

Combined Financial Statements

Federated States of Micronesia

Year Ended September 30, 2022

With Report of Independent Accountants



Federated States of Micronesia
Combined Financial Statements
Year Ended September 30, 2022

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Independent Accountants Compilation Report

Honorable Wesley W. Simina
President
Federated States of Micronesia

Management is responsible for the accompanying combined special-purpose regulatory basis 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, 2022, in accordance with the regulatory basis of accounting, and for determining that the regulatory basis of accounting is an acceptable financial reporting framework. We have performed compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The financial statements are prepared in accordance with the regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The combined special-purpose 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. The combined special-purpose financial statements were prepared for the purpose of complying with the reporting requirements of the United States Department of Interior.

The accompanying combining schedules shown on pages 18 through 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the 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, the financial statements are not designed for those who are not informed about such matters.

This report is intended solely for the information and use of the FSM and the United States Department of Interior and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

January 15, 2025

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position - Regulatory Basis

September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

	Primary Governments	Business-type Activities	Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 142,183,112	\$ 28,374	\$ 52,431,762
Cash and cash equivalents - restricted	41,364,757	-	-
Time certificates of deposit	2,997,192	-	4,167,274
Investments	424,870,045	-	32,473,465
Receivables, net of allowance for uncollectibles	153,455,553	11,535	59,635,741
Advances	1,526,602	-	7,456,665
Inventories	-	179,339	24,605,615
Due from component units	500,000	-	-
Other current assets	1,157,204	1,424	431,943
Restricted assets	12,711,755	-	776,345
Total current assets	780,766,220	220,672	181,978,810
Noncurrent assets:			
Investments	5,407,704	-	17,838,347
Time certificates of deposit	407,035	-	-
Indefeasible right of use	-	-	6,164,409
Loan receivable, non-current	-	-	1,729,975
Lease receivable, non-current	5,339,332	-	2,363,281
Prepaid land lease	-	-	718,266
Capital assets:			
Nondepreciable capital assets	57,283,115	-	21,071,140
Capital assets, net of accumulated depreciation	264,134,794	141,584	157,868,272
Lease assets	-	-	4,497,850
Other noncurrent assets	14,881,281	-	4,705,319
Restricted assets:			
Cash and cash equivalents	-	-	817,936
Investments	92,624,403	-	-
Total noncurrent assets	440,077,664	141,584	217,774,795
Total assets	\$ 1,220,843,884	\$ 362,256	\$ 399,753,605
LIABILITIES			
Current liabilities:			
Current portion of long-term obligations	\$ 4,071,932	\$ -	\$ 4,602,048
Current portion of lease liabilities	-	-	278,124
Short-term notes	102,075	-	333,767
Accounts payable	13,251,424	10,497	14,940,877
Land acquisition payable	8,543,745	-	-
Current portion of compensated absences payable	1,871,726	-	-
Other liabilities and accruals	48,855,973	36,962	13,680,758
Due to FSM State Governments	12,579,164	-	-
Due to primary government	-	-	4,155,331
Due to grantor agencies	33,049,806	-	2,731,159
Unearned revenue	14,301,689	-	702,129
Total current liabilities	136,627,534	47,459	41,424,193
Noncurrent liabilities:			
Long-term obligations, net of current portion	49,080,069	-	45,307,384
Other noncurrent liabilities	460,576	-	551,746
Compensated absences payable, net of current portion	2,065,107	-	-
Total noncurrent liabilities	51,605,752	-	45,859,130
Total liabilities	188,233,286	47,459	87,283,323
Deferred Inflows of Resources: Leases	5,296,050	-	2,407,628
Total liabilities and deferred inflows of resources:	193,529,336	47,459	89,690,951
NET POSITION			
Net investment in capital assets	303,514,485	141,584	152,342,514
Restricted for:			
Nonexpendable:			
Future operations	85,172,832	-	-
Other purposes	-	-	13,833,449
Expendable:			
Compact related	13,236,672	-	-
Debt service	7,400,350	-	-
Other purposes	12,737,013	-	-
Unrestricted	605,253,196	173,213	143,886,691
Total net position	1,027,314,548	314,797	310,062,654
Total liabilities and net position	\$ 1,220,843,884	\$ 362,256	\$ 399,753,605

FEDERATED STATES OF MICRONESIA

Combined Statement of Activities - Regulatory Basis

Year Ended September 30, 2022

(See Accompanying Independent Accountant's 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	\$ 5,147,784	\$ -	\$ 167,161	\$ -	\$ (4,980,623)	\$ -	\$ -
External affairs and LNOs	6,103,407	-	18,985	-	(6,084,422)	-	-
Health and social affairs	48,334,948	863,162	41,473,694	-	(5,998,092)	-	-
Education	46,247,911	-	37,504,452	-	(8,743,459)	-	-
Economic development (Resources and development)	7,519,840	-	3,114,880	-	(4,404,960)	-	-
Transportation, communication and infrastructure	29,453,016	1,311,807	10,297,354	-	(17,843,855)	-	-
Finance and general governmental administration	39,554,398	3,903,590	18,972,105	-	(16,678,703)	-	-
Justice	11,292,511	2,750,827	-	-	(8,541,684)	-	-
Office of the Public Defender	1,413,486	-	-	-	(1,413,486)	-	-
Environmental and emergency management	2,181,899	-	1,759,364	-	(422,535)	-	-
National archives, cultural and preservation	450,530	-	-	-	23,215	-	-
Judiciary	2,485,292	-	473,745	-	(2,485,292)	-	-
Legislature	9,238,939	-	-	-	(9,238,939)	-	-
Office of the National Public Auditor	1,450,451	-	-	-	(950,451)	-	-
Office of Personnel	179,218	-	500,000	-	(179,218)	-	-
National government programs	4,205,223	-	-	-	(4,205,223)	-	-
Land and natural resources	851,841	170,654	-	-	(544,827)	-	-
Other appropriations	15,104,017	-	136,360	1,070,812	(13,970,805)	-	-
Payments to component units and fiduciary funds	6,660,631	-	62,400	-	(6,660,631)	-	-
Boards, commissions, councils and other	10,790,114	3,426,496	-	-	(6,767,355)	-	-
Special programs	458,436	-	596,263	-	(458,436)	-	-
Municipal affairs	5,892,529	-	-	-	(5,892,529)	-	-
Capital projects	4,100,020	-	-	2,500,663	(1,599,357)	-	-
Interest - unallocated	1,351,884	-	-	-	(1,351,884)	-	-
Total governmental activities	260,468,325	12,426,536	115,076,763	3,571,475	(129,393,551)	-	-
Business-type activities:							
Public Transportation System	648,888	579,478	-	-	-	(69,410)	-
Total primary governments	\$ 261,117,213	\$ 13,006,014	\$ 115,076,763	\$ 3,571,475	\$ (129,393,551)	\$ (69,410)	\$ -
Component units:							
FSM Telecommunications Corporation	\$ 16,950,099	\$ 16,137,246	\$ 100,000	\$ -	-	-	(712,853)
FSM Development Bank	2,093,599	2,117,469	-	-	-	-	23,870
National Fisheries Corporation	1,366,867	1,654,527	-	-	-	-	287,660
College of Micronesia - FSM	32,508,553	3,575,212	29,773,155	-	-	-	839,814
FSM Petroleum Corporation	89,684,309	88,618,965	-	-	-	-	(1,065,344)
Vital Energy, Inc.	-	-	-	-	-	-	-
Caroline Islands Air, Inc.	1,122,681	818,406	149,368	-	-	-	(154,907)
FSMNG Employees' Health Insurance Plan	5,138,590	6,937,477	-	-	-	-	1,798,887
FSM Telecommunications Cable Corporation	3,327,201	(596,779)	2,050,033	-	-	-	(1,873,947)
Telecommunication Regulation Authority	377,006	300,940	34,310	-	-	-	(41,756)
Chuuk State Health Care Plan	304,404	1,310,506	-	-	-	-	1,006,102
Chuuk Public Utility Corporation	9,098,387	8,397,884	346,100	737,256	-	-	382,853
Chuuk State Housing Authority	93,897	-	76,734	-	-	-	(17,163)
Kosrae Port Authority	1,245,166	561,800	876,143	-	-	-	192,777
Kosrae Utilities Authority	3,339,924	3,248,137	21,903	-	-	-	(69,884)
Kosrae State Housing Authority	226,433	107,963	131,916	-	-	-	13,446
Pohnpei Utilities Corporation	19,418,252	16,822,222	670,606	1,003,284	-	-	(922,140)
Pohnpei Port Authority	2,610,240	2,588,080	213,842	-	-	-	191,682
Pohnpei Transportation Authority	2,436,592	1,938,485	-	-	-	-	(498,107)
Small Business Guarantee and Finance Corporation	192,925	212,408	371,962	-	-	-	391,445
Pohnpei State Housing Authority	190,607	160,581	165,990	-	-	-	135,964
Yap Visitor's Bureau	297,332	-	279,911	-	-	-	(17,421)
Yap State Public Service Corporation	6,587,355	5,618,782	3,240	2,313,375	-	-	1,348,042
The Diving Seagull, Inc.	6,041,775	3,346,946	-	-	-	-	(2,694,829)
Total component units	\$ 204,652,194	\$ 163,877,257	\$ 35,265,213	\$ 4,053,915	-	-	(1,455,809)
General revenues:							
Taxes					109,615,384	-	-
Fishing rights					73,021,600	-	-
Unrestricted investment earnings					(72,948,132)	-	(4,543,768)
Other					(5,409,156)	30,000	(4,085,448)
Total general revenues					104,279,696	30,000	(8,629,216)
Special item - loss on SDR foreign exchange					1,049,556	-	-
Special item - loss from defaulted housing loans					94,986	-	-
Special item - loss from impairment of investment					(148,958)	-	-
Special item - write-off of receivable balances					(28,301)	-	-
Contributions to permanent funds					(24,699,156)	-	-
Total general revenues, contributions and special items					80,547,823	30,000	(8,629,216)
Change in net position					(48,845,728)	(39,410)	(10,085,025)
Net position at beginning of year					1,059,335,096	354,207	319,925,025
Prior period adjustments					16,825,180	-	222,654
Net position at end of year					\$ 1,027,314,548	\$ 314,797	\$ 310,062,654

FEDERATED STATES OF MICRONESIA

Combined Balance Sheet - Regulatory Basis Governmental Funds

September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

		Special Revenue	Permanent			
	General	Grants Assistance	Compact Trust	Yap State Investment Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 142,161,859	\$ -	\$ -	\$ -	\$ 21,253	\$ 142,183,112
Time certificates of deposit	2,997,192	-	-	-	-	2,997,192
Equity in internal investment pool	362,267,599	-	-	-	-	362,267,599
Investments	21,847,489	-	-	-	395,955	22,243,444
Receivables, net:						
General	1,863,344	6,064,011	-	-	3,243	7,930,598
Taxes	89,704,674	-	-	-	-	89,704,674
Federal agencies	-	2,859,362	-	-	-	2,859,362
Loans	30,455,520	-	-	-	-	30,455,520
FSM National Government	724,648	10,961,752	-	-	791,707	12,478,107
FSM State Governments		7,359,000				7,359,000
Other	728,758	714	-	-	-	729,472
Leases	5,427,899				206,300	5,634,199
Due from other funds	13,480,116	56,658,162	-	-	16,672,287	86,810,565
Due from component units	500,000	-	-	-	-	500,000
Advances	1,828,711	882,577	-	-	25,841	2,737,129
Prepayments	257,204	433,425			-	690,629
Other assets	15,475,611	100,000	-	-	125,582	15,701,193
Restricted assets:						
Cash and cash equivalents	49,057,382	4,976,601	-	-	42,529	54,076,512
Time certificates of deposit	43,456	-	-	-	363,579	407,035
Investments	7,400,350	-	85,224,053	62,559,768	-	155,184,171
Total assets	\$ 746,221,812	\$ 90,295,604	\$ 85,224,053	\$ 62,559,768	\$ 18,648,276	\$ 1,002,949,513
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 6,829,038	\$ 5,094,548	\$ -	\$ -	\$ 1,429,913	\$ 13,353,499
Other liabilities and accruals	47,171,473	1,602,146	-	-	16,180	48,789,799
Land acquisition payable	8,543,745	-	-	-	-	8,543,745
Due to FSM State Governments	2,041,196	10,537,968	-	-	-	12,579,164
Due to grantor agencies	1,375,038	31,674,723				33,049,761
Due to other funds	73,330,449	13,207,938	51,221	-	220,957	86,810,565
Unearned revenue	77,904	13,943,065	-	-	280,720	14,301,689
Total liabilities	139,368,843	76,060,388	51,221	-	1,947,770	217,428,222
Deferred Inflows of Resources: leases	5,054,323	-	-	-	141,482	5,195,805
Total liabilities and deferred inflows of resources	144,423,166	76,060,388	51,221	-	2,089,252	222,624,027
Fund balances:						
Non-spendable	75,806,208	100,000	85,172,832	62,559,768	118,842	223,757,650
Restricted	20,944,411	14,222,126	-	-	1,158,381	36,324,918
Committed	415,713,819	-	-	-	15,281,801	430,995,620
Assigned	37,815,186	-	-	-	-	37,815,186
Unassigned:						
General fund	51,519,022	-	-	-	-	51,519,022
Special revenue funds	-	(86,910)	-	-	-	(86,910)
Total fund balances	601,798,646	14,235,216	85,172,832	62,559,768	16,559,024	780,325,486
Total liabilities and fund balances	\$ 746,221,812	\$ 90,295,604	\$ 85,224,053	\$ 62,559,768	\$ 18,648,276	\$ 1,002,949,513

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

\$ 304,624,847

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 (53,188,376)
Compensated absences payable (3,936,833)
Accrued interest payable and unearned revenue (50,000)
Claims payable (460,576)

246,989,062

Net position of governmental activities

\$ 1,027,314,548

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Regulatory Basis Governmental Funds

Year Ended September 30, 2022
(See Accompanying Independent Accountant's Compilation Report)

		Special Revenue	Permanent		Other Governmental	
	General	Grants Assistance	Compact Trust	Yap State Investment Fund	Funds	Total
Revenues:						
Compact funding	\$ -	\$ 68,033,983	\$ -	\$ -	\$ -	\$ 68,033,983
Taxes	108,332,303	-	-	-	1,283,082	109,615,385
CFSM grants	-	312,701	-	-	3,318,813	3,631,514
Federal and other grants	-	46,982,740	-	-	-	46,982,740
Fishing rights	73,021,600	-	-	-	-	73,021,600
Interest and dividends	439,413	-	-	-	-	439,413
Fees and charges	3,922,490	-	-	-	8,620,867	12,543,357
Net change in the fair value of investments	(73,293,020)	-	(12,210,936)	(16,132,232)	-	(101,636,188)
Other	(1,805,181)	347,510	-	-	(45,262)	(1,502,933)
Total revenues	110,617,605	115,676,934	(12,210,936)	(16,132,232)	13,177,500	211,128,871
Expenditures:						
General government:						
President's office	4,981,437	-	-	-	-	4,981,437
External affairs and LNOs	7,898,408	-	-	-	-	7,898,408
Health and social affairs	3,723,965	42,811,364	-	-	2,293,832	48,829,161
Education	7,233,856	37,957,654	-	-	518,802	45,710,312
Economic development (Resources and development)	4,204,812	3,114,880	-	-	160,502	7,480,194
Transportation, communication and infrastructure	11,704,562	10,433,990	-	-	517,741	22,656,293
Finance and general governmental administration	22,906,219	11,240,365	-	-	4,318,676	38,465,260
Justice	10,052,517	83,368	-	-	522,774	10,658,659
Office of the Public Defender	1,460,347	-	-	-	-	1,460,347
Environmental and emergency management	693,404	1,476,782	-	-	-	2,170,186
National archives, cultural and historic preservation	155,662	473,745	-	-	-	629,407
Judiciary	2,486,528	-	-	-	-	2,486,528
Legislature	9,246,895	-	-	-	-	9,246,895
Office of the National Public Auditor	992,369	500,000	-	-	-	1,492,369
Office of Personnel	179,218	-	-	-	-	179,218
Special programs	458,436	-	-	-	-	458,436
Land and natural resources	650,639	136,360	-	-	-	786,999
Other appropriations	14,562,560	62,400	-	-	-	14,624,960
Payments to component units and fiduciary funds	6,461,567	199,064	-	-	-	6,660,631
Municipal affairs	5,879,912	-	-	-	-	5,879,912
Boards, commissions, councils and other	6,692,680	1,716,839	-	-	535,375	8,944,894
Capital projects	-	3,571,475	-	-	-	3,571,475
Debt service	5,930,127	-	-	-	-	5,930,127
Total expenditures	128,556,120	113,778,286	-	-	8,867,702	251,202,108
Excess (deficiency) of revenues over expenditures	(17,938,515)	1,898,648	(12,210,936)	(16,132,232)	4,309,798	(40,073,237)
Other financing sources (uses):						
Operating transfers in	1,804,335	-	-	-	-	1,804,335
Operating transfers out	-	844,563	-	-	(2,648,898)	(1,804,335)
Total other financing sources (uses), net	1,804,335	844,563	-	-	(2,648,898)	-
Special items:						
Recovery of bad debt	213,286	-	-	-	-	213,286
Write-off of receivables	(295,559)	-	-	-	-	(295,559)
Total special items	(82,273)	-	-	-	-	(82,273)
Net change in fund balances	(16,216,453)	2,743,211	(12,210,936)	(16,132,232)	1,660,900	(40,155,510)
Fund balances at beginning of year	601,319,760	11,492,005	97,383,768	78,692,000	14,768,284	803,655,817
Prior period adjustments	16,695,339	-	-	-	129,840	16,825,179
Fund balances at end of year	\$ 601,798,646	\$ 14,235,216	\$ 85,172,832	\$ 62,559,768	\$ 16,559,024	\$ 780,325,486

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, 2022

(See Accompanying Independent Accountant's Compilation Report)

Total net change in fund balances - governmental funds \$ (40,155,510)

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

Capital outlays, net of disposals	8,438,572	
Depreciation expense	<u>(21,766,632)</u>	
		(13,328,060)

Governmental funds report advance lease payment as revenue. However, in the statement of net position, such is reported as unearned revenue. (30,088)

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:

Repayment of long-term debt and special drawing rights adjustments	<u>5,128,315</u>	
		5,128,315

Some expenses reported in the combined statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. For the current year, these consist of:

Change in compensated absences payable	<u>(460,385)</u>	
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Change in net position of governmental activities \$ (48,845,728)

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position - Regulatory Basis Proprietary Fund

September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

	Public Transportation System
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 28,374
Time certificates of deposit	11,535
Inventories	179,339
Other current assets	<u>1,424</u>
Total current assets	220,672
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>141,584</u>
Total assets	<u><u>\$ 362,256</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 10,497
Other liabilities and accruals	<u>36,962</u>
Total liabilities	<u>47,459</u>
<u>NET POSITION</u>	
Net investments in capital assets	141,584
Unrestricted	<u>173,213</u>
Total net position	<u>314,797</u>
Total liabilities and net position	<u><u>\$ 362,256</u></u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses and Changes in Net Position - Regulatory Basis Proprietary Fund

Year Ended September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

	Public Transportation System
Operating revenues:	
Charges for services	\$ 140,576
Sales	427,243
Other	<u>11,659</u>
Total operating revenues	<u>579,478</u>
Operating expenses:	
Cost of services	227,182
Administrative costs	339,874
Depreciation and amortization	<u>81,832</u>
Total operating expenses	<u>648,888</u>
Loss from operations	(69,410)
Nonoperating revenues:	
Operating subsidy from primary government	<u>30,000</u>
Total nonoperating revenues	<u>30,000</u>
Change in net position	(39,410)
Net position at beginning of the year	<u>354,207</u>
Net position at the end of the year	<u><u>\$ 314,797</u></u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Cash Flows - Regulatory Basis Proprietary Fund

Year Ended September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

	Public Transportation System
Cash flows from operating activities:	
Cash received from customers	\$ 555,226
Cash payments to employees	(200,909)
Cash payments to suppliers	<u>(359,529)</u>
Net cash used in operating activities	<u>(5,212)</u>
Cash flows from noncapital financing activities:	
Contributions from the primary government	<u>30,000</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(21,785)</u>
Net cash used in capital and related financing activities	<u>(21,785)</u>
Net change in cash and cash equivalents	3,003
Cash and cash equivalents at beginning of the year	<u>25,371</u>
Cash and cash equivalents at end of the year	<u><u>\$ 28,374</u></u>
Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (69,410)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	81,832
Change in assets and liabilities:	
Other current assets	7,441
Receivables	(1,059)
Inventories	931
Accounts payable	(766)
Other liabilities and accruals	<u>(24,181)</u>
Net cash used in operating activities	<u><u>\$ (5,212)</u></u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Fiduciary Net Position - Regulatory Basis Fiduciary Funds

September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

		Private Purpose Trusts		
		FSM	Yap State	
	Custodial	Social Security	Development	
	Funds	Administration	Loan Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 2,054,810	\$ 127,412	\$ 2,182,222
Time certificates of deposit	-	-	151,221	151,221
Receivables, net:				
Contributions	-	3,161,133	-	3,161,133
Other	-	22,031	-	22,031
Investments	7,429,594	44,931,837	-	52,361,431
Capital assets, net of accumulated depreciation	-	117,788	-	117,788
	<u>-</u>	<u>117,788</u>	<u>-</u>	<u>117,788</u>
Total assets	<u>\$ 7,429,594</u>	<u>\$ 50,287,599</u>	<u>\$ 278,633</u>	<u>\$ 57,995,826</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 58,598	\$ 20,107	\$ 78,705
Other liabilities and accruals	-	32,325	-	32,325
	<u>-</u>	<u>32,325</u>	<u>-</u>	<u>32,325</u>
Total liabilities	<u>-</u>	<u>90,923</u>	<u>20,107</u>	<u>111,030</u>
<u>NET POSITION</u>				
Held in trust for:				
Social security benefits	-	50,196,676	258,526	50,455,202
Other purposes	7,429,594	-	-	7,429,594
	<u>7,429,594</u>	<u>-</u>	<u>-</u>	<u>7,429,594</u>
Total net position	<u>7,429,594</u>	<u>50,196,676</u>	<u>258,526</u>	<u>57,884,796</u>
Total liabilities and net position	<u>\$ 7,429,594</u>	<u>\$ 50,287,599</u>	<u>\$ 278,633</u>	<u>\$ 57,995,826</u>

FEDERATED STATES OF MICRONESIA

Combined Statement of Changes in Fiduciary Net Position - Regulatory Basis Fiduciary Funds

Year Ended September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

		Private Purpose Trusts		
	Custodial	FSM	Yap State	
	Funds	Social Security	Development	
		Administration	Loan Fund	Total
Additions:				
Contributions	\$ -	\$ 21,036,307	\$ -	\$ 21,036,307
Total contributions	-	21,036,307	-	21,036,307
Investment earnings:				
Net change in the fair value of investments	(98,886)	(10,318,682)	-	(10,417,568)
Interest and dividends	451,280	318	689	452,287
Total investment earnings	352,394	(10,318,364)	689	(9,965,281)
Less investment expense	(2,527)	(275,414)	-	(277,941)
Net investment earnings	349,867	(10,593,778)	689	(10,243,222)
Contributions from FSM National Government	-	1,000,000	-	1,000,000
Other	34,399	162,222	-	196,621
Total additions	384,266	11,604,751	689	11,989,706
Deductions:				
Benefits	-	23,859,166	-	23,859,166
Refunds/distribution	2,597,969	8,553	-	2,606,522
Administrative expenses	-	1,168,783	-	1,168,783
Total deductions	2,597,969	25,036,502	-	27,634,471
Change in net position	(2,213,703)	(13,431,751)	689	(15,644,765)
Net position at beginning of year	9,643,297	63,628,427	257,837	73,529,561
Net position at end of year	\$ 7,429,594	\$ 50,196,676	\$ 258,526	\$ 57,884,796

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position - Regulatory Basis
Component Units

September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

	FSM Tele- Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia- FSM	FSM Petroleum Corporation	Caroline Islands Air, Inc.	McCare Health Insurance Plan	FSM Communications Cable Corporation	Telecommunication Regulation Authority	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 5,354,028	\$ 5,810,211	\$ 1,928,772	\$ 3,885,598	\$ 16,333,579	\$ 29,621	\$ 4,547,386	\$ 99,413	\$ 168,765	\$ 2,605,762	\$ 1,863,389	\$ 115,920
Time certificates of deposit	279,494	2,981,450	-	-	401,396	-	-	-	-	100,000	-	-
Investments	1,578,195	13,703,962	1,054,677	2,764,015	7,628,741	-	2,412,360	-	-	805,525	-	-
Receivables, net:												
General	487,262	-	1,133,613	6,352,738	2,912,666	-	143,116	116,642	-	277,289	778,262	(13,238)
Loans	-	38,580,333	-	-	-	-	-	-	-	-	-	-
Interest	-	329,233	-	-	-	-	-	-	-	-	-	-
Other	194,899	-	2,035	100,996	306,618	-	-	-	-	-	-	-
Lease	-	-	-	-	-	-	-	-	-	-	-	-
Advances	920,496	2,580	-	2,424,682	3,001,253	129,968	-	4,778	12,855	-	172,671	-
Inventories	1,269,054	-	39,195	1,228,098	18,099,137	58,610	-	-	-	-	946,652	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	10,083,428	61,407,769	4,158,292	16,756,127	48,683,390	218,199	7,102,862	220,833	181,620	3,788,576	3,760,974	102,682
Noncurrent assets:												
Investments	-	5,605,440	-	8,554,945	-	-	-	-	-	-	-	-
Indefeasible right of use	2,000,151	-	-	-	-	-	-	3,975,682	-	-	-	-
Loan receivable, non-current	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid land lease	-	-	-	-	-	-	-	-	-	-	718,266	-
Lease receivable, non-current	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets:												
Nondepreciable capital assets	3,742,136	-	-	1,455,685	11,243,429	-	106,159	-	-	-	915,470	-
Capital assets, net of accumulated depreciation	23,157,855	1,318,800	210,127	4,465,249	19,576,144	17,694	83,874	22,279,949	32,568	39,299	21,745,746	12,450
Leased assets	-	-	538,752	-	3,495,488	-	156,883	-	16,757	-	-	-
Other noncurrent assets	172,422	-	-	-	710,093	-	234,807	788,113	-	210,500	499,423	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	29,072,564	6,924,240	748,879	14,475,879	35,025,154	17,694	581,723	27,043,744	49,325	249,799	23,878,905	12,450
Total assets	\$ 39,155,992	\$ 68,332,009	\$ 4,907,171	\$ 31,232,006	\$ 83,708,544	\$ 235,893	\$ 7,684,585	\$ 27,264,577	\$ 230,945	\$ 4,038,375	\$ 27,639,879	\$ 115,132
LIABILITIES												
Current liabilities:												
Current portion of long-term debt	\$ 1,022,110	\$ 394,140	-	\$ -	\$ 1,435,005	\$ -	\$ -	\$ 340,575	\$ -	\$ -	\$ 283,815	\$ -
Current portion of lease liabilities	-	-	108,501	-	81,033	-	27,391	21,160	16,775	-	-	-
Short-term notes	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	397,756	93,624	39,536	534,024	8,779,902	5,949	1,877,310	289,107	3,397	-	328,285	108,599
Other liabilities and accruals	3,074,412	68,198	-	1,877,655	4,589,654	175,506	-	-	6,777	70,058	308,868	76,564
Due to primary government	-	-	-	-	-	-	-	-	-	-	-	-
Due to grantor agencies	184,222	132,835	-	2,414,102	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	59,212	-
Total current liabilities	4,678,500	688,797	148,037	4,825,781	14,885,594	181,455	1,904,701	650,842	26,949	70,058	980,180	185,163
Noncurrent liabilities:												
Lease liability, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Long-term obligations, net of current portion	7,696,319	2,609,676	430,251	538,151	9,929,495	-	129,492	619,017	-	-	3,020,663	-
Total noncurrent liabilities	7,696,319	2,609,676	430,251	538,151	9,929,495	-	129,492	619,017	-	-	3,020,663	-
Total liabilities	12,374,819	3,298,473	578,288	5,363,932	24,815,089	181,455	2,034,193	1,269,859	26,949	70,058	4,000,843	185,163
NET POSITION												
Net investment in capital assets	20,181,713	1,318,800	748,879	5,920,934	24,168,714	17,694	190,033	26,255,631	32,568	39,299	19,392,057	-
Restricted for:												
Nonexpendable	-	-	-	915,000	-	-	-	-	-	3,929,018	550,067	-
Unrestricted	6,599,460	63,714,736	3,580,004	19,032,140	34,724,741	36,744	5,460,359	(260,913)	171,428	-	3,696,912	(70,031)
Total net position	26,781,173	65,033,536	4,328,883	25,868,074	58,893,455	54,438	5,650,392	25,994,718	203,996	3,968,317	23,639,036	(70,031)
Total liabilities and net position	\$ 39,155,992	\$ 68,332,009	\$ 4,907,171	\$ 31,232,006	\$ 83,708,544	\$ 235,893	\$ 7,684,585	\$ 27,264,577	\$ 230,945	\$ 4,038,375	\$ 27,639,879	\$ 115,132

FEDERATED STATES OF MICRONESIA

Combined Statement of Net Position - Regulatory Basis, continued
Component Units

September 30, 2022

(See Accompanying Independent Accountant's 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	\$ 123,931	\$ 1,106,424	\$ 13,615	\$ 1,435,653	\$ 5,679,720	\$ -	\$ 300	\$ 271,197	\$ 176,066	\$ 305,640	\$ 576,772	\$ 52,431,762
Time certificates of deposit	-	169,662	-	235,272	-	-	-	-	-	-	-	4,167,274
Investments	-	780,249	-	-	-	-	-	-	-	328,402	1,417,339	32,473,465
Receivables, net:												
General	95,643	300,079	-	1,510,924	584,504	289,458	61,442	3,417,791	-	829,255	39,327	19,316,773
Loans	-	-	472,372	-	-	-	-	-	-	-	-	39,052,705
Interest	-	-	-	-	-	-	-	-	-	-	-	329,233
Other	-	-	-	-	-	-	-	-	-	-	-	604,548
Lease	-	-	-	-	332,482	-	-	-	-	-	-	332,482
Advances	-	43,659	-	708,649	28,112	2,738	4,094	130	-	-	-	7,456,665
Inventories	29,000	350,032	-	1,017,004	-	70,705	-	-	-	1,176,940	321,188	24,605,615
Other assets	-	-	-	-	41,873	-	-	-	-	127,836	262,234	431,943
Restricted assets	-	-	200,000	-	-	-	576,345	-	-	-	-	776,345
Total current assets	248,574	2,750,105	685,987	4,907,502	6,666,691	362,901	642,181	3,689,118	176,066	2,768,073	2,616,860	181,978,810
Noncurrent assets:												
Investments	-	-	-	3,439,462	238,500	-	-	-	-	-	-	17,838,347
Indefeasible right of use	-	-	-	188,576	-	-	-	-	-	-	-	6,164,409
Loan receivable, non-current	-	-	-	-	-	-	1,729,975	-	-	-	-	1,729,975
Prepaid land lease	-	-	-	-	-	-	-	-	-	-	-	718,266
Lease receivable, non-current	-	-	-	-	2,363,281	-	-	-	-	-	-	2,363,281
Capital assets:												
Nondepreciable capital assets	-	71,840	-	614,586	2,776,034	-	-	-	-	145,801	-	21,071,140
Capital assets, net of accumulated depreciation	13,439,761	1,492,344	45,238	26,258,863	3,410,253	2,129,925	31,310	28,204	4,830	16,103,916	1,983,873	157,868,272
Leased assets	-	-	-	-	-	-	-	-	-	289,970	-	4,497,850
Other noncurrent assets	-	252,800	-	-	-	-	-	11,279	-	356,829	1,469,053	4,705,319
Restricted cash and cash equivalents	-	-	-	817,936	-	-	-	-	-	-	-	817,936
Total noncurrent assets	13,439,761	1,816,984	45,238	31,319,423	8,788,068	2,129,925	1,761,285	39,483	4,830	16,896,516	3,452,926	217,774,795
Total assets	\$ 13,688,335	\$ 4,567,089	\$ 731,225	\$ 36,226,925	\$ 15,454,759	\$ 2,492,826	\$ 2,403,466	\$ 3,728,601	\$ 180,896	\$ 19,664,589	\$ 6,069,786	\$ 399,753,605
LIABILITIES												
Current liabilities:												
Current portion of long-term debt	\$ -	\$ -	\$ 43,893	\$ 469,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488,570	\$ 124,427	\$ 4,602,048
Current portion of lease liabilities	-	-	-	23,264	-	-	-	-	-	-	-	278,124
Short term notes	-	-	50,000	283,767	-	-	-	-	-	-	-	333,767
Accounts payable	4,338	224,030	11,669	1,260,976	80,445	150,592	17,708	8,299	-	365,712	359,619	14,940,877
Other liabilities and accruals	-	70,922	31,494	748,162	199,639	18,732	7,854	-	7,683	470,794	1,877,786	13,680,758
Due to primary government	12,680	-	-	4,018,602	-	-	-	124,049	-	-	-	4,155,331
Due to grantor agencies	-	-	-	-	-	-	-	-	-	-	-	2,731,159
Unearned revenue	47,002	34,339	-	466,510	-	3,174	-	-	-	91,892	-	702,129
Total current liabilities	64,020	329,291	137,056	7,270,794	280,084	172,498	25,562	132,348	7,683	1,416,968	2,361,832	41,424,193
Noncurrent liabilities:												
Lease liability, net of current portion	-	-	-	165,312	-	-	-	-	-	386,434	-	551,746
Deferred inflows of resources	-	-	-	-	2,407,628	-	-	-	-	-	-	2,407,628
Long-term obligation, net of current portion	-	-	16,135	5,567,262	-	1,831,361	-	-	-	7,935,241	4,984,321	45,307,384
Total noncurrent liabilities	-	-	16,135	5,732,574	2,407,628	1,831,361	-	-	-	8,321,675	4,984,321	48,266,758
Total liabilities	64,020	329,291	153,191	13,003,368	2,687,712	2,003,859	25,562	132,348	7,683	9,738,643	7,346,153	89,690,951
NET POSITION												
Net investment in capital assets	13,439,761	1,564,184	45,238	20,836,674	6,186,287	2,129,925	31,310	28,204	4,830	7,825,906	1,983,873	152,342,514
Restricted for:												
Nonexpendable	-	90,000	532,796	1,388,150	-	554,049	2,306,320	3,568,049	-	-	-	13,833,449
Unrestricted	184,554	2,583,614	-	998,733	6,580,760	(2,195,007)	40,274	-	168,383	2,100,040	(3,260,240)	143,886,691
Total net position	13,624,315	4,237,798	578,034	23,223,557	12,767,047	488,967	2,377,904	3,596,253	173,213	9,925,946	(1,276,367)	310,062,654
Total liabilities and net position	\$ 13,688,335	\$ 4,567,089	\$ 731,225	\$ 36,226,925	\$ 15,454,759	\$ 2,492,826	\$ 2,403,466	\$ 3,728,601	\$ 180,896	\$ 19,664,589	\$ 6,069,786	\$ 399,753,605

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position - Regulatory Basis Component Units

Year Ended September 30, 2022
(See Accompanying Independent Accountant's Compilation Report)

	FSM Tele- Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia- FSM	FSM Petroleum Corporation	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	\$ 16,137,246	\$ -	\$ 780,000	\$ 3,142,371	\$ 88,469,094	\$ 818,406	\$ 6,909,106	\$ 782,736	\$ -	\$ 1,285,350	\$ 8,330,056	\$ -
Other	-	2,117,469	874,527	432,841	149,871	-	28,371	(1,379,515)	300,940	25,156	67,828	-
Total operating revenues	16,137,246	2,117,469	1,654,527	3,575,212	88,618,965	818,406	6,937,477	(596,779)	300,940	1,310,506	8,397,884	-
Operating expenses:												
Cost of services	1,929,558	-	54,621	-	69,940,904	956,466	4,579,960	-	-	-	4,494,689	-
Depreciation	4,173,587	165,960	61,199	983,530	3,482,483	-	39,969	1,206,506	11,571	15,212	1,904,975	-
Administrative costs	10,846,954	1,927,639	1,251,047	31,525,023	16,260,922	166,215	518,661	2,120,695	365,435	289,192	2,698,723	93,897
Total operating expenses	16,950,099	2,093,599	1,366,867	32,508,553	89,684,309	1,122,681	5,138,590	3,327,201	377,006	304,404	9,098,387	93,897
Operating income (loss)	(812,853)	23,870	287,660	(28,933,341)	(1,065,344)	(304,275)	1,798,887	(3,923,980)	(76,066)	1,006,102	(700,503)	(93,897)
Nonoperating revenues (expenses):												
Net change in the fair value of investments	(427,347)	-	(247,709)	(2,540,784)	(529,994)	-	(259,150)	-	-	-	-	-
Interest income	(185,612)	(3,566,350)	-	-	(598,388)	-	-	(38,522)	(60)	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Contributions from primary government	100,000	-	-	-	-	149,368	-	2,050,033	34,310	-	1,347,581	76,734
Contributions from other governments	-	-	-	29,773,155	-	-	-	-	-	-	(1,001,481)	-
Other income (expense)	206,470	-	456	-	(679,458)	-	5,248	-	-	(151,099)	62,654	-
Total nonoperating revenues (expenses), net	(306,489)	(3,566,350)	(247,253)	27,232,371	(1,807,840)	149,368	(253,902)	2,011,511	34,250	(151,099)	408,754	76,734
Capital contributions	-	-	-	-	-	-	-	-	-	-	737,256	-
Change in net position	(1,119,342)	(3,542,480)	40,407	(1,700,970)	(2,873,184)	(154,907)	1,544,985	(1,912,469)	(41,816)	855,003	445,507	(17,163)
Net position at beginning of year	27,900,515	68,576,016	4,288,476	27,569,044	61,766,639	209,345	4,105,407	27,907,187	245,812	3,113,314	23,193,529	(52,868)
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Net position at end of year	\$ 26,781,173	\$ 65,033,536	\$ 4,328,883	\$ 25,868,074	\$ 58,893,455	\$ 54,438	\$ 5,650,392	\$ 25,994,718	\$ 203,996	\$ 3,968,317	\$ 23,639,036	\$ (70,031)

FEDERATED STATES OF MICRONESIA

Combined Statement of Revenues, Expenses, and Changes in Net Position - Regulatory Basis, continued Component Units

Year Ended September 30, 2022
(See Accompanying Independent Accountant's 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	\$ 561,800	\$ 3,248,137	\$ 107,963	\$ 16,822,222	\$ 2,588,080	\$ 1,938,485	\$ 212,408	\$ 160,581	\$ -	\$ 5,618,782	\$ 3,346,946	\$ 161,259,769
Other	-	-	-	-	-	-	-	-	-	-	-	2,617,488
Total operating revenues	561,800	3,248,137	107,963	16,822,222	2,588,080	1,938,485	212,408	160,581	-	5,618,782	3,346,946	163,877,257
Operating expenses:												
Cost of services	466,084	2,840,797	-	15,540,050	-	-	-	-	-	3,804,121	5,765,305	110,372,555
Depreciation	779,082	325,193	16,767	1,933,475	425,043	348,924	14,661	9,400	12,180	1,193,864	10,840	17,114,421
Administrative costs	-	173,934	209,666	1,944,727	2,185,197	2,087,668	178,264	181,207	285,152	1,589,370	265,630	77,165,218
Total operating expenses	1,245,166	3,339,924	226,433	19,418,252	2,610,240	2,436,592	192,925	190,607	297,332	6,587,355	6,041,775	204,652,194
Operating income (loss)	(683,366)	(91,787)	(118,470)	(2,596,030)	(22,160)	(498,107)	19,483	(30,026)	(297,332)	(968,573)	(2,694,829)	(40,774,937)
Nonoperating revenues (expenses):												
Net change in the fair value of investments	-	(167,393)	-	-	(52,722)	-	-	-	-	-	(318,669)	(4,543,768)
Interest income	-	-	-	-	-	-	-	-	-	582	-	(4,388,350)
Interest expense	-	1,420	18,216	319,435	7,072	-	1,108	-	-	(125,633)	(140,834)	80,784
Contributions from primary government	-	-	-	670,606	213,842	-	371,962	165,990	111,342	-	-	5,291,768
Contributions from other governments	876,143	21,903	131,916	-	-	-	-	-	168,569	3,240	-	29,973,445
Other income (expense)	-	-	-	38,189	3,501	-	22	-	2,945	332,103	401,086	222,117
Total nonoperating revenues (expenses), net	876,143	(144,070)	150,132	1,028,230	171,693	-	373,092	165,990	282,856	210,292	(58,417)	26,635,996
Capital contributions	-	-	-	1,003,284	-	-	-	-	-	2,313,375	-	4,053,915
Change in net position	192,777	(235,857)	31,662	(564,516)	149,533	(498,107)	392,575	135,964	(14,476)	1,555,094	(2,753,246)	(10,085,026)
Net position at beginning of year	13,431,538	4,473,655	546,372	23,788,073	12,394,860	987,074	1,985,329	3,460,289	187,689	8,370,852	1,476,879	319,925,026
Prior period adjustment	-	-	-	-	222,654	-	-	-	-	-	-	222,654
Net position at the end of the year	\$ 13,624,315	\$ 4,237,798	\$ 578,034	\$ 23,223,557	\$ 12,767,047	\$ 488,967	\$ 2,377,904	\$ 3,596,253	\$ 173,213	\$ 9,925,946	\$ (1,276,367)	\$ 310,062,654

Federated States of Micronesia

Selected Information-Substantially All Disclosures Required by Special-Purpose Regulatory Basis of Accounting Are Not Included

Year Ended September 30, 2022

(Unaudited - see accompanying independent accountant's compilation report)

Financial Reporting Framework

The FSM National Government and the FSM state governments are separate entities. Accounting principles generally accepted in the United States do not allow for the presentation of combined financial statements for entities with no common ownership. However, the United States Department of Interior (USDOl) requires preparation of combined financial statements and, accordingly, the combined special-purpose financial statements have been prepared under a regulatory basis of accounting for the purposes of the USDOl.

Eliminations

Compact sector grants assistance funds totaling \$74,162,860 provided by USDOl to the FSM National Government and which are passed down to the FSM state governments are (1) recorded as revenues and (2) expenditures by the FSM National Government.

The FSM state government also records receipt of compact sector grants as revenues when passed down to them. The compact sector grants are a source of funding for expenditures incurred by the FSM state governments.

To avoid overstatement, \$74,162,860 of compact revenues and \$74,192,860 of expenditures, has been eliminated in preparation of the combined special-purpose financial statements.

SUPPLEMENTARY INFORMATION

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet - Regulatory Basis Combining General Funds

September 30, 2022
(See Accompanying Independent Accountant's Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
ASSETS						
Cash and cash equivalents	\$ 124,997,665	\$ 6,757,356	\$ 594,540	\$ 8,603,841	\$ 1,208,457	\$ 142,161,859
Time certificates of deposit	2,997,192	-	-	-	-	2,997,192
Equity in internal investment pool	349,596,336	34,904	-	-	12,636,359	362,267,599
Investments	-	700,650	1,192,596	19,954,243	-	21,847,489
Receivables, net:						
General	236,113	1,597,597	16,413	13,221	-	1,863,344
Taxes	86,194,167	-	390,754	3,119,753	-	89,704,674
Loans	30,455,520	-	-	-	-	30,455,520
Due from FSM National Government	-	-	2,220	-	722,428	724,648
Other	12,064	-	-	360,877	355,817	728,758
Leases	-	-	2,524,079	2,903,820	-	5,427,899
Due from other funds	2,593,825	3,413,726	647,124	5,000,412	1,825,029	13,480,116
Due from component units	500,000	-	-	-	-	500,000
Advances	1,438,340	-	6,347	304,025	79,999	1,828,711
Prepayments	257,204	-	-	-	-	257,204
Other assets	8,427,442	650,000	707,000	1,725,976	3,965,193	15,475,611
Restricted assets:						
Cash and cash equivalents	32,881,398	7,642,986	1,172,501	3,846,039	3,514,458	49,057,382
Time certificate of deposit	-	-	43,456	-	-	43,456
Investments	-	2,602,313	7,962	4,423,843	366,232	7,400,350
Total assets	<u>\$ 640,587,266</u>	<u>\$ 23,399,532</u>	<u>\$ 7,304,992</u>	<u>\$ 50,256,050</u>	<u>\$ 24,673,972</u>	<u>\$ 746,221,812</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,832,400	\$ 1,251,676	\$ 111,170	\$ 1,012,192	\$ 621,600	\$ 6,829,038
Other liabilities and accruals	45,721,252	996,079	275,729	-	178,413	47,171,473
Land acquisition payable	-	8,543,745	-	-	-	8,543,745
Due to FSM State Governments	2,041,196	-	-	-	-	2,041,196
Due to grantor agencies	1,375,038	-	-	-	-	1,375,038
Unearned revenue	-	75,973	-	-	1,931	77,904
Due to other funds	44,541,520	11,250,184	2,194,461	9,532,401	5,811,883	73,330,449
Total liabilities	<u>97,511,406</u>	<u>22,117,657</u>	<u>2,581,360</u>	<u>10,544,593</u>	<u>6,613,827</u>	<u>139,368,843</u>
Deferred Inflows of Resources: leases	-	-	2,540,668	2,313,190	200,465	5,054,323
Total liabilities and deferred inflows of resources	<u>97,511,406</u>	<u>22,117,657</u>	<u>5,122,028</u>	<u>12,857,783</u>	<u>6,814,292</u>	<u>144,423,166</u>
Fund balances:						
Non-spendable	46,835,538	1,350,650	1,905,943	18,771,184	6,942,893	75,806,208
Restricted	2,047,336	10,245,299	7,962	8,277,582	366,232	20,944,411
Committed	414,365,777	-	-	785,583	562,459	415,713,819
Assigned	34,235,626	-	-	703,745	2,875,815	37,815,186
Unassigned:						
General fund	<u>45,591,583</u>	<u>(10,314,074)</u>	<u>269,059</u>	<u>8,860,173</u>	<u>7,112,281</u>	<u>51,519,022</u>
Total fund balances	<u>543,075,860</u>	<u>1,281,875</u>	<u>2,182,964</u>	<u>37,398,267</u>	<u>17,859,680</u>	<u>601,798,646</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 640,587,266</u>	<u>\$ 23,399,532</u>	<u>\$ 7,304,992</u>	<u>\$ 50,256,050</u>	<u>\$ 24,673,972</u>	<u>\$ 746,221,812</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet - Regulatory Basis Combining Grants Assistance Funds

September 30, 2022
(See Accompanying Independent Accountant's Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
ASSETS						
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net:						
General	-	6,064,011	-	-	-	6,064,011
Federal agencies	2,264,108	-	38,786	192,393	364,075	2,859,362
FSM National Government	-	-	1,295,459	5,168,313	4,497,980	10,961,752
FSM States Government	7,359,000	-	-	-	-	7,359,000
Other	-	-	-	570	144	714
Due from other funds	38,582,101	10,895,253	1,140,697	1,314,054	4,726,057	56,658,162
Advances	205,613	-	17,358	642,567	17,039	882,577
Prepayments	-	25,000	408,425	-	-	433,425
Other assets	-	-	100,000	-	-	100,000
Restricted assets:						
Cash and cash equivalents	4,968,901	-	-	7,700	-	4,976,601
Total assets	<u>\$ 53,379,723</u>	<u>\$ 16,984,264</u>	<u>\$ 3,000,725</u>	<u>\$ 7,325,597</u>	<u>\$ 9,605,295</u>	<u>\$ 90,295,604</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,650,841	\$ 638,873	\$ 288,378	\$ 1,382,218	\$ 1,134,238	\$ 5,094,548
Other liabilities and accruals	24,279	641,611	254,242	296,487	385,527	1,602,146
Due to FSM State Governments	10,537,968	-	-	-	-	10,537,968
Due to other funds	2,593,825	3,413,726	446,348	4,980,232	1,773,807	13,207,938
Due to grantor agencies	31,674,723	-	-	-	-	31,674,723
Unearned revenue	-	8,419,609	1,949,771	796,925	2,776,760	13,943,065
Total liabilities	<u>46,481,636</u>	<u>13,113,819</u>	<u>2,938,739</u>	<u>7,455,862</u>	<u>6,070,332</u>	<u>76,060,388</u>
Fund balances:						
Non-spendable	-	-	100,000	-	-	100,000
Restricted	6,898,087	3,870,445	48,896	(130,265)	3,534,963	14,222,126
Unassigned:						
Special revenue funds	-	-	(86,910)	-	-	(86,910)
Total fund balances	<u>6,898,087</u>	<u>3,870,445</u>	<u>61,986</u>	<u>(130,265)</u>	<u>3,534,963</u>	<u>14,235,216</u>
Total liabilities and fund balances	<u>\$ 53,379,723</u>	<u>\$ 16,984,264</u>	<u>\$ 3,000,725</u>	<u>\$ 7,325,597</u>	<u>\$ 9,605,295</u>	<u>\$ 90,295,604</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet - Regulatory Basis Combining Compact Trust Funds

September 30, 2022

(See Accompanying Independent Accountant's 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>\$ 23,982,868</u>	<u>\$ 18,463,818</u>	<u>\$ 6,478,050</u>	<u>\$ 21,079,175</u>	<u>\$ 15,220,142</u>	<u>\$ 85,224,053</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 51,221	\$ 51,221
<u>FUND BALANCES</u>						
Fund balances:						
Non-spendable	<u>23,982,868</u>	<u>18,463,818</u>	<u>6,478,050</u>	<u>21,079,175</u>	<u>15,168,921</u>	<u>85,172,832</u>
Total liabilities and fund balance	<u>\$ 23,982,868</u>	<u>\$ 18,463,818</u>	<u>\$ 6,478,050</u>	<u>\$ 21,079,175</u>	<u>\$ 15,220,142</u>	<u>\$ 85,224,053</u>

FEDERATED STATES OF MICRONESIA

Governmental Funds Balance Sheet - Regulatory Basis Combining Other Governmental Funds

September 30, 2022
(See Accompanying Independent Accountant's Compilation Report)

	Government	Chuuk	Kosrae	Pohnpei	Yap	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 21,253	\$ 21,253
Investment	-	-	-	-	395,955	395,955
Receivables, net:						
General	372	2,871	-	-	-	3,243
FSM National government	-	-	370,054	-	421,653	791,707
Leases	-	-	-	206,300	-	206,300
Due from other funds	5,959,419	354,931	1,053,764	8,218,348	1,085,825	16,672,287
Advances	-	-	-	25,841	-	25,841
Other assets	-	-	93,000	32,582	-	125,582
Restricted assets:						
Cash and cash equivalents	-	-	42,529	-	-	42,529
Time certificates of deposit	-	-	363,579	-	-	363,579
Total assets	<u>\$ 5,959,791</u>	<u>\$ 357,802</u>	<u>\$ 1,922,926</u>	<u>\$ 8,483,071</u>	<u>\$ 1,924,686</u>	<u>\$ 18,648,276</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 20,401	\$ 2,744	\$ 116,572	\$ 762,320	\$ 527,876	\$ 1,429,913
Other liabilities and accruals	12,031	-	870	3,279	-	16,180
Due to other funds	-	-	200,776	20,181	-	220,957
Unearned revenue	-	-	20,020	-	260,700	280,720
Total liabilities	<u>32,432</u>	<u>2,744</u>	<u>338,238</u>	<u>785,780</u>	<u>788,576</u>	<u>1,947,770</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,482</u>	<u>-</u>	<u>141,482</u>
Fund balances:						
Non-spendable	-	-	93,000	25,842	-	118,842
Restricted	-	355,058	453,389	-	349,934	1,158,381
Committed	5,927,359	-	1,038,299	7,529,967	786,176	15,281,801
Unassigned:						
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>5,927,359</u>	<u>355,058</u>	<u>1,584,688</u>	<u>7,555,809</u>	<u>1,136,110</u>	<u>16,559,024</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,959,791</u>	<u>\$ 357,802</u>	<u>\$ 1,922,926</u>	<u>\$ 8,483,071</u>	<u>\$ 1,924,686</u>	<u>\$ 18,648,276</u>

FEDERATED STATES OF MICRONESIA

**Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances - Regulatory Basis
Combining General Funds**

Year Ended September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ 70,110,414	\$ 10,696,965	\$ 2,640,573	\$ 19,345,723	\$ 5,538,628	\$ 108,332,303
Fishing rights	73,021,600	-	-	-	-	73,021,600
Interest and dividends	397,733	-	41,680	-	-	439,413
Fees and charges	345,102	1,920,315	345,471	520,608	790,994	3,922,490
Net change in the fair value of investments	(69,325,248)	(669,238)	(201,996)	(389,677)	(2,706,861)	(73,293,020)
Other	(3,099,002)	1,007,220	74,891	142,239	69,471	(1,805,181)
Total revenues	71,450,599	12,955,262	2,900,619	19,618,893	3,692,232	110,617,605
Expenditures:						
General government:						
President's office	4,981,437	-	-	-	-	4,981,437
External affairs and LNOs	7,898,408	-	-	-	-	7,898,408
Health and social affairs	2,743,638	142,787	-	540,210	297,330	3,723,965
Education	5,537,794	-	-	1,381,425	314,637	7,233,856
Economic development (Resources & development)	2,197,939	552,543	340,049	589,897	524,384	4,204,812
Transportation, communication and infrastructure	8,896,545	960,055	221,340	420,952	1,205,670	11,704,562
Finance and general governmental administration	10,106,992	5,094,919	1,231,588	5,112,532	1,360,188	22,906,219
Justice	5,642,250	1,183,716	341,473	2,366,882	518,196	10,052,517
Office of the Public Defender	1,460,347	-	-	-	-	1,460,347
Environmental and emergency management	693,404	-	-	-	-	693,404
National archives, cultural and historic preservation	155,662	-	-	-	-	155,662
Judiciary	1,710,362	595,943	-	-	180,223	2,486,528
Legislature	9,246,895	-	-	-	-	9,246,895
Office of the National Public Auditor	992,369	-	-	-	-	992,369
Office of Personnel	179,218	-	-	-	-	179,218
Special programs	458,436	-	-	-	-	458,436
Land and natural resources	-	-	-	650,639	-	650,639
Other appropriations	13,841,983	-	-	-	720,577	14,562,560
Payments to component units and fiduciary fund	6,273,491	76,734	-	-	111,342	6,461,567
Municipal affairs	-	408,858	-	5,259,835	211,219	5,879,912
Boards, commissions, councils and other	3,549,230	917,251	228,664	1,518,344	479,191	6,692,680
Debt service	3,049,435	1,682,551	347,705	488,870	361,566	5,930,127
Total expenditures	89,615,835	11,615,357	2,710,819	18,329,586	6,284,523	128,556,120
Excess (deficiency) of revenues over expenditures	(18,165,236)	1,339,905	189,800	1,289,307	(2,592,291)	(17,938,515)
Other financing sources (uses):						
Operating transfers in (out)	2,648,898	-	-	-	(844,563)	1,804,335
Total other financing sources (uses), net	2,648,898	-	-	-	(844,563)	1,804,335
Special items:						
Recovery of bad debt	-	-	118,300	94,986	-	213,286
Write-off of receivables	-	(120,399)	(26,202)	-	(148,958)	(295,559)
Total special items	-	(120,399)	92,098	94,986	(148,958)	(82,273)
Net change in fund balances (deficit)	(15,516,338)	1,219,506	281,898	1,384,293	(3,585,812)	(16,216,453)
Fund balances at beginning of year	558,592,198	62,369	1,901,066	19,369,993	21,394,134	601,319,760
Prior period adjustment	-	-	-	16,643,981	51,358	16,695,339
Fund balances at end of year	\$ 543,075,860	\$ 1,281,875	\$ 2,182,964	\$ 37,398,267	\$ 17,859,680	\$ 601,798,646

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Regulatory Basis Combining Grants Assistance Funds

Year Ended September 30, 2022

(See Accompanying Independent Accountant's Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Eliminating Entries	Total
Revenues:							
Compact funding	\$ 65,603,203	\$ 28,520,371	\$ 6,949,580	\$ 18,366,841	\$ 11,878,224	\$ (63,284,236)	\$ 68,033,983
CFSM grants	-	-	-	241,573	71,128	-	312,701
Federal and other grants	46,396,579	2,334,832	1,476,825	4,175,289	3,477,839	(10,878,624)	46,982,740
Fees and charges	-	-	-	-	-	-	-
Other	6,694	-	340,816	-	-	-	347,510
Total revenues	112,006,476	30,855,203	8,767,221	22,783,703	15,427,191	(74,162,860)	115,676,934
Expenditures:							
General government:							
Education	2,366,093	13,891,450	3,899,764	11,406,227	6,394,120	-	37,957,654
Health and social affairs	12,110,960	12,569,914	3,618,809	7,428,487	7,083,194	-	42,811,364
Finance and general governmental administration	6,841,099	747,977	771,583	2,554,655	325,051	-	11,240,365
Transportation, communication and infrastructure	9,433,119	54,538	82,098	-	864,235	-	10,433,990
Economic development (Resources and development)	2,968,049	21,860	100,145	-	24,826	-	3,114,880
Justice	-	-	12,240	-	71,128	-	83,368
Environmental and emergency management	1,476,782	-	-	-	-	-	1,476,782
Boards, commissions, councils and other	687,797	687,634	282,582	-	58,826	-	1,716,839
Office of the National Public Auditor	500,000	-	-	-	-	-	500,000
Other appropriations	-	-	-	-	62,400	-	62,400
Payment to component units	-	199,064	-	-	-	-	199,064
Payment to state governments and others	74,162,860	-	-	-	-	(74,162,860)	-
Land and natural resources	-	-	-	136,360	-	-	136,360
National archives, cultural and historic preservation	473,745	-	-	-	-	-	473,745
Capital projects	1,070,812	1,000,770	-	1,499,893	-	-	3,571,475
Total expenditures	112,091,316	29,173,207	8,767,221	23,025,622	14,883,780	(74,162,860)	113,778,286
Excess (deficiency) of revenues over expenditures	(84,840)	1,681,996	-	(241,919)	543,411	-	1,898,648
Other financing sources:							
Operating transfers in (out)	-	-	-	-	844,563	-	844,563
Net change in fund balances (deficit)	(84,840)	1,681,996	-	(241,919)	1,387,974	-	2,743,211
Fund balances at beginning of year	6,982,927	2,188,449	61,986	111,654	2,146,989	-	11,492,005
Fund balances (deficit) at end of year	\$ 6,898,087	\$ 3,870,445	\$ 61,986	\$ (130,265)	\$ 3,534,963	\$ -	\$ 14,235,216

FEDERATED STATES OF MICRONESIA

Governmental Funds Statement of Revenues and Changes in Fund Balances - Regulatory Basis Combining Compact Trust Funds

Year Ended September 30, 2022

(See Accompanying Independent Accountant's 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	\$ (3,436,275)	\$ (2,645,503)	\$ (928,177)	\$ (3,020,233)	\$ (2,180,748)	\$ (12,210,936)
Total revenues	<u>(3,436,275)</u>	<u>(2,645,503)</u>	<u>(928,177)</u>	<u>(3,020,233)</u>	<u>(2,180,748)</u>	<u>(12,210,936)</u>
Net change in fund balances (deficit)	(3,436,275)	(2,645,503)	(928,177)	(3,020,233)	(2,180,748)	(12,210,936)
Fund balances at beginning of year	<u>27,419,143</u>	<u>21,109,321</u>	<u>7,406,227</u>	<u>24,099,408</u>	<u>17,349,669</u>	<u>97,383,768</u>
Fund balances at the end of the year	<u>\$ 23,982,868</u>	<u>\$ 18,463,818</u>	<u>\$ 6,478,050</u>	<u>\$ 21,079,175</u>	<u>\$ 15,168,921</u>	<u>\$ 85,172,832</u>

FEDERATED STATES OF MICRONESIA

**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances - Regulatory Basis
Combining Other Governmental Funds**

Year Ended September 30, 2022
(See Accompanying Independent Accountant's Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
Revenues:						
Taxes	\$ 300,547	\$ -	\$ -	\$ 889,291	\$ 93,244	\$ 1,283,082
CFSM grants	-	-	685,473	-	2,633,340	3,318,813
Fees and charges	5,991,383	227,193	266,395	1,932,245	203,651	8,620,867
Other	-	-	4,036	47,132	(96,430)	(45,262)
Total revenues	<u>6,291,930</u>	<u>227,193</u>	<u>955,904</u>	<u>2,868,668</u>	<u>2,833,805</u>	<u>13,177,500</u>
Expenditures:						
Health and social affairs	527	186,286	129,070	1,977,949	-	2,293,832
Education	99,569	-	419,233	-	-	518,802
Transportation, communication and infrastructure	517,741	-	-	-	-	517,741
Finance and general governmental administration	80,518	-	248,716	1,120,673	2,868,769	4,318,676
Justice	488,916	-	33,858	-	-	522,774
Economic development (Resources and development)	75,399	-	85,103	-	-	160,502
Boards, commissions, councils and other	253,468	-	188,663	-	93,244	535,375
Total expenditures	<u>1,516,138</u>	<u>186,286</u>	<u>1,104,643</u>	<u>3,098,622</u>	<u>2,962,013</u>	<u>8,867,702</u>
Excess of revenues over expenditures	4,775,792	40,907	(148,739)	(229,954)	(128,208)	4,309,798
Other financing sources (uses):						
Operating transfers (out) in	(2,648,898)	-	-	-	-	(2,648,898)
Net change in fund balances	2,126,894	40,907	(148,739)	(229,954)	(128,208)	1,660,900
Fund balances at beginning of year	3,800,465	314,151	1,733,427	7,655,923	1,264,318	14,768,284
Prior Period Adjustment	-	-	-	129,840	-	129,840
Fund balances at end of year	<u>\$ 5,927,359</u>	<u>\$ 355,058</u>	<u>\$ 1,584,688</u>	<u>\$ 7,555,809</u>	<u>\$ 1,136,110</u>	<u>\$ 16,559,024</u>