



AMERICAN SAMOA

FISCAL YEAR 2016

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, 2016



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 1-10
- 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

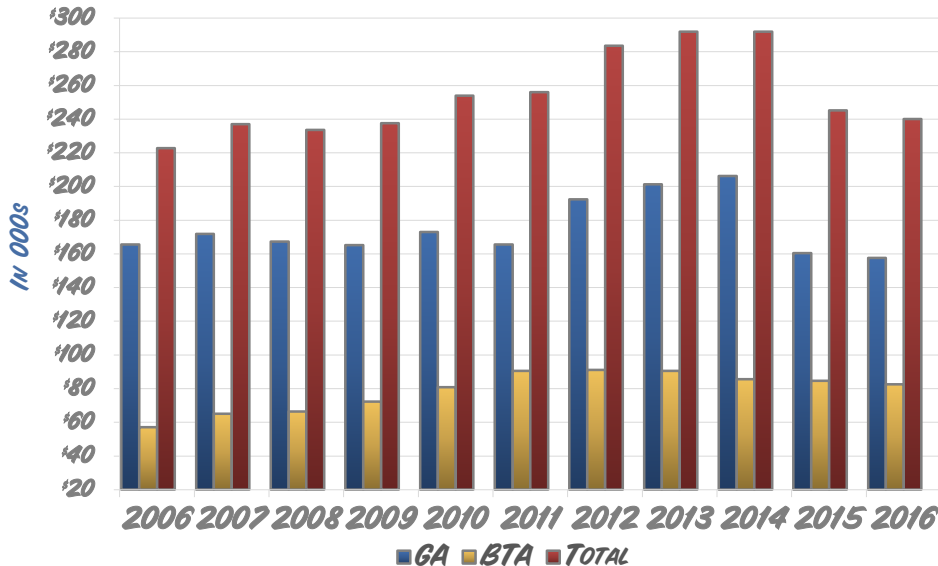
LIMITATIONS OF THE PERFORMETER®

- 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.

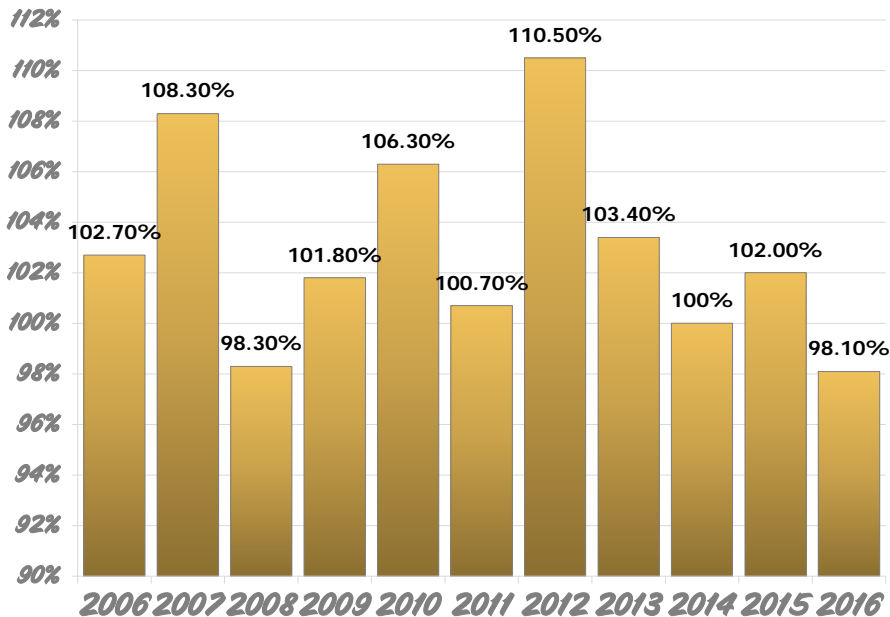
For the year ended September 30, 2016, total net position decreased by \$5 million or 2% from the prior year. Governmental activities (GA) net position decreased by \$2.9 million, while business-type activities (BTA) decreased by \$2.1 million.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
6.4%	-1.4%	1.7%	6.9%	0.9%	10.7%	2.9%	0.02%	1.8%	-2.0%

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.

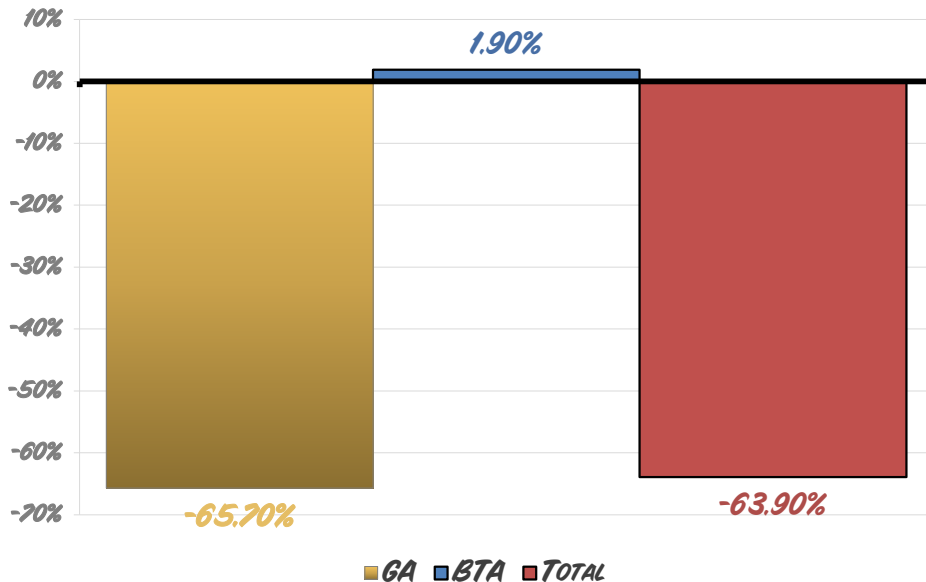
For the year ended September 30, 2016, ASG funded 98% of their expenses with current year revenues, which is considered an excellent ratio, and it represent a decrease in the ratio from the prior year.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
108.3%	98.3%	101.8%	106.3%	100.7%	110.5%	103.4%	100%	102%	98%

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, 2016, ASG's total unrestricted net position was in a deficit position that approximated 64% of annual total revenues. Governmental activities reported an unrestricted net position (deficit) of (66.7%), while business-type activities unrestricted net position of 1.3%.

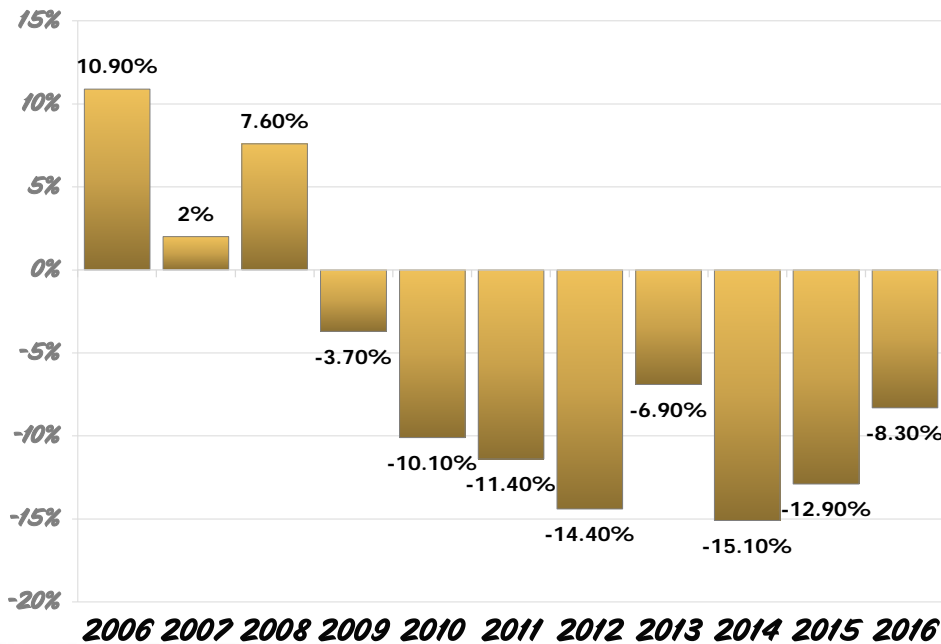
This indicates that there was an increase in the operational deficit as a percentage of total revenues when compared to the ratio of the prior period.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
-11.7%	-21.3%	-22.1%	-18.1%	-15.8%	-19.1%	-20.6%	-19%	-53.1%	-63.9%

LEVEL OF UNASSIGNED FUND BALANCE

HOW DOES OUR CARRYOVER LOOK?

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



The level of budgetary 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 budgetary emergencies, shortfalls or other unexpected needs. In this analysis, only the General Fund is considered.

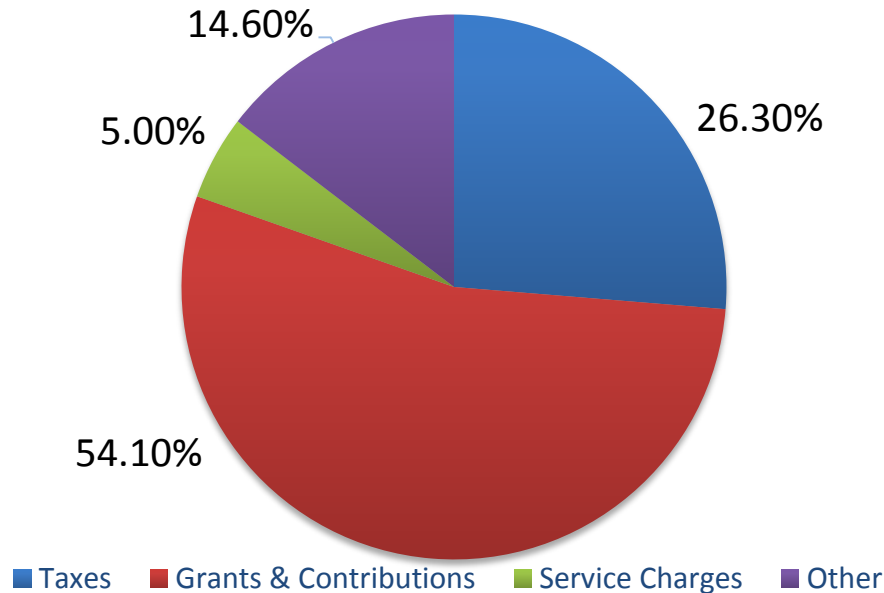
For the year ended September 30, 2016, the ASG had decreased the size of the deficit of the General Fund's unassigned fund balance from the prior period, which now amounts to 8.3% of its annual revenues. This is the eight consecutive year of the analysis that the General Fund has been in a deficit position.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
2.0%	7.6%	-3.7%	-10.1%	-11.4%	-14.4%	-6.9%	-15.1%	-12.9%	-8.3%

REVENUE DISPERSION

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

2016 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.

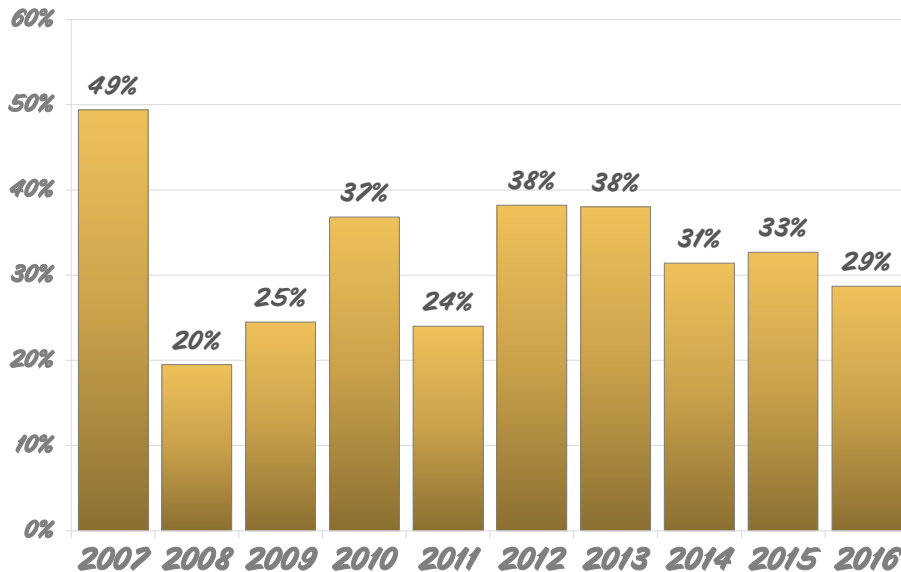
For the year ended September 30, 2016, ASG had direct control over 15.8% of its revenues (Excise taxes and charges for services). This ratio indicates ASG has some exposure, as do most insular governments, to financial difficulties due to reliance on non-controlled revenue (84.2%).

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
17.3%	15.5%	14.5%	11.8%	12.3%	13.1%	13.2%	12.6%	14.5%	15.8%

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.

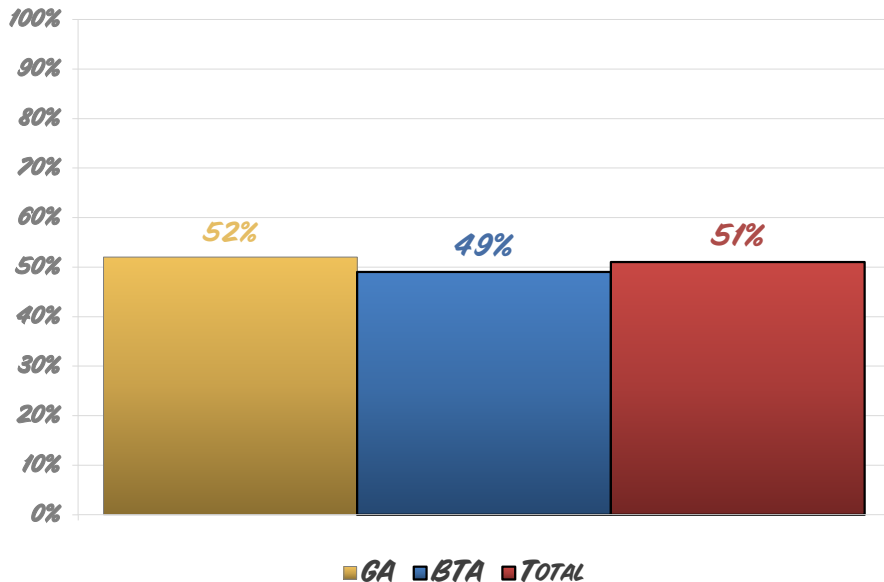
For the year ended September 30, 2016, ASG's total business-type activities were 28.7% self-sufficient. This indicates that most of the current year costs were not funded by recurring current year revenues. This ratio represent a decrease in the ratio from the prior year.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
49.4%	19.5%	24.5%	36.8%	24.0%	38.2%	38.0%	31.4%	32.7%	28.7%

CAPITAL ASSET CONDITION

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

PERCENTAGE OF CAPITAL ASSETS' USEFUL LIFE REMAINING - 2016



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, 2016, ASG's depreciable capital assets amounted to \$635.5 million while accumulated depreciation totaled \$312.2 million. This indicates that, on the average, ASG's capital assets have 51% of their useful lives remaining. This is an above average financial indicator, and this ratio is consistent with that of the prior year.

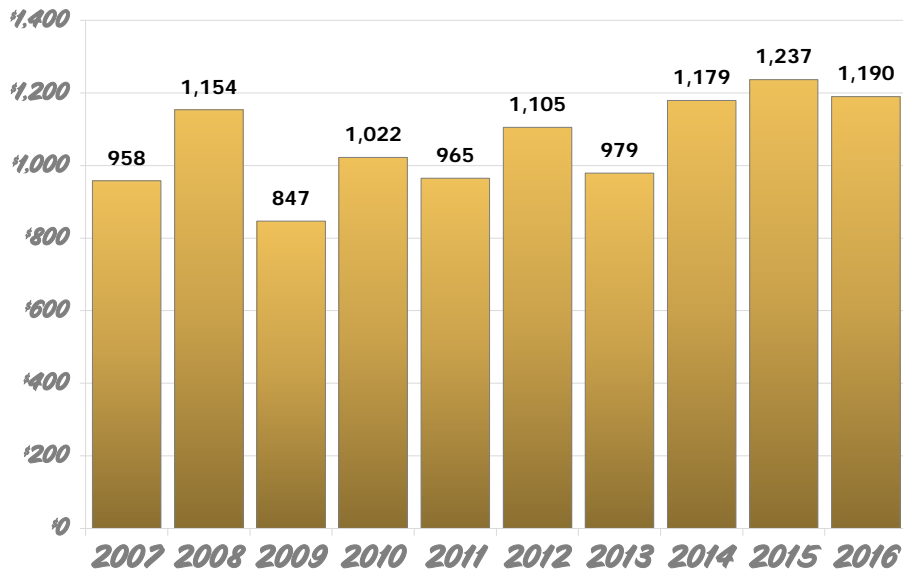
Governmental activity assets have 52% of their useful lives remaining while business-type activities have 49% remaining.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
59%	58%	58%	57%	52%	61%	54%	53%	51%	51%

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.

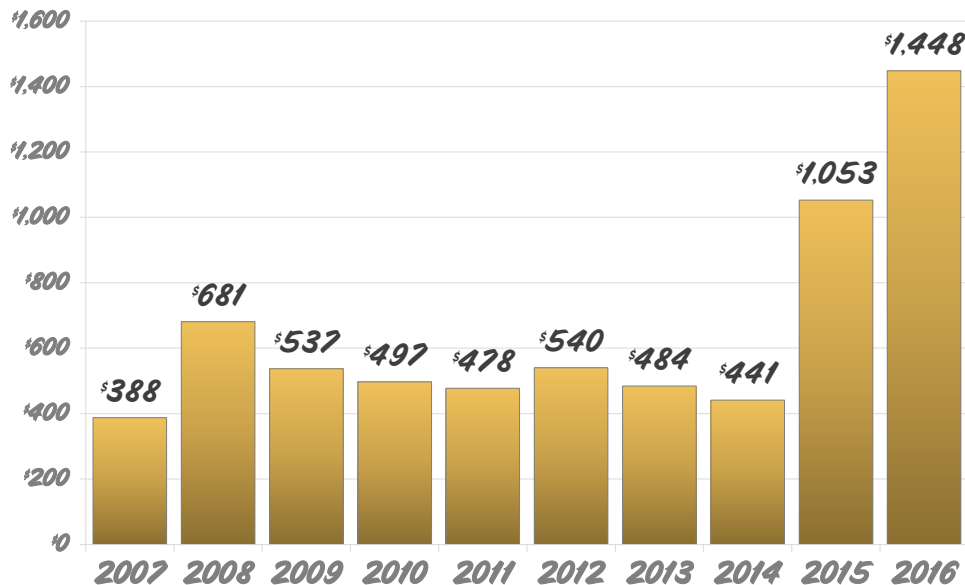
For the year ended September 30, 2016, total taxes amounted to \$68.2 million or \$1,190 per capita. This indicates a relatively low tax burden when compared to other insular governments, and represents a slight decrease in taxes per capita when compared to the ratio of the prior year.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
\$958	\$1,154	\$847	\$1,022	\$965	\$1,105	\$979	\$1,179	\$1,237	\$1,190

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.

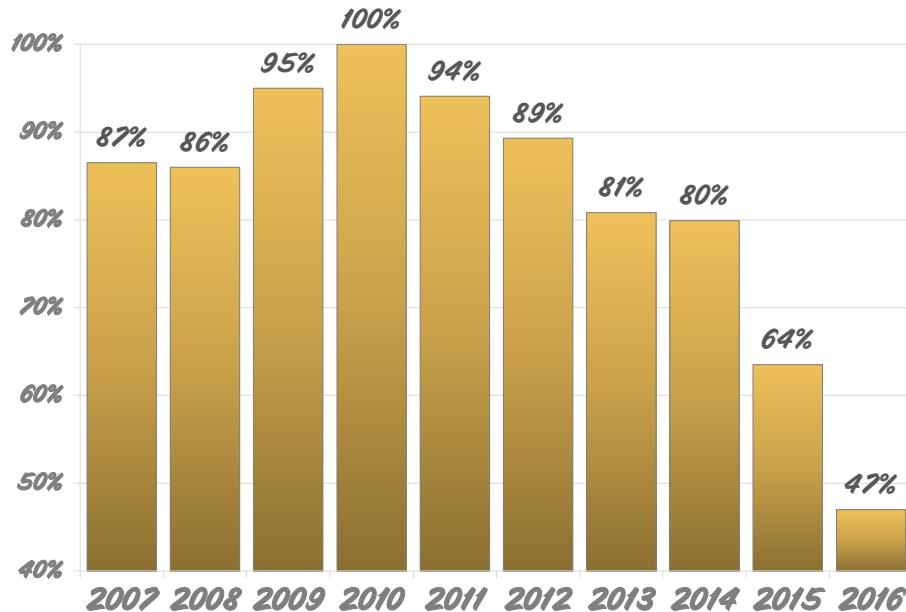
For the year ended September 30, 2016, ASG had \$83 million of long-term debt or \$1,448 per capita which is a relatively low debt burden on its citizens when compared to other insular governments, and represents an increase in the ratio of debt per capita from the prior year.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
\$388	\$681	\$537	\$497	\$478	\$540	\$484	\$441	\$1,053	\$1,448

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.

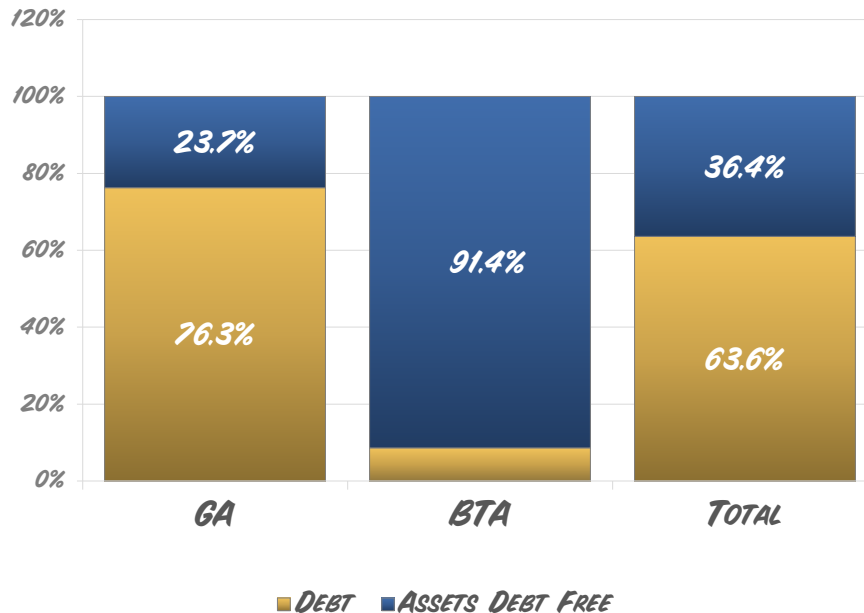
At September 30, 2016 (based upon the measurement date of September 30, 2015, ASG's pension plan trust fund net position was 46.8% of the total pension liability, which represents the sixth consecutive year that the funded percentage has declined.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
86.5%	86.0%	95%	100%	94.1%	89.3%	80.8%	79.9%	63.5%	46.8%

DEBT TO ASSETS

WHO REALLY OWNS ASG?

PERCENTAGE OF DEBT TO ASSETS - 2016



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.

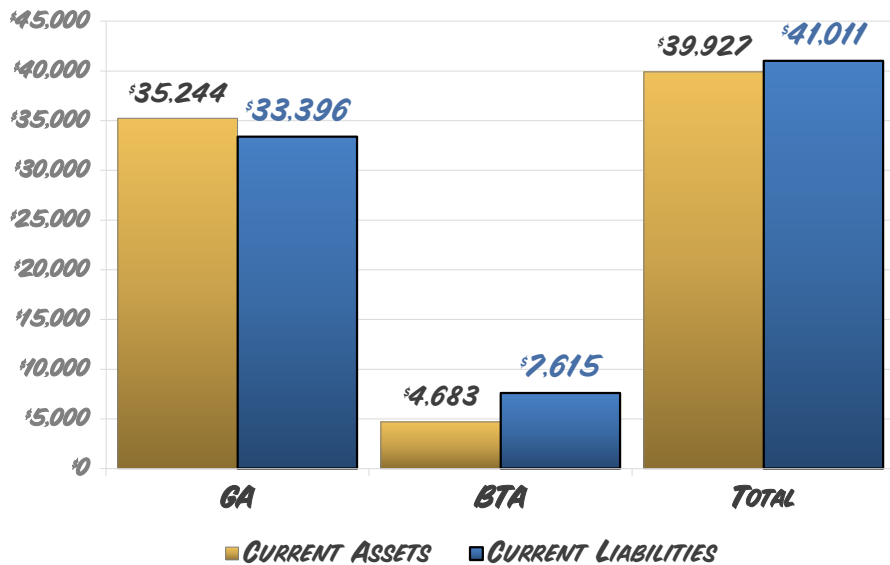
At September 30, 2016, almost 63.6% of ASG's \$470.4 million of total assets were funded with debt or other obligations. This is an unsatisfactory financial indicator and indicates that for each dollar of ASG assets it owns, it owes 63.6 cents of that dollar to others.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
28.7%	33.1%	35.4%	32.2%	31.2%	28.2%	26.1%	25.8%	49.8%	63.6%

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.

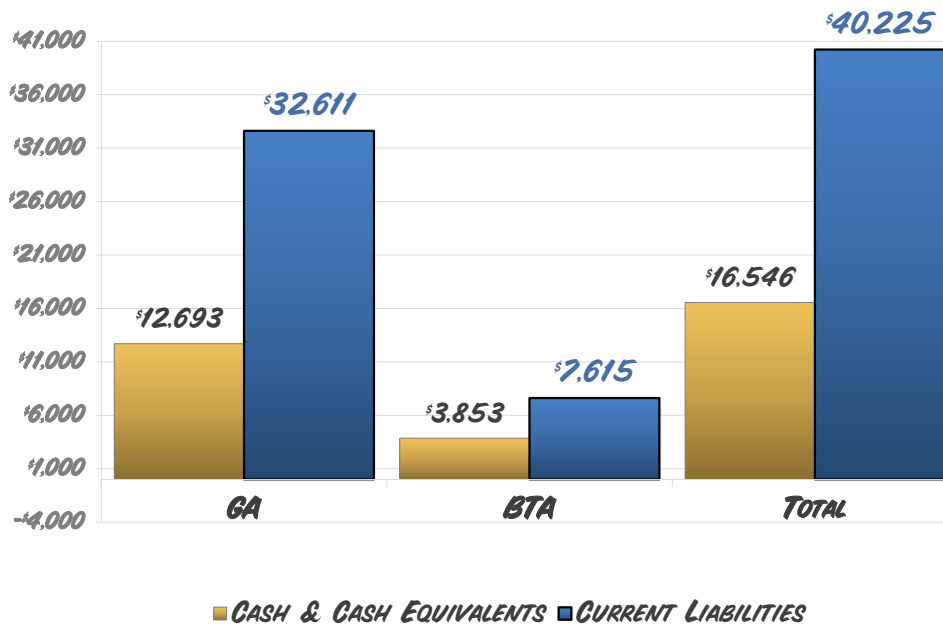
At September 30, 2016, ASG had a ratio of current assets to current liabilities of 0.97 to 1. This indicates that ASG had 97 cents of current assets to pay each \$1 of current liabilities and is considered a less than satisfactory indicator of liquidity. It also represents an increase from the ratio of the prior year.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1.14	1.27	1.01	.86	.97	.97	1.10	.87	.80	.97

QUICK RATIO

HOW IS OUR SHORT-TERM CASH POSITION?

CASH AND CASH EQUIVALENTS COMPARED TO CURRENT LIABILITIES - 2016



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.

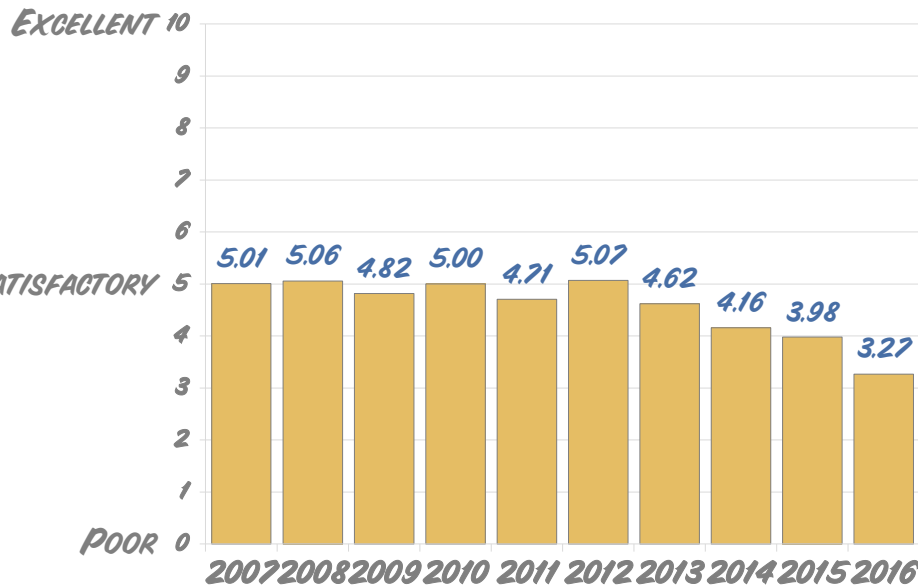
At September 30, 2016, ASG had a ratio of cash and cash equivalents to current liabilities of .41 to 1. This indicates that ASG has, for every one dollar of current liabilities (less deferred revenue), 41 cents of cash and cash equivalents to fund them. This is considered a less than satisfactory indicator of liquidity, and represent a decrease from the ratio of the previous period.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1.13	1.93	1.20	.88	.88	.71	.86	.43	.42	.41

PERFORMETER® READING

HOW WAS OUR OVERALL FINANCIAL PERFORMANCE?

OVERALL READING



The 2016 reading of 3.27 indicates the evaluator’s opinion that the American Samoa Government’s overall financial health and performance decreased slightly during the year, and remains at a level below satisfactory.

The current year reading is a result of small declines in many of the individual ratios, while others remained the same. The ASG’s net pension liabilities now amount to \$142.6 million, and reports a funded ratio of 46.8%, the lowest funded ratio in the 10 years reported in this analysis.

FY 16 OVERALL PERFORMETER® READING: **3.27**

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.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of F.S. Opinion Qualifications/Exceptions	7	6	7	2	1	1	4	8	3
Number of Major Federal Program Qualifications/Exceptions	8	18	38	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	3	3	4	7	6	5
C. Compliance Only	0	0	0	3	0	0	0	0	0
TOTAL	7	6	6	6	5	7	8	7	6
Percentage of Findings Repeated	100%	100%	100%	83%	80%	57%	87.5%	86%	100%
Number of A-133 Findings									
A. Internal Control and Compliance	13	15	6	5	11	5	5	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	8	6	4
Percentage of A-133 Findings Repeated	100%	Unable to determine	100%	50%	22%	90%	50%	33%	100%
Number of months after Y/E the F.S. were Released	9	9	10	11	11	9	9	7	7
Number of Qualifications/Exceptions Related to C.U.	1	1	1	0	0	1	0	2	1
\$ of Questioned Costs-Current Year	\$100	\$0	\$1,785	\$2,377,962	\$2,606,662	\$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

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.