

**FEDERATED STATES OF MICRONESIA**

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

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**SEPTEMBER 30, 2017**

## **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, 2017, 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.

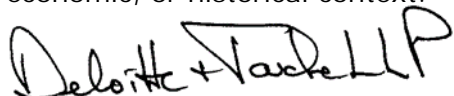
Management is responsible for the preparation and fair presentation of the combined financial statements and other supplementary information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant 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, 2017. 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 26, 2018, June 21, 2018, May 30, 2018, June 29, 2018 and June 19, 2018, 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 + Touche LLP". The signature is written in a cursive, stylized font.

July 25, 2018

# FEDERATED STATES OF MICRONESIA

## Combined Statement of Net Position

September 30, 2017

(See Accompanying Independent Accountants' Compilation Report)

	Primary Governments	Component Units
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 82,182,040	\$ 52,775,097
Time certificates of deposit	4,038,577	5,969,590
Investments	174,281,296	9,178,088
Receivables, net of allowance for uncollectibles	105,897,419	24,643,168
Advances	1,548,203	3,553,351
Inventories	-	17,158,915
Due from component units	46,296	1,504,747
Other current assets	36,352	458,893
Restricted assets	<u>17,787,072</u>	<u>3,419,855</u>
Total current assets	<u>385,817,255</u>	<u>118,661,704</u>
Noncurrent assets:		
Investments	5,338,732	31,227,209
Receivables, net of current portion	-	21,968,784
Capital assets:		
Nondepreciable capital assets	102,606,427	17,595,973
Capital assets, net of accumulated depreciation	261,098,632	146,227,882
Other noncurrent assets	14,136,184	15,598,741
Restricted investments	<u>128,435,341</u>	<u>-</u>
Total noncurrent assets	<u>511,615,316</u>	<u>232,618,589</u>
Total assets	<u>\$ 897,432,571</u>	<u>\$ 351,280,293</u>
<b>LIABILITIES</b>		
Current liabilities:		
Current portion of long-term obligations	\$ 3,865,314	\$ 4,697,735
Short-term notes	-	3,214,027
Accounts payable	37,628,574	17,103,047
Land acquisition payable	8,591,745	-
Current portion of compensated absences payable	1,495,662	-
Other liabilities and accruals	18,282,779	11,405,116
Tax refunds payable	157	-
Retention payable	879,571	-
Due to FSM State Governments	6,468,959	-
Due to primary government	-	1,594,560
Due to component units	-	1,504,747
Unearned revenue	<u>13,816,921</u>	<u>3,671,972</u>
Total current liabilities	<u>91,029,682</u>	<u>43,191,204</u>
Noncurrent liabilities:		
Long-term obligations, net of current portion	74,498,495	57,482,632
Other noncurrent liabilities	1,873,181	-
Compensated absences payable, net of current portion	<u>1,915,041</u>	<u>-</u>
Total noncurrent liabilities	<u>78,286,717</u>	<u>57,482,632</u>
Total liabilities	<u>169,316,399</u>	<u>100,673,836</u>
<b>NET POSITION</b>		
Net investment in capital assets	361,832,975	112,944,512
Restricted for:		
Nonexpendable:		
Future operations	65,616,466	-
Other purposes	-	15,406,452
Expendable:		
Compact related	12,474,404	-
Debt service	10,143,730	-
Other purposes	10,573,069	-
Unrestricted	<u>267,475,528</u>	<u>122,255,493</u>
Total net position	<u>728,116,172</u>	<u>250,606,457</u>
Total liabilities and net position	<u>\$ 897,432,571</u>	<u>\$ 351,280,293</u>

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Activities

Year Ended September 30, 2017

(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
<b>Primary governments:</b>						
Governmental activities:						
President's office	\$ 2,263,299	\$ -	\$ -	\$ -	\$ (2,263,299)	\$ -
External affairs and LNOs	4,844,230	-	-	-	(4,844,230)	-
Health and social affairs	35,355,483	1,465,810	31,171,951	166,277	(2,551,445)	-
Education	41,864,182	-	40,080,102	3,057,409	1,273,329	-
Economic development (Resources and development)	7,929,694	31,226	4,919,726	-	(2,978,742)	-
Transportation, communication and infrastructure	42,743,768	1,124,747	21,366,528	214,152	(20,038,341)	-
Finance and general governmental administration	26,800,765	4,751,337	12,710,394	298,462	(9,040,572)	-
Justice	8,069,084	2,458,210	-	-	(5,610,874)	-
Office of the Public Defender	817,524	-	-	-	(817,524)	-
Environmental and emergency management	923,685	-	551,186	-	(372,499)	-
National archives, cultural and preservation	224,248	-	37,239	-	(187,009)	-
Judiciary	2,442,919	-	-	-	(2,442,919)	-
Legislature	7,222,617	-	-	-	(7,222,617)	-
Office of the National Public Auditor	1,566,089	-	475,000	-	(1,091,089)	-
National government programs	829,057	-	-	-	(829,057)	-
Land and natural resources	-	-	-	-	-	-
Other appropriations	17,266,153	-	108,285	22,462,168	5,304,300	-
Payments to component units and fiduciary funds	8,224,009	-	-	-	(8,224,009)	-
Boards, commissions, councils and other	10,733,130	1,899,911	509,202	-	(8,324,017)	-
Municipal affairs	2,848,043	-	-	-	(2,848,043)	-
Capital projects	7,287,880	-	-	819,020	(6,468,860)	-
Interest - unallocated	263,733	-	-	-	(263,733)	-
<b>Total primary governments</b>	<b>\$ 230,519,592</b>	<b>\$ 11,731,241</b>	<b>\$ 111,929,613</b>	<b>\$ 27,017,488</b>	<b>(79,841,250)</b>	<b>-</b>
<b>Component units:</b>						
FSM Telecommunications Corporation	\$ 14,144,129	\$ 14,159,193	\$ 559,979	\$ -	-	575,043
FSM Development Bank	1,851,240	2,808,000	-	-	-	956,760
National Fisheries Corporation	538,914	760,443	3,100,000	-	-	3,321,529
College of Micronesia - FSM	19,891,058	19,530,855	-	-	-	(360,203)
FSM Petroleum Corporation	42,248,578	47,017,995	-	-	-	4,769,417
Vital Energy, Inc.	16,457,529	16,567,138	-	-	-	109,609
Caroline Islands Air, Inc.	621,557	692,068	46,693	-	-	117,204
FSMNG Employees' Health Insurance Plan	7,627,740	6,399,434	500,000	-	-	(728,306)
Chuuk State Health Care Plan	1,580,125	1,657,788	-	-	-	77,663
Chuuk Public Utility Corporation	6,601,995	6,321,837	-	1,827,180	-	1,547,022
Chuuk State Housing Authority	154,547	154,406	-	-	-	(141)
Kosrae Port Authority	1,218,023	376,513	-	-	-	(841,510)
Kosrae Utilities Authority	2,616,462	2,551,484	-	-	-	(64,978)
Kosrae State Housing Authority	240,621	132,928	-	-	-	(107,693)
Pohnpei Utilities Corporation	13,581,294	11,591,577	-	107,485	-	(1,882,232)
Pohnpei Port Authority	3,323,876	4,314,032	-	-	-	990,156
Pohnpei Transportation Authority	1,386,567	1,058,097	-	2,035,940	-	1,707,470
Small Business Guarantee and Finance Corporation	268,343	122,068	-	335,980	-	189,705
Pohnpei State Housing Authority	168,380	271,497	-	-	-	103,117
Public Transportation System	594,424	370,990	-	-	-	(223,434)
Yap Visitor's Bureau	284,244	-	-	-	-	(284,244)
Yap State Public Service Corporation	5,779,921	5,781,488	-	1,124,382	-	1,125,949
The Diving Seagull, Inc.	11,141,484	9,204,438	-	-	-	(1,937,046)
<b>Total component units</b>	<b>\$ 152,321,051</b>	<b>\$ 151,844,269</b>	<b>\$ 4,206,672</b>	<b>\$ 5,430,967</b>	<b>-</b>	<b>9,160,857</b>
<b>General revenues:</b>						
Taxes					62,033,922	-
Fishing rights					72,591,642	-
Unrestricted investment earnings					17,007,969	4,256,689
Other					5,034,736	982,673
<b>Total general revenues</b>					<b>156,668,269</b>	<b>5,239,362</b>
Special item - gain on SDR foreign exchange					(367,797)	-
Special item - write-off of receivable balances					(466,837)	-
Grants close-out					298,936	-
Impairment of capital assets					(583,293)	-
Contributions to permanent funds					14,526,326	-
<b>Total general revenues, contributions and special items</b>					<b>170,075,604</b>	<b>5,239,362</b>
Change in net position					90,234,354	14,400,219
Net position at beginning of year					<u>637,881,818</u>	<u>236,206,238</u>
Net position at end of year					<b>\$ 728,116,172</b>	<b>\$ 250,606,457</b>

**FEDERATED STATES OF MICRONESIA**

Combined Balance Sheet  
Governmental Funds  
September 30, 2017

(See Accompanying Independent Accountants' Compilation Report)

	Special Revenue	Permanent				
	Grants Assistance	Compact Trust	Yap State Investment Fund	Other Governmental Funds	Total	
	General					
<b>ASSETS</b>						
Cash and cash equivalents	\$ 82,161,045	\$ -	\$ -	\$ -	\$ 20,995	\$ 82,182,040
Time certificates of deposit	4,038,577	-	-	-	-	4,038,577
Equity in internal investment pool	169,030,937	-	-	-	-	169,030,937
Investments	6,512,682	3,751,785	-	-	324,624	10,589,091
Receivables, net:						
General	9,944,673	-	-	-	60,920	10,005,593
Taxes	8,170,304	-	-	-	-	8,170,304
Federal agencies	-	11,546,077	-	-	-	11,546,077
Loans	46,558,021	-	-	-	-	46,558,021
FSM National Government	-	7,789,407	-	-	163,676	7,953,083
Other	380,834	15,574,443	-	-	-	15,955,277
Due from other funds	7,928,654	29,263,899	-	-	10,983,633	48,176,186
Advances	1,923,690	1,083,982	-	-	112,371	3,120,043
Other assets	13,943,184	100,000	-	-	93,000	14,136,184
Restricted assets:						
Cash and cash equivalents	17,738,003	7,700	-	-	41,369	17,787,072
Time certificates of deposit	-	-	-	-	354,779	354,779
Investments	10,143,730	-	65,616,466	52,320,366	-	128,080,562
Total assets	<u>\$ 378,474,334</u>	<u>\$ 69,117,293</u>	<u>\$ 65,616,466</u>	<u>\$ 52,320,366</u>	<u>\$ 12,155,367</u>	<u>\$ 577,683,826</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 6,985,521	\$ 29,411,610	\$ -	\$ -	\$ 522,455	\$ 36,919,586
Retention payable	-	879,571	-	-	-	879,571
Other liabilities and accruals	17,320,835	1,623,262	-	-	32,798	18,976,895
Tax refunds payable	157	-	-	-	-	157
Land acquisition payable	8,591,745	-	-	-	-	8,591,745
Due to FSM State Governments	2,427,432	4,041,527	-	-	-	6,468,959
Due to other funds	40,247,532	7,710,797	-	-	217,857	48,176,186
Unearned revenue	-	13,411,210	-	-	355,711	13,766,921
Total liabilities	<u>75,573,222</u>	<u>57,077,977</u>	<u>-</u>	<u>-</u>	<u>1,128,821</u>	<u>133,780,020</u>
<b>Fund balances:</b>						
Non-spendable	71,990,619	357,795	65,616,466	52,320,366	151,083	190,436,329
Restricted	12,987,413	11,829,999	-	-	892,355	25,709,767
Committed	180,131,495	-	-	-	10,091,699	190,223,194
Assigned	7,051,237	-	-	-	-	7,051,237
Unassigned:						
General fund	30,740,348	-	-	-	-	30,740,348
Special revenue funds	-	(148,478)	-	-	(108,591)	(257,069)
Total fund balances	<u>302,901,112</u>	<u>12,039,316</u>	<u>65,616,466</u>	<u>52,320,366</u>	<u>11,026,546</u>	<u>443,903,806</u>
Total liabilities and fund balances	<u>\$ 378,474,334</u>	<u>\$ 69,117,293</u>	<u>\$ 65,616,466</u>	<u>\$ 52,320,366</u>	<u>\$ 12,155,367</u>	<u>\$ 577,683,826</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	\$ 363,705,059
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	(78,363,809)
Compensated absences payable	(3,410,703)
Accrued interest payable and unearned revenue	(464,872)
Claims payable	(1,473,181)

284,212,366

Net position of governmental activities

\$ 728,116,172

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2017  
(See Accompanying Independent Accountants' Compilation Report)

	General	Special Revenue	Permanent		Other Governmental Funds	Total
		Grants Assistance	Compact Trust	Yap State Investment Fund		
<b>Revenues:</b>						
Compact funding	\$ -	\$ 72,389,972	\$ -	\$ -	\$ -	\$ 72,389,972
Taxes	61,171,388	-	-	-	862,534	62,033,922
CFSM grants	-	1,849,443	-	-	2,508,748	4,358,191
Federal and other grants	-	58,222,749	-	-	-	58,222,749
Fishing rights	72,591,642	-	-	-	-	72,591,642
Interest and dividends	576,202	-	-	-	-	576,202
Fees and charges	4,427,321	22,420	-	-	7,281,500	11,731,241
Net change in the fair value of investments	16,388,792	-	8,452,843	6,073,483	-	30,915,118
MiCare reimbursable	274,296	-	-	-	-	274,296
Other	4,522,005	-	-	-	521,299	5,043,304
<b>Total revenues</b>	<b>159,951,646</b>	<b>132,484,584</b>	<b>8,452,843</b>	<b>6,073,483</b>	<b>11,174,081</b>	<b>318,136,637</b>
<b>Expenditures:</b>						
General government:						
President's office	2,220,811	-	-	-	-	2,220,811
External affairs and LNOs	4,409,578	-	-	-	-	4,409,578
Health and social affairs	2,080,779	32,716,884	-	-	492,403	35,290,066
Education	3,995,833	40,983,727	-	-	547,320	45,526,880
Economic development (Resources and development)	2,289,637	5,049,235	-	-	-	7,338,872
Transportation, communication and infrastructure	11,677,415	20,772,162	-	-	157,454	32,607,031
Finance and general governmental administration	14,051,089	8,143,384	-	-	3,539,945	25,734,418
Justice	8,171,068	115,593	-	-	1,077,313	9,363,974
Office of the Public Defender	810,776	-	-	-	-	810,776
Environmental and emergency management	127,597	551,187	-	-	78,230	757,014
National archives, cultural and historic preservation	653,154	37,239	-	-	-	690,393
Judiciary	2,428,842	-	-	-	-	2,428,842
Legislature	7,158,328	-	-	-	-	7,158,328
Office of the National Public Auditor	1,046,290	475,000	-	-	-	1,521,290
Land and natural resources	429,100	154,619	-	-	-	583,719
Other appropriations	16,784,398	108,285	-	-	-	16,892,683
Payments to component units and fiduciary funds	5,812,024	-	-	-	-	5,812,024
Municipal affairs	2,848,043	-	-	-	-	2,848,043
Boards, commissions, councils and other	7,130,836	509,202	-	-	1,071,089	8,711,127
Capital projects	-	23,281,188	-	-	-	23,281,188
Debt service	3,770,437	-	-	-	-	3,770,437
<b>Total expenditures</b>	<b>97,896,035</b>	<b>132,897,705</b>	<b>-</b>	<b>-</b>	<b>6,963,754</b>	<b>237,757,494</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>62,055,611</b>	<b>(413,121)</b>	<b>8,452,843</b>	<b>6,073,483</b>	<b>4,210,327</b>	<b>80,379,143</b>
<b>Other financing sources (uses):</b>						
Proceeds from issuance of long-term debt	8,305,587	-	-	-	-	8,305,587
Operating transfers in	87,091	906,054	-	-	-	993,145
Operating transfers out	-	-	-	-	(993,145)	(993,145)
<b>Total other financing sources (uses), net</b>	<b>8,392,678</b>	<b>906,054</b>	<b>-</b>	<b>-</b>	<b>(993,145)</b>	<b>8,305,587</b>
<b>Special items:</b>						
Noncash reduction in loans receivable	(254,657)	-	-	-	-	(254,657)
Write-off of receivables	86,756	-	-	-	-	86,756
<b>Net change in fund balances</b>	<b>70,280,388</b>	<b>492,933</b>	<b>8,452,843</b>	<b>6,073,483</b>	<b>3,217,182</b>	<b>88,516,829</b>
<b>Fund balances at beginning of year</b>	<b>232,620,724</b>	<b>11,546,383</b>	<b>57,163,623</b>	<b>46,246,883</b>	<b>7,809,364</b>	<b>355,386,977</b>
<b>Fund balances at end of year</b>	<b>\$ 302,901,112</b>	<b>\$ 12,039,316</b>	<b>\$ 65,616,466</b>	<b>\$ 52,320,366</b>	<b>\$ 11,026,546</b>	<b>\$ 443,903,806</b>

# 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, 2017

(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 \$ 88,516,829

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:

Special item associated with impairment loss on infrastructure assets	(583,293)	
Capital outlays, net of disposals	29,375,937	
Depreciation expense	<u>(19,724,162)</u>	
		9,068,482

Governmental funds report advance lease payment as revenue. However, in the statement of net position, such is reported as unearned revenue. (450,000)

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	(7,855,588)	
Repayment of long-term debt and SDR adjustments	<u>601,852</u>	
		(7,253,736)

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>352,779</u>
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Change in net position of governmental activities \$ 90,234,354



# FEDERATED STATES OF MICRONESIA

## Combined Statement of Fiduciary Net Position

### Fiduciary Funds - Private Purpose Trusts

September 30, 2017

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM</u> <u>Social Security</u> <u>Administration</u>	<u>Yap State</u> <u>Development</u> <u>Loan Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,534,801	\$ 121,146	\$ 2,655,947
Time certificates of deposit	-	148,945	148,945
Receivables, net:			
Contributions	3,061,307	-	3,061,307
Other	30,957	633	31,590
Investments	50,043,606	-	50,043,606
Capital assets, net of accumulated depreciation	<u>71,550</u>	<u>-</u>	<u>71,550</u>
Total assets	<u>\$ 55,742,221</u>	<u>\$ 270,724</u>	<u>\$ 56,012,945</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 206,367	\$ 15,000	\$ 221,367
Other liabilities and accruals	<u>29,410</u>	<u>-</u>	<u>29,410</u>
Total liabilities	<u>235,777</u>	<u>15,000</u>	<u>250,777</u>
<b><u>NET POSITION</u></b>			
Held in trust for:			
Social security benefits	55,506,444	-	55,506,444
Other purposes	<u>-</u>	<u>255,724</u>	<u>255,724</u>
Total net position	<u>55,506,444</u>	<u>255,724</u>	<u>55,762,168</u>
Total liabilities and net position	<u>\$ 55,742,221</u>	<u>\$ 270,724</u>	<u>\$ 56,012,945</u>

# FEDERATED STATES OF MICRONESIA

## Combined Statement of Changes in Fiduciary Net Position

### Fiduciary Funds - Private Purpose Trusts

Year Ended September 30, 2017

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM Social Security Administration</u>	<u>Yap State Development Loan Fund</u>	<u>Total</u>
Additions:			
Contributions	\$ 18,891,261	\$ -	\$ 18,891,261
Total contributions	<u>18,891,261</u>	<u>-</u>	<u>18,891,261</u>
Investment earnings:			
Net change in the fair value of investments	5,835,390	372	5,835,762
Interest and dividends	<u>1,041,733</u>	<u>-</u>	<u>1,041,733</u>
Total investment earnings	6,877,123	372	6,877,495
Less investment expense	<u>(279,124)</u>	<u>-</u>	<u>(279,124)</u>
Net investment earnings	<u>6,597,999</u>	<u>372</u>	<u>6,598,371</u>
Contributions from FSM National Government	1,000,000	-	1,000,000
Other	<u>394,032</u>	<u>-</u>	<u>394,032</u>
Total additions	<u>26,883,292</u>	<u>372</u>	<u>26,883,664</u>
Deductions:			
Benefits	20,778,049	-	20,778,049
Refunds	23,024	-	23,024
Administrative expenses	<u>1,247,437</u>	<u>-</u>	<u>1,247,437</u>
Total deductions	<u>22,048,510</u>	<u>-</u>	<u>22,048,510</u>
Change in net position	4,834,782	372	4,835,154
Net position at beginning of year	<u>50,671,662</u>	<u>255,352</u>	<u>50,927,014</u>
Net position at end of year	<u>\$ 55,506,444</u>	<u>\$ 255,724</u>	<u>\$ 55,762,168</u>

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Net Position

Component Units

September 30, 2017

(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
<b>ASSETS</b>												
Current assets:												
Cash and cash equivalents	\$ 1,589,393	\$ 3,811,745	\$ 581,200	\$ 6,895,203	\$ 16,697,519	\$ 8,896,598	\$ 557,920	\$ 1,968,401	\$ 512,210	\$ 1,287,966	\$ 138,090	\$ -
Time certificates of deposit	278,174	4,119,739	-	18	-	400,000	-	-	200,000	-	-	-
Investments	1,811,148	-	524,104	2,990,905	-	-	-	1,100,973	491,647	-	-	-
Receivables, net:												
General	866,950	-	169,638	3,318,613	1,545,563	276,060	-	363,034	474,803	533,419	410,189	21,047
Loans	-	7,638,000	-	-	-	-	-	-	-	-	-	-
Interest	122,560	116,340	-	-	-	-	-	-	-	-	-	-
Other	735,580	-	-	294,496	92,560	-	-	80,982	-	-	-	-
Advances	201,250	60,542	-	643,658	2,275,885	318,508	9,696	-	-	-	-	-
Inventories	734,893	-	-	1,170,005	6,956,412	5,616,378	56,235	-	-	834,084	-	-
Due from component units	-	-	-	-	1,504,747	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>6,339,948</b>	<b>15,746,366</b>	<b>1,274,942</b>	<b>15,312,898</b>	<b>29,072,686</b>	<b>15,507,544</b>	<b>623,851</b>	<b>3,513,390</b>	<b>1,678,660</b>	<b>2,655,469</b>	<b>548,279</b>	<b>21,047</b>
Noncurrent assets:												
Capital assets:												
Nondepreciable capital assets	349,547	-	-	1,455,685	7,087,413	-	-	323,000	-	-	-	-
Capital assets, net of accumulated depreciation	34,021,683	1,510,124	72,317	6,506,084	11,851,417	139,045	26,716	14,695	16,498	21,189,020	19,425	15,934,657
Investments	-	20,334,255	1,914,000	6,161,678	2,300,339	-	-	-	-	-	-	-
Loans receivable	-	21,968,784	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	2,559,411	-	-	-	9,475,473	-	-	269,159	41,750	760,311	-	-
<b>Total noncurrent assets</b>	<b>36,930,641</b>	<b>43,813,163</b>	<b>1,986,317</b>	<b>14,123,447</b>	<b>30,714,642</b>	<b>139,045</b>	<b>26,716</b>	<b>606,854</b>	<b>58,248</b>	<b>21,949,331</b>	<b>19,425</b>	<b>15,934,657</b>
<b>Total assets</b>	<b>\$ 43,270,589</b>	<b>\$ 59,559,529</b>	<b>\$ 3,261,259</b>	<b>\$ 29,436,345</b>	<b>\$ 59,787,328</b>	<b>\$ 15,646,589</b>	<b>\$ 650,567</b>	<b>\$ 4,120,244</b>	<b>\$ 1,736,908</b>	<b>\$ 24,604,800</b>	<b>\$ 567,704</b>	<b>\$ 15,955,704</b>
<b>LIABILITIES</b>												
Current liabilities:												
Current portion of long-term debt	\$ 1,939,102	\$ 139,710	-	-	\$ 547,028	\$ 480,000	\$ -	\$ -	\$ -	\$ 263,043	\$ -	\$ -
Short-term notes	1,664,896	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	149,491	84,630	1,154	343,790	4,662,421	79,542	9,363	5,294,680	103,153	8,564	17,577	47,178
Due to component units	-	-	-	-	-	1,504,747	-	-	-	-	-	-
Other liabilities and accruals	637,345	778,499	17,891	1,368,886	4,697,033	1,171,767	-	-	-	313,773	84,865	11,021
Due to primary government	-	-	-	-	-	-	-	-	-	-	-	72,174
Unearned revenue	631,838	-	-	2,438,549	-	-	-	-	-	62,380	-	-
<b>Total current liabilities</b>	<b>5,022,672</b>	<b>1,002,839</b>	<b>19,045</b>	<b>4,151,225</b>	<b>9,906,482</b>	<b>3,236,056</b>	<b>9,363</b>	<b>5,294,680</b>	<b>103,153</b>	<b>647,760</b>	<b>102,442</b>	<b>130,373</b>
Noncurrent liabilities:												
Long-term obligations, net of current portion	20,216,133	881,194	-	410,028	2,320,011	10,139,973	-	-	-	4,457,918	-	-
<b>Total noncurrent liabilities</b>	<b>20,216,133</b>	<b>881,194</b>	<b>-</b>	<b>410,028</b>	<b>2,320,011</b>	<b>10,139,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,457,918</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>25,238,805</b>	<b>1,884,033</b>	<b>19,045</b>	<b>4,561,253</b>	<b>12,226,493</b>	<b>13,376,029</b>	<b>9,363</b>	<b>5,294,680</b>	<b>103,153</b>	<b>5,105,678</b>	<b>102,442</b>	<b>130,373</b>
<b>NET POSITION</b>												
Net investment in capital assets	10,551,099	1,510,124	72,317	7,961,769	16,071,791	139,045	26,716	337,695	16,498	16,496,411	19,425	15,934,657
Restricted for:												
Nonexpendable	-	-	-	6,161,678	-	-	-	-	-	517,506	-	-
Unrestricted	7,480,685	56,165,372	3,169,897	10,751,645	31,489,044	2,131,515	614,488	(1,512,131)	1,617,257	2,485,205	445,837	(109,326)
<b>Total net position</b>	<b>18,031,784</b>	<b>57,675,496</b>	<b>3,242,214</b>	<b>24,875,092</b>	<b>47,560,835</b>	<b>2,270,560</b>	<b>641,204</b>	<b>(1,174,436)</b>	<b>1,633,755</b>	<b>19,499,122</b>	<b>465,262</b>	<b>15,825,331</b>
<b>Total liabilities and net position</b>	<b>\$ 43,270,589</b>	<b>\$ 59,559,529</b>	<b>\$ 3,261,259</b>	<b>\$ 29,436,345</b>	<b>\$ 59,787,328</b>	<b>\$ 15,646,589</b>	<b>\$ 650,567</b>	<b>\$ 4,120,244</b>	<b>\$ 1,736,908</b>	<b>\$ 24,604,800</b>	<b>\$ 567,704</b>	<b>\$ 15,955,704</b>

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Net Position, Continued

Component Units

September 30, 2017

(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
<b>ASSETS</b>												
Current assets:												
Cash and cash equivalents	\$ 474,760	\$ 64,150	\$ 1,011,846	\$ 4,274,620	\$ -	\$ 800	\$ 319,337	\$ 57,679	\$ 179,628	\$ 1,747,359	\$ 1,708,673	\$ 52,775,097
Time certificates of deposit	166,702	-	227,524	-	-	-	-	-	-	-	577,433	5,969,590
Investments	671,823	-	-	234,790	-	-	-	-	-	-	1,352,698	9,178,088
Receivables, net:												
General	184,171	-	1,291,850	393,584	-	393,107	3,039,443	14,751	-	1,077,973	-	14,374,195
Loans	-	505,617	-	-	-	-	-	-	-	-	-	8,143,617
Interest	-	-	-	-	-	-	-	-	-	-	-	238,900
Other	-	-	-	-	-	-	-	-	-	14,055	668,783	1,886,456
Advances	2,335	12,042	-	26,697	2,738	-	-	-	-	-	-	3,553,351
Inventories	231,633	-	139,269	25,311	191,410	-	-	178,495	-	915,958	108,832	17,158,915
Due from component units	-	-	-	-	-	-	-	-	-	-	-	1,504,747
Other assets	-	-	274,847	-	-	-	1,028	58,649	-	114,104	10,265	458,893
Restricted assets	-	200,000	-	-	-	978,109	-	-	-	-	2,241,746	3,419,855
<b>Total current assets</b>	<b>1,731,424</b>	<b>781,809</b>	<b>2,945,336</b>	<b>4,955,002</b>	<b>194,148</b>	<b>1,372,016</b>	<b>3,359,808</b>	<b>309,574</b>	<b>179,628</b>	<b>3,869,449</b>	<b>6,668,430</b>	<b>118,661,704</b>
Noncurrent assets:												
Capital assets:												
Nondepreciable capital assets	29,281	-	432,844	2,915,510	-	-	-	-	-	5,002,693	-	17,595,973
Capital assets, net of accumulated depreciation	2,212,225	6,984	32,005,389	3,589,601	1,718,294	8,390	52,706	537,176	9,899	11,878,113	2,907,424	146,227,882
Investments	-	-	516,937	-	-	-	-	-	-	-	-	31,227,209
Loans receivable	-	-	-	-	-	-	-	-	-	-	-	21,968,784
Other noncurrent assets	252,800	-	1,256,912	229,868	-	478,512	-	-	-	274,545	-	15,598,741
<b>Total noncurrent assets</b>	<b>2,494,306</b>	<b>6,984</b>	<b>34,212,082</b>	<b>6,734,979</b>	<b>1,718,294</b>	<b>486,902</b>	<b>52,706</b>	<b>537,176</b>	<b>9,899</b>	<b>17,155,351</b>	<b>2,907,424</b>	<b>232,618,589</b>
<b>Total assets</b>	<b>\$ 4,225,730</b>	<b>\$ 788,793</b>	<b>\$ 37,157,418</b>	<b>\$ 11,689,981</b>	<b>\$ 1,912,442</b>	<b>\$ 1,858,918</b>	<b>\$ 3,412,514</b>	<b>\$ 846,750</b>	<b>\$ 189,527</b>	<b>\$ 21,024,800</b>	<b>\$ 9,575,854</b>	<b>\$ 351,280,293</b>
<b>LIABILITIES</b>												
Current liabilities:												
Current portion of long-term debt	\$ -	\$ -	\$ 577,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,690	\$ 570,098	\$ 4,697,735
Short term notes	-	-	549,131	-	-	-	-	-	-	-	1,000,000	3,214,027
Accounts payable	177,198	120,912	3,569,087	16,552	62,689	14	-	7,112	2,778	279,681	2,065,481	17,103,047
Due to component units	-	-	-	-	-	-	-	-	-	-	-	1,504,747
Other liabilities and accruals	47,078	8,002	360,815	304,307	31,563	8,969	22,088	29,550	7,838	619,071	884,755	11,405,116
Due to primary government	-	46,296	-	20,553	1,363,873	-	91,664	-	-	-	-	1,594,560
Unearned revenue	29,744	-	391,989	-	3,174	-	-	-	-	114,298	-	3,671,972
<b>Total current liabilities</b>	<b>254,020</b>	<b>175,210</b>	<b>5,448,086</b>	<b>341,412</b>	<b>1,461,299</b>	<b>8,983</b>	<b>113,752</b>	<b>36,662</b>	<b>10,616</b>	<b>1,194,740</b>	<b>4,520,334</b>	<b>43,191,204</b>
Noncurrent liabilities:												
Long-term obligation, net of current portion	-	-	8,484,337	-	-	-	-	-	-	9,246,294	1,326,744	57,482,632
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>8,484,337</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,246,294</b>	<b>1,326,744</b>	<b>57,482,632</b>
<b>Total liabilities</b>	<b>254,020</b>	<b>175,210</b>	<b>13,932,423</b>	<b>341,412</b>	<b>1,461,299</b>	<b>8,983</b>	<b>113,752</b>	<b>36,662</b>	<b>10,616</b>	<b>10,441,034</b>	<b>5,847,078</b>	<b>100,673,836</b>
<b>NET POSITION</b>												
Net investment in capital assets	2,241,506	6,984	23,500,610	6,505,111	1,718,294	8,390	52,706	537,176	9,899	7,452,822	1,773,467	112,944,512
Restricted for:												
Nonexpendable	90,000	606,599	723,150	-	-	1,792,601	3,246,056	-	-	27,116	2,241,746	15,406,452
Unrestricted	1,640,204	-	(998,765)	4,843,458	(1,267,151)	48,944	-	272,912	169,012	3,103,828	(286,437)	122,255,493
<b>Total net position</b>	<b>3,971,710</b>	<b>613,583</b>	<b>23,224,995</b>	<b>11,348,569</b>	<b>451,143</b>	<b>1,849,935</b>	<b>3,298,762</b>	<b>810,088</b>	<b>178,911</b>	<b>10,583,766</b>	<b>3,728,776</b>	<b>250,606,457</b>
<b>Total liabilities and net position</b>	<b>\$ 4,225,730</b>	<b>\$ 788,793</b>	<b>\$ 37,157,418</b>	<b>\$ 11,689,981</b>	<b>\$ 1,912,442</b>	<b>\$ 1,858,918</b>	<b>\$ 3,412,514</b>	<b>\$ 846,750</b>	<b>\$ 189,527</b>	<b>\$ 21,024,800</b>	<b>\$ 9,575,854</b>	<b>\$ 351,280,293</b>

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Revenues, Expenses, and Changes in Net Position

Component Units

Year Ended September 30, 2017

(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	\$ 14,159,193	\$ 2,808,000	\$ 760,443	\$ 19,200,679	\$ 46,738,447	\$ 16,567,138	\$ 692,068	\$ 6,383,678	\$ 1,644,444	\$ 6,321,837	\$ 149,053	\$ 376,513
Other	-	-	-	330,176	279,548	-	-	15,756	13,344	-	5,353	-
Total operating revenues	<u>14,159,193</u>	<u>2,808,000</u>	<u>760,443</u>	<u>19,530,855</u>	<u>47,017,995</u>	<u>16,567,138</u>	<u>692,068</u>	<u>6,399,434</u>	<u>1,657,788</u>	<u>6,321,837</u>	<u>154,406</u>	<u>376,513</u>
Operating expenses:												
Cost of services	2,616,210	-	-	-	30,419,682	13,184,689	576,133	-	1,273,393	3,058,352	-	-
Depreciation	4,196,547	121,425	10,218	914,174	1,929,811	73,430	-	16,244	6,407	881,223	3,415	741,740
Administrative costs	7,331,372	1,729,815	528,696	18,976,884	9,899,085	3,199,410	45,424	7,611,496	300,325	2,662,420	151,132	476,283
Total operating expenses	<u>14,144,129</u>	<u>1,851,240</u>	<u>538,914</u>	<u>19,891,058</u>	<u>42,248,578</u>	<u>16,457,529</u>	<u>621,557</u>	<u>7,627,740</u>	<u>1,580,125</u>	<u>6,601,995</u>	<u>154,547</u>	<u>1,218,023</u>
Operating income (loss)	<u>15,064</u>	<u>956,760</u>	<u>221,529</u>	<u>(360,203)</u>	<u>4,769,417</u>	<u>109,609</u>	<u>70,511</u>	<u>(1,228,306)</u>	<u>77,663</u>	<u>(280,158)</u>	<u>(141)</u>	<u>(841,510)</u>
Nonoperating revenues (expenses):												
Net change in the fair value of investments	185,497	2,459,574	731,353	825,497	-	-	-	2,231	-	-	-	-
Interest income	(1,249,545)	(46,400)	-	-	292,575	200,288	-	1,434	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Contributions from primary government	559,979	-	3,100,000	-	-	-	46,693	500,000	-	876,359	-	-
Other income (expense)	93,549	-	(3,000)	(856,211)	60	733,765	11,067	(134,010)	57,422	52,827	-	-
Total nonoperating revenues (expenses), net	<u>(410,520)</u>	<u>2,413,174</u>	<u>3,828,353</u>	<u>(30,714)</u>	<u>292,635</u>	<u>934,053</u>	<u>57,760</u>	<u>369,655</u>	<u>57,422</u>	<u>929,186</u>	<u>-</u>	<u>-</u>
Capital contributions	-	-	-	-	-	-	-	-	-	1,827,180	-	-
Change in net position	(395,456)	3,369,934	4,049,882	(390,917)	5,062,052	1,043,662	128,271	(858,651)	135,085	2,476,208	(141)	(841,510)
Net position at beginning of year	<u>18,427,240</u>	<u>54,305,562</u>	<u>(807,668)</u>	<u>25,266,009</u>	<u>42,498,783</u>	<u>1,226,898</u>	<u>512,933</u>	<u>(315,785)</u>	<u>1,498,670</u>	<u>17,022,914</u>	<u>465,403</u>	<u>16,666,841</u>
Net position at end of year	<u>\$ 18,031,784</u>	<u>\$ 57,675,496</u>	<u>\$ 3,242,214</u>	<u>\$ 24,875,092</u>	<u>\$ 47,560,835</u>	<u>\$ 2,270,560</u>	<u>\$ 641,204</u>	<u>\$ (1,174,436)</u>	<u>\$ 1,633,755</u>	<u>\$ 19,499,122</u>	<u>\$ 465,262</u>	<u>\$ 15,825,331</u>

**FEDERATED STATES OF MICRONESIA**

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

Year Ended September 30, 2017

(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	\$ 2,551,484	\$ 132,928	\$ 11,591,577	\$ 4,314,032	\$ 1,058,097	\$ 122,068	\$ 271,497	\$ 365,724	\$ -	\$ 5,383,738	\$ 9,202,427	\$ 150,795,065
Other	-	-	-	-	-	-	-	5,266	-	397,750	2,011	1,049,204
Total operating revenues	<u>2,551,484</u>	<u>132,928</u>	<u>11,591,577</u>	<u>4,314,032</u>	<u>1,058,097</u>	<u>122,068</u>	<u>271,497</u>	<u>370,990</u>	<u>-</u>	<u>5,781,488</u>	<u>9,204,438</u>	<u>151,844,269</u>
Operating expenses:												
Cost of services	1,403,785	-	9,582,210	-	-	-	-	131,752	-	4,376,147	10,865,911	77,488,264
Depreciation	371,550	911	2,218,758	506,806	354,435	4,149	16,184	108,106	4,256	846,842	6,001	13,332,632
Administrative costs	841,127	239,710	1,780,326	2,817,070	1,032,132	264,194	152,196	354,566	279,988	556,932	269,572	61,500,155
Total operating expenses	<u>2,616,462</u>	<u>240,621</u>	<u>13,581,294</u>	<u>3,323,876</u>	<u>1,386,567</u>	<u>268,343</u>	<u>168,380</u>	<u>594,424</u>	<u>284,244</u>	<u>5,779,921</u>	<u>11,141,484</u>	<u>152,321,051</u>
Operating income (loss)	<u>(64,978)</u>	<u>(107,693)</u>	<u>(1,989,717)</u>	<u>990,156</u>	<u>(328,470)</u>	<u>(146,275)</u>	<u>103,117</u>	<u>(223,434)</u>	<u>(284,244)</u>	<u>1,567</u>	<u>(1,937,046)</u>	<u>(476,782)</u>
Nonoperating revenues (expenses):												
Net change in the fair value of investments	52,537	-	-	-	-	-	-	-	-	-	-	4,256,689
Interest income	1,336	-	-	-	-	-	-	-	-	2,304	158,436	(639,572)
Interest expense	(5,975)	(7,883)	(193,315)	29,450	-	2,350	-	-	-	(64,154)	(108,332)	(347,859)
Contributions from primary government	-	-	-	-	-	44,000	114,887	110,056	259,190	-	-	5,611,164
Other income (expense)	72	44,083	118,021	4,941	109,859	-	-	-	19,112	(151,343)	-	100,214
Total nonoperating revenues (expenses), net	<u>47,970</u>	<u>36,200</u>	<u>(75,294)</u>	<u>34,391</u>	<u>109,859</u>	<u>46,350</u>	<u>114,887</u>	<u>110,056</u>	<u>278,302</u>	<u>(213,193)</u>	<u>50,104</u>	<u>8,980,636</u>
Capital contributions	-	-	107,485	-	2,035,940	335,980	-	465,398	-	1,124,382	-	5,896,365
Change in net position	(17,008)	(71,493)	(1,957,526)	1,024,547	1,817,329	236,055	218,004	352,020	(5,942)	912,756	(1,886,942)	14,400,219
Net position at beginning of year	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
Net position at the end of the year	<u>\$ 3,971,710</u>	<u>\$ 613,583</u>	<u>\$ 23,224,995</u>	<u>\$ 11,348,569</u>	<u>\$ 451,143</u>	<u>\$ 1,849,935</u>	<u>\$ 3,298,762</u>	<u>\$ 810,088</u>	<u>\$ 178,911</u>	<u>\$ 10,583,766</u>	<u>\$ 3,728,776</u>	<u>\$ 250,606,457</u>

**FEDERATED STATES OF MICRONESIA**

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**OTHER SUPPLEMENTARY INFORMATION**

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**SEPTEMBER 30, 2017**

**FEDERATED STATES OF MICRONESIA**

Governmental Funds Balance Sheet

Combining General Funds

September 30, 2017

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 76,110,023	\$ 1,693,064	\$ 287,676	\$ 1,978,093	\$ 2,092,189	\$ 82,161,045
Time certificates of deposit	4,038,577	-	-	-	-	4,038,577
Equity in internal investment pool	141,455,615	33,416	1,173,951	5,733,780	20,634,175	169,030,937
Investments	5,924,610	588,072	-	-	-	6,512,682
Receivables, net:						
General	7,596,563	809,969	713,390	824,751	-	9,944,673
Taxes	6,018,376	-	199,317	1,488,184	464,427	8,170,304
Loans	46,528,021	-	30,000	-	-	46,558,021
Other	29,684	-	46,296	35,000	269,854	380,834
Due from other funds	2,024,600	3,562,111	110,347	1,901,453	330,143	7,928,654
Advances	1,407,931	271,737	46,397	100,334	97,291	1,923,690
Other assets	9,577,318	550,000	627,000	1,000,000	2,188,866	13,943,184
Restricted assets:						
Cash and cash equivalents	7,791,008	5,279,787	757,975	1,904,779	2,004,454	17,738,003
Investments	-	3,643,848	898,188	4,246,466	1,355,228	10,143,730
Total assets	<u>\$ 308,502,326</u>	<u>\$ 16,432,004</u>	<u>\$ 4,890,537</u>	<u>\$ 19,212,840</u>	<u>\$ 29,436,627</u>	<u>\$ 378,474,334</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
Liabilities:						
Accounts payable	\$ 4,028,490	\$ 1,028,945	\$ 257,083	\$ 731,504	\$ 939,499	\$ 6,985,521
Other liabilities and accruals	15,713,826	243,283	862,352	445,233	56,141	17,320,835
Tax refunds payable	157	-	-	-	-	157
Land acquisition payable	-	8,591,745	-	-	-	8,591,745
Due to FSM State Governments	2,427,432	-	-	-	-	2,427,432
Due to other funds	13,906,183	10,156,574	2,197,469	6,632,974	7,354,332	40,247,532
Total liabilities	<u>36,076,088</u>	<u>20,020,547</u>	<u>3,316,904</u>	<u>7,809,711</u>	<u>8,349,972</u>	<u>75,573,222</u>
Fund balances (deficit):						
Non-spendable	61,791,257	1,409,809	1,923,644	2,263,313	4,602,596	71,990,619
Restricted	1,979,497	3,643,848	898,188	5,110,652	1,355,228	12,987,413
Committed	178,619,216	-	-	148,716	1,363,563	180,131,495
Assigned	6,395,473	-	-	231,817	423,947	7,051,237
Unassigned:						
General fund	23,640,795	(8,642,200)	(1,248,199)	3,648,631	13,341,321	30,740,348
Total fund balances (deficit)	<u>272,426,238</u>	<u>(3,588,543)</u>	<u>1,573,633</u>	<u>11,403,129</u>	<u>21,086,655</u>	<u>302,901,112</u>
Total liabilities and fund balances (deficit)	<u>\$ 308,502,326</u>	<u>\$ 16,432,004</u>	<u>\$ 4,890,537</u>	<u>\$ 19,212,840</u>	<u>\$ 29,436,627</u>	<u>\$ 378,474,334</u>



## FEDERATED STATES OF MICRONESIA

### Governmental Funds Balance Sheet Combining Grants Assistance Funds September 30, 2017

(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>
<b>ASSETS</b>						
Investments	\$ 3,751,785	\$ -	\$ -	\$ -	\$ -	\$ 3,751,785
Receivables, net:						
Federal agencies	11,368,991	-	177,086	-	-	11,546,077
FSM National Government	-	4,082,793	-	3,223,117	483,497	7,789,407
Other	15,561,165	-	-	12,678	600	15,574,443
Due from other funds	9,239,882	10,063,204	1,632,375	1,558,986	6,769,452	29,263,899
Advances	109,528	586,564	29,738	125,116	233,036	1,083,982
Other assets	-	-	100,000	-	-	100,000
Restricted assets:						
Cash and cash equivalents	-	-	-	7,700	-	7,700
Total assets	<u>\$ 40,031,351</u>	<u>\$ 14,732,561</u>	<u>\$ 1,939,199</u>	<u>\$ 4,927,597</u>	<u>\$ 7,486,585</u>	<u>\$ 69,117,293</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 26,676,665	\$ 762,643	\$ 104,762	\$ 1,379,574	\$ 487,966	\$ 29,411,610
Retention payable	879,571	-	-	-	-	879,571
Other liabilities and accruals	-	685,239	174,102	503,742	260,179	1,623,262
Due to FSM State Governments	4,041,527	-	-	-	-	4,041,527
Due to other funds	1,825,683	3,562,111	107,371	1,885,489	330,143	7,710,797
Unearned revenue	<u>3,188,547</u>	<u>4,824,005</u>	<u>1,036,226</u>	<u>988,772</u>	<u>3,373,660</u>	<u>13,411,210</u>
Total liabilities	<u>36,611,993</u>	<u>9,833,998</u>	<u>1,422,461</u>	<u>4,757,577</u>	<u>4,451,948</u>	<u>57,077,977</u>
Fund balances:						
Non-spendable	-	257,795	100,000	-	-	357,795
Restricted	3,567,836	4,640,768	416,738	170,020	3,034,637	11,829,999
Unassigned:						
Special revenue funds	<u>(148,478)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148,478)</u>
Total fund balances	<u>3,419,358</u>	<u>4,898,563</u>	<u>516,738</u>	<u>170,020</u>	<u>3,034,637</u>	<u>12,039,316</u>
Total liabilities and fund balances	<u>\$ 40,031,351</u>	<u>\$ 14,732,561</u>	<u>\$ 1,939,199</u>	<u>\$ 4,927,597</u>	<u>\$ 7,486,585</u>	<u>\$ 69,117,293</u>

**FEDERATED STATES OF MICRONESIA**

Governmental Funds Balance Sheet

Combining Compact Trust Funds

September 30, 2017

(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>\$ 18,435,046</u>	<u>\$ 14,246,906</u>	<u>\$ 4,976,741</u>	<u>\$ 16,264,947</u>	<u>\$ 11,692,826</u>	<u>\$ 65,616,466</u>
<u>FUND BALANCES</u>						
Fund balances:						
Non-spendable	<u>\$ 18,435,046</u>	<u>\$ 14,246,906</u>	<u>\$ 4,976,741</u>	<u>\$ 16,264,947</u>	<u>\$ 11,692,826</u>	<u>\$ 65,616,466</u>

# FEDERATED STATES OF MICRONESIA

## Governmental Funds Balance Sheet Combining Other Governmental Funds September 30, 2017

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 20,995	\$ 20,995
Investment	-	-	-	-	324,624	324,624
Receivables, net:						
General	9,403	13,325	36,992	-	1,200	60,920
FSM National government	-	-	-	45,497	118,179	163,676
Due from other funds	4,666,301	93,370	565,094	5,073,988	584,880	10,983,633
Advances	18,029	54,681	35,139	4,522	-	112,371
Other assets	-	-	93,000	-	-	93,000
Restricted assets:						
Cash and cash equivalents	-	-	41,369	-	-	41,369
Time certificates of deposit	-	-	354,779	-	-	354,779
Total assets	<u>\$ 4,693,733</u>	<u>\$ 161,376</u>	<u>\$ 1,126,373</u>	<u>\$ 5,124,007</u>	<u>\$ 1,049,878</u>	<u>\$ 12,155,367</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities:						
Accounts payable	\$ 216,936	\$ 4,176	\$ 85,123	\$ 178,231	\$ 37,989	\$ 522,455
Other liabilities and accruals	-	556	2,294	5,909	24,039	32,798
Due to other funds	198,917	-	2,976	15,964	-	217,857
Unearned revenue	-	-	33	355,678	-	355,711
Total liabilities	<u>415,853</u>	<u>4,732</u>	<u>90,426</u>	<u>555,782</u>	<u>62,028</u>	<u>1,128,821</u>
Fund balances:						
Non-spendable	-	54,681	93,000	3,402	-	151,083
Restricted	-	101,963	440,453	-	349,939	892,355
Committed	4,277,880	-	494,216	4,681,692	637,911	10,091,699
Unassigned:						
Special revenue funds	-	-	8,278	(116,869)	-	(108,591)
Total fund balances	<u>4,277,880</u>	<u>156,644</u>	<u>1,035,947</u>	<u>4,568,225</u>	<u>987,850</u>	<u>11,026,546</u>
Total liabilities and fund balances	<u>\$ 4,693,733</u>	<u>\$ 161,376</u>	<u>\$ 1,126,373</u>	<u>\$ 5,124,007</u>	<u>\$ 1,049,878</u>	<u>\$ 12,155,367</u>

**FEDERATED STATES OF MICRONESIA**

Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances (Deficit)  
Combining General Funds  
Year Ended September 30, 2017  
(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<b>Revenues:</b>						
Taxes	\$ 37,674,152	\$ 7,018,183	\$ 1,590,603	\$ 10,854,701	\$ 4,033,749	\$ 61,171,388
Fishing rights	72,591,642	-	-	-	-	72,591,642
Interest and dividends	525,693	-	50,509	-	-	576,202
Fees and charges	268,897	2,242,104	268,855	424,616	1,222,849	4,427,321
Net change in the fair value of investments	12,575,970	394,879	144,362	814,772	2,458,809	16,388,792
MiCare reimbursable	274,296	-	-	-	-	274,296
Other	(643,753)	845,322	86,742	2,758,963	1,474,731	4,522,005
<b>Total revenues</b>	<b>123,266,897</b>	<b>10,500,488</b>	<b>2,141,071</b>	<b>14,853,052</b>	<b>9,190,138</b>	<b>159,951,646</b>
<b>Expenditures:</b>						
<b>General government:</b>						
President's office	2,220,811	-	-	-	-	2,220,811
External affairs and LNOs	4,409,578	-	-	-	-	4,409,578
Health and social affairs	1,274,592	102,004	-	51,553	652,630	2,080,779
Education	3,853,734	-	26,776	83,161	32,162	3,995,833
Economic development (Resources & development)	1,609,467	101,934	64,289	-	513,947	2,289,637
Transportation, communication and infrastructure	9,199,352	894,111	-	181,439	1,402,513	11,677,415
Finance and general governmental administration	4,588,901	3,794,654	1,019,637	3,213,020	1,434,877	14,051,089
Justice	4,550,983	1,097,327	389,891	1,594,789	538,078	8,171,068
Office of the Public Defender	810,776	-	-	-	-	810,776
Environmental and emergency management	127,597	-	-	-	-	127,597
National archives, cultural and historic preservation	192,189	147,190	-	-	313,775	653,154
Judiciary	1,688,281	546,453	-	-	194,108	2,428,842
Legislature	7,158,328	-	-	-	-	7,158,328
Office of the National Public Auditor	1,046,290	-	-	-	-	1,046,290
Land and natural resources	-	-	-	429,100	-	429,100
Other appropriations	16,213,372	-	-	-	571,026	16,784,398
Payments to component units and fiduciary fund	5,596,031	65,134	-	-	150,859	5,812,024
Municipal affairs	-	419,732	-	2,428,311	-	2,848,043
Boards, commissions, councils and other	2,772,661	987,696	1,314,042	1,855,748	200,689	7,130,836
Debt service	2,250,620	549,090	356,081	257,757	356,889	3,770,437
<b>Total expenditures</b>	<b>69,563,563</b>	<b>8,705,325</b>	<b>3,170,716</b>	<b>10,094,878</b>	<b>6,361,553</b>	<b>97,896,035</b>
Excess (deficiency) of revenues over expenditures	53,703,334	1,795,163	(1,029,645)	4,758,174	2,828,585	62,055,611
<b>Other financing sources (uses):</b>						
Proceeds from issuance of long-term debt	7,642,097	-	663,490	-	-	8,305,587
Operating transfers in (out)	721,893	(506,054)	22,042	-	(150,790)	87,091
<b>Total other financing sources (uses), net</b>	<b>8,363,990</b>	<b>(506,054)</b>	<b>685,532</b>	<b>-</b>	<b>(150,790)</b>	<b>8,392,678</b>
<b>Special items:</b>						
Noncash reduction in loans receivable	(254,657)	-	-	-	-	(254,657)
Write-off of receivables	-	298,936	-	-	(212,180)	86,756
<b>Net change in fund balances (deficit)</b>	<b>61,812,667</b>	<b>1,588,045</b>	<b>(344,113)</b>	<b>4,758,174</b>	<b>2,465,615</b>	<b>70,280,388</b>
Fund balances (deficit) at beginning of year	210,613,571	(5,176,588)	1,917,746	6,644,955	18,621,040	232,620,724
<b>Fund balances (deficit) at end of year</b>	<b>\$ 272,426,238</b>	<b>\$ (3,588,543)</b>	<b>\$ 1,573,633</b>	<b>\$ 11,403,129</b>	<b>\$ 21,086,655</b>	<b>\$ 302,901,112</b>

## FEDERATED STATES OF MICRONESIA

### Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Combining Grants Assistance Funds Year Ended September 30, 2017 (See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<b>Revenues:</b>						
Compact funding	\$ 7,445,125	\$ 27,624,155	\$ 6,871,317	\$ 18,351,714	\$ 12,097,661	\$ 72,389,972
CFSM grants	-	-	-	1,551,607	297,836	1,849,443
Federal and other grants	48,406,641	2,618,282	1,885,554	3,311,761	2,000,511	58,222,749
Fees and charges	-	-	-	-	22,420	22,420
<b>Total revenues</b>	<b>55,851,766</b>	<b>30,242,437</b>	<b>8,756,871</b>	<b>23,215,082</b>	<b>14,418,428</b>	<b>132,484,584</b>
<b>Expenditures:</b>						
<b>General government:</b>						
Health and social affairs	5,182,124	11,263,362	3,185,867	7,843,172	5,242,359	32,716,884
Education	1,779,740	16,255,162	3,925,214	11,684,412	7,339,199	40,983,727
Economic development (Resources and development)	2,772,134	1,269,738	416,809	-	590,554	5,049,235
Transportation, communication and infrastructure	20,299,452	-	-	-	472,710	20,772,162
Finance and general governmental administration	1,560,823	1,354,624	1,004,742	2,875,771	1,347,424	8,143,384
Justice	-	115,593	-	-	-	115,593
Environmental and emergency management	179,518	-	371,669	-	-	551,187
National archives, cultural and historic preservation	37,239	-	-	-	-	37,239
Office of the National Public Auditor	475,000	-	-	-	-	475,000
Land and natural resources	-	-	-	154,619	-	154,619
Other appropriations	-	-	-	-	108,285	108,285
Boards, commissions, councils and other	509,202	-	-	-	-	509,202
Capital projects	22,462,168	268,086	-	550,934	-	23,281,188
<b>Total expenditures</b>	<b>55,257,400</b>	<b>30,526,565</b>	<b>8,904,301</b>	<b>23,108,908</b>	<b>15,100,531</b>	<b>132,897,705</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>594,366</b>	<b>(284,128)</b>	<b>(147,430)</b>	<b>106,174</b>	<b>(682,103)</b>	<b>(413,121)</b>
<b>Other financing sources:</b>						
Operating transfers in	400,000	506,054	-	-	-	906,054
<b>Net change in fund balances</b>	<b>994,366</b>	<b>221,926</b>	<b>(147,430)</b>	<b>106,174</b>	<b>(682,103)</b>	<b>492,933</b>
Fund balances at beginning of year	2,424,992	4,676,637	664,168	63,846	3,716,740	11,546,383
<b>Fund balances at end of year</b>	<b>\$ 3,419,358</b>	<b>\$ 4,898,563</b>	<b>\$ 516,738</b>	<b>\$ 170,020</b>	<b>\$ 3,034,637</b>	<b>\$ 12,039,316</b>

**FEDERATED STATES OF MICRONESIA**

Governmental Funds Statement of Revenues  
and Changes in Fund Balances  
Combining Compact Trust Funds  
Year Ended September 30, 2017

(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	\$ 2,298,300	\$ 1,877,570	\$ 636,947	\$ 2,143,523	\$ 1,496,503	\$ 8,452,843
Total revenues	<u>2,298,300</u>	<u>1,877,570</u>	<u>636,947</u>	<u>2,143,523</u>	<u>1,496,503</u>	<u>8,452,843</u>
Net change in fund balances	2,298,300	1,877,570	636,947	2,143,523	1,496,503	8,452,843
Fund balances at beginning of 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>
Fund balances at the end of the year	<u>\$ 18,435,046</u>	<u>\$ 14,246,906</u>	<u>\$ 4,976,741</u>	<u>\$ 16,264,947</u>	<u>\$ 11,692,826</u>	<u>\$ 65,616,466</u>

## FEDERATED STATES OF MICRONESIA

### Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Combining Other Governmental Funds Year Ended September 30, 2017 (See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ 379,580	\$ -	\$ -	\$ 367,969	\$ 114,985	\$ 862,534
CFSM grants	-	-	609,449	-	1,899,299	2,508,748
Fees and charges	4,263,153	174,298	368,982	2,269,129	205,938	7,281,500
Other	238,435	-	2,462	239,889	40,513	521,299
<b>Total revenues</b>	<b>4,881,168</b>	<b>174,298</b>	<b>980,893</b>	<b>2,876,987</b>	<b>2,260,735</b>	<b>11,174,081</b>
Expenditures:						
General government:						
Health and social affairs	-	127,737	157,404	207,262	-	492,403
Education	547,320	-	-	-	-	547,320
Transportation, communication and infrastructure	157,454	-	-	-	-	157,454
Finance and general governmental administration	-	-	13,995	1,270,471	2,255,479	3,539,945
Justice	1,077,313	-	-	-	-	1,077,313
Environmental and emergency management	-	-	78,230	-	-	78,230
Boards, commissions, councils and other	457,726	-	613,363	-	-	1,071,089
<b>Total expenditures</b>	<b>2,239,813</b>	<b>127,737</b>	<b>862,992</b>	<b>1,477,733</b>	<b>2,255,479</b>	<b>6,963,754</b>
Excess of revenues over expenditures	2,641,355	46,561	117,901	1,399,254	5,256	4,210,327
Other financing sources (uses):						
Operating transfers (out) in	(1,121,893)	-	(22,042)	-	150,790	(993,145)
Net change in fund balances	1,519,462	46,561	95,859	1,399,254	156,046	3,217,182
Fund balances at beginning of year	2,758,418	110,083	940,088	3,168,971	831,804	7,809,364
Fund balances at end of year	\$ 4,277,880	\$ 156,644	\$ 1,035,947	\$ 4,568,225	\$ 987,850	\$ 11,026,546