

AIRAI STATE GOVERNMENT

STATEMENTS OF RECEIPTS AND DISBURSEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2019 AND 2018

INDEPENDENT AUDITORS' REPORT

Honorable Norman Ngiratecheboet
Governor
Airai State Government:

Report on the Financial Statements

We have audited the accompanying statements of receipts and disbursements of the Airai State Government (the State) for the years ended December 31, 2019 and 2018, and the related notes to 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 cash receipts and disbursements basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 these 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statements of receipts and disbursements referred to above present fairly, in all material respects, the receipts and disbursements of the Airai State Government for the years ended December 31, 2019 and 2018, on the basis of accounting as described in note 1.

Emphasis of Matter

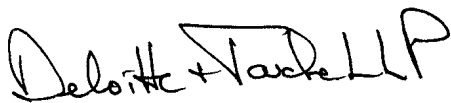
As described in note 1, these statements were prepared on the basis of receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Our opinion is not modified with respect to this matter.

Other Matter

Other Information

Our audits were conducted for the purpose of forming an opinion on the statements of receipts and disbursements of the State. The Statement of Budget, Receipts and Disbursements (pages 5 through 10) and the Schedule of Earmarked Projects, Capital Improvement Projects, Other Grants and Miscellaneous (page 11) for the year ended December 31, 2019 are presented for the purpose of additional analysis and are not a required part of the statements of receipts and disbursements. The Statement of Budget, Receipts and Disbursements and the Schedule of Earmarked Projects, Capital Improvement Projects, Other Grants and Miscellaneous are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statements of receipts and disbursements. Such information has been subjected to the auditing procedures applied in the audit of the statements of receipts and disbursements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statements of receipts and disbursements or to the statements of receipts and disbursements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Budget, Receipts and Disbursements and the Schedule of Earmarked Projects, Capital Improvement Projects, Other Grants and Miscellaneous are fairly stated, in all material respects, in relation to the statements of receipts and disbursements as a whole.



April 21, 2023

AIRAI STATE GOVERNMENT

Statements of Receipts and Disbursements Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Receipts:		
Republic of Palau block grant appropriation	\$ 558,343	\$ 771,614
Leasing	309,666	104,493
Other grants	101,000	96,521
Pristine Paradise Environmental	85,553	56,090
ABTC license fees	2,513	3,275
Other appropriations	6,500	1,000
Fishing rights fees	-	-
Other income	29,309	-
Other than lease	<u>140,292</u>	<u>142,468</u>
Total receipts	<u>1,233,176</u>	<u>1,175,461</u>
Disbursements:		
Office of the Governor	186,464	171,644
Legislative branch	184,075	201,956
Public works	165,457	84,731
Capital improvement projects	136,110	60,664
Health, sanitation, beautification and agriculture	119,971	119,298
Other community programs	119,918	105,202
Airai State Public Land Authority	100,444	85,609
State Treasury and Finance	92,544	115,368
Historical and cultural preservation	49,186	38,410
Youth and aging	28,273	10,012
Tourism	26,622	24,197
Airai State Planning Commission	14,583	16,063
Earmarked projects	2,428	140,133
Conservation and marine/coastal management	1,251	630
Other grants	-	1,000
Miscellaneous	<u>36,226</u>	<u>10,978</u>
Total disbursements	<u>1,263,552</u>	<u>1,185,895</u>
Receipts (less than) in excess of disbursements	<u>\$ (30,376)</u>	<u>\$ (10,434)</u>

See accompanying notes to statements of receipts and disbursements.

AIRAI STATE GOVERNMENT

Notes to Statements of Receipts and Disbursements
Years Ended December 31, 2019 and 2018

(1) Basis of Accounting

The accompanying statements of receipts and disbursements have been prepared on the cash basis of accounting. Receipts have been recognized when received in cash and disbursements have been recognized when cash is disbursed.

AIRAI STATE GOVERNMENT

Statement of Budget, Receipts and Disbursements Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance
Receipts:				
Republic of Palau block grant appropriation	\$ 683,000	\$ 683,000	\$ 558,344	\$ (124,656)
Local	151,500	151,500	455,841	304,341
Fund balance - unreserved	-	571,036	-	(571,036)
Palau Historical Preservation	-	4,000	4,000	-
Other grants	96,000	96,000	96,000	-
PPEF	-	40,000	85,553	45,553
Other revenue from ROP	-	1,500	4,013	2,513
ROP 25th Independence Day Organizing Committee	-	5,000	5,000	-
Total receipts	930,500	1,552,036	1,208,750	(343,286)
Disbursements:				
Executive Branch:				
Office of the Governor:				
Salaries and benefits:				
Gross salaries	57,522	55,769	53,301	2,468
Fringe benefits	8,636	8,636	8,262	374
Total salaries and benefits	66,158	64,405	61,563	2,842
Contractual services:				
Legal services	10,000	15,776	308	15,468
Environmental Assessment Fees	10,000	50,000	29,442	20,558
Total contractual services	20,000	65,776	29,750	36,026
Stipend and allowances:				
Stipend for Economic Development Task Force Members	1,500	3,980	-	3,980
COC allowances	9,000	8,625	7,375	1,250
COLA	19,500	19,500	14,950	4,550
Fringe benefits	525	525	285	240
Annual Leave Payout	-	2,173	2,173	-
Retirement Award	-	420	420	-
Total stipend and allowances	30,525	35,223	25,203	10,020
Operations:				
Governor's representation funds	3,000	11,650	13,608	(1,958)
Materials and supplies:				
Ink cartridges	1,375	2,750	288	2,462
Cleaning supplies	500	1,000	168	832
Office supplies	500	1,000	392	608
Petroleum for transportation	3,000	6,500	4,135	2,365
Utilities	10,237	17,852	14,443	3,409
Communications	6,961	9,331	9,107	224
Repairs and maintenance:				
Parts, supplies and services for office equipment	1,000	2,932	854	2,078
Parts, tires and services for vehicles	1,000	5,000	539	4,461
Office equipment:				
Refrigerator	399	677	677	-
Air conditioner	1,557	279	279	-
Water Dispenser	200	1,557	1,557	-
Microwave	80	240	240	-
Publicity/media	80	80	80	-
Travel	3,000	6,347	940	5,407
Annual audit - CY 2017	7,500	14,780	11,735	3,045
Airai Aces baseball team	3,000	10,000	1,000	9,000
Airai Aces baseball team	2,500	3,643	3,643	-
Airai Constitutional/Inauguration Day Program	5,000	5,884	5,884	-
Miscellaneous	350	503	503	-
Total operations	51,159	102,005	70,072	31,933
Total Office of the Governor	167,842	267,409	186,588	80,821
State Treasury and Finance:				
Salaries and benefits:				
Gross salaries	56,689	56,129	52,685	3,444
Fringe benefits	7,867	7,867	7,246	621
Total salaries and benefits	64,556	63,996	59,931	4,065

See Accompanying Independent Auditors' Report.

AIRAI STATE GOVERNMENT

Statement of Budget, Receipts and Disbursements, Continued Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance
Disbursements, continued:				
State Treasury and Finance, continued:				
Materials and supplies:				
Vehicle/motor plates	3,000	5,450	5,450	-
Ink/toner cartridges	3,000	6,000	3,820	2,180
Office supplies	2,437	5,000	3,179	1,821
Cleaning supplies	500	1,400	614	786
ASG and ROP flags	1,020	1,020	1,175	(155)
Property tags	100	100	-	100
Total material and supplies	10,057	18,970	14,238	4,732
Vehicle registration fees	3,270	3,270	1,270	2,000
Repairs and maintenance:				
Parts, supplies and services for office equipment	750	2,475	1,592	883
Parts, tires and services for vehicles	1,000	2,500	756	1,744
Total repairs and maintenance	1,750	4,975	2,348	2,627
Printing fees	2,500	4,200	1,650	2,550
Petroleum	2,000	4,500	1,642	2,858
Publicity and media	3,600	3,600	145	3,455
Equipment:				
Vehicle	4,350	4,550	4,550	-
Equipment	-	1,933	1,933	-
Water Dispenser & accessories	238	155	-	155
Vacuum	134	134	75	59
Total equipment	4,722	6,772	6,558	214
Bank charges	1,000	1,000	970	30
Travel	3,400	10,075	1,219	8,856
Communications	2,381	2,381	2,245	136
Miscellaneous	300	460	328	132
Total State Treasury and Finance	99,535	124,198	92,544	31,654
Airai State Public Land Authority:				
Salaries and benefits:				
Gross salaries	35,090	35,090	35,062	28
Fringe benefits	5,439	5,439	5,434	5
Total salaries and benefits	40,529	40,529	40,496	33
Contractual services:				
Legal fees	10,000	50,957	50,957	-
Survey service fee	800	109	-	109
Total contractual services	10,800	51,065	50,957	109
Stipend for ASPLA members	3,600	1,969	1,875	94
Repairs and maintenance:				
Parts, supplies and services for office equipment	500	523	90	433
Parts, tires and services for vehicles	500	790	591	199
Total repairs and maintenance	1,000	1,313	681	632
Petroleum	750	1,500	1,341	159
Materials and supplies:				
Ink/toner cartridges	650	1,300	1,293	7
Office supplies	500	1,000	687	313
Cleaning supplies	300	600	408	192
Total material and supplies	1,450	2,900	2,388	512

See Accompanying Independent Auditors' Report.

AIRAI STATE GOVERNMENT

Statement of Budget, Receipts and Disbursements, Continued Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance
Disbursements, continued:				
Public hearings and meeting expenses	1,000	1,483	1,571	(88)
Equipment:				
Printer	600	499	499	-
Total equipment	600	499	499	-
Miscellaneous	250	804	637	167
Total Airai State Public Land Authority	59,979	102,063	100,445	1,619
Tourism:				
Salaries and benefits:				
Gross salaries	11,302	11,302	11,214	88
Fringe benefits	1,752	1,752	1,738	14
Total salaries and benefits	13,054	13,054	12,952	102
Materials and supplies:				
Ink/toner cartridges	100	350	-	350
Office supplies	100	350	-	350
Cleaning supplies	100	100	-	100
Total material and supplies	300	800	-	800
Petroleum	500	1,752	1,181	571
Equipment, vehicle, furniture & others				
Desktop computer	-	885	-	885
Camera	-	800	669	131
External Drive	-	180	-	180
Total equipment, vehicle, furniture & others	-	1,865	669	1,196
Repairs and maintenance:				
Parts, supplies and services for office equipment	100	100	-	100
Parts, tires and services for vehicles	350	1,850	353	1,497
Total repairs and maintenance	450	1,950	353	1,597
Communications	2,645	2,645	2,281	364
Miscellaneous	200	500	270	230
Programs and activities:				
Market Night	2,000	6,248	6,248	-
Tourist permit	250	500	80	420
Signage	500	1,000	250	750
Tourist site maintenance	1,000	6,000	432	5,568
Materials & labor for stage	500	2,000	1,906	94
Eco-Green promotional items	300	2,000	-	2,000
Total program and activities	4,550	17,748	8,916	8,832
Total tourism	21,699	40,314	26,622	13,692
Youth and aging:				
Programs and activities:				
Senior Citizens' Day - May 5, 2019	6,500	6,500	5,671	829
Youth Day - March 15, 2019	4,000	4,000	2,141	1,859
Belau Games 20189	5,000	47,000	20,460	26,540
Total youth and aging	15,500	57,500	28,272	29,228
Health, sanitation, beautification and agriculture:				
Salaries and benefits:				
Gross salaries	59,345	65,833	57,080	8,753
Fringe benefits	9,198	10,341	8,846	1,495
Total salaries and benefits	68,543	76,175	65,926	10,249

See Accompanying Independent Auditors' Report.

AIRAI STATE GOVERNMENT

Statement of Budget, Receipts and Disbursements, Continued Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance
Disbursements, continued:				
Utilities for State facilities	10,000	42,503	29,354	13,149
Petroleum	2,750	6,725	7,198	(473)
Repairs and maintenance:				
Materials and labor for State facilities	1,000	4,500	3,746	754
Parts and labor for tools/equipment	500	1,275	811	464
Supplies, tires and labor for vehicles	750	2,000	1,439	561
Total repairs and maintenance	2,250	7,775	5,996	1,779
Material and supplies for operation	800	2,800	685	2,115
Equipment:				
Trimmer Machines (4)	1,200	1,200	1,200	-
Total equipment	1,200	1,200	1,200	-
Miscellaneous	500	500	297	203
Outstanding credit for Street Lights Installation	-	7,400	7,328	72
Communication	-	1,072	1,068	4
Programs and Activities: Land and Coastal cleanup	1,100	1,100	918	182
Total health, sanitation, beautification and agriculture	87,143	147,250	119,970	27,280
Historical and cultural preservation:				
Salaries and benefits:				
Gross salaries	20,307	20,307	18,667	1,640
Fringe benefits	3,148	3,148	2,894	254
Total salaries and benefits	23,454	23,454	21,561	1,893
Petroleum	600	1,000	692	308
Historical and cultural preservation, continued:				
Materials and supplies:				
Ink/toner cartridges	300	600	230	370
Office supplies	300	600	188	412
Cleaning supplies	300	600	253	347
Total material and supplies	900	1,800	671	1,129
Repairs and maintenance:				
Parts, supplies and services for office equipment	300	500	-	500
Parts, tires and services for vehicles	500	778	-	778
Total repairs and maintenance	800	1,278	-	1,278
Communications	4,301	4,301	4,301	-
Equipment, vehicle, furniture & others: Van	10,650	10,650	9,616	1,034
Programs and activities:				
Historical sites restoration	2,024	8,024	8,000	24
Olechotel Belau Fair 2019	1,000	3,050	2,020	1,030
Education tours	300	622	620	2
ROP Constitutional Day Program-Oct 1st	500	1,800	-	1,800
ROP Independence Day 2019		1,500	1,703	(203)
Total program and activities	3,824	14,996	12,343	2,653
Total historical and cultural preservation	44,529	57,479	49,184	8,295
Conservation/marine, terrestrial and coastal management:				
Materials and supplies	500	500	493	7
Petroleum	750	750	758	(8)
Total conservation/marine, terrestrial and coastal management	1,250	1,250	1,251	(1)

See Accompanying Independent Auditors' Report.

AIRAI STATE GOVERNMENT

Statement of Budget, Receipts and Disbursements, Continued Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance
Disbursements, continued:				
Public works:				
Salaries and benefits:				
Gross salaries	60,571	66,852	65,870	982
Fringe benefits	8,640	9,955	9,135	820
Total salaries and benefits	69,211	76,807	75,005	1,802
Equipment rental	1,500	830	85	745
Repairs and maintenance:				
Tires and services for heavy and light equipment	1,000	3,000	249	2,751
Materials/supplies for heavy/light equipment preventive maintenance	1,000	1,750	390	1,360
Materials for road repair and maintenance	2,500	5,000	1,978	3,022
Parts/supplies for heavy/light equipment	2,000	6,000	4,746	1,254
Materials/supplies for old dumpsite maintenance	500	2,500	-	2,500
Total repairs and maintenance	7,000	18,250	7,363	10,887
Petroleum, oil and lubrication:				
Lubrication for heavy equipment	1,000	2,500	2,127	373
Petroleum for mechanical work	300	850	863	(13)
Petroleum for road construction, repairs/maintenance	2,856	7,212	6,288	924
Petroleum for old dumpsite rehabilitation/maintenance	500	1,060	1,060	-
Total petroleum, oil and lubrication	4,656	11,622	10,338	1,284
Permit and other fees	550	550	20	530
Supplies for workers' safety while on duty	763	3,909	2,646	1,263
Equipment: 5-Tons Dump Truck & Trailer	18,125	70,000	70,000	-
Total public works	101,805	181,968	165,457	16,511
Airai State Planning Commission:				
Salaries and benefits:				
Gross salaries	11,661	11,661	11,616	45
Fringe benefits	1,808	1,808	1,801	7
Total salaries and benefits	13,469	13,469	13,417	52
Stipend for commission members	750	1,500	-	1,500
Materials and supplies:				
Ink/toner cartridges	100	100	-	100
Office supplies	100	100	-	100
Cleaning supplies	75	75	-	75
Total material and supplies	275	275	-	275
Airai State Planning Commission, continued:				
Public hearings and meeting expenses	100	100	-	100
Petroleum and transportation	525	675	673	2
Repairs and maintenance:				
Parts, supplies and services for office equipment	100	100	-	100
Parts, tires and services for vehicles	400	600	167	433
Total repairs and maintenance	500	700	167	533
Communications	330	330	326	4
Total Airai State Planning Commission	15,949	17,049	14,583	2,466
Total Executive Branch	615,231	996,480	784,916	211,565
Legislative Branch:				
Salaries and benefits:				
Office Clerk Salary	11,629	12,129	10,851	1,278
Assistant Clerk	8,635	8,635	5,857	2,778
Sergeant-at-Arms	8,737	8,737	2,990	5,747
Fringe benefits	4,495	4,575	3,053	1,522
OLbiil employees' COLA	1,950	1,950	475	1,475
Total salaries and benefits	35,447	36,027	23,226	12,801

See Accompanying Independent Auditors' Report.

AIRAI STATE GOVERNMENT

Statement of Budget, Receipts and Disbursements, Continued Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance
Disbursements, continued:				
Allowances, stipend, honorarium and benefits:				
Legislative allowance (ASPL No. A-2-08-95/A-4-30-06)	81,000	81,000	81,000	-
Stipend for legislators	30,000	30,000	26,200	3,800
Speaker's honorarium	2,000	2,000	2,000	-
Fringe benefits for legislators	17,515	17,515	15,290	2,225
Legal consultation services and retainer fees	5,000	5,000	1,688	3,312
Total allowances, stipend, honorarium and benefits	<u>135,515</u>	<u>135,515</u>	<u>126,178</u>	<u>9,337</u>
Committee expenses	<u>5,000</u>	<u>5,000</u>	<u>2,059</u>	<u>2,941</u>
Operations:				
Speaker representation fund	1,000	1,812	276	1,536
Annual speakers association fee	200	200	200	-
Office supplies	1,000	1,000	319	681
Equipment	1,817	19,954	11,029	8,925
Petroleum for transportation	2,000	2,130	2,040	90
Repairs and maintenance:				
Parts, supplies and services for office equipment	950	950	259	691
Parts and labor for vehicles	1,000	1,000	211	789
Communications	7,840	7,840	4,920	2,920
Travel	6,000	11,591	11,108	483
Miscellaneous	500	2,249	2,249	-
Total operations	<u>22,307</u>	<u>48,727</u>	<u>32,611</u>	<u>16,115</u>
Total Legislative Branch	<u>198,269</u>	<u>225,269</u>	<u>184,074</u>	<u>41,194</u>
Capital improvement projects, earmarked projects, other community programs, other grants and miscellaneous:				
Capital improvement projects:				
Ngerumetek Lease Road Project	-	145,000	106,610	38,390
Renrak Park Cottages' rehabilitation & cont. of BBQ Grill	-	15,000	-	15,000
ASPLA and accounting office reconstruction	7,000	15,375	15,375	-
Main office and Legislature office exterior repainting project	-	14,500	14,125	375
Total capital improvement projects	<u>7,000</u>	<u>189,875</u>	<u>136,110</u>	<u>53,765</u>
Earmarked projects:				
Watershed implementation program	-	-	2,428	(2,428)
Total earmarked projects	<u>-</u>	<u>-</u>	<u>2,428</u>	<u>(2,428)</u>
Total capital improvement and earmarked projects	<u>7,000</u>	<u>189,875</u>	<u>138,538</u>	<u>51,337</u>
Other community programs:				
Maintenance of cultural, historical, tourist and public sites in six hamlets (ASPL No. A-5-42-10)	9,000	15,000	8,830	6,170
Support operation of Airai Elementary School (ASPL No. A-5-23-09)	3,500	3,500	3,127	373
Iuang Summer House Construction	-	6,857	6,857	-
Kabekel Restoration	-	5,000	4,836	164
Total other community programs	<u>12,500</u>	<u>30,357</u>	<u>23,650</u>	<u>6,707</u>
Other grants:				
Airai PAN Site - MNCA FY 2019	96,000	96,200	96,268	(68)
Total other grants	<u>96,000</u>	<u>96,200</u>	<u>96,268</u>	<u>(68)</u>
Miscellaneous:				
Annual audit	-	-	16,000	(16,000)
Garbage Truck	-	-	5,000	(5,000)
Total miscellaneous	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>(21,000)</u>

See Accompanying Independent Auditors' Report.

AIRAI STATE GOVERNMENT

Statement of Budget, Receipts and Disbursements, Continued Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance
Disbursements, continued:				
Section 12 (Airai State Scholarship Fund Account)	1,500	1,500	1,500	-
Section 13 (Trust Fund) Additional Investment	-	12,355	12,355	-
Total disbursements	930,500	1,552,036	1,262,301	289,735
Receipts less than disbursements	\$ -	\$ -	(53,551)	(53,551)
Other Income:				
Trust Fund Investment Income (Loss)		-	24,373	24,373
Other Expense:				
TF Advisory Fees		-	1,375	1,375
Total		-	22,998	22,998
Adjusted Receipts less than disbursements		-	\$ (30,553)	\$ (30,553)

See Accompanying Independent Auditors' Report.