

**NGIWAL STATE GOVERNMENT  
(A State of the Republic of Palau)**

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**Statements of Receipts and Disbursements  
and  
Independent Auditors' Report**

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**Years Ended September 30, 2017 and 2016**



**BURGER · COMER · MAGLIARI**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

Honorable Ellender Ngirameketii  
Governor  
Ngiwal State Government:

**Report on Financial Statements**

We have audited the accompanying statements of receipts and disbursements of the Ngiwal State Government (the State), of the Republic of Palau for the years ended September 30, 2017 and 2016, 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 the statements of receipts and disbursements in accordance with the cash basis of accounting described in Note 2. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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. 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.

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***Opinion***

In our opinion, the statements receipts and disbursements referred to above present fairly, in all material respects, of the State for the years ended September 30, 2017 and 2016, in accordance with the cash basis of accounting described in Note 2.

***Emphasis of Matter - Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The statements of receipts and disbursements are prepared on the cash basis of accounting, which is a 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 June 15, 2020, 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.



Tamuning, Guam  
June 15, 2020

**NGIWAL STATE GOVERNMENT**  
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Statements of Receipts and Disbursements  
September 30, 2017 and 2016

	2017	2016
Receipts:		
Republic of Palau Block Grant appropriations	\$ 398,250	\$ 366,955
Green fees	13,990	46,084
Rental and lease income	20,462	8,238
Permites and fees	5,978	6,779
Fishing rights	21,402	67,522
Other revenues	5,099	991
Total receipts	465,181	496,569
Disbursements:		
Executive Branch	147,300	148,366
Legislative Branch	121,252	119,879
Public works	116,157	122,290
Community programs	61,007	61,572
Public lands	12,976	9,307
Other expenses	25,213	39,353
Total disbursements	483,905	500,767
Disbursements in excess of receipts	\$ (18,724)	\$ (4,198)

See accompanying notes to statements of receipts and disbursements.

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

(1) Organization

Ngiwal State is one of the sixteen States of the Republic of Palau (ROP), organized and structured pursuant to Article XI, Section 1 of the Republic of Palau Constitution. On April 1993, the Ngiwal State Constitution was ratified creating the Ngiwal State Government.

There are four hamlets in Ngiwal State -Ngellau, Ngercheluuk, Ngersngai and Ngermechau. Article VII of the Ngiwal State Constitution vests executive authority in a Governor, who is elected in a state-wide election for a four-year term, may serve no more than two consecutive terms, and must live in the State during his or her term(s) in office. The Governor has all the inherent powers and duties of a state executive. Among other duties and responsibilities, the Governor has the power to: administer and execute laws; introduce measures into and approve or disapprove laws passed by the state legislature; propose Ngiwal State's annual budget; and collect taxes and expend public funds pursuant to appropriations.

Legislative authority is vested by Article VIII of the Ngiwal State Constitution in a unicameral legislature called Kelulul a Kiuluul, which consists of seventeen members: The four highest ranking chiefs from Ngercheluuk, the two highest ranking chiefs from each of the hamlets, Ngellau, Ngersngai, and Ngermechau, and seven Legislators who are elected at large for two-year terms. The Kelulul a Kiuluul has the inherent powers and responsibilities of a state legislature. Pursuant to Article VIII, Section 3, the Kelulul a Kiuluul is empowered to: Levy taxes, duties and excises; approve contracts and agreements in which Ngiwal State is a party; amend or modify the annual state budget submitted by the Governor; and approve the expenditure of public funds.

(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 disbursed.

(3) Restricted Cash

The State's restricted cash at September 30, 2017 and 2016 totaled \$134,076 and \$133,606, respectively.