

Performer[®] Update

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Graduate School
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Topics for today

- ▶ A brief review of what the *Performer* is (and what it is not...)
- ▶ Review of factors and circumstances contributing to the 2008 scores
- ▶ Provide an update on the most recent *Performer* scores



A brief review...

- ▶ The *Performer* 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



Factors and Circumstances for 2008

- ▶ For most, the fiscal year ending September 30, 2008 was not a good year financially
 - Continued decline or stagnant tourism contributed to an economic downturn
 - Market value of investments held declined dramatically between June 2008 and September 2008
 - Pension plan woes
 - Spending patterns were mostly unchanged, but revenue streams declined (for most)
 - Fund balance deficits and net assets deficits either increased or at least increased when compared to the level of annual revenues

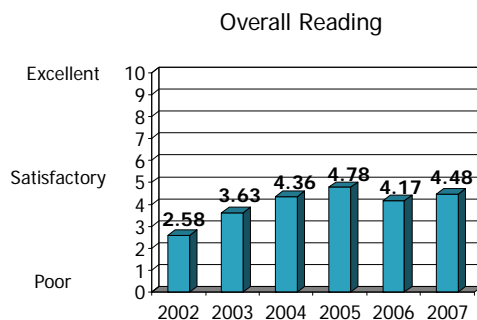


Factors and Circumstances for 2008

- ▶ Good news though (or bad news, depending on how you look at it)
 - Most governments, when not considering component units, are receiving unqualified (clean) opinions on their financial statements
 - A few are even receiving unqualified opinions on their compliance with federal program monies (Single audit)
 - A few even have no questioned costs, or very little questioned costs



VI Performer® Reading

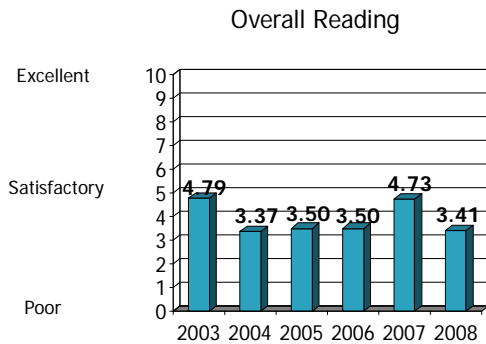


The 2007 reading of 4.48 indicates the evaluator's opinion that the VI's overall financial health and performance continued to be slightly below satisfactory as of and for the fiscal year ended September 30, 2007, however the reading indicates an improvement over the prior period.

These improvements noted in the current year reading are due in a large part to the unrestricted net assets level, excellent intergenerational equity, and continued improvements in General Fund unreserved fund balance. However the reading is tempered by high tax and debt burdens per capita (when compared to other insular governments), and a high debt to asset ratio.



Chuuk Performer[®] Reading

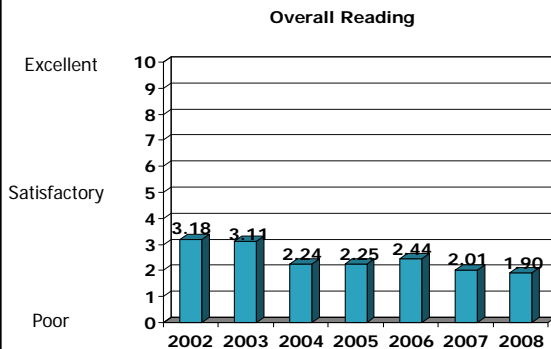


The 2008 reading of 3.41 indicates that in the evaluator's opinion, Chuuk's overall financial health and performance is considered less than satisfactory as of and for the fiscal year ended September 30, 2008, and a significant decrease from the score in the prior period. Much of the decline is the result of the \$2.3 million decrease in the fair value of investments.

However, Chuuk's low level of unrestricted net assets, insufficient General Fund unreserved fund balance, low revenue dispersion, and insufficient current and quick ratios are the primary reasons for the continued less than satisfactory reading of the current year.



CNMI Performer[®] Reading

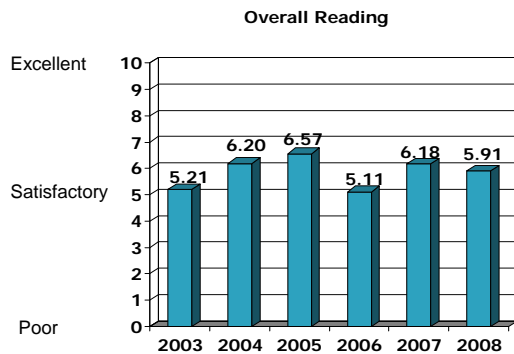


The 2008 reading of 1.90 indicates the evaluator's opinion that the CNMI's overall financial health and performance continued to be less than satisfactory as of and for the fiscal year ended September 30, 2008, with continued declines in the reading when compared with the prior periods.

In addition to a \$40 increase in the amounts due to the employee benefit plans system, the current year increase in the net assets deficit, the unrestricted net assets, the General Fund's fund balance deficit, and its insufficient current and quick ratios are the primary contributing factors to the continued low readings.



FSM Performer[®] Reading

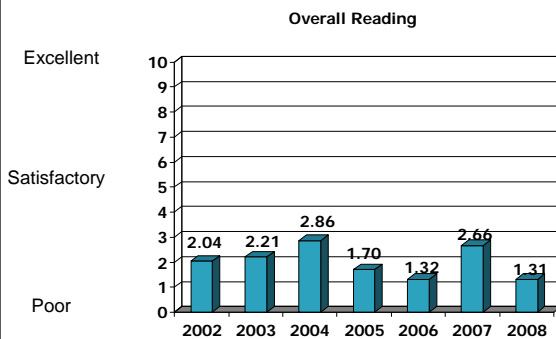


The 2008 reading of 5.91 indicates the evaluator's opinion that the FSM National Government's overall financial health and performance has slightly declined over the past period, yet is still considered above satisfactory.

The FSM's increase in net assets, unrestricted net assets level, excellent intergenerational equity, General Fund unreserved fund balance, and low tax and debt burdens per capita are the significant factors in the above satisfactory reading of the current period.



Guam Performer[®] Reading

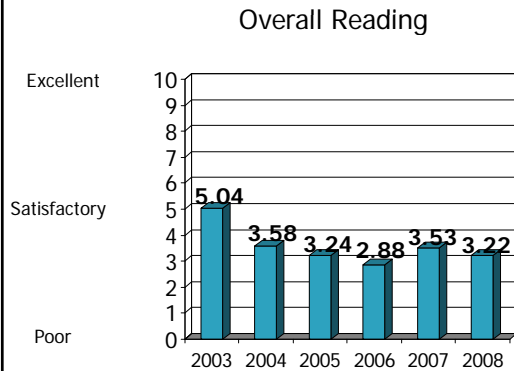


The 2008 reading of 1.31 indicates the evaluator's opinion that GovGuam's overall financial health and performance declined from the rating of the previous year, mainly due to the financial position and performance in the 2008 fiscal year.

The government's increase in the net assets deficit, along with an decline in the General Fund unreserved fund balance deficit ratio, are the primary causes for the decline. Factors such as the pension plan funding woes, the sizes of the unrestricted net assets deficit and the General Fund unreserved fund balance deficit, along with insufficient current and quick ratios continue to contribute to a low overall reading.



Kosrae Performer® Reading

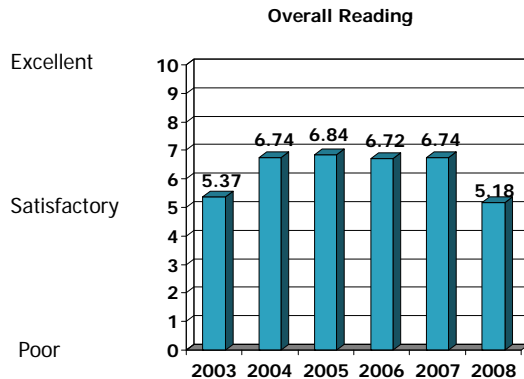


The 2008 reading of 3.22 indicates the evaluator's opinion that Kosrae's overall financial health and performance are less than satisfactory as of and for the fiscal year ended September 30, 2008, although the decline from the prior period was not significant.

Kosrae's decline in net assets, insufficient intergenerational equity, insufficient unrestricted net assets and unreserved fund balance of the General Fund, limited useful lives remaining of capital assets, and low current and quick ratios are the primary cause of the continued low readings. In addition, the transfer of \$13 million of capital assets to the Port Authority component unit also contributed to the decline.



Pohnpei Performer® Reading

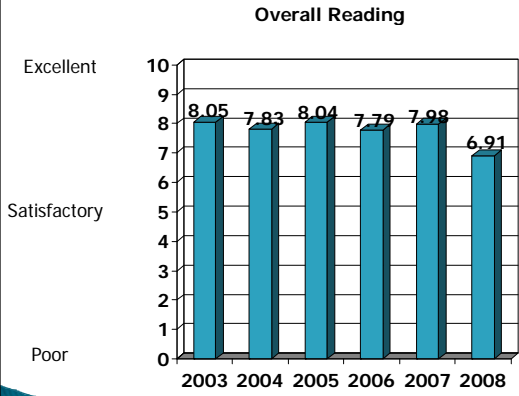


The 2008 reading of indicates the evaluator's opinion that Pohnpei's overall financial health and performance is considered slightly above satisfactory, but has declined from the score of the prior period.

While General Fund fund balance remains strong, many of the other ratios suffered a decline during the year. However, some of this decline is related to the \$3.7 million decrease in the fair market value of investments that occurred during the year.



Yap Performer® Reading

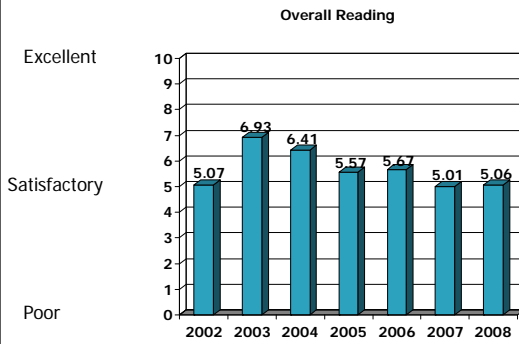


The 2008 reading of 6.91 indicates the evaluator's opinion that the Government of Yap's overall financial health and performance is well above satisfactory, although a significant decline from that of the prior period. The decline is due mostly to the approximately \$9.9 million decline in the fair value of investments.

Yap's level of unrestricted net assets, the General Fund's level of unreserved 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 readings, although all of the favorable ratios experienced some level of decline during 2008.



ASG Performer® Reading

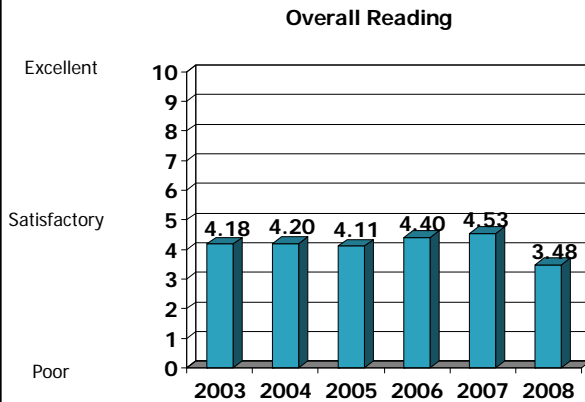


The 2008 reading of 5.06 indicates the evaluator's opinion that the American Samoa Government's overall financial health and performance continued to be above satisfactory as of and for the fiscal year ended September 30, 2008, and nearly identical to the prior year rating.

The current year reading is a result of some ratios improving slightly, such as current and quick ratios, and some declining, such as the decrease in net assets and the debt to assets ratio. Other factors had nearly no change, producing a rating similar to the prior year.



RMI Performer® Reading

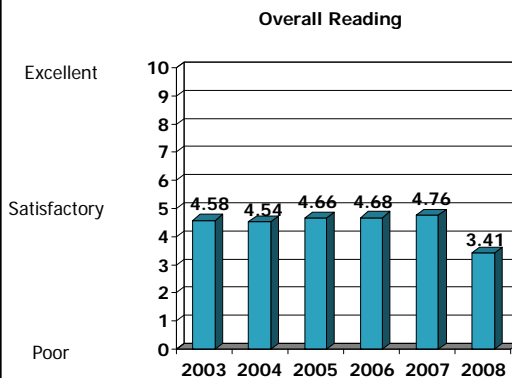


The 2008 reading of 3.48 indicates the evaluator's opinion that the RMI's overall financial health and performance continued to be below satisfactory as of and for the fiscal year ended September 30, 2008, and a decline from that of the prior period.

The decline of this year's reading is due in a large part to the \$9.4 million decrease in the fair market value of investments, and its impact on several ratios. In addition, the reading is also affected by low reserves, an unfunded pension plan status, and low current and quick ratios.



Palau Performer® Reading



The 2008 reading of 3.41 indicates the evaluator's opinion that the Palau Government's overall financial health and performance declined significantly during the fiscal year ended September 30, 2008, due in a large part to expenses exceeding revenues and increasing deficits.

After a number of years of near satisfactory scores, the decline in the score for 2008 is mostly attributed to the decrease in net assets, poor intergenerational equity, and increasing deficits of unrestricted net assets and General fund unreserved fund balance.



Questions?

