

STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 1987

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Honorable Resio Moses
Governor, State of Pohnpei
Federated States of Micronesia

We have examined the combined financial statements of the State of Pohnpei, as set forth in Section II of the Table of Contents, as of September 30, 1987, and for the year then ended. Except as described in the following paragraphs, our examination was made in accordance with generally accepted auditing standards, the provisions of Standards for Audit of Governmental Organizations, Programs, Activities and Functions, promulgated by the U.S. Comptroller General, as they pertain to financial and compliance audits; the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments (the compliance supplement); provisions of Office of Management and Budget (OMB) Circular A-128, issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The following items were both noted in and pertinent to our examination of the abovementioned financial statements as of September 30, 1987, and for the year then ended.

- 1) Costs for operations of U.S. Federal grants to the State during the year ended September 30, 1987, have been questioned in the amount of \$1,430,368. Additionally, \$2,963,566 of costs have been previously questioned and their disposition is pending. If such questioned costs are ultimately disallowed, the General Fund will absorb the amount so disallowed.
- 2) Due to accounting and administrative control deficiencies in the State's procurement cycle, we were unable to satisfy ourselves that the General Fund, Special Revenue Fund, and Capital Projects Fund accounts payable, accrued payroll liabilities and expenditure balances are fairly stated as of September 30, 1987.
- 3) Property comprising the State's General Fixed Assets Account Group had not been inventoried as of September 30, 1987, nor had existing records been adequately assembled to permit the application of auditing procedures and verification of the detail of account balances.
- 4) As discussed in Note 8 to the financial statements, the State is a defendant in numerous material lawsuits. The potential outcome of these actions and other possible unasserted claims and their attendant effect on the financial statements is uncertain at this time.

In our opinion, except for the matters stated in the above paragraphs 2) and 3), and subject to the effects of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in paragraphs 1) and 4) above been known, with the exception of the General Fixed Assets Account Group which, because of the matters specified in paragraph 3), the scope of our examination was not sufficient to enable us to express an opinion thereon, the aforementioned financial statements present fairly the financial position of the State of Pohnpei as of September 30, 1987, and the results of its operations and the changes financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis with that of the preceding year.

Memorandum totals and other balances as of September 30, 1986, have not been audited. These balances have been extracted from the comprehensive annual financial report of the State of Pohnpei for the year ended September 30, 1986, and are presented in the accompanying financial statements for comparative purposes only. The comprehensive annual financial report for the year ended September 30, 1986, was subjected to audit procedures to the extent described in our disclaimer of opinion set forth in our report dated June 17, 1987.

January 4, 1988



Certified Public Accountants

Combined Balance Sheet - All Fund Types and Account Groups
September 30, 1987
(With comparative totals as of September 30, 1986)

Assets	Governmental Fund Types			Proprietary Funds		Fiduciary Funds	Account Groups		Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Fund	Internal Service	Expendable Trust Funds	General Fixed Assets	General Long-Term Debt	1987	1986
Cash and equivalents	\$ 211,599	\$ 990,000	\$ 185,390	\$ -	\$ -	\$ 46,165	\$ -	\$ -	\$ 1,433,154	\$ 29,990
Investments (note 2)	434,478	-	5,900,000	-	-	-	-	-	6,334,478	-
Receivables from other governments (note 3)	-	-	456,420	54,437	-	-	-	-	510,857	821,240
Receivables, federal agencies (note 3)	-	512,353	-	-	-	-	-	-	512,353	106,600
General receivables (note 4)	371,548	68,118	-	-	-	10,793	-	-	450,459	471,830
Advances	96,889	-	-	-	-	-	-	-	96,889	-
Loans receivables	-	-	-	-	-	-	-	-	-	35,000
Due from other funds	109,413	1,325,515	932,125	-	68,706	115,810	-	-	2,551,569	953,580
Inventory, at cost	-	26,317	-	-	42,665	-	-	-	68,982	107,870
	<u>1,223,927</u>	<u>2,922,303</u>	<u>7,473,935</u>	<u>54,437</u>	<u>111,371</u>	<u>172,768</u>	<u>-</u>	<u>-</u>	<u>11,958,741</u>	<u>2,526,130</u>
Investment in fixed assets (notes 1 and 5)	-	-	-	-	-	-	61,494,933	-	61,494,933	55,313,421
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-	-	229,457	229,457	892,459
Total assets	<u>\$1,223,927</u>	<u>\$2,922,303</u>	<u>\$7,473,935</u>	<u>\$ 54,437</u>	<u>\$111,371</u>	<u>\$172,768</u>	<u>\$61,494,933</u>	<u>\$229,457</u>	<u>\$73,683,131</u>	<u>\$58,732,019</u>
Liabilities and Fund Equity (Deficit)										
Liabilities:										
Bank overdraft	\$ 148,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,381	\$ 819,964
Accounts payable	1,539,028	1,067,224	137,530	38,965	8,951	244	-	-	2,791,942	2,637,610
Accrued payroll and others	405,818	23,633	1,154	4,858	-	-	-	-	435,463	815,370
Due to other funds	1,581,931	249,778	362,744	326,667	-	30,449	-	-	2,551,569	953,580
Intergovernmental payables	-	362,902	-	-	-	-	-	-	362,902	682,784
Deferred revenue	-	24,799	-	-	-	-	-	-	24,799	-
	<u>3,675,158</u>	<u>1,728,336</u>	<u>501,428</u>	<u>370,490</u>	<u>8,951</u>	<u>30,693</u>	<u>-</u>	<u>-</u>	<u>6,315,056</u>	<u>5,909,315</u>
Vacation leave accrual	-	-	-	-	-	-	-	229,457	229,457	892,459
Total liabilities	<u>3,675,158</u>	<u>1,728,336</u>	<u>501,428</u>	<u>370,490</u>	<u>8,951</u>	<u>30,693</u>	<u>-</u>	<u>229,457</u>	<u>6,544,513</u>	<u>6,801,774</u>
Contingencies (note 8)										
Fund equity (deficit):										
Investment in general fixed assets	-	-	-	-	-	-	61,494,933	-	61,494,933	55,313,421
Retained earnings	-	-	-	(423,710)	35,627	-	-	-	(388,083)	(236,637)
Fund balance:										
Reserved for:										
Related assets	-	26,317	-	-	42,665	-	-	-	68,982	77,302
Encumbrances	350,331	1,336,442	778,660	107,657	24,128	-	-	-	2,597,218	1,864,679
Continuing appropriations (note 6)	74,575	324,249	5,013,666	-	-	-	-	-	5,412,490	72,898
Unreserved (deficit)	(2,876,137)	(493,041)	1,100,181	-	-	142,075	-	-	(2,046,922)	(5,161,418)
Total fund equity (deficit)	<u>(2,451,231)</u>	<u>1,193,967</u>	<u>6,972,507</u>	<u>(316,053)</u>	<u>102,420</u>	<u>142,075</u>	<u>61,494,933</u>	<u>-</u>	<u>67,138,618</u>	<u>51,930,245</u>
Total liabilities and fund equity (deficit)	<u>\$1,223,927</u>	<u>\$2,922,303</u>	<u>\$7,473,935</u>	<u>\$ 54,437</u>	<u>\$111,371</u>	<u>\$172,768</u>	<u>\$61,494,933</u>	<u>\$229,457</u>	<u>\$73,683,131</u>	<u>\$58,732,019</u>

See accompanying notes to combined financial statements.

POHNPEI STATE GOVERNMENT

Combined Statement of Revenues, Expenditures and
Changes in Fund Balance (Deficit)
All Governmental Fund Types and Expendable Trust Funds
The year ended September 30, 1987
(With comparative totals for the year ended September 30, 1986)

	Governmental Fund Types			Expendable Trust Funds	Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Capital Projects Funds		1987	1986
Revenues:						
U.S. Compact of Free Association:						
Base grant	\$ 8,478,000	\$2,247,730	\$6,108,000	\$ -	\$16,833,730	\$ -
Inflation adjustment	1,865,213	-	1,343,760	-	3,208,973	-
Department of the Interior grants	-	270,427	281,234	-	551,661	11,800,391
Revenue sharing	1,772,551	-	-	-	1,772,551	1,547,172
Federal contributions	-	3,153,221	-	-	3,153,221	3,634,126
Taxes and licenses	513,259	-	-	-	513,259	423,567
Fines and penalties	113,373	-	-	-	113,373	38,232
Indirect cost recoveries	73,821	-	-	-	73,821	182,529
Investment income	532,306	-	-	33,728	566,034	-
Other	962,776	292,258	600,945	37,665	1,893,644	2,274,606
Total revenues	14,311,299	5,963,636	8,333,939	71,393	28,680,267	19,900,623
Program expenditures:						
General government	2,885,219	-	-	5,264	2,890,483	2,373,253
Health services	2,311,514	860,414	-	-	3,171,928	3,368,459
Education	2,604,648	3,097,876	-	-	5,702,524	5,084,740
Resources and development	702,285	195,490	-	-	897,775	1,088,327
Public works	2,116,119	431,867	-	-	2,547,986	3,624,730
Transportation	547,375	-	-	-	547,375	325,185
Boards, commissions and other appropriations	736,328	-	-	-	736,328	953,180
Public safety	706,853	-	-	-	706,853	680,155
Capital projects	19,419	-	1,361,432	-	1,380,851	2,205,911
Culture and recreation	-	-	-	25,412	25,412	-
Municipal government	542,047	-	-	-	542,047	523,950
Other	269,821	182,341	-	-	452,162	1,933,206
Total program expenditures	13,441,628	4,767,988	1,361,432	30,676	19,601,724	22,161,096
Revenues over (under) expenditures	869,671	1,195,648	6,972,507	40,717	9,078,543	(2,260,473)
Other sources (uses):						
Operating transfers in (note 7)	344,500	196,517	-	-	541,017	164,000
Operating transfers out (note 7)	(196,517)	(344,500)	-	-	(541,017)	(395,703)
Total other sources (uses)	147,983	(147,983)	-	-	-	(231,703)
Excess (deficiency) of revenue and other sources over expenditures and other uses	1,017,654	1,047,665	6,972,507	40,717	9,078,543	(2,492,176)
Fund balance (deficit), beginning of year	(3,468,885)	146,302	-	101,358	(3,221,225)	(729,049)
Fund balance (deficit), end of year	\$(2,451,231)	\$1,193,967	\$6,972,507	\$142,075	\$ 5,857,318	\$(3,221,225)

See accompanying notes to combined financial statements.

POHNPEI STATE GOVERNMENT

Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual, Budgetary Basis - General Fund
The year ended September 30, 1987

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue:			
Compact - current	\$10,049,832	\$10,343,213	\$293,381
Local revenues	3,474,400	3,435,780	(38,620)
Investment income	700,000	532,306	(167,694)
Total revenues	<u>14,224,232</u>	<u>14,311,299</u>	<u>87,067</u>
Expenditures (budgetary basis):			
General government	3,823,329	2,945,824	877,505
Health services	2,600,550	2,236,655	363,895
Education	2,549,450	2,564,504	(15,054)
Justice	710,950	709,775	1,175
Transportation	417,985	546,617	(128,632)
Public works	1,716,850	1,869,467	(152,617)
Conservation and resources	806,025	720,995	85,030
Boards, commissions and other external appropriation	823,296	726,051	97,245
Municipal governments and projects	540,233	543,549	(3,316)
Other	15,000	273,386	(258,386)
Total expenditures	<u>14,003,668</u>	<u>13,136,823</u>	<u>866,845</u>
Excess (deficiency) of revenues over expenditures	<u>220,564</u>	<u>1,174,476</u>	<u>953,912</u>
Other financing sources (uses):			
Operating transfers in	344,500	344,500	-
Operating transfers out	-	(196,517)	(196,517)
Total other financing sources (uses)	<u>344,500</u>	<u>147,983</u>	<u>(196,517)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	565,064	1,322,459	757,395
Unreserved fund balance (deficit), beginning of year	(4,150,785)	(4,150,785)	-
Other changes in unreserved fund balance:			
Decrease in reserve for related assets	-	35,000	35,000
Increase in reserve for continuing appropriations	-	(1,677)	(1,677)
Expenditures charged against prior year encumbrances in excess of prior year encumbrances	-	(81,134)	(81,134)
Unreserved fund balance (deficit), end of year	<u>\$(3,585,721)</u> =====	<u>\$(2,876,137)</u> =====	<u>\$709,584</u> =====

See accompanying notes to combined financial statements.

POHNPEI STATE GOVERNMENT

Combined Statement of Revenues, Expenses and Changes in Fund Equity
 All Proprietary Fund Types
 The year ended September 30, 1987
 (With comparative totals for the year ended September 30, 1986)

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)	
			1987	1986
Revenues:				
Contract revenues	\$ 353,068	\$ -	\$ 353,068	\$1,107,395
Charges for services	39,854	96,965	136,819	174,265
Rental income	239,634	-	239,634	2,800
Other	8,058	-	8,058	-
Total revenues	<u>640,614</u>	<u>96,965</u>	<u>737,579</u>	<u>1,284,460</u>
Operating expenses:				
Personnel services	448,383	-	448,383	97,611
Travel	1,362	-	1,362	7,353
Supplies and materials	92,891	104,645	197,536	396,081
Fuel	56,321	-	56,321	123,969
Capital outlays	52,179	-	52,179	15,541
Other	28,451	5,029	33,480	563,784
Total operating expenses	<u>679,587</u>	<u>109,674</u>	<u>789,261</u>	<u>1,204,339</u>
Operating income (loss)	<u>(38,973)</u>	<u>(12,709)</u>	<u>(51,682)</u>	<u>80,121</u>
Non-operating revenues (expenses):				
Operating transfers in	-	-	-	102,807
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,807</u>
Net income (loss)	<u>(38,973)</u>	<u>(12,709)</u>	<u>(51,682)</u>	<u>182,928</u>
Fund equity (deficit), beginning of year	<u>(277,080)</u>	<u>115,129</u>	<u>(161,951)</u>	<u>(344,879)</u>
Fund equity (deficit), end of year	<u>\$(316,053)</u>	<u>\$102,420</u>	<u>\$(213,633)</u>	<u>\$ (161,951)</u>

See accompanying notes to combined financial statements.

POHNPEI STATE GOVERNMENT

Combined Statement of Changes in Financial Position
 All Proprietary Fund Types
 The year ended September 30, 1987
 (With comparative totals for the year ended September 30, 1986)

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
Sources (uses) of working capital:				
Net income (loss)	\$(38,973)	\$(12,709)	\$(51,682)	\$182,928
Net increase (decrease) in working capital	<u>\$(38,973)</u> =====	<u>\$(12,709)</u> =====	<u>\$(51,682)</u> =====	<u>\$182,928</u> =====
Elements of net increase (decrease) in working capital:				
Receivables	\$ 54,437	\$ -	\$ 54,437	\$ 36,456
Inventory	-	(22,910)	(22,910)	(12,773)
Accounts payable	40,820	22,830	63,650	(72,222)
Due to/from other funds	(178,827)	(12,629)	(191,456)	280,922
Intergovernmental payables	49,455	-	49,455	(49,455)
Accrued payroll	<u>(4,858)</u>	<u>-</u>	<u>(4,858)</u>	<u>-</u>
Net increase (decrease) in working capital	<u>\$(38,973)</u> =====	<u>\$(12,709)</u> =====	<u>\$(51,682)</u> =====	<u>\$182,928</u> =====

See accompanying notes to combined financial statements.

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements
September 30, 1987

(1) Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and as in Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. The accompanying statements include all fund types and account groups of the State of Pohnpei, except for the following:

Enterprise Funds

No financial statements were provided by the Economic Development Authority or the Pohnpei Housing Authority and, accordingly, financial statements for these entities are not presented in the accompanying financial statements.

B. Fund Structure and Basis of Accounting

The accompanying financial statements are structured into three categories of funds and two account groups. The fund categories include governmental funds, proprietary funds, and fiduciary funds.

The State of Pohnpei's governmental funds include:

1. The General Fund - used to account for all financial transactions not accounted for in another fund;
2. The Special Revenue Funds - used to account for specific revenues earmarked to finance particular programs and activities;
3. The Capital Projects Fund - used to account for the acquisition or construction of all major governmental general fixed assets.

All of the governmental funds are presented on the modified accrual basis of accounting. In accordance with the modified accrual basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded at the time liabilities are incurred except:

- a. Inventories generally are considered expenditures at acquisition.
- b. Prepayments usually are not recorded.

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(1) Significant Accounting Policies, Continued

Encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year end are reported as reservations of fund balance and will be funded as expenditures in the ensuing year. Encumbrances remain reservations of fund balance until becoming expended or cancelled.

The proprietary funds are as follows:

1. The Enterprise Fund (See Note 1-A). The only enterprise fund presented in the accompanying financial statements is that of the Pohnpei Transportation Authority (which was designed to be self-sufficient) which renders service to the general public on a user charge basis. The fixed assets utilized by the Fund are not segregated to this fund and as a result, no depreciation expense is being charged to the fund's operations; and
2. The Internal Service Fund which is used to account for the stock and medical supply operations of self-sustaining State agencies rendering services to other State agencies on a cost reimbursement basis. No fixed assets are identified to this operation and accordingly, no depreciation expense is incurred by the Fund.

The proprietary funds are accounted for on the accrual basis of accounting.

The fiduciary funds include the Expendable Trust Funds which are used to account for assets held by the State in a trustee capacity. Expendable Trust Funds are accounted for on the modified accrual basis of accounting.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spending resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available resources" during a period.

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(1) Significant Accounting Policies, Continued

Fixed assets used in governmental fund type operations (general fixed assets), are accounted for in the General Fixed Assets Account Group rather than in governmental funds.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation is not charged against the general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Accrued annual leave has been presented in the accompanying general long-term debt account group. No current portion of accrued annual leave has been recorded in the General Fund or in the Special Revenue Funds as the amounts are immaterial to these funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position and are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

D. Budgetary Process

Legislation requires the Governor to present a proposed budget to the Legislature at the beginning of each annual session. The Legislature enacts the budget which details specific departmental appropriations, the sum of which may not exceed estimated revenues. Before signing the Appropriations Act, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the State's financial plan for the ensuing fiscal year.

Budgetary control is maintained at the departmental level. Budget revisions during the year, reflecting program changes or intradepartmental transfers of an administrative nature, may be effected with certain Executive and Legislative branch approval.

Unencumbered appropriations normally lapse at the end of each fiscal year unless they are otherwise specifically designated by the Legislature.

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(1) Significant Accounting Policies, Continued

E. Receivables

Receivables in the State's governmental and fiduciary funds primarily consist of taxes and federal revenues. Since few governmental fund revenues are susceptible to accrual prior to receipt, most taxes, licenses, fees, permits and similar revenues are recognized primarily on the cash basis.

F. Interfund Transactions

The State of Pohnpei basically has two types of potential interfund transactions:

1. Operating appropriations/subsidies which are accounted for as operating transfers in the funds involved.
2. Equity contributions which are accounted for as equity transfers (additions to or deductions from beginning governmental fund balances or proprietary fund contributed capital).

G. Inventories

Inventories of materials and supplies are determined by physical count and are valued at the lower of cost (principally average cost) or market.

H. Actual Expenditures Contrasted With Budgetary Expenditures

1. Actual expenditures are charges which represent the total of all current year liabilities incurred which liabilities were attributable to the operations of the respective functional areas; such liabilities may represent liquidations of either current or prior year encumbrances.
2. In contrast, budgetary expenditures represent current charges against appropriations; current charges consist of all current year liquidated and unliquidated encumbrances and, when viewed in relation to respective budgets, provide the principal means of evaluating current year operating performance and management stewardship. For each functional reporting/service area, budgetary expenditures are determined by subtracting both current year liquidations of prior year encumbrances and unliquidated prior year encumbrances from the combined total of current year actual expenditures and all unliquidated encumbrances.

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(1) Significant Accounting Policies, Continued

The effects of current year liquidations of prior year encumbrances by liabilities less than the respective encumbrances, and the effects of current year cancellations of prior year encumbrances are reported together as a separate line item entitled "net encumbrance adjustments". This item of the budgetary financial statements is found under "other changes in unreserved fund balance" as its underlying components have no effect on current operating performance, the measurement of which is the primary purpose of the budgetary financial statements.

I. Fund Balance Reserves and Designations

The State's fund balance reserves represent those portions of fund balance (1) not appropriable for expenditures or (2) legally segregated for a specific future use. Reserves for related assets such as inventories, petty cash and long-term receivables are examples of the former. Reserves for encumbrances, contracts, continuing appropriations and other specific purposes are examples of the latter.

J. Totals - Memorandum Only

The "Totals - Memorandum Only" columns represent an aggregate of the individual combined financial statements. The total column is presented for overview informational purposes and does not represent consolidated financial information.

(2) Cash and Short-Term Investments - InvestmentsDeposits

At year end, bank deposits are fully insured by federal depository insurance agencies. State statutes require all deposits to be with banking institutions that have at least \$500 million dollars of assets and are insured by the Federal Deposit Insurance Corporation (FDIC).

Investments

The State has adopted the by-laws of Federated Development Authority as the agency to establish the overall development goals, policies and strategies of funds received and invested pursuant to the Compact of Free Association. The Federated States of Micronesia, Secretary of Finance, shall maintain such accounting system and records as are necessary to account for investment funds placed with the Authority on behalf of Pohnpei State.

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(2) Cash and Short-Term Investments - Investments, Continued

The Federated Development Authority has selected investment managers who are given authority to buy and sell securities as follows:

A. Investment managers may invest in stocks, bonds and cash equivalents. Minimum standards of quality for investments at the time of purchase shall be:

1. Stocks - A "B" rating by a national rating service. Non-rated stocks such as banks or insurance companies must be equal in quality or higher.
2. Bonds - Confined to issues rated "A" or higher by a national rating service, except in the case of U.S. Treasury or Agency Securities which are not rated.
3. Cash and equivalents - Cash equivalents - The manager may engage in all normally accepted short-term investment practices including, but not limited to: U.S. Treasury and Agency securities, bankers acceptances, certificates of deposit, commercial paper and repurchase agreements using any of the foregoing as collateral. The following restrictions apply:
 - a. Commercial paper must be rated A-1/P-1 or higher by Standard & Poors Corporation and Moodys Investor Services.
 - b. Certificates of deposit must be from FDIC insured banks or FSLIC insured savings and loan associations, both of which must have assets in excess of two billion dollars. Deposits in smaller institutions are acceptable, but must not exceed the amount of the insurance unless collateralized by U.S. Treasury Securities at 102%.

B. The equity portfolio shall be diversified among issues and industry classifications. No more than 25% of the equity portfolio may be invested in any single classification, as described by the Standard and Poors 500 Index, unless prior approval is received from the Secretary of Finance.

C. No investment may be made in a single corporate entity which exceeds 5% of the total assets of the fund at the time of purchase without prior approval of the Secretary of Finance.

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(2) Cash and Short-Term Investments - Investments, Continued

Funds invested on behalf of Pohnpei State as of September 30, 1987, are summarized below:

<u>Cash and Equivalents</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Certificates of deposit	\$1,383,432 =====	\$1,383,432 =====
<u>Investments</u>		
Common stock	\$6,334,478 =====	\$7,588,848 =====

Subsequent to September 30, 1987, the investment portfolio of Pohnpei State decreased in market value by approximately 19%, due to declining market values. Since the lower of cost or market principle was applied to the September 30, 1987, valuation of the investments in the accompanying financial statements, the subsequent decline below cost approximated 3% of the investment portfolio. Pohnpei State considers this devaluation to be temporary and not material enough to warrant adjustment.

(3) Receivables From Other Governments and Federal Agencies

Amounts due from other governments include those funds which are earned and have yet to be reimbursed by the Trust Territory Government (TTG) for the Department of the Interior (DOI) Operating Grant, DOI Special Revenue Funds, DOI Capital Projects Grants, certain federal grants administered by the TTG, and those funds derived from Congress of the Federated States of Micronesia capital projects appropriations.

Amounts due from federal agencies are earned reimbursements which are to be reimbursed directly from the United States federal agencies.

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(4) General Receivables and Note Receivable

A summary of General Fund receivables against which allowances for doubtful accounts have been recorded as of September 30, 1987, is presented below:

<u>General Receivables</u>	<u>Balance</u>	<u>Allowance</u>	<u>Net</u>
Utilities	\$ 833,794	\$625,346	\$208,448
Indirect costs	55,213	-	55,213
Delinquent taxes	330,199	287,178	43,021
Miscellaneous	64,866	-	64,866
	<u>\$1,284,072</u>	<u>\$912,524</u>	<u>\$371,548</u>
	=====	=====	=====
 <u>Note Receivable</u>	 \$ 35,000	 \$ 35,000	 \$ -
	=====	=====	=====

(5) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance October 1, 1986</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 1987</u>
Building	\$ 9,316,070	\$ 427,640	\$ -	\$ 9,743,710
Infrastructure	44,566,530	5,973,500	-	50,540,030
Equipment	1,430,821	220,059	439,687	1,211,193
	<u>\$55,313,421</u>	<u>\$6,621,199</u>	<u>\$439,687</u>	<u>\$61,494,933</u>
	=====	=====	=====	=====

Investment in general fixed assets as of September 30, 1987, by source, is summarized below:

General Fund	\$ 1,541,310
U.S. Federal Grants	1,020,077
Department of the Interior - Capital Projects	58,387,810
Department of the Interior - O & M	23,081
FSM Congressional Fund	418,481
Other	104,174
	<u>\$61,494,933</u>
	=====

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(6) Continuing Appropriations

Continuing appropriations as of September 30, 1987, are summarized as follows:

General Fund

Graduate assistance loan fund	\$ 10,181
Scholarship fund	44,000
Kapinga illegal fishing fee	<u>20,394</u>
	<u>\$ 74,575</u>

Compact of Free Association - Special Block Grant -
Health and Education, Title Two, Article I, Section
221 (b)

Post secondary scholarship	\$ 324,249
	<u>=====</u>

Compact of Free Association - Capital Projects,
Title Two, Article I, Section 211

Various State approved projects	\$5,013,666
	<u>=====</u>

(7) Transfer In/Out

General fund transfers in for the year ended September 30, 1987, are from the Compact Special Block Grant as provided under State Law P.L. IL-134-87. During the year, \$344,500 was so transferred.

General fund transfers out for the year ended September 30, 1987, are for costs disallowed in the TTPI federal grants fund for which no alternative source of funding has been identified. During the year, \$196,517 was so transferred.

POHNPEI STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(8) ContingenciesFederal Grants and Enterprise Fund Questioned Costs

The State participates in a number of federally assisted grant programs and other various Department of the Interior Special Revenue Grants. These programs are subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. Currently, \$2,442,837 in questioned costs exist for the operation of fiscal year 1984 through 1987 grants. If these questioned costs are ultimately disallowed, the General Fund may bear responsibility for absorbing the amount so disallowed.

The Pohnpei Transportation Authority (an Enterprise Fund) was the recipient of a grant award from the Government of the TTPI. The grant award passed through both the National Government of the Federated States of Micronesia and the State of Pohnpei. An audit of the grant questioned expenditures in the amount of \$1,951,097. If the questioned expenditures are not accepted by the respective grantor agencies, the State's General Fund may be required to absorb the amount ultimately disallowed.

Sick Leave

It is the policy of the State of Pohnpei to record the cost of sick leave when leave is actually taken and a liability is actually incurred. The accumulated estimated amount of unused sick leave at September 30, 1987, is not available.

Litigation

The State of Pohnpei is party to numerous legal proceedings, many of which are normal recurrences in governmental operations. The State Attorney of Pohnpei is of the opinion that the probable outcome of suits existing at September 30, 1987, are not predictable but could have a material impact on the accompanying financial statements.

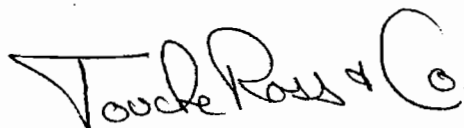
(9) Compact of Free Association

The Federated States of Micronesia (FSM) has entered into a Compact of Free Association with the United States. Certain provisions of the Compact have a material effect on the current year financial statements. As provided within the Compact, all unpaid medical referral bills (carried at \$283,345 in the accompanying general fund financial statements at September 30, 1987), would no longer be a liability of the State as would related encumbrances (equivalent to \$2,647). Until the Compact is officially consummated, the accompanying financial statements reflect all medical referral activities as expenditures and liabilities of the State.

ADDITIONAL INFORMATION

The additional information presented in the following pages, which has been taken primarily from accounting and other records of the State of Pohnpei, has been subjected to the tests and other auditing procedures in accordance with generally accepted auditing standards and Office of Management and Budget Circular A-128, issued pursuant to the Single Audit Act of 1984, P.L. 98-502, applied in our examination of the State's Governmental, Proprietary and Fiduciary Fund types of the State of Pohnpei as of and for the year ended September 30, 1987. In our opinion, with respect to the accompanying additional information, such information, except for and subject to those matters specified in our report on the abovementioned financial statements of the State of Pohnpei as of September 30, 1987, and for the year then ended, dated January 4, 1988, is fairly presented in all material respects in relation to the abovementioned financial statements taken as a whole, although it is not necessary for a fair presentation of financial position.

January 4, 1988



Certified Public Accountants

POHNPEI STATE GOVERNMENT

Combining Schedule of Expenditures by Account -
 All Governmental Fund Types and Expendable Trust Fund
 The year ended September 30, 1987
 (With comparative totals for the year ended September 30, 1986)

	Governmental Fund Types			Fiduciary Fund	Totals	
	General Fund	Special Revenue Fund	Capital Projects Funds	Expendable Trust Fund	1987	1986
Expenditures:						
Personnel services	\$ 8,866,329	\$1,942,464	\$ 146,290	\$ 1,947	\$10,957,030	\$10,525,564
Travel	319,645	115,217	15,941	148	450,951	637,756
Supplies and materials	752,666	1,175,252	165,211	11,412	2,104,541	3,434,277
Fuel	1,369,052	28,488	104	117	1,397,761	1,340,759
Equipment	147,675	207,437	273,613	-	628,725	743,262
Other	1,986,261	1,299,130	760,273	17,052	4,062,716	5,479,478
Total expenditures	<u>\$13,441,628</u>	<u>\$4,767,988</u>	<u>\$1,361,432</u>	<u>\$30,676</u>	<u>\$19,601,724</u>	<u>\$22,161,096</u>

STATE OF Pohnpei
FEDERATED STATES OF MICRONESIA

GENERAL FUND
SEPTEMBER 30, 1987

General Fund

The general fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The United States Compact of Free Association current account and inflation adjustment funds associated with the current account are accounted for in this fund in addition to local tax and other revenues.

STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA

Comparative Balance Sheet - General Fund
September 30, 1987 and 1986

	<u>Assets</u>	<u>1987</u>	<u>1986</u>
Cash and equivalents		\$ 211,599	\$ 3,557
Investments		434,478	-
Receivables from other governments		-	51,701
Receivable, federal agencies		-	106,605
General receivables		371,548	418,600
Advances		96,889	-
Loans receivable		-	35,000
Due from other funds		<u>109,413</u>	<u>-</u>
Total assets		<u>\$1,223,927</u> =====	<u>\$ 615,463</u> =====
 <u>Liabilities and Fund Balance (Deficit)</u> 			
Liabilities:			
Bank overdraft		\$ 148,381	\$ 819,964
Accounts payable		1,539,028	1,971,976
Accrued payroll and others		405,818	801,317
Due to other funds		<u>1,581,931</u>	<u>491,091</u>
Total liabilities		<u>3,675,158</u>	<u>4,084,348</u>
Fund balance:			
Reserved for related assets		-	35,000
Encumbrances		350,331	574,002
Continuing appropriation		74,575	72,898
Unreserved deficit		<u>(2,876,137)</u>	<u>(4,150,785)</u>
Total fund balance (deficit)		<u>(2,451,231)</u>	<u>(3,468,885)</u>
Total liabilities and fund balance (deficit)		<u>\$1,223,927</u> =====	<u>\$ 615,463</u> =====

POHNPEI STATE GOVERNMENT

Statement of Revenues, Expenditures by Function and Department -
 General Fund
 The year ended September 30, 1987
 (With comparative totals for the year ended September 30, 1986)

	<u>1987</u>		<u>1986</u>
Revenues:			
Compact of Free Association:			
Base grant	\$8,478,000		\$ -
Inflation adjustment	<u>1,865,213</u>	\$10,343,213	-
Department of the Interior, operating grant		-	9,506,000
Revenue sharing		1,772,551	1,547,172
Investment income		532,306	-
State taxes and licenses:			
Beer and malt	164,137		244,358
Cigarettes	69,844		-
Motor vehicle sales tax	56,500		52,925
General merchandise sales tax	73,457		49,183
Hotel	35,738		34,168
Petroleum and fuel sales tax	20,739		26,216
Use tax	87,887		20,052
Others	<u>4,957</u>	513,259	<u>(3,335)</u>
Public service charges:			
Utilities	512,293		498,346
Hospital and dental	171,715		160,246
Transportation	<u>85,941</u>	769,949	<u>36,145</u>
Indirect cost recoveries		73,821	182,529
Fines and penalties		113,373	38,232
Other		<u>192,827</u>	<u>500,978</u>
Total revenues		<u>14,311,299</u>	<u>12,893,215</u>
Expenditures:			
General government:			
Governor and staff		135,739	144,926
Special assistants and miscellaneous		153,950	105,681
Director of administration		61,664	83,416
Land commission		375,468	332,418
Finance and revenue		213,166	195,154
Budget		157,661	115,523
Personnel		120,091	106,982
Procurement and supply		105,059	94,038
Public auditor		26,230	18,468
Public broadcast station		118,317	122,352
Judiciary		272,438	272,180
Legislative operations		1,069,584	960,527
Other		<u>75,852</u>	-
Total		<u>2,885,219</u>	<u>2,551,665</u>

POHNPEI STATE GOVERNMENT

Statement of Revenues, Expenditures by Function and Department -
 General Fund, Continued
 The year ended September 30, 1987
 (With comparative totals for the year ended September 30, 1986)

	<u>1987</u>	<u>1986</u>
Health Services:		
Hospital and dispensaries	\$ 1,578,705	\$ 1,437,445
Environmental health	-	55,687
Dental	192,506	175,793
Medical supplies	251,480	809,617
Medical referrals	<u>288,823</u>	<u>692,750</u>
Total	<u>2,311,514</u>	<u>3,171,292</u>
Education:		
Administration	99,903	83,644
Elementary	1,849,500	1,742,129
Secondary	555,695	541,054
Senior public	39,464	41,379
Vocational rehabilitation	26,000	25,230
Headstart	19,915	25,159
PICS	<u>14,171</u>	<u>-</u>
Total	<u>2,604,648</u>	<u>2,458,595</u>
Resources and Development:		
Administration	111,376	119,925
Matching fund agriculture	29,718	-
Marine resources	70,636	100,379
Agriculture	334,209	342,118
Forestry	111,646	87,825
Registrar of business and industry	27,212	26,890
Energy	<u>17,488</u>	<u>-</u>
Total	<u>702,285</u>	<u>677,137</u>
Public Works:		
Administration	74,077	42,119
Operations and maintenance	287,071	576,443
Utility services	1,698,280	1,817,826
Construction management	41,943	42,484
Other	<u>14,748</u>	<u>11,714</u>
Total	<u>2,116,119</u>	<u>2,490,586</u>
Transportation:		
Micro Glory	501,730	276,449
Transportation office	<u>45,645</u>	<u>48,736</u>
Total	<u>547,375</u>	<u>325,185</u>

POHNPEI STATE GOVERNMENT

Statement of Revenues, Expenditures by Function and Department -
 General Fund, Continued
 The year ended September 30, 1987
 (With comparative totals for the year ended September 30, 1986)

	1987	1986
Boards, commissions and other appropriations:		
Public Lands Authority	\$ 90,000	\$ 162,078
EDA	111,037	-
Outer island airstrip	-	104,029
Pohnpei Housing Authority	87,364	79,829
Aerial mapping	-	47,000
State election	-	3,556
Census	2,670	15,372
Tourist commission	41,761	45,136
Hydro electric	-	578
Agriculture matching	-	33,850
Micronesian Legal Services	35,000	37,100
Scholarship fund	6,000	31,590
Public land trust	105,654	-
Sports council	54,196	39,118
Farmers Home Administration	100,694	53,815
Aid to non-public schools	32,000	29,954
Other	237	112,993
MTAP	38,928	65,414
Traditional affairs	3,610	-
Womens program	14,701	-
Foreign investment board	2,657	-
Graduate loan fund	9,819	-
Total	<u>736,328</u>	<u>861,412</u>
Public Safety:		
Administration	60,996	123,680
Public safety	520,036	543,208
Correction and rehab.	77,948	13,267
Fire and disaster	47,873	-
Total	<u>706,853</u>	<u>680,155</u>
Municipal Governments:		
Sokehs	87,831	93,141
Kitti	90,000	88,478
Madolenihw	102,943	76,119
Uh	39,606	42,082
Kolonia	33,985	38,374
Balance forwarded	354,365	338,194

POHNPEI STATE GOVERNMENT

 Statement of Revenues, Expenditures by Function and Department -
 General Fund, Continued
 The year ended September 30, 1987
 (With comparative totals for the year ended September 30, 1986)

	<u>1987</u>	<u>1986</u>
Balance forwarded	\$ 354,365	\$ 338,194
Municipal Governments, continued:		
Pinglap	28,700	35,643
Nett	54,504	46,908
Kapingamarangi	38,255	14,378
Ngatik	17,997	19,984
Mokil	23,927	32,639
Nukuoro	<u>24,299</u>	<u>36,204</u>
Total	<u>542,047</u>	<u>523,950</u>
Capital project	<u>19,419</u>	<u>-</u>
Other:		
Expenditures against prior year encumbrances	-	495,098
Other expenditures	<u>269,821</u>	<u>833,563</u>
Total	<u>269,821</u>	<u>1,328,661</u>
Total expenditures	<u>13,441,628</u>	<u>15,068,638</u>
Revenues over (under) expenditures	<u>869,671</u>	<u>(2,175,423)</u>
Other sources (uses):		
Operating transfers in	344,500	-
Operating transfers out	<u>(196,517)</u>	<u>(395,703)</u>
Total other sources (uses)	<u>147,983</u>	<u>(395,703)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	1,017,654	(2,571,126)
Fund balance (deficit), beginning of year	<u>(3,468,885)</u>	<u>(897,759)</u>
Fund balance (deficit), end of year	<u><u>\$(2,451,231)</u></u>	<u><u>\$(3,468,885)</u></u>

POHNPEI STATE GOVERNMENT

Statement of Revenues and Expenditures by Function and Changes in
Fund Balance - Budget and Actual, Budgetary Basis - General Fund
The year ended September 30, 1987

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue:			
Compact - current	\$10,049,832	\$10,343,213	\$293,381
Local revenues	3,474,400	3,435,780	(38,620)
Investment income	700,000	532,306	(167,694)
Total revenues	<u>14,224,232</u>	<u>14,311,299</u>	<u>87,067</u>
Expenditures by function and department:			
General Government:			
Executive Branch:			
Governor and staff	174,500	165,907	8,593
Special assistants	176,622	156,689	19,933
Treasury	350,000	383,864	(33,864)
Budget	200,497	160,728	39,769
Personnel	147,860	120,079	27,781
Public affairs	134,125	119,374	14,751
Prior year obligation	700,000	75,852	624,148
Land	255,925	221,347	34,578
	<u>2,139,529</u>	<u>1,403,840</u>	<u>735,689</u>
Legislative Branch:			
Legislative operations	552,500	539,356	13,144
Standing committees	128,000	96,801	31,199
Office of the speaker	20,200	19,095	1,105
Division of legislative clerk	90,500	88,642	1,858
Division of administrative service	93,200	86,258	6,942
Division of legislative counsel	237,100	197,291	39,809
Other	63,000	59,391	3,609
	<u>1,184,500</u>	<u>1,086,834</u>	<u>97,666</u>
Judicial Branch:			
Supreme court	219,450	241,842	(22,392)
Office construction	-	(1,699)	1,699
Municipal judges	23,900	29,982	(6,082)
Public land commission	176,550	155,816	20,734
	<u>419,900</u>	<u>425,941</u>	<u>(6,041)</u>
Public auditor	<u>79,400</u>	<u>29,209</u>	<u>50,191</u>
Total	<u>3,823,329</u>	<u>2,945,824</u>	<u>877,505</u>

POHNPEI STATE GOVERNMENT

Statement of Revenues and Expenditures by Function and Changes in
Fund Balance - Budget and Actual, Budgetary Basis - General Fund, Continued
The year ended September 30, 1987

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Health Services:			
Hospital and dispensaries	\$ 1,360,777	\$ 1,442,149	\$(81,372)
Other	5,000	-	5,000
Dental	199,700	202,858	(3,158)
Medical supplies	400,000	154,456	245,544
Medical referrals	500,000	282,453	217,547
Public health	<u>135,073</u>	<u>154,739</u>	<u>(19,666)</u>
Total	<u>2,600,550</u>	<u>2,236,655</u>	<u>363,895</u>
Education:			
Administration	109,900	99,903	9,997
Elementary	1,795,500	1,849,500	(54,000)
Secondary	558,050	555,271	2,779
PICS meal program	20,000	14,171	5,829
Construction	20,000	-	20,000
Other	-	(1,721)	1,721
Vocational rehabilitation program	26,000	26,000	-
Headstart	<u>20,000</u>	<u>21,380</u>	<u>(1,380)</u>
Total	<u>2,549,450</u>	<u>2,564,504</u>	<u>(15,054)</u>
Conservation and Resources:			
Administration	106,300	118,845	(12,545)
Matching funds	62,500	23,670	38,830
Marine resources	102,150	70,648	31,502
Agriculture	333,750	334,432	(682)
Forestry	145,500	120,205	25,295
Economic planning	33,550	34,150	(600)
Energy	<u>22,275</u>	<u>19,045</u>	<u>3,230</u>
Total	<u>806,025</u>	<u>720,995</u>	<u>85,030</u>
Public Works:			
Administration	49,000	74,064	(25,064)
Operations and maintenance	293,750	216,036	77,714
Utility services	1,320,000	1,522,101	(202,101)
Construction management	44,850	42,518	2,332
CAT program	<u>9,250</u>	<u>14,748</u>	<u>(5,498)</u>
Total	<u>1,716,850</u>	<u>1,869,467</u>	<u>(152,617)</u>
Transportation:			
Sea and air	69,135	45,559	23,576
Micro glory	<u>348,850</u>	<u>501,058</u>	<u>(152,208)</u>
Total	<u>417,985</u>	<u>546,617</u>	<u>(128,632)</u>

POHNPEI STATE GOVERNMENT

Statement of Revenues and Expenditures by Function and Changes in
Fund Balance - Budget and Actual, Budgetary Basis - General Fund, Continued
The year ended September 30, 1987

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Justice:			
Administration	\$ 64,700	\$ 60,853	\$ 3,847
Legal affairs	122,850	118,912	3,938
Public safety	402,900	404,136	(1,236)
Collections and rehabilitation	81,750	77,963	3,787
Fire and disaster	38,750	47,911	(9,161)
	<u>710,950</u>	<u>709,775</u>	<u>1,175</u>
Total			
Boards and Commissions:			
Public Lands Authority	90,000	87,463	2,537
Pohnpei Housing Authority	87,700	96,565	(8,865)
Public Land Trust	113,346	84,509	28,837
Aid to non-public schools	32,000	32,000	-
Official song	3,000	-	3,000
Women's program of PCAA	15,000	14,701	299
Census	-	2,625	(2,625)
Tourist commission	47,300	44,829	2,471
Hydro electric	-	-	-
Micronesian Legal Services	35,000	35,000	-
Scholarship fund	50,000	6,000	44,000
Sports council	54,250	55,815	(1,565)
Farmers Home Administration	87,500	107,375	(19,875)
Pohnpei headstart	-	-	-
MTAP	42,000	39,078	2,922
Seinwar school	-	-	-
Foreign investment board	5,000	2,243	2,757
Board of residential properties	500	237	263
Traditional affairs	3,000	3,610	(610)
Alms fund	-	-	-
Road maintenance	-	-	-
Graduate loan fund	20,000	9,819	10,181
Economic Development Authority	137,700	104,182	33,518
	<u>823,296</u>	<u>726,051</u>	<u>97,245</u>
Total			
Municipal Government:			
Sokehs	90,000	87,831	2,169
Kitti	90,000	90,000	-
Madolenihw	90,000	102,943	(12,943)
Uh	45,000	39,606	5,394
Kolonia	45,000	33,985	11,015
Pinglap	25,000	28,700	(3,700)
	<u>385,000</u>	<u>383,065</u>	<u>1,935</u>
Balance forwarded			

POHNPEI STATE GOVERNMENT

Statement of Revenues and Expenditures by Function and Changes in
Fund Balance - Budget and Actual, Budgetary Basis - General Fund, Continued
The year ended September 30, 1987

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Balance forwarded	\$ 385,000	\$ 383,065	\$ 1,935
Municipal Government, continued:			
Nett	50,233	55,062	(4,829)
Sapwauhfik	20,000	18,303	1,697
Mokil	25,000	24,502	498
Kapingamarangi	40,000	38,318	1,682
Nukuoro	<u>20,000</u>	<u>24,299</u>	<u>(4,299)</u>
Total	<u>540,233</u>	<u>543,549</u>	<u>(3,316)</u>
Other	<u>15,000</u>	<u>273,386</u>	<u>(258,386)</u>
Total expenditures	<u>14,003,668</u>	<u>13,136,823</u>	<u>866,845</u>
Excess (deficiency) of revenues over expenditures	<u>220,564</u>	<u>1,174,476</u>	<u>(953,912)</u>
Other financing sources (uses):			
Operating transfers in	344,500	344,500	-
Operating transfers out	<u>-</u>	<u>(196,517)</u>	<u>(196,517)</u>
Total other financing sources (uses)	<u>344,500</u>	<u>147,983</u>	<u>(196,517)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	565,064	1,322,459	757,395
Unreserved fund balance (deficit), beginning of year	(4,150,785)	(4,150,785)	-
Other changes in unreserved fund balance:			
Decrease in reserve for related assets	-	35,000	35,000
Increase in reserve for continuing appropriations	-	(1,677)	(1,677)
Excess of expenditures charged against prior year encumbrances over prior year encumbrances	<u>-</u>	<u>(81,134)</u>	<u>(81,134)</u>
Unreserved fund balance (deficit), end of year	<u><u>\$(3,585,721)</u></u>	<u><u>\$(2,876,137)</u></u>	<u><u>\$709,584</u></u>

POHNPEI STATE GOVERNMENT

Statement of Revenues, Expenditures by Account and
Changes in Fund Balance - General Fund
The year ended September 30, 1987

(With comparative totals for the year ended September 30, 1986)

	<u>1987</u>	<u>1986</u>
Revenues:		
Compact of Free Association:		
Base grant	\$ 8,478,000	\$ -
Inflation adjustment	1,865,213	-
Department of the Interior grants	-	9,506,000
Revenue sharing	1,772,551	1,547,172
Taxes and licenses	513,259	423,567
Indirect cost reimbursement	73,821	182,529
Fines and penalties	113,373	38,232
Investment income	532,306	-
Other	962,776	1,195,715
	<u>14,311,299</u>	<u>12,893,215</u>
Total revenues		
Program expenditures:		
Personnel services	8,866,329	8,710,166
Travel	319,645	479,447
Supplies and materials	752,666	1,553,785
Fuel	1,369,052	1,245,743
Equipment	147,675	154,108
Other	1,986,261	2,925,389
	<u>13,441,628</u>	<u>15,068,638</u>
Total program expenditures		
Revenues over (under) expenditures	<u>869,671</u>	<u>(2,175,423)</u>
Other sources (uses):		
Operating transfers in	344,500	-
Operating transfers out	(196,517)	(395,703)
	<u>147,983</u>	<u>(395,703)</u>
Total sources (uses)		
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,017,654	(2,571,126)
Fund balance (deficit), beginning of year	<u>(3,468,885)</u>	<u>(897,759)</u>
Fund balance (deficit), end of year	<u>\$(2,451,231)</u>	<u>\$(3,468,885)</u>

POHNPEI STATE GOVERNMENT

Special Revenue Funds
September 30, 1987

Specific revenues earmarked to finance particular activities of the Government are accounted for in Special Revenue Funds. A brief discussion of the State's Special Revenue Funds as of September 30, 1987, follows:

Compact - Special Block Grant - Health and Education, Title Two, Article I, Section 221 (b)

This fund accounts for the funds granted under the Compact of Free Association with the United States, specifically restricted for health and education programs.

Operation and Maintenance Fund

This fund accounts for all U.S. Congress appropriations for specified project operational and maintenance subsidies.

TTPI Federal Assistance Fund

This fund accounts for all financial transactions related to United States special federal assistance grants utilized by the State of Pohnpei through the Trust Territory Government to finance general governmental operations.

Other Federal and Direct Assistance Fund

This fund accounts for all financial transactions related to United States and other countries federal assistance received directly by the State of Pohnpei.

Seaport Revolving Fund

This fund accounts for the financial activity of the State seaport.

Airport Revolving Fund

This fund accounts for the financial activity of the State airport.

Agriculture Revolving Fund

This fund accounts for livestock and supplies purchased and resold to local farmers. Funding for this activity was originally established through legislative appropriation.

PICS Revolving Fund

This fund accounts for the financial activity of PICS High School special accounts.

POINPEI STATE GOVERNMENT
SPECIAL REVENUE FUNDS

Combining Balance Sheet
September 30, 1987
(With comparative totals as of September 30, 1986)

Assets	Compact Health & Education Fund	Operation and Maintenance Fund	TTPI Federal Assistance Fund	Other Federal and Direct Assistance Fund	Seaport Revolving Fund	Airport Revolving Fund	Agriculture Revolving Fund	PICS Revolving Fund	Totals	
									1987	1986
Cash and equivalent	\$ 990,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 990,000	\$ -
Receivables from:										
Dept. of the Interior grants - TTG	-	-	-	-	-	-	-	-	-	-
Federal agencies - TTG	-	-	442,210	-	-	-	-	-	442,210	-
Federal agencies, direct, other government	-	-	-	70,143	-	-	-	-	70,143	484,395
General	-	-	-	-	25,000	1,040	42,078	-	68,118	42,442
Due from other fund	845,906	397,879	-	-	36,115	-	27,196	18,419	1,325,515	788,719
Inventories	-	-	-	-	-	-	26,317	-	26,317	42,302
Total assets	\$1,835,906	\$397,879	\$ 442,210	\$70,143	\$61,115	\$1,040	\$95,591	\$18,419	\$2,922,303	\$1,357,858
Liabilities and Fund Balance										
Liabilities:										
Accounts payable	\$ 634,105	\$ 34,846	\$ 384,494	\$ 9,558	\$ (612)	\$ 917	\$ 4,502	\$ (586)	\$1,067,224	\$ 394,252
Accrued payroll	-	131	22,403	1,099	-	-	-	-	23,633	13,799
Due to other fund	-	-	196,892	50,459	-	2,427	-	-	249,778	170,176
Intergovernmental payables	-	362,902	-	-	-	-	-	-	362,902	633,329
Deferred revenue	-	-	-	24,799	-	-	-	-	24,799	-
Total liabilities	634,105	397,879	603,789	85,915	(612)	3,344	4,502	(586)	1,728,336	1,211,556
Fund balance:										
Reserved for:										
Related assets	-	-	-	-	-	-	26,317	-	26,317	42,302
Encumbrances	17,939	110,096	1,124,900	21,148	4,997	4,520	46,588	6,254	1,336,442	951,053
Continuing appropriations	324,249	-	-	-	-	-	-	-	324,249	-
Unreserved	859,613	(110,096)	(1,286,479)	(36,920)	56,730	(6,824)	18,184	12,751	(493,041)	(847,053)
Total fund balance (deficit)	1,201,801	-	(161,579)	(15,772)	61,727	(2,304)	91,089	19,005	1,193,967	146,302
Total liabilities and fund balance	\$1,835,906	\$397,879	\$ 442,210	\$70,143	\$61,115	\$1,040	\$95,591	\$18,419	\$2,922,303	\$1,357,858

POHNPEI STATE GOVERNMENT
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
The year ended September 30, 1987
(With comparative totals for the year ended September 30, 1986)

	Compact Health & Education Fund	Operation and Maintenance Fund	TTPI Federal Assistance Fund	Other Federal and Direct Assistance Fund	Seaport Revolving Fund	Airport Revolving Fund	Agriculture Revolving Fund	PICS Revolving Fund	Totals	
									1987	1986
Revenues:										
Compact of Free Association:										
Base grant	\$2,247,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,247,730	\$ -
Inflation adjustment	-	-	-	-	-	-	-	-	-	-
Department of the Interior grant	-	270,427	-	-	-	-	-	-	270,427	849,695
Federal contributions	-	-	3,040,296	112,925	-	-	-	-	3,153,221	3,634,126
FSM National Government contributions	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	73,512	18,972	9,585	167,279	22,910	292,258	448,832
Total revenues	2,247,730	270,427	3,040,296	186,437	18,972	9,585	167,279	22,910	5,963,636	4,932,653
Expenditures:										
Central government	-	-	-	-	-	-	-	-	-	75
Health services	644,853	49,107	149,816	16,638	-	-	-	-	860,414	197,167
Education	56,576	-	3,017,576	23,724	-	-	-	-	3,097,876	2,717,913
Resources and development	-	-	20,453	24,899	-	-	150,138	-	195,490	232,703
Public works	-	221,320	210,547	-	-	-	-	-	431,867	1,134,144
Others	-	-	-	136,948	12,026	18,300	-	15,067	182,341	580,041
Total expenditures	701,429	270,427	3,398,392	202,209	12,026	18,300	150,138	15,067	4,767,988	4,862,043
Revenues over (under) expenditures	1,546,301	-	(358,096)	(15,772)	6,946	(8,715)	17,141	7,843	1,195,648	70,610
Other sources (uses):										
Transfer/general fund, net	(344,500)	-	196,517	-	-	-	-	-	(147,983)	-
Excess (deficiency) of revenue and other sources over expend- itures and other uses	1,201,801	-	(161,579)	(15,772)	6,946	(8,715)	17,141	7,843	1,047,665	70,610
Fund balance (deficit), beginning of year	-	-	-	-	54,781	6,411	73,948	11,162	146,302	75,692
Fund balance (deficit), end of year	<u>\$1,201,801</u>	<u>\$ -</u>	<u>\$ (161,579)</u>	<u>\$(15,772)</u>	<u>\$61,727</u>	<u>\$(2,304)</u>	<u>\$ 91,089</u>	<u>\$19,005</u>	<u>\$1,193,967</u>	<u>\$ 146,302</u>

POHNPEI STATE GOVERNMENT
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures by Account
and Changes in Fund Balance
The year ended September 30, 1987
(With comparative totals for the year ended September 30, 1986)

	Compact Health & Education Fund	Operation and Maintenance Fund	TUPI Federal Assistance Fund	Other Federal and Direct Assistance Fund	Seaport Revolving Fund	Airport Revolving Fund	Agriculture Revolving Fund	PICS Revolving Fund	Totals	
									1987	1986
Revenues:										
Compact of Free Association:										
Base grant	\$2,247,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,247,730	\$ -
Inflation adjustment	-	-	-	-	-	-	-	-	-	-
Department of the Interior grant	-	270,427	-	-	-	-	-	-	270,427	849,600
Federal contributions	-	-	3,040,296	112,925	-	-	-	-	3,153,221	3,634,100
FSM National Government contributions	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	73,512	18,972	9,585	167,279	22,910	292,258	448,800
<u>Total revenues</u>	<u>2,247,730</u>	<u>270,427</u>	<u>3,040,296</u>	<u>186,437</u>	<u>18,972</u>	<u>9,585</u>	<u>167,279</u>	<u>22,910</u>	<u>5,963,636</u>	<u>4,932,600</u>
Expenditures:										
Personnel services	-	36,340	1,894,381	11,743	-	-	-	-	1,942,464	1,767,400
Travel	28,112	-	74,300	9,934	2,871	-	-	-	115,217	123,300
Supplies and materials	32,562	52,442	851,753	71,058	54	9,268	150,138	7,977	1,175,252	1,422,400
Fuel	2,856	112	14,181	911	7,474	175	-	2,779	28,488	9,300
Equipment	1,997	80,895	122,012	1,411	-	285	-	837	207,437	458,200
Others	635,902	100,638	441,765	107,152	1,627	8,572	-	3,474	1,299,130	1,081,100
<u>Total expenditures</u>	<u>701,429</u>	<u>270,427</u>	<u>3,398,392</u>	<u>202,209</u>	<u>12,026</u>	<u>18,300</u>	<u>150,138</u>	<u>15,067</u>	<u>4,767,988</u>	<u>4,862,000</u>
Revenues over (under) expenditures	1,546,301	-	(358,096)	(15,772)	6,946	(8,715)	17,141	7,843	1,195,648	70,600
Other sources (uses):										
Transfer/general fund, net	(344,500)	-	196,517	-	-	-	-	-	(147,983)	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	1,201,801	-	(161,579)	(15,772)	6,946	(8,715)	17,141	7,843	1,047,665	70,600
Fund balance (deficit), beginning of year	-	-	-	-	54,781	6,411	73,948	11,162	146,302	75,600
Fund balance (deficit), end of year	<u>\$1,201,801</u>	<u>\$ -</u>	<u>\$ (161,579)</u>	<u>\$(15,772)</u>	<u>\$61,727</u>	<u>\$(2,304)</u>	<u>\$ 91,089</u>	<u>\$19,005</u>	<u>\$1,193,967</u>	<u>\$ 146,300</u>

POHNPEI STATE GOVERNMENT

Capital Projects Funds
September 30, 1987

Appropriations or grants earmarked to finance capital projects of the Government are accounted for in the Capital Projects Funds. A brief discussion of the State's Capital Projects Funds as of September 30, 1987, follows:

Compact - Capital Projects Fund

This fund accounts for various capital projects funded by the Compact of Free Association with the United States, Title Two, Article I, Section 211.

TTG - Capital Projects Fund

This fund accounts for various capital projects received under grant awards from the Trust Territory Government.

CFSM State Projects Fund

This fund accounts for the various capital projects funded by the Congress of the Federated States of Micronesia.

POHNPEI STATE GOVERNMENT
CAPITAL PROJECTS FUNDS

Combining Balance Sheet
September 30, 1987
(With comparative totals as of September 30, 1986)

<u>Assets</u>	<u>Compact</u> <u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>TTG</u> <u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>CFSM</u> <u>State</u> <u>Projects</u> <u>Fund</u>	<u>Total</u>	
				1987	1986
Cash and equivalent	\$ 185,390	\$ -	\$ -	\$ 185,390	\$ -
Investments	5,900,000	-	-	5,900,000	-
Receivables from:					
Dept. of the Interior					
grants - TTG	-	202,928	-	202,928	134,793
FSM National Government	-	-	253,492	253,492	150,355
Due from other fund	932,125	-	-	932,125	-
Inventories	-	-	-	-	-
Total assets	\$7,017,515	\$202,928	\$253,492	\$7,473,935	\$285,148

Liabilities and Fund Balance

Liabilities:					
Accounts payable	\$ 6,147	\$ 75,536	\$ 55,847	\$ 137,530	\$159,679
Accrued payroll	1,078	-	76	1,154	254
Due to General Fund	-	127,392	235,352	362,744	125,215
Total liabilities	7,225	202,928	291,275	501,428	285,148
Fund balance:					
Reserved for:					
Encumbrances	348,642	310,430	119,588	778,660	264,938
Continuing appropriations	5,013,666	-	-	5,013,666	-
Unreserved	1,647,982	(310,430)	(157,371)	1,180,181	(264,938)
Total fund balance	7,010,290	-	(37,783)	6,972,507	-
Total liabilities and fund balance	\$7,017,515	\$202,928	\$253,492	\$7,473,935	\$285,148

POHNPEI STATE GOVERNMENT
CAPITAL PROJECTS FUNDS

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance
The year ended September 30, 1987
(With comparative totals for the year ended September 30, 1986)

	Compact Capital Projects Fund	TTG Capital Projects Fund	CFSM State Projects Fund	Total	
				1987	1986
Revenues:					
Compact of Free Association:					
Base grant	\$6,108,000	\$ -	\$ -	\$6,108,000	\$ -
Inflation adjustment	1,343,760	-	-	1,343,760	-
Department of the Interior grants	-	281,234	-	281,234	1,444,696
Federated States of Micronesia National Government contributions	-	-	400,945	400,945	597,215
Other	200,000	-	-	200,000	-
<u>Total revenues</u>	<u>7,651,760</u>	<u>281,234</u>	<u>400,945</u>	<u>8,333,939</u>	<u>2,041,911</u>
Expenditures:					
Capital projects	641,470	281,234	438,728	1,361,432	2,205,911
<u>Total expenditures</u>	<u>641,470</u>	<u>281,234</u>	<u>438,728</u>	<u>1,361,432</u>	<u>2,205,911</u>
Revenues over (under) expenditures	7,010,290	-	(37,783)	6,972,507	(164,000)
Other sources (uses):					
Transfer/general fund	-	-	-	-	164,000
Excess (deficiency) of revenue and other sources over expenditures and other uses	7,010,290	-	(37,783)	6,972,507	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance (deficit), end of year	<u>\$7,010,290</u>	<u>\$ -</u>	<u>\$(37,783)</u>	<u>\$6,972,507</u>	<u>\$ -</u>

POHNPEI STATE GOVERNMENT
CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures
by Account and Changes in Fund Balance
The year ended September 30, 1987
(With comparative totals for the year ended September 30, 1986)

	Compact Capital Projects Fund	TTG Capital Projects Fund	CFSM State Projects Fund	Total	
				1987	1986
Revenues:					
Compact of Free Association:					
Base grant	\$6,108,000	\$ -	\$ -	\$6,108,000	\$ -
Inflation adjustment	1,343,760	-	-	1,343,760	-
Department of the Interior grants	-	281,234	-	281,234	1,444,696
Federated States of Micronesia National Government contributions	-	-	400,945	400,945	597,215
Other	200,000	-	-	200,000	-
Total revenues	7,651,760	281,234	400,945	8,333,939	2,041,911
Expenditures:					
Personnel services	71,150	23,069	52,071	146,290	47,978
Travel	171	-	15,770	15,941	28,627
Supplies and materials	29,497	17,676	118,038	165,211	445,163
Fuel	104	-	-	104	84,908
Equipment	37,069	173,783	62,761	273,613	130,625
Other	503,479	66,706	190,088	760,273	1,468,610
Total expenditures	641,470	281,234	438,728	1,361,432	2,205,911
Revenues over (under) expenditures	7,010,290	-	(37,783)	6,972,507	(164,000)
Other sources (uses):					
Transfer/general fund	-	-	-	-	164,000
Excess (deficiency) of revenue and other sources over expenditures and other uses	7,010,290	-	(37,783)	6,972,507	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance (deficit), end of year	\$7,010,290	\$ -	\$(37,783)	\$6,972,507	\$ -

POHNPEI STATE GOVERNMENT

Expendable Trust Funds
September 30, 1987

Specific funds for which the State acts as a trustee are accounted for as Expendable Trust Funds. A brief discussion of the State's Expendable Trust Funds follows:

Public Land Trust Fund

This fund accounts for all revenues generated from the administration, management and disposition of public lands in Pohnpei State.

Leo Etscheit Medical Fund

This fund accounts for the transfer of interest earned from a nonexpendable trust, not administered by the State, for the purpose of creating a charitable fund to provide gifts and/or food for the in-patients of the State hospital.

Leo Etscheit Sports Fund

This fund accounts for the transfer of interest earned from a nonexpendable trust, not administered by the State, for the purpose of creating a fund for the national holiday sports activity in Pohnpei State.

**POHNPEI STATE GOVERNMENT
EXPENDABLE TRUST FUNDS**

Combining Balance Sheet
September 30, 1987
(With comparative totals as of September 30, 1986)

<u>Assets</u>	<u>Public Land Trust Fund</u>	<u>Leo Etscheit Medical Fund</u>	<u>Leo Etscheit Sports Fund</u>	<u>Total</u>	
				<u>1987</u>	<u>1986</u>
Cash and equivalents	\$ -	\$45,599	\$566	\$ 46,165	\$ 26,436
General receivables	4,793	6,000	-	10,793	10,793
Due from other funds	<u>115,810</u>	<u>-</u>	<u>-</u>	<u>115,810</u>	<u>83,531</u>
Total assets	<u>\$120,603</u>	<u>\$51,599</u>	<u>\$566</u>	<u>\$172,768</u>	<u>\$120,760</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ (223)	\$ 467	\$ -	\$ 244	\$ 137
Due to other funds	<u>-</u>	<u>30,449</u>	<u>-</u>	<u>30,449</u>	<u>19,265</u>
Total liabilities	<u>(223)</u>	<u>30,916</u>	<u>-</u>	<u>30,693</u>	<u>19,402</u>
Fund balance:					
Reserved for:					
Related assets	-	-	-	-	-
Encumbrances	-	-	-	-	-
Unreserved	<u>120,826</u>	<u>20,683</u>	<u>566</u>	<u>142,075</u>	<u>101,358</u>
Total fund balance	<u>120,826</u>	<u>20,683</u>	<u>566</u>	<u>142,075</u>	<u>101,358</u>
 Total liabilities and fund balance	 <u>\$120,603</u>	 <u>\$51,599</u>	 <u>\$566</u>	 <u>\$172,768</u>	 <u>\$120,760</u>

POHNPEI STATE GOVERNMENT
EXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
The year ended September 30, 1987
(With comparative totals for the year ended September 30, 1986)

	<u>Public Land Trust Fund</u>	<u>Leo Etscheit Medical Fund</u>	<u>Leo Etscheit Sports Fund</u>	<u>Total</u>	
				<u>1987</u>	<u>1986</u>
Revenues:					
Rental	\$ 37,665	\$ -	\$ -	\$ 37,665	\$ 32,844
Interest	<u>-</u>	<u>19,997</u>	<u>13,731</u>	<u>33,728</u>	<u>-</u>
Total revenues	<u>37,665</u>	<u>19,997</u>	<u>13,731</u>	<u>71,393</u>	<u>32,844</u>
Expenditures:					
Central government	5,264	-	-	5,264	-
Culture and recreation	-	11,412	14,000	25,412	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,504</u>
Total expenditures	<u>5,264</u>	<u>11,412</u>	<u>14,000</u>	<u>30,676</u>	<u>24,504</u>
Revenues over (under) expenditures	32,401	8,585	(269)	40,717	8,340
Other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expend- itures and other uses	32,401	8,585	(269)	40,717	8,340
Fund balance, beginning of year	<u>88,425</u>	<u>12,098</u>	<u>835</u>	<u>101,358</u>	<u>93,018</u>
Fund balance, end of year	<u>\$120,826</u>	<u>\$20,683</u>	<u>\$ 566</u>	<u>\$142,075</u>	<u>\$101,358</u>

POHNPEI STATE GOVERNMENT
EXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenditures by Account
and Changes in Fund Balance
The year ended September 30, 1987
(With comparative totals for the year ended September 30, 1986)

	<u>Public Land Trust Fund</u>	<u>Leo Etscheit Medical Fund</u>	<u>Leo Etscheit Sports Fund</u>	<u>Total</u>	
				<u>1987</u>	<u>1986</u>
Revenues:					
Rental	\$ 37,665	\$ -	\$ -	\$ 37,665	\$ 32,844
Interest	<u>-</u>	<u>19,997</u>	<u>13,731</u>	<u>33,728</u>	<u>-</u>
Total revenues	<u>37,665</u>	<u>19,997</u>	<u>13,731</u>	<u>71,393</u>	<u>32,844</u>
Expenditures:					
Personnel services	1,947	-	-	1,947	-
Travel	148	-	-	148	6,295
Supplies and materials	-	11,412	-	11,412	12,842
Fuel	117	-	-	117	740
Equipment	-	-	-	-	295
Other	<u>3,052</u>	<u>-</u>	<u>14,000</u>	<u>17,052</u>	<u>4,332</u>
Total expenditures	<u>5,264</u>	<u>11,412</u>	<u>14,000</u>	<u>30,676</u>	<u>24,504</u>
Revenues over (under) expenditures	32,401	8,585	(269)	40,717	8,340
Other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expend- itures and other uses	32,401	8,585	(269)	40,717	8,340
Fund balance, beginning of year	<u>88,425</u>	<u>12,098</u>	<u>835</u>	<u>101,358</u>	<u>93,018</u>
Fund balance, end of year	<u>\$120,826</u> =====	<u>\$20,683</u> =====	<u>\$ 566</u> =====	<u>\$142,075</u> =====	<u>\$101,358</u> =====