



REPORT OF INDEPENDENT AUDITORS AND COMBINED
FINANCIAL STATEMENTS WITH REQUIRED
SUPPLEMENTARY INFORMATION

AMERICAN SAMOA POWER AUTHORITY
(A COMPONENT UNIT OF AMERICAN SAMOA GOVERNMENT)

September 30, 2019 and 2018



MOSSADAMS

Table of Contents

	PAGE
Report of Independent Auditors	1–2
Management Discussion and Analysis	3–12
Combined Financial Statements	
Statements of net position	13–14
Statements of revenues, expenses, and changes in net position	15
Statements of cash flows	16
Notes to financial statements	17–35
Required Supplementary Information	
Schedule of proportional share of the net pension liability	36
Schedule of pension contributions	37
Supplementary Information	
Combining statement of net position	38–39
Combining statement of revenues	40

Report of Independent Auditors

To the Board of Directors
American Samoa Power Authority
(A component unit of American Samoa Government)

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the American Samoa Power Authority ("ASPA", or the "Utility"), a component unit of American Samoa Government, as of and for the years ended September 30, 2019 and 2018, which collectively comprise the combined statements of net position as of September 30, 2019 and 2018, and the related combined statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 the combined 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 combined financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of American Samoa Power Authority as of September 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the combined financial statements present only the Utility, and do not present the financial position of American Samoa Government, as of September 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. 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 accompanying management's discussion and analysis, the Utility's schedule of proportionate share of the net pension liability, and the schedule of the Utility's contributions on pages 33 and 34 be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the combined 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 inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2020, on our consideration of American Samoa Power Authority'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 solely 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 the effectiveness of American Samoa Power Authority's 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 the Utility's internal control over financial reporting and compliance.



Portland, Oregon
May 8, 2020

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Management's Discussion and Analysis

On behalf of the American Samoa Power Authority ("ASPA"), management presents its combined financial statements, narrative overview and analysis of the financial activities of ASPA for the fiscal years ended September 30, 2019 and 2018. The information contained herein is based on current known facts, decisions and other conditions that have materially affected ASPA during these reporting periods. It is designed to provide the reader with a summary of the past two years of activities as well as our anticipated projects. We encourage readers to consider the combined financial statements presented here in conjunction with the accompanying notes that follow this report.

Financial Highlights

- Total assets increased by \$5.4 million in fiscal year 2019. During the year, Electric division completed the Ottoville Underground and Tafuna Plant Hardening projects. ASPA worked closely with FEMA on the close out of these two projects.
- Total local operating revenues increased by \$7.8 million from the previous year, mainly due to the increase in fuel prices, which averaged \$2.89 per gallon as well as increase in sales to customers primarily due to rate increases. During the year, volume of loads delivered to landfill showed an increase in tipping fee revenues of \$1.2 million. In addition, ASPA provides services such as online debit meter power purchasing and allowing customers to buy power from local stores.
- ASPA's overall local operating expenses in FY2019 excluding fuel oil expense decreased significantly by \$3.3 million over FY2018. This decrease was attributed to the decrease in electric, water, wastewater, solidwaste and general and administrative of \$4.6 million, which were offset by an increase in pension expense of \$1.4 million.
- Net income before capital contributions was \$474 thousand in FY19 compared to a loss of \$7.7 million in FY2018. ASPA Management team enforced control over spending within all divisions during the year while operating with a very tight cash flow.
- Federal capital grants of \$16.9 million were recorded for USEPA-funded projects, FEMA Projects and DOI funded projects. During the year, federal funded projects for Electric, Water, Wastewater moved along while others were completed during the year such as Ottoville underground and Tafuna Power Plant, both of which were FEMA funded. The finance department also aggressively processed reimbursements timely to pay contractors.

American Samoa Power Authority

(A Component Unit of American Samoa Government)

Management's Discussion and Analysis

Overview of the Combined Financial Statements

The Annual Audit Report includes the Independent Auditor's Report, Management's Discussion and Analysis ("MD&A"), Combined Financial Statements with accompanying notes and disclosures, and required supplementary information.

The financial statements of ASPA are designed to provide readers with an accurate overview of the Utility's finances similar to a private-sector business. They have been prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles ("GAAP") in the United States of America. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred, regardless of the timing of related cash flows. These statements offer short and long-term financial information about ASPA's activities.

The Combined Statement of Net Position presents information on all of ASPA's assets, deferred outflows of resources, liabilities and deferred inflows of resources and information about the nature and amounts of investments in resources (assets) and the obligations to ASPA creditors (liabilities). It also provides the basis for computing rate of return, evaluating its capital structure and assessing the liquidity and financial flexibility of ASPA.

The Combined Statement of Revenues, Expenses and Changes in Net Position presents information on all of the current year's revenues and expenses. It also provides a measurement of ASPA's operations over the past year and can be used to determine whether ASPA has successfully recovered all its costs through its rates and other charges and to also analyze profitability and credit worthiness.

The Combined Statement of Cash Flows provides relevant information about ASPA's cash receipts and cash payments during the reporting period. This statement reports cash receipts and cash payments resulting from operating, financing and investing activities. When used with related disclosures and information, a statement of cash flows should provide insight into (a) ASPA's ability to generate future net cash flows, (b) ASPA's ability to meet its obligations as they come due, (c) ASPA's needs for external financing, (d) the reasons for differences between operating income and associated cash receipts and payments and (e) the effects on ASPA's financial position of both its cash and its non-cash investing, capital and financing transactions during the period. The changes in cash balances are an important indicator of ASPA's liquidity and financial condition.

The Combined notes to financial statements provide additional information essential to a full understanding of the data provided in the financial statements. This includes, but is not limited to, significant accounting policies, significant financial statement balances and activities, material risks, commitments and obligations and subsequent events as applicable.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Management's Discussion and Analysis

CONDENSED STATEMENTS OF NET POSITION:

	2019	2018
ASSETS		
Unrestricted current assets	\$ 20,270,013	\$ 20,225,390
Restricted current assets	4,187,788	4,474,977
Utility plant, net	192,667,529	184,720,193
Deferred outflows of resources from pension	7,088,609	9,414,792
Total assets and deferred outflows of resources	<u>\$ 224,213,939</u>	<u>\$ 218,835,352</u>
NET POSITION AND LIABILITIES		
Liabilities and deferred inflows:		
Current liabilities	\$ 16,661,204	\$ 21,587,354
Long-term debt, net of current portion	396,884	7,388,277
Accrued annual leave, net of current portion	728,169	594,006
Net pension liability	13,263,667	15,484,803
Deferred inflows of resources from pension	7,721,894	5,752,311
Total liabilities and deferred inflows of resources	<u>38,771,818</u>	<u>50,806,751</u>
Net position:		
Net investment in utility plant	185,375,229	174,291,629
Restricted	4,187,788	4,474,977
Unrestricted	(4,120,896)	(10,738,005)
Total net position	<u>185,442,121</u>	<u>168,028,601</u>
Total net position, deferred inflows of resources, and liabilities	<u>\$ 224,213,939</u>	<u>\$ 218,835,352</u>

Unrestricted current assets increased by \$45 thousand. Unrestricted current assets are those assets that mature in less than a year.

Restricted current assets are those amounts required to be maintained in revenue bond fund accounts, set aside in accordance with the terms of U.S. Department of Interior capital grant agreements, other federal grant receivables, and deposits into the employee supplementary income plan. For FY2019, ASPA realized a decrease in restricted assets of \$287 thousand dollars.

The utility plant continued to be the largest asset and accounted for 86% of total assets and deferred outflow of resources. These capital assets are used to provide services to our customers and are not available for future spending, nor used to liquidate any liabilities. Refer to the notes to the combined financial statements for additional details regarding movements in utility plant.

Current liabilities are those debts payable within one year. The Current Ratio increased from 1.10 in FY2018 to 1.40 in FY2019. Decrease in current liabilities are primarily due to a decrease in notes payable of \$703 thousand, accounts payable of \$4.4 million and accrued expenses of \$3.5 million, offset by an increase in current portion of long-term debt of \$3.9 million. Accounts payable decrease is due to an effort to bring payables current, a decrease in accrued expenses primarily due to changes made to the vacation policies and an increase in long-term debt due to current maturities. ASPA's net position increased to \$185.4 million in FY2019 compared to \$168.0 million in FY2018.

American Samoa Power Authority

(A Component Unit of American Samoa Government)

Management's Discussion and Analysis

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2019	2018
OPERATING REVENUES - LOCAL		
Electric	\$ 52,246,721	\$ 46,655,348
Water	8,581,052	7,965,223
Sewer	3,868,333	3,307,155
Solid waste	2,988,023	3,039,436
Other sales	2,548,496	1,421,821
Total operating revenues – local	70,232,625	62,388,983
Bad debt recovery (expense)	(275,473)	291,145
Net operating revenue – local	69,957,152	62,680,128
Operating grants revenues – federal	46,244	6,765
OPERATING EXPENSES – LOCAL		
Fuel oil	30,508,028	27,965,154
Operating and maintenance:		
Power production	4,991,288	5,416,003
Power transmission and distribution	1,968,195	3,361,917
Engineering services	1,655,224	909,043
Water, wastewater and solid waste	11,639,295	12,683,099
Pension expense	2,074,630	669,841
Depreciation	9,777,705	11,154,437
General and administrative	6,481,314	7,649,355
Total cost and operating expenses – local	69,095,679	69,808,849
OPERATING EXPENSES – FEDERAL	61,438	90,136
Net operating loss	846,279	(7,212,092)
NON OPERATING REVENUE (EXPENSES)		
Interest and other income	613,902	604,505
Interest expense	(985,956)	(1,118,831)
Non operating expenses	(372,054)	(514,326)
Income (loss) before capital grants	474,225	(7,726,418)
FEDERAL CAPITAL GRANTS	16,939,295	11,834,766
Net change in net position	17,413,520	4,108,348
NET POSITION, beginning of year	168,028,601	163,920,253
NET POSITION, end of year	\$ 185,442,121	\$ 168,028,601

The statement of revenues, expenses and changes in net position provides information as to the nature and source of these changes. Aggregate operating revenues increased in FY2019 compared to FY2018. A majority of the increase is attributed to the dramatic increase in fuel revenue as a result of the increase in fuel prices during FY2019 and rate changes to customers.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Management's Discussion and Analysis

Three year comparison of financial ratios

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net position	\$ 185,442,121	\$ 168,028,601	\$ 163,920,253
Total assets	\$ 217,125,330	\$ 209,420,560	\$ 201,724,379
Equity level	85.41%	80.24%	81.26%

WORKING CAPITAL:

The amount of current assets in excess of current liabilities.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current assets (unrestricted)	\$ 23,399,648	\$ 23,669,612	\$ 21,599,381
Current liabilities	16,661,204	21,587,354	14,971,992
Working capital	<u>\$ 6,738,444</u>	<u>\$ 2,082,258</u>	<u>\$ 6,627,389</u>

CURRENT RATIO:

Current assets compared to current liabilities.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current assets (unrestricted)	\$ 23,399,648	\$ 23,669,612	\$ 21,599,381
Current liabilities	\$ 16,661,204	\$ 21,587,354	\$ 14,971,992
Current ratio	1.40	1.10	1.44

RATE OF RETURN:

Change in net position as a percentage of net utility plant.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Change in net position	\$ 17,413,520	\$ 4,108,348	\$ 1,194,519
Net utility plant	\$ 192,667,529	\$ 184,720,193	\$ 179,344,905
Rate of return	9.04%	2.22%	0.67%

American Samoa Power Authority

(A Component Unit of American Samoa Government)

Management's Discussion and Analysis

PROGRAM ACCOMPLISHMENTS

ASPA had several achievements in fiscal year 2019 of significant value to the community. The ASPA Board of Directors and Management have been working hard to reassess ASPA's organizational structure and continually implement ways to improve ASPA's utility services. Some of the most significant achievements occurring in fiscal year 2019 are as follows:

Tafuna Power Plant Building Rehabilitation

PBI started the rehabilitation project for Tafuna Power Plant in June 18, 2018. Work is in progress and is expected to be completed by February 2020. Funding - FEMA Hazard Mitigation grants (90% / 10% match) Work Timeline is on Schedule - 90% Completed.

3 x 3500KW C3500 C6e Cummins Generator Sets

Factory acceptance testing for three new 3,500KW Generator sets was completed in April 2018. The Generator sets were delivered to the Tafuna Power Plant in September 2018. All 3 Generators are transported moved inside the power plant sitting on engine foundations. Contractor for Building Rehab work are finishing up on the walls for the mufflers thimbles. Engine #1 is about 75% complete, #2 is 60% and #3 is about 50% complete.

Tafuna 13.2 KV Circuit Breaker Replacement

ASPA is in the process of replacing the Tafuna Power Plant 13.2KV Circuit Breaker Board. The existing 13.2KV Circuit Board was installed in 1972; it is both obsolete and not safe to operate.

The replacement 13.2KV switchboard was delivered to the Tafuna power plant in September 2018, it will be installed by December 2018.

Renewable Energy Projects:

Wind Turbines

Work is currently in progress. PG staff cleared the road to the site. Marine and Wildlife Services advised that construction work was approved. The final report and NTP is to be received in January 2020. Work will continue once funding is secured and allocated.

ORC Generator Unit 1 & 2 Restart

Work is currently in progress. VFD's to be installed on all HT cooling water fans. Needed to maintain temp. During ORC generator operation. Awaiting order of eight (8) VFD's – ORC Unit Restart project is being put on hold to enable the team to completely remove all radiators for T6, T2 and T3 engines. The Tafuna Power Plant Rehabilitation project is progressing well as the replacement for Deutz Generators with 3 brand new Cummins Engines.

Manu'a DSM Project – OFU

- 1,030 LED bulbs (11.5W and 14W) were installed.
- 1,000 4ft LED tube lights (15W) were installed.
- Existing Street lights were replaced with LEDs in November 2018.

TA'U

- 1,470 LED bulbs (11.5W and 14W) were installed.
- 2,000 LED 4ft tube lights were installed.
- 116 X 18W LED Street Lights were installed.
- 30 X 22W LED Street Lights were installed

**American Samoa Power Authority
(A Component Unit of American Samoa Government)
Management's Discussion and Analysis**

20 MW Solar PV Project PPA

The NTP is expected to be issued by end of October 2019. Land for the first 10 MW has been identified and final survey work is complete so that lease agreement with Canadian Solar Inc can be signed. Expected Commercial Operation Date (COD) is June 2020 with installation of project starting by October 2019. Clearing of PV site will be carried out in September 2019. Land for the second 10 MW is under survey.

42 MW Wind Generation PPA

Closing date for the RFP was set for November 12, 2018. COD is set for December 2021. Projected wind generation was calculated at 101,200,000 kWh per year. This represents 63% of ASPA's total energy production per year.

When commissioned, the 20MW Solar PV and the 42 MW Wind Generation projects will generate 121,500,000 kWh per year or 82% of American Samoa's energy needs.

Wind Power Purchase Agreement signed on July 17 2019. Wind measuring equipment installed in May 2019 and wind data measured average speed is around 7.55 m/sec. Data will be collected for one year to determine final wind energy output from the wind farm. Preliminary logistic works for construction is under review.

Waste to Energy Project

The RFP for the WTE project was advertised on April 1st and will close on May 10th 2019. Closing date has been extended to May 31st 2019. The WTE project was awarded to Maritech Solution Inc. Maritech has proposal to install 2.1 MWe plant with the daily average feedstock of 80 tons. The plant is estimated to produce 14,600 MWh of energy annually. Investment costs estimated at \$31,500,000.00. The commercial operation date is 2/4/2021. Proposed Power Purchase Rate of 14 cents per kWh.

Water:

Tramway Tank Replacement

PHASE 2: Final Geotech report for upper tank location received from T+Taylor and has been forwarded to UIG for the tank foundation design. Analyzing best structure to install to mitigate SS protection. Additional Gabion wall to address end curvature submitted to USEPA for approval. Gabion Wall completed 6" and 8" PVC pipe installation in progress, 200 LF installed.

Booster #1 and #2 masonry work completed. Submittal approval in progress - approved nine (20) Submittals and 6# RFI. Amended LUP has been secured. Submittal approval on-going, waiting for Tank submittal to be provided by UIG. The existing water storage tank is corroded and deteriorating. ASPA completed a study and tank inspection on the tramway and need replacement immediately. The water tank will serve most of the high elevation customer in the upper Fagatogo and Gataivai area as well as help supply the central water system.

American Samoa Power Authority

(A Component Unit of American Samoa Government)

Management's Discussion and Analysis

Significant Water Loss- Non Revenue Water

The Usage in the ASPA water system for the month of August was 3,160 gpm. This resulted in a NRW of 5,389 gpm (63%) for the month of September. Efforts in reducing production further resulted in more low pressure issues in the system. The production reduction initiative has been put on hold until the NRW Task Force is ahead on its leak detection and repair effort to help maintain good pressure in the system. The ASPA leak detection team detected and repaired an estimated total leakage of 563,040 gallons per day (391 gpm) for the month of September. The majority of the leaks detected on water mains were on AC pipe joints with deteriorated gaskets. More than 4,244 leaks were detected by the leak detection teams between January 2015 up to last month on 3/4" and larger water pipes. AC pipe joints account for over 70% of leaks on water mains. An average of 250 leaks are detected and repaired on PE service laterals each month costing ASPA approximately \$40,000-\$50,000 per month.

New Wells (Drilling)

- Drilled down to 326 ft. deep, ongoing.
- Casing installed down to 160 ft. and drilling ongoing.
- Ongoing drilling and well construction at Aua Well 10 site. Drilled 10in casing down to 120ft.
- Carried out all necessary mechanical repair work to Reich Drill for drilling Aua.
- Mobilized to Aua well site, preparing for drilling and well construction.
- Preparing for drilling in Aua. Drilling crew making repairs to the Reich drill rig to drill Aua.
- ROW issues at Alega site, landowner has decided not to let ASPA continue with exploration drilling on their land. Targeting to prepare Tula site for drilling.
- Pago Pago Well 9 drilling completed. We will procure special equipment for pumping tests for this angled well. The new wells will improve water pressure and distribution in the Central Water System. Wells will also provide additional resources

Inline Meter Project

- Both Pava'ia'i and Faleniu are 90% complete.
- Pago is approx. 75% complete.
- Pava'ia'i is 60% and Faleniu is 75% complete.
- Malaeimi site - 75% complete
- Tafuna site - 30% complete, awaiting ASPA to drill/tap to existing 16" DI main.
- Pago site - 50% complete.
- Pava'ia'i site - awaiting road cutting permit. Permit will be received first week of August
- Faleniu site - awaiting road cutting permit. Permit will be received first week of August.
- Overall completion - 25%
- Safety & Health plans have been submitted to EPA for approval.

Contract is already signed. The inline meters project will assist in further isolating the district metered areas (DMA) to help identify which area the water loss is greatest. The data from these inline meters will be used to analyze and prioritize the repair and replacement of old AC pipes as well as deteriorating HDPE pipes in the system.

**American Samoa Power Authority
(A Component Unit of American Samoa Government)
Management's Discussion and Analysis**

Wastewater:

The Eastside Village Wastewater Collection System

Package 5:

- L1.1 MAIN 8" PVC & HDPE = 100% complete
- L3.1 MAIN 8" PVC & HDPE = 100% complete
- L2.4 MAIN 8" PVC = 100% complete
- LIFT STATION #1 = 92%
- LIFT STATION #2 = 80%
- LIFT STATION #6 = 59%
- ASPA ESD Engineer's Monthly Report September 2019
- Stakeholder Issue: Landowner is asking to redo all plumbing works inside his apartment so we can connect it to the new sewer system. This is not part of the scope, pending for Managers direction.
- House connected to new sewer system = 36ea
- Lift Station #6 = Valve vault completed
- Septic tank Decommissioning = ongoing
- Stakeholder Issue: Landowner at Leloaloa (MH#1 location) wanted to speak with ROW regarding removal of trees & rock wall-good to go. - been settled last Dec. 2018 but upon starting of work this week, family again refused to let us enter the property & are claiming for payment. - ASPA will not install this line anymore. Per ASEPA email, mandates does not include sewer connection rather it should be the utility provider. - Issue has been resolved by Samoan Affairs.
- Lift Station #1 Commissioning completed.

PHASE 2:

Permitting process on-going (USACE NWP PERMIT RENEWAL)

- RFP Package been reviewed by USEPA, further request to add on the specs is being finalized (as built & sewer jet machine).
- Bid Form & Scope of work 80% complete.
- Construction Drawings = 100% complete, waiting review from ASEPA, DPW
- RFP = 100% complete, pending review approval from Senior Engineer/Manager

Increase protection of our groundwater resources for the villages of Aua to Onesosopo and alleviates potential of an outbreak of diseases from overflowing sewages on the ground, streams, lagoon and beach front nearby.

Administrative Order Inflow & Infiltration Project - Phase -I (Manhole & Pipeline Assessment)

Phase -I (Manhole & Pipeline Assessment)

- Manhole = 100% complete original scope
- Manhole = additional scope 342 manholes completed (data to be use in purchasing Inflow protector)
- Pipe line = CCTV 95% completed, NO WORK THIS REPORTING
- Phase-II (Manhole & Pipeline Rehab)
- Manhole = 100% complete original scope
- Manhole =Rain guard installation on-going - 487 OF 1,000 units installed

Manhole = additional scope (PR for inflow protector is underway) Inflow protector (rain guard) is received waiting for In-house crew to install. Rain guard installation on-going - 78 OF 1,000 units installed, NO WORK THIS REPORTING.

American Samoa Power Authority (A Component Unit of American Samoa Government) Management's Discussion and Analysis

Administrative Order-UV Disinfection Project.

- 100% Project Completed & Closed
- Diffuser modification work has been completed waiting for final as built and marine monitoring report from the contractor.
- Contractor has decided to use Multi beam Echo Sounder for As built, his surveyor will be available on February 2019 to conduct this task

Final monitoring report has been sent to US-EPA for their review & comment. This project will help protect the marine wildlife and reef ecosystem surrounding the Tutuila Island.

REQUEST FOR INFORMATION

Any requests for additional information in regards to this report may be addressed to American Samoa Power Authority, Chief Financial Officer, P.O. Box PPB, Pago Pago, American Samoa 96799.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Combined Statements of Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	September 30,	
	2019	2018
DEPRECIABLE UTILITY PLANT, net	\$ 138,093,476	\$ 148,694,988
NONDEPRECIABLE UTILITY PLANT	54,574,053	36,025,203
Utility plant, net	192,667,529	184,720,191
RESTRICTED CASH AND CASH EQUIVALENTS	1,058,153	1,030,755
CURRENT ASSETS		
Cash and cash equivalents	2,914,728	2,330,536
Accounts receivable, net of allowance for doubtful accounts of \$1,607,348 and \$1,176,206 at September 30, 2019 and 2018, respectively	4,528,088	5,764,309
Unbilled revenues	2,036,276	1,985,515
Other accounts receivable, net of allowance for doubtful accounts of \$0 at September 30, 2019 and 2018	753,517	558,632
Materials, supplies, and fuel	8,001,644	7,453,763
Prepaid expenses and other assets	2,035,760	2,132,637
Total unrestricted current assets	20,270,013	20,225,392
RESTRICTED CURRENT ASSETS		
Cash and cash equivalents – grant and bond reserves	233,553	229,509
Federal grants receivable	2,896,082	3,214,713
Total restricted current assets	3,129,635	3,444,222
Total current assets	23,399,648	23,669,614
Total assets	217,125,330	209,420,560
DEFERRED OUTFLOWS OF RESOURCES FROM PENSION	7,088,609	9,414,792
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 224,213,939	\$ 218,835,352

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Combined Statements of Net Position

NET POSITION, DEFERRED INFLOW OF RESOURCES, AND LIABILITIES

	September 30,	
	2019	2018
NET POSITION		
Net investment in utility plant	\$ 185,375,229	\$ 174,291,629
Restricted	4,187,788	4,474,977
Unrestricted	(4,120,896)	(10,738,005)
Total net position	<u>185,442,121</u>	<u>168,028,601</u>
COMMITMENTS AND CONTINGENCIES		
CURRENT LIABILITIES		
Notes payable	2,251,136	2,954,221
Current portion of long-term debt	6,895,416	3,040,287
Accounts payable	3,866,275	8,261,646
Accrued leave	898,065	1,066,693
Accrued expenses and intercompany	2,750,312	6,264,507
Total current liabilities	<u>16,661,204</u>	<u>21,587,354</u>
ACCRUED ANNUAL LEAVE, net of current portion	728,169	594,006
LONG-TERM DEBT, net of current portion	396,884	7,388,277
NET PENSION LIABILITY	<u>13,263,667</u>	<u>15,484,803</u>
Total liabilities	<u>31,049,924</u>	<u>45,054,440</u>
DEFERRED INFLOWS OF RESOURCES FROM PENSION	<u>7,721,894</u>	<u>5,752,311</u>
Total net position, deferred inflows of resources, and liabilities	<u><u>\$ 224,213,939</u></u>	<u><u>\$ 218,835,352</u></u>

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Combined Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended September 30,	
	2019	2018
OPERATING REVENUES – LOCAL		
Electricity sales	\$ 52,246,721	\$ 46,655,348
Water sales	8,581,052	7,965,223
Wastewater sales	3,868,333	3,307,155
Solidwaste sales	2,988,023	3,039,436
Other sales	2,548,496	1,421,821
Total operating revenues – local	70,232,625	62,388,983
Bad debt recovery (expense)	(275,473)	291,145
Net operating revenues – local	69,957,152	62,680,128
OPERATING GRANTS REVENUES – FEDERAL	46,244	6,765
OPERATING EXPENSES – LOCAL		
Fuel oil	30,508,028	27,965,154
Operating and maintenance		
Power production	4,991,288	5,416,003
Power transmission and distribution	1,968,195	3,361,917
Engineering services	1,655,224	909,043
Water, wastewater and solid waste	11,639,295	12,683,099
Pension expense	2,074,630	669,841
Depreciation	9,777,705	11,154,437
General and administrative	6,481,314	7,649,355
Total cost and operating expenses – local	69,095,679	69,808,849
OPERATING EXPENSES – FEDERAL	61,438	90,136
Net operating loss	846,279	(7,212,092)
NONOPERATING REVENUES (EXPENSES)		
Interest and other income	613,902	604,505
Interest expense	(985,956)	(1,118,831)
Net nonoperating revenues (expenses)	(372,054)	(514,326)
Income (loss) before capital grants	474,225	(7,726,418)
FEDERAL CAPITAL GRANTS	16,939,295	11,834,766
Net change in net position	17,413,520	4,108,348
NET POSITION, beginning of year	168,028,601	163,920,253
NET POSITION, end of year	\$ 185,442,121	\$ 168,028,601

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Combined Statements of Cash Flows

	Years Ended September 30.	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 70,952,952	\$ 60,443,262
Cash payments to suppliers for goods and services	(56,116,405)	(48,237,294)
Cash paid to employees	(9,527,199)	(7,498,079)
Operating grants received (used in)	(15,194)	(83,371)
Net cash provided by (used in) operating activities	5,294,154	4,624,518
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and other income	613,902	604,505
Net cash provided by investing activities	613,902	604,505
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to utility plant and construction work in progress	(17,725,043)	(16,529,723)
Federal grants received	17,257,926	9,585,797
Repayment of long-term debt	(3,136,264)	(2,875,478)
Net draws and paydown of line of credit	(703,085)	1,450,693
Interest payments	(985,956)	(1,118,831)
Net cash provided by (used in) capital and related financing activities	(5,292,422)	(9,487,542)
Net increase (decrease) in cash and cash equivalents	615,634	(4,258,519)
CASH AND CASH EQUIVALENTS, beginning of year	3,590,800	7,849,319
CASH AND CASH EQUIVALENTS, end of year	\$ 4,206,434	\$ 3,590,800
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income (loss)	\$ 846,279	\$ (7,212,092)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation	9,777,705	11,154,437
Bad debt (recovery) expense	275,473	(291,144)
Pension related items	2,074,630	52,497
(Increase) decrease in assets:		
Accounts receivable	960,748	(1,801,683)
Unbilled revenue	(50,761)	(103,943)
Other accounts receivable	(194,885)	1,719
Materials, supplies, and fuel	(547,881)	(1,498,032)
Prepaid expenses and other assets	96,877	(637,362)
Increase (decrease) in liabilities:		
Accounts payable	(4,395,371)	3,674,627
Accrued expenses	(3,548,660)	1,285,494
Net cash provided by (used in) operating activities	\$ 5,294,154	\$ 4,624,518

American Samoa Power Authority

(A Component Unit of American Samoa Government)

Notes to Combined Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – The American Samoa Power Authority (ASPA) is a component unit of the American Samoa Government (ASG). ASPA generates and distributes electrical power and provides water, wastewater and solid waste services for the islands of American Samoa. ASPA was formally established through a legislative act by the American Samoa Government (ASG) as of October 1, 1981. Prior to that date, utility services were provided by ASG's Department of Public Works. The separate power authority was established to provide better accountability for the utility's operations and cost of service. Effective October 1, 1988, the water utility and wastewater divisions of the Department of Public Works of ASG were transferred by Executive Order to ASPA. This transfer was later approved into law in 1991. In 1995, the solidwaste division of ASG was transferred by Executive Order to ASPA.

ASPA is governed by a five-member Board of Directors appointed by the Governor of American Samoa and confirmed by the Fono, the ASG legislative branch. The first three members serve four-year staggered terms, and the fourth and fifth members serve four-year concurrent terms. All rates charged by ASPA are developed and promulgated in accordance with ASG Administrative Procedure Act 4.1001 and the Public Utility Regulatory Policies Act.

The combined financial statements of ASPA include the electric, water, wastewater and solid waste divisions of ASPA. ASPA is not financially accountable for any other governmental entity.

Basis of accounting – ASPA uses the flow of economic resources measurement focus. The combined financial statements of ASPA are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Net position – Net position represents the residual interest in ASPA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three sections: net investment in utility plant, restricted, and unrestricted. Net investment in capital assets includes capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding capital debt net of debt service reserve. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. The accounts making up the restricted net position are the amounts required to be maintained in revenue bond fund accounts and amounts set aside in accordance with the terms of U.S. Department of the Interior capital grant agreements. All of ASPA's restricted net position is expendable. All other net position is unrestricted.

Accounting estimates – The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Utility plant – The utility plant of the electric division acquired prior to October 1, 1981 is recorded at ASG's carrying value at September 30, 1981, the date of transfer. The assets of the water and wastewater divisions were transferred to ASPA at ASG's original cost less depreciation as of October 1, 1988. The plant assets of the solid waste division were transferred to ASPA at ASG's original cost less accumulated depreciation in 1995. Acquisition and construction of the electric utility plant subsequent to October 1, 1981, the water and wastewater utility plants subsequent to October 1, 1988, and the solid waste utility plant subsequent to 1995 are recorded at cost. These costs include payroll and certain general and administrative costs associated with the construction activity. ASPA capitalizes plant acquisitions with original costs in excess of \$1,000.

Depreciation – Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets (3–40 years).

Materials, Supplies and Fuel valuation – Materials and supplies inventories and fuel inventories are stated at the lower of cost (using the average method) or market.

Cash and cash equivalents – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Restricted cash and cash equivalents are separately classified in the statements of net position.

Accounts receivable and allowance for doubtful accounts – ASPA grants credit to companies, individuals and governmental agencies in American Samoa on an unsecured basis. The allowance for doubtful accounts is established through a provision charged to expense. Accounts are charged against the allowance when management believes that the collection of the balance is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing balances that may be uncollectible based on evaluations of collectability and prior loss experience.

Compensated absences – Employees accrue annual leave at various rates between four to ten hours per bi-weekly pay period depending on years of service. Contract employees' annual leave varies based on the terms of the contract. Employees are not permitted to carry over more than 480 hours of annual leave from year to year. Exceptions to this limitation policy may be granted. Career service and contract employees accrue four hours of sick leave per bi-weekly pay period. Employees may accrue unlimited hours of sick leave. Employees terminated for reasons other than retirement, employees who are medically separated and employees who retire with maximum service credit of 30 years are entitled to compensation for unused accrued sick leave in excess of 239 hours at separation of service.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Pensions – Pensions are required to be recognized and disclosed using the accrual basis of accounting. ASPA recognizes a net pension liability for the contributory defined benefit retirement plan in which it participates, which represents ASPA's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a cost-sharing, multiple employer, contributory defined benefit retirement plan, measured one year prior to the fiscal year-end and rolled forward. Changes in the net pension liability during the period are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources, depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive) and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense over 5 years beginning with the period in which the difference occurred.

Deferred outflows of resources – Deferred outflows of resources represent consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Deferred inflows of resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Revenue recognition – Sales of electricity and water are recorded as billed to customers on a monthly billing cycle basis. For electricity billings, ASPA factors a variable fuel surcharge into its monthly billings to recover the variable costs of fuel. Unbilled revenue represents an estimate of earned but unbilled revenues based on individual customer consumption patterns applied to the number of days of consumption between the most recent meter reading date and the end of the reporting period. At September 30, 2019, unbilled revenues are accrued based on the most recent billing cycles. Sewer is billed to commercial customers for water volume usage. Solid waste is charged a different rate by commercial and residential customers on a monthly basis depending on usage.

Operating and non-operating revenues and expenses – ASPA considers revenues and costs that are directly related to utility operations to be operating revenues and expenses. Federal grant revenues utilized in operations are also classified as operating revenues. Revenues and expenses related to financing, investing and other activities are reflected as non-operating.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Operating leases – ASPA maintains operating leases with several landowners for well sites and pumping station sites. These leases are for terms of up to 50 years and have various expiration dates through 2040. Many of the leases are prepaid in five-to-ten year increments. Such prepayments have been included in prepaid expenses. Prepayments are discounted, and discounts are amortized on a straight-line basis over the period of prepayment. The rents payable are based on price per square foot, which, in previous years, has increased by 5% every fifth year. Many of the leases are renewable at their expiration. These renewal options allow ASPA to retain use of the productive wells and pumping station sites. Management expects that in the normal course of business, leases for productive wells will be renewed or replaced by new leases.

Workers' compensation – ASPA participates in the ASG internal service fund covering workers' compensation. ASPA pays an annual premium to the ASG internal service fund for coverage of all workers' compensation claims. The internal service fund is self-insured against all claims. Accordingly, ASPA does not recognize workers' compensation liabilities. Workers' compensation premiums paid to ASG were \$93,961 and \$109,787 for the years ended September 30, 2019 and 2018, respectively.

Income taxes – ASPA is not subject to federal or local taxes on income or revenues.

Note 2 – Deposits

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required for investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, ASPA's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. ASPA does not have a deposit policy for custodial credit risk.

Cash equivalents – ASPA does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk. ASPA has not experienced any losses on such accounts and management believes it is not exposed to any significant credit risk on its deposits.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 3 – Risk Management

ASPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. At September 30, 2019 and 2018, ASPA carried life insurance on behalf of its employees, directors and officers, and maintained a comprehensive business policy and general liability insurance. ASPA also participates in ASG's self-insurance pool for workers' compensation claims, where ASPA pays ASG 1.05% of gross payroll for workers' compensation coverage. ASPA had no claims settlements in excess of coverage for the years ended September 30, 2019 and 2018.

Another potential area of risk relates to the price of fuel. ASPA has incorporated a fuel factor in the billing rate that is adjusted monthly based on actual fuel costs to mitigate the possibility of substantial losses or windfalls due to the varying cost of fuel.

Note 4 – Natural Disaster Damages

In September 2009, the Territory of American Samoa sustained significant damage as a result of an earthquake and tsunami. ASPA infrastructure sustained significant damage as a result of these two occurrences, and the destroyed utility plant was written off. A Presidential Federal Disaster Declaration was obtained for destruction recovery with the Federal Emergency Management Agency (FEMA) providing funding through the American Samoa Government with a percentage (10%) matching share provided by ASPA. FEMA reimbursements are made on a percentage (90%) basis of submitted allowable costs. As of September 30, 2019 and 2018, ASPA has outstanding receivables from FEMA for tsunami restoration and other projects of \$2,095,406 and \$3,010,036, respectively.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 5 – Utility Plant

A summary of changes in utility plant for the year ended September 30, 2019, is as follows:

	Beginning Balance October 1, 2018	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2019
<u>Depreciable assets:</u>				
Electric power generation facilities	\$ 113,675,166	\$ 1,096,163	\$ -	\$ 114,771,329
Electric transmission and distribution facilities	47,832,829	139,695	(2,677,070)	45,295,454
Electric general plant	12,487,385	406,228	-	12,893,613
Water operating facilities	56,537,885	164,267	-	56,702,152
Wastewater operating facilities	77,034,430	44,415	-	77,078,845
Solidwaste operating facilities	3,701,044	2,495	-	3,703,539
Total utility plant in service	311,268,739	1,853,263	(2,677,070)	310,444,932
Less accumulated depreciation	(162,573,751)	(9,777,705)	-	(172,351,456)
Total depreciable assets, net	148,694,988	(7,924,442)	(2,677,070)	138,093,476
<u>Non-depreciable assets:</u>				
Construction work-in-progress	34,948,284	21,067,270	(2,518,420)	53,497,134
Land	1,076,919	-	-	1,076,919
Utility Plant, net	<u>\$ 184,720,191</u>	<u>\$ 13,142,828</u>	<u>\$ (5,195,490)</u>	<u>\$ 192,667,529</u>

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 5 – Utility Plant (continued)

A summary of changes in utility plant for the year ended September 30, 2018 is as follows:

	Beginning Balance October 1, 2017	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2018
<u>Depreciable assets:</u>				
Electric power generation facilities	\$ 110,831,547	\$ 2,843,619	\$ -	\$ 113,675,166
Electric transmission and distribution facilities	47,709,306	123,523	-	47,832,829
Electric general plant	12,436,873	50,512	-	12,487,385
Water operating facilities	56,385,336	152,549	-	56,537,885
Wastewater operating facilities	77,004,811	29,619	-	77,034,430
Solidwaste operating facilities	3,699,644	1,400	-	3,701,044
Total utility plant in service	308,067,517	3,201,222	-	311,268,739
Less accumulated depreciation	(151,419,314)	(11,154,437)	-	(162,573,751)
Total depreciable assets, net	156,648,203	(7,953,215)	-	148,694,988
<u>Non-depreciable assets:</u>				
Construction work-in-progress	21,619,783	13,689,690	(361,189)	34,948,284
Land	1,076,919	-	-	1,076,919
Utility Plant, net	<u>\$ 179,344,905</u>	<u>\$ 5,736,475</u>	<u>\$ (361,189)</u>	<u>\$ 184,720,191</u>

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 6 – Notes Payable and Long-Term Debt

As of September 30, 2019, notes payable consist of a note drawn on a bank line of credit of \$3 million for working capital requirements. The total financing package consists of two tranches – a capital expenditure loan of \$9.7 million and a \$3.6 million working capital term loan. The revolving line of credit will expire on August 30, 2020. Interest is at the bank's prime rate plus 3.00%, secured by all fixed and floating assets excluding the Manu'a Islands Solar PV parks (Ta'u Solar PV Hybrid and Ofu Solar PV Hybrid) first position leasehold mortgage on the Satala Power Plant and the Operations Center Building.

Changes in notes payable for the year ended September 30, 2019, are as follows:

	Outstanding October 1, 2018	Increases	Decreases	Outstanding September 30, 2019
Note to a bank	\$ 2,954,221	\$ 518,838	\$ (1,221,923)	\$ 2,251,136

Changes in notes payable for the year ended September 30, 2018 are as follows:

	Outstanding October 1, 2017	Increases	Decreases	Outstanding September 30, 2018
Note to a bank	\$ 1,503,528	\$ 2,450,000	\$ (999,307)	\$ 2,954,221

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 6 – Notes Payable and Long-Term Debt (continued)

Long-term debt consists of the following at September 30:

	2019	2018
Loan payable to a bank, original principal of \$420,070, payable in monthly installments of \$8,318 including interest at bank's prime rate plus 3.75% (9.0% at September 30, 2019), due on July 8, 2020, secured by chattel mortgage on the purchased vehicle.	\$ 82,123	\$ 174,466
Revenue bond purchased by the United States Department of Agriculture, Rural Utilities Services (RUS), original principal of \$550,000, payable in monthly installments of \$2,497 with interest fixed at 4.5%, due on December 20, 2040.	408,698	420,002
Capital expenditure loan to a bank, original principal of \$9,700,000, payable in monthly installments of \$191,131 including interest at bank's prime rate plus 3.00% (8% at September 30, 2019), due on June 5, 2020, secured by fixed and floating assets excluding Manu'a Islands Solar PV parks.	5,818,721	7,629,850
Working capital term loan to a bank, original principal of \$3,600,000 payable in monthly installments of \$111,425 including interest at bank's prime rate plus 3.00% (8% at September 30, 2019), due on June 5, 2020, secured by fixed and floating assets excluding Manu'a Islands Solar PV parks.	982,758	2,204,246
Total long-term debt	7,292,300	10,428,564
Less current portion	6,895,416	3,040,287
Long-term portion of long-term debt	<u>\$ 396,884</u>	<u>\$ 7,388,277</u>

Changes in long-term debt for the year ended September 30, 2019, are as follows:

	Outstanding September 30, 2018	Increases	Decreases	Outstanding September 30, 2019	Current
Loans payable to a bank	\$ 174,466	\$ -	\$ (92,343)	\$ 82,123	\$ 82,123
Bond payable to RUS	420,002	-	(11,305)	408,697	11,812
Loans payable to a bank	7,629,850	-	(1,811,129)	5,818,721	5,818,721
Loans payable to a bank	2,204,246	-	(1,221,487)	982,759	982,760
	<u>\$ 10,428,564</u>	<u>\$ -</u>	<u>\$ (3,136,264)</u>	<u>\$ 7,292,300</u>	<u>\$ 6,895,416</u>

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 6 – Notes Payable and Long-Term Debt (continued)

Changes in long-term debt for the year ended September 30, 2018, are as follows:

	Outstanding September 30, 2017	Increases	Decreases	Outstanding September 30, 2018	Current
Loans payable to a bank	\$ 256,500	\$ -	\$ (82,034)	\$ 174,466	\$ 90,987
Loan payable to RUS	430,801	-	(10,799)	420,002	11,295
Loans payable to a bank	9,291,337	-	(1,661,487)	7,629,850	1,729,809
Loans payable to a bank	3,325,404	-	(1,121,158)	2,204,246	1,208,196
	<u>\$ 13,304,042</u>	<u>\$ -</u>	<u>\$ (2,875,478)</u>	<u>\$ 10,428,564</u>	<u>\$ 3,040,287</u>

The 2000 RUS water and wastewater revenue bond was issued in December 2000 in the original amount of \$550,000 to finance water improvements. The bond resolution requires the establishment of a reserve account into which an amount equal to one-tenth of the annual payments of principal and interest on the bond must be deposited each year. The balance in the reserve account at September 30, 2019 and 2018, was \$32,439 and \$32,431, respectively. The resolution also requires ASPA to maintain and collect rates and charges for water supplied and for wastewater collection and disposal services furnished that will be sufficient to pay principal and interest on the bond and normal system costs of maintenance and operation.

Future minimum principal and interest payments on all long-term debt for subsequent years ending September 30 are as follows:

	Principal	Interest	Total
Years ending September 30, 2020	\$ 6,895,416	\$ 332,737	\$ 7,228,153
2021	12,357	325,329	337,686
2022	12,924	17,040	29,964
2023	13,518	16,446	29,964
2024	14,139	15,825	29,964
2025 - 2029	63,357	56,499	119,856
2030 - 2034	97,009	52,811	149,820
2035 - 2039	121,435	28,385	149,820
2040 - 2042	62,145	3,218	65,363
	<u>\$ 7,292,300</u>	<u>\$ 848,290</u>	<u>\$ 8,140,590</u>

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 7 – Noncurrent Liabilities

Changes in noncurrent liabilities for the year ended September 30, 2019, are as follows:

	Beginning Balance October 1, 2018	Addition	Reduction	Ending Balance September 30, 2019	Current
Accrued annual leave	\$ 1,660,699	\$ -	\$ (34,465)	\$ 1,626,234	\$ 898,065
Net pension liability	15,484,803	-	(2,221,136)	13,263,667	-
	<u>\$ 17,145,502</u>	<u>\$ -</u>	<u>\$ (2,255,601)</u>	<u>\$ 14,889,901</u>	<u>\$ 898,065</u>

Changes in noncurrent liabilities for the year ended September 30, 2018, are as follows:

	Beginning Balance October 1, 2017	Addition	Reduction	Ending Balance September 30, 2018	Current
Accrued annual leave	\$ 1,702,823	\$ 1,802,888	\$ (1,845,012)	\$ 1,660,699	\$ 1,066,693
Net pension liability	21,462,107	-	(5,977,304)	15,484,803	-
	<u>\$ 23,164,930</u>	<u>\$ 1,802,888</u>	<u>\$ (7,822,316)</u>	<u>\$ 17,145,502</u>	<u>\$ 1,066,693</u>

Note 8 – Retirement Fund

A. General Information about the Pension Plan:

Plan Description:

ASPA is one of the sponsoring employers of the American Samoa Government Employees' Retirement Fund (the Fund). The Fund is a cost sharing, multiple employer, contributory defined benefit retirement fund which was established in 1971 to provide retirement annuities to the employees of ASG. All full-time ASPA employees, other than contract specialists, are covered by the Fund.

The Fund issues a stand-alone financial report. It may be obtained by writing to the Director, American Samoa Government Employees' Retirement Fund, Pago Pago, American Samoa 96799.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 8 – Retirement Fund (continued)

Plan Membership:

As of October 1, 2016 (the valuation date), the Fund's membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	1,921
Terminated vested employees not receiving benefits	<u>57</u>
	<u>1,978</u>
Active employees:	
Vested	2,335
Nonvested	<u>2,185</u>
	<u>4,520</u>

Benefits Provided:

The Fund's retirement eligibility provisions are as follows:

Normal retirement – Age 65 with five years of service or age 55 with 30 years of service

Early retirement – Age 55 with ten years of service (reduced benefits)

Medical retirement – Member qualifies after five years of service

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 upon years of service). The minimum annual benefit is \$600.

The member's retirement benefit is payable at the member's option in one of the following methods:

A single life annuity

A qualified joint and survivor annuity (actuarially reduced)

A surviving spouse of an active member who dies before retirement but after attaining eligibility for retirement may receive either a refund of employee contributions with interest or a life annuity equal to one-half the retirement annuity that would have been paid to the deceased member. An additional lump-sum death benefit of \$2,500 to \$10,000, based on years of service, is also payable to survivors of active members of the Fund. A lump-sum death benefit of \$1,500 is payable to survivors of retired members of the Fund.

American Samoa Power Authority

(A Component Unit of American Samoa Government)

Notes to Combined Financial Statements

Note 8 – Retirement Fund (continued)

Member and Employer Contributions:

ASPA has agreed to contribute amounts, as provided by the American Samoa Code Annotated Section 7.1433, to the Fund each year at a statutory rate actuarially determined. For the year ended September 30, 2019, the actuarially determined contribution rate was 15.11% of total payroll. ASPA's approved contribution rate was 8% of employees' regular earnings, excluding overtime.

Each active member of the Fund contributes 3% of regular earnings and earns interest at 1.5% compounded annually. Employee contributions are made through payroll deductions. Employee 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 employees not yet eligible for retirement. Employees are fully vested in the employer portion, payable as a retirement annuity, after ten years of participation in the Fund.

All employee member contributions are used to reduce the normal cost liability before the sponsors' required contribution rate is calculated. Sponsor and member contributions as a percentage of covered payroll are 8% and 3%, respectively, for the year ended September 30, 2018. The calculation of the employer's proportionate share allocation is based on fiscal year 2018 employer contributions.

ASPA's retirement contributions for the years ended September 30, 2019 and 2018, were \$650,250 and \$730,837, respectively, equal to the required contributions for each year.

Actuarial Methods and Significant Assumptions:

The total pension liability was determined as part of an actuarial valuation as of October 1, 2015, and rolled forward using generally accepted actuarial procedures to the measurement date as of September 30, 2018, using the following actuarial assumptions:

Actuarial cost method	Entry age normal cost
Investment rate of return	8.0%, net of pension plan investment fees, including inflation
Salary increases	4%–15% based on attained age
Mortality	RP-2000 Combined Mortality Table set forward six years

The investment long-term expected rate of return of 8.0% and projected salary increases include an inflation component of 3.0%. Effective October 1, 2014, a 0.5% cost of living adjustment (COLA) was granted to retirees retroactive to October 1, 2012. The projected effect of the COLA is included in the total pension liability as of September 30, 2018 and 2019.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 8 – Retirement Fund (continued)

Investment rate of return – The long-term expected rate of return on the 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 September 30, 2018, the geometric mean rates of return of benchmarks for each major investment class in the Fund's portfolio are as follows:

<u>Investment Class</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	7.1%
Fixed income	5.1%
Real estate	5.0%
ASG bond	7.5%
Cash equivalents	1.8%
Certificate of deposit	1.8%

Discount rate – The total pension liability is calculated using a discount rate of 4.74% that is a blend of the expected investment rate of return and a high quality bond index rate. There was no change in the discount rate since the previous year. The expected investment rate of return applies for as long as the plan assets (including future contributions) are projected to be sufficient to make the projected benefit payments. If plan assets are projected to be depleted at some point in the future, the rate of return of a high quality bond index is used for the period after the depletion date.

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

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

The projection of cash flows used to determine the Fund's discount rate assumes that member and sponsor contributions will continue at current statutory levels. Additionally, cost of living adjustments will be applied to projected benefits at the rate of 0.5% annually after expected retirement dates.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 8 – Retirement Fund (continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents ASPA's net pension liability, calculated using the discount rate of 5.87%, as well as what ASPA's net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease 5.33%	Current Discount Rate 6.33%	1% Increase 7.33%
Net pension liability	<u>\$ 16,585,753</u>	<u>\$ 13,263,667</u>	<u>\$ 10,433,026</u>

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

Pension Liability:

At September 30, 2019 and 2018, ASPA reported a net pension liability of \$13,263,667 and \$15,484,803, respectively, for its proportionate share of the net pension liability. At September 30, 2019 and 2018, ASPA's proportion of the overall liability was 9.32% and 9.73%, respectively.

Pension Expense:

For the years ended September 30, 2019 and 2018, ASPA recognized pension expense of \$2,074,630 and \$669,841, respectively.

Deferred Outflows and Inflows of Resources:

At September 30, 2019, ASPA reported total deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,348,163	\$ 621,934
Difference between expected and actual investment experience	-	675,677
Change of assumptions	4,342,462	5,288,069
Contributions subsequent to the measurement date	650,250	-
Changes in proportion and difference between ASPA contributions and proportionate share of contributions	<u>747,734</u>	<u>1,136,214</u>
	<u>\$ 7,088,609</u>	<u>\$ 7,721,894</u>

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 8 – Retirement Fund (continued)

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense as follows:

Year ending September 30,	2020	\$	42,893
	2021		(540,370)
	2022		(528,547)
	2023		(340,420)
	2024		(116,317)
	Thereafter		<u>199,226</u>
		\$	<u>(1,283,535)</u>

Note 9 – Employee Supplemental Income Plan

ASPA administers the American Samoa Power Authority Employee Supplemental Income Plan (the Plan) which is established to provide supplemental income for certain medical expenses. Full-time career service employees and two-year contract employees are eligible to participate in the Plan. Part-time and temporary service employees are not eligible. The Plan pays employees a fixed amount of \$750 when referred off-island for medical treatment. The Plan also pays \$60 per day of off-island hospital confinement and follow-up appointments. Enrolled family members are eligible for benefits at 50% of the employee rate. Employees contribute at graduated premium levels depending on the number of enrolled family members. The Plan has an annual family limit of \$5,000 with a life-time limit of \$10,000 per employee family group. If this limit is reached, the employee may opt to continue in the program up to a limit of \$30,000, but at incrementally higher premium rates. ASPA contributes to the Plan for all eligible employees at a rate based on the employees' family group size. All contributions from employees and employer are invested and recorded with a corresponding liability amount included in the statement of net position. All changes in the invested funds are adjusted to the corresponding liability account.

There have been no claims in excess of the value of the Plan assets.

At September 30, 2019 and 2018, plan assets of \$1,058,153 and \$1,030,755, respectively, are included as restricted cash and cash equivalents, and accrued liabilities of the same amount are recorded in the statement of net position. ASPA's contributions for the years ended September 30, 2019 and 2018 were \$96,478 and \$106,350, respectively.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 10 – Commitments

Lease commitments – ASPA leases two parcels of land owned by ASG (Parcels B and C) at a total monthly rate of \$13,430 for a period of 10 years. ASPA has options to extend the lease agreements for a total of 30 years for Parcel B and 50 years for Parcel C, subject to escalation rates after a certain number of years. ASPA exercised the options to extend the lease agreements for Parcel B to 2039 and for Parcel C to 2060.

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of September 30, 2019, not including the escalations and unexercised options for extensions:

Year ending September 30,	2020	\$	170,217
	2021		171,469
	2022		171,469
	2023		171,469
	2024 - 2028		685,876
	2029 - 2033		871,602
	2034 - 2038		879,885
	2039 - 2043		411,071
	2044 - 2048		30,128
	2049 - 2053		319,136
	2054 - 2058		330,141
	2059 - 2062		121,052
			<u>121,052</u>
		\$	<u>4,333,515</u>

In connection with some of these operating leases, ASPA guarantees to provide certain quantities of water to lessors.

Rent expense recognized for the years ended September 30, 2019 and 2018, amounted to \$663,948 and \$768,882, respectively.

Fuel supply contracts – In December 2013, ASPA entered into fuel supply contracts with two local fuel distributors to purchase diesel fuel oil. The agreements are for two years commencing on December 15, 2013, with options to extend for two additional one-year terms at ASPA's sole discretion. ASPA extended the contracts for an additional year, commencing on January 1, 2019 through December 31, 2020.

Construction contracts – As of September 30, 2019, ASPA has various on-going construction contracts of \$53.7 million which are recorded as construction work-in-progress. Most construction projects are in the Water and Wastewater division, which are funded through United States Environmental Protection Agency (USEPA).

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Notes to Combined Financial Statements

Note 11 – Landfill Closure and Postclosure Care Costs

ASPA utilizes several acres of land in Futiga, American Samoa, for its two-cell solid waste landfill site. The first cell was operated by ASG for approximately 30 years before it was transferred to ASPA in February 1995. ASPA has operated the landfill for approximately 12 years 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 landfill cell has a remaining estimated useful life of 7 years. Total estimated closure and postclosure costs for the two landfill cells is \$901,064 based on a 2003 study.

ASPA has obtained an opinion from the American Samoa Environmental Protection Agency (ASEPA) that American Samoa has no local statutes governing the operation of municipal landfills and, therefore, no local regulations govern closure and postclosure requirements. As a result, management is of the opinion that ASPA has no legal obligation under federal or local law to incur closure and postclosure costs for the two landfill sites, and no closure or postclosure costs have been accrued at September 30, 2019 and 2018.

ASPA has a contract in place with a company for a Waste to Energy Project at the landfill. This project will reduce solid waste deposits in the landfills and extend their useful lives.

Note 12 – Related Party Transactions and Balances

Services provided to ASG by ASPA, including all charges for utilities, are billed to ASG and are recorded as receivables in the interfund account. Selected services provided by ASG to ASPA are recorded as payables to ASG in the interfund account and are offset against receivables.

ASPA performed projects for ASG and ASG agencies. The revenues and costs of those projects are presented as nonoperating revenues and expenses in the accompanying statements of revenues, expenses and changes in net position. Outstanding receivables on those projects are included in due from ASG and ASG agencies in the accompanying statements of net position.

Note 13 – Major Customers

Transactions with one major private sector industrial customer approximated 18.4% and 13% of total operating revenues for the years ended September 30, 2019 and 2018, respectively. ASG accounted for approximately 9.5% and 7% of total operating revenues for the years ended September 30, 2019 and 2018, respectively.

For the year ended September 30, 2019, one customer accounted for approximately 13.8% of accounts receivable. For the year ended September 30, 2018, one customer accounted for approximately 11% of accounts receivable.

American Samoa Power Authority

(A Component Unit of American Samoa Government)

Notes to Combined Financial Statements

Note 14 – Contingencies

Legal – ASPA is involved in various litigation involving disputes over landfill leases, including the terms of leases and the areas of land located in the landfill. The ultimate outcome of these matters and the financial impact on ASPA's financial statements is not presently determinable and no reserves have been recorded for potential impact of these contingencies.

ASPA is also involved in various other legal proceedings. Management believes that any losses arising from these actions will not materially affect ASPA's financial position.

United States Environmental Protection Agency (USEPA) – The USEPA has issued an administrative order against ASPA in relation to toxic gases released by a contractor at a scrap metal yard. The USEPA has completed the cleanup of the scrap metal yard for the toxic gases, during which it was discovered that the contractor buried considerable scrap metal and materials below the surface of the scrap metal yard in violation of its contract. ASPA has completed the cleanup of the scrap metal yard for these buried materials and ASPA is pursuing a claim against the contractor. ASPA is negotiating with the USEPA to waive the cleanup cost it owes for the cleanup of the toxic gases. No provision has been established for this contingency.

ASPA operates two wastewater treatment plants which are required to maintain National Pollutant Discharge Elimination System (NPDES) permits. At present, these wastewater treatment plants operate under a waiver from secondary treatment standards for ocean discharge under section 301(h) of the Clean Water Act. One of the requirements of this waiver provision is that it be reassessed before each renewal of the associated NPDES permit. In 2009, USEPA issued Tentative Decision Documents (TDD) indicating that the two facilities are unlikely to meet the criteria for waiver renewal based on operational practices and monitoring data available at that time. USEPA exercised its discretion to defer final decisions on the waiver renewal in favor of working with ASPA to pursue process modifications and feasible treatment system upgrades which, collectively, have the potential to address the concerns identified in the TDD. USEPA has been working with ASPA and the American Samoa EPA to conduct additional monitoring and evaluation, including consideration of alternative actions, to address the situation.

USEPA has not issued final decisions on the renewal of secondary treatment waivers for the two wastewater treatment plants which are currently operating under administrative extensions of their existing permits. The new permit is under review by the USEPA.

Federal grants – ASPA has participated in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. ASPA's management believes that any liability for reimbursement which may arise as the result of these audits would not be material to the financial position of ASPA.

Required Supplementary Information

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Schedule of Proportional Share of the Net Pension Liability
Last 10 Fiscal Years*

	2019	2018	2017
Total American Samoa Government net pension liability	\$ 142,297,228	\$ 159,221,857	\$ 216,086,128
ASPA's proportionate share of the net pension liability	\$ 13,263,667	\$ 15,484,803	\$ 21,462,107
ASPA's proportion of the net pension liability	9.32%	9.73%	9.93%
ASPA's covered-employee payroll**	\$ 9,135,463	\$ 9,671,688	\$ 9,887,125
ASPA's proportionate share of the net pension liability as percentage of its covered employee payroll	145.19%	160.10%	217.07%
Fund fiduciary net position as a percentage of the total pension liability	58.72%	55.03%	46.21%

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the measurement date with one-year lag.

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Schedule of Pension Contributions as of September 30, 2019
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,520,141	\$ 1,462,359	\$ 1,344,649
Contribution in relation to the actuarially determined contribution	<u>730,837</u>	<u>773,735</u>	<u>790,970</u>
Contribution deficiency	<u>\$ 789,304</u>	<u>\$ 688,624</u>	<u>\$ 553,679</u>
ASPA's covered-employee payroll	<u>\$ 9,135,463</u>	<u>\$ 9,671,688</u>	<u>\$ 9,887,125</u>
Contribution as a percentage of covered-employee payroll	8.00%	8.00%	8.00%

* This data is presented for those years for which information is available.

** Information is based on the measurement date with one-year lag as current year information is not available.

Supplementary Information

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Combining Statement of Net Position
For the Year Ended September 30, 2019

	Electric	Water	Wastewater	Solidwaste	Other	Total	Interdivision Eliminations	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
DEPRECIABLE UTILITY PLANT, net	\$ 86,580,425	\$ 20,156,806	\$ 30,962,716	\$ 211,763	\$ 181,766	\$ 138,093,476	\$ -	\$ 138,093,476
NONDEPRECIABLE UTILITY PLANT	11,708,418	18,522,778	24,159,549	119,798	63,510	54,574,053	-	54,574,053
Utility plant, net	98,288,843	38,679,584	55,122,265	331,561	245,276	192,667,529	-	192,667,529
OTHER NON-CURRENT ASSETS								
Restricted cash and cash equivalents	-	-	-	-	1,058,153	1,058,153	-	1,058,153
CURRENT ASSETS								
Cash and cash equivalents	3,260,949	15,294	32,676	5,707	(399,898)	2,914,728	-	2,914,728
Accounts receivable, net	2,800,793	828,634	415,284	483,377	-	4,528,088	-	4,528,088
Interdivisional loans	47,977,647	-	-	-	3,863	47,981,510	(47,981,510)	-
Unbilled revenue, net	1,689,711	(93,731)	440,296	-	-	2,036,276	-	2,036,276
Other accounts receivable, net	516,948	23,466	150	210,752	2,201	753,517	-	753,517
Materials, supplies, and fuel	5,489,320	2,284,274	102,958	-	125,092	8,001,644	-	8,001,644
Prepaid expenses and other assets	1,632,220	92,242	722	(36,602)	347,178	2,035,760	-	2,035,760
Total unrestricted current assets	63,367,588	3,150,179	992,086	663,234	78,436	68,251,523	(47,981,510)	20,270,013
Restricted current assets:								
Cash and cash equivalents	95,334	136,314	-	1,905	-	233,553	-	233,553
Federal grants receivable, net	2,095,406	212,552	588,124	-	-	2,896,082	-	2,896,082
Total restricted current assets	2,190,740	348,866	588,124	1,905	-	3,129,635	-	3,129,635
Total current assets	65,558,328	3,499,045	1,580,210	665,139	78,436	71,381,158	(47,981,510)	23,399,648
Total assets	163,847,171	42,178,629	56,702,475	996,700	1,381,865	265,106,840	(47,981,510)	217,125,330
DEFERRED OUTFLOWS OF RESOURCES FROM PENSION								
	2,474,826	1,272,768	565,675	247,483	2,527,857	7,088,609	-	7,088,609
	<u>\$ 166,321,997</u>	<u>\$ 43,451,397</u>	<u>\$ 57,268,150</u>	<u>\$ 1,244,183</u>	<u>\$ 3,909,722</u>	<u>\$ 272,195,449</u>	<u>\$ (47,981,510)</u>	<u>\$ 224,213,939</u>

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Combining Statement of Net Position
For the Year Ended September 30, 2019

	Electric	Water	Wastewater	Solidwaste	Other	Total	Interdivision Eliminations	Combined
NET POSITION AND LIABILITIES								
NET POSITION (DEFICIT)								
Net investment in utility plant	\$ 91,405,240	\$ 38,270,886	\$ 55,122,265	\$ 331,561	\$ 245,276	\$ 185,375,228	\$ -	\$ 185,375,228
Restricted	2,190,740	348,866	588,124	1,905	1,058,153	4,187,788	-	4,187,788
Unrestricted	50,817,881	(20,992,792)	(10,981,118)	(17,500,839)	(5,464,028)	(4,120,895)	-	(4,120,895)
Total net position (deficit)	144,413,861	17,626,960	44,729,272	(17,167,373)	(4,160,599)	185,442,121	-	185,442,121
CURRENT LIABILITIES								
Notes payable	2,251,136	-	-	-	-	2,251,136	-	2,251,136
Current portion of long-term debt	6,883,603	11,814	-	-	-	6,895,417	-	6,895,417
Accounts payable	2,669,451	229,756	538,914	83,472	344,682	3,866,275	-	3,866,275
Interdivisional loans	-	20,539,614	9,904,512	17,516,798	-	47,960,924	(47,981,510)	(20,586)
Accrued leave	796,023	168,051	118,919	8,511	(193,439)	898,065	-	898,065
Accrued expenses	1,629,390	551,011	235,785	44,543	310,170	2,770,899	-	2,770,899
Total current liabilities	14,229,603	21,500,246	10,798,130	17,653,324	461,413	64,642,716	(47,981,510)	16,661,206
NONCURRENT LIABILITIES								
Accrued annual leave, net of current portion	351,903	159,326	66,091	25,569	125,279	728,168	-	728,168
Long-term debt, net of current portion	-	396,884	-	-	-	396,884	-	396,884
Net pension liability	4,630,707	2,381,506	1,058,447	463,071	4,729,936	13,263,667	-	13,263,667
Total liabilities	19,212,213	24,437,962	11,922,668	18,141,964	5,316,628	79,031,435	(47,981,510)	31,049,925
DEFERRED INFLOWS OF RESOURCES FROM PENSION	2,695,923	1,386,475	616,211	269,592	2,753,692	7,721,893	-	7,721,893
Total net position, liabilities and deferred inflows	\$ 166,321,997	\$ 43,451,397	\$ 57,268,151	\$ 1,244,183	\$ 3,909,722	\$ 272,195,449	\$ (47,981,510)	\$ 224,213,939

American Samoa Power Authority
(A Component Unit of American Samoa Government)
Combining Statement of Revenues
For the Year Ended September 30, 2019

	Electric	Water	Wastewater	Solidwaste	Other	Total	Interdivision Eliminations	Combined
OPERATING REVENUES – LOCAL								
Operating sales	\$ 52,246,721	\$ 8,581,052	\$ 3,868,333	\$ 2,988,023	\$ -	\$ 67,684,129	\$ -	\$ 67,684,129
Other sales	392,075	145,637	111,543	1,899,241	-	2,548,496	-	2,548,496
Total operating revenues – local	52,638,796	8,726,688	3,979,877	4,887,264	-	70,232,625	-	70,232,625
Bad debt recovery (expense)	(270,783)	(33,731)	(43,749)	62,131	10,659	(275,473)	-	(275,473)
Net operating revenues – local	52,368,013	8,692,957	3,936,128	4,949,395	10,659	69,957,152	-	69,957,152
OPERATING GRANTS REVENUES – FEDERAL	31,632	14,613	-	-	-	46,245	-	46,245
OPERATING EXPENSES – LOCAL								
Fuel oil	30,504,841	-	-	-	3,187	30,508,028	-	30,508,028
Operating and maintenance								
Power production	4,991,288	-	-	-	-	4,991,288	-	4,991,288
Power transmission and distribution	1,968,195	-	-	-	-	1,968,195	-	1,968,195
Engineering services	1,205,877	345,532	103,815	-	-	1,655,224	-	1,655,224
Water, wastewater, and solid waste	-	5,558,545	2,873,078	3,207,672	-	11,639,295	-	11,639,295
Pension expense	724,310	372,502	165,556	72,431	739,831	2,074,630	-	2,074,630
Depreciation	5,940,329	1,805,527	1,936,368	35,380	60,101	9,777,705	-	9,777,705
General and administrative	3,075,094	1,752,500	942,316	247,824	463,580	6,481,314	-	6,481,314
Total costs and operating expenses – local	48,409,934	9,834,606	6,021,133	3,563,307	1,266,699	69,095,679	-	69,095,679
OPERATING GRANTS EXPENSES – FEDERAL	5,528	37,978	-	-	17,932	61,438	-	61,438
Net operating income (loss)	3,984,183	(1,165,014)	(2,085,005)	1,386,088	(1,273,972)	846,280	-	846,280
NONOPERATING REVENUES (EXPENSES)								
Interest and other income (expense)	3,939	78,221	(477)	331,693	200,526	613,902	-	613,902
Interest expense	(967,297)	(18,660)	-	-	-	(985,957)	-	(985,957)
Net nonoperating expenses	(963,358)	59,561	(477)	331,693	200,526	(372,055)	-	(372,055)
Income (loss) before capital grants	3,020,825	(1,105,453)	(2,085,482)	1,717,781	(1,073,446)	474,225	-	474,225
FEDERAL CAPITAL GRANTS	4,272,346	4,582,021	8,034,192	50,736	-	16,939,295	-	16,939,295
Change in net position	7,293,171	3,476,568	5,948,710	1,768,517	(1,073,446)	17,413,520	-	17,413,520
NET POSITION, beginning of year	137,120,690	14,150,392	38,780,562	(18,935,890)	(3,087,153)	168,028,601	-	168,028,601
NET POSITION, end of year	\$ 144,413,861	\$ 17,626,960	\$ 44,729,272	\$ (17,167,373)	\$ (4,160,599)	\$ 185,442,121	\$ -	\$ 185,442,121

