

FEDERATED STATES OF MICRONESIA

**COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' COMPILATION
REPORT**

SEPTEMBER 30, 2005

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Honorable Joseph J. Urusemal
President,
Federated States of Micronesia

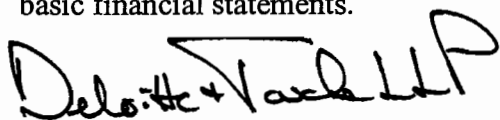
We have compiled the accompanying combined financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Federated States of Micronesia (FSM) National Government and the States of the FSM as of and for the year ended September 30, 2005, and the other supplementary information as set forth in pages 13 through 31, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The other supplementary information is presented only for purposes of additional analysis and is not a required part of the basic combined financial statements. The combined financial statements include the accounts of the FSM National Government and the four States of the FSM, being the State of Chuuk, the State of Kosrae, the State of Pohnpei, and the State of Yap. These entities comprise the sovereign nation of the Federated States of Micronesia.

A compilation is limited to presenting, in the form of financial statements and other supplementary information, information that is the representation of management. We have not audited or reviewed the accompanying combined financial statements and other supplementary information and, accordingly, we do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the combined financial statements, they might influence the user's conclusions about the combined financial position and combined results of operations of the FSM National Government and the States of the FSM. Accordingly, these combined financial statements are not designed for those who are not informed about such matters.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the respective financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the FSM National Government, the State of Chuuk, the State of Kosrae, the State of Pohnpei, and the State of Yap as of and for the year ended September 30, 2005. Those financial statements were the basis from which we compiled the accompanying combined financial statements. Copies of the respective financial statements and the independent auditors' reports dated August 28, 2006, July 11, 2006, June 18, 2006, May 22, 2006, and June 8, 2006, respectively, which expressed certain qualified or disclaimer of opinions, may be obtained from the FSM Office of the Public Auditor.

The FSM National Government and the States of the FSM have not presented the Management's Discussion and Analysis and budgetary comparison information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.



October 5, 2006

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Assets

September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	Primary Governments	Component Units
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 6,514,712	\$ 18,011,753
Time certificates of deposit	-	2,274,032
Investments	86,370,234	17,315,735
Receivables, net of allowance for uncollectibles	43,185,921	19,472,563
Due from component units	360,977	-
Due from primary government	-	236,336
Advances	4,988,972	22,526
Inventories	416,284	4,814,867
Other current assets	429,880	3,012,868
Restricted assets	34,301	808,115
Total current assets	142,301,281	65,968,795
Noncurrent assets:		
Time certificates of deposit	1,149,850	-
Investments	17,758,965	13,401,443
Receivables, net of current portion	28,666,125	17,957,284
Capital assets, net of accumulated depreciation	180,747,050	116,965,833
Due from component units	2,963,564	-
Other noncurrent assets	-	222,036
Restricted assets	46,204,459	-
Total noncurrent assets	277,490,013	148,546,596
Total assets	\$ 419,791,294	\$ 214,515,391
<u>LIABILITIES</u>		
Current liabilities:		
Bank overdraft	\$ 3,396,146	\$ -
Current portion of long-term obligations	108,028	6,241,160
Accounts payable	28,499,971	8,218,906
Compensated absences payable	800,989	-
Other liabilities and accruals	5,352,824	7,358,548
Tax refunds payable	366,869	-
Due to FSM State Governments	7,641,848	-
Due to primary government	-	3,497,833
Deferred revenue	1,984,480	3,697,303
Total current liabilities	48,151,155	29,013,750
Noncurrent liabilities:		
Noncurrent portion of long-term obligations	51,529,167	35,581,855
Other noncurrent liabilities	1,783,607	-
Compensated absences payable	2,135,108	-
Total noncurrent liabilities	55,447,882	35,581,855
Total liabilities	103,599,037	64,595,605
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	180,417,871	80,720,407
Restricted for:		
Future operations	31,165,521	-
Compact related	63,577,118	-
Capital projects	1,115,608	-
Other purposes	8,146,599	7,738,984
Unrestricted	31,769,540	61,460,395
Total net assets	316,192,257	149,919,786
Total liabilities and net assets	\$ 419,791,294	\$ 214,515,391

FEDERATED STATES OF MICRONESIA

Combined Statement of Activities Year Ended September 30, 2005 (See Accompanying Independent Accountants' Compilation Report)

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governments	Component Units
Primary governments:						
Governmental activities:						
President's office	\$ 1,442,445	\$ -	\$ 944,844	\$ -	\$ (497,601)	\$ -
External affairs and LNOs	3,517,255	-	-	-	(3,517,255)	-
Health, education and social affairs	53,689,825	611,164	53,460,742	14,044	396,125	-
Economic development	6,083,767	107,473	3,064,818	269,823	(2,641,653)	-
Transportation, communication and infrastructure	13,938,361	996,092	1,958,018	66,000	(10,918,251)	-
Finance and administration	29,274,759	1,118,037	14,797,232	241,007	(13,118,483)	-
Justice	6,888,858	517,645	1,588,639	-	(4,782,574)	-
Office of the Public Defender	628,267	-	-	-	(628,267)	-
Judiciary	1,835,852	66,660	781,493	25,000	(962,699)	-
Legislature	3,079,599	-	-	-	(3,079,599)	-
Office of the Public Auditor	704,110	-	689,951	-	(14,159)	-
National government programs	6,634,254	2,400	-	-	(6,631,854)	-
Other appropriations	11,799,786	-	284,798	-	(11,514,988)	-
Payments to component units	6,426,405	-	5,018,446	-	(1,407,959)	-
Boards, commissions, councils and other	5,348,185	455,177	2,459,285	17,556	(2,416,167)	-
Future operations	-	-	244,388	666,587	910,975	-
Capital projects	3,220,457	-	-	240,029	(2,980,428)	-
Total primary governments	\$ 154,512,185	\$ 3,874,648	\$ 85,292,654	\$ 1,540,046	(63,804,837)	-
Component units:						
FSM Telecommunications Corporation	\$ 12,952,569	\$ 12,042,016	\$ 32,068	\$ -	-	(878,485)
FSM Development Bank	1,593,578	1,869,329	500,000	-	-	775,751
National Fisheries Corporation	1,920,464	1,375,051	-	-	-	(545,413)
College of Micronesia - FSM	18,132,310	17,607,108	375,296	-	-	(149,906)
FSM Coconut Development Authority	295,127	85,196	282,565	-	-	72,634
MiCare Plan, Inc.	6,975,014	5,511,587	-	-	-	(1,463,427)
Chuuk State Health Care Plan	364,659	795,142	-	-	-	430,483
Chuuk Public Utilities Corporation	7,327,015	3,140,136	643,696	-	-	(3,543,183)
Chuuk State Housing Corporation	240,495	83,627	85,074	-	-	(71,794)
Kosrae Utilities Corporation	2,144,252	1,459,830	-	-	-	(684,422)
Micronesian Petroleum Corporation	3,182,806	3,055,470	-	-	-	(127,336)
Pohnpei Utilities Corporation	12,599,106	9,042,447	-	1,547,796	-	(2,008,863)
Pohnpei Port Authority	1,243,470	1,620,734	-	-	-	377,264
Pohnpei Fisheries Corporation	665,243	287,359	-	-	-	(377,884)
Pohnpei Transportation Authority	1,864,112	1,839,589	-	-	-	(24,523)
Small Business Guarantee and Finance Corp.	96,830	10,917	70,530	-	-	(15,383)
Economic Development Authority	706,035	437,336	-	-	-	(268,699)
Pohnpei State Housing Authority	416,693	-	99,017	-	-	(317,676)
Public Transportation System	320,040	157,215	89,120	-	-	(73,705)
Yap Visitor's Bureau	427,275	1,724	-	-	-	(425,551)
Yap State Public Service Corporation	3,906,956	3,549,637	-	-	-	(357,319)
Yap Fishing Authority	367,843	115,756	-	-	-	(252,087)
The Diving Seagull, Inc.	4,659,212	5,113,127	-	-	-	453,915
Total component units	\$ 82,401,104	\$ 69,200,333	\$ 2,177,366	\$ 1,547,796	-	(9,475,609)
General revenues:						
Taxes:				28,880,180	-	
Fishing rights				13,297,647	-	
Unrestricted investment earnings				13,691,697	3,577,653	
Other				3,109,392	1,783,851	
Total general revenues				58,978,916	5,361,504	
Change in net assets				(4,825,921)	(4,114,105)	
Net assets at the beginning of the year, as restated				321,018,178	154,033,891	
Net assets at the end of the year				\$ 316,192,257	\$ 149,919,786	

FEDERATED STATES OF MICRONESIA

Combined Balance Sheet
Governmental Funds
September 30, 2005
(See Accompanying Independent Accountants' Compilation Report)

	General	Special Revenue				Compact Sector Grants	Capital Projects	Permanent	Other Governmental Funds	Total
		U.S Federal Grants	Section 111 Investment Development	Early Retirement Program	Asian Development Bank Loan		Compact Capital Projects	Compact Trust		
ASSETS										
Cash and cash equivalents	\$ 4,880,479	\$ 400	\$ -	\$ -	\$ 1,438,989	\$ -	\$ -	\$ -	\$ 194,844	\$ 6,514,712
Time certificates of deposit	1,149,850	-	-	-	-	-	-	-	-	1,149,850
Equity in internal investment pool	62,140,184	-	-	-	-	-	4,934,635	-	4,652,028	71,726,847
Investments	9,208,633	-	5,743,084	3,600,977	-	-	7,856,322	-	5,993,336	32,402,352
Receivables, net:										
General	3,237,747	-	-	-	596,646	-	-	-	-	3,834,393
Taxes	5,601,174	-	-	-	-	-	-	-	-	5,601,174
Federal agencies	1,124	2,540,925	-	-	-	237,083	-	-	726,756	3,505,888
Loans	5,867,066	-	7,081,571	-	29,411,772	-	-	-	1,826,163	44,186,572
Other governments and agencies	1,898,817	2,424,075	-	-	-	3,542,803	41,242	-	1,136,988	9,043,925
Accrued interest	-	-	6,099	-	-	-	-	-	-	11,275
Other	5,068,486	489,422	-	-	-	35,827	1,134	-	67,851	5,662,720
Due from component units	513,564	-	360,977	-	-	-	2,450,000	-	-	3,324,541
Due from other funds	14,769,091	2,360,129	-	-	-	4,057,744	24,277,374	-	13,365,656	58,829,994
Advances	4,585,034	123,446	-	-	-	132,538	37,797	-	110,157	4,988,972
Inventories	365,718	-	-	-	-	-	-	-	50,566	416,284
Other assets	364,125	11,345	-	54,410	-	-	-	-	-	429,880
Restricted assets:										
Cash and cash equivalents	901,648	-	-	-	-	-	1,172,026	-	544,327	2,618,001
Investments	7,193,888	-	-	-	-	-	-	31,165,521	5,261,350	43,620,759
Total assets	\$ 127,746,628	\$ 7,949,742	\$ 13,191,731	\$ 3,655,387	\$ 31,447,407	\$ 8,005,995	\$ 40,770,530	\$ 31,165,521	\$ 33,941,297	\$ 297,874,238
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 17,635,506	\$ 2,734,837	\$ -	\$ 1,253	\$ 17,640	\$ 3,779,584	\$ 1,521,944	\$ -	\$ 2,809,207	\$ 28,499,971
Other liabilities and accruals	7,430,731	92,405	-	-	2,184	705,895	324,678	-	159,691	8,715,584
Tax refunds payable	366,869	-	-	-	-	-	-	-	-	366,869
Due to FSM State Governments	5,496,941	984,957	-	-	-	235,544	-	-	957,792	7,675,234
Due to other funds	44,060,903	3,148,492	-	3,793,679	301,307	1,843,197	-	-	5,682,416	58,829,994
Deferred revenue	1,218	833,668	-	-	-	375,544	17,168	-	756,882	1,984,480
Total liabilities	74,992,168	7,794,359	-	3,794,932	321,131	6,939,764	1,863,790	-	10,365,988	106,072,132
Fund balances (deficits):										
Reserved for:										
Related assets	31,426,377	-	7,081,571	3,655,387	31,447,407	659,665	10,641,347	31,165,521	11,050,499	127,127,774
Encumbrances	4,952,986	6,572,275	-	-	-	2,749,007	1,751,121	-	1,801,942	17,827,331
Continuing appropriations	5,332,308	-	-	-	-	1,680,000	5,071,733	-	2,344,004	14,428,045
Compact programs	4,887,127	-	6,110,160	-	-	242,155	3,421,861	-	504,796	15,166,099
Debt service	-	-	-	-	-	-	-	-	3,734,621	3,734,621
Unreserved:										
General fund	6,155,662	-	-	-	-	-	-	-	-	6,155,662
Special revenue funds	-	(6,416,892)	-	(3,794,932)	(321,131)	(4,264,596)	-	-	5,941,723	(8,855,828)
Capital projects funds	-	-	-	-	-	-	18,020,678	-	(1,802,276)	16,218,402
Total fund balances (deficit)	52,754,460	155,383	13,191,731	(139,545)	31,126,276	1,066,231	38,906,740	31,165,521	23,575,309	191,802,106
Total liabilities and fund balances	\$ 127,746,628	\$ 7,949,742	\$ 13,191,731	\$ 3,655,387	\$ 31,447,407	\$ 8,005,995	\$ 40,770,530	\$ 31,165,521	\$ 33,941,297	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

\$ 180,747,050

Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds. The liabilities include:

Loans payable (51,637,195)
Compensated absences payable (2,936,097)
Claims payable (1,783,607)

124,390,151

Net assets of governmental activities

\$ 316,192,257

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Governmental Funds
Year Ended September 30, 2005
(See Accompanying Independent Accountants' Compilation Report)

	General	Special Revenue					Capital Projects	Permanent	Other Governmental Funds	Total
		U.S Federal Grants	Section 111 Investment Development	Early Retirement Program	Asian Development Bank Loan	Compact Sector Grants	Compact Capital Projects	Compact Trust		
Revenues:										
Compact funding	\$ 9,269	\$ -	\$ -	\$ -	\$ -	\$ 55,965,712	\$ -	\$ -	\$ -	\$ 55,974,981
Taxes	28,256,914	-	-	-	-	-	-	-	623,266	28,880,180
Federal and other grants	-	27,351,338	-	-	-	-	-	-	1,282,349	28,633,687
Fishing rights	13,297,647	-	-	-	-	-	-	-	-	13,297,647
Interest and dividends	132,684	-	269,823	-	-	-	-	-	-	402,507
Fees and charges	2,016,344	-	-	-	-	220,144	-	-	1,638,160	3,874,648
Net increase in the fair value of investments	13,041,190	-	152,144	-	-	3,841	38,196	910,975	483,597	14,629,943
Contributions from component unit	-	-	-	-	-	-	-	-	883,279	883,279
Other	3,093,886	-	1,474	-	13,947	-	-	-	85	3,109,392
Total revenues	59,847,934	27,351,338	423,441	-	13,947	56,189,697	38,196	910,975	4,910,736	149,686,264
Expenditures:										
Current:										
General government:										
President's office	779,668	944,844	-	-	-	-	-	-	-	1,724,512
External affairs and LNOs	3,537,249	-	-	-	-	-	-	-	-	3,537,249
Health, education and social affairs	363,901	14,335,977	-	-	-	37,596,915	52,518	-	678,621	53,027,932
Economic development	1,434,700	1,462,657	1,293,708	-	-	1,536,831	-	-	231,986	5,959,882
Transportation, communication and infrastructure	3,420,517	1,459,866	-	-	-	456,132	4,378,764	-	1,202,793	10,918,072
Finance and administration	12,005,912	8,655,796	-	-	1,118,590	6,699,070	-	-	1,289,558	29,768,926
Justice	4,693,060	-	-	-	-	1,575,311	-	-	188,952	6,457,323
Office of the Public Defender	625,225	-	-	-	-	-	-	-	-	625,225
Judiciary	1,034,227	-	-	-	-	762,248	-	-	58,722	1,855,197
Legislature	3,065,833	-	-	-	-	-	-	-	-	3,065,833
Office of the Public Auditor	9,612	67,324	-	-	-	622,627	-	-	-	699,563
National government programs	4,213,302	-	-	-	-	-	57,941	-	-	4,271,243
Other appropriations	9,718,786	-	-	-	-	182,465	-	-	140,400	10,041,651
Payments to component units	1,095,281	-	250,000	-	-	5,018,446	-	-	462,370	6,826,097
Boards, commissions, councils and other	4,072,875	1,524,950	-	-	-	794,990	-	-	705,876	7,098,691
Capital projects	-	-	-	-	-	-	2,267,924	-	952,533	3,220,457
Total expenditures	50,070,148	28,451,414	1,543,708	-	1,118,590	55,245,035	6,757,147	-	5,911,811	149,097,853
Excess (deficiency) of revenues over (under) expenditures	9,777,786	(1,100,076)	(1,120,267)	-	(1,104,643)	944,662	(6,718,951)	910,975	(1,001,075)	588,411
Other financing sources (uses):										
Loan proceeds	480,160	-	-	-	1,233,970	-	-	-	-	1,714,130
Operating transfers in	426,220	623,811	-	-	-	-	-	-	783,976	1,834,007
Operating transfers out	(1,407,787)	-	-	-	-	-	-	-	(426,220)	(1,834,007)
Total other financing sources (uses), net	(501,407)	623,811	-	-	1,233,970	-	-	-	357,756	1,714,130
Net change in fund balances (deficits)	9,276,379	(476,265)	(1,120,267)	-	129,327	944,662	(6,718,951)	910,975	(643,319)	2,302,541
Fund balances (deficit) at the beginning of the year	43,478,081	631,648	14,311,998	(139,545)	30,996,949	121,569	45,625,691	30,254,546	24,218,628	189,499,565
Fund balances (deficit) at the end of the year	\$ 52,754,460	\$ 155,383	\$ 13,191,731	\$ (139,545)	\$ 31,126,276	\$ 1,066,231	\$ 38,906,740	\$ 31,165,521	\$ 23,575,309	\$ 191,802,106

FEDERATED STATES OF MICRONESIA

Reconciliation of the Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to
the Combined Statement of Activities
Year Ended September 30, 2005
(See Accompanying Independent Accountants' Compilation Report)

Amounts reported for governmental activities in the combined statement of activities on page 3 are different because:

Net change in fund balances - total governmental funds from page 5	\$ 2,302,541
Governmental funds report capital outlays as expenditures. However, in the combined statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period, including increases to construction in progress	(5,292,151)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,611,008)
Some expenses reported in the combined statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These expenses include accrued annual leave and claims and judgments payable that are reported in the combined statement of activities, but not in funds	<u>(225,303)</u>
Change in net assets of governmental activities as presented on page 3	<u>\$ (4,825,921)</u>

FEDERATED STATES OF MICRONESIA

Combining Statement of Fiduciary Net Assets Fiduciary Funds - Private Purpose Trusts September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM Social Security Administration</u>	<u>Pohnpei State Development Loan Fund</u>	<u>Yap State Development Loan Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,007,218	\$ 174,206	\$ 60,151	\$ 1,241,575
Time certificates of deposit	-	503,127	129,006	632,133
Receivables, net:				
Contributions	1,813,151	-	-	1,813,151
Loans	-	137,504	144,315	281,819
Accrued interest	144,007	5,764	344	150,115
Other	13,308	-	-	13,308
Investments	39,675,318	-	-	39,675,318
Capital assets, net of accumulated depreciation	79,944	-	-	79,944
Total assets	<u>42,732,946</u>	<u>820,601</u>	<u>333,816</u>	<u>43,887,363</u>
<u>LIABILITIES</u>				
Accounts payable	42,569	-	-	42,569
Other liabilities and accruals	33,315	-	2,073	35,388
Due to component units	-	100,686	118,830	219,516
Total liabilities	<u>75,884</u>	<u>100,686</u>	<u>120,903</u>	<u>297,473</u>
<u>NET ASSETS</u>				
Held in trust for:				
Social security benefits	42,657,062	-	-	42,657,062
Other purposes	-	719,915	212,913	932,828
Total net assets	<u>\$ 42,657,062</u>	<u>\$ 719,915</u>	<u>\$ 212,913</u>	<u>\$ 43,589,890</u>

FEDERATED STATES OF MICRONESIA

Combining Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds - Private Purpose Trusts
 Year Ended September 30, 2005
 (See Accompanying Independent Accountants' Compilation Report)

	<u>FSM Social Security Administration</u>	<u>Pohnpei State Development Loan Fund</u>	<u>Yap State Development Loan Fund</u>	<u>Total</u>
Additions:				
Contributions:				
Private employees	\$ 5,662,080	\$ -	\$ -	\$ 5,662,080
Government employees	6,450,475	-	-	6,450,475
Penalties and interest	17,241	-	-	17,241
Total contributions	<u>12,129,796</u>	<u>-</u>	<u>-</u>	<u>12,129,796</u>
Investment earnings:				
Net increase in the fair value of investments	3,912,187	-	-	3,912,187
Interest and dividends	65,924	-	-	65,924
Total investment earnings	3,978,111	-	-	3,978,111
Less investment expense	263,189	-	-	263,189
Net investment earnings	<u>3,714,922</u>	<u>-</u>	<u>-</u>	<u>3,714,922</u>
Other	<u>-</u>	<u>22,594</u>	<u>11,754</u>	<u>34,348</u>
Total additions	<u>15,844,718</u>	<u>22,594</u>	<u>11,754</u>	<u>15,879,066</u>
Deductions:				
Benefits	12,006,929	-	-	12,006,929
Refunds	22,120	-	-	22,120
Administrative expenses	940,444	22,594	5,877	968,915
Total deductions	<u>12,969,493</u>	<u>22,594</u>	<u>5,877</u>	<u>12,997,964</u>
Change in net assets	2,875,225	-	5,877	2,881,102
Net assets at the beginning of the year	<u>39,781,837</u>	<u>719,915</u>	<u>207,036</u>	<u>40,708,788</u>
Net assets at the end of the year	<u>\$ 42,657,062</u>	<u>\$ 719,915</u>	<u>\$ 212,913</u>	<u>\$ 43,589,890</u>

FEDERATED STATES OF MICRONESIA

Combining Statement of Net Assets
Component Units

September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	FSM Tele-Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia-FSM	FSM Coconut Development Authority	MiCare Plan, Inc.	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Corporation	Kosrae Utilities Authority	Micronesian Petroleum Corporation	Pohnpei Utilities Corporation
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 1,663,535	\$ 3,444,057	\$ 3,471	\$ 6,902,109	\$ 97,821	\$ 48,857	\$ 472,260	\$ 1,314	\$ 448,593	\$ 248,597	\$ 30,508	\$ 333,314
Time certificates of deposit	206,834	-	-	-	-	1,158,922	501,198	-	-	-	31,824	601,000
Investments	12,859,234	-	-	-	-	-	-	-	-	1,764,339	-	-
Receivables, net:												
General	555,223	1,611	595,278	2,186,992	1,560	171,285	46,292	275,867	152,232	202,195	613,490	3,048,181
Loans	-	1,332,138	-	-	-	-	-	-	909,795	-	-	-
Interest	248,958	95,733	-	-	-	-	-	-	-	7,785	-	-
Other	389,545	-	-	3,231,732	-	-	-	-	-	-	-	825,333
Due from primary government	-	219,516	-	-	-	-	-	-	-	-	-	-
Advances	-	22,526	-	-	-	-	-	-	-	-	-	-
Inventories	559,035	-	133,350	233,975	91,026	-	-	195,861	-	613,880	668,872	1,522,861
Prepaid expenses	595,051	2,000	928,115	34,632	1,362	263,302	1,800	181,238	-	142,073	13,144	1,130
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	481,702
Total current assets	\$ 17,099,941	\$ 5,095,055	\$ 1,660,214	\$ 12,589,440	\$ 191,769	\$ 1,642,366	\$ 1,021,550	\$ 654,280	\$ 1,510,620	\$ 2,978,869	\$ 1,357,838	\$ 6,813,521
Noncurrent assets:												
Capital assets, net of accumulated depreciation	42,509,471	123,127	408,987	12,823,907	252,888	15,427	29,341	6,286,416	158,841	4,509,386	2,278,236	28,719,385
Investments	-	10,548,020	486,855	2,366,568	-	-	-	-	-	-	-	-
Loans receivable	-	17,957,284	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	177,933	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	\$ 42,687,404	\$ 28,628,431	\$ 895,842	\$ 15,190,475	\$ 252,888	\$ 15,427	\$ 29,341	\$ 6,286,416	\$ 158,841	\$ 4,509,386	\$ 2,278,236	\$ 28,719,385
Total assets	\$ 59,787,345	\$ 33,723,486	\$ 2,556,056	\$ 27,779,915	\$ 444,657	\$ 1,657,793	\$ 1,050,891	\$ 6,940,696	\$ 1,669,461	\$ 7,488,255	\$ 3,636,074	\$ 35,532,906
LIABILITIES												
Current liabilities:												
Current portion of long-term debt	\$ 746,523	\$ -	\$ 3,600,000	\$ -	\$ -	\$ -	\$ -	\$ 681,255	\$ -	\$ -	\$ 412,016	\$ 636,856
Accounts payable	121,386	150,368	618,544	392,033	5,996	3,098,333	27,312	250,357	-	4,310	269,245	1,228,304
Other liabilities and accruals	919,092	57,608	1,141,092	1,590,902	5,673	-	-	907,701	418	233,906	10,492	203,950
Due to primary government	-	360,977	-	-	-	-	-	-	-	-	62,278	-
Deferred revenue	48,080	-	-	3,123,439	-	-	-	50,000	-	-	-	149,417
Total current liabilities	\$ 1,835,081	\$ 568,953	\$ 5,359,636	\$ 5,106,374	\$ 11,669	\$ 3,098,333	\$ 27,312	\$ 1,889,313	\$ 418	\$ 238,216	\$ 754,031	\$ 2,218,527
Noncurrent liabilities:												
Noncurrent portion of long-term debt	24,489,418	-	-	-	-	-	-	3,461,734	-	-	1,117,283	2,747,515
Total noncurrent liabilities	\$ 24,489,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,461,734	\$ -	\$ -	\$ 1,117,283	\$ 2,747,515
Total liabilities	\$ 26,324,499	\$ 568,953	\$ 5,359,636	\$ 5,106,374	\$ 11,669	\$ 3,098,333	\$ 27,312	\$ 5,351,047	\$ 418	\$ 238,216	\$ 1,871,314	\$ 4,966,042
NET ASSETS												
Invested in capital assets, net of related debt	17,204,703	123,127	-	12,823,907	252,888	15,427	29,341	2,143,427	158,841	4,509,386	2,278,236	25,435,014
Restricted for:												
Nonexpendable	16,258,143	33,031,406	(2,803,580)	2,399,955	180,100	(1,455,967)	994,238	(553,778)	1,510,202	2,740,653	(513,476)	127,821
Unrestricted	33,462,846	33,154,533	(2,803,580)	7,449,679	432,988	(1,440,540)	1,023,579	1,589,649	1,669,043	7,250,039	1,764,760	30,566,864
Total net assets	\$ 59,787,345	\$ 33,723,486	\$ 2,556,056	\$ 27,779,915	\$ 444,657	\$ 1,657,793	\$ 1,050,891	\$ 6,940,696	\$ 1,669,461	\$ 7,488,255	\$ 3,636,074	\$ 35,532,906
Total liabilities and net assets												

FEDERATED STATES OF MICRONESIA

Combining Statement of Net Assets, Continued
Component Units

September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	Pohnpei Port Authority	Pohnpei Fisheries Corporation	Pohnpei Transportation Authority	Small Business Guarantee and Finance Corporation	Economic Development Authority	Pohnpei State Housing Authority	Public Transportation System	Yap Visitor's Bureau	Yap State Public Service Corporation	Yap Fishing Authority	The Diving Seagull, Inc.	Total
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 616,056	\$ (189)	\$ -	\$ 1,578,465	\$ -	\$ 23,225	\$ 44,489	\$ 371,915	\$ 497,723	\$ 45,048	\$ 1,140,585	\$ 18,011,753
Time certificates of deposit	-	-	-	-	-	-	-	-	-	-	1,566,000	2,274,032
Investments	-	-	-	-	502,400	-	-	-	-	398,016	-	17,315,735
Receivables, net:												
General	322,666	42,385	206,933	5,946	167,709	3,241,310	2,735	-	430,408	21,760	-	12,292,058
Loans	-	-	-	-	-	-	-	-	-	-	-	2,241,933
Interest	-	-	-	-	-	-	-	-	-	-	-	344,691
Other	4,268	-	78,579	6,372	18,931	31,336	-	7,721	-	1,358	7,741	4,593,881
Due from primary government	-	-	-	-	-	-	-	-	-	-	-	236,336
Advances	-	-	-	-	-	-	-	-	-	-	-	22,526
Inventories	-	45,612	144,647	-	100	125	-	-	605,523	-	-	4,814,867
Prepaid expenses	-	4,163	-	-	-	214,840	40,990	12,271	-	11,833	564,924	3,012,868
Restricted assets	326,413	-	-	-	-	-	-	-	-	-	-	808,115
Total current assets	1,269,403	91,971	430,159	1,590,783	689,140	3,510,836	88,214	391,907	1,533,654	478,015	3,279,250	65,968,795
Noncurrent assets:												
Capital assets, net of accumulated depreciation	4,820,143	829,039	203,501	124,030	46,669	14,784	125,353	28,601	9,745,136	1,861,959	1,051,206	116,965,833
Investments	-	-	-	-	-	-	-	-	-	-	-	13,401,443
Loans receivable	-	-	-	-	-	-	-	-	-	-	-	17,937,284
Deferred charges	-	44,103	-	-	-	-	-	-	-	-	-	222,036
Total noncurrent assets	4,820,143	873,142	203,501	124,030	46,669	14,784	125,353	28,601	9,745,136	1,861,959	1,051,206	148,546,596
Total assets	\$ 6,089,546	\$ 965,113	\$ 633,660	\$ 1,714,813	\$ 735,809	\$ 3,525,620	\$ 213,567	\$ 420,508	\$ 11,278,790	\$ 2,339,974	\$ 4,330,456	\$ 214,515,391
LIABILITIES												
Current liabilities:												
Current portion of long-term debt	\$ 108,317	\$ 1,104,507	\$ 20,379	\$ 3,740	\$ 351,515	\$ -	\$ 9,613	\$ 177,402	\$ 63,568	\$ 14,016	\$ 100,942	\$ 6,241,160
Accounts payable	158,203	1,204,552	46,649	2,234	283,744	5,880	4,149	4,099	174,012	79,900	89,217	8,218,906
Other liabilities and accruals	-	2,450,000	513,578	-	111,000	-	-	-	171,541	-	326,763	7,358,548
Due to primary government	-	-	-	-	-	-	-	-	-	-	-	3,497,833
Deferred revenue	310,432	-	13,743	-	-	-	2,192	-	-	-	-	3,697,303
Total current liabilities	576,952	4,759,059	594,349	5,974	746,259	5,880	15,954	181,501	409,121	93,916	516,922	29,013,750
Noncurrent liabilities:												
Noncurrent portion of long-term debt	-	-	-	-	-	-	-	-	2,993,067	-	772,838	35,581,855
Total noncurrent liabilities	-	-	-	-	-	-	-	-	2,993,067	-	772,838	35,581,855
Total liabilities	576,952	4,759,059	594,349	5,974	746,259	5,880	15,954	181,501	3,402,188	93,916	1,289,760	64,595,605
NET ASSETS												
Invested in capital assets, net of related debt	4,820,143	829,039	203,501	124,030	46,669	14,784	125,353	28,601	6,640,825	1,861,959	1,051,206	80,720,407
Restricted for:												
Nonexpendable	692,451	(4,622,985)	(164,190)	1,584,809	-	3,504,956	-	-	121,443	-	-	7,738,984
Unrestricted	5,512,594	(3,793,946)	39,311	1,708,839	(10,450)	3,519,740	197,613	239,007	7,876,602	2,246,058	3,040,696	149,919,786
Total net assets	\$ 6,089,546	\$ 965,113	\$ 633,660	\$ 1,714,813	\$ 735,809	\$ 3,525,620	\$ 213,567	\$ 420,508	\$ 11,278,790	\$ 2,339,974	\$ 4,330,456	\$ 214,515,391

FEDERATED STATES OF MICRONESIA

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Component Units
Year Ended September 30, 2005
(See Accompanying Independent Accountants' Compilation Report)

	FSM Tele- Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia- FSM	FSM Coconut Development Authority	MiCare Plan, Inc.	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Corporation	Kosrae Utilities Authority	Micronesian Petroleum Corporation	Pohnpei Utilities Corporation
Operating revenues:	\$ 11,916,329	\$ 1,845,115	\$ 1,375,051	\$ 1,612,870	\$ 85,196	\$ 5,506,315	\$ 781,370	\$ 3,126,580	\$ 83,627	\$ 1,459,830	\$ 3,055,470	\$ 9,042,447
Charges for services	125,687	24,214	-	15,994,238	-	5,272	13,772	13,556	-	-	-	-
Other	12,042,016	1,869,329	1,375,051	17,607,108	85,196	5,511,587	795,142	3,140,136	83,627	1,459,830	3,055,470	9,042,447
Total operating revenues	12,042,016	1,869,329	1,375,051	17,607,108	85,196	5,511,587	795,142	3,140,136	83,627	1,459,830	3,055,470	9,042,447
Operating expenses:	7,959,230	1,327,604	1,268,726	-	37,687	5,662,770	228,768	2,159,962	-	-	2,786,069	7,265,568
Cost of services	3,236,985	30,226	211,975	1,171,117	44,133	21,003	7,297	1,301,082	32,494	461,378	34,037	1,908,540
Depreciation	504,666	235,748	439,763	16,961,193	213,307	407,962	128,594	1,293,824	208,001	1,682,874	362,700	3,424,998
Administrative costs	11,700,881	1,593,578	1,920,464	18,132,310	295,127	6,091,735	364,659	4,754,868	240,495	2,144,252	3,182,806	12,599,106
Total operating expenses	341,135	275,751	(545,413)	(525,202)	(209,931)	(580,148)	430,483	(1,614,732)	(156,868)	(684,422)	(127,336)	(3,556,659)
Operating income (loss)	2,272,682	613,309	-	317,746	-	22,887	-	-	-	68,488	-	4,039
Nonoperating revenues (expenses):	22,742	-	-	-	-	-	-	(269,327)	-	-	(70,607)	-
Net increase in the fair value of investments	(1,251,688)	-	-	-	-	-	-	-	-	-	-	-
Interest income	32,068	500,000	-	375,296	282,565	-	-	643,696	85,074	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Contributions from primary government	-	-	-	-	-	(883,279)	-	-	-	-	-	-
Contributions to primary government	-	76,055	469,648	-	26,300	-	-	(2,217,074)	-	92,637	41,096	267,387
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses), net	1,075,804	1,189,364	469,648	693,042	308,865	(860,392)	-	(1,842,705)	85,074	161,125	(29,511)	271,426
Capital contributions	-	-	-	-	-	-	-	-	-	-	-	1,547,796
Net income (loss)	1,416,939	1,465,115	(75,765)	167,840	98,934	(1,440,540)	430,483	(3,457,437)	(71,794)	(523,297)	(156,847)	(1,737,437)
Net assets at the beginning of the year	32,045,907	31,689,418	(2,727,815)	22,505,701	334,054	-	593,096	5,047,086	1,740,837	7,773,336	1,921,607	32,304,301
Net assets at the end of the year	\$ 33,462,846	\$ 33,154,533	\$ (2,803,580)	\$ 22,673,541	\$ 432,988	\$ (1,440,540)	\$ 1,023,579	\$ 1,589,649	\$ 1,669,043	\$ 7,250,039	\$ 1,764,760	\$ 30,566,864

FEDERATED STATES OF MICRONESIA

Combining Statement of Revenues, Expenses, and Changes in Net Assets, Continued

Component Units

Year Ended September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	Pohnpei Port Authority	Pohnpei Fisheries Corporation	Pohnpei Transportation Authority	Small Business Guarantee and Finance Corporation	Economic Development Authority	Pohnpei State Housing Authority	Public Transportation System	Yap Visitors Bureau	Yap State Public Service Corporation	Yap Fishing Authority	The Diving Seagull, Inc.	Total
Operating revenues:												
Charges for services	\$ 1,620,734	\$ 287,359	\$ 1,839,589	\$ 10,917	\$ -	\$ -	\$ 151,736	\$ -	\$ 3,183,519	\$ -	\$ 5,113,127	\$ 52,097,181
Other	-	-	-	-	437,336	-	3,459	1,724	366,118	115,756	-	17,101,132
Total operating revenues	1,620,734	287,359	1,839,589	10,917	437,336	-	155,195	1,724	3,549,637	115,756	5,113,127	69,198,313
Operating expenses:												
Cost of services	-	549,671	-	-	494,176	-	24,532	-	3,262,189	185,729	3,839,188	37,051,869
Depreciation	204,183	-	117,318	2,482	-	13,537	59,100	9,548	740,209	183,184	8,758	9,798,586
Administrative costs	1,039,287	115,572	1,746,794	94,348	211,859	403,156	236,408	435,022	270,604	-	727,444	31,144,124
Total operating expenses	1,243,470	665,243	1,864,112	96,830	706,035	416,693	320,040	444,570	4,273,002	368,913	4,575,390	77,994,579
Operating income (loss)	377,264	(377,884)	(24,523)	(85,913)	(268,699)	(416,693)	(164,845)	(442,846)	(723,365)	(253,157)	537,737	(8,796,266)
Nonoperating revenues (expenses):												
Net increase in the fair value of investments	-	-	-	-	-	-	-	-	-	-	-	3,226,624
Interest income	6,267	-	-	26,774	-	136,037	-	-	907	-	85,775	351,029
Interest expense	-	-	-	-	-	-	-	-	(18,638)	-	(83,822)	(1,694,082)
Contributions from primary government	-	-	-	70,530	-	99,017	-	453,688	-	-	-	2,541,934
Contributions to primary government	-	-	-	(4,378)	-	-	2,020	17,295	384,684	1,070	-	(883,279)
Other income	70,146	18,250	-	-	201,720	56,163	-	-	-	-	-	(496,981)
Total nonoperating revenues (expenses), net	76,413	18,250	-	92,926	201,720	291,217	2,020	470,983	366,953	1,070	1,953	3,045,245
Capital contributions	-	-	-	-	-	-	89,120	-	-	-	-	1,636,916
Net income (loss)	453,677	(359,634)	(24,523)	7,013	(66,979)	(125,476)	(73,705)	28,137	(356,412)	(252,087)	539,690	(4,114,105)
Net assets at the beginning of the year	5,058,917	(3,434,312)	63,834	1,701,826	56,529	3,645,216	271,318	210,870	8,233,014	2,498,145	2,501,006	154,033,891
Net assets at the end of the year	\$ 5,512,594	\$ (3,793,946)	\$ 39,311	\$ 1,708,839	\$ (10,450)	\$ 3,519,740	\$ 197,613	\$ 239,007	\$ 7,876,602	\$ 2,246,058	\$ 3,040,696	\$ 149,919,786

FEDERATED STATES OF MICRONESIA

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2005

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet

Combining General Funds

September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
ASSETS						
Cash and cash equivalents	\$ 2,656,053	\$ 1,474,608	\$ 62,002	\$ 430,171	\$ 257,645	\$ 4,880,479
Time certificates of deposit	1,149,850	-	-	-	-	1,149,850
Equity in internal investment pool	9,937,649	9,520,694	155,556	-	42,526,285	62,140,184
Investments	1,500,000	-	150,000	5,058,633	2,500,000	9,208,633
Receivables, net:						
General	3,237,747	-	-	-	-	3,237,747
Taxes	3,099,994	-	-	1,460,496	1,040,684	5,601,174
Federal agencies	-	-	1,124	-	-	1,124
Loans	5,161,987	-	-	-	705,079	5,867,066
Other governments and agencies	1,037,855	860,962	-	-	-	1,898,817
Other	-	-	462,586	4,260,369	345,531	5,068,486
Due from component units	-	-	-	513,564	-	513,564
Due from other funds	6,689,341	-	2,114,706	3,148,698	2,816,346	14,769,091
Advances	3,965,034	-	173,001	98,756	348,243	4,585,034
Inventories	110,246	-	11,757	985	242,730	365,718
Other assets	-	-	-	-	364,125	364,125
Restricted assets:						
Cash and cash equivalents	396,632	34,301	-	470,715	-	901,648
Investments	-	4,801,392	-	-	2,392,496	7,193,888
Total assets	<u>\$ 38,942,388</u>	<u>\$ 16,691,957</u>	<u>\$ 3,130,732</u>	<u>\$ 15,442,387</u>	<u>\$ 53,539,164</u>	<u>\$ 127,746,628</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,874,908	\$ 14,892,683	\$ 365,492	\$ 154,322	\$ 348,101	\$ 17,635,506
Other liabilities and accruals	1,441,835	3,989,024	632,296	851,280	516,296	7,430,731
Tax refunds payable	366,869	-	-	-	-	366,869
Due to FSM State Governments	5,463,555	33,386	-	-	-	5,496,941
Due to other funds	4,154,973	17,604,520	2,525,889	5,165,081	14,610,440	44,060,903
Deferred revenue	-	1,218	-	-	-	1,218
Total liabilities	<u>13,302,140</u>	<u>36,520,831</u>	<u>3,523,677</u>	<u>6,170,683</u>	<u>15,474,837</u>	<u>74,992,168</u>
Fund balances (deficits):						
Reserved for:						
Related assets	14,284,978	5,300,000	3,121,173	1,642,912	7,077,314	31,426,377
Encumbrances	3,615,584	589,547	87,031	54,944	605,880	4,952,986
Continuing appropriations	3,463,525	1,010,210	554,087	167,575	136,911	5,332,308
Compact programs	-	-	-	4,249,134	637,993	4,887,127
Unreserved:						
General fund	4,276,161	(26,728,631)	(4,155,236)	3,157,139	29,606,229	6,155,662
Total fund balances (deficit)	<u>25,640,248</u>	<u>(19,828,874)</u>	<u>(392,945)</u>	<u>9,271,704</u>	<u>38,064,327</u>	<u>52,754,460</u>
Total liabilities and fund balances	<u>\$ 38,942,388</u>	<u>\$ 16,691,957</u>	<u>\$ 3,130,732</u>	<u>\$ 15,442,387</u>	<u>\$ 53,539,164</u>	<u>\$ 127,746,628</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
Combining U.S. Federal Grants Funds
September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ 400
Receivables, net:						
Federal agencies	400,477	-	1,994,843	-	145,605	2,540,925
Other governments and agencies	542,775	-	-	1,419,928	461,372	2,424,075
Other	-	-	-	-	489,422	489,422
Due from other funds	1,003,542	1,081,798	-	-	274,789	2,360,129
Advances	-	-	-	123,446	-	123,446
Other assets	-	-	11,345	-	-	11,345
Total assets	<u>\$ 1,947,194</u>	<u>\$ 1,081,798</u>	<u>\$ 2,006,188</u>	<u>\$ 1,543,374</u>	<u>\$ 1,371,188</u>	<u>\$ 7,949,742</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 988,002	\$ 1,072,042	\$ 306,427	\$ 156,547	\$ 211,819	\$ 2,734,837
Other liabilities and accruals	-	-	4,075	53,735	34,595	92,405
Due to FSM State Governments	984,957	-	-	-	-	984,957
Due to other funds	-	-	1,478,913	1,333,092	336,487	3,148,492
Deferred revenue	-	-	204,174	-	629,494	833,668
Total liabilities	<u>1,972,959</u>	<u>1,072,042</u>	<u>1,993,589</u>	<u>1,543,374</u>	<u>1,212,395</u>	<u>7,794,359</u>
Fund balances (deficits):						
Reserved for:						
Encumbrances	4,177,180	-	357,086	537,566	1,500,443	6,572,275
Unreserved:						
Special revenue funds	<u>(4,202,945)</u>	<u>9,756</u>	<u>(344,487)</u>	<u>(537,566)</u>	<u>(1,341,650)</u>	<u>(6,416,892)</u>
Total fund balances (deficit)	<u>(25,765)</u>	<u>9,756</u>	<u>12,599</u>	<u>-</u>	<u>158,793</u>	<u>155,383</u>
Total liabilities and fund balances	<u>\$ 1,947,194</u>	<u>\$ 1,081,798</u>	<u>\$ 2,006,188</u>	<u>\$ 1,543,374</u>	<u>\$ 1,371,188</u>	<u>\$ 7,949,742</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
 Combining Section 111 Investment Development Funds
 September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
<u>ASSETS</u>						
Investments	\$ 5,743,084	\$ -	\$ -	\$ -	\$ -	\$ 5,743,084
Receivables, net:						
Loans	7,081,571	-	-	-	-	7,081,571
Accrued interest	6,099	-	-	-	-	6,099
Due from component units	360,977	-	-	-	-	360,977
Total assets	<u>\$ 13,191,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,191,731</u>
<u>FUND BALANCES</u>						
Fund balances (deficits):						
Reserved for:						
Related assets	\$ 7,081,571	\$ -	\$ -	\$ -	\$ -	\$ 7,081,571
Compact programs	6,110,160	-	-	-	-	6,110,160
Total fund balances (deficit)	<u>\$ 13,191,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,191,731</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
Combining Early Retirement Program Funds
September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
<u>ASSETS</u>						
Investments	\$ 3,600,977	\$ -	\$ -	\$ -	\$ -	\$ 3,600,977
Other assets	54,410	-	-	-	-	54,410
Total assets	<u>\$ 3,655,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,655,387</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 1,253	\$ -	\$ -	\$ -	\$ -	\$ 1,253
Due to other funds	3,793,679	-	-	-	-	3,793,679
Total liabilities	<u>3,794,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,794,932</u>
Fund balances (deficits):						
Reserved for:						
Related assets	3,655,387	-	-	-	-	3,655,387
Unreserved:						
Special revenue funds	<u>(3,794,932)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,794,932)</u>
Total fund balances (deficit)	<u>(139,545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,545)</u>
Total liabilities and fund balances	<u>\$ 3,655,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,655,387</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
Combining Asian Development Bank Loan Funds
September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,438,989	\$ -	\$ -	\$ -	\$ -	\$ 1,438,989
Receivables, net:						
General	596,646	-	-	-	-	596,646
Loans	<u>29,411,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,411,772</u>
Total assets	<u>\$ 31,447,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,447,407</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 17,640	\$ -	\$ -	\$ -	\$ -	\$ 17,640
Other liabilities and accruals	2,184	-	-	-	-	2,184
Due to other funds	<u>301,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,307</u>
Total liabilities	<u>321,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,131</u>
Fund balances (deficits):						
Reserved for:						
Related assets	31,447,407	-	-	-	-	31,447,407
Unreserved:						
Special revenue funds	<u>(321,131)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(321,131)</u>
Total fund balances (deficit)	<u>31,126,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,126,276</u>
Total liabilities and fund balances	<u>\$ 31,447,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,447,407</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
Combining Compact Sector Grants Funds
September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
ASSETS						
Receivables, net:						
Federal agencies	\$ -	\$ -	\$ 237,083	\$ -	\$ -	\$ 237,083
Other governments and agencies	954,985	-	-	1,088,162	1,499,656	3,542,803
Other	-	-	35,827	-	-	35,827
Due from other funds	798,224	2,110,796	766,327	182,008	200,389	4,057,744
Advances	-	-	-	132,538	-	132,538
Total assets	\$ 1,753,209	\$ 2,110,796	\$ 1,039,237	\$ 1,402,708	\$ 1,700,045	\$ 8,005,995
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 950,981	\$ 1,451,131	\$ 463,985	\$ 415,281	\$ 498,206	\$ 3,779,584
Other liabilities and accruals	-	-	148,833	393,320	163,742	705,895
Due to FSM State Governments	235,544	-	-	-	-	235,544
Due to other funds	363,161	-	-	584,528	895,508	1,843,197
Deferred revenue	-	-	233,019	-	142,525	375,544
Total liabilities	1,549,686	1,451,131	845,837	1,393,129	1,699,981	6,939,764
Fund balances (deficits):						
Reserved for:						
Related assets	-	659,665	-	-	-	659,665
Encumbrances	722,242	-	328,506	396,857	1,301,402	2,749,007
Continuing appropriations	1,680,000	-	-	-	-	1,680,000
Compact programs	-	-	232,576	9,579	-	242,155
Unreserved:						
Special revenue funds	(2,198,719)	-	(367,682)	(396,857)	(1,301,338)	(4,264,596)
Total fund balances (deficit)	203,523	659,665	193,400	9,579	64	1,066,231
Total liabilities and fund balances	\$ 1,753,209	\$ 2,110,796	\$ 1,039,237	\$ 1,402,708	\$ 1,700,045	\$ 8,005,995

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
Combining Compact Capital Projects Funds
September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
ASSETS						
Equity in internal investment pool	\$ -	\$ -	\$ 664,502	\$ -	\$ 4,270,133	\$ 4,934,635
Investments	-	3,675,505	2,532,000	1,648,817	-	7,856,322
Receivables, net:						
Other governments and agencies	-	41,242	-	-	-	41,242
Other	-	-	-	1,134	-	1,134
Due from component units	-	-	-	2,450,000	-	2,450,000
Due from other funds	-	9,181,878	797,650	743,431	13,554,415	24,277,374
Advances	-	-	10,371	27,426	-	37,797
Restricted assets:						
Cash and cash equivalents	-	-	536,409	635,617	-	1,172,026
Total assets	\$ -	\$ 12,898,625	\$ 4,540,932	\$ 5,506,425	\$ 17,824,548	\$ 40,770,530
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 1,257,459	\$ 208,634	\$ 34,251	\$ 21,600	\$ 1,521,944
Other liabilities and accruals	-	329,179	(4,749)	-	248	324,678
Deferred revenue	-	-	17,168	-	-	17,168
Total liabilities	-	1,586,638	221,053	34,251	21,848	1,863,790
Fund balances (deficits):						
Reserved for:						
Related assets	-	3,716,747	2,682,000	4,242,600	-	10,641,347
Encumbrances	-	794,139	259,052	483,426	214,504	1,751,121
Continuing appropriations	-	3,379,240	149,337	1,343,156	200,000	5,071,733
Compact programs	-	3,421,861	-	-	-	3,421,861
Unreserved:						
Capital projects funds	-	-	1,229,490	(597,008)	17,388,196	18,020,678
Total fund balances (deficit)	-	11,311,987	4,319,879	5,472,174	17,802,700	38,906,740
Total liabilities and fund balances	\$ -	\$ 12,898,625	\$ 4,540,932	\$ 5,506,425	\$ 17,824,548	\$ 40,770,530

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
Combining Compact Trust Funds
September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
<u>ASSETS</u>						
Restricted assets:						
Investments	\$ 8,759,592	\$ 6,743,794	\$ 2,371,817	\$ 7,717,747	\$ 5,572,571	31,165,521
Total assets	<u>\$ 8,759,592</u>	<u>\$ 6,743,794</u>	<u>\$ 2,371,817</u>	<u>\$ 7,717,747</u>	<u>\$ 5,572,571</u>	<u>\$ 31,165,521</u>
<u>FUND BALANCES</u>						
Fund balances (deficits):						
Reserved for:						
Related assets	\$ 8,759,592	\$ 6,743,794	\$ 2,371,817	\$ 7,717,747	\$ 5,572,571	31,165,521
Total fund balances (deficit)	<u>\$ 8,759,592</u>	<u>\$ 6,743,794</u>	<u>\$ 2,371,817</u>	<u>\$ 7,717,747</u>	<u>\$ 5,572,571</u>	<u>\$ 31,165,521</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
Combining Other Governmental Funds
September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 1,279	\$ -	\$ 193,565	\$ 194,844
Equity in internal investment pool	1,425,936	-	-	-	3,226,092	4,652,028
Investments	3,800,483	-	-	2,192,853	-	5,993,336
Receivables, net:						
Federal agencies	726,756	-	-	-	-	726,756
Loans	1,228,636	-	597,527	-	-	1,826,163
Other governments and agencies	-	-	579,952	412,957	144,079	1,136,988
Accrued interest	11,275	-	-	-	-	11,275
Other	5,941	-	37,982	3,928	20,000	67,851
Due from other funds	2,353,207	5,230,048	961,912	4,239,642	580,847	13,365,656
Advances	-	-	88,857	21,300	-	110,157
Inventories	-	-	8,825	41,741	-	50,566
Restricted assets:						
Cash and cash equivalents	-	-	544,327	-	-	544,327
Investments	-	-	1,500,202	3,761,148	-	5,261,350
Total assets	<u>\$ 9,552,234</u>	<u>\$ 5,230,048</u>	<u>\$ 4,320,863</u>	<u>\$ 10,673,569</u>	<u>\$ 4,164,583</u>	<u>\$ 33,941,297</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 483,472	\$ 1,687,959	\$ 225,704	\$ 307,692	\$ 104,380	\$ 2,809,207
Other liabilities and accruals	1,652	-	2,989	134,850	20,200	159,691
Due to FSM State Governments	957,792	-	-	-	-	957,792
Due to other funds	2,231,194	-	635,793	1,231,078	1,584,351	5,682,416
Deferred revenue	75,358	-	413,524	-	268,000	756,882
Total liabilities	<u>3,749,468</u>	<u>1,687,959</u>	<u>1,278,010</u>	<u>1,673,620</u>	<u>1,976,931</u>	<u>10,365,988</u>
Fund balances (deficits):						
Reserved for:						
Related assets	5,029,119	3,542,089	2,437,550	41,741	-	11,050,499
Encumbrances	1,155,647	10,229	164,009	295,181	176,876	1,801,942
Continuing appropriations	1,242,485	-	195,705	755,814	150,000	2,344,004
Compact programs	504,796	-	-	-	-	504,796
Debt service	-	-	-	3,734,621	-	3,734,621
Unreserved:						
Special revenue funds	247,429	(10,229)	265,195	3,576,672	1,862,656	5,941,723
Capital projects funds	(2,376,710)	-	(19,606)	595,920	(1,880)	(1,802,276)
Total fund balances (deficit)	<u>5,802,766</u>	<u>3,542,089</u>	<u>3,042,853</u>	<u>8,999,949</u>	<u>2,187,652</u>	<u>23,575,309</u>
Total liabilities and fund balances	<u>\$ 9,552,234</u>	<u>\$ 5,230,048</u>	<u>\$ 4,320,863</u>	<u>\$ 10,673,569</u>	<u>\$ 4,164,583</u>	<u>\$ 33,941,297</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

Combining General Funds

Year Ended September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Compact funding	\$ -	\$ -	\$ 9,269	\$ -	\$ -	\$ 9,269
Taxes	11,072,508	4,569,517	1,119,657	7,735,182	3,760,050	28,256,914
Fishing rights	13,297,647	-	-	-	-	13,297,647
Interest and dividends	132,684	-	-	-	-	132,684
Fees and charges	680,302	703,640	-	-	632,402	2,016,344
Net increase in the fair value of investments	2,044,445	2,200,242	237,446	1,184,816	7,374,241	13,041,190
Other	1,836,792	59,670	390,276	323,337	483,811	3,093,886
Total revenues	29,064,378	7,533,069	1,756,648	9,243,335	12,250,504	59,847,934
Expenditures:						
Current:						
General government:						
President's office	779,668	-	-	-	-	779,668
External affairs and LNOs	3,537,249	-	-	-	-	3,537,249
Health, education and social affairs	108,833	12,294	46,749	757	195,268	363,901
Economic development	887,942	59,213	30	258,362	229,153	1,434,700
Transportation, communication and infrastructure	799,976	1,416,659	-	-	1,203,882	3,420,517
Finance and administration	2,502,445	4,188,182	1,659,179	2,360,894	1,295,212	12,005,912
Justice	2,978,564	100,926	2,412	1,341,252	269,906	4,693,060
Office of the Public Defender	625,225	-	-	-	-	625,225
Judiciary	1,030,704	3,523	-	-	-	1,034,227
Legislature	3,065,833	-	-	-	-	3,065,833
Office of the Public Auditor	9,612	-	-	-	-	9,612
National government programs	2,556,232	1,312,548	-	-	344,522	4,213,302
Other appropriations	4,666,704	2,654,490	-	2,324,591	73,001	9,718,786
Payments to component units	334,752	150,014	252,326	135,766	222,423	1,095,281
Boards, commissions, councils and other	1,563,538	436,584	617,360	1,095,278	360,115	4,072,875
Total expenditures	25,447,277	10,334,433	2,578,056	7,516,900	4,193,482	50,070,148
Excess (deficiency) of revenues over (under) expenditures	3,617,101	(2,801,364)	(821,408)	1,726,435	8,057,022	9,777,786
Other financing sources (uses):						
Loan proceeds	-	480,160	-	-	-	480,160
Operating transfers in	426,220	-	-	-	-	426,220
Operating transfers out	(684,926)	-	-	-	(722,861)	(1,407,787)
Total other financing sources (uses), net	(258,706)	480,160	-	-	(722,861)	(501,407)
Net change in fund balances (deficits)	3,358,395	(2,321,204)	(821,408)	1,726,435	7,334,161	9,276,379
Fund balances (deficit) at the beginning of the year	22,281,853	(17,507,670)	428,463	7,545,269	30,730,166	43,478,081
Fund balances (deficit) at the end of the year	<u>\$ 25,640,248</u>	<u>\$ (19,828,874)</u>	<u>\$ (392,945)</u>	<u>\$ 9,271,704</u>	<u>\$ 38,064,327</u>	<u>\$ 52,754,460</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)
Combining U.S. Federal Grants Funds
Year Ended September 30, 2005
(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
Revenues:						
Federal and other grants	\$ 11,156,510	\$ 3,738,399	\$ 1,997,214	\$ 3,539,148	\$ 6,920,067	\$ 27,351,338
Total revenues	<u>11,156,510</u>	<u>3,738,399</u>	<u>1,997,214</u>	<u>3,539,148</u>	<u>6,920,067</u>	<u>27,351,338</u>
Expenditures:						
Current:						
General government:						
President's office	944,844	-	-	-	-	944,844
Health, education and social affairs	5,961,066	2,354,676	1,541,162	3,264,802	1,214,271	14,335,977
Economic development	3,647	-	66,809	137,240	1,254,961	1,462,657
Transportation, communication and infrastructure	1,341,812	-	-	-	118,054	1,459,866
Finance and administration	1,363,125	1,854,500	376,644	137,106	4,924,421	8,655,796
Office of the Public Auditor	67,324	-	-	-	-	67,324
Boards, commissions, councils and other	1,474,692	-	-	-	50,258	1,524,950
Total expenditures	<u>11,156,510</u>	<u>4,209,176</u>	<u>1,984,615</u>	<u>3,539,148</u>	<u>7,561,965</u>	<u>28,451,414</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(470,777)</u>	<u>12,599</u>	<u>-</u>	<u>(641,898)</u>	<u>(1,100,076)</u>
Other financing sources (uses):						
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>623,811</u>	<u>623,811</u>
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>623,811</u>	<u>623,811</u>
Net change in fund balances (deficits)	<u>-</u>	<u>(470,777)</u>	<u>12,599</u>	<u>-</u>	<u>(18,087)</u>	<u>(476,265)</u>
Fund balances (deficit) at the beginning of the year	<u>(25,765)</u>	<u>480,533</u>	<u>-</u>	<u>-</u>	<u>176,880</u>	<u>631,648</u>
Fund balances (deficit) at the end of the year	<u>\$ (25,765)</u>	<u>\$ 9,756</u>	<u>\$ 12,599</u>	<u>\$ -</u>	<u>\$ 158,793</u>	<u>\$ 155,383</u>

FEDERATED STATES OF MICRONESIA

**Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)**

Combining Section 111 Investment Development Funds

Year Ended September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
Revenues:						
Interest and dividends	\$ 269,823	\$ -	\$ -	\$ -	\$ -	\$ 269,823
Net increase in the fair value of investments	152,144	-	-	-	-	152,144
Other	<u>1,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,474</u>
Total revenues	<u>423,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,441</u>
Expenditures:						
Current:						
General government:						
Economic development	1,293,708	-	-	-	-	1,293,708
Payments to component units	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Total expenditures	<u>1,543,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,543,708</u>
Net change in fund balances (deficits)	(1,120,267)	-	-	-	-	(1,120,267)
Fund balances (deficit) at the beginning of the year	<u>14,311,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,311,998</u>
Fund balances (deficit) at the end of the year	<u>\$ 13,191,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,191,731</u>

FEDERATED STATES OF MICRONESIA

**Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)
Combining Early Retirement Program Funds
Year Ended September 30, 2005**

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
Revenues:						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:						
Current:						
General government:						
Other appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	-	-	-	-	-	-
Fund balances (deficit) at the beginning of the year	<u>(139,545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,545)</u>
Fund balances (deficit) at the end of the year	<u>\$ (139,545)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (139,545)</u>

FEDERATED STATES OF MICRONESIA

**Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)**

Combining Asian Development Bank Loan Funds

Year Ended September 30, 2005

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
Revenues:						
Other	\$ 13,947	\$ -	\$ -	\$ -	\$ -	13,947
Total revenues	<u>13,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,947</u>
Expenditures:						
Current:						
General government:						
Finance and administration	1,118,590	-	-	-	-	1,118,590
Total expenditures	<u>1,118,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,118,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,104,643)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,104,643)</u>
Other financing sources (uses):						
Loan proceeds	1,233,970	-	-	-	-	1,233,970
Total other financing sources (uses), net	<u>1,233,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,233,970</u>
Net change in fund balances (deficits)	129,327	-	-	-	-	129,327
Fund balances (deficit) at the beginning of the year	<u>30,996,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,996,949</u>
Fund balances (deficit) at the end of the year	<u>\$ 31,126,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,126,276</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) Combining Compact Sector Grants Funds Year Ended September 30, 2005 (See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Compact funding	\$ 6,444,711	\$ 18,249,538	\$ 6,434,050	\$ 15,962,149	\$ 8,875,264	\$ 55,965,712
Fees and charges	-	-	-	-	220,144	220,144
Net increase in the fair value of investments	-	-	-	3,841	-	3,841
Total revenues	<u>6,444,711</u>	<u>18,249,538</u>	<u>6,434,050</u>	<u>15,965,990</u>	<u>9,095,408</u>	<u>56,189,697</u>
Expenditures:						
Current:						
General government:						
Health, education and social affairs	1,248,000	12,978,821	3,864,601	13,245,783	6,259,710	37,596,915
Economic development	25,454	984,529	-	-	526,848	1,536,831
Transporting, communication and infrastructure	367,731	-	-	-	88,401	456,132
Finance and administration	13,058	1,137,753	2,374,939	2,716,366	456,954	6,699,070
Justice	53,032	1,184,365	-	-	337,914	1,575,311
Judiciary	5,133	590,330	-	-	166,785	762,248
Office of the Public Auditor	468,338	-	-	-	154,289	622,627
Other appropriations	-	182,465	-	-	-	182,465
Payments to component units	4,036,115	204,797	-	-	777,534	5,018,446
Boards, commissions, councils and other	32,628	435,389	-	-	326,973	794,990
Total expenditures	<u>6,249,489</u>	<u>17,698,449</u>	<u>6,239,540</u>	<u>15,962,149</u>	<u>9,095,408</u>	<u>55,245,035</u>
Net change in fund balances (deficits)	<u>195,222</u>	<u>551,089</u>	<u>194,510</u>	<u>3,841</u>	<u>-</u>	<u>944,662</u>
Fund balances (deficit) at the beginning of the year	<u>8,301</u>	<u>108,576</u>	<u>(1,110)</u>	<u>5,738</u>	<u>64</u>	<u>121,569</u>
Fund balances (deficit) at the end of the year	<u>\$ 203,523</u>	<u>\$ 659,665</u>	<u>\$ 193,400</u>	<u>\$ 9,579</u>	<u>\$ 64</u>	<u>\$ 1,066,231</u>

FEDERATED STATES OF MICRONESIA

**Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)
Combining Compact Capital Projects Funds
Year Ended September 30, 2005**

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
Revenues:						
Net increase in the fair value of investments	\$ -	\$ -	\$ 28,786	\$ 9,410	\$ -	\$ 38,196
Total revenues	<u>-</u>	<u>-</u>	<u>28,786</u>	<u>9,410</u>	<u>-</u>	<u>38,196</u>
Expenditures:						
Current:						
General government:						
Health, education and social affairs	-	-	-	-	52,518	52,518
Transportation, communication and infrastructure	-	970,360	-	-	3,408,404	4,378,764
National government programs	-	-	-	-	57,941	57,941
Capital projects	<u>-</u>	<u>-</u>	<u>774,246</u>	<u>1,493,678</u>	<u>-</u>	<u>2,267,924</u>
Total expenditures	<u>-</u>	<u>970,360</u>	<u>774,246</u>	<u>1,493,678</u>	<u>3,518,863</u>	<u>6,757,147</u>
Net change in fund balances (deficits)	-	(970,360)	(745,460)	(1,484,268)	(3,518,863)	(6,718,951)
Fund balances (deficit) at the beginning of the year	<u>-</u>	<u>12,282,347</u>	<u>5,065,339</u>	<u>6,956,442</u>	<u>21,321,563</u>	<u>45,625,691</u>
Fund balances (deficit) at the end of the year	<u>\$ -</u>	<u>\$ 11,311,987</u>	<u>\$ 4,319,879</u>	<u>\$ 5,472,174</u>	<u>\$ 17,802,700</u>	<u>\$ 38,906,740</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)
Combining Compact Trust Funds
Year Ended September 30, 2005
(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
Revenues:						
Net increase in the fair value of investments	\$ 244,592	\$ 188,306	\$ 71,817	\$ 233,689	\$ 172,571	\$ 910,975
Total revenues	<u>244,592</u>	<u>188,306</u>	<u>71,817</u>	<u>233,689</u>	<u>172,571</u>	<u>910,975</u>
Expenditures:						
Current:						
General government:						
Other appropriations	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	244,592	188,306	71,817	233,689	172,571	910,975
Fund balances (deficit) at the beginning of the year	<u>8,515,000</u>	<u>6,555,488</u>	<u>2,300,000</u>	<u>7,484,058</u>	<u>5,400,000</u>	<u>30,254,546</u>
Fund balances (deficit) at the end of the year	<u>\$ 8,759,592</u>	<u>\$ 6,743,794</u>	<u>\$ 2,371,817</u>	<u>\$ 7,717,747</u>	<u>\$ 5,572,571</u>	<u>\$ 31,165,521</u>

FEDERATED STATES OF MICRONESIA

**Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)
Combining Other Governmental Funds
Year Ended September 30, 2005
(See Accompanying Independent Accountants' Compilation Report)**

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 420,565	\$ 202,701	\$ 623,266
Federal and other grants	387,347	-	278,094	78,153	538,755	1,282,349
Fees and charges	595,951	62,655	342,410	633,934	3,210	1,638,160
Net increase in the fair value of investments	-	-	117,918	365,679	-	483,597
Contributions from component unit	883,279	-	-	-	-	883,279
Other	-	-	85	-	-	85
Total revenues	<u>1,866,577</u>	<u>62,655</u>	<u>738,507</u>	<u>1,498,331</u>	<u>744,666</u>	<u>4,910,736</u>
Expenditures:						
Current:						
General government:						
Health, education and social affairs	351,485	96	194,227	92,243	40,570	678,621
Economic development	142,443	-	-	-	89,543	231,986
Transportation, communication and infrastructure	-	-	-	9,318	-	9,318
Finance and administration	1,030,160	-	-	937,825	163,315	1,202,793
Justice	-	-	159,167	-	192,566	1,289,558
Judiciary	174,296	-	-	-	14,656	188,952
Other appropriations	-	-	-	-	58,722	58,722
Payments to component units	-	-	-	140,400	-	140,400
Boards, commissions, councils and other	212,900	-	-	-	249,470	462,370
Capital projects	587,467	-	4,194	15,931	98,284	705,876
Total expenditures	<u>359,149</u>	<u>-</u>	<u>201,833</u>	<u>391,551</u>	<u>-</u>	<u>952,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(991,323)</u>	<u>62,559</u>	<u>179,086</u>	<u>(88,937)</u>	<u>(162,460)</u>	<u>(1,001,075)</u>
Other financing sources (uses):						
Operating transfers in	684,926	-	-	-	99,050	783,976
Operating transfers out	(426,220)	-	-	-	-	(426,220)
Total other financing sources (uses), net	<u>258,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,050</u>	<u>357,756</u>
Net change in fund balances (deficits)	<u>(732,617)</u>	<u>62,559</u>	<u>179,086</u>	<u>(88,937)</u>	<u>(63,410)</u>	<u>(643,319)</u>
Fund balances (deficit) at the beginning of the year	<u>6,535,383</u>	<u>3,479,530</u>	<u>2,863,767</u>	<u>9,088,886</u>	<u>2,251,062</u>	<u>24,218,628</u>
Fund balances (deficit) at the end of the year	<u>\$ 5,802,766</u>	<u>\$ 3,542,089</u>	<u>\$ 3,042,853</u>	<u>\$ 8,999,949</u>	<u>\$ 2,187,652</u>	<u>\$ 23,575,309</u>