



# AMERICAN SAMOA

## FISCAL YEAR 2018

A Financial Statement Analysis Using Indicators of the Financial Health and Success and a Status Report of Audit Findings, Timeliness and Exception Resolution (A.F.T.E.R.) of the Territory of AMERICAN SAMOA as of and for the Year Ended September 30, 2018



This presentation is available online at <http://www.pitiviti.org>

# *WHAT IS THE PERFORMETER®?*

- An analysis that takes a government's financial statements and converts them into useful and understandable measures of financial performance
- Financial ratios and a copyrighted analysis methodology are used to arrive at an overall rating of 0-10
- The overall reading is a barometer of ASG's financial health and performance

# *HOW TO USE THE PERFORMETER®*

- Use the individual ratios to identify financial warning signals
- Use the overall rating as a collective benchmark of financial health and success of ASG as a whole
- Use the comparisons to prior years to monitor trends in financial indicators

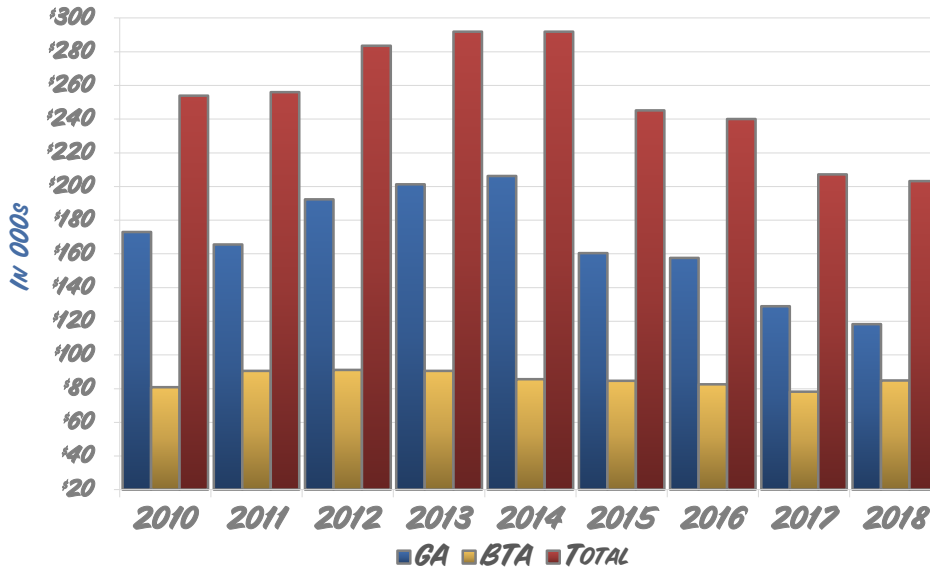
# ***LIMITATIONS OF THE PERFORMETER®***

- The Performer® should not be used as the only source of financial information to evaluate ASG's performance and condition
- The analysis is an overall rating of ASG as a whole and not of specific activities, funds or units
- The Performer® is based on Crawford & Associates' professional judgment and is limited as to its intended use

# CHANGE IN NET POSITION

*DID OUR OVERALL FINANCIAL CONDITION IMPROVE, DECLINE OR REMAIN STEADY OVER THE PAST YEAR?*

**NET POSITION AT YEAR END**



Net position includes all assets, deferred outflows, liabilities and deferred inflows of the ASG, except for fiduciary funds held for the benefit of others. It is measured as the difference between total assets, including capital assets, plus deferred outflows, and total liabilities, including long-term debt, plus deferred inflows.

For the year ended September 30, 2018, total net position decreased by \$4 million or 1.9% from the prior year. Governmental activities (GA) net position decreased by \$10.6 million, while business-type activities (BTA) increased by \$6.6 million.

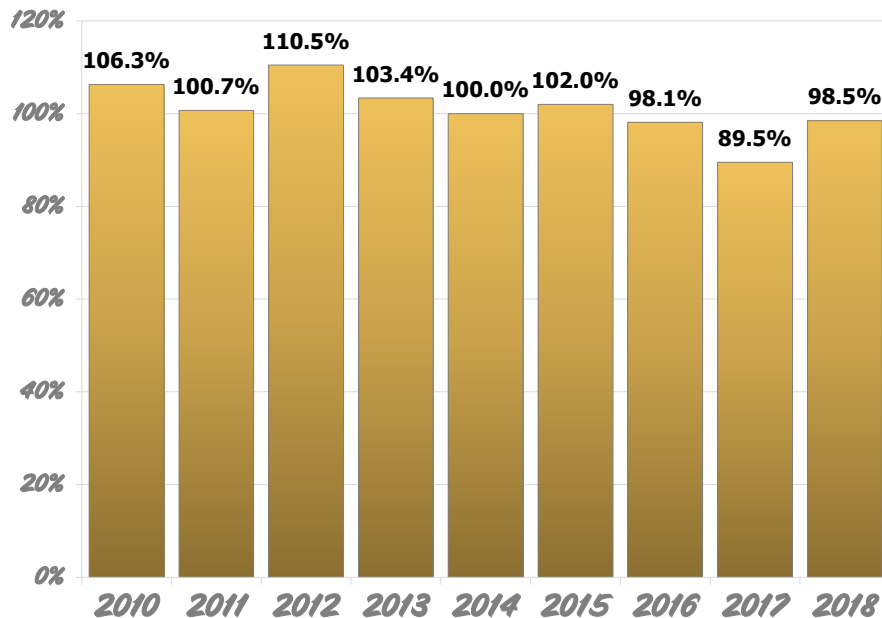
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1.7%	6.9%	0.9%	10.7%	2.9%	0.02%	1.8%	-2.0%	-12.5%	-1.9%



# INTERGENERATIONAL EQUITY

## WHO IS PAYING FOR TODAY'S COSTS OF SERVICES?

REVENUES AS A % OF ANNUAL EXPENSES



A measure of whether the government lived within its means in the measurement year, or was required to use prior year resources to fund a portion of current year costs, or shifted the funding of some of the current year costs to future periods.

For the year ended September 30, 2018, ASG funded 98.5% of their expenses with current year revenues, which is considered a favorable ratio, and it represents an increase in the ratio from the prior year.

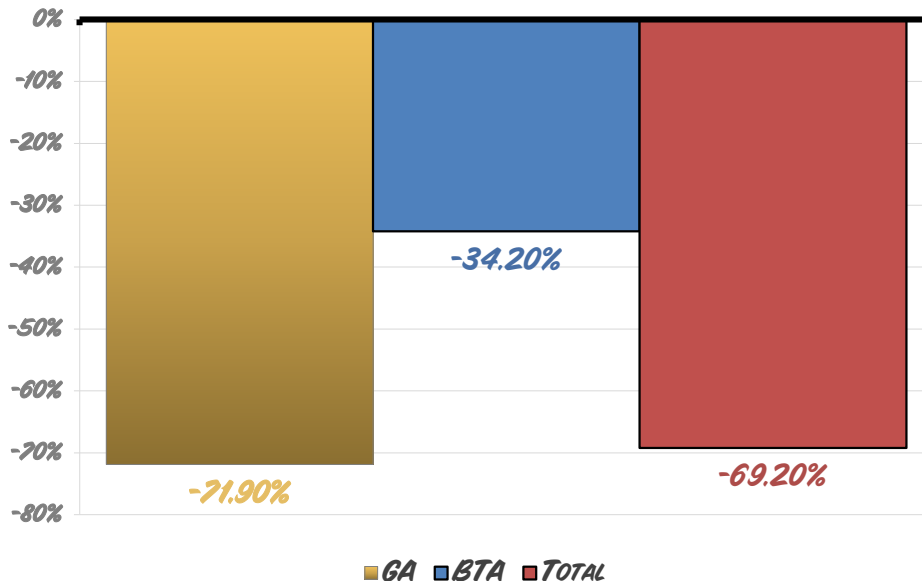
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
101.8%	106.3%	100.7%	110.5%	103.4%	100%	102%	98%	89.5%	98.5%



# LEVEL OF UNRESTRICTED NET POSITION

## HOW DO OUR TOTAL RAINY DAY FUNDS LOOK?

UNRESTRICTED NET POSITION (DEFICIT) AS A % OF ANNUAL REVENUES

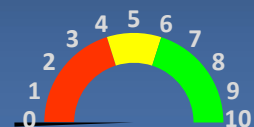


The level of total unrestricted net position is an indication of the amount of unexpended and available resources ASG has at a point in time to fund emergencies, shortfalls or unexpected needs.

For the year ended September 30, 2018, ASG's total unrestricted net position was in a deficit position that approximated 69.2% of annual total revenues. Governmental activities reported an unrestricted net position (deficit) of (71.9%), while business-type activities unrestricted net position was a (deficit) of 31.2%.

This indicates that there was a increase in the size of the operational deficit as a percentage of total revenues when compared to the ratio of the prior period.

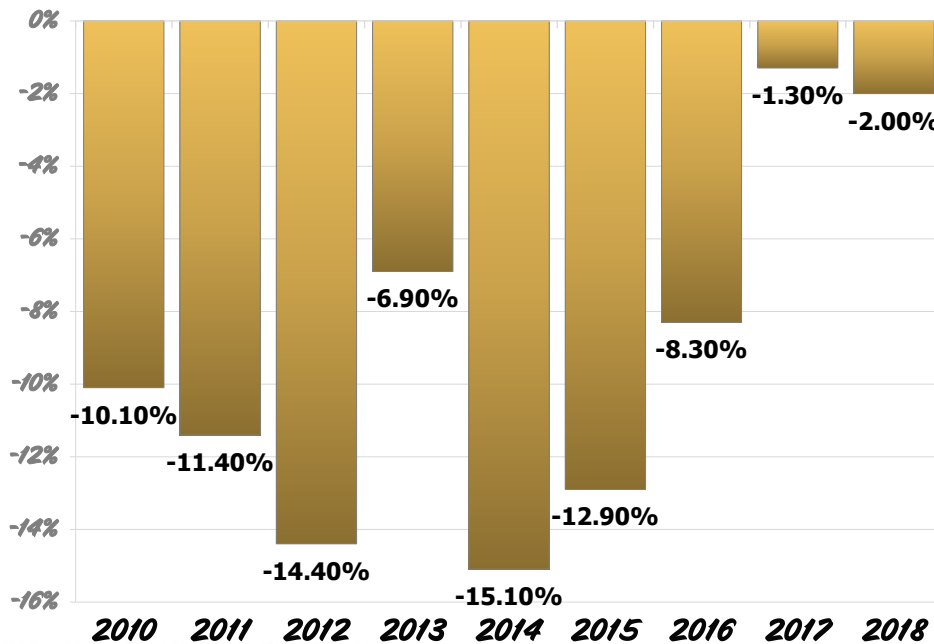
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
-22.1%	-18.1%	-15.8%	-19.1%	-20.6%	-19%	-53.1%	-63.9%	-64.3%	-69.2%



# LEVEL OF UNASSIGNED FUND BALANCE

HOW DOES OUR CARRYOVER LOOK?

UNASSIGNED FUND BALANCE (DEFICIT) AS A PERCENTAGE OF ANNUAL REVENUES



The level of unassigned fund balance is an indication of the amount of unexpended, unencumbered and available resources ASG has at a point in time to carryover into the next fiscal year to fund emergencies, shortfalls or other unexpected needs. In this analysis, only the General Fund is considered.

For the year ended September 30, 2018, the ASG had slightly increased the size of the deficit of the General Fund's unassigned fund balance from the prior period, which now amounts to 2.0% of its annual revenues.

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
-3.7%	-10.1%	-11.4%	-14.4%	-6.9%	-15.1%	-12.9%	-8.3%	-1.3%	-2.0%

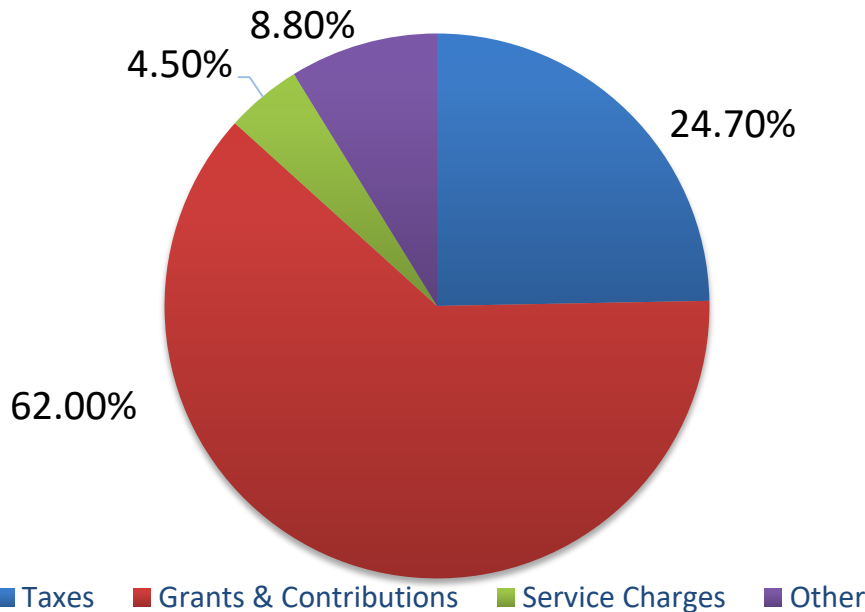




# REVENUE DISPERSION

*HOW HEAVILY ARE WE RELYING ON REVENUE SOURCES WE CAN'T DIRECTLY CONTROL?*

**2018 REVENUE PERCENTAGES BY SOURCE**



The percentage dispersion of revenue by source indicates how dependent ASG is on certain types of revenue. The more dependent ASG is on revenue sources beyond its direct control, such as grants, the less favorable the dispersion.

For the year ended September 30, 2018, ASG had direct control over 16.4% of its revenues (Excise taxes and charges for services). This ratio indicates ASG has some exposure, as do most insular governments, to financial difficulties due to reliance on non-controlled revenue (83.6%).

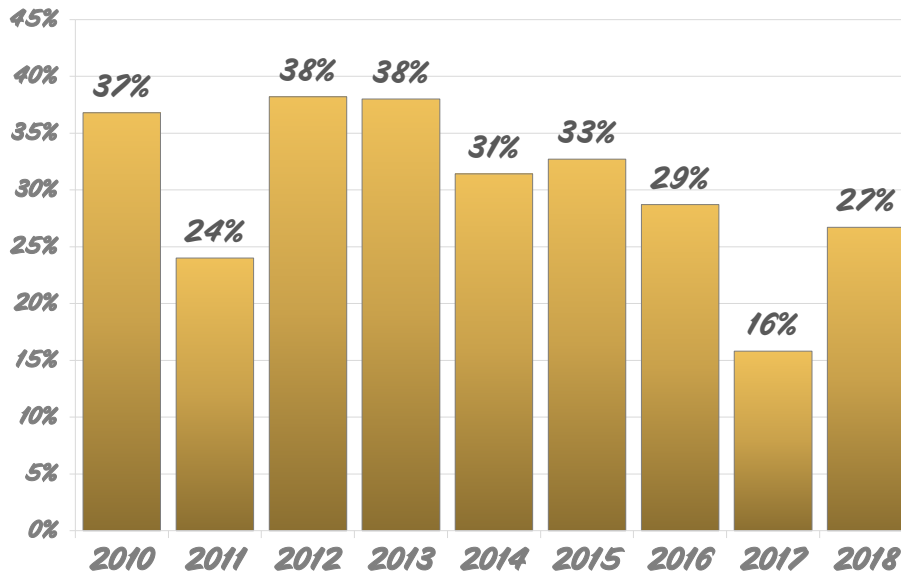
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
14.5%	11.8%	12.3%	13.1%	13.2%	12.6%	14.5%	15.8%	15.4%	16.4%



# BTA SELF-SUFFICIENCY

*DID CURRENT YEAR BUSINESS-TYPE ACTIVITIES (BTA) PAY FOR THEMSELVES?*

**PERCENTAGE OF BTA EXPENSES COVERED BY BTA REVENUES**



The self-sufficiency ratio indicates the level at which business-type activities (such as the industrial park and airport) covered their current costs with current year revenues, without having to rely on subsidies, grants or use of prior year reserves.

For the year ended September 30, 2018, ASG's total business-type activities were 26.7% self-sufficient. This indicates that most of the current year costs were not funded by recurring current year revenues. However, this ratio does represent an improvement in the ratio from the prior year.

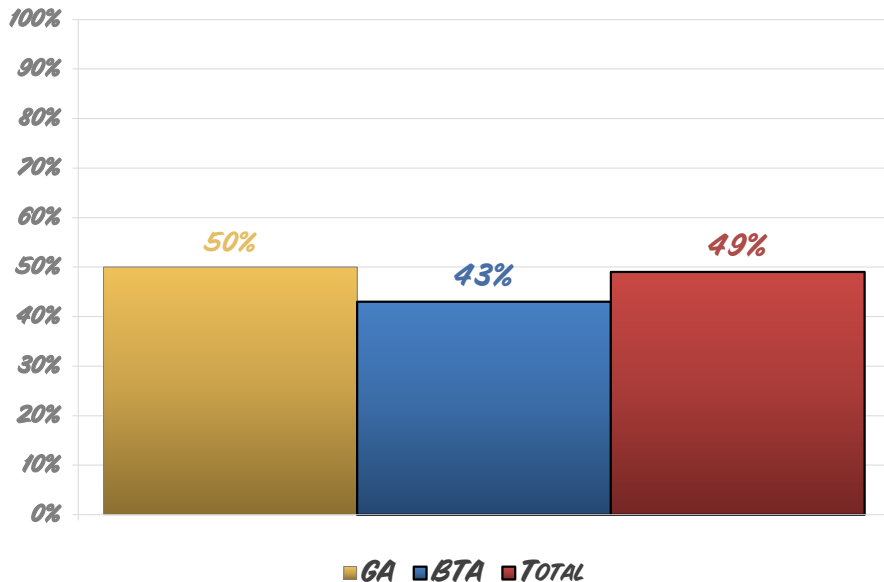
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
24.5%	36.8%	24.0%	38.2%	38.0%	31.4%	32.7%	28.7%	15.8%	26.7%



# CAPITAL ASSET CONDITION

## HOW MUCH USEFUL LIFE DO WE HAVE LEFT IN OUR CAPITAL ASSETS?

PERCENTAGE OF CAPITAL ASSETS' USEFUL LIFE REMAINING - 2018



The capital asset condition ratio compares capital assets cost to accumulated depreciation to determine the overall percentage of useful life remaining. A low percentage could indicate an upcoming need to replace significant capital assets.

At September 30, 2018, ASG's depreciable capital assets amounted to \$690.1 million while accumulated depreciation totaled \$355 million. This indicates that, on the average, ASG's capital assets have 49% of their useful lives remaining. This is considered a satisfactory financial indicator, and this ratio is consistent with that of the prior year.

Governmental activity assets have 50% of their useful lives remaining while business-type activities have 43% remaining.

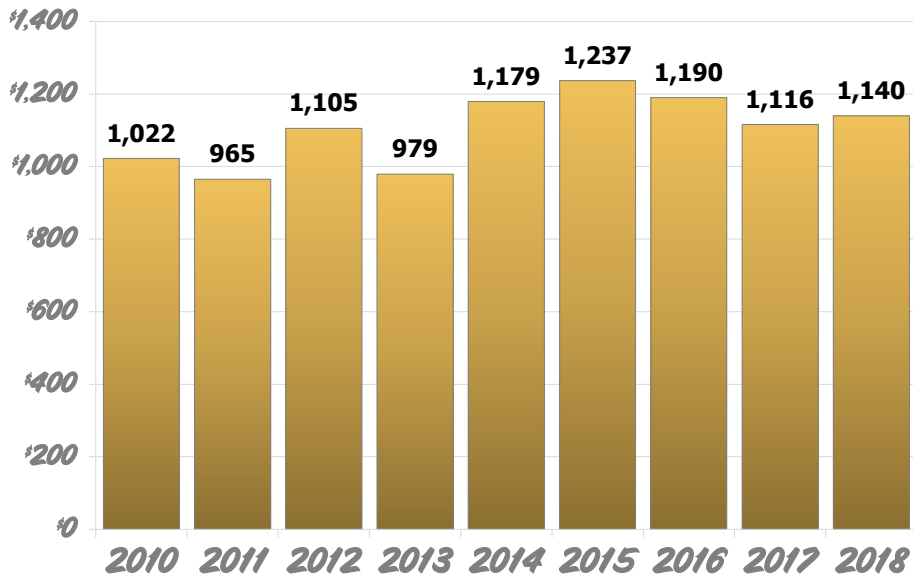
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
58%	57%	52%	61%	54%	53%	51%	51%	50%	49%



# FINANCING MARGIN - TAXES

*WILL OUR CITIZENS BE WILLING TO PAY INCREASED TAXES FOR OPERATIONS OR CAPITAL IMPROVEMENTS, IF NEEDED?*

**TOTAL TAXES PER CAPITA**



The financial ratio of taxes per capita is an indication of ASG's tax burden on its citizens and other taxpayers. The ratio includes all taxes, including gross receipts, income and other taxes.

For the year ended September 30, 2018, total taxes amounted to \$65 million or \$1,140 per capita. This indicates a relatively low tax burden when compared to other insular governments, and represents a slight increase in taxes per capita when compared to the ratio of the prior year.

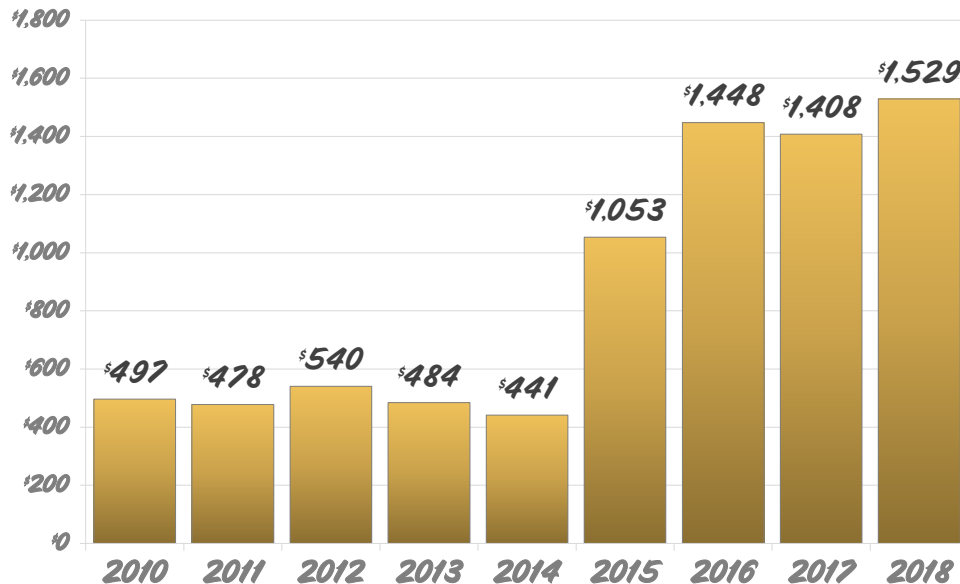
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
\$847	\$1,022	\$965	\$1,105	\$979	\$1,179	\$1,237	\$1,190	\$1,116	\$1,140



# FINANCING MARGIN - DEBT

*WILL WE BE ABLE TO ISSUE MORE DEBT, IF NEEDED?*

**DEBT PER CAPITA**



The financial ratio of debt per capita is an indication of ASG’s debt burden on its citizens and other taxpayers. The ratio does not consider debt payable from enterprise activities or alternate revenues.

For the year ended September 30, 2018, ASG had \$87.6 million of long-term debt or \$1,529 per capita which is a relatively low debt burden on its citizens when compared to other insular governments, and represents an increase in the ratio of debt per capita from the prior year.

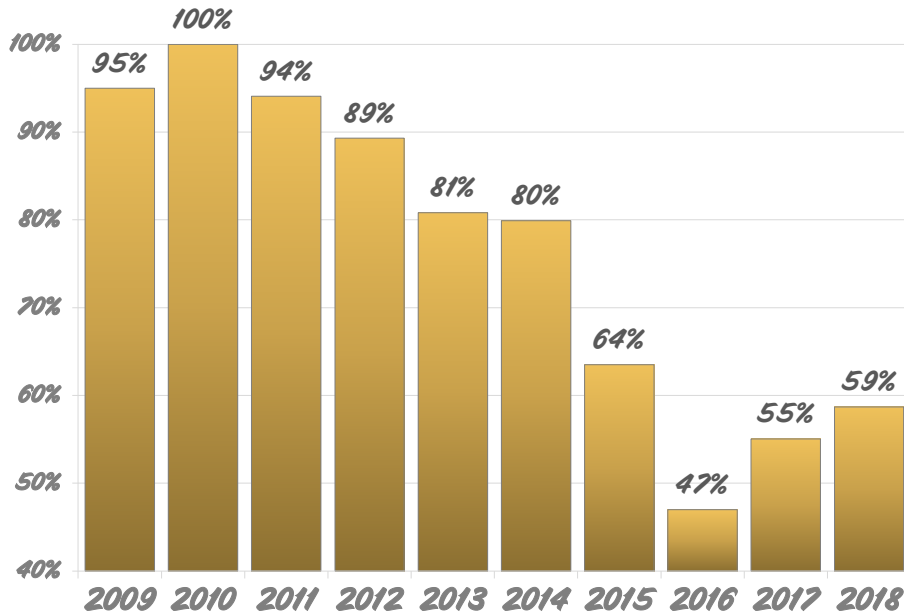
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
\$537	\$497	\$478	\$540	\$484	\$441	\$1,053	\$1,448	\$1,408	\$1,529



# PENSION PLAN FUNDING RATIO

*WILL WE BE ABLE TO PAY OUR EMPLOYEES WHEN THEY RETIRE?*

**PLAN NET POSITION AS A PERCENTAGE OF NET PENSION LIABILITY**



The pension funding ratio compares the pension plan trust fund's net position to the total pension liability for pension benefits earned to date. A percentage less than 100% indicates the plan is under-funded at the valuation date.

At September 30, 2018 (based upon the measurement date of September 30, 2018) ASG's pension plan trust fund net position was 58.7% of the total pension liability, which represents an improvement in the ratio when compared to the ratio of the prior period. However, this is still considered to be an unfavorable ratio.

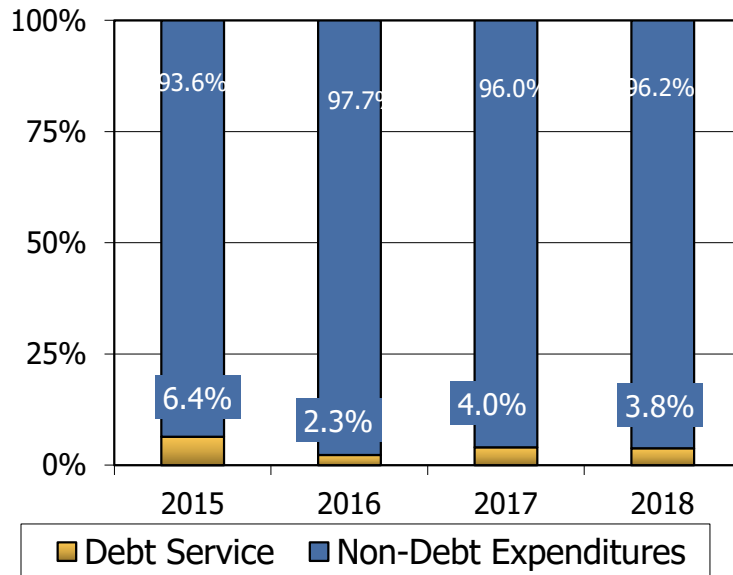
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
95%	100%	94.1%	89.3%	80.8%	79.9%	63.5%	46.8%	55.0%	58.7%



# DEBT SERVICE LOAD

HOW MUCH OF OUR ANNUAL NON-CAPITAL BUDGET IS LOADED WITH DISBURSEMENTS TO PAY OFF LONG-TERM DEBT

Percentage of Debt Service to Non-Debt Expenditures



The debt service load ratio measures the extent to which Palau's non-capital expenditures were comprised of debt service payments on long-term debt.

For the year ended September 30, 2018, ASG's total non-capital expenditures amounted to \$247 million, of which \$8.8 million (or 3.8%), were payments for principal and interest on long-term debt. In our model, this is considered an excellent ratio and indicates that for every dollar ASG spent on non-capital items, 3.8 cents of that dollar was used for debt service. Restatements for FY 2015 through FY 2017 have been made to this score and the overall score due to the impact of this ratio.

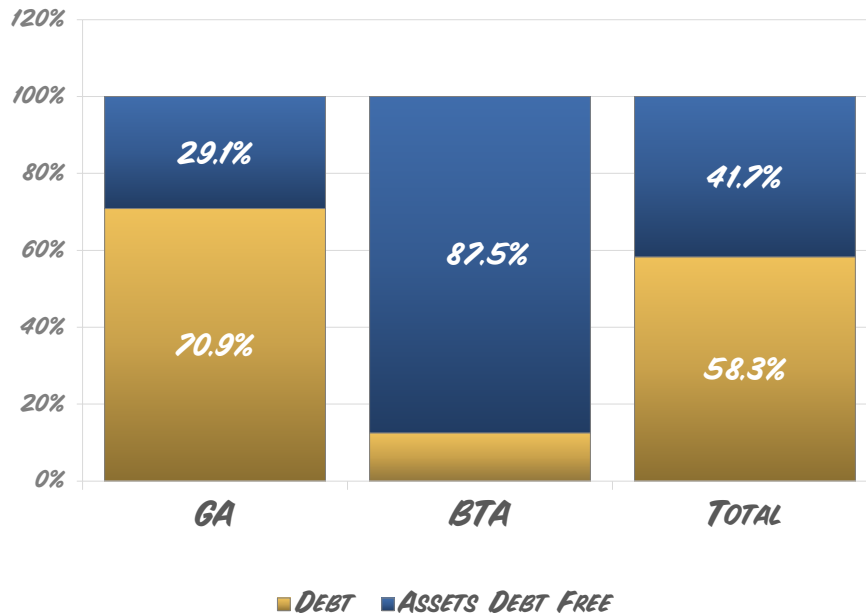
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
N/A	N/A	N/A	N/A	N/A	N/A	6.4%	2.3%	4.0%	3.8%



# DEBT TO ASSETS

## WHO REALLY OWNS ASG?

PERCENTAGE OF DEBT TO ASSETS - 2018



The debt to assets ratio measures the extent to which ASG had funded its assets with debt. The lower the debt percentage, the more equity ASG has in its assets.

At September 30, 2018, approximately 58.3% of ASG's \$448.0 million of total assets were funded with debt or other obligations. This is a less than satisfactory financial indicator and indicates that for each dollar of ASG assets it owns, it owes 58.3 cents of that dollar to others. However, It does represents an improvement in the ratio when compared to the prior period.

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
35.4%	32.2%	31.2%	28.2%	26.1%	25.8%	49.8%	63.6%	67.1%	58.3%

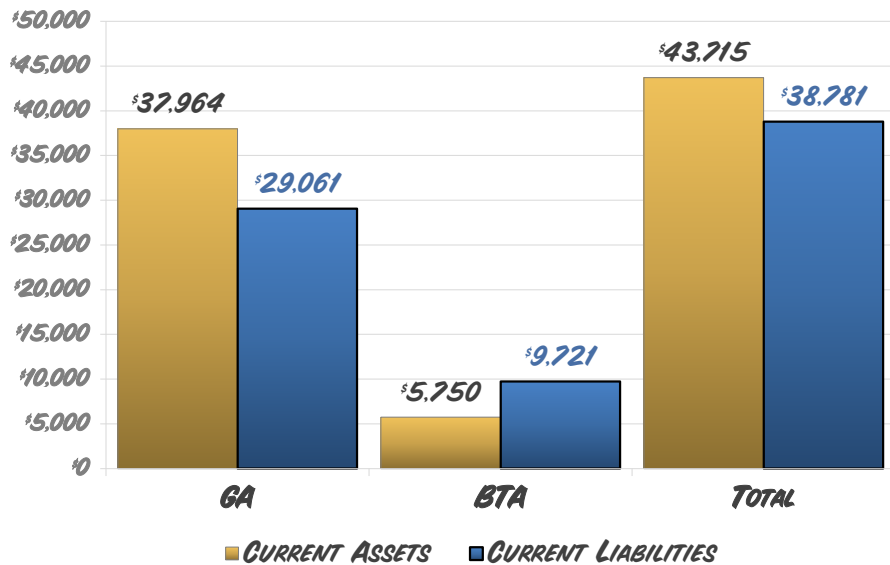




# CURRENT RATIO

*WILL OUR VENDORS AND EMPLOYEES BE PLEASED WITH OUR ABILITY TO PAY THEM ON TIME?*

**CURRENT ASSETS COMPARED TO CURRENT LIABILITIES**



The current ratio is one measure of ASG’s ability to pay its short-term obligations. The current ratio compares total current assets and liabilities. A current ratio of 2.00 to 1 indicates good current liquidity and an ability to meet the short-term obligations. This ratio includes only the General Fund (ASG’s primary operating fund) and ASG’s proprietary type enterprise funds.

At September 30, 2018, ASG had a ratio of current assets to current liabilities of 1.13 to 1. This indicates that ASG had \$1.13 of current assets to pay each \$1 of current liabilities and is considered an unfavorable indicator of liquidity. However, It does represents a slight increase from the ratio of the prior year.

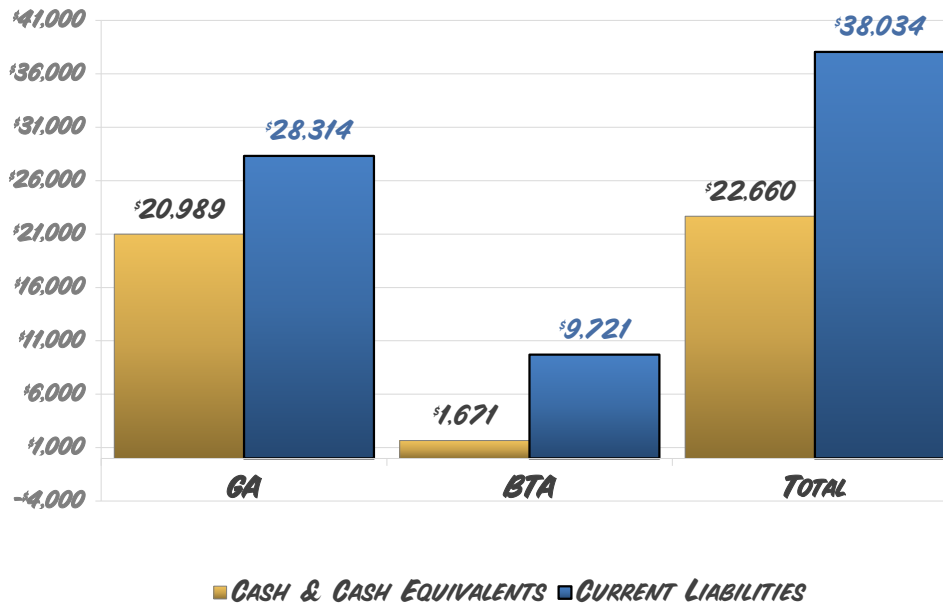
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1.01	.86	.97	.97	1.10	.87	.80	.97	1.11	1.13



# QUICK RATIO

## HOW IS OUR SHORT-TERM CASH POSITION?

**CASH AND CASH EQUIVALENTS COMPARED TO CURRENT LIABILITIES - 2018**



The quick ratio is another, more conservative, measure of ASG’s ability to pay its short-term obligations. The quick ratio compares total cash and short-term investments to current liabilities, less deferred revenue. A quick ratio of 1.00 to 1 indicates adequate current liquidity and an ability to meet the short-term obligations with cash. This measure includes only the General Fund, ASG’s primary operating fund, and ASG’s proprietary funds.

At September 30, 2018, ASG had a ratio of cash and cash equivalents to current liabilities of .60 to 1. This indicates that ASG has, for every one dollar of current liabilities, 60 cents of cash and cash equivalents to fund them. This is considered a less than satisfactory indicator of liquidity, but represents an increase from the ratio of the previous period.

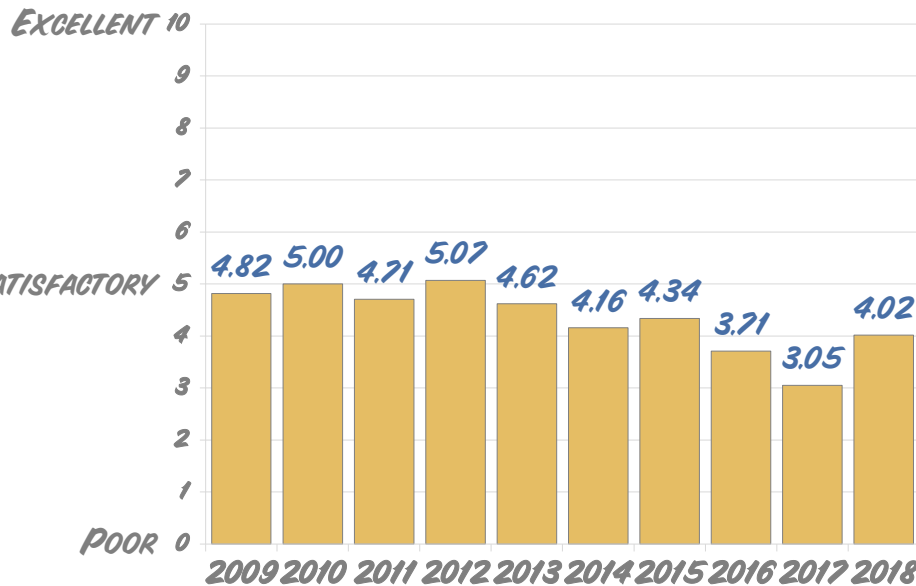
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1.20	.88	.88	.71	.86	.43	.42	.41	.48	.60



# PERFORMETER® READING

## HOW WAS OUR OVERALL FINANCIAL PERFORMANCE?

OVERALL READING



For the 2018 fiscal year, the readings by ratio category were as follows:

Financial Position	1.61
Financial Performance	4.85
Financial Capability	6.64

The 2018 reading of 4.02 indicates the evaluator's opinion that the American Samoa Government's overall financial health and performance improved during the year, but remains at a level below satisfactory. The relatively small decrease in net position, the improvement in intergenerational equity, and improvements in overall financial performance are the primary causes for the improvement of the overall Performeter reading.

**FY 18 OVERALL PERFORMETER® READING: 4.02**



<i>RATIO</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
<i>CHANGE IN NET POSITION</i>	<i>2.9%</i>	<i>0.0%</i>	<i>1.8%</i>	<i>-2.0%</i>	<i>-12.5%</i>	<i>-1.9%</i>
<i>INTERGENERATIONAL EQUITY</i>	<i>103.4%</i>	<i>100%</i>	<i>101.6%</i>	<i>98.1%</i>	<i>89.5%</i>	<i>98.5%</i>
<i>LEVEL OF UNRESTRICTED NET POSITION</i>	<i>-20.6%</i>	<i>-19.0%</i>	<i>-53.1%</i>	<i>-63.9%</i>	<i>-64.3%</i>	<i>-69.2%</i>
<i>LEVEL OF UNASSIGNED FUND BALANCE</i>	<i>-6.9%</i>	<i>-15.1%</i>	<i>-12.9%</i>	<i>-8.3%</i>	<i>-1.3%</i>	<i>-2.0%</i>
<i>REVENUE DISPERSION</i>	<i>13.2%</i>	<i>12.6%</i>	<i>14.5%</i>	<i>15.8%</i>	<i>15.4%</i>	<i>16.4%</i>
<i>BTA SELF-SUFFICIENCY</i>	<i>38%</i>	<i>31.4%</i>	<i>32.7%</i>	<i>28.7%</i>	<i>15.8%</i>	<i>26.7%</i>
<i>CAPITAL ASSET CONDITION</i>	<i>54%</i>	<i>53%</i>	<i>51%</i>	<i>51%</i>	<i>50%</i>	<i>49%</i>
<i>FINANCING MARGIN - TAXES</i>	<i>\$979</i>	<i>\$1,179</i>	<i>\$1,237</i>	<i>\$1,190</i>	<i>\$1,116</i>	<i>\$1,140</i>
<i>FINANCING MARGIN - DEBT/OBLIGATIONS</i>	<i>\$484</i>	<i>\$1,053</i>	<i>\$1,053</i>	<i>\$1,448</i>	<i>\$1,408</i>	<i>\$1,529</i>
<i>PENSION PLAN FUNDING</i>	<i>81%</i>	<i>80%</i>	<i>63.5%</i>	<i>46.8%</i>	<i>55%</i>	<i>58.7%</i>
<i>DEBT SERVICE LOAD</i>	<i>N/A</i>	<i>N/A</i>	<i>6.4%</i>	<i>2.3%</i>	<i>4.0%</i>	<i>3.8%</i>
<i>DEBT TO ASSETS</i>	<i>26.1%</i>	<i>25.8%</i>	<i>49.8%</i>	<i>63.6%</i>	<i>67.1%</i>	<i>58.3%</i>
<i>CURRENT RATIO</i>	<i>1.10</i>	<i>0.87</i>	<i>0.80</i>	<i>0.97</i>	<i>1.11</i>	<i>1.13</i>
<i>QUICK RATIO</i>	<i>0.86</i>	<i>0.43</i>	<i>0.42</i>	<i>0.41</i>	<i>0.48</i>	<i>0.60</i>
<i>OVERALL PERFORMETER READING</i>	<i>4.62</i>	<i>4.16</i>	<i>4.34*</i>	<i>3.71*</i>	<i>3.05*</i>	<i>4.02</i>

*\*NOTES YEARS THAT THE OVERALL SCORE HAS BEEN RESTATED FOR COMPARISON PURPOSES*

## *PERFORMETER INDIVIDUAL RATIOS - SUMMARY AND COMPARISON TO PRIOR YEARS*

# ***WHAT IS THE A.F.T.E.R. ANALYSIS?***

- The A.F.T.E.R. Analysis is very simply an 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.

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of F.S. Opinion Qualifications/Exceptions	7	2	1	1	4	8	3	3	4
Number of Major Federal Program Qualifications/Exceptions	38	15	9	11	10	4	2	2	5
Number of F.S. Findings									
A. Internal Control and Compliance	6	0	2	3	1	1	1	1	1
B. Internal Control Only	0	3	3	4	7	6	5	4	2
C. Compliance Only	0	3	0	0	0	0	0	0	0
TOTAL	6	6	5	7	8	7	6	5	3
Percentage of Findings Repeated	100%	83%	80%	57%	87.5%	86%	100%	100%	100%
Number of Single Audit Findings									
A. Internal Control and Compliance	6	5	11	5	5	2	4	0	4
B. Internal Control Only	0	0	7	5	3	4	0	3	0
C. Compliance Only	0	1	0	0	0	0	0	1	0
TOTAL	6	6	18	10	8	6	4	4	4
Percentage of S.A. Findings Repeated	100%	50%	22%	90%	50%	33%	100%	50%	50%
Number of months after Y/E the F.S. were Released	10	11	11	9	9	7	7	8	7
Number of Qualifications/Exceptions Related to C.U.	1	0	0	1	0	2	1	1	2
\$ of Questioned Costs-Current Year	\$1,785	\$2,377,962	\$2,606,662	\$0	\$279,912	\$0	\$0	\$0	\$881,844
\$ 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

# THANK YOU!

- We would like to commend and thank ASG's management, the U.S. Department of the Interior and the Graduate School USA for allowing us to present this financial analysis. We hope it serves as a useful and understandable compliment to ASG's annual financial report.
- This report is available online at <http://www.pitiviti.org>.
- Visit our website at <http://www.crawfordcpas.com> for other useful tools for governments.