

FEDERATED STATES OF MICRONESIA

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

SEPTEMBER 30, 2019

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, 2019, 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.

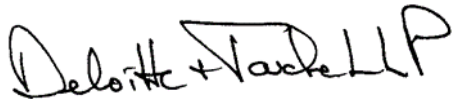
Management is responsible for the preparation and fair presentation of the combined financial statements and other supplementary information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant 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, 2019. 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 December 31, 2020, December 26, 2020, December 22, 2020, December 26, 2020 and December 28, 2020, 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 + Tuck LLP". The signature is written in a cursive, stylized font.

February 17, 2021

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position

September 30, 2019

(See Accompanying Independent Accountants' Compilation Report)

	Primary Governments	Business-type Activities	Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 71,840,466	\$ 98,303	\$ 51,747,722
Time certificates of deposit	5,057,316	-	4,282,999
Investments	368,080,430	-	7,279,360
Receivables, net of allowance for uncollectibles	70,430,883	21,966	57,395,263
Advances	2,864,082	-	2,895,696
Inventories	-	189,433	17,028,695
Due from component units	-	-	2,574,559
Other current assets	820,000	7,449	269,208
Restricted assets	29,806,852	-	1,402,127
Total current assets	548,900,029	317,151	144,875,629
Noncurrent assets:			
Investments	6,196,832	-	29,758,182
Indefeasible right of use	-	-	7,021,789
Capital assets:			
Nondepreciable capital assets	25,269,768	-	23,693,754
Capital assets, net of accumulated depreciation	304,237,431	336,591	168,297,493
Other noncurrent assets	15,706,233	-	13,768,469
Restricted assets:			
Cash and cash equivalents	-	-	3,258,580
Investments	140,763,722	-	-
Total noncurrent assets	492,173,986	336,591	245,798,267
Total assets	\$ 1,041,074,015	\$ 653,742	\$ 390,673,896
LIABILITIES			
Current liabilities:			
Current portion of long-term obligations	\$ 4,227,722	\$ -	\$ 2,610,602
Short-term notes	-	-	2,472,486
Accounts payable	18,634,095	3,148	19,965,454
Land acquisition payable	8,543,745	-	-
Current portion of compensated absences payable	1,466,481	-	-
Other liabilities and accruals	16,106,327	19,513	13,538,685
Tax refunds payable	157	-	-
Retention payable	1,449,357	-	-
Due to FSM State Governments	8,938,954	-	-
Due to primary government	-	-	4,582,484
Unearned revenue	17,405,980	-	4,001,698
Total current liabilities	76,772,818	22,661	47,171,409
Noncurrent liabilities:			
Long-term obligations, net of current portion	64,512,232	-	58,564,567
Other noncurrent liabilities	960,576	-	-
Compensated absences payable, net of current portion	1,646,533	-	-
Total noncurrent liabilities	67,119,341	-	58,564,567
Total liabilities	143,892,159	22,661	105,735,976
NET POSITION			
Net investment in capital assets	325,999,293	336,591	147,751,556
Restricted for:			
Nonexpendable:			
Future operations	72,740,670	-	-
Other purposes	-	-	10,500,873
Expendable:			
Compact related	10,516,982	-	-
Debt service	9,023,320	-	-
Other purposes	11,956,466	-	-
Unrestricted	466,945,125	294,490	126,685,491
Total net position	897,181,856	631,081	284,937,920
Total liabilities and net position	\$ 1,041,074,015	\$ 653,742	\$ 390,673,896

FEDERATED STATES OF MICRONESIA

Combined Statement of Activities
Year Ended September 30, 2019
(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	Business-type Activities	Component Units
Primary governments:							
Governmental activities:							
President's office	\$ 4,687,204	\$ -	\$ -	\$ -	\$ (4,687,204)	\$ -	\$ -
External affairs and LNOs	5,488,408	-	-	-	(5,488,408)	-	-
Health and social affairs	36,925,800	2,552,654	32,714,886	-	(1,658,260)	-	-
Education	42,627,203	-	36,126,860	-	(6,500,343)	-	-
Economic development (Resources and development)	8,489,772	107,649	4,851,365	-	(3,530,758)	-	-
Transportation, communication and infrastructure	28,030,958	1,855,542	11,285,203	-	(14,890,213)	-	-
Finance and general governmental administration	29,299,344	3,613,975	13,891,634	-	(11,793,735)	-	-
Justice	12,254,917	2,685,241	-	-	(9,569,676)	-	-
Office of the Public Defender	870,210	-	-	-	(870,210)	-	-
Environmental and emergency management	2,394,980	-	1,584,362	-	(810,618)	-	-
National archives, cultural and preservation	304,587	-	99,077	-	(205,510)	-	-
Judiciary	2,307,815	-	-	-	(2,307,815)	-	-
Legislature	8,999,143	-	-	-	(8,999,143)	-	-
Office of the National Public Auditor	1,766,498	-	516,255	-	(1,250,243)	-	-
National government programs	4,622,429	-	-	-	(4,622,429)	-	-
Land and natural resources	540,998	33,577	85,255	-	(422,166)	-	-
Other appropriations	45,717,952	-	176,704	260,584	(45,280,664)	-	-
Payments to component units and fiduciary funds	7,691,754	-	-	-	(7,691,754)	-	-
Boards, commissions, councils and other	11,011,794	2,107,469	761,793	-	(8,142,532)	-	-
Municipal affairs	2,840,659	-	-	-	(2,840,659)	-	-
Capital projects	13,945,389	-	-	4,206,928	(9,738,461)	-	-
Interest - unallocated	244,139	-	-	-	(244,139)	-	-
Total governmental activities	271,061,953	12,956,107	102,093,394	4,467,512	(151,544,940)	-	-
Business-type activities:							
Public Transportation System	532,251	412,625	-	-	-	(119,626)	-
Total primary governments	\$ 271,594,204	\$ 13,368,732	\$ 102,093,394	\$ 4,467,512	\$ (151,544,940)	\$ (119,626)	\$ -
Component units:							
FSM Telecommunications Corporation	\$ 14,812,835	\$ 15,670,199	\$ 1,848,197	\$ -	-	-	2,705,561
FSM Development Bank	1,881,616	2,217,794	-	-	-	-	336,178
National Fisheries Corporation	692,538	1,030,283	(500,000)	-	-	-	(162,255)
College of Micronesia - FSM	21,087,852	20,283,529	295,482	-	-	-	(508,841)
FSM Petroleum Corporation	52,866,272	56,592,671	-	-	-	-	3,726,399
Vital Energy, Inc.	17,719,717	18,120,563	-	-	-	-	400,846
Caroline Islands Air, Inc.	1,308,151	1,051,923	253,300	-	-	-	(2,928)
FSMNG Employees' Health Insurance Plan	7,916,295	6,275,025	1,150,000	-	-	-	(491,270)
FSM Telecommunications Cable Corporation	2,400,473	534,990	1,354,828	29,489,130	-	-	28,978,475
Telecommunication Regulation Authority	347,222	-	150,000	-	-	-	(197,222)
Chuuk State Health Care Plan	1,710,175	1,455,208	-	-	-	-	(254,967)
Chuuk Public Utility Corporation	7,574,726	7,134,989	-	172,849	-	-	(266,888)
Chuuk State Housing Authority	236,474	59,588	-	-	-	-	(176,886)
Kosrae Port Authority	1,226,978	468,652	-	-	-	-	(758,326)
Kosrae Utilities Authority	2,994,857	2,771,353	-	-	-	-	(223,504)
Kosrae State Housing Authority	202,309	90,244	-	-	-	-	(112,065)
Pohnpei Utilities Corporation	15,604,614	14,411,989	-	1,660,651	-	-	468,026
Pohnpei Port Authority	3,676,632	4,033,955	-	-	-	-	357,323
Pohnpei Transportation Authority	1,805,939	1,206,737	-	189,325	-	-	(409,877)
Small Business Guarantee and Finance Corporation	156,396	55,214	-	-	-	-	(101,182)
Pohnpei State Housing Authority	225,923	390,088	-	-	-	-	164,165
Yap Visitor's Bureau	208,508	-	17,918	-	-	-	(190,590)
Yap State Public Service Corporation	6,377,180	5,791,118	144,084	52,709	-	-	(389,269)
The Diving Seagull, Inc.	8,864,451	6,765,672	-	-	-	-	(2,098,779)
Total component units	\$ 171,898,133	\$ 166,411,784	\$ 4,713,809	\$ 31,564,664	-	-	30,792,124
General revenues:							
Taxes	-	-	-	-	103,700,384	-	-
Fishing rights	-	-	-	-	72,658,309	-	-
Unrestricted investment earnings	-	-	-	-	15,211,631	30,000	(1,448,514)
Other	-	-	-	-	6,702,214	-	2,255,400
Total general revenues	-	-	-	-	198,272,538	30,000	806,886
Special item - gain on SDR foreign exchange	-	-	-	-	1,405,742	-	-
Special item - loss on litigation by Justice Department	-	-	-	-	(9,500,454)	-	-
Special item - loss from impairment of investment	-	-	-	-	(184,951)	-	-
Special item - noncash reduction of loan receivable	-	-	-	-	(953,384)	-	-
Special item - write-off of receivable balances	-	-	-	-	(1,646,238)	-	-
Contributions to permanent funds	-	-	-	-	4,202,677	-	-
Total general revenues, contributions and special items	-	-	-	-	191,595,930	30,000	806,886
Change in net position	-	-	-	-	40,050,990	(89,626)	31,599,010
Net position at beginning of year	-	-	-	-	857,130,866	720,707	253,338,910
Net position at end of year	\$ -	\$ -	\$ -	\$ -	\$ 897,181,856	\$ 631,081	\$ 284,937,920

FEDERATED STATES OF MICRONESIA

Combined Balance Sheet
Governmental Funds
September 30, 2019

(See Accompanying Independent Accountants' Compilation Report)

	General	Special Revenue	Permanent	Yap State Investment Fund	Other Governmental Funds	Total
		Grants Assistance	Compact Trust			
ASSETS						
Cash and cash equivalents	\$ 71,819,296	\$ -	\$ -	\$ -	\$ 21,170	\$ 71,840,466
Time certificates of deposit	5,057,316	-	-	-	-	5,057,316
Equity in internal investment pool	361,911,365	-	-	-	-	361,911,365
Investments	7,380,210	4,624,438	-	-	361,249	12,365,897
Receivables, net:						
General	2,219,520	1,959,278	-	-	263,282	4,442,080
Taxes	7,689,990	-	-	-	-	7,689,990
Federal agencies	-	1,982,144	-	-	-	1,982,144
Loans	40,525,807	-	-	-	-	40,525,807
FSM National Government	-	9,260,208	-	-	480,396	9,740,604
Other	61,508	15,474	-	-	-	76,982
Due from other funds	7,428,043	29,069,671	-	-	13,046,584	49,544,298
Advances	1,756,204	2,793,183	-	-	68,099	4,617,486
Other assets	16,333,233	100,000	-	-	93,000	16,526,233
Restricted assets:						
Cash and cash equivalents	29,757,139	7,700	-	-	42,013	29,806,852
Time certificates of deposit	-	-	-	-	357,947	357,947
Investments	9,023,320	-	72,791,891	58,590,564	-	140,405,775
Total assets	<u>\$ 560,962,951</u>	<u>\$ 49,812,096</u>	<u>\$ 72,791,891</u>	<u>\$ 58,590,564</u>	<u>\$ 14,733,740</u>	<u>\$ 756,891,242</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 10,545,855	\$ 6,971,273	\$ -	\$ -	\$ 1,116,967	\$ 18,634,095
Retention payable	-	1,449,357	-	-	-	1,449,357
Other liabilities and accruals	14,413,931	1,663,638	-	-	19,134	16,096,703
Tax refunds payable	157	-	-	-	-	157
Land acquisition payable	8,543,745	-	-	-	-	8,543,745
Due to FSM State Governments	3,862,922	5,076,032	-	-	-	8,938,954
Due to other funds	42,116,255	7,189,177	51,221	-	187,645	49,544,298
Unearned revenue	-	17,203,596	-	-	147,136	17,350,732
Total liabilities	<u>79,482,865</u>	<u>39,553,073</u>	<u>51,221</u>	<u>-</u>	<u>1,470,882</u>	<u>120,558,041</u>
Fund balances:						
Non-spendable	69,875,244	100,000	72,740,670	58,590,564	109,211	201,415,689
Restricted	18,671,381	10,307,497	-	-	861,894	29,840,772
Committed	351,805,166	-	-	-	12,271,443	364,076,609
Assigned	16,428,995	-	-	-	-	16,428,995
Unassigned:						
General fund	24,699,300	-	-	-	-	24,699,300
Special revenue funds	-	(148,474)	-	-	20,310	(128,164)
Total fund balances	<u>481,480,086</u>	<u>10,259,023</u>	<u>72,740,670</u>	<u>58,590,564</u>	<u>13,262,858</u>	<u>636,333,201</u>
Total liabilities and fund balances	<u>\$ 560,962,951</u>	<u>\$ 49,812,096</u>	<u>\$ 72,791,891</u>	<u>\$ 58,590,564</u>	<u>\$ 14,733,740</u>	<u>\$ 756,891,242</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	\$ 329,507,199
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	(68,739,954)
Compensated absences payable	(3,113,014)
Accrued interest payable and unearned revenue	(564,872)
Claims payable	<u>(460,576)</u>
	<u>260,848,655</u>
Net position of governmental activities	<u>\$ 897,181,856</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended September 30, 2019
 (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	\$ -	\$ 74,020,691	\$ -	\$ -	\$ -	\$ 74,020,691
Taxes	102,853,845	-	-	-	846,539	103,700,384
CFSM grants	-	705,418	-	-	2,756,606	3,462,024
Federal and other grants	-	29,078,191	-	-	-	29,078,191
Fishing rights	72,658,309	-	-	-	-	72,658,309
Interest and dividends	644,570	-	-	-	-	644,570
Fees and charges	5,226,606	31,409	-	-	7,702,762	12,960,777
Net change in the fair value of investments	14,557,622	-	2,433,955	1,768,722	-	18,760,299
MiCare reimbursable	294,039	-	-	-	-	294,039
Other	6,349,057	-	-	-	13,887	6,362,944
Total revenues	202,584,048	103,835,709	2,433,955	1,768,722	11,319,794	321,942,228
Expenditures:						
General government:						
President's office	4,724,618	-	-	-	-	4,724,618
External affairs and LNOs	5,268,669	-	-	-	-	5,268,669
Health and social affairs	1,843,757	33,927,473	-	-	1,984,978	37,756,208
Education	4,754,520	37,096,359	-	-	280,204	42,131,083
Economic development (Resources and development)	3,271,177	5,122,558	-	-	-	8,393,735
Transportation, communication and infrastructure	7,732,648	11,285,203	-	-	85,409	19,103,260
Finance and general governmental administration	16,890,337	7,328,063	-	-	3,868,734	28,087,134
Justice	9,501,887	-	-	-	2,076,121	11,578,008
Office of the Public Defender	842,674	-	-	-	-	842,674
Environmental and emergency management	595,161	1,584,362	-	-	110,284	2,289,807
National archives, cultural and historic preservation	200,970	99,077	-	-	-	300,047
Judiciary	2,294,115	-	-	-	-	2,294,115
Legislature	8,934,236	-	-	-	-	8,934,236
Office of the National Public Auditor	1,227,970	516,255	-	-	-	1,744,225
Land and natural resources	458,608	85,255	-	-	-	543,863
Other appropriations	29,081,724	176,704	-	-	-	29,258,428
Payments to component units and fiduciary funds	7,691,754	-	-	-	-	7,691,754
Municipal affairs	2,840,659	-	-	-	-	2,840,659
Boards, commissions, councils and other	7,628,841	761,793	-	-	584,088	8,974,722
Capital projects	-	4,467,512	-	-	-	4,467,512
Debt service	5,449,710	-	-	-	-	5,449,710
Total expenditures	121,234,035	102,450,614	-	-	8,989,818	232,674,467
Excess (deficiency) of revenues over expenditures	81,350,013	1,385,095	2,433,955	1,768,722	2,329,976	89,267,761
Other financing sources (uses):						
Proceeds from issuance of long-term debt	571,500	-	-	-	-	571,500
Operating transfers in	1,594,756	200,000	-	-	-	1,794,756
Operating transfers out	-	-	-	-	(1,794,756)	(1,794,756)
Total other financing sources (uses), net	2,166,256	200,000	-	-	(1,794,756)	571,500
Special items:						
Noncash reduction in loans receivable	(953,384)	-	-	-	-	(953,384)
SDR exchange gain(loss) from ADB loans payable	767,373	-	-	-	-	767,373
Loss on litigation by Justice Department	(9,500,454)	-	-	-	-	(9,500,454)
Loss on impairment of investment	(184,951)	-	-	-	-	(184,951)
Write-off of receivables	(1,646,238)	-	-	-	-	(1,646,238)
Total special items	(11,517,654)	-	-	-	-	(11,517,654)
Net change in fund balances	71,998,615	1,585,095	2,433,955	1,768,722	535,220	78,321,607
Fund balances at beginning of year	409,481,471	8,673,928	70,306,715	56,821,842	12,727,638	558,011,594
Fund balances at end of year	\$ 481,480,086	\$ 10,259,023	\$ 72,740,670	\$ 58,590,564	\$ 13,262,858	\$ 636,333,201

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, 2019
(See Accompanying Independent Accountants' Compilation Report)

Total net change in fund balances - governmental funds		\$ 78,321,607
<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	(20,290,045)	
Depreciation expense	<u>(23,584,281)</u>	
		(43,874,326)
<p>Governmental funds report advance lease payment as revenue. However, in the statement of net position, such is reported as unearned revenue.</p>		
		50,000
<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	(571,500)	
Repayment of long-term debt and SDR adjustments	<u>5,806,529</u>	
		5,235,029
<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 compensated absences payable		<u>318,680</u>
Change in net position of governmental activities		<u>\$ 40,050,990</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Fiduciary Net Position

Fiduciary Funds - Private Purpose Trusts

September 30, 2019

(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	\$ 2,308,424	\$ 123,988	\$ 2,432,412
Time certificates of deposit	-	150,441	150,441
Receivables, net:			
Contributions	3,176,055	-	3,176,055
Other	14,236	655	14,891
Investments	50,020,855	-	50,020,855
Capital assets, net of accumulated depreciation	<u>61,973</u>	<u>-</u>	<u>61,973</u>
Total assets	<u>\$ 55,581,543</u>	<u>\$ 275,084</u>	<u>\$ 55,856,627</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 127,162	\$ 18,216	\$ 145,378
Other liabilities and accruals	<u>27,248</u>	<u>-</u>	<u>27,248</u>
Total liabilities	<u>154,410</u>	<u>18,216</u>	<u>172,626</u>
<u>NET POSITION</u>			
Held in trust for:			
Social security benefits	55,427,133	-	55,427,133
Other purposes	<u>-</u>	<u>256,868</u>	<u>256,868</u>
Total net position	<u>55,427,133</u>	<u>256,868</u>	<u>55,684,001</u>
Total liabilities and net position	<u>\$ 55,581,543</u>	<u>\$ 275,084</u>	<u>\$ 55,856,627</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Private Purpose Trusts

Year Ended September 30, 2019

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM Social Security Administration</u>	<u>Yap State Development Loan Fund</u>	<u>Total</u>
Additions:			
Contributions	\$ 19,898,329	\$ -	\$ 19,898,329
Total contributions	<u>19,898,329</u>	<u>-</u>	<u>19,898,329</u>
Investment earnings:			
Net change in the fair value of investments	7,294,758	-	7,294,758
Interest and dividends	<u>1,264,865</u>	<u>1,144</u>	<u>1,266,009</u>
Total investment earnings	8,559,623	1,144	8,560,767
Less investment expense	<u>(286,685)</u>	<u>-</u>	<u>(286,685)</u>
Net investment earnings	<u>8,272,938</u>	<u>1,144</u>	<u>8,274,082</u>
Contributions from FSM National Government	1,000,000	-	1,000,000
Other	<u>395,135</u>	<u>-</u>	<u>395,135</u>
Total additions	<u>29,566,402</u>	<u>1,144</u>	<u>29,567,546</u>
Deductions:			
Benefits	22,564,615	-	22,564,615
Refunds/distribution	22,432	-	22,432
Administrative expenses	<u>1,378,828</u>	<u>-</u>	<u>1,378,828</u>
Total deductions	<u>23,965,875</u>	<u>-</u>	<u>23,965,875</u>
Change in net position	5,600,527	1,144	5,601,671
Net position at beginning of year	<u>49,826,606</u>	<u>255,724</u>	<u>50,082,330</u>
Net position at end of year	<u>\$ 55,427,133</u>	<u>\$ 256,868</u>	<u>\$ 55,684,001</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position
Component Units

September 30, 2019

(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.	Caroline Islands Air, Inc.	Caroline Islands Air, Inc.	FSM Communications Cable Corporation	Telecommunicator Regulation Authority	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority
ASSETS														
Current assets:														
Cash and cash equivalents	\$ 2,295,300	\$ 2,457,903	\$ 1,020,125	\$ 6,485,132	\$ 17,718,648	\$ 8,433,460	\$ 297,497	\$ 265,962	\$ 574,134	\$ 19,880	\$ 294,442	\$ 1,533,792	\$ 214,070	
Time certificates of deposit	278,763	3,105,219	-	18	-	400,480	-	-	-	-	100,000	-	-	
Investments	1,546,951	-	1,072,929	431,058	-	-	-	1,151,287	-	-	624,892	-	-	
Receivables, net:														
General	916,977	-	236,103	6,646,051	2,236,702	622,920	-	115,835	65,873	13,166	491,348	584,519	171,252	
Loans	-	37,246,920	-	-	-	-	-	-	-	-	-	-	-	
Interest	253,879	120,854	-	-	-	-	-	-	-	-	-	-	-	
Other	293,820	-	-	158,805	197,523	-	-	-	-	-	-	-	-	
Advances	-	3,315	-	847,833	1,751,093	146,467	53,720	-	3,000	-	-	-	-	
Inventories	895,302	-	9,207	1,124,254	7,823,665	4,199,734	68,944	-	-	-	-	1,129,955	-	
Due from component units	-	-	-	-	2,574,559	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total current assets	<u>6,480,992</u>	<u>42,934,211</u>	<u>2,338,364</u>	<u>15,693,151</u>	<u>32,302,190</u>	<u>13,803,061</u>	<u>420,161</u>	<u>1,533,084</u>	<u>643,007</u>	<u>33,046</u>	<u>1,510,682</u>	<u>3,248,266</u>	<u>385,322</u>	
Noncurrent assets:														
Investments	-	19,846,014	132,000	7,256,159	2,524,009	-	-	-	-	-	-	-	-	
Indefeasible right of use	2,486,907	-	-	-	-	-	-	-	4,534,882	-	-	-	-	
Capital assets:														
Nondepreciable capital assets	1,496,368	-	-	1,455,685	15,235,168	-	-	-	562,305	-	-	955,249	-	
Capital assets, net of accumulated depreciation	29,150,000	1,411,271	243,691	5,648,887	15,020,840	257,889	25,097	34,213	24,825,001	20,180	32,864	20,289,245	13,376	
Other noncurrent assets	1,077,758	-	-	-	7,779,885	121,000	-	227,776	-	-	29,250	985,537	-	
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total noncurrent assets	<u>34,211,033</u>	<u>21,257,285</u>	<u>375,691</u>	<u>14,360,731</u>	<u>40,559,902</u>	<u>378,889</u>	<u>25,097</u>	<u>261,989</u>	<u>29,922,188</u>	<u>20,180</u>	<u>62,114</u>	<u>22,230,031</u>	<u>13,376</u>	
Total assets	<u>\$ 40,692,025</u>	<u>\$ 64,191,496</u>	<u>\$ 2,714,055</u>	<u>\$ 30,053,882</u>	<u>\$ 72,862,092</u>	<u>\$ 14,181,950</u>	<u>\$ 445,258</u>	<u>\$ 1,795,073</u>	<u>\$ 30,565,195</u>	<u>\$ 53,226</u>	<u>\$ 1,572,796</u>	<u>\$ 25,478,297</u>	<u>\$ 398,698</u>	
LIABILITIES														
Current liabilities:														
Current portion of long-term debt	\$ -	\$ 151,968	\$ -	\$ -	\$ 507,694	\$ 480,000	\$ -	\$ -	\$ -	\$ -	\$ 126,891	\$ 296,974	\$ -	
Short-term notes	1,197,873	-	-	-	-	-	-	-	-	-	-	-	-	
Accounts payable	61,542	58,991	2,812	380,710	8,636,986	69,195	29,961	3,823,378	49,874	3,231	-	104,945	8,321	
Other liabilities and accruals	982,202	1,039,210	20,343	1,650,385	3,302,637	1,118,970	19,453	-	-	2,896	-	1,162,003	74,685	
Due to primary government	-	-	-	-	-	2,574,559	-	-	-	-	-	-	-	
Unearned revenue	664,868	174,323	-	2,471,753	-	-	-	-	-	-	-	73,471	-	
Total current liabilities	<u>2,906,485</u>	<u>1,424,492</u>	<u>23,155</u>	<u>4,502,848</u>	<u>12,447,317</u>	<u>4,242,724</u>	<u>49,414</u>	<u>3,823,378</u>	<u>49,874</u>	<u>6,127</u>	<u>126,891</u>	<u>1,637,393</u>	<u>83,006</u>	
Noncurrent liabilities:														
Long-term obligations, net of current portion	18,776,805	583,482	-	458,028	8,398,748	8,118,990	-	-	500,000	-	-	3,848,083	-	
Total noncurrent liabilities	<u>18,776,805</u>	<u>583,482</u>	<u>-</u>	<u>458,028</u>	<u>8,398,748</u>	<u>8,118,990</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>3,848,083</u>	<u>-</u>	
Total liabilities	<u>21,683,290</u>	<u>2,007,974</u>	<u>23,155</u>	<u>4,960,876</u>	<u>20,846,065</u>	<u>12,361,714</u>	<u>49,414</u>	<u>3,823,378</u>	<u>549,874</u>	<u>6,127</u>	<u>126,891</u>	<u>5,485,476</u>	<u>83,006</u>	
NET POSITION														
Net investment in capital assets	13,158,597	-	243,691	7,104,572	23,096,949	257,889	25,097	34,213	29,922,188	20,180	32,864	17,135,813	13,376	
Restricted for:														
Nonexpendable	-	-	-	915,000	-	-	-	-	-	-	-	657,939	-	
Unrestricted	5,850,138	62,183,522	2,447,209	17,073,434	28,919,078	1,562,347	370,747	(2,062,518)	93,133	26,919	1,413,041	2,199,069	302,316	
Total net position	<u>19,008,735</u>	<u>62,183,522</u>	<u>2,690,900</u>	<u>25,093,006</u>	<u>52,016,027</u>	<u>1,820,236</u>	<u>395,844</u>	<u>(2,028,305)</u>	<u>30,015,321</u>	<u>47,099</u>	<u>1,445,905</u>	<u>19,992,821</u>	<u>315,692</u>	
Total liabilities and net position	<u>\$ 40,692,025</u>	<u>\$ 64,191,496</u>	<u>\$ 2,714,055</u>	<u>\$ 30,053,882</u>	<u>\$ 72,862,092</u>	<u>\$ 14,181,950</u>	<u>\$ 445,258</u>	<u>\$ 1,795,073</u>	<u>\$ 30,565,195</u>	<u>\$ 53,226</u>	<u>\$ 1,572,796</u>	<u>\$ 25,478,297</u>	<u>\$ 398,698</u>	

FEDERATED STATES OF MICRONESIA
 Combined Statement of Net Position, Continued
 Component Units
 September 30, 2019
 (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	\$ 4,592	\$ 525,845	\$ 16,808	\$ 1,729,184	\$ 5,559,782	\$ -	\$ 800	\$ 467,820	\$ 176,552	\$ 754,654	\$ 901,340	\$ 51,747,722
Time certificates of deposit	-	167,539	-	230,980	-	-	-	-	-	-	-	4,282,999
Investments	-	746,860	-	-	272,304	-	-	-	-	-	1,433,079	7,279,360
Receivables, net:												
General	42,803	220,195	23,039	1,121,816	460,191	126,854	47,654	3,451,881	-	1,081,298	27,799	18,704,276
Loans	-	-	411,570	-	-	-	-	-	-	-	-	37,658,490
Interest	-	-	-	-	-	-	-	-	-	-	-	374,733
Other	-	-	-	-	-	-	-	-	-	-	7,616	657,764
Advances	-	15,658	-	-	49,637	4,889	20,084	-	-	-	-	2,895,696
Inventories	-	290,243	-	238,102	102,812	45,802	-	-	-	937,734	162,941	17,028,695
Due from component units	-	-	-	-	-	-	-	-	-	-	-	2,574,559
Other assets	-	-	-	220,848	-	-	379	1,028	-	39,344	7,609	269,208
Restricted assets	-	-	200,000	-	-	-	1,202,127	-	-	-	-	1,402,127
Total current assets	<u>47,395</u>	<u>1,966,340</u>	<u>651,417</u>	<u>3,540,930</u>	<u>6,444,726</u>	<u>177,545</u>	<u>1,271,044</u>	<u>3,920,729</u>	<u>176,552</u>	<u>2,813,030</u>	<u>2,540,384</u>	<u>144,875,629</u>
Noncurrent assets:												
Investments	-	-	-	-	-	-	-	-	-	-	-	29,758,182
Indefeasible right of use	-	-	-	-	-	-	-	-	-	-	-	7,021,789
Capital assets:												
Nondepreciable capital assets	-	133,249	-	1,062,296	2,776,034	-	-	-	-	17,400	-	23,693,754
Capital assets, net of accumulated depreciation	14,648,317	2,036,732	87,292	28,988,186	4,040,337	2,349,777	9,052	33,753	43,453	17,047,637	2,040,403	168,297,493
Other noncurrent assets	-	252,800	-	1,256,912	229,868	-	572,086	-	-	998,383	237,214	13,768,469
Restricted cash and cash equivalents	-	-	-	517,650	-	-	-	-	-	-	2,740,930	3,258,580
Total noncurrent assets	<u>14,648,317</u>	<u>2,422,781</u>	<u>87,292</u>	<u>31,825,044</u>	<u>7,046,239</u>	<u>2,349,777</u>	<u>581,138</u>	<u>33,753</u>	<u>43,453</u>	<u>18,063,420</u>	<u>5,018,547</u>	<u>245,798,267</u>
Total assets	<u>\$ 14,695,712</u>	<u>\$ 4,389,121</u>	<u>\$ 738,709</u>	<u>\$ 35,365,974</u>	<u>\$ 13,490,965</u>	<u>\$ 2,527,322</u>	<u>\$ 1,852,182</u>	<u>\$ 3,954,482</u>	<u>\$ 220,005</u>	<u>\$ 20,876,450</u>	<u>\$ 7,558,931</u>	<u>\$ 390,673,896</u>
LIABILITIES												
Current liabilities:												
Current portion of long-term debt	\$ -	\$ -	\$ 37,165	\$ 466,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,005	\$ 140,394	\$ 2,610,602
Short term notes	-	-	-	324,613	-	-	-	-	-	-	950,000	2,472,486
Accounts payable	24,797	148,302	19,287	4,125,394	23,587	177,866	13,020	-	5,773	236,496	1,960,986	19,965,454
Other liabilities and accruals	11,835	59,102	7,544	577,467	604,245	8,750	9,218	29,868	-	472,320	2,385,552	13,538,685
Due to primary government	72,174	-	23,780	-	87,495	1,680,965	-	143,511	-	-	-	4,582,484
Unearned revenue	-	24,537	-	389,024	-	3,174	-	-	-	200,548	-	4,001,698
Total current liabilities	<u>108,806</u>	<u>231,941</u>	<u>87,776</u>	<u>5,883,009</u>	<u>715,327</u>	<u>1,870,755</u>	<u>22,238</u>	<u>173,379</u>	<u>5,773</u>	<u>1,312,369</u>	<u>5,436,932</u>	<u>47,171,409</u>
Noncurrent liabilities:												
Long-term obligation, net of current portion	-	-	142,156	7,327,472	-	-	-	-	-	9,568,836	841,967	58,564,567
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>142,156</u>	<u>7,327,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,568,836</u>	<u>841,967</u>	<u>58,564,567</u>
Total liabilities	<u>108,806</u>	<u>231,941</u>	<u>229,932</u>	<u>13,210,481</u>	<u>715,327</u>	<u>1,870,755</u>	<u>22,238</u>	<u>173,379</u>	<u>5,773</u>	<u>10,881,205</u>	<u>6,278,899</u>	<u>105,735,976</u>
NET POSITION												
Net investment in capital assets	14,648,317	2,169,981	87,292	22,256,499	6,816,371	2,349,777	9,052	33,753	43,453	7,093,196	1,198,436	147,751,556
Restricted for:												
Nonexpendable	-	90,000	421,485	723,863	-	-	1,774,213	3,747,350	-	-	2,171,023	10,500,873
Unrestricted	(61,411)	1,897,199	-	(824,869)	5,959,267	(1,693,210)	46,679	-	170,779	2,902,049	(2,089,427)	126,685,491
Total net position	<u>14,586,906</u>	<u>4,157,180</u>	<u>508,777</u>	<u>22,155,493</u>	<u>12,775,638</u>	<u>656,567</u>	<u>1,829,944</u>	<u>3,781,103</u>	<u>214,232</u>	<u>9,995,245</u>	<u>1,280,032</u>	<u>284,937,920</u>
Total liabilities and net position	<u>\$ 14,695,712</u>	<u>\$ 4,389,121</u>	<u>\$ 738,709</u>	<u>\$ 35,365,974</u>	<u>\$ 13,490,965</u>	<u>\$ 2,527,322</u>	<u>\$ 1,852,182</u>	<u>\$ 3,954,482</u>	<u>\$ 220,005</u>	<u>\$ 20,876,450</u>	<u>\$ 7,558,931</u>	<u>\$ 390,673,896</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position
Component Units
Year Ended September 30, 2019
(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.	MiCare Health Insurance Plan	FSM Communications Cable Corporation	Telecommunication Regulation Authority	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority
Operating revenues:													
Charges for services	\$ 15,670,199	\$ 2,101,127	\$ 1,030,283	\$ 19,945,478	\$ 56,137,885	\$ 18,120,563	\$ 1,051,923	\$ 6,272,043	\$ 534,990	\$ -	\$ 1,445,347	\$ 7,093,752	\$ 59,588
Other	-	116,667	-	338,051	454,786	-	-	2,982	-	-	9,861	41,237	-
Total operating revenues	15,670,199	2,217,794	1,030,283	20,283,529	56,592,671	18,120,563	1,051,923	6,275,025	534,990	-	1,455,208	7,134,989	59,588
Operating expenses:													
Cost of services	8,066,045	-	19,278	-	37,757,019	14,696,186	1,183,322	7,259,273	-	-	1,416,343	3,809,790	-
Depreciation	4,223,724	126,844	24,181	1,010,112	2,558,228	73,911	7,402	5,031	1,549,209	6,487	18,616	1,188,492	3,596
Administrative costs	2,523,066	1,754,772	649,079	20,077,740	12,551,025	2,949,620	117,427	651,991	851,264	340,735	275,216	2,576,444	232,878
Total operating expenses	14,812,835	1,881,616	692,538	21,087,852	52,866,272	17,719,717	1,308,151	7,916,295	2,400,473	347,222	1,710,175	7,574,726	236,474
Operating income (loss)	857,364	336,178	337,745	(804,323)	3,726,399	400,846	(256,228)	(1,641,270)	(1,865,483)	(347,222)	(254,967)	(439,737)	(176,886)
Nonoperating revenues (expenses):													
Net change in the fair value of investments	56,486	-	(2,041,700)	279,976	392,390	-	-	53,389	-	-	-	-	-
Interest income	-	3,309,637	-	-	-	43,005	-	-	-	-	-	-	-
Interest expense	(962,379)	-	-	-	(369,002)	-	-	-	-	-	-	-	-
Contributions from primary government	1,848,197	-	(500,000)	295,482	-	-	253,300	1,150,000	30,843,958	150,000	100,000	158,046	-
Other income (expense)	-	25,756	2,205	-	-	(133,799)	(8,863)	(190,718)	(37,429)	244,321	(11,765)	96,556	-
Total nonoperating revenues (expenses), net	942,304	3,335,393	(2,539,495)	575,458	23,388	(90,794)	244,437	1,012,671	30,806,529	394,321	88,235	254,602	-
Capital contributions	-	-	-	-	-	-	-	-	-	-	-	172,849	-
Change in net position	1,799,668	3,671,571	(2,201,750)	(228,865)	3,749,787	310,052	(11,791)	(628,599)	28,941,046	47,099	(166,732)	(12,286)	(176,886)
Net position at beginning 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
Net position at end of year	\$ 19,008,735	\$ 62,183,522	\$ 2,690,900	\$ 25,093,006	\$ 52,016,027	\$ 1,820,236	\$ 395,844	\$ (2,028,305)	\$ 30,015,321	\$ 47,099	\$ 1,445,905	\$ 19,992,821	\$ 315,692

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position, Continued
Component Units
Year Ended September 30, 2019
(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	\$ 468,652	\$ 2,771,353	\$ 90,244	\$ 14,411,989	\$ 4,033,955	\$ 1,206,737	\$ 55,214	\$ 390,088	\$ -	\$ 5,267,362	\$ 6,740,232	\$ 164,899,004
Other	-	-	-	-	-	-	-	-	-	523,756	25,440	1,512,780
Total operating revenues	<u>468,652</u>	<u>2,771,353</u>	<u>90,244</u>	<u>14,411,989</u>	<u>4,033,955</u>	<u>1,206,737</u>	<u>55,214</u>	<u>390,088</u>	<u>-</u>	<u>5,791,118</u>	<u>6,765,672</u>	<u>166,411,784</u>
Operating expenses:												
Cost of services	-	1,686,613	-	11,655,288	-	-	-	-	-	4,557,778	8,541,897	100,648,832
Depreciation	698,524	438,127	13,649	2,097,956	448,343	344,846	3,596	19,543	12,802	1,257,248	6,613	16,137,080
Administrative costs	528,454	870,117	188,660	1,851,370	3,228,289	1,461,093	152,800	206,380	195,706	562,154	315,941	55,112,221
Total operating expenses	<u>1,226,978</u>	<u>2,994,857</u>	<u>202,309</u>	<u>15,604,614</u>	<u>3,676,632</u>	<u>1,805,939</u>	<u>156,396</u>	<u>225,923</u>	<u>208,508</u>	<u>6,377,180</u>	<u>8,864,451</u>	<u>171,898,133</u>
Operating income (loss)	<u>(758,326)</u>	<u>(223,504)</u>	<u>(112,065)</u>	<u>(1,192,625)</u>	<u>357,323</u>	<u>(599,202)</u>	<u>(101,182)</u>	<u>164,165</u>	<u>(208,508)</u>	<u>(586,062)</u>	<u>(2,098,779)</u>	<u>(5,486,349)</u>
Nonoperating revenues (expenses):												
Net change in the fair value of investments	-	(4,092)	-	-	-	-	-	-	-	-	-	(1,263,551)
Interest income	-	1,551	-	-	57,321	-	3,712	-	-	1,863	25,378	3,442,467
Interest expense	-	-	(10,082)	(99,300)	-	-	-	-	-	(216,576)	(81,970)	(1,739,309)
Contributions from primary government	54,947	93,079	33,365	107,566	-	-	94,000	158,651	200,995	-	-	35,041,586
Other income (expense)	-	-	-	(527,782)	(291,801)	-	696	63,072	17,918	36,637	(119,144)	(834,140)
Total nonoperating revenues (expenses), net	<u>54,947</u>	<u>90,538</u>	<u>23,283</u>	<u>(519,516)</u>	<u>(234,480)</u>	<u>-</u>	<u>98,408</u>	<u>221,723</u>	<u>218,913</u>	<u>(178,076)</u>	<u>(175,736)</u>	<u>34,647,053</u>
Capital contributions	-	362,772	-	1,660,651	-	189,325	-	-	-	52,709	-	2,438,306
Change in net position	(703,379)	229,806	(88,782)	(51,490)	122,843	(409,877)	(2,774)	385,888	10,405	(711,429)	(2,274,515)	31,599,010
Net position at beginning of year	<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>
Net position at the end of the year	<u>\$ 14,586,906</u>	<u>\$ 4,157,180</u>	<u>\$ 508,777</u>	<u>\$ 22,155,493</u>	<u>\$ 12,775,638</u>	<u>\$ 656,567</u>	<u>\$ 1,829,944</u>	<u>\$ 3,781,103</u>	<u>\$ 214,232</u>	<u>\$ 9,995,245</u>	<u>\$ 1,280,032</u>	<u>\$ 284,937,920</u>

FEDERATED STATES OF MICRONESIA

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2019

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet

Combining General Funds

September 30, 2019

(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	\$ 66,997,150	\$ 2,451,183	\$ 932,329	\$ 1,264,123	\$ 174,511	\$ 71,819,296
Time certificates of deposit	5,057,316	-	-	-	-	5,057,316
Equity in internal investment pool	338,996,427	34,574	1,361,522	6,301,011	15,217,831	361,911,365
Investments	6,616,740	763,470	-	-	-	7,380,210
Receivables, net:						
General	1,406,293	668,483	36,011	-	108,733	2,219,520
Taxes	5,489,400	-	225,944	1,518,632	456,014	7,689,990
Loans	40,525,807	-	-	-	-	40,525,807
Other	12,709	-	13,799	35,000	-	61,508
Due from other funds	1,333,665	2,195,146	252,124	1,747,694	1,899,414	7,428,043
Advances	1,330,363	2,019	51,230	149,383	223,209	1,756,204
Other assets	9,577,318	575,000	627,000	1,300,000	4,253,915	16,333,233
Restricted assets:						
Cash and cash equivalents	15,386,544	3,309,002	64,894	7,561,472	3,435,227	29,757,139
Investments	-	3,150,157	554,065	4,360,103	958,995	9,023,320
Total assets	<u>\$ 492,729,732</u>	<u>\$ 13,149,034</u>	<u>\$ 4,118,918</u>	<u>\$ 24,237,418</u>	<u>\$ 26,727,849</u>	<u>\$ 560,962,951</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ 8,568,646	\$ 998,517	\$ 32,639	\$ 370,561	\$ 575,492	\$ 10,545,855
Other liabilities and accruals	13,976,610	55,643	191,635	66,085	123,958	14,413,931
Tax refunds payable	157	-	-	-	-	157
Land acquisition payable	-	8,543,745	-	-	-	8,543,745
Due to FSM State Governments	3,862,922	-	-	-	-	3,862,922
Due to other funds	18,518,536	7,644,259	1,921,837	9,002,099	5,029,524	42,116,255
Total liabilities	<u>44,926,871</u>	<u>17,242,164</u>	<u>2,146,111</u>	<u>9,438,745</u>	<u>5,728,974</u>	<u>79,482,865</u>
Fund balances (deficit):						
Non-spendable	56,719,865	1,340,489	2,039,752	2,721,833	7,053,305	69,875,244
Restricted	2,086,589	3,150,157	554,065	11,921,575	958,995	18,671,381
Committed	350,954,587	-	-	414,074	436,505	351,805,166
Assigned	14,063,799	-	-	236,362	2,128,834	16,428,995
Unassigned:						
General fund	23,978,021	(8,583,776)	(621,010)	(495,171)	10,421,236	24,699,300
Total fund balances (deficit)	<u>447,802,861</u>	<u>(4,093,130)</u>	<u>1,972,807</u>	<u>14,798,673</u>	<u>20,998,875</u>	<u>481,480,086</u>
Total liabilities and fund balances (deficit)	<u>\$ 492,729,732</u>	<u>\$ 13,149,034</u>	<u>\$ 4,118,918</u>	<u>\$ 24,237,418</u>	<u>\$ 26,727,849</u>	<u>\$ 560,962,951</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet

Combining Grants Assistance Funds

September 30, 2019

(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	\$ 4,624,438	\$ -	\$ -	\$ -	\$ -	\$ 4,624,438
Receivables, net:						
General	1,959,278	-	-	-	-	1,959,278
Federal agencies	1,844,105	-	29,459	-	108,580	1,982,144
FSM National Government	-	3,505,839	353,705	2,208,531	3,192,133	9,260,208
Other	-	-	-	15,474	-	15,474
Due from other funds	14,925,516	7,584,856	1,103,126	1,378,479	4,077,694	29,069,671
Advances	372,942	954,620	68,611	359,547	1,037,463	2,793,183
Other assets	-	-	100,000	-	-	100,000
Restricted assets:						
Cash and cash equivalents	-	-	-	7,700	-	7,700
Total assets	<u>\$ 23,726,279</u>	<u>\$ 12,045,315</u>	<u>\$ 1,654,901</u>	<u>\$ 3,969,731</u>	<u>\$ 8,415,870</u>	<u>\$ 49,812,096</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 4,387,436	\$ 559,230	\$ 258,411	\$ 937,409	\$ 828,787	\$ 6,971,273
Retention payable	1,449,357	-	-	-	-	1,449,357
Other liabilities and accruals	-	1,199,451	167,485	32,987	263,715	1,663,638
Due to FSM State Governments	5,076,032	-	-	-	-	5,076,032
Due to other funds	1,333,665	2,195,146	66,826	1,745,347	1,848,193	7,189,177
Unearned revenue	7,181,072	6,240,250	545,264	988,021	2,248,989	17,203,596
Total liabilities	<u>19,427,562</u>	<u>10,194,077</u>	<u>1,037,986</u>	<u>3,703,764</u>	<u>5,189,684</u>	<u>39,553,073</u>
Fund balances:						
Non-spendable	-	-	100,000	-	-	100,000
Restricted	4,447,191	1,851,238	516,915	265,967	3,226,186	10,307,497
Unassigned:						
Special revenue funds	(148,474)	-	-	-	-	(148,474)
Total fund balances	<u>4,298,717</u>	<u>1,851,238</u>	<u>616,915</u>	<u>265,967</u>	<u>3,226,186</u>	<u>10,259,023</u>
Total liabilities and fund balances	<u>\$ 23,726,279</u>	<u>\$ 12,045,315</u>	<u>\$ 1,654,901</u>	<u>\$ 3,969,731</u>	<u>\$ 8,415,870</u>	<u>\$ 49,812,096</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet

Combining Compact Trust Funds

September 30, 2019

(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>\$ 20,484,338</u>	<u>\$ 15,770,385</u>	<u>\$ 5,533,057</u>	<u>\$ 18,004,225</u>	<u>\$ 12,999,886</u>	<u>\$ 72,791,891</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,221</u>	<u>51,221</u>
<u>FUND BALANCES</u>						
Fund balances:						
Non-spendable	<u>\$ 20,484,338</u>	<u>\$ 15,770,385</u>	<u>\$ 5,533,057</u>	<u>\$ 18,004,225</u>	<u>\$ 12,948,665</u>	<u>\$ 72,740,670</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet Combining Other Governmental Funds September 30, 2019

(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	\$ -	\$ -	\$ -	\$ -	\$ 21,170	\$ 21,170
Investment	-	-	-	-	361,249	361,249
Receivables, net:						
General	14,596	7,463	241,223	-	-	263,282
FSM National government	-	-	-	-	480,396	480,396
Due from other funds	3,593,020	59,403	818,711	7,623,620	951,830	13,046,584
Advances	50,099	-	1,789	16,211	-	68,099
Other assets	-	-	93,000	-	-	93,000
Restricted assets:						
Cash and cash equivalents	-	-	42,013	-	-	42,013
Time certificates of deposit	-	-	357,947	-	-	357,947
Total assets	<u>\$ 3,657,715</u>	<u>\$ 66,866</u>	<u>\$ 1,554,683</u>	<u>\$ 7,639,831</u>	<u>\$ 1,814,645</u>	<u>\$ 14,733,740</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 217,451	\$ 1,596	\$ 18,970	\$ 482,038	\$ 396,912	\$ 1,116,967
Other liabilities and accruals	-	556	779	20	17,779	19,134
Due to other funds	-	-	185,298	2,347	-	187,645
Unearned revenue	-	-	33	-	147,103	147,136
Total liabilities	<u>217,451</u>	<u>2,152</u>	<u>205,080</u>	<u>484,405</u>	<u>561,794</u>	<u>1,470,882</u>
Fund balances:						
Non-spendable	-	-	93,000	16,211	-	109,211
Restricted	-	64,714	447,241	-	349,939	861,894
Committed	3,440,264	-	809,362	7,118,905	902,912	12,271,443
Unassigned:						
Special revenue funds	-	-	-	20,310	-	20,310
Total fund balances	<u>3,440,264</u>	<u>64,714</u>	<u>1,349,603</u>	<u>7,155,426</u>	<u>1,252,851</u>	<u>13,262,858</u>
Total liabilities and fund balances	<u>\$ 3,657,715</u>	<u>\$ 66,866</u>	<u>\$ 1,554,683</u>	<u>\$ 7,639,831</u>	<u>\$ 1,814,645</u>	<u>\$ 14,733,740</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficit)
Combining General Funds
Year Ended September 30, 2019
(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ 77,991,129	\$ 6,781,768	\$ 1,681,859	\$ 12,836,663	\$ 3,562,426	\$ 102,853,845
Fishing rights	72,658,309	-	-	-	-	72,658,309
Interest and dividends	575,420	-	69,150	-	-	644,570
Fees and charges	358,915	2,967,581	264,046	493,132	1,142,932	5,226,606
Net change in the fair value of investments	13,204,316	(353,507)	166,255	601,958	938,600	14,557,622
MiCare reimbursable	294,039	-	-	-	-	294,039
Other	1,873,849	644,320	34,785	256,748	3,539,355	6,349,057
Total revenues	166,955,977	10,040,162	2,216,095	14,188,501	9,183,313	202,584,048
Expenditures:						
General government:						
President's office	4,724,618	-	-	-	-	4,724,618
External affairs and LNOs	5,268,669	-	-	-	-	5,268,669
Health and social affairs	1,228,526	140,200	-	240,208	234,823	1,843,757
Education	3,998,850	-	12,505	466,027	277,138	4,754,520
Economic development (Resources & development)	1,367,300	498,323	226,267	472,515	706,772	3,271,177
Transportation, communication and infrastructure	4,897,033	984,161	-	334,425	1,517,029	7,732,648
Finance and general governmental administration	3,753,352	5,423,776	843,234	5,332,517	1,537,458	16,890,337
Justice	5,809,786	1,095,303	268,437	1,788,000	540,361	9,501,887
Office of the Public Defender	842,674	-	-	-	-	842,674
Environmental and emergency management	595,161	-	-	-	-	595,161
National archives, cultural and historic preservation	200,970	-	-	-	-	200,970
Judiciary	1,554,304	551,597	-	-	188,214	2,294,115
Legislature	8,934,236	-	-	-	-	8,934,236
Office of the National Public Auditor	1,227,970	-	-	-	-	1,227,970
Land and natural resources	-	-	-	458,608	-	458,608
Other appropriations	28,403,571	-	-	-	678,153	29,081,724
Payments to component units and fiduciary fund	7,475,016	65,559	-	-	151,179	7,691,754
Municipal affairs	-	418,359	-	2,422,300	-	2,840,659
Boards, commissions, councils and other	3,667,854	1,432,779	456,394	1,439,058	632,756	7,628,841
Debt service	3,746,169	642,410	390,821	249,360	420,950	5,449,710
Total expenditures	87,696,059	11,252,467	2,197,658	13,203,018	6,884,833	121,234,035
Excess (deficiency) of revenues over expenditures	79,259,918	(1,212,305)	18,437	985,483	2,298,480	81,350,013
Other financing sources (uses):						
Proceeds from issuance of long-term debt	571,500	-	-	-	-	571,500
Operating transfers in (out)	1,594,756	-	-	-	-	1,594,756
Total other financing sources (uses), net	2,166,256	-	-	-	-	2,166,256
Special items:						
Noncash reduction in loans receivable	(953,384)	-	-	-	-	(953,384)
SDR exchange gain(loss) from ADB loans payable	767,373	-	-	-	-	767,373
Loss on litigation by Justice Department	(9,500,454)	-	-	-	-	(9,500,454)
Loss on impairment of investment	-	-	-	-	(184,951)	(184,951)
Write-off of receivables	(1,497,809)	-	-	-	(148,429)	(1,646,238)
Total special items	(11,184,274)	-	-	-	(333,380)	(11,517,654)
Net change in fund balances (deficit)	70,241,900	(1,212,305)	18,437	985,483	1,965,100	71,998,615
Fund balances (deficit) at beginning of year	377,560,961	(2,880,825)	1,954,370	13,813,190	19,033,775	409,481,471
Fund balances (deficit) at end of year	\$ 447,802,861	\$ (4,093,130)	\$ 1,972,807	\$ 14,798,673	\$ 20,998,875	\$ 481,480,086

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances Combining Grants Assistance Funds Year Ended September 30, 2019 (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	\$ 10,076,171	\$ 24,315,162	\$ 7,522,460	\$ 20,054,943	\$ 12,051,955	\$ 74,020,691
CFSM grants	-	-	-	590,211	115,207	705,418
Federal and other grants	19,197,282	2,205,333	1,724,878	3,104,276	2,846,422	29,078,191
Fees and charges	-	-	-	-	31,409	31,409
Total revenues	29,273,453	26,520,495	9,247,338	23,749,430	15,044,993	103,835,709
Expenditures:						
General government:						
Education	1,892,631	13,137,719	4,471,835	11,177,946	6,416,228	37,096,359
Health and social affairs	5,808,416	11,100,874	3,421,464	7,617,254	5,979,465	33,927,473
Finance and general governmental administration	3,278,100	1,344,171	953,325	1,258,223	494,244	7,328,063
Transportation, communication and infrastructure	10,540,669	-	-	-	744,534	11,285,203
Economic development (Resources and development)	4,349,156	339,757	238,956	-	194,689	5,122,558
Environmental and emergency management	1,337,494	-	246,868	-	-	1,584,362
Boards, commissions, councils and other	761,793	-	-	-	-	761,793
Office of the National Public Auditor	516,255	-	-	-	-	516,255
Other appropriations	-	-	-	-	176,704	176,704
Land and natural resources	-	-	-	85,255	-	85,255
National archives, cultural and historic preservation	99,077	-	-	-	-	99,077
Capital projects	260,584	835,701	-	3,371,227	-	4,467,512
Total expenditures	28,844,175	26,758,222	9,332,448	23,509,905	14,005,864	102,450,614
Excess (deficiency) of revenues over expenditures	429,278	(237,727)	(85,110)	239,525	1,039,129	1,385,095
Other financing sources:						
Operating transfers in (out)	200,000	-	-	-	-	200,000
Net change in fund balances	629,278	(237,727)	(85,110)	239,525	1,039,129	1,585,095
Fund balances at beginning of year	3,669,439	2,088,965	702,025	26,442	2,187,057	8,673,928
Fund balances at end of year	\$ 4,298,717	\$ 1,851,238	\$ 616,915	\$ 265,967	\$ 3,226,186	\$ 10,259,023

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues
and Changes in Fund Balances
Combining Compact Trust Funds
Year Ended September 30, 2019

(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	\$ 729,411	\$ 507,336	\$ 199,800	\$ 579,199	\$ 418,209	\$ 2,433,955
Total revenues	<u>729,411</u>	<u>507,336</u>	<u>199,800</u>	<u>579,199</u>	<u>418,209</u>	<u>2,433,955</u>
Net change in fund balances	729,411	507,336	199,800	579,199	418,209	2,433,955
Fund balances at beginning of 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>
Fund balances at the end of the year	<u>\$ 20,484,338</u>	<u>\$ 15,770,385</u>	<u>\$ 5,533,057</u>	<u>\$ 18,004,225</u>	<u>\$ 12,948,665</u>	<u>\$ 72,740,670</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances
Combining Other Governmental Funds
Year Ended September 30, 2019

(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	\$ 342,369	\$ -	\$ -	\$ 439,841	\$ 64,329	\$ 846,539
CFSM grants	-	-	1,066,636	-	1,689,970	2,756,606
Fees and charges	4,095,280	144,746	311,453	2,950,356	200,927	7,702,762
Other	-	-	6,534	-	7,353	13,887
	<u>4,437,649</u>	<u>144,746</u>	<u>1,384,623</u>	<u>3,390,197</u>	<u>1,962,579</u>	<u>11,319,794</u>
Total revenues						
Expenditures:						
General government:						
Health and social affairs	-	197,994	55,381	1,731,603	-	1,984,978
Education	280,204	-	-	-	-	280,204
Transportation, communication and infrastructure	85,409	-	-	-	-	85,409
Finance and general governmental administration	-	-	861,498	1,072,226	1,935,010	3,868,734
Justice	2,076,121	-	-	-	-	2,076,121
Economic development (Resources and development)	-	-	110,284	-	-	110,284
Boards, commissions, councils and other	436,266	-	147,822	-	-	584,088
	<u>2,878,000</u>	<u>197,994</u>	<u>1,174,985</u>	<u>2,803,829</u>	<u>1,935,010</u>	<u>8,989,818</u>
Total expenditures						
Excess of revenues over expenditures	1,559,649	(53,248)	209,638	586,368	27,569	2,329,976
Other financing sources (uses):						
Operating transfers (out) in	<u>(1,794,756)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,794,756)</u>
Net change in fund balances	(235,107)	(53,248)	209,638	586,368	27,569	535,220
Fund balances at beginning 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>
Fund balances at end of year	<u>\$ 3,440,264</u>	<u>\$ 64,714</u>	<u>\$ 1,349,603</u>	<u>\$ 7,155,426</u>	<u>\$ 1,252,851</u>	<u>\$13,262,858</u>