



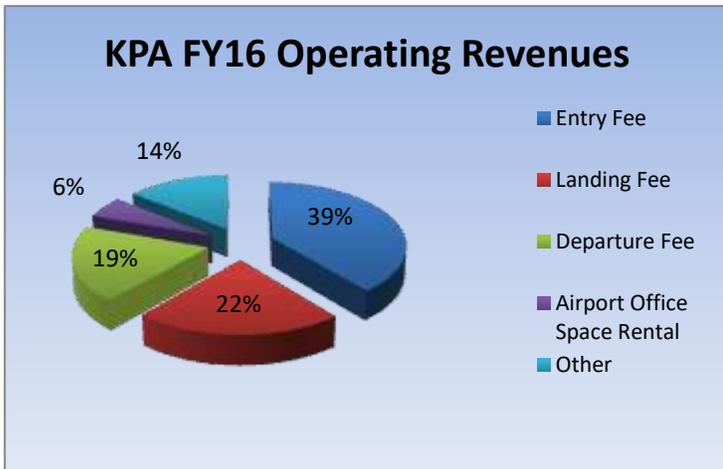
Press Release #2017-03 Kosrae Port Authority

Single Audit Report as of September 30, 2016
Single Audit Executive Summary No. 2017-01

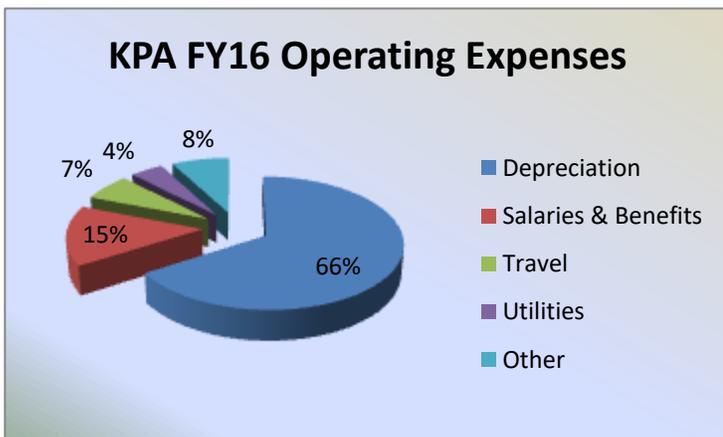
Background

The Kosrae Port Authority (the Authority) was established by Kosrae State Public Law 7-91 for the purpose of managing and overseeing all ports of entry into the State of Kosrae, which includes harbors, docks and airfields. Although the Authority operates as a legally separate entity, it is financially accountable to the State, thus it is a component unit of the Kosrae State Government. A five-member Board of Directors, four appointed by the Governor with the advice and consent of the Legislature, and the Director of the Department of Transportation and Infrastructure who serves as ex-officio, is responsible for the overall management and oversight of the Authority. The Board appoints a General Manager who is responsible for the daily operations of the Authority.

Financial Results

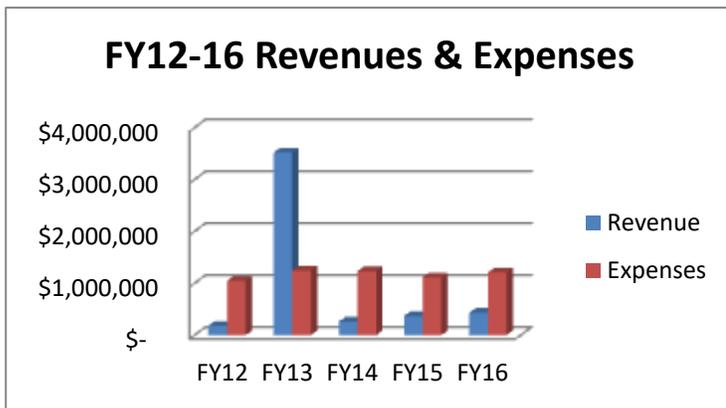


The operating revenues for the Authority consist mainly of entry fees, landing fees and departure fees. For FY2016, the total operating revenues totaled \$435,106, compared to \$337,609 in FY2015. This increase of \$97,497 is contributed mainly from increases in landing fees, airport office space rental, and the cargo rental. For FY2016, entry fees totaled \$170,256, landing fees, \$96,521; departure fees, \$83,274; airport office space rental, \$23,886; and all other revenues including cargo rental and port charges/wharfage amounted to \$61,170.



Total operating expenses slightly increased from \$1,116,070 in FY2015 to \$1,211,179 in FY2016, an increase of \$95,109. Expenses which saw a decrease compared to prior year included supplies and materials, fuel and repairs. Others, including salaries and benefits, travel and contractual services increased in FY2016 compared to FY2015. A large portion of the operating expenses, roughly 66%, comprised of the depreciation expenses. Salaries and benefits registered 15%, while travel expenses accounted for 7%, utilities 4%, and all

others such as fuel, communications, supplies and materials totaling \$94,670 comprised 8% of the total operating expenses.



The Authority has seen a slow increase in revenue for the past 5 years, with an exception for FY2013 in which there was a large increase in revenue due to additional capital contribution received from Kosrae State for various airport improvement projects which were jointly funded by the US Federal Aviation Administration (FAA) and the FSM National Government, in the amount of \$3,322,632. The Authority's net operating loss for FY2016 was \$776,073, compared to \$778,461 in FY2015 and \$990,352 in FY2014.

The following table summarizes the financial position and results of the Authority for FY2016, FY2015 and FY2014.

	FY2016	FY2015	FY2014
Assets:			
Current Assets	\$103,607	\$106,441	\$39,141
Property and equipment, net	16,676,397	17,458,399	18,257,997
Total Assets	\$16,780,004	\$17,564,840	\$18,297,138
Liabilities and Net Position:			
Current liabilities	\$113,163	\$121,926	\$108,549
Net position:			
Net investment in capital assets	16,676,397	17,458,399	18,257,997
Unrestricted	(9,556)	(15,485)	(69,408)
Total net position	16,666,841	17,442,914	18,188,589
Total liabilities and net position	\$16,780,004	\$17,564,840	\$18,297,138
Revenues, Expenses and Changes in Net Position			
Operating revenues	\$435,106	\$337,609	\$245,834
Operating expenses	1,211,179	1,116,070	1,236,186
Loss from operations	(776,073)	(778,461)	(990,352)
Subsidies from FSMNG	-	32,786	15,938
Total non-operating income	-	32,786	15,938
Change in net position	(776,073)	(745,675)	(974,414)
Net position at beginning of year	17,442,914	18,188,589	19,163,003
Net position at end of year	\$16,666,841	\$17,442,914	\$18,188,589

Audit Findings and Opinion

Findings: There are no unresolved prior audit findings as of September 30, 2016.

Opinion: The Authority received an **UNMODIFIED** opinion for its FY2016 Single Audits. An unmodified opinion means that the entity's financial statements are fairly and appropriately presented, in all material respects, and in accordance with Generally Accepted Accounting Principles (GAAP).

Deficiencies in internal control over financial reporting were identified during the course of the audit, which included the following:

1. The Authority had an amount outstanding since 2008 due to the primary government.
2. The Authority did not regularly reconcile receivables with customers or perform timely follow-ups on billings. Further, controls were not in place to analyze collectability of accounts receivables and to verify the sufficiency of the allowances.
3. The Authority did not regularly update the fixed asset register.

There were no instances of noncompliance or other matters reported as required by *Government Auditing Standards*.

Board of Directors: William Mongkeya, Chairman; Norinston Joe, Vice Chairman; Andy George, Secretary; Smith Sighah, Member; Weston Luckymis, Ex-Officio Member.

Management: William Tosie, General Manager; Comptroller, Vacant; and Administrative Officer, Delia Sighah

The Single Audit for KPA covering FY-2016 was conducted by Deloitte & Touche under a contract awarded by the Office of the National Public Auditor. This is a required audit as KPA is a component unit of the Kosrae State Government. The CPA firm and KPA management have completed the FY-2016 annual audit months before the June 30, 2017 deadline. *Bravo!*

For a more detailed discussion and analysis of the FY16 Single Audit Report for KPA, please refer to the full audit report. Click the two links [AUDIT](#) & [SAS](#) to access the full report.

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