

FEDERATED STATES OF MICRONESIA

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

SEPTEMBER 30, 2018

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Honorable David W. Panuelo
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, 2018, 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 FSM.

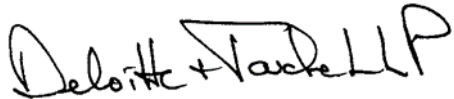
Management is responsible for the preparation and fair presentation of the combined financial statements and other supplementary information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant 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 the 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, 2018. 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 28, 2019, June 24, 2019, June 11, 2019, June 24, 2019 and June 30, 2019, respectively, which expressed certain qualified opinions, may be obtained from the FSM Office of the National Public Auditor.

The FSM National Government and the States of the FSM have not presented the Management's Discussion and Analysis and budgetary comparison information that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

July 31, 2019

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position

September 30, 2018

(See Accompanying Independent Accountants' Compilation Report)

	Primary Governments	Business-type Activities	Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 79,560,846	\$ 48,177	\$ 48,596,606
Time certificates of deposit	5,495,440	-	4,807,285
Investments	290,559,151	-	9,692,920
Receivables, net of allowance for uncollectibles	72,751,374	16,211	28,970,004
Advances	2,006,757	-	3,630,646
Inventories	-	214,839	20,576,186
Due from component units	23,780	-	1,911,088
Other current assets	820,000	32,562	129,575
Restricted assets	25,611,401	-	1,428,083
Total current assets	476,828,749	311,789	119,742,393
Noncurrent assets:			
Investments	4,734,297	-	31,487,831
Receivables, net of current portion	-	-	22,603,475
Capital assets:			
Nondepreciable capital assets	41,019,446	-	16,585,219
Capital assets, net of accumulated depreciation	332,362,079	431,901	147,120,006
Other noncurrent assets	15,891,184	-	15,383,633
Restricted assets:			
Cash and cash equivalents	-	-	2,759,219
Investments	137,235,095	-	-
Total noncurrent assets	531,242,101	431,901	235,939,383
Total assets	\$ 1,008,070,850	\$ 743,690	\$ 355,681,776
LIABILITIES			
Current liabilities:			
Current portion of long-term obligations	\$ 4,217,871	\$ -	\$ 5,436,022
Short-term notes	-	-	2,993,112
Accounts payable	14,088,933	4,489	16,931,354
Land acquisition payable	8,543,745	-	-
Current portion of compensated absences payable	1,433,316	-	-
Other liabilities and accruals	22,163,178	18,494	11,450,578
Tax refunds payable	157	-	-
Retention payable	650,193	-	-
Due to FSM State Governments	6,367,217	-	-
Due to primary government	-	-	1,844,810
Due to component units	-	-	1,911,088
Unearned revenue	20,709,308	-	3,196,232
Total current liabilities	78,173,918	22,983	43,763,196
Noncurrent liabilities:			
Long-term obligations, net of current portion	69,757,112	-	58,579,670
Other noncurrent liabilities	1,010,576	-	-
Compensated absences payable, net of current portion	1,998,378	-	-
Total noncurrent liabilities	72,766,066	-	58,579,670
Total liabilities	150,939,984	22,983	102,342,866
NET POSITION			
Net investment in capital assets	369,538,307	431,901	113,742,664
Restricted for:			
Nonexpendable:			
Future operations	70,306,715	-	-
Other purposes	-	-	16,107,747
Expendable:			
Compact related	9,240,461	-	-
Debt service	10,106,538	-	-
Other purposes	12,092,422	-	-
Unrestricted	385,846,423	288,806	123,488,499
Total net position	857,130,866	720,707	253,338,910
Total liabilities and net position	\$ 1,008,070,850	\$ 743,690	\$ 355,681,776

FEDERATED STATES OF MICRONESIA

Combined Statement of Activities

Year Ended September 30, 2018

(See Accompanying Independent Accountants' Compilation Report)

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governments	Business-type Activities	Component Units
Functions/Programs							
Primary governments:							
Governmental activities:							
President's office	\$ 2,190,891	\$ -	\$ -	\$ -	\$ (2,190,891)	\$ -	\$ -
External affairs and LNOs	5,592,598	-	-	-	(5,592,598)	-	-
Health and social affairs	37,103,891	2,391,966	32,615,767	-	(2,096,158)	-	-
Education	44,714,074	500	36,429,219	-	(8,284,355)	-	-
Economic development (Resources and development)	7,229,714	161,956	4,108,521	-	(2,959,237)	-	-
Transportation, communication and infrastructure	18,577,519	1,865,952	5,903,741	-	(10,807,826)	-	-
Finance and general governmental administration	31,086,182	3,129,145	13,031,006	17,372	(14,908,659)	-	-
Justice	11,533,416	2,602,363	-	-	(8,931,053)	-	-
Office of the Public Defender	885,760	-	-	-	(885,760)	-	-
Environmental and emergency management	2,047,962	-	1,036,282	-	(1,011,680)	-	-
National archives, cultural and preservation	432,811	1,060	50,543	-	(381,208)	-	-
Judiciary	2,425,021	-	-	-	(2,425,021)	-	-
Legislature	7,089,873	-	-	-	(7,089,873)	-	-
Office of the National Public Auditor	1,586,457	-	460,000	-	(1,126,457)	-	-
National government programs	3,368,185	-	-	-	(3,368,185)	-	-
Land and natural resources	367,599	30,977	90,176	-	(246,446)	-	-
Other appropriations	17,660,675	-	192,844	8,775,092	(8,692,739)	-	-
Payments to component units and fiduciary funds	4,532,843	-	-	-	(4,532,843)	-	-
Boards, commissions, councils and other	10,866,858	1,800,591	808,651	-	(8,257,616)	-	-
Municipal affairs	2,950,029	-	-	-	(2,950,029)	-	-
Capital projects	1,160,065	-	(76,841)	1,193,601	(43,305)	-	-
Interest - unallocated	287,414	-	-	-	(287,414)	-	-
Total governmental activities	213,689,837	11,984,510	94,649,909	9,986,065	(97,069,353)	-	-
Business-type activities:							
Public Transportation System	616,473	435,024	-	-	-	(181,449)	-
Total primary governments	\$ 214,306,310	\$ 12,419,534	\$ 94,649,909	\$ 9,986,065	\$ (97,069,353)	\$ (181,449)	\$ -
Component units:							
FSM Telecommunications Corporation	\$ 14,959,436	\$ 14,232,283	\$ 795,228	\$ -	-	-	68,075
FSM Development Bank	1,926,602	2,820,480	-	-	-	-	893,878
National Fisheries Corporation	674,677	1,019,899	1,208,763	-	-	-	1,553,985
College of Micronesia - FSM	19,402,005	19,132,480	-	-	-	-	(269,525)
FSM Petroleum Corporation	51,616,219	52,845,891	-	-	-	-	1,229,672
Vital Energy, Inc.	16,021,402	16,147,079	-	-	-	-	125,677
Caroline Islands Air, Inc.	1,234,011	813,435	187,007	-	-	-	(233,569)
FSMNG Employees' Health Insurance Plan	7,944,913	6,424,846	670,384	-	-	-	(849,683)
FSM Telecommunications Cable Corporation	535,243	2,400	1,409,498	-	-	-	876,655
Chuuk State Health Care Plan	1,749,029	1,551,383	-	-	-	-	(197,646)
Chuuk Public Utility Corporation	7,537,272	7,302,028	193,255	428,354	-	-	386,365
Chuuk State Housing Authority	128,678	155,994	-	-	-	-	27,316
Kosrae Port Authority	1,162,024	523,099	-	103,879	-	-	(535,046)
Kosrae Utilities Authority	2,905,089	2,690,903	-	-	-	-	(214,186)
Kosrae State Housing Authority	206,903	71,993	24,100	97,950	-	-	(12,860)
Pohnpei Utilities Corporation	15,035,872	13,476,678	-	1,028,865	-	-	(530,329)
Pohnpei Port Authority	3,354,241	4,628,600	-	-	-	-	1,274,359
Pohnpei Transportation Authority	1,742,051	1,463,301	-	892,576	-	-	613,826
Small Business Guarantee and Finance Corporation	130,299	63,753	-	-	-	-	(66,546)
Pohnpei State Housing Authority	183,433	162,935	116,951	-	-	-	96,453
Yap Visitor's Bureau	260,013	-	278,735	-	-	-	18,722
Yap State Public Service Corporation	6,121,071	5,919,246	-	438,456	-	-	236,631
The Diving Seagull, Inc.	9,079,695	8,912,280	-	-	-	-	(167,415)
Total component units	\$ 163,910,178	\$ 160,360,986	\$ 4,883,921	\$ 2,990,080	-	-	4,324,809
General revenues:							
Taxes	-	-	-	-	127,246,289	-	-
Fishing rights	-	-	-	-	72,329,651	-	-
Unrestricted investment earnings	-	-	-	-	12,829,970	92,068	(1,359,480)
Other	-	-	-	-	5,095,718	-	577,212
Total general revenues	-	-	-	-	217,501,628	92,068	(782,268)
Special item - gain on SDR foreign exchange	-	-	-	-	905,480	-	-
Special item - write-off of receivable balances	-	-	-	-	(1,514,786)	-	-
Contributions to permanent funds	-	-	-	-	9,191,725	-	-
Total general revenues, contributions and special items	-	-	-	-	226,084,047	92,068	(782,268)
Change in net position	-	-	-	-	129,014,694	(89,381)	3,542,541
Net position at beginning of year	-	-	-	-	728,116,172	810,088	249,796,369
Net position at end of year	-	-	-	-	\$ 857,130,866	\$ 720,707	\$ 253,338,910

FEDERATED STATES OF MICRONESIA

Combined Balance Sheet Governmental Funds September 30, 2018 (See Accompanying Independent Accountants' Compilation Report)

	General	Special	Permanent		Other Governmental Funds	Total
		Revenue	Grants Assistance	Compact Trust		
ASSETS						
Cash and cash equivalents	\$ 79,539,776	\$ -	\$ -	\$ -	\$ 21,070	\$ 79,560,846
Time certificates of deposit	5,495,440	-	-	-	-	5,495,440
Equity in internal investment pool	283,843,825	-	-	-	-	283,843,825
Investments	6,787,500	3,951,868	-	-	353,896	11,093,264
Receivables, net:						
General	2,165,094	-	-	-	79,274	2,244,368
Taxes	10,502,129	-	-	-	-	10,502,129
Federal agencies	-	3,384,004	-	-	-	3,384,004
Loans	43,022,510	-	-	-	-	43,022,510
FSM National Government	-	6,625,639	-	-	312,803	6,938,442
Other	164,627	12,146	-	-	-	176,773
Due from other funds	5,927,583	30,757,457	-	-	12,018,842	48,703,882
Advances	2,455,723	1,729,181	-	-	108,909	4,293,813
Other assets	16,518,184	100,000	-	-	93,000	16,711,184
Restricted assets:						
Cash and cash equivalents	25,562,052	7,700	-	-	41,649	25,611,401
Time certificates of deposit	-	-	-	-	356,359	356,359
Investments	10,106,538	-	70,306,715	56,821,842	-	137,235,095
Total assets	<u>\$ 492,090,981</u>	<u>\$ 46,567,995</u>	<u>\$ 70,306,715</u>	<u>\$ 56,821,842</u>	<u>\$ 13,385,802</u>	<u>\$ 679,173,335</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 6,855,757	\$ 6,795,866	\$ -	\$ -	\$ 437,310	\$ 14,088,933
Retention payable	-	650,193	-	-	-	650,193
Other liabilities and accruals	20,497,833	1,653,780	-	-	26,049	22,177,662
Tax refunds payable	157	-	-	-	-	157
Land acquisition payable	8,543,745	-	-	-	-	8,543,745
Due to FSM State Governments	3,935,719	2,431,498	-	-	-	6,367,217
Due to other funds	42,776,299	5,886,143	-	-	41,440	48,703,882
Unearned revenue	-	20,476,587	-	-	153,365	20,629,952
Total liabilities	<u>82,609,510</u>	<u>37,894,067</u>	<u>-</u>	<u>-</u>	<u>658,164</u>	<u>121,161,741</u>
Fund balances:						
Non-spendable	71,616,356	100,000	70,306,715	56,821,842	160,588	199,005,501
Restricted	14,884,169	8,722,406	-	-	859,758	24,466,333
Committed	275,443,833	-	-	-	11,752,913	287,196,746
Assigned	13,580,446	-	-	-	-	13,580,446
Unassigned:						
General fund	33,956,667	-	-	-	-	33,956,667
Special revenue funds	-	(148,478)	-	-	(45,621)	(194,099)
Total fund balances	<u>409,481,471</u>	<u>8,673,928</u>	<u>70,306,715</u>	<u>56,821,842</u>	<u>12,727,638</u>	<u>558,011,594</u>
Total liabilities and fund balances	<u>\$ 492,090,981</u>	<u>\$ 46,567,995</u>	<u>\$ 70,306,715</u>	<u>\$ 56,821,842</u>	<u>\$ 13,385,802</u>	<u>\$ 679,173,335</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	\$ 373,381,525
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	(73,974,983)
Compensated absences payable	(3,431,694)
Accrued interest payable and unearned revenue	(614,872)
Claims payable	(460,576)

299,119,272

Net position of governmental activities \$ 857,130,866

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2018
(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	\$ -	\$ 65,971,661	\$ -	\$ -	\$ -	\$ 65,971,661
Taxes	125,667,713	-	-	-	1,578,576	127,246,289
CFSM grants	-	1,587,542	-	-	3,701,810	5,289,352
Federal and other grants	-	33,357,589	-	-	-	33,357,589
Fishing rights	72,329,651	-	-	-	-	72,329,651
Interest and dividends	428,846	-	-	-	-	428,846
Fees and charges	5,099,841	60,499	-	-	7,007,249	12,167,589
Net change in the fair value of investments	12,369,863	-	4,690,249	4,501,476	-	21,561,588
MiCare reimbursable	349,809	-	-	-	-	349,809
Other	2,948,693	-	-	-	299,019	3,247,712
Total revenues	219,194,416	100,977,291	4,690,249	4,501,476	12,586,654	341,950,086
Expenditures:						
General government:						
President's office	2,211,159	-	-	-	-	2,211,159
External affairs and LNOs	5,604,962	-	-	-	-	5,604,962
Health and social affairs	2,568,638	38,932,722	-	-	579,635	42,080,995
Education	4,279,123	34,230,987	-	-	465,449	38,975,559
Economic development (Resources and development)	2,864,264	9,782,968	-	-	-	12,647,232
Transportation, communication and infrastructure	13,294,693	5,903,741	-	-	77,694	19,276,128
Finance and general governmental administration	15,256,321	4,356,675	-	-	4,937,219	24,550,215
Justice	7,881,193	1,036,282	-	-	3,207,599	12,125,074
Office of the Public Defender	894,540	-	-	-	-	894,540
Environmental and emergency management	921,545	808,651	-	-	-	1,730,196
National archives, cultural and historic preservation	716,618	460,000	-	-	-	1,176,618
Judiciary	2,401,021	-	-	-	-	2,401,021
Legislature	7,084,583	-	-	-	-	7,084,583
Office of the National Public Auditor	1,117,912	192,844	-	-	-	1,310,756
Land and natural resources	375,172	90,176	-	-	-	465,348
Other appropriations	25,712,219	50,543	-	-	-	25,762,762
Payments to component units and fiduciary funds	4,532,843	-	-	-	-	4,532,843
Municipal affairs	2,950,029	-	-	-	-	2,950,029
Boards, commissions, councils and other	6,986,883	17,876	-	-	516,721	7,521,480
Capital projects	-	9,894,272	-	-	-	9,894,272
Debt service	4,394,818	-	-	-	-	4,394,818
Total expenditures	112,048,536	105,757,737	-	-	9,784,317	227,590,590
Excess (deficiency) of revenues over expenditures	107,145,880	(4,780,446)	4,690,249	4,501,476	2,802,337	114,359,496
Other financing sources (uses):						
Proceeds from issuance of long-term debt	1,263,078	-	-	-	-	1,263,078
Operating transfers in	(313,813)	1,415,058	-	-	-	1,101,245
Operating transfers out	-	-	-	-	(1,101,245)	(1,101,245)
Total other financing sources (uses), net	949,265	1,415,058	-	-	(1,101,245)	1,263,078
Special items:						
Noncash reduction in loans receivable	(1,256,680)	-	-	-	-	(1,256,680)
Write-off of receivables	(258,106)	-	-	-	-	(258,106)
Total special items	(1,514,786)	-	-	-	-	(1,514,786)
Net change in fund balances	106,580,359	(3,365,388)	4,690,249	4,501,476	1,701,092	114,107,788
Fund balances at beginning of year	302,901,112	12,039,316	65,616,466	52,320,366	11,026,546	443,903,806
Fund balances at end of year	\$ 409,481,471	\$ 8,673,928	\$ 70,306,715	\$ 56,821,842	\$ 12,727,638	\$ 558,011,594

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, 2018
(See Accompanying Independent Accountants' Compilation Report)

Total net change in fund balances - governmental funds		\$ 114,107,788
<p>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:</p>		
Capital outlays, net of disposals	32,178,572	
Depreciation expense	<u>(22,502,106)</u>	
		9,676,466
<p>Governmental funds report advance lease payment as revenue. However, in the statement of net position, such is reported as unearned revenue.</p>		
		(150,000)
<p>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:</p>		
Long-term debt proceeds	(669,305)	
Repayment of long-term debt and SDR adjustments	<u>5,058,131</u>	
		4,388,826
<p>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:</p>		
Change in claims payable		1,012,605
Change in compensated absences payable		<u>(20,991)</u>
Change in net position of governmental activities		<u>\$ 129,014,694</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Fiduciary Net Position

Fiduciary Funds - Private Purpose Trusts

September 30, 2018

(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>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,064,758	\$ 123,175	\$ 3,187,933
Time certificates of deposit	-	149,318	149,318
Receivables, net:			
Contributions	3,505,730	-	3,505,730
Other	22,999	633	23,632
Investments	43,334,631	-	43,334,631
Capital assets, net of accumulated depreciation	<u>67,463</u>	<u>-</u>	<u>67,463</u>
Total assets	<u>\$ 49,995,581</u>	<u>\$ 273,126</u>	<u>\$ 50,268,707</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 143,804	\$ 17,402	\$ 161,206
Other liabilities and accruals	<u>25,171</u>	<u>-</u>	<u>25,171</u>
Total liabilities	<u>168,975</u>	<u>17,402</u>	<u>186,377</u>
<u>NET POSITION</u>			
Held in trust for:			
Social security benefits	49,826,606	-	49,826,606
Other purposes	<u>-</u>	<u>255,724</u>	<u>255,724</u>
Total net position	<u>49,826,606</u>	<u>255,724</u>	<u>50,082,330</u>
Total liabilities and net position	<u>\$ 49,995,581</u>	<u>\$ 273,126</u>	<u>\$ 50,268,707</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Private Purpose Trusts

Year Ended September 30, 2018

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM Social Security Administration</u>	<u>Yap State Development Loan Fund</u>	<u>Total</u>
Additions:			
Contributions	\$ 19,720,805	\$ -	\$ 19,720,805
Total contributions	<u>19,720,805</u>	<u>-</u>	<u>19,720,805</u>
Investment earnings:			
Net change in the fair value of investments	(4,033,152)	-	(4,033,152)
Interest and dividends	<u>1,236,127</u>	<u>-</u>	<u>1,236,127</u>
Total investment earnings	(2,797,025)	-	(2,797,025)
Less investment expense	<u>(296,508)</u>	<u>-</u>	<u>(296,508)</u>
Net investment earnings	<u>(3,093,533)</u>	<u>-</u>	<u>(3,093,533)</u>
Contributions from FSM National Government	1,000,000	-	1,000,000
Other	<u>232,183</u>	<u>-</u>	<u>232,183</u>
Total additions	<u>17,859,455</u>	<u>-</u>	<u>17,859,455</u>
Deductions:			
Benefits	22,179,183	-	22,179,183
Refunds/distribution	22,706	-	22,706
Administrative expenses	<u>1,337,404</u>	<u>-</u>	<u>1,337,404</u>
Total deductions	<u>23,539,293</u>	<u>-</u>	<u>23,539,293</u>
Change in net position	(5,679,838)	-	(5,679,838)
Net position at beginning of year	<u>55,506,444</u>	<u>255,724</u>	<u>55,762,168</u>
Net position at end of year	<u>\$ 49,826,606</u>	<u>\$ 255,724</u>	<u>\$ 50,082,330</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position

Component Units

September 30, 2018

(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 Employees' Health Insurance Plan	FSM Communications Cable Corporation	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 969,672	\$ 2,634,528	\$ 1,219,843	\$ 4,631,662	\$ 20,018,916	\$ 6,116,731	\$ 229,432	\$ 415,313	\$ 503,147	\$ 413,675	\$ 1,145,702	\$ 153,948
Time certificates of deposit	278,479	3,063,148	-	18	-	400,000	-	-	-	100,000	-	-
Investments	1,990,465	-	553,638	2,990,905	-	-	-	1,097,898	-	637,642	-	-
Receivables, net:												
General	813,528	-	66,394	5,627,600	1,772,508	446,655	3,375	405,066	-	494,117	686,594	410,189
Loans	-	10,428,000	-	-	-	-	-	-	-	-	-	-
Interest	198,686	125,603	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	312,174	108,859	-	-	73,055	-	-	-	-
Advances	611,370	69,523	-	790,776	1,631,661	334,529	35,182	-	41,400	-	-	-
Inventories	971,237	-	-	1,102,396	7,716,159	7,886,225	149,737	-	-	-	804,480	-
Due from component units	-	-	-	-	1,911,088	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	<u>5,833,437</u>	<u>16,320,802</u>	<u>1,839,875</u>	<u>15,455,531</u>	<u>33,159,191</u>	<u>15,184,140</u>	<u>417,726</u>	<u>1,991,332</u>	<u>544,547</u>	<u>1,645,434</u>	<u>2,636,776</u>	<u>564,137</u>
Noncurrent assets:												
Capital assets:												
Nondepreciable capital assets	740,187	-	-	1,455,685	8,785,660	-	-	-	1,128,416	-	714,301	-
Capital assets, net of accumulated depreciation	31,139,080	1,455,943	113,051	6,265,274	13,266,257	213,101	32,499	2,636	52,454	21,028	20,646,213	11,171
Investments	-	19,626,486	2,968,236	6,761,490	2,131,619	-	-	-	-	-	-	-
Loans receivable	-	22,603,475	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	2,975,659	-	-	-	8,067,160	130,000	-	271,893	-	35,500	904,146	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	<u>34,854,926</u>	<u>43,685,904</u>	<u>3,081,287</u>	<u>14,482,449</u>	<u>32,250,696</u>	<u>343,101</u>	<u>32,499</u>	<u>274,529</u>	<u>1,180,870</u>	<u>56,528</u>	<u>22,264,660</u>	<u>11,171</u>
Total assets	<u>\$ 40,688,363</u>	<u>\$ 60,006,706</u>	<u>\$ 4,921,162</u>	<u>\$ 29,937,980</u>	<u>\$ 65,409,887</u>	<u>\$ 15,527,241</u>	<u>\$ 450,225</u>	<u>\$ 2,265,861</u>	<u>\$ 1,725,417</u>	<u>\$ 1,701,962</u>	<u>\$ 24,901,436</u>	<u>\$ 575,308</u>
LIABILITIES												
Current liabilities:												
Current portion of long-term debt	\$ 2,038,170	\$ 145,709	-	\$ -	\$ 816,575	\$ 480,000	\$ -	\$ -	\$ -	\$ -	\$ 278,943	\$ -
Short-term notes	1,606,476	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	266,974	54,213	10,673	286,772	4,643,598	2,406,999	22,960	3,665,567	101,268	62,368	25,466	(1,481)
Due to component units	-	-	-	-	-	1,911,088	-	-	-	-	-	-
Other liabilities and accruals	1,352,458	408,314	17,839	1,502,638	3,406,213	797,438	19,630	-	49,874	26,957	376,345	84,211
Due to primary government	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	89,499	151,051	-	2,448,055	-	-	-	-	-	-	58,398	-
Total current liabilities	<u>5,353,577</u>	<u>759,287</u>	<u>28,512</u>	<u>4,237,465</u>	<u>8,866,386</u>	<u>5,595,525</u>	<u>42,590</u>	<u>3,665,567</u>	<u>151,142</u>	<u>89,325</u>	<u>739,152</u>	<u>82,730</u>
Noncurrent liabilities:												
Long-term obligations, net of current portion	18,125,719	735,468	-	378,644	8,277,261	8,421,532	-	-	500,000	-	4,157,177	-
Total noncurrent liabilities	<u>18,125,719</u>	<u>735,468</u>	<u>-</u>	<u>378,644</u>	<u>8,277,261</u>	<u>8,421,532</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>4,157,177</u>	<u>-</u>
Total liabilities	<u>23,479,296</u>	<u>1,494,755</u>	<u>28,512</u>	<u>4,616,109</u>	<u>17,143,647</u>	<u>14,017,057</u>	<u>42,590</u>	<u>3,665,567</u>	<u>651,142</u>	<u>89,325</u>	<u>4,896,329</u>	<u>82,730</u>
NET POSITION												
Net investment in capital assets	12,758,061	1,455,943	113,051	7,720,959	14,705,464	213,101	32,499	2,636	1,180,870	21,028	16,959,555	11,171
Restricted for:												
Nonexpendable	-	-	-	6,761,490	-	-	-	-	-	-	642,194	-
Unrestricted	4,451,006	57,056,008	4,779,599	10,839,422	33,560,776	1,297,083	375,136	(1,402,342)	(106,595)	1,591,609	2,403,358	481,407
Total net position	<u>17,209,067</u>	<u>58,511,951</u>	<u>4,892,650</u>	<u>25,321,871</u>	<u>48,266,240</u>	<u>1,510,184</u>	<u>407,635</u>	<u>(1,399,706)</u>	<u>1,074,275</u>	<u>1,612,637</u>	<u>20,005,107</u>	<u>492,578</u>
Total liabilities and net position	<u>\$ 40,688,363</u>	<u>\$ 60,006,706</u>	<u>\$ 4,921,162</u>	<u>\$ 29,937,980</u>	<u>\$ 65,409,887</u>	<u>\$ 15,527,241</u>	<u>\$ 450,225</u>	<u>\$ 2,265,861</u>	<u>\$ 1,725,417</u>	<u>\$ 1,701,962</u>	<u>\$ 24,901,436</u>	<u>\$ 575,308</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position, Continued

Component Units

September 30, 2018

(See Accompanying Independent Accountants' Compilation Report)

	Kosrae Port Authority	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	Yap Visitor's Bureau	Yap State Public Service Corporation	The Diving Seagull, Inc.	Total
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 9,025	\$ 345,641	\$ 7,635	\$ 1,388,442	\$ 5,526,850	\$ -	\$ 800	\$ 406,460	\$ 178,613	\$ 1,265,228	\$ 1,015,343	\$ 48,596,606
Time certificates of deposit	-	167,119	-	228,788	-	-	-	-	-	-	569,733	4,807,285
Investments	-	750,952	-	-	242,088	-	-	-	-	-	1,429,332	9,692,920
Receivables, net:												
General	47,276	178,622	-	1,352,367	448,591	60,437	47,654	3,089,492	-	954,736	-	16,905,201
Loans	-	-	480,364	-	-	-	-	-	-	-	-	10,908,364
Interest	-	-	-	-	-	-	-	-	-	-	-	324,289
Other	-	-	-	-	-	-	-	-	-	29,361	308,701	832,150
Advances	-	9,461	-	-	32,471	58,377	15,896	-	-	-	-	3,630,646
Inventories	-	229,009	-	180,958	31,682	193,085	-	-	-	1,202,386	108,832	20,576,186
Due from component units	-	-	-	-	-	-	-	-	-	-	-	1,911,088
Other assets	-	-	-	58,974	-	-	345	1,028	-	28,963	40,265	129,575
Restricted assets	-	-	200,000	-	-	-	1,228,083	-	-	-	-	1,428,083
Total current assets	<u>56,301</u>	<u>1,680,804</u>	<u>687,999</u>	<u>3,209,529</u>	<u>6,281,682</u>	<u>311,899</u>	<u>1,292,778</u>	<u>3,496,980</u>	<u>178,613</u>	<u>3,480,674</u>	<u>3,472,206</u>	<u>119,742,393</u>
Noncurrent assets:												
Capital assets:												
Nondepreciable capital assets	-	62,560	-	850,066	2,790,854	-	-	-	-	57,490	-	16,585,219
Capital assets, net of accumulated depreciation	15,337,621	2,081,366	99,841	29,556,249	3,751,803	2,494,649	12,648	44,047	33,052	17,968,016	2,522,007	147,120,006
Investments	-	-	-	-	-	-	-	-	-	-	-	31,487,831
Loans receivable	-	-	-	-	-	-	-	-	-	-	-	22,603,475
Other noncurrent assets	-	280,821	-	1,256,912	229,868	-	534,389	-	-	697,285	-	15,383,633
Restricted cash and cash equivalents	-	-	-	517,473	-	-	-	-	-	-	2,241,746	2,759,219
Total noncurrent assets	<u>15,337,621</u>	<u>2,424,747</u>	<u>99,841</u>	<u>32,180,700</u>	<u>6,772,525</u>	<u>2,494,649</u>	<u>547,037</u>	<u>44,047</u>	<u>33,052</u>	<u>18,722,791</u>	<u>4,763,753</u>	<u>235,939,383</u>
Total assets	<u>\$15,393,922</u>	<u>\$ 4,105,551</u>	<u>\$ 787,840</u>	<u>\$ 35,390,229</u>	<u>\$ 13,054,207</u>	<u>\$ 2,806,548</u>	<u>\$ 1,839,815</u>	<u>\$ 3,541,027</u>	<u>\$ 211,665</u>	<u>\$ 22,203,465</u>	<u>\$ 8,235,959</u>	<u>\$ 355,681,776</u>
LIABILITIES												
Current liabilities:												
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ 475,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,085	\$ 806,470	\$ 5,436,022
Short term notes	-	-	-	536,636	-	-	-	-	-	-	850,000	2,993,112
Accounts payable	15,198	108,287	7,619	3,565,179	21,473	80,979	14	-	-	202,256	1,384,972	16,931,354
Due to component units	-	-	-	-	-	-	-	-	-	-	-	1,911,088
Other liabilities and accruals	16,265	52,429	158,882	364,855	359,254	32,607	7,083	40,985	7,838	1,264,607	1,103,856	11,450,578
Due to primary government	72,174	-	23,780	-	20,685	1,623,344	-	104,827	-	-	-	1,844,810
Unearned revenue	-	17,461	-	313,962	-	3,174	-	-	-	114,632	-	3,196,232
Total current liabilities	<u>103,637</u>	<u>178,177</u>	<u>190,281</u>	<u>5,255,702</u>	<u>401,412</u>	<u>1,740,104</u>	<u>7,097</u>	<u>145,812</u>	<u>7,838</u>	<u>1,976,580</u>	<u>4,145,298</u>	<u>43,763,196</u>
Noncurrent liabilities:												
Long-term obligation, net of current portion	-	-	-	7,927,544	-	-	-	-	-	9,520,211	536,114	58,579,670
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,927,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,520,211</u>	<u>536,114</u>	<u>58,579,670</u>
Total liabilities	<u>103,637</u>	<u>178,177</u>	<u>190,281</u>	<u>13,183,246</u>	<u>401,412</u>	<u>1,740,104</u>	<u>7,097</u>	<u>145,812</u>	<u>7,838</u>	<u>11,496,791</u>	<u>4,681,412</u>	<u>102,342,866</u>
NET POSITION												
Net investment in capital assets	15,337,621	2,143,926	99,841	22,024,029	6,542,657	2,494,649	12,648	44,047	33,052	8,110,210	1,725,646	113,742,664
Restricted for:												
Nonexpendable	-	90,000	497,718	723,686	-	-	1,762,472	3,351,168	-	37,273	2,241,746	16,107,747
Unrestricted	(47,336)	1,693,448	-	(540,732)	6,110,138	(1,428,205)	57,598	-	170,775	2,559,191	(412,845)	123,488,499
Total net position	<u>15,290,285</u>	<u>3,927,374</u>	<u>597,559</u>	<u>22,206,983</u>	<u>12,652,795</u>	<u>1,066,444</u>	<u>1,832,718</u>	<u>3,395,215</u>	<u>203,827</u>	<u>10,706,674</u>	<u>3,554,547</u>	<u>253,338,910</u>
Total liabilities and net position	<u>\$15,393,922</u>	<u>\$ 4,105,551</u>	<u>\$ 787,840</u>	<u>\$ 35,390,229</u>	<u>\$ 13,054,207</u>	<u>\$ 2,806,548</u>	<u>\$ 1,839,815</u>	<u>\$ 3,541,027</u>	<u>\$ 211,665</u>	<u>\$ 22,203,465</u>	<u>\$ 8,235,959</u>	<u>\$ 355,681,776</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position
Component Units
Year Ended September 30, 2018
(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 Employees' Health Insurance Plan	FSM Communications Cable Corporation	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority
Operating revenues:												
Charges for services	\$ 14,188,092	\$ 2,691,165	\$ 1,019,899	\$ 18,390,191	\$ 52,444,478	\$ 16,147,079	\$ 813,435	\$ 6,423,581	\$ -	\$ 1,538,144	\$ 7,260,815	\$ 155,994
Other	44,191	129,315	-	742,289	401,413	-	-	1,265	2,400	13,239	41,213	-
Total operating revenues	14,232,283	2,820,480	1,019,899	19,132,480	52,845,891	16,147,079	813,435	6,424,846	2,400	1,551,383	7,302,028	155,994
Operating expenses:												
Cost of services	9,637,752	-	-	-	37,601,362	13,113,282	1,062,542	6,997,407	-	1,377,257	3,705,086	-
Depreciation	4,225,293	128,944	13,808	1,055,968	1,986,158	60,059	3,109	335,059	6,130	14,631	1,226,575	2,901
Administrative costs	1,096,391	1,797,658	660,869	18,346,037	12,028,699	2,848,061	168,360	612,447	529,113	357,141	2,605,611	125,777
Total operating expenses	14,959,436	1,926,602	674,677	19,402,005	51,616,219	16,021,402	1,234,011	7,944,913	535,243	1,749,029	7,537,272	128,678
Operating income (loss)	(727,153)	893,878	345,222	(269,525)	1,229,672	125,677	(420,576)	(1,520,067)	(532,843)	(197,646)	(235,244)	27,316
Nonoperating revenues (expenses):												
Net change in the fair value of investments	179,317	-	-	311,426	(168,719)	-	-	(3,075)	-	-	-	-
Interest income	-	-	-	-	-	66,767	-	-	675	-	-	-
Interest expense	(1,070,109)	(67,352)	-	-	(355,548)	-	-	-	-	-	-	-
Contributions from primary government	795,228	-	1,208,763	-	-	-	187,007	670,384	1,409,498	-	193,255	-
Other income (expense)	-	9,929	96,451	404,878	-	(952,820)	-	627,488	196,945	176,528	119,620	-
Total nonoperating revenues (expenses), net	(95,564)	(57,423)	1,305,214	716,304	(524,267)	(886,053)	187,007	1,294,797	1,607,118	176,528	312,875	-
Capital contributions	-	-	-	-	-	-	-	-	-	-	428,354	-
Change in net position	(822,717)	836,455	1,650,436	446,779	705,405	(760,376)	(233,569)	(225,270)	1,074,275	(21,118)	505,985	27,316
Net position at beginning of year	18,031,784	57,675,496	3,242,214	24,875,092	47,560,835	2,270,560	641,204	(1,174,436)	-	1,633,755	19,499,122	465,262
Net position at end of year	\$ 17,209,067	\$ 58,511,951	\$ 4,892,650	\$ 25,321,871	\$ 48,266,240	\$ 1,510,184	\$ 407,635	\$ (1,399,706)	\$ 1,074,275	\$ 1,612,637	\$ 20,005,107	\$ 492,578

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position, Continued
Component Units
Year Ended September 30, 2018
(See Accompanying Independent Accountants' Compilation Report)

	Kosrae Port Authority	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	Yap Visitor's Bureau	Yap State Public Service Corporation	The Diving Seagull, Inc.	Total
Operating revenues:												
Charges for services	\$ 523,099	\$ 2,690,903	\$ 71,993	\$ 13,476,678	\$ 4,628,600	\$ 1,463,301	\$ 63,753	\$ 162,935	\$ -	\$ 5,436,530	\$ 8,911,650	\$ 158,502,315
Other	-	-	-	-	-	-	-	-	-	482,716	630	1,858,671
Total operating revenues	523,099	2,690,903	71,993	13,476,678	4,628,600	1,463,301	63,753	162,935	-	5,919,246	8,912,280	160,360,986
Operating expenses:												
Cost of services	-	1,589,009	-	11,157,181	-	-	-	-	-	4,440,692	8,828,727	99,510,297
Depreciation	700,915	381,904	10,163	2,109,348	417,595	267,978	3,831	17,643	15,247	1,161,109	6,980	14,151,348
Administrative costs	461,109	934,176	196,740	1,769,343	2,936,646	1,474,073	126,468	165,790	244,766	519,270	243,988	50,248,533
Total operating expenses	1,162,024	2,905,089	206,903	15,035,872	3,354,241	1,742,051	130,299	183,433	260,013	6,121,071	9,079,695	163,910,178
Operating income (loss)	(638,925)	(214,186)	(134,910)	(1,559,194)	1,274,359	(278,750)	(66,546)	(20,498)	(260,013)	(201,825)	(167,415)	(3,549,192)
Nonoperating revenues (expenses):												
Net change in the fair value of investments	-	79,129	-	-	-	-	-	-	-	-	-	398,078
Interest income	-	1,047	-	-	26,674	-	2,942	-	-	7,543	101,054	206,702
Interest expense	-	-	(3,164)	(199,977)	-	-	-	-	-	(160,242)	(107,868)	(1,964,260)
Contributions from primary government	-	-	24,100	-	-	-	-	116,951	278,735	-	-	4,883,921
Other income (expense)	-	89,674	-	(287,706)	3,193	1,475	46,387	-	6,194	38,976	-	577,212
Total nonoperating revenues (expenses), net	-	169,850	20,936	(487,683)	29,867	1,475	49,329	116,951	284,929	(113,723)	(6,814)	4,101,653
Capital contributions	103,879	-	97,950	1,028,865	-	892,576	-	-	-	438,456	-	2,990,080
Change in net position	(535,046)	(44,336)	(16,024)	(1,018,012)	1,304,226	615,301	(17,217)	96,453	24,916	122,908	(174,229)	3,542,541
Net position at beginning of year	15,825,331	3,971,710	613,583	23,224,995	11,348,569	451,143	1,849,935	3,298,762	178,911	10,583,766	3,728,776	249,796,369
Net position at the end of the year	\$ 15,290,285	\$ 3,927,374	\$ 597,559	\$ 22,206,983	\$ 12,652,795	\$ 1,066,444	\$ 1,832,718	\$ 3,395,215	\$ 203,827	\$ 10,706,674	\$ 3,554,547	\$ 253,338,910

FEDERATED STATES OF MICRONESIA

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet

Combining General Funds

September 30, 2018

(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	\$ 71,486,133	\$ 2,556,168	\$ 463,335	\$ 3,256,682	\$ 1,777,458	\$ 79,539,776
Time certificates of deposit	5,495,440	-	-	-	-	5,495,440
Equity in internal investment pool	260,906,011	33,848	1,210,438	5,922,157	15,771,371	283,843,825
Investments	6,108,750	678,750	-	-	-	6,787,500
Receivables, net:						
General	1,197,578	695,436	12,231	259,849	-	2,165,094
Taxes	7,432,191	-	239,598	2,412,034	418,306	10,502,129
Loans	43,022,510	-	-	-	-	43,022,510
Other	27,165	-	23,780	35,000	78,682	164,627
Due from other funds	2,086,403	1,225,679	381,906	1,887,972	345,623	5,927,583
Advances	1,858,952	240,492	36,935	156,517	162,827	2,455,723
Other assets	9,577,318	575,000	627,000	1,300,000	4,438,866	16,518,184
Restricted assets:						
Cash and cash equivalents	9,249,018	8,495,284	627,164	5,233,117	1,957,469	25,562,052
Investments	-	3,592,121	763,150	4,463,563	1,287,704	10,106,538
Total assets	<u>\$ 418,447,469</u>	<u>\$ 18,092,778</u>	<u>\$ 4,385,537</u>	<u>\$ 24,926,891</u>	<u>\$ 26,238,306</u>	<u>\$ 492,090,981</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ 4,061,463	\$ 1,120,543	\$ 52,001	\$ 877,782	\$ 743,968	\$ 6,855,757
Other liabilities and accruals	19,529,909	236,654	185,221	442,876	103,173	20,497,833
Tax refunds payable	157	-	-	-	-	157
Land acquisition payable	-	8,543,745	-	-	-	8,543,745
Due to FSM State Governments	3,935,719	-	-	-	-	3,935,719
Due to other funds	13,359,260	11,072,661	2,193,945	9,793,043	6,357,390	42,776,299
Total liabilities	<u>40,886,508</u>	<u>20,973,603</u>	<u>2,431,167</u>	<u>11,113,701</u>	<u>7,204,531</u>	<u>82,609,510</u>
Fund balances (deficit):						
Non-spendable	58,708,578	1,494,242	1,898,153	2,587,767	6,927,616	71,616,356
Restricted	1,888,676	3,592,121	763,150	7,352,518	1,287,704	14,884,169
Committed	275,092,993	-	-	148,716	202,124	275,443,833
Assigned	11,787,873	-	-	328,847	1,463,726	13,580,446
Unassigned:						
General fund	30,082,841	(7,967,188)	(706,933)	3,395,342	9,152,605	33,956,667
Total fund balances (deficit)	<u>377,560,961</u>	<u>(2,880,825)</u>	<u>1,954,370</u>	<u>13,813,190</u>	<u>19,033,775</u>	<u>409,481,471</u>
Total liabilities and fund balances (deficit)	<u>\$ 418,447,469</u>	<u>\$ 18,092,778</u>	<u>\$ 4,385,537</u>	<u>\$ 24,926,891</u>	<u>\$ 26,238,306</u>	<u>\$ 492,090,981</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet Combining Grants Assistance Funds September 30, 2018

(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>						
Investments	\$ 3,951,868	\$ -	\$ -	\$ -	\$ -	\$ 3,951,868
Receivables, net:						
Federal agencies	3,331,776	-	33,352	-	18,876	3,384,004
FSM National Government	-	1,877,923	348,506	2,007,119	2,392,091	6,625,639
Other	-	-	-	11,546	600	12,146
Due from other funds	9,668,568	11,025,440	1,532,270	3,120,960	5,410,219	30,757,457
Advances	393,168	152,569	521,260	475,151	187,033	1,729,181
Other assets	-	-	100,000	-	-	100,000
Restricted assets:						
Cash and cash equivalents	-	-	-	7,700	-	7,700
Total assets	<u>\$ 17,345,380</u>	<u>\$ 13,055,932</u>	<u>\$ 2,535,388</u>	<u>\$ 5,622,476</u>	<u>\$ 8,008,819</u>	<u>\$ 46,567,995</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 4,216,785	\$ 501,591	\$ 280,872	\$ 1,255,557	\$ 541,061	\$ 6,795,866
Retention payable	650,193	-	-	-	-	650,193
Other liabilities and accruals	-	685,485	201,902	513,647	252,746	1,653,780
Due to FSM State Governments	2,431,498	-	-	-	-	2,431,498
Due to other funds	2,086,403	1,225,679	381,906	1,846,532	345,623	5,886,143
Unearned revenue	<u>4,291,062</u>	<u>8,554,212</u>	<u>968,683</u>	<u>1,980,298</u>	<u>4,682,332</u>	<u>20,476,587</u>
Total liabilities	<u>13,675,941</u>	<u>10,966,967</u>	<u>1,833,363</u>	<u>5,596,034</u>	<u>5,821,762</u>	<u>37,894,067</u>
Fund balances:						
Non-spendable	-	-	100,000	-	-	100,000
Restricted	3,817,917	2,088,965	602,025	26,442	2,187,057	8,722,406
Unassigned:						
Special revenue funds	<u>(148,478)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148,478)</u>
Total fund balances	<u>3,669,439</u>	<u>2,088,965</u>	<u>702,025</u>	<u>26,442</u>	<u>2,187,057</u>	<u>8,673,928</u>
Total liabilities and fund balances	<u>\$ 17,345,380</u>	<u>\$ 13,055,932</u>	<u>\$ 2,535,388</u>	<u>\$ 5,622,476</u>	<u>\$ 8,008,819</u>	<u>\$ 46,567,995</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet
Combining Compact Trust Funds
September 30, 2018

(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>\$ 19,754,927</u>	<u>\$ 15,263,049</u>	<u>\$ 5,333,257</u>	<u>\$ 17,425,026</u>	<u>\$ 12,530,456</u>	<u>\$ 70,306,715</u>
<u>FUND BALANCES</u>						
Fund balances:						
Non-spendable	<u>\$ 19,754,927</u>	<u>\$ 15,263,049</u>	<u>\$ 5,333,257</u>	<u>\$ 17,425,026</u>	<u>\$ 12,530,456</u>	<u>\$ 70,306,715</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet Combining Other Governmental Funds September 30, 2018

(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	\$ -	\$ -	\$ -	\$ -	\$ 21,070	\$ 21,070
Investment	-	-	-	-	353,896	353,896
Receivables, net:						
General	16,807	19,806	42,661	-	-	79,274
FSM National government	-	-	-	-	312,803	312,803
Due from other funds	3,690,692	47,221	661,675	6,672,083	947,171	12,018,842
Advances	34,936	53,432	1,761	18,780	-	108,909
Other assets	-	-	93,000	-	-	93,000
Restricted assets:						
Cash and cash equivalents	-	-	41,649	-	-	41,649
Time certificates of deposit	-	-	356,359	-	-	356,359
Total assets	<u>\$ 3,742,435</u>	<u>\$ 120,459</u>	<u>\$ 1,197,105</u>	<u>\$ 6,690,863</u>	<u>\$ 1,634,940</u>	<u>\$ 13,385,802</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 67,064	\$ 1,941	\$ 55,115	\$ 74,669	\$ 238,521	\$ 437,310
Other liabilities and accruals	-	556	1,992	5,696	17,805	26,049
Due to other funds	-	-	-	41,440	-	41,440
Unearned revenue	-	-	33	-	153,332	153,365
Total liabilities	<u>67,064</u>	<u>2,497</u>	<u>57,140</u>	<u>121,805</u>	<u>409,658</u>	<u>658,164</u>
Fund balances:						
Non-spendable	-	53,432	93,000	14,156	-	160,588
Restricted	-	64,530	445,289	-	349,939	859,758
Committed	3,675,371	-	601,676	6,600,523	875,343	11,752,913
Unassigned:						
Special revenue funds	-	-	-	(45,621)	-	(45,621)
Total fund balances	<u>3,675,371</u>	<u>117,962</u>	<u>1,139,965</u>	<u>6,569,058</u>	<u>1,225,282</u>	<u>12,727,638</u>
Total liabilities and fund balances	<u>\$ 3,742,435</u>	<u>\$ 120,459</u>	<u>\$ 1,197,105</u>	<u>\$ 6,690,863</u>	<u>\$ 1,634,940</u>	<u>\$ 13,385,802</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficit)
Combining General Funds
Year Ended September 30, 2018
(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ 100,743,063	\$ 6,642,019	\$ 1,617,142	\$ 12,946,172	\$ 3,719,317	\$ 125,667,713
Fishing rights	72,329,651	-	-	-	-	72,329,651
Interest and dividends	371,844	-	57,002	-	-	428,846
Fees and charges	267,026	2,743,109	464,504	387,921	1,237,281	5,099,841
Net change in the fair value of investments	10,050,197	246,228	141,068	980,375	951,995	12,369,863
MiCare reimbursable	349,809	-	-	-	-	349,809
Other	756,174	734,889	565,279	11,016	881,335	2,948,693
Total revenues	184,867,764	10,366,245	2,844,995	14,325,484	6,789,928	219,194,416
Expenditures:						
General government:						
President's office	2,211,159	-	-	-	-	2,211,159
External affairs and LNOs	5,604,962	-	-	-	-	5,604,962
Health and social affairs	1,937,146	76,705	-	81,470	473,317	2,568,638
Education	3,879,227	-	25,115	133,666	241,115	4,279,123
Economic development (Resources & development)	1,570,516	171,847	46,555	449,613	625,733	2,864,264
Transportation, communication and infrastructure	11,035,375	837,536	-	185,846	1,235,936	13,294,693
Finance and general governmental administration	4,085,772	4,027,711	1,051,341	4,907,363	1,184,134	15,256,321
Justice	4,302,273	1,116,978	335,344	1,606,289	520,309	7,881,193
Office of the Public Defender	894,540	-	-	-	-	894,540
Environmental and emergency management	921,545	-	-	-	-	921,545
National archives, cultural and historic preservation	271,485	152,260	-	-	292,873	716,618
Judiciary	1,649,377	553,042	-	-	198,602	2,401,021
Legislature	7,084,583	-	-	-	-	7,084,583
Office of the National Public Auditor	1,117,912	-	-	-	-	1,117,912
Land and natural resources	-	-	-	375,172	-	375,172
Other appropriations	23,391,351	-	-	-	2,320,868	25,712,219
Payments to component units and fiduciary fund	4,454,920	62,484	-	-	15,439	4,532,843
Municipal affairs	-	419,008	-	2,531,021	-	2,950,029
Boards, commissions, councils and other	3,597,531	1,058,907	553,160	1,382,121	395,164	6,986,883
Debt service	2,731,299	675,796	411,725	262,862	313,136	4,394,818
Total expenditures	80,740,973	9,152,274	2,423,240	11,915,423	7,816,626	112,048,536
Excess (deficiency) of revenues over expenditures	104,126,791	1,213,971	421,755	2,410,061	(1,026,698)	107,145,880
Other financing sources (uses):						
Proceeds from issuance of long-term debt	1,263,078	-	-	-	-	1,263,078
Operating transfers in (out)	1,001,534	(506,253)	(2,977)	-	(806,117)	(313,813)
Total other financing sources (uses), net	2,264,612	(506,253)	(2,977)	-	(806,117)	949,265
Special items:						
Noncash reduction in loans receivable	(1,256,680)	-	-	-	-	(1,256,680)
Write-off of receivables	-	-	(38,041)	-	(220,065)	(258,106)
Total special items	(1,256,680)	-	(38,041)	-	(220,065)	(1,514,786)
Net change in fund balances (deficit)	105,134,723	707,718	380,737	2,410,061	(2,052,880)	106,580,359
Fund balances (deficit) at beginning of year	272,426,238	(3,588,543)	1,573,633	11,403,129	21,086,655	302,901,112
Fund balances (deficit) at end of year	\$ 377,560,961	\$ (2,880,825)	\$ 1,954,370	\$ 13,813,190	\$ 19,033,775	\$ 409,481,471

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Combining Grants Assistance Funds Year Ended September 30, 2018 (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	\$ 3,563,127	\$ 26,294,379	\$ 7,838,647	\$ 18,877,267	\$ 9,398,241	\$ 65,971,661
CFSM grants	-	-	-	1,211,441	376,101	1,587,542
Federal and other grants	22,948,028	2,622,240	2,026,617	3,034,719	2,725,985	33,357,589
Fees and charges	-	-	-	-	60,499	60,499
Total revenues	26,511,155	28,916,619	9,865,264	23,123,427	12,560,826	100,977,291
Expenditures:						
General government:						
Education	1,405,465	15,516,970	4,135,172	11,972,736	5,902,379	38,932,722
Health and social affairs	5,157,168	13,120,639	3,284,277	7,232,972	5,435,931	34,230,987
Finance and general governmental administration	1,914,671	1,759,986	1,517,961	3,399,716	1,190,634	9,782,968
Transportation, communication and infrastructure	4,941,239	-	-	-	962,502	5,903,741
Economic development (Resources and development)	2,207,328	1,171,912	447,202	-	530,233	4,356,675
Environmental and emergency management	740,917	-	295,365	-	-	1,036,282
Boards, commissions, councils and other	808,651	-	-	-	-	808,651
Office of the National Public Auditor	460,000	-	-	-	-	460,000
Other appropriations	-	-	-	-	192,844	192,844
Land and natural resources	-	-	-	90,176	-	90,176
National archives, cultural and historic preservation	50,543	-	-	-	-	50,543
Justice	-	17,876	-	-	-	17,876
Capital projects	8,775,092	645,087	-	474,093	-	9,894,272
Total expenditures	26,461,074	32,232,470	9,679,977	23,169,693	14,214,523	105,757,737
Excess (deficiency) of revenues over expenditures	50,081	(3,315,851)	185,287	(46,266)	(1,653,697)	(4,780,446)
Other financing sources:						
Operating transfers in (out)	200,000	506,253	-	(97,312)	806,117	1,415,058
Net change in fund balances	250,081	(2,809,598)	185,287	(143,578)	(847,580)	(3,365,388)
Fund balances at beginning of year	3,419,358	4,898,563	516,738	170,020	3,034,637	12,039,316
Fund balances at end of year	\$ 3,669,439	\$ 2,088,965	\$ 702,025	\$ 26,442	\$ 2,187,057	\$ 8,673,928

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues
and Changes in Fund Balances
Combining Compact Trust Funds
Year Ended September 30, 2018

(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	\$ 1,319,881	\$ 1,016,143	\$ 356,516	\$ 1,160,079	\$ 837,630	\$ 4,690,249
Total revenues	<u>1,319,881</u>	<u>1,016,143</u>	<u>356,516</u>	<u>1,160,079</u>	<u>837,630</u>	<u>4,690,249</u>
Net change in fund balances	1,319,881	1,016,143	356,516	1,160,079	837,630	4,690,249
Fund balances at beginning of 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>
Fund balances at the end of the year	<u>\$ 19,754,927</u>	<u>\$ 15,263,049</u>	<u>\$ 5,333,257</u>	<u>\$ 17,425,026</u>	<u>\$ 12,530,456</u>	<u>\$ 70,306,715</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances
Combining Other Governmental Funds
Year Ended September 30, 2018
(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:						
Taxes	\$ 422,898	\$ -	\$ -	\$ 849,353	\$ 306,325	\$ 1,578,576
CFSM grants	-	-	1,269,933	-	2,431,877	3,701,810
Fees and charges	4,121,272	120,131	354,452	2,195,879	215,515	7,007,249
Other	<u>263,887</u>	<u>-</u>	<u>5,859</u>	<u>-</u>	<u>29,273</u>	<u>299,019</u>
Total revenues	<u>4,808,057</u>	<u>120,131</u>	<u>1,630,244</u>	<u>3,045,232</u>	<u>2,982,990</u>	<u>12,586,654</u>
Expenditures:						
General government:						
Health and social affairs	-	158,813	184,091	236,731	-	579,635
Education	465,449	-	-	-	-	465,449
Transportation, communication and infrastructure	77,694	-	-	-	-	77,694
Finance and general governmental administration	-	-	1,286,681	904,980	2,745,558	4,937,219
Justice	3,207,599	-	-	-	-	3,207,599
Environmental and emergency management	-	-	-	-	-	-
Boards, commissions, councils and other	<u>458,290</u>	<u>-</u>	<u>58,431</u>	<u>-</u>	<u>-</u>	<u>516,721</u>
Total expenditures	<u>4,209,032</u>	<u>158,813</u>	<u>1,529,203</u>	<u>1,141,711</u>	<u>2,745,558</u>	<u>9,784,317</u>
Excess of revenues over expenditures	599,025	(38,682)	101,041	1,903,521	237,432	2,802,337
Other financing sources (uses):						
Operating transfers (out) in	<u>(1,201,534)</u>	<u>-</u>	<u>2,977</u>	<u>97,312</u>	<u>-</u>	<u>(1,101,245)</u>
Net change in fund balances	(602,509)	(38,682)	104,018	2,000,833	237,432	1,701,092
Fund balances at beginning of year	<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>
Fund balances at end of year	<u>\$ 3,675,371</u>	<u>\$ 117,962</u>	<u>\$ 1,139,965</u>	<u>\$ 6,569,058</u>	<u>\$ 1,225,282</u>	<u>\$ 12,727,638</u>