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Adviser: Score not so bad

By Gaynor Dumat-ol Daleno
Pacific Daily News
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Ending up with the poorest score in a money management assessment might result in sleepless nights if you're a consumer.

If you're the government of Guam, ending up at the bottom of the scoring heap -- even below the spot of smaller governments such as Palau, the Northern Mariana Islands and American Samoa -- still allows you to see in a positive light.

In a score of 1 to 10, with 10 as the highest, GovGuam scored 2.8 in the recently released result of the Performer analysis, which the U.S. Department of the Interior funded to gauge the money management performance of island governments in 2004. American Samoa scored highest.

Gov. Felix Camacho's administration sees the score positively this way: It might be low, but the two previous years' scores were lower, so the latest one is an improvement.

"While GovGuam scored 2.8, the report indicates that we have gradually improved the financial health of the government with a score of 2.04 in 2002 to the current score of 2.86 in 2004 and we continue to move in the right direction," wrote Andy Jordanou, chief fiscal advisor to the governor, in an e-mail response to questions from the Pacific Daily News. "We are using the report as a constructive

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Jordanou

mechanism and we will continue to resolve some of the issues the report brings out," Jordanou wrote.

At the end of fiscal 2004, 95 percent of GovGuam's total assets of \$944.5 million were funded with debt or other obligations.

"This is an unfavorable financial indicator," states the Performer report, adding that the debt-to-assets ratio indicates that for each dollar of assets GovGuam owns, it owes 95 cents of that dollar to others.

Glenn Meno, a local financial consultant, said if a financially tapped-out consumer were to ask his advice, he would tell the consumer to immediately alter his lifestyle.

The consumer would be told to start by cutting certain expenses like dining out and recreational activities, he said.

If a consumer has children, Meno said, instead of going out and spending, the family can stay home and watch TV if they have cable.

While GovGuam's debt is 95 cents for every \$1 of assets it owns, online financial site Bankrate.com advises that a consumer generally should have no more than 36 cents of debt for every \$1 of income.

Meno declined to offer GovGuam advice.

To dig out of debt, the Camacho administration is "looking at a five-year Fiscal Recovery Consolidated Plan which we are presently working on," Jordanou wrote.

Key to the government's cost-cutting strategy is to reduce the number of people on payroll, not by layoffs -- which the private sector would normally do when faced with financial difficulties -- but through attrition.

Simply put, local government payroll will shrink only when workers leave, such as for retirement, and then by not hiring a replacement for the vacated job.

The administration has also proposed streamlining government departments and agencies, putting, for example, the police functions of the airport, Guam police and the port agency under one super-department under the supervision of a new overall director.

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TO THE POINT

- **Gov. Felix Camacho's administration states it is getting better at managing taxpayer money.**

ON THE NET

- **To view the financial management analysis of the government of Guam, log on to: www.guamopa.org**

WHAT IT IS

What is the Performer?

- **An analysis that takes a government's financial statements and converts them into useful and understandable measures of financial performance.**
- **The overall reading is a barometer of GovGuam's financial health and performance.**