

NGARAARD STATE GOVERNMENT

STATEMENTS OF RECEIPTS AND DISBURSEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

## INDEPENDENT AUDITORS' REPORT

Honorable Benjamin Iskawa  
Governor  
Ngaraard State Government:

### **Report on the Financial Statements**

We have audited the accompanying statements of receipts and disbursements of the Ngaraard State Government (the State) for the years ended September 30, 2017 and 2016, 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 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 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 Ngaraard State Government for the years ended September 30, 2017 and 2016, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2020 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

*Deloitte & Touche LLC*

January 24, 2020

NGARAARD STATE GOVERNMENT

Statements of Receipts and Disbursements  
Years Ended September 30, 2017 and 2016

|   | <u>2017</u>         | <u>2016</u>       |
|---|---------------------|-------------------|
| Receipts:   |                     |                   |
| Republic of Palau block grant appropriation         | \$ 599,757          | \$ 480,877        |
| Grants  | 89,535              | 93,375            |
| Green fees  | 20,306              | 39,768            |
| Fishing right fees                                  | 23,197              | 73,141            |
| Local revenues                                      | 17,353              | 19,505            |
| Lease revenues                                      | -                   | 296,392           |
| Other revenues                                      | 2,581               | 10,682            |
| Total receipts                                      | <u>752,729</u>      | <u>1,013,740</u>  |
| Disbursements:                                      |                     |                   |
| Construction projects                               | 279,455             | 192,683           |
| Office of the Governor                              | 195,461             | 191,627           |
| Public works  | 181,218             | 176,125           |
| PAN Fund  | 110,497             | 104,576           |
| Assembly  | 94,901              | 103,577           |
| House of Chiefs                                     | 33,000              | 43,070            |
| Public Land Authority and Boundary Adjustment Board | 13,502              | 12,961            |
| Other expenses                                      | 1,806               | 3,485             |
| Total disbursements                                 | <u>909,840</u>      | <u>828,104</u>    |
| Receipts (less than) in excess of disbursements     | <u>\$ (157,111)</u> | <u>\$ 185,636</u> |

See accompanying notes to statements of receipts and disbursements.

NGARAARD STATE GOVERNMENT

Notes to Statements of Receipts and Disbursements  
Years Ended September 30, 2017 and 2016

(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.

(2) Restricted Cash

The State's restricted cash at September 30, 2017 and 2016 amounted to \$-0- and \$83,355, respectively.