GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

(AS RESTATED)

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913-3911
USA

Tel: (671)646-3884
Fax: (671)649-4932
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Commissioners
Consolidated Commission on Utilities:

Report on Financial Statements

We have audited the accompanying financial statements of Guam Power Authority (GPA), a component unit of the Government of Guam, which comprise the statements of net position as of September 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Guam Power Authority as of September 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, in 2015, GPA adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting these standards, GPA has elected to restate its 2014 financial statements to reflect the adoption of these standards. Our opinion is not modified with respect to this matter.

As discussed in Note 10 to the financial statements, on August 31, 2015, GPA suffered major damage on two of its generators due to an explosion at the Cabras 3 and 4 power plants. Preliminary inspection reports indicated that the Cabras 4 generator, with a net book value of $33 million at September 30, 2015, is a total loss and the Cabras 3 generator will require major repairs. No decision has been made on whether to repair the Cabras 3 generator and related insurance recoveries for both generators cannot be estimated at this time. At September 30, 2015, no provision has been recorded due to this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 8 as well as the Schedule of Funding Progress on page 45, the Schedule of Proportional Share of the Net Pension Liability on page 46, and the Schedule of Pension Contributions on page 47 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Other Financial Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Sales of Electricity, Operating and Maintenance Expenses and Salaries and Wages on pages 48 through 51 are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedules of Sales of Electricity, Operating and Maintenance Expenses and Salaries and Wages are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Sales of Electricity, Operating and Maintenance Expenses and Salaries and Wages are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Schedule of Employees by Department on page 52 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2016 on our consideration of GPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GPA's internal control over financial reporting and compliance.

Deloitte & Touche LLP

March 11, 2016

This Management's Discussion and Analysis should be read in conjunction with the Guam Power Authority's September 30, 2015 audited financial statements and accompanying notes.

OVERVIEW

The Guam Power Authority (GPA or Authority) was created in 1968 as a public corporation and autonomous instrumentality of the Government of Guam. Since that time, the Authority has maintained and expanded the island wide power system on Guam. The Authority has 469 megawatts of generation capacity, 663 miles of transmission and distribution lines, 29 substations, $904 million in assets, and $366 million in annual revenues. GPA currently serves approximately 49,000 customers with the U.S. Navy being the largest representing about 17% of revenues.

In 2002, the Consolidated Commission on Utilities (CCU) was established as the board of directors for both the Guam Power Authority and the Guam Waterworks Authority. The CCU is made up of five elected members and is vested with the same powers previously exercised by previous boards of directors. In addition, it retains contracting authority, establishes policies and has control over the selection of the top management of the Authority. GPA also continued its existence as a public corporation.

The Authority is regulated by the Guam Public Utilities Commission (PUC) – a rate setting body made up of Commissioners appointed by the Governor of Guam. The PUC has established rules of operation that are similar to those of other jurisdictions within the United States. The PUC has broad regulatory authority over GPA including approval of any contracts that might have an impact on GPA's rates.

GPA'S STRATEGY

GPA is committed to providing outstanding energy solutions to our island community by focusing on capital discipline and operational excellence. Key components of GPA's strategy include:

- Achieve Superior Customer Service – GPA is continuously reaching for ways to better serve our customers through accountability, efficiency and reliability.
- Optimize Energy Production cost – Focus on driving down cost and on improved productivity.
- Achieve Energy Diversification – GPA implemented an Integrated Resource Plan which includes renewable energy resources such as solar and wind power generating 25 megawatts. More renewable energy is in the works.
- Become Financially Sound and Stable – Improve credit rating and debt service coverage.

Promote Energy Innovation

GPA completed its smart grid investment project, and upgraded the transmission and distribution system with devices that reduce maintenance and improve reliability. Fifty percent of the funding for the smart grid project was from a U.S. Department of Energy grant. GPA has completed the installation of nearly 49,000 smart meters. The smart meters give customers greater control over their energy use and costs by allowing them to monitor their energy use online and determine which activities are contributing to the fluctuations in their bills. GPA's My Energy online site enables customers to see their current usage and past history allowing them to take action to mitigate their consumption before being charged for it in their bill. Information also helps customers decide on which energy efficient appliances to purchase.

Cabras 3 & 4 Fire

On August 31, 2015, GPA experienced a major failure with two of its base load units - Cabras units 3 & 4 - when an explosion and fire occurred in the Cabras 4 engine. The power system lost 78.6 MW of base load capacity placing GPA in a difficult position in meeting system demand in terms of additional base load or large emergency unit outage. To augment the generation shortfall, GPA procured temporary power generation equipment and services of 40MW.

GPA has $300 million each and every occurrence property damage, business interruption, and extra expense combine for 100% subject to sub-limits. There should be no issue in regards to coverage; however, no information has been provided by Underwriters as of this report date to refute the coverage.

United States Environmental Protection Agency

The United States Environmental Protection Agency (USEPA), under the Clean Air Act, established new rules under National Emission Standard for Hazardous Air Pollutants (NESHAP) for Reciprocating Internal Combustion Engine Maximum Achievable Control Technology (RICE MACT). These new rules require stack emissions control and continuous monitoring systems (CPMS) equipment to be installed on all GPA peaking and base load diesel generators including its Cabras 3 & 4 and MEC 8&9 slow speed diesel units. The deadline for complying with the rules was May 3, 2013. GPA applied for and received an extension for complying with the rules with respect to its small diesel peaking units. The required stack emission equipment was installed within the extension period.

With regards to the slow speed diesel units, GPA engaged the assistance of USEPA along with US Department of Justice (USDOJ) to negotiate a consent decree that will allow sufficient time to implement recommendations in its Integrated Resource Plan (IRP). The IRP was approved by the CCU. The recommendations in the IRP include new and efficient generation, renewable energy sources and diversification of its fuel sources such as Liquefied Natural Gas (LNG) and Ultra-Low Sulfur Diesel fuel oil. GPA believes that ongoing negotiations with USEPA and USDOJ will defer potential fines after the RICE MACT deadlines for the slow speed diesel units. If the consent decree is not reached, the maximum liability for GPA would not exceed $150 million as of March 1, 2016.

Financial Highlights

The table below highlights the financial comparison from fiscal year 2013 through 2015. Guam Power Authority implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. These Statements are effective for fiscal years beginning after June 14, 2014. The adoption of GASB 68 and 71 are reflected in the 2014 to 2015 fiscal year financial statements. These Statements require a new approach to recording an employer's pension liability. This new approach reflects the underlying notion that pensions are a form of compensation provided to employees in exchange for the services they provide to a government over the employees' career. The implementation of the statements had a material effect in the liabilities and on GPA's net position resulting in the restatement of fiscal year 2014 (see Note 1 to the financial statements). Fiscal year 2013 has not been restated and is not comparative to other years.

	2015	2014 As restated (Note1)	2013
(In '000)			
Assets			
Current assets	$ 278.9	$ 345.0	$ 281.7
Non-current investments	54.4	49.3	49.3
Other non-current assets	5.0	5.7	9.9
Utility plant	541.4	552.7	526.7
Deferred outflows of resources	23.9	23.2	17.4
	$ 903.6	$ 975.9	$ 885.0
Liabilities			
Current liabilities	$ 79.6	$ 110.1	$ 75.9
Non-current liabilities	728.3	770.3	639.0
	807.9	880.4	714.9
Deferred inflows of resources	11.6	26.6	30.2
Net position			
Net investment in capital assets	16.9	28.0	32.0
Restricted	13.6	20.1	28.2
Unrestricted	53.6	20.8	79.7
	84.1	68.9	139.9
	$ 903.6	$ 975.9	$ 885.0

The significant changes in the current assets level has been the decrease in fuel prices since the beginning of the fiscal year. The decrease is reflected in the financial statements as a decrease in accounts receivable and fuel inventory. Materials inventory also declined when GPA assisted in the CUC-Saipan recovery from Typhoon Soudelor. The decline in current liabilities is also attributable to drop in fuel price and non-current liabilities decreased due to termination of the Energy Conversion Agreement for the Tanguisson units in January 2015 and decrease in net pension liability.

Financial results summary.

- Income for 2015 was $13.6 million, compared to $4.8 million in 2014.
- Operating income for 2015 was $48.8 million, compared to $43.2 million in 2014.
- Cash flow from operations for 2015 was $65.6 million, compared to $88.4 million in 2014.

The table below details certain items from GPA's Statements of Revenue, Expenses and Changes in Net Position from 2013 through 2015. The presentation below separately identifies activities that impact earnings and cost recovery activities that do not impact earnings.

	2015			2014 As Restated (Note1)			2013		
(in '000)	Earning Activities	Cost Recovery Activities	Total Utility	Earning Activities	Cost Recovery Activities	Total Utility	Earning Activities	Cost Recovery Activities	Total Utility
Sales of Electricity	$ 162,049	$ 204,136	$ 366,185	$ 163,287	$ 271,175	$ 434,462	$ 153,556	$ 295,473	$ 449,029
Other	3,816	-	3,816	1,978	-	1,978	1,704	-	1,704
Total operating revenues	**165,865**	**204,136**	**370,001**	**165,265**	**271,175**	**436,440**	**155,260**	**295,473**	**450,733**
Cost of electricity	-	204,136	204,136	-	271,175	271,175	-	295,473	295,473
Operating and maintenance	75,342	-	75,342	85,101	-	85,101	91,108	-	91,108
Depreciation	41,765	-	41,765	36,989	-	36,989	31,156	-	31,156
Total operating expenses	**117,107**	**204,136**	**321,243**	**122,090**	**271,175**	**393,265**	**122,264**	**295,473**	**417,737**
Operating Income	**48,758**	**-**	**48,758**	**43,175**	**-**	**43,175**	**32,996**	**-**	**32,996**
Interest income			1,179			1,372			2,150
Interest expense			(37,145)			(36,864)			(41,254)
Bond issuance costs			-			(6,651)			(1,594)
Allowance for funds used during construction			5,646			3,976			4,671
Other expense, net			(4,838)			(241)			(221)
Income (loss)			**$ 13,600**			**$ 4,767**			**$ (3,252)**

Operating Revenues

GPA operating revenues decreased by $66.4 million, or 15%, in 2015 compared to 2014, primarily due to a nearly 41% reduction in the LEAC rate over the course of the year and an overall decrease in various base rates attributable to the reduction in intra-class subsidization. Reduction in LEAC was due to drop in global fuel prices and GPA securing a better rate on fuel.

Operating and Maintenance

GPA operating and maintenance expenses decreased by $9.8 million, or 11%, in 2015 compared to 2014, primarily due to retirement of power plants, Tanguisson 1 and 2, and reduction in labor cost and overtime. On December 29, 2014, PUC approved early termination of the associated energy conversion agreement of the Tanguisson power plant effective January 2, 2015.

Depreciation and Amortization

GPA depreciation and amortization expense increased by $4.8 million, or 13%, in 2015 compared to 2014 primarily due to acceleration of depreciation for Dededo Combustion Turbine 1&2 and the Cabras Units based on GPA's Integrated Resource Plan to retire these units and replaced with Combined Cycle Units.

Utility Cost Recovery Activities

Cost of Electricity

GPA cost of electricity includes the costs of power purchased from third parties, transmission, fuel used in its own generation facilities, and fuel supplied to other facilities under power purchase agreements.

GPA procured a power purchase agreement for a utility scale solar farm of 25MW located in southern Guam. The system became available to the grid on August 2015. While the initial cost for solar energy had little impact in 2015, the cost of electricity will be impacted in the coming years by the higher cost of procuring renewable energy as GPA increases the amount of its renewable energy deliveries to comply with regulatory requirements.

Interest Income, Interest Expense, and Other Income and Expenses

The change in Other Expense is the recognition of the $2.8M loss from the termination of the energy conversion agreement of the Tanguisson power plant and the net recovery expenses incurred from Typhoon Dolphin.

Operating Activities

GPA's cash flows from operating activities primarily consist of receipts from customers less payments of operating expenses.

GPA's cash flows from operating activities for 2015 and 2014 are as follows:

(in millions)	2015	2014
Cash received from customers	$ 354.8	$ 453.8
Cash payments to suppliers	(245.3)	(322.2)
Cash payments to employees for services	(40.1)	(40.2)
Cash payments to retiree benefits	(3.8)	(3.0)
Net cash provided by operating activities	$ 65.6	$ 88.4

Capital Activities

GPA capital activities primarily consist of new construction and replacement of facilities necessary to deliver safe and reliable power to its customers. The largest projects to incur capital costs during the year include the construction of the Gloria B. Nelson Public Service Building ($34M), the Dededo Indoor Substation ($3.7M), the Cabras 3&4 Smoke Stack ($3M), the implementation of the Customer Care & Billing system ($2.5M), the Cabras 2 Turbine Overhaul ($2.3M), Cabras 3&4 Major O&M ($2M). The five largest completed projects placed in service during the year include the Gloria B. Nelson Public Service Building, the Substation Automation project, the Customer Care & Billing system, the Cabras 3&4 Smoke Stack replacement and the GIS Implementation system. Cash used in capital activities includes proceeds from bonds and from revenue funds.

Please refer to Note 14 to the financial statements for details of GPA's capital activities.

Borrowing Activities

In fiscal year 2014, GPA completed the issuance of $76.5 million bond to fund projects such as energy storage system, transmission and distribution system improvements, and SCADA system upgrade. The bonds were sold at a rate of 4.34% - lowest rate ever achieved by the Authority. This achievement is due to GPA's improved credit rating and investors' view that GPA is a stable investment grade utility.

Please refer to Note 8 to the financial statements for details of GPA's borrowing activities.

Credit Ratings

GPA's credit rating relates to the Authority's cost of funds and liquidity. In particular, GPA's ability to access and engage in certain activities on a cost-effective basis is primarily dependent upon maintaining a strong credit rating.

GPA's long-term senior debt ratings are:

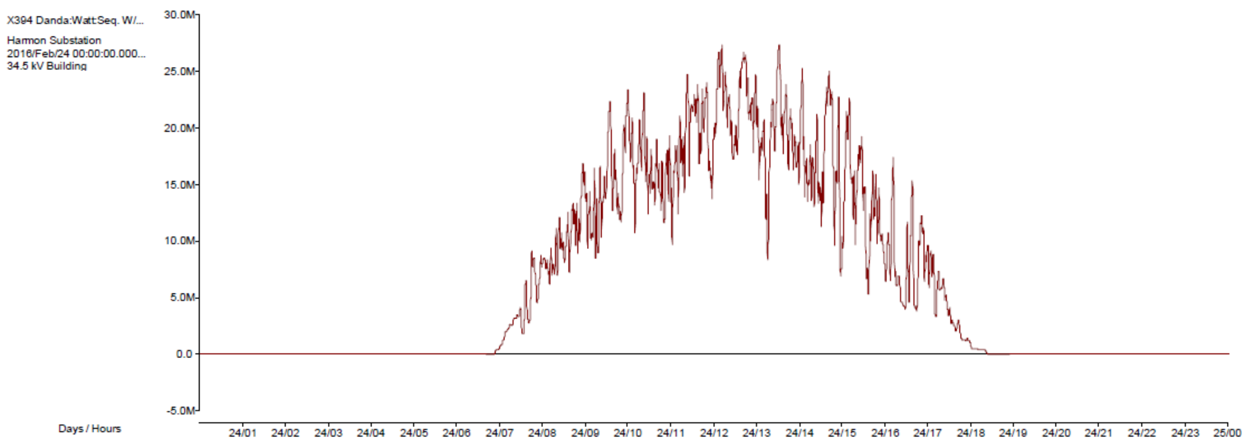
Long-Term Senior Debt	Rating	Long-Term Outlook
Standard & Poor's	BBB	Stable
Moody's Rating	Baa2	Stable
Fitch Rating	BBB-	Stable

Future Capital Activities

GPA is committed to green energy and the reduction of greenhouse gas emissions. GPA invested in an industry scale solar farm of 25MW and is committed to increasing green energy solutions.

The investment of solar farm and increase in net metering customers (NEM) has led to a grid that is becoming physically and operationally very different from historical patterns. The energy received from the solar farm and net metering customers are "must take" contracts, meaning their energy goes into the grid whenever they can generate. The Power System Control Center must now monitor and respond to dramatic changes in system frequencies during certain times of the day. These fast changes are known as ramping events. Historically, the need for fast ramping was in response to load changes, but now is also due to generation output from non-GPA sources.

GPA is required to absorb all the power fluctuation emitted by the solar farm, and NEM. On any given day, the solar farm can fluctuate as much as 15MW in an hour. Below is a sample reading for a day on February 24, 2016.



GPA is looking into energy storage solution (ESS) to mitigate the drop in generation by the solar farm.

GPA has committed to replace some of its current aging fleet with electric vehicles (EV) and invest in charging infrastructures. The community adoption of electric vehicles should reduce the importation of oil in exchange for green energy solutions, promoting local economy, and improving Guam's environment.

Future Borrowing

Despite the advancement of renewable energy generation and storage, the traditional power generation is still required. As noted earlier, GPA has procured 40 MWs of temporary power generation to augment the loss of Cabras 3 and 4. GPA is compiling a financial and an integrated resource plan (IRP) to present to the CCU and PUC for the construction of new combined cycle combustion turbine plants. After review and approval by CCU and PUC, the financing plan is expected to take place at the end of fiscal year 2016 or beginning of fiscal year 2017. The financing amount will be reduced by the amount of the insurance settlement for Cabras 4 insurance claim.

Contacting GPA's Financial Management

The Management Discussion and Analysis report is intended to provide information concerning known facts and conditions affecting GPA's operations. This financial report is designed to provide a general overview of GPA's finances and to demonstrate GPA's accountability for the funds it receives and expends.

Management's Discussion and Analysis for the years ended September 30, 2014 and 2013 is set forth in GPA's report on the audit of financial statements which is dated March 30, 2015. That Discussion and Analysis explains in more detail major factors impacting the 2014 and 2013 financial statements. A copy of that report can be obtained by contacting the CFO office at (671) 648-3066 or from GPA's website at the addresses noted below.

For additional information about this report, please contact Mr. John J.E. Kim, Chief Financial Officer, Guam Power Authority, P.O. Box 2977, Hagåtña, Guam 96932-2977 or visit the website at www.guampowerauthority.com.

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Statements of Net Position
September 30, 2015 and 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2015	2014 As Restated (Note 1)
Current assets:		
Cash and cash equivalents:		
Held by trustee for restricted purposes:		
Interest and principal funds	$ 13,390,665	$ 27,962,569
Bond indenture funds	111,698,482	136,147,087
Held by Guam Power Authority:		
Bond indenture funds	29,888,777	38,117,737
Self-insurance fund - restricted	20,435,825	16,913,041
Energy sense fund - restricted	1,806,014	-
Total cash and cash equivalents	177,219,763	219,140,434
Investments held by trustee for restricted purposes	14,314,003	4,855,561
Accounts receivable, net	35,517,682	44,388,260
Materials and supplies inventory	16,312,559	18,044,145
Fuel inventory	34,774,612	58,035,227
Prepaid expenses	734,996	509,259
Total current assets	278,873,615	344,972,886
Utility plant, at cost:		
Depreciable utility plant, net of accumulated depreciation	509,246,172	482,785,341
Non-depreciable utility plant	32,128,337	69,906,892
Total utility plant	541,374,509	552,692,233
Other non-current assets:		
Investments - bond reserve funds held by trustee	25,770,872	25,770,872
Cash in bond reserve funds held by trustee	28,585,721	23,501,456
Unamortized debt issuance costs	5,026,210	5,490,556
Other assets	-	262,193
Total other non-current assets	59,382,803	55,025,077
Total assets	879,630,927	952,690,196
Deferred outflows of resources:		
Unamortized loss on debt refunding	13,574,416	14,826,028
Pension	7,490,630	7,249,568
Unrecovered fuel costs	1,869,344	-
Unamortized forward delivery contract costs	956,078	1,115,438
Total deferred outflows of resources	23,890,468	23,191,034
	$ 903,521,395	$ 975,881,230

See accompanying notes to financial statements.

GUAM POWER AUTHORITY
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Statements of Net Position, Continued
September 30, 2015 and 2014

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2015	2014 As Restated (Note 1)
Current liabilities:		
Current maturities of long-term debt	$ 14,265,000	$ 13,600,000
Current obligations under capital leases	14,820,776	18,774,245
Accounts payable:		
Operations	15,521,064	24,546,682
Fuel	6,547,139	25,595,070
Bond issuance costs	-	1,111,969
Accrued payroll and employees' benefits	1,296,749	1,332,009
Current portion of employees' annual leave	2,388,129	2,440,368
Interest payable	15,673,208	14,235,177
Customer deposits	9,043,908	8,458,744
Total current liabilities	79,555,973	110,094,264
Regulatory liabilities:		
Provision for self-insurance	19,758,320	16,688,373
Total regulatory liabilities	19,758,320	16,688,373
Long-term debt, net of current maturities	597,785,166	614,543,460
Obligations under capital leases, net of current portion	39,609,006	54,429,945
DCRS sick leave liability	3,113,912	2,842,985
Net pension liability	67,025,973	77,870,353
Employees’ annual leave, net of current portion	806,762	741,191
Customer advances for construction	205,461	3,170,746
Total liabilities	807,860,573	880,381,317
Deferred inflows of resources:		
Unearned fuel revenue, net	-	17,486,278
Pension	7,694,438	4,654,369
Unearned forward delivery contract revenue	3,504,106	4,088,123
Other unearned revenues	357,000	357,000
Total deferred inflows of resources	11,555,544	26,585,770
Commitments and contingencies		
Net position:		
Net investment in capital assets	16,924,495	28,014,763
Restricted	13,551,340	20,052,215
Unrestricted	53,629,443	20,847,165
Total net position	84,105,278	68,914,143
	$ 903,521,395	$ 975,881,230

See accompanying notes to financial statements.

GUAM POWER AUTHORITY
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Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2015 and 2014

	2015	2014 As Restated (Note 1)
Revenues:		
Sales of electricity	$ 366,185,083	$ 434,462,425
Miscellaneous	4,774,889	2,155,627
	370,959,972	436,618,052
Bad debt expense	(959,008)	(178,000)
Net operating revenues	370,000,964	436,440,052
Operating and maintenance expenses:		
Production fuel	204,135,936	271,174,711
Other production	20,079,027	19,305,418
	224,214,963	290,480,129
Depreciation and amortization	41,765,404	36,988,988
Administrative and general	21,907,999	28,393,523
Energy conversion costs	18,403,965	20,631,503
Transmission and distribution	11,169,991	12,949,940
Customer accounting	3,780,276	3,820,549
Total operating and maintenance expenses	321,242,598	393,264,632
Operating income	48,758,366	43,175,420
Non-operating revenues (expense):		
Allowance for funds used during construction	5,645,781	3,976,129
Non-operating grants from the United States (U.S.) Government	1,500,362	-
Interest income	1,179,347	1,371,518
Bond issuance costs	-	(6,651,422)
Grants from the U.S. Government for GovGuam related projects	-	138,290
Cost of GovGuam related projects funded by grants from the U.S. Government	-	(138,290)
Interest expense	(37,144,961)	(36,863,600)
Loss from early termination of energy conversion agreement	(2,840,842)	-
Loss from write-off of utility plant	(1,666,666)	-
Other expense, net	(1,831,189)	(241,485)
Total non-operating revenues (expense), net	(35,158,168)	(38,408,860)
Income before capital contributions	13,600,198	4,766,560
Capital contributions:		
Grants from the U.S. Government	1,590,937	1,812,857
Change in net position	15,191,135	6,579,417
Net position at beginning of year	68,914,143	62,334,726
Net position at end of year	$ 84,105,278	$ 68,914,143

See accompanying notes to financial statements.

GUAM POWER AUTHORITY
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Statements of Cash Flows
Years Ended September 30, 2015 and 2014

Increase (decrease) in cash and cash equivalents	2015	2014 As Restated (Note 1)
Cash flows from operating activities:		
Cash received from customers	$ 354,799,650	$ 453,780,219
Cash payments to suppliers for goods and services	(245,294,780)	(322,178,348)
Cash payments to employees for services	(40,107,649)	(40,160,174)
Cash payments for retiree benefits	(3,833,401)	(3,057,199)
Net cash provided by operating activities	65,563,820	88,384,498
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	595,330	821,611
Increase in bond fund investments	(9,458,442)	-
Net cash (used in) provided by investing activities	(8,863,112)	821,611
Cash flows from non-capital financing activities:		
Self insurance fund receipts net of disbursements	3,069,947	3,707,559
Proceeds from typhoon assistance to Saipan	1,762,905	-
Typhoon costs and other noncapital activities	(1,831,189)	-
Payment of self-insurance claim	-	(448,480)
Cost of GovGuam related projects funded by grants from the U.S. Government	-	(138,290)
Interest paid on deposits	(118,049)	(125,156)
Net cash provided by non-capital financing activities	2,883,614	2,995,633
Cash flows from capital and related financing activities:		
Receipts from the U.S. Government	1,170,459	2,589,269
Proceeds from issuance of 2014 bonds	-	84,301,290
Cost of issuance of 2014 bonds	-	(1,883,385)
Payment for early termination of energy conversion agreement	(8,100,000)	-
Interest paid on capital leases	(7,847,938)	(10,020,257)
Principal paid on capital leases	(13,515,250)	(13,064,048)
Principal paid on long-term debt	(13,600,000)	(12,310,000)
Interest paid on long-term debt	(22,413,653)	(23,529,271)
Additions to utility plant	(32,114,346)	(63,174,272)
Net cash used in capital and related financing activities	(96,420,728)	(37,090,674)
Net change in cash and cash equivalents	(36,836,406)	55,111,068
Cash and cash equivalents at beginning of year	242,641,890	187,530,822
Cash and cash equivalents at end of year	$ 205,805,484	$ 242,641,890
Reconciliation of statements of cash flows to the statements of net position:		
Cash and cash equivalents - current assets	$ 177,219,763	$ 219,140,434
Cash in bond reserve funds held by trustee - non-current	28,585,721	23,501,456
	$ 205,805,484	$ 242,641,890

See accompanying notes to financial statements.

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Statements of Cash Flows, Continued
Years Ended September 30, 2015 and 2014

	2015	2014 As Restated (Note 1)
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings	$ 48,758,366	$ 43,175,420
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	41,765,404	36,988,988
Bad debts	959,008	178,000
Pension recovery	(8,045,373)	(2,280,449)
(Increase) decrease in assets:		
Accounts receivable	5,575,421	4,473,959
Long-term receivables	-	607,370
Materials and supplies inventory	1,731,586	1,541,326
Fuel inventory	23,260,615	(15,644,773)
Prepaid expenses	(225,737)	27,850
Other assets	262,193	155,436
Increase (decrease) in liabilities:		
Accounts payable	(26,990,919)	25,939,871
Customer deposits	585,164	416,774
Customer advances for construction	(2,965,285)	21,239
Unearned fuel revenue	(19,355,622)	(7,722,045)
Accrued payroll and employees' benefits	(35,260)	254,569
Employees' annual and sick leave	284,259	250,963
Net cash provided by operating activities	$ 65,563,820	$ 88,384,498

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

Organization

Guam Power Authority (GPA) is a component unit of the Government of Guam (GovGuam). GPA provides electrical services on Guam to residential, commercial and GovGuam customers and to the U.S. Navy under a Utility Services Contract (USC). GPA is governed by the Consolidated Commission on Utilities (CCU), an elected five member board. GPA is subject to the regulations of the Public Utilities Commission of Guam (PUC) and has adopted the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). Because of the rate-making process, certain differences arise in the application of accounting principles generally accepted in the United States of America between regulated and non-regulated businesses. Such differences mainly concern the time at which various items enter into the determination of net earnings in order to follow the principle of matching costs and revenues.

Basis of Accounting

The accounting policies of GPA conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. GPA utilizes the flow of economic resources measurement focus. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Accounting Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes

As an instrumentality of GovGuam, GPA and all property acquired by or for GPA, and all revenues and income therefrom are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed under the authority of the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, cash in banks, certificates of deposit, money market accounts and U.S. treasury bills with original maturities of three months or less in the interest and principal funds for debt repayment, the bond indenture funds, the bond reserve fund, the energy sense fund and the self-insurance fund.

GPA carries its investments at fair values. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale and is primarily determined based on quoted market rates.

(1) Organization and Summary of Significant Accounting Policies, Continued

Cash, Cash Equivalents and Investments, Continued

The deposits and investment policies of GPA are governed by 5 GCA 21, *Investments and Deposits,* in conjunction with applicable bond indentures. Authorized investments include obligations issued or guaranteed by the U.S. government or agencies of the U.S. government; bonds, notes or other indebtedness rated in the highest rating by Moody's Investors Service (Moody's) or Standard & Poor's Corporation (S&P); obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities of not more than three years; any bonds or other obligations of any state of the U.S. or any agency, instrumentality or local government unit of such state which are rated in the highest rating category of either Moody's or S&P; demand and time deposits in or certificates of deposit or bankers acceptances with U.S. domestic banks which have a rating of their short term certificates of deposit of A-1 or better by S&P and P-1 by Moody's and mature no more than 360 days after purchase; commercial paper which has a rating in the highest classification by S&P and Moody's; and money market funds rated AAAm or better by S&P.

Allowance for Doubtful Receivables

The allowance for doubtful receivables is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense. Uncollectible accounts are written-off against the allowance or are charged to expense in the period GPA deems the accounts to be uncollectible but with prior approval of the CCU.

Inventory Valuation

Materials and supplies inventories and fuel inventories are stated at the lower of cost (using the weighted average and the first-in, first-out method, respectively), or market.

Utility Plant

Utility plant purchased or constructed is stated at cost. Cost includes an allowance on certain projects for funds used during construction of specific power generation plants based on the net cost of borrowed funds used for construction purposes. Donated utility is recorded at fair market value at the date of donation or at the donating entity's basis in the asset if donated by GovGuam or a GovGuam agency. Current policy is to capitalize utility plant with a cost of $1,000 or more.

Depreciation

Depreciation is computed under the straight-line method over the estimated useful lives of the respective assets.

(1) Organization and Summary of Significant Accounting Policies, Continued

Compensated Absences

Compensated absences are accrued and reported as a liability in the period earned. Annual leave expected to be paid out within the next fiscal year is accrued and is included in current liabilities. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (320) hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GPA recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GPA's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to 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 weighted average remaining service life of all participants in the qualified pension plan 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 amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Forward Delivery Contract Costs and Revenues

The forward delivery contract costs and revenues arose as a result of the Bond Reserve Fund Forward Delivery Agreements entered into in September 2000. The unamortized forward delivery contract costs represent termination fees and closing costs while the unearned forward delivery contract revenues represent the gross proceeds. The costs and revenues are amortized on a straight line basis until 2034.

Unamortized Debt Issuance Costs

Unamortized debt issuance costs mainly include insurance costs related to the issuance of the Series 2010, 2012 and 2014 bonds. These costs are being amortized using the effective interest method over the life of the applicable debt.

(1) Organization and Summary of Significant Accounting Policies, Continued

Net Position

Net position represents the residual interest in GPA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of four sections:

Net investment in capital assets - include capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve.

Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GPA pursuant to those stipulations or that expire with the passage of time.

Restricted nonexpendable - net position subject to externally imposed stipulations that require GPA to maintain them permanently.

Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by management or the CCU or may otherwise be limited by contractual agreements with outside parties.

All of GPA's restricted net position is expendable.

Sales of Electricity

Sales of electricity are recorded as billed to customers on a monthly cycle billing basis. At the end of each month, unbilled revenues are accrued for each cycle based on the most recent cycle billing.

Operating and Non-Operating Revenue and Expenses

Operating revenues and expenses generally result directly from the operation and maintenance of systems to provide electrical services to the island of Guam. Non-operating revenues and expenses result from capital and financing activities, costs and related recoveries from natural disasters, and certain other non-recurring income and costs.

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.

(1) Organization and Summary of Significant Accounting Policies, Continued

Levelized Energy Adjustment Clause

Fuel oil costs increase or decrease billings to customers based on increases or decreases in the price of fuel oil purchased by GPA. Under or over recoveries of fuel oil costs including the fair value of outstanding commodity swap agreements (if any) are recorded as unrecovered fuel cost or unearned fuel revenue, respectively, in the accompanying statements of net position, and are recovered or deducted in future billings to customers based on the Levelized Energy Adjustment Clause (LEAC) approved by the PUC in January of 1996. The LEAC results in the conversion of the monthly fuel charge to a levelized fuel charge, which is reviewed and adjusted by the PUC on a bi-annual basis. GPA is only permitted to recover its actual fuel and related costs.

GPA also bills customers fuel surcharges to recover the cost difference between fuel inventory on hand against a base year. The under or over recovery of the fuel inventory cost difference is included as part of unrecovered fuel cost or unearned fuel revenue in the accompanying statements of net position.

Derivative Instruments

GPA is exposed to market price fluctuations on its purchases of fuel oil. GPA uses derivatives such as commodity swaps to protect itself from increases in market prices. GPA records commodity swap agreements associated with its fuel oil hedging activities at fair value with gains and losses recognized in operations in the statement of revenues, expenses and changes in net position. The fair value of outstanding commodity swaps at year-end is included as a component of the LEAC and is recorded as part of unrecovered fuel cost or unearned fuel revenue in the accompanying statements of net position. GPA did not have outstanding commodity swap agreements at September 30, 2015 and 2014.

GPA's power purchase agreements are considered "normal purchases and normal sales" and accordingly, the operations and maintenance portions of GPA's energy conversion agreements are not recognized in the statements of net position. Operations and maintenance costs associated with the power purchase agreements are expensed as incurred with the independent power producers.

Allowance for Funds Used During Construction

The allowance for funds used during construction (AFUDC) is provided only for construction projects of more than $50,000, which require a minimum of 90 days to complete. AFUDC is computed using the interest expense on directly assignable borrowings to finance the projects less interest income on the related unused borrowings which have been invested. AFUDC is provided only during the period in which such projects are undergoing activities to prepare them for their intended use. AFUDC of $5,645,781 and $3,976,129 was recognized during the years ended September 30, 2015 and 2014, respectively.

(1) Organization and Summary of Significant Accounting Policies, Continued

New Accounting Standards

During the year ended September 30, 2015, GPA implemented the following pronouncements:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68,* which revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits through plans that are administered through trusts. The implementation of these statements had a material effect on the accompanying financial statements resulting in the restatement of GPA's fiscal year 2014 financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of GASB Statement No. 68.

	As Previously Reported	Adjustment	As Restated
As of October 1, 2013:			
Net position	$ 139,890,329	$ (77,555,603)	$ 62,334,726
For the year ended September 30, 2014:			
Administrative and general expense	$ 30,673,972	$ (2,280,449)	$ 28,393,523
Change in net position	$ 4,298,968	$ 2,280,449	$ 6,579,417
As of September 30, 2014:			
Deferred outflows from pension	$ -	$ 7,249,568	$ 7,249,568
Net pension liability	$ -	$ (77,870,353)	$ (77,870,353)
Deferred inflows from pension	$ -	$ (4,654,369)	$ (4,654,369)
Net position	$ 144,189,297	$ (75,275,154)	$ 68,914,143

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The implementation of this statement did not have a material effect on the accompanying financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application,* which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. The provisions in Statement 72 are effective for fiscal years beginning after June 15, 2015. Management believes that the implementation of this statement only requires additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques and will not have a material effect on the financial statements.

(1) Organization and Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015, with the exception of the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Management has not evaluated the impact that the implementation of this statement will have on the financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management has not evaluated the impact that the implementation of this statement will have on the financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management has not evaluated the impact that the implementation of this statement will have on the financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears. The provisions in Statement No. 76 are effective for fiscal years beginning after June 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

(1) Organization and Summary of Significant Accounting Policies, Continued

Reclassifications

Certain items in the 2014 financial statements has been reclassified to correspond with the 2015 financial statement presentation.

(2) Cash, Cash Equivalents and Investments

The bond indenture agreements for the 2010, 2012 and 2014 series revenue bonds (note 8) require the establishment of special funds to be held and administered by trustees and by GPA. In addition, proceeds from borrowings to finance generation and transmission facility construction are maintained by GPA in construction accounts. Funds in these accounts are required by loan agreement or public law to be used for generation and transmission facility construction. Certain funds are restricted by rate orders of the PUC.

At September 30, 2015 and 2014, cash and cash equivalents and short-term investments held by trustees and by GPA in these funds and accounts were as follows:

	2015				
	Held By Trustees		Held By GPA		
	Interest and Principal Funds	Bond Indenture Funds	PUC Restricted Funds	Bond Indenture Funds	Total
Construction funds	$ -	$ 79,336,424	$ -	$ -	$ 79,336,424
Interest and principal funds	13,390,665	-	-	-	13,390,665
Bond funds	-	510,452	-	-	510,452
Working capital funds	-	26,201,225	-	-	26,201,225
Capitalized interest fund	-	5,650,381	-	-	5,650,381
Self-insurance fund	-	-	20,435,825	-	20,435,825
Revenue funds	-	-	-	5,854,823	5,854,823
Energy sense fund	-	-	1,806,014	-	1,806,014
Operating funds	-	-	-	23,694,634	23,694,634
Surplus funds	-	-	-	339,320	339,320
	$ 13,390,665	$ 111,698,482	$ 22,241,839	$ 29,888,777	$ 177,219,763

	2014				
	Held By Trustees		Held By GPA		
	Interest and Principal Funds	Bond Indenture Funds	PUC Restricted Funds	Bond Indenture Funds	Total
Construction funds	$ -	$ 103,796,644	$ -	$ -	$ 103,796,644
Interest and principal funds	27,962,569	-	-	-	27,962,569
Bond funds	-	541,235	-	-	541,235
Working capital funds	-	18,065,239	-	-	18,065,239
Capitalized interest fund	-	7,547,000*	-	-	7,547,000
Costs of issuance fund	-	1,111,969*	-	-	1,111,969
Bond reserve fund	-	5,085,000*	-	-	5,085,000
Self-insurance fund	-	-	16,913,041	-	16,913,041
Revenue funds	-	-	-	27,215,344	27,215,344
Operating funds	-	-	-	10,297,697	10,297,697
Surplus funds	-	-	-	604,696	604,696
	$ 27,962,569	$ 136,147,087	$ 16,913,041	$ 38,117,737	$ 219,140,434

** funds in-transit as at September 30, 2014*

(2) Cash, Cash Equivalents and Investments, Continued

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, 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 of 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.

A. Cash and Cash Equivalents

As of September 30, 2015 and 2014, the carrying amount of GPA's total cash and cash equivalents and time certificates of deposit was $205,805,484 and $242,641,890, respectively, and the corresponding bank balances were $205,450,169 and $161,006,103, respectively. Of the bank balance amount as of September 30, 2015 and 2014, $22,044,748 and $20,233,353 was maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance.

As of September 30, 2015 and 2014, bank deposits in the amount of $771,518 and $959,054, respectively, were FDIC insured. Bank balances as of September 30, 2015 and 2014, also include $197,719,424 and $145,628,311, respectively, representing cash and investments held and administered by GPA's trustees in GPA's name in accordance with various trust agreements and bond indentures. GPA does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. At September 30, 2015 and 2014, $7,314,542 and $13,310,559, respectively, of cash and cash equivalents were subject to custodial credit risk.

B. Investments

As of September 30, 2015, GPA's investments were as follows:

	Amount	Maturity	S&P or Moody's Rating
Bond Reserve Funds:			
Natixis Funding Corp. Guaranteed Investment Certificate (GIC)	$ 12,028,872	October 1, 2015	P-1
Fortis Funding LLC (commercial paper)	13,742,000	October 1, 2015	P-1
	$ 25,770,872		
Bond Fund:			
Federated Government Ultrashort Duration Fund (mutual fund)	$ 4,855,561	-	-
Bayerische Landesbank Guaranteed Investment Certificate (GIC)	9,458,442	October 1, 2034	A3
	$ 14,314,003		

(2) Cash, Cash Equivalents and Investments, Continued

B. Investments, Continued

As of September 30, 2014, GPA's investments were as follows:

	Amount	Maturity	S&P or Moody's Rating
Bond Reserve Funds:			
Natixis Funding Corp. Guaranteed Investment Certificate (GIC)	$ 12,028,872	October 1, 2015	A2
Fortis Funding LLC (commercial paper)	13,742,000	October 1, 2014	P-1
	$ 25,770,872		
Bond Fund:			
Federated Government Ultrashort Duration Fund (mutual fund)	$ 4,855,561	-	-

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, GPA will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. GPA's investments are held and administered by Trustees in accordance with various bond indentures for the purpose of funding future debt service requirements.

Credit risk for investments is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investment in any one issuer that represents five percent (5%) or more of total of investments for GPA. As of September 30, 2015 and 2014, GPA's investments that exceeded 5% of total investments were as follows: Fortis Funding LLC (53.32%), and Natixis Funding Corp. (46.68%).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. Maturities of investments in certain funds are limited to five years to limit interest rate risk. Maturities of investments in all funds may not be later than the dates that such moneys are expected to be required by the Trustees.

(3) Receivables

Accounts receivable at September 30, 2015 and 2014, were summarized as follows:

	2015	2014
Customers:		
Private	$ 27,337,741	$ 37,833,374
Government	4,449,739	7,740,973
	31,787,480	45,574,347
U.S. Government - Navy (note 9)	3,116,035	955,986
U.S. Government - grants	2,360,325	439,485
Interest	-	299,483
Others	4,518,698	2,713,793
	41,782,538	49,983,094
Less allowance for doubtful receivables	(6,264,856)	(5,594,834)
	$ 35,517,682	$ 44,388,260

Unbilled accounts receivable included above amounted to $7,058,889 and $11,327,065 at September 30, 2015 and 2014, respectively.

At September 30, 2015, other receivables includes $2,310,358 due from the Commonwealth Utilities Corporation for assistance provided by GPA for typhoon restoration efforts during the year.

(4) Levelized Energy Adjustment Clause

The under or over recoveries of fuel oil costs at September 30, 2015 and 2014 consisted of the following:

	2015	2014
Unrecovered fuel costs:		
Under recovery of fuel costs during the year	$ 1,869,344	$ 1,878,592
Unearned fuel revenue:		
Cumulative effect of inventory cost change	-	19,364,870
Total unearned fuel revenue	-	19,364,870
Unrecovered fuel costs (unearned fuel revenue), net	$ 1,869,344	$ (17,486,278)

The cumulative effect of inventory cost change resulting from the difference between fuel inventory on hand against a base year was as follows:

	2015	2014
Cumulative effect of inventory cost change, beginning of year	$ 19,364,870	$ 22,508,842
Inventory cost change during the year	(19,364,870)	(3,143,972)
Cumulative effect of inventory cost change, end of year	$ -	$ 19,364,870

(5) Concentrations of Credit Risk

Financial instruments which potentially subject GPA to concentrations of credit risk consist principally of cash and cash equivalents, investments, and accounts receivable.

At September 30, 2015 and 2014, GPA has cash deposits in bank accounts that were not subject to or exceed federal depository insurance limits. GPA has not experienced any losses in such accounts.

Substantially all of GPA's customer accounts receivable are from individuals, companies and government agencies based in Guam. Concentrations largely result from accounts receivable from GovGuam agencies and the U.S. Navy. Management assesses the risk of loss and provides for an allowance for doubtful accounts to compensate for known credit risks.

(6) Obligations Under Capital Leases

In September 1996, GPA entered into energy conversion agreements to purchase electricity produced by generating plants constructed or refurbished and operated by three companies. The agreements have twenty-year terms. At the end of the agreements, ownership of the plants and the plant improvements reverts to GPA. Under each of the agreements, GPA pays capacity and operation and maintenance costs and purchases fuel for the plants.

GPA has determined that the agreements to purchase electricity are in fact capital leases to acquire the plants and that the capacity payments made under the agreements are lease payments. The operations and maintenance payments under the agreements are reflected as energy conversion costs under operation and maintenance expenses.

On December 29, 2014, GPA obtained PUC approval to early terminate one of the energy conversion agreements effective January 2, 2015 for a payment of $8.1 million. The agreement was originally to expire in September 2017. GPA incurred a $2.8 million loss due to early termination of the agreement.

At September 30, 2015 and 2014, the costs of the plant and plant improvements were $155,382,727 and $171,382,727, respectively, and accumulated depreciation was $65,480,144 and $75,128,910, respectively, which were presented as part of depreciable utility plant in the accompanying statements of net position. The leases have effective interest rates ranging from 8.6% to 13.7% (2014: 8.6% to 14.2%).

Future capacity payments under these agreements are as follows:

Year Ending September 30,	Principal	Interest	Amount
2016	$ 14,820,776	$ 5,968,708	$ 20,789,484
2017	16,738,299	4,051,185	20,789,484
2018	16,950,423	1,934,418	18,884,841
2019	5,920,284	159,673	6,079,957
	$ 54,429,782	$ 12,113,984	$ 66,543,766

(7) Employees' Retirement Plan

Defined Benefit Plan

A. General Information About the Pension Plan:

Plan Description: GPA participates in the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GPA, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commenced on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group.

A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Plan Membership: As of September 30, 2014, the most recent measurement date, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	7,226
Terminated employees entitled to benefits but not yet receiving them	4,941
Current members	2,692
	14,859

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or $6,000, whichever is greater. Cost-of-living adjustments and other supplemental annuity benefits are provided to members and beneficiaries at the discretion of the Guam Legislature, but are provided outside of the Plan.

Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age.

Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

(7) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age.

Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Contributions and Funding Policy: Contribution requirements of participating employers and active members are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example the September 30, 2013 actuarial valuation was used for determining the year ended September 30, 2015 statutory contributions. Member contributions are required at 9.55% of base pay (9.5% in 2014).

As a result of actuarial valuations performed as of September 30, 2013, 2012, and 2011, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2015, 2014 and 2013, respectively, have been determined as follows:

	2015	2014	2013
Normal costs (% of DB Plan payroll)	15.92%	16.61%	17.52%
Employee contributions (DB Plan employees)	9.55%	9.50%	9.50%
Employer portion of normal costs (% of DB Plan payroll)	6.37%	7.11%	8.02%
Employer portion of normal costs (% of total payroll)	2.05%	2.39%	3.00%
Unfunded liability cost (% of total payroll)	24.09%	24.01%	24.33%
Government contribution as a % of total payroll	26.14%	26.40%	27.33%
Statutory contribution rates as a % of DB Plan payroll:			
Employer	29.85%	30.03%	30.09%
Employee	9.55%	9.50%	9.50%

(7) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

GPA's contributions to the DB Plan for the years ended September 30, 2015, 2014 and 2013 were $2,772,299, $3,046,347 and $3,311,501, respectively, which were equal to the required contributions for the respective years then ended.

Actuarial Assumptions: Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2013
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	16.58 years
Asset Valuation Method:	3-year smoothed market value
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Expected Rate of Return:	7.00%
Discount Rate:	7.00%
Retirement age:	40% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 15% until age 65, 20% from 65-69, and 100% at age 70.
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

(7) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

Discount Rate: The total pension liability is calculated using a discount rate of 7.0% 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.

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$ 85,904,770	$ 67,025,973	$ 52,769,997

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

Pension Liability: At September 30, 2015 and 2014, GPA reported a net pension liability of $67,025,973 and $77,870,353, respectively, for its proportionate share of the Government of Guam net pension liability. GPA's proportion of the net pension liability was based on projection of GPA's long-term share of contributions to the pension plan relative to the projected contributions of GovGuam and GovGuam's component units, actuarially determined. At September 30, 2015 and 2014, GPA's proportion of the GovGuam overall liability was 5.38% and 5.97%, respectively.

Pension Expense: For the years ended September 30, 2015 and 2014, GPA recognized pension (recovery) expense of ($624,346) and $4,969,119, respectively.

Deferred Outflows and Inflows of Resources: At September 30, 2015 and 2014, GPA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(7) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

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

	2015		2014	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 497,265	$ -	$ -	$ -
Net difference between projected and actual earnings on pension plan investments	-	5,101,436	-	4,654,369
Contributions subsequent to the measurement date	6,993,365	-	7,249,568	-
Changes in proportion and difference between GPA contributions and proportionate share of contributions	-	2,593,002	-	-
	$ 7,490,630	$ 7,694,438	$ 7,249,568	$ 4,654,369

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as 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, 2015 will be recognized in pension expense as follows:

Year Ending September 30,	
2016	$ 3,632,949
2017	$ 1,537,198
2018	$ 1,537,198
2019	$ 489,828

Defined Contribution Retirement System

Contributions into the Defined Contribution Retirement System (DCRS) plan by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual investment account within the DCRS. Employees are afforded the opportunity to select from different investment accounts available under the DCRS.

Statutory employer contributions for participants in the DCRS plan for the years ended September 30, 2015, 2014 and 2013 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only an amount equivalent to 5% of the member's regular pay is deposited into the member's individual investment account in the DCRS. The remaining amount is contributed towards the unfunded liability of the DB Plan.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

(7) Employees' Retirement Plan, Continued

Defined Contribution Retirement System, Continued

GPA's contributions for participants in the DCRS plan for the years ended September 30, 2015, 2014 and 2013 were $5,244,535, $5,219,217, and $5,052,969, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $4,395,461, $4,379,771 and $4,240,804 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2015, 2014 and 2013, respectively.

GPA has accrued an estimated liability of $3,113,912 and $2,842,985 at September 30, 2015 and 2014, respectively, for potential future sick leave payments pursuant to Public Law 26-86 (note 1). However, this amount is an estimate and actual payout may be materially different than estimated.

Other Post-Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active employee healthcare. For the life insurance plan, GovGuam provides retirees with $10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

For the years ended September 30, 2015 , 2014 and 2013, GPA reimbursed GovGuam for certain supplemental benefits for retirees, including contributions for the abovementioned Plan, as follows:

	2015	2014	2013
Supplemental benefits and COLA	$ 1,212,303	$ 1,137,620	$ 864,907
Medical and dental	2,621,098	1,919,579	1,883,513
	$ 3,833,401	$ 3,057,199	$ 2,748,420

Contributions to the OPEB plan for the years ended September 30, 2015, 2014 and 2013 were equivalent to the statutorily required contributions for those years.

(8) Noncurrent Liabilities

A. Long-term Debt

Long-term debt at September 30, 2015 and 2014 is as follows:

	2015	2014
2014 Series Senior Revenue Bonds, initial face value of $76,470,000, interest at varying rates from 4.0% to 5.0% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of $1,310,000 in October 2017, increasing to a final payment of $4,855,000 in October 2044.	$ 76,470,000	$ 76,470,000
2012 Series Senior Revenue Bonds, initial face value of $340,620,000, interest at varying rates from 2.98% to 5.0% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of $110,000 in October 2013, increasing to a maximum payment of $25,630,000 in October 2031, with a final payment of $24,485,000 in October 2034.	340,055,000	340,510,000
2010 Series Senior Revenue Bonds, initial face value of $150,440,000, interest at varying rates from 5.0% to 5.5% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of $225,000 in October 2022, increasing to $17,215,000 in October 2040.	150,440,000	150,440,000
2010 Series Subordinated Revenue Bonds, initial face value of $56,115,000, interest at varying rates from 6.0% to 7.5% per annum payable semi-annually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of $4,435,000 in October 2011, increasing to $14,155,000 in October 2015.	14,155,000	27,300,000
Total long-term debt	581,120,000	594,720,000
Less current maturities	(14,265,000)	(13,600,000)
	566,855,000	581,120,000
Add premium on 2014 and 2012 bonds	34,543,120	37,137,418
Less discount on 2010 Senior and Subordinate bonds	(3,612,954)	(3,713,958)
Total bonds	$ 597,785,166	$ 614,543,460

(8) Noncurrent Liabilities, Continued

A. Long-term Debt, Continued

Proceeds of the 2010 Series Senior Revenue Bonds were used to finance capital projects, generally consisting of a new administration building and various generation, transmission and distribution facilities, make a deposit to the Bond Reserve Fund, provide capitalized interest through October 1, 2013, and pay costs of issuance.

Proceeds of the 2010 Series Subordinated Revenue Bonds were used to make a deposit to the Working Capital Fund, Bond Reserve Fund, provide capitalized interest through April 1, 2011, and pay costs of issuance.

Proceeds of the 2012 Series Revenue Bonds were used to refund GPA's 1993 and 1999 Senior Bonds, make a deposit to the Senior Bond Reserve Fund to increase the amount on deposit therein to the Bond Reserve Fund Requirement, and pay costs of issuance.

Proceeds of the 2014 Series Revenue Bonds will be used to finance a variety of generation, transmission and distribution improvements and systems and information technology upgrades, make a deposit to the Senior Bond Reserve Fund, provide capitalized interest through September 30, 2016, and pay costs of issuance.

As of September 30, 2015, future maturities of long-term debt are as follows:

Year Ending September 30,	Principal	Interest	Total Debt Service
2016	$ 14,265,000	$ 29,819,130	$ 44,084,130
2017	115,000	28,754,130	28,869,130
2018	1,780,000	28,712,600	30,492,600
2019	1,495,000	28,636,625	30,131,625
2020	15,950,000	28,201,700	44,151,700
2021 through 2025	113,820,000	125,561,525	239,381,525
2026 through 2030	146,405,000	93,158,550	239,563,550
2031 through 2035	162,590,000	53,712,850	216,302,850
2036 through 2040	85,335,000	24,262,275	109,597,275
2041 through 2045	39,365,000	3,690,075	43,055,075
	$ 581,120,000	$ 444,509,460	$ 1,025,629,460

All gross revenues of GPA have been pledged to repay the 2010, 2012 and 2014 series bonds principal and interest. The debt service for the 2010, 2012 and 2014 series bonds was $44,096,257 or approximately 12% pledged gross revenues, for the year ended September 30, 2015. The debt service for the 2010 and 2012 series bonds was $40,646,800 or approximately 9% of pledged gross revenues, for the year ended September 30, 2014. The 2014 series bonds had no required debt service for the year ended September 30, 2014.

Premium and discount associated with the 2010, 2012 and 2014 series bonds at September 30, 2015 and 2014 are being amortized on the effective interest method over the life of the applicable debt.

(8) Noncurrent Liabilities, Continued

A. Long-term Debt, Continued

Debt Refunding

In October 2012, GPA refunded its 1993 and 1999 Series bonds through the issuance of the 2012 Series bonds. At the time of refunding, the 1993 and 1999 Series bonds had principal balances outstanding of $56,370,000 and $299,680,000, respectively. The proceeds for the refunding were transferred to an escrow agent who used the proceeds to purchase non-callable and non-prepayable obligations of the United States of America or held as cash and are to be held in an irrevocable trust to be used for the payment of the principal of and interest on the 1993 and 1999 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the 1993 and 1999 bonds were removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance totaling $17,283,801 representing the difference between the reacquisition price and the carrying amount of the 1993 and 1999 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GPA in effect reduced its aggregate debt service payments by almost $16,506,398 over the next twenty years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of $27,940,966.

The loss on refunding of the 1993 and 1999 Series bonds is being amortized using the effective interest method over the average remaining life of the 1993 and 1999 bonds which approximated the average life of the 2012 Series bonds. The unamortized balance of the loss refunding of the 1993 and 1999 Series bonds is $13,574,416 and $14,826,028 as of September 30, 2015 and 2014, respectively.

Forward Delivery Contract

On September 28, 2000, GPA entered into Bond Reserve Fund Forward Delivery Agreements (the agreements) with Lehman Brothers and Bank of America. In connection with the agreements, GPA received cash of $13.5 million in October 2000, representing the present value of interest income on certain invested bond proceeds. Based on the terms of the agreements, gross proceeds totaled $17,521,029 while GPA incurred termination fees and closing costs totaling $3,530,000 and $1,250,000, respectively. The $13.5 million in net proceeds included $759,500 of interest income earned as of the closing dates of the agreements.

The gross proceeds, termination fees and closing costs have been deferred and amortized on a straight line basis over the average remaining life of the 1993 and 1999 bonds. The gross proceeds, net of amortization, are reflected as unearned forward delivery contract revenue in the accompanying statements of net position. The termination fees and closing costs are reflected as unamortized forward delivery contract costs in the accompanying statements of net position. The amortization of forward delivery contract revenues and costs is reflected as components of interest income and interest expense, respectively, in the accompanying statements of revenues, expenses and changes in net position.

(8) Noncurrent Liabilities, Continued

A. Long-term Debt, Continued

Forward Delivery Contract, Continued

The following summarizes the unearned revenues and unamortized costs on the forward delivery contract at September 30, 2015 and 2014:

	2015	2014
Unearned forward delivery contract revenues	$ 8,760,514	$ 8,760,514
Accumulated amortization	(5,256,408)	(4,672,391)
	$ 3,504,106	$ 4,088,123
Unamortized forward delivery contract costs	$ 2,390,265	$ 2,390,265
Accumulated amortization	(1,434,187)	(1,274,827)
	$ 956,078	$ 1,115,438

B. Long-term Liabilities

Changes in long-term liabilities were as follows:

	Outstanding October 1, 2014 (As restated)	Increases	Decreases	Outstanding September 30, 2015	Current
2010 Series Senior bonds	$ 150,440,000	$ -	$ -	$ 150,440,000	$ -
2010 Series Subordinate bonds	27,300,000	-	(13,145,000)	14,155,000	14,155,000
2012 Series Senior bonds	340,510,000	-	(455,000)	340,055,000	110,000
2014 Series Senior bonds	76,470,000	-	-	76,470,000	-
Unamortized premium on bonds	37,137,418	-	(2,594,298)	34,543,120	-
Unamortized discount on bonds	(3,713,958)	-	101,004	(3,612,954)	-
Obligations under capital leases	73,204,190	-	(18,774,409)	54,429,781	14,820,776
DCRS sick leave liability	2,842,985	270,927	-	3,113,912	-
Employees' annual leave	3,181,559	2,545,396	(2,532,063)	3,194,892	2,388,129
Net pension liability	77,870,353	-	(10,844,380)	67,025,973	-
Customer advances for construction	3,170,746	127,741	(3,093,026)	205,461	-
	$ 788,413,293	$ 2,944,064	$ (51,337,172)	$ 740,020,185	$ 31,473,905

(8) Noncurrent Liabilities, Continued

B. Long-term Liabilities, Continued

	Outstanding October 1, 2013 (As restated)	Increases	Decreases	Outstanding September 30, 2014 (As restated)	Current
2010 Series Senior bonds	$ 150,440,000	$ -	$ -	$ 150,440,000	$ -
2010 Series Subordinate bonds	39,500,000	-	(12,200,000)	27,300,000	13,145,000
2012 Series Senior bonds	340,620,000	-	(110,000)	340,510,000	455,000
2014 Series Senior bonds	-	76,470,000	-	76,470,000	-
Unamortized premium on bonds	31,497,387	7,831,290	(2,191,259)	37,137,418	-
Unamortized discount on bonds	(3,809,646)	-	95,688	(3,713,958)	-
Obligations under capital leases	86,268,238	-	(13,064,048)	73,204,190	18,774,245
DCRS sick leave liability	2,582,611	260,374	-	2,842,985	-
Employees' annual leave	3,190,970	2,647,972	(2,657,383)	3,181,559	2,440,368
Net pension liability	77,555,603	314,750	-	77,870,353	-
Customer advances for construction	3,149,507	21,239	-	3,170,746	-
	$ 730,994,670	$ 87,545,625	$ (30,127,002)	$ 788,413,293	$ 34,814,613

(9) Agreements with the U.S. Navy

On September 15, 1996, a lease agreement was entered into between GPA and the U.S. Navy (Navy) to transfer to GPA the operations, maintenance, and custody of certain Navy-owned electrical transmission and distribution lines, electric power generation facilities, related structures and equipment, together with the associated land interest. The facilities are leased to GPA at no cost for a period of 50 years.

On August 1, 2012, GPA and the Navy entered into a USC for a period of ten years, unless terminated early at the option of the Navy, with no option for extension. Key features of the USC include transfer of certain Navy facilities to GPA at no charge, calculation of power rates charged to the Navy in accordance with the methodology approved by the PUC, GPA's continued use of the Navy's assets and associated real estate assets at no charge, compensation by GPA to the Navy for energy supplied to GPA's customers from Navy dedicated facilities, weekly fuel payments by the Navy, supply of water to Guam Waterworks Authority (GWA) by the Navy for power generation facilities, maintenance of a minimum contract demand with no maximum demand provision, and payment within fifteen days of electric billing by the Navy, subject to late payment charges.

During the years ended September 30, 2015 and 2014, GPA billed the Navy $61,586,006 and $75,323,422, respectively, for sales of electricity under the USC. Receivables from the Navy were $3,116,035 and $955,986 at September 30, 2015 and 2014, respectively.

As of September 30, 2014, GPA owed the Navy $2,194,600 representing the electricity supplied to GPA's customers from Navy dedicated facilities from September 1, 2012 through February 28, 2014. This was fully paid as of September 30, 2015.

(10) Commitments and Contingencies

Fuel Purchase Contracts

In August 2013, GPA entered into a fuel purchase contract with Hyundai Corporation. The agreement is for two years commencing on September 1, 2013 with options to extend for three additional one-year terms upon mutual agreement of both parties. In August 2015, the parties amended and agreed to extend the contract for three years commencing on September 1, 2015 with options to extend for three-year term upon mutual agreement of both parties.

In January 2015, GPA entered into diesel fuel supply contracts with IP&E Guam, Inc. and Mobil Oil Guam, Inc. The agreements are for three years ending December 31, 2017 with an option to extend for two additional one-year terms, renewable annually.

In May 2015, GPA entered into cylinder lubrication oil supply contract with Pacific Petroleum Trading Corporation. The agreement is for three years commencing June 1, 2015 with options to extend for two additional one-year terms, renewable annually.

Performance Management Contracts

In 2010, GPA entered into Performance Management Contracts (PMC) with two companies for the operation and maintenance of Cabras 1 and 2, and Cabras 3 and 4 generators, which became effective on October 1, 2010 and July 1, 2010, respectively. The PMCs are for a period of five years with an option to extend for another five-year term. The fees are subject to certain incentives and penalties, as agreed by both parties. Both PMCs were extended to expire on December 31, 2016. At September 30, 2015, the minimum future management fees for the years ending September 30, 2016 and 2017 are $2,715,064 and $577,116, respectively.

Fuel Bulk Storage Facility Contract

In June 2012, GPA entered into an agreement for the management and operations of its fuel bulk storage facility. The agreement is for three years ending May 31, 2015 with an option to extend the contract for two additional one-year terms. In March 2015, GPA exercised the option and extended the contract through May 31, 2017. At September 30, 2015, the minimum future management fees for the years ending September 30, 2016 and 2017 are $677,202 and $456,038, respectively.

Operating Leases

GPA entered into a sublease agreement for vehicle, equipment, and material storage and for a power substation beginning November 1, 2002 with annual rental of $61,261 through October 31, 2012, and was extended for ten years.

GPA entered into a lease agreement for fuel storage tanks effective September 1, 2013. The contract includes fixed annual fees escalating 4% every year until August 31, 2018.

GPA entered into a commercial space lease beginning July 1, 2010, with monthly rentals of $4,495 through June 30, 2015, and was extended for five years.

(10) Commitments and Contingencies, Continued

Operating Leases, Continued

At September 30, 2015, future minimum lease payments for operating leases are as follows:

Year Ending September 30,	Amount
2016	$ 1,648,617
2017	1,709,954
2018	1,630,481
2019	115,196
2020	101,712
2021 through 2023	127,627
	$ 5,333,587

Rent expense under the aforementioned agreements totaled $1,589,639 and $1,532,930 during the years ended September 30, 2015 and 2014, respectively.

Renewable Energy Contracts

GPA entered into three renewable energy purchase agreements to purchase 20 Megawatts (MW) of solar renewable energy, 5.65 MW of solar renewable energy, and 9.35 MW of wind renewable energy. The commercial operation date of the 20 MW and the 5.65 MW solar plants is October 30, 2015. The planned commercial operation for the wind renewable energy has not yet been established. The agreements include escalating contract prices per MW hour until 2041 with a total minimum renewable energy purchase commitment of 1.2 million MW hours.

At September 30, 2015, the minimum future renewable energy purchases are as follows:

Year Ending September 30,	Amount
2016	$ 9,972,656
2017	10,893,488
2018	10,930,088
2019	10,925,667
2020	10,934,686
2021 through 2025	54,808,735
2026 through 2030	55,016,431
2031 through 2035	48,361,255
2036 through 2040	43,621,661
2041	727,345
	$ 256,192,012

Capital Commitments

As of September 30, 2015, GPA has various on-going construction contracts with a total contract price of $29 million, of which $17 million has been paid and recorded as construction work in progress.

(10) Commitments and Contingencies, Continued

Letters of Credit

As of September 30, 2015, GPA has a $35 million uncollaterized revolving documentary letter of credit for purchases of fuel. There were no commitments under the standby letter of credit at September 30, 2015.

Self-Insurance

GPA self-insures its transmission and distribution (T&D) plant, because no insurance is available at reasonable rates.

As the result of a PUC Decision and Order, GPA adds an insurance charge of $0.00290 per kWh for civilian ratepayers and from $0.00035 per kWh to $0.00070 per kWh for the U.S. Navy until a self-insurance fund balance of $20 million is achieved. Insurance charge proceeds are transferred to the restricted self-insurance fund to be used to cover losses that would normally be covered by insurance. GPA is not prohibited from petitioning PUC for approval to use the self-insurance fund for additional purposes to the extent that such losses are not covered by insurance.

The self-insurance fund, included in cash and cash equivalents held by GPA, was $20,435,825 and $16,913,041 at September 30, 2015 and 2014, respectively.

As of September 30, 2015, GPA reached the $20 million self-insurance cap and the insurance surcharge was discontinued. The insurance surcharge will be reactivated after the fund balance falls to less than $18 million.

Litigation

GPA has several asserted and unasserted claims outstanding as of September 30, 2015. It is not possible for the management of GPA to estimate the ultimate resolution of these matters and therefore, no provision for any liability that may result from these claims has been made in the accompanying financial statements.

Autonomous Agency Collections Fund

On March 31, 2011, GPA received an invoice from the Government of Guam Department of Administration (GovGuam DOA) of $12,250,000 representing an annual assessment of $875,000 for each of the fiscal years 1998 to 2011 pursuant to 5 GCA Chapter 22 Section 22421, *Transfer of Autonomous Agency Revenues To Autonomous Agency Collections Fund*. In September 2013, GPA received another invoice for $875,000 from the Chamorro Land Trust Commission referring to the same annual assessment aforementioned. There was no invoice received for the years ended September 30, 2015 and 2014. GPA obtained approval from the CCU to offer GovGuam DOA a settlement amount of $2.6 million. However, such settlement offer is conditional on the approval by the PUC of a surcharge to recover the assessment from ratepayers. The PUC has not approved the surcharge as of September 30, 2015 and therefore, no liability or other impact has been recognized in the accompanying financial statements.

(10) Commitments and Contingencies, Continued

Hazardous Waste Assessment

Guam Public Law 20-110 requires certain entities to remit payments to a hazardous substance expense fund. There are questions as to the enforceability of the law; accordingly, no provision has been made in the accompanying financial statements for payments to be made under this law. GPA is covered by its self-insurance and worker's compensation insurance in case of accidents due to hazardous substances.

Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of GovGuam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of GovGuam who earn a superior performance grade. The bonus is calculated at 3.5% of the employee's base salary beginning 1991 but was suspended by law for the years 1996, 2002, 2003 and 2004. Between 1991 and 2008, GPA did not calculate or pay any bonuses. In 2010, the Guam Legislature authorized GPA to implement a Pay for Performance program, similar to the GovGuam unified pay systems for certified, technical and professional positions, covering the evaluation period of 2009. As of September 30, 2015 and 2014, the CCU determined that there was no liability for employees covered in the new pay system. Therefore, no liability has been recognized in the accompanying financial statements.

Environmental Protection Agency

On May 24, 1986, the administrator of the U.S. Environmental Protection Agency (EPA) granted a continuing exemption to GPA under the provisions of Section 325(b) of the Clean Air Act, as amended. The terms of the exemption require monitoring by EPA, certain commitments by GPA regarding fuel stocks, and reporting and delineation of grounds for revocation of the exemption.

In February 2011, EPA, under the Clean Air Act, established new rules under National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engine Maximum Achievable Control Technology (RICE MACT). These new rules require stack emissions control and continuous monitoring system equipment to be installed on all GPA peaking and baseload diesel generators including its Cabras 3&4 and MEC 8&9 slow speed diesel units. Compliance under the diesel MACT was due May 3, 2013. Non-compliance under the diesel MACT could result in penalty fees of $37,000 per unit per day. GPA applied for and received a one year extension for complying with the rules with respect to its small diesel peaking units. The required stack emission equipment was installed within the extension period. As to compliance with the other units subjected to RICE MACT, GPA requested EPA to enter into a consent decree allowing time for GPA to comply with the regulations and allowing potential fines and penalties for non-compliance to be used for compliance with regulations. In January 2015, GPA submitted its compliance plan outlining the proposed timelines for inclusion in a consent decree. GPA believes result of negotiations with EPA will defer potential fines post RICE MACT deadlines for the slow speed diesel units. If the consent decree is not reached, the maximum liability for GPA would be $132 million as of September 30, 2015. No liability that may result from potential noncompliance has been recorded in the accompanying financial statements.

(10) Commitments and Contingencies, Continued

Environmental Protection Agency, Continued

EPA also established rules for Electric Generating Unit Maximum Achievable Control Technology (EGU MACT) which applies to Cabras 1&2 and Tanguisson steam boiler units. Compliance under the EGU MACT was due in April 2015. Non-compliance could result in penalty fees of $37,000 per unit per day. GPA obtained PUC approval to early terminate the associated energy conversion agreement of the Tanguisson unit (see note 6). By deactivating the Tanguisson unit, GPA did not incur compliance costs for this unit. As to compliance for Cabras 1&2, a consent decree requested from EPA for compliance with RICE MACT is also expected to cover the EGU MACT compliance.

Explosion and Fire at Cabras Power Plant

On August 31, 2015, GPA suffered an explosion and fire at its Cabras 3 and 4 generator building. Based on a preliminary investigation, the Cabras 4 generator, carried at the net book value of $33 million at September 30, 2015, is not repairable while the Cabras 3 unit will require major repairs to return to service. However, due to the extent of damage and instability of the structure caused by the explosion, GPA has been unable to perform a detailed investigation of the root cause of the explosion. The related insurance recoveries cannot presently be determined. At September 30, 2015, no provisions or recoveries have been recorded in the accompanying financial statements due to this uncertainty.

Integrated Resource Plan

In 2012, GPA developed its Integrated Resource Plan (IRP) which was approved by the CCU and the PUC on December 12, 2012 and July 30, 2013, respectively. The objectives of the IRP are primarily to identify the timing, size, technology of future power generating units, and to address issues such as fuel diversification and the renewable energy portfolio standards. Specifically, the IRP recommendations include the replacement of older generation equipment with combined cycle combustion turbine generators which can utilize either Liquefied Natural Gas (LNG) or Ultra-Low Sulfur (ULS) diesel fuel oil; adding 40-45 MW of generation from renewable energy sources; and diversification of its fuel source to LNG and ULS diesel fuel oil.

In October 2014, CCU decided to postpone LNG implementation as Guam does not have the seaport facility to offload and process LNG for use at GPA's power plant. The CCU approved instead to build a new power plant by 2020 to meet tougher federal air emission standards. The new power plant would be powered by ultra-low-sulfur diesel, and to be capable of dual fuel firing if LNG is made available on Guam. In January 2015, the PUC rejected the petition to procure a new power plant.

In August 2015, GPA lost 78MW of base load capacity and experienced insufficient generation reserve after the explosion and fire at the Cabras Power Plant. Because of the EGU MACT, the future availability of Cabras 1&2 units is also uncertain. In light of this situation, PUC ordered GPA to submit a plan and a proposed request for procurement for new generation capacity. GPA's plan must address, among others, (1) how much generation should be procured in megawatts (2) what size units should be procured (3) should the procurement only be for combined cycle units (4) fuel source for the new units. GPA must also include an evaluation whether the Cabras 3 and 4 units can be returned to service and if so, when. GPA is required to submit its plan to PUC. At the time GPA submits its plan, GPA should also submit its request for proposals for the new generation capacity.

(10) Commitments and Contingencies, Continued

Integrated Resource Plan, Continued

In September 2014, GPA reassessed the estimated useful lives of its Cabras 1&2 and Cabras 3&4 power plants based on the expected retirement of these plants when a new power plant becomes operational by 2020. The estimated useful life of Tanguission plant was also reassessed to end in line with the termination of the associated energy conversion agreement. GPA recorded additional depreciation expense of $4,947,435 during the year ended September 30, 2015 due to revised estimated useful lives of these power plants.

(11) Related Party Transactions and Balances

During the years ended September 30, 2015 and 2014, GPA billed GovGuam agencies $53,709,913 and $62,311,432, respectively, for sales of electricity. Receivables from GovGuam agencies were $4,449,739 and $7,740,973 at September 30, 2015 and 2014, respectively (see note 3).

GPA provides electrical and administrative services to GWA, a component unit of the GovGuam, which is also governed by the CCU. Electricity sales to GWA for the years ended September 30, 2015 and 2014 were $14,070,011 and $16,439,681, respectively. Outstanding receivables for electricity billings were $933,386 and $2,777,902 at September 30, 2015 and 2014, respectively, and are included in GovGuam agencies receivable mentioned above.

On June 23, 2009, GPA and GWA entered into a Memorandum of Understanding (MOU) where each agency agrees to provide administrative, operational, maintenance, repair and other specified services on behalf of the other agency and each will reimburse the other for their actual costs for providing said services. Total billings by GPA to GWA for administrative expenses and cost reimbursements were $348,182 and $229,321 in 2015 and 2014, respectively. Outstanding receivables for administrative expenses and cost reimbursements totaled $111,358 and $240,530 as of September 30, 2015 and 2014, respectively, and were included in other receivables (see note 3).

In 2015, GPA and GWA replaced their revenue billing systems with a combined billing system. In accordance with a MOU entered by GPA and GWA, costs necessary for the implementation and operation of the combined billing system are shared by GPA and GWA. Total amounts billed by GPA to GWA for its share in the implementation costs of the combined billing system approximated $1 million in 2015. Outstanding receivables amounted to $389,512 as of September 30, 2015 and were included in other receivables (see note 3).

Effective October 1, 2015, GPA and GWA implemented a cost sharing agreement to share in the costs of the office building commonly occupied by them for an annual cost of $269,170 due from GWA to GPA. GWA will also share in actual costs incurred for security, janitorial services, building insurance and other maintenance costs.

(11) Related Party Transactions and Balances, Continued

GWA billed GPA for water and sewer charges on the facilities transferred by the Navy to GPA under the USC (see note 9) totaling $1,426,618 and $1,250,747 for the years ended September 30, 2015 and 2014, respectively. The amount due to GWA as of September 30, 2015 and 2014 was $253,870 and $1,466,885, respectively, which was included in accounts payable - operations in the accompanying statements of net position.

In October 2011, U.S. Federal Emergency Management Agency (FEMA) reimbursed GPA for certain typhoon related costs incurred in 2002 of approximately $1,800,000. The reimbursement was received by GovGuam DOA which plans to offset such amount against billings to GPA related to the Autonomous Agency Collections Fund (see note 10). Due to uncertainty of receipt, GPA has not recorded the reimbursement in the accompanying financial statements.

(12) Restricted Net Position

At September 30, 2015 and 2014, net position was restricted for the following purposes:

	2015	2014
Debt Service	$ 13,551,340	$ 20,052,215

(13) Subsequent Events

Due to explosion and fire at the Cabras Power Plant, GPA entered into a contract for temporary power services to provide 40 MW of new generation for $11,781,392 a year plus energy conversion charge of $4.40 MWh. The contract is for one year effective January 2016 with two additional one-year periods extension option. GPA expects the costs will be reimbursed by insurance recoveries.

On March 1, 2016, GPA entered into a PMC for the management, operation and maintenance of the combustion turbine power plants. GPA is authorized to expend $5,980,246 for the first five years of the contract.

(14) Utility Plant

A summary of changes in capital assets for the years ended September 30, 2015 and 2014 were as follows:

2015	Estimated Useful Lives in Years	Beginning Balance October 1, 2014	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2015
Depreciable:					
Steam production plant	25 - 50	$ 100,124,986	$ 2,270,643	$ (593,545)	$ 101,802,084
Other production plant	25	265,726,059	6,212,470	(127,485)	271,811,044
Transmission plant	30 - 45	161,400,598	6,980,772	(3,919)	168,377,451
Distribution plant	25 - 45	211,851,249	5,799,656	(1,847,115)	215,803,790
General plant	3 - 60	42,277,762	49,893,284	(1,997,439)	90,173,607
Production plant under capital lease	20 - 40	171,382,727	-	(16,000,000)	155,382,727
		952,763,381	71,156,825	(20,569,503)	1,003,350,703
Accumulated depreciation		(469,978,040)	(41,765,404)	17,638,913	(494,104,531)
		482,785,341	29,391,421	(2,930,590)	509,246,172
Non-depreciable:					
Land and land rights		1,072,236	-	-	1,072,236
Construction work in progress		68,834,656	40,043,333	(77,821,888)	31,056,101
		69,906,892	40,043,333	(77,821,888)	32,128,337
		$ 552,692,233	$ 69,434,754	$ (80,752,478)	$ 541,374,509

2014	Estimated Useful Lives in Years	Beginning Balance October 1, 2013	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2014
Depreciable:					
Intangible plant	30	$ 4,353,988	$ -	$ (4,353,988)	$ -
Steam production plant	25 - 50	95,884,691	5,201,695	(961,400)	100,124,986
Other production plant	25	260,764,177	8,614,342	(3,652,460)	265,726,059
Transmission plant	30 - 45	157,990,173	3,410,425	-	161,400,598
Distribution plant	25 - 45	198,278,306	14,359,810	(786,867)	211,851,249
General plant	3 - 60	41,378,990	4,550,082	(3,651,310)	42,277,762
Production plant under capital lease	20 - 40	171,382,727	-	-	171,382,727
		930,033,052	36,136,354	(13,406,025)	952,763,381
Accumulated depreciation		(445,698,239)	(36,988,988)	12,709,187	(469,978,040)
		484,334,813	(852,634)	(696,838)	482,785,341
Non-depreciable:					
Land and land rights		1,072,236	-	-	1,072,236
Construction work in progress		41,327,906	64,824,520	(37,317,770)	68,834,656
		42,400,142	64,824,520	(37,317,770)	69,906,892
		$ 526,734,955	$ 63,971,886	$ (38,014,608)	$ 552,692,233

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Schedule of Funding Progress and Actuarial Accrued Liability - Post Employment Benefits Other than Pension

The Schedule of Funding Progress presents GASB 45 results of Other Post Employment Benefits (OPEB) valuations as of fiscal year ends September 30, 2011, 2009, and 2007 for the Guam Power Authority's share of the Government of Guam Post Employment Benefits other than Pensions. The schedule provides an information trend about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2007	$ -	$ 38,089,000	$ 38,089,000	0.0%	$ 17,568,918	216.8%
October 1, 2009	$ -	$ 51,730,000 *	$ 51,730,000 *	0.0%	$ 18,669,362	277.1%
October 1, 2011	$ -	$ 58,314,000	$ 58,314,000	0.0%	$ 20,572,185	283.5%

* No formal valuation was performed. The liabilities as of October 1, 2009 represent discounted October 1, 2011 liabilities.

The actuarial accrued liability presented above is only for GPA's active employees. It does not include the actuarial accrued liability for GPA's retirees, which was not separately presented in the OPEB valuation.

See Accompanying Independent Auditors' Report.

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Required Supplemental Information (Unaudited)
Schedule of Proportional Share of the Net Pension Liability
Last 10 Fiscal Years*

	2015	2014
Total Government of Guam net pension liability	$ 1,246,306,754	$ 1,303,304,636
GPA's proportionate share of the net pension liability	$ 67,025,973	$ 77,870,353
GPA's proportion of the net pension liability	5.38%	5.97%
GPA's covered-employee payroll**	$ 26,951,843	$ 27,262,728
GPA's proportionate share of the net pension liability as percentage of its covered employee payroll	248.69%	285.63%
Plan fiduciary net position as a percentage of the total pension liability	56.60%	53.94%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

GUAM POWER AUTHORITY
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Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2015	2014
Actuarially determined contribution	$ 7,253,802	$ 7,391,863
Contribution in relation to the actuarially determined contribution	7,249,568	7,375,045
Contribution deficiency	$ 4,234	$ 16,818
GPA's covered-employee payroll **	$ 26,951,843	$ 27,262,728
Contribution as a percentage of covered-employee payroll	26.90%	27.05%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

GUAM POWER AUTHORITY
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Schedule of Sales of Electricity
Years Ended September 30, 2015 and 2014

	2015	2014
Commercial	$ 145,356,113	$ 171,804,557
Residential	105,533,051	125,023,014
Government of Guam	53,709,913	62,311,432
U.S. Navy	61,586,006	75,323,422
	$ 366,185,083	$ 434,462,425

See accompanying independent auditors' report.

GUAM POWER AUTHORITY
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Schedule of Operating and Maintenance Expenses
Years Ended September 30, 2015 and 2014

	2015	2014 As Restated (Note 1)
Administrative and General:		
Salaries and wages:		
Regular pay	$ 4,522,993	$ 4,660,058
Overtime	32,060	20,982
Premium pay	1,873	2,446
Benefits	10,593,967	10,968,583
Pension adjustment	(8,045,373)	(2,280,449)
Total salaries and wages	7,105,520	13,371,620
Insurance	5,439,736	6,130,117
Retiree COLA/supplemental benefits	3,833,401	3,057,199
Contract	3,381,260	3,822,093
Utilities	1,863,688	1,688,838
Travel	208,905	243,641
Operating supplies	121,018	134,407
Training	119,877	175,430
Other administrative expenses	93,851	121,325
Trustee fee	89,993	86,598
Office supplies	54,237	56,340
Overhead allocations	31,437	17,800
Completed work orders	(1,065,197)	(1,020,183)
Miscellaneous	630,273	508,298
Total administrative and general	$ 21,907,999	$ 28,393,523
Customer Accounting:		
Salaries and wages:		
Regular pay	$ 1,563,272	$ 1,578,761
Overtime	115,139	23,742
Premium pay	5,341	1,910
Benefits	141,656	125,191
Total salaries and wages	1,825,408	1,729,604
Collection fee	1,280,340	1,627,504
Communications	303,432	344,257
Completed work orders	283,753	3,248
Office supplies	42,574	51,855
Overhead allocations	31,169	26,500
Contracts	18,000	18,710
Operating supplies	2,334	13,213
Miscellaneous	(6,734)	5,658
Total customer accounting	$ 3,780,276	$ 3,820,549

See accompanying independent auditors' report.

GUAM POWER AUTHORITY
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Schedule of Operating and Maintenance Expenses, Continued
Years Ended September 30, 2015 and 2014

	2015	2014 As Restated (Note 1)
Fuel:		
Salaries and wages:		
Regular pay	$ 86,400	$ 82,591
Overtime	7,693	6,557
Premium pay	240	270
Benefits	-	3
Total salaries and wages	94,333	89,421
Fuel	204,041,603	275,038,732
Deferred fuel costs	-	(3,953,442)
Total fuel costs	$ 204,135,936	$ 271,174,711
Other Production:		
Salaries and wages:		
Regular pay	$ 8,786,928	$ 9,335,878
Overtime	675,715	644,658
Premium pay	185,617	183,781
Benefits	866,451	743,170
Total salaries and wages	10,514,711	10,907,487
Contract	6,863,305	7,015,683
Completed work orders	1,892,785	630,807
Operating supplies	481,606	472,048
Overhead allocations	91,902	102,347
Office supplies	10,457	9,935
Miscellaneous	224,261	167,111
Total other production	$ 20,079,027	$ 19,305,418
Transmission and Distribution:		
Salaries and wages:		
Regular pay	$ 6,528,626	$ 6,432,166
Overtime	367,768	377,404
Premium pay	65,325	64,262
Benefits	483,867	412,619
Total salaries and wages	7,445,586	7,286,451
Overhead allocations	1,549,072	2,057,250
Contract	994,331	1,150,528
Operating supplies	705,173	692,126
Completed work orders	463,385	1,738,451
Office supplies	12,444	25,134
Total transmission and distribution	$ 11,169,991	$ 12,949,940

See accompanying independent auditors' report.

GUAM POWER AUTHORITY
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Schedule of Salaries and Wages
Years Ended September 30, 2015 and 2014

	2015	2014 As Restated (Note 1)
Salaries and wages:		
Regular pay	$ 21,488,219	$ 22,089,454
Overtime	1,198,375	1,073,343
Premium pay	258,396	252,669
Benefits	12,085,941	12,249,566
Pension adjustment	(8,045,373)	(2,280,449)
Total salaries and wages	$ 26,985,558	$ 33,384,583

See accompanying independent auditors' report.

GUAM POWER AUTHORITY
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Employees by Department
Years Ended September 30, 2015 and 2014

	2015	
	Full Time Employees (b)	PL 28-150 Section 45b Category Personnel Services (a)
Department:		
Board	2	$ 250,884
Executive	17	790,761
Administration	24	2,474,997
Finance	23	2,059,336
Planning and Regulatory	7	656,421
Property and Facilities	7	353,058
Purchasing and Supply Management	20	700,112
Customer Service	57	2,602,757
Engineering	34	2,363,823
Generation	158	13,107,364
Strategic Planning and Operation Research and Development	9	843,717
Power System Control Center	21	1,901,098
Transportation	11	237,068
Transmission and Distribution	99	6,303,874
Total full time employees	489	34,645,270
Pension adjustment		(8,045,373)
Apprentice and summer engineering		385,661
		$ 26,985,558

	2014, As Restated (Note 1)	
	Full Time Employees (b)	PL 28-150 Section 45b Category Personnel Services (a)
Department:		
Board	2	$ 232,858
Executive	18	1,111,878
Administration	28	2,834,767
Finance	23	1,938,832
Planning and Regulatory	7	650,399
Property and Facilities	8	466,630
Purchasing and Supply Management	20	674,468
Customer Service	53	2,596,156
Engineering	36	2,080,875
Generation	167	13,431,104
Strategic Planning and Operation Research and Development	7	690,416
Power System Control Center	23	1,961,532
Transportation	13	237,520
Transmission and Distribution	107	6,318,957
Total full time employees	512	35,226,392
Pension adjustment		(2,280,449)
Apprentice and summer engineering		438,640
		$ 33,384,583

Note:
(a) The amounts consist of total payroll charge to O & M for the year end funded by revenues.
(b) Filled positions at the end of the year, excluding apprentices.

See accompanying independent auditors' report.