TERRITORY OF AMERICAN SAMOA

Basic Financial Statements with Auditor's Report

SEPTEMBER 30, 2019

LARSON & COMPANY, PC

Spanish Fork, Utah

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Larson
CERTIFIED PUBLIC ACCOUNTANTS

INDPENDENT AUDITOR'S REPORT

Governor of the Territory of American Samoa
Territory of American Samoa
Pago Pago, American Samoa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Territory of American Samoa (the Territory) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Territory's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units; American Samoa Power Authority (ASPA), American Samoa Community College (ASCC), American Samoa Medical Center Authority/Lyndon B. Johnson Tropical Medical Center (LBJ), American Samoa Telecommunications Authority (ASTCA), and Territorial Bank of American Samoa (TBAS), whose financial statements reflect 53% of the net position at September 30, 2019 and 27% of the operating revenues of the aggregate discreetly present component units for the year then ended. The financial statements of the American Samoa Power Authority (ASPA), American Samoa Community College (ASCC), American Samoa Medical Center Authority/Lyndon B. Johnson Tropical Medical Center (LBJ), American Samoa Telecommunications Authority (ASTCA), and Territorial Bank of American Samoa (TBAS) were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely upon the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions, as summarized below:

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Unmodified
General Fund	Unmodified
Grant Fund	Qualified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Airport Fund	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions on the Governmental Activities and Grant Fund

We were unable to obtain sufficient appropriate audit evidence for the recorded amounts of federal grants receivable of $27.0 million and unearned revenue of $5.3 million recorded in the grant fund within the Balance Sheet – Governmental Funds as of September 30, 2019 as the system of financial accounting and reporting in operation for these accounts for the year ended September 30, 2019 was inadequate to ensure that transactions were recorded in the proper period. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinions

In our opinion, based on our audit and the report of other auditors, except for the possible effects of the matters described in the Basis for Qualified Opinions on the Governmental Activities, and Grant Fund paragraphs as noted above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities and Grant Fund of the Territory of American Samoa as of September 30, 2019, and the respective changes in financial changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Business-Type Activities, the Aggregate Discretely Presented Component units General Fund, Capital Projects Fund, Debt Service Fund, Airport Fund, and Aggregate Remaining Fund information of the Territory of American Samoa as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Regarding Going Concern

The financial statements of one discretely presented component units, American Samoa Medical Center Authority Lyndon B. Johnson Tropical Medical Center (LBJ) have been prepared assuming they will continue as a going concern. As discussed in the notes to the financial statements of this discretely presented component unit, LBJ had an increase in net position of $18 million for the year ended September 30, 2019; however, there is still a deficit unrestricted net position of $8 million as of September 30, 2019. This and other underlying conditions has led to substantial doubt about their ability to continue as a going concern. Management's evaluation of the events and conditions and management's plan regarding these matters are also described in the footnotes to the financial statements of this component unit. The Territory's financial statements did not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, budget comparison information, schedule of the Territory's proportionate share of the net position liability, and schedule of Territory contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2020, on our consideration of the Territory's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Samoa Government's internal control over financial reporting and compliance.



Larson & Company, PC
Spanish Fork, Utah

April 28, 2020

This section of the Territory of American Samoa (the Territory or ASG) financial report presents a narrative overview and analysis of the financial activities of the Territory for the fiscal year ended September 30, 2019. We encourage readers to consider the information in conjunction with the letter of transmittal and the financial statements. Fiscal year 2018 comparative has been included, where appropriate.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2019, the Territory's total net position of the primary government increased by $2.0 million from the prior year. The increase was a significant improvement over the prior year's decrease of $4.0 million. The increase was attributed to an increase in revenues of $53.9 million compared to the prior year and an increase of only $47.9 million in expenses.

- During the year, the Territory's expenses for governmental activities totaled $307.4 million, an increase of $51.7 million from the prior year. Expenses were primarily funded by federal program revenues, local taxes and fees, other general revenues and bond proceeds.

- In the Territory's business-type activities, which include the airport, industrial park, and shipyard authority, program revenues exceeded expenses by $9.5 million compared to the increase of $6.6 million from the prior year.

- As of September 30, 2019, the General Fund reported a cumulative net fund balance of $11.4 million as compared to the prior year's net fund balance of $3.9 million. The improvement was due to realizing a $7.5 million surplus in 2019. Since 2012, ASG under the Lolo Lemanu administration has recorded a year-end surplus in the General Fund seven of the eight fiscal years.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Territory and its component units using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type, along with a separate category for discretely presented component units. The government-wide financial statements present the most complete financial picture of the Territory from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the Territory (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

Reporting the Territory as a Whole

The Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities provide an overall assessment of the Territory's financial condition, and whether its financial condition improved, declined or remained steady over the past year. These statements include all assets and liabilities using the accrual basis of accounting. In addition, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Territory's net position and changes in them from the prior year. Net position – the difference between assets and liabilities – represent a fundamental measure of an entity's financial condition, or position. Over time, increases or decreases in the Territory's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady.

In addition, you must consider other nonfinancial factors, such as changes in the Territory's overall economic environment, the condition of the Territory's roads and other infrastructure, and the quality of services to assess the overall health and performance of the Territory.
As mentioned earlier, in the Statement of Net Position and the Statement of Activities, we divide the Territory into three kinds of activities:

- ***Governmental activities*** – Most of the Territory's basic services are reported here, including public safety, health and welfare, education, culture, general administration, and public works. Income taxes and federal grants finance most of these activities.

- ***Business-type activities*** – The Territory charges various fees to recover the costs of operating certain services it provides. The Territory's airport, industrial park, and shipyard authority are activities reported here.

- ***Discretely-presented component units*** – These account for activities of the Territory's reporting entity that do not meet the criteria for blending, specifically the American Samoa Community College (ASCC), the American Samoa Medical Center Authority/LBJ Tropical Medical Center (LBJ), the American Samoa Telecommunications Authority (ASTCA), the Territorial bank of American Samoa (TBAS), and the American Samoa Power Authority (ASPA).

Reporting the Territory's Most Significant Funds

Fund Financial Statements

The fund financial statements are designed to report information about the most significant funds- not the Territory as a whole. Some funds are required to be established by law and/or by contract or grant agreements. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is using certain taxes, grants and other money, in accordance with applicable laws and regulations.

Governmental Funds – Most of the Territory's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Territory's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Territory's programs. The differences of results in the Governmental Fund financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary Funds – When the territory charges customers for the services it provides – whether to outside customers or to other units of the Territory – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In fact, the Territory's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

Fiduciary Funds – The Territory is responsible for assets of these funds that – because of a trust arrangement or other fiduciary requirement- can be used only for trust beneficiaries or other parties, such as the American Samoa Government Employees' Retirement Fund (Retirement Fund). The Territory is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the Territory's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the Territory's government-wide financial statements because the Territory cannot use these assets to finance operation.

FINANCIAL ANALYSIS OF THE TERRITORY AS A WHOLE

Net Position

The Territory's combined net position increased from $203.1 million to $208.7 million between fiscal years 2018 and 2019. Net position of the primary government is summarized as follows as of September 30, 2018 and 2019:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 103,899,996	$ 73,786,605	$ 192,619	$ 5,750,408	$ 104,092,615	$ 79,537,013
Capital assets	308,934,868	277,775,048	102,878,856	90,713,138	411,813,724	368,488,186
Deferred outflows	40,878,622	54,923,717	919,339	1,205,974	41,797,961	56,129,691
Total assets and deferred outflows	453,713,486	406,485,370	103,990,814	97,669,520	557,704,300	504,154,890
Current and other liabilities	56,468,781	58,090,794	5,686,631	12,014,069	62,155,412	70,104,863
Non-current liabilities	234,567,547	191,061,634	2,066,849	-	236,634,396	191,061,634
Deferred inflows	49,145,549	39,010,594	1,063,402	856,566	50,208,951	39,867,160
Total liabilities and deferred inflows	340,181,877	288,163,022	8,816,882	12,870,635	348,998,759	301,033,657
Net position:						
Net investment in capital assets	173,833,354	267,337,807	101,713,216	90,229,247	275,546,570	357,567,054
Restricted	35,187,094	28,575,050	6,416	-	35,193,510	28,575,050
Unrestricted	(95,488,839)	(177,590,509)	(6,545,700)	(5,430,362)	(102,034,539)	(183,020,871)
Total net position	$ 113,531,609	$ 118,322,348	$ 95,173,932	$ 84,798,885	$ 208,705,541	$ 203,121,233

Changes in Net Position

For the years ended September 30, 2019 and 2018 net position of the primary government changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:	$ 224,751,310	$ 158,662,172	$ 15,476,934	$ 17,091,286	240,228,244	175,753,458
Taxes and other general revenues	75,117,289	88,263,703	2,943,142	338,153	78,060,431	88,601,856
Total revenues	299,868,599	246,925,875	18,420,076	17,429,439	318,288,675	264,355,314
Expenses:						
General government	70,094,479	61,655,816	-	-	70,094,479	61,655,816
Education and culture	81,366,357	75,581,677	-	-	81,366,357	75,581,677
Health and welfare	97,782,514	61,293,986	-	-	97,782,514	61,293,986
Public safety	13,543,998	14,348,428	-	-	13,543,998	14,348,428
Economic development	17,615,168	9,816,022	-	-	17,615,168	9,816,022
Public works	18,771,175	28,724,198	-	-	18,771,175	28,724,198
Interest on long term debt	8,204,792	4,304,219	-	-	8,204,792	4,304,219
Airport	-	-	7,222,672	10,131,060	7,222,672	10,131,060
Non-major activities	-	-	1,661,143	2,514,248	1,661,143	2,514,248
Total expenses	307,378,483	255,724,346	8,883,815	12,645,308	316,262,298	268,369,654
Increase in net assets before transfers	(7,509,884)	(8,798,471)	9,536,261	4,784,131	2,026,377	(4,014,340)
Transfers	(69,416)	(1,787,926)	69,416	1,787,926	-	-
Increase (decrease) in net position	(7,509,884)	(10,586,397)	9,536,261	6,572,057	2,026,377	(4,014,340)
Net position - beginning	118,322,348	128,908,745	84,798,885	78,226,828	203,121,233	207,135,573
Prior period adjustment	2,719,145	-	838,786	-	3,557,931	-
Net position - ending	$ 113,531,609	$ 118,322,348	$ 95,173,932	$ 84,798,885	$ 208,705,541	$ 203,121,233

During fiscal 2019, governmental activities revenue totaled $299.9 million compared to $246.9 million during fiscal 2018. Governmental expenses increased by $51.7 million or 20.2% compared to $255.7 million in prior year. For the year ended September 30, 2019, expenditures exceeded revenues by $7.5 million.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenues, Expenses and Changes in Fund Balance. Expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Territory's taxpayers and citizens. It also identifies how much each function draws from the general revenues or if is self-financing through fees and grants or contributions.

For the year ended September 30, 2019, total expenses for governmental activities amounted to $307.4 million. Of these total expenses, taxpayers and other general revenues funded $299.9 million with minimal contribution from business-type activities.

	Net Revenue (Expense) of Governmental Activities			
	Total Expense of Services		Net Revenue (Expense) of Services	
	2018	2019	2018	2019
General government	$ 61,655,816	$ 70,094,479	$ (18,508,257)	$ (24,481,269)
Public safety	14,348,428	13,543,998	(11,676,014)	(7,520,395)
Health and welfare	61,293,986	97,782,514	1,333,779	(25,129,106)
Public works	28,724,198	18,771,175	(15,944,383)	16,492,622
Education and culture	75,581,677	81,366,357	(45,482,109)	(24,805,398)
Economic development	9,816,022	17,615,168	(2,480,971)	(8,978,835)
Interest	4,304,219	8,204,792	(4,304,219)	(8,204,792)
Total	$ 255,724,346	$ 307,378,483	$ (97,062,174)	$ (82,627,173)

Business- type Activities

In reviewing the business-type activities net revenue (expense), total business-type activities reported revenues exceeding expenses by $6.6 million.

	Net Revenue (Expense) of Business-type Activities			
	Total Expense of Services		Net Revenue (Expense) of Services	
	2018	2019	2018	2019
Airport	$ 10,131,060	$ 7,222,672	$ 5,556,558	$ 6,524,058
Non-major activities	2,514,248	1,661,143	1,015,499	69,061
Total	$ 12,645,308	$ 8,883,815	$ 6,572,057	$ 6,593,119

A FINANCIAL ANALYSIS OF THE TERRITORY'S FUNDS

At the completion of the 2019 fiscal year, the general fund reported a surplus of $4.8 million. This was used to change the cumulative restated surplus of $6.6 million previously reported to a fund balance of $11.4 million. Under the Lolo and Lenau administration, this is the fourth time in the past five years that ASG has recorded surplus funds in the general fund.

The business-type activities led by the Airport continue to report a deficit net position. Business-type expenses, especially for the Airport, are primarily federally funded.

The Retirement Fund's total net position decreased by $9.4 million from 2018 to 2019, primarily due to net appreciation in the fair value of the Fund's investments for the year ended September 30, 2019. The Retirement Fund's Board and ASG are working on ways to increase member and employer contributions, pursue a profitable and sustainable investment policy, and operate efficiently to decrease the Fund's unfunded liability.

CAPTIAL ASSET AND DEBT ADMINISTRATION

Capital assets

As of September 30, 2019 the Territory had $411.8 million invested in capital assets, net of depreciation, including land and land improvements, building, infrastructure and various machinery and equipment. See table below. This represents a net increase of $43.3 million or 11.8% over the prior year.

	Government Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Land	$ 2,488,079	$ 2,488,079	$ 1,904,984	$ 1,902,887	$ 4,393,063	$ 4,390,966
Buildings and structures	106,863,816	104,008,920	42,263,787	52,762,878	149,127,603	156,771,798
Land improvements	14,927,855	16,471,710	22,569,762	21,752,719	37,497,617	38,224,429
Machinery and equipment	29,281,933	28,024,704	3,823,103	3,186,695	33,105,036	31,211,399
Infrastruture	115,413,564	117,297,215	-	-	115,413,564	117,297,215
Construciton in progress	8,799,801	40,644,240	20,151,502	23,273,677	28,951,303	63,917,917
Total capital assets	$ 277,775,048	$ 308,934,868	$ 90,713,138	$ 102,878,856	$ 368,488,186	$ 411,813,724

See Note 5 to financial statements for more detailed information on the Territory's capital assets and changes therein.

Long-Term Obligations

At year-end, the Territory had an increase of $34.4 million in long-term obligations which represents a 16.2% increase from the prior year. As seen below, the biggest contributors in the Territory's long-term obligations are $96 million in net pension liability, a decrease of $11.5 million compared to the prior year, and $120.9 million in general obligation bonds outstanding.

The Territory's balances in long-term obligations by type are as follows:

	Long-Term Debt	
	2018	**2019**
Accrued compensated absences	11,382,151	10,968,807
FEMA loan	3,643,319	3,730,358
Department of Interior loan	10,119,684	9,891,147
Workers compensation claims	3,147,451	2,689,475
Outstanding bonds:		
Series 2015 A	44,195,000	44,195,000
Series 2015 B	17,895,000	15,415,000
Series 2015 C	11,720,000	11,720,000
Series 2018 ASTCA & Fono Bond	-	49,610,000
Claims and judgments	1,066,645	1,847,008
Net pension liability	108,491,704	95,978,199
Total long-term obligations	**$211,660,954**	**$246,044,994**

See Note 8 to the financial statements for more detailed information on the Territory's long-term obligations and changes therein.

Economic Factors

As the Lolo Lemanu administration begins to enter its final year of governance in 2020, the collective vision and strategy to grow our economy remains the administrations priority to improve the quality of the lives of our people. Ensuring the governments financial position is rooted on prudent and sound financial principles is critical for our financial integrity and credibility. Keeping the needs of our people before individual or political agendas has been a hallmark of our administrations philosophy to ensure we pass to the next generation of leaders a financial infrastructure in a much better condition than the government that we inherited.

From the onset of this administration in 2013, we inherited a negative fund balance of $7,882,924, at the close of the first fiscal year, the territory was able to reduce our negative fund balance by $3,078,253 to close with a negative fund balance of $4,804,671. Although we experienced an increase to our negative fund balance as a result of critical infrastructure needs in 2014, we have since 2015 and 2016, reduced the negative fund balance through 2017. The Territory for the first time since 2009 had a positive fund balance of $786,300. In 2018 further reflected the commitment of the territory with a closing of $3,876,174 positive fund balance. The close of 2019 reflects the commitment of financial integrity of the American Samoa Government towards securing a prosperous future for the coming generations with an ending positive fund balance of over $9.4 million and closing with a positive fund balance of $12.3 million. The collective efforts of our revenue generating functions, financial team with support of our comptroller have brought the territory into a new era.

Fiscal year 2019 experienced a myriad of challenging concerns ranging from the historically longest federal government shutdown which stemmed from delayed continued resolution passage. These negative factors directly affected the territory ability to maintain a stable financial posture as most federal funds support the critical needs of services providing functions such as healthcare, education, and capital improvements. Continued unstable shipping lines which directly impact our food security and replenished supplies to numerous severe weather systems which further exacerbated the damages from the 2018 TS Gita damages, delaying the repairs and return to pre disaster stability.

Federal assistance through the declared TS Gita continues to help provide needed funding to fortify the weakened economy by the lingering negative effect of the Van Camp Samoa Packing and Samoa Tuna Processing closures in 2009 and 2016 respectively. In addition to the immediate assistance provided in 2018 of over $32 million provided through individual assistance and Small Business Administration loans to the impacted victim. Through collective due diligence efforts, our territory received initial payment from our insurance policy of $5 million to assist in repairing damages to government facilities and infrastructure combined with our federal assistance in public assistance and hazard mitigation programs of over $24 million.

In 2019 the Congress and President signed into public law 116-20, the 2019 Disaster Relief Bill, this vital legislation further provided assistance to bolster our Medicaid program from the standard 45% local share to the 100% covered to help our people with the specialized care in the referral program, an additional reimbursement infused to our local hospital of over $8 million helped steady our healthcare. The USDA awarded $18 million to our local Human and Social Services department with Food Nutritional Supplements for the victims of Gita, this program continues into this fiscal year of 2020. And last but not the least, a $23 million award from HUD- CDBG to help the un-met needs of our victims and territory from the impacts of TS Gita. All of these programs will be deployed in the next 2-3 years, which will provide continuity in the revitalization and restoring of our infrastructure and economy.

The territory in 2013 established austerity measures and implemented cost containment measures, these initiatives have attributed to the positive trend since 2013 and continues into 2019 and 2020. A 10% reduction in budget ceiling continues to be implemented and monitored for each department. Improved tax

enforcement at the Border through the Customs Division has seen steady improvements in overall collection results.

Financial stability has been enhanced for the Territory which increased revenue collections, new revenues and enforcement. The implemented legislations to include excise and income taxes from prior years are reflected in 2019 revenue increase and surplus. However, circumstances beyond our control play a vital role in the integrity and stability of investments such as the recent Starkist price fixing litigation case with a fine of $100 million. Initial payments have been made to the U.S. Department of Justice of over $16 million with $21 million for the next four years commencing 2021.

The administration's goal is and continues to ensure stability in all areas of our economic improvements. It also focuses on a universal approach to ensure the building blocks are in place to facilitate the expansion. Investments in all areas ensures financial stabilization, infrastructure and improved services for our people, more importantly reducing our liability, recruitment of a comptroller are factors that contribute to that foundation. In December of 2018, the administration made a bold decision reflecting their unyielding determination to liberate our economy from the long-standing sole dependency on the canneries and the government. Expanding our pillars to reduce our economic volatility to negative changes in Starkist decision to remain profitable and the fluctuations of government revenues.

ASEDA issued Series 2018 to invest in the Hawaiki cable for $32 million and remaining to build our Fono which houses our seat of legislative branch Senators and Representatives, the fathers of our country. Through the cooperative efforts of our government leaders, ensuring the stability of the retirement fund and strengthening the relationship between our telecommunications and Hawaiki in relation to our region will further reinforce the economic expansion of our pillars.

The Territory continues to receive substantial support from the U.S. Government in the form of capital and operating grants. During fiscal year 2019, ASG received approximately $200 million in those areas for governmental revenues. The United States continues to have significant geopolitical and economic interest in the region with investments in our aviation of over $24 million to improve airport services and rehabilitate runways; $12 million from the environmental protection for water quality projects, renewable energy projects with the implementation of a 20 megawatt solar power generating system and proposed 42 megawatt wind power generating system, $10 million from the new money markets tax credit all contributed in 2019 and continue into 2020.

Years of unsuccessful attempts to diversify our economy brought clarity to the basic fact that we must find our own economic diversification pathway by finding other sources of capital investments. Supporting economic development, the territory continues to seek new methods to diversify its economy to become less dependent on the tuna industry and federal funds.

Education, Culture, Healthcare, Transportation, Infrastructure, Coastal Management, Environment, Public Safety and Border Security, and Private Sector investments to our most valuable gift, our people to include our elders, our senior citizens who carry the wisdom of our country to our youth who are our future. These are important values and commitments of this administration. All efforts to avail all the resources to support our people and territory is and continues to be the forefront of our initiatives. The bold steps taken and forward strategy have aggressively focused on improving economic diversification, ensure austerity measure remain in place while maintaining the integrity of revenues have contributed to the successful positive momentum of our territory.

Sound financial posture and economic development growth; inclusive with on time financial reporting, balanced budgets, investments to improve health facilities, transportation, infrastructure improvements, creating jobs, securing a future for generations to come and perpetuating the commitment to our people and territory reflect our collaborative aspiration for our territory and people.

CONTACTING THE TERRITORY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Territory's finances and to show the Territory's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasury Office at:

Executive Office Building
Hwy 1
Pago Pago
American Samoa 96799
Telephone: (684) 633-4155
Fax: (684) 633-4100

Territory of American Samoa
Government-wide Statement of Net Position
As of September 30, 2019

	Primary Government			Component
	Governmental Activities	Business-type Activities	Totals	Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	$ 15,287,079	$ 1,345,580	$ 16,632,659	$ 36,079,959
Restricted cash	32,903,930	6,416	32,910,346	5,204,488
Income taxes receivable, net	11,430,214	-	11,430,214	-
Accounts receivable, net	1,320,817	778,564	2,099,381	10,969,484
Due from U.S. Government	29,448,348	3,434,075	32,882,423	3,666,730
Due from component units	2,033,331	-	2,033,331	-
Internal balances	5,542,807	(5,542,807)	-	-
Inventory	368	169,762	170,130	13,017,247
Prepaid expenses	382,504	1,029	383,533	3,548,152
Other assets	-	-	-	8,198,527
Investment in joint venture	5,550,598	-	5,550,598	-
Capital Assets (Net of Accumulated Deprecation):				
Land	2,488,079	1,902,887	4,390,966	1,266,586
Land improvements	16,471,710	21,752,719	38,224,429	-
Buildings and improvements	104,008,920	52,762,878	156,771,798	183,724,412
Machinery and equipment	28,024,704	3,186,695	31,211,399	47,218,868
Infrastructure-depreciable	117,297,215	-	117,297,215	-
Construction in progress	40,644,240	23,273,677	63,917,917	74,964,794
Total Assets	**412,834,864**	**103,071,475**	**515,906,339**	**419,897,184**
Deferred Outflows of Resources - Pensions	40,878,622	919,339	41,797,961	25,578,964
Total assets and deferred outflows of resources	**453,713,486**	**103,990,814**	**557,704,300**	**445,476,148**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Due to agency fund	8,384,830	-	8,384,830	-
Accounts payable	20,642,701	3,700,508	24,343,209	12,970,881
Income tax refunds payable	3,681,680	-	3,681,680	-
Accrued expenses	7,792,670	356,312	8,148,982	7,683,144
Due to primary government	-	-	-	2,033,331
Contract retention	1,816,598	1,165,640	2,982,238	-
Unearned revenue	6,329,944	464,171	6,794,115	3,306,150
Long-term debt payable within on year	3,990,000	-	3,990,000	11,245,793
Other liabilities payable within one year	3,830,358	-	3,830,358	728,169
Non-current liabilities				
Long-term debt payable after one year	116,950,000	-	116,950,000	89,802,399
Other liabilities due after one year	23,682,628	23,569	23,706,197	2,572,953
Net pension liability	93,934,919	2,043,280	95,978,199	44,503,150
Total Liabilities	**291,036,328**	**7,753,480**	**298,789,808**	**174,845,970**
Deferred Inflows of Resources - Pensions	49,145,549	1,063,402	50,208,951	29,583,149
Total liabilities and deferred inflows of resources	**340,181,877**	**8,816,882**	**348,998,759**	**204,429,119**
NET POSITION				
Net investment in capital assets	173,833,354	101,713,216	275,546,570	250,606,053
Restricted	35,187,094	6,416	35,193,510	18,817,593
Unrestricted	(95,488,839)	(6,545,700)	(102,034,539)	(28,376,617)
Total net position	**$ 113,531,609**	**$ 95,173,932**	**$ 208,705,541**	**$ 241,047,029**

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Government-wide Statement of Activities
For the Year Ended September 30, 2019

	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary Government:									
Governmental activities:									
General government	$ 70,094,479	$ (3,849,220)	$ 17,742,026	$ 31,720,404	$ -	$ (24,481,269)	$ -	$ (24,481,269)	$ -
Education and culture	81,366,357	2,232,223	-	54,328,736	-	(24,805,398)	-	(24,805,398)	-
Health and welfare	97,782,514	709,197	3,536,773	68,407,438	-	(25,129,106)	-	(25,129,106)	-
Public safety	13,543,998	219,389	1,894,678	3,909,536	-	(7,520,395)	-	(7,520,395)	-
Economic development	17,615,168	313,803	281,695	8,040,835	-	(8,978,835)	-	(8,978,835)	-
Public works	18,771,175	374,608	1,174,256	17,007,406	16,707,527	16,492,622	-	16,492,622	-
Interest	8,204,792	-	-	-	-	(8,204,792)	-	(8,204,792)	-
Total Governmental Activities	**307,378,483**	**-**	**24,629,428**	**183,414,355**	**16,707,527**	**(82,627,173)**	**-**	**(82,627,173)**	**-**
Business-type activities:									
Airport	7,222,672		355,452	-	13,391,278	-	6,524,058	6,524,058	-
Non-major activities	1,661,143		334,418	-	1,395,786	-	69,061	69,061	-
Total Business-type Activities	8,883,815		689,870	-	14,787,064	-	6,593,119	6,593,119	-
Total Primary Government	**$ 316,262,298**		**$ 25,319,298**	**$ 183,414,355**	**$ 31,494,591**	**$ (82,627,173)**	**$ 6,593,119**	**$ (76,034,054)**	**$ -**
Component Units:									
American Samoa Power Authority	$ 70,418,546		$ 67,684,129	$ -	$ 16,939,295				$ 14,204,878
American Samoa Community College	13,719,909		3,428,907	-	4,683,764				(5,607,238)
American Samoa Medical Center Authority	58,392,289		58,164,533	-	972,541				744,785
American Samoa Telecommunications Authority	20,639,589		18,154,643	-	-				(2,484,946)
Territorial Bank of American Samoa	3,836,833		695,807	1,237,946	-				(1,903,080)
Total Component Units	**$ 167,007,166**		**$ 148,128,019**	**$ 1,237,946**	**$ 22,595,600**				**$ 4,954,399**
General Revenues:									
Taxes									
Income taxes for general purposes						35,743,733	-	35,743,733	-
Excise taxes						32,882,320	-	32,882,320	-
Intergovernmental						-	400,000	400,000	13,415,437
Fines and fees						4,332	256,408	260,740	-
Tobacco settlement proceeds						1,013,726	-	1,013,726	-
Licenses and permits						-	747,513	747,513	-
Passenger facility charge						-	1,319,073	1,319,073	-
Appropriations from American Samoa Government						-	-	-	9,547,961
Gain (loss) on sale of asset						-	-	-	239,843
Miscellaneous						5,542,594	150,732	5,693,326	3,835,012
Transfers In(out)						(69,416)	69,416	-	-
Total General Revenues and Transfers						75,117,289	2,943,142	78,060,431	27,038,253
Change in Net Position						(7,509,884)	9,536,261	2,026,377	31,992,652
Net Position - Beginning						118,322,348	84,798,885	203,121,233	209,054,377
Prior period adjustment						2,719,145	838,786	3,557,931	-
Net Position - Ending						**$ 113,531,609**	**$ 95,173,932**	**$ 208,705,541**	**$241,047,029**

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Balance Sheet – Governmental Funds
As of September 30, 2019

	General Fund	Grant Fund	Capital Projects Fund	Bond Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 9,531,248	$ 2,637,070	$ -	$ 7,587	$ 1,850,099	$ 14,026,004
Restricted cash	-	-	19,757,637	13,146,293	-	32,903,930
Due from other funds	121,367,866	390	204,710	-	636,753	122,209,719
Income taxes receivable, net	11,430,214	-	-	-	-	11,430,214
Accounts receivable, net	733,375	33,568	-	-	553,874	1,320,817
Due from U.S. Government	-	27,022,839	-	-	2,425,509	29,448,348
Due from component units	2,751,083	-	-	-	-	2,751,083
Inventory	368	-	-	-	-	368
Prepaid expenses	382,504	-	-	-	-	382,504
Total Assets	**146,196,658**	**29,693,867**	**19,962,347**	**13,153,880**	**5,466,235**	**214,472,987**
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	3,595,281	16,353,081	122,614	33,539	1,253,356	21,357,871
Income tax refunds payable	3,681,680	-	-	-	-	3,681,680
Accrued liabilities	4,522,493	482,191	-	-	-	5,004,684
Due to other funds	122,179,421	7,715,587	-	2,511,202	3,075	132,409,285
Contract retention	100,707	688,863	-	-	902,400	1,691,970
Unearned revenue	727,546	5,275,290	-	-	327,108	6,329,944
Other liabilities due after one year	-	-	-	-	535,657	535,657
Total Liabilities	**134,807,128**	**30,515,012**	**122,614**	**2,544,741**	**3,021,596**	**171,011,091**
Fund balances:						
Nonspendable	382,504	-	-	-	-	382,504
Restricted	3,179,310	-	19,839,733	10,609,139	844,031	34,472,213
Committed	1,911,079	-	-	-	-	1,911,079
Assigned	-	-	-	-	1,600,608	1,600,608
Unassigned	5,916,637	(821,145)	-	-	-	5,095,492
Total fund balances	**11,389,530**	**(821,145)**	**19,839,733**	**10,609,139**	**2,444,639**	**43,461,896**
Total liabilities and fund balances	**$ 146,196,658**	**$ 29,693,867**	**$ 19,962,347**	**$ 13,153,880**	**$ 5,466,235**	**$ 214,472,987**

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Reconciliation of Total Governmental Fund Balances to Government-wide Net Position
As of September 30, 2019

Total fund balances - governmental fund types:		$ 43,461,896
Amount reported in the govermental activities on the satement of net position are different because:		
Capital Assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds		
Government capital assets (exclusing internal service funds)	590,584,051	
Less: Accumulated depreciation	(281,759,650)	308,824,401
Joint venture interest in ASAH Cable, LLC is not a financial resource in the current period and therefore are not reported in the funds		5,550,598
Deferred outflows of resources are not financial resources and not reported in the governmental funds. Deferred outflows are related to pension activity		40,878,622
Deferred inflows of resources are not financial resources and not reported in the governmental funds. Deferred inflows are related to pension activity		(49,145,549)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds		
Net pension liability	(93,934,919)	
ASG bonds payable	(121,480,009)	
Compensated absences	(10,968,807)	
Claims and judgments	(1,847,008)	
Loans payable to U.S. Government	(13,621,505)	(241,852,248)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position		5,813,889
Net position of governmental activities		**$ 113,531,609**

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2019

	General Fund	Grant Fund	Capital Projects Fund	Bond Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Charges for services	$ 14,671,540	$ -	$ -	$ 370	$ 1,174,256	$ 15,846,166
Income taxes for general purposes	35,743,733	-	-	-	-	35,743,733
Excise taxes	25,865,047	-	-	7,017,273	-	32,882,320
Fines and forfeitures	4,616,741	-	-	1,894,308	180,039	6,691,088
Lease revenue	772,186	-	-	-	-	772,186
Licenses and permits	1,319,988	-	-	-	-	1,319,988
Intergovernmental revenues	994,367	182,419,988	-	-	16,707,527	200,121,882
Indirect	4,432,740	-	-	-	-	4,432,740
Tabacco settlement proceeds	-	-	-	1,013,726	-	1,013,726
Miscellaneous	(756,899)	1,622,676	207,047	41,362	-	1,114,186
Total Revenues	**87,659,443**	**184,042,664**	**207,047**	**9,967,039**	**18,061,822**	**299,938,015**
EXPENDITURES						
Current:						
General government	35,311,844	17,545,706	-	-	-	52,857,550
Education and culture	27,010,814	52,207,495	-	-	25,510	79,243,819
Health and welfare	7,860,229	77,957,366	-	-	12,844,487	98,662,082
Public safety	9,391,216	4,463,437	-	-	-	13,854,653
Economic development	8,676,755	8,288,652	-	-	-	16,965,407
Public works	7,547,594	9,893,257	-	-	1,370,418	18,811,269
Capital outlay	-	-	30,052,586	-	2,205,077	32,257,663
Debt services						
Principal	676,365	6,256	-	3,965,075	-	4,647,696
Interest	-	-	-	8,261,402	-	8,261,402
Total Expenditures	**96,474,817**	**170,362,169**	**30,052,586**	**12,226,477**	**16,445,492**	**325,561,541**
Excess Revenues Over (Under) Expenditures	**(8,815,374)**	**13,680,495**	**(29,845,539)**	**(2,259,438)**	**1,616,330**	**(25,623,526)**
Other financing sources (uses)						
Proceeds from bond issuance	-	-	44,429,037	4,680,225	-	49,109,262
Transfers in	13,609,585	-	-	-	-	13,609,585
Transfers out	-	(13,679,001)	-	-	-	(13,679,001)
Total Other Financing Sources and Uses	**13,609,585**	**(13,679,001)**	**44,429,037**	**4,680,225**	**-**	**49,039,846**
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,794,211	1,494	14,583,498	2,420,787	1,616,330	23,416,320
Fund Balances - Beginning	3,876,174	(822,639)	5,256,235	8,188,352	828,309	17,326,431
Prior period adjustment	2,719,145	-	-	-	-	2,719,145
Fund Balances - Ending	**$ 11,389,530**	**$ (821,145)**	**$ 19,839,733**	**$ 10,609,139**	**$ 2,444,639**	**$ 43,461,896**

The notes to the financial statements are an integral part of this statement

Territory of American Samoa

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities

For the Year Ended September 30, 2019

Net changes in fund balances - total governmental funds		23,416,320
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Expenditures for capital assets, net	43,659,355	
Less: Current year depreciation	(16,128,052)	27,531,303
Debt proceeds provide current financial resources to governmental funds, but debt obligations increase long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmenal funds, but the repayment reduces long-term liabilities in the statement of net position.		
Accrued interest payable	(540,009)	
Principal Payments on long-term debt	4,704,306	4,164,297
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmenal funds		
Pension obligations	(11,916,815)	
Change in claims and judgments	(780,363)	
Change in other long-term debt	(50,996,886)	
Change in long-term compensated absences	413,344	(63,280,720)
Internal service funds are used by management to charge the cost of certain activities to internal service toindividual funds. The net revenue (deficiency) of internal service funds is reported with the governmental activities.		658,916
Change in net position of governmental activities		**$ (7,509,884)**

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Statement of Net Position – Proprietary Funds
As of September 30, 2019

	Business-Type Activities - Enterprise Funds			
	Airport	Non-major Funds	Total	Governmental Activities - Internal Service
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 1,115,456	$ 230,124	$ 1,345,580	$ 1,261,075
Restricted cash	-	6,416	6,416	-
Due from other funds	-	-	-	8,056,829
Receivables, net	380,349	398,215	778,564	-
Due from U.S. Government	3,434,075	-	3,434,075	-
Inventory	-	169,762	169,762	-
Prepaid expenses	-	1,029	1,029	-
Total Current Assets	**4,929,880**	**805,546**	**5,735,426**	**9,317,904**
Noncurrent Assets				
Capital assets, net				
Land	1,871,894	30,993	1,902,887	52,043
Land improvements	18,338,619	3,414,100	21,752,719	-
Buildings and improvements	52,719,219	43,659	52,762,878	28,557
Machinery and equipment	2,596,905	589,790	3,186,695	29,867
Construction in progress	22,105,696	1,167,981	23,273,677	-
Total Noncurrent Assets	97,632,333	5,246,523	102,878,856	110,467
Total Assets	**102,562,213**	**6,052,069**	**108,614,282**	**9,428,371**
Deferred Outflows of Resources - Pensions	919,339	-	919,339	-
Total Assets and Deferred Outflows of Resources:	**103,481,552**	**6,052,069**	**109,533,621**	**9,428,371**
LIABILITIES				
Current Liabilities:				
Due to other funds	4,900,437	642,370	5,542,807	699,286
Accounts payable	3,073,631	626,877	3,700,508	2,582
Accrued expenses	282,798	73,514	356,312	98,512
Contract retention	1,165,640	-	1,165,640	124,628
Unearned revenue	426,617	37,554	464,171	-
Total Current Liabilities	**9,849,123**	**1,380,315**	**11,229,438**	**925,008**
Noncurrent Liabilities:				
Net Pension Liabilities	2,043,280	-	2,043,280	-
Other liabilities due after one year	23,569	-	23,569	2,689,474
Total Noncurrent Liabilities	2,066,849	-	2,066,849	2,689,474
Total Liabilities	**11,915,972**	**1,380,315**	**13,296,287**	**3,614,482**
Deferred Inflows of Resources - Pensions	1,063,402	-	1,063,402	-
Total Assets and Deferred Inflows of Resources:	**12,979,374**	**1,380,315**	**14,359,689**	**3,614,482**
NET POSITION				
Net Investment in Capital Assets	96,466,693	5,246,523	101,713,216	(14,161)
Restricted	-	6,416	6,416	-
Unrestricted	(5,964,515)	(581,185)	(6,545,700)	5,828,050
Total Net Position	**$ 90,502,178**	**$ 4,671,754**	**$ 95,173,932**	**$ 5,813,889**

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Airport	Non-major Funds	Total	
Operating Revenues:				
Charges for services	$ 355,452	$ 334,418	$ 689,870	$ 1,397,228
Fines and fees	256,408	-	256,408	-
Lease revenues	-	747,513	747,513	287,340
Miscellaneous revenue	147,717	3,015	150,732	-
Total Operating Revenues	759,577	1,084,946	1,844,523	1,684,568
Operating Expenses:				
Personnel	1,910,329	681,673	2,592,002	503,069
Operations and maintenance	20,657	813,120	833,777	505,546
Depreciation expense	5,291,686	166,350	5,458,036	17,037
Total operating expenses	7,222,672	1,661,143	8,883,815	1,025,652
Operating Income	(6,463,095)	(576,197)	(7,039,292)	658,916
Nonoperating Revenues (Expenses):				
Taxes	187,439	-	187,439	-
Passenger facility charges	1,131,634	-	1,131,634	-
Total Nonoperating Revenues (Expenses)	1,319,073	-	1,319,073	-
Net income (loss) before contributions	(5,144,022)	(576,197)	(5,720,219)	**658,916**
Contributions				
Federal capital grants	13,391,278	1,795,786	15,187,064	-
Transfers in	197,968	-	197,968	-
Transfers out	(128,552)	-	(128,552)	-
Total contributions	13,460,694	1,795,786	15,256,480	-
Change in net position	8,316,672	1,219,589	9,536,261	**658,916**
Total net position - beginning	82,185,506	2,613,379	84,798,885	5,154,973
Prior Perior Adjustment	-	838,786	838,786	-
Total net position - ending	**$ 90,502,178**	**$ 4,671,754**	**$ 95,173,932**	**$ 5,813,889**

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds			
	Airport	Non-major Funds	Total	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities				
Receipts from customers	$ 463,355	$ 1,020,748	$ 1,484,103	$ 1,541,095
Payments to suppliers	204,637	(430,327)	(225,690)	(502,964)
Payments to employees	(2,083,028)	(772,033)	(2,855,061)	(439,209)
Net cash provided (used) by operating activities	(1,415,036)	(181,612)	(1,596,648)	598,922
Cash Flows From Noncapital Financing Activities				
Receipts from other funds	197,968	-	197,968	-
Payments to other funds	(128,552)	-	(128,552)	-
Net cash provided (used) noncapital financing activities	69,416	-	69,416	-
Cash Flows From Capital and Related Financing Activities				
Increase (decrease) in internal balances	1,444,287	896,844	2,341,131	(437,900)
Tax receipts	187,439	-	187,439	-
Passenger facility charge receopts	1,131,634	-	1,131,634	-
Payments for capital assets	(14,960,042)	(2,678,724)	(17,638,766)	-
Receipts of federal capital grants	13,391,278	1,795,786	15,187,064	-
Net cash provided (used) by capital and related financing activities	1,194,596	13,906	1,208,502	(437,900)
Net increase (decrease) in cash and cash equivalents	(151,024)	(167,706)	(318,730)	161,022
Cash and cash equivalents, July 1	1,266,480	404,246	1,670,726	1,100,053
Cash and cash equivalents, June 30	1,115,456	236,540	1,351,996	1,261,075
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	$ (6,463,095)	$ (576,197)	$ (7,039,292)	$ 658,916
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	5,291,686	166,350	5,458,036	17,037
Change in pension obligations	243,201	-	243,201	-
Change in assets and liabilities				
Accounts receivable, net	(296,222)	(64,198)	(360,420)	(143,473)
Inventory and prepaid expenses	-	(147,032)	(147,032)	-
Accounts payable and accrued expenses	(190,606)	439,465	248,859	66,442
Total adjustments	5,048,059	394,585	5,442,644	(59,994)
Net cash provided (used) by operating activities	$ (1,415,036)	$ (181,612)	$ (1,596,648)	$ 598,922

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Statement Net Position – Fiduciary Funds
As of September 30, 2019

	Pension Trust	Agency	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	$ 1,883,800	$ 4,476,797	$ 6,360,597
Restricted cash	843,572	-	843,572
Due from other funds	-	8,384,830	8,384,830
Accounts receivable, net	186,955	-	186,955
Contributions receivable	848,206	-	848,206
Investments, at fair value	189,871,353	-	189,871,353
Prepaid expenses and other assets	56,234	-	56,234
Capital assets, net	152,276	-	152,276
Total Assets	193,842,396	12,861,627	206,704,023
LIABILITIES			
Accounts payable	206,452	46,356	252,808
Contribution refunds	618,565	-	618,565
High court deposits	-	2,420,112	2,420,112
Federal tax refunds	-	5,683,654	5,683,654
Immigration bonds	-	2,538,467	2,538,467
Federal small business loan collateral	-	2,173,038	2,173,038
Total Liabilities	825,017	12,861,627	13,686,644
NET POSITION	**$ 193,017,379**	**$ -**	**$ 193,017,379**

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
As of September 30, 2019

	Pension Trust
ADDITIONS	
Contributions	
Sponsors	$ 7,873,467
Members	3,067,145
Total Contributions	10,940,612
Investment Income	
Dividends	2,130,270
Interest	2,196,012
Lease revenue from Centennial Office Building	651,996
Net appreciation in fair value of investments	7,262,936
	12,241,214
Less investment fees	302,893
Less Centennial Office Building maintenance expenses	955,056
Net investment income	10,983,265
Net Additions	**21,923,877**
DEDUCTIONS	
Benefits	24,057,631
General and administrative expenses	5,297,722
Employee contributions refunded	1,515,211
Interest on employee contributions refunded	411,130
Total deductions	31,281,694
CHANGES IN NET POSITION	(9,357,817)
NET POSITION, beginning of year	202,375,196
NET POSITION, end of year	**$ 193,017,379**

The notes to the financial statements are an integral part of this statement

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Territory of American Samoa (the Territory or ASG) is an unincorporated Territory of the United States of America and operates under the jurisdiction of the United States Department of Interior. A constitution was adopted in 1966, and in 1977 the Secretary of the Interior's Order Number 3009 provided for a popularly elected Governor and Lieutenant Governor. The legislative body (Fono) is comprised of Members of the House of Representatives who are popularly elected and Senators who are chosen by village councils.

The financial statements have been prepared primarily from records maintained by the Treasury Department. Additional information was obtained from agencies and other entities based on independent accounting records maintained by them.

The financial statements include all funds of the primary government, which is the Territory, as well as the component units and other organizational entities determined to be included in the Territory's financial reporting entity.

The decision to include a potential component unit in the Territory's reporting entity is based on several criteria including a legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the Territory's reporting entity.

Primary Government

All offices, departments, agencies and authorities that are not legally separate entities have been included in the Territory reporting entity as part of the primary government unless otherwise noted. Most of these have executives or boards appointed by the Governor, the Fono or a combination thereof. The entities included as part of the primary government are financially accountable to and fiscally dependent on the Territory.

Blended Component Units

Although legally separate entities, blended component units are in substance, part of the primary government's operations. The blended component unit serves or benefits the primary government almost exclusively. Financial information from these units is combined with that of the primary government. Following is a brief description of the blended component units:

American Samoa Shipyard Services Authority

The American Samoa Shipyard Services Authority (the Shipyard Authority) was created for the purpose of providing shipyard and water transportation services through the use of the Territory's Ronald Reagan Marine Railway. The Shipyard Authority is governed by a five-member board of directors, which is appointed by the Governor. The Shipyard Authority is fiscally dependent on the Territory and uses the real property of the Territory for its operations. The Shipyard Authority is included as part of the primary government as a non-major enterprise fund.

American Samoa Government Employees' Retirement Fund

The America Samoa Government Employees' Retirement Fund (the Retirement Fund) was established in 1971 to provide retirement annuities for the employees of the Territory and its component units. It is governed by a Board of Trustees appointed by the Governor with the consent of the Senate and House of Representatives. The Retirement Fund's costs, based upon actuarial valuations, are funded by the participating governmental employers and participants, The Retirement Fund is a part of the primary government and is reported as a pension trust fund in the fiduciary funds. The Retirement Fund issued audited financial statements for the years ended September 30, 2019, with a report dated April 15, 2020. The report can be obtained at the Retirement Fund's administrative offices.

American Samoa Petroleum Cooperative, Inc.

The American Samoa Petroleum Cooperative, Inc. (the Cooperative) was created by executive order in 1992 to ensure that the Territory is provided with a reliable and stable supply of petroleum products at reasonable costs and that the petroleum storage facilities of the Territory are properly constructed and maintained to meet applicable standards. The Cooperative is governed by a four-member board consisting of a member appointed by the Governor, a member appointed by the terminal operator, a member appointed by these two members, and a member appointed by the American Samoa Power Authority (ASPA). The Cooperative is fiscally dependent on the Territory and receives rent and fees levied by the primary government on the bulk petroleum products put through the Territory's facilities. The Cooperative provides services almost entirely to the primary government and all real property acquired by the Cooperative is the property of the Territory. The Territory provides administrative support and pays all personnel costs for the Cooperative. The Cooperative is a blended component unit and is included as part of the primary government in the non-major governmental funds. The Cooperative issued audited financial statements for the year ended September 30, 2019 with a report dated February 19, 2020. The report can be obtained at the Cooperative's administrative offices.

American Samoa Economic Development Authority

The American Samoa Economic Development Authority (ASEDA) was created in 1986 with the authority to incur indebtedness for certain projects and is governed by a Board of Directors. The Board of Directors consists of nine members, seven of whom are appointed by the Governor with the advice and consent of the Fono and two members of the Fono, one from the Senate appointed by the President of the Senate and one from the House of Representatives appointed by the House Speaker. ASEDA is included as part of the primary government.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the financial statements to be misleading or incomplete. These discrete component units serve or benefit those outside the primary government. Following is a brief description of the discretely presented component units.

American Samoa Power Authority

The American Samoa Power Authority (ASPA) was created with corporate powers to generate and distribute power to the citizens of the Territory. ASPA also provides water, sewer, and solid waste services to the Territory. ASPA is reported as a discretely presented component unit as the Governor appoints, and the Fono confirms, the Board of Directors. In addition, the Territory has the authority to impose its will on ASPA by significantly influencing the programs, projects, or services performed by ASPA. ASPA issued audited financial statements for the year ended September 30, 2019 with a report dated May 4, 2020. The report can be obtained at ASPA's administrative offices.

American Samoa Community College

The American Samoa Community College (ASCC) was created with corporate powers to develop a program of education to meet the current and future needs of the Territory. ASCC is reported as a discretely presented component unit since ASCC is funded through the Territory's appropriations, tuition, federal grants and donations and the Governor appoints a majority of the Board of Directors with the advice and consent of the Fono. In addition, the Territory has the authority to impose its will on ASCC by significantly influencing ASCC's programs, projects, or provided services. ASCC issued audited financial statements for the year ended September 30, 2019 with a report dated April 17, 2020. The report can obtained at ASCC's administrative offices.

American Samoa Medical Center Authority – Lyndon B. Johnson Tropical Medical Center

The American Samoa Medical Center Authority – Lyndon B. Johnson Tropical Medical Center (LBJ) was established to create a medical system that can provide quality medical services to the citizens of the Territory. LBJ is a discretely presented component unit as the Governor appoints, and the Fono confirms, the Board of Directors and LBJ is partially funded through the Territory's appropriations. In addition, the Territory has the authority to impose its will on LBJ by significantly influencing LBJ's programs and provided services. LBJ issued audited financial statements for the year ended September 30, 2019 with a report dated March 27, 2020. The report can be obtained at LBJ's administrative offices.

American Samoa Telecommunications Authority

The American Samoa Telecommunications Authority (ASTCA), with corporate powers, was created to provide telecommunications capabilities to the citizens of the Territory. ASTCA is reported as a discretely presented component unit as the Governor appoints, and the Fono confirms, the Board of Directors. In addition, the Territory has the authority to impose its will on ASTCA by significantly influencing the programs, projects, or services performed by ASTCA. ASTCA issued audited financial statements for the year ended September 30, 2019 with a report dated April 21, 2020. The report can be obtained at the ASTCA's administrative offices.

Territorial Bank of American Samoa

The Territorial Bank of American Samoa (TBAS) was created in March 2016 to provide the Territory's residents and businesses with banking services. TBAS is governed by a Board of Directors consisting of seven voting members nominated by the Governor and confirmed by the Fono. TBAS began operations during fiscal year 2017 and currently serves those outside of the primary government and is growing its operations to become self-sustaining. TBAS issued audited financial statements for the year ended September 30, 2019 with a report dated April 9, 2020. The report can be obtained at TBAS's administrative offices.

Related Organization

Organizations for which a primary government is accountable because the Territory appoints a voting majority of the board or has invested resources, but is not financially accountable, are related organizations.

Development Bank of American Samoa

The Development Bank of American Samoa (Development Bank) is a related organization to the primary government. The Development Bank's board of Directors consists of ten members, nine of whom are appointed by the Governor, with the advice and consent of the Senate. The Chairman, who is a board member, is elected by a majority of the board. The President of the Development Bank is a nonvoting ex-officio member of the board, and may not serve as a chairman. The Territory is not financially accountable for the Development Bank, and no financial benefit or burden relationship exists between the Territory and the Development Bank. The Development bank is classified as another stand-alone governmental unit, not a component unit of the Territory.

Basis of Presentation- Fund Accounting

The Territory uses fund accounting under which it segregates its resources and accounts for them in various individuals funds. Each individual fund is an accounting entity with a self-balancing set of accounts. Individual funds that have similar characteristics are combined into fund types.

Governmental Funds

Governmental funds finance most of the territorial governmental functions. The measurement focus of the governmental funds is on sources, uses and balances of financial resources.

General Fund – is the territorial general operating fund. It accounts for resources that fund the services governments traditionally provide to its citizens except those required to be accounted for in another fund.

Special Revenue Fund – is used to account for specific revenue sources (other than for capital projects and debt service) that are legally or donor restricted to expend for specified purposes.

Capital Projects Fund – is used to account for the acquisition of capital assets or construction of major capital projects not financed by proprietary funds. The Capital Projects Fund included as a major fund reports capital expenditures resulting from the proceeds of bonds issued by the Territory. Non-major governmental funds consist of other capital project funds.

The Bond Debt Service Fund – is used to account for the accumulation of resources and payments of principal and interest on the Territory's outstanding bonds payable. The Bond Debt Service Fund is included as a major fund to separately report the Territory's activity related to its bond payable. Activity related to the Territory's other general long-term obligations, summarized in Note 8, are accounted for in a separate debt service fund included as a non-major governmental fund.

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector. The measurement focus of the proprietary funds is upon determination of net income, financial position, and cash flows. Enterprise funds account for business-like territorial activities that provide goods and services to the public financed primarily through user chargers.

Internal service funds provide goods and services to other funds, agencies, component units, or other activities on a cost allocation basis.

Fiduciary Funds

Fiduciary funds account for resources the Territory holds as trustee or agent for individuals, private organizations, or other governmental units. Agency funds are custodial in nature and do not involve measurement of results of operations.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all the activities of the primary government and its component units, except for fiduciary activities. Interfund activity, which duplicates revenues or expenses, has been eliminated from these statements, except for those transactions and balances between governmental and business-type activities. Governmental activities and business-type activities are reported separately to highlight the differences in funding and operations. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities rely mostly on fees and charges that are designed to recover the costs of operations, including the cost of capital.

The statement of activities outlines the direct expenses of each of the Territory's major functions and the program revenues generated by those functions. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues are reported as general revenues.

Government-wide financial statements do not provide information by fund or account group, but distinguish between the Territory's governmental activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Territory's statement of net positon includes both noncurrent assets and noncurrent liabilities of the Territory. In addition, the government-wide statement of activities reflects the depreciation expenses on the Territory's capital assets, no including infrastructure.

The fund statements include separate statements for Governmental, Fiduciary and Proprietary Funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Territory is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Net position for governmental funds can consist of the following:

Nonspendable – Any nonspendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted – Any restricted fund balance includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed – Any committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Territory's highest level of decision making authority, the Juab Territory Commission. Commitments may be changed or lifted only by the Territory taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned – Any assigned fund balance includes amounts intended to be used by the Territory for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Juab Territory Commission or (b) a body to which the governing body has delegated the authority to assign amounts. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund that are not classified as nonspendable, restricted, or committed.

Unassigned – The unassigned fund balance is the residual classification for the General Fund. This designation is also used in other governmental funds to report a negative fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple net position classifications, net position is depleted in the order of restricted, committed, assigned, and unassigned.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period for this purpose, the Territory considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Income taxes, franchise taxes, licenses, grants from federal agencies included in intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered t be measurable and available only when the Territory receives cash.

The Territory reports the following major governmental funds:

- The General fund is the Territory's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The Grant Fund accounts for the majority of grants received by the Territory except for grants received by the proprietary funds. These activities are funded with grants from various federal agencies and private sources.

- The Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects resulting from the proceeds of issued bonds.

- The Bond Debt Service Fund accounts for the accumulation of resources and payments of principal and interest on the Territory's outstanding bonds payable.

The Territory's enterprise funds are the Airport Fund, Industrial Park Fund, and Shipyard Services Fund. The Territory's internal service activities include the operation of the government housing, print ship and worker's compensation funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Territory's proprietary activities are charges to the customers for services. Principal operating revenues of the internal service funds are premiums charged to individual departments for workers compensation coverage and charges to departments or funds for housing or printing. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The effect of Interfund activity has been eliminated from the government-wide financial statements. Exceptions are transfers between business-type activities and the governmental activities.

Budgets and Budgetary Accounting

The Territory adopts an annual budget on a basis consistent with generally accepted accounting principles at the legal level of control, which is the department of project level. During the fiscal year, supplementary appropriations are made as needed. The results are increases to the appropriations within the funds. The Director of the Office of Program Planning and Budget is permitted under law to move amounts up to $25,000 or 30% of line amounts, whichever is less, from one line account to another; legislative appropriation is required on all line item accounts shifts over 30% or $25,000. All annual appropriations lapse at the end of the fiscal year. Annual budgets are adopted for the general fund, certain special revenue funds and the debt service fund. Budgets for proprietary and trust fund operations are estimated in the annual budget, but controlled by available resources and demand for services.

Federal grants, accounted for in certain special revenue funds, have a budget and project life determined by each grant award. The Department of Interior's operating grant is generally awarded after adoption of the Territorial budget. The Territory has to adopt a supplemental budget during the fiscal year to provide for differences between the estimated amount and the actual amount of the grant award. Budgets for capital improvement projects are determined by local funding appropriations and the annual Department of Interior Capital Improvement Projects grant award.

Investments

Statutes authorize the Treasurer to invest funds at his discretion. The Treasurer's investment objectives are preservation of capital, maintenance of adequate liquidity, and obtaining the best yield possible within prescribed parameters. Investments are reported at fair value. The investment policies of the Land Grant Trust, a part of ASCC, and the Retirement Fund are established by their respective boards. Investment of these funds are in a variety of securities such as corporate bonds, equities, real estate, trusts, collateralized mortgage obligations, asset backed securities and commercial paper.

The Territory classifies its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value

of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Cash and Cash Equivalents

The amounts reported on the balance sheet as cash and cash equivalents represent the total of petty cash, cash on deposit in banks and certificates of deposits with original maturities of less than 90 days. Restricted cash represents the balance of proceeds from the bonds issued by the Territory that have been restricted for specific purposes.

Interfund Transactions

Due to other funds and due from other funds represent balances from transaction involving charges for goods or services that one fund delivers or provides to another fund, cash received or paid by the General Fund on behalf of other funds that has not yet been reimbursed, or specific borrowings from one fund to another.

Operating transfers include all Interfund transactions that are not loans ore reimbursements.

Receivables

The Territory, with minor exceptions, has adopted the personal and corporate income tax code of the United States of America in effect as of December 31, 2000. No changes to the U.S. Tax Code since December 31, 2000 have been adopted by the Territory. Withheld income taxes held by employers or corporations, taxes levied and billed by the tax office and unpaid taxes on filed returns are accrued as receivables. Unbilled revenues for services provided between the last billing date and the end of the year are estimated and accrued as receivables. Interest earned and unpaid on investment securities is accrued and recorded as receivables for all funds. Receivables are stated net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience.

Inventories

Inventories, comprised primarily of supplies inventories, and medical supplies and pharmaceuticals at LBJ in the discretely presented component units, are stated at the lower of cost or market.

Prepaid Expenses

Payments made to vendors for costs applicable to future accounting periods are recorded as prepaid expenses.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The Territory has established a capitalization policy to recognize capital assets as assets with an initial, individual cost greater than the amount as set forth in the table below and an estimated useful life in excess of two years. Such assets are recorded at historical costs. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Land improvements	$ 100,000
Buildings and structures	100,000
Machinery and equipment	20,000
Infrastruture	100,000
Land	-
Vehicles	-

Property, plant, and equipment of the Territory are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	15-40
Buildings and structures	30-40
Machinery and equipment	5-15
Vehicles	5-10
Infrastruture	25-40

Investment in Joint Venture

In May 2008, the Territory, along with three other parties, formed American Samoa Hawaii cable, LLC (ASH Cable, LLC), a Delaware limited Liability Company. ASH Cable, LLC was formed for the purpose of developing and operating an undersea fiber optic cable between Hawaii, American Samoa and the Independent State of Samoa. In 2009, the Territory contributed $9 million to ASH Cable, LLC in return for a 33.33% ownership percentage interest in ASH Cable, LLC. The investment in ASH Cable, LLC is classified as a long-term asset within the governmental activities of the Territory.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources in the government-wide financial statements represent consumption of net position that applies to future periods as the result of pension activity and will not be recognized as an outflow of resources (expense) until those future periods. Deferred inflows of resources represent an acquisition of net position as the result of pension activity that applies to future periods and will be recognized as an inflow of resources until those future periods.

Compensated Absences

It is the policy of the Territory to permit employees to accumulate earned but unused vacation benefits, which will be paid to the employees upon separation from service. Vacation leave is fully vested when earned but accumulated vacation leave cannon exceed 60 days at the end of any calendar year. Sick leave is vested when earned and the accumulation is not limited.

Employees separated from service are compensated for unused accrued sick leave at the rate of 50% of sick leave in excess of 239 hours. Retiring employees with less than 30 years of service may apply accumulated unused sick leave for additional service credits.

The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. Governmental Funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Income Tax Refunds Payable

During the calendar year, the Territory collects employee withholdings and taxpayer's payments for individual and corporate income taxes. Taxpayers file returns by April 15, for the preceding calendar year. At September 30, the Territory estimates the amount it owes taxpayers for overpayments during the preceding nine months. This estimated payable is recorded as tax refunds payable and a reduction of tax revenues.

Unearned Revenue

Unearned revenues are recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in the governmental fund statements consist of the portion of the Army Reserve lease that is applicable to future years and advances received on federal grants.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Net Pension Liability

Net Pension liability in the government-wide financial statements has been recognized in accordance with the most recent Retirement Fund actuarial measurement date. The net pension liability is measured as a portion of the present value of projected benefits to be provided through the Retirement Fund to current active and inactive employees attributed to those employees' past periods of service less the Retirement Fund's fiduciary in net position as of the measurement date.

Fund Equity

The Territory classifies fund balances as a hierarchy based primarily on the extent to which the Territory is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Territory will spend restricted resources first, followed by committed then assigned, with unassigned resources spent last. The Territory has the following categories of governmental fund balances:

1. Nonspendable includes amounts that cannot be spent because they are either in a nonspendable form legally required to be maintained intact. Nonspendable amounts consist of prepaid expenses.
2. Restricted includes amounts that can be spent only for the specific purposes stipulated by constitutional provisions or enabling legislation, or imposed by creditors, grantors, or other external resource providers.
3. Committed includes amounts that have specific constraints on how the resources may be used as determined by formal resolutions of the Fono.
4. Assigned are those resources that are constrained by the Territory's intent to use them for a specific purpose, but are neither restricted nor committed. The Territory has not established a policy regarding the assignment of funds. Therefore, amounts in this fund balance category represent residual amounts in the debt service, capital projects, and special revenue funds, which are not classified as nonspendable, restricted or committed.
5. Unassigned are the residual classification for the general fund and includes all spendable amounts not contained in other classifications.

Net position is segregated into restricted and unrestricted balances on the government-wide statement of net position and the statements of net position for the proprietary and fiduciary funds. Restrictions are limitations on how the net position may be used and may be placed on net position by an external party that provided the resources, by enabling legislation or by the nature of the asset.

Governmental fund balances are classified as follows at September 30, 2019:

	General Fund	Grant Fund	Capital Projects Fund	Bond Debt Service Fund	Non-Major Governmental Funds
Nonspendable					
Prepaid lease for Lava Lava Golf Course	$ 382,504	$ -	$ -	$ -	$ -
Restricted					
Capital and other projects	3,179,310	-	19,839,733	-	-
Debt service	-	-	-	10,609,139	-
CIP funds	-	-	-	-	844,031
	3,179,310	-	19,839,733	10,609,139	844,031
Committed					
Stationary air pollution	406,669	-	-	-	-
Encumbrances	702,168	-	-	-	-
Payroll	47,630	-	-	-	-
Immigration amnesty program	158,960	-	-	-	-
Stadium	88,630	-	-	-	-
Tax Reserve	470,860	-	-	-	-
DOE ASHAA empowerment fund	36,162	-	-	-	-
	1,911,079	-	-	-	-
Assigned					
American Samoa Petroleum Cooperative	-	-	-	-	1,600,608
Unassigned	5,916,637	(821,145)	-	-	-
Total fund balances	$ 11,389,530	$ (821,145)	$ 19,839,733	$ 10,609,139	$ 2,444,639

Reconciliation of Government-Wide and Fund Financial Statements

The Government Fund balance sheet includes the reconciliation between fund balances in the governmental funds and net position reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and accrual basis of accounting. The self-insurance fund balances are allocated from

the Internal Service Fund to the governmental activities. In addition, capital assets and long-term debt are added to the governmental funds to compile the long-term view of the governmental activities column.

A similar reconciliation is included on the statement of revenues, expenditures and changes in fund balances for the governmental funds. These adjustments reflect the transition from the modified accrual accounting for governmental funds to the accrual basis of accounting for the statement of activities. Capital outlay is replaced with depreciation expense. Capital lease revenues are added and principal payments on long-term debt are eliminated from the operating costs.

Indirect Cost Allocation

Indirect costs are those expenses that have been incurred for common or joint objectives and cannot be readily identified with a final cost objective. The Territory initially records indirect costs as general government expenses and utilizes an allocation system to allocate these costs among the governmental activities on the government-wide Statement of Activities.

Use of Estimates

The preparation of the basic financial statements in conformity with principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the basic financial statements. Actual results could differ from these estimates.

Note 2 – Deposits and Investments

Deposits

Cash and cash equivalents held with commercial banks for the Territory, excluding the Retirement Fund, total $54,019,798, including $32,910,346 held in restricted cash. Cash and cash equivalents held with commercial bank for the discretely presented component units total $44.2 million. The majority of the cash deposits are held by commercial banks that collateralize these deposits with securities held in the Territory's name with the trust department of a third-party bank. Cash balances consist of amounts insured by the FDIC of $2.8 million and collateralized amounts of $46.1 million.

Cash and cash equivalents comprise the following balances as of September 30, 2019:

	Balance
Cash and cash equivalents	
Governmental activities	
General	$ 9,531,248
Grant	2,637,070
Debt Service	7,587
Non-major governmental	1,850,099
Internal service	1,261,075
Total cash - governmental funds	15,287,079
Business-type activities	
Airport	1,115,456
Non-major activities	230,124
Total cash - business-type funds	1,345,580
Agency Fund	4,476,797
Restricted cash	
Governmental activities	
Capital project	19,757,637
Debt service	13,146,293
Business-type activities	
Non-major activities	6,416
Total restricted cash	32,910,346
Total cash - primary government	54,019,802
Discretely presented component units	41,284,447
Total cash and cash equivalents	$ 95,304,249

Investments

Investments are held in portfolios with various financial institutions and commercial banks. The Territory categorizes the fair value measurements for investments within the fair value hierarchy established by generally accepted accounting principles. Investments held by the Territory, excluding the Retirement Fund, and its discretely presented component units are categorized by fair value level as follows as of September 30, 2019:

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
General government				
Exchange traded funds				
Fixed income	$ -	$ -	$ -	$ -
Growth	-	-	-	-
Money market funds	-	-	-	-
Equity securities	-	-	-	-
	-	-	-	-
Discretely presented component units				
U.S. Treasury obligations	5,853,672	-	-	5,853,672
Debt securities - corporate bonds	-	720,571	-	720,571
U.S. Government agencies	153,458	-	-	153,458
	6,007,130	720,571	-	6,727,701
Investment at fair value	$ 6,007,130	$ 720,571	$ -	$ 6,727,701

Exchange traded funds, U.S. Treasury obligations, U.S. Government agencies, real estate investment trust, money market funds, and equity securities are classified as Level 1 inputs in the fair value hierarchy and valued using prices quoted in active markets for those securities. Investments in debt securities are classified as Level 2 inputs the fair value hierarchy and valued using a pricing model that utilizes observed market inputs and matrix pricing techniques.

Investment securities are exposed to various risks that can affect the value of the Territory's investments such as custodial credit risk, interest rate risk, credit risk, and concentration risk. The Territory invests in money market funds, certificates of deposit, and municipal and corporate bonds. Investment holdings in debt securities are particularly sensitive to credit risk and change in interest rates.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a failure by the counterparty, the Territory will not be able to recover the value of its investments that are in the possession of an outside party. In accordance with policies established by statute, all deposits and investments are insured or collateralized, and held by banks or other agents in the Territory's name.

Interest Rate Risk – Interest rate risk arises from the likelihood that interest rates will rise or fall during the holding period of a fixed rate security and adversely affect the selling price of the security prior to maturity. The price of a debt security typically moves in the opposite direction of the change in interest rates.

Credit Risk – Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its payments on a security under the original term. As of September 30, 2019, the primary government's investments in fixed income securities were held through exchange traded funds that may be traded daily through the market without restrictions.

Retirement Fund

The Board of Trustees of the Retirement Fund has the power and authority under territorial law to make all decisions on the investment of Retirement Fund assets and the employment of professional investment agents. Investment authority is not restricted by types of property or other investment options, but the law does limit the amount of an individual investment that may be made in any one instrument or security issued by a political subdivision, corporation or other entity. The law also provides guidelines on the qualifications of investment agents that may be employed by the Retirement Fund.

The Retirement Fund considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held with commercial banks for the Retirement Fund total $1,883,800. The majority of the Retirement Fund's cash deposits are held by commercial banks that collateralize these deposits with securities held in the Territory's name with the trust department of a third-party bank.

The Retirement Fund's Board of Trustees formally approved a restated Statement of Investment Policy (Investment Policy), which restructured the Retirement Fund's investment portfolio and investment managers. As of September 30, 2019, the Investment Policy allocation targets are 75% domestic equity, 20% domestic fixed income, 3% real estate, 1% loans and 1% cash equivalents, with normal allocation ranges assigned to each classification. Equity and fixed income securities are held in registered investment companies (mutual funds), collective trusts, and an ASG bond.

The Retirement Fund categorizes the fair value measurements for investments within the fair value hierarchy established by generally accepted accounting principles. Investments held by the Retirement Fund are categorized by fair value level as follows as of September 30, 2019:

	Fair Value Measurement as of September 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Retirement Fund				
Mutual funds				
Domestic equity	$ 24,294,756	$ -	$ -	$ 24,294,756
Short-term investment fund	4,285,830	-	-	4,285,830
Certificate of deposit with TBAS	-	2,330,505	-	2,330,505
Loans to component units	-	12,291,424	-	12,291,424
ASG Series 2015C bond	-	12,276,466	-	12,276,466
Real estate - Centennial Office Building	-	-	4,000,000	4,000,000
	28,580,586	26,898,395	4,000,000	59,478,981
Investment measured at NAV practical expedient				
Collective trust - Growth				106,424,292
Collective trust - Fixed income				23,968,080
				130,392,372
Investment at fair value				$ 189,871,353

Mutual funds and the short-term investment fund in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The certificate of deposit held with TBAS was valued using Level 2 inputs in the fair value hierarchy and using the stated rate of return and maturity outlined in the agreement. The certificate of deposit had a revolving term of 6 months. The interest rate on the certificate of deposit was 1.75% compounded monthly. The certificate of deposit matured and was redeemed during December 2018.

Loans to component units consists of loans made by the Retirement Fund to DBAS and ASTCA and are stated at fair value as determined by the discounted present value of future cash flows.

The Retirement Fund has invested $11,720,000 in a bond issued by the Territory through ASEDA. The bond is a general revenue and refunding bonds, Series 2015C, rated Ba3/BB with an interest rate of 7.5% payable on March 1 and September 1 of each year commencing March 1, 2016, and with a maturity date of September 1, 2027. Investment in the ASG Series 2015C bond classified in Level 2 of the fair value hierarchy is valued using a pricing model that utilizes observed market inputs and matrix pricing techniques.

Real estate investment in the Centennial Office Building is valued using Level 3 inputs in the fair value hierarchy at its estimated fair market value based on a third-party appraisal using the income capitalization approach.

Collective investment funds are valued using the net asset value practical expedient (NAV practical expedient) of the collective investment funds as reported by the fund managers. The NAV practical expedient is based on the fair value of the underlying assets owned by the collective investment fund, minus its liabilities, and then divided by the number of units outstanding. The NAV practical expedient of a collective investment fund is calculated based on a compilation of primarily observable market

information. There are no restrictions to trading collective investment funds at NAV at or near the Territory's year end.

During December 2017, the Retirement Fund entered into a point-to-point indefeasible right of use (IRU) and leaseback agreement with ASTCA, whereby the Retirement Fund invested amounts totaling $17.3 million for a right of use of a point-to-point cable system. The cable system connects American Samoa to the main Haiwaki Cable System, providing an upgraded fiber optic cable infrastructure to the Territory. South Pacific Link, LLC, a limited liability corporation wholly owned by ASGERF, was formed to administer the Fund's investment in the Haiwaki Cable IRU.

During July 2019, an extinguishment agreement was executed by ASG, ASTCA, and ASGERF that terminated the IRU and leaseback agreement. Pursuant to the extinguishment agreement, the Fund received $18.7 million from ASTCA for the investment in the Haiwaki Cable IRU.

The Retirement Fund pays investment fees either through direct payments to the investment manager or as a deduction from investment returns.

The Retirement Fund's investments are exposed to various risk, such as investment credit, interest rate, market, and credit risk. It is reasonably possible, given the level of risk associated with investment securities that changes in the near term could materially affect the amounts reported in the financial statements. The Retirement Fund invests in securities with contractual cash flows, such as asset-backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Credit risk is the risk that an issuer, or other counterparty, to an investment will not fulfill its obligations. In accordance with the Investment Policy, the Retirement Fund's Board of Trustees provides each of the Retirement Fund's investment managers with a set of investment guidelines. These guidelines specify eligible investments, minimum diversification standards, and applicable investment restrictions necessary for diversification and risk control. Guidelines that restrict investments in fixed income securities and summaries of investment ratings and maturities for the Retirement Fund's fixed income securities are detailed in the Retirement Fund's financial statements.

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Interest rate and market risk are the greatest risks faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. The set of investment guidelines provided by the Retirement Fund's Board of Trustees to each investment manager specify eligible investments, duration (three to five years), and applicable investment restrictions necessary for diversification and risk control (no more than 5% of assets invested in any nom U.S> government issuer and more than 30% of assets in any sector). As all investments are held in mutual funds, real estate, and loans with Territory, interest rate risk is minimal.

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Retirement Fund's currency risk exposure, or exchange rate risk, resides within the international equity mutual funds holdings. The Investment Policy guidelines prohibit investments in securities that are not denominated in U.S. dollars or that are traded solely on an exchange outside of the United States. The Retirement Fund does not hold any direct investments, hedges or derivative instruments denominated in foreign currency.

Note 3 – Other Receivables

Other receivables (excluding the discretely presented component units) on the financial statements by account type and source are as follows:

	September 30, 2019		
	Receivable	Allowance	Balance
Taxes			
General fund	$ 17,278,315	$ 5,848,101	$ 11,430,214
Accounts receivable			
General fund	2,526,718	1,793,343	733,375
Grant fund	33,568	-	33,568
Airport fund	2,135,247	1,754,898	380,349
Non-major activities fund	793,360	395,145	398,215
Non-major governmental funds	553,874	-	553,874
Due from U.S. Government			
Grant fund	28,265,424	1,242,585	27,022,839
Non-major governmental funds	2,425,509	-	2,425,509
Airport fund	3,434,075	-	3,434,075
	$ 57,446,090	$ 11,034,072	$ 46,412,018

Note 4 – Interfund Accounts

Balances due from/due to component units consist of amounts owed to ASTCA for utilities provided to the Territory, and 2% wage tax and subsidy remittances due to LBJ. Balances are recorded net of receivables for property insurance and other services provided by the Territory.

Net due to component units consists of the following:

	September 30, 2019		
	Due from Component Units	Due to Component Units	Net due (to)/from Component Units
ASTCA	$ 1,500,000	$ -	$ 1,500,000
ASPA	475,751	-	475,751
ASCC	57,580	-	57,580
	2,033,331	-	2,033,331
Less allowance for uncollectible amounts	-	-	-
	$ 2,033,331	$ -	$ 2,033,331

The difference between the net amount due to component units and the corresponding net amount due from primary government, as reported by the component units, results from an estimated allowance for uncollectible amounts applied to an outstanding balance due from LBJ.

During the year ended September 30, 2019, the Territory incurred utility expenditures with ASPA and ASTCA approximating $2.8 million and $1.5 million respectively.

A summary of Interfund receivable and payable balances, due from/due to other funds- pooled cash accounts, are as follows:

	September 30, 2019	
	Due from Other Funds	Due to Other Funds
General fund	$ -	$ 811,555
Grant fund	-	7,715,197
Airport fund	-	4,900,437
Bond debt service fund	-	2,511,202
Capital projects fund	204,710	-
Internal service fund		
Workers compensation	7,856,829	-
Print shop	-	116,637
Government housing	-	382,649
Non-major governmental fund	633,678	-
Non-major activities fund	-	642,370
Agency fund	8,384,830	
	$17,080,047	$ 17,080,047

Operating transfers in/out for the year ended September 30, 2019 are as follows:

Out of	Amount	In To	Purpose
Grant fund	$ 13,481,033	General fund	Transfer of operation grant proceeds
Grant fund	$ 197,968	Airport fund	Transfer for new capital projects
Airport fund	$ 128,552	General fund	Reimburse administrative expenses

Note 5 – Capital Assets and Depreciation

Capital asset activity for the year ended September 30, 2019 was a follows:

	Primary Government			
	Beginning Balance	Additions	Adjustments (Retirements)	Ending Balance
GOVERNMENTAL ACTIVITIES				
General and grant funds				
Capital assets not being depreicated				
Land	$ 2,436,036	$ -	$ -	$ 2,436,036
Construction in Progress	8,799,801	43,193,792	(11,349,353)	40,644,240
	11,235,837	43,193,792	(11,349,353)	43,080,276
Capital assets being depreicated				
Land improvements	43,389,227	-	2,431,287	45,820,514
Buildings and structures	184,444,223	-	2,429,571	186,873,794
Machinery and equipment	43,586,644	1,418,418	-	45,005,062
Vehicles	50,434,181	2,439,514	-	52,873,695
Infrastructure	210,189,030	-	6,741,680	216,930,710
	532,043,305	3,857,932	11,602,538	547,503,775
Less accumulated depreciation				
Land improvements	(28,461,372)	(887,432)	-	(29,348,804)
Buildings and structures	(77,618,660)	(5,274,771)	-	(82,893,431)
Machinery and equipment	(31,420,384)	(2,346,802)	-	(33,767,186)
Vehicles	(33,355,716)	(2,761,018)	-	(36,116,734)
Infrastructure	(94,775,466)	(4,858,029)	-	(99,633,495)
	(265,631,598)	(16,128,052)	-	(281,759,650)
Net capital assets being depreciated	266,411,707	(12,270,120)	11,602,538	265,744,125
Net capital assets - general and grant funds	277,647,544	30,923,672	253,185	308,824,401
Internal service funds				
Capital assets not being depreicated				
Land	52,043	-	-	52,043
Capital assets being depreicated				
Buildings and structures	1,225,283	-	-	1,225,283
Machinery and equipment	727,191	-	-	727,191
	1,952,474	-	-	1,952,474
Less accumulated depreciation				
Buildings and structures	(1,187,030)	(9,696)	-	(1,196,726)
Machinery and equipment	(689,983)	(7,341)	-	(697,324)
	(1,877,013)	(17,037)	-	(1,894,050)
Net capital assets being depreciated	75,461	(17,037)	-	58,424
Net capital assets - internal service funds	127,504	(17,037)	-	110,467
NET CAPITAL ASSETS	$ 277,775,048	$ 30,906,635	$ 253,185	$ 308,934,868

	Primary Government			
	Beginning Balance	Additions	Adjustments (Retirements)	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreicated				
Land	$ 1,904,984	$ 16,000	$ (18,097)	$ 1,902,887
Work in process	20,151,502	15,165,904	(12,043,728)	23,273,678
	22,056,486	15,181,904	(12,061,825)	25,176,565
Capital assets being depreicated				
Land improvements	80,643,229	2,332,518	(4,945)	82,970,802
Buildings and structures	65,496,088	4,295	12,653,269	78,153,652
Machinery and equipment	11,886,015	120,050	(770,202)	11,235,863
	158,025,332	2,456,863	11,878,122	172,360,317
Less accumulated depreciation				
Land improvements	(58,073,467)	(2,918,797)	(225,819)	(61,218,083)
Buildings and structures	(23,232,301)	(2,113,253)	(45,219)	(25,390,773)
Machinery and equipment	(8,062,912)	(425,760)	439,502	(8,049,170)
	(89,368,680)	(5,457,810)	168,464	(94,658,026)
Net capital assets being depreciated, net	68,656,652	(3,000,947)	12,046,586	77,702,291
Total capital assets being depreciated, net	$ 90,713,138	$ 12,180,957	$ (15,239)	$ 102,878,856

Depreciation expense for the year ended September 30, 2019 was charged by function as follows:

Governmental activities:	
General government	$ 6,736,108
Public safety	400,293
Health and welfare	463,383
Education and culture	2,707,358
Public works	2,942,949
Economic development	2,877,961
Internal Service Funds	17,037
Total depreciation expense governmental activities	16,145,089
Business-type activities	
Airport	5,291,686
Non-major funds	166,350
Total depreciation expense business-type activities	5,458,036
Total depreciation expense for all activities	$ 21,603,125

Note 6 – Prepaid Expense

The Territory leases property for the Lava Golf Course from various landowners. Annual payments of $30,000 to June 30, 2032 for a total of $1,500,000 were prepaid during the year ended September 30, 1985 and are being amortized over the term of the lease. The unamortized balance of the prepaid lease as of September 30, 2019 was $382,504 and is included in prepaid expenses on the statement of net position.

Note 7 – Defined Benefit Pension Plan (ASG Employees' Retirement Fund)

The Retirement Fund is a cost-sharing, multiple-employer, contributory defined benefit retirement plan that was established in 1971 to provide retirement annuities for the employees of ASG and its component units and related entities. The component units and related entities consist of American Samoa Power Authority (ASPA), American Samoa Community College (ASCC), American Samoa Medical Center/LBJ Tropical Medical Center (LBJ), American Samoa Telecommunications Authority (ASTCA), Feleti Barstow Public Library (FBPL), American Samoa Government Employees' Retirement Fund (ASGERF), Development Bank of American Samoa (DBAS), American Samoa Visitor Bureau (ASVB), and effective December 2018, Territorial Bank of American Samoa (TBAS).

South Pacific Link, LLC, a limited liability corporation wholly owned by the Retirement Fund, was formed to administer the Retirement Fund's investment in the Haiwaki Cable IRU and to research future economic uses for the Territory's connection to the main Haiwaki Cable System. Using the criteria of financial accountability, the Retirement Fund determined that the South Pacific Link, LLC is a blended component unit of the Retirement Fund and this entity has been included in the Retirement Fund's financial statements since 2018.

Virtually all full-time employees of ASG, ASPA, ASCC, LBJ, ASTCA, FBPL, ASGERF, DBAS, ASVB and TBAS, other than contract specialists, are covered by the Retirement Fund.

The Retirement Fund issues an annual audited financial report that includes financial statements and required supplementary information. This report may be obtained by contacting:

American Samoa Government
Employees' Retirement Fund
PO Box 2448
Pago Pago, AS 96799-2448

Administrators of the Fund

The responsibility for proper administration of the Retirement Fund and the direction of its policies is vested in a seven-member Board of Trustees appointed by the governor. The Board of Trustees has the power and authority under territorial law to make all decisions on the investment of Retirement Fund assets and the employment of professional investment agents. Investment authority is not restricted by types of property or other investment options, but the law does limit the amount of an individual investment that may be made in any one instrument or security issued by apolitical subdivision, corporation or other entity.

Benefit Payments to Retired Members

The annual retirement benefit, payable monthly for life, equals 2% of the highest average annual salary for three consecutive years, multiplied by the number of years of service to a maximum of 30 years (from 10% to 60% based on years of service). The minimum annual benefit is $600.

Contributions

The sponsoring employers of the Retirement Fund have agreed to contribute such amounts as provided by the A.S.C.A. Section 7.1433 to the Retirement Fund each year at a statutory rate approved by the Board of Trustees after consideration of actuarially determined contribution amounts. For the year ended September 30, 2018, the actuary developed a sponsor contribution rate of 15.11% of total payroll. The sponsor rate approved by the Board of Trustees is 8% of employees' regular earnings, excluding overtime.

Each member of the Fund contributes 3% of earnings and earns interest on member contributions at 1.5%, compounded annually. Member contributions are made through payroll deductions. Member contributions and the related interest earned are refunded in full to members whose employment is terminated for any reason other than retirement and as a death benefit to the survivors of deceased members not yet eligible for retirement. Members are fully vested in the employer portion, payable as a retirement annuity, after ten years of participation in the Retirement Fund. For fiscal years ended 2019, 2018, and 2017, actual employer contributions to the Retirement Fund totaled $7,873,467, $7,840,699, and $7,955,863, respectively. Actual contributions funded 100% of the contributions required by A.S.C.A. Section 7.1433.

All member contributions are used to reduce the normal cost liability before the employers' required contribution rate is calculated. Employer and member contributions as a percentage of covered payroll are 8% and 3%, respectively. As of September 30, 2018, the plan fiduciary net position as a percentage of total pension liability of the Retirement Fund was 48.73%.

Territory's Net Pension Liability, Pension Expense, and Deferred Amounts

As a September 30, 2019, ASG reported a net pension liability of $95,978,199 for its proportionate share of the Retirement Fund's net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2018 and rolled forward to the September 30, 2019 measurement date. ASG's proportion of the net pension liability was based on ASG's share of contributions to the Retirement Fund for fiscal year 2018. As of the measurement date of September 30, 2019, the Territory's proportional share of the net pension liability was 67.45%. ASG's total reported net pension liability includes an allocated net pension liability of $2,043,280 for the Airport Fund based on the Airport Fund's share of ASG's contributions for fiscal year 2018.

For the year ended September 30, 2019, the Territory's recognized pension expense totaling $11,916,815. As of September 30, 2019, the Territory reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ 4,500,421	$ 9,755,539
Difference between expected and actual investment experience	4,889,321	-
Changes of assumptions	38,265,382	31,422,809
Changes in proportion and differences between employer	2,553,827	619,614
Employer contributions subsequent to the measurement date	-	-
	$ 50,208,951	$ 41,797,962

ASG's employer contributions related to fiscal year 2019 and have been reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in fiscal year 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Fiscal year ending September 30,		
2020	$	589,881
2021		(3,630,705)
2022		(3,545,145)
2023		(2,183,836)
2024		(941,315)
Thereafter		1,300,131
	$	(8,410,989)

Actuarial Assumptions

The total pension liability was determined as part of an actuarial valuation as of October 1, 2018 rolled forward to a measurement date of September 30, 2019, using the entry age normal actuarial cost method and RP-2000 Combined Mortality Table set forward five years. The most recent actuarial experience study was completed for the five-year period ended September 30, 2014.

Long-Term Expected Rate of Return

The long-term expected rate of return on the Retirement Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment fees and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

As of the September 30, 2019 measurement date, the geometric mean rates of return of benchmarks for each major investment class in the plan's portfolio, including an expected inflation component of 3.0% are as follows:

Investment Class	Long-Term Expected Rate of Return
Domestic equity	7.1%
Fixed income	5.1%
Real estate	5.0%
ASG bond	7.5%
Cash equivelents	1.8%
Securitized loans	6.5%
Certificate of deposit	7.5% - 8.0%

Discount Rate

As of September 30, 2019, and 2018, the discount rates for calculating the total pension liability is comprised of (a) the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments through fiscal years 2044 and 2048, respectively, the periods for which the Retirement Fund's fiduciary net position is projected to be sufficient to make projected benefit payments and (b) the 20-year AA municipal bond index rate applied to benefit payments for the periods beyond fiscal years 2044 and 2048, respectively.

As of September 30, 2019 and 2018, the blended discount rates used to measure the Retirement Fund's total pension liability are as follows:

	2019	2018
Discount Rate	5.25%	6.33%
Long-term expected rate of return, net of investment expenses	8.00%	8.00%
20-year AA municipal bond index	2.75%	3.83%

The projection of cash flows used to determine the Retirement Fund's discount rate assumes that member and sponsor contributions will continue at current statutory levels.

Sensitivity of ASG's Net Pension Liability to Changes in the Discount Rate

The following presents ASG's net pension liability, calculated using the discount rate of 5.25%, as well as what ASG's net pension liability would be if it were calculated using a discount rate that is 1% point lower (4.25%) or 1% point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
ASG's net pension liability	$ 120,017,784	$ 95,978,199	$ 75,495,434

Note 8 – Long-Term Obligations

Long-term Obligations

Outstanding balances of long-term debt and other liabilities as of September 30, 2019, and changes during the year then ended, are summarized below. Liabilities for compensated absences and claims and judgements will be liquidated by the general fund. The worker's compensation claims liability is reported in the worker's compensation internal service fund and will be liquidated by that fund.

	Long-Term Obligations				
Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds:					
Series 2015 A Bonds	$ 44,195,000	$ -	$ -	$ 44,195,000	$ -
Series 2015 B Bonds	17,895,000	-	2,480,000	15,415,000	2,730,000
Series 2015 C Bonds	11,720,000	-	-	11,720,000	-
Series 2018 ASTCA & Fono Bond	-	50,325,000	715,000	49,610,000	1,260,000
Direct Borrowings:					
Department of Interior	10,119,684	546,463	775,000	9,891,147	100,000
Loan payable FEMA	3,643,319	87,039	-	3,730,358	3,730,358
Claims and judgments	1,066,645	1,359,541	579,178	1,847,008	579,178
Other Borrowings:					
Compensated absences	11,050,105	7,630,865	8,102,974	10,577,996	8,550,222
Net pension liability	106,198,154	-	12,263,235	93,934,919	-
Totals	**205,887,907**	**59,948,908**	**24,915,387**	**240,921,428**	**16,949,758**
Business-type Activities					
Other Borrowings:					
Compensated absences	332,046	215,791	157,026	390,811	168,968
Net pension liability	2,293,550	-	250,270	2,043,280	-
Totals	**2,625,596**	**215,791**	**407,296**	**2,434,091**	**168,968**
Internal service fund					
Workers compensation claims	3,147,451	-	457,976	2,689,475	263,817
Total long-term liabilities	**$ 211,660,954**	**$ 60,164,699**	**$ 25,780,659**	**$ 246,044,994**	**$ 17,382,543**

Loan Payable- FEMA Primary Government

The Territory received proceeds of special community disaster loans from FEMA totaling $10,179,089 during 1993 and 1994. There is a provision in the FEMA regulations that permits FEMA to cancel all or a portion of this loan.

During May 2000, FEMA cancelled $8,638,009 of principal and $3,227,779 of interest on these notes. The Territory expects the remaining amounts of these notes plus interest to be cancelled in subsequent years. Interest is accrued on outstanding balance at 5.47%. As of September 30, 2019, the outstanding principal and unpaid interest on the FEMA notes totaled $1,541,080 and $2,189,278, respectively.

Department of Interior Loan

In 1999, Congress passed legislation that authorized the Secretary of the Interior to lend the Territory up to $18,600,000 at 5.4% interest for an irrevocable assignment of the payments due to the Territory under the Master Settlement Agreement with certain tobacco companies. The legislation requires the Territory to pledge its full faith and credit to repay the loan, should the payments from the Tobacco Settlement be insufficient. The Territory required this pledge to be subordinated with respect to the pledged taxes.

Proceeds of $14,300,000 from the loan were used to pay creditors of the Territory and $4,300,000 was used to plan and implement a fiscal reform program. The loan, including all unpaid principal, accrued interest, and accrued capitalized interest, is due and payable on April 15, 2027. Principal and interest payments are funded for the periodic receipt of the Territory's share of the Tobacco Settlement.

American Samoa Bonds

During August 2015, the Territory issued tax-exempt General Revenue and Refunding Bonds, Series 2015A (Series 2015A Bonds) through ASEDA at an issuance price of $43,664,660 (par $44,195,000) with an average coupon rate of 6.36%. The proceeds of the Series 2015A Bonds were deposited into the Capital Projects Fund to be used to finance settlement of certain legal obligations and funding of ASG projects relating to public safety, transportation, and general government. The Series 2015A Bonds require annual principal payments beginning September 1, 2026 and semi-annual interest payments on March 1 and September 1 beginning March 2016 through maturity in September 2035.

During August 2015, the Territory issued taxable General Revenue and Refunding Bonds, Series 2015C (Series 2015C Bonds) through ASEDA at an issuance price of $11,720,000 in the Series of 2015C Bonds, and the Territory used the bond proceeds to pay the remaining obligations on two notes payable to the Retirement Fund and retire those notes. The Series 2015C Bonds require semi-annual interest payments on March 1 and September 1 beginning March 2016 and payment of the principal at the maturity date of September 1, 2027.

During January 2016, the Territory issued taxable General revenue Bonds, Series 2015B (Series 2015B Bonds) through ASEDA at an issuance price of $20,424,000 (par $23,000,000) with a coupon rate of 10.00%. The proceeds of the Series 2015B Bonds will be used to finance the costs of acquisition and construction of various capital projects, including startup capital for a bank to be owned by the Territory and paying the settlement of certain legal obligations. The Series 2015B Bonds require annual principal payments beginning September 1, 2016 and semi-annual interest payments on March 1 and September 1 beginning March 2016 through maturity in September 2024.

During December 2018, the Territory issued taxable General revenue Bonds, Series 2018 (Series 2018 Bonds) through ASEDA at an issuance price of $49,109,262 (par $50,325,000) with a coupon rate of 6.00%. The proceeds of the Series 2018 Bonds will be used to finance the costs of acquisition and construction of various capital projects, including startup capital for Hawaiki Submarine Cable LP. The Series 2018 Bonds require annual principal payments beginning September 1, 2019 and semi-annual interest payments on March 1 and September 1 beginning September 2019 through maturity in September 2038.

The Series 2015A Bonds and Series 2015B Bonds include certain restrictive covenants that pledge defined revenues and provide schedules for the repayment of the bond principal, interest and premium, and require that the Territory maintain a balanced budget while the bonds are outstanding.

The Territory has outstanding bonds and other direct borrowings related to its long-term obligation totaling $246,044,994. The outstanding bonds and other direct borrowings are all collateralized with their respective revenues and/or property and equipment.

The annual debt service requirements on the bonds outstanding as of September 30, 2019 are as follows:

Year Ending	Governmental Activities	
September 30,	Principal	Interest
2020	$ 3,990,000	$ 8,741,845
2021	4,340,000	8,393,245
2022	4,725,000	8,012,645
2023	5,140,000	7,596,945
2024	7,585,000	7,143,145
2025-2029	28,365,000	28,923,172
2030-2034	37,465,000	18,098,615
2035-2039	29,330,000	4,698,215
	$ 120,940,000	**$ 91,607,827**

Note 9 – Discretely Presented Component Units

Each of these component units is discretely presented in a separate column on the Statement of Net Position and Statement of Activities. The information below is summarized from each discretely presented component unit's audited financial statements, which are available through each entity's administrative office:

	Discretely Presented Component Units					
	Major				Non-major	
	ASPA	ASCC	LBJ	ASTCA	TBAS	Totals
ASSETS						
Cash and investments and other assets	$ 24,457,801	$ 8,200,473	$ 24,038,257	$ 6,420,519	$ 49,605,474	$ 112,722,524
Capital assets, net	192,667,529	12,694,429	29,425,196	68,722,030	3,665,476	307,174,660
Total Assets	217,125,330	20,894,902	53,463,453	75,142,549	53,270,950	419,897,184
DEFERRED OUTFLOWS						
Pension activities	7,088,609	5,312,249	10,748,151	2,429,955	-	25,578,964
Total deferred outflows	7,088,609	5,312,249	10,748,151	2,429,955	-	25,578,964
LIABILITIES						
Accounts payable and other current liabilities	16,015,557	3,279,522	6,163,400	10,304,338	171,320	35,934,137
Due to American Samoan Government	475,751	57,580	-	1,500,000	-	2,033,331
Long-term liabilities	14,558,616	8,853,192	19,617,663	51,725,091	42,123,940	136,878,502
Total Liabilities	31,049,924	12,190,294	25,781,063	63,529,429	42,295,260	174,845,970
DEFERRED INFLOWS						
Pension activities	7,721,894	4,282,950	9,619,018	7,959,287	-	29,583,149
NET POSITION						
Net investment in capital assets capital assets	185,375,229	12,811,048	29,425,196	19,329,104	3,665,476	250,606,053
Restricted	4,187,788	3,254,662	7,717,023	-	3,658,120	18,817,593
Unrestricted	(4,120,896)	(6,331,803)	(8,330,696)	(13,245,316)	3,652,094	(28,376,617)
Total net position	**185,442,121**	**9,733,907**	**28,811,523**	**6,083,788**	**10,975,690**	**241,047,029**

	Discretely Presented Component Units					
	ASPA	ASCC	LBJ	ASTCA	TBAS	Discretely Presented Component Unit Total
REVENUES						
Charges for services	$ 67,684,129	$ 3,428,907	$ 58,164,533	$ 18,154,643	$ 695,807	$ 148,128,019
Loan and deposit interest, net	-	-	-	-	1,237,946	1,237,946
Miscellaneous	3,208,642	123,472	502,898	-	-	3,835,012
Total Revenues	70,892,771	3,552,379	58,667,431	18,154,643	1,933,753	153,200,977
EXPENDITURES						
Operating Expenses						
Operations	36,380,435	9,261,570	55,805,918	16,591,613	3,836,833	
General and administrative	23,274,450	3,548,286	-	-	-	26,822,736
Depreciation	9,777,705	910,053	2,583,799	3,902,859	-	17,174,416
Interest	985,956	-	2,572	145,117	-	
Total Expenditures	70,418,546	13,719,909	58,392,289	20,639,589	3,836,833	167,007,166
Total Operating income (loss)	474,225	(10,167,530)	275,142	(2,484,946)	(1,903,080)	(13,806,189)
NONOPERATING REVENUES						
Capital grants	16,939,295	4,683,764	972,541	-	-	22,595,600
Intergovernmental		-	13,415,437	-	-	13,415,437
Gain/loss on sale of asset	-	-	-	-	239,843	239,843
Payments from ASG						
(net of uncollectible amounts)	-	4,547,961	4,000,000	-	1,000,000	9,547,961
Total Other Financing Sources and Uses	16,939,295	9,231,725	18,387,978	-	1,239,843	45,798,841
Net Change in Fund Balance	17,413,520	(935,805)	18,663,120	(2,484,946)	(663,237)	31,992,652
Net Assets - Beginning	168,028,601	10,669,712	10,148,403	8,568,734	11,638,927	209,054,377
Prior Period Adjustment	-	-	-	-	-	-
Net Assets - Ending	$ 185,442,121	$ 9,733,907	$ 28,811,523	$ 6,083,788	$ 10,975,690	$ 241,047,029

Note 10 – Risk Management and Insurance

It is the policy of the Territory to cover the risk of losses to which it may be exposed through risk management activities. In general, the Territory is self-insured for health care claims and tort liability. There have been no significant changes in coverages or claims in excess of coverages during the past three years.

Health Care

Health care coverage is provided for all residents. To receive services, residents present their American Samoa Government Health Card along with a nominal payment at the time of service. The Territory assumes fiscal responsibility for authorized referrals to off-island medical care providers as well as providing care to patients at the American Samoa Medical Center Authority- Lyndon B. Johnson Tropical Medical Center. The accrual of expenses incurred in future years from medical claims existing as of September 30, 2019 cannot be reasonably estimated and is not recorded.

Other Insurance

ASPA, ASTCA, the Retirement Fund, and the Petroleum Cooperative maintain separate property and automobile liability insurance.

Property

The Territory has a property damage insurance policy with a commercial insurance company that covers any physical loss or damage caused by all perils, to all tangible property of every description not expressly excluded by the policy, which is in the Territory and owned or held by the Territory jointly, or in trust or on commission or for which the Territory is responsible or has assumed responsibility. The primary policy covers up to $25,000,000 for all of the Territory's property with a deductible of $2,000,000 for earthquake, $1,000,000 for flood and hurricane, and $100,000 deductible for all other perils.

Workers Compensation

The Territory is self-insured for its worker's compensation liability to pay compensation as defined under the Workers Compensation Act. The administration of this self-insurance arrangement is handled by the Territory through its Internal Service Fund, the Workers Compensation Fund. All funds, agencies and component units of the Territory participate in the Workers Compensation Fund. Each unit contributes to the fund a "premium" amount calculated using the prior experience of the und as a while.

Changes in the balances of accrued worker's compensation claims are as follows:

	Year ended September 30,	
	2018	**2019**
Accrued workers compensation claims, beginning of year	3,179,988	3,147,451
New accrued claims	156,737	-
Claims payments	(189,274)	(457,976)
Accrued workers compensation claims, end of year	**$ 3,147,451**	**$ 2,689,475**

Workers compensation claims are recorded when it is probably that a loss has occurred and the amount of that loss can be reasonably estimated, typically after a decision has been reasonably estimated, typically after a decision has been rendered by an Administrative Law Judge. Liabilities for incurred losses settled by fixed and reasonably determinable payments over a long period of time are reported at their present value using an expected future investment yield based on the current investment yield of 3.0%. As of September 30, 2019, these liabilities are reported at their present value of $2,689,475. Claims liabilities and investments designated for payment of those claims are reported in the governmental activities column of the government-wide statement of net position.

Public Liability

The Territory is self-insured for purposes of public liability. The Territory's Tort Liability Act allows the government to be sued for personal injury or death caused by the negligent or wrongful act or omission of any employee of the government while acting within the scope of his/her employment. The Territory continues to satisfy its obligations under the Government Tort Liability Act with an amount budgeted by the Fono each fiscal year. The Attorney General's Office is responsible for the acquisition and administration of any self-insurance plans and programs adopted for use by the Territory. The estimated liability for self-insured losses is $1,847,008 as of September 30, 2019. (See Note 12)

Note 11 – Solid Waste Landfill Closure and Post-Closure Costs

The Futiga Landfill is a two-cell solid waste landfill site. The first cell was operated for approximately thirty years before it was transferred to ASPA in February 1995. Upon transfer, the first cell was substantially filled and is currently considered full. ASPA has operated the landfill since the transfer and has expanded the landfill to include a new section, approximately the same size and capacity as the original fill site. At September 30, 2019, the new landfill cell has a remaining estimated useful life of seven years. Total estimated closure and post-closure costs for the two landfill cells is $901,604 based on a 2003 study. Estimated costs of the closure and post-closure care are subject to changes such as the effects of inflation, revision of laws and other variables.

Based on an opinion from the American Samoa Environmental Protection Agency, American Samoa has no local statutes governing the operation of municipal landfills and no regulations govern closure and post-closure requirements. Therefore, ASPA;s management believes that the Territory has no legal obligation under federal or local law to incur closure and post-closure costs for the two landfill sites and has not accrued any closure or post-closure costs as of September 30, 2019 and 2018.

Note 12 – Commitments and Contingencies

Litigation

The Territory is party to numerous pending or threatened lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. Generally, the Territory is self-insured, except for property damage and fidelity bond coverage.

With respect to legal matters expected to be settled subsequent to September 30, 2019, the Office of the Attorney General has estimated the amount of liability determined as of September 30, 2019, in accordance with generally accepted accounting principles as probably. The Territory has recorded a liability for judgements and claims in the amount of $1,847,008.

Changes in balances of claims and judgements liabilities are summarized as follows:

	Year ended September 30,	
	2018	**2019**
Unpaid claims and judgments, beginning of year	1,048,814	1,066,645
Incurred claims and judgments	162,583	1,359,541
Claims and judgment payments	(144,752)	(579,178)
Unpaid claims and judgments, end of year	**$ 1,066,645**	**$ 1,847,008**

Grants

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Audits may lead to reimbursement to the grantor agencies. The Territory records liabilities for all audit reports that are expected to lead to disallowed costs. As of September 30, 2019, any potential reimbursements related to ongoing or pending audits cannot be estimated.

Commitments

As of September 30, 2019, outstanding commitments are comprised of the balances summarized below. Payment of these commitments will be financed through federal grant program revenues, tax revenues, and available resources.

	Commitments			
	Committed as of September 30, 2018	2019 Project Authorization	Expended Through September 30, 2019	Committed as of September 30, 2019
Airport improvements	$ 27,101,229	$ 30,474,646	$ 10,864,469	$ 46,711,406
Cooperative imprvts	2,390,950	-	2,003,433	387,517
Educational facilities	7,105,113	-	4,700,949	2,404,164
FEMA improvements	217,967	2,420,378	1,981,290	657,055
	$ 36,815,259	$ 32,895,024	$ 19,550,141	$ 50,160,142

Note 13 – Tax Abatements

The Territory negotiates corporate and excise tax abatement agreements on an individual basis as allowed under ASCA §11.601-11.1612. This exemption allows business a tax reduction of up to 100% of corporate and excise taxes based on qualifications under ASCA §11.601-11.1612 and tax abatement agreements authorized by the American Samoa Tax Exception Board. During the year ended September 30, 2019, the Territory abated corporate taxes totaling approximately $9.2 million from two commercial entities with operations in the Territory.

Note 14 – New Pronouncements for Financial Reporting

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB) and were implemented by the Territory during the fiscal year ended September 30, 2019:

- GASB Statement No. 83, Certain Asset Retirement Obligations, which addresses accounting and financial reporting for certain asset retirement obligations (AROS) associated with the retirement of tangible capital asset. This Statement establishes criteria for determining the timing and recognition of a liability and a corresponding deferred outflow of resources for AROs and disclosure requirements about the nature of the government's AROs, methods and assumptions used for the estimates of liabilities, and the estimated remaining useful life of the associated tangible capital assets.

- GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement also clarifies which liabilities governments should include when disclosing information related to debt.

The following pronouncements have been issued by the GASAB but have not yet been implemented by the Territory. Management is evaluating the effect that the implementation of these Statements will have on the Territory's financial statements.

- GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments based on whether a government controls the assets of the fiduciary activity and the beneficiaries with whom a fiduciary activity exists. Fiduciary activity meeting the criteria in the Statement will be reported as one of four types of fiduciary funds defined in the Statement. The provisions in Statement No. 84 is effective for the fiscal year ending September 30, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

- GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognition of inflows of resources or outflows of resources based on the payment provisions of the lease contract. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under the Statement, a lessee will recognize a lease liability and an intangible right-to-use lease asset, and a lessor will recognize a lease receivable and a deferred inflow of resources. This Statement is effective for the fiscal year ending September 30, 2021. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement is effective for the fiscal year ending September 30, 2021. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

- GASB Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*, defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government's holding of the equity interest meets the definition of an investment. For other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government holding the equity interest should report an asset related to the majority equity interest using the equity method. This Statement is effective for the fiscal year ending September 30, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

- GASB Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Statement is effective for the fiscal year ending September 30, 2021. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

Note 15 – Subsequent Events

The Territory has evaluated subsequent events through April 28, 2020, the date the financial statements were available for issuance, for items that could have a material impact on the financial statements at September 30, 2019. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including duration and spread of the outbreak. At this point, the extent to which COVID-19 may impact the Territory in uncertain.

In addition, subsequent to year end, American Samoa Government entered the process to refinance the 2015B and 2015C Bonds. The refinancing of these bonds will be based on the economic value to the Government and market conditions.

Note 16 – Prior Period Adjustments

Prior period adjustments were done in the General Fund and Shipyard opinion units. The prior period adjustment in the General Fund opinion units was to account for an agreement between American Samoa Government and one of their discretely presented component units to eliminate loans and amounts due to the primary government signed by the Governor. The prior period adjustment in the Shipyard opinion unit was to account for payables in the prior period grouped as expenditures that were material to that opinion unit.

Required Supplementary Information

Territory of American Samoa
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis
General Fund
As of September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
Revenues				
Charges for services	$ 6,100,000	$ 6,100,000	$ 14,671,540	$ 8,571,540
Taxes	64,559,000	64,559,000	61,608,779	(2,950,221)
Fines and forfeitures	4,700,000	4,700,000	4,616,741	(83,259)
Licenses and permits	1,500,000	1,500,000	1,319,988	(180,012)
Interest	-	-	4,332	4,332
Intergovernmental revenues	12,271,000	12,271,000	14,673,368	2,402,368
Investment Earning	5,000,000	5,000,000	772,186	(4,227,814)
Miscellaneous	2,060,000	2,060,000	3,671,510	1,611,510
Total Revenues	96,190,000	96,190,000	101,338,444	5,148,444
Expenditures				
General government	38,168,000	38,168,000	35,988,209	(2,179,791)
Education and culture	29,198,000	29,198,000	27,010,814	(2,187,186)
Health and welfare	12,126,500	12,126,500	7,860,229	(4,266,271)
Public Safety	10,949,000	10,949,000	9,391,216	(1,557,784)
Economic development	7,873,500	7,873,500	8,676,755	803,255
Public works	8,243,500	8,243,500	7,547,594	(695,906)
Total Expenditures	106,558,500	106,558,500	96,474,817	(10,083,683)
Excess Revenues Over (Under) Expenditures	(10,368,500)	(10,368,500)	4,863,627	15,232,127
Other financing sources (uses)				
Transfers in	2,500,000	2,500,000	(69,416)	(2,569,416)
Change in fund balance	(7,868,500)	(7,868,500)	4,794,211	12,662,711
Fund Balances - Beginning	3,876,174	3,876,174	3,876,174	-
Prior period adjustment	-	-	2,719,145	-
Fund Balances - Ending	$ (3,992,326)	$ (3,992,326)	$ 11,389,530	$ 12,662,711

Intergovernmental revenues include operating grant revenues totaling $13,679,001 that are included in Grant Fund revenues on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Federal Grants
As of September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Over(Under)
Revenues				
Intergovernmental	$ 116,079,500	$ 116,079,500	$ 168,740,987	$ 52,661,487
Miscellaneous	-	-	1,622,676	1,622,676
Total Revenues	116,079,500	116,079,500	170,363,663	54,284,163
Expenditures				
General government	22,446,000	22,446,000	17,551,962	(4,894,038)
Education and culture	45,016,000	45,016,000	52,207,495	7,191,495
Health and welfare	34,616,000	34,616,000	77,957,366	43,341,366
Public Safety	5,878,000	5,878,000	4,463,437	(1,414,563)
Economic development	8,123,500	8,123,500	8,288,652	165,152
Public works	-	-	9,893,257	9,893,257
Total Expenditures	116,079,500	116,079,500	170,362,169	54,282,669
Excess Revenues Over (Under) Expenditures	-	-	1,494	1,494
Fund Balances - Beginning	1,630,238	1,630,238	(822,639)	(2,452,877)
Fund Balances - Ending	$ 1,630,238	$ 1,630,238	$ (821,145)	$ (2,451,383)

Intergovernmental revenues do not include operating grant revenues totaling $13,679,001 that are included on the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Schedule of the Territory's Proportionate Share of the Net Pension Liability
Year Ended September 30, 2019

	Year Ended September 30,				
	2019	**2018**	**2017**	**2016**	**2015**
Proportion of the net pension liability	67.45%	68.14%	67.71%	67.44%	68.55%
Poportionate share of the net pension liability	$ 95,978,199	$ 108,491,704	$ 146,314,552	$ 142,575,436	$ 84,173,042
ASG's covered payroll	$ 66,106,010	$ 67,762,713	$ 67,403,649	$ 67,582,489	$ 67,283,411
Proportionate share of the net pension liability as a percentage of ASG's covered payroll	145.19%	160.11%	217.07%	210.97%	125.10%
Retirement fund fiduciary net position as a percentage of the total pension liability	58.72%	55.03%	46.21%	46.75%	63.52%

This schedule is presented to illustrate the requirement to show information for 10 years. Howerver, until a full 10-year trend is compliled, the Territory will present information for the years for which information is available

The notes to the financial statements are an integral part of this statement

Territory of American Samoa
Schedule of Territory Contributions
Year Ended September 30, 2019

	Year Ended September 30,				
	2019	**2018**	**2017**	**2016**	**2015**
Actuarially determined contributions	$ 11,000,040	$ 10,245,722	$ 9,166,896	$ 7,880,639	$ 8,420,824
Contributions in relation to actuarially determined contributions	5,288,481	5,256,278	5,421,017	5,392,294	5,406,628
Contributions deficiency	$ 5,711,559	$ 4,989,444	$ 3,745,879	$ 2,488,345	$ 3,014,196
ASG's covered payroll	$ 66,106,010	$ 65,703,475	$ 67,762,713	$ 67,403,649	$ 67,582,489
Contributions as a percentage of ASG's covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%

This schedule is presented to illustrate the requirement to show information for 10 years. Howerver, until a full 10-year trend is compliled, the Territory will present information for the years for which information is available

The notes to the financial statements are an integral part of this statement

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Larson
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governor of the Territory of American Samoa
Territory of American Samoa
Pago Pago, American Samoa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Territory of American Samoa (the Territory) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Territory's basic financial statements, and have issued our report thereon dated April 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Territory's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Territory's internal control. Accordingly, we do not express an opinion on the effectiveness of the Territory's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2019-01 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2019-02 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Territory's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance which are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-03.

The Territory's Responses to the Findings

The Territory's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Territory's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah
April 28, 2020

Larson
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Governor of the Territory of American Samoa
Territory of American Samoa
Pago Pago, American Samoa

Report on Compliance for Each Major Federal Program

We have audited the Territory of American Samoa's (the Territory's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Territory's major federal programs for the year ended September 30, 2019. The Territory's major federal programs are identified in the summary of auditor's results in the accompanying schedule of findings and questioned costs.

The Territory's basic financial statements include the operations of the following component units: the American Samoa Community College, the American Samoa Telecommunications Authority, the American Samoa Medical Center Authority, and the Territorial Bank of American Samoa, which received $21.7 million in federal awards which are not included in the Schedule of Expenditures of Federal Awards during the year ended September 30, 2019. Our audit, described below, did not include the operations of these component units because the components report separately on their audit in accordance with Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Territory's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Territory's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Territory's compliance.

Basis for Qualified Opinion on One Major Program

As described below and in the accompanying schedule of findings and questioned costs, the Territory did not comply with certain requirements regarding the following:

CFDA	Federal Awarding Agency	Name of Program or Cluster	Compliance Requirement	Finding Number
20.205	U.S Department of Transportation	Highway Planning and Construction	Special tests and provisions	2019-05

Compliance with such requirements is necessary, in our opinion, for the Territory to comply with the requirements applicable to this major program.

Qualified Opinion on Five Major Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on One Major Program paragraph, the Territory complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect of the major federal programs identified above for the year ended September 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Territory complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with Uniform Guidance, and which is described in the accompanying schedule of findings and questioned costs as finding 2019-06 and 2019-08. Our opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control over Compliance

Management of the Territory is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Territory's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Territory's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirements of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable

possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2019-05 (special tests and provisions) and 2019-08 (federal agency review findings) to be a significant deficiency.

The Territory's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Territory's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Repot on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Territory as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Territory's basic financial statements. We issued our report on April 28, 2020, which contained qualified opinions related to the Governmental Activities and Grant Fund. Our report contained unmodified opinions related to the Business-Type Activities, General Fund, Airport Fund, Capital Projects Fund, Debt Service Fund, and Aggregate Remaining Fund information, and Discretely Presented Component Units of the Territory.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the audit of the financial statements, The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Larson & Company, PC

Spanish Fork, Utah
April 28, 2020

Territory of American Samoa
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Federal Grantor/Program	CFDA #	Total Expenditures
Department of Agriculture		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	$ 1,675
Specialty Crop Block Grant Program - Farm Bill	10.170	390,223
Supplemental Nutrition Assistance Program	10.551	7,489,601
National School Lunch Program	10.555	18,989,153
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	6,817,089
Cooperative Forestry Assistance	10.664	116,119
Emergency Watershed Protection Program	10.923	6,196
Agricultural Statistics Report	10.950	86,978
Total Department of Agriculture		**33,897,034**
Department of Commerce		
Investment for Public Works & Economic Development	11.300	210,584
Economic Development Support for Planning	11.302	9,977
Economic Development _ Technical Assistance	11.303	384
Interjurisdictional Fisheries Act of 1986	11.407	123,202
Coastal Zone Management Administration Awards	11.419	849,336
Pacific Fisheries Data Program	11.437	35,717
Unallied Industry Projects	11.452	159,560
Unallied Management Projects	11.454	7,577
Meteorologic and Hydrologic Modernization Development	11.467	193,442
Coral Reef Conservation Program	11.482	823,206
State & Local Implementation Grant Program	11.549	260,601
Total Department of Commerce		**2,673,587**
Department of Housing and Urban Development		
Community Development Block Grants/Special Purpose Grants/Insular Areas	14.225	940,869
Total Department of Housing and Urban Development		**940,869**
Department of Interior		
Economic, Social, and Political Development of the Territories	15.875	29,731,557
Historic Preservation Fund Grants-In-Aid	15.904	463,985
Coastal Wetlands Planning, Protection and Restoration Program	15.614	8,177
State Wildlife Grants	15.634	376,450
Fish and wildlife cluster		
Sport Fish Restoration Program	15.605	1,283,613
Wildlife Restoration and Basic Hunter Education	15.611	873,751
Total Fish and wildlife cluster		2,157,364
Total Department of Interior		**32,737,533**
Department of Justice		
Sexual Assault Services Formula Program	16.017	150
Juvenile Justice and Delinquency Prevention_Allocation to State	16.540	37,897
Crime Victim Assistance	16.575	463,205
Violence Against Women Formula Grants	16.588	689,909
Residential Substance Abuse Treatment for State Prisoners	16.593	76,050
State Criminal Alien Assistance Program	16.606	1,542
Public Safety Partnership & Community Policing Grant	16.710	313,874
Edward Byrne Memorial Justice Assistance Grant Program	16.738	400,718
Support for Adam Walsh Act Implementation Grant Program	16.750	129,462
Total Department of Justice		**2,112,808**
Department of Labor		
Senior Community Service Employment Program	17.235	704,240
Unemployment Insurance	17.225	11,438
Apprenticeship USA Grants	17.285	16,168
WIOA Cluster		
WIOA Adult Program	17.258	256,025
WIOA Youth Activities	17.259	283,762
WIOA Dislocated Workers	17.278	252,371
Total WIOA Cluster		792,159
Total Department of Labor		**1,524,005**

See notes to schedule of expenditures of federal awards.

Territory of American Samoa
Schedule of Expenditures of Federal Awards (continued)
Year Ended September 30, 2019

Federal Grantor/Program	CFDA #	Total Expenditures
Department of Transportation		
Airport Improvement Program	20.106	$ 13,240,665
Highway Planning and Construction	20.205	6,498,581
Motor Carrier Safety Assistance Program	20.218	264,378
Formula Grants for Rural Areas	20.509	579,247
State and Community Highway Safety	20.600	355,582
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	105,745
Total Department of Transportation		**21,044,198**
National Foundation of Arts & Humanities		
Promotion of the Arts Partnership Agreement	45.025	288,622
Total National Foundation of Arts & Humanities		**288,622**
Environmental Protection Agency		
Environmental Protection Consolidated Grants for the Unsular Areas - Program Support	66.600	1,969,023
Total Environmental Protection Agency		**1,969,023**
Department of Engergy		
State Energy Program	81.041	250,851
Weatherization Assistance for Low-Income Persons	81.042	263,115
Total Department of Energy		**513,966**
Department of Education		
Special Education - Grants to States	84.027	6,175,486
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	1,007,361
Rehabilitation Services_Client Assistance Program	84.161	44,819
Rehabilitation Services_Independent Living Services for Older Blind Individuals	84.177	34,874
Special Education-Grants for Infants and Families	84.181	580,922
Supported Employment Services for Individuals	84.187	14,819
Program of Protection and Advocacy of Individual Rights	84.240	83,065
Striving Readers	84.371	22,641
Statewide Data Systems	84.372	1,973,515
Consolidated Grant to the Outlying Areas	84.403	20,217,248
Total Department of Education		**30,154,751**
US Election Assistance Commission		
HAVA (Help America Vote Act)	90.401	178,188
Total US Election Assistance Commission		**178,188**
Department of Health & Human Services		
Birth Defects & Development Disabilities	93.073	2,871
Hospital Preparedness Program (HPP) and Public Health EmergencyAgreements Preparedness (PHEP) Aligned Cooperative	93.074	636,478
Maternal and Child Health Federal Consolidated Programs	93.110	467,453
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	395,015
Protection and Advocacy for Individuals with Mental Illness	93.138	134,780
Projects for Assistance in Transition from Homelessness (PATH)	93.150	34,505
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	384,441
State Grants for Protection and Advocacy Services	93.267	17,127
Immunizaion Grants	93.268	524,741
Epidemiology & Laboratory Capacity for Infectious Dieseases	93.323	341,912
Behavior Risk Factor Surveillance System	93.336	16,051
ACL Independent Living State Grants	93.369	43,064
ACL Centers for Independent Living	93.432	146,737
ACL Assistive Technology	93.464	180,192
Family to Family Health Information Center	93.504	35,976
Affordable Care Act - Building Epidemiology, Laboratory, and Health Information System	93.521	73,398
Promoting af and Stable Families	93.556	46,432
Low-Income Home Energy Assistance	93.568	301,936
Community Services Block Grant	93.569	1,037,458
Child Care and Development Block Grant	93.575	3,464,378

See notes to schedule of expenditures of federal awards.

Territory of American Samoa
Schedule of Expenditures of Federal Awards (concluded)
Year Ended September 30, 2019

Federal Grantor/Program	CFDA #	Total Expenditures
Department of Heath & Human Services (continued)		
Community-Based Child Abuse Prevention Grants	93.590	$ 96,305
Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems	93.618	35,227
Developmental Disabilities Basic Support and Advocacy Grants	93.630	465,066
Children's Justice Grnts to Sates	93.643	39,568
CHILD WELFARE SERVICES	93.645	210,062
Social Services Block Grant	93.667	30,594
CHILD ABUSE & NEGLECT	93.669	105,035
Family Violence Prevention and Services	93.671	160,873
Preventive Health and Health Services Block Grant (PPHF)	93.758	1,594
Children's Health Insurance Program	93.767	3,643,658
OPIOD STR	93.788	247,479
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELCID)	93.815	13,827
ACL Assistive Technology State Grants	93.843	24,602
Cancer Prevention & Control Programs for State	93.898	439,244
STATE GRANTS FOR PROTECTON & ADVOCACY SERVICES	93.873	17,772
HIV Care Formula Grants	93.917	47,700
Assistance Programs for Chronic Disease Prevention and Control	93.945	339,370
Block Grants for Community Mental Health Services	93.958	140,580
Block Grants for Prevention and Treatment of Substance Abuse	93.959	303,519
ZIKA Health Care Services Program	93.966	554,617
Maternal and Child Health Services Block Grant to the States	93.994	343,682
MENTAL HEALTH DISASTER ASSISTANCE	93.982	518,256
Head Start	93.600	4,479,368
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	5,372
Prevention Health and Health Services Block	93.991	76,640
Food and Drug Administraion _ Research	93.103	19,132
Medical Assistance Program	93.778	44,828,951
Aging Cluster		
Special Programs for Aging Title III Support Services	93.044	148,381
Special Programs for the Aging Title III Parct C Nutrition Service	93.045	639,376
Total Aging Cluster		787,757
Health Center Cluster		
Consolidated Health Centers (Community Health Center, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Centers	93.224	3,978,535
ACA Grants for New & Expanded Service under the Health Center Program	93.527	13,518
Total Health Center Cluster		3,992,054
Maternal, Infant, and Early Childhood Homve Visiting Center Cluster		
Maternal, Infant & Early Childhood Home Visiting Program	93.870	958,686
Total Maternal, Infant, and Early Childhood Homve Visiting Center Cluster		958,686
Total Health & Human Services		**71,211,537**
Social Security Administration		
Social Security Grants for Work Incentive Assistance to Disabled Beneficiaries	96.009	16,770
Total Social Security Administration		**16,770**
Department of Homeland Security		
Boating Safety Financial Assistance	97.012	675,116
Emergency Management Performance Grants	97.042	1,042,336
Crisis Counseling	97.032	5,062
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	3,247,108
Hazard Mitigation Grant	97.039	4,713,446
Homeland Security Grant Program	97.067	357,187
Pre-Disaster Mitigation	97.088	331,178
Total Department of Homeland Security		**10,371,432**
Total Federal Awards Expended		**$ 209,634,322**

See notes to schedule of expenditures of federal awards.

Note 1 – Reporting Entity

The Territory of American Samoa (the "Territory"), for purposes of the financial statements, includes all of the funds of the primary government as defined by Governmental Accounting Standards Board. The Schedule of Expenditures of Federal Award (the "Schedule") does not include assistance directly received by its component units: the American Samoa Power Authority, the American Samoa Community College, the American Samoa Telecommunications Authority, and the American Samoa Medical Center Authority. These component unites file a separate single audit report with the Federal Audit Clearinghouse. Federal financial assistance received by the Development Bank of American Samoa, an organization related to the Territory, is also excluded from the Schedule of Expenditures of Federal Awards.

Note 2 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Territory under programs of the federal government for the year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). All federal awards received by the Territory are direct awards, there are no awards passed through from another entity. Because the schedule presents only a selected portion of the operations of the Territory, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Territory.

Note 3 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Territory has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 4 – Loans

The Territory received proceeds of special community disaster loans from FEMA totaling $10,179,089 during 1993 and 1994. There is a provision in the FEMA regulations that permits FEMA to cancel all or a portion of this loan. During May 2000, FEMA cancelled $8,638,009 of principal and $3,227,779 of interest on these notes. The Territory expects the remaining amounts of these notes plus interest to be cancelled in subsequent years. As of September 30, 2019, the outstanding principal and unpaid interest on the FEMA notes totaled $3,730,358. This loan is not reflected in the accompanying Schedule of Expenditures of Federal Awards.

Note 5 – Passthrough Awards

Each of the federal awards presented on this Schedule of Expenditures of Federal Awards are directly received from the federal grantor.

Territory of American Samoa
Schedule of Findings and Questioned Costs
September 30, 2019

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles:

Governmental Activities	Qualified
Business-Type Activities	Unmodified
General Fund	Unmodified
Grant Fund	Qualified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Airport Fund	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal Control over financial reporting:

- Material weaknesses identified ☒ Yes ☐ No
- Significant deficiencies identified ☒ Yes ☐ No

Noncompliance material to the financial statements noted? ☒ Yes ☐ No

Federal Awards

Internal control over federal programs

- Material weaknesses identified ☐ Yes ☒ No
- Significant deficiencies identified ☒ Yes ☐ No

Type of auditor's report issued on compliance for major federal programs: See below

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☒ Yes ☐ No

I. Summary of Auditor's Results (continued)

Identification of Federal Major Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs

CFDA Numbers	Name of Federal Program or Cluster	Type of Auditor's Report Issued
10.551	Department of Agriculture - Supplemental Nutrition Assistance Program	Unmodified
10.555	Department of Agriculture - National School Lunch Program	Unmodified
10.557	Department of Agriculture - Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified
15.875	Department of the Interior - Economic, Social, and Political Development of the Territories	Unmodified
20.106	Department of Transportation - Airport improvement program	Unmodified
20.205	Department of Transportation - Highway Planning and Construction	Qualified
84.027	Department of Education - Special Education - Grants to States	Unmodified
84.403	Department of Education - Consolidated Grant to the Outlying Areas	Unmodified
93.575	Department of Health & Human Services Child Care and Development Block Grant	Unmodified
93.767	Department of Health & Human Services - Children's Health Insurance Program	Unmodified
93.600	Department of Health & Human Services - Head Start	Unmodified
93.778	Department of Health & Human Services - Medical Assistance Program	Unmodified
93.224	Department of Health & Human Services - Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Centers for the Homeless, Public Housing Primary Care and School Based Health Centers)	Unmodified
97.036	Department of Homeland Security - Disaster Grants Assistance (Presidentially Declared Disasters)	Unmodified
97.039	Department of Homeland Security - Hazard Mitigation Grant	Unmodified

Dollar threshold used to distinguish between type A and type B Programs: $3,000,000

Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

See notes to schedule of expenditures of federal awards.

II. *Governmental Auditing Standards* Findings

Finding 2019-01 General Ledger Reconciliation/Financial Close and Reporting Process. (Material Weakness in Internal Control)

Criteria:
In order to provide timely and accurate financial reports, the general ledger accounts of the Territory should be reconciled each month on a timely basis. The reconciliations performed by accounting and finance staff should be approved by supervisory personnel and supported with proper documentation.

A strong system of internal controls ensures that accurate and complete financial statements are prepared in accordance with generally accepted accounting principles (GAAP), including all required disclosures. This can be achieved by producing the financial statements in house, or by outsourcing the function. However, if outsourced, management retains the responsibility to ensure the statements are accurate, complete, and in accordance with GAAP.

Condition and context:
The Territory does not have an adequate control system in place to ensure that the general ledger accurately reflects the account balances of the Territory on a monthly, quarterly, or annual basis. Below are observations noted during our audit:

- The Territory's general ledger is not reconciled to subsidiary ledgers or source documents on a monthly basis, not is it closed or summarized in such a manner to accurately portray the accounts and activities of the Territory on a monthly basis. At year-end, the general ledger was not closed on a timely basis, and management or the auditors posted significant adjustments during and after fieldwork, January – March 2020. Adjusting entries of approximately $6 million were proposed and/or posted to the general fund. Adjusting entries of approximately another $6 million were proposed and/or posted to other funds.
- The Territory's control system does not include measures to ensure that preparation of the Territory's financial statements and footnotes were prepared in accordance with GAAP.
- The Territory does not have proper cutoff of payables at year-end. There were significant invoices received after year-end that were recorded in the subsequent period which were related to goods and services provided during the current period. These invoices should be identified and accrued back to the correct period as a part of the closing process.
- The Territory maintains spreadsheets for federal grants, grants receivable, and deferred revenue. These spreadsheets contain significant amounts of data that identifies each grant award, expenditures on an annual basis, and the amount of receivables due, or revenue deferred for each grant. However, the spreadsheet does not reconcile to prior year receivables and deferred revenue as a beginning balance. General ledger amounts are adjusted to match ending balances on the spreadsheet at closing.
- Similar findings have been reported in previous years that remain unaddressed.

Cause:
The accounting policies, procedures, and controls to ensure a robust internal control structure governing the general ledger maintenance and the financial close and reporting process are not functioning as intended. The Territory has added additional staff and contracted with an external Comptroller. This has improved the processes and reporting over the prior period, however, there are controls and processes that still need to be addressed, implemented, and/or adjusted to have a solid internal control reporting structure.

Effect:
The Territory's accounts are not reconciled on a timely basis and the Territory is not able to produce accurate and timely financial statements. Certain general ledger accounts require significant adjustments after the books should have been closed.

Recommendation:
We recommend ASG perform a monthly close process for all of the financial statement accounts. Many of the errors or differences noted result from a lack of monitoring throughout the year. ASG should utilize the additional staff and external Comptroller in order to have a high-level review of ALL financial statement accounts on a monthly schedule. ASG should be able to produce timely and accurate financial reports at any time during the year, and shortly after the close of the fiscal year.

View of responsible officials and corrective action plan:
ASG agrees with the finding. Upon reflecting on prior year's reconciliation, Treasury Finance has reclassified personnel responsibilities with reinforcement on monthly deadlines. Accountants are to work closely with IT in reconciling the check register to the GL, with emphasis on voided checks and check cancellation. Due to large amounts of wire transfers processed daily, entries are to be booked on a daily basis. Newly assigned accountant for the Grant Fund is responsible for monitoring the booking of cash receipts once received. Journal entries are to be given thorough review for accuracy before posting to avoid any major adjustments in fiscal year-end closing.

Finding 2019-02 Taxes (Significant Deficiency in Internal Controls)

Criteria:
Generally, accepted accounting principles require proper accounting and record keeping of tax related accounts, including tax revenues, tax receivables, and the related allowance for uncollectable accounts and tax refund liabilities.

Condition and context:
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 tax system continues to operate largely as a standalone system that does not interface with the Territory's general ledger accounting system. There is limited interface between the Tax Office and Treasury. This results in material entries being posted to the general ledger, and significant estimates made regarding the collectability of tax accounts.

During our audit we noted the following:

- There are a number of assessments that are significantly past due, and the allowance accounts contain large balances. Receivable accounts decreased during the prior period, however, allowance accounts remained virtually the same. Accounts with balances past the statute of limitations should be removed from the receivable accounts and allowance accounts in order to reflect a more accurate financial picture at any given point during the fiscal year. Tax receivable accounts, revenue accounts, liability accounts, and refund accounts should be reconciled on a monthly basis.
- The Territory appeared to have been more aggressive at collecting outstanding taxes during the period, however, there is little communication between the Tax Office and the Treasury, resulting in a lack of monitoring controls, review controls, and reconciliation controls.

Cause:
The Moana tax system is still being utilized by the territory. The Moana system does not integrate with the accounting software and appropriate reconciliations and monitoring of taxes receivables, uncollectible accounts, liabilities, and refunds is not done on a monthly basis. Adjustments to revenue and receivable accounts were made to the general ledger several months after the end of the fiscal year.

Recommendation:
While there have been significant improvements in this area, there are significant controls that could be implemented. We recommend that the Comptroller and management review and reconcile tax related accounts on a monthly basis. There should be open and frequent communication with the Tax Office, and if the tax software and the general ledger system are not integrated, then extra mitigating controls should be implemented to review, reconcile, and monitor these accounts. We also recommend that the Territory review accounts that are close to the statute of limitations be aggressively collected in possible. If they are past the statute of limitations, Management should write the balances off as uncollectible and remove them from the accounting records. This will clean up the tax related accounts and provide more accurate and reliable financial reporting. Management should also review the estimates for uncollectible accounts on a periodic basis, as these estimates may change over time.

Views of responsible officials and corrective action plan:
ASG agrees with the finding. The Tax Office forwarded its approved reorganizational plan by Treasurer Tonumaipe'a to Governor Lolo for his final approval. This plan mitigates all the findings as listed by auditors except for our tax system (MOANA).

- The reorganization plan would include a new post of Deputy Tax Manager-Enforcement & Administration and a new Chief of Collections. These positions would devise & revise policies and procedures on mitigating findings of reconciliations & monitoring of accounts receivables on a monthly basis and report to the Tax Manager who in turn reports to the Treasurer.
- Also included in the reorganization plan is a new post for Deputy Tax Manager-Operations, who will be responsible for reconciliation, monitoring and review of tax refunds and report to the Tax Manager, who'll in turn report to the Treasurer.

As for MOANA Tax System, we are currently looking for a new tax system with capabilities to interact with our current financial system

Finding 2019-03 Excise tax documentation (Control Deficiency)

Criteria:
Generally accepted accounting principles and a good internal control system requires adequate documentation be retained to support financial statement balances and disclosures.

Condition and context:
During our audit we noted several supporting documents related to the collection of excise tax could not be found. Based on our sample size and the number of samples that were missing documentation, we were still able to validate with reasonable assurance the balance of excise tax reported in the financial statements, however, with the number of lost documents noted in our sample, there appears to be a control deficiency that should be corrected.

Cause:
Based on inquiries and review of procedures, we were unable to determine how or why the documents were not available to be reviewed. With the amount of paper files, it is possible that the documents were misfiled, attached to other documents, or were misplaced and lost.

Recommendation:
We recommend that Management and staff review the procedures for processing the paperwork related to excise taxes. Specifically looking for areas where mitigating controls should be adjusted or implemented. We also recommend that the Territory consider an electronic filing system with unique identifiers contained in the documents that would allow them to be searched for if misfiled or misplaced.

Views of responsible officials and corrective action plan:
ASG agrees with the auditors' finding. The following actions will be taken to improve records management at Treasury Customs.

Corrective Action Plan:
1. Each supervisor from Processing, Inspection, Statistics, and Compliance is responsible to ensure their respective sections follow the records management flowchart implemented in the SOP.
2. Each supervisor is responsible to retrain their personnel on SOPs as necessary.
3. Each supervisor will conduct bi-annual self-assessments to ensure their sections are maintaining documents efficiently.
4. Customs will procure five 4-drawer standing filing cabinets to mitigate misfiling, misplaced, and lost documents.
5. The Treasury Customs Division will look into the feasibility of having an electronic filing system and present a plan to the Treasurer

Finding 2019-04 Workers compensation calculation (Significant Deficiency in Reporting)

Criteria:
Generally accepted accounting principles require reasonable estimates to be made in situations when absolutes are not known. Estimates should utilize the most reliable data available in order to have reasonable assurance that assets are not overstated and liabilities are not understated.

Condition and context:
The Territory's calculations regarding the liability for workers compensation is complex, and does not account for situations where the payee continues to receive payments after the age of 75, which is the projected end of life. During our review of the calculation, we also noted several errors in formulas and calculations of net present value, resulting in a significant adjustment to the accrued workers compensation liability. There also appears to be no substantial baseline to substantiate the methodology used to calculate the liability. The effect of not having an appropriate baseline, or reasonable estimate could be material to the financial statements.

Cause:
The errors noted in the calculations appear to be from incorrect formulas being used, or incorrect use of the net present value calculation. There appear to also be errors related to the incorrect calculation based on family member receiving benefits, or age calculations.

Recommendation:
We recommend that that Management use the protection features in their spreadsheet to prevent accidental errors to formulas. We also recommend that the Territory acquire the services of a licensed actuary to review their estimates and calculations to determine a proper baseline similar to the requirement of post-employment benefit plans, which determine appropriate life expectancy and which will also account for those receiving benefits beyond the life expectancy period.

Views of responsible officials and corrective action plan:
ASG agrees with the finding. The American Samoa Workmen's Compensation Commission (WCC) met with the Department of Treasury (TR) in February 2019 to present and explain before the Commission the purpose and reasons for an actuary report. The WCC accepted the proposal and will proceed to collaborate with the TR team to acquire an actuary to review estimates and calculations to determine a proper baseline for ASG.

III. Federal Award Findings

Finding 2019-05 Special Tests and Provisions
Significant Deficiency in Internal Controls over Compliance; Noncompliance

Federal Agency –
United States Department of Transportation

Federal Program –
CFDA 20.205 – Highway Planning and Construction

Criteria:
Based on requirements of the 2 CFR Part 200, Appendix XI Compliance Supplement for Highway Planning and Construction grants, there should be a quality assurance program in place, which monitors compliance with the grant requirements.

Condition and context:
The Territory does not currently have a quality assurance program in place for the Highway Planning and Construction grant. While there were no deviations noted in our sample, there are no monitoring controls in place to prevent, detect and correct potential misstatements on a timely basis.

Cause:
The Territory is currently working with the Federal Highway Administration to establish a quality assurance program, however it was not completed and implemented at year end.

Effect:
Potential noncompliance with grant requirements due to lack of monitoring controls and quality assurance in place, such as the control deficiencies noted in findings 2019-07.

Questioned Costs:
None

Recommendation:
The Territory should continue to work with the Federal Highway Administration to complete a plan for, and implement, a quality assurance program.

View of responsible officials and corrective action plan:
The Territory has submitted a DRAFT SOP for Electronic Project Billing, PR-20 that is currently in place for the States and is in testing phase for the Territories. American Samoa has successfully completed testing of this automation and is the 1st of the Territories to submit a draft of their proposed SOP. This was submitted on April 25th to our US Territory Representative. Our target date for completion is no later than 2 weeks from submission of our draft. The finalized SOP will then be sent to FHWA for final approval.

Finding 2019-06 Reporting
Control Deficiencies in Internal Controls over Compliance; Noncompliance

Federal Agency –
United States Department of Health and Human Services

Federal Programs –
CFDA 93.575 Childcare Development Block Grant
CFDA 93.778 Medical Assistance Program

Criteria:
The award agreement for the Childcare Development Block Grant states that the Territory submit the ACF-2018 QPR to the agency by December 31 for the preceding federal fiscal year (October 1-September 30).

42 CFR 430.30 (c)(1) states that the form CMS-64 reports required by the Medical Assistance Program be filed with the central office no later than 30 days after the end of each quarter.

Condition and context:
The ACF-2018 QPR report has not been filed for the preceding year to Health and Human Services.

The CMS-64 quarterly reports filed with the central office were not filed in a timely manner. The second, third, and fourth quarters were filed after the required deadline.

Cause:
The Territory is working with the DHHS to finalize and submit the ACF-2018 QPR. The late filing of the quarterly CMS-64 reports was due to a lack of monitoring controls in place to ensure reporting compliance including the submission of reports in a timely manner.

Effect:
Noncompliance with reporting requirements of the Department of Health and Human Services.

Questioned Costs:
None

Recommendation:
We recommend that the Territory implement monitoring controls to ensure that all reporting requirements are met for all grants awarded. There should be sufficient staff in place and review procedures to timely file required reports in each department.

View of responsible officials and corrective action plan:
ASG agrees with this finding. The Treasury grant analysts will work closely with finance officers of both the Childcare Development Block grant and Medical Assistance Program to make certain reports are filed timely. Reminder emails will be sent to the departments at quarter end to file federal reports within the 30 day timeline.

Finding 2019-07 Activities Allowed or Un-Allowed / Allowable Costs / Cost Principles
Control Deficiency in Internal Controls

Federal Agencies –
United States Department of Agriculture
United States Department of Transportation
United States Department of Education
United States Department of Health and Human Services
United States Department of Homeland Security

Federal Programs –
10.551 Supplemental Nutrition Assistance Program
10.555 National School Lunch Program
20.106 Airport Improvement Program
20.205 Highway Planning and Construction
84.027 Special Education Grants to States
84.403 Consolidated Grant to Outlying Areas

93.575 Childcare Development Block Grant
93.600 Head Start
93.778 Medical Assistance Program
93.224 Centers Healthcare for the Homeless
97.042 Emergency Management Performance Grants
97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039 Hazard Mitigation Grant

Criteria:
Proper internal controls over compliance include controls over review, grant analyst review and approval, Territory authorization of release of funds.

Condition and context:
It was noted in our testing of grant disbursements that the documentation retained for individual disbursements did not document one or more of the controls that should be in place for disbursements such as; lack of authorizing signature for release of funds, documentation of review and approval by grant analyst and department review and approval.

Cause:
Lack of oversight by management, insufficient review and approval procedures.

Effect:
The potential effect of the control deficiencies identified could allow significant grant expenditures to be paid that are not in compliance with activities allowed or allowable costs. Without proper review controls being followed, there is the increased risk of misappropriation of assets.

Recommendation:
We recommend that there are controls implemented or adjusted to ensure that the documentation for each grant disbursement contains the signature of each managing official signifying that they have reviewed and approved of the disbursement. Without an approving signature retained on original documentation it is assumed that the review or authorization did not take place.

View of responsible officials and corrective action plan:
ASG Treasury updated its policies and procedures to ensure documentation for each grant disbursement has the signature of the appropriate official to show they have been reviewed and approved for payment. Policies now state analysts initial AP vouchers after their review prior to preparing drawdown requests. In addition, all drawdown requests require the approving signature of the managing official whether the chief accountant, grant administrator or deputy treasurer.

Finding 2019-08 – Federal Agency Review
Significant Deficiency in Internal Controls over Compliance; Noncompliance

Federal Agency –
United States Department of Agriculture Food and Nutritional Service

Federal Program –
CFDA 10.555 – National School Lunch Program

Criteria:
From the USDA's Food & Nutritional Services (FNS) review conducted in March 2019 over fiscal year 2018, nine findings remain open.

Condition and context:
Within the USDA FNS report, issues or findings in the following areas were noted:

- Capital Expenditures & Management
- Civil Rights Training
- Civil Rights Complaint Procedures
- Inventory Management
- Meal Counting, Record Keeping
- Procurement
- Reporting, Audit Tracking
- Reporting, Allowable Costs
- Special Dietary Accommodations

Cause:
Insufficient training and oversight of program personnel with respect to program requirements may have contributed to the lack of compliance with program requirements.

Effect:
The Territory is not in compliance with the USDA Food & Nutritional Service Requirements.

Questioned costs:
None

Recommendation:
The Territory should continue to implement the corrective action provided by the USDA FNS in their report dated March 28, 2019.

Views of responsible officials and corrective action plan:
SLP has been working with USDA to clear the nine findings stated. Corrective actions were submitted and all standard operating procedures have been updated. Training for the new 2020 school was conducted in August 2019. The SLP is continuing to implement corrective action plan.

Prior Audit Findings Related to Financial Statements

Finding 2018-001, 2017-001, 2016-001, 2015-001

Condition and context:
The Territory does not have an adequate control system in place to ensure that the general ledger accurately reflects the account balances of the Territory on a monthly, quarterly or annual basis. Below are observations noted during our 2018 audit:

- The Territory's general ledger is not reconciled to subsidiary ledgers or source documents on a monthly basis, nor is it closed or summarized in such a manner to accurately portray the accounts and activities of ASG on a monthly basis. At year-end, the general ledger was not closed on a timely basis and the auditors posted significant audit adjustments during fieldwork in January and February 2019. Adjusting entries of approximately $19 million were proposed and posted to the General Fund. Adjusting entries totaling approximately $27 million were proposed and posted to other funds.
- The Territory's control system did not include measures to ensure that preparation of the Territory's financial statements and footnotes was performed in accordance with GAAP.
- Reconciliations and roll forwards of fund balances and net positions are not performed or maintained by the Territory. There are also no controls in place to ensure commitments and restrictions are appropriately tracked and reported in accordance with Government Accounting Standards Board (GASB) Statement No. 54.
- There is no system in place to verify that unearned revenue recorded on the general ledger represents actual advances on grants and to determine proper classification as unearned revenue or deferred inflows. The sub-ledger used to track grant advances is inaccurate and is not reviewed and reconciled on a timely basis. As a result, we issued a qualified opinion with respect to Grant Fund advances.
- There is not a consistent system to verify that the receivables recorded on the general ledger are collectible and there are no periodic reviews of valuation allowances to determine which receivables should be written off or adjusted. Based upon our testing of accounts receivable, there were numerous receivable balances that the Territory deems to be uncollectible that have not yet been written off in the general ledger. There does not appear to be a system in place to effectively follow on outstanding aged receivables to collect balances in a timely manner.
- Tax accounts, such as taxes receivable and tax refund liabilities, are not tracked or reconciled on a monthly basis.
- The Territory collects a two percent wage tax for the benefit of LBJ Hospital. Our audit testing revealed that collections from private sector employers were not consistently tracked and included in tax revenues and the year-end taxes receivable accrual.
- The Territory does not have processes or procedures in place to ensure borrowings and amounts owed between ASG and its component units are recorded consistently by ASG and among the components; as a result, the due to/due from component unit accounts did not properly net and required resolution of differences and audit adjustments recommended by the auditor.
- Similar observations and findings have been noted in previous years and remain unaddressed

Status as of September 30, 2019:
Although significant improvements were noted, the finding is substantially repeated in the current year as Finding 2019-001.

Finding 2018-002, 2017-002, 2016-002, 2015-002 – Management Estimates and Significant Accounts and Transactions Material Weakness in Internal Controls

Condition and context:
The Territory's operations are complex and there are many accounts within each fund that require management estimation and judgement. We believe there should be more structure and rigor governing these estimates. There were multiple audit adjustments recorded within each fund to correct errors made in these types of accounts. Similar findings have been noted in previous years and remain uncorrected. We noted the following:

- The Territory does not specifically track and adjust the liability for compensated absences, a liability with current and long-term estimated amounts recorded on the Statement of Net Position. An audit adjustment for $77,000 was recorded during the year to update this estimate. Management should have a method in place to track compensated absences, as the change in this amount is required to be disclosed in the financial statements.
- The Territory does not have procedures in place to ensure they are properly monitoring and calculating any arbitrage liability on bond proceeds held for construction.
- As discussed in detail in Finding 2018-003, the Territory does not perform a robust analysis of taxes receivable to determine if an allowance should be recorded and there is no review performed in order to determine collectability of these balances.
- The Territory does not have a system in place to identify joint venture or third party interests. Management did not properly account for their interest in American Samoa Hawaii Cable, LLC, a Delaware limited liability company (ASH Cable) and earning received from ASH Cable during 2018. As a result of our audit procedures, an adjustment of $4.8 million was proposed and posted to record ASG's Investment in Joint Ventures on the Statement of Net Position and an adjustment for $3 million was proposed to reverse fiscal 2018 dividends that were erroneously applied to the investment value at year-end.
- Certain accounts, such as unearned revenue/deferred inflows are not being accounted for properly and there are no systems in place to monitor and evaluate significant transactions to ensure amounts are being reported in accordance with applicable GASB pronouncements.

Status as of September 30, 2019:
This finding has been addressed corrected in current period.

Finding 2018-003, 2017-004, 2016-004, 2015-004 – Taxes
Material Weakness in Internal Controls, Non-Compliance

Condition and context:
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 tax system continues to operate largely as a standalone system that does not interface with the Territory's general ledger accounting system. There continues to be limited interface between the Tax Office and Treasury and weak oversight, monitoring and reconciliation of tax accounts including income taxes receivable, tax revenues, and estimated tax refunds payable. Tax assessments are not tracked and robust reporting and analyses are not performed to determine the propriety of these critical general ledger accounts. During the audit we observed the following:

- The Territory historically has significant receivables and write-offs each year related to income tax assessments as the receivables pass the statute of limitations. We noted through our audit procedures that there is a significant lag between the date taxes are due and the date assessments are recorded as accounts receivable. Based on historical collections, the receivables are increasingly less likely to be collected as time extends past the assessment year. These unpaid

balances continue to grow as fees and penalties are assessed, yet the collection rates remain very low and ultimately the amounts are written off. To compound the issue, we noted that there is a lack of monitoring and analysis of these receivable balances and collections.

- In determining the allowance for uncollectible accounts in the current year, management performed a review of each individual receivable balance to determine whether it was collectible or not. The results of our audit testing indicated that this process was insufficient to properly identify and record income tax receivables and the related allowance for uncollectible accounts. Our testing revealed that for 13 of the 20 transactions tested, the tax office was unable to provide documenting support for the balances recorded as receivables or the receivable was determined to be uncollectable as of September 30, 2018, and an adjustment totaling $9.5 million were made to reduce the receivable and related revenue balances.
- Currently management does not prepare estimates to monitor the completeness of tax revenues or otherwise track or monitor reporting and collections based on an estimated population. Individual and corporate taxes are the largest source of local revenues for the Territory and should have more robust modeling.
- Currently management does not have processes and controls in place to accurately monitor amounts due to the Federal Government. Further, there are no processes and controls to ensure that the amounts due are recorded properly, and repaid timely.

Status as of September 30, 2019:
This finding is substantially repeated in the current year as Finding 2019-02

Finding 2018-004, 2017-007, 2016-007, 2015-009, 2014-005, 2013-009, and 2012-010
Equipment and Real Property Management
Material Weakness in Internal Controls over Compliance, Material Noncompliance

Federal Agencies-
Department of Education Office of Elementary and Secondary Education
Department of Transportation Federal Aviation Administration (FAA)
Department of Health & Human Services
Department of Agriculture Food and Nutrition Service

Federal Programs-
CFDA 84.403 - Consolidated Grant to the Outlying Areas
CFDA 20.106 - Airport Improvement Program
CFDA 93.224/93.527- Health Center Program Cluster
CFDA 10.555 - National School Lunch Program

Condition and Context:
Equipment records maintained are incomplete and inaccurate or are not maintained at all. For the four program listed above, we noted that the programs do not have formal controls in place to monitor federal funded equipment purchases to ensure that property management records are updated and maintained in accordance with 2 CFR 200.313.

Status as of September 30, 2019:
With the hiring of a Comptroller and additional staff, this issue has been addressed and corrected in the current period.

Finding 2018-005- Cash Management – CMIA Agreement
Material Weakness in Internal Controls over Compliance, Material Non-Compliance

Federal Agencies-
Department of Transportation Federal Aviation Administration (FAA)

Federal Programs-
CFDA 20.106 – Airport Improvement Program

Condition and context:
Of the 14 drawdowns we selected for testing, we noted 3 instances in which the draw was performed and the funds were received in excess of 30 days prior to the related invoice being paid.

Status as of September 30, 2019:
This appears to have been addressed and corrected in the current period.

Finding 2018-006, 2017-008, 2016-008, 2015-011 – Reporting
Material Weakness in Internal Controls over Compliance, Material Non-compliance

Federal Agencies-
Department of Education Office of Elementary and Secondary Education
Department of Agriculture Food and Nutrition Service

Federal Programs-
CFDA 84.403- Consolidated Grant to the Outlying Areas
CFDA 10.555- National School Lunch Program
CFDA 10.551- Supplemental Nutrition Assistance Program

Condition and context:
During our testing over reporting, the following was noted:

- The annual financial report for the Consolidated program was not submitted for fiscal years 2016, 2017, or 2018.
- For the National School Lunch Program, the first quarter financial and performance reports that were due on January 30, 2018 were submitted on January 31, 2018; and the third quarter financial and performance reports that were due on July 30, 2018 were submitted on October 3, 2018.
- For the Supplemental Nutrition Assistance Program, the January and August monthly reports with due dates of February 15, 2018 and September 15, 2018, respectively, were submitted on February 16, 2018, and September 17, 2018, respectively. The annual report due on December 30, 2018, was submitted on January 3, 2019. The first quarter performance report with a due date of January 30, 2018, was submitted on February 12, 2018; and the second, third, and fourth quarter performance reports with due dates of April 30, 2018, July 31, 2018, and October 30, 2018, respectively, were submitted on November 13, 2018.

Status as of September 30, 2019:
Reporting requirements were modified for these programs.

Finding 2018-007- Federal Agency Review
Significant Deficiency of Internal Controls over Compliance; Noncompliance

Federal Agency-
United States Department of Agriculture Food and Nutrition Service

Federal Program-
CFDA 10.555 – National School Lunch Program

Condition and context
Within the USDA FNS report, issues or findings in the following areas were noted:

- Capital Expenditures & Management
- Civil Rights Training
- Civil Rights Complaint Procedures
- Inventory Management
- Meal Counting, Record Keeping
- Procurement
- Reporting, Audit Tracking
- Reporting, Allowable Costs
- Special Dietary Accommodations

Status as of September 30, 2019: This finding is substantially repeated in the current year as Finding 2019-08.

Finding 2017-006
Alleged Fraudulent Activity
Material Noncompliance

Federal Agency-
United States Department of Agriculture

Federal Program-
CFDA 10.551 – Supplemental Nutritional Assistance Program

Condition and context:
A criminal investigation related to misappropriation of assets was initiated regarding a program of the Territory. Subsequent to year end, employees of the Territory's Department of Human and Social Services (DHHS), including management of the American Samoa Nutrition Assistance Program (ASNAP), discovered anomalies in the depletion of the Nutrition Assistance Program funds during the first quarter of 2018. After it was determined that there was a possibility of counterfeit food stamps in circulation, law enforcement was contacted and a formal investigation was started. In January 2018, three individuals were arrested for fraudulent use of food stamps and counterfeiting of food stamps. Two of the individuals were employees of the DHHS, the ASG department that administers the food stamp program. The third person arrested was a retailer who redeemed the alleged counterfeit food stamps.

Status as of September 30, 2019:
The investigation and prosecution of this case by the Territory's Attorney General's Office are on-going. This finding remains open and unresolved as of September 30, 2019.

Finding	Description	Corrective Action Management Response	POC	Estimated Completion Time
2019 – 001	General Ledger Reconciliation/ Financial Close and Reporting Process *Material Weakness in Internal Controls	▪ Monthly close process of all financial statement accounts by the 15th of the following month ▪ Revamp and update Treasury's policies before the end of the current fiscal year ▪ Reclassify personnel responsibilities with reinforcement on monthly deadlines. ▪ Wire transfers booked daily. ▪ Thorough review of journal entries before posting to avoid adjustments at year end ▪ Clean up of check register with emphasis on voided checks for accuracy.	Deputy Treasurer - Tina Va'a Chief Accountant - Carri Magalei	On the 15th of every month for closing; By September 30, 2020 for updated Treasury policies.
2019 – 002	Taxes- Income *Significant Deficiency in Internal Control)	▪ Proposed reorganizational plan to include a new post of Deputy Tax Manager - Enforcement & Administration. Responsible for policies for mitigating discrepancies in taxes receivable on a monthly basis and report to Tax Manager. ▪ Hire a new Chief of Collections as position is vacant. ▪ Create a new post for Deputy Tax Manager - Operations. Responsible for reconciling, monitoring and reviewing tax refunds. ▪ Tax Office currently looking for a new tax system to interact with Treasury's financial system, One Solution	Deputy Treasurer - Keith Gebauer Tax Manager - Va'ai Poufa Tax Systems Analyst - Maryann Olo	December 2020
2019-003	Excise Tax Documentation	Treasury Customs will look into the feasibility of having an electronic filing system and present a plan to the	Deputy Treasurer - Keith Gebauer Chief of Customs -	September 2020

	*Control Deficiency	Treasurer.	Elisara Elisara	
2019-004	Workers Compensation Calculation * Significant Deficiency in Reporting	▪ Work with WC Commissioner to rejuvenate actuary contract ▪ Initiate proper record keeping per recommendations. ▪ Actionable measures prior to September 30, 2020	Special Assistant to the Treasurer - Blanche Barber WC Commissioner - Sagatea Filoialii	September 2020
		FEDERAL AWARDS FINDINGS		
2019 – 005	Special Tests and Provisions * Significant Deficiencies in Internal Controls over Compliance; Non-Compliance *Federal Program* - CFDA 20.205 - Highway Planning & Construction	Public Works has submitted a draft SOP for electronic project billing, PR-20 that is currently in place for the States and is in testing phase for the Territories. ASG has successfully completed testing of this automation and is the first of the Territories to submit a draft of proposed SOP. Finalized SOP will be sent to FHWA for final approval.	Department of Public Works	September 2020
2019-006	Reporting *Control Deficiency in Internal Controls over Compliance; Non-Compliance *Federal Program* -	▪ Territory implement monitoring controls to ensure that all reporting requirements are met for all grant awarded. ▪ Reminder emails will be sent to departments at quarter end to file federal reports within the 30 day timeline	Chief Accountant - Carri Magalei Grants Administrator - Becca Willis	Every quarter beginning with June 30, 2020

	93.575 - Childcare Development Black Grant 93.776 - Medical Assistance Program			
2019 – 007	Activities Allowed or Un-Allowed/Allowable Costs/ Cost Principles *Control Deficiency in Internal Controls *Federal Program* - 10.551 - Supplemental Nutrition Assistance Program 10.555 - National School Lunch Program 20.106 – Airport Improvement Program 20.205 - Highway Planning and Construction 84.027 - Special Education Grants to States 84.403 - Consolidated Grant to Outlying Areas 93.575 - Childcare Development Black Grant 93.600 - Head Start	▪ Staff will be reminded at monthly meetings to check for approving signatures when reviewing grant vouchers for drawdown and payment. ▪ Grant analysts are now required to initial vouchers after their review. ▪ All drawdown requests require the approving signature of the managing official whether chief accountant, grants administrator or deputy treasurer.	Chief Accountant - Carri Magalei Grants Administrator - Becca Willis	May 2020

	93.775 - Medical Assistance Program 93.224 - Centers Healthcare for the Homeless 97.042 - Emergency Management Performance Grants 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) 97.039 - Hazard Mitigation Grant			
2019 – 008	Federal Agency Review *Significant Deficiency in Internal Controls over Compliance; Non-Compliance *Federal Program* - 10.555 - National School Lunch Program	SLP has been working with USDA to clear their findings. Training for the new 2020 school was conducted in August 2019. SLP continues to implement their corrective action plan.	SLP Program Manager - Christina Fualaau	September 2020
		PRIOR AUDIT FINDINGS RELATED TO FINANCIAL STATEMENTS / RESOLVED		
2018-	General Ledger	Repeated as Finding 2019-001	Deputy Treasurer -	On the 15th of

001; 2017-001; 2016-001; 2015-001; 2014-FS2; 2013-FS2; 2012-FS1; 2011-FS1	Reconciliation/Financial Close and Reporting Process		Tina Va'a Chief Accountant - Carri Magalei	every month for closing; By September 30, 2020 for updated Treasury policies.
2018-002; 2017-002; 2016-002; 2015-002; 2014-FS3; 2013-FS3; 2012-FS2; 2011-FS2	**Management Estimates and Significant Accounts and Transactions**	**Not Repeated**	**Resolved in 2019 (4) Findings resolved per audit report**	

2018-003; 2017-004; 2016-004; 2015-004; 2014-FS5; 2013-FS5	Taxes	Repeated finding 2019-02.	Deputy Treasurer - Keith Gebauer Tax Manager - Va'ai Poufa Tax Systems Analyst - Maryann Olo	December 2020
2018-004; 2017-007; 2016-007; 2015-009; 2014-005; 2013-009; 2012-010	**Equipment & Real Property Management** ***Federal Programs* – 84.403** **20.106** **93.224/93.527** **10.555**	**Hiring of Staff and external, issue addressed and resolved.**	**Resolved (7) findings per FY resolved.**	
2018-005; 2016-010; 2015-	**Cash Management-CMIA Agreement** ***Material Weakness in**	**Appears to have been addressed and corrected.**	**Resolved (1) per FY 2019**	

012; 2014-002; 2013-004; 2012-012	**Internal Controls over Compliance; Non-Compliance** **20.106**			
2018-006; 2017-008; 2016-008; 2015-011	Reporting * Material Weakness in Internal Control over Compliance; Non-Compliance 84.403 10.555 10.551	Reporting requirements for CFDA 84.403, 10.555, & 10.551 were resolved for FY 2019. However repeated finding as 2019-06 for CFDA 93.575 and 93.778	Chief Accountant - Carri Magalei Grants Administrator - Becca Willis	**Pending**

2018-007;	**Significant Deficiency of Internal Controls over Compliance** ***Federal Program -*** **CFDA 10.555 - National School Lunch Program**	**SLP has been working USDA to clear the nine findings stated. Corrective actions were submitted and all standard operating procedures have been updated. Training for the new 2020 school year will be conducted during orientation week which will occur mid- August 2019.**	**SLP Program Manager - Christina Fualaau**
2017-006	**Alleged Fraudulent Activity** ***Federal Programs –*** **10.551**	Still pending High Court as of 09/30/2019	**Pending**