

Chuuk Public Utility Corporation
(A Component Unit of the State of Chuuk)

**Financial Statements, Required Supplementary Information and
Compliance and Internal Control
With Report of Independent Auditors**

September 30, 2024



Hiromi Shinoda
CERTIFIED PUBLIC ACCOUNTANT



**Chuuk Public Utility Corporation
(A Component Unit of the State of Chuuk)**

**Financial Statements and Required Supplementary Information
Year ended September 30, 2024**

September 30, 2024

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Report of Independent Auditors

The Board of Directors
Chuuk Public Utility Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Chuuk Public Utility Corporation (CPUC), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise CPUC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Chuuk Public Utility Corporation at September 30, 2024, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CPUC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The financial statements of CPUC for the year ended September 30, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 18, 2024.

As discussed in Note 13 to the financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CPUC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPUC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CPUC’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2025, on our consideration of CPUC’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CPUC’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CPUC’s internal control over financial reporting and compliance.

Shinoda CPA

Pohnpei, FSM
December 17, 2025



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Chuuk Public Utility Corporation
(A Component Unit of the State of Chuuk)

Management's Discussion and Analysis
Years ended September 30, 2024 and 2023

The following Management's Discussion and Analysis of the Chuuk Public Utility Corporation's (CPUC) activities and financial performance provides the reader with an introduction and overview to the financial statements as of and for the fiscal year ended September 30, 2024.

GASB 34 of the U.S. Government Accounting Standards Board requires that financial statements must contain a management's discussion and analysis. This section of the CPUC's annual report presents management's discussion of CPUC's performance for years ended September 30, 2024 and 2023. It should be read in conjunction with the financial statements that follow this section.

CPUC is a component unit of the Government of the State of Chuuk. Its primary objective is to provide electrical, water, and sewer services to the public. The following table summarizes the financial position and results of operations of CPUC for fiscal years 2024 and 2023.

FINANCIAL HIGHLIGHTS

	<u>2024</u>	<u>2023</u>
Assets:		
Utility plant in service, net	\$ 21,197,910	20,482,408
Current assets	4,429,447	4,317,244
Non-current assets	<u>499,423</u>	<u>1,267,040</u>
Total assets	<u>26,126,780</u>	<u>26,579,394</u>
Net Position and Liabilities:		
Net investment in capital assets	18,295,927	18,006,742
Restricted	499,423	526,156
Unrestricted	<u>3,826,714</u>	<u>4,496,730</u>
Total net position	<u>22,622,064</u>	<u>23,029,628</u>
Long-term liabilities	2,439,413	2,677,864
Current liabilities	<u>1,065,303</u>	<u>871,902</u>
Total liabilities	<u>3,504,716</u>	<u>3,549,766</u>
Total net position and liabilities	<u>26,126,780</u>	<u>26,579,394</u>
Revenues, Expenses, and Changes in Net Position:		
Total operating revenues	\$ 9,177,935	\$ 8,661,671
Operating expenses	<u>9,929,312</u>	<u>9,725,679</u>
Operating (loss) income	<u>(751,377)</u>	<u>(1,064,008)</u>
Grants, subsidies and other income	3,187,705	2,013,183
Asian Development Bank grant expense	(3,116,429)	(1,652,068)
Interest expense	(112,066)	(64,601)
Capital contributions	<u>332,076</u>	<u>158,086</u>
Total nonoperating revenue, net and capital contributions	<u>291,286</u>	<u>454,600</u>
Change in net position	(460,091)	(609,408)
Net position at beginning of year, restated	<u>23,082,155</u>	<u>23,639,036</u>
Net position at end of year	\$ <u>22,622,064</u>	\$ <u>23,029,628</u>

Chuuk Public Utility Corporation
(A Component Unit of the State of Chuuk)

Management’s Discussion and Analysis
Years ended September 30, 2024 and 2023

Assets:

CPUC is steadily expanding its asset base to ensure the provision of essential utility services to the residents of Chuuk State. As of the close of FY2024, the total value of its operational assets stands at \$26.1 million, a slight decrease from \$26.5 million at the end of FY2023.

Revenue:

An increase in revenue amounting to \$0.51 million this year, from \$8.66 million in 2023 to \$9.17 million in 2024, primarily resulted from more units sold in 2024 as further detailed below.

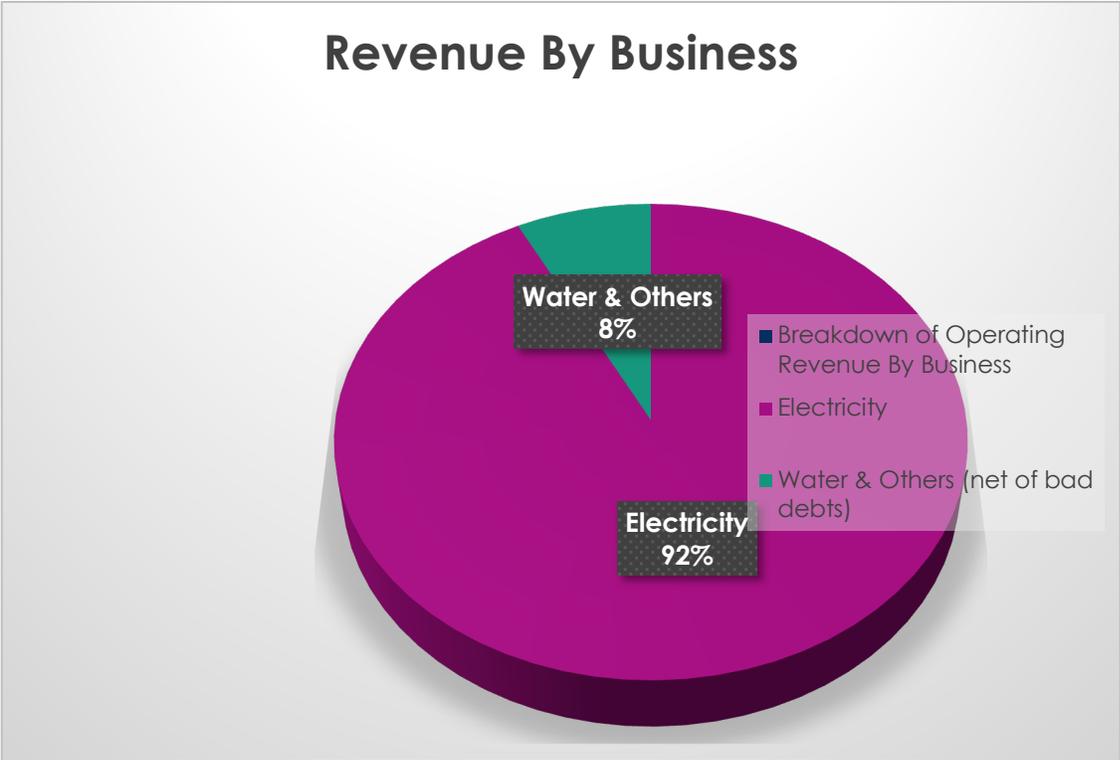
Explanation of the Increases in Revenue	2024	2023	Increase (decrease)
Total Revenue	9,177,935	8,661,671	516,264
Avg. Tariff	0.5123	0.5163	(0.004)
Revenue reduction due to reduction in electricity tariff			\$ (66,914)
More kwh units sold this year			\$ 531,304
Increase in other sales			\$ 51,874
Increases in Revenue			\$ 516,264

For 2024, the combined operating revenue amounts to \$9.17 million, with the breakdown for the two businesses detailed below.

Breakdown of Operating Revenue By Business	Revenue	%
Electricity	\$ 8,481,956	92%
Water & Others	\$ 695,979	8%
Total Revenue	\$ 9,177,935	100%

Chuuk Public Utility Corporation
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Management’s Discussion and Analysis
 Years ended September 30, 2024 and 2023



Expenses:

The table below explains the expenses by cost center for both years and outlines the corresponding changes.

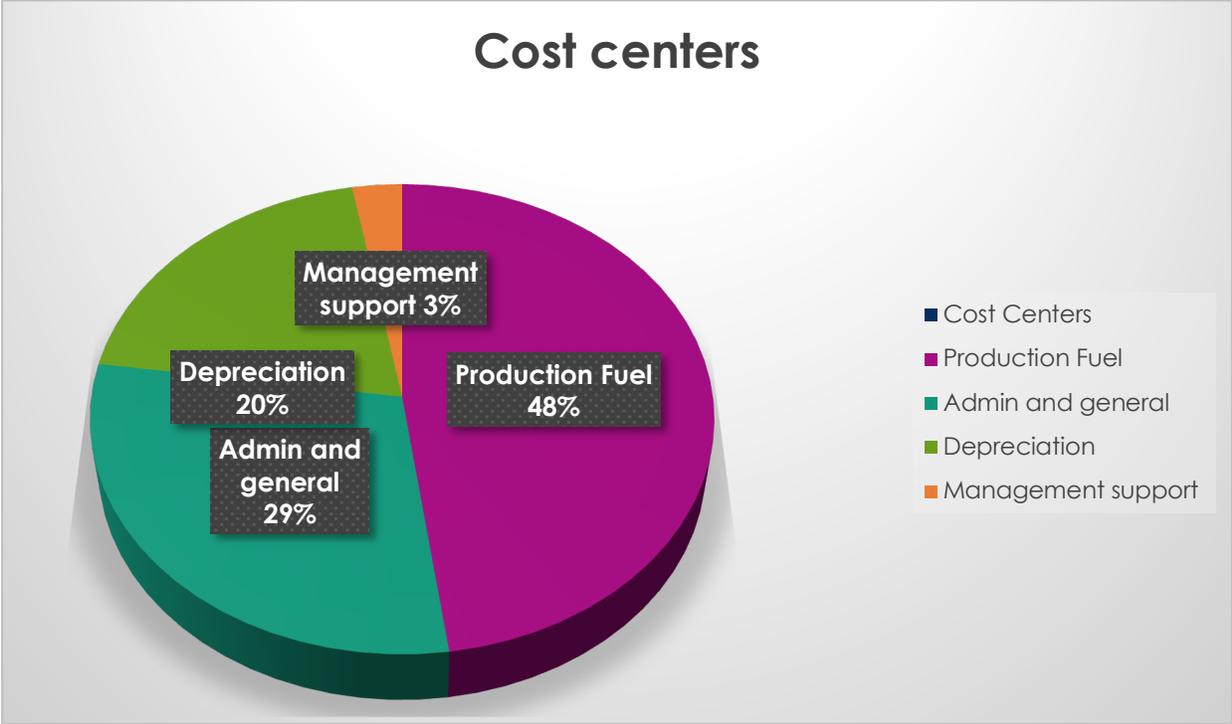
Expense By Cost Centers				
Cost Center		2024	2023	Increase (decrease)
Production Fuel	\$	4,746,741	\$ 4,567,560	\$ 179,181
Admin and general	\$	2,926,280	\$ 2,704,183	\$ 222,097
Depreciation	\$	1,975,427	\$ 2,188,584	\$ (213,157)
Management support	\$	280,864	\$ 265,352	\$ 15,512
Total	\$	9,929,312	\$ 9,725,679	\$ 203,633

The primary contributors to the rise in expenses for 2024 are production fuel and administrative and general costs.

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Management’s Discussion and Analysis
Years ended September 30, 2024 and 2023

The pie chart presented below illustrates the distribution of costs across various cost centers for the year 2024, expressed as percentages.



Change in Net position:

The net position declined by approximately \$0.46 million in FY 2024, attributable to expenditures exceeding revenue.

Capital Assets and Debts

For additional information concerning capital assets, please refer to notes 4 and 5 of the financial statements.

For additional information concerning debt, refer to note 7 of the financial statements.

SUBSEQUENT EVENT

FISCAL YEAR (FY) 2025 OUTLOOK

The CPUC projects sustained enhancement in its operating position for FY2025 by optimizing power generation through increased solar grid utilization, reducing power distribution losses, enhancing collections, and expanding as well as upgrading water and sewer services.

For FY 2025, a target has been established to limit power loss to 10%.

Chuuk Public Utility Corporation (A Component Unit of the State of Chuuk)

Management's Discussion and Analysis
Years ended September 30, 2024 and 2023

The FSM Energy Sector is receiving grant funding from the World Bank, with a significant portion allocated towards an extensive investment in a solar plant to be constructed on Weno between 2025 and 2026.

CPUC has successfully installed a cumulative 456 kWp of grid-connected solar PV systems on the Weno power grid. These installations include 65 kWp at Chuuk International Airport, 200 kWp at Chuuk State High School, a recent addition of 100 kWp at the airport parking space, and another 100 kWp around the CPUC power station compound. Collectively, these systems contribute over 5% to the daily power generation on average.

CPUC is collaborating with FSM Petroleum Corporation (FSMPC) to deliver power supply to the approximately 4,000 residents of Tonoas.

With regards to water supply and sewerage services, the CPUC will continue to prioritize the installation of water metering throughout the supply system, the reduction of water loss, and the reassessment of water and sewer tariffs. A \$32 million grant from ADB has been approved to enhance the water supply and sewer collection on the island of Weno. The project is currently in progress.

CONTACTING CPUC'S FINANCIAL MANAGEMENT

Management's Discussion and Analysis for the year ended September 30, 2023, is set forth in the report on the audit of CPUC's financial statements, which is dated October 18, 2024, and that Discussion and Analysis explains the major factors impacting the 2023 financial statements and can be viewed at the Office of the Public Auditor's website at www.fsmopa.fm.

For additional information about this report, please contact Ms. Leialoha Shirai, Chief Financial officer, Chuuk Public Utility Corporation, A's Mart Building 2, 2nd Floor, Weno, Chuuk FM 96942.

Chuuk Public Utility Corporation
(A Component Unit of the State of Chuuk)

Statement of Net Position
September 30, 2024

Assets:

Utility Plant, at cost:

Depreciable utility plant:

Electric plant in service	\$ 25,529,735
Water and sewer plant in service	16,553,232
General plant in service	<u>509,392</u>

42,592,359

Less accumulated depreciation (23,423,613)

19,168,746

Non-depreciable utility plant:

Construction in progress	<u>1,035,974</u>
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Total utility plant 20,204,720

Lease asset 1,313,818

less accumulated amortization (320,628)

993,190

Current assets:

Cash	1,552,664
Accounts receivable, net	553,804
Receivable from grantor	617,338
Inventory	1,040,461
Prepaid expenses	<u>665,180</u>

Total current assets 4,429,447

Noncurrent assets:

Deposits	<u>499,423</u>
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Total noncurrent assets 499,423

Total assets \$ 26,126,780

See accompanying notes to the financial statements.

Chuuk Public Utility Corporation
(A Component Unit of the State of Chuuk)

Statement of Net Position
September 30, 2024

Liabilities and Net Position

Current liabilities:

Long-term debt, current portion	\$	352,358
Lease liability, current portion		110,212
Accrued annual leave		72,590
Accounts payable		13,040
Accrued taxes and other liabilities		346,636
Payable to grantor		48,952
Unearned revenue		121,515
		<u>1,065,303</u>
Total current liabilities		<u>1,065,303</u>

Noncurrent liabilities:

Long-term debt, net of current portion		2,428,120
Lease liability, net of current portion		11,293
		<u>2,439,413</u>
Total noncurrent liabilities		<u>2,439,413</u>
Total liabilities		<u>3,504,716</u>

Commitments and contingencies

Net position:

Net investment in capital assets		18,295,927
Restricted		499,423
Unrestricted		3,826,714
		<u>22,622,064</u>
Total net position		<u>22,622,064</u>
Total liabilities and net position	\$	<u><u>26,126,780</u></u>

See accompanying notes to the financial statements.

Chuuk Public Utility Corporation
(A Component Unit of the State of Chuuk)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2024

Operating revenues:	
Electricity sales	\$ 3,957,157
Cash power	4,524,799
Water sales	670,072
Other sales	25,907
Bad debt expense	<u>(246,670)</u>
Total net operating revenues	<u>8,931,265</u>
Operating and maintenance expenses:	
Production fuel	4,746,741
Administrative and general	2,679,610
Depreciation and amortization	1,975,427
Management support	<u>280,864</u>
Total operating and maintenance expenses	<u>9,682,642</u>
Operating loss	<u>(751,377)</u>
Nonoperating revenues (expenses), net:	
Operating grant - Asian Development Bank	3,103,797
Operating grant - Australian Government	12,632
Other income, net	71,276
Interest expense	(112,066)
Asian Development Bank grant expense	(3,103,797)
Australian Government grant expense	<u>(12,632)</u>
Total nonoperating revenues (expenses), net	<u>(40,790)</u>
Loss before capital contributions	(792,167)
Capital contributions:	
Grants from the Pacific Community	201,556
Grants from FSM National Government	80,291
Grants from World Bank	37,656
Grants from Asian Development Bank	<u>12,573</u>
	332,076
Change in net position	(460,091)
Net position at the beginning of year, as previously reported	23,029,628
Prior period adjustment	52,527
Net position at the beginning of year, as restated	<u>23,082,155</u>
Net position at the end of year	<u>\$ 22,622,064</u>

See accompanying notes to the financial statements.

Chuuk Public Utility Corporation
(A Component Unit of the State of Chuuk)

Statement of Cash Flows
Year Ended September 30, 2024

Cash flows from operating activities:	
Cash received from customers	\$ 9,502,189
Cash payments to suppliers for goods and services	(6,777,994)
Cash payments to employees	<u>(1,385,652)</u>
Net cash provided by operating activities	<u>1,338,543</u>
Cash flows from noncapital financing activities:	
Cash receipts - Asian Development Bank grant	3,103,797
Cash disbursements - Asian Development Bank grant	(3,103,797)
Cash receipts from grantors	<u>319,503</u>
Net cash provided by noncapital financing activities	<u>319,503</u>
Cash flows from capital and related financing activities:	
Interest paid	(166,302)
Acquisition of utility plant	(1,353,810)
Payments of long-term debt	<u>(207,889)</u>
Net cash used in capital and related financing activities	<u>(1,728,001)</u>
Net change in cash	(69,955)
Cash at the beginning of year	<u>1,622,619</u>
Cash at the end of year	<u>\$ 1,552,664</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	(751,377)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	1,975,427
Other income, net	71,276
(Increase) decrease in assets:	
Accounts receivable	231,184
Inventory	190,266
Prepaid expenses	(419,567)
(Decrease) increase in liabilities:	
Accounts payable	637
Accrued taxes and other liabilities	29,972
Accrued annual leave	(11,069)
Unearned revenue	<u>21,794</u>
Net cash provided by operating activities	<u>\$ 1,338,543</u>
Supplemental disclosure of noncash investing and financing activities:	
Recognition of right-of-use assets for leases	<u>\$ 993,190</u>
Recognition of lease liability and prepaid expense adjustments	<u>\$ 993,190</u>

See accompanying notes to the financial statements.

Chuuk Public Utility Corporation

(A Component Unit of the State of Chuuk)

Notes to Financial Statements
September 30, 2024

1. Organization

The Chuuk Public Utility Corporation (CPUC) is a component unit of the State of Chuuk. CPUC was created by Chuuk State Law 192-12. Its primary objective is to operate all public utilities within the State of Chuuk including providing, maintaining and improving the water, electric, and sewerage systems to the public. CPUC is governed by a five-member Board of Directors, which comprises one member from each of the five senatorial districts of the State appointed by the Governor with the advice and consent of the Chuuk State Legislature.

CPUC's financial statements are incorporated into the financial statements of the State of Chuuk as a component unit.

2. Summary of Significant Accounting Policies

Governmental Accounting Standards Board (GASB) establishes financial reporting standards for governmental entities, which require that management's discussion and analysis of the financial activities be included with the basic financial statements and notes and modifies certain other financial statement disclosure requirements.

To conform to the requirements of GASB, equity is presented in the following net position categories:

- Net investment in capital assets - capital assets, net of accumulated depreciation, plus construction or improvement of those assets, net of related debts.
- Restricted: Nonexpendable - net position subject to externally imposed stipulations that requires CPUC to maintain such permanently. At September 30, 2024, CPUC does not have nonexpendable net position. Expendable - net position whose use by CPUC is subject to externally imposed stipulations that can be fulfilled by actions of CPUC pursuant to those stipulations or that expire by the passage of time.
- Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Basis of Accounting

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the fund are included in the statements of net position. Proprietary fund operating statements present increases and decreases in net position.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Chuuk Public Utility Corporation

(A Component Unit of the State of Chuuk)

Notes to Financial Statements
September 30, 2024

2. Summary of Significant Accounting Policies, Continued

Cash

For purposes of the statements of net position and cash flows, cash is defined as cash on hand and cash held in bank deposit accounts.

Custodial credit risk is the risk that in the event of a bank failure, CPUC's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. CPUC does not have a deposit policy for custodial credit risk.

As of September 30, 2024, the carrying amount of cash was \$1,552,664 and the corresponding bank balance was \$1,544,741, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2024, bank deposits of \$250,000 were subject to FDIC insurance coverage. CPUC does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Receivables and Allowance for Uncollectible Accounts

All receivables are due from government agencies, businesses and individuals located within the State of Chuuk and are interest free and uncollateralized. The allowance for uncollectible accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience. Management determines the adequacy of the allowance for uncollectible accounts based upon review of the aged accounts receivable. The allowance is established through a provision for bad debts recorded against operating revenues. Accounts deemed uncollectible are written off against the allowance based on the specific identification method.

Inventories

Inventories of materials and fuel are determined by physical count and are valued at the lower of cost (first in, first out method), or market value.

Utility Plant and Depreciation

Utility plant is stated at cost with the exception of certain utility plant assets transferred to CPUC at the carrying value of the Department of Public Works as of September 30, 2001, which have a zero net book value as of September 30, 2024. CPUC's capitalization threshold is \$3,000, with an estimated useful life in excess of one year. Depreciation is calculated on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 25 years.

Chuuk Public Utility Corporation

(A Component Unit of the State of Chuuk)

Notes to Financial Statements
September 30, 2024

2. Summary of Significant Accounting Policies, Continued

Utility Plant and Depreciation, Continued

There is no established capitalization threshold for Right-of-Use lease assets. Amortization is calculated on the straight-line method over the lease term.

Leases

CPUC is a lessee for various land leases, which range from 25 to 50 years. CPUC recognizes a lease liability and an intangible right-of-use lease asset on the Statement of Net Position. The lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The lease asset is initially measured as the amount of the lease liability, plus any lease payments made at or before the lease commencement date, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

CPUC uses an incremental borrowing rate as the discount rate for leases unless the rate that the lessor/vendor charges is known. The incremental borrowing rate for leases is based on the rate of interest CPUC would be charged if it borrowed the same amount from a local bank under similar terms at the lease commencement date. CPUC uses the daily U.S. Treasury par yield curve rates with a comparable term if implicit rate and incremental borrowing rate are not readily available.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. As of September 30, 2024, CPUC has no items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. As of September 30, 2024, CPUC has no items that qualify for reporting in this category.

Chuuk Public Utility Corporation

(A Component Unit of the State of Chuuk)

Notes to Financial Statements
September 30, 2024

2. Summary of Significant Accounting Policies, Continued

Compensated Absences

Earned but unused annual leave is paid to employees upon termination of their employment. Accordingly, vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. It is the policy of CPUC to record the cost of sick leave when leave is actually taken and an expense is actually incurred. Accordingly, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Operating and Nonoperating Revenues and Expenses

Operating revenues and expenses generally result directly from the operation and maintenance of systems to provide utility services to the state of Chuuk. Non-operating revenues and expenses result from capital; financing and investing activities, costs and related recoveries from natural disasters, operating grants, and certain other non-recurring income and costs.

Revenue Recognition

Sales of electricity are recorded as billed to customers. Customer accounts are read and billed weekly for large customers and on a bi-weekly basis for other customers. Billings are due and payable 15 days after billing. At the end of each month, unbilled revenues are accrued for each cycle based on the most recent cycle billing. Cash power revenue is recognized as revenue at point of sale with the estimated unearned portion at year-end recognized as unearned revenue if determined to be significant. As of September 30, 2024, unearned revenue recognized on cash power revenue was \$121,515 which is presented as unearned revenue in the accompanying statements of net position.

Grants and Subsidies

CPUC receives grants from the United States Government and other foreign governments or organizations either as a direct recipient or as a sub-recipient from the Chuuk State Government (CSG) and FSM National Government (FSMNG).

Taxation

CPUC exists and operates solely for the benefit of the public and shall be exempted from any State or Municipal taxes or assessments on any of its property, operations or activities. CPUC shall be liable for employees' contributions to the National Social Security System or other employees' benefits of the State of Chuuk or FSMNG, if any, in such manner as provided by law.

Chuuk Public Utility Corporation

(A Component Unit of the State of Chuuk)

Notes to Financial Statements
September 30, 2024

2. Summary of Significant Accounting Policies, Continued

Recently Issued and Adopted Accounting Pronouncements

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied more easily. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of local government financial statements. CPUC has evaluated the impact that this statement has on its financial statements and has determined the effect is immaterial. CPUC recently adopted GASB Statement No.99.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The adoption of GASB Statement No. 100 did not result in a material effect on the accompanying financial statements. CPUC recently adopted GASB Statement No.100.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

Chuuk Public Utility Corporation

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Notes to Financial Statements
September 30, 2024

2. Summary of Significant Accounting Policies, Continued

Recently Issued and Adopted Accounting Pronouncements, Continued

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. GASB Statement No. 102 will be effective for fiscal year ending September 30, 2025.

In April 2024 the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

In September 2024 the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement also addresses certain application issues. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

CPUC is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

3. Accounts Receivable

Accounts receivable at September 30, 2024 are summarized as follows:

Residential	\$ 430,903
Government	212,125
Commercial	169,555
Unbilled	122,585
Chuuk State Government service tax	34,263
Other	<u>20,898</u>
	990,329
Less allowance for uncollectible accounts	<u>(436,525)</u>
	<u>\$ 553,804</u>

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Notes to Financial Statements
September 30, 2024

3. Accounts Receivable, Continued

Receivables as of September 30, 2024 include \$45,267 of balances in arrears from customers who converted to the cash power meter system. These account balances are reduced through an application of 30% of the delinquent customer's cash power purchase at the time of collection during the year ended September 30, 2024. Starting in November 2013, a 5% Chuuk State service tax was applied to power tariffs. CPUC records service tax receivables in a separate account.

During the year ended September 30, 2024, the balance of allowance for uncollectible accounts increased by \$256,418 due to recognition of additional bad debt and reduced by \$(319,998) due to write-off of a Chuuk State Government receivable.

4. Utility Plant

Utility plant consists of the following detailed balances at September 30, 2024:

	Balance at October 1, 2023	Additions and Transfers	Deletions and Transfers	Balance at September 30, 2024
Depreciable assets:				
Electric plant in service	\$ 24,977,384	\$ 552,351	\$ -	\$ 25,529,735
Water and sewer plant in service	16,535,127	18,105	-	16,553,232
General plant in service	472,319	37,073	-	509,392
	41,984,830	607,529	-	42,592,359
Less accumulated depreciation	(21,502,422)	(1,921,191)	-	(23,423,613)
	20,482,408	(1,313,662)	-	19,168,746
Land lease asset	1,144,581	169,237	-	1,313,818
Accumulated amortization	(266,392)	(54,236)	-	(320,628)
	878,189	115,001	-	993,190
Non-depreciable assets:				
Construction in progress	512,702	1,016,271	(492,999)	1,035,974
	\$ 21,873,299	\$ (182,390)	\$ (492,999)	\$ 21,197,910

As of September 30, 2024, lease asset includes 19 land leases throughout the State of Chuuk.

During the year ended September 30, 2024, \$80,291 of capital contributions from FSM was recorded as part of work-in-progress for the ADB grant projects.

During the year ended September 30, 2024, \$442,888 of work-in-progress was completed and transferred out to electric plant in service.

As of September 30, 2024, construction in progress of \$1,035,974 represents various projects including water treatment plant project in Tonoas and generator overhaul in Weno. Of the total amount, \$425,380 was funded by grants from the Asian Development Bank through FSMNG, \$351,136 from the Pacific Community, \$16,130 from World Bank through FSMNG, and the remaining amount of \$243,328 was funded internally.

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Notes to Financial Statements
September 30, 2024

5. Contributed Assets

During the year ended September 30, 1999, CSG contributed various electric plant and water and sewer plant assets to CPUC. The contributions from the FSMNG result from compliance with Section 7.01 of the Financing Agreement between FSMNG, CSG and CPUC wherein the FSMNG is obligated to finance 10% (ceiling of \$186,900) of the actual costs of civil and mechanical work of the FSMNG Water Supply and Sanitation Project. The remaining 90% is financed through a loan from the Asian Development Bank which was passed through the FSMNG to CSG and then to CPUC. The loan was transferred to CSG in 2010.

6. Grants and Subsidies

As of September 30, 2024, \$48,952 represents prior year advances from the United States Government used for infrastructure projects. The advances are to be repaid at the end of the grant term and are presented as payable to the grantor in the accompanying statement of net position.

On December 13, 2019, FSMNG entered into a grant agreement (Grant Number 6026-FSM (SF)) with the Asian Development Bank (ADB) in the amount of \$5,000,000 for Project Readiness Financing (PRF) phase of the Chuuk Water Supply and Sanitation Project ("CWSSP"), with a grant closing date of June 30, 2023, which was extended to June 30, 2025. The grant is for the preparation of the proposed CWSSP Project and for the facilitation of a smooth transition to project implementation. The PRF phase finances the services of consulting firms and individual consultants, as well as the equipment to achieve three outputs, (i) creating and enabling environment for the ensuing investment project; (ii) identifying the investment scope, preparing the project and procuring key project components; and (iii) enabling a smooth transition to implementation by strengthening the CPUC's water supply network operations.

On December 4, 2020, FMSNG entered into another grant agreement (Grant Number 0727-FSM (SF)) with the ADB in the amount of \$12,760,000 for the CWSSP with a grant closing date of June 30, 2029. The primary objective of the project will improve the efficiency, climate change and disaster resiliency, and sustainability of safe water supply and sanitation in the Chuuk State. The project will have the following outputs: i) continuing and safe water supplies provided; (ii) effective, efficient, and safe sanitation provided; and (iii) CPUC made financially and technically sustainable.

During the yeas ended September 30, 2024, CPUC recorded grant revenue totaling \$3,103,797 related to CWSSP. At September 30, 2024, reimbursable grant expenditures of \$617,338 are included as receivable from grantor in the accompanying statements of net position.

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Notes to Financial Statements
September 30, 2024

7. Long-term Debt and Noncurrent Liabilities

Long-term Debt

Long-term debt consists of the following at September 30, 2024:

	<u>2024</u>
ADB loan no. 2099, administered by FSMNG, drawn against total Special Drawing Rights (SDR), principal due in semiannual installments of \$85,883 from January 15, 2013 to July 15, 2036. Interest is payable semi-annually at 1% per annum during the grace period and at 1.5% thereafter. Proceeds are to be used for infrastructure projects: power distribution upgrades, decommissioning and environmental remediation of the existing power station and institutional strengthening.	\$ 1,268,820
ADB loan no. 2100, administered by FSMNG, principal due in semi-annual installments of varying amounts as a percentage of total SDRs through January 15, 2029. Interest is payable semi-annually at LIBOR plus 0.6% (effective 2.3% at September 30, 2024). Proceeds are used for the purchase of two generator sets and related costs.	<u>1,511,658</u>
Total long-term debt	2,780,478
Less current portion of long-term debt	<u>(352,358)</u>
Long-term debt, net of current portion	<u>\$ 2,428,120</u>

ADB loans include particular covenants, (1) the borrower shall cause the states and CPUC to carry out the project with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental and public utility practices; (2) The borrower shall take, or cause the respective states to take action necessary to enable CPUC perform its obligations under the relevant project implementation agreement, and shall not permit any action which would interfere with the performance of such obligations.

Chuuk Public Utility Corporation
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Notes to Financial Statements
September 30, 2024

7. Long-term Debt and Noncurrent Liabilities, Continued

Long-term Debt, Continued

Principal payments for subsequent years ending September 30 and applicable interest due are as follows:

Year Ending September 30	Principal	Interest	Total
2025	\$ 352,358	\$ 61,053	\$ 413,411
2026	377,222	52,214	429,436
2027	405,446	42,601	448,047
2028	435,685	32,111	467,796
2029	469,621	20,679	490,300
2030 - 2034	528,675	29,263	557,938
2035 - 2036	211,471	3,511	214,982
	<u>\$ 2,780,478</u>	<u>\$ 241,432</u>	<u>\$ 3,021,910</u>

Change in long term debt for the year ended September 30, 2024 is as follows:

	Outstanding October 1, 2023	Addition	Reduction	SDR	Outstanding September 30, 2024	Amount Due Within One Year
Long-term debt	\$ <u>2,988,367</u>	\$ <u>26,701</u>	\$ <u>(269,519)</u>	\$ <u>34,929</u>	\$ <u>2,780,478</u>	\$ <u>352,358</u>

Noncurrent Liabilities

Change in noncurrent liabilities for the year ended September 30, 2024 is as follows:

	Outstanding October 1, 2023	Addition	Reduction	Outstanding September 30, 2024	Amount Due Within One Year
Accrued annual leave	\$ <u>83,659</u>	\$ <u>1,765</u>	\$ <u>(12,834)</u>	\$ <u>72,590</u>	\$ <u>72,590</u>

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Notes to Financial Statements
September 30, 2024

7. Long-term Debt and Noncurrent Liabilities, Continued

Noncurrent Liabilities, Continued

	Outstanding October 1, 2023	Addition	Reduction	Outstanding September 30, 2024	Amount Due Within One Year
Lease liability	<u>\$ 51,233</u>	<u>\$ 169,237</u>	<u>\$ (98,965)</u>	<u>\$ 121,505</u>	<u>\$ 110,212</u>

8. Related Party Transactions

CPUC earned \$1,777,241 from CSG representing power, water and other sales for the year ended September 30, 2024.

CPUC purchases virtually all of its fuel from FSMPC, a component unit of the FSMNG. Purchase prices are based on movements of the base price for fuel and lubricants plus add-on costs, fees and taxes. Purchases are payable up to a maximum of thirty days. At September 30, 2024, deposits in the amount of \$499,423, all of which were received through a sub-grant from the FSMNG, are held by FSMPC as collateral for a fuel and lubricant purchase line. At September 30, 2024, there was no balance payable to FSMPC.

CPUC received \$80,291 of non-cash in-kind contributions from FSMNG representing waiver of the 4% import tax imposed on procurement of Asian Development Bank grant projects.

CPUC engages the service of a law firm where a member of management is a listed attorney. Total legal fees incurred for the year ended September 30, 2024 were \$ 59,287.

9. Commitments

Leases

CPUC currently leases office and warehouse spaces on a month-to-month basis, with rent expensed as incurred.

As of September 30, 2024, CPUC has 19 long-term lease agreements with the lease term ranging from 20 to 50 years. Lease usually requires a 50% initial payment at the lease commencement date and the remaining 50% due in four equal payments within one year of the lease commencement date. Initial lease payments are included in lease assets.

In 2024, CPUC entered into five additional land lease agreements. The leases require total payments of \$145,940, of which \$84,223 was paid during the year ended September 30, 2024.

Chuuk Public Utility Corporation

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Notes to Financial Statements
September 30, 2024

9. Commitments, Continued

Leases, Continued

As of September 30, 2024, lease liability of \$121,505 has been included in the accompanying statements of net position. The following schedule presents future annual lease payments as of September 30, 2024:

Year Ending September 30	Liability	Interest	Total
2025	\$ 110,212	\$ 3,204	\$ 113,416
2026	11,293	141	11,434
	<u>\$ 121,505</u>	<u>\$ 3,345</u>	<u>\$ 124,850</u>

10. Contingencies

Litigation

CPUC is party to various outstanding court judgments. The ultimate impact of judgments is not currently predictable. Therefore, no additional liability has been recorded in the accompanying financial statements due to management's inability to predict the ultimate outcome. Any changes in this estimate will be resolved prospectively.

Risk Management

CPUC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CPUC has elected to purchase general liability, fire, automobile, and workmen's compensation insurance from independent third parties for the risks of loss to which it is exposed while CPUC is substantially self-insured for all other risks. Management is of the opinion that no material losses have been sustained as a result of this practice during the last three years.

Federal Award Programs

CPUC has received federal grants for specific purposes that are subject to review and audit by the grantor agencies (see Note 6). Audits of federal program funds may also be performed by various federal agencies. If the audits result in cost disallowances, CPUC may be liable. There are no reported questioned costs as of September 30, 2024.

Chuuk Public Utility Corporation
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Notes to Financial Statements
September 30, 2024

11. Retirement Plan

Effective March 1, 2021, CPUC established a Retirement Savings Plan (the Plan). The Plan is a self-administered program established to pay retirement, disability and survivor income to employees and their survivors to supplement similar benefits that employees receive from the FSM Social Security System. CPUC matches a percentage of participants' contributions, generally at 50% of the employee contributions, not to exceed 6% of eligible compensation in each pay period. Matching contributions to the Plan during the year ended September 30, 2024 were \$12,043. Total Plan assets as of September 30, 2024 were \$172,129. Management is of the opinion that the Plan does not represent an asset or a liability of CPUC and as such no related assets or liabilities have been recorded in the accompanying statements of net position.

12. Restricted Net Position

At September 30, 2024, the \$499,423 net position is restricted for the fuel deposit from fuel operating grant.

	<u>Debit / (Credit)</u>
Lease assets	\$ 1,144,581
Accumulated amortization	(266,392)
Prepaid land leases	(774,429)
Lease liability	(51,233)
Net position	<u>(52,527)</u>
	\$ <u><u>-</u></u>

13. Prior Period Adjustment

At the beginning of the current fiscal year, CPUC reclassified \$774,429 of prepaid land leases to lease assets in the amount of \$878,189, net of related accumulated amortization of \$266,392, with an increase to the beginning net position of \$52,527 and an increase to the lease liability of \$51,233 as a result of recording lease activities under GASB Statement No.87 guidance.

	<u>Dr / (Cr)</u>
Lease asset	1,144,581
Accumulated amortization	(266,392)
Prepaid land leases	(774,429)
Lease liability	(51,233)
Net position	<u>(52,527)</u>



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Management and the Board of Directors
Chuuk Public Utility Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Chuuk Public Utility Corporation (the Corporation), which comprise the statement of net position as of September 30, 2024, and the related statements of revenues, expenses and changes in net position and of cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 17, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2024-001 and 2024-002, which we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

CPUC's Responses to Findings

CPUC's responses to the findings identified in our audit are described in accompanying Corrective Action Plan. CPUC's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly; we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Shinoda CPA

December 17, 2025

Chuuk Public Utility Corporation
(A Component Unit of the State of Chuuk)

Schedule of Findings
September 30, 2024

Finding No. 2024-001

Fixed Asset Register

Criteria: Fixed asset register should be maintained with sufficient detail to identify individual assets and be periodically reviewed for accuracy and ongoing pertinence.

Condition: Several fixed assets do not have a detailed asset description, including fixed assets additions during the year ended September 30, 2024. Additionally, CPUC records fixed asset purchases based on payments and not on individual assets.

Cause: The cause of the above condition is ineffective internal controls over monitoring and review of the fixed asset register, reconciliation and recording of fixed asset transactions.

Effect: The effect of the above condition is a potential misstatement of fixed assets, as CPUC would not be able to accurately verify physical existence of assets, identify related costs for asset disposals and may misstate depreciation expense.

Recommendation: Management should perform a complete review of the current fixed asset register, verify against historical purchases information and make necessary corrections. Management should also develop policies and procedures for the appropriate identification of assets in the detailed registers. Asset description should be specific and include sufficient detail, such as an asset tag number. Cost incurred for a single asset or project should be capitalized and entered into the register as a single asset. Fixed asset acquisition date should be the actual date when an asset is placed in service.

Auditee Response and Corrective Action Plan:

Management would perform a complete review of the current fixed asset register, verify against historical purchases information and make necessary corrections.

Management should also develop policies and procedures for the appropriate identification of assets in the detailed registers. Asset description should be specific and include sufficient detail, such as an asset tag number.

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Schedule of Findings
September 30, 2024

Finding No. 2024-001, Continued

Fixed Asset Register, Continued

Auditee Response and Corrective Action Plan, Continued:

Cost incurred for a single asset or project should be capitalized and entered into the register as a single asset. Fixed asset acquisition date should be the actual date when an asset is placed in service.

Timeline

Action	Deadline
Complete Review	12/31/2025
Develop Procedures for appropriate identification	12/31/2025
Acquisition date should be when the Asset is placed in service procedure	12/31/2025

Chuuk Public Utility Corporation
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Schedule of Findings
September 30, 2024

Finding No. 2024-002

Audit Adjustments and Nonimplementation of GASB 87

Criteria:

Entities are expected to maintain accurate financial records and implement applicable accounting standards in a timely manner. GASB Statement No. 87, Leases, requires recognition of lease liabilities and right-of-use assets for leases previously classified as operating leases, effective for reporting periods beginning after June 15, 2021.

Condition:

Numerous audit adjustments were proposed and recorded during the audit for the year ended September 30, 2024, indicating deficiencies in the accuracy of financial reporting. Additionally, CPUC had not implemented GASB 87, and lease transactions were recorded under legacy standards.

Cause:

The condition resulted from insufficient review of financial transactions prior to reporting, and a lack of internal resources or technical capacity to implement GASB 87. There were no formal procedures in place to assess the impact of new accounting standards or to ensure timely adoption.

Effect:

The financial statements may be materially misstated due to unrecorded lease liabilities and right-of-use assets. The reliance on audit adjustments undermines the reliability of internal financial reporting and may affect stakeholder confidence and compliance with reporting requirements.

Recommendation:

Management should strengthen internal review procedures to ensure financial transactions are accurately recorded prior to audit. A formal implementation plan for GASB 87 should be developed, including identification of applicable leases, calculation of lease liabilities and right-of-use assets, and updates to accounting policies. Training should be provided to relevant staff, and periodic reviews should be conducted to ensure ongoing compliance with GASB 87.

Auditee Response and Corrective Action Plan:

Management should strengthen internal review procedures to ensure financial transactions are accurately recorded prior to audit.

A formal implementation plan for GASB 87 should be developed, including identification of applicable leases, calculation of lease liabilities and right-of-use assets, and updates to accounting policies.

Training should be provided to relevant staff, and periodic reviews should be conducted to ensure ongoing compliance with GASB 87.

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Schedule of Findings
September 30, 2024

Finding No. 2024-002, Continued

Audit Adjustments and Nonimplementation of GASB 87, Continued

Auditee Response and Corrective Action Plan, Continued:

Timeline

Action	Deadline
Strengthen internal reviews prior to audit	ASAP
Develop a formal implementation plan for GASB 87.	ASAP
Training of relevant staff. Obtain the schedule prepared for FY 2024 from the auditor	ASAP
Update Compliance	Quarterly

Chuuk Public Utility Corporation
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Unresolved Prior Year Findings
September 30, 2024

Summary Schedule of Prior Audit Findings

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2023-001	Fixed Asset Register	Not Corrected or Resolved.