

SONSOROL STATE GOVERNMENT
(A State of the Republic of Palau)

Statements of Receipts and Disbursements
AND
Independent Auditors' Report

Years Ended September 30, 2019 and 2018



BURGER · COMER · MAGLIARI
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Nicolas Aquino
Governor
Sonsorol State Government:

Report on the Financial Statements

We have audited the accompanying statement of receipts and disbursements of the Sonsorol State Government (“the State”), a State Government of the Republic of Palau for years ended September 30, 2019 and 2018, and the related notes of the statements of receipts and disbursements.

Management’s Responsibility for the Statements of Receipts and Disbursements

Management is responsible for the preparation and fair presentation of these statements of receipts and disbursements in accordance with the receipts and disbursements basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statements of receipts and disbursements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the statements of receipts and disbursements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the statements of receipts and disbursements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statements of receipts and disbursements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the statements of receipts and disbursements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the statements of receipts and disbursements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statements of receipts and disbursements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statements receipts and disbursements referred to above present fairly, in all material respects, of the Sonoran State Government for the years ended September 30, 2019 and 2018, on the basis of accounting described in Note 2.

Emphasis of Matter - Basis of Accounting

As described in Note 2, these statements were prepared on the basis of receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America

Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2023, on our consideration of State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering State's internal control over financial reporting and compliance.



April 12, 2023

SONSOROL STATE GOVERNMENT
(A State of the Republic of Palau)

Statements of Receipts and Disbursements
September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Receipts:		
Republic of Palau Block grant appropriations	\$ 372,000	\$ 342,000
Field trip fees	160,000	130,400
Other grants	143,129	42,689
Republic of Palau - capital project appropriations	56,896	59,296
Green fees	50,431	-
Thafaas CRB Grant	22,696	22,500
Republic of Palau - municipal appropriations	-	73,187
Other revenues	<u>3,319</u>	<u>3,857</u>
Total receipts	<u>808,471</u>	<u>673,929</u>
Disbursements:		
Transportation	161,955	158,436
Municipalities	131,835	120,987
Executive Branch	125,908	112,403
Legislative Branch	66,041	60,029
Capital improvement projects	22,549	79,670
Community programs	14,432	5,955
Other expenses	<u>3,448</u>	<u>-</u>
Total disbursements	<u>526,168</u>	<u>537,480</u>
Receipts in excess of disbursements	<u>\$ 282,303</u>	<u>\$ 136,449</u>

See accompanying notes to statements of receipts and disbursements.

**SONSOROL STATE GOVERNMENT
REPUBLIC OF PALAU**

Notes to Statements of Receipts and Disbursements
Years Ended September 30, 2019 and 2018

1. Organization

Sonsorol State is one of the sixteen (16) States of the Republic of Palau. The State is subdivided into four municipalities which correspond to the four individual islands comprising Dongosaro, Pulo Anna, Merir, and Fanna. The State's constitution was ratified on October 10, 1983, created the constitutional government of the State ofonsorol. The Constitution established the primary branches of government consisting of the Executive Branch (Office of the Governor), the Council of Chiefs and the Legislative Branch.

2. Basis of Accounting

The accompanying statements of receipts and disbursements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received in cash and disbursements are recognized when cash is disbursed.

3. Restricted cash

The State restricted cash at September 30, 2019 and 2018 totaled \$31,275 and \$32,443, respectively.