

**FEDERATED STATES OF MICRONESIA**

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

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**SEPTEMBER 30, 2013**



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## **INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

Honorable Emmanuel Mori  
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, 2013, and the other supplementary information as set forth in pages 14 through 22. We have not audited or reviewed the accompanying combined financial statements and other supplementary information and, accordingly, do not express opinions or provide any assurance about whether the combined financial statements and other supplementary information are in accordance with accounting principles generally accepted in the United States of America. The other supplementary information is presented only for purposes of additional analysis and is not a required part of the basic combined financial statements. The combined financial statements include the accounts of the FSM National Government and the four States of the FSM, being the State of Chuuk, the State of Kosrae, the State of Pohnpei, and the State of Yap. These entities comprise the sovereign nation of the Federated States of Micronesia.

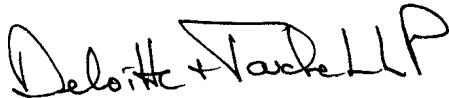
Management is responsible for the preparation and fair presentation of the combined financial statements and other supplementary information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant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

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the combined financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements presented in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the combined financial statements, they might influence the user's conclusions about the combined financial position and combined results of operations of the FSM National Government and the States of the FSM. Accordingly, these combined financial statements are not designed for those who are not informed about such matters.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the respective financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the FSM National Government, the State of Chuuk, the State of Kosrae, the State of Pohnpei and the State of Yap, as of and for the year ended September 30, 2013. Those financial statements were the basis from which we compiled the accompanying combined financial statements. Copies of the respective financial statements and the independent auditors' reports dated June 30, 2014, June 27, 2014, June 25, 2014, June 29, 2014 and June 29, 2014 respectively, which expressed certain qualified opinions, may be obtained from the FSM Office of the National Public Auditor.

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

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

August 2, 2014

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Net Position

September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	Primary Governments	Component Units
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 16,624,492	\$ 35,569,552
Time certificates of deposit	4,438,538	4,177,938
Investments	64,426,046	5,761,145
Receivables, net of allowance for uncollectibles	34,856,336	23,762,066
Due from primary government	-	1,562,194
Advances	750,946	185,380
Inventories	29,947	14,675,070
Other current assets	508,219	2,325,593
Restricted assets	7,450,790	822,877
Total current assets	<u>129,085,314</u>	<u>88,841,815</u>
Noncurrent assets:		
Investments	6,335,000	2,230,707
Receivables, net of current portion	42,527,475	14,358,021
Capital assets:		
Nondepreciable capital assets	73,972,333	20,271,184
Capital assets, net of accumulated depreciation	258,062,315	133,216,077
Other noncurrent assets	8,077,292	27,570,243
Restricted assets	100,281,027	-
Total noncurrent assets	<u>489,255,442</u>	<u>197,646,232</u>
Total assets	<u>\$ 618,340,756</u>	<u>\$ 286,488,047</u>
<u>LIABILITIES</u>		
Current liabilities:		
Bank overdraft	\$ 126,410	\$ -
Current portion of long-term obligations	2,916,058	7,051,209
Short term notes	-	979,243
Accounts payable	16,248,375	10,281,264
Land acquisition payable	8,618,545	-
Current portion of compensated absences payable	2,326,594	-
Other liabilities and accruals	4,224,807	10,763,085
Tax refunds payable	499,590	-
Retention payable	702,660	-
Due to federal agencies	1,126,479	-
Due to component units	1,216	-
Due to FSM State Governments	5,882,791	-
Due to primary government	-	1,795,261
Unearned revenue	8,172,967	3,415,151
Total current liabilities	<u>50,846,492</u>	<u>34,285,213</u>
Noncurrent liabilities:		
Long-term obligations, net of current portion	80,903,199	46,066,201
Other noncurrent liabilities	627,376	-
Compensated absences payable, net of current portion	2,323,693	-
Total noncurrent liabilities	<u>83,854,268</u>	<u>46,066,201</u>
Total liabilities	<u>134,700,760</u>	<u>80,351,414</u>
<u>NET POSITION</u>		
Net investment in capital assets	332,034,648	108,028,091
Restricted for:		
Nonexpendable:		
Future operations	48,949,625	-
Other purposes	-	9,340,594
Expendable:		
Compact related	12,576,425	-
Debt service	10,513,965	-
Other purposes	10,336,335	3,929,635
Unrestricted	69,228,998	84,838,313
Total net position	<u>483,639,996</u>	<u>206,136,633</u>
Total liabilities and net position	<u>\$ 618,340,756</u>	<u>\$ 286,488,047</u>

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Activities

Year Ended September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governments	Component Units
<b>Primary governments:</b>						
Governmental activities:						
President's office	\$ 2,138,121	\$ -	\$ -	\$ -	\$ (2,138,121)	\$ -
External affairs and LNOs	4,241,394	-	-	-	(4,241,394)	-
Health and social affairs	31,762,026	860,791	27,625,481	-	(3,275,754)	-
Education	37,454,862	280	37,316,936	-	(137,646)	-
Economic development	7,070,785	208,162	3,316,289	-	(3,546,334)	-
Transportation, communication and infrastructure	31,846,786	801,933	1,667,456	14,723,568	(14,653,829)	-
Finance and administration	25,849,927	2,869,622	11,473,446	-	(11,506,859)	-
Justice	8,673,232	1,514,991	-	-	(7,158,241)	-
Office of the Public Defender	637,510	-	-	-	(637,510)	-
SBOC office	1,181,561	-	238,359	-	(943,202)	-
Environmental and emergency management	1,015,528	69,772	607,886	-	(337,870)	-
National archives, cultural and preservation	165,798	-	60,733	-	(105,065)	-
Judiciary	2,040,189	13,270	-	-	(2,026,919)	-
Legislature	3,664,985	-	-	-	(3,664,985)	-
Office of the Public Auditor	1,560,208	-	522,600	-	(1,037,608)	-
National government programs	362,319	-	-	-	(362,319)	-
Land and natural resources	676,733	94,660	193,100	-	(388,973)	-
Other appropriations	8,296,261	-	874	-	(8,295,387)	-
Payments to component units	1,461,749	-	58,230	-	(1,403,519)	-
Boards, commissions, councils and other	7,051,104	1,428,385	86,817	1,343,214	(4,192,688)	-
Municipal affairs	2,838,947	-	-	-	(2,838,947)	-
Capital projects	12,063,139	-	-	15,696,819	3,633,680	-
Interest - unallocated	995,007	-	-	-	(995,007)	-
<b>Total primary governments</b>	<b>\$ 193,048,171</b>	<b>\$ 7,861,866</b>	<b>\$ 83,168,207</b>	<b>\$ 31,763,601</b>	<b>(70,254,497)</b>	<b>-</b>
<b>Component units:</b>						
FSM Telecommunications Corporation	\$ 16,181,306	\$ 13,951,541	\$ -	\$ -	-	(2,229,765)
FSM Development Bank	1,849,800	2,874,820	1,000,000	-	-	2,025,020
National Fisheries Corporation	260,127	447,473	-	-	-	187,346
College of Micronesia - FSM	21,624,351	21,489,848	-	-	-	(134,503)
FSM Coconut Development Authority	494,716	170,764	292,171	-	-	(31,781)
FSM Petroleum Corporation	54,263,369	58,768,879	-	-	-	4,505,510
Vital Energy Inc (FSMPC CU)	748,763	737,082	-	-	-	(11,681)
Caroline Islands Air, Inc.	283,387	338,026	-	-	-	54,639
MiCare Plan, Inc.	5,862,134	6,030,001	100,000	-	-	267,867
Chuuk State Health Care Plan	1,382,369	1,427,688	-	6,862	-	52,181
Chuuk Public Utilities Corporation	6,417,995	6,445,773	-	3,091,089	-	3,118,867
Chuuk State Housing Authority	106,500	93,608	-	-	-	(12,892)
Kosrae Port Authority	1,239,808	154,416	-	3,322,632	-	2,237,240
Kosrae Utilities Authority	3,053,764	2,607,025	-	133,712	-	(313,027)
Pohnpei Utilities Corporation	17,654,086	16,082,861	-	6,578,629	-	5,007,404
Pohnpei Port Authority	2,641,960	3,699,007	-	53,181	-	1,110,228
Pohnpei Transportation Authority	744,061	802,332	-	-	-	58,271
Small Business Guarantee and Finance Corporation	226,995	62,842	-	-	-	(164,153)
Pohnpei State Housing Authority	122,039	204,575	-	-	-	82,536
Public Transportation System	573,849	483,640	-	-	-	(90,209)
Yap Visitor's Bureau	291,589	-	-	-	-	(291,589)
Yap State Public Service Corporation	6,979,316	6,291,565	-	618,431	-	(69,320)
The Diving Seagull, Inc.	11,229,444	13,185,070	-	-	-	1,955,626
<b>Total component units</b>	<b>\$ 154,231,728</b>	<b>\$ 156,348,836</b>	<b>\$ 1,392,171</b>	<b>\$ 13,804,536</b>	<b>-</b>	<b>17,313,815</b>
<b>General revenues:</b>						
Taxes					36,538,418	-
Fishing rights					35,049,721	-
Unrestricted investment earnings					6,442,641	3,366,082
Other					4,477,678	4,237,448
<b>Total general revenues</b>					<b>82,508,458</b>	<b>7,603,530</b>
<b>Special items:</b>						
Write-off of receivables					(4,499,598)	-
Loan recovery					737,563	-
Forgiveness of debt					1,310,000	-
Contributions to permanent fund					9,409,314	-
<b>Total special items</b>					<b>6,957,279</b>	<b>-</b>
<b>Change in net position</b>					<b>19,211,240</b>	<b>24,917,345</b>
<b>Net position at the beginning of the year</b>					<b>464,428,756</b>	<b>181,219,288</b>
<b>Net position at the end of the year</b>					<b>\$ 483,639,996</b>	<b>\$ 206,136,633</b>

**FEDERATED STATES OF MICRONESIA**

Combined Balance Sheet

Governmental Funds

September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	Special Revenue		Permanent		Other Governmental Funds	Total
	General	Grants Assistance	Compact Trust	Yap State Investment Fund		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 16,350,080	\$ -	\$ -	\$ -	\$ 274,412	\$ 16,624,492
Time certificates of deposit	4,438,538	-	-	-	-	4,438,538
Equity in internal investment pool	27,174,622	-	-	-	-	27,174,622
Investments	35,880,379	6,567,821	-	-	93,000	42,541,200
Receivables, net:						
General	2,601,958	-	-	-	55,505	2,657,463
Taxes	6,305,947	-	-	-	-	6,305,947
Federal agencies	502,183	20,741,650	-	-	-	21,243,833
Loans	39,498,321	-	-	-	456,192	39,954,513
FSM National Government	-	1,415,123	-	-	192,987	1,608,110
Other	832,229	4,528	-	-	-	836,757
Due from other funds	12,651,849	18,459,175	-	-	8,562,586	39,673,610
Advances	473,256	1,845,436	-	-	5,621	2,324,313
Inventories	-	-	-	-	29,947	29,947
Other assets	8,442,512	161,437	-	-	10,735	8,614,684
Restricted assets:						
Cash and cash equivalents	7,673,177	7,700	-	-	26,390	7,707,267
Time certificates of deposit	200,000	-	-	-	358,455	558,455
Investments	10,513,965	-	48,949,625	40,002,505	-	99,466,095
<b>Total assets</b>	<b>\$ 173,539,016</b>	<b>\$ 49,202,870</b>	<b>\$ 48,949,625</b>	<b>\$ 40,002,505</b>	<b>\$ 10,065,830</b>	<b>\$ 321,759,846</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Bank overdraft	\$ 126,410	\$ -	\$ -	\$ -	\$ -	\$ 126,410
Accounts payable	4,523,235	11,399,801	-	-	325,339	16,248,375
Retention payable	569,358	702,660	-	-	-	1,272,018
Other liabilities and accruals	2,919,523	710,505	-	-	10,549	3,640,577
Tax refunds payable	499,590	-	-	-	-	499,590
Land acquisition payable	8,618,545	-	-	-	-	8,618,545
Due to component units	1,216	-	-	-	-	1,216
Due to federal agencies	-	1,126,479	-	-	-	1,126,479
Due to FSM State Governments	3,716,353	2,166,438	-	-	-	5,882,791
Due to other funds	27,021,761	12,575,635	-	-	76,214	39,673,610
Unearned revenue	85,579	7,845,825	-	-	241,563	8,172,967
<b>Total liabilities</b>	<b>48,081,570</b>	<b>36,527,343</b>	<b>-</b>	<b>-</b>	<b>653,665</b>	<b>85,262,578</b>
<b>Fund balances:</b>						
Non-spendable	60,073,819	1,173,263	48,949,625	40,002,505	583,760	150,782,972
Restricted	11,756,535	13,014,480	-	-	592,438	25,363,453
Committed	29,308,388	150,000	-	-	7,235,801	36,694,189
Assigned	5,775,331	-	-	-	1,010,322	6,785,653
Unassigned:						
General fund	18,543,373	-	-	-	-	18,543,373
Special revenue funds	-	(1,662,216)	-	-	(10,156)	(1,672,372)
<b>Total fund balances</b>	<b>125,457,446</b>	<b>12,675,527</b>	<b>48,949,625</b>	<b>40,002,505</b>	<b>9,412,165</b>	<b>236,497,268</b>
<b>Total liabilities and fund balances</b>	<b>\$ 173,539,016</b>	<b>\$ 49,202,870</b>	<b>\$ 48,949,625</b>	<b>\$ 40,002,505</b>	<b>\$ 10,065,830</b>	

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	\$ 332,034,648
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	(83,834,129)
Compensated absences payable	(4,650,287)
Claims payable	(627,376)
	<u>247,142,728</u>
Net position of governmental activities	<u>\$ 483,639,996</u>

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended September 30, 2013  
 (See Accompanying Independent Accountants' Compilation Report)

	Special Revenue		Permanent		Other Governmental Funds	Total
	General	Grants Assistance	Compact Trust	Yap State Investment Fund		
<b>Revenues:</b>						
Compact funding	\$ -	\$ 79,549,968	\$ -	\$ -	\$ -	\$ 79,549,968
Taxes	35,805,457	-	-	-	982,976	36,788,433
CFSM grants	137,222	1,275,070	-	-	1,234,229	2,646,521
Federal and other grants	314,862	31,345,987	-	-	46,118	31,706,967
Fishing rights	35,049,721	-	-	-	-	35,049,721
Interest and dividends	372,178	-	-	-	-	372,178
Fees and charges	3,807,768	21,269	-	-	3,467,952	7,296,989
Net change in the fair value of investments	5,992,927	-	5,130,020	4,279,294	-	15,402,241
MiCare reimbursable	254,251	-	-	-	-	254,251
Other	4,304,657	38,961	-	-	396,211	4,739,829
<b>Total revenues</b>	<b>86,039,043</b>	<b>112,231,255</b>	<b>5,130,020</b>	<b>4,279,294</b>	<b>6,127,486</b>	<b>213,807,098</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government:</b>						
President's office	2,115,656	-	-	-	-	2,115,656
External affairs and LNOs	4,201,584	-	-	-	-	4,201,584
Health and social affairs	1,587,130	28,945,318	-	-	724,001	31,256,449
Education	2,261,969	36,061,945	-	-	832,661	39,156,575
Economic development (Resources and development)	1,945,198	5,055,128	-	-	423	7,000,749
Transportation, communication and infrastructure	7,786,329	16,391,024	-	-	1,366,692	25,544,045
Finance and general governmental administration	14,350,168	7,988,168	-	-	2,665,470	25,003,806
Justice	7,460,907	54,332	-	-	24,720	7,539,959
Office of the Public Defender	634,150	-	-	-	-	634,150
SBOC office	943,689	238,359	-	-	-	1,182,048
Environmental and emergency management	328,429	607,886	-	-	72,437	1,008,752
National archives, cultural and historic preservation	97,451	60,733	-	-	-	158,184
Judiciary	2,016,640	-	-	-	-	2,016,640
Legislature	3,607,627	-	-	-	-	3,607,627
Office of the National Public Auditor	1,027,702	522,600	-	-	-	1,550,302
National government programs	12,700	-	-	-	-	12,700
Land and natural resources	477,167	249,928	-	-	-	727,095
Other appropriations	7,951,005	874	-	-	-	7,951,879
Payments to component units and fiduciary fund	1,461,749	-	-	-	-	1,461,749
Municipal affairs	2,838,947	-	-	-	-	2,838,947
Boards, commissions, councils and other	6,312,610	86,817	-	-	585,925	6,985,352
Capital projects	-	15,982,842	-	-	-	15,982,842
Debt service	4,148,052	-	-	-	-	4,148,052
<b>Total expenditures</b>	<b>73,566,859</b>	<b>112,245,954</b>	<b>-</b>	<b>-</b>	<b>6,272,329</b>	<b>192,085,142</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>12,472,184</b>	<b>(14,699)</b>	<b>5,130,020</b>	<b>4,279,294</b>	<b>(144,843)</b>	<b>21,721,956</b>
<b>Other financing sources (uses):</b>						
Proceeds from issuance of long-term debt	3,221,985	-	-	-	-	3,221,985
Operating transfers in	1,271,109	1,938,545	-	-	1,777,129	4,986,783
Operating transfers out	(3,715,674)	(628,781)	-	-	(642,328)	(4,986,783)
<b>Total other financing sources (uses), net</b>	<b>777,420</b>	<b>1,309,764</b>	<b>-</b>	<b>-</b>	<b>1,134,801</b>	<b>3,221,985</b>
<b>Special items:</b>						
Write-off of receivables	(4,499,598)	-	-	-	-	(4,499,598)
Chuuk loan recovery	737,563	-	-	-	-	737,563
<b>Total special items</b>	<b>(3,762,035)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,762,035)</b>
<b>Net change in fund balances</b>	<b>9,487,569</b>	<b>1,295,065</b>	<b>5,130,020</b>	<b>4,279,294</b>	<b>989,958</b>	<b>21,181,906</b>
<b>Fund balances at the beginning of the year</b>	<b>115,969,877</b>	<b>11,380,462</b>	<b>43,819,605</b>	<b>35,723,211</b>	<b>8,422,207</b>	<b>215,315,362</b>
<b>Fund balances at the end of the year</b>	<b>\$ 125,457,446</b>	<b>\$ 12,675,527</b>	<b>\$ 48,949,625</b>	<b>\$ 40,002,505</b>	<b>\$ 9,412,165</b>	<b>\$ 236,497,268</b>

## FEDERATED STATES OF MICRONESIA

### Reconciliation of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Combined Statement of Activities Year Ended September 30, 2013 (See Accompanying Independent Accountants' Compilation Report)

Amounts reported for governmental activities in the combined statement of activities are different because:

Net change in fund balances - total governmental funds	\$	21,181,906
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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	5,967,408	
Depreciation expense	<u>(9,043,239)</u>	
		(3,075,831)

The incurrence of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. For the current year, these amounts consist of:

Long-term debt proceeds	(3,221,985)	
Repayment of long-term debt	3,180,596	
Claims payable	<u>(131,800)</u>	
		(173,189)

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	(46,524)	
Change in accrued interest payable	14,878	
Forgiveness of debt	<u>1,310,000</u>	
		<u>1,278,354</u>

Change in net position of governmental activities	\$	<u>19,211,240</u>
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**FEDERATED STATES OF MICRONESIA**

Combined Statement of Fiduciary Net Position  
Fiduciary Funds - Private Purpose Trusts  
September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	FSM Social Security Administration	Pohnpei State Development Loan Fund	Yap State Development Loan Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,229,804	\$ 301,930	\$ 110,731	\$ 2,642,465
Time certificates of deposit	-	579,659	147,096	726,755
Receivables, net:				
Contributions	2,679,938	-	-	2,679,938
Loans	-	16,041	20,642	36,683
Accrued interest	92,317	851	608	93,776
Other	21,681	-	14,592	36,273
Investments	43,736,351	-	-	43,736,351
Due from primary government	500,000	-	-	500,000
Capital assets, net of accumulated depreciation	<u>107,152</u>	<u>-</u>	<u>-</u>	<u>107,152</u>
Total assets	<u>\$ 49,367,243</u>	<u>\$ 898,481</u>	<u>\$ 293,669</u>	<u>\$ 50,559,393</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 199,212	\$ 162,901	\$ 41,207	\$ 403,320
Other liabilities and accruals	<u>34,491</u>	<u>-</u>	<u>-</u>	<u>34,491</u>
Total liabilities	<u>233,703</u>	<u>162,901</u>	<u>41,207</u>	<u>437,811</u>
<u>NET POSITION</u>				
Held in trust for:				
Social security benefits	49,133,540	-	-	49,133,540
Restricted	-	16,041	20,642	36,683
Other purposes	<u>-</u>	<u>719,539</u>	<u>231,820</u>	<u>951,359</u>
Total net position	<u>49,133,540</u>	<u>735,580</u>	<u>252,462</u>	<u>50,121,582</u>
Total liabilities and net position	<u>\$ 49,367,243</u>	<u>\$ 898,481</u>	<u>\$ 293,669</u>	<u>\$ 50,559,393</u>

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Private Purpose Trusts

Year Ended September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	FSM Social Security Administration	Pohnpei State Development Loan Fund	Yap State Development Loan Fund	Total
Additions:				
Contributions:	\$ 17,244,974	\$ -	\$ -	\$ 17,244,974
Total contributions	17,244,974	-	-	17,244,974
Investment earnings:				
Net change in the fair value of investments	6,922,493	2,089	735	6,925,317
Interest and dividends	833,310	1,494	1,385	836,189
Total investment earnings	7,755,803	3,583	2,120	7,761,506
Less investment expense	(252,786)	-	-	(252,786)
Net investment earnings	7,503,017	3,583	2,120	7,508,720
Contributions	1,000,000	-	-	1,000,000
Other	432,411	1,003	-	433,414
Total additions	26,180,402	4,586	2,120	26,187,108
Deductions:				
Benefits	18,655,005	-	-	18,655,005
Refunds	30,022	-	-	30,022
Administrative expenses	1,201,371	-	-	1,201,371
Total deductions	19,886,398	-	-	19,886,398
Change in net position	6,294,004	4,586	2,120	6,300,710
Net position at the beginning of the year	42,839,536	730,994	250,342	43,820,872
Net position at the end of the year	\$ 49,133,540	\$ 735,580	\$ 252,462	\$ 50,121,582

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Net Position

Component Units

September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	FSM Tele- Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia- FSM	FSM Coconut Development Authority	FSM Petroleum Corporation	Vital Energy Inc. (FSMPC CU)	Caroline Islands Air, Inc.	MiCare Plan, Inc.	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority	Kosrae Port Authority
<b>ASSETS</b>													
Current assets:													
Cash and cash equivalents	\$ 1,198,227	\$ 6,408,568	\$ 317,246	\$ 6,572,749	\$ 35,990	\$ 7,736,801	\$ 13,547	\$ 27,858	\$ 118,470	\$ 536,181	\$ 307,874	\$ 95,332	\$ 3,549
Time certificates of deposit	276,467	1,410,562	-	-	-	516,721	-	-	-	200,000	-	-	-
Investments	1,455,247	-	-	-	-	-	-	-	1,361,650	295,473	-	-	-
Receivables, net:													
General	589,337	43,414	110,787	3,886,250	22,356	2,158,241	188,704	12,250	240,423	426,217	773,877	286,148	30,066
Loans	-	5,809,000	-	-	-	-	-	-	-	-	-	-	-
Interest	-	210,967	-	-	-	-	-	-	-	-	-	-	-
Other	482,790	204,108	-	1,985,233	-	-	-	-	-	-	-	-	-
Due from primary government	-	-	-	-	-	1,560,978	-	-	-	-	-	1,216	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	784,681	-	-	1,748,451	148,338	8,052,909	15,391	5,741	-	-	1,130,315	-	-
Other assets	402,102	667	-	595,793	743	780,780	-	58,720	229,546	-	-	-	3,150
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>5,188,851</b>	<b>14,087,286</b>	<b>428,033</b>	<b>14,788,476</b>	<b>207,427</b>	<b>20,806,430</b>	<b>217,642</b>	<b>104,569</b>	<b>1,950,089</b>	<b>1,457,871</b>	<b>2,212,066</b>	<b>382,696</b>	<b>36,765</b>
Noncurrent assets:													
Capital assets:													
Nondepreciable capital assets	-	-	-	1,455,685	-	4,985,403	-	-	-	-	1,969,664	-	-
Capital assets, net of accumulated depreciation	43,978,307	1,694,055	31,005	8,041,710	136,462	10,740,286	66,897	10,136	59,650	18,372	5,329,261	67,798	19,242,589
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	14,358,021	-	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	3,144,419	16,359,588	740,363	3,934,929	-	-	-	-	-	-	536,262	-	-
<b>Total noncurrent assets</b>	<b>47,122,726</b>	<b>32,411,664</b>	<b>771,368</b>	<b>13,432,324</b>	<b>136,462</b>	<b>15,725,689</b>	<b>66,897</b>	<b>10,136</b>	<b>59,650</b>	<b>18,372</b>	<b>7,835,187</b>	<b>67,798</b>	<b>19,242,589</b>
<b>Total assets</b>	<b>\$ 52,311,577</b>	<b>\$ 46,498,950</b>	<b>\$ 1,199,401</b>	<b>\$ 28,220,800</b>	<b>\$ 343,889</b>	<b>\$ 36,532,119</b>	<b>\$ 284,539</b>	<b>\$ 114,705</b>	<b>\$ 2,009,739</b>	<b>\$ 1,476,243</b>	<b>\$ 10,047,253</b>	<b>\$ 450,494</b>	<b>\$ 19,279,354</b>
<b>LIABILITIES</b>													
Current liabilities:													
Current portion of long-term debt	\$ 1,586,759	\$ 15,294	\$ 3,600,000	\$ -	\$ -	\$ 667,352	\$ -	\$ -	\$ -	\$ -	\$ 92,353	\$ -	\$ -
Short term notes	-	-	-	-	-	-	-	-	-	-	739,243	-	-
Accounts payable	233,934	143,034	6,085	525,762	20,601	3,729,310	101,524	9,291	1,376,213	133,737	503,469	5,168	19,600
Other liabilities and accruals	1,074,702	119,194	12,533	1,748,531	10,693	3,612,821	15,044	182	-	44,423	1,616,172	-	91,244
Due to primary government	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	137,495	-	18,027	2,864,662	-	-	-	-	-	-	17,693	-	-
<b>Total current liabilities</b>	<b>3,032,890</b>	<b>277,522</b>	<b>3,636,645</b>	<b>5,138,955</b>	<b>31,294</b>	<b>8,009,483</b>	<b>116,568</b>	<b>9,473</b>	<b>1,376,213</b>	<b>178,160</b>	<b>2,968,930</b>	<b>5,168</b>	<b>110,844</b>
Noncurrent liabilities:													
Noncurrent portion of long-term debt	27,399,546	434,569	-	-	-	36,610	-	-	-	-	3,632,007	-	-
<b>Total noncurrent liabilities</b>	<b>27,399,546</b>	<b>434,569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,632,007</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>30,432,436</b>	<b>712,091</b>	<b>3,636,645</b>	<b>5,138,955</b>	<b>31,294</b>	<b>8,046,093</b>	<b>116,568</b>	<b>9,473</b>	<b>1,376,213</b>	<b>178,160</b>	<b>6,600,937</b>	<b>5,168</b>	<b>110,844</b>
<b>NET POSITION</b>													
Net investment in capital assets	18,136,421	1,694,055	31,005	9,497,395	136,462	15,021,727	66,897	10,136	59,650	18,372	2,835,322	-	19,242,589
Restricted for:													
Nonexpendable	-	-	-	3,934,929	-	-	-	-	-	-	784,331	-	-
Expendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,742,720	44,092,804	(2,468,249)	9,649,521	176,133	13,464,299	101,074	95,096	573,876	1,279,711	(173,337)	445,326	(74,079)
<b>Total net position</b>	<b>21,879,141</b>	<b>45,786,859</b>	<b>(2,437,244)</b>	<b>23,081,845</b>	<b>312,595</b>	<b>28,486,026</b>	<b>167,971</b>	<b>105,232</b>	<b>633,526</b>	<b>1,298,083</b>	<b>3,446,316</b>	<b>445,326</b>	<b>19,168,510</b>
<b>Total liabilities and net position</b>	<b>\$ 52,311,577</b>	<b>\$ 46,498,950</b>	<b>\$ 1,199,401</b>	<b>\$ 28,220,800</b>	<b>\$ 343,889</b>	<b>\$ 36,532,119</b>	<b>\$ 284,539</b>	<b>\$ 114,705</b>	<b>\$ 2,009,739</b>	<b>\$ 1,476,243</b>	<b>\$ 10,047,253</b>	<b>\$ 450,494</b>	<b>\$ 19,279,354</b>

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Net Position, Continued

Component Units

September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	Kosrae Utilities Authority	Pohnpei Utilities Corporation	Pohnpei Port Authority	Pohnpei Transportation Authority	Small Business Guarantee and Finance Corporation	Pohnpei State Housing Authority	Public Transportation System	Yap Visitor's Bureau	Yap State Public Service Corporation	The Diving Seagull, Inc.	Total
<b>ASSETS</b>											
Current assets:											
Cash and cash equivalents	\$ 178,957	\$ 411,374	\$ 2,271,585	\$ -	\$ 300	\$ 524,173	\$ 24,560	\$ 83,221	\$ 1,228,876	\$ 7,474,114	\$ 35,569,552
Time certificates of deposit	164,937	43,251	-	-	-	-	-	-	-	1,566,000	4,177,938
Investments	333,444	174,124	1,584,781	-	-	-	-	-	-	556,426	5,761,145
Receivables, net:											
General	193,199	1,528,419	787,917	2,924	50,517	2,162,714	8,029	101,701	1,130,131	-	14,733,621
Loans	-	-	-	-	-	-	-	-	-	-	5,809,000
Interest	-	-	-	-	-	-	-	-	-	-	210,967
Other	-	-	-	-	-	-	-	-	284,144	52,203	3,008,478
Due from primary government	-	-	-	-	-	-	-	-	-	-	1,562,194
Advances	-	102,961	73,024	4,578	4,817	-	-	-	-	-	185,380
Inventories	256,820	1,413,387	-	43,597	-	-	122,355	-	791,085	162,000	14,675,070
Other assets	4,333	-	44,346	-	1,905	363	10,609	-	21,775	170,761	2,325,593
Restricted assets	-	-	-	-	822,877	-	-	-	-	-	822,877
Total current assets	<u>1,131,690</u>	<u>3,673,516</u>	<u>4,761,653</u>	<u>51,099</u>	<u>880,416</u>	<u>2,687,250</u>	<u>165,553</u>	<u>184,922</u>	<u>3,456,011</u>	<u>9,981,504</u>	<u>88,841,815</u>
Noncurrent assets:											
Capital assets:											
Nondepreciable capital assets	-	7,656,727	3,155,314	-	-	-	-	-	1,048,391	-	20,271,184
Capital assets, net of accumulated depreciation	3,030,480	24,229,134	3,273,583	-	62,193	91,653	521,707	6,031	7,830,122	4,754,646	133,216,077
Investments	-	-	-	-	-	-	-	-	-	2,230,707	2,230,707
Loans receivable	-	-	-	-	-	-	-	-	-	-	14,358,021
Other noncurrent assets	481,175	1,072,298	239,622	-	757,553	-	-	-	-	304,034	27,570,243
Total noncurrent assets	<u>3,511,655</u>	<u>32,958,159</u>	<u>6,668,519</u>	<u>-</u>	<u>819,746</u>	<u>91,653</u>	<u>521,707</u>	<u>6,031</u>	<u>8,878,513</u>	<u>7,289,387</u>	<u>197,646,232</u>
Total assets	<u>\$ 4,643,345</u>	<u>\$ 36,631,675</u>	<u>\$ 11,430,172</u>	<u>\$ 51,099</u>	<u>\$ 1,700,162</u>	<u>\$ 2,778,903</u>	<u>\$ 687,260</u>	<u>\$ 190,953</u>	<u>\$ 12,334,524</u>	<u>\$ 17,270,891</u>	<u>\$ 286,488,047</u>
<b>LIABILITIES</b>											
Current liabilities:											
Current portion of long-term debt	\$ -	\$ 376,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,417	\$ 667,515	\$ 7,051,209
Short term notes	50,000	190,000	-	-	-	-	-	-	-	-	979,243
Accounts payable	321,457	1,567,973	38,634	85,406	-	17,933	5,202	130	530,029	906,772	10,281,264
Other liabilities and accruals	201,760	293,070	208,424	18,612	1,916	439,738	7,381	8,097	438,561	799,987	10,763,085
Due to primary government	-	200,000	-	1,595,261	-	-	-	-	-	-	1,795,261
Unearned revenue	14,148	181,551	-	-	-	-	1,144	-	180,431	-	3,415,151
Total current liabilities	<u>587,365</u>	<u>2,809,113</u>	<u>247,058</u>	<u>1,699,279</u>	<u>1,916</u>	<u>457,671</u>	<u>13,727</u>	<u>8,227</u>	<u>1,194,438</u>	<u>2,374,274</u>	<u>34,285,213</u>
Noncurrent liabilities:											
Noncurrent portion of long-term debt	-	10,001,159	-	-	-	-	-	-	2,555,141	2,007,169	46,066,201
Total noncurrent liabilities	<u>-</u>	<u>10,001,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,555,141</u>	<u>2,007,169</u>	<u>46,066,201</u>
Total liabilities	<u>587,365</u>	<u>12,810,272</u>	<u>247,058</u>	<u>1,699,279</u>	<u>1,916</u>	<u>457,671</u>	<u>13,727</u>	<u>8,227</u>	<u>3,749,579</u>	<u>4,381,443</u>	<u>80,351,414</u>
<b>NET POSITION</b>											
Net investment in capital assets	3,258,855	22,550,807	6,428,897	-	62,193	91,653	521,707	6,031	6,277,955	2,079,962	108,028,091
Restricted for:											
Nonexpendable	90,000	721,325	-	-	1,580,430	2,229,579	-	-	-	-	9,340,594
Expendable	-	-	-	-	-	-	-	-	1,698,928	2,230,707	3,929,635
Unrestricted	707,125	549,271	4,754,217	(1,648,180)	55,623	-	151,826	176,695	608,062	8,578,779	84,838,313
Total net position	<u>4,055,980</u>	<u>23,821,403</u>	<u>11,183,114</u>	<u>(1,648,180)</u>	<u>1,698,246</u>	<u>2,321,232</u>	<u>673,533</u>	<u>182,726</u>	<u>8,584,945</u>	<u>12,889,448</u>	<u>206,136,633</u>
Total liabilities and net position	<u>\$ 4,643,345</u>	<u>\$ 36,631,675</u>	<u>\$ 11,430,172</u>	<u>\$ 51,099</u>	<u>\$ 1,700,162</u>	<u>\$ 2,778,903</u>	<u>\$ 687,260</u>	<u>\$ 190,953</u>	<u>\$ 12,334,524</u>	<u>\$ 17,270,891</u>	<u>\$ 286,488,047</u>

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Revenues, Expenses, and Changes in Net Position  
Component Units  
Year Ended September 30, 2013  
(See Accompanying Independent Accountants' Compilation Report)

	FSM Tele- Communications Corporation	FSM Development Bank	National Fisheries Corporation	College of Micronesia- FSM	FSM Coconut Development Authority	FSM Petroleum Corporation	Vital Energy Inc. (FSMPC CU)	Caroline Islands Air, Inc.	MiCare Plan, Inc.	Chuuk State Health Care Plan	Chuuk Public Utility Corporation	Chuuk State Housing Authority	Kosrae Port Authority
Operating revenues:													
Charges for services	\$ 13,627,517	\$ 2,428,051	\$ 456,134	\$ 21,305,685	\$ 170,764	\$ 58,757,490	\$ 737,082	\$ 338,026	\$ 6,028,565	\$ 1,417,263	\$ 6,170,687	\$ 93,608	\$ 154,416
Other	324,024	446,769	(8,661)	184,163	-	11,389	-	-	1,436	10,425	275,086	-	-
Total operating revenues	13,951,541	2,874,820	447,473	21,489,848	170,764	58,768,879	737,082	338,026	6,030,001	1,427,688	6,445,773	93,608	154,416
Operating expenses:													
Cost of services	328,254	23,847	-	-	175,314	46,500,495	57,870	243,087	5,306,712	1,108,337	4,588,361	-	-
Depreciation	4,812,965	128,940	6,120	931,807	64,901	935,734	13,431	-	18,498	10,860	224,368	16,949	1,024,495
Administrative costs	9,554,087	1,697,013	254,007	20,692,544	254,501	6,833,216	677,462	38,300	536,924	263,172	1,605,266	89,551	215,313
Total operating expenses	14,695,306	1,849,800	260,127	21,624,351	494,716	54,269,445	748,763	281,387	5,862,134	1,382,369	6,417,995	106,500	1,239,808
Operating income (loss)	(743,765)	1,025,020	187,346	(134,503)	(323,952)	4,499,434	(11,681)	56,639	167,867	45,319	27,778	(12,892)	(1,085,392)
Nonoperating revenues (expenses):													
Net change in the fair value of investments	163,157	2,095,025	601,000	463,018	-	-	-	-	6,760	-	-	-	-
Interest income	-	-	-	-	-	6,076	-	-	-	-	-	-	-
Interest expense	(1,486,000)	-	-	-	-	-	-	(2,000)	-	-	(189,661)	-	-
Contributions from primary government	-	1,000,000	-	-	292,171	-	-	-	100,000	-	-	-	-
Other income (expense)	-	281,646	(766)	-	59	-	(6,789)	-	1,299	33,147	792,766	-	55,373
Total nonoperating revenues (expenses), net	(1,322,843)	3,376,671	600,234	463,018	292,230	6,076	(6,789)	(2,000)	108,059	33,147	603,105	-	55,373
Capital contributions	-	-	-	-	-	-	-	-	-	6,862	3,091,089	-	3,322,632
Net income (loss)	(2,066,608)	4,401,691	787,580	328,515	(31,722)	4,505,510	(18,470)	54,639	275,926	85,328	3,721,972	(12,892)	2,292,613
Net position at the beginning of the year	23,945,749	41,385,168	(3,224,824)	22,753,330	344,317	23,980,516	186,441	50,593	357,600	1,212,755	(275,656)	458,218	16,875,897
Net position at the end of the year	\$ 21,879,141	\$ 45,786,859	\$ (2,437,244)	\$ 23,081,845	\$ 312,595	\$ 28,486,026	\$ 167,971	\$ 105,232	\$ 633,526	\$ 1,298,083	\$ 3,446,316	\$ 445,326	\$ 19,168,510

**FEDERATED STATES OF MICRONESIA**

Combined Statement of Revenues, Expenses, and Changes in Net Position, Continued  
Component Units  
Year Ended September 30, 2013  
(See Accompanying Independent Accountants' Compilation Report)

	Kosrae Utilities Authority	Pohnpei Utilities Corporation	Pohnpei Port Authority	Pohnpei Transportation Authority	Small Business Guarantee and Finance Corporation	Pohnpei State Housing Authority	Public Transportation System	Yap Visitor's Bureau	Yap State Public Service Corporation	The Diving Seagull, Inc.	Total
Operating revenues:											
Charges for services	\$ 2,607,025	\$ 16,082,861	\$ 3,699,007	\$ 801,542	\$ 62,842	\$ 204,575	\$ 387,201	\$ -	\$ 5,796,010	\$ 13,166,650	\$ 154,493,001
Other	-	-	-	790	-	-	96,439	-	495,555	18,420	1,855,835
Total operating revenues	<u>2,607,025</u>	<u>16,082,861</u>	<u>3,699,007</u>	<u>802,332</u>	<u>62,842</u>	<u>204,575</u>	<u>483,640</u>	<u>-</u>	<u>6,291,565</u>	<u>13,185,070</u>	<u>156,348,836</u>
Operating expenses:											
Cost of services	2,122,395	11,630,970	-	-	50,433	-	346,708	-	4,542,079	10,764,100	87,788,962
Depreciation	393,913	3,780,825	2,217,985	744,061	153,465	105,916	12,959	2,042	851,561	234,750	16,686,545
Administrative costs	527,979	2,242,291	423,975	-	23,097	16,123	214,182	289,547	1,145,613	966	47,595,129
Total operating expenses	<u>3,044,287</u>	<u>17,654,086</u>	<u>2,641,960</u>	<u>744,061</u>	<u>226,995</u>	<u>122,039</u>	<u>573,849</u>	<u>291,589</u>	<u>6,539,253</u>	<u>10,999,816</u>	<u>152,070,636</u>
Operating income (loss)	<u>(437,262)</u>	<u>(1,571,225)</u>	<u>1,057,047</u>	<u>58,271</u>	<u>(164,153)</u>	<u>82,536</u>	<u>(90,209)</u>	<u>(291,589)</u>	<u>(247,688)</u>	<u>2,185,254</u>	<u>4,278,200</u>
Nonoperating revenues (expenses):											
Net change in the fair value of investments	29,934	-	-	-	-	-	-	-	-	-	3,358,894
Interest income	1,161	-	-	-	2,494	-	-	3,803	2,224	-	15,758
Interest expense	(9,477)	(170,941)	-	-	-	-	-	-	(1,693)	(229,628)	(2,089,400)
Contributions from primary government	-	-	119,000	-	90,000	87,398	-	283,561	2,113,081	-	4,085,211
Other income (expense)	143,701	393,462	104,665	-	1,154	-	-	1,506	(438,370)	101,293	1,464,146
Total nonoperating revenues (expenses), net	<u>165,319</u>	<u>222,521</u>	<u>223,665</u>	<u>-</u>	<u>93,648</u>	<u>87,398</u>	<u>-</u>	<u>288,870</u>	<u>1,675,242</u>	<u>(128,335)</u>	<u>6,834,609</u>
Capital contributions	<u>133,712</u>	<u>6,578,629</u>	<u>53,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,431</u>	<u>-</u>	<u>13,804,536</u>
Net income (loss)	<u>(138,231)</u>	<u>5,229,925</u>	<u>1,333,893</u>	<u>58,271</u>	<u>(70,505)</u>	<u>169,934</u>	<u>(90,209)</u>	<u>(2,719)</u>	<u>2,045,985</u>	<u>2,056,919</u>	<u>24,917,345</u>
Net position at the beginning of the year	<u>4,194,211</u>	<u>18,591,478</u>	<u>9,849,221</u>	<u>(1,706,451)</u>	<u>1,768,751</u>	<u>2,151,298</u>	<u>763,742</u>	<u>185,445</u>	<u>6,538,960</u>	<u>10,832,529</u>	<u>181,219,288</u>
Net position at the end of the year	<u>\$ 4,055,980</u>	<u>\$ 23,821,403</u>	<u>\$ 11,183,114</u>	<u>\$ (1,648,180)</u>	<u>\$ 1,698,246</u>	<u>\$ 2,321,232</u>	<u>\$ 673,533</u>	<u>\$ 182,726</u>	<u>\$ 8,584,945</u>	<u>\$ 12,889,448</u>	<u>\$ 206,136,633</u>

**FEDERATED STATES OF MICRONESIA**

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**OTHER SUPPLEMENTARY INFORMATION**

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**SEPTEMBER 30, 2013**

**FEDERATED STATES OF MICRONESIA**

Governmental Funds Balance Sheet

Combining General Funds

September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 13,456,053	\$ 856,208	\$ 1,811,473	\$ -	\$ 226,346	\$ 16,350,080
Time certificates of deposit	4,438,538	-	-	-	-	4,438,538
Equity in internal investment pool	27,065,234	109,388	-	-	-	27,174,622
Investments	5,174,948	1,550,000	292,000	7,806,556	21,056,875	35,880,379
Receivables, net:						
General	1,579,352	839,962	182,644	-	-	2,601,958
Taxes	4,367,360	-	-	1,938,587	-	6,305,947
Loans	39,468,321	-	30,000	-	-	39,498,321
Other governments and agencies	-	-	-	-	502,183	502,183
Other	-	-	-	720,635	111,594	832,229
Due from other funds	6,712,574	1,403,603	95,333	818,222	3,622,117	12,651,849
Advances	150,416	-	53,165	131,239	138,436	473,256
Other assets	8,106,465	329,542	6,505	-	-	8,442,512
Restricted assets:						
Cash and cash equivalents	5,402,373	1,044,754	230,087	521,256	474,707	7,673,177
Time certificates of deposit	-	-	200,000	-	-	200,000
Investments	-	3,816,743	1,301,638	3,681,027	1,714,557	10,513,965
Total assets	<u>\$ 115,921,634</u>	<u>\$ 9,950,200</u>	<u>\$ 4,202,845</u>	<u>\$ 15,617,522</u>	<u>\$ 27,846,815</u>	<u>\$ 173,539,016</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
Liabilities:						
Bank overdraft	\$ -	\$ -	\$ -	\$ 126,410	\$ -	\$ 126,410
Accounts payable	2,202,911	731,202	48,791	768,457	771,874	4,523,235
Retention payable	-	-	183,017	386,341	-	569,358
Other liabilities and accruals	2,709,436	38,151	-	-	171,936	2,919,523
Tax refunds payable	499,590	-	-	-	-	499,590
Land acquisition payable	-	8,618,545	-	-	-	8,618,545
Due to component units	-	1,216	-	-	-	1,216
Due to FSM State Governments	3,716,353	-	-	-	-	3,716,353
Due to other funds	6,576,028	5,305,369	2,272,052	6,350,504	6,517,808	27,021,761
Unearned revenue	-	-	-	-	85,579	85,579
Total liabilities	<u>15,704,318</u>	<u>14,694,483</u>	<u>2,503,860</u>	<u>7,631,712</u>	<u>7,547,197</u>	<u>48,081,570</u>
Fund balances (deficit):						
Non-spendable	54,181,368	1,879,542	381,670	1,631,239	2,000,000	60,073,819
Restricted	736,157	3,816,743	1,591,236	3,897,842	1,714,557	11,756,535
Committed	28,134,466	-	5,774	414,074	754,074	29,308,388
Assigned	4,006,563	-	-	457,630	1,311,138	5,775,331
Unassigned:						
General fund	<u>13,158,762</u>	<u>(10,440,568)</u>	<u>(279,695)</u>	<u>1,585,025</u>	<u>14,519,849</u>	<u>18,543,373</u>
Total fund balances (deficit)	<u>100,217,316</u>	<u>(4,744,283)</u>	<u>1,698,985</u>	<u>7,985,810</u>	<u>20,299,618</u>	<u>125,457,446</u>
Total liabilities and fund balances	<u>\$ 115,921,634</u>	<u>\$ 9,950,200</u>	<u>\$ 4,202,845</u>	<u>\$ 15,617,522</u>	<u>\$ 27,846,815</u>	<u>\$ 173,539,016</u>



## FEDERATED STATES OF MICRONESIA

### Governmental Funds Balance Sheet Combining Grants Assistance Funds September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<b>ASSETS</b>						
Investments	\$ 1,789,605	\$ -	\$ 900,000	\$ -	\$ 3,878,216	\$ 6,567,821
Receivables, net:						
Federal agencies	17,995,609	1,621,673	376,088	-	748,280	20,741,650
FSM National Government	-	-	-	1,415,123	-	1,415,123
Other	-	-	-	3,928	600	4,528
Due from other funds	3,394,641	5,305,369	1,555,987	1,827,664	6,375,514	18,459,175
Advances	1,422,951	-	111,824	126,969	183,692	1,845,436
Other assets	-	72,983	88,454	-	-	161,437
Restricted assets:						
Cash and cash equivalents	-	-	-	7,700	-	7,700
Total assets	<u>\$ 24,602,806</u>	<u>\$ 7,000,025</u>	<u>\$ 3,032,353</u>	<u>\$ 3,381,384</u>	<u>\$ 11,186,302</u>	<u>\$ 49,202,870</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 8,713,771	\$ 734,257	\$ 164,000	\$ 782,904	\$ 1,004,869	\$ 11,399,801
Retention payable	702,660	-	-	-	-	702,660
Other liabilities and accruals	-	4,998	274,197	278,886	152,424	710,505
Due to federal agencies	1,126,479	-	-	-	-	1,126,479
Due to FSM State Governments	2,166,438	-	-	-	-	2,166,438
Due to other funds	6,712,574	1,348,493	92,356	818,222	3,603,990	12,575,635
Unearned revenue	3,157,024	-	350,055	1,381,510	2,957,236	7,845,825
Total liabilities	<u>22,578,946</u>	<u>2,087,748</u>	<u>880,608</u>	<u>3,261,522</u>	<u>7,718,519</u>	<u>36,527,343</u>
<b>Fund balances:</b>						
Non-spendable	-	72,983	1,100,280	-	-	1,173,263
Restricted	2,048,535	4,867,666	1,270,445	119,862	4,707,972	13,014,480
Committed	-	-	-	-	150,000	150,000
Unassigned:						
Special revenue funds	(24,675)	(28,372)	(218,980)	-	(1,390,189)	(1,662,216)
Total fund balances	<u>2,023,860</u>	<u>4,912,277</u>	<u>2,151,745</u>	<u>119,862</u>	<u>3,467,783</u>	<u>12,675,527</u>
Total liabilities and fund balances	<u>\$ 24,602,806</u>	<u>\$ 7,000,025</u>	<u>\$ 3,032,353</u>	<u>\$ 3,381,384</u>	<u>\$ 11,186,302</u>	<u>\$ 49,202,870</u>

**FEDERATED STATES OF MICRONESIA**

Governmental Funds Balance Sheet

Combining Compact Trust Funds

September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
<b><u>ASSETS</u></b>						
Restricted assets:						
Investments	<u>\$ 14,211,003</u>	<u>\$ 10,940,700</u>	<u>\$ 3,838,556</u>	<u>\$ 10,940,700</u>	<u>\$ 9,018,666</u>	<u>\$ 48,949,625</u>
Total assets	<u>\$ 14,211,003</u>	<u>\$ 10,940,700</u>	<u>\$ 3,838,556</u>	<u>\$ 10,940,700</u>	<u>\$ 9,018,666</u>	<u>\$ 48,949,625</u>
<b><u>FUND BALANCES</u></b>						
Fund balances:						
Non-spendable	<u>\$ 14,211,003</u>	<u>\$ 10,940,700</u>	<u>\$ 3,838,556</u>	<u>\$ 10,940,700</u>	<u>\$ 9,018,666</u>	<u>\$ 48,949,625</u>
Total fund balances	<u>\$ 14,211,003</u>	<u>\$ 10,940,700</u>	<u>\$ 3,838,556</u>	<u>\$ 10,940,700</u>	<u>\$ 9,018,666</u>	<u>\$ 48,949,625</u>

**FEDERATED STATES OF MICRONESIA**

Governmental Funds Balance Sheet  
Combining Other Governmental Funds  
September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 274,412	\$ 274,412
Investment	-	-	93,000	-	-	93,000
Receivables, net:						
General	-	55,205	300	-	-	55,505
Loans	-	-	456,192	-	-	456,192
Other governments and agencies	-	-	-	-	192,987	192,987
Due from other funds	3,181,387	-	716,065	4,522,840	142,294	8,562,586
Advances	-	-	-	5,621	-	5,621
Inventories	-	-	-	29,947	-	29,947
Other assets	-	-	10,735	-	-	10,735
Restricted assets:						
Cash and cash equivalents	-	-	26,390	-	-	26,390
Time certificates of deposit	-	-	358,455	-	-	358,455
 Total assets	 <u>\$ 3,181,387</u>	 <u>\$ 55,205</u>	 <u>\$ 1,661,137</u>	 <u>\$ 4,558,408</u>	 <u>\$ 609,693</u>	 <u>\$ 10,065,830</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities:						
Accounts payable	\$ 1,998	\$ 95	\$ 817	\$ 217,942	\$ 104,487	\$ 325,339
Other liabilities and accruals	-	-	2,872	2,882	4,795	10,549
Due to other funds	-	55,110	2,977	-	18,127	76,214
Unearned revenue	-	-	33	241,530	-	241,563
 Total liabilities	 <u>1,998</u>	 <u>55,205</u>	 <u>6,699</u>	 <u>462,354</u>	 <u>127,409</u>	 <u>653,665</u>
Fund balances:						
Non-spendable	-	-	549,192	34,568	-	583,760
Restricted	-	-	493,560	-	98,878	592,438
Committed	3,158,355	-	611,686	3,072,198	393,562	7,235,801
Assigned	21,034	-	-	989,288	-	1,010,322
Unassigned:						
Special revenue funds	-	-	-	-	(10,156)	(10,156)
 Total fund balances	 <u>3,179,389</u>	 <u>-</u>	 <u>1,654,438</u>	 <u>4,096,054</u>	 <u>482,284</u>	 <u>9,412,165</u>
 Total liabilities and fund balances	 <u>\$ 3,181,387</u>	 <u>\$ 55,205</u>	 <u>\$ 1,661,137</u>	 <u>\$ 4,558,408</u>	 <u>\$ 609,693</u>	 <u>\$ 10,065,830</u>

## FEDERATED STATES OF MICRONESIA

### Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) Combining General Funds Year Ended September 30, 2013 (See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<b>Revenues:</b>						
Taxes	\$ 16,842,264	\$ 5,692,357	\$ 1,511,926	\$ 8,476,339	\$ 3,282,571	\$ 35,805,457
CFSM grants	-	-	-	137,222	-	137,222
Federal and other grants	-	-	-	-	314,862	314,862
Fishing rights	35,049,721	-	-	-	-	35,049,721
Interest and dividends	327,193	-	44,985	-	-	372,178
Fees and charges	780,462	1,674,379	185,013	417,031	750,883	3,807,768
Net change in the fair value of investments	1,113,542	462,875	158,179	1,319,485	2,938,846	5,992,927
MiCare reimbursible	254,251	-	-	-	-	254,251
Other	950,713	267,327	110,494	778,756	2,197,367	4,304,657
<b>Total revenues</b>	<b>55,318,146</b>	<b>8,096,938</b>	<b>2,010,597</b>	<b>11,128,833</b>	<b>9,484,529</b>	<b>86,039,043</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government:</b>						
President's office	2,115,656	-	-	-	-	2,115,656
External affairs and LNOs	4,201,584	-	-	-	-	4,201,584
Health and social affairs	393,592	138,041	-	40,580	1,014,917	1,587,130
Education	2,170,587	39,192	-	2,318	49,872	2,261,969
Economic development (Resources & Development)	1,677,130	-	-	-	268,068	1,945,198
Transportation, communication and infrastructure	2,952,849	849,865	-	653,000	3,330,615	7,786,329
Finance and general governmental administration	4,379,573	3,200,099	1,056,815	4,178,017	1,535,664	14,350,168
Justice	3,761,952	1,139,158	353,312	1,613,557	592,928	7,460,907
Office of the Public Defender	634,150	-	-	-	-	634,150
SBOC Office	943,689	-	-	-	-	943,689
Environment and emergency management	328,429	-	-	-	-	328,429
National archives, cultural and historic preservation	97,451	-	-	-	-	97,451
Judiciary	1,360,054	459,277	-	-	197,309	2,016,640
Legislature	3,607,627	-	-	-	-	3,607,627
Office of the National Public Auditor	1,027,702	-	-	-	-	1,027,702
National government programs	12,700	-	-	-	-	12,700
Land and natural resources	-	-	-	477,167	-	477,167
Other appropriations	6,760,274	234,390	-	388,806	567,535	7,951,005
Payments to component units and fiduciary fund	1,344,640	58,879	-	-	58,230	1,461,749
Municipal affairs	-	429,005	-	2,409,942	-	2,838,947
Boards, commissions, councils and other	3,963,566	562,331	545,923	1,095,713	145,077	6,312,610
Debt service	2,637,767	421,943	365,987	220,367	501,988	4,148,052
<b>Total expenditures</b>	<b>44,370,972</b>	<b>7,532,180</b>	<b>2,322,037</b>	<b>11,079,467</b>	<b>8,262,203</b>	<b>73,566,859</b>
Excess (deficiency) of revenues over (under) expenditures	10,947,174	564,758	(311,440)	49,366	1,222,326	12,472,184
<b>Other financing sources (uses):</b>						
Proceeds from issuance of long-term debt	3,124,732	-	97,253	-	-	3,221,985
Operating transfers in	642,328	-	-	-	628,781	1,271,109
Operating transfers out	(1,507,185)	(660,812)	-	(287,445)	(1,260,232)	(3,715,674)
<b>Total other financing sources (uses), net</b>	<b>2,259,875</b>	<b>(660,812)</b>	<b>97,253</b>	<b>(287,445)</b>	<b>(631,451)</b>	<b>777,420</b>
<b>Special items:</b>						
Write-off of receivables	(4,427,120)	-	-	-	(72,478)	(4,499,598)
Chuuk loan recovery	-	737,563	-	-	-	737,563
<b>Total special items</b>	<b>(4,427,120)</b>	<b>737,563</b>	<b>-</b>	<b>-</b>	<b>(72,478)</b>	<b>(3,762,035)</b>
Net change in fund balances (deficit)	8,779,929	641,509	(214,187)	(238,079)	518,397	9,487,569
Fund balances (deficit) at the beginning of the year	91,437,387	(5,385,792)	1,913,172	8,223,889	19,781,221	115,969,877
<b>Fund balances (deficit) at the end of the year</b>	<b>\$ 100,217,316</b>	<b>\$ (4,744,283)</b>	<b>\$ 1,698,985</b>	<b>\$ 7,985,810</b>	<b>\$ 20,299,618</b>	<b>\$ 125,457,446</b>

## FEDERATED STATES OF MICRONESIA

### Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) Combining Grants Assistance Funds Year Ended September 30, 2013 (See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<b>Revenues:</b>						
Compact funding	\$ 19,238,102	\$ 25,609,918	\$ 7,405,143	\$ 16,707,285	\$ 10,589,520	\$ 79,549,968
CFSM grants	-	755,705	-	436,145	83,220	1,275,070
Federal and other grants	24,589,463	-	1,117,974	2,440,306	3,198,244	31,345,987
Fees and charges	-	-	-	-	21,269	21,269
Other	-	-	-	(6,165)	45,126	38,961
<b>Total revenues</b>	<b>43,827,565</b>	<b>26,365,623</b>	<b>8,523,117</b>	<b>19,577,571</b>	<b>13,937,379</b>	<b>112,231,255</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government:</b>						
Health and social affairs	6,475,091	8,989,837	2,358,804	6,574,083	4,547,503	28,945,318
Education	2,684,828	12,796,788	3,811,615	11,117,278	5,651,436	36,061,945
Economic development (Resources and development)	131,172	2,892,824	888,326	-	1,142,806	5,055,128
Transportation, communication and infrastructure	15,682,717	-	-	-	708,307	16,391,024
Finance and general governmental administration	2,007,933	1,864,946	822,800	1,817,792	1,474,697	7,988,168
Justice	-	54,332	-	-	-	54,332
SBOC Office	238,359	-	-	-	-	238,359
Environment and emergency management	238,965	-	368,921	-	-	607,886
National archives, cultural and historic preservation	60,733	-	-	-	-	60,733
Office of the National Public Auditor	522,600	-	-	-	-	522,600
Land and natural resources	-	-	-	193,100	56,828	249,928
Other appropriations	874	-	-	-	-	874
Boards, commissions, councils and other	86,817	-	-	-	-	86,817
Capital projects	15,982,842	-	-	-	-	15,982,842
<b>Total expenditures</b>	<b>44,112,931</b>	<b>26,598,727</b>	<b>8,250,466</b>	<b>19,702,253</b>	<b>13,581,577</b>	<b>112,245,954</b>
Excess (deficiency) of revenues over (under) expenditures	(285,366)	(233,104)	272,651	(124,682)	355,802	(14,699)
<b>Other financing sources:</b>						
Operating transfers in	312,179	630,743	-	261,468	734,155	1,938,545
Operating transfers out	-	-	-	-	(628,781)	(628,781)
<b>Total other financing sources</b>	<b>312,179</b>	<b>630,743</b>	<b>-</b>	<b>261,468</b>	<b>105,374</b>	<b>1,309,764</b>
Net change in fund balances (deficit)	26,813	397,639	272,651	136,786	461,176	1,295,065
Fund balances (deficit) at the beginning of the year	1,997,047	4,514,638	1,879,094	(16,924)	3,006,607	11,380,462
Fund balances at the end of the year	<u>\$ 2,023,860</u>	<u>\$ 4,912,277</u>	<u>\$ 2,151,745</u>	<u>\$ 119,862</u>	<u>\$ 3,467,783</u>	<u>\$ 12,675,527</u>

**FEDERATED STATES OF MICRONESIA**

Governmental Funds Statement of Revenues  
and Changes in Fund Balances  
Combining Compact Trust Funds  
Year Ended September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	<u>FSM National Government</u>	<u>State of Chuuk</u>	<u>State of Kosrae</u>	<u>State of Pohnpei</u>	<u>State of Yap</u>	<u>Total</u>
Revenues:						
Net change in the fair value of investments	\$ 1,879,745	\$ 1,447,169	\$ 507,740	\$ 102,432	\$ 1,192,934	\$ 5,130,020
Total revenues	<u>1,879,745</u>	<u>1,447,169</u>	<u>507,740</u>	<u>102,432</u>	<u>1,192,934</u>	<u>5,130,020</u>
Net change in fund balances	1,879,745	1,447,169	507,740	102,432	1,192,934	5,130,020
Fund balances at the beginning of the year	<u>12,331,258</u>	<u>9,493,531</u>	<u>3,330,816</u>	<u>10,838,268</u>	<u>7,825,732</u>	<u>43,819,605</u>
Fund balances at the end of the year	<u>\$ 14,211,003</u>	<u>\$ 10,940,700</u>	<u>\$ 3,838,556</u>	<u>\$ 10,940,700</u>	<u>\$ 9,018,666</u>	<u>\$ 48,949,625</u>

## FEDERATED STATES OF MICRONESIA

### Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) Combining Other Governmental Funds Year Ended September 30, 2013

(See Accompanying Independent Accountants' Compilation Report)

	FSM National Government	State of Chuuk	State of Kosrae	State of Pohnpei	State of Yap	Total
<b>Revenues:</b>						
Taxes	\$ 188,229	\$ -	\$ 250,015	\$ 434,795	\$ 109,937	\$ 982,976
CFSM grants	-	-	79,418	-	1,154,811	1,234,229
Federal and other grants	-	-	-	46,118	-	46,118
Fees and charges	2,157,101	118,377	-	1,025,090	167,384	3,467,952
Other	296,502	-	77,536	-	22,173	396,211
<b>Total revenues</b>	<b>2,641,832</b>	<b>118,377</b>	<b>406,969</b>	<b>1,506,003</b>	<b>1,454,305</b>	<b>6,127,486</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government:</b>						
Health and social affairs	87,276	174,005	23,162	439,558	-	724,001
Education	831,958	-	703	-	-	832,661
Economic development (Resources and development)	423	-	-	-	-	423
Transportation, communication and infrastructure	1,366,692	-	-	-	-	1,366,692
Finance and general governmental administration	-	-	-	1,247,753	1,417,717	2,665,470
Justice	-	-	24,720	-	-	24,720
Environment and emergency management	-	-	72,437	-	-	72,437
Boards, commissions, councils and other	489,355	-	96,570	-	-	585,925
<b>Total expenditures</b>	<b>2,775,704</b>	<b>174,005</b>	<b>217,592</b>	<b>1,687,311</b>	<b>1,417,717</b>	<b>6,272,329</b>
Excess (deficiency) of revenues over (under) expenditures	(133,872)	(55,628)	189,377	(181,308)	36,588	(144,843)
<b>Other financing sources (uses):</b>						
Operating transfers in	1,195,006	30,069	-	25,977	526,077	1,777,129
Operating transfers out	(642,328)	-	-	-	-	(642,328)
<b>Total other financing sources, net</b>	<b>552,678</b>	<b>30,069</b>	<b>-</b>	<b>25,977</b>	<b>526,077</b>	<b>1,134,801</b>
<b>Net change in fund balances (deficit)</b>	<b>418,806</b>	<b>(25,559)</b>	<b>189,377</b>	<b>(155,331)</b>	<b>562,665</b>	<b>989,958</b>
Fund balances (deficit) at the beginning of the year	2,760,583	25,559	1,465,061	4,251,385	(80,381)	8,422,207
Fund balances at the end of the year	\$ 3,179,389	\$ -	\$ 1,654,438	\$ 4,096,054	\$ 482,284	\$ 9,412,165