

FEDERATED STATES OF MICRONESIA

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

SEPTEMBER 30, 2014

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Honorable Peter M. Christian
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, 2014, and the other supplementary information as set forth in pages 14 through 22. We have not audited or reviewed the accompanying combined financial statements and other supplementary information and, accordingly, do not express opinions or provide any assurance about whether the combined financial statements and other supplementary information are in accordance with accounting principles generally accepted in the United States of America. 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.

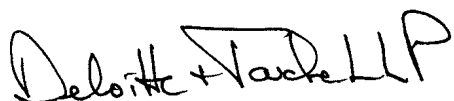
Management is responsible for the preparation and fair presentation of the combined financial statements and other supplementary information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the combined financial statements and other supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the combined financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements presented in accordance with 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, 2014. Those financial statements were the basis from which we compiled the accompanying combined financial statements. Copies of the respective financial statements and the respective independent auditors' reports dated June 30, 2015, June 25, 2015, June 10, 2015, June 26, 2015 and June 26, 2015, respectively, which expressed certain qualified opinions, may be obtained from the FSM Office of the National 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 accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, 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.

A handwritten signature in black ink that reads "Deloitte + Tatchell LLP". The signature is written in a cursive, stylized font.

July 22, 2015

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position
September 30, 2014

(See Accompanying Independent Accountants' Compilation Report)

	Primary Governments	Component Units
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 48,497,099	\$ 35,383,268
Time certificates of deposit	4,007,685	4,747,253
Investments	75,909,720	7,093,372
Receivables, net of allowance for uncollectibles	30,170,787	25,565,449
Due from primary government	-	1,219
Advances	743,239	613,951
Inventories	29,947	13,503,145
Other current assets	694,590	3,777,086
Restricted assets	9,171,307	1,042,310
Total current assets	169,224,374	91,727,053
Noncurrent assets:		
Investments	6,048,866	24,813,102
Receivables, net of current portion	42,349,655	17,069,166
Capital assets:		
Nondepreciable capital assets	75,993,703	25,607,796
Capital assets, net of accumulated depreciation	251,169,161	128,550,443
Other noncurrent assets	8,077,292	5,540,092
Restricted assets	109,548,363	-
Total noncurrent assets	493,187,040	201,580,599
Total assets	\$ 662,411,414	\$ 293,307,652
<u>LIABILITIES</u>		
Current liabilities:		
Bank overdraft	\$ 517,799	\$ -
Current portion of long-term obligations	3,112,394	6,208,130
Short-term notes	-	1,192,817
Accounts payable	9,619,171	12,486,176
Land acquisition payable	8,564,795	-
Current portion of compensated absences payable	2,491,808	-
Other liabilities and accruals	4,609,979	12,556,379
Tax refunds payable	154	-
Retention payable	742,980	-
Due to federal agencies	1,126,478	-
Due to component units	1,219	-
Due to FSM State Governments	4,014,477	-
Due to primary government	-	1,705,701
Unearned revenue	11,868,253	4,076,521
Total current liabilities	46,669,507	38,225,724
Noncurrent liabilities:		
Long-term obligations, net of current portion	79,598,126	47,931,494
Other noncurrent liabilities	1,544,853	-
Compensated absences payable, net of current portion	2,011,394	-
Total noncurrent liabilities	83,154,373	47,931,494
Total liabilities	129,823,880	86,157,218
<u>NET POSITION</u>		
Net investment in capital assets	327,162,864	91,244,359
Restricted for:		
Nonexpendable:		
Future operations	54,654,410	-
Other purposes	-	9,891,927
Expendable:		
Compact related	9,083,993	-
Debt service	11,000,450	-
Other purposes	8,726,570	3,998,588
Unrestricted	121,959,247	102,015,560
Total net position	532,587,534	207,150,434
Total liabilities and net position	\$ 662,411,414	\$ 293,307,652

FEDERATED STATES OF MICRONESIA

Combined Statement of Activities
Year Ended September 30, 2014
(See Accompanying Independent Accountants' Compilation Report)

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governments	Component Units
Primary governments:						
Governmental activities:						
President's office	\$ 1,894,922	\$ -	\$ -	\$ -	\$ (1,894,922)	\$ -
External affairs and LNOs	4,444,849	-	-	-	(4,444,849)	-
Health and social affairs	32,485,668	909,364	27,145,618	-	(4,430,686)	-
Education	38,495,591	230	35,375,867	20,556,716	17,437,222	-
Economic development (Resources and development)	8,125,832	-	5,508,451	-	(2,617,381)	-
Transportation, communication and infrastructure	25,918,755	825,082	958,864	5,304,283	(18,830,526)	-
Finance and general governmental administration	26,589,954	3,308,694	10,364,975	49,741	(12,866,544)	-
Justice	8,961,556	1,147,139	12,802	24,871	(7,776,744)	-
Office of the Public Defender	766,131	-	-	-	(766,131)	-
SBOC office	1,324,721	-	65,731	-	(1,258,990)	-
Environmental and emergency management	1,851,454	64,393	479,773	-	(1,307,288)	-
National archives, cultural and preservation	240,779	-	73,771	-	(167,008)	-
Judiciary	2,062,495	13,270	-	-	(2,049,225)	-
Legislature	4,475,252	-	-	-	(4,475,252)	-
Office of the National Public Auditor	1,504,848	-	581,750	-	(923,098)	-
National government programs	153,930	-	-	-	(153,930)	-
Land and natural resources	690,997	41,000	184,406	-	(465,591)	-
Other appropriations	8,823,051	-	-	-	(8,823,051)	-
Payments to component units	2,178,352	-	29,844	-	(2,148,508)	-
Boards, commissions, councils and other	8,124,786	1,209,252	416,768	13,000	(6,485,766)	-
Municipal affairs	2,841,350	-	-	-	(2,841,350)	-
Capital projects	21,161,441	-	-	4,917,682	(16,243,759)	-
Interest - unallocated	512,038	-	-	-	(512,038)	-
Total primary governments	\$ 203,628,752	\$ 7,518,424	\$ 81,198,620	\$ 30,866,293	(84,045,415)	-
Component units:						
FSM Telecommunications Corporation	\$ 14,574,642	\$ 13,579,504	\$ 1,393,558	\$ -	-	398,420
FSM Development Bank	1,792,313	2,472,983	-	-	-	680,670
National Fisheries Corporation	366,675	501,992	-	-	-	135,317
College of Micronesia - FSM	20,544,356	20,021,732	-	-	-	(522,624)
FSM Coconut Development Authority	470,912	176,671	211,242	-	-	(82,999)
FSM Petroleum Corporation	52,296,984	56,114,912	-	-	-	3,817,928
Vital Energy Inc. (FSMPC CU)	806,012	747,471	-	-	-	(58,541)
Caroline Islands Air, Inc.	390,736	430,312	75,276	-	-	114,852
MiCare Plan, Inc.	5,945,521	5,902,466	100,000	-	-	56,945
Chuuk State Health Care Plan	1,391,883	1,386,724	-	10,964	-	5,805
Chuuk Public Utilities Corporation	6,846,514	6,277,663	-	1,657,798	-	1,088,947
Chuuk State Housing Authority	110,532	190,230	-	-	-	79,698
Kosrae Port Authority	1,236,186	245,834	-	-	-	(990,352)
Kosrae Utilities Authority	2,800,267	2,666,039	-	22,979	-	(111,249)
Pohnpei Utilities Corporation	17,530,542	15,793,306	-	2,154,760	-	417,524
Pohnpei Port Authority	3,516,950	3,405,320	-	91,704	-	(19,926)
Pohnpei Transportation Authority	1,106,341	1,187,184	-	-	-	80,843
Small Business Guarantee and Finance Corporation	189,291	66,774	94,000	-	-	(28,517)
Pohnpei State Housing Authority	168,624	193,216	114,887	-	-	139,479
Public Transportation System	567,326	447,431	-	-	-	(119,895)
Yap Visitor's Bureau	370,468	-	269,067	-	-	(101,401)
Yap State Public Service Corporation	6,676,568	6,003,204	-	939,232	-	265,868
The Diving Seagull, Inc.	10,067,364	5,864,964	-	-	-	(4,202,400)
Total component units	\$ 149,767,007	\$ 143,675,932	\$ 2,258,030	\$ 4,877,437	-	1,044,392
General revenues:						
Taxes					58,765,324	-
Fishing rights					47,517,815	-
Unrestricted investment earnings					10,786,065	1,723,061
Other					3,221,659	(1,753,652)
Total general revenues					120,290,863	(30,591)
Contributions to permanent funds					8,719,615	-
Total general revenues and contributions					129,010,478	(30,591)
Change in net position					44,965,063	1,013,801
Net position at the beginning of the year, as perviously reported					483,639,996	206,136,633
Prior period adjustment					3,982,475	-
Net position at the beginning of the year, as restated					487,622,471	206,136,633
Net position at the end of the year					\$ 532,587,534	\$ 207,150,434

FEDERATED STATES OF MICRONESIA

Combined Balance Sheet
Governmental Funds
September 30, 2014

(See Accompanying Independent Accountants' Compilation Report)

	Special Revenue		Permanent		Other Governmental Funds	Total
	General	Grants Assistance	Compact Trust	Yap State Investment Fund		
ASSETS						
Cash and cash equivalents	\$ 48,202,236	\$ -	\$ -	\$ -	\$ 294,863	\$ 48,497,099
Time certificates of deposit	4,007,685	-	-	-	-	4,007,685
Equity in internal investment pool	68,734,234	-	-	-	-	68,734,234
Investments	7,539,668	5,591,684	-	-	93,000	13,224,352
Receivables, net:						
General	2,417,710	-	-	-	82,492	2,500,202
Taxes	6,176,930	-	-	-	-	6,176,930
Federal agencies	331,724	14,549,335	-	-	-	14,881,059
Loans	41,319,829	-	-	-	429,480	41,749,309
FSM National Government	-	1,483,578	-	-	20,553	1,504,131
Other	146,619	4,528	-	-	-	151,147
Due from other funds	10,868,056	20,454,205	-	-	6,965,458	38,287,719
Advances	1,949,867	638,035	-	-	8,416	2,596,318
Inventories	-	-	-	-	29,947	29,947
Other assets	8,081,015	175,580	-	-	-	8,256,595
Restricted assets:						
Cash and cash equivalents	9,451,501	7,700	-	-	33,891	9,493,092
Time certificates of deposit	200,000	-	-	-	354,383	554,383
Investments	11,000,450	-	54,654,410	43,017,335	-	108,672,195
Total assets	\$ 220,427,524	\$ 42,904,645	\$ 54,654,410	\$ 43,017,335	\$ 8,312,483	\$ 369,316,397
LIABILITIES AND FUND BALANCES						
Liabilities:						
Bank overdraft	\$ 517,799	\$ -	\$ -	\$ -	\$ -	\$ 517,799
Accounts payable	6,076,688	3,371,245	-	-	171,238	9,619,171
Retention payable	80,763	747,976	-	-	-	828,739
Other liabilities and accruals	3,812,639	612,397	-	-	99,184	4,524,220
Tax refunds payable	154	-	-	-	-	154
Land acquisition payable	8,564,795	-	-	-	-	8,564,795
Due to component units	1,219	-	-	-	-	1,219
Due to federal agencies	-	1,126,478	-	-	-	1,126,478
Due to FSM State Governments	1,854,344	2,160,133	-	-	-	4,014,477
Due to other funds	27,419,663	10,766,968	-	-	101,088	38,287,719
Unearned revenue	150,328	11,322,374	-	-	395,551	11,868,253
Total liabilities	48,478,392	30,107,571	-	-	767,061	79,353,024
Fund balances:						
Non-spendable	61,122,495	1,194,423	54,654,410	43,017,335	557,848	160,546,511
Restricted	12,213,952	11,920,047	-	-	963,247	25,097,246
Committed	39,477,425	-	-	-	5,657,557	45,134,982
Assigned	5,512,804	-	-	-	387,650	5,900,454
Unassigned:						
General fund	53,622,456	-	-	-	-	53,622,456
Special revenue funds	-	(317,396)	-	-	(20,880)	(338,276)
Total fund balances	171,949,132	12,797,074	54,654,410	43,017,335	7,545,422	289,963,373
Total liabilities and fund balances	\$ 220,427,524	\$ 42,904,645	\$ 54,654,410	\$ 43,017,335	\$ 8,312,483	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	\$ 327,162,864
Loans receivable from FSM State Governments	4,219,872
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	(82,710,520)
Compensated absences payable	(4,503,202)
Claims payable	(1,544,853)

242,624,161

Net position of governmental activities \$ 532,587,534

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2014
(See Accompanying Independent Accountants' Compilation Report)

	Special Revenue		Permanent		Other Governmental Funds	Total
	General	Grants Assistance	Compact Trust	Yap State Investment Fund		
Revenues:						
Compact funding	\$ -	\$ 63,741,450	\$ -	\$ -	\$ -	\$ 63,741,450
Taxes	58,149,939	-	-	-	847,890	58,997,829
CFSM grants	162,778	1,224,528	-	-	1,261,526	2,648,832
Federal and other grants	-	24,725,554	-	-	154,838	24,880,392
Fishing rights	47,517,815	-	-	-	-	47,517,815
Interest and dividends	503,158	-	-	-	-	503,158
Fees and charges	3,962,914	21,784	-	-	3,403,221	7,387,919
Net change in the fair value of investments	10,184,150	-	5,704,785	3,014,830	-	18,903,765
MiCare reimbursable	243,881	-	-	-	-	243,881
Other	2,319,286	512,120	-	-	293,040	3,124,446
Total revenues	123,043,921	90,225,436	5,704,785	3,014,830	5,960,515	227,949,487
Expenditures:						
General government:						
President's office	1,875,421	-	-	-	-	1,875,421
External affairs and LNOs	4,444,643	-	-	-	-	4,444,643
Health and social affairs	2,088,133	28,247,281	-	-	1,761,384	32,096,798
Education	2,585,523	36,142,169	-	-	313,327	39,041,019
Economic development (Resources and development)	1,886,275	6,307,947	-	-	12,545	8,206,767
Transportation, communication and infrastructure	9,360,920	6,261,238	-	-	39,220	15,661,378
Finance and general governmental administration	14,196,846	8,139,955	-	-	2,840,710	25,177,511
Justice	7,783,950	13,011	-	-	733,442	8,530,403
Office of the Public Defender	803,667	-	-	-	-	803,667
SBOC office	1,237,951	65,731	-	-	-	1,303,682
Environmental and emergency management	575,064	1,212,021	-	-	79,591	1,866,676
National archives, cultural and historic preservation	159,396	73,771	-	-	-	233,167
Judiciary	2,188,907	-	-	-	-	2,188,907
Legislature	4,432,504	-	-	-	-	4,432,504
Office of the National Public Auditor	951,024	581,750	-	-	-	1,532,774
National government programs	200	-	-	-	-	200
Land and natural resources	500,349	184,406	-	-	-	684,755
Other appropriations	7,972,694	42,904	-	-	-	8,015,598
Payments to component units and fiduciary fund	2,178,352	-	-	-	-	2,178,352
Municipal affairs	2,841,350	-	-	-	-	2,841,350
Boards, commissions, councils and other	5,788,222	105,368	-	-	878,334	6,771,924
Capital projects	-	5,002,682	-	-	-	5,002,682
Debt service	3,752,400	-	-	-	-	3,752,400
Total expenditures	77,603,791	92,380,234	-	-	6,658,553	176,642,578
Excess (deficiency) of revenues over (under) expenditures	45,440,130	(2,154,798)	5,704,785	3,014,830	(698,038)	51,306,909
Other financing sources (uses):						
Proceeds from issuance of long-term debt	2,159,196	-	-	-	-	2,159,196
Operating transfers in	1,493,089	2,448,974	-	-	151,755	4,093,818
Operating transfers out	(2,600,729)	(172,629)	-	-	(1,320,460)	(4,093,818)
Total other financing sources (uses), net	1,051,556	2,276,345	-	-	(1,168,705)	2,159,196
Net change in fund balances	46,491,686	121,547	5,704,785	3,014,830	(1,866,743)	53,466,105
Fund balances at the beginning of the year	125,457,446	12,675,527	48,949,625	40,002,505	9,412,165	236,497,268
Fund balances at the end of the year	\$ 171,949,132	\$ 12,797,074	\$ 54,654,410	\$ 43,017,335	\$ 7,545,422	\$ 289,963,373

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, 2014 (See Accompanying Independent Accountants' Compilation Report)

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

Net change in fund balances - total governmental funds \$ 53,466,105

Capital outlays are reported as expenditures in governmental funds. However, in the combined statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. For the current year, these amounts consist of:

Capital outlays, net of disposals	565,933	
Depreciation expense	<u>(9,420,192)</u>	
		(8,854,259)

The incurrence of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. For the current year, these amounts consist of:

Long-term debt proceeds	(2,159,196)	
Repayment of long-term debt	3,267,933	
Claims payable	<u>(902,605)</u>	
		206,132

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. For the current year, these consist of:

Change in compensated absences payable		<u>147,085</u>
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Change in net position of governmental activities \$ 44,965,063

FEDERATED STATES OF MICRONESIA

Combined Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trusts
September 30, 2014

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM</u> Social Security Administration	<u>Pohnpei State</u> Development Loan Fund	<u>Yap State</u> Development Loan Fund	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,252,822	\$ -	\$ 116,378	\$ 2,369,200
Time certificates of deposit	-	-	147,833	147,833
Receivables, net:				
Contributions	2,773,881	-	-	2,773,881
Loans	-	-	18,506	18,506
Accrued interest	87,032	-	623	87,655
Other	6,808	-	-	6,808
Investments	45,329,658	-	-	45,329,658
Capital assets, net of accumulated depreciation	<u>81,774</u>	<u>-</u>	<u>-</u>	<u>81,774</u>
Total assets	<u>\$ 50,531,975</u>	<u>\$ -</u>	<u>\$ 283,340</u>	<u>\$ 50,815,315</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 183,277	\$ -	\$ 29,287	\$ 212,564
Other liabilities and accruals	<u>31,421</u>	<u>-</u>	<u>-</u>	<u>31,421</u>
Total liabilities	<u>214,698</u>	<u>-</u>	<u>29,287</u>	<u>243,985</u>
<u>NET POSITION</u>				
Held in trust for:				
Social security benefits	50,317,277	-	-	50,317,277
Restricted	-	-	18,506	18,506
Other purposes	<u>-</u>	<u>-</u>	<u>235,547</u>	<u>235,547</u>
Total net position	<u>50,317,277</u>	<u>-</u>	<u>254,053</u>	<u>50,571,330</u>
Total liabilities and net position	<u>\$ 50,531,975</u>	<u>\$ -</u>	<u>\$ 283,340</u>	<u>\$ 50,815,315</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Changes in Fiduciary Net Position Fiduciary Funds - Private Purpose Trusts Year Ended September 30, 2014 (See Accompanying Independent Accountants' Compilation Report)

	FSM Social Security Administration	Pohnpei State Development Loan Fund	Yap State Development Loan Fund	Total
Additions:				
Contributions:	\$ 17,641,983	\$ -	\$ -	\$ 17,641,983
Total contributions	17,641,983	-	-	17,641,983
Investment earnings:				
Net change in the fair value of investments	2,025,184	-	-	2,025,184
Interest and dividends	869,992	1,951	1,591	873,534
Total investment earnings	2,895,176	1,951	1,591	2,898,718
Less investment expense	(235,249)	-	-	(235,249)
Net investment earnings	2,659,927	1,951	1,591	2,663,469
Contributions	1,000,000	-	-	1,000,000
Other	364,982	-	-	364,982
Total additions	21,666,892	1,951	1,591	21,670,434
Deductions:				
Benefits	19,293,925	-	-	19,293,925
Refunds	23,022	737,531	-	760,553
Administrative expenses	1,166,208	-	-	1,166,208
Total deductions	20,483,155	737,531	-	21,220,686
Change in net position	1,183,737	(735,580)	1,591	449,748
Net position at the beginning of the year	49,133,540	735,580	252,462	50,121,582
Net position at the end of the year	\$ 50,317,277	\$ -	\$ 254,053	\$ 50,571,330

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position
Component Units
September 30, 2014

(See Accompanying Independent Accountants' Compilation Report)

	FSM Tele- Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia- FSM	FSM Coconut Development Authority	FSM Petroleum Corporation	Vital Energy Inc.	Caroline Islands Air, Inc.	MiCare Plan, Inc.	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority	Kosrae Port Authority
ASSETS													
Current assets:													
Cash and cash equivalents	\$ 1,451,756	\$ 5,478,528	\$ 631,449	\$ 5,538,735	\$ 73,618	\$ 13,878,521	\$ 46,797	\$ 134,133	\$ 152,981	\$ 392,052	\$ 542,834	\$ 98,394	\$ 7,855
Time certificates of deposit	276,784	1,993,326	-	-	-	500,000	-	-	-	200,000	-	-	-
Investments	1,580,857	-	890,113	-	-	-	-	-	1,467,726	319,489	-	-	-
Receivables, net:													
General	813,423	37,091	70,944	5,915,333	3,321	2,316,386	219,426	-	256,763	478,926	724,967	414,958	31,286
Loans	-	6,083,000	-	-	-	-	-	-	-	-	-	-	-
Interest	146,903	206,163	-	-	-	-	-	-	-	-	-	-	-
Other	297,558	79,888	-	189,668	-	478,051	-	-	-	-	-	-	-
Due from primary government	-	-	-	-	-	-	-	-	-	-	-	1,219	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	763,722	-	-	1,436,842	89,361	7,568,958	-	5,741	-	-	1,306,541	-	-
Other assets	-	9,319	-	904,796	743	1,348,940	3,420	84,842	358,321	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	<u>5,331,003</u>	<u>13,887,315</u>	<u>1,592,506</u>	<u>13,985,374</u>	<u>167,043</u>	<u>26,090,856</u>	<u>269,643</u>	<u>224,716</u>	<u>2,235,791</u>	<u>1,390,467</u>	<u>2,574,342</u>	<u>514,571</u>	<u>39,141</u>
Noncurrent assets:													
Capital assets:													
Nondepreciable capital assets	4,724,503	-	-	1,455,685	-	4,445,803	-	-	-	-	2,600,120	-	-
Capital assets, net of accumulated depreciation	39,817,080	1,657,506	27,958	7,431,652	89,047	12,246,672	63,417	10,136	42,448	14,671	6,291,871	18,134	18,257,997
Investments	-	17,690,810	-	4,375,829	-	-	-	-	-	-	-	-	-
Loans receivable	-	16,212,240	-	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	2,998,167	-	-	-	-	-	-	-	-	-	536,262	-	-
Total noncurrent assets	<u>47,539,750</u>	<u>35,560,556</u>	<u>27,958</u>	<u>13,263,166</u>	<u>89,047</u>	<u>16,692,475</u>	<u>63,417</u>	<u>10,136</u>	<u>42,448</u>	<u>14,671</u>	<u>9,428,253</u>	<u>18,134</u>	<u>18,257,997</u>
Total assets	<u>\$ 52,870,753</u>	<u>\$ 49,447,871</u>	<u>\$ 1,620,464</u>	<u>\$ 27,248,540</u>	<u>\$ 256,090</u>	<u>\$ 42,783,331</u>	<u>\$ 333,060</u>	<u>\$ 234,852</u>	<u>\$ 2,278,239</u>	<u>\$ 1,405,138</u>	<u>\$ 12,002,595</u>	<u>\$ 532,705</u>	<u>\$ 18,297,138</u>
LIABILITIES													
Current liabilities:													
Current portion of long-term debt	\$ 1,667,941	\$ 138,363	3,350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,690	\$ -	\$ -
Short-term notes	899,642	-	-	-	-	-	-	-	-	-	104,044	-	-
Accounts payable	64,968	84,857	57,118	323,290	17,380	4,408,327	211,670	9,980	1,533,970	69,006	519,595	7,681	15,499
Other liabilities and accruals	825,256	75,222	11,219	1,758,780	9,114	6,084,675	11,960	4,788	46,687	13,557	1,183,734	-	93,050
Due to primary government	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	777,537	-	7,726	2,881,149	-	-	-	-	-	-	46,137	-	-
Total current liabilities	<u>4,235,344</u>	<u>298,442</u>	<u>3,426,063</u>	<u>4,963,219</u>	<u>26,494</u>	<u>10,493,002</u>	<u>223,630</u>	<u>14,768</u>	<u>1,580,657</u>	<u>82,563</u>	<u>1,991,200</u>	<u>7,681</u>	<u>108,549</u>
Noncurrent liabilities:													
Long-term obligations, net of current portion	27,612,719	1,683,117	-	-	-	-	-	-	-	-	4,809,523	-	-
Total noncurrent liabilities	<u>27,612,719</u>	<u>1,683,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,809,523</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>31,848,063</u>	<u>1,981,559</u>	<u>3,426,063</u>	<u>4,963,219</u>	<u>26,494</u>	<u>10,493,002</u>	<u>223,630</u>	<u>14,768</u>	<u>1,580,657</u>	<u>82,563</u>	<u>6,800,723</u>	<u>7,681</u>	<u>108,549</u>
NET POSITION													
Net investment in capital assets	17,359,448	1,657,506	27,958	8,887,337	89,047	-	-	10,136	42,448	14,671	3,840,735	-	18,257,997
Restricted for:													
Nonexpendable	-	-	-	4,375,829	-	-	-	-	-	-	652,423	-	-
Expendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,663,242	45,808,806	(1,833,557)	9,022,155	140,549	32,290,329	109,430	209,948	655,134	1,307,904	708,714	525,024	(69,408)
Total net position	<u>21,022,690</u>	<u>47,466,312</u>	<u>(1,805,599)</u>	<u>22,285,321</u>	<u>229,596</u>	<u>32,290,329</u>	<u>109,430</u>	<u>220,084</u>	<u>697,582</u>	<u>1,322,575</u>	<u>5,201,872</u>	<u>525,024</u>	<u>18,188,589</u>
Total liabilities and net position	<u>\$ 52,870,753</u>	<u>\$ 49,447,871</u>	<u>\$ 1,620,464</u>	<u>\$ 27,248,540</u>	<u>\$ 256,090</u>	<u>\$ 42,783,331</u>	<u>\$ 333,060</u>	<u>\$ 234,852</u>	<u>\$ 2,278,239</u>	<u>\$ 1,405,138</u>	<u>\$ 12,002,595</u>	<u>\$ 532,705</u>	<u>\$ 18,297,138</u>

FEDERATED STATES OF MICRONESIA
Combined Statement of Net Position, Continued
Component Units
September 30, 2014
(See Accompanying Independent Accountants' Compilation Report)

	Kosrae Utilities Authority	Pohnpei Utilities Corporation	Pohnpei Port Authority	Pohnpei Transportation Authority	Small Business Guarantee and Finance Corporation	Pohnpei State Housing Authority	Public Transportation System	Yap Visitor's Bureau	Yap State Public Service Corporation	The Diving Seagull, Inc.	Total
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 277,246	\$ 763,949	\$ 2,319,476	\$ -	\$ 300	\$ 551,544	\$ 27,144	\$ 82,899	\$ 1,023,778	\$ 1,909,279	\$ 35,383,268
Time certificates of deposit	165,764	45,379	-	-	-	-	-	-	-	1,566,000	4,747,253
Investments	358,842	174,124	1,703,162	-	-	-	-	-	-	599,059	7,093,372
Receivables, net:											
General	146,781	1,627,574	723,855	2,924	62,466	-	12,346	-	1,320,903	130,992	15,310,665
Loans	-	-	-	-	-	2,422,235	-	-	-	-	8,505,235
Interest	-	-	-	-	-	-	-	-	-	-	353,066
Other	-	-	-	-	-	-	-	2,407	293,638	55,273	1,396,483
Due from primary government	-	-	-	-	-	-	-	-	-	-	1,219
Advances	-	601,226	5,746	-	6,979	-	-	-	-	-	613,951
Inventories	243,897	1,246,525	-	10,897	-	-	118,637	-	694,139	17,885	13,503,145
Other assets	3,205	-	22,069	-	1,905	1,068	11,769	-	13,780	1,012,909	3,777,086
Restricted assets	-	-	-	-	1,042,310	-	-	-	-	-	1,042,310
Total current assets	<u>1,195,735</u>	<u>4,458,777</u>	<u>4,774,308</u>	<u>13,821</u>	<u>1,113,960</u>	<u>2,974,847</u>	<u>169,896</u>	<u>85,306</u>	<u>3,346,238</u>	<u>5,291,397</u>	<u>91,727,053</u>
Noncurrent assets:											
Capital assets:											
Nondepreciable capital assets	70,065	7,025,099	3,186,090	-	-	-	-	-	2,100,431	-	25,607,796
Capital assets, net of accumulated depreciation	2,934,078	23,607,720	3,325,678	33,881	39,588	77,728	404,841	6,031	7,299,700	4,852,609	128,550,443
Investments	-	495,172	-	-	-	-	-	-	-	2,251,291	24,813,102
Loans receivable	-	-	229,868	-	627,058	-	-	-	-	-	17,069,166
Other noncurrent assets	252,800	576,213	9,754	-	-	-	-	-	-	1,166,896	5,540,092
Total noncurrent assets	<u>3,256,943</u>	<u>31,704,204</u>	<u>6,751,390</u>	<u>33,881</u>	<u>666,646</u>	<u>77,728</u>	<u>404,841</u>	<u>6,031</u>	<u>9,400,131</u>	<u>8,270,796</u>	<u>201,580,599</u>
Total assets	<u>\$ 4,452,678</u>	<u>\$ 36,162,981</u>	<u>\$ 11,525,698</u>	<u>\$ 47,702</u>	<u>\$ 1,780,606</u>	<u>\$ 3,052,575</u>	<u>\$ 574,737</u>	<u>\$ 91,337</u>	<u>\$ 12,746,369</u>	<u>\$ 13,562,193</u>	<u>\$ 293,307,652</u>
LIABILITIES											
Current liabilities:											
Current portion of long-term debt	\$ -	\$ 581,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,417	\$ 286,915	\$ 6,208,130
Short term notes	-	189,131	-	-	-	-	-	-	-	-	1,192,817
Accounts payable	263,259	2,134,519	1,037	88,256	5,817	17,988	8,600	-	440,557	2,202,802	12,486,176
Other liabilities and accruals	204,398	336,217	232,148	17,908	-	573,876	7,563	7,692	453,260	605,275	12,556,379
Due to primary government	-	200,000	-	1,505,701	-	-	-	-	-	-	1,705,701
Unearned revenue	15,206	192,078	-	3,174	-	-	4,936	-	148,578	-	4,076,521
Total current liabilities	<u>482,863</u>	<u>3,633,749</u>	<u>233,185</u>	<u>1,615,039</u>	<u>5,817</u>	<u>591,864</u>	<u>21,099</u>	<u>7,692</u>	<u>1,087,812</u>	<u>3,094,992</u>	<u>38,225,724</u>
Noncurrent liabilities:											
Long-term obligation, net of current portion	-	9,394,411	-	-	-	-	-	-	2,710,143	1,721,581	47,931,494
Total noncurrent liabilities	<u>-</u>	<u>9,394,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,710,143</u>	<u>1,721,581</u>	<u>47,931,494</u>
Total liabilities	<u>482,863</u>	<u>13,028,160</u>	<u>233,185</u>	<u>1,615,039</u>	<u>5,817</u>	<u>591,864</u>	<u>21,099</u>	<u>7,692</u>	<u>3,797,955</u>	<u>4,816,573</u>	<u>86,157,218</u>
NET POSITION											
Net investment in capital assets	3,004,143	21,490,412	6,511,768	33,881	39,588	77,728	404,841	6,031	6,644,571	2,844,113	91,244,359
Restricted for:											
Nonexpendable	90,000	721,325	-	-	1,669,367	2,382,983	-	-	-	-	9,891,927
Expendable	-	-	-	-	-	-	-	-	1,747,297	2,251,291	3,998,588
Unrestricted	875,672	923,084	4,780,745	(1,601,218)	65,834	-	148,797	77,614	556,546	3,650,216	102,015,560
Total net position	<u>3,969,815</u>	<u>23,134,821</u>	<u>11,292,513</u>	<u>(1,567,337)</u>	<u>1,774,789</u>	<u>2,460,711</u>	<u>553,638</u>	<u>83,645</u>	<u>8,948,414</u>	<u>8,745,620</u>	<u>207,150,434</u>
Total liabilities and net position	<u>\$ 4,452,678</u>	<u>\$ 36,162,981</u>	<u>\$ 11,525,698</u>	<u>\$ 47,702</u>	<u>\$ 1,780,606</u>	<u>\$ 3,052,575</u>	<u>\$ 574,737</u>	<u>\$ 91,337</u>	<u>\$ 12,746,369</u>	<u>\$ 13,562,193</u>	<u>\$ 293,307,652</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position
Component Units
Year Ended September 30, 2014
(See Accompanying Independent Accountants' Compilation Report)

	FSM Tele- Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia- FSM	FSM Coconut Development Authority	FSM Petroleum Corporation	Vital Energy Inc.	Caroline Islands Air, Inc.	MiCare Plan, Inc.	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority	Kosrae Port Authority
Operating revenues:													
Charges for services	\$ 13,293,514	\$ 2,472,983	\$ 501,992	\$ 19,797,830	\$ 176,671	\$ 56,110,709	\$ 675,273	\$ 430,312	\$ 5,897,306	\$ 1,367,637	\$ 5,921,761	\$ 190,230	\$ 245,834
Other	285,990	-	-	223,902	-	4,203	72,198	-	5,160	19,087	355,902	-	-
Total operating revenues	<u>13,579,504</u>	<u>2,472,983</u>	<u>501,992</u>	<u>20,021,732</u>	<u>176,671</u>	<u>56,114,912</u>	<u>747,471</u>	<u>430,312</u>	<u>5,902,466</u>	<u>1,386,724</u>	<u>6,277,663</u>	<u>190,230</u>	<u>245,834</u>
Operating expenses:													
Cost of services	465,117	34,350	-	-	188,360	43,184,791	71,558	365,184	5,359,221	1,123,795	4,193,839	-	-
Depreciation	4,515,968	131,210	6,280	866,792	47,415	1,445,221	18,094	-	19,646	7,958	311,087	-	984,592
Administrative costs	9,593,557	1,626,753	360,395	19,677,564	235,137	7,666,972	716,360	25,552	566,654	260,130	2,341,588	110,532	251,594
Total operating expenses	<u>14,574,642</u>	<u>1,792,313</u>	<u>366,675</u>	<u>20,544,356</u>	<u>470,912</u>	<u>52,296,984</u>	<u>806,012</u>	<u>390,736</u>	<u>5,945,521</u>	<u>1,391,883</u>	<u>6,846,514</u>	<u>110,532</u>	<u>1,236,186</u>
Operating income (loss)	<u>(995,138)</u>	<u>680,670</u>	<u>135,317</u>	<u>(522,624)</u>	<u>(294,241)</u>	<u>3,817,928</u>	<u>(58,541)</u>	<u>39,576</u>	<u>(43,055)</u>	<u>(5,159)</u>	<u>(568,851)</u>	<u>79,698</u>	<u>(990,352)</u>
Nonoperating revenues (expenses):													
Net change in the fair value of investments	125,610	740,127	474,750	351,100	-	-	-	-	6,076	-	-	-	-
Interest income	(1,326,136)	-	-	-	-	(13,625)	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	(159,493)	-	-
Contributions from primary government	1,393,558	-	-	-	211,242	-	-	75,276	100,000	-	-	-	-
Other income (expense)	(54,345)	258,656	21,578	(625,000)	-	-	-	-	1,035	18,687	826,102	-	10,431
Total nonoperating revenues (expenses), net	<u>138,687</u>	<u>998,783</u>	<u>496,328</u>	<u>(273,900)</u>	<u>211,242</u>	<u>(13,625)</u>	<u>-</u>	<u>75,276</u>	<u>107,111</u>	<u>18,687</u>	<u>666,609</u>	<u>-</u>	<u>10,431</u>
Capital contributions	-	-	-	-	-	-	-	-	-	10,964	1,657,798	-	-
Change in net position	(856,451)	1,679,453	631,645	(796,524)	(82,999)	3,804,303	(58,541)	114,852	64,056	24,492	1,755,556	79,698	(979,921)
Net position at the beginning of the year	<u>21,879,141</u>	<u>45,786,859</u>	<u>(2,437,244)</u>	<u>23,081,845</u>	<u>312,595</u>	<u>28,486,026</u>	<u>167,971</u>	<u>105,232</u>	<u>633,526</u>	<u>1,298,083</u>	<u>3,446,316</u>	<u>445,326</u>	<u>19,168,510</u>
Net position at the end of the year	<u>\$ 21,022,690</u>	<u>\$ 47,466,312</u>	<u>\$ (1,805,599)</u>	<u>\$ 22,285,321</u>	<u>\$ 229,596</u>	<u>\$ 32,290,329</u>	<u>\$ 109,430</u>	<u>\$ 220,084</u>	<u>\$ 697,582</u>	<u>\$ 1,322,575</u>	<u>\$ 5,201,872</u>	<u>\$ 525,024</u>	<u>\$ 18,188,589</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position, Continued
 Component Units
 Year Ended September 30, 2014
 (See Accompanying Independent Accountants' Compilation Report)

	Kosrae Utilities Authority	Pohnpei Utilities Corporation	Pohnpei Port Authority	Pohnpei Transportation Authority	Small Business Guarantee and Finance Corporation	Pohnpei State Housing Authority	Public Transportation System	Yap Visitor's Bureau	Yap State Public Service Corporation	The Diving Seagull, Inc.	Total
Operating revenues:											
Charges for services	\$ 2,666,039	\$ 15,793,306	\$ 3,405,320	\$ 1,187,184	\$ 66,774	\$ 193,216	\$ 353,726	\$ -	\$ 5,549,838	\$ 5,863,899	\$ 142,161,354
Other	-	-	-	-	-	-	93,705	-	453,366	1,065	1,514,578
Total operating revenues	<u>2,666,039</u>	<u>15,793,306</u>	<u>3,405,320</u>	<u>1,187,184</u>	<u>66,774</u>	<u>193,216</u>	<u>447,431</u>	<u>-</u>	<u>6,003,204</u>	<u>5,864,964</u>	<u>143,675,932</u>
Operating expenses:											
Cost of services	1,858,866	9,615,127	-	-	-	-	336,338	-	5,359,617	9,817,981	81,974,144
Depreciation	375,027	2,324,004	517,062	4,308	23,790	16,005	11,414	-	1,000,834	2,223	12,628,930
Administrative costs	566,374	5,591,411	2,999,888	1,102,033	165,501	152,619	219,574	370,468	316,117	247,160	55,163,933
Total operating expenses	<u>2,800,267</u>	<u>17,530,542</u>	<u>3,516,950</u>	<u>1,106,341</u>	<u>189,291</u>	<u>168,624</u>	<u>567,326</u>	<u>370,468</u>	<u>6,676,568</u>	<u>10,067,364</u>	<u>149,767,007</u>
Operating income (loss)	<u>(134,228)</u>	<u>(1,737,236)</u>	<u>(111,630)</u>	<u>80,843</u>	<u>(122,517)</u>	<u>24,592</u>	<u>(119,895)</u>	<u>(370,468)</u>	<u>(673,364)</u>	<u>(4,202,400)</u>	<u>(6,091,075)</u>
Nonoperating revenues (expenses):											
Net change in the fair value of investments	25,398	-	-	-	-	-	-	-	-	-	1,723,061
Interest income	1,146	(153,800)	129,325	-	102,700	-	-	2,100	2,096	63,584	(1,192,610)
Interest expense	(1,460)	-	-	-	-	-	-	-	(5,421)	(198,125)	(364,499)
Contributions from primary government	-	-	-	-	94,000	114,887	-	269,067	-	-	2,258,030
Other income (expense)	-	(950,306)	-	-	2,360	-	-	220	100,926	193,113	(196,543)
Total nonoperating revenues (expenses), net	<u>25,084</u>	<u>(1,104,106)</u>	<u>129,325</u>	<u>-</u>	<u>199,060</u>	<u>114,887</u>	<u>-</u>	<u>271,387</u>	<u>97,601</u>	<u>58,572</u>	<u>2,227,439</u>
Capital contributions	<u>22,979</u>	<u>2,154,760</u>	<u>91,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>939,232</u>	<u>-</u>	<u>4,877,437</u>
Change in net position	(86,165)	(686,582)	109,399	80,843	76,543	139,479	(119,895)	(99,081)	363,469	(4,143,828)	1,013,801
Net position at the beginning of the year	<u>4,055,980</u>	<u>23,821,403</u>	<u>11,183,114</u>	<u>(1,648,180)</u>	<u>1,698,246</u>	<u>2,321,232</u>	<u>673,533</u>	<u>182,726</u>	<u>8,584,945</u>	<u>12,889,448</u>	<u>206,136,633</u>
Net position at the end of the year	<u>\$ 3,969,815</u>	<u>\$ 23,134,821</u>	<u>\$ 11,292,513</u>	<u>\$ (1,567,337)</u>	<u>\$ 1,774,789</u>	<u>\$ 2,460,711</u>	<u>\$ 553,638</u>	<u>\$ 83,645</u>	<u>\$ 8,948,414</u>	<u>\$ 8,745,620</u>	<u>\$ 207,150,434</u>

FEDERATED STATES OF MICRONESIA

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet Combining General Funds September 30, 2014

(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	\$ 46,863,626	\$ 85,891	\$ 1,252,719	\$ -	\$ -	\$ 48,202,236
Time certificates of deposit	4,007,685	-	-	-	-	4,007,685
Equity in internal investment pool	40,036,855	109,328	-	5,802,113	22,785,938	68,734,234
Investments	4,922,668	800,000	317,000	1,500,000	-	7,539,668
Receivables, net:						
General	1,420,235	802,283	195,192	-	-	2,417,710
Taxes	4,292,900	-	-	1,884,030	-	6,176,930
Loans	41,289,829	-	30,000	-	-	41,319,829
Federal agencies	-	-	-	-	331,724	331,724
Other	24,142	-	-	-	122,477	146,619
Due from other funds	6,562,412	1,097,747	185,159	1,254,667	1,768,071	10,868,056
Advances	1,084,887	424,897	38,625	96,542	304,916	1,949,867
Other assets	8,077,292	-	3,723	-	-	8,081,015
Restricted assets:						
Cash and cash equivalents	5,030,840	2,794,772	287,894	682,445	655,550	9,451,501
Time certificates of deposit	-	-	200,000	-	-	200,000
Investments	-	3,969,015	1,272,711	4,034,461	1,724,263	11,000,450
Total assets	<u>\$ 163,613,371</u>	<u>\$ 10,083,933</u>	<u>\$ 3,783,023</u>	<u>\$ 15,254,258</u>	<u>\$ 27,692,939</u>	<u>\$ 220,427,524</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Bank overdraft	\$ -	\$ -	\$ -	\$ 408,618	\$ 109,181	\$ 517,799
Accounts payable	2,608,920	914,026	82,987	1,463,104	1,007,651	6,076,688
Retention payable	-	-	-	-	80,763	80,763
Other liabilities and accruals	3,138,803	40,710	317,792	315,334	-	3,812,639
Tax refunds payable	154	-	-	-	-	154
Land acquisition payable	-	8,564,795	-	-	-	8,564,795
Due to component units	-	1,219	-	-	-	1,219
Due to FSM State Governments	1,854,344	-	-	-	-	1,854,344
Due to other funds	6,463,431	5,747,829	2,003,447	5,944,408	7,260,548	27,419,663
Unearned revenue	150,328	-	-	-	-	150,328
Total liabilities	<u>14,215,980</u>	<u>15,268,579</u>	<u>2,404,226</u>	<u>8,131,464</u>	<u>8,458,143</u>	<u>48,478,392</u>
Fund balances (deficit):						
Non-spendable	55,472,842	1,224,897	389,348	1,596,542	2,438,866	61,122,495
Restricted	507,540	3,969,015	1,563,497	4,449,637	1,724,263	12,213,952
Committed	38,570,746	-	3,889	148,716	754,074	39,477,425
Assigned	2,847,233	-	-	155,328	2,510,243	5,512,804
Unassigned:						
General fund	51,999,030	(10,378,558)	(577,937)	772,571	11,807,350	53,622,456
Total fund balances (deficit)	<u>149,397,391</u>	<u>(5,184,646)</u>	<u>1,378,797</u>	<u>7,122,794</u>	<u>19,234,796</u>	<u>171,949,132</u>
Total liabilities and fund balances	<u>\$ 163,613,371</u>	<u>\$ 10,083,933</u>	<u>\$ 3,783,023</u>	<u>\$ 15,254,258</u>	<u>\$ 27,692,939</u>	<u>\$ 220,427,524</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet Combining Grants Assistance Funds September 30, 2014

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
ASSETS						
Investments	\$ 1,589,605	\$ -	\$ 900,000	\$ -	\$ 3,102,079	\$ 5,591,684
Receivables, net:						
Federal agencies	11,728,183	1,340,901	440,282	-	1,039,969	14,549,335
FSM National Government	-	-	-	1,483,578	-	1,483,578
Other	-	-	-	3,928	600	4,528
Due from other funds	4,005,539	5,747,829	1,163,862	2,833,240	6,703,735	20,454,205
Advances	252,257	90,390	28,453	101,364	165,571	638,035
Other assets	-	-	175,580	-	-	175,580
Restricted assets:						
Cash and cash equivalents	-	-	-	7,700	-	7,700
Total assets	<u>\$ 17,575,584</u>	<u>\$ 7,179,120</u>	<u>\$ 2,708,177</u>	<u>\$ 4,429,810</u>	<u>\$ 11,011,954</u>	<u>\$ 42,904,645</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,340,096	\$ 466,152	\$ 148,200	\$ 504,848	\$ 911,949	\$ 3,371,245
Retention payable	742,980	4,996	-	-	-	747,976
Other liabilities and accruals	-	-	122,148	338,379	151,870	612,397
Due to federal agencies	1,126,478	-	-	-	-	1,126,478
Due to FSM State Governments	2,160,133	-	-	-	-	2,160,133
Due to other funds	6,542,322	1,033,042	182,182	1,241,351	1,768,071	10,766,968
Unearned revenue	<u>3,437,806</u>	<u>1,102,814</u>	<u>993,926</u>	<u>2,176,671</u>	<u>3,611,157</u>	<u>11,322,374</u>
Total liabilities	<u>15,349,815</u>	<u>2,607,004</u>	<u>1,446,456</u>	<u>4,261,249</u>	<u>6,443,047</u>	<u>30,107,571</u>
Fund balances:						
Non-spendable	-	90,390	1,104,033	-	-	1,194,423
Restricted	2,250,444	4,515,368	416,767	168,561	4,568,907	11,920,047
Unassigned:						
Special revenue funds	<u>(24,675)</u>	<u>(33,642)</u>	<u>(259,079)</u>	<u>-</u>	<u>-</u>	<u>(317,396)</u>
Total fund balances	<u>2,225,769</u>	<u>4,572,116</u>	<u>1,261,721</u>	<u>168,561</u>	<u>4,568,907</u>	<u>12,797,074</u>
Total liabilities and fund balances	<u>\$ 17,575,584</u>	<u>\$ 7,179,120</u>	<u>\$ 2,708,177</u>	<u>\$ 4,429,810</u>	<u>\$ 11,011,954</u>	<u>\$ 42,904,645</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet

Combining Compact Trust Funds

September 30, 2014

(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	<u>\$ 15,380,233</u>	<u>\$ 11,840,861</u>	<u>\$ 4,154,402</u>	<u>\$ 13,518,169</u>	<u>\$ 9,760,745</u>	<u>\$ 54,654,410</u>
<u>FUND BALANCES</u>						
Fund balances:						
Non-spendable	<u>\$ 15,380,233</u>	<u>\$ 11,840,861</u>	<u>\$ 4,154,402</u>	<u>\$ 13,518,169</u>	<u>\$ 9,760,745</u>	<u>\$ 54,654,410</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
Combining Other Governmental Funds
September 30, 2014

(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>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 294,863	\$ 294,863
Investment	-	-	93,000	-	-	93,000
Receivables, net:						
General	-	65,673	16,819	-	-	82,492
Loans	-	-	429,480	-	-	429,480
FSM National government	-	-	-	-	20,553	20,553
Due from other funds	2,457,892	-	839,585	3,111,168	556,813	6,965,458
Advances	648	-	-	7,768	-	8,416
Inventories	-	-	-	29,947	-	29,947
Restricted assets:						
Cash and cash equivalents	-	-	33,891	-	-	33,891
Time certificates of deposit	-	-	354,383	-	-	354,383
Total assets	<u>\$ 2,458,540</u>	<u>\$ 65,673</u>	<u>\$ 1,767,158</u>	<u>\$ 3,148,883</u>	<u>\$ 872,229</u>	<u>\$ 8,312,483</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 5,986	\$ 922	\$ 12,247	\$ 114,161	\$ 37,922	\$ 171,238
Other liabilities and accruals	-	46	3,279	20,554	75,305	99,184
Due to other funds	20,090	64,705	2,977	13,316	-	101,088
Unearned revenue	-	-	33	395,518	-	395,551
Total liabilities	<u>26,076</u>	<u>65,673</u>	<u>18,536</u>	<u>543,549</u>	<u>113,227</u>	<u>767,061</u>
Fund balances:						
Non-spendable	-	-	522,480	35,368	-	557,848
Restricted	-	-	613,308	-	349,939	963,247
Committed	2,452,554	-	612,834	2,182,316	409,853	5,657,557
Assigned	-	-	-	387,650	-	387,650
Unassigned:						
Special revenue funds	<u>(20,090)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(790)</u>	<u>(20,880)</u>
Total fund balances	<u>2,432,464</u>	<u>-</u>	<u>1,748,622</u>	<u>2,605,334</u>	<u>759,002</u>	<u>7,545,422</u>
Total liabilities and fund balances	<u>\$ 2,458,540</u>	<u>\$ 65,673</u>	<u>\$ 1,767,158</u>	<u>\$ 3,148,883</u>	<u>\$ 872,229</u>	<u>\$ 8,312,483</u>

FEDERATED STATES OF MICRONESIA

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

Combining General Funds

Year Ended September 30, 2014

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ 39,876,736	\$ 5,157,205	\$ 1,326,916	\$ 8,628,042	\$ 3,161,040	\$ 58,149,939
CFSM grants	-	-	-	162,778	-	162,778
Fishing rights	47,517,815	-	-	-	-	47,517,815
Interest and dividends	465,650	-	37,508	-	-	503,158
Fees and charges	475,739	1,793,756	199,868	393,920	1,099,631	3,962,914
Net change in the fair value of investments	5,739,133	601,617	191,976	1,140,777	2,510,647	10,184,150
MiCare reimbursable	243,881	-	-	-	-	243,881
Other	1,090,819	811,790	8,654	29,135	378,888	2,319,286
Total revenues	95,409,773	8,364,368	1,764,922	10,354,652	7,150,206	123,043,921
Expenditures:						
General government:						
President's office	1,875,421	-	-	-	-	1,875,421
External affairs and LNOs	4,444,643	-	-	-	-	4,444,643
Health and social affairs	1,293,621	64,600	-	49,365	680,547	2,088,133
Education	2,428,817	-	25,868	68,454	62,384	2,585,523
Economic development (Resources & development)	1,351,190	69,138	77,210	-	388,737	1,886,275
Transportation, communication and infrastructure	6,618,333	906,129	-	502,844	1,333,614	9,360,920
Finance and general governmental administration	2,870,089	4,073,228	1,055,457	3,794,451	2,403,621	14,196,846
Justice	4,003,927	1,040,930	327,740	1,831,186	580,167	7,783,950
Office of the Public Defender	803,667	-	-	-	-	803,667
SBOC Office	1,237,951	-	-	-	-	1,237,951
Environment and emergency management	575,064	-	-	-	-	575,064
National archives, cultural and historic preservation	159,396	-	-	-	-	159,396
Judiciary	1,488,806	499,261	-	-	200,840	2,188,907
Legislature	4,432,504	-	-	-	-	4,432,504
Office of the National Public Auditor	951,024	-	-	-	-	951,024
National government programs	200	-	-	-	-	200
Land and natural resources	-	-	-	500,349	-	500,349
Other appropriations	7,972,694	-	-	-	-	7,972,694
Payments to component units and fiduciary fund	2,092,654	55,854	-	-	29,844	2,178,352
Municipal affairs	-	438,935	-	2,402,415	-	2,841,350
Boards, commissions, councils and other	2,400,688	720,249	523,734	1,632,941	510,610	5,788,222
Debt service	2,319,117	458,178	352,278	155,288	467,539	3,752,400
Total expenditures	49,319,806	8,326,502	2,362,287	10,937,293	6,657,903	77,603,791
Excess (deficiency) of revenues over (under) expenditures	46,089,967	37,866	(597,365)	(582,641)	492,303	45,440,130
Other financing sources (uses):						
Proceeds from issuance of long-term debt	2,054,648	-	104,548	-	-	2,159,196
Operating transfers in	1,320,460	-	172,629	-	-	1,493,089
Operating transfers out	(285,000)	(478,229)	-	(280,375)	(1,557,125)	(2,600,729)
Total other financing sources (uses), net	3,090,108	(478,229)	277,177	(280,375)	(1,557,125)	1,051,556
Net change in fund balances (deficit)	49,180,075	(440,363)	(320,188)	(863,016)	(1,064,822)	46,491,686
Fund balances (deficit) at the beginning of the year	100,217,316	(4,744,283)	1,698,985	7,985,810	20,299,618	125,457,446
Fund balances (deficit) at the end of the year	\$ 149,397,391	\$ (5,184,646)	\$ 1,378,797	\$ 7,122,794	\$ 19,234,796	\$ 171,949,132

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Combining Grants Assistance Funds Year Ended September 30, 2014 (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	\$ 6,029,285	\$ 23,519,320	\$ 6,732,815	\$ 16,380,248	\$ 11,079,782	\$ 63,741,450
CFSM grants	-	-	-	1,062,203	162,325	1,224,528
Federal and other grants	16,435,714	2,071,306	1,546,881	2,464,663	2,206,990	24,725,554
Fees and charges	-	-	-	-	21,784	21,784
Other	-	-	149,911	362,209	-	512,120
Total revenues	<u>22,464,999</u>	<u>25,590,626</u>	<u>8,429,607</u>	<u>20,269,323</u>	<u>13,470,881</u>	<u>90,225,436</u>
Expenditures:						
General government:						
Health and social affairs	5,257,990	9,440,326	2,572,725	6,283,931	4,692,309	28,247,281
Education	1,079,741	13,444,135	4,240,585	11,438,583	5,939,125	36,142,169
Economic development (Resources and development)	3,042,209	1,992,528	612,563	-	660,647	6,307,947
Transportation, communication and infrastructure	5,318,387	-	-	-	942,851	6,261,238
Finance and general governmental administration	1,839,096	1,466,136	690,473	2,594,079	1,550,171	8,139,955
Justice	-	13,011	-	-	-	13,011
SBOC Office	65,731	-	-	-	-	65,731
Environmental and emergency management	181,365	-	1,030,656	-	-	1,212,021
National archives, cultural and historic preservation	73,771	-	-	-	-	73,771
Office of the National Public Auditor	581,750	-	-	-	-	581,750
Land and natural resources	-	-	-	184,406	-	184,406
Other appropriations	-	-	-	-	42,904	42,904
Boards, commissions, councils and other	105,368	-	-	-	-	105,368
Capital projects	5,002,682	-	-	-	-	5,002,682
Total expenditures	<u>22,548,090</u>	<u>26,356,136</u>	<u>9,147,002</u>	<u>20,500,999</u>	<u>13,828,007</u>	<u>92,380,234</u>
Deficiency of revenues under expenditures	<u>(83,091)</u>	<u>(765,510)</u>	<u>(717,395)</u>	<u>(231,676)</u>	<u>(357,126)</u>	<u>(2,154,798)</u>
Other financing sources (uses):						
Operating transfers in	285,000	425,349	-	280,375	1,458,250	2,448,974
Operating transfers out	-	-	(172,629)	-	-	(172,629)
Total other financing sources (uses), net	<u>285,000</u>	<u>425,349</u>	<u>(172,629)</u>	<u>280,375</u>	<u>1,458,250</u>	<u>2,276,345</u>
Net change in fund balances	201,909	(340,161)	(890,024)	48,699	1,101,124	121,547
Fund balances at the beginning of the year	<u>2,023,860</u>	<u>4,912,277</u>	<u>2,151,745</u>	<u>119,862</u>	<u>3,467,783</u>	<u>12,675,527</u>
Fund balances at the end of the year	<u>\$ 2,225,769</u>	<u>\$ 4,572,116</u>	<u>\$ 1,261,721</u>	<u>\$ 168,561</u>	<u>\$ 4,568,907</u>	<u>\$ 12,797,074</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues
and Changes in Fund Balances
Combining Compact Trust Funds
Year Ended September 30, 2014

(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 change in the fair value of investments	\$ 1,169,230	\$ 900,161	\$ 315,846	\$ 2,577,469	\$ 742,079	\$ 5,704,785
Total revenues	<u>1,169,230</u>	<u>900,161</u>	<u>315,846</u>	<u>2,577,469</u>	<u>742,079</u>	<u>5,704,785</u>
Net change in fund balances	1,169,230	900,161	315,846	2,577,469	742,079	5,704,785
Fund balances at the beginning of the year	<u>14,211,003</u>	<u>10,940,700</u>	<u>3,838,556</u>	<u>10,940,700</u>	<u>9,018,666</u>	<u>48,949,625</u>
Fund balances at the end of the year	<u>\$ 15,380,233</u>	<u>\$ 11,840,861</u>	<u>\$ 4,154,402</u>	<u>\$ 13,518,169</u>	<u>\$ 9,760,745</u>	<u>\$ 54,654,410</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Combining Other Governmental Funds Year Ended September 30, 2014 (See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ 102,664	\$ -	\$ 232,505	\$ 413,908	\$ 98,813	\$ 847,890
CFSM grants	-	-	239,091	-	1,022,435	1,261,526
Federal and other grants	-	-	-	154,838	-	154,838
Fees and charges	2,003,307	163,047	-	1,077,468	159,399	3,403,221
Other	173,832	-	98,757	-	20,451	293,040
Total revenues	2,279,803	163,047	570,353	1,646,214	1,301,098	5,960,515
Expenditures:						
General government:						
Health and social affairs	-	215,927	125,978	1,419,479	-	1,761,384
Education	311,957	-	1,370	-	-	313,327
Economic development (Resources and development)	-	-	12,545	-	-	12,545
Transportation, communication and infrastructure	39,220	-	-	-	-	39,220
Finance and general governmental administration	-	-	-	1,717,455	1,123,255	2,840,710
Justice	720,662	-	12,780	-	-	733,442
Environment and emergency management	-	-	79,591	-	-	79,591
Boards, commissions, councils and other	634,429	-	243,905	-	-	878,334
Total expenditures	1,706,268	215,927	476,169	3,136,934	1,123,255	6,658,553
Excess (deficiency) of revenues over (under) expenditures	573,535	(52,880)	94,184	(1,490,720)	177,843	(698,038)
Other financing sources (uses):						
Operating transfers in	-	52,880	-	-	98,875	151,755
Operating transfers out	(1,320,460)	-	-	-	-	(1,320,460)
Total other financing sources, net	(1,320,460)	52,880	-	-	98,875	(1,168,705)
Net change in fund balances	(746,925)	-	94,184	(1,490,720)	276,718	(1,866,743)
Fund balances at the beginning of the year	3,179,389	-	1,654,438	4,096,054	482,284	9,412,165
Fund balances at the end of the year	\$ 2,432,464	\$ -	\$ 1,748,622	\$ 2,605,334	\$ 759,002	\$ 7,545,422