fund revenues	$ 724,781	$ 753,028
Other recycling revenues	$ 77,445	$ 123,582
Waste collection	$ 72,639	$ 84,650
Other	$ 1,255	$ 94
Bad debt expense	$ (4,312)	$ (4,491)
Total Operating revenues	$ 871,808	$ 956,863

Operating expenses:		
Recycling	$ 646,937	$ 680,515
Payroll	$ 636,698	$ 663,515
Depreciation	$ 136,648	$ 136,103
Fuel	$ 78,396	$ 75,302
Repairs and maintenance	$ 39,969	$ 47,702
Taxes and license	$ 27,616	$ 5,466
Office supplies	$ 25,488	$ 18,294
Meetings and entertainment	$ 17,365	$ 11,446
Utilities and communication	$ 14,245	$ 9,042
Insurance	$ 4,356	$ 4,820
Uniforms	$ 3,580	$ 39,500
Leases	$ 3,045	$ 4,000
Seawall	$ 1,687	$ 71,549
Advertising	$ 1,472	$ 546
Waste collection expense	$ -	$ 144,455
Financial Assistance	$ -	$ 11,750
Professional and contractual services	$ -	$ 4,000
Miscellaneous	$ 19,748	$ 14,801
Total Operating expenses	$ 1,657,250	$ 1,942,806
Losss from operations	$ (785,442)	$ (985,943)
Nonoperating revenues:		
RepMar subsidy	$ 776,756	$ 708,506
Loss before capital contributions	$ (8,686)	$ (277,437)
Capital Contributions		
Republic of China	$ -	$ 12,664
Asian Development Bank	$ 40,621	$ 8,313
U.S Department of Interior	$ 358,744	$ -
	$ 399,365	20977
Change in net position	$ 390,679	$ (256,460)

Net position at beginning of year	$ 838,568	1095028
Net position end of year	$ 1,229,247	838568

Statement of Cash Flows

	Year Ended September 30 2023	2022
Cash flows from operating activities:		
Cash received from the Recycling fund	$ 696,204	$ 724,335
Cash received from customers	$ 144,377	$ 211,841
Cash payments to suppliers for goods & services	$ (847,980)	$(1,154,997)
Cash payments to employees for services	$ (647,113)	$ (672,673)
Net cash used in operating activities	$ (654,512)	$ (891,494)
Cash flows from noncapital financing activities:		
Operating subsidy received from RepMar	$ 776,756	$ 708,506
Cash flows from capital and related financing activities:		
Acquisitions of property and equipment	$ (372,062)	$ (64,781)
Capital contributions received	$ 319,398	$ -
Net cash used in capital and related financing activities	$ (52,664)	$ (64,781)
Net change in cash	$ 69,580	$ (247,769)
Cash at beginning of year	$ 349,225	$ 596,994
Cash end of year	$ 418,805	$ 349,225
Reconciliation of loss from operations to net cash used		
in operating activities:		
Loss from operations	$ (785,442)	$ (985,943)
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation	$ 136,648	$ 136,103
Bad debt expense	$ 4,312	$ 4,491
Change in assets and liabilities		
Receiveables:		
Trade	$ (10,309)	$ 9,581
Affiliates	$ (25,230)	$ (34,759)
Other assets	$ -	$ 2,541
Accounts payable	$ 41,701	$ (22,779)
Payroll liablities	$ (10,415)	$ 2,592

Payable to affiliates	$ (5,777)	$ (3,321)
Net cash used in operating activities	$ (654,512)	$ (891,494)
Noncash capital and related financing activities:		
Donation of capital assets		
Capital assets	$ (40,621)	$ (20,977)
Capital contributions	$ 40,621	$ 20,977
	$ -	$ -

Notes to Financial Statements

Years ended September 30,2023 and 2022

1) Organization

Majuro Atoll Waste Company(MAWC) was incorporated under the laws of the Republic of the Marshall Islands (RepMar) on January 30 2007 for the purpose of engaging in, but not limited to, the collection and disposal of solid waste on Majuro Atoll.

In accordance with Cabinet minute 205 (2020), the RepMar Cabinet authorized the transfer of the operational concerns and policy matters with respect to MAWC from the Ministry of Works, Infrastructure and Utilities to the Ministry of Environment.

MAWC is governed by a nine-member Board of Directors, which includes the Minister in Assistance to the President and Environment, the Secretary of the Ministry of Works, Infrastructure and Utilities, the Majuro Atoll Local Government Councilman on the Executive Committee responsible for solid waste management, and once member each respectively nominated by the Chamber of Commerce, the Tourism and Hospitality Community Association, the Office of Environmental Planning and Policy Coordinator, the Ministry of Health and Human Services, the National Environmental Protection Authority and the Ministry of Finance, Banking and Postal Services.

MAWC's financial statements are incorporated into the financial statements of RepMar as a component unit.

2) Summary of Significant Accounting Policies

The accounting policies of MAWC conform to accounting principles generally accepted in the United States of America (GAAP), as applicable to government entities, specially propriety funds.

GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and local Governments,* as amended by GASB statement No. 37, *Basic Financial Statements — and Management's Discussion and Analysis — for State and local Governments: Omnibus,* GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB Statement No. 61, *The financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and 34,* establish financial reporting standards for governmental entities, which require management 's discussion and analysis of the financial activities be included with the basic financial statements and notes and modifies certain other financial statement disclosure requirements including the requirement that resources be classified for accounting and reporting purposes into the following three net position categories:

- Net investment in capital assets — capital assets, net of accumulated depreciation and related debt, plus construction or improvement of those assets.
- Unrestricted — net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use for the same purpose, it is MAWC's policy to use unrestricted resources first, then restricted resources as they are needed.

Basis of Accounting

Propriety funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets are deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the fund are included in the statement of net position. Propriety fund operating statements present increases and decreases in net position. The accrual basis of accounting is utilized by propriety funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash

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

For purpose of the statements of net position and cash flows, cash is defined as cash on hand and cash held in demand and saving accounts. As of September 30, 2023 and 2022, the carrying amount of cash was $418,805 and $349,255, respectively, and the corresponding bank balance was $417,818 and $364,759 respectively which is maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance.

As of September 30, 2023 and 2022, bank deposits in the amount of $250,000 were FDIC insured. MAWC does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodian credit risk.

Receivables

All receivables are due from government agencies, businesses and individuals located within the Republic of the Marshall Islands and are interest free and uncollateralized. The allowance for uncollectible accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectable based on evaluations of the collectability of these accounts and prior collection experience.

Management determines the adequacy of the allowance for uncollectible accounts based upon review of the aged accounts receivable. The allowance is established through a provision for bad debts charged to expense. Bad debts are written off against the allowance on the specific identification method.

Property and Equipment

MAWC generally capitalizes individual items with a cost that equals or exceeds $250 and has estimated useful life of more than one year. Property and equipment is recorded at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives of these assets are as follows;

	Estimated Useful Lives
Recylcing equipment	5-10 years
Truck and heavy equipment	5-10 years
Waste collection equipment	5-10 years
Recycle equipment	10 years
Office equipment	3 years
Waste segregation structure	10 years
Building improvements	5 years

Deferred Outflows of Resources

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

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick benefits. As of September 30. 2023 and 2022, the accumulated vacation leave liability amounted to $17,863 and $18,736 respectively, and is included within the statements of net position as payroll liabilities.

Deferred Inflows of Resources

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

Revenue Recognition

MAWC considers recycling and waste collection revenues and costs directly related to such revenues to be operating revenues and expenses. Revenues and expenses related to financing and other activities are reflected as nonoperating. Capital grants, financing and investing related transactions are reported as non-operating revenues. Revenue is recognized on the accrual basis and is recorded upon billing when services have been completed. All expenses to operating MAWC are reported as operating expenses.

Recently Adopted Accounting Pronouncements

In 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* which postponed the effective dates of GASB Statement No. 84,89,90,91,92 and 93 by one year and GASB Statement No. 95 is encouraged and is permitted to the extend specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, MAWC's management has elected to postpone implementation of these statements. During the year ended September 30,2023, MAWC implemented the following pronouncements:

- GASB Statement No. 91, *Conduit Debt Obligations,* which clarifies the existing definition of a conduct debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosure.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* which improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements.
- GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements,* which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

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

Upon Accounting Pronouncements

In April 2022, GASB issued Statement No. 99, *Omnibus 2022.* This statement contains guidance whose effective dates are in future periods. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No.99:

1) Modifies guidance in GASB Statement No.70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* to bring all guarantees under the same financial reporting requirements and disclosures effective for fiscal year ending September 30,2024.
2) Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* effective for fiscal year ending September 30,2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections — An Amendment of GASB Statement No. 62.* This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections and requires that (a) changes (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by principles apply to the implementation of a new pronouncement if there is no specific transition adjustments to, and restatements of, beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB statement No. 100 will be effective for fiscal year ending September 30,2024.

In June 2020, GASB issued Statement No.101, *Compensated Absences.* The primary objective of the Statement is to better meet 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. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No.101 will be effective for fiscal year ending September 30, 2024.

Taxes

Corporate profits are not subject to income tax in the Marshall Islands. Instead, RepMar imposes a gross receipt tax (GRT) of 3% on revenues. MAWC is specifically exempt from this tax.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the

financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3) Capital Assets

Capital asset activities for the years ended September 30,2023 and 2022, were as follows:

2023				
	October 1 2022	Additions	Transfers & Disposals	Sept. 30,2023
Recylcing equipment	$ 503,822	$ -	$ -	$ 503,822
Truck and heavy equipment	$ 501,570	$ -	$ -	$ 501,570
Waste Collection equipment	$ 533,599	$ 405,281	$ -	$ 938,880
Recyle center	$ 185,684	$ -	$ -	$ 185,684
Office equipment	$ 36,401	$ 7,402	$ -	$ 43,803
Waste segregation structure	$ 16,223	$ -	$ -	$ 16,223
Building improvements	$ 13,471	$ -	$ -	$ 13,471
	$ 1,790,770	$ 412,683	$ -	$ 2,203,453
Less accumulated depreciation	$(1,248,275)	$(136,648)	$ -	$(1,384,923)
	$ 542,495	$ 276,035	$ -	$ 818,530
2022				
	October 1 2022	Additions	Transfers & Disposals	Sept. 30,2023
Recylcing equipment	$ 503,822	$ -	$ -	$ 503,822
Truck and heavy equipment	$ 442,203	$ 59,367	$ -	$ 501,570
Waste Collection equipment	$ 405,828	$ 127,771	$	$ 533,599

			-	
Recyle center	$ 185,684	$ -	$ -	$ 185,684
Office equipment	$ 26,299	$ 10,102	$ -	$ 36,401
Waste segregation structure	$ 16,223	$ -	$ -	$ 16,223
Building improvements	$ 13,471	$ -	$ -	$ 13,471
	$ 1,593,530	$ 197,240	$ -	$ 1,790,770
Less accumulated depreciation	$(1,112,172)	$(136,103)	$ -	$(1,248,275)
	$ 481,358	$ 61,137	$ -	$ 542,495

During the year ended September 30,2023, MAWC was the recipient of a grant from the U.S Department of Interior for the purchase of a garbage pickup truck in the amount of $358,744. MAWC has recorded a receivable from the grantor as of September 30,2023 in the amount of $39,346 associated with the grant award.

During the year ended September 30, 2023, MAWC was the recipient of a donated Drone equipment from the Asian Development Bank (ADB) in the amount of $40,621. During the year ended September 30,2022, MAWC was the recipient of donated heavy equipment from the Republic of China in the amount of $12,664 and donated office equipment from the ADB in the amount of $8,313.

4) Related Party Transactions

MAWC is a component unit of RepMar and is therefore affiliated with all RepMar–owned and affiliated entities, including the RMI Environmental Protection Authority. MAWC utilizes services from certain affiliated entities at substantially the same terms and conditions as those incurred from third parties. A summary of related

party transactions as of the years ended September 30,2023 and 2022 are as follows:

2023				
	Revenues	Expenses	Receivable	Payable
Marshall Energy Company, Inc	$ 465	$ 56,555	$ 571	$ 869
Marshall Islands Social Security Adminstration	$ 10	$ 58,955	$ 475	$ 26,827
College of the Marshall Islands	$ 1,599	$ -	$ 2,807	$ -
Marshall Islands National Telecommunication Authority	$ 369	$ 1,809	$ 260	$ 140
RepMar	$ 4,692	$ 28,063	$ 34,633	$ 33,698
Other	$ 10,390	$ 3,666	$ 11,524	$ -
	$ 17,525	$ 149,048	$ 50,270	$ 61,534
2022				
	Revenues	Expenses	Receivable	Payable
Marshall Energy Company, Inc	$ 959	$ 64,503	$ 787	$ 420
Marshall Islands Social Security Adminstration	$ 117	$ 64,014	$ 465	$ 31,079
College of the Marshall Islands	$ 2,110	$ -	$ 1,614	$ -
Marshall Islands National Telecommunication Authority	$ 350	$ 1,679	$ 200	$ 280
RepMar	$ 8,872	$ 5,032	$ 39,360	$ 35,532
Other	$ 10,242	$ 2,800	$ 11,191	$ -
	$ 22,650	$ 138,028	$ 53,617	$ 67,311

In accordance with the Styrofoam Cups and Plates, and Plastic Products Prohibition and Container Deposit Act 2016, RepMar established a Recycling Program for the purpose of creating a self-supported, safe and efficient system of disposal of recyclable beverage containers in the Marshall Islands. A deposit fee is levied on each deposit beverage container manufactured in or imported into the Marshall Islands, which fees are deposited into the Recycling Fund maintained by the Ministry of Finance, Banking and Postal Services. Payments are made from the Recycling Fund to compensate redemption centers at which empty beverage

containers maybe returned for a payment in return of 5 cents per item. MAWC has entered into an agreement with the RMI Environmental Protection Authority whereby MAWC has agreed to act as a collection and processing center for empty beverage containers. In return, MAWC shall be paid 6 cents per item from the Recycling Fund. During the years ended September 30,2023 and 2022, MAWC received distributions of $724,781, and $753,028, respectively, from the Recycling Fund. MAWC has recorded a receivable from RepMar as of September 30,2023 and 2022 of $86,202 and $57,625, respectively, associated with the Recycling Fund.

During the years ended September 30,2023 and 2022, the operations of MAWC were funded by appropriations from the Nitijela of RepMar as follows

General Fund:		2023	2022
Operating subsidy	$	776,756	$ 696,756
COVID financial assistance	$	-	$ 11,750
	$	776,756	$ 708,506

5) Contingencies

Dependency on the Government of the Republic of the Marshall Islands (RepMar)

The accompanying financial statements have been prepared in accordance with GAAP, which contemplates the continuation of MAWC as a going concern. MAWC sustained substantial operating losses during the years ended September 30,2023 and 2022 of $785,442 and $985,943 respectively. Management acknowledges that it is currently dependent on RepMar for cash funding to maintain MAWC as a going concern. Effective October 1 2023, MAWC executed a three-year community service obligation (CSO) agreement with RepMar to provide residential waste

collection and disposal services. Management believes that the initiation of this CSO agreement will reduce MAWC's dependency on RepMar for future operating subsidies.

Federal Grants

MAWC participates in several U.S Department of Interior grants. These programs are subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. Questioned costs of $903,552 were identified in 2019 for which related Single Audit Reports were issued prior year. This ultimate disposition of the questioned costs can be determined only by the final action of the grantor agency. Therefore, no provision for any liability that may result upon resolution of this matter has been made in the accompanying financial statements.

6) Employee Retirement Plan

MAWC has implemented a defined contribution retirement savings plan (the Plan) for its employees who have completed at least three (3) months of service. Plan participants may either contribute a minimum of $3 up to 5% of their gross salaries or up to the amount of the plan participant's specified contribution to be matched 100% by MAWC whichever is lower of the amounts. Withdrawal from the Plan occurs upon termination of employment, retirement at the age of 65, permanent disability or death. Plan assets are held in a trust fund administered by a trustee in accordance with the trust agreement. Management has the authority to establish or amend Plan provisions and contributions requirements. During the years ended September 30,2023 and 2022, MAWC contributed $12,015 and $13,365, respectively, to Plan participant accounts. As of September 30,2023 and 2022, total Plan assets were $49,445 and $28,042, respectively.

3.3 Significant issues impacting on the business during the year and any such issues arising that may impact on the business in future years.

Main challenge faced by the Majuro Atoll Waste Company operational work in delivering the waste collection services and waste disposal is the mountain of trash growing daily at the current dump. The height of the mountain have reached 17m above ground level in 2017 according to reports from the waste audit 2021. 2017 survey reports shows 34.7 tons is collected daily. There is need for a new area of disposal as it is evident from the current situation. Furthermore, MAWC's financial position is limited to implement operational activities and address issues successfully.

Despite the challenges, MAWC have been working continuously to provide and deliver the waste collection services and waste disposal to our community. MAWC's operational work is funded through the Government and operational revenue. Other source of funding is through donor partners and in kind contributions from collaborative work with the community.

Fiscal year 2024 have been challenging, however with team work effort from the staff and management, MAWC was able to address issues identified under the Solid Waste Management Plan, there is still room for improvement; Summary below of work in progress:

1. **Proper final disposal is a critical component of sustainable Solid Waste Management(SWM)**. The need to address the mountain trash led to the seawall construction of the lagoon site to lessen the burden on the current dump on daily basis.

- 500 linear feet seawall constructed
- In-house work by Ministry of Works, Infrastructure and Utility
- Estimated to be around 60,000 cubic meters

- The lagoon site is now closed since October 2024.
- New landfill area was proposed in 2024 at the Mobile tank farm area at Delap from the Mobile tank farm to the bridge. Design and cost estimate was done by the Ministry of Works, Infrastructure and Utility. Due to the dire urgency of the current situation, MAWC submitted the proposal area to Cabinet as advised by the Board of Directors as the area is public land. Working with the Ministry of WIU, a design was developed with cost estimates. See below;

1. Total volume for all cells = 80,500cy

2. Total linear feet of concrete seawall = 3250ft

3. Cost/linear feet of seawall = $1000

4. Total concrete seawall cost = $3.25m

5. Revetment relocation cost + backfill+road access= $1.50m

Total estimated cost = $4.75 m

Cabinet approved on June 2024 for financial support of $6million of which $2m is available in the Compact Infrastructure fund to MAWC to implement the request. Inclusion on the proposal was another residential garbage truck and dump truck total cost of $6m. There are changes to the plan and MAWC have identified a new site from Riwut to CMI.

- Asian Development Bank (ADB) is working closely with MAWC under the Urban Project improving the situation at the current landfill. Activities are; waste recovery,waste incineration, dumpsite remediation and on-going disposal arrangements, waste collection, organizational development

2. **Waste reduction and recycling** – Waste audit have been conducted by JICA and SPREP year 2017, 2021 and 2023. Table below shows brief comparison summary of large waste generation composition to provide information. Detail report information are available under MAWC Solid Waste Management Plan, Waste Audit report 2021 &2023 by SPREP. ((https://library.sprep.org/sites/default/files/2023-09/RMI-National-Waste-Audit-Analysis.pdf).((https://pacwasteplus.org/wp-content/uploads/2022/02/RMI-Waste-Audit-Report_FINAL-1.pdf)

Waste composition of landfill Waste Audit Report					
2017 (SWM-Plan)		2021(waste audit report by SPREP)		2023 (waste audit report by SPREP)	
Green waste	30.78%	Paper/Cardboard	19%	Paper/Cardboard	21.25%
Paper/Cardboard	20.54%	Plastic	18.2%	Plastic	20.29%
Plastics	15.82%	Metals	11.6%	Single use	12.91%
Metals	9.58%	Singe use items	13%	Metals	11.93%
Disposal Diaper	9.5%	Hygiene	10.7	Hygiene	11.79%
		Green waste	9.5%	Greenwaste	8%

- Projects under the PacWaste Plus through SPREP and is currently on-going and targeting green-waste, paper/cardboard, also strengthening public

awareness programs and upgrade laura compost facility. Equipment under the project, mobile wood chipper, heavy duty shredder, paper/cardboard briquettor, electronic forklift and cardboard collection cages.

- Continue to implement and monitor the Container Deposit Legislation (CDL) program that started in late 2018.

Year	Aluminum Cans	Pet Bottle	Glass	Total	6cent	5cent
2018	905540	545310	11752	1462602	$87,756.12	$73,130.10
2019	9340317	6492529	155743	15988589	$959,315.34	$799,429.45
2020	7807113	5098659	76551	12982323	$778,939.38	$649,116.15
2021	7940344	5287751	42181	13270276	$796,216.56	$673,769.65
2022	7,191,532	5,313,588	45,343	12,550,463	$753,027.78	$627,523.15
2023	6,930,258	5,103,135	49,668	12,083,061	$724,983.66	$604,153.05
2024	6,514,748	4,798,990	56,815	11,370,553	$682,233.18	$568,527.65
Total	**46,629,852**	**32,639,962**	**438,053**	**79,707,867**	**$4,782,472**	**$3,995,649**

Other recycling materials process at the current dump site is the batteries. MAWC is exporting the aluminum cans from the CDL program as well as the batteries to Korea, Busan. PETs plastic as seen from the table above on waste composition is still a challenge. MAWC continues to explore export venues for these materials. Currently MAWC is working with the JPRISM team on this.

- Compost processing greenwaste have been successful in Laura. Table above on waste composition clearly shows the decrease in percentage over the years.

3. **Improvement of collection service.** Equipment were aging; collection garbage trucks, landfill equipment, residential and commercial garbage bins, limited proper tools for preventive and maintenance of equipment. MAWC was able to

secure funding from the U.S MAP–DOI and the Japan Grant's aid to replace the aging equipment for operation and garbage bins for both residence and commercial for collection services improvement. Additionally, PPEs for the staff safety and equipment tools to better maintenance of equipment.

No	Item	Description
1	Collection Fleet	40 cubic yard garbage truck (U.S MAP-DOI), 1 crane truck, 2-medium duty truck, 1 garbage truck (20cubic yard) from the Japan Grant's aid
2	Landfill	Wheel loader & Excavator (Japan Grant's Aid)
3	Residence garbage bins	920 (Japan Counter Part fund). 300 (U.S MAP-DOI). 400 (CSO)
4	Business garbage bins	60 (Japan Counter Part fund). 60(U.S MAP-DOI)
5	Tools/PPEs	Japan Grant's Aid & U.S MAP-DOI

4. **Careful consideration on the applicability of new technologies**. Exploring areas on Waste to energy and incineration.

4 AUDITED FINANCIAL STATEMENTS

RMI SOEs should follow required practices, which are currently to adopt accounting policies in conformity to accounting principles generally accepted in the United States of America (US GAAP), as applicable to governmental entities, specifically proprietary funds.

Figures are unaudtied.

MAJURO ATOLL WASTE COMPANY			
FINANCIALS FOR FY 2024-TENTATIVE/UNAUDITED			

	ACTUAL	BUDGET	VARIANCE
	FY 2024 UNAUDITED	FY 2024	
Operating revenues:			
Sales-Waste Collection	$79,705	$84,650	$(4,945)
CSO INCOME	$897,756	$987,086	$(89,330)
Sales-Recycling income	$679,680	$707,574	$(27,894)
Sales-Miscellaneous	$534	$210	$324
Total operating revenues	$1,657,675	$1,779,520	$(121,845)
Less provision for doubtful accounts		$-	$-
Total net operating revenues	$1,657,675	$1,779,520	$(121,845)
Operating expenses:			
Payroll	$619,693	$786,100	$(166,407)
Depreciation	$195,139	$166,547	$28,592
Trash bins	$27,595	$50,700	$(23,105)
Fuel	$88,586	$70,798	$17,788
Waste collection	$-	$-	$-
Recycling	$592,647	$549,904	$42,742
Office supplies	$27,309	$20,000	$7,309
Utilities and communication	$15,655	$15,000	$655
Equipment and facility Repairs and maintenance	$54,217	$49,000	$5,217
Professional and contractual services	$-	$-	$-
Meeting s and	$22,965	$15,000	$7,965

entertainment			
Taxes and licenses	$24,875	$7,706	$17,169
Leases	$2,667	$4,000	$(1,333)
Composting	$-	$4,000	$(4,000)
Seawall	$-	$-	$-
Contingencies	$-	$5,000	$(5,000)
Insurance	$8,873	$5,689	$3,184
Advertising	$1,623	$1,500	$123
Travel	$14,956	$5,000	$9,956
Training & Workshop	$3,852	$5,052	$(1,200)
PPE & Tools	$34,840	$5,000	$29,840
Sitting fee	$5,000	$12,600	$(7,600)
Miscellaneous	$9,819	$5,000	$4,819
Total operating expenses	$1,750,310	$1,783,596	$(33,286)
Operating loss	$(92,636)	$(4,076)	$(88,559)
Nonoperating revenues (expenses):			$-
Contributions from RepMar			$-
Other Grants and contribution			$-
Required Additional Fund			$-
Other Income		$-	$-
Total Nonoperating revenues, net	$-	$-	$-
Income (loss) before capital contributions	$(92,636)	$(4,076)	$(88,559)

Capital contributions:			$-
European Union	$60,418	$-	$60,418
MAP	$243,707	$-	$243,707
Government of Japan	$882,375	$973,454	$(91,079)
Total capital contributions	$1,186,500	$973,454	$213,046
Change in net position	$1,093,864	$969,377	$124,487
Net position at beginning of year	$1,229,247	$746,232	$483,015
Net position at end of year	$2,323,111	$1,715,609	$607,502
			$-
	ACTUAL	BUDGET	VARIANCE
	FY 2024 UNAUDITED	FY 2024	
Assets:			
Current assets:			$-
Cash	$422,602	$417,900	$4,702
Receivables, net	$209,983	$54,996	$154,987
Prepayments	$-	-	$-
Other current assets	$161,364	$4,041	$157,323
Total current assets	$793,950	$476,937	$317,013
Noncurrent assets:			$-
Deposit on acquisition of capital assets	-	-	
Capital assets:			$-
Non depreciable	$-	$-	$-

Other capital assets, net of accumulated depr.	$1,619,590	$1,343,257	$276,333
Total noncurrent assets	$1,619,590	$1,343,257	$276,333
Total assets	$2,413,540	$1,820,194	$593,346
Liabilities and Net Position			$-
Liabilities:			
Loan payable	-	-	
Payable to affiliates	$29,951	35,066	$(5,115)
Accounts payable	$52,737	10,000	$42,737
Payroll liabilities	$6,566	58,342	$(51,776)
Payable to employees	-	-	
Other current liabilities	$1,176	$1,176	$-
Total liabilities	$90,430	$104,584	$(14,154)
Net position:			
Net investment in capital assets	$1,619,590	$1,343,257	$276,333
Restricted	$-	$-	$-
Unrestricted	$703,520	$372,353	$331,167
Total net position	$2,323,110	$1,715,610	$607,500
Total liabilities and net position	$2,413,540	$1,820,194	$593,346
	ACTUAL	BUDGET	VARIANCE
	FY 2024	FY 2024	

	UNAUDITED		
Cash flows from operating activities:			$-
Cash received from Recycling fund	$679,680	$622,794	$56,886
Cash received from Customers	$977,995	$1,163,086	$(185,091)
Cash payments to suppliers for goods and services	$(1,130,617)	$(859,665)	$(270,952)
Cash payments to employees for services	$(619,693)	$(786,100)	$166,407
Net cash used in operating activities	$(92,636)	$140,115	$(232,751)
Cash flows from noncapital financing activities:			$-
Operating subsidy received from RepMar	$-		$-
Cash flows from capital and related financing activities:			$-
Acquisition of capital assets	$(1,523,157)	$(1,095,004)	$(428,153)
Deposit on Acquisition of capital assets	$-		$-
Capital grants received	$1,619,590	$973,454	$646,137
Net cash used in capital and related financing activities	$96,433	$(121,551)	$217,984
Net change in cash	$3,797	$18,565	$(14,767)
Cash at beginning of year	$418,805	$399,335	$19,470
Cash at end of year	$422,602	$417,900	$4,703

5 DIRECTORS DECLARATION

Majuro Atoll Waste Company

DIRECTORS' STATEMENT AND DECLARATION

The Directors present the following statement and declaration in support of the financial statements of Majuro Atoll Waste Company for the year ended 30 September 2024 and in compliance with the State-owned Enterprise Act, section 632 (2) (c).

1 DIRECTORS

The following were directors of Majuro Atoll Waste Company at any time during the financial year and up to the date of this report:

Appointed

1. Minister Thomas Heine – Chairman
2. Moriana Phillips – Vice Chair
3. Margaret Langley Bigler – Secretary
4. Kenneth Kramer – member
5. Jina David – Member
6. Jefferson Barton – member
7. Nicodemus Anuntak – member

2 DECLARATION

The board of directors has prepared and reviewed the financial statements consisting of a balance sheet (statement of net position) a profit and loss statement (statement of Revenues, Expenses and Changes in Net Position) and other financial statements for the year and notes to the financial statements, as required by and consistent with applicable accounting

standards. Audit Financial FY24 in progress.

In the opinion of the board of directors:

- There are reasonable grounds to believe that the RMI Majuro Atoll Waste Company will be able to pay their debts as and when they become due and payable·
- The financial statement and notes are in accordance with the State-owned Enterprise Act, 2015 (as amended).

3 CHANGES IN AFFAIRS

In the opinion of the board of directors, there have been no significant changes in the affairs of Majuro Atoll Waste Company during the financial year or any matter or circumstance since the end of the financial year that may significantly affect Majuro Atoll Waste Company operations in future financial years.

For and on behalf of the Board of Directors by authority of a resolution of the Directors.

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Director Director

6 RECONCILIATION – PERFORMANCE TO PLAN

6.1 Table of Key Results Plan to Actual

Note: The following listed items are indicative only

MAJURO ATOLL WASTE COMPANY
PLEASE NOTE THAT FIGURES ARE UNAUDITED

ITEM	BUDGET	ACTUAL	EXPLANATION
Operating revenue	$1,779,520	$1,657,675	
Operating expenses	$1,783,596	$1,750,310	
Operating (loss)income	$(4,076)	$(92,636)	Increase on anticipated loss for the year was caused by decrease in operating revenue specifically recycling revenues
Capital contributions	$973,454	$1,186,500	More grants was awarded to mawc specifically equipments from japan
Change in net position after capital contribution	$969,377	$1,093,864	
Net position at beginning of year	$746,232	$1,229,247	
Net position at end of year	$1,715,609	$2,323,111	Increase in the change in net position was caused by increase in the capital contributions
Current assets	$476,937	$793,950	Increase is due to increase in receivable and other assets receivebale increase is caused by a receivable from mof for cso and cdl
Non current assets	$1,343,257	$1,619,590	Increase caused by new equipments
Total assets	$1,820,194	$2,413,540	Sum of increases in current and non current assets
Current liabilities	$104,584	$90,430	
Non current liabilities	0	0	
Total liabilities	$104,584	$90,430	

Total net position	$1,715,609	$2,323,111	Increase associated with increase in capital contributions
Total liabilities and net position	$1,820,194	$2,413,540	
Cash flows from operating activities:			
Cash received from recycling fund	$622,794	$679,680	
Cash received from customers	$1,163,086	$977,995	
Cash payments to suppliers for goods and services	$(859,665)	$(1,130,617)	
Cash payments to employees for services	$(786,100)	$(619,693)	
Net cash used in operating activities	$140,115	$(92,636)	
Cash flows from noncapital financing activities:			
Operating subsidy received from repmar		$-	
Cash flows from capital and related financing activities:			
Acquisition of capital assets	$(1,095,004)	$(1,523,157)	Associated with the map grants tools and ppes
Deposit on acquisition of capital assets		$-	
Capital grants received	$973,454	$1,619,590	Associated with japan grant for equipments
Net cash used in capital and related financing activities	$(121,551)	$96,433	
Net change in cash	$18,565	$3,797	
Cash at beginning of year	$399,335	$418,805	

Cash at end of year	$417,900	$422,602	
Gross profit %	N/a	N/a	Mawc does not have cogs
Return on equity	56.50%	47.09%	
Return on total assets	53.26%	45.32%	
Current ratio	4.56	8.78	
Debt:Equity	0.06	0.04	
Total salary costs	$786,100	$619,693	Due to vacancies and employees attendance
Salary cost as % of revenue	44.17%	37.38%	
Total # of employees	44	41	

7 OTHER MATTERS

7.1 CSO Agreements

MAWC provided a fixed schedule which is as follows;

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Rairok	Uliga	Rita	Delap 1 (Small Island - Capital Building)	Delap 2 (K&K - Bridge)	Green Waste/Bulky & Blue Bag (Airport - Laura)

Performance table;

Month	Services Provided	Performance; Good & Service	Achievement

October to November 2023	Collection services from Rita to Airport, Monday to Saturdays	# of wheelie bins collected ➢ 3346 bins collected ➢ Based on the proposal $4.08/bin	Villages collected; 1. Rairok 2. Uliga 3. Rita 4. Delap 1 5. Delap 2
		Date of request submitted to MOF	Request for invoice delivery to MOF are monthly basis and are paid on time
		Amount received	➢ Based on $4.08/bins with total #bins - 3346 covering 9 weeks. ➢ $122,865.12
December 2023-September 2024	Collection services from Rita to Airport, Monday to Saturdays	# of wheelie bins collected ➢ Increase in #of bins to 4013	Villages collected; 1. Rairok 2. Uliga 3. Rita 4. Delap 1 5. Delap 2
		Date of request submitted to MOF	Request for invoice delivery to MOF are monthly basis and are paid on time
		Amount received	➢ Based on $4.08/bins with total #bins - 4013 covering 30 weeks. ➢ $70,4040.72 ➢ $50,700 budgeted under the proposal to increase #of bins.

Under the proposal Community Service Obligation (CSO), to ensure the service is provided successfully to villages from Airport to Rita – MAWC is to be either penalized for any delay or compensated for timely service of 10% from the MOF. The 10% is to be awarded for service based on evaluation provided by the SOE monitoring unit from Ministry of Finance.

7.2 Dividends – MAWC does not provide dividends

7.3 Other Information – No other matters