



Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913-3911
USA

Tel: (671)646-3884
Fax: (671)649-4932
www.deloitte.com

June 18, 2014

The Board of Directors
Yap State Public Service Corporation

Dear Members of the Board:

We have performed an audit of the financial statements of Yap State Public Service Corporation (YSPSC), a component unit of the State of Yap, as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated June 18, 2014.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of YSPSC is responsible.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, has been described in our engagement letter dated September 11, 2013. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the fairness of the presentation of YSPSC’s basic financial statements and to disclaim an opinion on the required supplementary information for the year ended September 30, 2013 in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”), in all material respects; and
- To report on YSPSC’s internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2013 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared with the oversight of management and the Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to YSPSC's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of YSPSC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of YSPSC's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared with the oversight of management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in YSPSC's 2013 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based upon past collection experience and aging of the accounts; management's estimate of the allowance for inventory obsolescence, which is determined based upon expected inventory turnover and inventory aging; and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2013, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

MATERIAL CORRECTED MISSTATEMENTS AND UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Material misstatements were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period. These corrected misstatements are listed in Appendix A to Attachment I and are reflected in the 2013 financial statements.

In addition, listed in Appendices B and C to Attachment I, are summaries of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest and previous periods presented that were determined by management to be immaterial, in both individually and in the aggregate, to the financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

YSPSC's significant accounting policies are set forth in Note 2 to YSPSC's 2013 financial statements. During the year ended September 30, 2013, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by YSPSC:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addressed how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which improved financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which enhanced the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. GASB Statement No. 62 superseded GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which established guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. These Statements amend the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. With the implementation of GASB Statement No. 63 and Statement No. 65, the Statement of Net Assets was renamed the Statement of Net Position. In addition, the Statement of Net Position includes two new classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are reported in a separate section following assets. Likewise, amounts reported as deferred inflows of resources are reported in a separate section following liabilities.

In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of YSPSC.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of these statements on the financial statements of YSPSC.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The provisions in Statement 69 are effective for fiscal years beginning after December 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of YSPSC.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The provisions in Statement 70 are effective for fiscal years beginning after June 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of YSPSC.

OTHER INFORMATION IN THE ANNUAL REPORTS

When audited financial statements are included in documents containing other information such as YSPSC's 2013 Annual Report, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We will read the other information in YSPSC's 2013 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to YSPSC's 2013 financial statements.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2013.

SIGNIFICANT FINDINGS OR ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION

Throughout the year, routine discussions were held or were the subject of correspondence with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of YSPSC's management and staff and had unrestricted access to YSPSC's senior management in the performance of our audit.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of YSPSC's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations YSPSC is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment I, a copy of the representation letter we obtained from management.

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated June 18, 2014, wherein no matters involving YSPSC's internal control over financial reporting were considered to be material weaknesses under standards established by the American Institute of Certified Public Accountants, and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters were reported.

We have communicated to management, in a separate letter also dated June 18, 2014, deficiencies that we identified during our audit.

* * * * *

This report is intended solely for the information and use of the Board of Directors, management, and others within YSPSC, the Yap State Legislature, and the Office of the FSM National Public Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the staff and management of YSPSC for their cooperation and assistance during the course of this engagement.

Very truly yours,

Deloitte + Touche LLP



Yap State Public Service Corporation

P.O. Box 667, Colonia, Yap, FSM 96943

Phone: 691-350-4427 Fax: 691-350-4518

June 18, 2014

Chairman:
John Hasmai

Directors:
Ignathio Waithog
Lonnie Fread
Francis Faney
Paul Zimmer
Mike Hasurmai
Alfonso Ganang

General Manager:
Faustino R. Yangmog

Asst. Gen. Manager:
Victor Nabeyan

Comptroller:
Virginia B. Hernandez

Deloitte & Touche LLP
Certified Public Accountants
361 South Marine Corps Drive
Tamuning, Guam 96913-3911

Gentlemen:

We are providing this letter in connection with your audits of the financial statements of the Yap State Public Service Corporation (YSPSC), a component unit of the State of Yap, as of and for the years ended September 30, 2013 and 2012 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net position and cash flows of YSPSC in conformity with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

- a. The fair presentation in the financial statements of financial position, changes in net position and cash flows, in conformity with GAAP.
- b. The design, implementation, and maintenance of programs and controls to prevent and detect fraud.
- c. Establishing and maintaining effective internal control over financial reporting.
- d. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for stand-alone business-type activities obtained from the Government Finance Officers Association. Additionally, we agree with the adjusting entries included in Appendix A.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The financial statements referred to above are fairly presented in conformity with GAAP. In addition:
 - a. Net position components (net investment in capital assets; restricted and unrestricted) are properly classified and, if applicable, approved.
 - b. Deposits are properly classified in the category of custodial credit risk.
 - c. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
 - d. Required supplementary information is measured and presented within prescribed guidelines.
 - e. Applicable laws and regulations are followed in adopting, approving, and amending budgets.
2. YSPSC has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. YSPSC has provided you:
 - a. Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - b. Financial records and related data for all financial transactions of YSPSC. The records, books, and accounts, as provided to you, record the financial and fiscal operations of the YSPSC and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
 - c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.
4. There has been no:
 - a. Action taken by YSPSC management that contravenes the provisions of federal laws and Yap State laws and regulations.
 - b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.
5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.

6. We believe the effects of the uncorrected financial statement misstatements detected in the current year that related to the prior year presented, when combined with those misstatements aggregated by you during the prior year audit engagement and pertaining to the prior year presented, are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2012 taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix C.
7. YSPSC has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the YSPSC and do not believe that the financial statements are materially misstated as a result of fraud.
8. We have no knowledge of any fraud or suspected fraud affecting YSPSC involving:
 - a. Management.
 - b. Employees who have significant roles in internal control over financial reporting.
 - c. Others if the fraud could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting YSPSC received in communications from employees, former employees, analysts, regulators, or others.
10. During the years ended September 30, 2013 and 2012 and to the date of this letter, we are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*, and we have not consulted a lawyer concerning litigation, claims, or assessments, or potential litigation or unasserted claims or assessments during the years ended September 30, 2013 and 2012 and to the date of this letter.
11. Significant assumptions used by us in making accounting estimates are reasonable.

Except where otherwise stated below, matters less than \$31,200 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

12. Except as listed in Appendix B and C, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
13. YSPSC has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
14. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:
 - a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral), as follows:

- b. In the ordinary course of business, YSPSC enters into transactions with the State of Yap and private businesses in which certain YSPSC's board members hold positions of influence. Several board members hold management positions with the State of Yap, of which YSPSC is a component unit. Several board members hold management positions with private companies with which YSPSC, from time to time, engages in business transactions. YSPSC management is of the opinion that its transactions with related parties are executed under the same laws and conditions as are entered into with unrelated entities.
 - c. Guarantees, whether written or oral, under which YSPSC is contingently liable.
15. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
 - a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
 - b. The effect of the change would be material to the financial statements.
16. Risk associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
 - a. The concentration exists at the date of the financial statements
 - b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
17. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*, except as follows:
 - YSPSC does not currently hold title to real property underlying its operating sites. Such property substantially is held in the name of the State of Yap. YSPSC is not charged for use of this property.
 - In February 2008, the Yap State Legislature enacted YSL No. 7-25 to amend No. 4-4, YSPSC's enabling legislation, mandating that YSPSC credit back certain charges to prior customers. YSL No. 7-25 directed YSPSC to repeal all fuel surcharges and fees in excess of \$0.035 per kWh and to refund to customers all fuel surcharges and fees collected in excess of \$0.035 per kWh from March 2006 to February 2008. At September 30, 2011, the total variable fuel charge refund has been repaid to residential and commercial customers. The repayment of those costs over the legislated \$0.035 was facilitated by a loan from the State of Yap for \$1,600,000 authorized by YSL No. 7-38.

- YSL No. 39 then authorized the Governor to forgive any refund that may be owed by YSPSC to Yap State Government agencies for these declared excessive surcharges. The refund owed FSM National Government as a prior customer remains outstanding at \$181,368, and is included as a current liability in the Statement of Net Assets. Although FSM National Government has not asserted a claim to this liability, neither has it forgiven this debt.
18. YSPSC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as disclosed in the financial statements.
 19. YSPSC has complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.
 20. No events have occurred after September 30, 2013, but before June 18, 2014, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.
 21. Regarding required supplementary information:
 - a. We confirm that we are responsible for the required supplementary information.
 - b. The required supplementary information is measured and presented in accordance with the Governmental Accounting Standards Board.
 - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
 22. Subsequent to September 30, 2013, there have not been any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses.
 23. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before September 30, 2013 and have been appropriately reduced to their estimated net realizable value.
 24. Quantitative and qualitative information regarding the allowance for doubtful accounts has been properly disclosed in the financial statements.
 25. YSPSC is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage has been obtained for claims arising from most of these matters. YSPSC is self-insured for typhoon risks. Management is of the opinion that no material losses have been sustained as a result of this practice during the past three years.
 26. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of YSPSC and do not include any items consigned to it or any items billed to customers.

27. During the year ended September 30, 2013, YSPSC implemented the following pronouncements:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addressed how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The implementation of this statement did not have a material effect on the financial statements.
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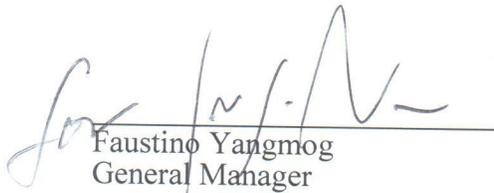
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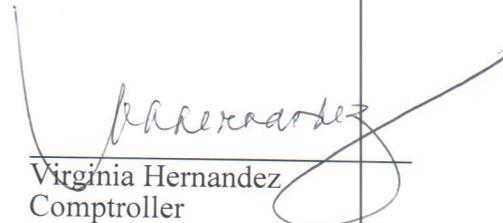
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Very truly yours,


Faustino Yangmog
General Manager


Virginia Hernandez
Comptroller

APPENDIX A: AUDIT ADJUSTMENTS

#	Name	Debit	Credit
1 AJE Entity proposed adjustments			
11050	Accounts Receivable - Customer	588	
11057	Other Accounts Receivable	1,518	
12029	Accum Deprec - Trans/Dist		652
12049	Accum Deprec - Sewer		647
12059	Accum Deprec - Gen & Admin		502
12062	Accum Depre - Ulithi Power		415
12089	Accumulated Depr. - Ren. Ener		1,220
21021	Customer Deposits		1,451
41011	Power Sales		588
42050	Other Income		67
53011	Generator Fuel - Yap	8,574	
53032	Gasoline & Diesel - Pwr Dist		8,574
57012	Depreciation - Pwr Dist	652	
57014	Depreciation - Sewer	647	
57015	Depreciation - Ulithi	415	
57019	Depreciation - Gen & Admin	502	
57020	Depreciation - Ren. Energy	1,220	
	To record entry proposed adjustment		
2 AJE To adjust variances between GL and inventory listing			
11071	Fuel Stock	6,296	
11072	Inventory - Power Plant	151	
11073	Inventory - Water & Sewer	6,822	
11074	Inventory - Mog Mog		3,403
11075	Inventory - Power Distribution	85,171	
53011	Generator Fuel - Yap		6,296
54011	Repairs & Maint - Pwr Gen		151
54012	Repairs & Maint - Pwr Dist		85,171
54013	Repairs & Maint - Water		6,822
54018	Repairs & Maint - MogMog	3,403	
	To adjust variances between GL and inventory listing		
3 AJE To adjust unrecorded liabilities			
12011	Generators	112,386	
21011	Accounts Payable -- Vendors		112,386
	To accrue equipment purchased and received in FY 2013		
4 AJE To correct balance of beginning assets			
11058	Allowance for Doubtful A/R		83,733
32011	Retained Earnings - Cumulativ	83,733	
	To correct beginning net assets		
5 AJE To write off asset unserviceable assets			
12025	Distribution Vehicles & Equip		157,487
12029	Accum Deprec - Trans/Dist	157,487	
12060	Ulithi Power Plant Equipment		82,294
12062	Accum Depre - Ulithi Power	54,520	
12064	Ulithi Water & Sewer System		3,595
12065	Accum Deprec - Ulithi Wtr	3,355	
Blank (535)	Impairment loss on fixed assets	28,014	
	To write off asset (3" Diesel Trash Pump, 2 Deutz Gensets, TECO Atlas 15-50 Digger Derrick) no longer in use or to be used for future purposes.		
6 AJE To reclassify capitalized travel exp			
12053	Computer Equipment		11,655
52029	Training Exp - Admin	11,655	
	To reclassify capitalized travel expense in the prior year to proper account		

APPENDIX A: AUDIT ADJUSTMENTS, CONTINUED

#	Name	Debit	Credit
	7 AJE To error on meter reading on customer # 269401		
11050	Accounts Receivable - Customer		31,549
41011	Power Sales	31,549	
	To correct error on meter reading for Sept 2013 on customer account # 269401		
	8 AJE To adjust unearned grant revenue to proper account		
42400	CPUC-CRISP Revenue	85,404	
42500	PLT/DOI REVENUE	95,027	
22077	Deferred Revenue - PLT		95,027
22078	Deferred Revenue - CRISP		85,404
	To adjust unearned grant revenue to proper account		
	9 AJE To adjust notes payable - ADB loan		
23012	ADB Loan Payable	15,020	
42125	Yap State Grant		15,020
	To adjust notes payable - ADB loan		
	10 AJE To reclassify purchase of solar pv system& comp eq		
12053	Computer Equipment	2,469	
58008	EFII Facility Grant Expense		927,393
19800	WIP - EF II	924,924	
	To reclassify purchase of solar pv system and other equipment on its proper account		
	11 AJE To reclassify EU grant to Capital Contribution		
42650	EU Grant - EF II	618,431	
Blank (511)	Capital contributions		618,431
	To reclassify EU grant to capital contribution		
	12 AJE To correct fixed asset register footing		
12059	Accum Deprec - Gen & Admin		14,235
57019	Depreciation - Gen & Admin	14,235	
	To correct fixed asset register schedule footing error.		

APPENDIX B

SUMMARY OF UNCORRECTED MISSTATEMENTS - CURRENT PERIOD									
Description of Misstatement	Assets		Liabilities		Equity		Income		TOTAL
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
Current-Period Misstatements									
<PAJE#1> To record projected amount of error in customer deposit account									
21021-Customer Deposit			20,108						20,108
41011-Power Sales								20,108	(20,108)
<PAJE#2> To reconcile variances noted on YCA confirmation									
Gasoline and Diesel							9,192		9,192
Accounts Payable				9,192					(9,192)
TOTAL MISSTATEMENT	-	-	20,108	9,192	-	-	9,192	20,108	-

APPENDIX C

SUMMARY OF UNCORRECTED MISSTATEMENTS - PRIOR PERIOD									
Description of Misstatement	Assets		Liabilities		Equity		Income		TOTAL
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
Prior-Period Misstatements									
<PY PAJE#1> To correct prior year misstatement on repairs and maintenance expense identified in current period.									
12011 - Generators	76,673								76,673
54012 - Repairs & Maint - Pwr Dist								76,673	(76,673)
<PY PAJE#2> To adjust customer deposit balance that was understated in the PY									
41011 - Power Sales							16,673		16,673
21021 - Customer Deposit				16,673					(16,673)
TOTAL MISSTATEMENTS	76,673	-	-	16,673	-	-	16,673	76,673	-