

YAP STATE GOVERNMENT
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED SEPTEMBER 30, 1989

YAP STATE GOVERNMENT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 1989

TABLE OF CONTENTS

Page No.

I. Financial Statements

Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Fiduciary Fund Type	4
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual - General Fund and Special Revenue Funds	5
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types	6
Combined Statement of Changes in Financial Position - Proprietary Fund Types	7
Notes to Combined Financial Statements	8

II. Additional Information

Independent Auditor's Report on Additional Information	24
Combining Statement of Expenditures by Account - All Governmental Fund Types	25
General Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance by Function	26
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis by Function	29

Special Revenue Funds:	
Combining Balance Sheet	32
Combining Statement of Revenues, Expenditures by Function and Changes in Fund Balance (Deficit)	33
Combining Statement of Revenues, Expenditures by Account and Changes in Fund Balance (Deficit)	34
Capital Projects Funds:	
Combining Balance Sheet	36
Combining Statement of Revenues, Expenditures by Function and Changes in Fund Balance (Deficit)	37
Combining Statement of Revenues, Expenditures by Account and Changes in Fund Balance (Deficit)	38
Enterprise Funds:	
Combining Balance Sheet	41
Combining Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance	42

INDEPENDENT AUDITOR'S REPORT

Honorable Petrus Tun
Governor
State of Yap

We have audited the accompanying general purpose financial statements of the State of Yap, as of September 30, 1989, and for the year then ended. These general purpose financial statements are the responsibility of Yap State management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as described in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The State has not adequately updated its General Fixed Assets Account Group during the year ended September 30, 1989, nor were we able to apply sufficient alternative procedures to assure ourselves as to the correctness of the balances set forth in the accompanying financial statements. Accordingly, a statement of changes in general fixed assets has not been included within the accompanying financial statements.

Because of numerous deficiencies in the accounting records of the Yap State Fishing Authority, including absence of source documents for the months of October and November, 1988, absence of cost data to support the carrying value of fixed assets and inventories and an absence of detailed fixed asset registers substantiating general ledger balances, we are not able to express an opinion on those statements which comprise 89% and 76% of the enterprise fund total assets and revenues, respectively.

In our opinion, except for the effects of such adjustments which may be required as a result of the matters discussed in the third and fourth paragraphs, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Yap, as of September 30, 1989, and the results of its operations and changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

Memorandum totals and other balances as of September 30, 1988, have not been audited. These balances have been extracted from the general purpose financial statements of the State of Yap for the year ended September 30, 1988, and are presented in the accompanying financial statements for comparative purposes only. The comprehensive annual financial report for the year ended September 30, 1988, was subjected to audit procedures to the extent as described in our qualified opinion in our report dated March 15, 1989.

May 11, 1990

Touche Ross + Co.

Certified Public Accountants

YAP STATE GOVERNMENT

Combined Balance Sheet - All Fund Types and Account Groups
September 30, 1989
(With comparative totals as of September 30, 1988)

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account Groups		Total	
	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Expendable Trust Fund	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
									1989	1988
Assets										
Cash and equivalents	\$ 3,552,997	\$ -	\$ -	\$ 96,910	\$ -	\$ 130,735	\$ -	\$ -	\$ 3,780,642	\$ 3,448,613
Investments (note 10)	4,985,783	218,630	10,131,056	-	-	-	-	-	15,335,469	9,435,425
Receivables, net (notes 1 and 2):										
Other governments	-	6,435	-	-	-	-	-	-	6,435	1,309,529
Federal agencies	-	-	-	-	-	-	-	-	-	-
- TTPI	-	-	-	-	-	-	-	-	-	-
Dept. of the Interior - TTPI	-	-	371,536	-	-	-	-	-	371,536	507,891
Federal and other - FSM Govt	-	1,145,550	50,831	-	-	-	-	-	1,196,381	-
General	392,299	-	-	121,425	-	-	-	-	513,724	181,316
Loans	1,098	-	-	-	-	-	-	-	1,098	-
Due from other funds	1,276,517	1,038,821	-	21,087	101,466	45,642	-	-	2,483,533	1,343,171
Advances (note 2)	72,073	47,149	2,954	-	-	-	-	-	122,176	87,922
Inventory of supplies, at cost (note 3)	500,000	-	-	66,875	148,513	-	-	-	715,388	686,867
Prepayments	-	-	-	13,208	-	-	-	-	13,208	27,098
Investment in fixed assets, net of accumulated depreciation (notes 1 and 4)	-	-	-	5,360,291	-	-	60,876,164	-	66,236,455	64,522,309
Amount to be provided for retirement of long-term debt (note 5)	-	-	-	-	-	-	-	482,039	482,039	673,024
Total assets	\$10,780,767	\$2,456,585	\$10,556,377	\$5,679,796	\$ 249,979	\$176,377	\$60,876,164	\$ 482,039	\$91,258,084	\$82,223,165
Liabilities and Fund Equity										
Liabilities:										
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675,284
Accounts payable	301,711	191,385	259,807	65,519	-	1,526	-	-	819,948	921,337
Accrued payroll and others	343,542	25,207	-	13,264	-	-	-	482,039	864,052	792,329
Due to other funds	-	1,040,420	1,443,112	-	-	-	-	-	2,483,532	1,346,122
Intergovernmental payables	-	-	-	-	-	-	-	-	-	206
Deferred revenues	190,727	96,034	70,760	-	-	-	-	-	357,521	385,629
Land acquisition claims payable	526,847	-	-	-	-	-	-	-	526,847	679,041
Total liabilities	1,362,827	1,353,046	1,773,679	78,783	-	1,526	-	482,039	5,051,900	4,799,948
Contingent liabilities and commitments (notes 7 and 9)										
Fund equity:										
Contributed capital	-	-	-	5,086,141	-	-	-	-	5,086,141	4,481,954
Investment in general fixed assets	-	-	-	-	-	-	60,876,164	-	60,876,164	59,870,071
Retained earnings:										
Unreserved	-	-	-	514,872	-	-	-	-	514,872	311,300
Fund balance:										
Reserved for:										
Related assets	500,550	-	900,000	-	148,869	-	-	-	1,549,419	650,510
Encumbrances	569,075	1,097,751	11,693,158	-	9,117	-	-	-	13,369,101	2,723,284
Continuing appropriations (note 12)	52,564	-	1,190,803	-	-	-	-	-	1,243,367	5,449,584
Unreserved	8,295,751	5,788	(5,001,263)	-	91,993	174,851	-	-	3,567,120	3,936,514
Total fund equity	9,417,940	1,103,539	8,782,698	5,601,013	249,979	174,851	60,876,164	-	86,206,184	77,423,217
Total liabilities and fund equity	\$10,780,767	\$2,456,585	\$10,556,377	\$5,679,796	\$ 249,979	\$176,377	\$60,876,164	\$ 482,039	\$91,258,084	\$82,223,165

See accompanying notes to combined financial statements.

YAP STATE GOVERNMENT



Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
 All Governmental Fund Types and Fiduciary Fund Type
 Year Ended September 30, 1989
 (With comparative totals for the year ended September 30, 1988)

	Governmental Fund Types			Fiduciary Fund Type Expendable Trust Fund	Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Capital Projects Funds		1989	1988
Revenues:						
Compact	\$ 7,321,296	\$2,447,276	\$4,504,944	\$ -	\$14,273,516	\$14,240,839
Taxes and licenses	936,504	-	-	-	936,504	712,148
Dept. of the Interior - TTPI	-	-	1,280,723	-	1,280,723	1,222,111
Federal and other - direct	-	1,337,592	-	-	1,337,592	2,141,216
Congress of the Federated States of Micronesia (CFSM) grants	-	609,700	50,831	-	660,531	410,839
Revenue sharing (FSM)	662,628	-	-	-	662,628	684,500
Interest income	444,296	-	-	-	444,296	206,048
Other	695,747	21,708	245	59,019	776,719	646,453
Total revenues	10,060,471	4,416,276	5,836,743	59,019	20,372,509	20,264,154
Expenditures:						
General government	1,553,752	57,564	-	-	1,611,316	1,615,755
Health services	1,273,320	266,738	-	-	1,540,058	1,989,396
Education	1,269,055	2,328,948	-	-	3,598,003	2,848,684
Economic development	534,473	41,476	1,034,363	-	1,610,312	2,164,051
Public safety	507,255	109,617	-	-	616,872	641,046
Public works and utilities	884,832	1,093,024	2,454,355	-	4,432,211	3,191,799
Community affairs	236,099	456,274	-	-	692,373	626,866
Boards and commissions	281,875	-	-	-	281,875	261,051
Transportation	715,011	-	-	-	715,011	972,049
Other	248,409	-	222,896	19,340	490,645	191,167
Total expenditures	7,504,081	4,353,641	3,711,614	19,340	15,588,676	14,501,864
Revenues over expenditures	2,556,390	62,635	2,125,129	39,679	4,783,833	5,762,290
Other sources (uses):						
Investment income	2,462,761	-	-	-	2,462,761	135,163
Operating transfers in (note 6)	-	-	-	-	-	17,495
Operating transfers out (note 6)	(269,300)	-	-	-	(269,300)	(359,417)
Total sources (uses), net	2,193,461	-	-	-	2,193,461	(206,759)
Excess of revenues and other sources over expenditures and other uses	4,749,851	62,635	2,125,129	39,679	6,977,294	5,555,531
Fund balance, beginning of year	4,668,089	1,040,904	6,657,569	135,172	12,501,734	6,946,203
Fund balance, end of year	\$ 9,417,940	\$1,103,539	\$8,782,698	\$174,851	\$19,479,028	\$12,501,734

See accompanying notes to combined financial statements.

YAP STATE GOVERNMENT



Statement of Revenues, Expenditures and Changes in
Fund Balance (Deficit) - Budget and Actual - General Fund and Special
Revenue Funds
Year Ended September 30, 1989

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes and licenses	\$ 567,000	\$ 936,504	\$ 369,504	\$ -	\$ -	\$ -	\$ 567,000	\$ 936,504	\$ 369,504
Other compact funds	-	-	-	2,979,483	2,447,276	(532,207)	2,979,483	2,447,276	(532,207)
Current account compact funds	7,234,824	7,321,296	86,472	-	-	-	7,234,824	7,321,296	86,472
Federal and other - direct Congress of the Federated States of Micronesia (CFSM) grants	-	-	-	2,790,300	1,337,592	(1,452,708)	2,790,300	1,337,592	(1,452,708)
Revenue sharing (FSM)	560,000	662,628	102,628	964,203	609,700	(354,503)	964,203	609,700	(354,503)
Interest income	170,000	444,296	274,296	-	-	-	170,000	444,296	274,296
Other	758,400	695,747	(62,653)	24,726	21,708	(3,018)	783,126	717,455	(65,671)
Total revenues	9,290,224	10,060,471	770,247	6,758,712	4,416,276	(2,342,436)	16,048,936	14,476,747	(1,572,189)
Expenditures - budgetary basis:									
General government	1,885,860	1,621,489	264,371	100,729	91,007	9,722	1,986,589	1,712,496	274,093
Health services	1,420,240	1,282,915	137,325	670,462	283,412	387,050	2,090,702	1,566,327	524,375
Education	1,314,088	1,156,199	157,889	3,272,510	2,378,579	893,931	4,586,598	3,534,778	1,051,820
Economic development	618,391	517,417	100,974	129,773	21,522	108,251	748,164	538,939	209,225
Public safety	585,896	515,256	70,640	114,022	94,657	19,365	699,918	609,913	90,005
Public works and utilities	996,735	896,483	100,252	1,542,739	1,070,955	471,784	2,539,474	1,967,438	572,036
Community affairs	302,358	244,854	57,504	928,477	401,411	527,066	1,230,835	646,265	584,570
Boards and commissions	319,034	285,258	33,776	-	-	-	319,034	285,258	33,776
Transportation	819,512	749,142	70,370	-	-	-	819,512	749,142	70,370
Other	231,986	252,571	(20,585)	-	-	-	231,986	252,571	(20,585)
Total expenditures	8,494,100	7,521,584	972,516	6,758,712	4,341,543	2,417,169	15,252,812	11,863,127	3,389,685
Revenues over expenditures	796,124	2,538,887	1,742,763	-	74,733	74,733	796,124	2,613,620	1,817,496
Other sources (uses):									
Investment income	-	2,462,761	2,462,761	-	-	-	-	2,462,761	2,462,761
Operating transfers in (out)	(269,300)	(269,300)	-	-	-	-	(269,300)	(269,300)	-
Total other sources (uses)	(269,300)	2,193,461	2,462,761	-	-	-	(269,300)	2,193,461	2,462,761
Excess (deficiency) of revenues and other sources over expendi- tures and other uses	526,824	4,732,348	4,205,524	-	74,733	74,733	526,824	4,807,081	4,280,257
Fund balance (deficit) - unreserved, September 30, 1988	2,371,115	3,587,135	1,216,020	-	(68,945)	(68,945)	2,371,115	3,518,190	1,147,075
Less: Change in reserve for continuing appropriations and others	-	(23,732)	(23,732)	-	-	-	-	(23,732)	(23,732)
Fund balance - unreserved, September 30, 1989	\$2,897,939	\$8,295,751	\$5,397,812	\$ -	\$ 5,788	\$ 5,788	\$ 2,897,939	\$ 8,301,539	\$ 5,403,600

See accompanying notes to combined financial statements.

Combined Statement of Revenues, Expenses, and Changes in Fund Equity -
 All Proprietary Fund Types
 Year Ended September 30, 1989
 (With comparative totals for the year ended September 30, 1988)

	<u>Proprietary Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>1989</u>	<u>1988</u>
	Operating revenues:			
Charges for services	\$ 311,599	\$ 28,442	\$ 340,041	\$ 383,883
Rental income	119,159	33,397	152,556	77,181
Stock issues	-	24,336	24,336	21,917
Other	<u>66,948</u>	<u>4,651</u>	<u>71,599</u>	<u>30,081</u>
Total operating revenues	<u>497,706</u>	<u>90,826</u>	<u>588,532</u>	<u>513,062</u>
Operating expenses:				
Personnel services	176,291	-	176,291	220,149
Supplies and materials	309,575	75,771	385,346	261,358
Printing and reproduction	-	740	740	322
Contractual services/commissions	113,980	-	113,980	120,629
Travel	19,867	-	19,867	27,231
Capital acquisitions	-	16,968	16,968	18,015
Depreciation	268,510	-	268,510	153,801
Other	<u>89,304</u>	<u>5,526</u>	<u>94,830</u>	<u>89,920</u>
Total operating expenses	<u>977,527</u>	<u>99,005</u>	<u>1,076,532</u>	<u>891,425</u>
Operating income (loss)	<u>(479,821)</u>	<u>(8,179)</u>	<u>(488,000)</u>	<u>(378,363)</u>
Non-operating revenues:				
Intergovernmental contributions -				
FSM	354,500	-	354,500	73,000
Intergovernmental contributions -				
General Fund	269,300	-	269,300	333,400
Other contributions	-	-	-	8,522
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,568</u>
Total non-operating revenues	<u>623,800</u>	<u>-</u>	<u>623,800</u>	<u>458,490</u>
Net income (loss)	143,979	(8,179)	135,800	80,127
Prior period adjustment (note 8)	59,593	-	59,593	(205,945)
Fund equity, beginning of year	4,793,254	258,158	5,051,412	1,149,230
Contributed capital additions for the year	<u>604,187</u>	<u>-</u>	<u>604,187</u>	<u>4,028,000</u>
Fund equity, end of year	<u>\$5,601,013</u>	<u>\$ 249,979</u>	<u>\$5,850,992</u>	<u>\$5,051,412</u>

See accompanying notes to combined financial statements

YAP STATE GOVERNMENT

Combined Statement of Changes in Financial Position
 All Proprietary Fund Types
 Year Ended September 30, 1989
 (With comparative totals for the year ended September 30, 1988)

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal	1989	1988
		Service		
Sources of working capital:				
Operations:				
Net earnings (loss)	\$ 143,979	\$ (8,179)	\$ 135,800	\$ 80,127
Items not requiring working capital:				
Depreciation	<u>268,510</u>	<u>-</u>	<u>268,510</u>	<u>153,801</u>
Working capital (used in) provided by operations	412,489	(8,179)	404,310	233,928
Prior period adjustments	59,593	-	59,593	-
Governmental contributions	<u>604,187</u>	<u>-</u>	<u>604,187</u>	<u>4,028,000</u>
Total sources of working capital	<u>1,076,269</u>	<u>(8,179)</u>	<u>1,068,090</u>	<u>4,261,928</u>
Uses of working capital:				
Acquisition of property, plant, and equipment	976,563	-	976,563	4,028,000
Inventory and fixed asset reductions, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,141</u>
Total uses of working capital	<u>976,563</u>	<u>-</u>	<u>976,563</u>	<u>4,202,141</u>
Net increase (decrease) in working capital	<u>\$ 99,706</u>	<u>\$ (8,179)</u>	<u>\$ 91,527</u>	<u>\$ 59,787</u>
Elements of net increase (decrease) in working capital:				
Cash	\$ 50,840	\$ -	\$ 50,840	\$ 2,766
Receivables	70,460	(2,400)	68,060	5,747
Due from other funds	(1,497)	(8,708)	(10,205)	26,350
Inventory of supplies	28,518	3	28,521	32,233
Prepaid expenses	(13,890)	-	(13,890)	(18,310)
Accounts payable	<u>(34,725)</u>	<u>2,926</u>	<u>(31,799)</u>	<u>11,001</u>
Net increase (decrease) in working capital	<u>\$ 99,706</u>	<u>\$ (8,179)</u>	<u>\$ 91,527</u>	<u>\$ 59,787</u>

See accompanying notes to combined financial statements.

YAP STATE GOVERNMENT

Notes to Combined Financial Statements
September 30, 1989(1) Significant Accounting PoliciesA. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Government Accounting Standards Board (GASB). The accompanying statements include all fund types and account groups as accounted for by the State of Yap.

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, proprietary and fiduciary funds. The Account Groups include General Fixed Assets and General Long-Term Debt.

The State of Yap'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 Funds - 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.

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 accounted for on the accrual basis of accounting and at September 30, 1989, include the following:

1. The Enterprise Funds account for the operations of State agencies which were designed to be self-sufficient and which render services to the general public or other governmental agencies on a user charge basis; and,
2. The Internal Service Funds account for various stock and medical supply operations of self-sustaining State agencies rendering services to other State agencies on a cost reimbursement basis.

The fiduciary fund includes an Expendable Trust Fund, which is used to account for assets appropriated by the State Legislature to be used for scholarship funds. These funds are held by the State as trustee. The Expendable Trust Fund is 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.

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. The State follows a policy of capitalizing infra-structure costs. Depreciation is not charged on general fixed assets. However, depreciation is charged on proprietary fund fixed assets and is provided over the estimated useful lives of the assets through

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(1) Significant Accounting Policies, Continued

use of the straight line method. These estimated useful lives range from 20 to 50 years for Structures and Improvements, and 5 to 10 years for Machinery and Equipment.

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.

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 those 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

The Legislature enacts the budget prior to the commencement of the applicable fiscal year through passage of specific departmental appropriations. Before signing the Appropriations Act, the Governor may veto or reduce any specific appropriation on a line item basis, subject to legislative override. Once passed and signed, the budget becomes the State financial plan for the ensuing fiscal year.

Budgetary control is maintained at the departmental level. Budget revisions during the year, reflecting intradepartmental program changes, may be effected only through Legislative branch approval.

E. Receivables

Receivables in the State's governmental funds primarily consist of taxes and federal revenues. Since few government fund revenues are susceptible to accrual prior to receipt, most

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(1) Significant Accounting Policies, Continued

taxes, licenses, fees, permits and similar revenues are recognized primarily on the cash basis. Federal receivables include those funds which are earned, primarily from the F.S.M. National Government administered federal grants and Department of the Interior operating and special grants, which have yet to be reimbursed by the applicable grantor.

F. Interfund Transactions

The State of Yap basically has two types of potential-interfund transactions, as follows:

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

For all funds, the combining balance sheets separately classify interfund activity with the general fund.

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. Fund Balance Reserves and Designations

The State's fund balance reserves represent those portions of fund balance (1) that cannot be appropriated for expenditures or (2) that are legally segregated for a specific future use. In the accompanying combined balance sheet, the reserve for related assets is an example of the former and the reserves for encumbrances and continuing appropriations are examples of the latter.

I. 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.

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(1) Significant Accounting Policies, Continued

J. Deposits in Banks

State law requires that cash held in foreign banks must be with banks which have total assets in excess of one billion dollars. There is no such requirement for local banks. At September 30, 1989, the State had deposits as follows:

	<u>Cost</u>
General Fund:	
Non-FDIC covered time certificates	\$3,310,804
Time certificates of deposit with a bank which is a FDIC member.	547,426
All other cash in checking and savings accounts with FDIC insured banks.	<u>(305,233)</u>
	\$3,552,997 =====
Expendable Trust Fund:	
Bank of Hawaii	<u>\$ 130,735</u> =====

All other cash is a negative balance, net and is not shown as a bank overdraft on the accompanying financial statements due to other State deposits which can be used to offset the overdraft position.

For the above cash, \$600,000 is covered by FDIC and the balance exceeds insurable amounts. The State does not require collateralization of its deposits by its banks.

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(2) Receivables and Advances

A summary of receivables, advances and the corresponding allowance for doubtful accounts for the General Fund as of September 30, 1989, is summarized below:

<u>Source</u>	<u>Gross Amount</u>	<u>Allowance for</u>		<u>Net Balance</u>	
		<u>Doubtful Accounts</u>	<u>September 30, 1989</u>	<u>September 30, 1988</u>	<u>September 30, 1988</u>
General:					
CFSM Revenue Sharing	\$ 18,414	\$ -	\$ 18,414	\$ 14,515	
Utilities	1,187,790	997,064	190,726	57,743	
Taxes	262,564	162,281	100,283	-	
Reimbursable	62,035	-	62,035	30,755	
Other	<u>23,036</u>	<u>2,195</u>	<u>20,841</u>	<u>21,672</u>	
	<u>\$1,553,839</u>	<u>\$1,161,540</u>	<u>\$392,299</u>	<u>\$124,685</u>	
Advances:					
Travel/payroll	<u>\$ 127,007</u>	<u>\$ 54,934</u>	<u>\$ 72,073</u>	<u>\$ 49,955</u>	
Loans:	<u>\$ 1,098</u>	<u>\$ -</u>	<u>\$ 1,098</u>	<u>\$ -</u>	

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(2) Receivables and Advances, Continued

A summary of receivables and the corresponding allowance for doubtful accounts for the Special Revenue Funds as of September 30, 1989, is summarized below:

<u>Source</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Balance</u>	
			<u>September 30, 1989</u>	<u>September 30, 1988</u>
Federal agencies and CFSM	\$1,197,726 =====	\$ 52,176 =====	\$1,145,550 =====	\$1,307,129 =====
Advances - travel	\$ 52,830 =====	\$ 5,681 =====	\$ 47,149 =====	\$ 5,666 =====

A summary of receivables and the corresponding allowance for doubtful accounts for the Capital Projects Fund as of September 30, 1989, is summarized below:

<u>Source</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Balance</u>	
			<u>September 30, 1989</u>	<u>September 30, 1988</u>
Dept. of Interior-TTPI	\$ 371,536 =====	\$ - =====	\$ 371,536 =====	\$ 507,891 =====
Advances - travel	\$ 2,954 =====	\$ - =====	\$ 2,954 =====	\$ 317 =====
CFSM Grants	\$ 50,831 =====	\$ - =====	\$ 50,831 =====	\$ - =====

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(2) Receivables and Advances, Continued

A summary of receivables, advances and the corresponding allowance for doubtful accounts for the Enterprise Funds as of September 30, 1989, is summarized below:

<u>Source</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Balance</u>	
			<u>September 30, 1989</u>	<u>September 30, 1988</u>
General:				
Trade	\$ 139,332	\$ 17,907	\$ 121,425	\$ 34,421
Employees	-	-	-	10,886
Other	-	-	-	5,658
	<u>\$ 139,332</u>	<u>\$ 17,907</u>	<u>\$ 121,425</u>	<u>\$ 50,965</u>

(3) Inventory of Supplies

The General Fund inventory consists of road materials prepaid in fiscal year 1986 and received in 1987. The contract for the road has recently been let and the material in the amount of \$500,000 has been recorded as inventory as of September 30, 1989. This amount has been reserved for as a related asset in the General Fund. However, management is of the opinion that these road materials will commence use in fiscal year 1990. The Internal Service Fund's general store has inventory of \$50,889 and the inventory of its medical supplies is \$97,624.

(4) General Fixed Assets

A summary of general fixed assets accounted for in the General Fixed Assets Account Group as of September 30, 1989 and 1988, follows:

	<u>1989</u>	<u>1988</u>
Land	\$ 1,761,778	\$ 1,730,076
Infrastructure	41,645,543	41,645,543
Outer-island capital assets	1,804,550	1,804,550
All others - equipment, vehicles and machinery	<u>15,664,293</u>	<u>14,689,902</u>
	<u>\$ 60,876,164</u>	<u>\$ 59,870,071</u>

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(4) General Fixed Assets, Continued

A summary of fixed assets accounted for in the Enterprise Funds as of September 30, 1989 and 1988, follows:

	<u>1989</u>	<u>1988</u>
Buildings	\$1,666,689	\$1,636,549
Dock	2,003,000	2,000,000
Fleet	1,164,102	528,458
Refrigeration and cold storage equipment	370,973	370,000
Other equipment	200,431	172,482
Motor vehicles	<u>545,986</u>	<u>268,963</u>
	5,951,181	4,976,452
Less accumulated depreciation	<u>(590,890)</u>	<u>(324,214)</u>
	\$5,360,291	\$4,652,238
	=====	=====

(5) Changes in Long-Term Debt

A summary of changes in long-term debt during fiscal year 1989 follows:

Long-term debt - beginning of year	\$ 673,024
Less liquidations and transfers to current portion in the General Fund:	(190,985)
Increase in accrued annual leave	<u>-</u>
Long-term debt, end of year	\$ 482,039
	=====

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(5) Changes in Long-Term Debt, Continued

Long-term debt, as of September 30, 1989 and 1988, respectively, was generally for the following purposes:

	<u>1989</u>	<u>1988</u>
Airport land acquisition, based on two agreements with landowners (first agreement for \$1,200/acre, second agreement for \$1,600/acre), payments made on an annual basis, non-interest bearing.	\$ -	\$190,985
Accrued annual leave	<u>482,039</u>	<u>482,039</u>
Total long-term debt	<u>\$482,039</u> =====	<u>\$673,024</u> =====

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(6) Transfers In/Out

Material general fund transfers in/out for the year ended September 30, 1989, are discussed below:

1. Transfers to the Yap Fishing Authority (YFA) are provided under Yap State Law to supplement YFA general activities, fishing vessel operations, and marine life development. During fiscal year 1989, \$120,000 was transferred from the General Fund to YFA.
2. Transfers to the Public Transportation System are provided under Yap State Law to subsidize the operations of the public transportation system. During fiscal year 1989, \$149,300 was transferred from the General Fund to the Public Transportation System.

(7) Federal and Other Grants and Contingent Liabilities

Federal and Other Grants

The State participates in a number of federally assisted grant programs and other various Department of the Interior grants. These programs are subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. Currently, \$229,000 in cumulative questioned costs exist for the operation of fiscal year 1984-89 grants. If these costs are ultimately disallowed, the General Fund will be charged for the necessary reimbursement to the grantor agencies.

Additionally, the State receives certain grants from the Congress of the Federated States of Micronesia (CFSM) for public and other projects. In an audit report dated November 30, 1988, the Public Auditor of the Federated States of Micronesia questioned \$67,400 of expenditures incurred by the State in connection with these CFSM projects. If these costs are ultimately disallowed, the General Fund may be correspondingly impacted.

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(7) Federal Grants and Contingent Liabilities, Continued

Sick Leave

It is the policy of the Yap State Government to record the expenditure for sick leave when leave is actually taken. Sick leave is compensated time for absence during work hours arising from employee illness or injury. The estimated accumulated amount of unused sick leave at September 30, 1989, for all governmental funds is estimated to be \$1,003,884.

Litigation

Yap State is party to several legal proceedings arising from governmental operations. Claims are filed with the Yap State Attorney General. Approved claims are usually paid under general appropriations to the affected government agency. At September 30, 1989, there existed several unapproved claims. The Attorney General of the State of Yap is of the opinion that the State Liability Act has established claims limits of \$40,000 for wrongful injuries and \$20,000 for deaths. Current claims against the State exist but do not appear to be material. Management has not provided for such claims in the accompanying combined financial statements as it is not possible to currently estimate the State's potential liability, if any, arising from these claims.

Indefinite Land Use Sites

Payment obligations on rental lands termed "Indefinite Land Use Sites" were originally undertaken by the Trust Territory of the Pacific Islands (TTPI). TTPI's obligation on these lands ceased in May, 1984. After that year, responsibility to rent or purchase the sites was transferred to Yap State. TTPI is still negotiating its portion of the funding. The Yap State Division of Land and Surveys has estimated that Yap State may be responsible for funding the indefinite land use sites to the sum of approximately \$450,000.

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(7) Federal Grants and Contingent Liabilities, Continued

Indefinite Land Use Sites, Continued

The State of Yap is awaiting the results of the TTPI negotiations so that some monetary standard may be set. Additionally, the State is actually attempting to negotiate purchase prices for these properties. Accordingly, no provision in the accompanying financial statements has been made for these sites.

Medical Referrals

Under the terms of the Compact of Free Association (Compact), the U.S. Government has tentatively agreed to fund medical referral bills incurred prior to September 1, 1985. To date, no appropriation for such has been made by the U.S. Government. Based on this agreement, Yap State has not recorded accounts payable for medical referrals of approximately \$83,596. If an appropriation for medical referrals is not made by the U.S. Government, Yap State could be liable for this amount of past due medical referral bills.

(8) Enterprise Funds

Prior period adjustments during fiscal year 1988 were made by the Yap Fishing Authority (YFA) and the Public Transportation System (PTS). YFA made its adjustment to write off the estimated value of plant and equipment due to its relocation to new premises. PTS made its adjustment to correct for previously incorrect postings of fixed assets.

(9) Commitments

A fuel oil supply agreement became effective in March, 1987. The agreement was made to guarantee the supplier a minimum quantity of gasoline and diesel purchases on a five-year period in return for the construction of a marine service station. The cost of the station, \$25,000, will be reimbursed to the supplier through a .0065 cent add on to each gallon purchased. At current prices in effect at September 30, 1989, the estimated liability for the minimum annual purchase is approximately \$750,000.

Notes to Combined Financial Statements, Continued

(10) Investments

Yap State has made all of its investments in a pooled investment fund which is managed under the control of the Federated Development Authority, an entity comprised of the FSM National Government and its four component states.

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 Moody's 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%.

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(10) Investments, Continued

- 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.

The State's investment at September 30, 1989, in this pooled investment fund was \$14,435,469. The State carries its investments at the lower-of-its-cost [original acquisition price plus earnings registered from interest, dividends and realized trading gains (net of losses)] or market. At September 30, 1989, the market value of the State's investment approximated \$14,573,056.

Additionally, during the year ended September 30, 1989, the State acquired shares in the Bank of the Federated States of Micronesia in the amount of \$750,000 and shares in the Pacific Islands Development Bank in the amount of \$150,000. Shares for these banks are not publicly traded and their market value is difficult to assess. The total investment of \$900,000 is recorded in the Capital Projects Fund (Compact Capital Account). Due to the inability to determine market value, the State has reserved these investments fully as a reserve for related assets.

Statement No. 3 of the Governmental Accounting Standards Board requires government entities to categorize investments to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which securities are held by the Government or its agent in the name of the Government. Category 2 includes uninsured and unregistered investments for which securities are held by the broker's or dealer's trust department or agent in the name of the Government. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Government's name. All of the Government's investments are classified as Category 2 as all investments are held in the name of the Federated Development Authority.

YAP STATE GOVERNMENT

Notes to Combined Financial Statements, Continued

(11) Segment Data for Enterprise Funds

The following presents key data extracted from the financial statements of the two material enterprise funds of the State as of September 30, 1989, and for the year then ended.

	<u>Yap Fishing Authority</u>	<u>Public Transportation System</u>
Total assets	\$ 5,069,522 =====	\$ 524,947 =====
Total equity	\$ 4,996,869 =====	\$ 520,712 =====
Net fixed assets	\$ 4,866,116 =====	\$ 482,015 =====
FY '89 net income (loss)	\$ 150,173 =====	\$ (8,506) =====
FY '89 depreciation expense	\$ 242,985 =====	\$ 24,005 =====
FY '89 revenues	\$ 378,306 =====	\$ 39,210 =====
FY '89 non-operating support	\$ 474,500 =====	\$ 149,300 =====

(12) Continuing Appropriations

Continuing appropriations as of September 30, 1989, are as follows:

General Fund

Fiberglass project	\$ 4,314
Outer Island Planning	10,000
ConCon Records	15,000
WAAB TV Station	10,000
Office of the Governor (freight)	5,000
Codification of Yap Code	8,250
	<u>\$ 52,564</u> =====

Capital Projects Fund (Compact Capital Account)

Airport Water Project	\$ 200,000
Project feasibility	100,000
Manpower development	100,000
Colonia Community Center	50,973
O/I Elementary School renovation	17,043
O/I agriculture	6,800
Roads development	226,086
O/I airfields	139,901
Acquisition of Pacific Islands Development Bank stock	<u>350,000</u>
	<u>\$1,190,803</u> =====

INDEPENDENT AUDITOR'S REPORT
ON
ADDITIONAL INFORMATION

The additional information presented in the following pages which has been taken primarily from accounting and other records of the State of Yap 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 audit of the State's Governmental, Proprietary and Fiduciary Fund types of the State of Yap as of and for the year ended September 30, 1989. In our opinion, with respect to the accompanying additional information, such information, except for those matters specified in our report dated May 11, 1990, on the general purpose financial statements of the State of Yap as of September 30, 1989, and for the year then ended, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

May 11, 1990

Touche Ross & Co.

Certified Public Accountants

YAP STATE GOVERNMENT

Combining Statement of Expenditures by Account -
 All Governmental Fund Types
 Year Ended September 30, 1989
 (With comparative totals for the year ended September 30, 1988)

	Governmental Fund Types			1989 Totals (Memorandum Only)	1988 Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Projects Fund		
Salaries and wages	\$4,676,853	\$1,036,893	\$ 176,859	\$ 5,890,605	\$ 5,780,593
Travel	356,244	225,405	19,471	601,120	616,829
Freight	71,217	46,888	16,426	134,531	146,835
Communications	108,540	12,068	2,161	122,769	94,780
Printing and reproduction	44,966	25,697	(2,532)	68,131	77,304
Professional services	133,688	99,867	-	233,555	166,367
Food stuffs	101,552	47,094	-	148,646	207,783
Medical supplies	140,092	44,876	-	184,968	218,396
Supplies and materials	596,447	749,469	373,720	1,719,636	1,448,257
Medical referral	2,763	251,718	-	254,481	434,813
POL	208,619	788,069	3,668	1,000,356	877,472
Capital outlay	229,884	308,802	593,968	1,132,654	743,694
Contractual services	218,705	246,639	1,908,568	2,373,912	1,730,543
Rentals	12,245	7,861	2,238	22,344	19,134
Repairs and maintenance	72,788	31,285	7,948	112,021	368,805
Allowances	148,562	2,554	-	151,116	152,705
Grants and subsidies	102,739	18,402	554,500	675,641	625,485
Scholarship and training	62,193	260,831	-	323,024	434,057
Other	<u>215,984</u>	<u>149,223</u>	<u>54,619</u>	<u>419,826</u>	<u>356,700</u>
	\$7,504,081	\$4,353,641	\$3,711,614	\$15,569,336	\$14,500,552
	=====	=====	=====	=====	=====

YAP STATE GOVERNMENT
GENERAL FUND

Statement of Revenues, Expenditures and
Changes in Fund Balance by Function
Year Ended September 30, 1989

(With comparative totals for the year ended September 30, 1988)

	<u>1989</u>	<u>1988</u>
Revenues:		
Current 211A and 217 Compact Funds	<u>\$7,321,296</u>	<u>\$7,148,352</u>
Revenue sharing:		
Import tax	146,661	147,473
Fuel tax	65,415	95,569
Income tax	236,852	232,910
Business gross revenue tax	<u>213,700</u>	<u>208,548</u>
	<u>662,628</u>	<u>684,500</u>
Excise taxes:		
Alcoholic beverages	283,693	330,131
Gasoline and diesel	34,344	62,395
Tobacco	117,885	149,297
Other excise taxes	<u>121,010</u>	<u>129,608</u>
	<u>556,932</u>	<u>671,431</u>
Licenses and permits	45,339	40,717
Fines/sale of confiscated property	257,636	100,735
Leases and other rentals	<u>76,597</u>	<u>78,402</u>
	<u>379,572</u>	<u>219,854</u>
Departmental charges:		
Sea transportation	193,269	167,037
Hospital services	55,096	36,255
Power	288,167	193,568
Other	<u>27,784</u>	<u>14,771</u>
	<u>564,316</u>	<u>411,631</u>
Interest income	<u>444,296</u>	<u>206,048</u>
Other income	<u>131,431</u>	<u>34,071</u>
Total revenues	<u>10,060,471</u>	<u>9,375,887</u>

(Continued)

YAP STATE GOVERNMENT
GENERAL FUND

Statement of Revenues, Expenditures and
Changes in Fund Balance by Function, Continued
Year Ended September 30, 1989

(With comparative totals for the year ended September 30, 1988)

	1989	1988
Expenditures:		
General government:		
Office of the Governor	\$ 285,877	\$ 284,210
State Legislature	439,688	449,513
Office of Administrative Services	567,062	445,707
Office of Planning, Budget and Statistics	177,134	298,772
Division of Revenue and Taxation	25,006	24,751
Legislative Projects	58,985	52,355
	1,553,752	1,555,308
Health:		
Department of Health Services	1,273,320	1,331,269
Education:		
Department of Education	1,255,255	755,272
Legislative Projects	13,800	12,800
	1,269,055	768,072
Economic Development:		
Department of Resources and Development	490,182	482,268
Legislative Projects	44,291	204,049
	534,473	686,317
Protection of Persons and Property:		
Department of Public Safety/Attorney General	493,755	522,270
Legislative Projects	13,500	35,411
	507,255	557,681
Public Works and Utilities:		
PUC	884,832	869,713
Legislative Projects	-	-
	884,832	869,713
Transportation:	715,011	972,049

(Continued)

YAP STATE GOVERNMENT
GENERAL FUND

Statement of Revenues, Expenditures and
Changes in Fund Balance by Function, Continued
Year Ended September 30, 1989

(With comparative totals for the year ended September 30, 1988)

	<u>1989</u>	<u>1988</u>
Community Affairs:		
Department of Public Affairs	\$ 236,099	\$ 214,137
Legislative Projects	<u> -</u>	<u> -</u>
	<u>236,099</u>	<u>214,137</u>
 Boards and Commissions:		
Council of Pilung	88,187	81,432
Council of Tamol	83,869	60,167
Land Commission	101,354	105,387
OI Planning	8,553	1,432
EPA Administration	<u>(88)</u>	<u>12,633</u>
	<u>281,875</u>	<u>261,051</u>
 Other:		
Judiciary	155,465	150,452
Other	24,282	(4,614)
Public Auditor	<u>68,662</u>	<u>25,992</u>
	<u>248,409</u>	<u>171,830</u>
Total expenditures	<u>7,504,081</u>	<u>7,387,427</u>
Revenues over expenditures	<u>2,556,390</u>	<u>1,988,460</u>
Other sources (uses):		
Operating transfers out	(269,300)	(359,417)
Investment income	<u>2,462,761</u>	<u>135,163</u>
Total other sources (uses), net	<u>2,193,461</u>	<u>(224,254)</u>
Excess of revenues and other sources over expenditures and other uses	4,749,851	1,764,206
Fund balance, beginning of year	<u>4,668,089</u>	<u>2,903,883</u>
Fund balance, end of year	<u>\$9,417,940</u> =====	<u>\$4,668,089</u> =====

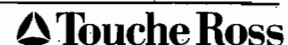
YAP STATE GOVERNMENT
GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual - Budgetary Basis by Function
Year Ended September 30, 1989
(With comparative totals for the year ended September 30, 1988)

	1989			1988		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Current/211A compact funds	\$7,234,824	\$7,321,296	\$ 86,472	\$7,148,352	\$7,148,352	\$ -
Revenue sharing - FSM	560,000	662,628	102,628	556,000	684,500	128,500
Taxes and licenses	567,000	936,504	369,504	570,000	712,148	142,148
Interest	170,000	444,296	274,296	170,000	206,048	36,048
Other	758,400	695,747	(62,653)	612,054	624,839	12,785
Total revenues	9,290,224	10,060,471	770,247	9,056,406	9,375,887	319,481
Expenditures - budgetary basis by department and other:						
General government:						
Office of the Governor	338,632	286,728	51,904	301,300	285,529	15,771
State legislature	501,081	452,042	49,039	462,400	433,322	29,078
Office of administrative services	699,854	640,879	58,975	536,700	482,141	54,559
Office of planning, budget and statistics	267,793	182,855	84,938	360,637	294,993	65,644
Legislative projects	78,500	58,985	19,515	64,560	52,355	12,205
	1,885,860	1,621,489	264,371	1,725,597	1,548,340	177,257
Health services:						
Department of health services	1,420,240	1,282,915	137,325	1,317,300	1,258,341	58,959
Education:						
Department of education	1,300,288	1,142,399	157,889	822,508	763,585	58,923
Legislative projects	13,800	13,800	-	45,330	12,800	32,530
	1,314,088	1,156,199	157,889	867,838	776,385	91,453
Economic development:						
Department of Resources and development	566,341	494,096	72,245	521,380	459,460	61,920
Legislative projects	52,050	23,321	28,729	275,578	221,430	54,148
	618,391	517,417	100,974	796,958	680,890	116,068
Protection of persons and property:						
Department of public safety/attorney general	558,496	501,756	56,740	533,300	515,260	18,040
Legislative projects	27,400	13,500	13,900	30,400	30,400	-
	585,896	515,256	70,640	563,700	545,660	18,040
Public works and utilities:						
PUC	996,735	896,483	100,252	928,800	818,966	109,834
Legislative projects	-	-	-	-	-	-
	996,735	896,483	100,252	928,800	818,966	109,834
Transportation	819,512	749,142	70,370	906,506	967,527	(61,021)

(Continued)

YAP STATE GOVERNMENT
GENERAL FUND



Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual - Budgetary Basis by Function,
Continued
Year Ended September 30, 1989
(With comparative totals for the year ended September 30, 1988)

	1989			1988		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Community affairs:						
Public affairs	\$ 302,358	\$ 244,854	\$ 57,504	\$ 252,200	\$ 232,898	\$ 19,302
Legislative projects	-	-	-	-	-	-
	<u>302,358</u>	<u>244,854</u>	<u>57,504</u>	<u>252,200</u>	<u>232,898</u>	<u>19,302</u>
Boards and commissions:						
Council of Pilung	90,307	89,010	1,297	84,000	80,155	3,845
Council of Tamol	97,599	88,497	9,102	63,569	60,988	2,581
Land commission	110,088	105,001	5,087	109,700	105,575	4,125
O/I Planning	20,913	7,535	13,378	2,900	3,056	(156)
EPA Admin. Board	127	(4,785)	4,912	24,700	17,300	7,400
	<u>319,034</u>	<u>285,258</u>	<u>33,776</u>	<u>284,869</u>	<u>267,074</u>	<u>17,795</u>
Other:						
Judiciary	163,354	159,281	4,073	160,700	135,626	25,074
Other	-	41,263	(41,263)	-	(4,614)	4,614
Public Auditor	68,632	52,027	16,605	45,000	42,759	2,241
	<u>231,986</u>	<u>252,571</u>	<u>(20,585)</u>	<u>205,700</u>	<u>173,771</u>	<u>31,929</u>
Total expenditures	8,494,100	7,521,584	972,516	7,849,468	7,269,852	579,616
Revenues over (under) expenditures	796,124	2,538,887	1,742,763	1,206,938	2,106,035	899,097
Other sources (uses):						
Investment income	-	2,462,761	2,462,761	-	135,163	135,163
Operating transfers out	(269,300)	(269,300)	-	(536,886)	(359,417)	177,469
Total other sources (uses)	(269,300)	2,193,461	2,462,761	(536,886)	(224,254)	312,632
Excess of revenues and other sources over expenditures and other uses	526,824	4,732,348	4,205,524	670,052	1,881,781	1,211,729
Fund balance, unreserved, beginning of year	2,371,115	3,587,135	1,216,020	1,701,063	1,701,063	-
Less: Increase in reserve for related assets	-	(550)	(550)	-	-	-
Reserve for continuing appropriations	-	(23,182)	(23,182)	-	(4,291)	4,291
Fund balance, unreserved, end of year	\$2,897,939	\$8,295,755	\$5,397,812	\$2,371,115	\$3,587,135	\$1,216,020

YAP STATE GOVERNMENT

Special Revenue Funds
September 30, 1989

Specific revenues earmarked to finance particular activities of Yap State are accounted for in Special Revenue Funds. A brief discussion of the State's Special Revenue Funds as of September 30, 1989, follows:

Federal Grants Fund

This fund accounts for all financial transactions related to federally assisted funds which are subgranted to Yap State from the FSM National Government.

Non U.S. Grants Fund

This fund accounts for all financial transactions related to certain direct and other grants received from various world organizations.

Other U.S. Grants Fund

This fund accounts for all Federal Emergency Management Assistance (FEMA) grants received in a subrecipient capacity through the FSM National Government.

FSM Grants Fund

This fund accounts for appropriations made to Yap State from the Congress of the Federated States of Micronesia. These grants are earned on a reimbursable basis.

Compact Programs

This fund accounts for financial transactions related to the Compact program accounts under Section 221B, 213B, 214C, and 216A2 of the Compact of Free Association.

**YAP STATE GOVERNMENT
SPECIAL REVENUE FUNDS**

**Combining Balance Sheet
September 30, 1989
(With comparative totals as of September 30, 1988)**

	Federal	Other U.S.	Non U.S.	Compact	FSM Grants	Totals	
	Grants Fund	Grants Fund	Grants Fund	Programs	Fund	1989	1988
Investments	\$ -	\$ -	\$ -	\$ 218,630	\$ -	\$ 218,630	\$ 186,300
Receivables (net of an allowance for doubtful accounts) from:							
Other	-	-	6,435	-	-	6,435	5,666
FSM National Government	589,372	332,963	-	-	223,215	1,145,550	1,307,129
Due from other funds	-	-	-	1,038,821	-	1,038,821	1,001,348
Advances	<u>20,214</u>	<u>-</u>	<u>245</u>	<u>10,088</u>	<u>16,602</u>	<u>47,149</u>	<u>37,650</u>
	<u>\$ 609,586</u>	<u>\$ 332,963</u>	<u>\$ 6,680</u>	<u>\$1,267,539</u>	<u>\$ 239,817</u>	<u>\$2,456,585</u>	<u>\$2,538,093</u>

Liabilities and Fund Balance (Deficit)

Liabilities:							
Accounts payable	\$ 30,377	\$ -	\$ 265	\$ 143,845	\$ 16,898	\$ 191,385	\$ 278,526
Payroll	5,929	-	190	19,086	2	25,207	17,764
Due to other funds	508,277	313,300	11,337	-	207,506	1,040,420	1,018,255
Intergovernmental payables	-	-	-	-	-	-	206
Deferred revenue	<u>61,461</u>	<u>19,597</u>	<u>-</u>	<u>-</u>	<u>14,976</u>	<u>96,034</u>	<u>182,438</u>
Total liabilities	<u>606,044</u>	<u>332,897</u>	<u>11,792</u>	<u>162,931</u>	<u>239,382</u>	<u>1,353,046</u>	<u>1,497,189</u>
Fund balance (deficit):							
Reserved for:							
Related assets	-	-	-	-	-	-	-
Encumbrances	562,756	626	100	413,954	120,315	1,097,751	1,109,849
Unreserved	<u>(559,214)</u>	<u>(560)</u>	<u>(5,212)</u>	<u>690,654</u>	<u>(119,880)</u>	<u>5,788</u>	<u>(68,945)</u>
Total fund balance (deficit)	<u>3,542</u>	<u>66</u>	<u>(5,112)</u>	<u>1,104,608</u>	<u>435</u>	<u>1,103,539</u>	<u>1,040,904</u>
	<u>\$ 606,586</u>	<u>\$ 332,963</u>	<u>\$ 6,680</u>	<u>\$1,267,539</u>	<u>\$ 239,817</u>	<u>\$2,456,585</u>	<u>\$2,538,903</u>

**YAP STATE GOVERNMENT
SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures by Function and
Changes in Fund Balance (Deficit)
Year Ended September 30, 1989
(With comparative totals for the year ended September 30, 1988)

	Federal	Other U.S.	Non U.S.	Compact	FSM Grants	Totals	
	Grants Fund	Grants Fund	Grants Fund	Programs	Fund	1989	1988
Revenues:							
Compact	\$ -	\$ -	\$ -	\$2,447,276	\$ -	\$2,447,276	\$2,693,959
Federal contributions	1,260,036	77,556	-	-	-	1,337,592	2,141,216
Federal and others, direct	-	-	-	-	-	-	-
Dept. of the Interior - TTPI	-	-	-	-	-	-	-
Congress of the Federated States of Micronesia (CFSM) grants	-	-	-	-	609,700	609,700	410,839
Other	464	-	7,244	-	14,000	21,708	2,089
Total revenues	1,260,500	77,556	7,244	2,447,276	623,700	4,416,276	5,248,103
Expenditures:							
General government	-	-	-	56,651	913	57,564	60,447
Health services	99,737	-	1,805	101,850	63,346	266,738	658,127
Education	707,422	-	4,388	1,461,810	155,328	2,328,948	2,079,300
Economic development	-	-	-	-	41,476	41,476	759,634
Public safety	2,900	-	-	-	106,717	109,617	83,365
Public works and utilities	197,329	-	-	765,440	130,255	1,093,024	1,099,133
Community affairs	252,709	77,490	1,051	-	125,024	456,274	412,729
Transportation	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total expenditures	1,260,097	77,490	7,244	2,385,751	623,059	4,353,641	5,152,735
Revenues over expenditures	403	66	-	61,525	641	62,635	95,368
Other sources (uses):							
Transfer in	-	-	-	-	-	-	-
Excess of revenues and other sources over expendi- tures and other uses	403	66	-	61,525	641	62,635	95,368
Fund balance (deficit), beginning of year	3,139	-	(5,112)	1,043,083	(206)	1,040,904	945,536
Fund balance (deficit), end of year	\$ 3,542	\$ 66	\$ (5,112)	\$1,104,608	\$ 435	\$1,103,539	\$1,040,904

**YAP STATE GOVERNMENT
SPECIAL REVENUE FUNDS**

**Combining Statement of Revenues, Expenditures by Account and
Changes in Fund Balance (Deficit)
Year Ended September 30, 1989**

	Federal <u>Grants Fund</u>	Other U.S. <u>Grants Fund</u>	Non U.S. <u>Grants Fund</u>	Compact <u>Programs</u>	FSM Grants <u>Fund</u>	<u>Total</u>
Revenues:						
Compact	\$ -	\$ -	\$ -	\$2,447,276	\$ -	\$2,447,276
Federal contributions	1,260,036	77,556	-	-	-	1,337,592
Federal and others, direct	-	-	-	-	-	-
Dept. of the Interior - TTPI	-	-	-	-	-	-
Congress of the Federated States of Micronesia (CFSM) grants	-	-	-	-	609,700	609,700
Other	<u>464</u>	<u>-</u>	<u>7,244</u>	<u>-</u>	<u>14,000</u>	<u>21,708</u>
Total revenues	<u>1,260,500</u>	<u>77,556</u>	<u>7,244</u>	<u>2,447,276</u>	<u>623,700</u>	<u>4,416,276</u>
Expenditures:						
Salaries and wages	293,579	117	5,188	680,156	57,853	1,036,893
Travel	109,727	-	2,056	105,405	8,217	225,405
Freight	24,756	339	-	9,625	12,168	46,888
Communications	6,074	-	-	3,579	2,415	12,068
Printing and reproduction	23,616	-	-	1,468	613	25,697
Professional services	96,467	-	-	3,400	-	99,867
Food stuffs	23,794	-	-	20,170	3,130	47,094
Medical supplies	25,962	-	-	15,619	3,295	44,876
Supplies and materials	357,088	69,810	-	111,429	211,142	749,469
Medical referrals	27	-	-	251,691	-	251,718
POL	11,387	-	-	768,252	8,430	788,069
Capital outlay	139,754	567	-	83,775	84,706	308,802
Contractual services	18,341	-	-	47,180	181,118	246,639
Rentals	4,886	-	-	2,752	223	7,861
Repairs and maintenance	17,606	-	-	3,231	10,448	31,285
Allowances	1,794	-	-	-	760	2,554
Grants and subsidies	-	-	-	4,600	13,802	18,402
Scholarship and training	25,863	-	-	231,800	3,168	260,831
Other	<u>79,376</u>	<u>6,657</u>	<u>-</u>	<u>41,619</u>	<u>21,571</u>	<u>149,223</u>
Total expenditures	<u>1,260,097</u>	<u>77,490</u>	<u>7,244</u>	<u>2,385,751</u>	<u>623,059</u>	<u>4,353,641</u>
Revenues over expenditures	<u>403</u>	<u>66</u>	<u>-</u>	<u>61,525</u>	<u>641</u>	<u>62,635</u>
Other sources (uses):						
Transfer/general fund	-	-	-	-	-	-
Excess of revenues and other sources over expenditures and other uses	403	66	-	61,525	641	62,635
Fund balance (deficit), beginning of year	<u>3,139</u>	<u>-</u>	<u>(5,112)</u>	<u>1,043,083</u>	<u>(206)</u>	<u>1,040,904</u>
Fund balance (deficit), end of year	\$ 3,542	\$ 66	\$ (5,112)	\$1,104,608	\$ 435	\$1,103,539

YAP STATE GOVERNMENT

Capital Projects Funds
September 30, 1989

Appropriations or grants earmarked to finance capital projects of Yap State are accounted for in the Capital Projects Funds. A brief discussion of the Yap State's Capital Projects Fund as of September 30, 1989, follows:

TTPI - Capital Projects

This fund accounts for various capital projects received under grant awards from the Trust Territory Government. Project costs upon completion are accounted for in the General Fixed Assets Account Group as are completed projects from other funding sources.

CFSM Capital Projects

This fund accounts for grants awarded by the Congress of the Federated States of Micronesia (CFSM) for improvement and betterment projects within the State of Yap.

General Fund

Appropriations by the Yap State Legislature for capital improvement projects funded by the General Fund are accounted for within this fund.

Compact Capital

This fund accounts for financial transactions related to compact capital as provided by Section 211A of the Compact of Free Association.

YAP STATE GOVERNMENT
CAPITAL PROJECTS FUNDS

Combining Balance Sheet
September 30, 1989
(With comparative totals as of September 30, 1988)

Assets	TTPI	CFSM	General	Compact	Totals	
	Capital	Capital			1989	1988
	Projects	Projects	Fund	Capital		
	Fund	Fund				
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	10,131,056	10,131,056	6,726,112
Receivables from:						
Federal - direct	-	-	-	-	-	-
Congress of the Federated						
States of Micronesia	-	50,831	-	-	50,831	-
U.S. Dept. of the Interior -						
TTPI	371,536	-	-	-	371,536	507,891
Due from general fund	-	-	-	-	-	-
Advances	2,720	-	-	234	2,954	317
Total assets	\$ 374,256	\$ 50,831	\$ -	\$10,131,290	\$10,556,377	\$7,234,320
<u>Liabilities and Fund Balance (Deficit)</u>						
Liabilities:						
Accounts payable	\$ 73,742	\$ 1,683	\$ -	\$ 184,382	\$ 259,807	\$ 103,437
Due to other funds	230,021	49,148	20,067	1,143,876	1,443,112	327,867
Deferred revenues	70,760	-	-	-	70,760	145,447
Total liabilities	374,523	50,831	20,067	1,328,258	1,773,679	576,751
Fund balance (deficit):						
Reserved for:						
Related assets	-	-	-	900,000	900,000	-
Continuing appropriations	-	-	-	1,190,803	1,190,803	5,420,202
Encumbrances	3,500,356	1,031,914	-	7,160,888	11,693,158	1,056,464
Unreserved	(3,500,623)	(1,031,914)	(20,067)	(448,659)	(5,001,263)	180,903
Total fund balance (deficit)	(267)	-	(20,067)	8,803,032	8,782,698	6,657,569
Total liabilities and fund balance (deficit)	\$ 374,256	\$ 50,831	\$ -	\$10,131,290	\$10,556,377	\$7,234,320

**YAP STATE GOVERNMENT
CAPITAL PROJECTS FUNDS**

**Combining Statement of Revenues, Expenditures by Function
and Changes in Fund Balance (Deficit)
Year Ended September 30, 1989
(With comparative totals for the year ended September 30, 1988)**

	TTPI	CFSM	General	Compact	Totals	
	Capital	Capital			1989	1988
	Projects	Projects	Fund	Capital		
	Fund	Fund				
Revenues:						
Compact capital	\$ -	\$ -	\$ -	\$ 4,504,944	\$4,504,944	\$4,398,528
Dept. of the Interior -						
TTPI	1,280,723	-	-	-	1,280,723	1,222,111
Congress of the Federated						
States of Micronesia						
(CFSM) grants	-	50,831	-	-	50,831	-
Federal grants	-	-	-	-	-	-
Other	-	-	-	245	245	575
Total revenues	<u>1,280,723</u>	<u>50,831</u>	<u>-</u>	<u>4,505,189</u>	<u>5,836,743</u>	<u>5,621,214</u>
Expenditures:						
General government	-	-	-	-	-	-
Economic development	-	-	-	1,034,363	1,034,363	718,100
Education	-	-	-	-	-	-
Public works and utilities	1,280,723	50,831	730	1,122,071	2,454,355	1,222,953
Other	-	-	-	222,896	222,896	19,337
Total expenditures	<u>1,280,723</u>	<u>50,831</u>	<u>730</u>	<u>2,379,330</u>	<u>3,711,614</u>	<u>1,960,390</u>
Revenues over (under)						
expenditures	-	-	(730)	2,125,859	2,125,129	3,660,824
Other sources (uses):						
Transfer/general fund	-	-	-	-	-	17,495
Excess (deficiency) of						
revenues and other						
sources over expend-						
itures and other uses	-	-	(730)	2,125,859	2,125,129	3,678,319
Fund balance (deficit),						
beginning of year	(267)	-	(19,337)	6,677,173	6,657,569	2,979,250
Fund balance (deficit),						
end of year	\$ (267)	\$ -	\$ (20,067)	\$ 8,803,032	\$8,782,698	\$6,657,569

**YAP STATE GOVERNMENT
CAPITAL PROJECTS FUNDS**

**Combining Statement of Revenues, Expenditures by Account
and Changes in Fund Balance (Deficit)
Year Ended September 30, 1989**

	TTPI Capital Projects <u>Fund</u>	CFSM Capital Projects <u>Fund</u>	General <u>Fund</u>	Compact Capital <u>Capital</u>	<u>Total</u>
Revenues:					
Compact capital, 211(A2)	\$ -	\$ -	\$ -	\$4,504,944	\$4,504,944
Dept. of the Interior - TTPI	1,280,723	-	-	-	1,280,723
Congress of the Federated States of Micronesia (CFSM) grants	-	50,831	-	-	50,831
Federal grants	-	-	-	-	-
Other	-	-	-	245	245
Total revenues	<u>1,280,723</u>	<u>50,831</u>	<u>-</u>	<u>4,505,189</u>	<u>5,836,743</u>
Expenditures:					
Salaries and wages	80,702	-	-	96,157	176,859
Travel	7,551	-	-	11,920	19,471
Freight	4,180	1,071	-	11,175	16,426
Communications	1,348	-	-	813	2,161
Printing and reproduction	29	-	-	(2,561)	(2,532)
Supplies and materials	20,444	30,847	730	321,699	373,720
POL	2,330	-	-	1,338	3,668
Capital outlay	4,109	-	-	589,859	593,968
Contractual services	1,153,264	18,856	-	736,448	1,908,568
Rentals	1,905	57	-	276	2,238
Repairs and maintenance	1,766	-	-	6,182	7,948
Grants and subsidies	-	-	-	554,500	554,500
Other	3,095	-	-	51,524	54,619
Total expenditures	<u>1,280,723</u>	<u>50,831</u>	<u>730</u>	<u>2,379,330</u>	<u>3,711,614</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(730)</u>	<u>2,125,859</u>	<u>2,125,129</u>
Other sources (uses):					
Transfer/general fund	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>(730)</u>	<u>2,125,859</u>	<u>2,125,129</u>
Fund balance (deficit), beginning of year	<u>(267)</u>	<u>-</u>	<u>(19,337)</u>	<u>6,677,173</u>	<u>6,657,569</u>
Fund balance (deficit), end of year	<u>\$ (267)</u>	<u>\$ -</u>	<u>\$ (20,067)</u>	<u>\$8,803,032</u>	<u>\$8,782,698</u>

Enterprise Funds
September 30, 1989

Enterprise funds are used to account for the operations of certain agencies which provide goods or services to the general public or other governmental agencies on a user charge basis. The State's enterprise operations are described hereunder.

Yap Fishing Authority

The Yap Fishing Authority (YFA) was created in April, 1979, through Yap State Law 7-111. YFA is operated by a Board of Directors, which is appointed by the Governor of the State. YFA was established to promote, develop, and support commercial utilization of living marine resources within Yap State.

Gagil-Tomil Water Authority

The Gagil-Tomil Water Authority (G-TWA) was created in October, 1984, through Yap State Law 1-183. G-TWA is operated by a Board of Directors, consisting of one member appointed by the Governor, four members appointed by the Gagil representative to the Council of Pilung, and four members appointed by the Tomil representative to the Council of Pilung. G-TWA was created to carry on the business of establishing, developing, maintaining, operating and managing the Gagil-Tomil Water System.

Southern Yap Water Authority

The Southern Yap Water Authority (SYWA) was created in November, 1986, through Yap State Law 1-221. SYWA is operated by a Board of Directors consisting of one member appointed by the Governor and four members appointed by the municipalities' representative to the Council of Pilung to represent Gilman, Kanifay, Dalipebinaw, and Rull. SYWA was created to carry out the business of establishing, developing, maintaining, operating and managing the Southern Yap Water System.

Public Transportation System

The Public Transportation System's (PTS) operation is subsidized by the Yap State Government. Transfers from the General Fund are authorized by Yap State Law 1-207. PTS was created to provide reliable and inexpensive transportation for those people living outside of the Colonia area.

Enterprise Funds, Continued

Yap Transportation and Construction Authority

The Yap Transportation and Construction Authority was created in 1979 by passage of P.L. 1-23 to construct, maintain and manage public facilities. The Board of Directors consists of five members nominated and appointed by the Governor with the advice and consent of the Legislature. In 1987, the Board of Directors turned the management of the Authority over to the Public Utilities and Contracts department.

Feedmill Operations

The Feedmill operation operates under the direction and management of the Agriculture Division. The intent was to create an operation which would supply animal feed to the farmers.

Slaughterhouse

The slaughterhouse operation is administered by the State and operates as livestock supplies are available.

**YAP STATE GOVERNMENT
ENTERPRISE FUNDS**

**Combining Balance Sheet
September 30, 1989
(With comparative totals as of September 30, 1988)**

Assets	Yap State Transportation and							Totals	
	Yap Fishing Authority	Gogil-Tomil Water Authority	Southern Yap Water Authority	Public Trans- portation System	Construction Authority	Feedmill Operation	Slaughter house	1989	1988
Due from other funds	\$ -	\$ -	\$ -	\$ -	\$ 1,710	\$ 14,421	\$ 4,956	\$ 21,087	\$ 22,584
Cash and equivalents	44,504	33,148	10,112	9,146	-	-	-	96,910	46,070
General receivables	115,714	3,523	744	1,444	-	-	-	121,425	50,965
Inventory of supplies, at cost	29,980	-	-	32,342	-	-	4,553	66,875	38,357
Prepaid expenses	13,208	-	-	-	-	-	-	13,208	27,098
Investment in fixed assets, net of accumulated depreciation	<u>4,866,116</u>	<u>-</u>	<u>-</u>	<u>482,015</u>	<u>12,160</u>	<u>-</u>	<u>-</u>	<u>5,360,291</u>	<u>4,652,238</u>
Total assets	<u>\$ 5,069,522</u>	<u>\$ 36,671</u>	<u>\$ 10,856</u>	<u>\$ 524,947</u>	<u>\$ 13,870</u>	<u>\$ 14,421</u>	<u>\$ 9,509</u>	<u>\$ 5,679,796</u>	<u>\$ 4,837,312</u>
 Liabilities and Fund Equity (Deficit)									
Liabilities:									
Accounts payable - trade	\$ 59,389	\$ -	\$ -	\$ 4,235	\$ 855	\$ 1,040	\$ -	\$ 65,519	\$ 26,732
Bank overdraft	-	-	-	-	-	-	-	-	-
Accounts payable - other	<u>13,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,264</u>	<u>17,326</u>
Total liabilities	<u>72,653</u>	<u>-</u>	<u>-</u>	<u>4,235</u>	<u>855</u>	<u>1,040</u>	<u>-</u>	<u>78,783</u>	<u>44,058</u>
Fund equity (deficit):									
Contributed capital	4,608,083	6,909	-	471,149	-	-	-	5,086,141	4,481,954
Retained earnings	<u>388,786</u>	<u>29,762</u>	<u>10,856</u>	<u>49,563</u>	<u>13,015</u>	<u>13,381</u>	<u>9,509</u>	<u>514,872</u>	<u>311,300</u>
Total fund equity (deficit)	<u>4,996,869</u>	<u>36,671</u>	<u>10,856</u>	<u>520,712</u>	<u>13,015</u>	<u>13,381</u>	<u>9,509</u>	<u>5,601,013</u>	<u>4,793,254</u>
Total liabilities and fund equity (deficit)	<u>\$ 5,069,522</u>	<u>\$ 36,671</u>	<u>\$ 10,856</u>	<u>\$ 524,947</u>	<u>\$ 13,870</u>	<u>\$ 14,421</u>	<u>\$ 9,509</u>	<u>\$ 5,679,796</u>	<u>\$ 4,837,312</u>

**YAP STATE GOVERNMENT
ENTERPRISE FUNDS**

**Combining Statement of Revenues, Expenses, and
Changes in Retained Earnings/Fund Balance
Year Ended September 30, 1989
(With comparative totals for the year ended September 30, 1988)**

	Yap State							Totals	
	Yap	Gagil-Tomil	Southern	Public Trans-	Yap State	Feedmill	Slaughter	1989	1988
	Fishing	Water	Yap Water	portation	Construction	Operation	house		
Authority	Authority	Authority	System	Authority	Operation	house			
Operating revenues:									
Charges for services/goods	\$ 206,830	\$ 11,678	\$ 4,357	\$ 39,210	\$ 17,029	\$ 15,412	\$ 17,083	\$ 311,599	\$ 341,385
Rental income	108,630	-	-	-	10,529	-	-	119,159	50,540
Fees	-	-	-	-	-	-	-	-	-
Other	62,846	-	-	-	4,102	-	-	66,948	30,081
Total operating revenues	378,306	11,678	4,357	39,210	31,660	15,412	17,083	497,706	422,006
Operating expenses:									
Personnel services	88,499	-	-	50,625	32,582	3,891	695	176,291	220,149
Supplies and materials	195,187	9,501	-	79,369	9,968	4,118	11,432	309,575	237,369
Commissions/Contract Services	72,685	-	-	39,345	1,950	-	-	113,980	120,629
Travel	16,194	-	-	3,673	-	-	-	19,867	27,231
Depreciation	242,985	-	-	24,005	1,520	-	-	268,510	153,801
Other	87,083	-	-	-	480	1,741	-	89,304	81,898
Total operating expenses	702,633	9,501	-	197,016	46,500	9,750	12,127	977,527	841,077
Operating income (loss)	(324,327)	2,177	4,357	(157,806)	(14,840)	5,662	4,956	(479,821)	(419,071)
Non-operating revenues:									
Intergovernmental contributions-PSM	354,500	-	-	-	-	-	-	354,500	73,000
Intergovernmental contributions-other	120,000	-	-	149,300	-	-	-	269,300	333,400
Uninsured equipment loss	-	-	-	-	-	-	-	-	-
Operating transfer in (out)	-	-	-	-	-	-	-	-	8,522
Other	-	-	-	-	-	-	-	-	-
Total non-operating revenues	474,500	-	-	149,300	-	-	-	623,800	414,922
Net income (loss)	150,173	2,177	4,357	(8,506)	(14,840)	5,662	4,956	143,979	(4,149)
Prior period adjustment	-	27,585	-	20,189	-	11,819	-	59,593	(205,945)
Retained earnings/fund balance,									
beginning of year	238,613	-	6,499	37,880	27,855	(4,100)	4,553	311,300	521,394
Retained earnings, end of year	\$ 388,786	\$ 29,762	\$ 10,856	\$ 49,563	\$ 13,015	\$ 13,381	\$ 9,509	\$ 514,872	\$ 311,300
Contributed Capital, beginning of year									
	\$ 4,233,701	\$ -	\$ -	\$ 248,253	\$ -	\$ -	\$ -	\$ 4,481,954	\$ 453,954
Current year changes									
	374,382	6,909	-	222,896	-	-	-	604,187	4,028,000
Contributed Capital, end of year	\$ 4,608,083	\$ 6,909	\$ -	\$ 471,149	\$ -	\$ -	\$ -	\$ 5,086,141	\$ 4,481,954