

FEDERATED STATES OF MICRONESIA

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

SEPTEMBER 30, 2016

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, 2016, 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.

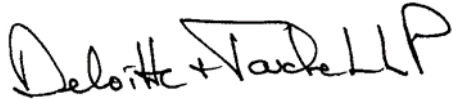
Management is responsible for the preparation and fair presentation of the combined financial statements and other supplementary information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant 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, 2016. 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 August 10, 2017, 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.

August 10, 2017

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position

September 30, 2016

(See Accompanying Independent Accountants' Compilation Report)

	Primary Governments	Component Units
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,192,408	\$ 51,390,953
Time certificates of deposit	4,030,617	2,823,292
Investments	135,689,884	6,534,555
Receivables, net of allowance for uncollectibles	74,412,758	22,085,819
Advances	2,367,620	2,777,994
Inventories	-	16,822,449
Due from component units	50,000	12,412,524
Other current assets	-	1,147,313
Restricted assets	9,921,564	1,188,192
Total current assets	286,664,851	117,183,091
Noncurrent assets:		
Investments	118,910,412	28,470,385
Receivables, net of current portion	46,296	22,152,076
Capital assets:		
Nondepreciable capital assets	86,303,899	18,920,143
Capital assets, net of accumulated depreciation	268,332,678	140,615,030
Other noncurrent assets	13,386,158	8,622,038
Total noncurrent assets	486,979,443	218,779,672
Total assets	\$ 773,644,294	\$ 335,962,763
LIABILITIES		
Current liabilities:		
Current portion of long-term obligations	\$ 3,150,866	\$ 6,568,721
Short-term notes	-	1,475,782
Accounts payable	17,871,739	13,850,339
Land acquisition payable	8,591,745	-
Current portion of compensated absences payable	1,854,071	-
Other liabilities and accruals	10,009,108	15,369,259
Tax refunds payable	154	-
Retention payable	2,123,190	-
Due to federal agencies	1,126,478	-
Due to FSM State Governments	4,708,288	-
Due to primary government	-	1,697,648
Due to component units	-	12,412,524
Unearned revenue	14,985,038	3,606,571
Total current liabilities	64,420,677	54,980,844
Noncurrent liabilities:		
Long-term obligations, net of current portion	67,959,207	44,775,681
Other noncurrent liabilities	1,473,181	-
Compensated absences payable, net of current portion	1,909,411	-
Total noncurrent liabilities	71,341,799	44,775,681
Total liabilities	135,762,476	99,756,525
NET POSITION		
Net investment in capital assets	354,636,577	111,689,878
Restricted for:		
Nonexpendable:		
Future operations	57,163,623	-
Other purposes	-	12,009,627
Expendable:		
Compact related	11,930,757	-
Debt service	10,018,170	-
Other purposes	7,771,623	2,513,027
Unrestricted	196,361,068	109,993,706
Total net position	637,881,818	236,206,238
Total liabilities and net position	\$ 773,644,294	\$ 335,962,763

FEDERATED STATES OF MICRONESIA

Combined Statement of Activities
Year Ended September 30, 2016

(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	\$ 3,596,959	\$ -	\$ -	\$ -	\$ (3,596,959)	\$ -
External affairs and LNOs	4,859,965	-	-	-	(4,859,965)	-
Health and social affairs	34,391,382	1,009,015	29,850,112	-	(3,532,255)	-
Education	46,511,969	-	36,898,756	-	(9,613,213)	-
Economic development (Resources and development)	6,527,484	-	4,264,933	-	(2,262,551)	-
Transportation, communication and infrastructure	26,614,663	1,107,028	20,253,689	-	(5,253,946)	-
Finance and general governmental administration	25,261,399	4,188,149	11,000,328	-	(10,072,922)	-
Justice	8,351,530	1,660,092	-	-	(6,691,438)	-
Office of the Public Defender	727,368	-	-	-	(727,368)	-
Environmental and emergency management	1,077,637	-	364,795	-	(712,842)	-
National archives, cultural and preservation	234,094	-	37,495	-	(196,599)	-
Judiciary	2,244,298	-	-	-	(2,244,298)	-
Legislature	6,503,047	-	-	-	(6,503,047)	-
Office of the National Public Auditor	1,590,453	-	463,282	-	(1,127,171)	-
National government programs	1,388,263	-	-	-	(1,388,263)	-
Land and natural resources	618,682	37,409	119,364	-	(461,909)	-
Other appropriations	9,093,501	-	-	7,161,032	(1,932,469)	-
Payments to component units and fiduciary funds	2,248,557	-	29,556	-	(2,219,001)	-
Boards, commissions, councils and other	10,709,623	1,343,600	277,746	12,913,260	3,824,983	-
Municipal affairs	2,721,288	-	-	-	(2,721,288)	-
Capital projects	482,930	-	-	-	(482,930)	-
Interest - unallocated	361,676	-	-	-	(361,676)	-
Total primary governments	\$ 196,116,768	\$ 9,345,293	\$ 103,560,056	\$ 20,074,292	(63,137,127)	-
Component units:						
FSM Telecommunications Corporation	\$ 14,367,279	\$ 14,538,582	\$ 563,730	\$ -	-	735,033
FSM Development Bank	1,789,615	3,916,471	-	-	-	2,126,856
National Fisheries Corporation	480,046	717,686	-	-	-	237,640
College of Micronesia - FSM	20,733,072	21,503,549	-	-	-	770,477
FSM Petroleum Corporation	37,975,747	42,763,730	-	-	-	4,787,983
Vital Energy Inc.	17,042,344	17,296,781	-	-	-	254,437
Caroline Islands Air, Inc.	561,853	674,069	103,307	-	-	215,523
FSMNG Employees' Health Insurance Plan	7,086,091	6,305,982	80,000	-	-	(700,109)
Chuuk State Health Care Plan	1,411,121	1,518,926	-	-	-	107,805
Chuuk Public Utility Corporation	6,103,626	5,641,727	-	7,038,970	-	6,577,071
Chuuk State Housing Authority	170,466	218,642	-	-	-	48,176
Kosrae Port Authority	1,211,179	435,106	-	-	-	(776,073)
Kosrae Utilities Authority	2,330,680	2,462,828	-	-	-	132,148
Kosrae State Housing Authority	147,266	20,156	812,186	-	-	685,076
Pohnpei Utilities Corporation	12,884,420	11,883,313	-	3,828,306	-	2,827,199
Pohnpei Port Authority	3,306,623	2,755,969	-	-	-	(550,654)
Pohnpei Transportation Authority	868,141	912,982	-	-	-	44,841
Small Business Guarantee and Finance Corporation	190,685	57,111	-	-	-	(133,574)
Pohnpei State Housing Authority	151,073	380,048	-	-	-	228,975
Public Transportation System	560,509	393,717	-	-	-	(166,792)
Yap Visitor's Bureau	312,484	-	-	-	-	(312,484)
Yap State Public Service Corporation	5,595,228	6,017,105	-	73,839	-	495,716
The Diving Seagull, Inc.	9,388,991	7,912,182	-	-	-	(1,476,809)
Total component units	\$ 144,668,539	\$ 148,326,662	\$ 1,559,223	\$ 10,941,115	-	16,158,461
General revenues:						
Taxes					40,952,597	-
Fishing rights					63,356,795	-
Unrestricted investment earnings					12,423,208	1,355,935
Other					5,745,631	1,286,217
Total general revenues					122,478,231	2,642,152
Special item - gain on SDR foreign exchange					(40,772)	-
Special item - write-off of receivable balances					(1,456,991)	-
Contributions to permanent funds					8,988,277	-
Total general revenues, contributions and special items					129,968,745	2,642,152
Change in net position					66,831,618	18,800,613
Net position at the beginning of the year					565,687,904	214,379,373
Implementation of GASB 72					4,613,436	3,026,252
Understatement of contract payable					(194,999)	-
Understatement of capital assets					943,859	-
Net position at the beginning of the year, as restated					571,050,200	217,405,625
Net position at the end of the year	\$ 637,881,818	\$ 236,206,238				

FEDERATED STATES OF MICRONESIA

Combined Balance Sheet
Governmental Funds
September 30, 2016

(See Accompanying Independent Accountants' Compilation Report)

	General	Special Revenue	Permanent	Yap State Investment Fund	Other Governmental Funds	Total
		Grants Assistance	Compact Trust			
ASSETS						
Cash and cash equivalents	\$ 60,171,468	\$ -	\$ -	\$ -	\$ 20,940	\$ 60,192,408
Time certificates of deposit	4,030,617	-	-	-	-	4,030,617
Equity in internal investment pool	131,557,203	-	-	-	-	131,557,203
Investments	6,338,926	2,636,997	-	-	284,111	9,260,034
Receivables, net:						
General	3,384,005	-	-	-	54,969	3,438,974
Taxes	6,786,349	-	-	-	-	6,786,349
Federal agencies	-	12,008,468	-	-	-	12,008,468
Loans	41,152,685	-	-	-	-	41,152,685
FSM National Government	-	4,734,756	-	-	-	4,734,756
Other	236,386	4,528	-	-	-	240,914
Due from other funds	6,587,599	28,719,546	-	-	8,235,137	43,542,282
Advances	2,682,101	1,532,399	-	-	80,156	4,294,656
Other assets	13,193,158	100,000	-	-	93,000	13,386,158
Restricted assets:						
Cash and cash equivalents	9,874,353	7,700	-	-	39,511	9,921,564
Time certificates of deposit	-	-	-	-	354,383	354,383
Investments	10,018,170	-	57,163,623	46,246,883	-	113,428,676
Total assets	<u>\$ 296,013,020</u>	<u>\$ 49,744,394</u>	<u>\$ 57,163,623</u>	<u>\$ 46,246,883</u>	<u>\$ 9,162,207</u>	<u>\$ 458,330,127</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 6,780,889	\$ 10,768,022	\$ -	\$ -	\$ 322,828	\$ 17,871,739
Retention payable	-	2,123,190	-	-	-	2,123,190
Other liabilities and accruals	8,352,387	1,574,928	-	-	66,921	9,994,236
Tax refunds payable	154	-	-	-	-	154
Land acquisition payable	8,591,745	-	-	-	-	8,591,745
Due to federal agencies	-	1,126,478	-	-	-	1,126,478
Due to FSM State Governments	2,712,438	1,995,850	-	-	-	4,708,288
Due to other funds	36,954,683	6,174,608	-	-	412,991	43,542,282
Unearned revenue	-	14,434,935	-	-	550,103	14,985,038
Total liabilities	<u>63,392,296</u>	<u>38,198,011</u>	<u>-</u>	<u>-</u>	<u>1,352,843</u>	<u>102,943,150</u>
Fund balances:						
Non-spendable	65,088,233	369,095	57,163,623	46,246,883	96,402	168,964,236
Restricted	12,378,086	11,258,229	-	-	898,220	24,534,535
Committed	136,221,012	-	-	-	6,942,522	143,163,534
Assigned	6,706,026	-	-	-	-	6,706,026
Unassigned:						
General fund	12,227,367	-	-	-	-	12,227,367
Special revenue funds	-	(80,941)	-	-	(127,780)	(208,721)
Total fund balances	<u>232,620,724</u>	<u>11,546,383</u>	<u>57,163,623</u>	<u>46,246,883</u>	<u>7,809,364</u>	<u>355,386,977</u>
Total liabilities and fund balances	<u>\$ 296,013,020</u>	<u>\$ 49,744,394</u>	<u>\$ 57,163,623</u>	<u>\$ 46,246,883</u>	<u>\$ 9,162,207</u>	<u>\$ 458,330,127</u>

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	\$ 354,636,577
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	(71,110,073)
Compensated absences payable	(3,763,482)
Accrued interest payable	(14,872)
Claims payable	<u>(1,473,181)</u>

282,494,841

Net position of governmental activities

\$ 637,881,818

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2016
(See Accompanying Independent Accountants' Compilation Report)

	General	Special Revenue	Permanent		Other Governmental Funds	Total
		Grants Assistance	Compact Trust	Yap State Investment Fund		
Revenues:						
Compact funding	\$ -	\$ 67,818,164	\$ -	\$ -	\$ -	\$ 67,818,164
Taxes	40,254,307	-	-	-	698,290	40,952,597
CFSM grants	-	1,100,432	-	-	1,388,570	2,489,002
Federal and other grants	-	39,653,219	-	-	-	39,653,219
Fishing rights	63,356,795	-	-	-	-	63,356,795
Interest and dividends	635,038	-	-	-	-	635,038
Fees and charges	4,230,282	21,824	-	-	5,096,909	9,349,015
Net change in the fair value of investments	11,759,604	-	5,207,138	3,781,139	-	20,747,881
MiCare reimbursable	422,202	-	-	-	-	422,202
Other	4,367,475	-	-	-	245,964	4,613,439
Total revenues	125,025,703	108,593,639	5,207,138	3,781,139	7,429,733	250,037,352
Expenditures:						
General government:						
President's office	3,624,178	-	-	-	-	3,624,178
External affairs and LNOs	5,645,618	-	-	-	-	5,645,618
Health and social affairs	1,810,098	31,359,383	-	-	1,069,598	34,239,079
Education	7,069,286	37,731,313	-	-	97,267	44,897,866
Economic development (Resources and development)	2,273,843	4,267,907	-	-	13,187	6,554,937
Transportation, communication and infrastructure	10,997,411	5,805,526	-	-	862,437	17,665,374
Finance and general governmental administration	14,216,431	7,007,519	-	-	2,178,488	23,402,438
Justice	6,692,344	278,422	-	-	1,070,093	8,040,859
Office of the Public Defender	709,461	-	-	-	-	709,461
Environmental and emergency management	491,349	364,795	-	-	106,277	962,421
National archives, cultural and historic preservation	192,270	37,495	-	-	-	229,765
Judiciary	2,195,189	-	-	-	-	2,195,189
Legislature	6,480,326	-	-	-	-	6,480,326
Office of the National Public Auditor	1,084,995	463,282	-	-	-	1,548,277
National government programs	746,614	-	-	-	-	746,614
Land and natural resources	485,248	119,364	-	-	-	604,612
Other appropriations	11,204,734	207,211	-	-	-	11,411,945
Payments to component units and fiduciary funds	2,248,557	-	-	-	-	2,248,557
Municipal affairs	2,721,288	-	-	-	-	2,721,288
Boards, commissions, councils and other	7,099,890	277,746	-	-	1,285,286	8,662,922
Capital projects	-	21,609,921	-	-	-	21,609,921
Debt service	3,806,092	-	-	-	-	3,806,092
Total expenditures	91,795,222	109,529,884	-	-	6,682,633	208,007,739
Excess (deficiency) of revenues over expenditures	33,230,481	(936,245)	5,207,138	3,781,139	747,100	42,029,613
Other financing sources (uses):						
Proceeds from issuance of long-term debt	1,640,091	-	-	-	-	1,640,091
Operating transfers in	-	(232,698)	-	-	-	(232,698)
Operating transfers out	3,090,855	-	-	-	(2,858,157)	232,698
Total other financing sources, net	4,730,946	(232,698)	-	-	(2,858,157)	1,640,091
Special items:						
Noncash reduction in loans receivable	(64,333)	-	-	-	-	(64,333)
Write-off of receivables	(753,741)	-	-	-	-	(753,741)
Net change in fund balances	37,143,353	(1,168,943)	5,207,138	3,781,139	(2,111,057)	42,851,630
Fund balances at the beginning of the year, as previously stated	191,058,934	12,715,326	51,956,485	42,465,744	9,920,421	308,116,910
Implementation of GASB 72	4,613,436	-	-	-	-	4,613,436
Understatement of contract payable	(194,999)	-	-	-	-	(194,999)
Fund balances at the beginning of the year, as restated	195,477,371	12,715,326	51,956,485	42,465,744	9,920,421	312,535,347
Fund balances at the end of the year	\$ 232,620,724	\$ 11,546,383	\$ 57,163,623	\$ 46,246,883	\$ 7,809,364	\$ 355,386,977

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, 2016

(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 \$ 42,851,630

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	32,947,282	
Depreciation expense	<u>(10,319,447)</u>	
		22,627,835

Special item associated with gain on SDR foreign exchange adjustment (40,772)

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	(1,640,091)	
Repayment of long-term debt	<u>3,036,214</u>	
		1,396,123

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>(3,198)</u>
--	----------------

Change in net position of governmental activities \$ 66,831,618

FEDERATED STATES OF MICRONESIA

Combined Statement of Fiduciary Net Position

Fiduciary Funds - Private Purpose Trusts

September 30, 2016

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM Social Security Administration</u>	<u>Yap State Development Loan Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,152,302	\$ 119,479	\$ 4,271,781
Time certificates of deposit	-	148,574	148,574
Receivables, net:			
Contributions	2,948,089	-	2,948,089
Other	65,977	633	66,610
Investments	43,693,123	-	43,693,123
Capital assets, net of accumulated depreciation	<u>69,916</u>	<u>-</u>	<u>69,916</u>
Total assets	<u>\$ 50,929,407</u>	<u>\$ 268,686</u>	<u>\$ 51,198,093</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 226,484	\$ 13,334	\$ 239,818
Other liabilities and accruals	<u>31,261</u>	<u>-</u>	<u>31,261</u>
Total liabilities	<u>257,745</u>	<u>13,334</u>	<u>271,079</u>
<u>NET POSITION</u>			
Held in trust for:			
Social security benefits	50,671,662	-	50,671,662
Restricted	-	633	633
Other purposes	<u>-</u>	<u>254,719</u>	<u>254,719</u>
Total net position	<u>50,671,662</u>	<u>255,352</u>	<u>50,927,014</u>
Total liabilities and net position	<u>\$ 50,929,407</u>	<u>\$ 268,686</u>	<u>\$ 51,198,093</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Private Purpose Trusts

Year Ended September 30, 2016

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM Social Security Administration</u>	<u>Yap State Development Loan Fund</u>	<u>Total</u>
Additions:			
Contributions:	\$ 18,563,485	\$ -	\$ 18,563,485
Total contributions	<u>18,563,485</u>	<u>-</u>	<u>18,563,485</u>
Investment earnings:			
Net change in the fair value of investments	1,261,672	371	1,262,043
Interest and dividends	<u>1,035,757</u>	<u>-</u>	<u>1,035,757</u>
Total investment earnings	2,297,429	371	2,297,800
Less investment expense	<u>(279,777)</u>	<u>-</u>	<u>(279,777)</u>
Net investment earnings	<u>2,017,652</u>	<u>371</u>	<u>2,018,023</u>
Contributions	1,000,000	-	1,000,000
Other	<u>553,052</u>	<u>-</u>	<u>553,052</u>
Total additions	<u>22,134,189</u>	<u>371</u>	<u>22,134,560</u>
Deductions:			
Benefits	20,220,775	-	20,220,775
Refunds	23,303	-	23,303
Administrative expenses	<u>1,236,652</u>	<u>-</u>	<u>1,236,652</u>
Total deductions	<u>21,480,730</u>	<u>-</u>	<u>21,480,730</u>
Change in net position	653,459	371	653,830
Net position at the beginning of the year	<u>50,018,203</u>	<u>254,981</u>	<u>50,273,184</u>
Net position at the end of the year	<u>\$ 50,671,662</u>	<u>\$ 255,352</u>	<u>\$ 50,927,014</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position

Component Units

September 30, 2016

(See Accompanying Independent Accountants' Compilation Report)

	FSM Tele- Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia- FSM	FSM Petroleum Corporation	Vital Energy, Inc.	Caroline Islands Air, Inc.	FSM National Government Employees Health Insurance Plan	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority	Kosrae Port Authority
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 1,390,344	\$ 7,903,776	\$ 827,579	\$ 9,639,424	\$ 8,998,024	\$ 12,529,991	\$ 395,159	\$ 495,600	\$ 471,432	\$ 1,445,550	\$ 133,060	\$ 54,264
Time certificates of deposit	277,536	937,542	-	30,551	-	400,000	-	-	200,000	-	-	-
Investments	1,635,651	-	-	-	-	-	-	1,098,742	435,453	-	-	-
Receivables, net:												
General	1,089,963	4,655	65,441	4,568,617	2,239,873	498,783	53,280	291,823	394,227	470,195	410,189	49,343
Loans	-	6,416,000	-	-	-	-	-	-	-	-	-	-
Interest	128,938	109,937	-	-	-	-	-	-	-	-	-	-
Other	830,230	-	1,364	181,614	-	-	-	-	-	-	-	-
Advances	201,250	1,317	-	1,028,822	1,412,578	60,587	9,435	-	-	-	-	-
Inventories	650,750	-	-	1,218,161	6,521,950	5,489,067	66,789	-	-	1,204,956	-	-
Due from component units	-	-	-	-	12,412,524	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	6,204,662	15,373,227	894,384	16,667,189	31,584,949	18,978,428	524,663	1,886,165	1,501,112	3,120,701	543,249	103,607
Noncurrent assets:												
Capital assets:												
Nondepreciable capital assets	250,942	-	-	1,455,685	3,174,562	19,400	-	348,000	-	6,372,278	-	-
Capital assets, net of accumulated depreciation	37,292,096	1,624,211	82,535	6,880,183	13,175,528	203,877	4,055	-	6,640	12,966,537	14,072	16,676,397
Investments	-	20,166,538	1,331,750	4,575,892	2,007,764	-	-	388,441	-	-	-	-
Loans receivable	-	18,756,819	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	2,705,663	-	-	-	500,000	-	-	24,925	43,750	1,176,281	-	-
Total noncurrent assets	40,248,701	40,547,568	1,414,285	12,911,760	18,857,854	223,277	4,055	761,366	50,390	20,515,096	14,072	16,676,397
Total assets	\$ 46,453,363	\$ 55,920,795	\$ 2,308,669	\$ 29,578,949	\$ 50,442,803	\$ 19,201,705	\$ 528,718	\$ 2,647,531	\$ 1,551,502	\$ 23,635,797	\$ 557,321	\$ 16,780,004
LIABILITIES												
Current liabilities:												
Current portion of long-term debt	\$ 1,843,782	\$ 133,961	3,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,529	\$ -	\$ -
Short-term notes	1,126,651	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	265,438	111,581	426	300,527	2,864,811	2,078,382	11,383	2,912,298	40,009	376,933	7,680	24,417
Due to component units	-	-	-	-	-	12,412,524	-	-	-	-	-	-
Other liabilities and accruals	1,025,104	242,955	15,911	1,653,227	5,079,209	3,483,901	4,402	51,018	12,823	1,170,981	84,238	88,746
Due to primary government	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	583,575	105,816	-	2,359,186	-	-	-	-	-	89,351	-	-
Total current liabilities	4,844,550	594,313	3,116,337	4,312,940	7,944,020	17,974,807	15,785	2,963,316	52,832	1,880,794	91,918	113,163
Noncurrent liabilities:												
Long-term obligations, net of current portion	23,181,573	1,020,920	-	-	-	-	-	-	-	4,732,089	-	-
Total noncurrent liabilities	23,181,573	1,020,920	-	-	-	-	-	-	-	4,732,089	-	-
Total liabilities	28,026,123	1,615,233	3,116,337	4,312,940	7,944,020	17,974,807	15,785	2,963,316	52,832	6,612,883	91,918	113,163
NET POSITION												
Net investment in capital assets	11,391,032	1,624,211	82,535	8,335,868	16,350,090	223,277	4,055	372,925	6,640	14,395,978	-	16,676,397
Restricted for:												
Nonexpendable	-	-	-	4,575,892	-	-	-	-	1,492,030	551,551	-	-
Expendable	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,036,208	52,681,351	(890,203)	12,354,249	26,148,693	1,003,621	508,878	(688,710)	-	2,075,385	465,403	(9,556)
Total net position	18,427,240	54,305,562	(807,668)	25,266,009	42,498,783	1,226,898	512,933	(315,785)	1,498,670	17,022,914	465,403	16,666,841
Total liabilities and net position	\$ 46,453,363	\$ 55,920,795	\$ 2,308,669	\$ 29,578,949	\$ 50,442,803	\$ 19,201,705	\$ 528,718	\$ 2,647,531	\$ 1,551,502	\$ 23,635,797	\$ 557,321	\$ 16,780,004

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position, Continued

Component Units

September 30, 2016

(See Accompanying Independent Accountants' Compilation Report)

	Kosrae Utilities Authority	Kosrae State Housing 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	\$ 706,892	\$ 69,940	\$ 455,186	\$ 1,696,182	\$ -	\$ 800	\$ 448,522	\$ 86,428	\$ 177,007	\$ 1,498,836	\$ 1,966,957	\$ 51,390,953
Time certificates of deposit	166,225	-	245,438	-	-	-	-	-	-	-	566,000	2,823,292
Investments	319,286	-	-	1,827,543	-	-	-	-	-	-	1,217,880	6,534,555
Receivables, net:												
General	164,760	515,516	1,924,777	302,626	2,921	57,180	43,792	14,049	801	1,067,201	-	14,230,012
Loans	-	-	-	-	-	-	-	-	-	-	-	6,416,000
Interest	-	-	-	-	-	-	-	-	-	-	-	238,875
Other	-	-	-	-	-	-	-	-	-	77,312	110,412	1,200,932
Advances	15,015	-	-	47,962	-	-	1,028	-	-	-	-	2,777,994
Inventories	198,445	-	166,054	38,773	49,048	-	-	208,894	-	900,730	108,832	16,822,449
Due from component units	-	-	-	-	-	-	-	-	-	-	-	12,412,524
Other assets	252,800	-	371,754	-	-	-	-	13,721	-	159,608	349,430	1,147,313
Restricted assets	-	200,000	-	-	-	988,192	-	-	-	-	-	1,188,192
Total current assets	1,823,423	785,456	3,163,209	3,913,086	51,969	1,046,172	493,342	323,092	177,808	3,703,687	4,319,511	117,183,091
Noncurrent assets:												
Capital assets:												
Nondepreciable capital assets	69,305	-	565,708	2,776,034	-	-	-	-	-	3,888,229	-	18,920,143
Capital assets, net of accumulated depreciation	2,329,760	3,197	33,935,003	3,720,068	85,459	4,640	61,344	182,585	11,094	7,928,208	3,427,541	140,615,030
Investments	-	-	-	-	-	-	-	-	-	-	-	28,470,385
Loans receivable	-	-	-	229,868	-	569,398	2,595,991	-	-	-	-	22,152,076
Other noncurrent assets	-	-	1,645,374	9,754	-	-	-	-	-	274,545	2,241,746	8,622,038
Total noncurrent assets	2,399,065	3,197	36,146,085	6,735,724	85,459	574,038	2,657,335	182,585	11,094	12,090,982	5,669,287	218,779,672
Total assets	\$ 4,222,488	\$ 788,653	\$ 39,309,294	\$ 10,648,810	\$ 137,428	\$ 1,620,210	\$ 3,150,677	\$ 505,677	\$ 188,902	\$ 15,794,669	\$ 9,988,798	\$ 335,962,763
LIABILITIES												
Current liabilities:												
Current portion of long-term debt	\$ -	\$ -	\$ 623,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,272	\$ 540,483	\$ 6,568,721
Short term notes	-	-	349,131	-	-	-	-	-	-	-	-	1,475,782
Accounts payable	164,502	669	3,156,914	25,828	79,593	115	-	16,059	-	402,195	1,010,579	13,850,339
Due to component units	-	-	-	-	-	-	-	-	-	-	-	12,412,524
Other liabilities and accruals	40,907	6,612	357,129	283,719	27,781	6,215	15,337	31,550	4,049	472,546	1,210,899	15,369,259
Due to primary government	-	50,000	200,000	-	1,393,066	-	54,582	-	-	-	-	1,697,648
Unearned revenue	28,361	-	307,569	15,241	3,174	-	-	-	-	114,298	-	3,606,571
Total current liabilities	233,770	57,281	4,994,437	324,788	1,503,614	6,330	69,919	47,609	4,049	1,072,311	2,761,961	54,980,844
Noncurrent liabilities:												
Long-term obligation, net of current portion	-	46,296	9,132,336	-	-	-	-	-	-	5,051,348	1,611,119	44,775,681
Total noncurrent liabilities	-	46,296	9,132,336	-	-	-	-	-	-	5,051,348	1,611,119	44,775,681
Total liabilities	233,770	103,577	14,126,773	324,788	1,503,614	6,330	69,919	47,609	4,049	6,123,659	4,373,080	99,756,525
NET POSITION												
Net investment in capital assets	2,399,065	3,197	25,025,628	6,496,102	85,459	4,640	61,344	182,585	11,094	6,681,817	1,275,939	111,689,878
Restricted for:												
Nonexpendable	90,000	-	723,150	-	-	1,557,590	3,019,414	-	-	-	-	12,009,627
Expendable	-	-	-	-	-	-	-	-	-	271,281	2,241,746	2,513,027
Unrestricted	1,499,653	681,879	(566,257)	3,827,920	(1,451,645)	51,650	-	275,483	173,759	2,717,912	2,098,033	109,993,706
Total net position	3,988,718	685,076	25,182,521	10,324,022	(1,366,186)	1,613,880	3,080,758	458,068	184,853	9,671,010	5,615,718	236,206,238
Total liabilities and net position	\$ 4,222,488	\$ 788,653	\$ 39,309,294	\$ 10,648,810	\$ 137,428	\$ 1,620,210	\$ 3,150,677	\$ 505,677	\$ 188,902	\$ 15,794,669	\$ 9,988,798	\$ 335,962,763

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position
Component Units
Year Ended September 30, 2016
(See Accompanying Independent Accountants' Compilation Report)

	FSM Tele- Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia- FSM	FSM Petroleum Corporation	Vital Energy Inc.	Caroline Islands Air, Inc.	FSM National Government Employees Health Insurance Plan	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority	Kosrae Port Authority
Operating revenues:												
Charges for services	\$ 14,293,427	\$ 2,736,600	\$ 682,500	\$ 20,324,319	\$ 42,630,453	\$ 17,296,781	\$ 674,069	\$ 6,302,975	\$ 1,505,119	\$ 5,180,875	\$ -	\$ 435,106
Other	245,155	1,179,871	35,186	1,179,230	133,277	-	-	3,007	13,807	460,852	218,642	-
Total operating revenues	14,538,582	3,916,471	717,686	21,503,549	42,763,730	17,296,781	674,069	6,305,982	1,518,926	5,641,727	218,642	435,106
Operating expenses:												
Cost of services	422,348	52,030	-	-	24,947,476	13,726,840	521,058	6,480,729	1,124,400	2,695,490	-	-
Depreciation	4,436,711	146,069	7,777	841,199	1,854,881	60,692	6,081	20,891	12,731	665,240	3,415	799,184
Administrative costs	9,508,220	1,591,516	472,269	19,506,953	10,270,094	3,024,578	34,714	584,471	273,990	2,742,896	167,051	411,995
Total operating expenses	14,367,279	1,789,615	480,046	20,348,152	37,072,451	16,812,110	561,853	7,086,091	1,411,121	6,103,626	170,466	1,211,179
Operating income (loss)	171,303	2,126,856	237,640	1,155,397	5,691,279	484,671	112,216	(780,109)	107,805	(461,899)	48,176	(776,073)
Nonoperating revenues (expenses):												
Net change in the fair value of investments	87,043	1,192,397	564,750	515,973	136,541	-	-	15,660	-	-	-	-
Interest income	-	-	-	-	(20,946)	30,397	-	-	38,486	121,996	-	-
Interest expense	(1,303,682)	-	-	-	-	-	-	-	-	-	-	-
Contributions from primary government	563,730	-	-	-	-	-	103,307	80,000	-	674,199	-	-
Other income (expense)	-	-	91,117	(384,920)	(903,296)	(230,234)	-	859	-	-	-	-
Total nonoperating revenues (expenses), net	(652,909)	1,192,397	655,867	131,053	(787,701)	(199,837)	103,307	96,519	38,486	796,195	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	7,038,970	-	-
Change in net position	(481,606)	3,319,253	893,507	1,286,450	4,903,578	284,834	215,523	(683,590)	146,291	7,373,266	48,176	(776,073)
Net position at the beginning of the year	18,908,846	48,073,297	(1,701,175)	23,979,559	37,595,205	942,064	297,410	367,805	1,352,379	9,649,648	417,227	17,442,914
Implementation of GASB 72	-	2,913,012	-	-	-	-	-	-	-	-	-	-
Net position at the beginning of the year, as restated	18,908,846	50,986,309	(1,701,175)	23,979,559	37,595,205	942,064	297,410	367,805	1,352,379	9,649,648	417,227	17,442,914
Net position at the end of the year	\$ 18,427,240	\$ 54,305,562	\$ (807,668)	\$ 25,266,009	\$ 42,498,783	\$ 1,226,898	\$ 512,933	\$ (315,785)	\$ 1,498,670	\$ 17,022,914	\$ 465,403	\$ 16,666,841

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position, Continued
Component Units

Year Ended September 30, 2016

(See Accompanying Independent Accountants' Compilation Report)

	Kosrae Utilities Authority	Kosrae Housing 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	\$ 2,462,828	\$ 20,156	\$ 11,883,313	\$ 2,755,969	\$ 912,982	\$ 57,111	\$ 380,048	\$ 390,185	\$ -	\$ 5,547,746	\$ 7,897,190	\$ 144,369,752
Other	-	-	-	-	-	-	-	3,532	-	469,359	14,992	3,956,910
Total operating revenues	<u>2,462,828</u>	<u>20,156</u>	<u>11,883,313</u>	<u>2,755,969</u>	<u>912,982</u>	<u>57,111</u>	<u>380,048</u>	<u>393,717</u>	<u>-</u>	<u>6,017,105</u>	<u>7,912,182</u>	<u>148,326,662</u>
Operating expenses:												
Cost of services	1,267,662	-	5,365,812	-	-	-	-	138,522	-	4,191,731	9,137,064	70,071,162
Depreciation	328,475	799	1,878,748	614,017	17,967	13,246	16,027	113,192	3,321	922,347	871	12,763,881
Administrative costs	708,741	146,467	5,639,860	2,692,606	850,174	177,439	135,046	308,795	309,163	481,150	251,056	60,289,244
Total operating expenses	<u>2,304,878</u>	<u>147,266</u>	<u>12,884,420</u>	<u>3,306,623</u>	<u>868,141</u>	<u>190,685</u>	<u>151,073</u>	<u>560,509</u>	<u>312,484</u>	<u>5,595,228</u>	<u>9,388,991</u>	<u>143,124,287</u>
Operating income (loss)	<u>157,950</u>	<u>(127,110)</u>	<u>(1,001,107)</u>	<u>(550,654)</u>	<u>44,841</u>	<u>(133,574)</u>	<u>228,975</u>	<u>(166,792)</u>	<u>(312,484)</u>	<u>421,877</u>	<u>(1,476,809)</u>	<u>5,202,375</u>
Nonoperating revenues (expenses):												
Net change in the fair value of investments	20,699	-	-	-	-	-	-	-	-	-	-	2,533,063
Interest income	1,254	-	137,694	-	-	-	-	-	-	2,174	113,675	424,730
Interest expense	(3,537)	-	-	-	-	-	-	-	-	(684)	(164,016)	(1,471,919)
Contributions from primary government	-	797,529	-	-	-	44,000	115,578	157,242	309,938	-	-	2,845,523
Other income (expense)	(22,265)	-	24,146	133,487	-	7,531	-	-	99,294	(504,650)	-	(1,688,931)
Total nonoperating revenues (expenses), net	<u>(3,849)</u>	<u>797,529</u>	<u>161,840</u>	<u>133,487</u>	<u>-</u>	<u>51,531</u>	<u>115,578</u>	<u>157,242</u>	<u>409,232</u>	<u>(503,160)</u>	<u>(50,341)</u>	<u>2,642,466</u>
Capital contributions	-	14,657	3,828,306	-	-	-	-	-	-	73,839	-	10,955,772
Change in net position	154,101	685,076	2,989,039	(417,167)	44,841	(82,043)	344,553	(9,550)	96,748	(7,444)	(1,527,150)	18,800,613
Net position at the beginning of the year	<u>3,834,617</u>	<u>-</u>	<u>22,193,482</u>	<u>10,627,949</u>	<u>(1,411,027)</u>	<u>1,695,923</u>	<u>2,736,205</u>	<u>467,618</u>	<u>88,105</u>	<u>9,678,454</u>	<u>7,142,868</u>	<u>214,379,373</u>
Implementation of GASB 72	-	-	-	113,240	-	-	-	-	-	-	-	3,026,252
Net position at the beginning of the year, as restated	<u>3,834,617</u>	<u>-</u>	<u>22,193,482</u>	<u>10,741,189</u>	<u>(1,411,027)</u>	<u>1,695,923</u>	<u>2,736,205</u>	<u>467,618</u>	<u>88,105</u>	<u>9,678,454</u>	<u>7,142,868</u>	<u>217,405,625</u>
Net position at the end of the year	<u>\$ 3,988,718</u>	<u>\$ 685,076</u>	<u>\$ 25,182,521</u>	<u>\$ 10,324,022</u>	<u>\$ (1,366,186)</u>	<u>\$ 1,613,880</u>	<u>\$ 3,080,758</u>	<u>\$ 458,068</u>	<u>\$ 184,853</u>	<u>\$ 9,671,010</u>	<u>\$ 5,615,718</u>	<u>\$ 236,206,238</u>

FEDERATED STATES OF MICRONESIA

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2016

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet

Combining General Funds

September 30, 2016

(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	\$ 58,038,530	\$ 653,148	\$ 417,446	\$ 630,958	\$ 431,386	\$ 60,171,468
Time certificates of deposit	4,030,617	-	-	-	-	4,030,617
Equity in internal investment pool	104,148,679	33,264	1,139,176	5,310,718	20,925,366	131,557,203
Investments	5,768,274	570,652	-	-	-	6,338,926
Receivables, net:						
General	2,162,176	523,294	698,535	-	-	3,384,005
Taxes	4,609,714	-	189,855	1,678,045	308,735	6,786,349
Loans	41,122,685	-	30,000	-	-	41,152,685
Other	30,708	-	96,296	32,036	77,346	236,386
Due from other funds	2,009,482	2,715,575	64,613	782,215	1,015,714	6,587,599
Advances	1,795,666	229,156	138,554	78,523	440,202	2,682,101
Other assets	9,577,292	550,000	627,000	1,000,000	1,438,866	13,193,158
Restricted assets:						
Cash and cash equivalents	5,318,821	1,976,911	543,513	1,839,552	195,556	9,874,353
Investments	-	3,632,504	977,716	3,987,443	1,420,507	10,018,170
Total assets	<u>\$ 238,612,644</u>	<u>\$ 10,884,504</u>	<u>\$ 4,922,704</u>	<u>\$ 15,339,490</u>	<u>\$ 26,253,678</u>	<u>\$ 296,013,020</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ 5,030,427	\$ 766,999	\$ 95,738	\$ 625,704	\$ 262,021	\$ 6,780,889
Other liabilities and accruals	6,736,548	206,271	841,723	484,412	83,433	8,352,387
Tax refunds payable	154	-	-	-	-	154
Land acquisition payable	-	8,591,745	-	-	-	8,591,745
Due to FSM State Governments	2,712,438	-	-	-	-	2,712,438
Due to other funds	<u>13,519,506</u>	<u>6,496,077</u>	<u>2,067,497</u>	<u>7,584,419</u>	<u>7,287,184</u>	<u>36,954,683</u>
Total liabilities	<u>27,999,073</u>	<u>16,061,092</u>	<u>3,004,958</u>	<u>8,694,535</u>	<u>7,632,638</u>	<u>63,392,296</u>
Fund balances (deficit):						
Non-spendable	55,822,485	1,349,808	1,981,025	2,217,699	3,717,216	65,088,233
Restricted	1,713,366	3,632,504	977,716	4,633,993	1,420,507	12,378,086
Committed	129,364,388	-	-	148,716	6,707,908	136,221,012
Assigned	5,470,891	-	-	156,796	1,078,339	6,706,026
Unassigned:						
General fund	<u>18,242,441</u>	<u>(10,158,900)</u>	<u>(1,040,995)</u>	<u>(512,249)</u>	<u>5,697,070</u>	<u>12,227,367</u>
Total fund balances (deficit)	<u>210,613,571</u>	<u>(5,176,588)</u>	<u>1,917,746</u>	<u>6,644,955</u>	<u>18,621,040</u>	<u>232,620,724</u>
Total liabilities and fund balances (deficit)	<u>\$ 238,612,644</u>	<u>\$ 10,884,504</u>	<u>\$ 4,922,704</u>	<u>\$ 15,339,490</u>	<u>\$ 26,253,678</u>	<u>\$ 296,013,020</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet Combining Grants Assistance Funds September 30, 2016

(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	\$ 2,636,997	\$ -	\$ -	\$ -	\$ -	\$ 2,636,997
Receivables, net:						
Federal agencies	10,172,473	-	351,539	-	1,484,456	12,008,468
FSM National Government	-	3,148,566	-	1,586,190	-	4,734,756
Other	-	-	-	3,928	600	4,528
Due from other funds	10,368,294	6,452,130	1,611,013	3,584,859	6,703,250	28,719,546
Advances	120,558	609,358	26,936	113,330	662,217	1,532,399
Other assets	-	-	100,000	-	-	100,000
Restricted assets:						
Cash and cash equivalents	-	-	-	7,700	-	7,700
Total assets	<u>\$ 23,298,322</u>	<u>\$ 10,210,054</u>	<u>\$ 2,089,488</u>	<u>\$ 5,296,007</u>	<u>\$ 8,850,523</u>	<u>\$ 49,744,394</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 8,388,296	\$ 392,281	\$ 156,061	\$ 1,337,696	\$ 493,688	\$ 10,768,022
Retention payable	2,123,190	-	-	-	-	2,123,190
Other liabilities and accruals	-	682,649	170,035	467,160	255,084	1,574,928
Due to federal agencies	1,126,478	-	-	-	-	1,126,478
Due to FSM State Governments	1,995,850	-	-	-	-	1,995,850
Due to other funds	1,625,943	2,715,575	53,914	764,252	1,014,924	6,174,608
Unearned revenue	<u>5,613,573</u>	<u>1,742,912</u>	<u>1,045,310</u>	<u>2,663,053</u>	<u>3,370,087</u>	<u>14,434,935</u>
Total liabilities	<u>20,873,330</u>	<u>5,533,417</u>	<u>1,425,320</u>	<u>5,232,161</u>	<u>5,133,783</u>	<u>38,198,011</u>
Fund balances:						
Non-spendable	-	269,095	100,000	-	-	369,095
Restricted	2,449,917	4,407,542	564,168	119,862	3,716,740	11,258,229
Unassigned:						
Special revenue funds	<u>(24,925)</u>	<u>-</u>	<u>-</u>	<u>(56,016)</u>	<u>-</u>	<u>(80,941)</u>
Total fund balances	<u>2,424,992</u>	<u>4,676,637</u>	<u>664,168</u>	<u>63,846</u>	<u>3,716,740</u>	<u>11,546,383</u>
Total liabilities and fund balances	<u>\$ 23,298,322</u>	<u>\$ 10,210,054</u>	<u>\$ 2,089,488</u>	<u>\$ 5,296,007</u>	<u>\$ 8,850,523</u>	<u>\$ 49,744,394</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet

Combining Compact Trust Funds

September 30, 2016

(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>\$ 16,136,746</u>	<u>\$ 12,369,336</u>	<u>\$ 4,339,794</u>	<u>\$ 14,121,424</u>	<u>\$ 10,196,323</u>	<u>\$ 57,163,623</u>
<u>FUND BALANCES</u>						
Fund balances:						
Non-spendable	<u>\$ 16,136,746</u>	<u>\$ 12,369,336</u>	<u>\$ 4,339,794</u>	<u>\$ 14,121,424</u>	<u>\$ 10,196,323</u>	<u>\$ 57,163,623</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet Combining Other Governmental Funds September 30, 2016

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 20,940	\$ 20,940
Investment	-	-	-	-	284,111	284,111
Receivables, net:						
General	9,403	15,220	30,346	-	-	54,969
Loans	-	-	-	-	-	-
FSM National government	-	-	-	-	-	-
Due from other funds	3,151,212	43,947	456,484	3,999,560	583,934	8,235,137
Advances	10,812	54,681	10,261	4,402	-	80,156
Other assets	-	-	93,000	-	-	93,000
Restricted assets:						
Cash and cash equivalents	-	-	39,511	-	-	39,511
Time certificates of deposit	-	-	354,383	-	-	354,383
Total assets	<u>\$ 3,171,427</u>	<u>\$ 113,848</u>	<u>\$ 983,985</u>	<u>\$ 4,003,962</u>	<u>\$ 888,985</u>	<u>\$ 9,162,207</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 29,470	\$ 3,209	\$ 22,471	\$ 261,080	\$ 6,598	\$ 322,828
Other liabilities and accruals	-	556	10,694	5,878	49,793	66,921
Due to other funds	383,539	-	10,699	17,963	790	412,991
Unearned revenue	-	-	33	550,070	-	550,103
Total liabilities	<u>413,009</u>	<u>3,765</u>	<u>43,897</u>	<u>834,991</u>	<u>57,181</u>	<u>1,352,843</u>
Fund balances:						
Non-spendable	-	-	93,000	3,402	-	96,402
Restricted	-	110,083	438,198	-	349,939	898,220
Committed	2,758,418	-	416,612	3,284,837	482,655	6,942,522
Unassigned:						
Special revenue funds	-	-	(7,722)	(119,268)	(790)	(127,780)
Total fund balances	<u>2,758,418</u>	<u>110,083</u>	<u>940,088</u>	<u>3,168,971</u>	<u>831,804</u>	<u>7,809,364</u>
Total liabilities and fund balances	<u>\$ 3,171,427</u>	<u>\$ 113,848</u>	<u>\$ 983,985</u>	<u>\$ 4,003,962</u>	<u>\$ 888,985</u>	<u>\$ 9,162,207</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficit)
Combining General Funds
Year Ended September 30, 2016
(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ 19,600,126	\$ 6,453,810	\$ 1,532,110	\$ 9,292,983	\$ 3,375,278	\$ 40,254,307
Fishing rights	63,356,795	-	-	-	-	63,356,795
Interest and dividends	599,465	-	35,573	-	-	635,038
Fees and charges	284,889	2,191,373	223,371	296,652	1,233,997	4,230,282
Net change in the fair value of investments	9,529,749	(144,209)	149,235	670,198	1,554,631	11,759,604
MiCare reimbursable	422,202	-	-	-	-	422,202
Other	2,733,375	721,433	791,536	5,743	115,388	4,367,475
Total revenues	96,526,601	9,222,407	2,731,825	10,265,576	6,279,294	125,025,703
Expenditures:						
General government:						
President's office	3,624,178	-	-	-	-	3,624,178
External affairs and LNOs	5,645,618	-	-	-	-	5,645,618
Health and social affairs	1,159,377	85,953	-	46,469	518,299	1,810,098
Education	6,840,662	-	83,963	133,039	11,622	7,069,286
Economic development (Resources & development)	1,820,937	52,795	-	-	400,111	2,273,843
Transportation, communication and infrastructure	8,546,603	888,635	-	252,937	1,309,236	10,997,411
Finance and general governmental administration	3,742,940	3,805,549	1,261,582	3,897,320	1,509,040	14,216,431
Justice	3,177,718	1,049,676	331,742	1,572,326	560,882	6,692,344
Office of the Public Defender	709,461	-	-	-	-	709,461
Environment and emergency management	491,349	-	-	-	-	491,349
National archives, cultural and historic preservation	192,270	-	-	-	-	192,270
Judiciary	1,524,679	481,286	-	-	189,224	2,195,189
Legislature	6,480,326	-	-	-	-	6,480,326
Office of the National Public Auditor	1,084,995	-	-	-	-	1,084,995
National government programs	746,614	-	-	-	-	746,614
Land and natural resources	-	-	-	485,248	-	485,248
Other appropriations	10,974,849	-	-	-	229,885	11,204,734
Payments to component units and fiduciary fund	2,105,000	114,001	-	-	29,556	2,248,557
Municipal affairs	-	413,757	-	2,307,531	-	2,721,288
Boards, commissions, councils and other	2,479,694	901,650	1,714,099	1,581,344	423,103	7,099,890
Debt service	1,986,605	417,114	326,657	637,779	437,937	3,806,092
Total expenditures	63,333,875	8,210,416	3,718,043	10,913,993	5,618,895	91,795,222
Excess (deficiency) of revenues over expenditures	33,192,726	1,011,991	(986,218)	(648,417)	660,399	33,230,481
Other financing sources (uses):						
Proceeds from issuance of long-term debt	879,389	-	760,702	-	-	1,640,091
Operating transfers in(out)	2,858,157	(507,600)	740,298	-	-	3,090,855
Total other financing sources (uses), net	3,737,546	(507,600)	1,501,000	-	-	4,730,946
Special items:						
Noncash reduction in loans receivable	(64,333)	-	-	-	-	(64,333)
Write-off of receivables	-	-	-	-	(753,741)	(753,741)
Net change in fund balances (deficit)	36,865,939	504,391	514,782	(648,417)	(93,342)	37,143,353
Fund balances (deficit) at the beginning of the year, as previously reported	171,683,099	(5,965,076)	1,031,761	6,727,171	17,581,979	191,058,934
Implementation of GASB 72	2,064,533	284,097	566,202	566,201	1,132,403	4,613,436
Understatement of contract payable	-	-	(194,999)	-	-	(194,999)
Fund balances (deficit) at the beginning of the year, as restated	173,747,632	(5,680,979)	1,402,964	7,293,372	18,714,382	195,477,371
Fund balances (deficit) at the end of the year	\$ 210,613,571	\$ (5,176,588)	\$ 1,917,746	\$ 6,644,955	\$ 18,621,040	\$ 232,620,724

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Combining Grants Assistance Funds Year Ended September 30, 2016 (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	\$ 8,131,263	\$ 25,997,091	\$ 6,865,116	\$ 16,526,838	\$ 10,297,856	\$ 67,818,164
CFSM grants	-	-	-	783,817	316,615	1,100,432
Federal and other grants	29,833,519	2,332,748	1,972,587	3,063,688	2,450,677	39,653,219
Fees and charges	-	-	-	-	21,824	21,824
Total revenues	<u>37,964,782</u>	<u>28,329,839</u>	<u>8,837,703</u>	<u>20,374,343</u>	<u>13,086,972</u>	<u>108,593,639</u>
Expenditures:						
General government:						
Health and social affairs	4,784,010	10,730,045	3,216,819	7,559,176	5,069,333	31,359,383
Education	1,032,608	15,455,727	4,358,803	10,806,791	6,077,384	37,731,313
Economic development (Resources and development)	2,442,953	1,003,452	370,362	-	451,140	4,267,907
Transportation, communication and infrastructure	5,638,169	-	-	-	167,357	5,805,526
Finance and general governmental administration	1,617,437	1,451,833	572,267	1,917,746	1,448,236	7,007,519
Justice	-	278,422	-	-	-	278,422
Environmental and emergency management	61,887	-	302,908	-	-	364,795
National archives, cultural and historic preservation	37,495	-	-	-	-	37,495
Office of the National Public Auditor	463,282	-	-	-	-	463,282
Land and natural resources	-	-	-	119,364	-	119,364
Other appropriations	-	-	-	-	207,211	207,211
Boards, commissions, councils and other	277,746	-	-	-	-	277,746
Capital projects	21,609,921	-	-	-	-	21,609,921
Total expenditures	<u>37,965,508</u>	<u>28,919,479</u>	<u>8,821,159</u>	<u>20,403,077</u>	<u>13,420,661</u>	<u>109,529,884</u>
Excess (deficiency) of revenues over expenditures	<u>(726)</u>	<u>(589,640)</u>	<u>16,544</u>	<u>(28,734)</u>	<u>(333,689)</u>	<u>(936,245)</u>
Other financing sources:						
Operating transfers in (out)	-	507,600	(740,298)	-	-	(232,698)
Net change in fund balances	(726)	(82,040)	(723,754)	(28,734)	(333,689)	(1,168,943)
Fund balances at the beginning of the year	<u>2,425,718</u>	<u>4,758,677</u>	<u>1,387,922</u>	<u>92,580</u>	<u>4,050,429</u>	<u>12,715,326</u>
Fund balances at the end of the year	<u>\$ 2,424,992</u>	<u>\$ 4,676,637</u>	<u>\$ 664,168</u>	<u>\$ 63,846</u>	<u>\$ 3,716,740</u>	<u>\$ 11,546,383</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues
and Changes in Fund Balances
Combining Compact Trust Funds
Year Ended September 30, 2016

(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	\$ 1,515,691	\$ 1,112,947	\$ 390,479	\$ 1,270,593	\$ 917,428	\$ 5,207,138
Total revenues	<u>1,515,691</u>	<u>1,112,947</u>	<u>390,479</u>	<u>1,270,593</u>	<u>917,428</u>	<u>5,207,138</u>
Net change in fund balances	1,515,691	1,112,947	390,479	1,270,593	917,428	5,207,138
Fund balances at the beginning of the year	<u>14,621,055</u>	<u>11,256,389</u>	<u>3,949,315</u>	<u>12,850,831</u>	<u>9,278,895</u>	<u>51,956,485</u>
Fund balances at the end of the year	<u>\$ 16,136,746</u>	<u>\$ 12,369,336</u>	<u>\$ 4,339,794</u>	<u>\$ 14,121,424</u>	<u>\$ 10,196,323</u>	<u>\$ 57,163,623</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Combining Other Governmental Funds Year Ended September 30, 2016

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ 228,165	\$ -	\$ -	\$ 358,599	\$ 111,526	\$ 698,290
CFSM grants	-	-	558,241	-	830,329	1,388,570
Fees and charges	2,962,219	95,048	278,570	1,567,320	193,752	5,096,909
Other	<u>217,398</u>	<u>-</u>	<u>2,505</u>	<u>-</u>	<u>26,061</u>	<u>245,964</u>
Total revenues	<u>3,407,782</u>	<u>95,048</u>	<u>839,316</u>	<u>1,925,919</u>	<u>1,161,668</u>	<u>7,429,733</u>
Expenditures:						
General government:						
Health and social affairs	-	121,836	276,641	671,121	-	1,069,598
Education	97,267	-	-	-	-	97,267
Economic development (Resources and development)	-	-	13,187	-	-	13,187
Transportation, communication and infrastructure	862,437	-	-	-	-	862,437
Finance and general governmental administration	-	-	46,296	1,034,204	1,097,988	2,178,488
Justice	1,070,093	-	-	-	-	1,070,093
Environment and emergency management	-	-	106,277	-	-	106,277
Boards, commissions, councils and other	<u>297,130</u>	<u>-</u>	<u>988,156</u>	<u>-</u>	<u>-</u>	<u>1,285,286</u>
Total expenditures	<u>2,326,927</u>	<u>121,836</u>	<u>1,430,557</u>	<u>1,705,325</u>	<u>1,097,988</u>	<u>6,682,633</u>
Excess (deficiency) of revenues over expenditures	1,080,855	(26,788)	(591,241)	220,594	63,680	747,100
Other financing sources:						
Operating transfers out	<u>(2,858,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,858,157)</u>
Net change in fund balances	(1,777,302)	(26,788)	(591,241)	220,594	63,680	(2,111,057)
Fund balances at the beginning of the year	<u>4,535,720</u>	<u>136,871</u>	<u>1,531,329</u>	<u>2,948,377</u>	<u>768,124</u>	<u>9,920,421</u>
Fund balances at the end of the year	<u>\$ 2,758,418</u>	<u>\$ 110,083</u>	<u>\$ 940,088</u>	<u>\$ 3,168,971</u>	<u>\$ 831,804</u>	<u>\$ 7,809,364</u>