



MAUI, HAWAII

DEC 12-14, 2017

IGFOA

Island Government Finance Officers' Association

Graduate School USA, Pacific & Virgin Islands Training Initiatives (PITI-VITI)

900 Fort Street Mall, Suite 1540, Honolulu, Hawaii 96813

Additional information is available online at www.pitiviti.org

*The IGFOA is supported by the United States Department of the Interior's Office of Insular Affairs
www.doi.gov/oia through the Graduate School USA's PITI-VITI Program www.pitiviti.org*

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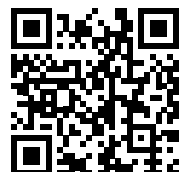
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EXECUTIVE SUMMARY

The Island Government Finance Officers' Association (IGFOA) has met at least annually every year since 1999 to participate in professional development and networking activities and to establish an agenda for financial management improvement. The conferences also provide a forum for participants to discuss common issues and strategies, and to develop a shared agenda for training, organizational development, and technical assistance.

This year's winter conference presented trainings on developing effective corrective action plans, acquiring a new financial management information system (FMIS) and obstacles to measuring performance. In addition, participants were updated on new GASB accounting standards. Finally, the forum provided each participating government with the opportunity to update their government-specific action plans to address ongoing issues, including audit performance, new accounting standards, FMIS procurement and finance office performance measurement.

The agenda for the conference was developed following feedback from previous conferences, and current issues in government accounting. The goals of the December 2017 IGFOA conference were to:

- Share the status of each government's single audits, finance office operations and performance measures, and other initiatives completed since the May 2017 IGFOA conference in Denver;
- Present and discuss best practices in single audit improvement, finance office performance improvement, FMIS systems acquisitions; government process improvement, and fiscal planning;
- Exchange information on the latest Performer analysis;
- Build government-specific plans to implement new GASB standards, enhance finance office performance measures, prepare for FMIS acquisition, improve government processes, utilize tools for fiscal planning and debt reduction, and continue corrective action planning for single audits.

The conference agenda has been included in this report as [Attachment 1](#). A complete list of participants can be found in [Attachment 34](#).

WELCOMING REMARKS



The Winter IGFOA Conference began the morning of December 12, 2017, with welcoming remarks on behalf of IGFOA delivered by Palau Minister of Finance, Hon. Elbuchel Sadang.

Honorable Assistant Secretary Domenech, Honorable Minister Wase, Honorable Secretary Lawrence, all participants, ladies and gentlemen:

Aloha and good morning. It is my distinct honor and privilege on behalf of IGFOA to welcome you all to our annual winter meeting here in Maui. This annual meeting plays a vital role mapping the outcomes of this meeting to assist us to improve our financial operations in each of the jurisdictions to become the best run finance governments in the Pacific.

This is the time for all of us to come together and share our good practices and learn from our weaknesses and to adopt best practices in order to comply with GASB and at the same time improve and reduce our audit findings. Since we are in the beginning of fiscal year 2018, let us commit ourselves to work hard during these three days, to put together best outcomes so that we can bring them back to improve our finance operations because our governments need us.

Before I close, I want to recognize and thank OIA Assistant Secretary Honorable Doug Domenech, Director Nik Pula, and Director Tom Bussanich for their continued financial assistance. Without them, this and prior conferences would not be possible. To the facilitators and resource consultants – Frank, Brian, Debbie, Kevin and Mark - thank you for your understanding and patience. You are the ones that give us the tools to move forward. Thank you to Jason, Judy and Ellen for your hard work to make this and previous conference a success. And finally, I want to wish you and your family a pleasant, safe and wonderful holiday. God Bless.



Following the Minister's welcoming remarks, a special guest to this year's conference, Assistant Secretary for Insular Areas, Hon. Doug Domenech, welcomed the group.

Good morning ladies and gentlemen. It's a great pleasure to be here in Maui today to attend the Winter Meeting of the Island Government Finance Officer Association, affectionately referred to as the IGFOA.

I would like to offer special greetings to the leaders of each delegation:

- Secretary of Finance Sihna Lawrence of the Federated States of Micronesia
- Minister Branson Wase of the Republic of the Marshall Islands
- Minister Elbuchl Sadang of the Republic of Palau
- Director Margaret Torres of the CNMI
- Director Christina Baleto of Guam, and
- Deputy Director Tina Va'a of American Samoa

I would be remiss to not also recognize Nik Pula, the Director of the Office of Insular Affairs who helps me keep on top of everything. I am grateful for his ever-present assistance. Also, I'd like to recognize the leadership and staff of the Graduate School USA for implementing important work in all the Insular Areas under contract with the Office of Insular Affairs.

I'm very pleased that I'm able to attend this meeting on my first venture to the Pacific since my appointment as Assistant Secretary. Some of you may know that this is actually my second posting to Insular Affairs. I had the honor of acting as Deputy Assistant Secretary during the Bush administration, so I was familiar with Nik, much of the staff and most of the issues facing the U.S. territories and freely associated states. I had hoped to get out to all of your islands before now, but much of my attention has been directed to assisting in hurricane recovery efforts for the U.S. Virgin Islands and Puerto Rico since the devastating hurricanes they suffered in September.

The Office of Insular Affairs is proud to offer financial management training for all of the insular areas through the Graduate School and the IGFOA. We share a mutual belief that prudent and transparent public sector financial management is critical to good governance which in turn benefits the citizens over which each government serves. Good governance in governments is dependent also on the people working within doing their jobs, and doing them well. And so, we are proud to sponsor these opportunities for information and training to you to help improve governance and management outcomes in your respective islands.

The topics of this year's IGFOA conference are simple but clear:

- improve single audits and finance office performance,
- acquire new financial management systems, and
- improve process and fiscal planning

While these are key to running effective governments for successful communities, your individual work is the other critical factor for effective governance.

One of Secretary Zinke's priorities is to restore trust and ensure that sovereignty means something. Your work is critical to creating the trust that citizens, the private sector, and legislatures need to have of public sector finance and government as a whole. Sound and responsible fiscal management is critical towards true sovereignty. We often say "thank you for your service" to our soldiers and returning veterans, but I want to say "thank you for your service" for your efforts as public service financial professionals. You make a difference to your communities.

Lastly, I really am honored to serve in a role which helps bridge the distance between Washington, D.C., and your islands. Too few people understand that your often-remote communities face unique challenges in economic development, national security, and environmental issues. I want you to feel confident that as fellow Americans, or close and long-time partners that you can be assured of my commitment to working within the U.S. government to help address these challenges. I look forward to working with you in the coming years to find innovative solutions to the challenges we all face together.

Thank you, Minister Sadang and Assistant Secretary Domenech, for your welcoming remarks this morning. I join them, on behalf of the Graduate School USA, in wishing you all a good morning, Happy Holidays, Happy Tuesday, Happy IGFOA. Thank you all for being with us. I'd like to share a few observations this morning before we get started.

The IGFOA started in 2000, and has met twice annually since then. Minister Sadang, who graciously welcomed us this morning, was instrumental in founding IGFOA, and has served as a steward of this organization throughout.

Those of us who have been working for some time in the Pacific appreciate how much experience and practical knowledge is represented in this room. One of the great benefits of this conference is the time that we get to spend together to share successes, to share frustrations, and to further our agenda of improved governance in the insular areas.

As a testament to the commitment to that agenda, we have strong participation at this year's meeting, with the majority of participants here at their own government's expense. Thank you all for coming. I'd also like to take a moment to thank our representatives from US DOI OIA who continue to support IGFOA, providing strategic direction to our work in the region. AS Domenech, Director Pula, and Director Bussanich, thank you for your commitment to the IGFOA; it's a pleasure to have each of you here with us today.

Finally, I'd like to take a moment to recognize the outstanding technical team that have joined us for the week. These individuals, as you all know, are deeply committed to their work in the islands, and inspire me regularly. These include, Debbie Milks, Frankie Crawford, Mark Sturton, and Kevin O'Keefe, who will be facilitating our meeting. And welcome to newcomers Brian Elms and Melissa Moye, both of whom are joining us for the first time.

Explaining the IGFOA to newcomers has allowed me to reflect on our work and accomplishments over the years, and has reminded me of the extraordinary organization that is IGFOA. It's a tremendous honor to work with you all of you, and I'm grateful for the opportunity to be with you this week.

Those of you with us at last year's IGFOA will remember what Nik Pula taught us--which is that if we talk too long we start to tell lies. So, let me close, briefly, on behalf of Jack Maykoski who regrets he's unable to be with us today, and on behalf the Graduate School USA team – especially Judy and Ellen, who have worked hard to provide logistical support to our meeting--, by thanking you all for being here. We have an outstanding agenda planned over these next three days, and I look forward to getting started.



Following Assistant Secretary Domenech's remarks, Jason Aubuchon welcomed everyone on behalf of the Graduate School USA and PITI-VITI.

ISLAND GOVERNMENT PRESENTATIONS

Each of the insular governments prepared presentations in advance of the IGFOA conference. Conference participants were provided a template and asked to prepare presentations that reported on the following:

- | | | |
|---------------------------|--|-----------------------------|
| 01. FY2016 Audit Results, | 02. FY2017 Audit Status, | 03. Status of Action Plans, |
| 04. Performance Measures, | 05. Finance Office Challenges, | 06. Unspent Federal Funds, |
| 07. Debt and Stress and | 08. Finance Office Highlight Accomplishment. | |

The insular government presentations have been included as [Attachments 2-11](#) of these proceedings. A question (Q) & answer (A) session followed each of the island government presentations as captured below:

► The following countries have been blacklisted by EU - Palau, Guam, American Samoa, and RMI. Are the island countries aware of this matter and what is being done to address it?

Several responses to the question were raised, particularly from the Government of RMI and Palau indicating that this is a tax haven related matter and renders further discussions. It was raised that in the case of RMI, the Ministry of Finance has issued a letter to the EU regarding the criteria or the basis for the country's placement on the black list. Overall, general discussions are underway to address this matter.

► For CNMI, what is the variance in relation to on the comparison to prior years being reported?
The 2% variance is based on estimated revenues in FY2017 and is unaudited. The variance experienced in the prior year is a result of underestimating due to casino revenues.

► How much does Guam pay for payroll services? Is it per check per employee?
It is by employee and costing is at \$11 per employee per year.

► In the case of Guam, can further clarification be provided on the lost federal grant funds?
The lost federal grant funds is related to Medicaid claims incurred.

► In the case of RMI, how is the retirement pension?

Marshall Islands Social Security Administration (MISSA) is collecting fewer funds in comparison to the disbursement. Currently, collection is approximately \$15 million and contribution is approximately \$20 million. The gap or unfunded liability is funded through RMI government subsidies and MISSA's trust funds.

► What is the April deadline set by the FSM national government?

Through support from the President, a memo is being issued to the state governments to have their single state audits completed by April (at a minimum a draft should be done by the April deadline) to provide the governments sufficient time to resolve problems prior to the actual June 30 deadline.

► In the case of FSM national government, the audits are completed on time. What is the status of the state government audits? Does the National government help?

State government audits are completed and yes the National government provides support.

The following general comments were also raised during the Island Government Updates session:

- A general takeaway is that the working relationship is key to accounting for all monies. There is a need to look to federal agencies on sharing information and building on the relationships. What we don't know, we can't report on.
- It would appear that personnel issues is a common challenge across the finance offices. The purpose of IGFOA is to share and learn from others on how finance offices are set up so each government doesn't have to reinvent the wheel. It was further highlighted that the Graduate School has institutional knowledge and can support the insular governments with its operations. The IGFOA forum is intended to help and is not effective if there are commonly repeated issues. The insular governments need to figure out a way to help each other.

EXECUTIVE LEADERSHIP DEVELOPMENT PROGRAM (ELDP)

Jason Aubuchon presented to IGFOA participants, providing information about the Executive Leadership Development Program (ELDP). With common challenges facing the Pacific islands to produce future leaders as a result of high turnover and capacity building needs, the ELDP was designed by DOI-OIA to address this challenge. There is a common challenge shared by the island governments to produce future leaders resulting from high turnover and capacity building needs. Some highlighted facts about ELDP shared with the group are:

- ELDP started in 2008 and has produced 121 program graduates
- Acceptance to ELDP is not allocated to specific countries and is competitive
- Out of approximately 120 applicants, only 20 positions are available each program cycle
- Historical ELDP participant gender mix is composed of 60% Female and 40% Male
- The next application due date is April 2018 for an August 2018 Orientation session

IGFOA participants who have not attended ELDP were encouraged to apply. The alumni participating in this year's IGFOA each provided testimonials of their ELDP experiences with the group. Director Pula, as one of the judges on the ELDP panel, used this opportunity to say a few words as well:

First, thank you to all governments for participating in the ELDP and to the Graduate School for formulating the ELDP. To me, it has been a great and successful program. In particular, because of brain drain. Many people get their college education and return home but receive low wages. Secondly, we saw through programs like IGFOA that the economies of the Territory and Freely Associated States and population are not growing. Because many people leave, training of mid-management is the focus as they become the leaders. If they are trained well through leadership programs, things will be much smoother. We must ensure they are effective, efficient and well trained. I see ELDP as something that has grown to be a strong network. As a judge on ELDP, I like to see people with their hearts to help the communities they come from. ELDP is competitive and training is top notch.

The presentation on the Executive Leadership Development Program has been included as [Attachment 12](#) of these proceedings.

INSULAR GOVERNMENT FY2016 AUDIT IMPROVEMENT UPDATE

The intent of the audit improvement program was to shine a light on the timeliness and results of the insular government audits. In FY2003, the governments were, as a group, total 159 months or over 13 years late with their audits. There were 139 audit report qualifications and hundreds of audit findings. None of the governments had “clean” audit opinions.

In FY2016, several governments issued their audits before the June 30 deadline and only 2 governments were late, and only by 1 ½ months. The FSM National Government and the State of Kosrae had no audit report modifications for either the financial report or the compliance report. The Republic of Palau, GovGuam and the Republic of the Marshall Islands had clean opinions on their financial reports. Chuuk and Pohnpei States had no modifications on their compliance reports. All the governments show improvement each year with the exception of the US Virgin Islands which is still struggling with high numbers of modifications, 19 for financial and 9 in compliance.

The analysis of the types of findings indicates that most of the governments still have issues with reconciliation including bank recons, reconciliation of federal SF425 reports with the governments' financial management system and long-term liabilities. Findings related to recording and maintaining fixed assets continue to be an issue for 8 of the governments. The number of findings has declined by 60%, but that number doesn't tell the whole story as the severity of the findings has declined much faster and more completely.

The presentation on Insular Government FY2016 Audit Improvement Update has been included as [Attachment 13](#) of these proceedings.

INSULAR GOVERNMENT PERFORMETERS

This session focused on the results of the Performer and AFTER Analysis for each individual government for the fiscal year ended September 30, 2016. While many governments' overall scores did not change significantly from the prior year, the AFTER Analysis showed that a number of the governments has continued success in producing more accurate and timely financial statement while also resolving lingering audit findings. Two governments, FSM National and Yap State, continue to lead the higher levels of scoring, while Guam and the US Virgin Islands continue to score at the lower end of the scale.

The following questions and general comments were raised:

- The easiest part to understand is the Performer score and the hardest part is the matrix of the A.F.T.E.R Analysis, which is the part that the people in this room have control over in their day to day jobs. Results of the A.F.T.E.R Analysis shows that getting the job done at your desk even if staff are overworked and underpaid and many improvements have been made.

- In the overall order of the Performeter scoring, why is it in your opinion that US Territory scored the worse?

This has not always been the case and is likely due to coincidence right now as a result of the US Territory having large deficits.

- For Guam's Performeter score, is the new reporting requirements to pension plans part of the low score result?
- Yes, it was factored into the score and had been anticipated. Additional comments indicated that a driving factor affecting Guam's performeter score is Access to the bottom markets. Guam (and other US Territory) have ready access to the bottom markets, which other islands don't have. For the smaller islands, they have to address deficit issues themselves or address through concessional terms (ii) Relative to size of economy. If ranked by GDP and not debt per capita number.
- Looking at the Perfometer scores, if all 11 jurisdictions would go to the bottom market, what would the impact be?
- If money is borrowed for capital purposes, there is no penalties in the performeter scores. However, if money is borrowed for fiscal problems, it will affect performeter scores. Higher debt per capita score is due to free access to bottom market. The point was further raised to highlight that in the case of Guam, most of the debt is due to capital improvement but is getting penalize for it because the debt is with government but asset is with the component. Unfortunately, can't do anything about it, which is reflected in the government FS audit and affecting performeter score.
- In the case of the Performeter score, why is there not a similar approach with the A.F.T.E.R Analysis to quantify on a scale.
- Attempts have been made but it was felt that this would distort the outcomes of the A.F.T.E.R Analysis. Therefore, the current process is viewed as the appropriate approach and opportunities to quantify on scale will still be explored.

The presentation on Insular Government Performeter has been included as [Attachment 14](#) of these proceedings.

INSULAR GOVERNMENT STRESS AND DEBT

Melissa Moye, Senior Policy Advisor, Office of State and Local Government Finance, US Treasury, presented on Insular Government Stress and Debt.

The main theme of the presentation is to know when to identify government stress and debt and what tools are available. It was emphasized that it is everyone's responsibility as financial officers to work through the hierarchy to raise the attention to the matter when there is an issue over indebtedness and changes in the ratios. It was further highlighted that numbers (such as the Performeter scores) are important and should be used to identify the trends. Although the case of Puerto Rico was used as an example to illustrate

government stress and debt, dealing with the Puerto Rico stress has provided a new perspective on financial management. It may not be applicable to Insular governments but it is important to note that finance officers at the IGFOA are the best resource on their economy and on their government's fiscal health. The IGFOA participants were encouraged to take this presentation's information and apply to their respective governments.

There are elements that can signal fiscal and financial stress. Governments may experience some, none or even all of the elements. In the case of the US Virgin Islands (USVI) they are experiencing all the elements and has unsustainable levels of debt. The elements of fiscal and financial stress are: (1) Multi-year budget deficits, (2) High debt/capita and per GDP with debt used to finance operations, (3) Growing long term debt and retirement liabilities, (4) Rating agency downgrades with increased yields on OS bonds, (5) Lack of credit access, and (6) Weak liquidity threatens essential service delivery.

Looking at the Puerto Rico situation, legislation has established the following two key components: (1) Oversight Ward and (2) Restructure due to default. This legislation does not apply to the Insular Government but does apply only in terms of monitoring. The Oversight Ward requires ten (10) years budget. Ideally, there, should be a forecast budget of at least five (5) years.

American Samoa, Puerto Rico and USVI are rated by Moody's. However, US Virgin Islands is no longer being rated and has lost its access to the capital bond market. This is problematic because USVI already has bonds and has lost the capacity to pay back its bondholders. In addition, USVI is not able to raise additional monies. CNMI and Guam are not rated by Moody's. Released on 5 December 2017, the methodologies have been updated to incorporate pension debt, making a tougher calculation of what that pension debt is. Prior to the update, revenue was looked at. This is no longer the case and GDP has replaced revenues as the ultimate indicator of government's ability to pay off debt. This is a higher climb for the US territories with lower GDP and income.

Another key takeaway raised is that across the US, state and local funds were hit hard during the economic crisis and have not yet clawed their way to health. Although the rule of thumb for a healthy pension fund is 80% rule of thumb, a healthy pension fund is actually 100%. When there is pressure on government expenditure, government does not make payment and liability gets larger. Payments is the interest on the unfunded liability each year plus the cost of accruals for this year's payroll. Closing out the old plan also does not necessarily solve the problem. High priority government actions that are critical for those already in debt stress situation are:

- Implementation of a realistic and viable fiscal plan
- Implementation of a liquidity management plan replacing the current ad hoc approach

A tool that can be used is the use of a cash flow reconciliation to forecast with liquidity measures. Cash flow forecast should at least be 2 years. For Puerto Rico, the cash flow reconciliation tool helped the country identify that no matter what measures were taken, there is no way they would be able to dig themselves out of the debt.

The following questions and general comments were raised:

- Smaller government can use the examples and tools to determine where they are at and have a comprehensive plan to convince their leadership on how to move forward.
- Are we getting to the point where government pension is a luxury?
- Pension system is the anchor sinking everybody.
- How do we rationalize to the private sector on what needs to be done for insolvent pension plans?
- Options are to (1) Increase employee contribution, (2) increase employers contribution and/or (3) decrease benefits. With Palau's 12% gap, you may need to do all if you are at the insolvent point. One option is to conduct a study on increasing the years of solvency to buy the time needed to implement the benefit and changes.
- In the case of Palau, the defined contribution is 35-38% of payroll. 16% is the average and at Palau's current level, it has two to three years remaining before reaching the insolvency point.
- It was reiterated once again that it is everyone's responsibility to raise the issues. The only thing harder than making the tough decisions now is when the system goes bust. Ultimately, there will be a need to close the system, which will stop the liability from growing. It does not have to be done now but will need to phase in a new system going forward. Again, it was emphasized that closing in itself does not solve the problem.
- Do we know whether the other Pacific Island nations have government pension plans? Most of the other South Pacific islands have Providence funds, a defined contribution plan. They do not have a social security system. They are solvent.
- Payroll is the last to get cut. Under stress, using the tool, how are decisions made to allocate/pay timely?
- If it is down to a cash flow liquidity issue, not everyone here has the power in terms of how to make those decisions. You need to bring your decision makers onboard sooner than later to define what is essential vs non-essential spending before it gets worse. The rule of thumb is that when in a hole, stop digging.
- It is important to note that right sizing of government shrinking has an opposite (unwanted) impact on the pension system. Payments have to be made in a dollar amount versus a percentage. Regardless of downsizing, payment to the pension system continues with a workforce that is no longer there. The workforce shrinks but the same actuarial payment is required and with fewer people to take the load. In the short term, unfavorable impact but in the long term, this can be considered an option.

The presentation on Insular Government Debt and Stress has been included as [Attachment 15](#) of these proceedings.

SPECIAL CLOSING REMARKS FROM DIRECTOR NIK PULA



Given Assistant Secretary Domenech and Director Pula's limited availability to participate in the IGFOA Winter 2017 Conference for one day only, special closing remarks to address the group was delivered by Director Pula.

This was a great opportunity for Assistant Secretary Doug Domenech and myself to spend time here with IGFOA. You should know that this Doug's first function in his position as Assistant Secretary.

Primarily, I take this opportunity to thank US Graduate School for pulling this together twice a year. With all that, I learned a lot today and know my boss took a lot of notes. I hope it does not translate to a lot of work for me. Having Melissa Moye come out for the first time also, while she happily talked pension. For me personally, small governments should take this opportunity to be creative to inform your leaders. Don't think less of yourself as middle management and take into consideration the knowledge you receive from your training here today. We encourage you to think about pension systems – we have to be creative.

Second, not to be afraid to venture out. Convince your leaders to change, and to think about the dynamics of doing things. It is important for us individually on how to take ourselves, our families and on how to save money. We can't depend on government. We have to start with ourselves. I hope there is a magic wand for private sector to come to the islands to create jobs but it's probably not going to happen. Think about not being afraid and having faith in ourselves. Try to be creative and share with one another.

I wish you and your families a Merry Christmas and Happy New Year.

BUDGET UPDATE FROM THE DEPARTMENT OF INSULAR AFFAIRS

Presented by Mr. Thomas Buassanich, Budget Director DOI-OIA, the budget update from the Department of Insular Affairs describes the budget process and provides budget updates for 2018, specifically on relevancy or impacts to the individual US Territory and FAS governments.

OIA's 2018 Budget request is \$592 million, of which \$507.6 million is permanent mandatory. Permanent mandatory, meaning it will not be affected by any budget cuts and is fixed. This includes Compacts of Free Association and Fiscal Payments (for Guam and US Virgin Islands). Other components of the 2018 budget are the (1) current mandatory, which are the Capital Improvement Grants, (2) Directed Appropriations, which is direct support for American Samoa operations and (3) Discretionary assistance.

The Capital Improvement Program (CIP) for the US Territory component is subject to competitive criteria such as audit performance. There is more emphasis on financial management and how money is being allocated. Established in 1996, the 2018 budget request remains unchanged at \$27 million and has been the same for the past 21 years. There is a need to review and increase the CIP amount to reflect inflation.

For the discretionary assistance, the 2018 President Budget is proposing to make a number of reductions. Further, current administration is proposing to shrink the size of government. However, based on historical data, there is tendency for Congress not to follow suit. For example, Congress approved 2017 budget was significantly increased from the original budget submission request and a possible indication for 2018. Technical Assistance budget request for 2018 is \$15 million but the President budget is proposing to reduce further by \$2 million. While the fund amount is still to be determined, Tom encouraged the insular governments to submit proposals by March 2018. Priorities for technical assistance will be focused on emergent needs and effective governance.

Other components of the discretionary assistance include

- | | |
|--|-------------------------------------|
| (1) Maintenance Assistance, | (2) Brown Tree Snake Control, |
| (3) Coral Reef Initiative & Natural Resources, | (4) Empowering insular communities, |
| (5) Federal services and | (6) Enewetak. |

The following questions and general comments were raised:

- Can you elaborate on the ABC initiative? The ABC initiative is solely for the US territory and started 5 years ago as a result of a backlog of education facilities maintenance issues. The ABC initiative is a result of an assessment that was conducted by a team of the Army core going to all the Education sector properties to assess the condition of facilities, how much maintenance existed, what needs to, what needs to be replaced, and development of a database. When the assessment was completed, \$17 million worth of life threatening maintenance issues were identified leading to the ABC initiative to ensure that proper maintenance and funding are being followed to ensure the safety of children at schools.

- 2023 is not far away so what can we expect? Authorization for the permanent \$30 million budget continues until it expires in 2023. Unless Congress (or Administration) renews the terms of the agreement, funding is set to expire in 2023. What next - work with Congress.

The presentation on Budget Update from the Department of Insular Affairs has been included as [Attachment 16](#) of these proceedings.

PANEL DISCUSSION: INSULAR GOVERNMENT FMIS IN TRANSITION

The panel discussion on Insular Government FMIS in Transition was moderated by Debbie Milks and included the following panelist participants:

- Tom Bussanich, Office of Insular Affairs
- Christine Baleto, Director, Department of Administration, Guam
- Tina Va'a, Deputy Director, Department of Treasury, ASG
- Caryn Koshiba, Chief of Accounting, Ministry of Finance, ROP
- Maybeline Andon-Bing, Secretary, Ministry of Finance, RMI

Ms. Milks indicated that the panel discussion was selected to cover some of the history and requirements of system acquisitions in the insular areas, how the government addressed the issues of making a business case for a new system and how the governments might work regionally on systems. Ms. Milks highlighted best practices to remember for any system acquisition.

► Undertake a needs analysis

This is crucial to documenting the government system needs and priorities. The software vendor responds to the needs analysis, the document becomes part of the contract and allows the purchaser to hold the vendor to their promised functionality.

► Be inclusive

Developing a needs analysis should include all major users and stakeholders.

► Get Assistance

It is very difficult for a system acquisition to be well managed or implemented by existing staff.

Governments need to seek assistance which is independent from the software provider. Software provider are in the business of making money and may not be acting in purchaser's best interest. Also, it is important to note that a system acquisition process should not be skimmed through or rushed. This will increase risk of unsuccessful implementation.

► Look at the total cost of ownership

Remember that the greater costs of a new system are in training and on-going maintenance. The initial price of the software is likely to be the smallest part of the cost.

Tom Bussanich shared with the group his early experiences in the early 1980's during the Trust Territory times when the administrative functions were centralized in CNMI. To offer a sense of the challenging processes during those days, Tom highlighted that the use of big giant floppy disks that were sent to CNMI on weekly basis to provide the financial reporting. Despite technology limitations, the overall financial management process or approach can be best summarized as a checkbook (cash basis) methodology. As the governments were transitioning from Trust Territory (TT) times, it was clear that each of the governments would need an independent FMIS. It was identified at that time that a regional approach to FMIS implementation offered the best and most economical solution. Today, Tom's position is that there continues to be economical benefits to be achieved in a regional approach for a systems acquisition. Although OIA does not have resources to support system acquisition procurement, technical assistance can be provided and it was emphasized that OIA has a continuing interest to support island governments. Tom further highlighted that post-2023, single state audits and US GAAP will remain relevant, a commonality among all the insular governments.

Christine Baleto shared the Guam experience on FMIS transition. An unsuccessful attempt has already been made to implement a new system with the Oracle software. Unfortunately, the unsuccessful outcome resulted in Guam reverting back to its legacy system and a need to input three (3) years of data to update the legacy system. More recently, Guam has revitalized efforts to implement a new FMIS and has taken an improved planned process to engage all the stakeholders and even created technical groups to assess and identify their needs. Based on the needs analysis undertaken, it was determined that a new FMIS would cost \$10M and is not being supported by Guam Legislators. As a result, Guam has shifted focus from procuring a new system to enhancing existing systems. Key learnings from the need analysis are (1) Lack of funding, (2) Resistance to change and (3) Most of the stakeholders (Payroll, Procurement, Revenue and Taxation) are happy with their existing systems, which they've customized and implemented through the years in the wake of the Oracle FMIS initiative. The downside, however, is that Guam has four independent systems. Rather than replacement, Guam is in the process of discussing with vendors for integration of existing system as the major component of its FMIS enhancement initiative.

For the America Samoa (AS) business case, Debbie Milks asked what was done to prepare for its FMIS major upgrade, which was just recently upgraded this year. Tina Va'a shared with the group that AS received funding for its FMIS initiative from bond proceeds. \$2 million was secured to finance the upgrade referred to as Sungard's One Solution. It was clarified that AS did not implement a new system but rather implemented a major upgrade. Sungard's One solution is web based and one user, Levi expressed great satisfaction. AS's FMIS Sungard has been in place for over 20 years. The overall experiences of AS, is that the major upgrades has been for the most part smooth with little difficulties. The major upgrade took less than one year to implement and to run. There are some modules that still need to be implemented and AS is still maintaining the old data for the time being.

For the case of RMI and Palau, they currently have a common FMIS 4Gov software. 4Gov has been in place since the mid-1980's and have gone through a number of upgrades. However, the company is no longer supporting the software. Given the commonalities shared among the North Pacific islands and timeliness of

the need to transition to a new FMIS, the panelist representative from were asked to talk about how they can work together to implementing the changes for a new system acquisition.

The update from Maybelline Andon-Bing (RMI) was that due to high staff turnover and fairly new staffing, 4Gov training and onboarding has not taken place and there is heavy reliance on its IT to run financial reports needed. RMI has undergone a number of system assessment and the position is that although the system is still a good one, lack of software provider supported further exacerbated by no training has resulted in a critical need to acquire a new FMIS. RMI has secured a \$5 million funding grant assistance from the World Bank and is in the very early stages. A project manager will be recruited. Although, RMI is not aware of the stage that FSM or Palau is currently at, RMI position is that they are open to further discussions to determine how working together and achieving economic benefits can be realized.

Caryn Koshiba's update indicated that Palau is at a more advanced stage in comparison to RMI. Funds have been secured as well, a technical group is already in place and the RFP is being currently drafted.

Secretary Sinha Lawrence was requested to provide an update on FSM's status. Sinha Lawrence indicated that the FSM's current status is similar to that of RMI. In the early stages, FSM has also secured WB grant funding assistance and is working with WB to hire a Project Manager. A preferred target implementation for a go live date is 2018.

The following questions and general comments were raised:

► One of the important element of FMIS transition is the ownership.

The cheapest part of the FMIS transition initiative is the initial cost to acquire the system. The more critical point is the ongoing cost of training and maintenance that can become significantly higher.

► Are the insular governments looking at a cloud base system?

This question is being raised because the impact of the USVI disaster has resulted in loss of data and a need to reconstitute the systems.

Taking about the cloud, there is some connectivity issues to take into consideration. For example in the RMI case, their server crashed resulting in loss of data. Although they are now on the cloud and an immediate advantage is the ability to restore data, an underlying disadvantage is when there is poor internet connectivity during which the Ministry of Finance is not able to access the server on the cloud.

► What, if any, software does OIA use to prepare the OIA Budget?

Yes, the US Government uses software called MACS? to develop its US budget. It is a major and complex system with proprietary rights.

► In the case of American Samoa, was there a data clean up during migration?

Yes a data clean up was needed, in particular for the AR module. The data clean up also affected the implementation timeline causing delays. The AR module was suppose to go online in September.

► For American Samoa, they are able to obtain customized reporting. Do they have to pay for customized report?

No, it comes with the cost of system.

► In the case of American Samoa, was there a data clean up during migration?

Yes a data clean up was needed, in particular for the AR module. The data clean up also affected the implementation timeline causing delays. The AR module was supposed to go online in September.

► It is not useful to have data and not be able to run reports. Yet this is a common challenge across the insular governments.

Today, more software is available to run reports to assist for reporting running such as crystal writer, cyber query. Debbie described the report writing software as "hat that sits on the data and access the information to run reports based on your needs. At some point, report writing and running should not be an IT function.

► For CNMI, they have been using JD Edwards for over 20 years now. When is a good time to integrate into a new system?

CNMI did go through an upgrade a couple years ago but not sure if training was rolled out to all stakeholders. If the software is being maintained and the software company is active in the case of JD Edwards, then upgrades should be up and the system would be running fine. Age should not be the determinant for system replacement.

Other points raised include the following:

- If you stay long enough with vendor they will make you change to new version at some point. Eventually, you will need to switch over and need to ensure funds have been allocated or reserved for the upgrades.
- Insular government considering FMIS transition need to put some thought into what data will be kept and what will be left behind.
- Often time, software company do not conduct the system implementation themselves. It is very common to have an authorized distributor rather than the actual software company.

GOVERNMENTAL ACCOUNTING UPDATE: THE PRINCIPLES EVOLVE

The accounting standards which a government must follow in their annual external financial reporting are continuing to evolve. The Governmental Accounting Standards Board (GASB) has now issued 87 financial statement reporting standards, with nearly 10 of those standards requiring implementation this year or in the coming years. This session focused on the longer-term changes that will be coming related to fiduciary fund reporting and new lease accounting standards. In addition to the 87 standards, the GASB has a number of projects on their agenda, including a potential revamping of the entire governmental financial statements reporting model.

The following questions and general comments were raised:

- What is an example of conduit debt? It is typical for industrial development. Currently, it is disclosed in the financial notes. When government is in severe debt stress or doubt on cash flow, concerns over government disclosure rises although it would be transparent in financial statements.
- What is the impact of GASB 87 for assets whereby government is leasing the facilities? For example, in the case of Guam, educational buildings are leased by Guam government and being reported as assets by both the Guam government and private company.

Under the current rules today, the entry would exist on both the owner books as well as government (DOE) assets. This has been one of the challenges of lease agreements. The new standard will address this by having the lease (i.e. DOE – government) report the asset but as an intangible asset indicating the exclusive right to use. For leases that are <12 months, it is considered an operating expense and will be booked as rental expenses. For leases that are >12 months, it is treated as a financing expenses and will be reported as an intangible asset.

- Follow on to the intangible asset for lease infrastructure, is the liability also recorded? Yes, it will be recorded as an intangible asset and a liability on your (Government) books.
- When will GASB 87 become effective? 2027
- In consideration of GASB 83 requirements for the RMI case, the solid waste management facilitates is 95% subsidized by government, but the land is not owned by the government. Should the government or the owner record the asset?

Given it is a private land lease, facility will be recorded by the owner and carried on Government books as an intangible asset.

The presentation on Governmental Accounting Update: The Principles Evolve has been included as [Attachment 17](#) of these proceedings.

WHAT'S UP WITH OUR MEASURES

The IGFOA began measuring the performance of their finance offices in an effort to address problem areas in a timelier manner, before they showed up on the audit. The first measures were adopted based upon the analysis of the collective audit findings, selecting those areas which were persistent issues for most of the governments. Over time, some of the issue areas have shown improvement in some of the governments, but problems persist with tasks as basic as collection of travel advances and recording fixed asset inventories.

The IGFOA members should consider in their action planning 1) How are they going to use the measures? Should they be presented to government officials outside of the finance department? How often should they be presented? 2) What format should be used? Several examples of dashboard formats were presented; one which detailed each measure and provided an improvement plan and a second which condensed multiple measurements targets and trends into a single page.

The following questions and general comments were raised:

- Is there a possibility to provide a timeline to inform staff on providing the information needed for the action plan so that it is implemented, enforced and inclusive?

For the government action planning, you may not have the staff or the managed currently here to involve in planning process. It is important to ensure that the first things you do is meeting with the proper stakeholders in alignment with your timeline for the action plan. When identifying specific performance measures, we need to make sure we have a consistent way to measure.

- What are the next steps?

In the action planning process, achieve government support and obtain buy in on what we want with our measure and identify who we want to present to. Ideally a commitment to action plan and measurements should include interim (i.e quarterly) reporting that is shared among the IGFOA participants. Expansion beyond the scope of twice a year sharing of information among the participants should be seriously considered.

The presentation on What's Up with Our Measures has been included as [Attachment 18](#) of these proceedings.

INNOVATION ACADEMY

Brian Elms, author and Former Director of Denver Peak Academy and Analytics provided the Graduate School three sessions of learning.

In the first session, Brian went through the ins and outs of running and leading an innovation program. He discussed how his program in Denver was created, why it was created and what techniques they used to provide significant savings to the city and county of Denver. In his first presentation, he told a story about how the Human Resources team in Denver reduced the time it takes to fill a position from 90 days to 45 days. He provided direct examples of ways the team made their innovation stick.

In the second part of Brian's presentations, he took the teams outside to demonstrate a process. The teams threw a ball back and forth through the group. He then asked the team to innovate the process and moved the team to provide the same process in 5 seconds. Each team was able to eliminate unnecessary steps to move the process into the five second time. He then covered the See it, Say it, Solve it technique and asked teams to fill out the innovation form on a personal work project. The team members were able to fill out the See it and Say it parts of the innovation form and learned from a personal example Brian gave about his daughter. He then had a participant provide an example with what she is doing.

The presentation on the first two sessions of the Innovation Academy has been included as [Attachment 19](#) of these proceedings.

TAX ABATEMENT AND GASB 77

This session focused on one of the more immediate accounting standards whose implementation must occur during the fiscal year that just ended on September 30, 2017. Governments are now required to disclose details about any arrangements that the government may have with private sector employers, taxpayers, or others whereby these groups or individuals receive some kind of tax abatement or tax refund as an incentive to take an action that will benefit the government or the government's citizens, typically by some kind of economic development. The session covered the basic requirement of the disclosure, including the type of tax being abated, the type or types of programs that the government sponsors, and the amount of current year taxes being abated.

Following are the questions raised:

► For clarification purposes, for island governments that are receiving receive grant funding from multi-lateral arrangements for projects whereby taxes are waived, does GASB 77 apply?

Yes this applies to the definition of GASB 77 and will need to be disclosed. Keep in mind that this is a tax abatement and does not apply to project fees such as construction permits.

► If your insular government receives aid through the bi-lateral relationships (such as Government Japan) for construction of infrastructure but taxes such as import or other are waived, does GASB 77 apply?

Yes based on the description, this situation meets the abatement definition and requires disclosure. Further comments indicated that there may is a need for further clarification specifically for government that have bi-lateral and multi-lateral diplomatic immunity on taxation. Frank will need to obtain the agreements to provide a more definitive position on whether GASB 77 applies.

► In the case of tax holidays, which is specifically for the purpose of attracting investors for economic development, does GASB 77 apply?

To provide a more definitive response, the agreement will need to be obtained and reviewed. It will all be dependent on the conditions of agreement and if action by the investor has been taken to improve economic development.

► Do tax credit for energy efficiency meet requirements of GASB 77?

- No, there is no agreement between government and consumer. Typically, this type of arrangement is not applicable to GASB 77. Tax exemptions and tax credit are not typically applicable to GASB 77.
- For taxpayer confidentiality that is protected by statutory, will disclosure
- If there is a constitution right, it can be disclosed but kept it general by leaving out details of business and industry quoting statutory law that prohibits disclosing of amount.

The presentation on Tax Abatement and GASB 77 has been included as [Attachment 20](#) of these proceedings.

SEE IT: TOOLS TO IDENTIFY WASTE

In the third session, Brian took the team through a cause and effect tool also known as a fishbone. In this session, participants created a fishbone for their groups and were able to further diagnose issues they are having with their team and agency. Each table created a fishbone with the desired to understand why repeat findings are happening in their office.

From the fishbone, each team member came up with a way to solve each part of the fish bone using a logical progression or a hypothesis brainstorming know as “if we, then we”.

Going from what was causing the problem (of audit findings) to solving the problem, the tool of an If/Then statement followed the fishbone diagram exercise. Guided by the concept of solving the problem with no (new) people, no money, and no technology, the participants were tasked to come up with solutions using the If/Then tool. There is emphasis on no (new people), no money, and no technology because it is common for many governments.

The goal for these sessions was to introduce participants to the concepts that all employees can be innovators and they can help their team learn how to solve more and more problems using simple tools. Innovation does not have to be complex or huge. It can be simple; it can be low cost and still have dramatic impact to make progress!

The presentation on the Innovation Academy sessions has been included as [Attachment 19](#) of these proceedings.

GASB 74-75, OTHER POST-EMPLOYMENT BENEFITS (OBEP)

This session deals with new standards for implementation of accounting information related to a government's providing of benefits to retirees, other than pensions. In most cases, this takes the form of retiree healthcare benefits. The governments will now be required to calculate, record and disclose as a liability certain costs related “other post-employment benefits” for retirees. In many of the insular governments, these types of benefits currently calculate into the millions of dollars, with 2 of the governments benefit costs calculating into the billions of dollars (Guam and USVI). Tips were provided on how to properly and timely calculate, record and disclose such information in each government's annual financial statements.

The presentation on GASB 74-75, Other Post-Employment Benefits (OBEP) has been included as [Attachment 21](#) of these proceedings.

POPULAR ANNUAL FINANCIAL REPORTING

The success story of the PAFR is GovGuam's issuance of the first PAFR in the insular governments. The IGFOA members were able to review the highlights of Guam's PAFR as well as those from several US cities. The basic template for a PAFR which can be used by the IGFOA members includes the required disclaimers, an introduction from the chief executive or Director of Finance, and 4 pages of financial data summarizing where the money comes from, where it is spent, what the government owns and what it owes.

Suggested additional information would include demographic and other statistical data, major accomplishments and major plans of the government. The basic format should ensure that the PAFR is short, clear, colorful and includes pictures.

The following questions and general comments were raised:

► Status of those insular governments on PAFR

- RMI PAFR is in working progress. There is no designated focal point identified to take the lead on PAFR and will explore options for support.
- Palau has a similar report that is published on a semi-annual and annual basis. However, it includes unaudited information.

► Understanding is PAFR should be short. How long should it be?

For clarification, it should be short in comparison to the CAFR, which are typically 200+ pages long. Examples of PAFR provided in the session are between 17 – 28 pages.

► Is a CAFR required for PAFR to be completed?

Not necessarily, PAFR just needs to be on audited financial statements.

► What is the Guam experience on developing their PAFR? Were other stakeholder engaged/recruited to support the initiative?

Guam PAFR was produced by the Department of Administration and is primarily source from CAFR.

► What was the impact of the Guam PAFR upon publication release?

It was just released recently on 12/5/17 and impact not yet determined.

Other points highlighted for PAFR include:

- The body of the PAFR should not include technical accounting terminology. In the Fort Collins PAFR example, a glossary of accounting definitions is included as an appendix.
- Need to determine whether you have the capacity compile a PAFR in-house. Otherwise, external support may be an option.
- Need to make sure links to other external sites (i.e. public auditor website) for greater reach.

The presentation on Popular Annual Financial Report has been included as [Attachment 22](#) of these proceedings.

REPORT OUT: GOVERNMENT ACTION PLANS

Each government represented at the December 2017 meeting prepared action plans during the conference and reported their plan to the other members. The action items followed the conference agenda topics.

The insular government action plans can be found as [Attachments 23 to 32](#) of these proceedings.

CONFERENCE CLOSE-OUT

Official closing of the Winter 2017 IGFOA remarks was delivered by FSM Secretary **Sihna Lawrence**.

Let me first say my respect to Jason and the staff for this conference. My respects to the Ambassador from RMI and to the Ministers from Palau and RMI. To my friend Debbie Milks, we used to travel since the early 1980's. I also want to thank the other presenters – Tom, Mark, Kevin, Frank, Brian and Melissa. Thank you for everything you have done. I also want to thank all our friends. I wish you all a safe and enjoyable trip back to your islands.

Keeping in mind that this group is the backbone of government, we must do good and not compromise in Finance. We must do everything in accordance to the laws and regulations. It is good to have friends but not the during work hours. After hours are ok but always remember not to compromise. Thank you for participating. Thank you very much.

CONFERENCE EVALUATIONS

At the end of the conference, each participant completed a conference evaluation. Participants agreed that the IGFOA sessions were timely and relevant (4.7 out of 5.0). The complete conference evaluation, along with the specific participant comments, has been included as [Attachment 33](#) to these proceedings.



IGFOA

Maui, Hawaii • 2017

CONFERENCE ATTACHMENTS

IGFOA Maui 2017 Agenda



01

IGFOA

WAILEA, MAUI, HAWAII

DEC 12-14, 2017

IGFOA Winter Meeting

GRAND WAILEA MAUI

MEETING AGENDA

The goals of the December 2017 IGFOA conference are to:

- Share the status of each government's single audits, finance office operations, performance measures, and other initiatives completed since the June 2017 IGFOA conference in Denver;
- Present and discuss best practices in single audit improvement, finance office performance improvement, FMIS systems acquisition, government process improvement, and fiscal planning;
- Exchange information on the latest Performer analyses;
- Build government-specific plans to implement new GASB standards, enhance finance office performance measures, prepare for FMIS acquisition, improve government processes, utilize tools for fiscal planning and debt reduction, and continue corrective action planning for single audits.

MONDAY, DECEMBER 11, 2017

1:30 p.m.

Meeting for Conference Organizers

Silversword Conference Room

Pre-conference meeting for conference organizers and presenters to discuss conference agenda and outcomes.

2:00 p.m.

(to 4:00 p.m.)

Conference Registration.

Outside the Silversword Conference Room

Judy Perry will be available from 2:00 p.m. to 4:00 p.m. for sponsored IGFOA participants to pick up meal stipends.

TUESDAY, DECEMBER 12, 2017

7:00 a.m.

☐ Breakfast.

Haleakala Garden 2 - Buffet breakfast for IGFOA participants will be served Tuesday-Thursday mornings.

8:30 a.m.

IGFOA Conference.

Haleakala Ballroom 2

Welcoming Remarks.

- Hon. Elbuchel Sadang, Palau Minister of Finance, IGFOA
- Hon. Douglas Domenech, Assistant Secretary for Insular Areas, U.S. Department of the Interior
- Mr. Jason Aubuchon, Program Manager, Pacific & Virgin Islands Training Initiative, Graduate School USA

9:00 a.m.

Introductions & Agenda Review.

Mr. Kevin O'Keefe, Facilitator

9:30 a.m.

Insular Government Updates.

Moderators: Mr. Kevin O'Keefe, Ms. Deborah Milks, CPA.

Governments will present on the status of their single audits, government finance office performance measures, the current status of their financial management systems, and current levels of government debt.

Presentations (7-10 minutes each):

- American Samoa
- Commonwealth of the Northern Mariana Islands
- Guam

10:15 a.m.

☐ Morning Break.

10:30 a.m.

Insular Government Updates (Continued).

Presentations (7-10 minutes each):

- Republic of the Marshall Islands
- Federated States of Micronesia
 - Pohnpei
 - Chuuk
 - Kosrae
 - Yap
- Republic of Palau

TUESDAY, DECEMBER 12, 2017 (CONTINUED)

11:30 a.m.	Insular Government FY2016 Audit Improvement Update. Ms. Deborah Milks, CPA <i>Analysis of audit trends for FY2016, including historical trends in audit timeliness, number and types of audit qualifications, amount of questioned costs, and general observations of recent trends.</i>
12:00 p.m.	Group Photo.
12:15 p.m.	Lunch.
1:15 p.m.	Insular Government Performeters. Mr. Frank Crawford, CPA <ul style="list-style-type: none">• Updating the most recent Performeter scores for FY 2016.• Review progress in the Audit Findings, Timeliness of Audit Submission and Exception Resolution (A.F.T.E.R. analysis).
2:45 p.m.	Afternoon Break.
3:00 p.m.	Insular Government Stress and Debt. Ms. A. Melissa Moye, U.S. Department of Treasury <i>Summary of key financial ratios in the flag territories, including coverage of outstanding long-term debt obligations, other long-term liabilities (pension & OPEB), credit ratings and a summary of fiscal and financing problems. The presentation will also highlight tools to improve financial management.</i>
5:00 p.m.	Update Action Plans by Government.
5:15 p.m.	Adjourn Day One.

WEDNESDAY, DECEMBER 13, 2017

7:00 a.m.

☐ Breakfast.

Haleakala Garden 2 - *Buffet breakfast for IGFOA participants will be served Tuesday-Thursday mornings.*

8:30 a.m.

IGFOA Conference.

Haleakala Ballroom 2

Review Day One and Agenda for Day Two

Mr. Kevin O'Keefe, Facilitator

8:45 a.m.

Budget Update from the Department of Insular Affairs

Mr. Thomas Bussanich, *Budget Director, DOI-OIA*

9:00 a.m.

Panel Discussion: Insular Government Financial Management Information Systems (FMIS) in Transition

Ms. Deborah Milks, CPA, *Facilitator*

Panelists:

- Christine Baleto (Guam)
- Caryn Koshiba (Palau)
- Maybeline Bing (RMI)
- Levi Reese (American Samoa)
- Tom Bussanich (Department of the Interior)

As many of the insular governments initiate the process of transitioning to new Financial Management Information Systems, this session will focus on the transition process, best practices, opportunities for regional coordination, and identifying resources for consulting and training.

9:45 a.m.

☐ Morning Break.

10:00 a.m.

GASB 74-75, Other Post-Employment Benefits (OPEB)

Mr. Frank Crawford, CPA

Most insular government will be impacted by GASBs 74-75, relating to OPEB Trust Fund accounting (effective 2017) and reporting requirements for employers providing OPEB (effective 2018). OPEB standards will require governments to record accrued OPEB liabilities within Statements of Net Position.

11:00 a.m.

What's Up With Our Measures?

Deborah Milks, CPA

Review of current IGFOA finance office performance measures, and a discussion of obstacles to utilizing and implementing measures as a management tool.

WEDNESDAY, DECEMBER 13, 2017 (CONTINUED)

12:00 p.m.

Lunch.

Note: FSM, RMI and Palau will join a lunch discussion facilitated by Debbie Milks and Kevin O'Keefe on regional FMIS coordination.

1:00 p.m.

Innovation Performance Framework

Brian Elms, *Change & Innovation Agency*

- Starting with 'Why': Why Innovation Performance? Why Innovation Academy? Why Lean? Why now?

1:45 p.m.

Structured Problem Solving; Current and Future State Metrics

Brian Elms, *Change & Innovation Agency*

- Problem Solving, Consensus Building, Learning, and Communication Tools: How to Structure a Problem, Defining Hard and Soft Dollar Savings, Service Level Improvements, & Human Development Metrics

3:00 p.m.

Afternoon Break.

3:15 p.m.

Tax Abatements and GASB 77

Mr. Frank Crawford, CPA

New tax abatement note disclosures for 2017 financial statements are likely to impact many insular governments. Tax abatements are generally defined as any agreements in which tax revenues are being abated or rebated to companies, organizations or individuals in turn for some specific performance that enhances economic or industrial development.

4:45 p.m.

Update Action Plans by Government.

5:00 p.m.

Adjourn Day Two.

THURSDAY, DECEMBER 14, 2017

- 7:00 a.m.** **☐ Breakfast.**
Haleakala Garden 2 - Buffet breakfast for IGFOA participants will be served Tuesday-Thursday mornings.
- 8:30 a.m.** **IGFOA Conference.**
Kaimuki 1 Conference Room
Review Days One and Two, and Agenda for Day Three
Mr. Kevin O'Keefe, Facilitator
- 8:45 p.m.** **See it: Tools to Identify Waste**
Brian Elms, *Change & Innovation Agency*
 - Identification First, Solutions Second; Using Gap Analysis Tools; Exercise using a Fishbone Diagram and 5 Whys
- 9:45 a.m.** **Governmental Accounting Update: The Principles Evolve**
Mr. Frank Crawford
A "high-altitude" look at some of the changes that will be applicable to future fiscal year financial statements and beyond, including changes outside of GASB 77 Tax Abatements and GASBs 74-75 OPEB. In addition, a brief glance much farther down the road at the concept of a new reporting model (yes, a new reporting model), current exposure drafts, preliminary view documents and other items of interest.
- 10:45 a.m.** **☐ Morning Break.**
- 11:00 a.m.** **Popular Annual Financial Reporting**
Ms. Deborah Milks, CPA
The Denver IGFOA Conference highlighted progress U.S. state and local finance offices continue to make developing citizen-centric reporting tools. This session will discuss best practices, highlight successes, and challenge insular governments to consider popular reporting methodologies.
- 12:00 p.m.** **☐ Working Lunch.**
Finalizing Insular Government Action Plans.
Breakout Rooms
- 1:30 p.m.** **Report Out: Government Specific Action Plans**
- 3:00 p.m.** **Conference Wrap-Up**
Mr. Kevin O'Keefe, Facilitator
 - Advancing the Action Plans
 - Conference Evaluations
 - Next Steps
- 3:30 p.m.** **Adjourn.**

Government of American Samoa Status Update



02

American Samoa Government

GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA)
Winter Meeting, Maui, December 12-14, 2017

(IGFOA December 2017)

ASG Audit Results FY 2016



HIGHLIGHTS FY 2016	
Describe the current status of your FY16 audit.	<ul style="list-style-type: none"> • Completed May 11, 2017 • Financials issued • Single Audit report yet to be issued
Describe any expected changes in your qualifications and findings from prior years.	<ul style="list-style-type: none"> • 4 qualifications – gov't activities, GF, Grants, CU • same financial findings • 4 single audit findings
IGFOA/Maui	December 2017 Winter's Conference

ASG FY 17 Audit Status	
Describe the current status of your FY17 audit.	Single Audit : Mostly complete 6 potential finding (No questioned cost) – Buy America Clause, matching, payroll, report filing, equipment inventory
Describe any expected changes in your qualifications and findings from prior years.	Financial Audit : January 2018, too soon to tell but most likely no changes, same qualifications & findings
Do you expect any unusual challenges for the FY17 audit?	NO

IGFOAMaui | December 2017 Winter Conference

Status of ASG action plans	
Planning Area	Major accomplishment
Ideas you wanted to implement based upon the GFOA/IGFOA presentations	Go Tax Live
Use of Financial Performance Measures	
Systems Planning (if applicable)	System Upgrade – One Solution

IGFOAMaui | December 2017 Winter Conference

ASG Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.	CMIA / Timely Audits
Which measure areas are most critical to you, as a finance manager?	Recons (GL) / Grants Reconciliations AR's / ADV
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	NO, Treasury does give copies to Governor's Office

IGFOAMaui

December 2017 Winter Conference

1

ASG Finance Office Challenges

What is the greatest challenge in your financial operations?	Cash Flow, Personnel Turnover, Management issues which cause inefficient processes
How could you resolve or improve that challenge?	Stick to the Budget Plan, Incentives to retain personnel, an adequate training on separation of Culture and Government / Politics
How would you measure whether your improvement plan is working?	CLEAN AUDIT !!!!

IGFOAMaui

2

ASG Unspent Federal Funds



	Grants which expired 9-30-2016	Grants which expired 9-30-2017
Total Funds Received / Drawn	\$115,545,924	\$108,679,412
Total Expended	\$115,704,127	\$124,679,931
Unspent (lost) funds	Minimal, Majority of awards have liquidation periods of 12/30	Same as period
Lost funds/ budgeted amount = % lost	To be discussed	To be discussed

IGFOA/Maui

December 2017 Winter Conference

ASG Performance Measures

Timeliness of Bank reconciliation	Fixed Asset Inventory	# completed personnel evaluations	Collection of outstanding advances	Federal Grant Receivables	Revenue Estimates
Completed	Physical inventory completed at 9-30-16?	80% per Personnel Manager	Under Construction / Trying to build a more realistic model. Weekly ADV reports	Under Construction / Trying to build a more realistic model. Weekly AR reports	75%
15 days after the end of the month	Any fixed asset findings on the audit?	100%	Under 5%	Under 5 %	100%
Same	Compare to prior year	Same as prior year	BETTER / Explain - analyst are more involved	BETTER /	NA
No Plan needed / YAY		To set up reminders to Supervisors / Managers of their duties / responsibilities to their staff members	Communication b/w Departments, weekly meetings (Every Monday)	Communication with Departments that have restricted funds / discipline of Grants analyst on drawing funds for unrestricted accounts	Set Realistic Revenue Projections

ASG Detail of one performance measure



#1 : Incorporate Uniform Guidance with SOP (Finance)

Under Construction :

- Obstacle is changing the mindset.
- Training has begun, but need to be on same page as those above finance officers.
 - Grants Training with Arona Maiava. Finding ways to make things happen in a legal way.
- Better Communication btw Grantor / Department / Treasury
- READING / Understanding the AWARD and that comes with it.
 - e.g. Budget Period / Reporting Periods / Funding Allocation

What is one recent finance office accomplishment you would like to highlight?

Better WORKING relationship with our Federal Agencies and Grantors.

Helps us , Help the Departments

Government of CNMI Status Update



03

Commonwealth of the Northern Mariana Islands

GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA)
Winter Meeting, Maui, December 12-14, 2017

Agenda

Single Audit

CNMI Action Plans

Performance Measures

Debt and Stress

Comments and Questions

CNMI Audit Results FY 2016



HIGHLIGHTS FY 2016	
Completion date	July 2017
# Federal Qualifications	19
# Financial Qualifications	13
# Component Unit Qualifications	N/A
# Repeat Findings	11

IGFOA Maui

December 2017 Winter Conference

1

CNMI FY 17 Audit Status

Describe the current status of your FY17 audit.	Deloitte & Touche, LLC Major Programs Major Reports & Schedules
Describe any expected changes in your qualifications and findings from prior years.	Pension/NMISF Resolution of old (+3 yrs) Questioned Costs
Do you expect any unusual challenges for the FY17 audit?	Component Units Corrective Action Plans

IGFOA Maui

December 2017 Winter Conference

1

Status of CNMI action plans	
Planning Area	Major accomplishment
Ideas you wanted to implement based upon the GFOA/IGFOA presentations	<i>Cash Management Implemented CAP "Czar" Implemented</i>
Use of Financial Performance Measures	<i>Proposal Stage on PAFR and Performance Evaluations</i>
Systems Planning (if applicable)	N/A

IGFOA/Maui

December 2017 Winter Conference

CNMI Performance Measures	
List the IGFOA performance measures where your office consistently achieves your target.	<i>Timeliness of Reports filing</i>
Which measure areas are most critical to you, as a finance manager?	<i>Federal Awards Travel Advance Revenue Projections & Budget</i>
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	<i>Governor & Budget office</i>

IGFOA/Maui

December 2017 Winter Conference

5

CNMI Challenges for Performance Measures	
Increase spending of Federal Awards	<i>Increased training of Program Managers Update reports and data</i>
Decrease Questioned Costs	<i>Increased training Periodic assessments of program success</i>
Decrease Financial Qualifications	<i>Update systems and desk procedures Individual performance goals and measures</i>

IGFOA/Maui

December 2017 Winter Conference

1

CNMI Unspent Federal Funds

77 78

	Grants which expired 9-30-2016	Grants which expired 9-30-2017
Total Grant Budgets	\$116,167,012	\$125,839,146
Total Expended	\$69,991,921	\$99,112,911
Unspent (lost) funds	\$46,175,091	\$26,726,235
Lost funds/ budgeted amount = % lost	40%	21%

IGFOA/Maui

December 2017 Winter Conference

1

CNMI Performance Measures					
Timeliness of Bank reconciliation	Fixed Asset Inventory	# completed personnel evaluations	Collection of outstanding advances	Federal Grant Receivable FY 16	Revenue Estimates
All major accounts were closed in 23-25 days	Physical inventory completed at 9-30-16? N/A	% of completed evaluations annually N/A	% of advances outstanding over 90 days at 9-30-17 12% uncollected	Ratio of receivables to revenues for FY16 26% federally funded 9% deferred revenues	% variance of the actual revenue to estimated revenues FY17 2%
What is your target # days? 30 days	Any fixed asset findings on the audit? 3 Findings	What is your target %? N/A	What is your target %? N/A	What is your target? N/A	What is the target? 5%
Compare to prior year 45 days	Compare to prior year 4 Findings	Compare to prior year N/A	Compare to prior year 10.3%	Compare to prior year No Change	Compare to prior year 11.4%
Improvement	Completion plan?	Improvement plan?	Improvement plan?	Improvement plan?	Improvement plan?

CNMI Debt and Stress

77 78

Total Debt Outstanding	Population	Debt per Capita
\$ 471,136,113	52,263	\$9,015

Annual Debt Service per capita	\$ 196
Net Pension & OPEB Liability per capita	\$ 0*
Net Pension Liability per capita (NMIRF/Settlement Fund)	\$ 11,912 / \$8,954
Does your government prepare a five-year budget projection? Ten year?	None
Does your government have a plan to address debt?	POB, Appropriations
What are the credit ratings of your government?	B2 (Moody's)

CNMI Greatest Challenge

Fixed Asset Inventory

- ❖ Procurement Regulations Amended
 - Effective January 01, 2018; consultant needed
 - Target: 30% in 2018; 65% in 2019
- ❖ Importance and Effectiveness
 - Starting basis
 - Decentralized
 - Employees needed
 - Better record keeping

CNMI Accomplishment

Fixed Asset Inventory

- ❖ Procurement Regulations Amended
 - Effective January 01, 2018; consultant needed
 - Target: 30% in 2018; 65% in 2019
- ❖ Importance and Effectiveness
 - Starting basis
 - Decentralized
 - Employees needed
 - Better record keeping

CNMI Accomplishments

Bank Reconciliations

Audit Schedules

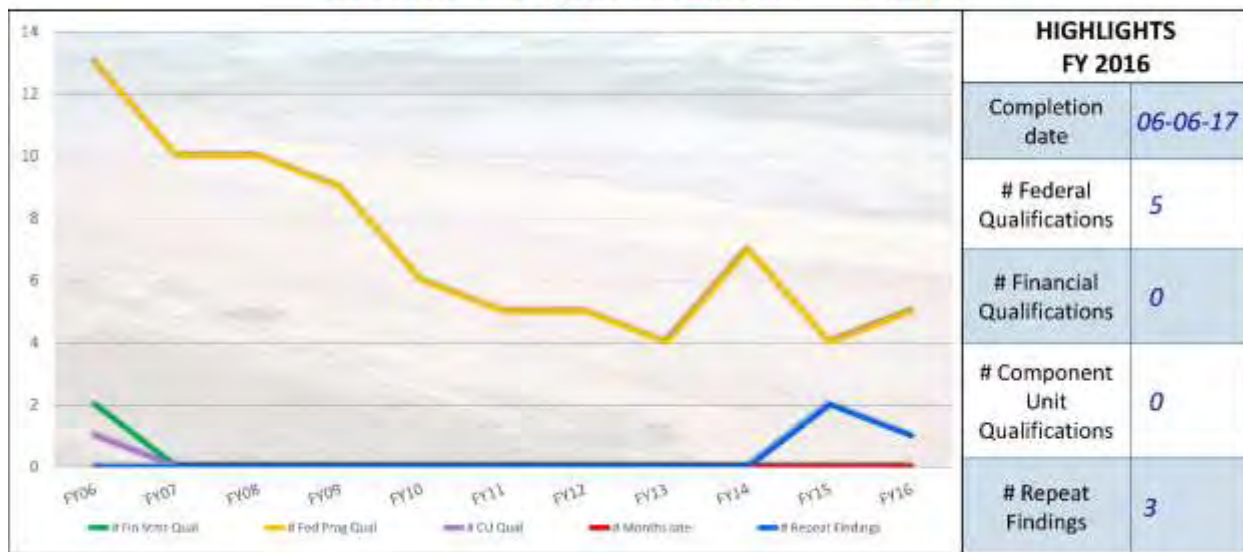
Government of Guam Status Update



04



GovGuam's Audit Results FY 2016



HIGHLIGHTS FY 2016	
Completion date	06-06-17
# Federal Qualifications	5
# Financial Qualifications	0
# Component Unit Qualifications	0
# Repeat Findings	3

GovGuam's FY 2017 Audit Status

<i>Describe the current status of your FY17 audit.</i>	<i>Year 2 (FY2017) of 3 (with Deloitte & Touche, LLP) already started and is on-going. First draft due February 28th and final by March 31st, 2018.</i>
<i>Describe any expected changes in your qualifications and findings from prior years.</i>	<i>No expected changes</i>
<i>Do you expect any unusual challenges for the FY17 audit?</i>	<i>None</i>

IGFOA(Mau)

Maui, Hawai 2017 Winter Conference

Status of GovGuam's action plans

Planning Area	Major accomplishment
Ideas you wanted to implement based upon the GFOA/IGFOA presentations	<i>UPDATE: Systems Enhancements – after discussions with other stakeholders, decision to focus on enhancements of current systems will be the more viable solution.</i>
Trends for Federal A/R – Changes?	<i>Improvement from 5.9% to 5.6%, down 0.03%</i>
Use of Financial Performance Measures	<i>Adopted for each branch: measurement for number of invoices processed, bank reconciliation due dates, and travel clearances</i>
GASB 77 – abatements?	<i>Early adoption, but was not fully implemented due to lack of timely information. FY17 – current information is available.</i>
Systems Planning (if applicable)	<i>Focus on improving reporting capabilities and integrating systems.</i>

IGFOA(Mau)

Maui, Hawai 2017 Winter Conference

4

GovGuam's Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.	<i>Bank reconciliation, Bounced Checks, CMIA</i>
Which measure areas are most critical to you, as a finance manager?	<i>Cash Management - Bank reconciliation</i>
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	<i>Cash Management Issues presented to Chief Fiscal Advisor, Governor and Legislature.</i>

IGFOA Maui

December 2017 Winter Conference

GovGuam's Finance Office Challenges

What is the greatest challenge in your financial operations?	<p><i>Lack of Funding:</i></p> <ul style="list-style-type: none"> • <i>Recruitment: Need for more Entry- to Mid-level Staff;</i> • <i>Employee Retention: Leaving for higher paying jobs at Autonomous Agencies;</i> • <i>System Limitations: Costly to acquire and implement new systems.</i>
How could you resolve or improve that challenge?	<i>Implemented several Memorandum of Agreements for services (i.e. payroll) performed. Funding assists in staffing and systems improvements.</i>
How would you measure whether your improvement plan is working?	<p><i>Reduced employee turnover rate.</i></p> <p><i>Systems Enhancements.</i></p>

IGFOA Maui

December 2017 Winter Conference

GovGuam's Unspent Federal Funds

* FY2017 preliminary – until after December 31, 2017

	All Grant Awards		Annual Grant Awards		Annual Awards <\$1M	
Grants which Expired 09-30	2016	2017*	2016	2017*	2016	2017*
Total Grant Budgets	118,375,583	133,604,679	66,403,904	103,639,777	8,999,843	10,495,701
Total Expended	102,215,443	84,246,414	54,005,780	72,645,816	7,070,585	6,961,608
Unspent (lost) funds	16,160,140	49,358,265	12,398,124	30,993,962	1,929,258	3,534,094
Lost funds/ budgeted amount = % lost	14%	37%	19%	30%	21%	34%

IGFOA[Maui]

December 2017 Winter Conference

1

GovGuam's Performance Measures

Timeliness of Bank reconciliation	Fixed Asset Inventory	# completed personnel evaluations	Collection of outstanding advances	Federal Grant Receivables	Revenue Estimates
Status of 9-30 bank reconciliations: <i>Completed</i>	Physical inventory completed at 9-30-17? <i>Next scheduled inventory is January 2018</i>	% of completed evaluations annually <i>80%</i>	% of advances outstanding over 90 days at 9-30-17 <i>2.55%</i>	Ratio of receivables to revenues for FY17 <i>5.6%</i>	% variance of the actual revenue to estimated revenues FY17 – <i>(2.517%)</i> Est. 702,611,330 Act. 684,929,743
What is your target # days? <i>15 days after receiving bank statements</i>	Any fixed asset findings on the audit? <i>None expected for FY2017</i>	What is your target %? <i>100%</i>	What is your target %? <i><10% uncollected</i>	What is your target %? <i>3%</i>	What is your target %? <i><1%</i>
Compared to prior year <i>Improved, now averaging 10-20 days</i>	Compared to prior year <i>Continuous improvement is anticipated</i>	Compared to prior year <i>No significant changes; additional staff due to change in evaluation period</i>	Compared to prior year <i>Great improvement – from 46.55% @ 2nd Quarter to 2.55% @ 4th Quarter</i>	Compared to prior year <i>FY16 was 5.9%, an improvement of .3%</i>	Compared to prior year <i>Improvement of 1.308% FY16= (3.825%) under Est. FY17= (2.517%) under Est.</i>
Improvement plan? <i>On-going cross-training of employees</i>	Completion plan? <i>Tagging equipment continues to be an on-going project</i>	Improvement plan? <i>Conduct mid-term evaluation to ensure a more reasonable submission by due dates</i>	Improvement plan? <i>Continue the enforcement of policies and follow-ups with agencies via email and telephone</i>	Improvement plan? <i>Continue updating and enforcing policies and communicate with agencies more frequently</i>	Improvement plan? <i>Continue current process</i>

IGFOA[Maui]

December 2017 Winter Conference

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GovGuam's Debt and Stress

Total Debt Outstanding	Population	Debt per Capita
\$	161,785	\$
Annual Debt Service per capita	\$12,041 (\$1,948,070,725 / 161,785)	
Net OPEB Liability per capita	\$8,437 (\$1,365,051,957 / 161,785)	
Net Pension Liability per capita	\$5,230 (\$846,150,680 / 161,785)	
Does your government prepare a five-year budget projection? Ten year?	BBMR has a 5-year revenue and expenditure forecast which currently assumes a 5% increase in revenues . Information extracted from the Supplemental Economic Impact Assessment is factored into the assumption. No 10-year projection.	
Does your government have a plan to address debt?	Yes, debt service appropriations are taken from estimated revenues prior to making operations appropriations; 2% reserve on gross revenues as mandated by GCA for deficit reduction.	
What are the credit ratings of your government?	GOB: BB- (08/30/2017) LOB: A (08/30/2017)	

IGFOA Maui

December 2017 Winter Conference

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What is one recent finance office accomplishment you would like to highlight?

❖ SECURING ADDITIONAL FUNDING:

- *Entering into Memorandum of Understanding for Accounting Services performed for Semi-Autonomous and Autonomous agencies that fall under the purview of the Executive Branch of the Government of Guam*

- ✓ *MOU with Office of Public Accountability has been secured and finalized;*

- ❑ *MOU with the Guam Visitors Bureau still pending; and,*

- ❑ *MOU with the Guam Solid Waste Authority still pending.*

❖ APPLYING STRINGENT PROCESSES RELATED TO TRAVEL ADVANCES (see next slides)

- *DOA Organizational Circular #2018-002 Travel Per Diem Process*

IGFOA Maui

December 2017 Winter Conference

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GovGuam – DOA Division of Accounts Contacts

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Government of RMI Status Update

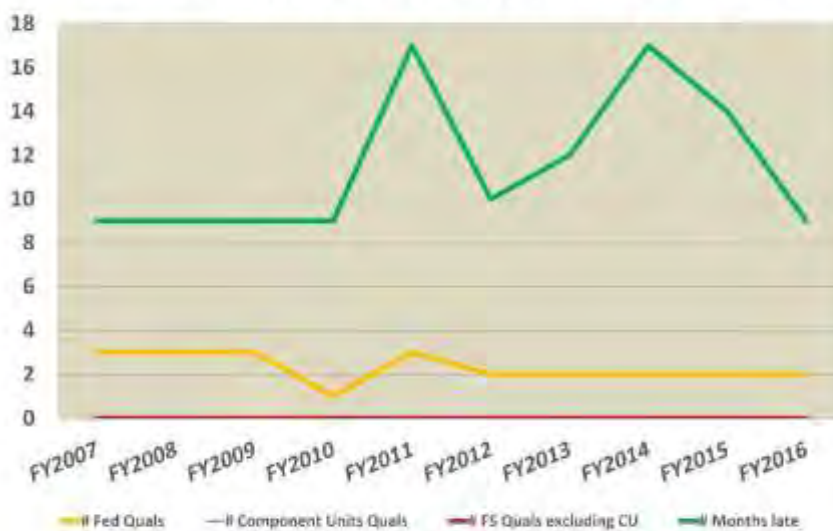


05



IGFOA December 2017

RMI Government Audit Results FY 2016



IGFOA Maui

December 2017 Winter Conference

HIGHLIGHTS FY 2016	
Completion date	June 29, 2017
# Federal Qualifications	2
# Financial Qualifications	None
# Component Unit Qualifications	None

RMI Government FY 17 Audit Status	
Describe the current status of your FY17 audit.	Trial Balance and Supporting Schedules have already transmitted to Auditors on Nov. 30, 2017.
Describe any expected changes in your qualifications and findings from prior years.	Decrease in Audit Findings
Do you expect any unusual challenges for the FY17 audit?	None

IGFOA Maui

December 2017 Winter Conference

RMI Government action plans	
Planning Area	Major accomplishment
Ideas you wanted to implement based upon the GFOA/IGFOA presentations	<ul style="list-style-type: none"> • Ongoing Implementation of the RMI Public Financial Management Roadmap • Establishment of a Performance Monitoring & Evaluation Unit – Human Resources and Internal Audit • Draft PAFR for FY16 • MOF Skill sets assessment –MOF HR currently working on JDs linking to performance evaluation & Monitoring, MOF restructuring – change management (medium term) • Employee Survey • New Employee and supervisor's Manual • PFTAC assistance on Tax Administration
Use of Financial Performance Measures	<p>Ongoing implementation with Mixed progress –</p> <ul style="list-style-type: none"> • Reconciliation – significant improvement up to date compared to 12 months behind in prior years • Fixed asset at 75% with outer island outstanding- challenge is manpower and transportation • Cash Management (needs more improvement)

RMI Government Performance Measures	
List the IGFOA performance measures where your office consistently achieves your target.	<ul style="list-style-type: none"> • Timely Bank Reconciliations • Timely Audit Report • Reduction in QCs • Continued efforts in QCs reduction- with an active Audit Resolution Committee
Which measure areas are most critical to you, as a finance manager?	<ul style="list-style-type: none"> • ALL of the ABOVE
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	<ul style="list-style-type: none"> • Yes. MOF Qtrly report • Presentation of FY16 Audit results to Cabinet

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RMI Government Finance Office Challenges	
What is the greatest challenge in your financial operations?	<ul style="list-style-type: none"> • PLENTY • Procurement • Cash Management Planning & Monitoring
How could you resolve or improve that challenge?	<ul style="list-style-type: none"> • PFM Implementation • Complete and implement workforce development plan • Establish a Cash Planning Module to all line ministries and agencies.
How would you measure whether your improvement plan is working?	<ul style="list-style-type: none"> • Improved procurement compliance • Improved efficiency • Monthly/quarterly analysis between cash forecasts and actual cash balances.

IGFOA Maui December 2017 Winter Conference 6

RMI Government Unspent Federal Funds



	Grants which expired 9-30-2016	Grants which expired 9-30-2017
Total Grant Budgets	11,567,232	12,130,773
Total Expended	9,840,576	9,705,749
Unspent (lost) funds	1,726,656	2,425,024
Lost funds/ budgeted amount = % lost	15%	20%

IGFOA/Maui

December 2017 Winter Conference

1

RMI Government Performance Measures

Timeliness of Bank reconciliation	Fixed Asset Inventory	# completed personnel evaluations	Collection of outstanding advances	Federal Grant Receivables	Revenue Estimates
Status of 9-30 bank reconciliations Completed	Physical inventory completed at 9-30-17? 75% completed	% of completed evaluations annually Still ongoing	% of advances outstanding over 90 days at 9-30-17 55%	Ratio of receivables to revenues for FY17 9%	% variance of the actual revenue to estimated revenues FY17 7%
What is your target # days? 14 days upon receipt of bank statement	Any fixed asset findings on the audit? Physical inventory is still ongoing	What is your target %?	What is your target %? 10%	What is your target? 5%	What is the target? 5%
Compare to prior year Significant Improvement FY 12 Months behind Now! Current	Compare to prior year Significant Improvement	Compare to prior year	Compare to prior year Remain the same	Compare to prior year Decrease by 5% (Prior Year 14%)	Compare to prior year Remain the same
Improvement plan? Training of employees is on going	Completion plan? Assessment and appraisal to ascertain the serviceability of fixed assets.	Improvement plan?	Improvement plan? Establish policies on cash management.	Improvement plan? Establish policies and procedures on Cash Management System	Improvement plan? Create a strong and reliable revenue forecasts

RMI Government Debt and Stress



Total Debt Outstanding	Population	Debt per Capita
\$62,867,401	53,000	\$1,186

Annual Debt Service per capita	\$758
Net OPEB Liability per capita	
Net Pension Liability per capita	
Does your government prepare a five-year budget projection? Ten year?	No, it's 3 years
Does your government have a plan to address debt?	yes
What are the credit ratings of your government?	

Detail of one performance measure



- Federal Grants Receivable
- Provide some bullet points to note
 - To improve collection
 - Cash flow
 - Strengthen Monitoring & Compliance

What is one recent finance office accomplishment you would like to highlight?

Timely GL reconciliations which reduced 60% on prior year's FS findings.

MOF established a Performance Management and Internal Audit Unit to strengthen the internal controls.

Enhancement of the Audit Resolution Committee to address and resolve audit findings. 41% of Prior Year's Questioned was resolved.

FY17 closing of books is 1.5 months ahead from last year

Government of FSM Status Update



06

FSM National Government

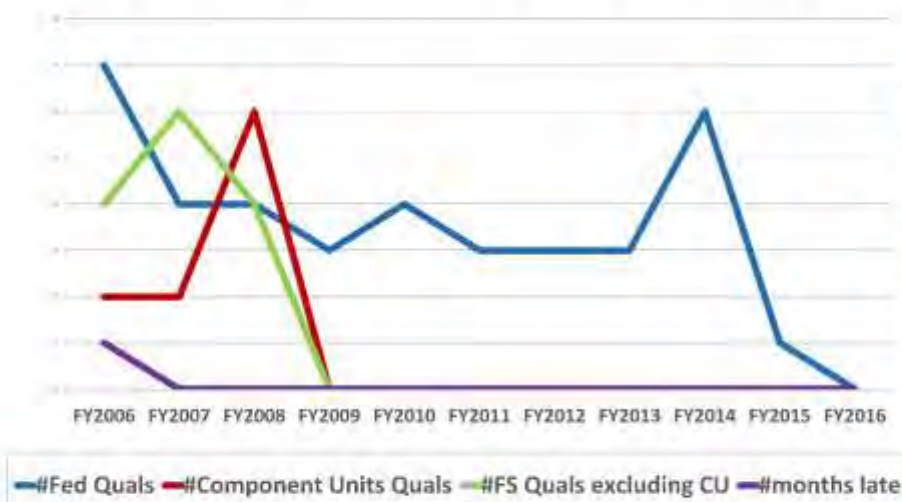
GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA)
Winter Meeting, Maui, December 12-14, 2017

IGFOA December 2017

FSM National Government Audit Results FY 2016



HIGHLIGHTS FY 2016	
Completion date	June 30, 2017
# Federal Qualifications	0
# Financial Qualifications	0
# Component Unit Qualifications	0
# Repeat Findings	0

IGFOA/Mau

December 2017 Winter Conference

3

FSM National Government FY 17 Audit Status	
Describe the current status of your FY17 audit.	<ul style="list-style-type: none"> • Preliminary trial balance was already submitted to Deloitte. • Deloitte has submitted lists of audit selections. • Audit is expected to complete on April 2018.
Describe any expected changes in your qualifications and findings from prior years.	<ul style="list-style-type: none"> • Qualifications and findings might increase due to the new requirements of the Uniform Guidance particularly the monitoring requirement over the subrecipients.
Do you expect any unusual challenges for the FY17 audit?	<ul style="list-style-type: none"> • The target of completing the audit on April 2018 which requires us to submit the schedules early. • Failure in Fundware system to post some September 2017 transactions into the general ledger.
<div>IGFOA Maui</div> <div>December 2017 Winter Conference</div>	

FSM National Government action plans	
Planning Area	Major accomplishment
Ideas you wanted to implement based upon the GFOA/IGFOA presentations	
<ul style="list-style-type: none"> •To conduct training about Code of Ethics. •To develop policy about transparency in government. •To develop budget modules. 	<i>Still in the planning stage.</i>
Use of Financial Performance Measures	
<ul style="list-style-type: none"> •Development of Uniform Procurement Policy. •Timely submission of SF425 reports. •GL and bank accounts reconciliation 	<ul style="list-style-type: none"> •Draft copies are distributed to the departments for comment. •reports are submitted on time and are currently implemented. •Currently implemented.

FSM National Government Performance Measures	
List the IGFOA performance measures where your office consistently achieves your target.	<i>Physical inventory of fixed assets.</i>
Which measure areas are most critical to you, as a finance manager?	<i>Timeliness of bank reconciliation and # of days to process an invoice .</i>
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	<i>Have not.</i>

IGFOA Maui

December 2017 Winter Conference

FSM National Government Finance Office Challenges	
What is the greatest challenge in your financial operations?	<i>Our financial operations' greatest challenge is when the accounting system is not working as expected and personnel turnover.</i>
How could you resolve or improve that challenge?	<i>To acquire new FMIS and technical support will continuously be provided. Provide incentives to the employees.</i>
How would you measure whether your improvement plan is working?	<i>Accounting system is functioning and providing reports within the expectations. Employees are staying and producing expected outputs.</i>

IGFOA Maui

6

FSM National Government Unspent Federal Funds



	Grants which expired 9-30-2016	Grants which expired 9-30-2017
Total Grant Budgets	\$2,090,416	\$3,886,687
Total Expended	\$1,976,084	\$3,191,375
Unspent (lost) funds	\$114,332	\$695,312
Lost funds/ budgeted amount = % lost	5%	18%

IGFOA/Mau

December 2017 Winter Conference

1

FSM National Government Performance Measures					
Timeliness of Bank reconciliation	Fixed Asset Inventory	# completed personnel evaluations	Collection of outstanding advances	Federal Grant Receivables	Revenue Estimates
Score of 9-10 bank reconciliations.	Physical inventory completed at 9-30-17?	% of completed evaluations annually.	% of advances outstanding over 90 days at 9-30-17?	Ratio of receivables to revenues for FY16.	% variance of the actual revenue to estimated revenue FY16.
Almost all the accounts are completed, reconciling items need to be identified and booked.	Completed.	Personnel evaluation is performed when the employee's contract is renewed.	75%	21%	18% more.
What is your target 90 days?	Any fixed asset findings on this audit?	What is your target 95?	What is your target 95?	What is your target?	What is the target?
To complete the reconciliation process within 90 days.	For FY 2016 audit, there is no fixed asset finding.	To perform evaluation to all employees at least annually.	To collect outstanding advances or require the traveler to make payroll allotment before processing of the next travel authorization.	To collect the receivables on a timely manner and ensure that receivables are not outstanding for more than ninety (90) days.	To have more accurate estimates.
Compare to prior year.	Compare to prior year.	Compare to prior year.	Compare to prior year.	Compare to prior year.	Compare to prior year.
Reconciliation of accounts are completed earlier than prior year.	There is no fixed asset finding both in FY 2015 and FY 2016 audit.	Personnel evaluation is performed when the employee's contract is renewed.	Billing statement is sent on a monthly basis.	Prior year's receivables ratio to revenues was 4%.	The variance was 3% more.
Improvement plan?	Completion plan?	Improvement plan?	Improvement plan?	Improvement plan?	Improvement plan?
Monitoring of cash receipts and disbursements on a daily basis.	To complete physical inventory and tagging before the end of fiscal each year.	To perform personnel evaluations on a regular basis.	To reconcile the account and send billing statement to the travelers on a monthly basis.	To reconcile and monitor federal grant receivables on a monthly basis.	To closely monitor and compare the actual revenue against the estimates.

FSM National Government Debt and Stress



Total Debt Outstanding	Population	Debt per Capita
\$49,549,242	104,937	\$472

Annual Debt Service per capita	\$22
Net OPEB Liability per capita	0
Net Pension Liability per capita	0
Does your government prepare a five-year budget projection? Ten year?	No.
Does your government have a plan to address debt?	To settle the debt.
What are the credit ratings of your government?	

FSM National Government Performance Measure



- **Bank reconciliation- our office has some difficulty in identifying some of the incoming wire transfers which causes the delay to complete the reconciliation and booking of the transactions.**
- **The target for this measure is to complete within 30 days.**
- **The measure is important because it provides accurate balance and prevents misappropriation of cash.**
- **By constantly monitoring the flows of cash and inquiring from the departments, we believe that we can accomplish our target.**

What is one recent finance office accomplishment you would like to highlight?

The result of FY 2016 audit which shows only three audit findings and no questioned cost, unmodified auditors' report issued on both the financial statements and compliance for major federal programs. Our prior years questioned costs were reduced from \$4,257,599 as of September 30, 2015 to \$27,391 as of September 30, 2016. The best result that FSM National Government has accomplished since FY 2006.

Government of Pohnpei Status Update



07

Pohnpei State GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA)
Winter Meeting, Maui, December 12-14, 2017

IGFOA December 2017

Pohnpei State Government



HIGHLIGHTS

FY 2016

Completion date	June 30, 2017
# Federal Qualifications	•Equipment and Real Property Management
# Financial Qualifications	• Financial Reporting • CU
# Component Unit Qualifications	•Loan Guarantee Obligation
# Repeat Findings	•Equipment and Real Property Management

Pohnpei State Government FY 17 Audit Status

<i>Describe the current status of your FY17 audit.</i>	FY 2017 audit is ongoing. The preliminary TB have been provided to D&T on 9/30. The auditors started testing revenues, expenditures and payroll. Other schedules and documents requested by the auditors are being facilitated.
<i>Describe any expected changes in your qualifications and findings from prior years.</i>	Qualification with regard to Pohnpei Utilities Corp, a component unit may stand unless the PSG record PUC's loan as State liability.
<i>Do you expect any unusual challenges for the FY17 audit?</i>	Yes. The Kolonia Community Health Center administers the Federal Direct Grant based upon the AG's opinion that it is a NGO.

IGFOA/Mau

December 2017 Winter Conference

Status of Pohnpei State Government action plans

Planning Area	Major accomplishment
Ideas you wanted to implement based upon the GFOA/IGFOA presentations	Amend and update the Financial Management Regulations .
Use of Financial Performance Measures	A uniform procurement policy, Fixed Asset maintenance plan, timely bank reconciliation, and submission of accurate SF425.
Systems Planning (if applicable)	The World Bank is in collaboration with the National Government and all States to install a uniform Financial System software.

IGFOA/Mau

December 2017 Winter Conference

Pohnpei State Govt. Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.	<i>Timely processing of invoices</i>
Which measure areas are most critical to you, as a finance manager?	<i>Federal Grant documentation and compliance with program requirements & Inventory and Monitoring of Fixed Assets</i>
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	<i>Presented to the Governor, Legislature, other government agencies the FY2016 Audit Reports and the FY2017 unaudited reports.</i>

IGFOA Maui

December 2017 Winter Conference

Pohnpei State Finance Office Challenges

What is the greatest challenge in your financial operations?	<i>The Fixed Assets Maintenance Plan as stated in the Uniform Guidance, cash flow, personnel turnover, outdated system and resolution of prior year questioned costs</i>
How could you resolve or improve that challenge?	<i>Seek financial assistance, train accountants, follow up on new system with FSMNG and ensure complete documentation prior to processing program requests.</i>
How would you measure whether your improvement plan is working?	<i>Unmodified audit opinion</i>

IGFOA Maui

5

Pohnpei State Government Unspent Federal Funds

	Grants which expired 9-30-2016	Grants which expired 9-30-2017
Total Grant Budgets	\$1,562,920	\$2,956,235
Total Expended	\$1,501,939	\$2,541,740
Unspent (lost) funds	\$60,981	\$410,997
Lost funds/ budgeted amount = % lost	4%	14%

IGFOA/Maui

December 2017 Winter Conference

1

Pohnpei State Government Performance Measures

Timeliness of Bank reconciliation	Fixed Assets Inventory	# completed personnel evaluations	Collection of outstanding advances	Federal Grant Receivables	Revenue Estimates
Status of 9-30 bank reconciliations Partially completed, pending verification of other bank debits and credits.	Physical inventory completed at 9-30-16? Completed	% of completed evaluations annually 70%	% of advances outstanding over 90 days at 9-30-17.	Ratio of receivables to revenues for FY16 12%	% variance of the actual revenue to estimated revenues FY16 Actual revenue was 3% or 343K higher than projection
What is your target (if any)? To complete the reconciliation process 15 days after end of month	Any fixed asset findings on the audit? Equipment and Real Property Management	What is your target %? 100%	What is your target %? To collect 100% prior year outstanding advances.	What is your target? To collect the AR within 15 days	What is the target? To surpass the prior year actual revenue
Compare to prior year FY 2016 payroll bank recon was delayed.	Compare to prior year We are on the way in implementing the Fixed Assets Maintenance Plan	Compare to prior year We have hired more accountants and their performances have greatly improved.	Compare to prior year Advances decreased by 6% compared to FY 2015	Compare to prior year Prior year ratio was 1%	Compare to prior year Actual revenue was 14% less than projection
Improvement plan? Verify and reconcile with the bank and FSMNG the pending items.	Completion plan? To start utilizing the Fixed Assets Maintenance plan in FY2018	Improvement plan? Continue to train and update staff in their respective areas to expect high performance ratings.	Improvement plan? A management letter required the travelers to comply with the travel policy.	Improvement plan? To reconcile and monitor reimbursements from the FSMNG.	Improvement plan? Conduct tax audits and monitor vendor compliance with State laws.

Pohnpei State Government Debt and Stress

77 78

Total Debt Outstanding	Population	Debt per Capita
\$4,383,146	36,196	\$121

Annual Debt Service per capita	\$18
Net OPEB Liability per capita (Other Post Employment Benefits)	NA
Net Pension Liability per capita	NA
Does your government prepare a five-year budget projection? From FY 2018 to FY 2022 Ten year?	
Does your government have a plan to address debt?	A Debt Service Fund of \$3.9M is invested at Bank of Hawaii. PUC's debt is yet to be resolved.
What are the credit ratings of your government?	NA

IGFOA/Maui

IGFOA (by region) 9/1/17

79

Collection of Travel Advance

77 78

Pohnpei State Government
Travel Advances

Total Issued June-
September 2017 \$ 193,010

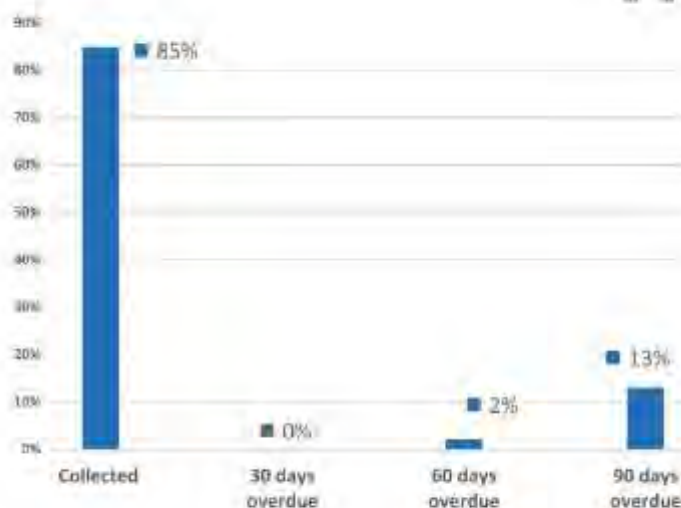
Overdue as of October 31,
2017 15% \$ 29,223

Collected 85% \$ 163,787

30 days overdue 0% \$ -

60 days overdue 2% \$ 4,042

90 days overdue 13% \$ 25,181



IGFOA/Maui

80

What is one recent finance office accomplishment you would like to highlight?

Continuous training on updates on the OMB Uniform Guidance for Federal Grants. All the Finance accountants who participated in these trainings have now started to utilize what they learned through the training in their respective fields of work.

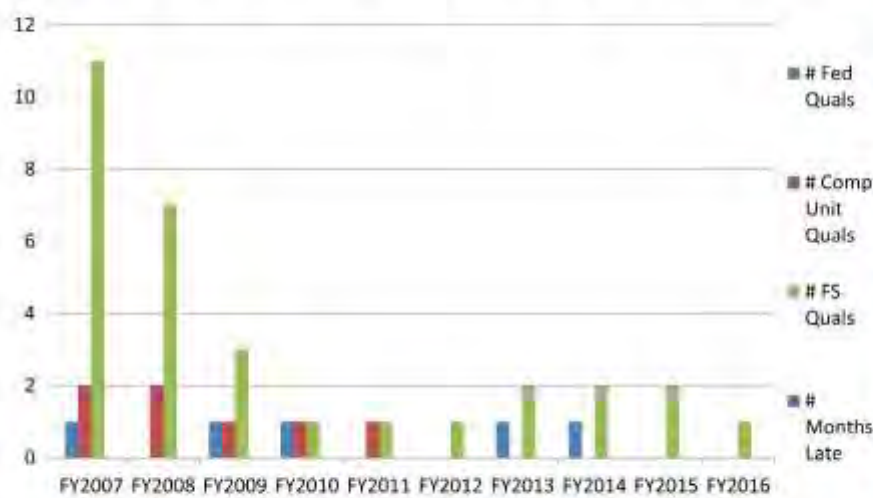
Government of Chuuk Status Update



08



Chuuk State Gov't Audit Results FY 2016



HIGHLIGHTS FY 2016	
Completion date	June 30, 2017
# Federal Qualifications	1
# Financial Qualifications	2
# Component Unit Qualifications	0
# Repeat Findings	3

December 2017 Winter Conference

1

Chuuk State Gov't FY 17 Audit Status

Describe the current status of your FY17 audit.	<ul style="list-style-type: none"> • <i>Trial balance and schedules provided to Deloitte and Touche.</i> • <i>1st fieldwork compliance is completed.</i>
Describe any expected changes in your qualifications and findings from prior years.	<ul style="list-style-type: none"> • <i>Resolution of prior year audit findings.</i>
Do you expect any unusual challenges for the FY17 audit?	<ul style="list-style-type: none"> • <i>No.</i>

December 2017 Winter Conference

Status of Chuuk State Gov't action plans

Planning Area	Major accomplishment
Ideas you wanted to implement based upon the GFOA/IGFOA presentations	<ul style="list-style-type: none"> • <i>Capacity building</i> • <i>Cross training</i> • <i>Evaluation</i>
Use of Financial Performance Measures	<ul style="list-style-type: none"> • <i>Update reconciliation</i> • <i>Update fixed asset register</i> • <i>Evaluation at year end</i>
Systems Planning (if applicable)	

Chuuk State Gov't Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.	<ul style="list-style-type: none"> • <i>Updated on reconciliation</i> • <i>Updated on fixed asset register</i>
Which measure areas are most critical to you, as a finance manager?	<ul style="list-style-type: none"> • <i>Annual Employee evaluation</i>
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	

Digitalmatters2017 Winter Conference

6

Chuuk State Gov't Finance Office Challenges

What is the greatest challenge in your financial operations?	<ul style="list-style-type: none"> • <i>Improve poor communication within dept</i> • <i>Improve time and attendance</i> • <i># of days to make payment on invoice</i>
How could you resolve or improve that challenge?	<ul style="list-style-type: none"> • <i>Encourage teamwork</i> • <i>Cross training</i>
How would you measure whether your improvement plan is working?	<ul style="list-style-type: none"> • <i>Keep track of sign in sheet</i> • <i>Keep track of dates on invoice and check date</i>

6

Chuuk State Gov't Unspent Federal Funds



	Grants which expired 9-30-2016 (Special Ed and Health fed.prog)	Grants which expired 9-30-2017 (Special Ed and Health fed.prog)
Total Grant Budgets	1,739,069.00	1,655,664.00
Total Expended	1,682,913.41	1,393,787.71
Unspent (lost) funds	56,155.60	261,873.29
Lost funds/ budgeted amount = % lost	3.20%	16 %

December 2017 Winter Conference

7

Chuuk State Gov't Performance Measures

Timeliness of Bank reconciliation	Fixed Asset Inventory	# completed personnel evaluations	Collection of outstanding advances	Federal Grant Receivables	Revenue Estimates
Status of 9-30 bank reconciliations -Completed	Physical inventory completed at 9-30-16? • Yes. • Inventory is done every 3 yrs.	% of completed evaluations annually.	% of advances outstanding over 90 days at 9-30-17 -38% overdue	Ratio of receivables to revenues for FY17 -5.9%	% variance of the actual revenue to estimated revenues FY17 -2.25% increase
What is your target # days? -25	Any fixed asset findings on the audit? • Yes.	What is your target %?	What is your target %? -Not to have outstanding over 90 days	What is your target? -0	What is the target? -\$.7 million
Compare to prior year -Updated and completed in a timely manner	Compare to prior year	Compare to prior year	Compare to prior year	Compare to prior year	Compare to prior year -Major increase in revenue compare to prior year
Improvement plan? -Continue to work with advisor	Completion plan? • Update repair and maintenance plan. • Update survey	Improvement plan?	Improvement plan? -Automatic payroll allotment	Improvement plan? -Monthly reconciliation of receivables	Improvement plan?

December 2017 Winter Conference

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(Your Government) Debt and Stress

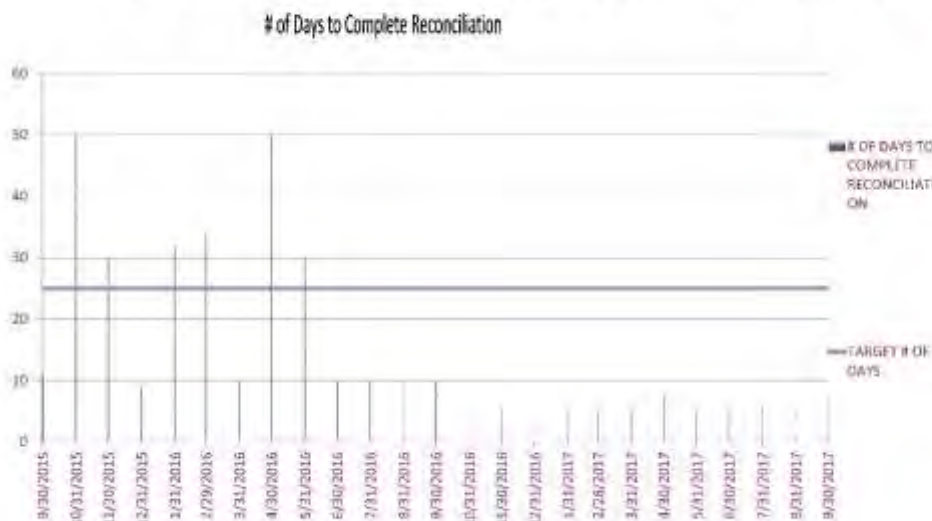


Total Debt Outstanding	Population	Debt per Capita

Annual Debt Service per capita	
Net OPEB Liability per capita	N/A
Net Pension Liability per capita	N/A
Does your government prepare a five-year budget projection? Ten year?	
Does your government have a plan to address debt?	
What are the credit ratings of your government?	

IGFOA/December 2017

Detail of one performance measure



Why the measure is important

•To know our financial status

How you intend to meet your target

•To increase capacity building in recon

10

What is one recent finance office accomplishment you would like to highlight?

•Bank reconciliation is updated!

December 2017 Winter Conference

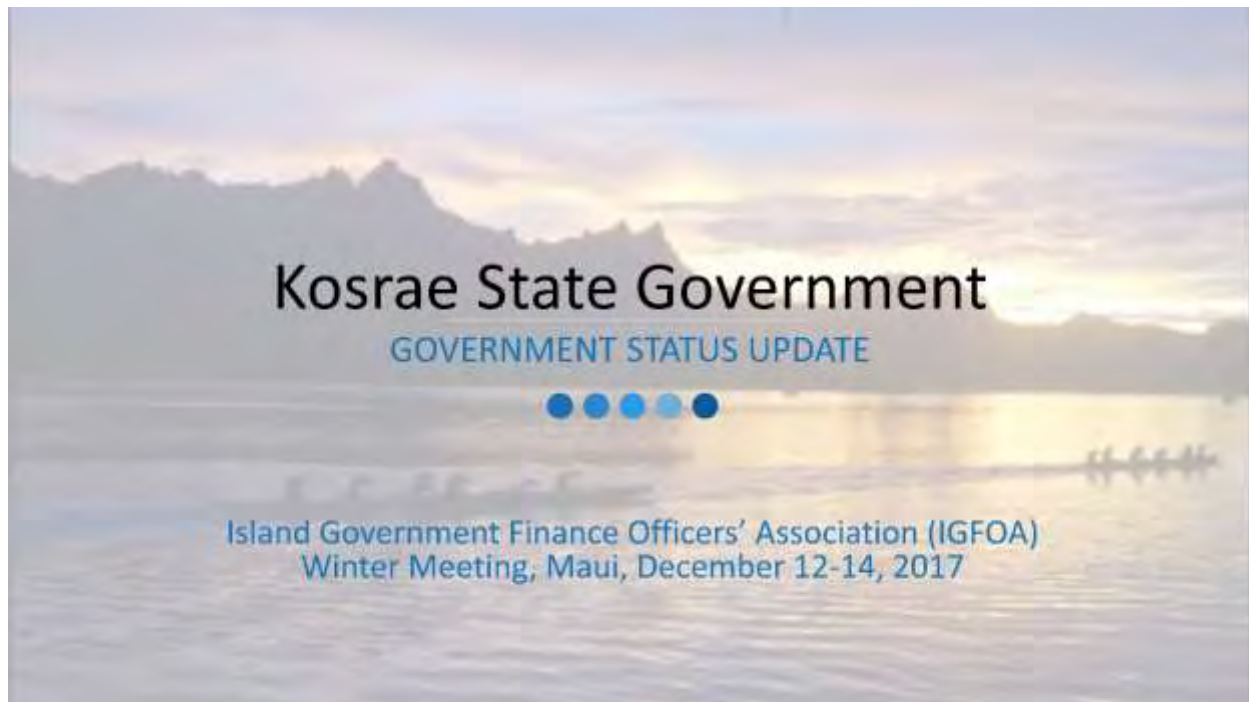
Kinisou Chapur.

IGFOA December 2017

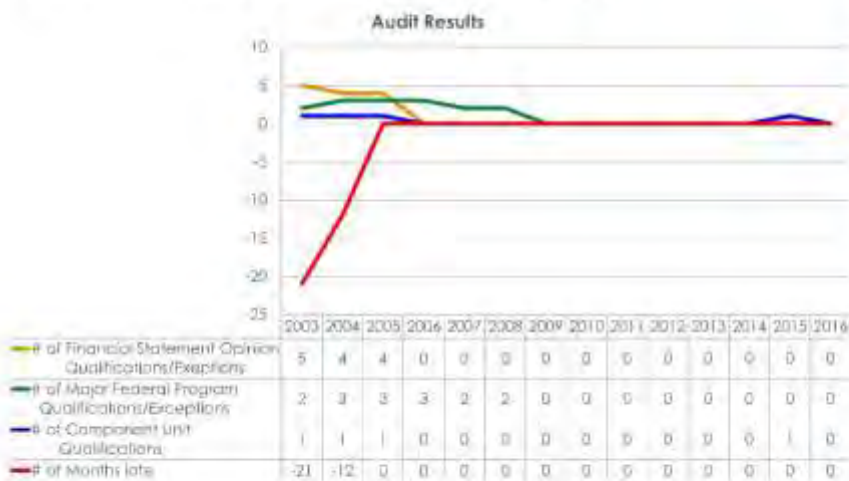
Government of Kosrae Status Update



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Kosrae State Government AUDIT RESULTS THROUGH FY2016



IGFOA Maui

HIGHLIGHTS FY 2016	
Completion date	June 30, 2017
# Federal Qualifications	0
# Financial Qualifications	0
# Component Unit Qualifications	0
# Repeat Findings	0

Kosrae State Government FY 17 Audit Status	
<i>Describe the current status of your FY17 audit.</i>	The compliance review and the cut off procedures for the primary government were performed and completed by the auditors already. The final Trial Balance and the Internal Financial Statements as well as all the lead schedules were submitted to the auditors on December 5-6, 2017. Two of the component units audit were completed and issued in November 2017.
<i>Describe any expected changes in your qualifications and findings from prior years.</i>	No expected change in qualifications is seen although the tests were focused on detailed compliance with the Uniform Guidance. As questions are raised by the auditors; we addressed all the concerns /issues timely to clear the items.
<i>Do you expect any unusual challenges for the FY17 audit?</i>	None at the moment, as earlier stated, the remaining component unit audit has submitted the trial balance and General Ledger to the auditors on November 29, 2017 and the component unit is in the process of completing the documents selected as audit samples. The State will continue to monitor the progress of the audit. The primary government audit is expected to be completed and issued on or before March 2018.

IGFOA Maui

December 2017 Winter Conference

Status of Kosrae State Government action plans	
Planning Area	Major Accomplishment
Use of Financial Performance Measures	Update and follow-ups done. Dashboard was updated and shared to budget and other offices that requested.
Working with departmental staff	Procurement Section held a meeting with Property Custodians from all Departments and other Gov't. Agencies to discuss new inventory procedures. Finance did a recurrent on policies and procedures with all Departments and other Gov't. Agencies
Systems Planning	Awaiting FSM National's
GASB Update	Statement 72 is in effect for FY 2016 Audit and we are aware of it. GASB Statement no. 75, which relates to Accounting and Financial Reporting for Postemployment Benefits Other than pensions, is in effect for FY 2017 audit. The statement is effective beginning after June 15, 2017.
Measure % on Unspent FG	Implemented for Compact 2 Grants

IGFOA Maui

December 2017 Winter Conference

Kosrae State Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.

Timely Reconciliation of bank accounts

Which measure areas are most critical to you, as a finance manager?

Revenue estimates within target

Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)

Yes, to the Governor and Cabinet Members, budget office, etc.

IGFOA/Maui

December 2017 Winter Conference

5

Kosrae State Gov't. Finance Office Challenges

What is the greatest challenge in your financial operations?

• The greatest challenge in Kosrae State's financial operations is the limited cash flow.

How could you resolve or improve that challenge?

- Recommend that the FSM Revenue shares of additional 20% per FSM Law 18-107 be given to the State temporarily to assist subsidize the general Fund operations.
- Request funding through the CFSM Funds for special projects instead of funding through general fund operations.
- Encourage foreign investments.

How would you measure whether your improvement plan is working?

• Quarterly monitoring of the actual revenues and compared to the same period of previous years.

IGFOA/Maui

December 2017 Winter Conference

6

Kosrae State Government Unspent Federal Funds

7 7



IGFOA Maui

December 2017 Winter Conference

Kosrae State Government Performance Measures

Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
Status of 3-31 bank reconciliations	Physical inventory completed at 9-30-17?	Average days to process an invoice FY17	Ratio of receivables to revenues for FY 16	% of SF425 reports submitted on a timely basis as of 12-31-16
All 4 accounts completed 2 to 3 days after date received statements	Completed on 09-30-2017	General Fund ~ 98% on target Federal Funds ~ 99% on target	100%	100%
What is your target # days?	Any fixed asset findings on the audit?	What is your target # days?	What is your target?	What is your target?
15 days after statement received	None	Within 3 days after all documents are received	100%	100%
Compare to prior year	Compare to prior year	Compare to prior year	Compare to prior year	Compare to prior periods
Same	None	Same	Same	Same
Do you have an improvement plan?	Completion plan?	Improvement plan?	Improvement plan?	Improvement plan (if needed)
No need	Inventory for FY 2017 was completed on 09/30/2017. Next inventory should start by March 2018.	Work closely with departments to ensure complete documentation		

IGFOA Maui

May 2017 Summer Conference

8

(Your Government) Debt and Stress

17 18

Total Debt Outstanding	Population	Debt per Capita

Annual Debt Service per capita	
Net OPEB Liability per capita	
Net Pension Liability per capita	
Does your government prepare a five-year budget projection? Ten year?	
Does your government have a plan to address debt?	
What are the credit ratings of your government?	

IGFOA Maui

IGFOA December 2017

19



IGFOA Maui

December 2017 Winter Conference

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Why is this measure important?

- To ensure compliance with FMR and show how effective the Finance Office enforce the FMR
- What is our plan to improve this measure?**

- Finance will recommend to the Governor that in every cabinet meeting the listing of the outstanding travel advance is distributed to all the department heads for appropriate action.

How we intend to meet our goal?

- State Finance will assign one staff to follow up with the departments' administrative officers the submission of the travel vouchers.

Kosrae State Accomplishments to Highlight:

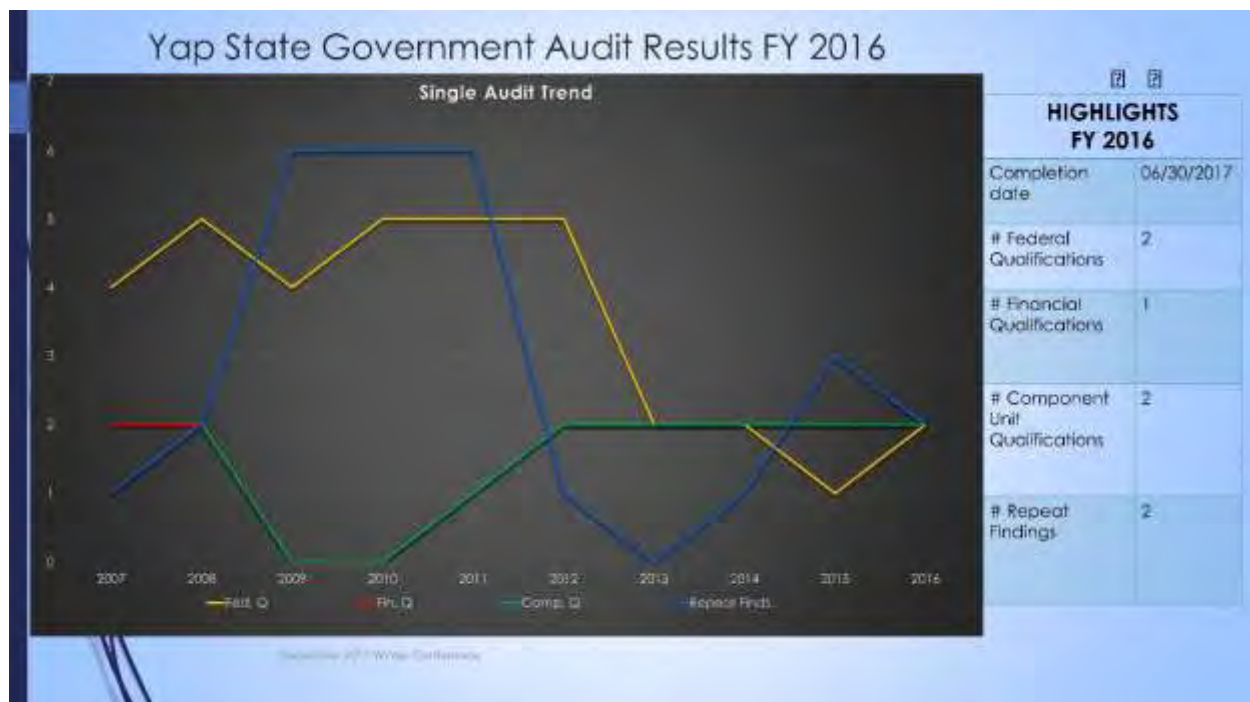


Kosrae State continues to achieve the clean audit opinion in the latest audit for FY 2016. In the same audit; the State did not have questioned costs and has maintained the "low risk auditee" status.

Government of Yap Status Update



10



Yap State Government FY 17 Audit Status	
Describe the current status of your FY17 audit.	All requested reports from auditors have been submitted. Samples have been selected and staff are pulling and readying the samples for auditor's visit, first week of January 2018. Working TB has been submitted 1 ½ week ago. Final TB will be submitted before auditor's on site visit.
Describe any expected changes in your qualifications and findings from prior years.	Hoping prior year repeat findings would be reduced due to the stop-payment measure imposed on program.
Do you expect any unusual challenges for the FY17 audit?	As the completion date has been moved up a month, we are hoping there would be no unexpected issues that would complicate the audit process.

Status of Yap State Government action plans	
Planning Area	Major accomplishment
Ideas you wanted to implement based upon the GFOA/IGFOA presentations	<ol style="list-style-type: none"> 1. QC committee: Working more proactively with departments. 2. Update FMR: Some proposed changes developed, need further review before implementation. 3. Clean up AR: Work in Progress
Use of Financial Performance Measures	Submitted quarterly with performance report. Need to reevaluate types of financial reports used to determine whether better accuracy could be achieved and most effective medium to reach more audience.
Systems Planning (if applicable)	Work in Progress

Yap State Government Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.	Completion of Single Audit
Which measure areas are most critical to you, as a finance manager?	Cash Flow Measurements
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	Quarterly: Dashboard is submitted to our Budget Office, Compact Management Office and DIA. Occasionally: The Dashboard is shared with Governor and Lt. Governor.

Yap State Government Finance Office Challenges

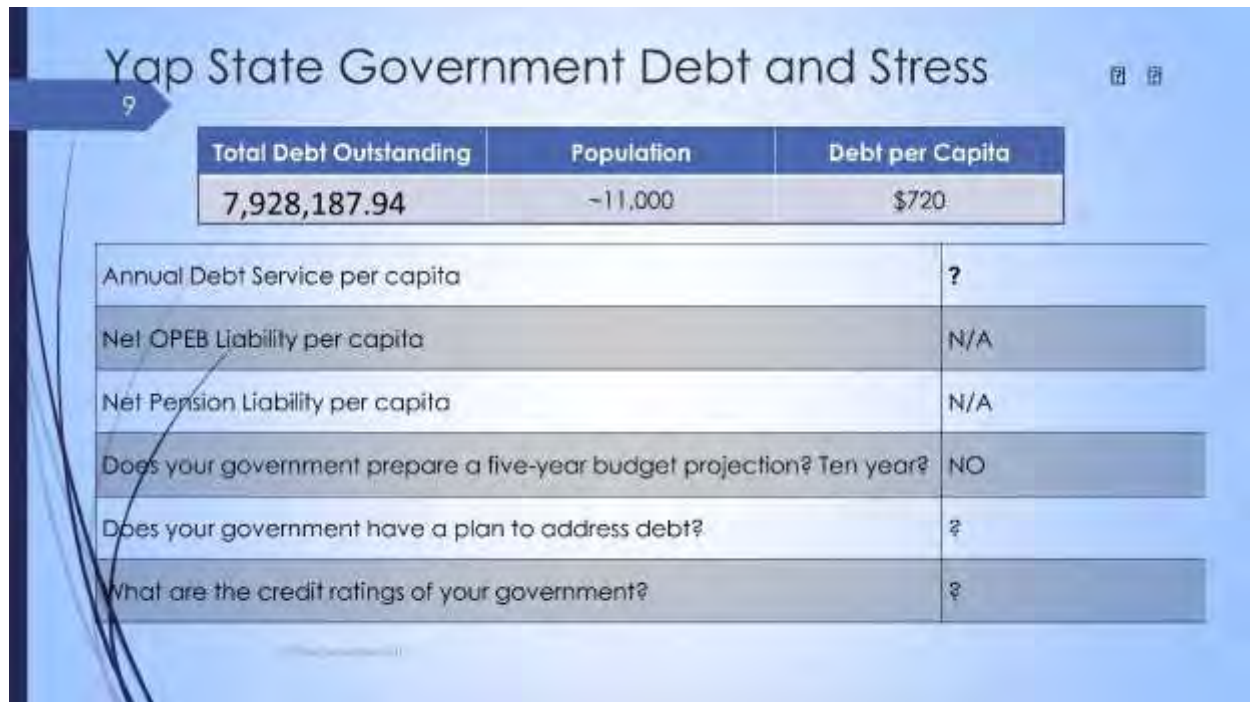
What is the greatest challenge in your financial operations?	FMS
How could you resolve or improve that challenge?	Establish a technical team to identify and report all issues with the current system and make recommendation on capabilities and improvement to be sought in a new system.
How would you measure whether your improvement plan is working?	Our office has already provided the requested info to the consultation team. Looking forward to hear back from them on next steps to further progress towards the eventual acquisition of the new system.

Yap State Government Unspent Federal Funds

	Grants which expired 9-30-2016	Grants which expired 9-30-2017
Total Grant Budgets	13,760,509	15,287,251
Total Expended	10,789,295	11,450,546
Unspent (lost) funds	2,971,214	3,836,705
Lost funds/ budgeted amount = % lost	22%	25%

Yap State Government Performance Measures

Timeliness of Bank reconciliation	Fixed Asset Inventory	# completed personnel evaluations	Collection of outstanding advances	Federal Grant Receivables	Revenue Estimates
Status of 9-30 bank reconciliations 60% complete.	Physical inventory completed at 9-30-16? 100% complete	% of completed evaluations annually Semi-annually	% of advances outstanding over 90 days at 9-30-17 ~85%	Ratio of receivables to revenues for FY16 ~10%	% variance of the actual revenue to estimated revenues FY17 -21%
What is your target # days? 30 days	Any fixed asset findings on the audit? No	What is your target %? On Target	What is your target %? 25%	What is your target? 10%	What is the target? +/-5%
Compare to prior year Need Improvement	Compare to prior year On Target	Compare to prior year Good	Compare to prior year Need Improvement	Compare to prior year Good	Compare to prior year Need Improvement
Improvement plan? Reassess our processes for efficiency and train new staff to take on the task.	Completion plan? Work with departments to be more proactive in regularly tracking inventory.	Improvement plan? Work with departments on other areas of performance to focus on for improvement.	Improvement plan? Currently working on cleaning up the books to better identify advances and AR amounts to be written off.	Improvement plan? Establish a better system of monitoring advances out of the General Fund that's directly obligated to the grant.	Improvement plan? Continue to work with the Budget Office and other relevant party on improving the budgeting process.



What is one recent finance office accomplishment you would like to highlight?

Completing the FY 16 Audit on time despite all the complications.

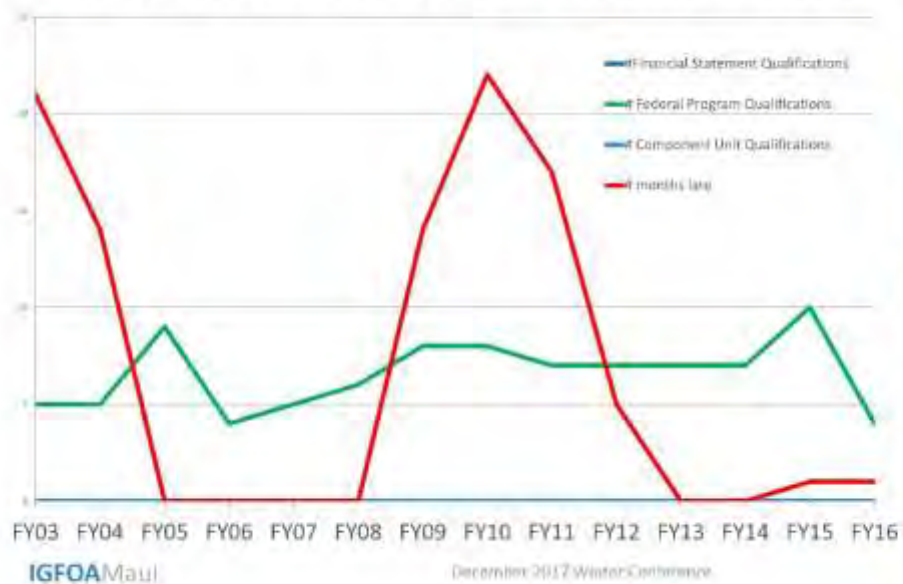
Government of Palau Status Update



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REPUBLIC OF PALAU Audit Results FY 2016



7 12

HIGHLIGHTS FY 2016

Completion date	JULY 17, 2017
# Federal Qualifications	4
# Financial Qualifications	0
# Component Unit Qualifications	0
# Repeat Findings	3

Republic of Palau FY 17 Audit Status

<i>Describe the current status of your FY17 audit.</i>	We have signed a contract with D&T. We've provided preliminary reports for them to start with the audit planning. By end of December we will provide the final trial balance.
<i>Describe any expected changes in your qualifications and findings from prior years.</i>	Less findings and 0 federal qualifications
<i>Do you expect any unusual challenges for the FY17 audit?</i>	No

IGFOA Maui

December 2017 Winter Conference

Status of Republic of Palau action plans

Planning Area	Major accomplishment
Ideas you wanted to implement based upon the GFOA/IGFOA presentations	Popular Annual Financial Reporting (PAFR)- simple report; stakeholders can easily read and understand the report. Finance office (budget and treasury) are working together to complete it to report the year ended of 2016. Still in a draft stage.
Use of Financial Performance Measures	Management & staff meeting to identify if we are meeting our goal/target /workload/; Performance measures submitted to the legislature as part of the annual performance reporting, IGFOA meetings. Continuing Challenge: Consistent use in management meetings.
Systems Planning (If applicable)	RFP drafted, financing options identified; anticipate procurement in FY2018; system migration FY2019; and going live in FY2020.

Republic of Palau Performance Measures	
List the IGFOA performance measures where your office consistently achieves your target.	# days to process all invoices
Which measure areas are most critical to you, as a finance manager?	Bank reconciliation
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	Budget office, Legislature

IGFOA Maui

December 2017 Winter Conference

Republic of Palau Finance Office Challenges	
What is the greatest challenge in your financial operations?	AR collections
How could you resolve or improve that challenge?	Impose penalties to ensure timely collections
How would you measure whether your improvement plan is working?	Outstanding AR reduced

IGFOA Maui

Republic of Palau Unspent Federal Funds



	Grants which expired 9-30-2016	Grants which expired 9-30-2017
Total Grant Budgets	8,045,557	8,746,384
Total Expended	7,016,211	7,657,960
Unspent (lost) funds	1,029,346	1,088,424
Lost funds/ budgeted amount = % lost	15%	14%

IGFOA/Maui

December 2017 Winter Conference

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Republic of Palau Performance Measures

Timeliness of Bank reconciliation	Fixed Asset Inventory	# completed personnel evaluations	Collection of outstanding advances	Federal Grant Receivables	Revenue Estimates
Status of 9-30-17 bank reconciliations *30%	Physical inventory completed at 9-30-17? *Yes	% of completed evaluations annually *65%	% of advances outstanding over 90 days at 9-30-17 *64%	Ratio of receivables to revenues for FY16 *17%	% variance of the actual revenue to estimated revenues FY17 *-2%
What is your target # days? *Within 30 days-closing month end	Any fixed asset findings on the audit? *Yes	What is your target %? *80%	What is your target %? *25%	What is your target? *0%	What is the target? *2%,-2%
Compare to prior year *same results from the last IGFOA	Compare to prior year *Repeated but less than prior year	Compare to prior year	Compare to prior year *Improve from last IGFOA	Compare to prior year *Slightly went down	Compare to prior year *continue to meet target
Improvement plan? *staff will be accountable for the results of the measure	Completion plan? *completed	Improvement plan? *Revise or modify the evaluation form for non-managerial position. Train the departments on the use and how to properly evaluate.	Improvement plan? *We have hired additional staff; continuous training and reconciliation to clear out IA outstanding	Improvement plan? *continue to drawdown funds on a weekly basis.	Improvement plan? *review revenues and budget according to our target rate

Republic of Palau Debt and Stress FY2016

17 18

Total Debt Outstanding	Population	Debt per Capita
\$40,551,593	17,661	\$2,296

Annual Debt Service per capita	\$2,296
Net OPEB Liability per capita	0
Net Pension Liability per capita	\$54,800 *only gov't employees
Does your government prepare a five-year budget projection? Ten year?	Yes
Does your government have a plan to address debt?	Yes
What are the credit ratings of your government?	None

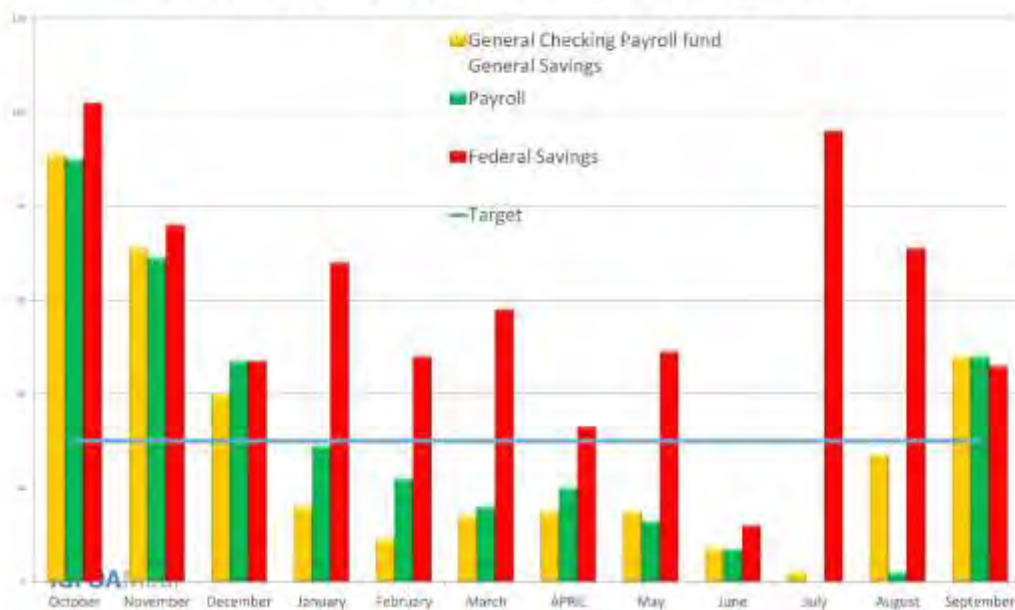
IGFOA Maui

IGFOA December 2016

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Timeliness of Bank Reconciliation-FY2017

17 18



19

Republic of Palau



What is one recent finance office accomplishment you would like to highlight?

- FY2017 physical inventory has been completed. We are hopeful that since this inventory involved custodians and trainings were conducted for departments to manage their inventory listings, we hope that this will resolve the fixed asset reconciliation findings.
- Online auction (bids for surveyed fixed asset).
- FIBER backbone for our wide area network.

Mesulang, Thank you, Mahalo!!



ELDP Program Update

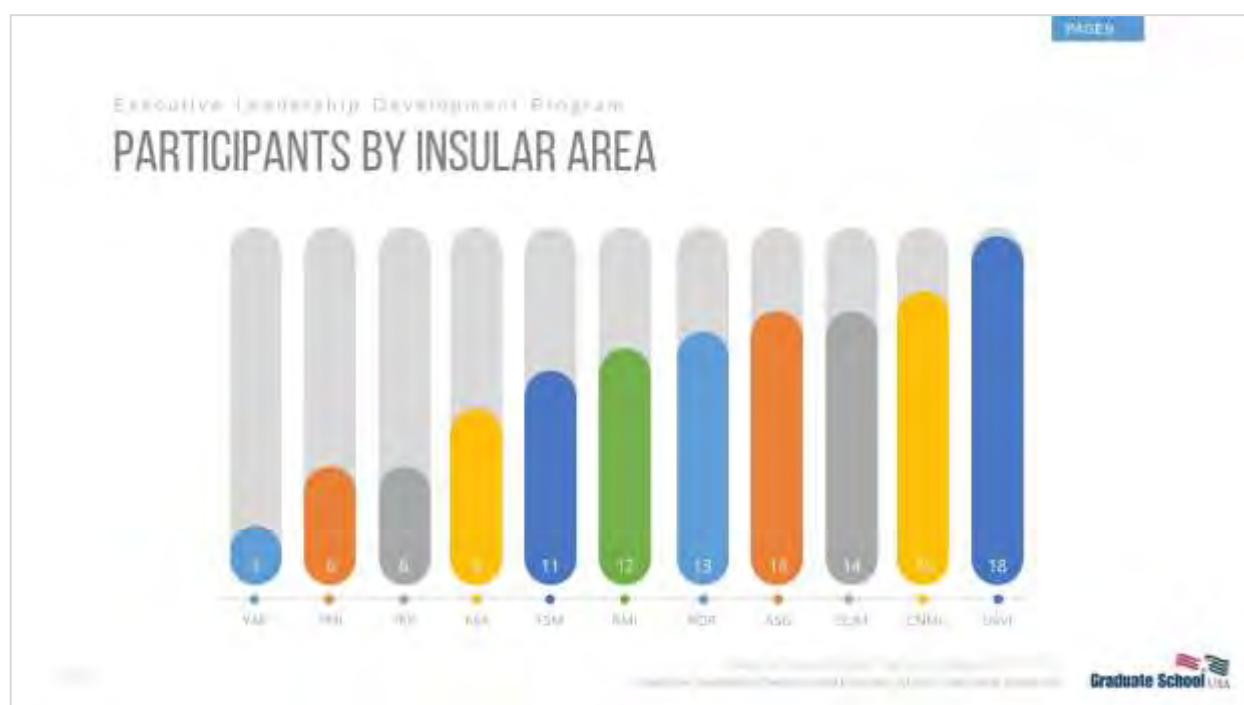


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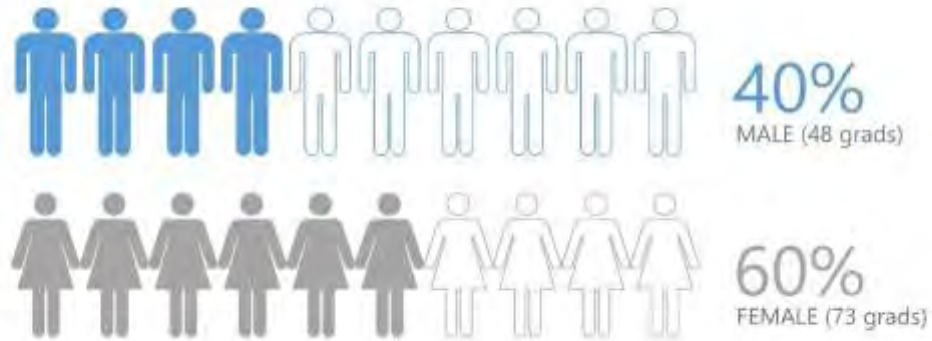




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Executive Leadership Development Program

PARTICIPANTS BY GENDER

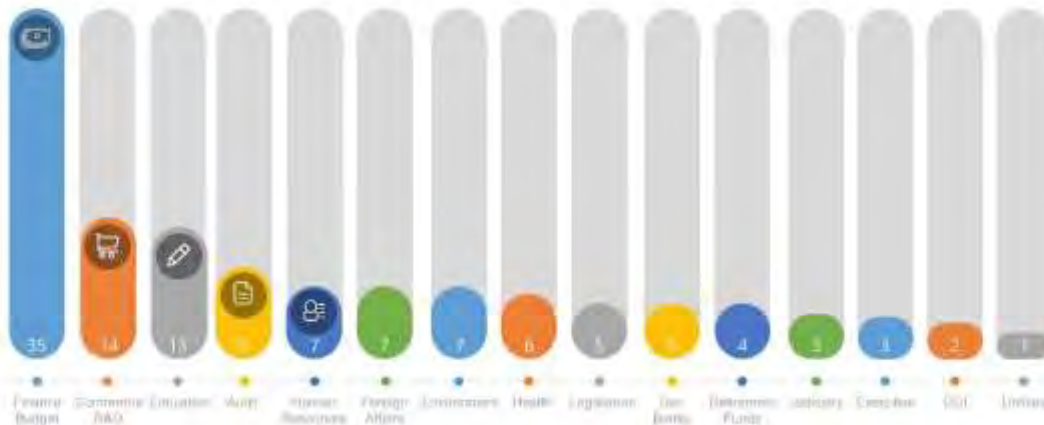


Graduate School USA

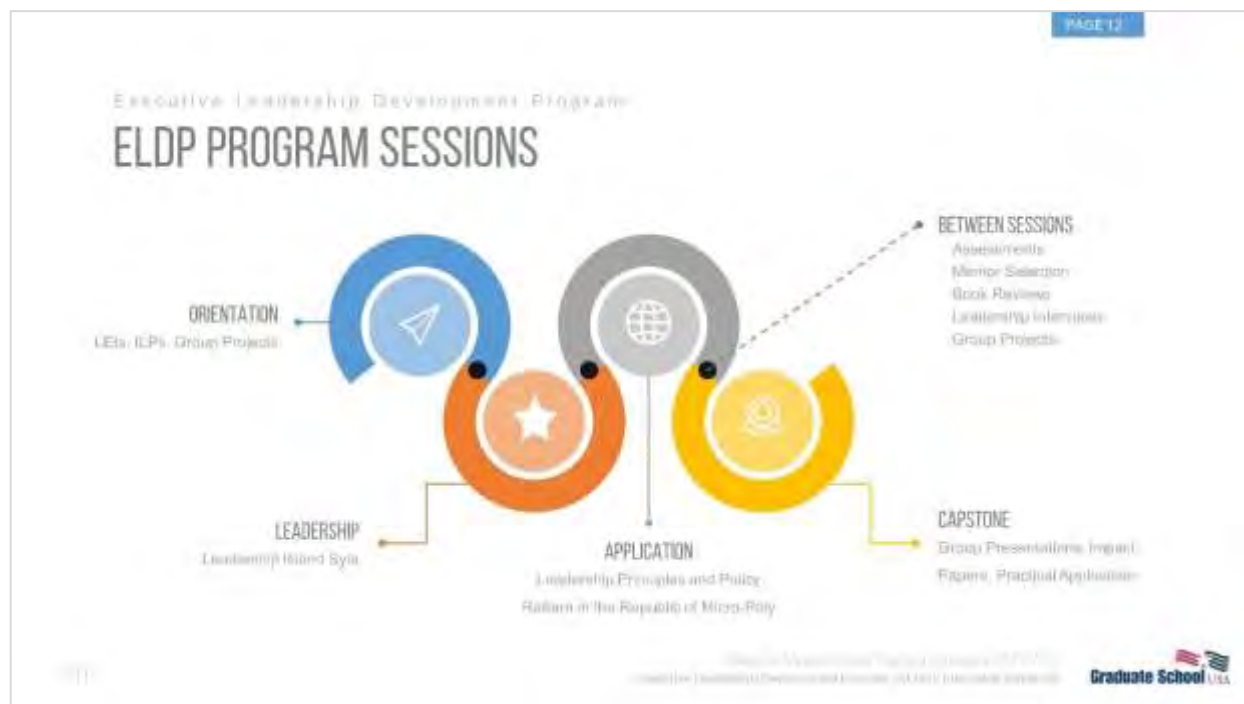
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Executive Leadership Development Program

PARTICIPANTS BY SUBJECT AREA



Graduate School USA



PAGE 14

Executive Leadership Development Program APPLICATION SCORING PROCESS



Graduate School
USA

PAGE 15

Executive Leadership Development Program ONLINE PROGRAM RESOURCES



- DOWNLOAD APPLICATIONS FOR THE YEAR 2019
- VIEW THE PROGRAM SCHEDULE FOR ELDP 2019 AND ELDP ADVANCED
- VIEW PAST PARTICIPANTS (21 PROGRAM GRADUATES AND MORE)
- VIEW PROGRAM INFORMATION (OVERVIEW, SESSION DESCRIPTIONS, FAQ, ETC.)

Graduate School
USA

Mobile

ELDP RECOGNITION

PAGE 17

ELDP RECOGNITION



FY2016 Audit Improvement Update

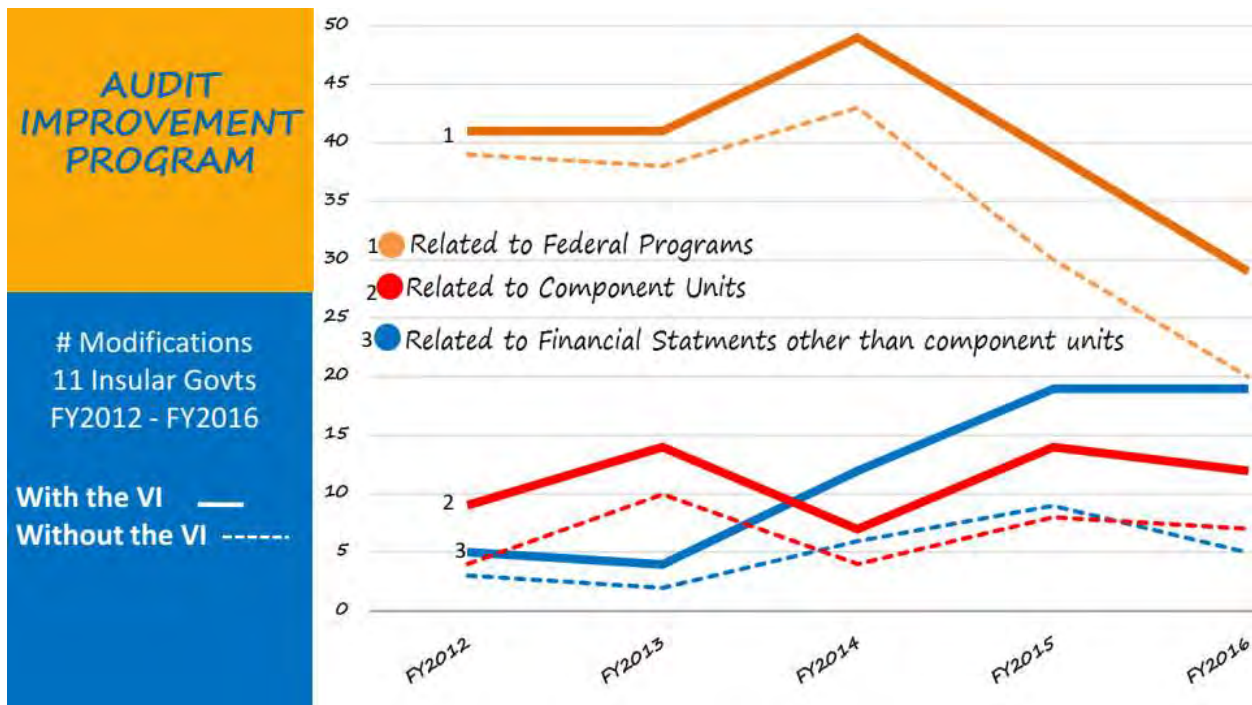
*Audit Improvement Program
FY2016*

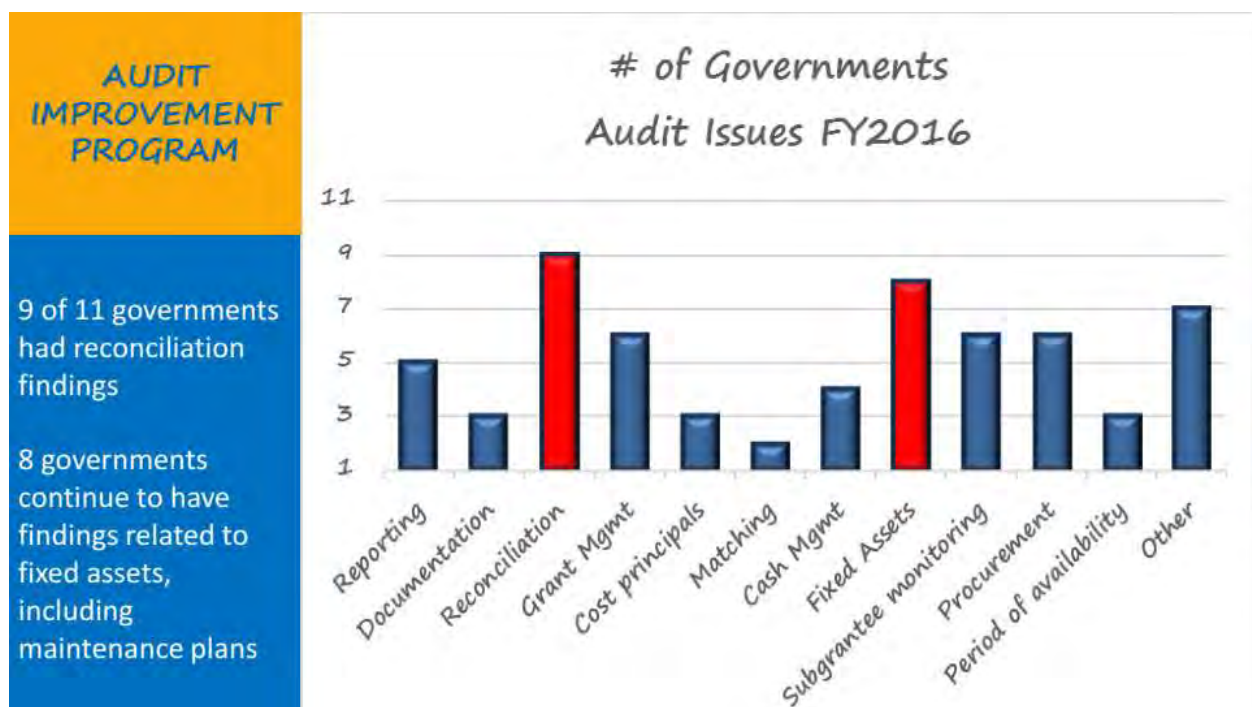
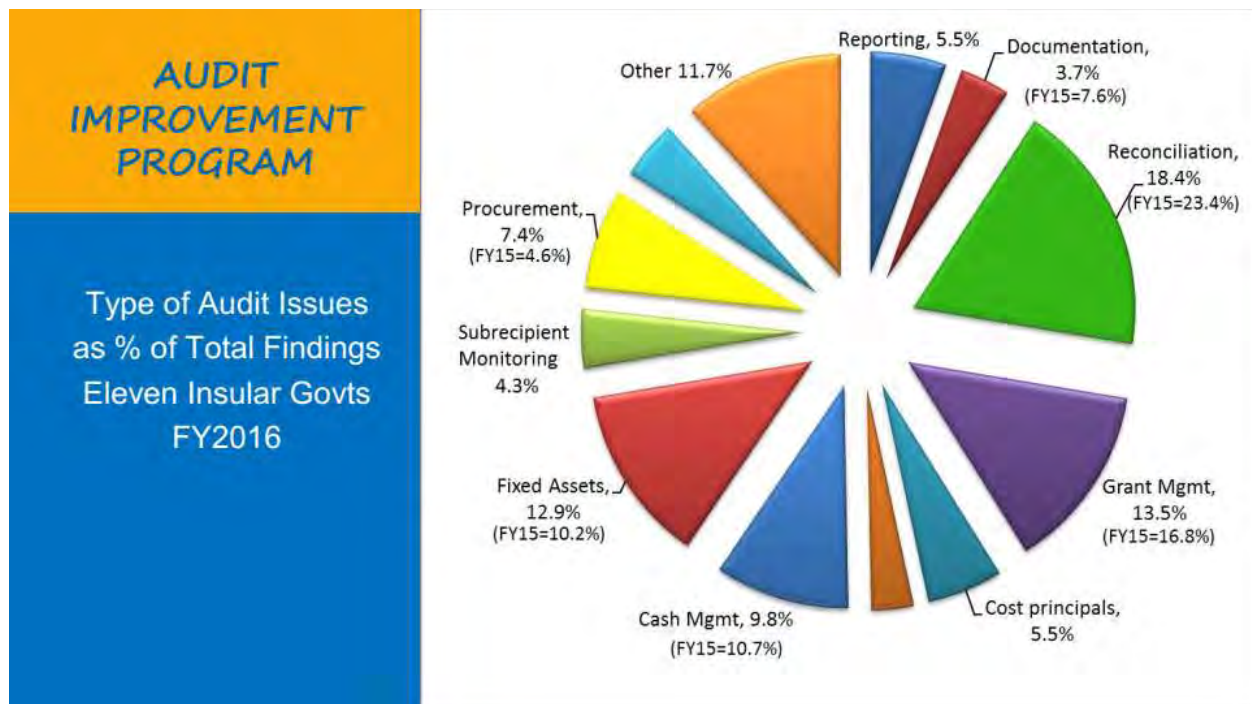
*IGFOA
December 2017*



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AUDIT IMPROVEMENT PROGRAM



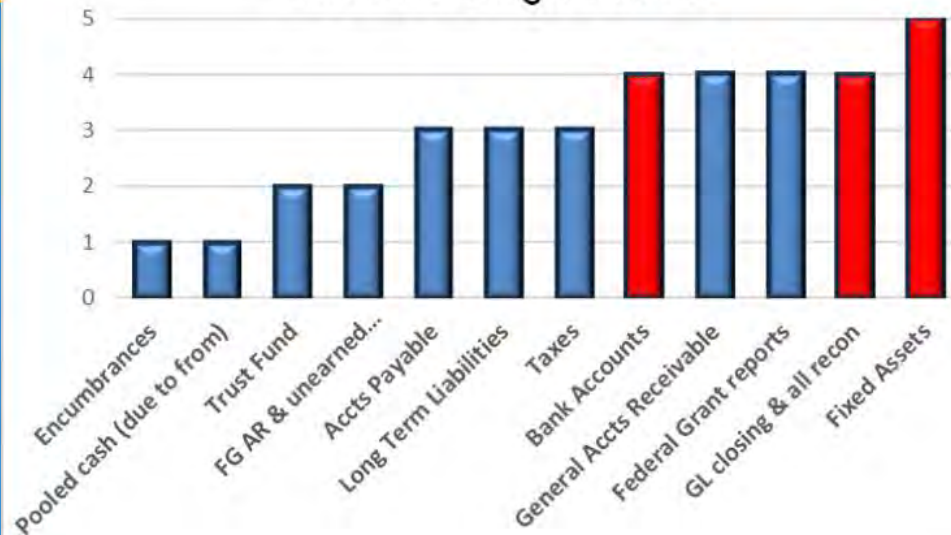


AUDIT IMPROVEMENT PROGRAM

36 total citations
for reconciliation
issues

Reconciliations are
almost entirely
within the control
of the finance
office

Governments with Reconciliation Findings FY2016 Single Audits



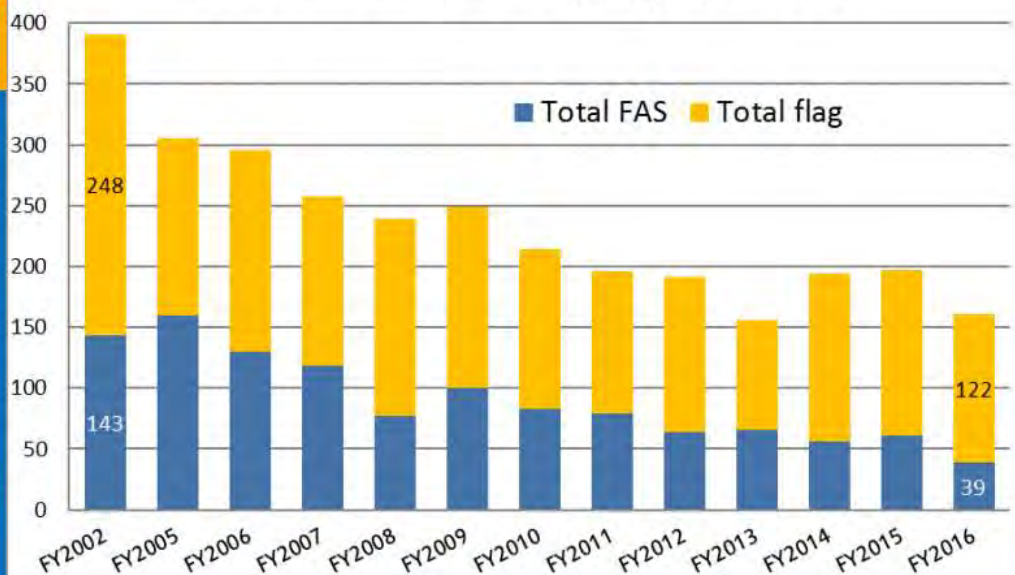
AUDIT IMPROVEMENT PROGRAM

Significant
improvement
since FY02

Total findings
are down 60%

Shift from
financial
statement
findings to grant
and "financial
health" related
findings

Total Number of Findings by Fiscal Year



Lack of timely federal drawdowns

Criteria - In accordance with 31 CFR 205.33(a), a State or Territory must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State or Territory to the minimum amounts needed and must time the disbursement to be in accord with the actual, immediate cash requirements.

Condition - We reviewed 4 out of 11 drawdowns made during fiscal year 2016, totaling \$3,268,163, and noted that 2 out of the 4 sampled drawdowns were requested several months after the expenditures had been incurred. We also noted the usage of non-government issued electronic mail address for the sampled drawdowns when completing said drawdowns.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with specified requirements and general compliance principles. Total fiscal year 2016 drawdown requests were \$5,736,130.

Effect - DHS is not in compliance with the stated provisions. The opportunity to use the money for other immediate cash needs is unnecessarily delayed when funds are not requested timely. Additionally, the use of personal or non-government issued electronic mail addresses can result in a limitation of DHS' records with respect to significant correspondence or transactions that may have occurred. Further, certain sensitive and protected information can be more vulnerable to security risks.

Inadequate Software

Optimum Usage of the Real Property Tax System

Finding and Recommendation:

It appears that the CAVU system, as currently designed, is not adequately meeting the financial and reporting needs of the Government. There exists an inability to assess account aging and to produce aged outstanding receivable reports, as well as a lack of ability to generate a cut-off balance as of any given point in time. As a result, knowledge of the composition and quality of the Government's receivables is significantly impaired and this has a direct effect on the accuracy of financial reporting and financial decision-making. For instance, the collections used to calculate the modified accrual basis adjustment(s) for financial reporting purposes are not regularly reconciled to ensure accurate and proper cut-off of information has been captured in order to establish 'available cash.' Management may consider contacting the vendor of the CAVU system to request the development of and/or the capability of producing accurate aged receivable reports as well as a functionality or reporting tool to produce cut-off balances at any given point in time. This would assist the Government in establishing a system that produces timely and accurate financial information.

Inadequate Software

Condition: Assessment and collection of taxes represent a significant process of the Territory. Tax revenues, refunds and receivables each represent significant accounts in the financial statements of the Territory. The Moana Tax System, used for income tax assessment and reporting, is a custom-developed application that was developed for the ASG by a software firm that is no longer in business. ASG has very limited documentation on the Tax System and is heavily dependent on external consultants for any enhancements, maintenance, or problem resolutions. ASG has hired a third-party to maintain annual tax code updates, but the application itself remains unpatched and unsupported. Further, the Tax System operates as a standalone system that does not interface with IFAS, the Territory's general ledger accounting system. To compound the limitations and risk of error by operating on an outdated tax system, we noted that there is little interface between the Tax Office and Treasury and weak oversight, monitoring and reconciliation of tax accounts. Tax assessments are not tracked and robust reporting and analyses are not performed to determine the propriety of tax revenues,

Encumbrance Reconciliation

The encumbrance aging includes a balance of \$4,353,603, which has been outstanding for more than five years. There was no evidence of DOF review of outstanding encumbrances.

<u>Fund</u>	<u>CFDA No.</u>	<u>Amount</u>
2020	16.582	\$ 42,583
2020	66.600	37,417
2020	93.243	4,102
2020	93.251	5,280
2020	93.505	1,988
2020	97.044	1,315
2020	Unknown	77,854
2022	16.803	12,100
4044	15.875	26,450
4045	15.875	121,419
4049	15.875	104,770
4052	15.875	200,238
4058	15.875	<u>3,718,087</u>
Total		\$ <u>4,353,603</u>

Insular Government Performers

2016 Performer® and A.F.T.E.R Analysis Update

Presentation to IGFOA 2017
Prepared and Presented by Frank Crawford, CPA
Crawford & Associates, P.C.
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frank@crawfordcpas.com
twitter: @fcrawfordcpa



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Topics for today

- A brief review of what the *Perfometer* and *A.F.T.E.R Analysis* is (and what it is not...)
- Review of factors and circumstances contributing to the 2016 scores and causes
- Provide an update on the most recent 2016 *Perfometer* scores and A.F.T.E.R. findings for 2016



2

A brief review...

- The *Perfometer* measures the financial health and success of a government using a scale that all users (including decision makers) can understand, 0-10, with 0 = poor, 5 = satisfactory, and 10 = excellent
- Uses financial ratios for the evaluation
- The evaluation is only as reliable as the information found in the annual audited financial statements, and most relevant when the information can be used in a timely manner
- Relevance and reliability are the key concepts in accountability



3

A brief review...

- The A.F.T.E.R. Analysis is very simple analysis of the status of audit findings, the timeliness of the submission of the audit and the resolution of certain audit exceptions; this analysis can be used to track a government's progress towards eliminating its most significant findings and exceptions, along with tracking the timeliness of submission to the Federal Clearinghouse.



Factors and Circumstances for 2016

- For most, the fiscal year ending September 30, 2016 produced mixed results, with 5 governments reporting a decrease in their overall Performer score, and 6 governments posting an increase.
- Flag Territories were split, with 2 posting increases in their overall Performer score and the other 2 posting decreases.
- A similar outcome for the FSM and States. While the FSM National score decreased slightly, 2 States posted improved scores, while the other 2 had declining scores.
- Palau's score improved this year, almost back to a 5 (4.8) two years after posting a 5 for the first time.



Factors and Circumstances for 2016

- The RMI remains the model of consistency, with slight improvements in each year since their lowest score in 2008. They posted their highest score in 2016, and have been above a 5 now for 7 consecutive years
- For all governments except the FSM States and the RMI, the impact of GASB 68's pension requirements in 2015 still remains, with many of the governments' pension systems remaining severely underfunded
- For the FSM National Government, the RMI, and to some extent Palau, the Social Security programs offered by the government are at some of their lowest funding levels in the 10 years of analysis



Factors and Circumstances for 2016

- 5 governments received unmodified opinions, (formerly known as unqualified or clean opinions) on their financial statements, with 1 government having 2 qualifications which were both related to component units
- Two governments, FSM National and Kosrae, received unmodified (clean) opinions on both their Financial Statement audit and the audit of compliance with federal program monies (Single audit)
- Kosrae posted a "perfect" AFTER analysis in 2016, with a clean financial statement opinions, clean single audit opinions, no financial statement internal control or compliance findings, no grant internal control or compliance findings, and zero current and cumulative questioned costs.
- 6 governments, USVI, Chuuk, FSM National, Kosrae, Pohnpei, and ASC posted \$0 of questioned costs this year, with 3 other governments reporting less than \$100,000 current year questioned costs



THE PERFORMER

Current Scores Based on FY16 Audit Data

A 7-10 SCORE INDICATES:

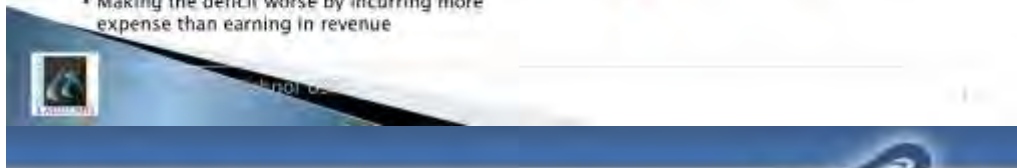
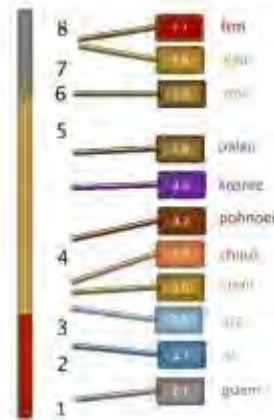
- repetitive positive performances for several years
- sufficient cash flows to pay vendors and employees
- relatively low tax and debt burdens per capita
- ability to consistently live within their means

A 4-6 SCORE INDICATES:

- lower than satisfactory levels of reserves
- satisfactory capital asset useful lives remaining
- moderate levels of tax and debt burdens per capita
- and the beginnings of cash flow issues that often delay on-time payments to vendors

A 0-3 SCORE INDICATES:

- significant unrestricted net position deficit and/or a deficit in their general fund unassigned fund balance
- a significant tax and/or debt burden per capita
- severe cash flow issues
- Making the deficit worse by incurring more expense than earning in revenue



Performer® Reading

How Was Our Overall Financial Performance?



The 2016 reading of 3.59 indicates the evaluator's opinion that the Commonwealth of the Northern Mariana Islands Government's overall financial health and performance improved during the year, however the reading continues to remain below satisfactory as of and for the fiscal year ended September 30, 2016.

The Commonwealth did however rebound from several down years as far as the fiscal performance attributes are measured. However, despite a solid year of fiscal performance, the government still finds itself in a net position deficit and also cumulative deficit in its General Fund fund balance. Many operational ratios actually improved during both FY 2015 and 2016, and the resulting improvement in the overall reading resulted from such improvements.

FY 16 Overall Performer® Reading:

3.59

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of F.S. Opinion Qualifications/Exceptions	4	2	1	6	3	7	2	5	5
Number of Major Federal Program Qualifications/Exceptions	5	5	8	8	8	7	8	8	6
Number of F.S. Findings									
A. Internal Control and Compliance	0	0	0	0	2	2	2	1	0
B. Internal Control Only	15	18	15	19	18	13	13	12	12
C. Compliance Only	1	1	1	2	0	0	0	0	1
TOTAL	16	19	16	21	20	13	15	13	13
Percentage of Findings Repeated	62.5%	78.9%	100%	72.7%	72.7%	100%	60%	85%	92%
Number of A-133 Findings									
A. Internal Control and Compliance	41	37	37	22	28	0	2	22	18
B. Internal Control Only	0	0	0	0	0	29	36	0	0
C. Compliance Only	0	0	0	3	0	1	0	5	0
TOTAL	41	37	37	25	28	30	38	27	18
Percentage of A-133 Findings Repeated	56%	75.7%	100%	50%	98%	50%	39.5%	59%	83%
Number of months after Y/E the F.S. were Released	0	8	10	25	37	9	9	7	10
Number of Qualifications/Exceptions Related to C.U.	4	3	1	6	2	9	2	8	8
\$ of Questioned Costs-Current Year	\$7,353,481	\$4,817,031	\$5,483,038	\$4,723,641	\$0,120,592	\$13,288,391	\$1,754,204	\$3,208,953	\$18,067,272
\$ of Questioned Costs- Cumulative	\$7,149,124	\$19,221,839	\$24,704,889	\$18,918,516	\$19,738,217	\$15,818,128	\$28,187,584	\$17,134,494	\$11,568,489
\$ of Questioned Costs Resolved – Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$2343,472	\$9,036	\$145,137

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The FYE Viewers' F.S. downloaded from the F.S. Viewer (F.S. Viewer) are not the official F.S. Viewer (F.S. Viewer) and are not the official F.S. Viewer (F.S. Viewer) and are not the official F.S. Viewer (F.S. Viewer).



	2004	2005	2006	2007
Number of F.S. Opinion Qualifications/Exceptions	9	8	9	10
Number of Major Federal Program Qualifications/Exceptions	7	8	7	6
Number of F.S. Findings				
A. Internal Control and Compliance	-	-	2	-
B. Internal Control Only	10	10	14	10
C. Compliance Only	1	1	0	1
TOTAL	11	11	16	11
Percentage of Findings Repeated	72.7%	90.9%	75%	82%
Number of A-133 Findings				
A. Internal Control and Compliance	33	37	36	42
B. Internal Control Only	-	-	-	-
C. Compliance Only	-	-	-	-
TOTAL	33	37	36	42
Percentage of A-133 Findings Repeated	39.4%	64.9%	69.4%	48%
Number of months Y/E the F.S. were Released	18	9	9	9
Number of Qualifications/Exceptions Related to C.U.	2	2	3	8
\$ of Questioned Costs-Current Year	\$2,700,930	\$718,786	\$1,458,273	\$2,213,809
\$ of Questioned Costs- Cumulative	\$2,848,446	\$3,567,232	\$5,035,505	\$7,249,314
\$ of Questioned Costs Resolved – Current Year	\$145,572	\$0	\$0	\$0

CNMI



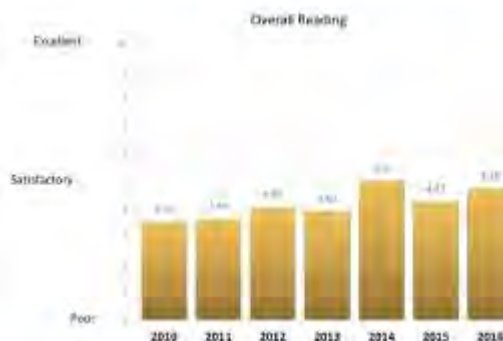
	2004	2005	2006	PERFORMER	2006
Number of F.S. Opinion Qualifications/Exceptions	10	9	7	9	7
Number of Major Federal Program Qualifications/Exceptions	3	3	6	11	7
Number of F.S. Findings					
A. Internal Control and Compliance	1	1	3	0	1
B. Internal Control Only	3	2	0	11	10
C. Compliance Only	0	0	1	1	0
TOTAL	3	3	4	12	11
Percentage of Findings Repeated	100%	100%	Unable to determine	Unable to determine	100% (estimate)
Number of A-133 Findings					
A. Internal Control and Compliance	16	36	22	50	50
B. Internal Control Only	15	0	0	0	0
C. Compliance Only	1	2	0	0	0
TOTAL	32	38	22	50	50
Percentage of A-133 Findings Repeated	71.9%	47.4%	Unable to determine	Unable to determine	58%
Number of months after Y/E the F.S. were Released	24	30	30	25	24
Number of Qualifications/Exceptions Related to C.U.	6	4	5	6	3
\$ of Questioned Costs-Current Year	\$478,569	\$9,056,788	\$3,829,679	\$8,484,494	\$3,487,561
\$ of Questioned Costs- Cumulative	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine
\$ of Questioned Costs- Resolved- Current Year	Unable to determine	Unable to determine	Unable to determine	Unable to determine	\$5,275,415

USVI

PERFORMER.
PALAU

Performer® Reading

How Was Our Overall Financial Performance?



The 2016 reading of 4.76 indicates the evaluator's opinion that the Palau Government's overall financial health and performance increased during the fiscal year ended September 30, 2016, to a level just below a satisfactory reading.

Palau has maintained a relatively consistent level of scoring over the past nine years. However, the 2015 implementation of GASB Statement 68 related to the recognition of net pension liabilities turned downward what would have been a positive upward trend. The severe unfunded status of the Palau Government Civil Service Pension Plan may well hamper cash flows and the financial health of the government in future years.

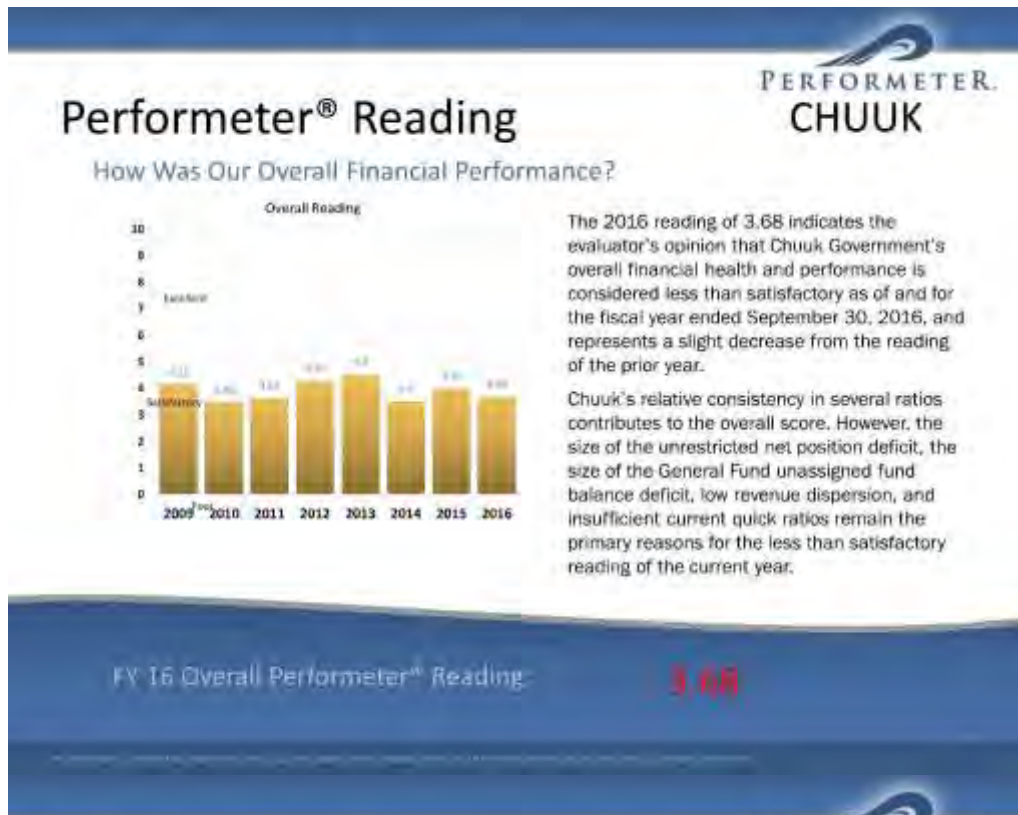
FY 16 Overall Performer® Reading:

4.76

PALAU

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PALAU



	2009	2010	2011	2012	2013	2014	2015	2016
Number of P.S. Outcomes/Exceptions/Reservations	0	3	1	1	2	2	2	1
Number of Major Federal Program Cash Flows/Exceptions	1	3	9	4	6	3	3	6
Number of P.S. Findings								
A. Internal Control and Compliance	4	4	8	9	8	6	4	3
B. Internal Control Only	1	1	3	4	5	2	2	1
C. Compliance Only	8	8	9	9	8	6	6	6
TOTAL	13	13	19	22	21	14	12	10
Percentage of Findings Requested	67%	9%	20%	30%	68%	100%	100%	100%
Number of A-123 Findings								
A. Internal Control and Compliance	1	1	2	2	3	1	4	1
B. Internal Control Only	0	0	0	0	1	1	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	1	1	2	2	4	2	4	1
Percentage of A-123 Findings Requested	100%	100%	80%	80%	20%	100%	100%	100%
Number of Requests after FY 2012 were Released	0	0	0	0	0	0	0	0
Number of Questioned/Reservations Related to C.S.	1	2	1	1	0	0	0	0
\$ of Questioned Costs-Current Year	\$0	\$0	\$0	\$0	\$194,278	\$124,518	\$21,252	\$0
\$ of Questioned Costs-Compliance	\$195,191	\$0	\$0	\$0	\$194,278	\$195,126	\$194,448	\$194,448
\$ of Questioned Costs-Residual—Current Year	\$195,191	\$195,126	\$0	\$0	\$0	\$0	\$0	\$0

CHUUK

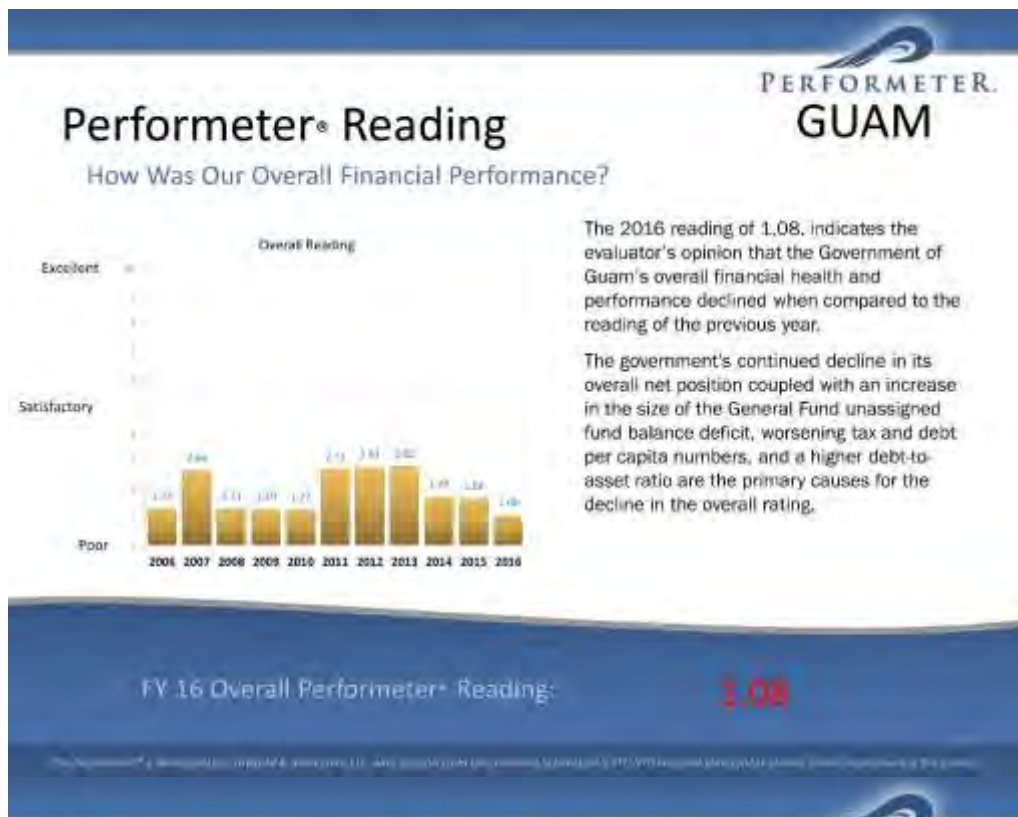


	2006	2007	2008	2009	2010	2011	2012	2013
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	3	4	3	3	3	6	1	0
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	4	2	2	3	1	1	1	1
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	4	2	2	3	1	1	1	1
Percentage of Findings Repeated	25%	100%	50%	100%	100%	100%	100%	100%
Number of A-133 Findings								
A. Internal Control and Compliance	20	12	13	9	7	13	5	2
B. Internal Control Only	0	0	0	0	2	0	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	20	12	13	9	9	13	5	2
Percentage of A-133 Findings Repeated	70%	58%	41.9%	77.7%	77.7%	16.7%	0%	50%
Number of months after Y/E the F.S. were Released	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$1,964,400	\$2,949,322	\$303,014	\$709,783	\$2,445,578	\$581,807	\$28,936	\$0
\$ of Questioned Costs- Cumulative	\$6,079,078	\$9,398,892	\$5,211,836	\$6,060,019	\$8,442,743	\$4,223,602	\$4,257,599	\$27,391
\$ of Questioned Costs Resolved - Current Year	\$1,995,907	\$2,001,409	\$1,196,066	\$2,861,680	\$2,942,881	\$0	\$33,940	\$4,233,568

F
S
M

	2005	2006	2007	2008
Number of F.S. Opinion Qualifications/Exceptions	6	5	8	10
Number of Major Federal Program Qualifications/Exceptions	6	7	4	4
Number of F.S. Findings				
A. Internal Control and Compliance	0	5	0	0
B. Internal Control Only	21	6	12	3
C. Compliance Only	0	0	1	0
TOTAL	21	11	13	3
Percentage of Findings Repeated	19%	45.5%	36%	0%
Number of A-133 Findings				
A. Internal Control and Compliance	20	16	14	15
B. Internal Control Only	0	0	0	0
C. Compliance Only	0	1	0	0
TOTAL	20	17	14	15
Percentage of A-133 Findings Repeated	5%	0%	0%	0%
Number of months Y/E the F.S. were Released	12	10	6	9
Number of Qualifications/Exceptions Related to C.U.	2	2	2	6
\$ of Questioned Costs-Current Year	\$1,914,909	\$1,622,274	\$4,139,445	\$2,372,041
\$ of Questioned Costs- Cumulative	\$5,698,476	\$4,639,055	\$6,832,415	\$7,115,095
\$ of Questioned Costs Resolved - Current Year	\$0	\$2,681,695	\$1,946,085	\$2,095,841

FSM



	2006	2010	2013	2012	2015	2014	2016	2018
Number of F.S. Opinions Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	0	6	5	5	4	7	4	4
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	0	3	4	4	3	3	1	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	0	3	4	4	3	3	1	0
Percentage of Findings Repeated	0%	0%	0%	100%	100%	33%	0%	0%
Number of A-133 Findings								
A. Internal Control and Compliance	10	6	3	5	5	6	8	9
B. Internal Control Only	0	0	0	0	0	1	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	10	6	3	5	5	7	8	9
Percentage of A-133 Findings Repeated	0%	16.7%	33.3%	0%	0%	14%	12.5%	33%
Number of months after Y/E the F.S. were Released	6	6	6	6	9	9	8	8
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$0	\$1,714	\$41,790	\$41,793	\$28,178	\$46,293	\$148	\$432,050
\$ of Questioned Costs- Cumulative	\$4,615,488	\$4,813,561	\$1,418,887	\$41,793	\$53,471	\$99,764	\$14,798	\$432,494
\$ of Questioned Costs Resolved - Current Year	\$3,222,313	\$3,368,577	\$926,514	\$1,418,790	\$10,077	\$0	\$88,318	\$14,480

R. GUAM

	2004	2005	2006	2007	2008
Number of F.S. Opinion Qualifications/Exceptions	3	2	2	0	0
Number of Major Federal Program Qualifications/Exceptions	10	11	13	10	10
Number of F.S. Findings					
A. Internal Control and Compliance	0	0	0	0	0
B. Internal Control Only	5	3	2	1	0
C. Compliance Only	0	1	0	1	0
TOTAL	5	4	2	2	0
Percentage of Findings Repeated	40%	0%	0%	50%	0%
Number of A-133 Findings					
A. Internal Control and Compliance	16	30	35	24	21
B. Internal Control Only	9	0	0	0	0
C. Compliance Only	0	0	0	0	0
TOTAL	25	30	35	24	21
Percentage of A-133 Findings Repeated	40%	23.3%	8.6%	2.9%	4.7%
Number of months Y/E the F.S. were Released	10	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	2	1	1	0	0
\$ of Questioned Costs-Current Year	\$514,486	\$584,348	\$2,773,997	\$7,802,408	\$1,881,433
\$ of Questioned Costs- Cumulative	\$25,137,159	\$10,509,029	\$5,760,688	\$7,084,374	\$7,837,719
\$ of Questioned Costs Resolved - Current Year	\$16,977,796	\$15,212,478	\$7,522,338	\$1,478,722	\$1,128,090

GUAM

Performer® Reading

How Was Our Overall Financial Performance?



The 2016 reading of 4.63 indicates the evaluator's opinion that Kosrae's overall financial health and performance increased from the previous period but it is still below the satisfactory reading.

Kosrae's current year increase reading is due primarily to increase in both total and unrestricted net position, the increase in capital asset condition, and the increase in debt to asset ratio. However, it is not enough to have a satisfactory ratio due to the low current and quick ratio, revenue dispersion ratio, and the general fund to total revenue ratio.

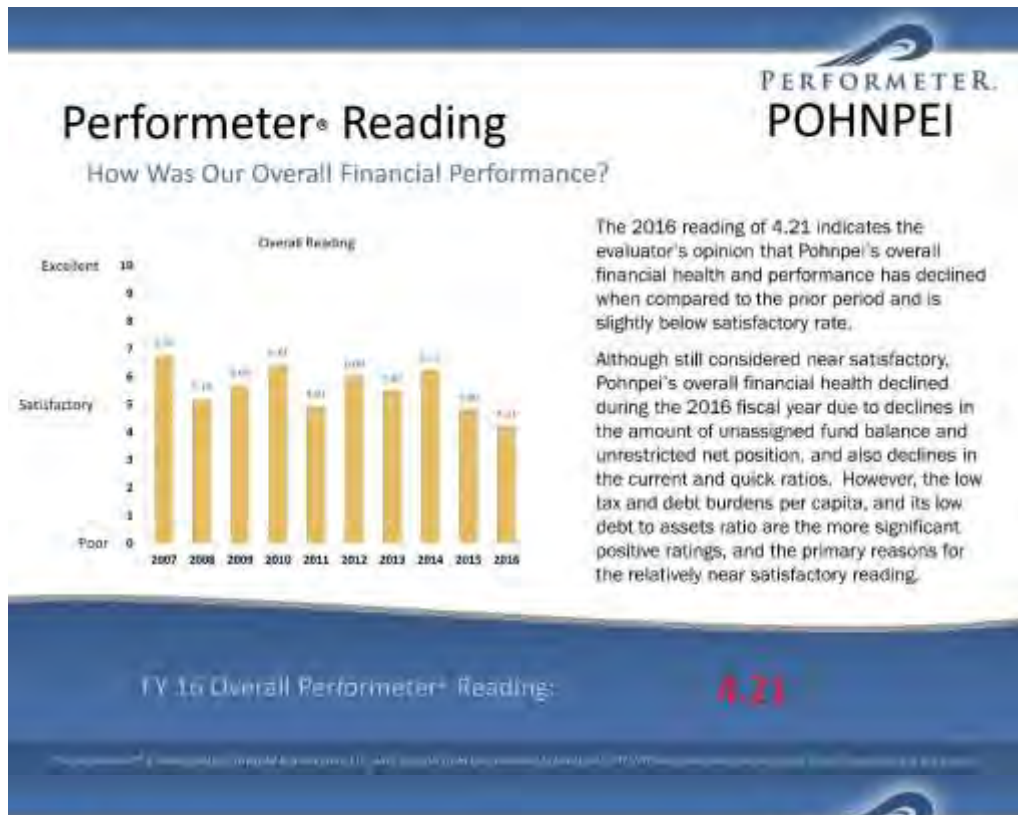
FY 16 Overall Performer® Reading:

4.63

	2000	2011	2013	2012	2015	2014	2016	2010
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	1	0
B. Internal Control Only	2	1	1	1	1	0	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	2	1	1	1	1	0	1	0
Percentage of Findings Repeated	100%	0%	100%	100%	100%	0%	0%	0%
Number of A-133 Findings								
A. Internal Control and Compliance	0	0	0	1	0	0	0	0
B. Internal Control Only	0	0	0	0	0	0	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	0	0	0	1	0	0	0	0
Percentage of A-133 Findings Repeated	0%	0%	0%	0%	0%	0%	0%	0%
Number of months after Y/E the F.S. were Released	9	9	8	8	9	8	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ of Questioned Costs- Cumulative	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ of Questioned Costs Resolved – Current Year	\$463,367	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The Performer's Scorecard is provided for informational purposes only. It is not intended to be used as a basis for any legal action or as a basis for any other action.

	2005	2006	2007	2008
Number of F.S. Opinion Qualifications/Exceptions	4	0	0	0
Number of Major Federal Program Qualifications/Exceptions	3	3	2	2
Number of F.S. Findings				
A. Internal Control and Compliance	0	0	0	0
B. Internal Control Only	11	8	3	2
C. Compliance Only	0	0	1	0
TOTAL	11	8	4	2
Percentage of Findings Repeated	27.3%	25%	0%	50%
Number of A-133 Findings				
A. Internal Control and Compliance	11	8	8	2
B. Internal Control Only	0	0	0	0
C. Compliance Only	0	0	0	0
TOTAL	11	8	8	2
Percentage of A-133 Findings Repeated	0%	62.5%	38%	50%
Number of months Y/E the F.S. were Released	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	1	0	0	0
\$ of Questioned Costs-Current Year	\$462,459	\$694,514	\$162,753	\$0
\$ of Questioned Costs- Cumulative	\$875,725	\$1,566,567	\$1,553,913	\$463,367
\$ of Questioned Costs Resolved – Current Year	\$0	\$63,682	\$115,402	\$1,205,963



	2009	2010	2011	2012	2013	2014	2015	2016
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	1
Number of Major Federal Program Qualifications/Exceptions	0	0	0	0	1	1	1	0
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	0	0	0	0	1	1	1	2
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	1	1	1	2
Percentage of Findings Repeated	0%	0%	0%	0%	0%	0%	0%	0%
Number of A-133 Findings								
A. Internal Control and Compliance	1	1	1	1	3	4	4	0
B. Internal Control Only	0	0	0	0	1	0	0	1
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	1	1	1	1	4	4	4	1
Percentage of A-133 Findings Repeated	100%	100%	100%	100%	25%	25%	25%	100%
Number of months after Y/E the F.S. were Relevant	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$0	\$0	\$0	\$0	\$0	\$541,553	\$386,118	\$0
\$ of Questioned Costs- Cumulative	\$0	\$0	\$0	\$0	\$121,682	\$663,275	\$911,132	\$911,132
\$ of Questioned Costs Resolved - Current Year	\$0	\$0	\$0	\$0	\$121,682	\$0	\$0	\$0

P O H N P E I

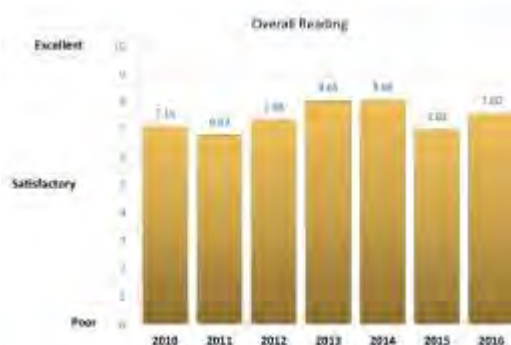
	2005	2006	2007	2008
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	2	2	2	0
Number of F.S. Findings				
A. Internal Control and Compliance	0	0	0	0
B. Internal Control Only	5	0	0	0
C. Compliance Only	0	0	0	0
TOTAL	5	0	0	0
Percentage of Findings Repeated	20%	0%	0%	0%
Number of A-133 Findings				
A. Internal Control and Compliance	2	6	4	2
B. Internal Control Only	0	0	0	0
C. Compliance Only	0	0	0	0
TOTAL	2	6	4	2
Percentage of A-133 Findings Repeated	0%	0%	17%	50%
Number of months Y/E the F.S. were Released	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0
\$ of Questioned Costs-Current Year	\$0	\$0	\$0	\$0
\$ of Questioned Costs- Cumulative	\$80,271	\$0	\$0	\$0
\$ of Questioned Costs Resolved – Current Year	\$230,664	\$80,721	\$0	\$0

POHNPEI

PERFORMETER.
YAP

Performer® Reading

How Was Our Overall Financial Performance?



The 2016 reading of 7.60 indicates the evaluator's opinion that the Government of Yap's overall financial health and performance remains well above satisfactory and did experience an increase from the reading of the prior year.

Yap's overall unrestricted net position, the General Fund's level of unassigned fund balance, low tax and debt burdens per capita, an excellent debt-to-asset ratio, and excellent current and quick ratios are the primary reasons for the continued favorable reading. The improvement in the score was primarily due to increase in total net position

FY 16 Overall Performer® Reading:

7.60

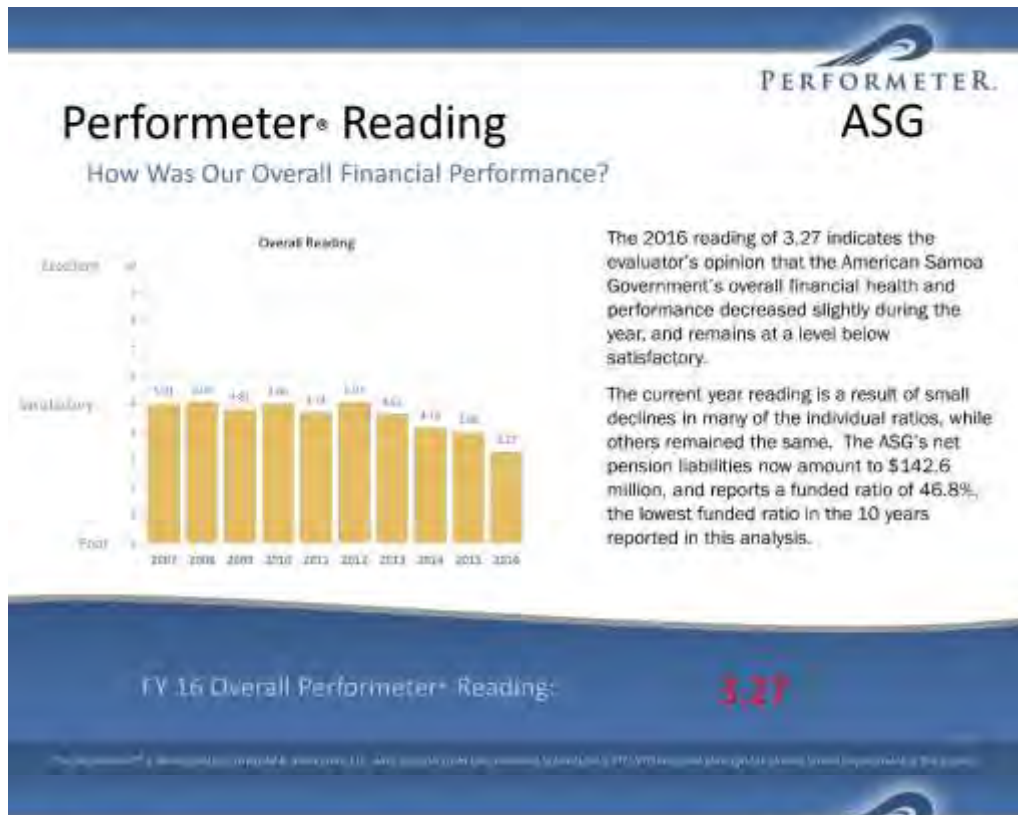
	2009	2010	2011	2012	2013	2014	2015	2016
Number of F.S. Opinion Qualifications/Exceptions	0	0	1	2	2	2	2	2
Number of Major Federal Program Qualifications/Exceptions	4	5	5	5	2	2	1	1
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	4	2	3	4	1	1	1	0
C. Compliance Only	0	0	0	0	0	0	0	2
TOTAL	4	2	3	4	1	1	1	2
Percentage of Findings Repeated	50%	100%	100%	0%	0%	100%	100%	50%
Number of A-133 Findings								
A. Internal Control and Compliance	0	0	3	2	3	5	3	4
B. Internal Control Only	2	0	0	0	0	0	0	0
C. Compliance Only	5	0	0	0	0	0	0	0
TOTAL	7	4	3	2	3	5	3	4
Percentage of A-133 Findings Repeated	57%	100%	67%	50%	0%	0%	67%	25%
Number of months after Y/E the F.S. were Released	0	0	6	0	9	9	0	9
Number of Qualifications/Exceptions Related to C.U.	0	0	1	2	2	2	2	2
\$ of Questioned Costs-Current Year	\$376,255	\$150,534	\$222,065	\$3,660	\$45,770	\$129,345	\$38,254	\$74,514
\$ of Questioned Costs- Cumulative	\$2,494,248	\$1,728,110	\$818,483	\$822,143	\$864,259	\$995,644	\$1,023,990	\$1,008,512
\$ of Questioned Costs Resolved - Current Year	\$661,926	\$915,667	\$1,115,468	\$0	\$3,660	\$0	\$0	\$0

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	2004	2005	2006	2007	2008
Number of F.S. Opinion Qualifications/Exceptions	3	2	1	2	2
Number of Major Federal Program Qualifications/Exceptions	4	3	4	4	5
Number of F.S. Findings					
A. Internal Control and Compliance	0	4	4	0	0
B. Internal Control Only	7	0	2	0	3
C. Compliance Only	0	0	0	1	0
TOTAL	7	4	6	1	3
Percentage of Findings Repeated	0%	75%	66.7%	17%	33%
Number of A-133 Findings					
A. Internal Control and Compliance	5	3	5	11	11
B. Internal Control Only	0	0	2	0	0
C. Compliance Only	0	0	0	0	0
TOTAL	5	3	7	11	11
Percentage of A-133 Findings Repeated	20%	33.3%	0%	14%	18%
Number of months after Y/E the F.S. were Released	19	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	1	1	1	1	2
\$ of Questioned Costs-Current Year	\$33,196	\$22,008	\$576,358	\$1,282,244	\$1,862,194
\$ of Questioned Costs- Cumulative	\$378,679	\$292,920	\$869,278	\$2,036,443	\$3,376,248
\$ of Questioned Costs Resolved - Current Year	\$54,770	\$107,767	\$0	\$115,079	\$552,389

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YAP





	2006	2009	2010	2011	2012	2013	2014	2015	2016
Number of F.S. Opinion Qualifications/Exceptions	7	6	7	3	1	1	4	8	3
Number of Major Federal Program Qualifications/Exceptions	8	18	18	15	9	11	10	4	2
Number of F.S. Findings:									
A. Internal Control and Compliance	7	6	6	0	2	3	1	1	1
B. Internal Control Only	0	0	0	1	3	4	3	4	5
C. Compliance Only	0	0	0	1	0	0	0	0	0
TOTAL	7	6	6	2	5	7	4	5	6
Percentage of Findings Repeated	100%	100%	100%	83%	80%	57%	87.5%	88%	100%
Number of A-333 Findings:									
A. Internal Control and Compliance	13	15	6	5	13	5	6	2	4
B. Internal Control Only	0	0	0	0	7	5	3	4	0
C. Compliance Only	0	0	0	1	0	0	0	0	0
TOTAL	13	15	6	6	18	10	9	6	4
Percentage of A-333 Findings Repeated	100%	Unable to determine	100%	50%	22%	90%	50%	33%	100%
Number of months after Y/E the F.S. were Released	8	9	10	11	11	9	9	2	7
Number of Qualifications/Exceptions Related to C.U.	1	1	1	0	0	1	0	2	1
\$ of Questioned Costs-Current Year	\$199	\$0	\$1,789	\$2,377,963	\$2,658,842	\$0	\$279,912	\$0	\$0
\$ of Questioned Costs- Cumulative	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine
\$ of Questioned Costs Resolved - Current Year	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine

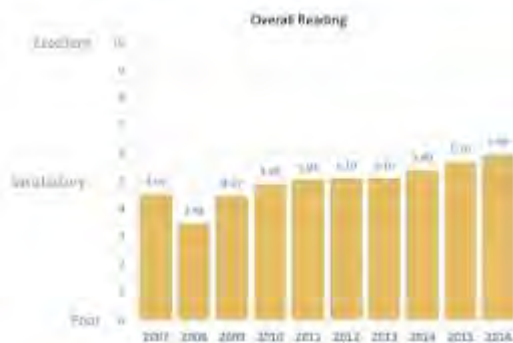
	2004	2005	2006	2007
Number of F.S. Opinion Qualifications/Exceptions	12	9	7	7
Number of Major Federal Program Qualifications/Exceptions	15	13	9	8
Number of F.S. Findings				
A. Internal Control and Compliance	6	7	7	7
B. Internal Control Only	0	0	0	0
C. Compliance Only	0	0	0	0
TOTAL	6	7	7	7
Percentage of Findings Repeated	100%	100%	100%	100%
Number of A-133 Findings				
A. Internal Control and Compliance	24	20	11	15
B. Internal Control Only	0	0	0	0
C. Compliance Only	0	0	0	0
TOTAL	25	20	11	15
Percentage of A-133 Findings Repeated	Unable to determine	Unable to determine	Unable to determine	Unable to determine
Number of months after Y/E the F.S. were Released	18	9	12	11
Number of Qualifications/Exceptions Related to C.U.	2	1	3	3
\$ of Questioned Costs-Current Year	\$51,076	\$42,673	\$102,041	\$297,069
\$ of Questioned Costs- Cumulative	Unable to determine	Unable to determine	Unable to determine	Unable to determine
\$ of Questioned Costs Resolved - Current Year	Unable to determine	Unable to determine	Unable to determine	Unable to determine

ASG

Performer® Reading

How Was Our Overall Financial Performance?

PERFORMER.
RMI



The 2016 reading of 5.96 indicates the evaluator's opinion that the RMI's overall financial health and performance improved slightly during the year, and represents the highest rating of any year in this analysis.

The continued consistency related to the increase in overall net position, the decrease of the overall unrestricted net position deficit, and the continuation of a positive position of the General Fund unassigned fund balance are the primary reasons for most ratios being slightly better than prior year scores. This becomes the sixth consecutive year that the RMI has scored above a 5.

FY 16 Overall Performer® Reading:

5.96

PERFORMER.									
	2009	2010	2011	2012	2013	2014	2015	2016	
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0	R M I
Number of Major Federal Program Qualifications/Exceptions	3	2	1	1	2	2	2	2	
Number of F.S. Findings	0	0	1	0	0	0	0	0	
A. Internal Control and Compliance	1	1	4	2	4	7	6	6	
B. Internal Control Only	0	0	0	0	0	1	1	1	
C. Compliance Only	1	1	5	2	4	0	0	0	
TOTAL									
Percentage of Findings Repeated	0%	0%	20%	0%	75%	75%	75%	0%	
Number of A-133 Findings	0	11	0	11	7	3	4	12	
A. Internal Control and Compliance	2	0	0	0	0	0	0	0	
B. Internal Control Only	2	0	0	0	0	0	0	0	
C. Compliance Only	0	11	0	11	7	3	4	12	
TOTAL									
Percentage of A-133 Findings Repeated	12.5%	0%	14%	41.7%	100%	100%	100%	42%	
Number of months after Y/E the F.S. were Released	9	8	9	17	10	11	17	14	
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0	
\$ of Questioned Costs-Current Year	\$946,809	\$1,390,294	\$2,245,800	\$9,196,600	\$39,857	\$71,294	\$110,321	\$626,346	
\$ of Questioned Costs- Cumulative	\$1,777,362	\$2,766,027	\$4,246,153	\$7,465,963	\$7,491,820	\$2,355,094	\$2,679,325	\$2,267,321	
\$ of Questioned Costs Resolved - Current Year	\$163,721	\$921,939	\$716,188	\$1,196,066	\$0	\$6,188,110	\$0	\$1,680	

The Performer's Scorecard is a tool used by the Office of the Inspector General (OIG) to measure the performance of the Department of the Interior (DOI) and the Department of the Army (DA) in the area of financial management. The scorecard is based on the results of the OIG's annual audits of the DOI and DA's financial management systems. The scorecard is a key tool for the OIG to monitor the progress of the DOI and DA in improving their financial management systems.

PERFORMER.				
	2004	2005	2006	2007
Number of F.S. Opinion Qualifications/Exceptions	10	5	2	0
Number of Major Federal Program Qualifications/Exceptions	2	3	3	3
Number of F.S. Findings	-	2	0	0
A. Internal Control and Compliance	2	1	0	3
B. Internal Control Only	2	-	0	0
C. Compliance Only	5	3	0	3
TOTAL				
Percentage of Findings Repeated	100%	100%	0%	0%
Number of A-133 Findings	0	10	10	12
A. Internal Control and Compliance	-	-	0	0
B. Internal Control Only	-	-	0	0
C. Compliance Only	0	10	10	12
TOTAL				
Percentage of A-133 Findings Repeated	33.3%	20%	30%	8%
Number of months after Y/E the F.S. were Released	8	9	9	9
Number of Qualifications/Exceptions Related to C.U.	4	3	2	0
\$ of Questioned Costs-Current Year	\$4,645,493	\$2,151,846	\$408,451	\$710,185
\$ of Questioned Costs- Cumulative	\$15,421,303	\$10,694,193	\$5,735,163	\$1,395,477
\$ of Questioned Costs Resolved - Current Year	\$186,451	\$5,760,115	\$5,326,712	\$5,062,979

RMI

Questions?



Insular Government Stress & Debt

Managing Fiscal Stress and Debt

A.M. Moye
Office of State and Local Finance
U.S. Department of Treasury

For the
Island Government Finance Officers Association

December 13, 2017

15

Office of State and Local Finance

- Launched in 2014 to provide critical thinking and coordination on policies that impact state and local finance.
- Coordinates with the work in the Treasury's Offices of Tax Policy, Economic Policy, Domestic Finance and other agencies, including the Office of Insular Affairs, DOI, and FEMA.
- Focuses on the following public policy issues:
 - Developments in the municipal market
 - Public pensions and other post-employment benefits
 - Improving financial statistics gathered on S&L governments,
 - Budgeting best practices
 - Accounting and actuarial standards
 - Monitoring municipalities in distress
 - Debt sustainability

Executive Summary

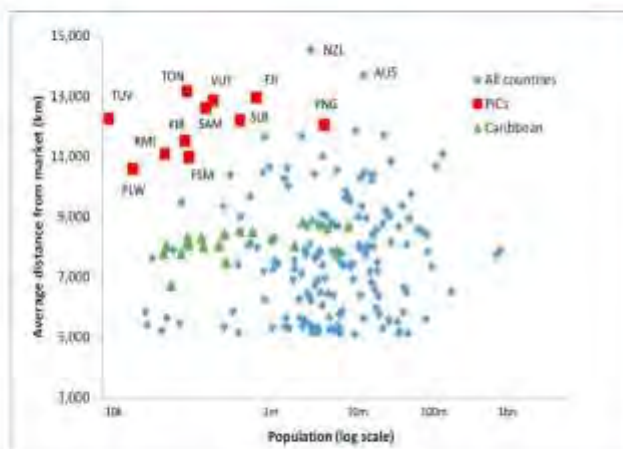
1. Issues of Island economies contributing to fragility
2. Ratio Analysis of Income and Balance Sheets—watch for trends
3. Elements of Stress—persistent deficits, high indebtedness, weak liquidity
4. Multi-year structural deficits
5. Debt as a % of GNP and Debt per capita
6. Pension and other post-employment benefit obligations
7. Credit ratings and market responses
8. Restructuring provisions of PROMESA do not apply to other U.S. territories
9. Changing a downward trajectory
10. Discussion of management options

Characteristics of Island Economies

- To differing degrees smallness and remoteness may limit island economies' competitiveness in the global economy.
 - Smallness – limits access to the benefits of increasing economic scale; often accompanied by narrow diversification of natural resources.
 - Remoteness – Lack of a land border and often times long distances between neighboring countries result in high entry, transportation and import costs, import and infrastructure issues, including in telecommunications.
- Much economic activity relies on ocean resources, an advantage for island economies.
- Strategic locations may be especially desirable for military or transportation purposes.

Island Economies	Continental Economies
Lack of diversity of natural resources	Economic activity organically centers around key exports, making branding or value-add strategies easier to identify
Ability to fully leverage advantages from making up due to limited land area, resources, and available labor	Naturally occurring advantages of location and labor
Telecommunication relies on satellite or undersea cables, which are expensive and often slower than continental economies	Access to ocean resources (fisheries, off-shore mining)
High transportation costs, which impact the competitiveness of exports and the ability to import goods and labor	Strategic location could make desirable locations for transportation hubs (e.g. seaport, ship engine repair points, or shipping hubs) or military installations
Increased vulnerability to natural disasters	

Smallness and Market Remoteness

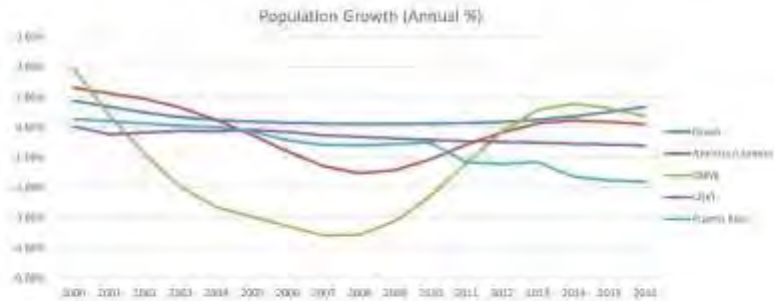


Pacific Island Countries include:
Fiji, Kiribati, Marshall Islands, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, and the Federated States of Micronesia.

Source: World Bank; Average distance from market is average distance to other economies, weighted by their GDP

Demographics

- The impact of even a small nominal decrease in population on a small island economy may be substantial as a percentage change.
- Stagnant or negative population growth poses a challenge to economic growth and to government revenue sources.



Source: www.population.unhcr.org

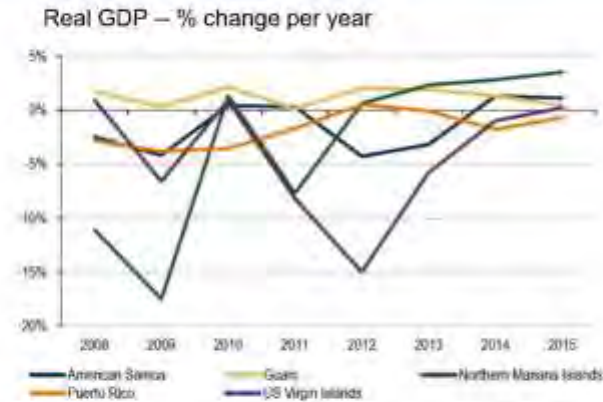
GDP, Population and Household Income

	GDP (millions)	GDP per capita	Population	Median Household Income
US Virgin Islands	\$3,705	\$10,351	103,574	\$36,674*
Puerto Rico	\$103,144	\$29,436	3,473,181	\$18,730
American Samoa	\$641	\$11,542	55,537	\$22,000
CNMI	\$922	\$16,820	34,816	\$25,740*
Guam	\$5,697	\$35,439	166,898 ^b	\$39,032*
U.S.	\$18,037	\$56,207	320,896,618	\$56,546

*Data is for 2014 with the exception of UVI (Median Household Income 2012), CNMI (Median Household Income 2012), Guam (Median Household Income 2010), and Virgin Islands (2013).

Source: IMF Data Group, Bureau of the Census, Bureau of Economic Analysis, U.S. Comprehensive Economic Development Statistics 2015, Q28-9 Puerto Rico's Economic Report to the Governor and Legislature (January 2015), U.S. Census Bureau, U.S. Department of Commerce.

Domestic Production



Guam had the largest compound annual growth rate (CAGR) in GDP between 2002 and 2015 of all of the territories at 1.34%. Puerto Rico's growth rate was of -1.07%, while the US Virgin Islands was -1.75%, American Samoa's was -0.99% and the Northern Mariana Islands' was -2.87%. Year-over-year, the Northern Mariana Islands' real GDP increased the most, growing 3.5% in 2015. Only Puerto Rico's economy declined in 2015 (on a real GNP basis). — BAML, July 2017

Elements of Growing Fiscal and Financial Stress

- I. Multi-year budget deficits
 - e.g., several years over the last decade, amounting to a substantial portion of tax revenues
- II. High debt per capita and per GDP, with debt used to finance operations
 - e.g., \$ thousands per capita, may rise to over 50% GDP
- III. Growing long-term debt and retirement liabilities
 - e.g., bonded debt plus net pension liability
- IV. Rating agency downgrades, with increased yields on outstanding bonds
 - e.g., yield spreads rising to 100's of bps over the MMD benchmark rate
- V. Lack of credit access
 - e.g., investors demand increasingly greater security until, ultimately, attempts to go to the market to sell bonds may fail
- VI. Weak liquidity threatens essential service delivery
 - e.g., weakening Current assets-to-Current liabilities and growing focus on cash availability

Income Statement and Balance Sheet--Example

2015	Unit	\$ thous	Notes
Balance Sheet			
Total Assets	PG	2,096,124	
Total Liabilities	PG	5,835,250	
Total Net Position	PG	-3,739,126	Liabilities are greater than assets
Total Net Position w/o NPL	PG	-653,108	Liabilities are greater than assets even without pensions
FQY Fund Balance (% of Revs)	GF	-8.6%	Available GF resources carried over to next FY
Total Debt-to-Assets	PG	314.7%	
Current Assets/Current Liabilities	GF+RTA	94%	2:1 ratio indicates ability to meet s-t obligations
Cash and Cash Eq/Current Liabilities	GF+RTA	75%	Quick ratio of 1:1 indicates adequate current liquidity
Income Statement			
Revenues	Govtl F	1,203,867	
Taxes	Govtl F	901,567	\$7,728 per capita tax burden
Fed Grants	Govtl F	204,882	17% of Revenues
Expenditures	Govtl F	1,546,966	Expenditures exceed revenues by 28.5%
Debt Service (P+I) (% of Revs)	Govtl F	33.7%	One-third of revenues are paid out in debt service

Notes:

PG= Primary Government + Govtl Activities + RTA; does not include distinct Component Units

RTA=Business Type Activities

Govtl F= Governmental Funds

GASB Continues to Tighten Governmental Accounting Standards

- *We've brought everything onto the Balance Sheet.*
- Recent projects include:
 - Net Pension Liability
 - Net OPEB Liability
 - Bank Loans
 - Leases

GASB Statement No. 87, *Leases*, was issued in June 2017 to provide guidance for lease contracts for nonfinancial assets. The guidance is based on the underlying principle that leases are financings of the right to use an underlying asset for a period of time. Previously, a long-term liability and related asset were not reported as a result of the lease transaction.

<http://www.gasb.org/iso/GASB/Page/GASBHomePage&cid=117616916827>

Puerto Rico Fiscal and Financing Gaps--2016

- **Revenues:** Revenues increased gradually from \$14.2 million in 2006 to \$17.8 million in 2016.
- **Expenses:** Despite increased revenues, expenditures continue to exceed revenues. Expenses were 35% higher than revenues in 2008, decreasing to 17% higher in 2016.
- **Deficits:** The net deficit position increased by approximately \$28.6 billion from 2009 to 2014. The increase was attributed to increases in long-term debt obligations, pension liability, and unfunded actuarial accrued liability during the same time period. Historically, the deficit had been funded by borrowings from the public bond market or governmental institutions, such as GDB, or by deferring the cost of certain legacy liabilities.
- **Liquidity:** Annual cash shortfalls have been financed in the short-term through GDB financings and elongating accounts payable. In 2016, PR sought to address its liquidity constraints through a number of measures including the delay of tax refund payments and payments due to public corporations. In April of 2016, the Moratorium Act was put into effect, which suspended the payment of \$779 million in debt service on General Obligation bonds because insufficient funds were available.



Source: Financial Information and Quarterly Data Report (Quarter 3, 2016), Comprehensive Fiscal Report (June 30, 2017) www.fiscal.pr.gov

Likely Outcomes of Persistent Budget Deficits

Liquidity

- Persistent budget deficits lead to lack of liquidity particularly when combined with limited ability to borrow. Government may respond with a combination of short-term cashflow shifts (e.g., delayed vendor payments) and budget measures such as furloughs to avoid a negative cash balance.
- Cash management employed to avoid essential service cuts.

Budget

- Annual deficits will recur until a comprehensive fiscal plan is successfully implemented.
- In the meantime, some new revenue measures and expenditure cuts may be put into place to provide short-term relief.

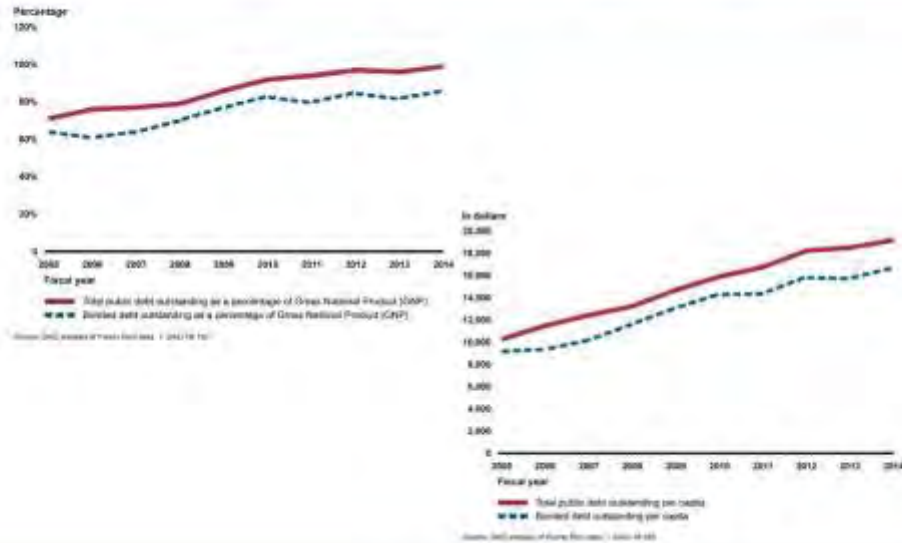
Balance Sheet

- Overall net position grows increasingly negative.

Pensions

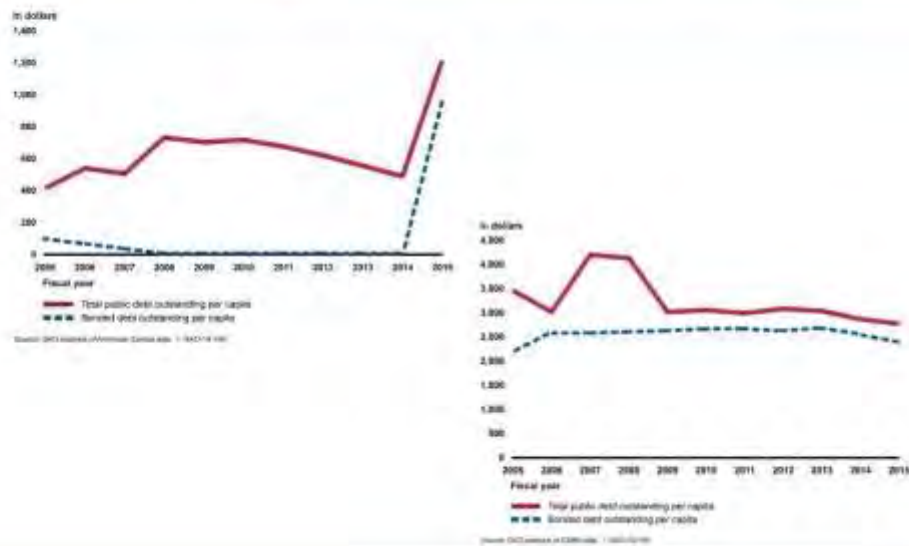
- Tendency to underfund the pension system due to budget pressures.
- Each year, unfunded amount grows if normal cost plus annual payment on amortization of unfunded is not paid.
- Increased litigation against the government by participants and retirees.

Outstanding Debt Obligations: Puerto Rico (% GNP and per capita)



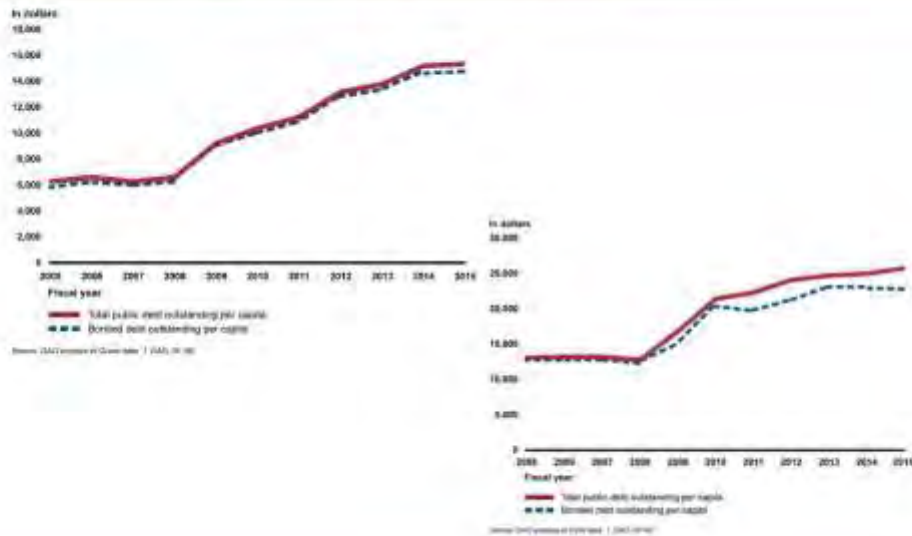
14

Debt Outstanding per capita: American Samoa and CNMI



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Debt Outstanding per capita: Guam and USVI



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Comments on the Municipal Market—MMA

- Including **PR**, 2017 has had 41 defaults (affecting \$33.6B in outstanding par) versus 60 (\$23.3B) last year. Excluding **PR**, there have been 34 defaults this year (\$0.7B) versus 54 (\$0.9B) last year. (MMA)
- As of November, 25 rated (non-PR) municipal issuers have an uncured, ongoing payment default. (MMA)
- Due to refundings and fewer new issuances, median state debt service reduced slightly to 4.1% of own-source governmental revenues. Connecticut has the highest debt service ratio at 14%. (Moody's)
- The median state net tax-supported debt (NTSD) per capita was down slightly at \$1,006, while the mean was \$1,479. The median state NTSC as % of personal income remained at 2.5%, with the mean at 3.0%. NTSC is secured by statewide taxes and other general revenue sources, net of obligations that are self-supporting from pledged sources other than state taxes or operating resources—such as utility revenues. (Moody's)

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Municipal Securities Rulemaking Board and SEC Rule 15c2-12

- Underwriters are required by the MSRB to submit initial issuance documents on municipal securities.
- Since July 2009, EMMA has served as the centralized repository of continuing disclosures of financial statements and significant events by issuers in the municipal market pursuant to SEC Rule 15c2-12.
<http://www.msrb.org/msr/152pdf/mile-and-issuances-and-15c2-12.pdf>

Continuing Disclosures Submissions — All U.S. Municipal Issuers (Number of Documents)

	2017-Q3
Bond Call	8,619
Audited Financial Statements or CAFR	5,054
Annual Financial Information and Operating Data	4,278
Quarterly/Monthly Financial Information	3,354
Rating Change	2,031
Other Financial/Operating Data	1,896
Other Event-Based Disclosures	1,377
Failure to Provide Annual Financial Info	1,102
Defeasance	1,095
Budget	985
Interim/Additional Financial Information/Operating Data	175
Notice to Investor Pursuant to Bond Documents	146
Bank Loan	105
Asset Backed Securities Filings ¹	92
Principal & Interest Payment Delinquency	91

<http://www.msrb.org/-/media/Files/Data/Quarterly/Stats-2017-Q3-and-104-mm>

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Moody's Credit Ratings – as of May 2017

Key Metrics for US Territories

Rating	Investment Grade		Non-Investment Grade		Downgraded
	BBB+	No Rating	BBB-	Below BBB-	
2017 Debt Outstanding					
Net Tax-Supported Debt (\$ Thousands)	\$88,418	\$81,375	\$1,386,195	\$1,888,088	\$38,804,000
Gross Tax-Supported Debt (\$ Thousands)	\$88,423	\$81,375	\$1,255,292	\$2,504,938	\$82,343,000
Key Metrics					
Debt as % of GDP	13.8%	8.7%	21.5%	50.8%	98.1%
Debt per Capita (\$)	\$1,540	\$1,037	\$7,678	\$18,172	\$18,562
Debt Service Key Metrics					
Debt Service (\$ Thousands)	\$7,386	\$6,495	\$88,676	\$174,385	\$3,181,710
Debt Service as % of Fiscal 2015 Debt Service Govt Revenues	7.6%	8.2%	10.8%	17.3%	38.1%

¹Rating is non-investment grade and below
Investment Grade/Non-Investment Grade

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Credit Rating Agencies—Updated Methodologies

- Rating agencies now consider pension and retiree healthcare liabilities as part of total long-term debt.
- Moody's released a revised method proposal on 12/5/17:

US States and Territories Scorecard

Rating Factors	Factor Weighting	Sub-factors	Sub-factor Weighting
Economy	25%	Per Capita Income Relative to US Average	12.5%
		Nominal Gross Domestic Product	12.5%
Finances	30%	Structural Balance	10%
		Fixed Costs / State Own-Source Revenue	10%
		Liquidity and Fund Balance	10%
Governance	20%	Governance / Constitutional Framework	20%
Debt and Pensions	25%	(Moody's-Adjusted Net Pension Liability + Net Tax-Supported Debt) / State GDP	25%

<https://www.research.com/publications/doi/full/10.1186/1745-6215-9-1>. The copyright holder for this preprint (which was not certified by peer review) is the author/funder, who has granted bioRxiv a license to display the preprint in perpetuity. It is made available under aCC-BY-NC-ND 4.0 International license.

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State Public Pensions—56 Plan Sample

\$ millions

Actual: Investment Return Savings	Actual	Actual	Actual	Actual
Pension Measurement Year	2013	2014	2015	2016
Government Fiscal Reporting Year (most cases)	2014	2015	2016	2017
Average Investment Return	11.7%	16.6%	3.2%	1.1%
Average Reported Discount Rate	7.6%	7.5%	7.5%	7.9%
Average Citigroup Pension Liability Index (CPLI)	4.8%	4.3%	4.4%	3.6%
Total Pension Liability	\$2,411	\$2,509	\$2,606	\$2,792
Plan Fiduciary Net Position	\$1,767	\$2,000	\$2,009	\$1,977
Net Pension Liability (NPL)	\$644	\$509	\$597	\$778
Funded Ratio - Reported (Accounting) Basis	73%	80%	77%	72%
Moody's Adjusted Net Pension Liability (ANPL)	\$1,348	\$1,638	\$1,741	\$2,377

- Median employer contribution is 16% of payroll.

Moody's Investor Service, June 2017

Overview of Public Pensions—Each Territory and FAS

• # of public employee systems? _____

• For the largest system:

Total Liabilities \$ _____

Total Assets \$ _____

Net Pension Liability \$ _____

% Funded _____ %

USVI Pension Liabilities

Funding Level:

- The Government Employees Retirement System is 80% unfunded using GAAP standards and is projected to become insolvent in 2023.
- The unfunded liability increased from \$1.4 billion in 2009 to \$4.1 billion in 2015.

Contributing Factors:

- Annual employer contributions have been consistently below both the actuarially-determined contributions (ADC) and the actual benefits paid out.
- A decline in the number of employees contributing to the system and corresponding increase in the number of retirees and beneficiaries currently receiving benefits has also weakened GERS.
- Total benefit payments increased from \$151 million to \$250 million over the decade ending in 2015.

• **Impact of Insolvency:** After exhaustion of assets, less than 50% of benefits could continue to be paid out based on the appropriations being made by the government plus employee contributions.

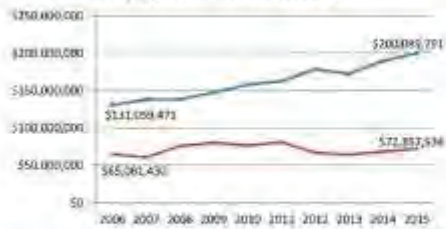
• **Potential Measures:** The pension board has implemented some cuts to unvested benefits for Tier 1 employees. Changes to the benefits of vested employees would require legislative action.

Combined Retirement Plan Summary Information

Active Employees	9,227
Retirees & Beneficiaries	8,465
Total Pension Liability	\$5.1 bn
Assets*	\$1.0 bn
Net Pension Liability	\$4.1 bn
Funded Ratio (%)	20%

*As of 12/31/2015. Source: USVI Government Employees Retirement System (GERS) Financial Report 2015. USVI Government Employees Retirement System (GERS) Financial Report 2015.

Annual Employer Contributions vs. ADC



Source: USVI Government Employees Retirement System (GERS) Financial Report 2015.

Pension Reforms in U.S. States (2009-2015)

- Employees in over 40 plans in 36 states were affected by increases to member contribution rates.
- Plans in 40 states reduced benefits via:
 - An increase to the period used to calculate average salary
 - A reduced retirement multiplier
 - Reducing or eliminating COLAs
- Retirement eligibility was reduced in 29 states affecting over 40 plans. This typically took the form of an increase in age, required years of employment, or a combination of both.
- Michigan, Utah, Rhode Island, Virginia, and Tennessee created combination hybrid plans and two states—Kansas and Kentucky—created cash balance plans for newly hired employees. Rhode Island's new hybrid plan required from some current plan participants.
- Self-adjusting features: plans in Arizona, Iowa, Nevada, and Penn. are among those that require employee contributions to fluctuate depending upon the plan's condition. Other states, such as WI, automatically alter benefit levels depending on factors such as plan funding or investment performance.



<http://www.nasra.org/Files/Spotlight/Significant%20Reforms.pdf>

PROMESA and GAO Study of Territorial Debt

PROMESA's restructuring provisions are not applicable except for Puerto Rico:

- PROMESA required the GAO to complete the debt study of the territories.
- Otherwise, PROMESA does not apply to USVI, Guam, the Northern Marianas or American Samoa.

Public debt financing government operations:

- Puerto Rico has long used public debt as a means to finance general government operations. Debt has been used for this purpose in Puerto Rico since at least 2000.
- As Puerto Rico's debt grew, the government found it increasingly difficult to meet other responsibilities, including paying tax returns, settling accounts payable, and fulfilling pension obligations.

Unsustainable pension liabilities

- Puerto Rico failed to contribute the required actuarial amount to its public employee pension systems and wrote this underfunding into statute.
- By 2016, the net pension liability had grown to \$50 billion across the three main retirement systems.

<https://www.gao.gov/assets/690/696040.pdf>

PROMESA and GAO Study

GAO cites rating agency, government and other market participants' comments on the causes for the build-up of Puerto Rican government debt:

Triple tax exempt status: Debt in Puerto Rico was attractive to investors for its triple tax exempt status. Over time, Puerto Rico's primary government accumulated debt from investors without addressing its persistent deficits. According to the February 28, 2017, version of the Puerto Rico government's fiscal plan, Puerto Rico's capacity to issue debt at favorable rates postponed the implementation of fiscal reforms and controls necessary to balance Puerto Rico's budget.

Financial data limitations: A lack of comprehensive, timely, and accurate financial data from Puerto Rico may have limited the ability of some investors to anticipate or fully understand the economic crisis in the territory. For example, according to the Government of Puerto Rico's February 28, 2017, version of the fiscal plan, audited financial statements for Puerto Rico were only issued on time three times from 2006 to 2014. Audited financial statements are still currently pending for fiscal years 2015 and 2016. In addition, forecasts routinely overestimated revenue.

Recession and outmigration: Recession and outmigration have resulted in reduced tax revenue. A recession in Puerto Rico began in 2006 and continued through the period we reviewed. Outmigration also accelerated most years since 2005 as Puerto Ricans migrated to the U.S. mainland and elsewhere. According to U.S. Census Bureau estimates, Puerto Rico lost 14 percent of its population, more than 550,000 individuals, between July 2009 and July 2016.

936 tax credit phase out: The phase out of the section 936 tax credit is often cited by Puerto Rico officials for its negative effect on Puerto Rico's economy. Other experts said the effect was not as significant. In addition, in 2006, we reported that the expiration of the benefit did not ultimately lead to a reduction in income and value added.

<https://www.gao.gov/assets/650/650389ad.pdf>

To Change a Downward Trajectory, the Government Must Take Action

High priority governmental actions include:

- **Implementation of a Realistic and Viable Fiscal Plan, including –**
 - Establish a baseline budget projection for 5 to 10 years
 - Identify the fiscal gap for each year
 - Outline the measures to take to eliminate the gap—in revenues, cost controls and structural reforms
 - Quantify the impact of the combined measures
- **Implementation of a Liquidity Management Plan Replacing the Current Ad Hoc Approach –**
 - Prepare a cash flow forecast for at least the next 2 fiscal years
 - Classify outstanding payments—Essential/Non-Essential
 - Identify liquidity measures—include order of use and quantity
 - Manage variances using updates showing comparison of actual cash flows with the baseline forecast and applying measures in pre-established order

Government Requires Implementation of a Viable Fiscal Plan – To Change Current Course and Regain Solvency and Liquidity

Checklist for evaluating extent of progress to date:

		Yes	No
1	Develop a baseline budget projection for 3 to 10 years. Comments:		
2	Identify the fiscal gap for each year. Comments:		
3	Outline the measures to take—revenue increases, structural reforms, and cost controls that can realistically be adopted to eliminate the gap over a reasonable time period. Comments:		
4	Quantify the annual dollar impact of each measure. Comments: Must include reasonable assumptions for cost savings and revenue enhancements.		

Example of Baseline Fiscal Gap Calculation with Measures— Puerto Rico January 2017

\$ in billions	FY 2019 Fiscal Gap		
Total Baseline Revenues ¹	\$15.4		
Total Non-Debt Service Expenses ²	-19.1		
Primary Balance before Debt Service and Measures	-3.7		
Contractual Debt Service	-3.9		
Fiscal Gap	-7.6		
Proposed Impact of Fiscal Measures		Measures (\$)	% change to Baseline³
1. Revenue Enhancements ⁴		+51.5	+15%
2. Government Right-sizing, Efficiency and Reduction ⁵		+1.5	-22%
3. Reducing Health Care Spending ⁶		+1.0	-28%
4. Reducing Higher Education Spending		+0.3	-27%
5. Pension Reform		+0.2	-10%
Impact of Fiscal Measures		+54.5	
Implied Primary Surplus after Measures Available for Debt Service⁷	\$0.8		

Government Requires A Liquidity Management Plan – To Improve Outcomes Relative to an Ad Hoc Approach

Checklist for evaluating extent of progress to date:

		Yes	No
1	Prepare FY 2017 and FY 2018 cash flow forecast. Comment:		
2	Classify outstanding payments – Essential/Non-Essential		
3	Identify liquidity measures—include order of use and quantity Examples: defer vendor payments, payroll measures, cut non-essential service(s)		
4	Prepare periodic liquidity updates showing comparison of actual cash flows with the baseline forecast. Include variances from baseline, measures taken and post-measure condition results.		

Debt Agreements May Already Substantially Restrict Liquidity Management

- Trust agreements as part of security arrangements when issuing debt often clearly outline creditors' rights to revenues before operating expenses can be paid.
- The cash waterfall shown here is part of a bond issuer's master trust agreement, modified and tightened several times by amendments as debt instruments were added over the years.



Example of Cash Flow Reconciliation to Forecast with Liquidity Measures – Puerto Rico November 2016

(Figures in \$mm)

	Actual			Forecast							Total			Business Payable Estimate (1)		
	21-Oct	30-Nov	31-Dec	21-Jan ⁽²⁾	28-Feb	27-Mar	26-Apr	31-May	30-Jun	30-Jul	Oct-Jan	2016A	2016B	2016C	2016D	2016E
Nov. 2016 Baseline																
Cash Bal Jan 17 - Old Cash Flow	(\$107)	(\$81)	(\$17)	(\$67)	(\$1,321)	(\$18)	\$236	(\$121)	(\$44)	(\$146)		\$1,358	\$1,319	(\$137)		
Verticals Netflow / Reverse																
Contingencies	-	-	-	(\$18)	(\$21,000)	(\$50)	(\$81)	(\$46)	(\$90)	(\$477)						
Revenue Funds	24	0	28	89	139	143	30	33	8	87						
Revenue Tax Revenue	11	101	110	14	25	23	121	131	121	118						
Net Transfers	-	102	84	111	10	-	9	-	-	19						
Other Inflows	0	14	17	7	39	18	107	43	18	88						
Highways Transportation Authority	-	0	18	13	10	18	10	10	18	82						
Payroll Expenses	8	7	21	111	8	2	1	1	1	20						
Sales & Use Tax	10	8	3	18	-	-	-	-	-	14						
Supplier Payments	17	114	172	0	-	-	-	-	-	89						
Other	18	17	49	14	111	177	131	130	111	40						
Subtotal	100	33	198	171	12	106	205	105	111	111						
Jan. 2016 Baseline																
Cash Bal Apr 17 - New Cash Flow	(\$108)	(\$94)	\$2	(\$90)	(\$1,289)	(\$11)	\$181	(\$121)	(\$44)	(\$146)		\$1,358	\$1,319	(\$137)		
Liquidity Measures																
Interest Murdichall	-	-	-	\$1,318	\$48	\$48	\$1,617	-	-	\$128						
Supplier Payments	-	-	-	18	28	24	14	8	8	8						
Payroll Expenses	-	-	-	3	5	7	2	2	4	4						
Termination of Non-Essential Services	-	-	-	-	-	-	-	-	-	-						
Cash/Transit Outstanding Payments (Excludes Other Events)	-	-	-	-	-	-	-	-	-	-						
Subtotal	-	-	-	\$1,318	\$76	\$79	\$1,631	\$8	\$8	\$104						
Jan. 2016 Other Measures																
Net Cash Flow	(\$108)	(\$94)	\$2	(\$90)	\$69	(\$40)	\$233	(\$1,214)	(\$44)	(\$146)		\$1,358	\$1,319	(\$137)		
Beginning Cash Balance	\$405	\$178	\$184	\$288	\$188	\$252	\$213	\$444	(\$1,342)	(\$1,342)						
Ending Cash Balance	\$197	\$284	\$186	\$198	\$257	\$212	\$446	(\$1,342)	(\$1,298)	(\$1,298)						
2016C																
Ending Cash Balance 2016C	\$178	\$178	\$288	\$188	\$252	\$212	\$446	\$44	\$44	\$44						

(1) Includes amounts through January 2017.
(2) Forecasts are based on publicly available data.

<https://onlineopen.com/pr.gov/wp-content/uploads/2016/11/2016-2017-Financial-Forecast.pdf>

Department of the Interior, Office of Insular Affairs: Budget Update

2018 Budget Request Office of Insular Affairs



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OIA's Mission

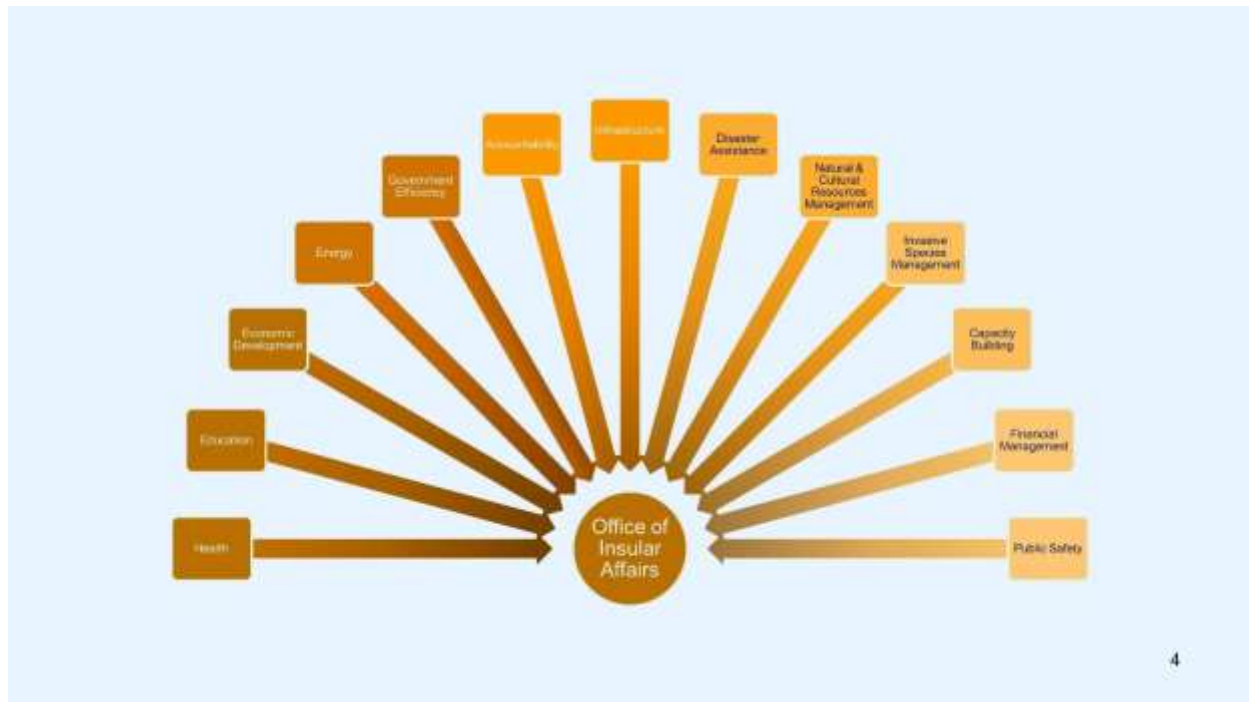
Empower Insular Communities

- Improve Quality of Life
- Create Economic Opportunity
- Promote Efficient & Effective Governance

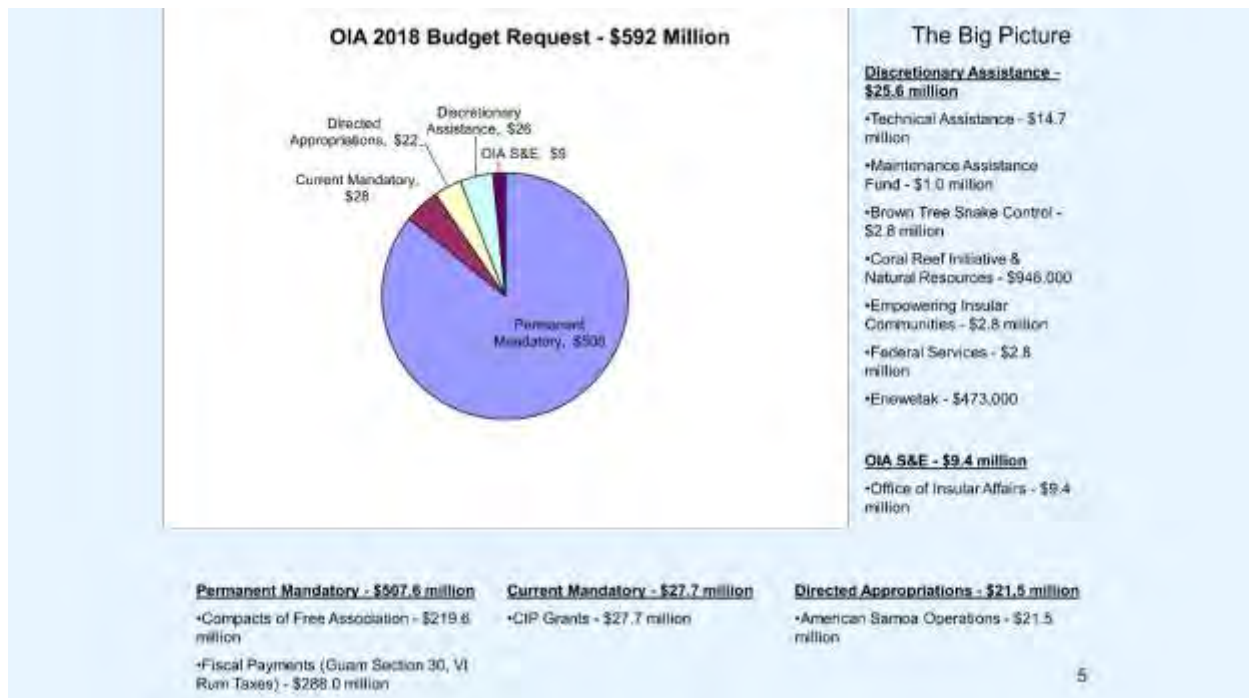


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2018 Budget Request

FY 2018 Budget at a Glance Office of Insular Affairs				
	2016 Actual / 2017 Estimate		2018 Proposed	2016-2017
Assistance to Territories				
American Samoa Operations	22,722	22,722	21,329	(1,403)
CB Grants	27,720	27,720	27,720	0
Territorial Assistance				
Office of Insular Affairs	9,440	9,440	8,470	(970)
Technical Assistance	(3,504)	(3,504)	(4,073)	(569)
Municipal Assistance	1,000	4,000	1,023	(2,977)
Disaster Preparedness (Contin)	3,500	3,500	2,000	(1,500)
Coastal Resource Planning & Natural Resource	1,000	(2,250)	0	(3,250)
Empowering Insular Communities	2,973	3,471	2,900	(571)
Compact Impact Study	3,000	3,000	0	(3,000)
Total, Assistance to Territories	90,871	81,823	80,342	(10,531)
Compact of Free Association - Current				
Federal Services	2,815	2,815	2,815	0
Electricity	500	500	473	(27)
Palau Compact Extension	13,142	13,142	0	(13,142)
Total, Compact of Free Association - Current	16,457	16,457	3,288	(13,170)
Total Current Discretionary/Mandatory	107,328	98,280	83,630	(24,650)

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Assistance to Territories

2018 Budget Request

Activity/Initiative	2016 Actual	2017 Estimate		Program Changes		2018 Request		Change from 2017 (A)	
	Amount	FY	Amount	FY	Amount	FY	Amount	FY	Amount
ASSISTANCE TO TERRITORIES									
1. American Samoa Operations	22,722	1	22,722	1	(1,223)	1	21,500	1	(1,223)

- American Samoa Operations 2017 Usage
 - Education - \$12.6 million
 - LBJ Hospital - \$7.9 million
 - American Samoa Community College - \$1.4 million
 - High Court of American Samoa - \$855,000



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Assistance to Territories

2018 Budget Request

Activity/Subjectivity	2016 Actual	2017 Disburse		Fixed Costs & Related Changes	Statutory Transfers	Program Changes		2018 Request		Change from 2017 (+/-)	
	Amount	FTE	Amount			FTE	Amount	FTE	Amount	FTE	Amount
ASSISTANCE TO TERRITORIES											
2. Capital Improvement Project (CIP) Grants											
American Samoa Island Construction	9,600	-	9,882	-	-	-	(931)	-	9,124	-	(975)
American Samoa Construction	9,505	-	9,882	-	-	-	769	-	10,321	-	709
Guam Construction	3,670	-	3,378	-	-	-	42	-	3,620	-	(4)
Virgin Islands Construction	1,919	-	2,447	-	-	-	284	-	2,643	-	203
Total CIP Grants	27,720	-	27,328	-	-	-	-	-	27,728	-	-

• Capital Improvement Program

- General infrastructure construction including water, sewer, power, schools and hospitals
- Competitive Criteria



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Assistance to Territories

2018 Budget Request

Activity/Subjectivity	2016 Actual	2017 Disburse		Fixed Costs & Related Changes	Statutory Transfers	Program Changes		2018 Request		Change from 2017 (+/-)	
	Amount	FTE	Amount			FTE	Amount	FTE	Amount	FTE	Amount
ASSISTANCE TO TERRITORIES											
3. Territorial Assistance											
Office of Insular Affairs	9,332	34	9,449	(183)	-	-	184	14	9,416	-	(13)

• Office of Insular Affairs

- 34 FTE (level w/2016 & 2017)
- Staff in DC, HI, Am. Samoa, CNMI, FSM, RMI



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Assistance to Territories

2018 Budget Request

	2016 Actual	2017 Classification		Program Charges		2018 Request		Change from 2017 (100)	
	Amount	F/C	Amount	F/C	Amount	F/C	Amount	F/C	Amount
ASSISTANCE TO TERRITORIES									
1. Technical Assistance									
Federal Assistance	12,254		10,784		(2,110)		14,571	-	(2,110)

• Technical Assistance

- \$2.1 million
- \$30.4 million in requests in 2017
- Focus on urgent emergent needs and effective governance.



USVI - Juan F. Luis Hospital Equipment Upgrades



American Samoa Drug Sniffing Dogs

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Assistance to Territories

2018 Budget Request

Technical Assistance Grant Awards 2016/Estimate for 2017 & 2018 (Dollars in Thousands)

Recipient	2016 Awards	2017 Estimate	2018 Estimate
Direct Grants to Insular Areas			
American Samoa	1,541	TBD	TBD
Northern Mariana Islands (CNMI)	1,491	TBD	TBD
Guam	1,476	TBD	TBD
U.S. Virgin Islands	1,601	TBD	TBD
Federated States of Micronesia (FSM)	20	TBD	TBD
Republic of the Marshall Islands (RMI) (includes 4 Atoll Healthcare)	7,006	TBD	TBD
Republic of Palau	706	TBD	TBD
Total, Direct Grants to Insular Areas	\$8,873	\$8,411	\$7,608
Other TAP (Provides Benefits to Multiple Insular Areas)	2016 Awards	2017 Estimate	2018 Estimate
Grad. School Pacific & Virgin Islands Training Initiatives	\$2,371	\$2,500	\$2,500
-Includes FAS Compact area support projects			
U.S. Department of Commerce, for GDP data	\$750	\$750	\$750
NEPA review and Compliance for OIA grants	\$315	\$315	\$315
Post Service Benefits Program	\$1,099	\$800	\$800
Civil Education Programs	\$1,460	\$1,080	\$1,080
Other multiple jurisdiction projects	\$636	\$1,699	\$1,699
Total, Multiple Jurisdiction Programs	\$6,631	\$7,064	\$7,864
Total, Technical Assistance	\$15,504*	\$15,475	14,672

*Total 2016 TAP awards \$15,511 (including various funding)

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Assistance to Territories

2018 Budget Request

Activity/Initiative	2016 Actual		2017 Available		2017 Budget		2018 Request		Change from 2017 (\$K)	
	Actual	FTE	Actual	FTE	Actual	FTE	Actual	FTE	Actual	FTE
ASSISTANCE TO TERRITORIES										
1. Territorial Assistance										
Maintenance Assistance	1,000		0		0		(2,877)		(3,877)	

• Maintenance Assistance Fund

- Institutionalize good maintenance practices
 - Training, planning, tools, and repairs
- Assessment of Buildings and Classrooms (ABCs) Initiative
 - 2013 report noting \$177 million in deferred maintenance; \$17 million health and safety
 - 5-year push to reduce deferred maintenance



American Samoa Comprehensive Bus Safety Program



The Pacific Lineman Training



Insular ABC's Assessment

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Assistance to Territories

2018 Budget Request

Activity/Initiative	2016 Actual		2017 Available		2017 Budget		2018 Request		Change from 2017 (\$K)	
	Actual	FTE	Actual	FTE	Actual	FTE	Actual	FTE	Actual	FTE
ASSISTANCE TO TERRITORIES										
1. Territorial Assistance										
Brown Tree Snake Control	1,000		1,250		1,000		1,000		(250)	
Coral Reef Initiative & Natural Resources	1,000		1,250		1,000		1,000		(250)	

• Brown Tree Snake Control

- Containment
- Aerial suppression system creation, testing and implementation

• Coral Reef Initiative & Natural Resources

- Protect and improve the health of coral reef habitats for long-term economic and social benefit



BTS Aerial Suppression System

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Assistance to Territories

2018 Budget Request

	2016 Actual		2017 Outlook		2018 Request		Change from 2017 (%)	
	Actual	FTE	Actual	FTE	Request	FTE	Request	FTE
ADVENTURE TO TERRITORIES								
5. Territorial Assistance								
Empowering Insular Communities	2,371	—	3,471	—	—	—	2,371	—
Compact Impact Discretionary	3,000	—	5,000	—	—	—	3,000	—

- Empowering Insular Communities
 - Energy costs 3X national average
 - Sustainable energy projects
 - Photovoltaic, energy efficiency, wind, geothermal, integrated resource planning
- Compact Impact Discretionary
 - Program Elimination



Solar panels in Maricao, American Samoa



Pilot Wind Turbine Project (275 kW)¹⁴
Guam

Compacts of Free Association - Current

2018 Budget Request

	2016 Actual		2017 Outlook		2018 Request		Change from 2017 (%)	
	Actual	FTE	Actual	FTE	Request	FTE	Request	FTE
COMPACT OF FREE ASSOCIATION - CURRENT								
1. Federal Services	2,818	—	2,818	—	—	—	2,818	—
2. Miscellaneous	300	—	300	—	—	—	477	—

- Federal Services
 - USPS mail service funding unchanged in recognition of the Palau Compact Review Agreement
- Enewetak
 - Agricultural rehabilitation and community support



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Compacts of Free Association

2018 Budget Request

Activity/Subactivity	2016 Actual		2017		Program Changes	2018 Request		Change from 2017 (+/-)
	Amount	FTE	Amount	FTE		Amount	FTE	
COMPACT OF FREE ASSOCIATION - PERMANENT (Program 1 Items)	70,000		70,000			70,000		

- Compact Impact
 - Compact Impact enumeration completed in 2013
 - Updated allocations began in 2015

Compact Impact Enumeration Summary

	2008 Enumeration			2013 Enumeration			Change from 2008 to 2013		
	CDFA Population	Percent of Total	Compact Impact Funding	CDFA Population	Percent of Total	Compact Impact Funding	CDFA Population	Percent of Population	Compact Impact Funding
Total	31,635	100%	30,000,000	34,555	100.0%	30,000,000	+1,920		
Hawaii	12,215	37%	11,228,742	14,705	43%	12,762,203	+2,485	+5.1%	+1,533,521
Guam	18,375	58%	16,027,026	17,170	50%	14,906,671	-1,185	-6.4%	-1,120,356
CDFA	2,100	6%	1,933,441	2,680	8%	2,306,362	+580	+1.3%	+372,921
AS	25	0%	11,789	25	0%	21,706	+10	+40.0%	+7,916



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Compacts of Free Association

2018 Budget Request

Activity/Subactivity	2016 Actual		2017		Program Changes	2018 Request		Change from 2017 (+/-)
	Amount	FTE	Amount	FTE		Amount	FTE	
COMPACT OF FREE ASSOCIATION - PERMANENT Assistance to the Marshall Islands								
Sector Grants	35,977		36,560		10	36,515		10
Aid	500		500		-	500		-
Trust Fund	15,123		16,057		874	16,827		870
Roughday Reimbursement	-		-		-	-		-
Kwajalein Lease Payments	21,217		21,404		590	21,764		360
Permatrak	1,585		1,601		16	1,622		21
Subtotal: Marshall Islands Assistance	74,598		76,165		1,000	77,278		1,213
Assistance to the Federated States of Micronesia (FSM)								
Sector Grants	80,187		80,145		361	80,526		381
Trust Fund	26,289		25,400		1,407	26,953		1,407
Aid	500		500		-	500		-
Subtotal: FSM Assistance	107,176		106,145		1,768	111,979		1,834
Indirect Training	500		570		-	500		-70



17

Palau Compact

2017 Budget Request

	2016 Actual	2017 Request		Fiscal Units and Related Changes	Internal Transfers	Program Changes		2018 Request		Change from 2017 (+/-)	
	Amount	FTE	Amount			FTE	Amount	FTE	Amount	FTE	Amount
COMPACT OF FREE ASSOCIATION - CURRENT											
Palau Compact Expenses	(1,137)	-	(1,147)	-	-	-	(11,141)	-	-	-	(11,141)
Palau Compact DED Transfers	-	-	-	-	-	-	(12,000)	-	(12,000)	-	(12,000)

- Palau Compact

- Language to approve the Compact Review Agreement included in NDAA
- Senate Appropriations Committee backs full appropriation of remaining funds to allow the agreement to be implemented.
- Alas, not a done deal!



18

Fiscal Payments

2018 Budget Request

Activity/Subactivity	2016 Actual	2017		Fiscal Units and Related Changes	Internal Transfers	Program Changes		2018 Request		Change from 2017 (+/-)	
	Amount	FTE	Amount			FTE	Amount	FTE	Amount	FTE	Amount
Taxing Section 30 Income Taxes	79,238	-	79,000	-	-	-	-	-	79,000	-	-
VI Rum Excise - Rum	211,851	-	209,000	-	-	-	-	-	209,000	-	-

- Summary of Fiscal Payments

- USVI Rum (\$10.50 or \$13.25 a proof gallon)



19



Governmental Accounting Update: The Principles Evolve

Governmental Accounting Update: The Principles Evolve

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Website Resources

Meeting the needs of constituents is one of the GASB's key goals. In support of this goal, the GASB makes a variety of resources available through its website, www.gasb.org, including up-to-date information and resources addressing:

- Current projects
- Recent proposals and final pronouncements
- Free copies of proposals and final pronouncements
- A free view of the GASB Codification
- Educational resources
- Resources for users
- Webcasts of GASB Meetings



Where are they now?



Effective Dates—Sept 30

- 2017
 - Statement 73—Pensions not within the scope of 67/68
 - Statement 74—OPEB (plans)
 - Statement 77—Tax abatement disclosures
 - Statement 78—Certain multiple-employer pension plans
 - Statement 79—Certain investment pools and participants^A
 - Statement 80—Blending requirements
 - Statement 82—Pension issues^B
 - Implementation Guide 2016-1
- 2018
 - Statement 75—OPEB (employers)
 - Statement 81—Irrevocable split-interest agreements
 - Statement 85 - Omnibus 2017
 - Statement 86 - Certain Debt Extinguishment Issues
 - Implementation Guide 2017-1
- 2019
 - Statement 83—Certain asset retirement obligations
 - Statement 85 - Omnibus 2017
- 2020—Statement 84—fiduciary activities
- 2021—Statement 87—Leases

Exposure drafts and PV

- Exposure drafts
 - Implementation guide – OPEB
 - Certain disclosures related to debt, including direct borrowings and direct placements
 - Financial Reporting Model (really?)
- Preliminary views documents
 - Conceptual Framework – Recognition
- Other
 - Revenue and expense recognition
 - Capitalization of interest costs
 - Equity interest ownership issues

Other issues on the horizon

- Revenue and expense recognition
- Capitalization of interest costs
- Equity interest ownership issues
- Conduit debt
- Going Concern disclosures
- IT Arrangements, including cloud computing
- Note disclosures reexamination
- Public-Private partnerships (Statement 60 reexam)
- Social Impact bonds



GASB Statement No. 73

- Primarily to establish requirements for defined benefit not within scope of statement 68.
- Those not meeting the trust criteria:
 - Employer/nonemployer contributions irrevocable
 - Plan assets dedicated to providing pensions
 - Plan assets legally protected from creditors
- Applies approach of statements 67/68 with modifications



GASB 78 – Pensions through Certain Multi-Employer DB Plans

- Effective for periods beginning after December 15, 2015
- GASB 68 applied to all State & Local Govt employers (if provided through a trust) but what if the plan include non-government entities or had no predominate state or local government.



8

Scope & Application

- Establish accounting and financial reporting for db pension provided to state or local govt employers through cost-sharing pension plans that:
 - Meet criteria of par. 4 of Statement 68
 - Is not a state or local governmental pension plan
 - Is used to provide db pension to both state/local employees & non-state/local employees
 - Has no predominate state or local governmental employer
 - Collectively or individually
- E.g. plans with benefits provided through federally sponsored or private multiple-employer pension plans (such as Taft-Hartley plans)



5

GASB 79 – Certain External Investment Pools & Participants

- Effective 06/15/2016 (portions deferred to 12/15/2016)
- Brings the guidance for 2a7-like investment pools within the GASB literature
 - SEC rule 2a7 was amended in 2014
 - No substantive change to current practice for governments



10

GASB 79 – Certain External Investment Pools & Participants

- In general, investments should be carried at fair value
 - Exception made for short-term money market funds (2a7-like) carried at amortized cost, which is expected to approximate market
 - Use of fair value is always permitted
 - Once fair value is elected, you cannot later change back to amortized cost



11

GASB 80 – Blending Requirements for Certain C.U.

- Effective for periods beginning after June 15, 2016
- Amends GASB Statement No. 14, paragraph 53. related to blending requirements.
- Does not affect those component units included based on the provisions of GASB Statement No. 39
“Determining Whether Certain Organizations are Component Units”



37

Scope & Application

- Applies to C.U.'s that are organized as not-for-profits corporations in which the primary government is the sole corporate member.
- A component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member, as identified in the component unit's articles of incorporation or bylaws, and the component unit is included in the financial reporting entity pursuant to the provisions in paragraphs 21–37 of Statement 14, as amended



38

GASB 81: Irrevocable Split Interest Agreements

- The GASB standard for reporting split-interest agreements.
- Currently limited guidance for such agreements when the govt. acts as the trustee and is also a beneficiary
- No guidance for situation in which a 3rd party is the trustee and the govt is one of the beneficiaries



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Scope

- Irrevocable split-interest agreements for which the government is the intermediary (trustee or agent) and a beneficiary
 - Donor gives resources to government that also is a beneficiary in the agreement
 - Lead interest: payments during the life of the agreement, generally to non-governmental beneficiary (donor or donor's relative)
 - Remainder interest: assets remaining at termination of the agreement; generally goes to government
- Beneficial interests in resources held and administered by 3rd parties – Refers to the right to receive resources in a future reporting period, from resources administered by a 3rd party



15

GASB 82: Pension Issues

- A statement that clarify's existing guidance found in Statement's 67, 68 and 73
- Mostly clarifying language on employer "pick-up" payments, when employers pay for the employee's contributions
- Also clarifies what "covered payroll" is defined as for pension purposes



16

Statement No. 83, Certain Asset Retirement Obligations



17

Certain Asset Retirement Obligations

- **What:** The Board issued Statement 83 to establish accounting and financial reporting standards for legal obligations to retire certain capital assets, such as decommissioning nuclear power plants and removing sewage treatment plants
- **Why:** Statement 18 addressed only municipal landfills but governments have retirement obligations for other types of capital assets. Diversity exists in practice.
- **When:** Effective for fiscal years beginning after June 15, 2018. Earlier application is encouraged.



Definitions and Scope

- **Asset retirement obligation**—Legally enforceable liability associated with the retirement of a tangible capital asset
- **Retirement of a tangible capital asset**—The permanent removal of a capital asset from service (such as from sale, abandonment, recycling, or disposal)
- **Includes:**
 - Nuclear power plant decommissioning
 - Coal ash pond closure
 - Contractually required land restoration, such as removal of wind turbines
 - Other similar obligations



Statement No. 84, Fiduciary Activities



20

Fiduciary Activities

- **What:** The Board issued Statement 84 to clarify when a government has a fiduciary responsibility and is required to present fiduciary fund financial statements
- **Why:** Existing standards require reporting of fiduciary responsibilities but do not define what they are; use of private-purpose trust funds and agency funds is inconsistent; business-type activities are uncertain about how to report fiduciary activities
- **When:** Effective for fiscal years beginning after December 15, 2018. Earlier application is encouraged.



21

Statement 85: Omnibus 2017



22

Omnibus 2017

- **What:** Statement 85 address various issues include fair value, OPEB, blending of component units, and good will.
- **Why:** The Board periodically reviews the need for amendments to existing literature based on stakeholder feedback and technical inquiries. Omnibus projects are used to address issues in multiple pronouncements that, individually, would not justify a separate project.
- **When:** Effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.



Statement 86

- Certain debt extinguishment issues
 - Addresses the accounting and financial reporting for in-substance defeasances using ONLY existing resources
 - Prepaid insurance that remains as an asset – what to do when the debt is extinguished
 - Provides for additional disclosures for all in-substance defeasance transactions



Statement 87

- Leases
 - Provides for a definition of a lease and lease term
 - Guidance on short-term leases
 - Lessee accounting guidance
 - Lessor accounting guidance
 - Contracts with multiple components and contract combinations
 - Lease modifications and terminations
 - Sublease and leaseback transactions



Scope and Approach

Applied to any contract that meets the definition of a lease: "A lease is a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) for a period of time in an exchange or exchange-like transaction."

- The right-to-use asset is that "specified in the contract"
- Control is manifested by (1) the right to obtain present service capacity from use of the underlying asset and (2) the right to determine the nature and manner of use of the underlying asset

Leases are financings of the right to use an underlying asset

- Therefore, single approach applied to accounting for leases with some exceptions, such as short-term leases

Financial Reporting Model Project

- Reexamination of Statements 34,35, 37, 41, 46 and Interpretation 6, or in other words, revise or redo
 - 1) state and local reporting model (34 and 35),
 - 2) the bug fix to stmts 34 and 35 (37)
 - 3) the budgetary comparison schedule (41)
 - 4) net position restricted by enabling leg. (46)
 - 5) interpretation 6, which is all about how to understand modified accrual accounting, as if it wasn't already weird enough...
- Evaluate current model and issues with object of improving/enhancing effectiveness of the overall financial reporting model

Questions?



What's up with our Measures



18

A brief history

- Audit Improvement Program started in 2003
- For several years we worked primarily on just getting caught up with the audits
- As audit improvement plans became more focused on quality, a few measures were used to measure interim progress on the improvement plans
- In 2006 the governments began reporting on their individually chosen performance measures which included measures of the effectiveness of internal operations
- As a result of the Grants conference in 2007, more federal grant focused measures were suggested
- In Dec 2011 six measures were adopted by the group—bank recon, travel advances, cash management plan, invoice days, revenue estimate, FA inventory
- Subsequently new measures were discussed and voted on by the group
- May 2014 IGFOA began using a standard dashboard
- Now need a reset

Why are we measuring?

- Internally focused
 - Monitor (what should now be) routine operations
 - Timeliness of bank reconciliations
 - Timeliness of SF 425 reports
 - Measure progress on process improvement projects
 - Process for Travel advance collections
 - Process for Fixed Asset inventories
 - Staff capacity building
 - # performance evaluations
 - # hours staff training
- Monitor Financial efficiency
 - % of accuracy for revenue estimates
 - % of unused federal funds
 - % of federal receivables to federal revenues

Reminders about Measurement Basics

- Should be a number
- Measurement data should be readily available
- Should be meaningful for your needs
- Should include a target/goal
- The measurement period should be determined
- The reporting format and frequency should consider the primary audience

How is the measurement data used?

Provide transparency

colleagues at IGFOA conferences
internally—Director of Finance, staff meetings
externally—Chief Executive, Legislature, public, other stakeholders

Monitor performance

early warning signals of potential problems

Generate action—quality improvement

measure progress on a process or a process change
or redesign a process
reward and recognize good work

Rather than merely providing a report card on performance, the measures should generate actions toward specific goals.

What do you do if the measure isn't meeting your target?

- Quit that “program”
- Fire someone
- Stop measuring
- Change the target
- Assign more people to help
- Improve the process
 - Measure to see if your improvement helps

IGFOA CURRENT MEASURES	FOCUS
1. Number of days to process an invoice (general and federal)	Grant & Cash Management
2. Reduction in overdue travel advances	Cash Management
3. Completion of fixed asset inventory	Fixed Assets
4. Bank reconciliations completed on a timely basis	Internal Controls
5. Revenue Estimates within target %	Budget & Cash Mgmt
6. Timeliness of SF425 reports	Grant Management
7. Reduction in Federal Grant Receivable balance	Grant & Cash Mgmt
8. Completion of comprehensive Cash Management Plan	Cash Management
9. % of unspent federal funds	Grant Mgmt

NEW MEASURES DECEMBER 2017	VOTES	FOCUS
Completion of Personnel Evaluations	6	Capacity Building
# training hours per finance employee	5	Capacity Building
IGFOA PREVIOUSLY PROPOSED MEASURES		
Collection of General Accounts Receivable	5	Cash Management
# of days to close (quarterly)	4	Internal Controls
# days of cash on hand	4	Cash Management
# employees clearing advances	3	Cash Management
% of unspent federal funds	1	Grant Management
Time to process notice of personnel actions		

IGFOA Call to action

- Commit to interim measurement each month/quarter
- Publish the measures
- Present the measures
 - Governor & Cabinet
 - Legislative body
 - On-line to the public
- Develop an action plan for any measure not meeting target



Positives

- Simple format

Negatives

- No explanations
- No action
- No target
- No benchmark

	Pre-Dashboard	2011 SOS (Rank)	2012 SOS (Rank)	2013 SOS (Rank)	2014 SOS (Rank)	2015 SOS (Rank)	2016 SOS (Rank)	2017 SOS (Rank)	Progress*
Infant mortality (per 1,000 births)	7.6 2009	7.7 (37) 2010	7.7 (39) 2011	7.4 (36) 2012	7.3 (39) 2013	6.7 (35) 2014	7.0 (36) 2015	6.8 (36) 2016	
Obesity in the population*	29.5% 2009	30.3% (40) 2010	31.7% (42) 2011	31.3% (46) 2012	31.1% (40) 2013	31.5% (40) 2014	30.7% (40) 2015	31.2% (35) 2016	
Third grade reading proficiency**	60.3% 2008-09	67.4% 2009-10	63.5% 2010-11	67.7% 2011-12	68.1% 2012-13	70.0% 2013-14	50.1% 2014-15	46.0% 2015-16	
College readiness benchmarks***	14.9% 2008-09	16.0% 2009-10	17.3% 2010-11	17.7% 2011-12	18.1% 2012-13	20.0% 2013-14	20.2% 2014-15	34.9% 2015-16	
Population with bachelor's degree or higher (25+ years old)	24.7% 2008	24.5% (36) 2009	25.0% (35) 2010	25.3% (36) 2011	25.5% (36) 2012	25.9% (35) 2013	26.4% (35) 2014	26.9% (35) 2015	

*Due to federal methodology changes, 2011 data cannot be compared to previous years.

**Due to state testing changes, the 2014-15 school year cannot be compared to previous years.

***Beginning in the 2015-16 school year, the State of Michigan changed the standardized college readiness examination from ACT to SAT.



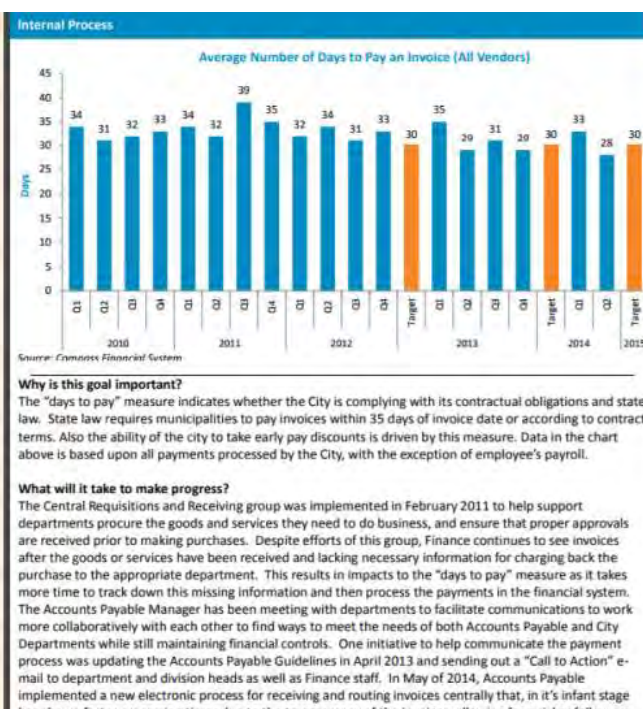
Average # Days to process an Invoice

Positives

- Shows the trend
- Shows the target
- Explains the source of information
- Outlines a plan to improve
- Both visual and narrative

Negatives

- Narrative is long & dense
- Dated information



results minneapolis

IT Department Funding Available for Innovation

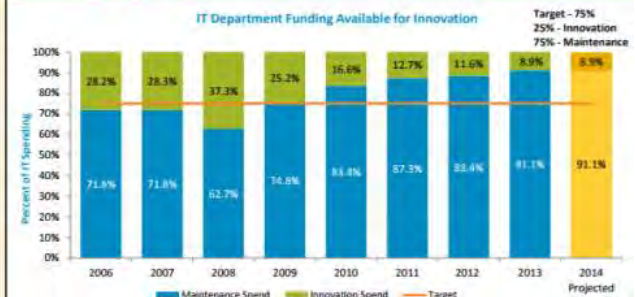
Positives

- Shows the trend
- Shows the target
- Outlines a plan to make progress
- Both visual and narrative components

Negatives

- Narrative is long & dense
- Dated information

Increase Usage of Digital Tools and Solutions to Keep Minneapolis Innovative



Note: Innovation IT expenditures are IT department dollars spent for the advancement of new initiatives or new technology within the City. Maintenance expenditures are defined as costs to maintain existing technology.
Source: Minneapolis IT Department

Why is this goal important?

The city needs to continue implementing innovative solutions to leverage technology in order to meet its challenges and opportunities while minimizing spending on maintenance and administration of existing systems.

Today, the city's data may be incomplete, not in digital format, and/or without relevant attributes, which compromises our ability to realize useful visualization and reporting of city information. The city lacks a comprehensive enterprise catalog of city data, which impedes our ability to integrate relevant city information into employee work processes. We live in a digital world and must digitize our city to become a resident-centric, collaborative city government. This "priming of the pump" will allow meaningful information to be used cross-organizationally for improved decision-making and to achieve greater efficiencies for the City.

What will it take to make progress?

Beyond increased IT funding we can free up funds for innovation by sharing more IT components/applications across departments; limit incremental improvements to existing information systems in favor of substantive transformations; reduce IT expenses by cutting back on capabilities of

State of Rhode Island Transparency Portal

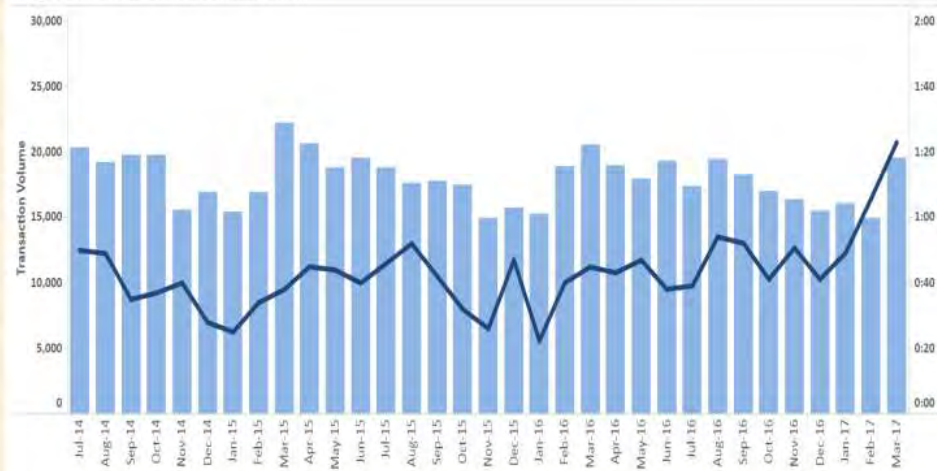
Overall

The Division of Motor Vehicles (DMV) tracks transaction wait times to examine operational efficiency. DMV uses the indicators to recommend process adjustments to improve customer experience.

FY (All)

Average Wait... Transaction...

Average Wait Time vs Transaction Volume: Fiscal Year None



Key Points

The average wait time for a DMV transaction was 40 minutes in Fiscal Year 2016, up from 39 minutes in Fiscal Year 2015.

Motor Vehicles Wait times & Transaction volume

Positives

- Clear graphic
- Short explanation

Negatives

- No target
- No indication of improvement plan
- Too much detail



Why is this measure important?
To ensure compliance of grant requirements and improve performance measures.

What is our plan to improve this measure?
Continue the enforcement of policies and follow-ups with agencies via email and phone.

When do we expect to meet our goal?
Currently, we are keeping below our goal – less than 10%.

May 2017 Summer Conference

14

Yap State GOVERNMENT FINANCE OFFICE DASHBOARD

Measure	Goal	Current Measure	Trend FY2014 – FY2017	Status
Number of days to process an invoice (General Fund)	Three (3) days	5 # of days	FY 14 (10 days, 83% on target) FY 15 (29 days, 11% on target) FY 16 (12.75 days, 93% on target) FY 17-Q1 (3 days, 56% on target) FY 17-Q2 (4 days, 39% on target) FY 17-Q3 (4 days, 38% on target) FY 17-Q4 (6 days, 25% on target)	
Number of days to process an invoice (Federal Funds)	Three (3) days	4 # of days	FY 14 (4.5 days, 45% on target) FY 15 (14 days, 19% on target) FY 16 (7.75 days, 37% on target) FY 17-Q1 (3 days, 61% on target) FY 17-Q2 (3 days, 66% on target) FY 17-Q3 (4 days, 40% on target) FY 17-Q4 (4 days, 50% on target)	
FY17 Reduction in overdue travel advances	50% reduction in TA 1 year and older	8% reduced Oct 1, 2014 to Sept 30, 2015	FY 14 – 10% reduced FY 15 – 8% reduced FY 16 – 3% reduced FY 17 – 5% change from prior year. Currently assessing how to appropriately time-off uncollectible and improve monitoring.	
Completion of final asset inventory	Complete one inventory every other year	100% completed for FY 16. Next scheduled FY 18	Continue to meet Goal	
Bank reconciliation completed on a timely basis	Complete bank rec'n 30 days after bank statement is received	50% timely (partial checking acct) 99% timely (general checking acct)	Reconciliation for general checking completed up to August 31, 2017. Payroll checking completed up to February 2017. Last step of process to update fund balance records need to be completed.	
Revenue Estimates within target %	5% within target	-23% difference between estimate and actual	FY 14 – 41% error (Oct-Mar) FY 15 – 28% error FY 16 – 23% error (Oct-Jun) FY 17 – 30% error FY 17-Q1 (24% error) FY 17-Q2 (8% error) FY 17-Q3 (46% error (tentative rev/exp figures, add revenue yet to be recorded) FY 17-Q4 – 21% error	

Timeliness of SF425 report	100% submitted on time	87% Submitted on time Q1-Q3 for FY 16	FY 14 – 40% on time FY 15 – 30% on time FY 16 – 75% on time FY 17-Q1: 100% on time FY 17-Q2: 25% completed as of 4/13/17, 100% completed by 4/20/17 FY 17-Q3 on target to complete and submit report by 20th of June 2017 FY 17-Q4 on target to complete and submit report by 20th of October 2017	
Reconciliation and Reduction in Federal Grant Receivable Balance	Receivables are brought to zero	80 % reduction FY 16- FY 17	FY 13-FY 14 – 98% reduction FY 14-FY 15 – 23% reduction FY 15-FY 16 – 21% reduction FY 17-Q1 – incomplete FY 17-Q2 – 80% reduction FY 17-Q3 – need to complete reconciliation for accurate assessment. Anticipating completing soon by end of Q4. FY 17-Q4 – 02% complete. Currently working with relevant parties to collect as much prior year's reimbursements as possible.	
Completion of Comprehensive Cash Management Plan	Government Cash Policies Documented? Yes Bank Account Template Completed? Yes Federal Grant Disbursement Process Documented? Yes Federal Grant Drawdown Process Documented? Yes Other cash procedures documented (bank reconciliation, deposits, returned checks)? Yes Treasury State Agreement filed on time (if applicable)? n/a Internal Control Checklist Completed? Yes			

IGFOA Previous Dashboard

Positives

- Shows status
- Shows target
- Possible to add in notes

Negatives

- No trend data
- No explanation of measure
- Awkward symbols
- Messy looking

FINANCE OFFICE DASHBOARD

Measure	Goal	Current Measure	Trend FY2012 – FY2015	Status
Number of days to process an invoice (general fund)	3-5 days for data entry and 30 for vendor payment (fund available basis)	5-7 days for data entry and average 42 days for payment	Significant change (down)	
Number of days to process an invoice (federal funds)	3-5 days for data entry and 2 weeks for payment	5 days for data entry and 17 days for payment	No significant change	
FY15 Reduction in overdue travel advances	25% reduction by 9/30/15	21% increase FY14 vs FY15	Significant change (down)	
Completion of fixed asset inventory	End of FY2015	100% complete	Goal met	
Bank reconciliations completed on a timely basis	Check account within 15 days of receipt of statements Savings account, 15 days from quarter end date	153 bank account reconciliations completed for Apr 30th, May bank recon has begun	Continue to meet Goal	
Revenue Estimates within target %	Within 5% of base	2.4 % difference between estimate and actual	Continue to meet Goal	
Timeliness of SF425 reports	95% completed before report due date	Unsure of the number of late reports as of Sep 30 (agency responsible for submission)	Steady Improvement Continue to meet Goal Slight change (up)	
Reconciliation and Reduction in Federal Grant Receivable balance	100% completion before final report (FFR) submitted	85% reduction Sep 2015 SEFA reconciled	Steady Improvement Continue to meet Goal	

IGFOA Dashboard Example

Positives

- Trend is overly simple
- Shows target
- Possible to add in notes

Negatives

- No explanation of the measure
- Measures not meaningful for general public

Department of Finance Performance Measures	Target	Period	Actual FY15	Actual FY16	Actual FY17	Trend	Notes	Audit issue?
Cash Management								
Reduction in overdue travel advances	< 10% overdue 90 days or more	Qtrly	10.40%	8.40%	5.9% as of May '17			No
Revenue Estimates within target %	5%	Annual	-5%	4%				No
Completion of comprehensive Cash Management Plan	completed & signed, annual review	Annual						Yes
Grants Management								
Number of days to process an invoice paid by federal funds	7 days	Qtrly	21 days	18 days	14 days as of May '17			No
Timeliness of SF425 reports	100% timely	Qtrly	NA	NA	100%		One audit issue with reporting grant income on SF425. The report was timely.	No
% of unspent federal funds	??	Annual	NA	14% for FY16				No
Capacity Building								
Completion of Personnel Evaluations		Annual						
# training hours per finance employee		Annual						
Reconciliation & Internal Control								
Completion of fixed asset inventory	100% as of January	Bi-Annual	100%	100%			Audit finding that the physical inventory was not reconciled with the general ledger	Yes
Bank reconciliations completed on a timely basis	30 days	Monthly	15% (day)	100% (day)				No
Reconciliation and Reduction in Federal Grant Receivable balance	15% AR to Revenues	Qtrly	14.8%	9%				No

Performance Measures	Target	Period	Actual FY15	Actual FY16	Actual FY17	Trend	Notes	Audit Issue?
Cash Management								
Reduction in overdue travel advances	< 10% overdue 90 days or more	Qtrly	15.89%	6.30%	1.2% as of May '17	↑		No
Revenue Estimates within target %	3%	Annual	-2%	4%		→		No
Completion of comprehensive Cash Management Plan	completed & signed, annual review	Annual						Yes
Grants Management								
Number of days to process on invoices paid by federal funds	7 days	Qtrly	21 days	18 days	14 days as of May '17	→		No
Timeliness of SF425 reports	100% timely	Qtrly	NA	NA	100%	↑	One audit issue with reporting grant income on SF425. The report was timely.	No
% of unspent federal funds	??	Annual	NA	14% for FY16				No
Capacity Building								
Completion of Personnel Evaluations		Annual						
# training hours per finance employee		Annual						
Reconciliation & Internal Control								
Completion of fixed asset inventory	100% as of January	Bi-Annual	100%	100%		→	Audit finding that the physical inventory was not reconciled with the general ledger	Yes
Bank reconciliations completed on a timely basis	30 days	Monthly	<30 days	<30 days		↑		No
Reconciliation and Reduction in Federal Grant Receivable balance	15% AR to Revenues	Qtrly	16.0%	8%				No

IGFOA Dashboard Example

Positives

- Shows trend & status
- Shows target
- Possible to add in notes

Negatives

- No explanation of the measure
- Trend data is very small!!

Performance Measures	Target	Period	Actual FY15	Actual FY16	Actual FY17	Target Actual
Cash Management						
Reduction in overdue travel advances	< 10% overdue	Qtrly	15.89% over 90 days	6.3% over 90 days	1.2% over 90 days	
Revenue Estimates within target %	3%	Annual	-2%	4%		
Completion of comprehensive Cash Management Plan	completed & signed, annual review	Annual				
Grants Management						
Number of days to process on invoices paid by federal funds	7 days	Qtrly	21 days	18 days	14 days as of May '17	In FY17 the target was reduced to 7 days from 18
Timeliness of SF425 reports	100% timely	Qtrly	NA	NA	100%	
% of unspent federal funds	??	Annual	NA	14% for FY16		
Capacity Building						
Completion of Personnel Evaluations		Annual				
# training hours per finance employee		Annual				
Reconciliation & Internal Control						
Completion of fixed asset inventory	100% as of January	Bi-Annual	100%	100%		Physical inventory not reconciled to GL balances
Bank reconciliations completed on a timely basis	30 days	Monthly	<30 days	<30 days		Remains under target for all accounts
Reconciliation and Reduction in Federal Grant Receivable balance	15% AR to Revenues	Qtrly	16.0%	8%		

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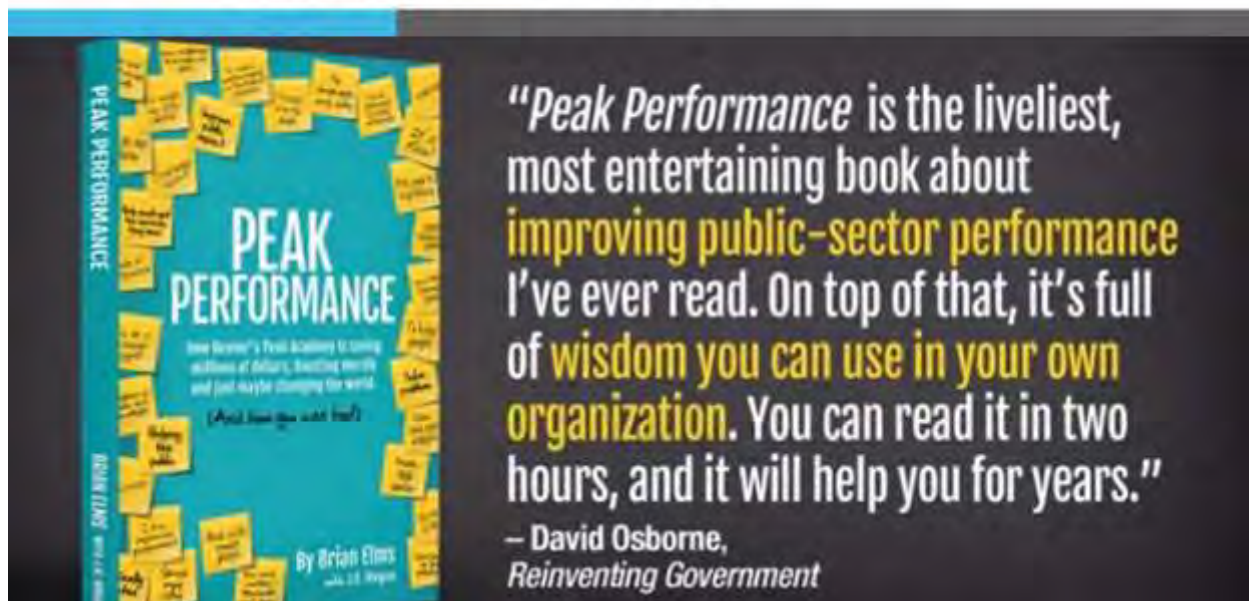


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Hello



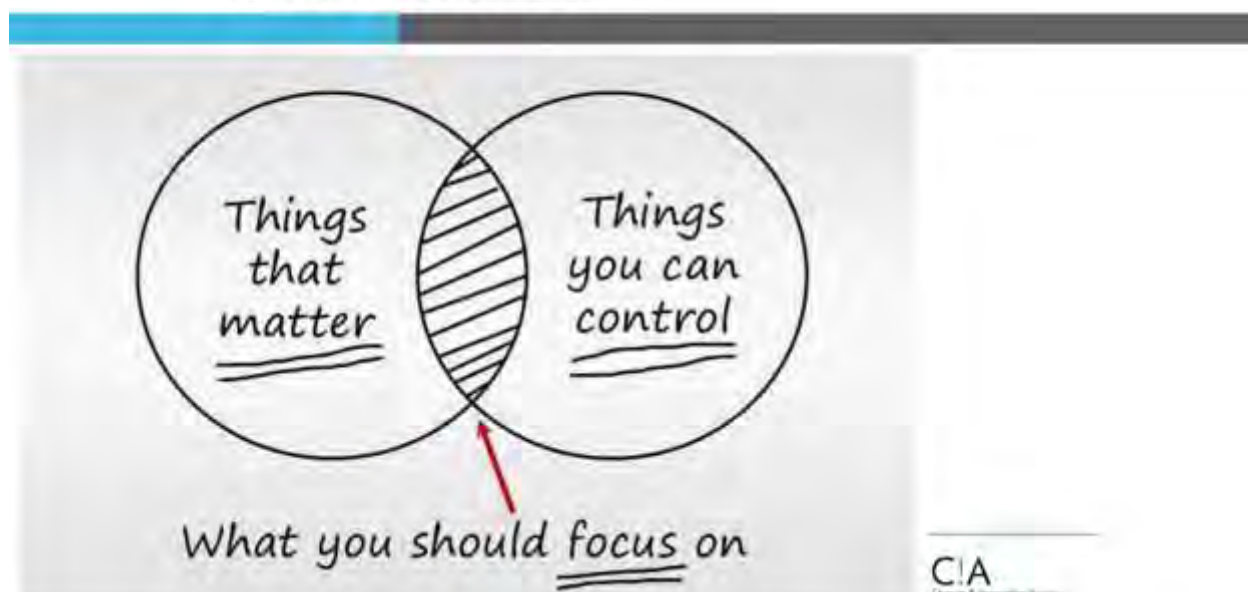
Innovation in a book?



Capacity to do more good.



Where to focus?



Focus

"Everyone thinks of changing the world, but no one thinks of changing himself."

- Leo Tolstoy

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What to do?

- Say "yes"
- Use every technique you have
- Fail fast and forward
- Innovate with only what you have
- Keep score
- Shrink the change
- Infuse humor and trust
- Read



Why Innovation and Performance?



- We want to be the best innovation program in the country
- Believe that government performance helps move people and commerce to you
- Goal to be best government in the world.

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Decentralized Innovation

- Allow for innovation to take place without permission.
- Trust your team to solve problems
- Learn how to say yes!!!



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Why Innovation Academy

- We need to reinvest in our work force.
- We didn't think we could do it alone.
- We didn't believe it could be done at the top.
- We asked people to perform at a higher level...but never trained them to perform



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Democratization of Innovation

- Spread good throughout your team.
- 13,000 brains are stronger than one.
- Ask people to innovate as part of their performance evaluation.
- Ask people to focus on one major performance indicator.



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Why Lean?



- Lean is the a start.
- Use every technique.
- Lean is practical for all education levels.
- Change language to be about innovation and not process!!!

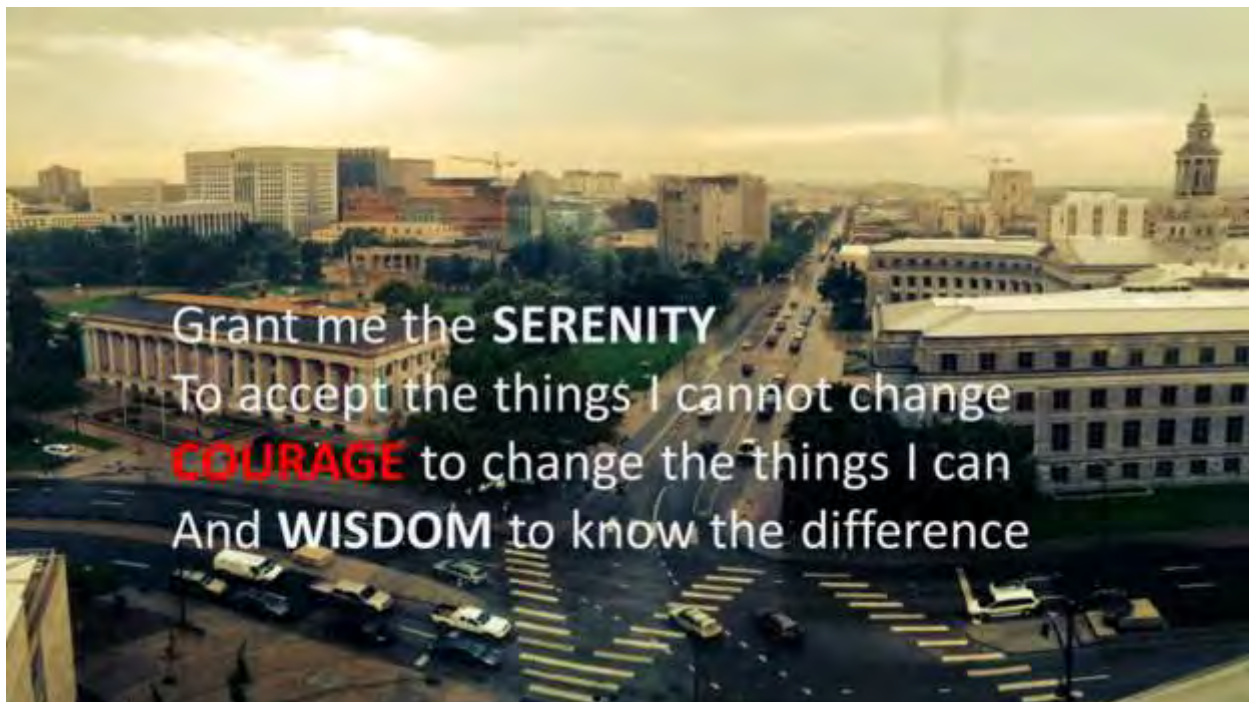
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Why Now



- Because you don't own a magic wand.
- Because magic wands don't work.
- Because your team wants to be engaged in their work.
- Because our goal... "to leave this place better."

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How do you handle an elephant?



Shrink the change:

Break down the change until
it no longer spooks the
Elephant

Sense of progress is critical

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Safe + Fun = Innovation



1st Try

Failure

2nd Try

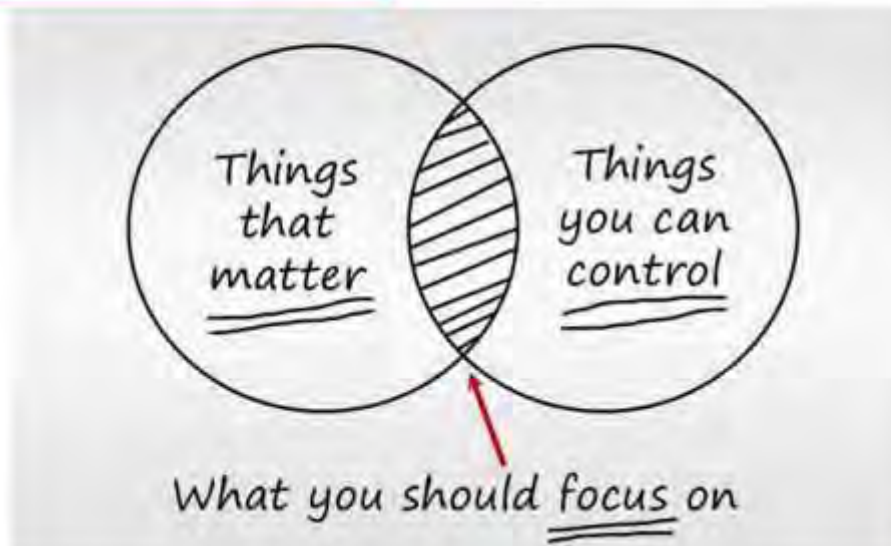
Almost Succeed

3rd Try

Success!

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Where to focus?



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How did they do it?



1. Create a Strategy Meeting Form
2. Go into LinkedIn and connect w/5-10 people in industry per week
3. Improve/create a supplemental item bank and interview question bank – Standard of Work (SOW)
4. Create SOW for pipelining candidates – Identify specific talent for future openings
5. Take classification specs to strategy meetings (put in SOW)
6. Create a Hiring Managers' Guide (SOW)
7. Create an OHR-TA Recruitment Process Guide/SOW
8. Automate the administrative junk/candidates' ability to self-select out via testing and evaluations (only receive 10-20% of applicants)
9. Use outlook to track/remind Recruiter and Hiring Manager of Recruitment Process' timeline and due dates
10. Work more closely with 'Marcomm' about job posting marketing/branding (consistent)
11. Remove view of fields on application that recruiters don't need to screen (app is one page)
12. Create a phone screen training guide (add to SOW)
13. Create a production board for the creation of the OHR-TA Guide/SOW

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THERE WILL BE OBSTACLES
THERE WILL BE DOUBTERS
THERE WILL BE MISTAKES
BUT WITH HARD WORK,
THERE ARE NO LIMITS.

Why Now



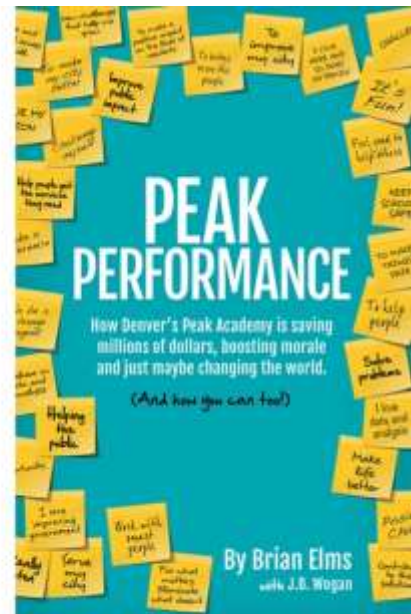
- Because you don't own a magic wand.
- Because magic wands don't work.
- Because your team wants to be engaged in their work.
- Because our goal... "to leave this place better."

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Innovation Academy

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2017



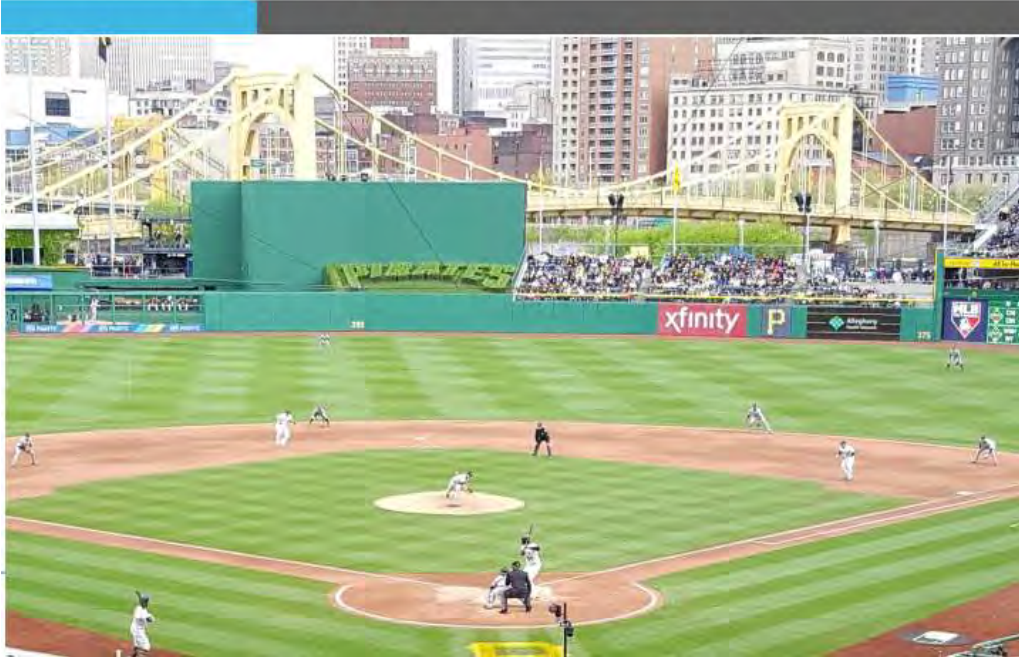
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19

Time to Play Ball!!!



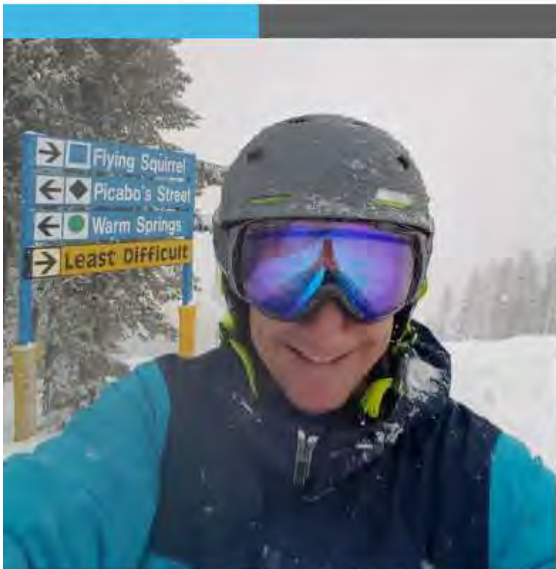
Exercise Rules

- 1 No one can touch the ball more than once
- 2 Follow the same order in each round
- 3 There can be no drops ("defects"): Start Over
- 4 The ball must pass through everyone's hands
- 5 Must be done in 5 seconds

HELLO, I'M BRIAN, I'M FROM DENVER



GOALS

A person wearing a ski helmet and goggles, smiling, with a ski lift sign in the background. The sign lists: Flying Squirrel, Picabo's Street, Warm Springs, and Least Difficult.

On a new post-it write down your goal(s) for this training

Think about:

- What you'd like to accomplish this today;
- What you expect will happen;
- What do you want by the end of today that you don't currently have; and
- What you'd like to take away from today?

Put it on the "What I Want" paper

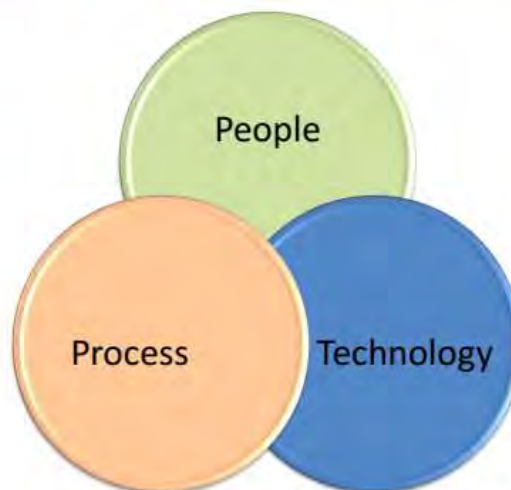
What is in front of you?

- Agenda
- Reference materials in addition to everything you see here can found at www.denvergov.org/peakacademy
- And throughout my book at www.govpeak.com
- Additional information about any tool taught over the next several days can be found on the internet...don't be afraid to google it.



Three ways to change

1. Engage and focus on the people, customers and employees of your process.
2. Improve your process with whatever resources you already have.
3. Structure all of your technological solutions to fit your process and its people.



Keys to Success



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Foundation for Process Improvement...

- Waste is disrespectful of HUMANITY because it wastes scarce resources
- Waste is disrespectful of CITIZENS because it asks them to endure and pay for processes with no value
- Waste is disrespectful of INDIVIDUALS because it asks them to do work with no value

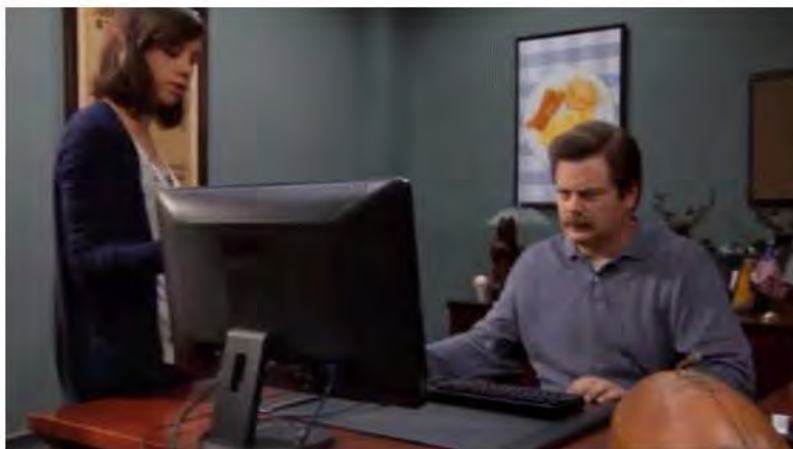
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Innovation without money



CIA 10
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Innovation without technology



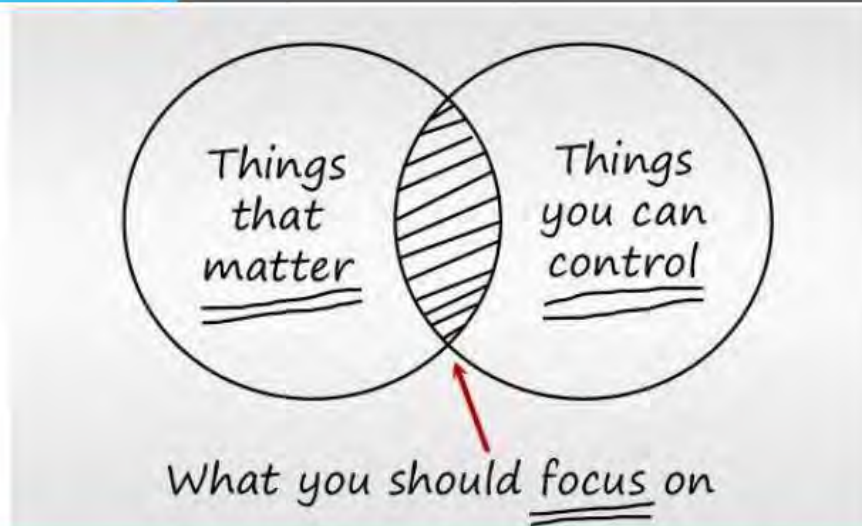
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Innovation without new people



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Focus on what matters!!!



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Meals per hour

Toyota– Meals Per Hour

<https://www.youtube.com/watch?v=EedMmMedj3M>

Discussion

- Thoughts?
- What is the “Super-storm Sandy” of your organization?
- What does the production of a car have to do with the distribution of food and aid after a disaster?
- What does the Toyota Production System have to do with your job, agency and department?

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Problem Solving

Structured Problem solving using an A3 technique

- “CIA Innovation form” is that same thing as an A3
 - Consensus building
 - Communication
 - Sustainability
- Ensures consistency when planning and attacking problems
- Allows the organization to track progress
- Think Differently
 - SEE IT (see problems)
 - SAY IT (talk about problems)
 - SOLVE IT (solve problems)

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Innovation Form

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Innovation Academy Form

Innovation title:

Start Date:

Team members:

End Date:

SEE IT (insert photo of problem/current state map/elevator pitch)

SAY IT	Current State	Future State
What is wrong?		Less of
Money \$		
Errors ⚠		Reduced by
Amount #		Same or more by
Time ⌚		Same or reduced by
Yearly Cost (Annualized)		Reduced by
Potential Yearly Savings		
Potential Yearly Savings to Customer (Value of Customers Time)		
SEE IT (insert photos of waste, value, fishbone, 5 whys, spaghetti diagram, etc.)		

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Innovation's Metrics: MEAT



MONEY

Hourly Rates
&
Material Costs



ERRORS

Defects



AMOUNTS

How many widgets do you make?



TIME

How long does it take to make your widget?
Any wait time?

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Ways to measure value



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Ways to measure value



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Ways to measure value



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Ways to measure value



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Ways to measure value



Providing
Handicapped
parking



Providing Forms in
Multiple
Languages



Increasing Morale

Service Level Improvement

Improvements that
add value to people
or processes, with
no hard or soft
dollar savings



Innovation Form

Innovation title:

Team members:

Start Date:

End Date:

SEE IT (insert photo of problem/current state map/elevator pitch)



In October 2012, New York City was devastated by Superstorm Sandy.

SAY IT	Current State	Future State
What is wrong?	People are still hungry	Less of
Money \$	unknown	
Errors !	unknown	Reduced by
Amount #	800	Same or more by
Time ⌚	3:00/box 3hour distribution	Same or reduced by
Yearly Cost (Annualized)	unknown	Reduced by

Time to Innovate!!!

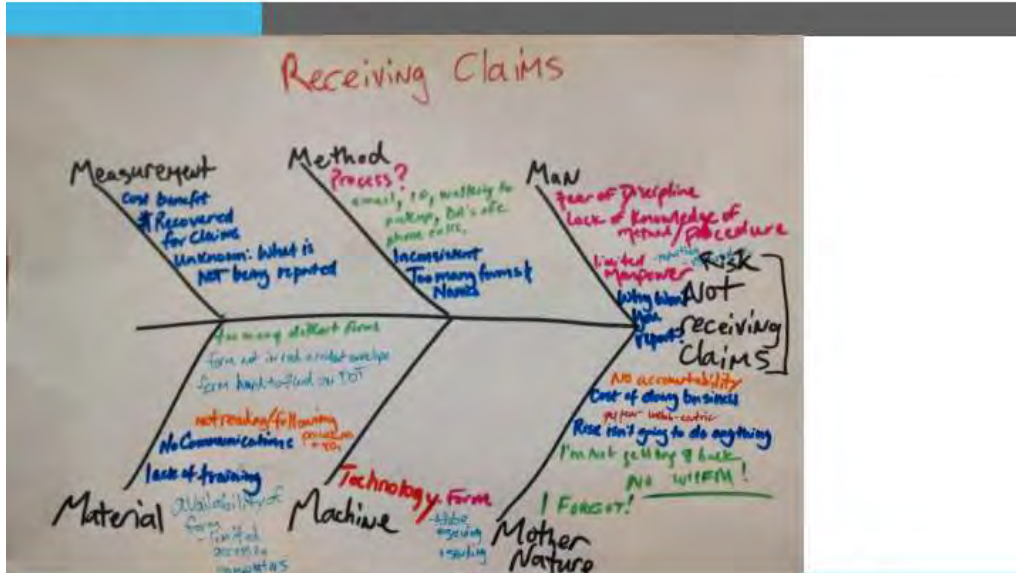
- Let's build an Innovation form in a smaller break-out group (15 mins)
 - ❑ If this is your first, relax!
 - ❑ Break out into smaller teams of 3-to-5 people
 - ❑ Get a sheet of flip-chart paper
 - ❑ Pick a work-related topic or issue that you'd like to problem solve
 - ❑ Should be small in scope and within your control to influence
 - ❑ E.G., how to help customers better, how to issue more licenses in the same amount of time w/ the same number of people, etc.
 - ❑ Fill out the See it and Say it parts of the form

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Break

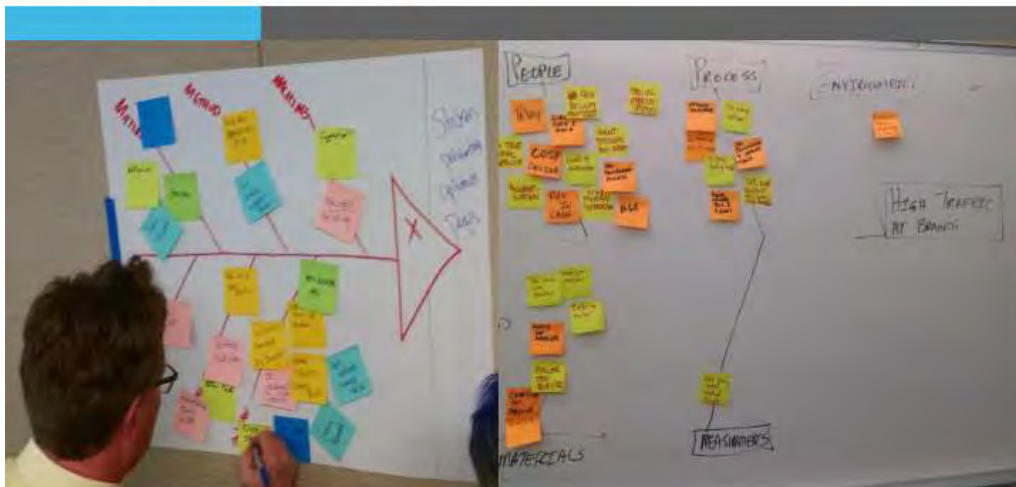
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See It – Fishbone



C!A
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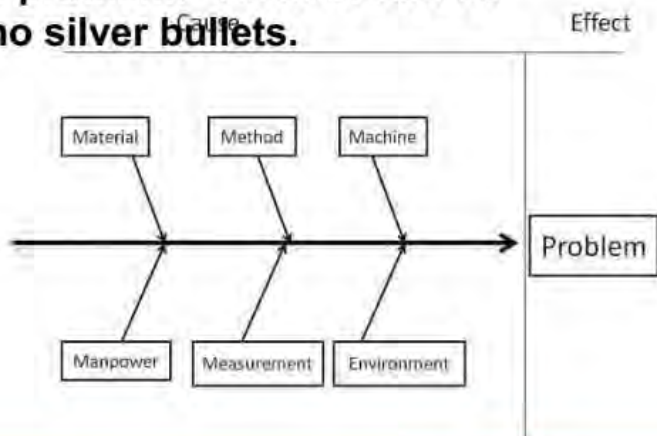
See It – Fishbone



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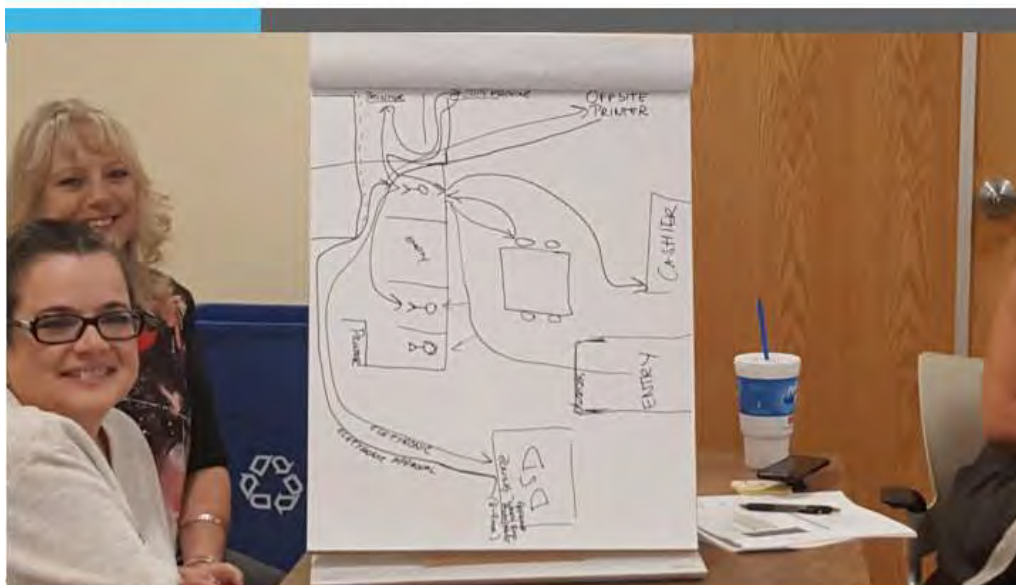
See It – Fishbone

Simply draw this below: Your goal is to find all the causes to the problem. Think of this as proof, there are no silver bullets.



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Time to Practice



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Time to Innovate!!!

- Let's build a Fishbone in a smaller break-out group (15 mins)
 - If this is your first, relax!
 - Stay with your table
 - Get a sheet of flip-chart paper
 - Pick a work-related topic or issue that you'd like to problem solve
 - Should be small in scope and within your control to influence
 - E.G., how to help customers better, how to issue more licenses in the same amount of time w/ the same number of people, etc.

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Extra Stuff



SOLVE IT



Brainstorm using a logic model

- If we do this...
- then we expect this result..

SOLVE IT

diagram, communication circle, etc)

Solve it (insert issues directly from See it into the boxes below)

If we...	Then we...	Experiment Outcome

Solve it: Action (What Did You Do?) 1-2 Sentences

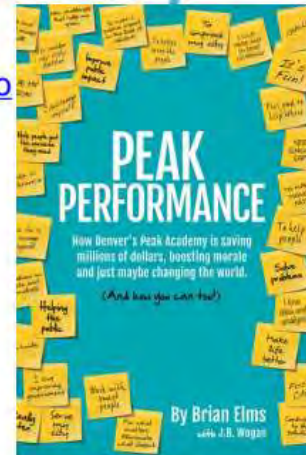
Action Item	Name	Date Completed

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GASB-77: Tax Abatements

GASB-77 Tax Abatements



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Tax Abatement Disclosures

- **What:** The Board issued Statement 77, which requires disclosures about a government's tax abatement agreements
- **Why:** Information about revenues that governments forgo is essential to understanding financial position and economic condition, interperiod equity, sources and uses of financial resources, and compliance with finance related legal or contractual requirements
- **When:** Effective for periods beginning after December 15, 2015



Objectives of GASB-77

- ✧ GASB-77 may provide financial statement users with essential information about tax abatement programs in order to better gauge:
 - ✧ Whether current-year revenues were sufficient to pay for current-year services
 - ✧ Compliance with finance related legal or contractual requirements
 - ✧ Sources and uses of financial resources
 - ✧ Financial position and economic condition
- ✧ Recognition of accounting events not being considered (e.g.: when abatements occur)



Definition and Scope

- ✧ Tax Abatements v. Other Tax Transactions
 - ✧ Transactions that result in a government reducing the amount of taxes a business or individual would otherwise owe take many forms and often incorporate interchangeable language
 - ✧ Tax expenditure, tax credit, tax deduction, tax abatement, tax exemption
 - ✧ Consider where you see this most in practice and most likely areas of disclosure



Definition and Scope

- › GASB-77 applies *only* to transactions meeting this definition:

- A tax abatement is a *reduction in taxes* that results from an agreement between one or more governmental entities and an individual or entity in which
 - One or more governmental entities promise to forgo tax revenues in which they are otherwise entitled *and*
 - The individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments
- Transaction's substance more important than form
- Scope is very limited - could be mostly related to economic development



General Disclosure Principles

- › Disclosures should be in 2 categories
 - Agreements entered into by reporting government
 - Agreements entered into by other governments that reduce the reporting government's tax revenues
- › Abatement disclosures could be individually or aggregated based upon a quantitative threshold set by the government (example: all over \$5,000)
 - Organized by major tax abatement program (economic development, television, film etc.)
 - Abatements entered into by other governments organized by specific tax being abated
- › Disclosure starts when agreement is entered into and ends when abatement expires



Tax Abatement – Disclosures

- ▶ **Primary Disclosures**
 - Name and purpose of tax abatement program, specific taxes abated
 - Authority under which abatements are entered
 - Criteria for eligibility of abatement/recipient
 - Mechanisms of how taxes are abated
 - How amount is determined
 - Basis of how taxes are reduced (e.g. reduction of assessed value)
 - Provisions for recapturing abated taxes
 - Amount of current year abatements (during year and in effect at YE)
 - Dollar amount the reporting govts tax revenues were reduced during reporting period



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Tax Abatement – Disclosures

- ▶ If amounts are received or are receivable from other governments:
 - Names of the govts
 - Authority under which amounts were or will be paid
 - \$ amount received or receivable from other governments
- ▶ If the govt made commitments other than reducing taxes for the abatement, include a description of:
 - Type of commitments
 - Most significant individual commitments made
 - Continue disclosure until commitments have been fulfilled



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Tax Abatement – Disclosures

- If abatements are disclosed individually:
 - Description of quantitative threshold to determine which agreements to disclose
- If disclosure information is omitted due to legal prohibition, disclose the nature of the information omitted and source of legal prohibition.



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Tax Abatement – Disclosures

- Disclosures made if Abatements are entered into by other governments:
 - Brief description, including name of governments entering into the agreement and specific taxes abated
 - Gross \$ amount, accrual, the govt's tax revenues where reduced during the period
 - If amounts are received or receivable from other govts related to the forgone tax revenue:
 - Name of the governments
 - Authority under which amounts were or will be paid
 - \$ amount received or receivable



11

Tax Abatement – Disclosures

- Disclosures made if Abatements are entered into by other governments:
 - If abatements are disclosed individually:
 - Description of quantitative threshold to determine which agreements to disclose
 - If disclosure information is omitted due to legally prohibition, disclose the nature of the information omitted and source of legal prohibition.



Disclosures Based on Facts & Circumstances

	Government Makes Abatement	Government Required to Abate by Other Government (ex: State - City)
Name of program	Yes	
Purpose of program	Yes	
Name of government		Yes
Tax type abated	Yes	Yes
Authority to abate tax	Yes	
Eligibility criteria	Yes	
Abatement mechanism	Yes	



Disclosures Based on Facts & Circumstances

	Government Makes Abatement	Government Required to Abate by Other Government (ex: State – City)
Abatement mechanism	Yes	
Recapture provisions	Yes	
Type of <i>recipient</i> commitments (ex: 200 jobs by X day)	Yes	
Dollar amount of taxes abated	Yes	Yes
Amounts received / receivable from other governments	Yes	Yes
Other commitments made by government	Yes	
Quantitative threshold for individual disclosure	Yes	Yes
Information omitted due to legal restrictions	Yes	Yes
For Component Units that Abate – judge whether disclosure is <i>essential</i>		

Example – Small government Abatements for Year

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Grocery store chain purchases empty building and opens store	40%	\$ 97,500
Relocate hardware store	50	13,225
Retain health and fitness facility	30	5,100
Increase size and employment of restaurant/catering business	50	21,750
Open gas station and convenience store	40	6,905

- Each negotiated under state Economic Development Law
- Law allows abatements within jurisdiction up to 50% of annual property taxes
- No commitments made by town and town is not subject to any other government's abatements
- Quantitative threshold is 10% of total dollars abated during year – minimum

Example – Small government Abatements for Year

Note X. Tax Abatements

The Village enters into property tax abatement agreements with local businesses under the state Economic Development Opportunity Act of 20X1. Under the Act, localities may grant property tax abatements of up to 50 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Village.

For the fiscal year ended June 30, 20X7, the Village abated property taxes totaling \$146,480 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 40 percent property tax abatement to a grocery store chain for purchasing and opening a store in an empty storefront in the business district. The abatement amounted to \$97,500.
- A 30 percent property tax reduction for a local restaurant increasing the size of its restaurant and catering facility and increasing employment. The abatement amounted to \$21,750.

*More
abatements
and
commitments
= more
complex
disclosure but
can aggregate*

Effective Date & Transition

- The disclosure requirements applied to the current period and all prior periods presented.
- If application for all prior period presented is not practical, the reason for not applying the standards to prior periods presented would be explained.
- Became Effective for periods *beginning* after December 15, 2015

Some Common Questions

- Does GASB-77 apply to TIF's (Tax Increment Financing)?
- A business commits to open 10 stores in a state and the agreement meets the definition of a tax abatement, except it doesn't involve a reduction in taxes. The business may retain 40% of the sales taxes from the new stores for 5 years. Does GASB-77 apply?
- A business is relocating to a City. The City agrees to forgo all property taxes for 10 years if the business hires and maintains 200 workers. Construction begins, but the facility is not open by the end of the year. The City abates \$21,000 in taxes for the year. Is disclosure required?



Some Common Questions – what do you think?

1. A state government revenue shares gas taxes with local governments. The state enters into agreements with companies to retain a portion of the gas taxes to install clean air equipment. Abatements reduce the gas tax collected. What is the required disclosure under GASB-77?
2. A City with 25 tax abatement agreements has 3 major tax abatement programs encompassing 20 of the agreements. What about the other 5?
3. If abatements are disclosed above a certain dollar threshold, is the same amount applied every year?
4. A state law restricts disclosure of aggregated tax information if it relates directly or indirectly to a taxpayer's income or earnings. How can the government meet the requirement of GASB-77?



Some Common Questions - what do you think?

5. A government enters into an agreement with a company in which the company agrees to relocate to the government's jurisdiction and the government agrees not to levy taxes on the company's office building for 10 years. The government is subject to a property tax cap that limits the growth of its total property tax levy to 2% per year and it levies on properties that are not subject to the agreement the full amount under the cap. Is the agreement subject to GASB-77?



Some Common Questions - what do you think?

6. A local government enters into an agreement with a real estate developer for the purpose of stimulating economic growth. Under the terms of the agreement:
 - a. the developer will construct a building,
 - b. A baseline for property tax revenues for the specific geographic area in which the building will be constructed will be established prior to the start of the project, and
 - c. The developer will receive an amount from the additional property tax revenues over the baseline, based on certain costs incurred by the developer related only to the developer's building.

Does this agreement meet the definition of a tax abatement in Statement 77?



Implementation Issues

- ✧ Completeness will be a key
 - ✧ Where do I gather the information?
 - ✧ What about 'pass-through' abatements?
 - ✧ Do my systems capture this information?
 - ✧ What about recapture provisions for non-performance from recipients?
 - ✧ What about commitments made by our government / forced on by other governments related to abatement?
 - ✧ Is my government subject to a non-disclosure law / agreement?



Areas of Focus to Implement GASB-77

- ✧ Data Gathering – Do I Have it All?
 - ✧ Include abatements made by other governments forced on your government
 - ✧ May need time to clarify the terms / conditions of the abatement
- ✧ Someone needs to be in charge – could be
 - ✧ Controller / comptroller / treasurer / CFO
 - ✧ Likely not the auditor (unless preparer) nor economic development entity
- ✧ Focus on the definition of abatement, legal restrictions
- ✧ Focus on accrual basis for numbers in disclosure



Questions?



GASB 74-75: Other Post-Employment Benefits (OBEP)



21

Statement 74 & 75, and some of 85 - OPEB

- ▶ Addresses both OPEB Plans Administered through trust & not administered through trust
 - Same trust criteria
- ▶ Requires reporting of liability in the F.S.
 - Trust: Total OPEB Liability or TOL – FNP (fiduciary net position) = NOL (net opeb liability)
 - Not trust: Total OPEB liability or TOL = NOL (net opeb liability)
- ▶ Effective Date:
 - 74 – fiscal years beginning after June 15, 2016
 - 75 – fiscal years beginning after June 15, 2017
 - 85 – fiscal years beginning after June 15, 2017



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Statement 74 & 75, and some of 85 - OPEB

- ▶ OPEB
 - Other postemployment benefits – all postemployment benefits promised to employees other than pensions
 - Medical, dental, vision separately or through a pension plan.
 - Principally, retiree health insurance – but also life insurance, disability, legal services, and other benefits
 - Provided separately from a pension plan.
- ▶ Includes:
 - Payments made to insurance companies on behalf of retirees,
 - Payments directly to retirees, and
 - Subsidizing retiree premiums by allowing them to be insured in the same group as active employees



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Types of OPEB Plans

- ▶ Through a trust:
 - Single-employer defined benefit plans
 - Agent multiple-employer defined benefit plans
 - Cost-sharing multiple-employer defined benefit plans
- ▶ Not administered through a trust:
 - Single-employer defined benefit plan
 - Multiple-employer defined benefit defined benefit plans
- ▶ Defined Contribution OPEB



Stand-alone Financial Statements

- ▶ For f.s of a government & c.u. participating in same single or agent plan should follow the single and agent requirement of 75
- ▶ If stand-alone statements are issued, each government would account for and report its participation in the single or agent-employer plan as if it were cost-sharing.
 - Similar treatment for those not in administered through a trust



Dates & Frequency

- Old:
 - Actuarial valuation frequency
 - Total membership of 200 or more – biennially
 - Total membership of fewer than 200 – triennially
 - Total membership of fewer than 100 – alternative method (optional)
- New:
 - Measurement date
 - As of date no earlier than end of prior fiscal year
 - Total OPEB liability determined at this date based on an actuarial valuation or the use of update procedures
 - Actuarial Valuation Date:
 - As of date no more than 30 months (+1 day) prior to FYE
 - Assumptions used should be in conformity with Actuarial Standards of Practice.
 - Same *deviation* language used as in Statement No. 73
 - Alternative Method still an option



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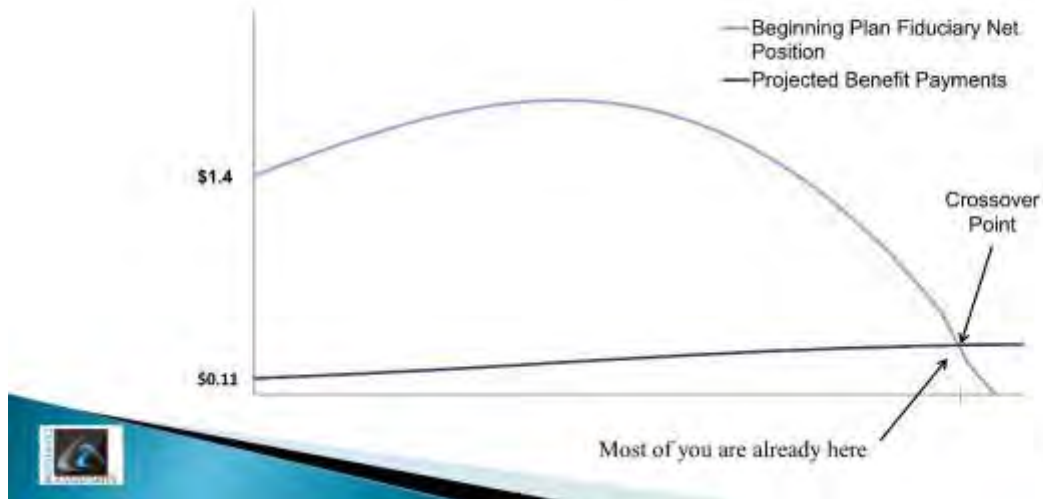
Discount Rate

- Trust:
 - Long-term expected rate of return on pension plan investments, to the extent plan net position:
 - Projected to be sufficient to pay benefits
 - Plan assets expected to be invested using a strategy to achieve that return
 - Yield or index rate for 20-year, tax-exempt general obligation municipal bond rate to extent that conditions for LTERR not met
- No Trust:
 - Yield or index rate for 20-year, tax-exempt general obligation municipal bond rate



9

Crossover Point



Attribution

- Same as with GASB Statements 67 & 68 a single method is required:
 - Entry age actuarial cost method
 - Attribution on an individual member by member basis
 - Level percentage of pay
 - Beginning attribution period is the first period the member provides service under the benefit terms (notwithstanding vesting)
 - Services cost attributed through all exit ages

Changes in Net OPEB Liability

NOL recognized in current reporting period

- (NOL recognized in prior reporting period)

Change in NOL for current reporting period

- Recognize most changes as expense in full in reporting period of change
 - Examples: service cost, interest on TOL, benefit changes, projected earnings on plan investments
- Exceptions (Deferred Inflows/Outflows):
 - Differences between expected and actual experience
 - Changes of assumptions
 - Difference between projected and actual earnings on plan investments
 - Employer contributions
- If not in a trust formula changes and no calculation or impact related to investments



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Changes in Net OPEB Liability

- Expense recognized in current and future periods
 - Systematic and rational method
 - Closed period
 - Average of expected remaining service lives of all employees (active and inactive, including retirees)
 - If a trust investments (difference) will be amortized over 5 years
- Portion not recognized in expense = deferred outflow of resources/deferred inflow of resources related to pensions



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Net OPEB Liability: Employer contributions

- Trust:
 - During the measurement period
 - Directly reduce NOL (no expense impact)
 - Subsequent to measurement date
 - Deferred outflow of resources related to pensions
 - Directly reduce NOL in next reporting period (no expense impact)
- No Trust:
 - Deferred outflow of resources report for amounts paid by the employer for OPEB as the benefits come due subsequent to the measurement date
 - OPEB administrative expense



10

OPEB Expense

- Changes in Net OPEB Liability (NOL) should be recognized in the current period for certain changes:
 - Service Cost
 - Interest
 - Projected Investment earnings (if a qualifying trust)
 - Change in benefit terms
- Change in Net OPEB Liability (NOL) that should be recognized systematically:



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OPEB Expense & Deferrals

- Changes in Net OPEB Liability (NOL) that are Deferred and recognized in expense over the average remaining service life (active and inactive):
 - Difference in expected and actual experience
 - Economic, demographic factors
 - Changes in assumptions
 - Employer Specific Deferred Amounts
 - Change in Proportion (primarily – cost sharing but can occur in other)
 - Contributions during measurement period (primarily cost-sharing)
- Expense over a five year period
 - Difference between projected & actual earnings



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OPEB Expense & Deferrals

- OPEB administrative expense subsequent to the measurement date (do not meet trust criteria):
 - Deferred Outflow of Resources
 - Immediate impact on pension expense the subsequent period



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GASB 74 – Plan Financials and Notes

- ▶ Plan Financial Statements
 - Statement of Fiduciary Net Position
 - Statement of Changes in Fiduciary Net Position
- ▶ Notes to the Financial Statements
 - Plan Description
 - Name of Plan
 - Administer
 - Type of Plan (single/agent/cost-sharing)
 - OPEB plan's board and composition
 - Number of plan members (inactive receiving benefits, inactive not yet receiving, active)
 - Authority to est. and/or amend benefits
 - If the plan is closed to new entrants



GASB 74 – Plan Financials and Notes

- Contribution Requirements
 - Basis for
 - Authority to est. or amended
 - Contribution rates & amount of the employer's contributions
- Investment Policies
 - Authority to est. or amend investment policy
 - Policy related to Asset Allocation
 - Significant policy changes during the reporting period
- Investment in anyone organization that is 5% or > of plan's fiduciary net position
- Annual money-weighted rate of return
- LT Receivables related to contracts for contributions (including balances)
- Reserve policies – for purpose of benefit increases or reduction of employer contributions
 - Description
 - Purpose and conditions for use
 - Balances



GASB 74 – Plan Financials and Notes

- Components for the liability:
 - Total OPEB liability
 - OPEB plans fiduciary net position
 - Net OPEB Liability
 - OPEB fiduciary net position as a % of total OPEB liability
- Significant assumptions
 - Inflation
 - Healthcare cost trend rates
 - Salaries
 - Benefits
 - Mortality
 - Cola's and Ad hoc Cola's etc.
 - Date of experience studies



GASB 74 – Plan Financials and Notes

- Sensitivity Analysis
 - Net OPEB Liability +1/-1 % point higher
 - Healthcare cost trend rate +1/-1 % point higher
- Discount Rate:
 - Rate applied
 - LTEROR of the plan
 - If the rate incorporates a municipal bond rate (source of rate)
 - Periods municipal bond rate are applied
 - Assumed asset allocation, LT expected real rate of return by class
- Date of actuarial valuation



GASB 74 - RSI

- 10 year schedule of changes in net OPEB liability and related ratios
- 10 year schedule presenting:
 - Total OPEB liability
 - OPEB plan's fiduciary net position
 - Net OPEB liability
 - Covered-employee payroll & OPEB liability as a % of the payroll
- 10 year schedule presenting the annual money-weighted rate of return on plan investments



GASB 74 - RSI

- 10-year schedule presenting:
 - ADEC or Contractual/Statutorily required contribution
 - Amount of contributions
 - Difference between ADEC and contributions
 - Covered-employee payroll
 - Amount of contributions in relation to ADEC (or contractual/statutorily est) as a % of covered-employee payroll



Single/Agent Employer Notes to the F.S.

- ▶ Total of the following if not identifiable in F.S:
 - Total OPEB Liability
 - Net OPEB Assets
 - Deferred Outflows/Inflows of Resources
 - OPEB Expense/Expenditures for the period
- ▶ Plan Description:
 - Name of plan
 - Classes of employees covered
 - Entity administering the plan
 - Terms/policies (including COLAs & Ad Hoc COLAs)
 - Authority to est. and/or amend benefits
 - If the plan is closed to new entrants



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Single/Agent Employer Notes to the F.S.

- ▶ Number of employees by:
 - Inactive receiving benefits
 - Inactive but not receiving benefits
 - Active employees
- ▶ Contributions requirements
 - Basis for
 - Authority to est. or amended
 - Contribution rates & amount of the employer's contributions
- ▶ Does the plan issue Stand-Alone f.s.
 - How to obtain (link to website)
- ▶ Key Dates: Measurement Date/Actuarial Valuation Date
 - If rollforward procedures were performed



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Single/Agent Employer Notes to the F.S.

- Assumptions:
 - Inflation
 - Healthcare cost trend rates
 - Salary changes
 - Ad hoc COLA's
 - Sharing of benefit cost with inactive employees
 - Mortality (including source of tables used)
 - Dates of experience studies
 - Alternative method – (if used) source or basis of assumptions used



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Single/Agent Employer Notes to the F.S.

- Sensitivity Analysis
 - Net OPEB Liability +1/-1 % point higher
 - Healthcare cost trend rate +1/-1 % point higher
- Discount Rate:
 - Rate applied
 - LTEROR of the plan
 - If the rate incorporates a municipal bond rate (source of rate)
 - Periods municipal bond rate are applied
 - Assumed asset allocation, LT expected real rate of return by class
- Changes in Net OPEB Liability (NOL) (beg. Balances and changes, service cost, interest, etc.)



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Single/Agent Employer Notes to the F.S.

- Balances of Deferred Inflows/Outflows
- Schedule present subsequent five years and thereafter, net amount of deferred amounts to be recognized in pension expense
- Amount of revenue recognized for support of nonemployer entities



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RSI

- Required to be presented separately for each plan
- 10-year schedule of change in total OPEB liability
- 10-year schedule presenting
 - Total OPEB liability (TOL)
 - Fiduciary net position (FNP)
 - Fnp as % of total OPEB liability (TOL)
 - Covered-employee payroll
 - TOL as % of Covered-employee payroll
 - If special funding situation disclose employer's proportion of items required
- Notes to required schedule
 - Fact no assets are accumulated
 - Significant changes affecting trend



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RSI

- ▶ 10-year schedule presenting:
 - ADEC or Contractual/Statutorily required contribution
 - Amount of contributions
 - Difference between ADEC and contributions
 - Covered-employee payroll
 - Amount of contributions in relation to ADEC (or contractual/statutorily est) as a % of covered-employee payroll
- ▶ RSI Schedules should also include notes to the schedule:
 - Key assumptions
 - Facts and trends in amounts presented



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Cost-sharing

- ▶ Total of the following if not identifiable in F.S:
 - OPEB Liability
 - Net OPEB Assets
 - Deferred Outflows/Inflows of Resources
 - OPEB Expense/Expenditures for the period
- ▶ Plan Description:
 - Name of plan
 - Classes of employees covered
 - Entity administering the plan
 - Terms/policies (including COLAs & Ad Hoc COLAs)
 - Authority to est. and/or amend benefits
 - If the plan is closed to new entrants



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Cost-sharing

- ▶ Number of employees by:
 - Inactive receiving benefits
 - Inactive but not receiving benefits
 - Active employees
- ▶ Contributions requirements
 - Basis for
 - Authority to est. or amended
 - Contribution rates & amount recognized by the plan
- ▶ Does the plan issue Stand-Alone f.s.
 - How to obtain (link to website)
- ▶ Key Dates: Measurement Date/Actuarial Valuation Date
 - If rollforward procedures where performed



Cost-sharing

- ▶ Assumptions:
 - Inflation
 - Healthcare cost trend rates
 - Salary changes
 - Ad hoc COLA's
 - Sharing of benefit cost with inactive employees
 - Mortality (including source of tables used)
 - Dates of experience studies
 - Alternative method – (if used) source or basis of assumptions used



Cost-sharing

- Sensitivity Analysis
 - Employer's proportionate share of Net OPEB Liability (NOL) +1/-1 % point higher
 - Employer's proportionate share of Healthcare cost trend rate +1/-1 % point higher
- Discount Rate:
 - Rate applied
 - LTEROR of the plan
 - If the rate incorporates a municipal bond rate (source of rate)
 - Periods municipal bond rate are applied
 - Assumed asset allocation, LT expected real rate of return by class



Cost-sharing

- Balances of Deferred Inflows/Outflows
- Schedule present subsequent five years and thereafter, net amount of deferred amounts to be recognized in pension expense
- Amount of revenue recognized for support of nonemployer entities



RSI Cost-sharing

- 10 schedule presenting the following:
 - Proportion of net OPEB liability %
 - Proportion of net OPEB liability \$
 - Covered-employee payroll
 - Proportion of net OPEB liability as a % of covered-employee payroll
 - OPEB plan's fiduciary net position as % of total OPEB liability
- 10 schedule presenting the following:
 - Contractual/Statutorily required contribution
 - Amount of contributions
 - Difference between contractual/statutorily required contributions and contributions
 - Covered-employee payroll
 - Amount of contributions in relation to contractual/statutorily as a % of covered-employee payroll
- RSI Schedules should also include notes to the schedule:
 - Key assumptions
 - Facts and trends in amounts presented



Defined Contribution OPEB

- If OPEB to be provide meets the following criteria it is a DC OPEB Plan:
 - Provide and Individual account for each member
 - Define the contributions the employer or nonemployer entity is required to make
 - The benefit of the member will depend only on the contributions to the member's account, earnings, and any forfeitures and any admin cost allocation to the member's account.

If you meet all three then you are a DC!



Defined Contribution OPEB

- Employer Recognition:
 - Accrual: expense or credits equal to amount of contributions to the employee's account as defined by the benefit terms, net of forfeited amounts,
 - Liability equal to amount of expense (above) and amounts paid by the employer to the plan (when administered through a trust)
 - Liability equal to amount of expense (above) and amounts paid by the employer as benefits come due (when administered through a trust)
 - Additional expense for amount of expense recognized by nonemployer contributing entity
 - Revenue may be recognized if amounts of expense is recognized by a nonemployer contributing entity



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Notes for DC Plans

- Plan Description:
 - Name of plan
 - Entity administers the plan
 - Identification as an OPEB plan
- Description of benefit terms & authority to amend or est. the benefits
- If through a trust:
 - Contribution rates or Crediting rates
 - Dollars (% of salary or \$)



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Notes for DC Plans

- If not through a trust:
 - Fact there are no assets accumulated in trust meeting the criteria
 - And which criteria are not met
 - Authority to est, or amend requirements for employer/nonemployer to pay benefits as they come due
 - Amount of OPEB expense recognized by the employer during the period.
 - Amount of forfeitures reflected in OPEB expense
 - Amount of employer's liability outstanding at the end of the period



Questions?



Popular Annual Financial Reporting



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GFOA GUIDELINES

- The PAFR must clearly advise readers of the availability of the CAFR.
- If the PAFR contains information from only selected funds, or if the PAFR does not include all component units, that fact must be disclosed.
- The financial information contained in the PAFR must be derived from the actual GAAP data in the CAFR.
- Some form of appropriate narrative or graphic analysis must be provided to explain items of potentially significant interest or concern.

FORMULA FOR INSULAR GOVERNMENT PAFR

- Financial information
 - Disclose the scope of the financial information.
 - Selected funds? Component units?
- Summarized data
 - One page per
 - Revenues
 - Expenditures
 - Assets
 - Liabilities
- Simplified terminology
- Graphical as well as table form

FORMULA FOR INSULAR GOVERNMENT PAFR

- Letter from the Chief Executive or Director of Finance
 - Non-political
 - "just the facts, Ma'am"
- Other information to consider including:
 - Explanation of the political status of your government
 - Demographics of the island
 - Planned or completed capital projects
 - Financial health—budget deficit, cash ratios
 - Debt—policy, ratings
 - Current economic activity—tourism arrivals, new industry
- Format
 - Short
 - Colorful
 - Understandable terms



REQUIRED DISCLOSURES

The purpose of this report is to provide an overview of the financial position and operations of the City of Fort Collins, [as reported in the City's Comprehensive Annual Financial Report \(CAFR\)](#), along with other information of interest. The financial information presented is unaudited and in a summarized and condensed form, and [does not substitute for the City's CAFR](#). The City's CAFR is prepared in conformity with generally accepted accounting principles (GAAP). Included in the CAFR is the Independent Auditor's Report by RSM US LLP on the general purpose financial statements of the City. This report summarizes more than 200 pages of the CAFR's financial and statistical data. The financial statements condense information of all funds included in the "Total Primary Government." GAAP requires certain financial presentation and disclosures which are omitted in this report. As a result, [the Balance Sheet and Income Statement presented here are not in strict conformity with GAAP](#). The City's CAFR has received awards for outstanding financial reporting from the Government Finance Officers Association. The CAFR and the City Manager's Budget are available on the City's website, fcgov.com/finance.



PAFR EXAMPLES TO CONSIDER

- GovGuam
 - <http://da.doa.guam.gov/pafrs-updated/>
- Maricopa County, AZ
 - <http://www.maricopa.gov/ArchiveCenter/ViewFile/Item/3066>
- Fort Collins, CO
 - <http://www.fcgov.com/finance/pdf/pafr-2015.pdf>
- Boulder, CO
 - https://www-static.bouldercolorado.gov/docs/2015_PAFR
- Pittsburg, PA
 - http://apps.pittsburghpa.gov/co/2015-City_of_Pittsburgh_PAFR.Controllers_Page.pdf
- GFOA Standards
 - <http://gfoa.org/preparing-popular-reports-0>





American Samoa Government Action Plan

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Jurisdiction: American Samoa

December 2017 – May 2018

#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	Update Organizational Chart	Ueli & Tina	---	Completed; its positive impact is that it clarifies managers' roles & responsibility toward the fulfillment of Treasury's mandate set forth by law – DONE
02	Update SOP	Finance Staff	---	Partially completed; incorporated uniform guidance in SOP; pending training
03	Finance Office Performance Measures	Tina & Levi	---	April 2018 when CAFR is issued
	A) 30% removal of financial findings	Tina / Managers	Taxes RV / AR / ADV	April 2018 when CAFR is issued
	B) 25% of Grants Receivables (Active Grants)	Becca / Analyst	---	April 2018 when CAFR is issued
	C) 100% SF 425 Reporting (Create Checklist of Req.)	Becca / Analyst	---	April 2018 when CAFR is issued

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures

- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)

++ Others as relevant



CNMI Government Action Plan

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Jurisdiction: Northern Mariana Islands

December 2017 – May 2018

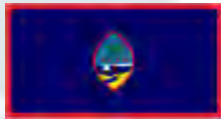
#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	Seek input from stakeholders	Jazmine	---	5/1/2018
02	Determine what to include	Jazmine	---	5/1/2018
03	Publish PAFR	Jazmine	---	Undetermined
04	Propose new Per Diem Rates	Bernie	---	3/1/2018
05	Propose new routing for Vouchers	Bernie	---	3/1/2018
06	Implement Travel Rates	Bernie	---	10/1/2018
07	Implement new routing	Bernie	---	10/1/2018
08	Confirm actuary schedules from NMI Settlement Fund	Ryan	---	2/1/2018
09	OPEB actuary schedules needed	Ryan	Actuary	5/1/2018
10	Determine Tax Abatements	Ryan	---	3/1/2018
11	Submit GASB 77 Information to Auditors	Ryan	---	5/1/2018
12	Review SOPs between DOF and Office of Grants Management	Ryan	---	3/1/2018
13	Schedule training for program managers	Ryan	---	---

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures

- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)

++ Others as relevant



Guam Government Action Plan

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Jurisdiction: GUAM

December 2017 – May 2018

#	Key Tasks	Report To	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	2016 & 2017 PAFR	Gov, ALL	FM and MA	MAs	2016-Done, 2017-After Audit
02	Transparency (agencies are mandated to maintain web reporting-mo/qtr/yr)	Gov, Leg, Aud	MA	GAS, Mas	Done/as scheduled
03	Performance Measures (continue to be monitored by our FM, and remain as scheduled)	DOA Dir	FM and GAS	GAS and AO	On-going
04	Travel A/R (After an approved AG opinion, no forms/sop & DOA circ distributed; we will be monitor the success rate accordingly)	Gov, DOA Dir	GAS	GAS and Accountant	50%
05	Federal A/R (our FMS currently monitors and flags any federal expenditures which our A/P will then release payment to vendors)	Gov, GO-CH	GAS	GAS and Accountant	Done
06	GASB 77 (GEDA has provided the abatements needed to comply, which we will compile upon return to Guam)	Gov, GEDA, DRT	FM	DFM and GAS	By end of Dec2017
07	FMS System enhancement (Administrators have met, as mentioned by our Director we have opted towards enhancing our current system, and further discussions are forthcoming)	Gov, CFA	FM and MA	MA	On-going
08	SOP updates (began as an ELDP proj & is now a GovGu mandate; it is a living document; therefore, updates are continuous)	Gov, OPA	MA	GAS and MA	On-going
09	Incorporate Innovation (we would like to apply this as a technique for problem solving - using the Fishbone diagram and MEAT)	Gov, DOA Dir, Aud	GAS	Accountants	Start Dec2017, On-going

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures
- ++ Others as relevant

- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)



RMI Government Action Plan

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Jurisdiction: RMI

December 2017 – May 2018

#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	Fixed Asset Inventory			
	Coordinate with Procurement, Accounting & Ministries	Chief of Procurement & Assist. Sec Accounting	---	Feb-2018
	Work with MWIU for appraisals of infrastructure		---	---
	Complete FY17 Inventory	Procurement	---	Feb-2018
	Develop schedule for annual Inventory	Procurement	---	Mar-2018
02	Cash Management			
	Reduce Outstanding Advances (Implementing TA Closing Policy/Monthly Aging Reports/YE Adjustment)	A/R Staffs, Asst. Sec. Accounting	---	Ongoing
	Reduce Receivables from Federal and Compact Grants (Biweekly reporting and drawdown)	Compliance Officer/Accounting/Asst. Sec. Accting	---	Ongoing
	Monthly liquidation of POs	Procurement and Accounting	---	---
	Quarterly Cashflow forecast	Chief Accountant / Budget / Assistant Sec. Accting	---	---
03	Identify Businesses and Individual with tax abatements			
	Identify Tax Abatements	MOF/ Accounting Assistant Sec.	---	Jan to Feb-2018
	Conduct training in coordination with Auditors on GASBs		---	---
	New Requirement	Accounting/HR & OAG	---	Mar-2019
04	Develop an Ethics Training Program			
	Schedule a training program OAG	MOF/OAG	---	Jan-2019
	Incorporate values and principles in manuals	HR MOF	---	Mar-2019
	Conduct Training	HR MOF	---	Mar-2019



RMI Government Action Plan

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Jurisdiction: RMI

December 2017 – May 2018

#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
05	Finance Performance Measures			
	Revised MOF qtrly report to reflect IGFOA	MOF- Completed	---	Jun-2017
	Train MOF Staff on new reporting format	MOF	---	Jun to Jul-2017
	Report on 3rd and 4th qtr using new format	MOF	---	Overdue Nov-2017
	Distribution of report	MOF	---	Dec-2017
06	PR/TA/Contracts-Timely Processing			
	Conducted Procurement Training	CSO/MOF	---	Nov-2018
	Draft new processes	CSO/MOF	---	Nov-2018
	Distribution of new process across government	CSO/MOF	---	Dec-2018
	Implement new process	MOF	---	Dec-2018
07	Identify new Innovations to improve business processes			
	Schedule meeting with staff	CSO/MOF	---	Jan-2018
	Identify critical problems needing immediate fix	CSO/MOF	---	Jan-2018
	Get ideas and inputs from staff	CSO/MOF	---	Jan-2018
	Prioritize innovations and implement	MOF	---	Immediately
	Keep score- with key indicators	---	---	On-going

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures

- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)

++ Others as relevant



FSM Government Action Plan

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Jurisdiction: FSM National Govt.

December 2017 – May 2018

#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	CLEARING PRIOR YEAR AUDITS To select appropriate departments staff in the working group to resolve the problems	Department Staff/NTD Staff	---	Mar-2018
02	QC AND FINDINGS Finalize and submission	Secretary/ Consultant	---	Apr-2018
03	NEW FMIS			
	Recruit Project Manager	Secretary/Advisor	(WB) Funding	Mar-2018
	Complete Specification and RFP	Project Manager/Steering Committee	---	Apr-2018
	Complete Selection of vendor	Steering Committee	---	Sep-2018
	Initiate Data Clean Up and transfer	Project Manager/Working Group	---	Nov-2018
	Initiate Training and Implementation		---	Jan-2019
04	FMR Update			
	Seek President's Approval	Secretary	---	Jan-2018
	Open to Public for Comments	Secretary	---	Feb-2018
	Finalize FMR and Distribute	Secretary	---	Feb-2018
05	PAFR			
	Planning on the Format	Secretary	---	Feb-2018
	Training and Processing	Budget/Investment/Accounting	---	Apr-2018
	Completion	Sec/Budget/Inv/Accounting	---	Jul-2018

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures

- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)

++ Others as relevant



Pohnpei State Government Action Plan

28

Jurisdiction: Pohnpei State Govt.

December 2017 – May 2018

#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	Resolve Prior Year Questioned Costs			
	Collaboration from the Responsible Parties to have all Missing documents located	Program Managers/Finance Advisor	Finance Chief / Recon Staff	Jan to Mar-2017
02	Bank Reconciliation			
	Complete all Bank Account Reconciliation 5 Days after Month's End	Recon Staff	Finance Advisor/Chief of Finance	Monthly
03	GL to Sub-Ledger Reconciliation			
	Complete all GL to Sub-Ledger reconciliation 10 Days after month's end	Finance Advisor/Finance Chief	Recon Staff	Monthly
04	Improve Our Performometer			
	Clear the Questioned Costs, Resolve all repeated findings	DOTA Director & Budget Officer	Finance Advisor	Jan to Apr-2018

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures
- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)

++ Others as relevant



Chuuk Government Action Plan

29

Jurisdiction: Chuuk State Government

December 2017 – May 2018

#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	Employee Evaluations	Department Heads	Yes	Annually
02	Collection of Outstanding Advances	Chief Finance	Yes	1/18 Monthly
03	Federal Grant Receivables	Chief Finance	Yes	1/18 Monthly
04	Revenue Reform / Deficit Reduction	Director / Budget	Yes	1/18 Monthly
05	# of Trainings per Finance Employee	Supervisors, Chief and Directors	Yes	Jan-2018

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures
- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)

++ Others as relevant



Kosrae Government Action Plan

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Jurisdiction: Kosrae

December 2017 – May 2018

#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	Meet with Governor and Cabinet Members	Director	---	Before Feb-2018
02	Meet with Speaker and Members of Legislature	Director	---	Before Feb-2018
03	Meet with Dep't Staff	Director	---	Before Feb-2018
04	Obtain National Gov't revised FMR for Guidance	Finance Advisor	---	Before Mar-2018
05	Meet with Legislature for Endorsement of amended FMR	Director/Staff	---	Before Feb-2018
06	A Performance Evaluation for all Staff is Executed	All Division Heads	---	12/31/2017
07	90 Percent of Travel Outstanding are collected	Finance	---	Before Mar-2018
08	Recruit 2 New Employees to the Tax Division	Finance/WSDP	---	Before Mar-2018
09	Meet with Chief Executive then with Staff	Director	---	Before Jun-2018

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures

- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)

++ Others as relevant



Yap State Government Action Plan

31

Jurisdiction: Yap State

December 2017 – May 2018

#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	Resolve outstanding question costs	Finance	---	Mar-2018
02	Continue working on FMR	Finance	---	Mar-2018
03	Continue cleaning AR	Finance	---	Mar-2018
04	PAFR	Finance	---	Jan-2018
05	Personnel Regulation Change	Personnel	---	Sep-2018
06	FMIS Technical Team	Finance	---	Jan-2018

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures
- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)

++ Others as relevant



Palau Government Action Plan

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Jurisdiction: Palau

December 2017 – May 2018

#	Key Tasks	Department, Who will be responsible	Financial & Technical Support (\$)	Timeframe
01	Human Resources			
	Develop incentives to ensure timely and comprehensive employee evaluation	BPSS	---	Apr-2017
	Conduct EMPLOYEE ENGAGEMENT SURVEY to get feedback on management SWOT	BPSS	---	Mar-2018
02	CSPP Unfunded Liability			
	Identify Reform Initiatives	BNT, BBP	---	Dec-2017
	Secure Financing for Actuarial studies	BNT, BBP	---	---
	Commission Actuarial study	BNT, BBP	150,000	Apr-2018
	Recommend Reform actions/initiatives	BNT, BBP	---	Jun-2018
03	Performance Measures			
	Develop CHECKLIST of reports required to produce monthly measures	All Bureaus	---	Jan-2018
	Standardize management meeting AGENDA that incorporate CBP performance measures	All Bureaus	---	Jan-2018
	Present PERFORMETER to all ministry employees	All Bureaus	---	Jan-2018
04	Financial Reporting – PAFR			
	Identify content and coverage (Audited & Unaudited)	BNT; BBP	---	Jan-2018
	Produce DRAFT	BNT; BBP	---	Apr-2018
	Publish PAFR	BNT; BBP	---	Jul-2018

December IGFOA highlighted topics:

- > Follow-up from prior action plan
- > Fiscal stress and debt
- > FMIS transition
- > Finance office performance measures
- > Change & Innovation performance framework
- > Popular Annual Financial Reporting (PAFR)
- > GASB 74-75 (OPEB)
- > GASB 77 (Tax Abatements)

++ Others as relevant

Conference Evaluation Summary



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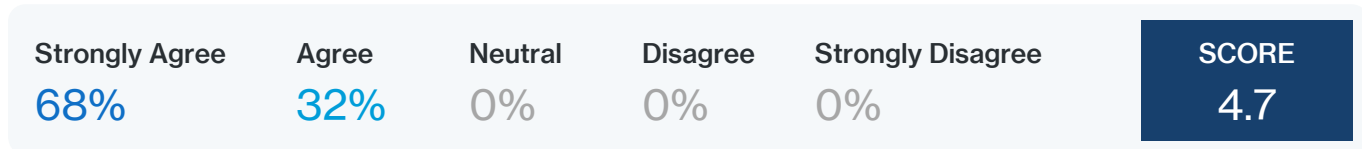
CONFERENCE EVALUATION

To ensure that conferences and meetings that the Graduate School USA conducts for the PITI and VITI programs are as responsive as possible, please take a few minutes to fill out this evaluation. Your input and comments will be very useful to us in planning future events.

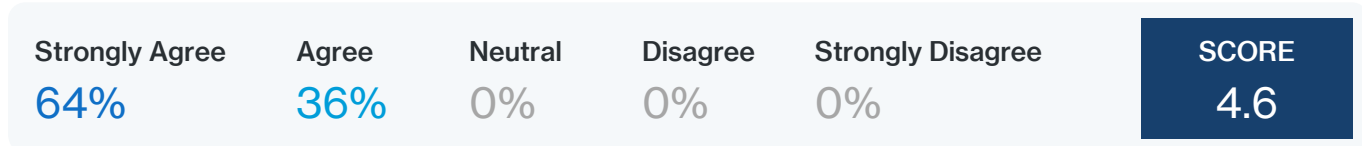
On a scale of 1 - 5, with 5 being the highest score and 1 being the lowest score, please rate the IGFOA Meeting by circling the appropriate number.

2017 IGFOA WINTER MEETING

01. The IGFOA meeting sessions were relevant and timely.



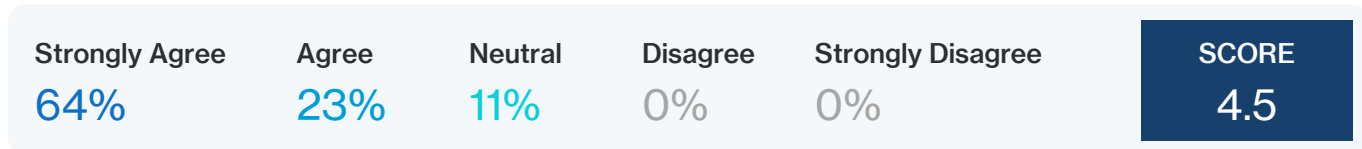
02. The meeting's objectives were substantially met.



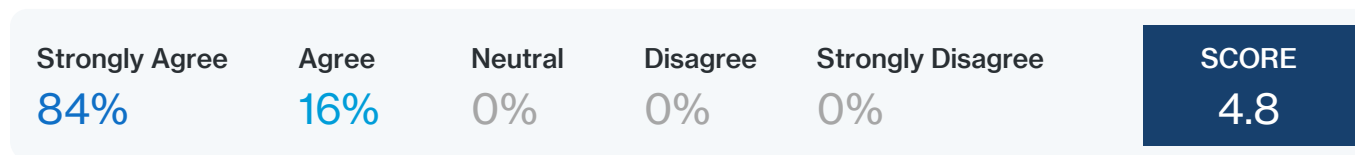
03. Logistics for bringing participants to and from Maui were handled satisfactorily.



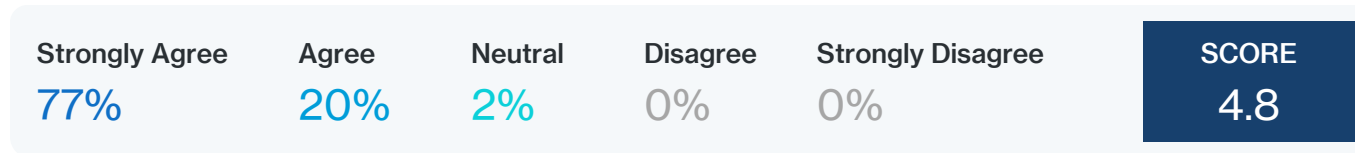
04. The IGFOA meeting site (Grand Wailea Hotel) was comfortable and conducive to the meeting.



05. Support services by the Graduate School USA staff during the meeting were handled well and in a timely manner.



06. Overall, this conference of the Island Government Finance Officers' Association (IGFOA) was.



► 07. What sessions of the IGFOA Meeting were the most relevant and meaningful to you?

- Innovation Session: Brian Elms (x15)
- Performeters: Frank Crawford (x10)
- GASB Updates: Frank Crawford (x8)
- All sessions (x6)
- Performance Measures: Debbie Milks (x5)
- Debt & Stress: Melissa Moye (x4)
- Action planning (x4)
- The Brian Elm session and the ones where island reps presented progress and action plans- this is a critical element for the IGFOA meetings – to see and share progress. Debbie's talk on performance measures was also good.
- Audit improvement updates from Debbie, insular Govt. stress debt, what's up with the measures, all sessions done by Brian Elms, tax abatement and governmental updates by Frank.
- The one presented by PEAK Academy was really good and relevant to our situation.
- Status report of Pacific Islands audits finding progress
- The one conducted by Brian Elms
- Meeting with Debbie regarding FMIS and Group meeting with other islands regarding a future collaboration.
- Brian Elms presentations – Action plans
- Updating the areas of GASB updates (Very Important)
- Highlight of the Dec 2017 IGFOA is Brian Elms. Impressive, motivational and great speaker.
- I was able to attend only the last day, but I find the issues discussed are most robust and interesting
- I am very impressed with the innovation presentation I would like to say that it is relevant and meaningful
- The presentation by Mr. Crawford and abatement is relevant and important.
- Tax Abatement
- GASB updates was very informative and critical part of our planning, operations and implementation as finance offices.
- Brian's presentation was awesome. Simple but good reminder that it's the little things that make a difference.
- Presentation on innovations was awesome.
- FMIS – Debbie/Panel
- Updates/action plans – dashboard ideas and Innovation
- Structured problem solving; current and future state matters

► 07. What sessions of the IGFOA Meeting were the most relevant and meaningful to you? (contd.)

- Enjoyed the Thursday session with Brian with the fish bone diagram
- Innovation performance framework and structural problem solving by Brian Elms
- Innovation...to change what we can without extra money or no money or technology
- The performance and how we measure problems
- Innovation performance framework and tools to identify waste
- Innovation performance framework- structural problem solving-
- PAFR
- Side/lunch FMIS session with Debbie and Jason

► 08. What are the two most important items that you learned during the week, and how will you apply each when you return home?

- Shrink the change /improvement not perfection and tackle audit findings in a more manageable way
- GASB Knowledge to help prepare for current & upcoming single audits
- The problem solving/innovation approaches shared by Brian and Performance measures and ways to prevent them.
- Innovation performance and tools to identify waste. Do a check list to tackle large projects and to continue until it is finished.
- Develop checklist; focus on what you can control; utilize to measure and evaluate performance and managing my time.
- FMIS & Innovation – We need a new system and more work to be done better.
- Innovation
- Action plan – strive for clean & timely audit; implement GASB to ensure compliance and avoid findings
- Training – Maintaining good finance practices to address issues
- Peak Academy technique will try to apply to our department.
- Checklist and innovation to change – try reduce expenses.
- Innovation – the meaning behind it. Saying “Yes” more often when it comes to work. This will help in the way of complete my task or how I will think of completing them.
- MEAT concept – Effective and efficient GOV'T – Denver PEAK Academy
- MEAT from Brian presentation, I have to care for my subordinates and together we can enjoy the job we do every date and we all feel that we are on one team.
- How to structure a problem and level of improvement
- The GASB updates are critical for Guam given that these frequently have a substantial impact on our financial statements. Although not good for us, we are at least aware and can plan for it. I found the innovation sessions very helpful in reframing not just how we should incorporate staff in problem solving but also reframing my own mindset at looking at issues
- Innovation MEAT – work with less staff and learn to work as a team with limited manpower time & \$\$\$\$\$

► 08. What are the two most important items that you learned during the week, and how will you apply each when you return home? (contd.)

- Innovation Performance framework – provide more quality and efficient public service at a lower cost. GASB – would like to learn more about GASB
- MEAT and GASB
- New and creative approaches toward solving problems
- PAFR
- MEAT and PAFR
- GASB updates
- PAFR – seeing Guam's sample was very informative and should be part of our regular information sharing to the people and community we serve. GASB (Tax Abatement) will have to check as may be very relevant.
- The idea on innovation and Performer – innovation identify problems at the office and change them.
- Innovative and measures on performances
- MEAT
- Fishbone – identify problems w/staff and cut unnecessary process to improve – GASB identify what we need to book for year ended FY2017
- PEAK training – reduce processes without additional cost – employee empowerment
- Follow-through on action plans/dashboard and innovation
- Budget updates – innovation performance framework
- Performance Measures – audit findings and GASB 77
- These meetings continue to be important features of OIA program. – Frank Crawford is the best presenter of dry material the world has ever seen.
- MEAT & PAFR
- Performer – to measure how things are going does it need improving and how – PAFR to have our gov't transparent to the public
- Learn to say "Yes" and MEAT- immediately after getting back to office train staffs on these!
- Innovation and MEAT
- Knowing about getting help for training of employee and applying the MEAT standards
- Solving problems and process of choosing FMIS
- MEAT fishbone and Performer
- Innovation performance and making small changes- Importance of developing checklist, SOPs and keeping score
- Bite my tongue – be innovative clear - one thing at a time (audit findings)

► 09. What sessions or aspects during the week were the least relevant and meaningful to you?

- None, all were relevant & very helpful (x11)
- All were relevant, but some of the GASB issues were less relevant to some islands – but still useful (like tax abatements.) Some pension and GASB issues which does not apply to other areas is less useful.
- GASB 74, 75. Since we have no OPEB.
- The innovation – checklist for things
- Action plan – Where we are- are we doing it or not?
- The sessions on pension plan, although, they were kind of similar to what we have.
- GASB
- Tax abatement – Pension plan
- Pension/OPEB presentations

► 09. What sessions or aspects during the week were the least relevant and meaningful to you? (contd.)

- OPEB because it does not really applicable to my gov't
- There were no session that I found to be irrelevant. The winter meeting agenda and session were well put together.
- Tax abatement
- The GASB that did not apply to or government. However, it is still helpful to learn about them
- All were relevant only some are yet to be required of FSM but good to know up front
- OPEB
- None, perhaps only pension or OPEB as it currently is not relevant to our government nonetheless, it was good information to be aware of as finance person.
- OPEB – maybe because it is not applicable on out state
- OPEB
- None, all were informative (some just required deeper digestion)
- Tax Abatements
- Tax Abatement – Jesus!
- The importance of having bank statements reconciled on a timely basis... our audit outcome will be the measures
- The GASB and the pensions
- OPEB
- OPEB – Tax Abatement
- OPEB

► 10. Please list any measurable achievement your government has made as a result of being represented at IGFOA conferences.

- No cash management – cash management plan
- 45 days bank recon ~20 day's recon
- Focus on reducing time for Purchase Requests and procurement. Bank recon improved – Outstanding travel advances decreased. Account payable areas improved # of days to pay an invoice dripped to less than a week.
- Bank reconciliations are prioritized and on schedule now.
- Financial condition –implement financial management capacity – measuring performance and lack of
- The new systems – sharing of improvements-challenges
- Our performance measures
- Audit reports prepared more timely – working in cooperation/collaboration with other departments in getting things done in a timely manner – able to plan and organize trainings- understand the importance of compliance and getting things done in time – understand to have trust and confidence in our staff.
- Timely audit and issuance of PAFR – reduce finding and trying to reach goal of compliance to avoid finding.
- Performer scores.
- FMIS help with Debbie. Learning new ways of tackling “problems”. The action plan is always a great take away at the end of our session. Networking with the other finance officers.
- Able to maintain clean & unqualified audit – able to operate effectively using the performance measures and action plan as a road map.

► 10. Please list any measurable achievement your government has made as a result of being represented at IGFOA conferences. (contd.)

- This is my second IGFOA meeting but, I personally learned a lot.
- Understanding how we are progressing and continue to set the bar higher.
- Better reporting – achieving our goals
- Work ethics and work performance within the DOF is improving especially with new employees being hired.
- Performance indicators/measures and all the ratings over the years serve as motivation to try and be better. The opportunity to learn from other similar governments has been helpful (knowledge sharing)
- Reducing questioned costs and timely audit of our financial resources.
- Focusing of cleaning Questioned Costs & not maintaining the same findings repeatedly, also appreciated IGFOA for providing early the requirements to improve performances.
- Cleaner audit results
- Improvement in audit results
- Cooperation – Compliances – improvements in the process and requirements
- # of invoices processes w/in 30 days – Less findings and questioned cost – Fixed asset reconciliation/inventory
- Changes in GASB – Knowing what needs to be accomplished – reduction of audit findings
- FMIS upgrades – employee engagement – SOP updates/best practices – Financial reporting best practices (including KAFR and PAFR)
- Employee evaluation – audit status
- CAFR – PAFR – PM – GASB 74, 75, 77
- We strive to be relevant and to service to all the island governments
- Zero question costs – improve timeliness of transaction processes – audit qualifications reduced to 1.
- Indirect cost and drawdowns
- Reduced audit findings
- Bank recon – reduce A/R – reduce audit findings
- Developing performance measures – working as one team – developing lean ways to achieving work
- Reduced audit finding – Incorporating measurement tools to track progress on project.

► 11. Please provide any other comments concerning the GFOA Conference and the IGFOA Meeting that will make future conferences and meetings more meaningful and enjoyable.

- More team work and focus on improvements in process and performance management and motivating, not only in finance but across govt.
- None – introduction of randomized seating arrangements was very good and should be maintained
- We need more leadership to join this kind of meeting
- Invite relevant people, people whose duties and responsibilities are related to budget, accounting, procurement, etc
- Accounting session should be incorporated for skills update.
- To provide outcomes and recommendations to appropriate authorities to get support in implementation.

- This kind of conference really means a lot to our islands. We really need it

- Measurement of and performance of each government

► 11. Please provide any other comments concerning the GFOA Conference and the IGFOA Meeting that will make future conferences and meetings more meaningful and enjoyable. (contd.)

- Although it is a double-edged sword, Wi-fi is needed to touch base with work for others that did not have cellphones data services.
- Bring in other dynamic resourceful individuals to further knowledge and performance of the island governments
- Add an additional body movement exercise time in between time – and add WiFi
- WIFI- More social time for networking
- WIFI – Include Brian Elms training
- The resort is nice, but maybe large. Stop using wi-fi to distract lectures. I like this one, you don't see anyone checking mails since there was no wi-fi which is very disrespectful. Above all, Jason and the team are the best.
- Keep up the great job!! Very informative – thank you
- It should require all participants to be involved
- Discuss the problems encountered by the island governments
- I think the setup is great and should continue. Jason and Debbie should bring more presenters like Brian.
- Discuss more on the common issues that needed to improve the performances and reporting as will especially to be complied.

- Present relevant info & Wi-Fi availability a must
- It would be great to hear innovative ideas on how to tackle the pressures of politics which makes our jobs difficult to do.
- Please continue to do lectures or conference that is applicable to our insular areas.
- Group dinner/welcoming to break the ice
- Continue updates –continued assistance for training
- A little more free time hint out by 4pm – WIFI access in meeting rooms – at least one social event
- Recommend to have it in Honolulu or try other islands such as Kauai or Kona. Need WIFI access!
- You guys have this down
- Shorter meeting days knock off @4pm – Rice on the menu all the time
- Employees learning things that are asked of them to perform
- Provide new topics that help us to do things different and new experiences
- Need to have at least one dinner as a group
- Ease up with certain GASB updates. If updates don't pertain to island gov't skip it [please...and if it pertains to (1) gov't they should have a special session on it!

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IGFOA

WINTER REPORT

2017