GUAM POWER AUTHORITY

ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

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19 April 2017

GU#34-17-443
Speaker Benjamin J.F. Cruz

APR 26 2017
Time: 8:02 AM | PM File No: 34-352
Received By:

Honorable Benjamin J.F. Cruz, Speaker
I Mina 'trentai Kuattro Na Liheslaturan Guahan
Suite 107, 155 Hesler Place
Hagatna, Guam 96910
senator@senatorbjcruz.com

Subject: February 2017 Financial Statement

Dear Honorable Speaker Cruz:

Enclosed is Guam Power Authority's Monthly Financial Statement for the month of February 2017 which was approved at the Consolidated Commission on Utilities board meeting on Tuesday, April 18, 2017.

Should you require further information, please do not hesitate to call me at 648-3120 or E-Mail at jjekim@gpagwa.com.

Sincerely,

JOHN J.E. KIM
Chief Financial Officer

cc: CFO 089 17

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GUAM POWER AUTHORITY

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GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
February 2017

Attached are the financial statements and supporting schedules for the month and fiscal year ended February 28, 2017.

Summary

The decrease in net assets for the month ended was $1.4million as compared to the anticipated net decrease of $1.5 million projected at the beginning of the year. The total kWh sales for the month were 1.25% less than projected and non-fuel revenues were $0.2 million more than the estimated amount. O & M expenses for the month were $4.6 million which was $1.9 million less than our projections for the month. Other expenses for the month such as interest expense, IPP costs, (net of interest income and other income) totaled to $4.3 million, which was $0.5 million less than the projected amount. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	1.70	2.14	2
Days in Receivables	34	33	52
Days in Payables	64	33	30
LEAC (Over)/Under Recovery Balance -YTD	$4,893,328	$4,580,247	$4,584,806
T&D Losses	4.68%	4.84%	7.00%
Debt Service Coverage	2.21	2.05	1.75
Long-term equity ratio	19%	19%	30 – 40%
Days in Cash	251	230	60

The Quick Ratio has been a challenge for GPA historically. However, over the last two fiscal years, the influx of cash has continued to improve this ratio. GPA has current obligations of approximately $77.6 million and approximately $166 million in cash and current receivables. The increase in cash is attributable to the receipt of $34M in insurance proceeds during the fiscal year. Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
February 2017
Significant Assumptions

The significant assumptions in the financial statements are as follows:

- Accrual cutoff procedures were performed at month end
- An inventory valuation is performed at year-end only
- Accounts Receivable includes accruals based on prior months' usage.

Prepared by:	Reviewed by:	Approved by:
Lenora M. Sanz	John J.E. Kim	John M. Benavente, P.E.
Controller	Chief Financial Officer	General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
February 28, 2017 and September 30, 2016

	Unaudited February 2017	Unaudited September 2016	Change from Sept 30 2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	$ 14,235,426	$ 16,005,063	$ (1,769,637)
Bond indenture funds	64,501,745	69,821,815	(5,320,070)
Held by Guam Power Authority:			
Bond indenture funds	138,693,246	126,056,805	12,636,441
Self insurance fund-restricted	20,450,293	20,442,578	7,715
Energy sense fund	1,452,388	1,646,041	(193,653)
Total cash and cash equivalents	239,333,098	233,972,302	5,360,796
Accounts receivable, net	31,531,516	65,043,172	(33,511,656)
Total current receivables	31,531,516	65,043,172	(33,511,656)
Materials and supplies inventory	13,953,118	14,624,878	(671,760)
Fuel inventory	36,916,087	31,326,367	5,589,720
Prepaid expenses	5,751,746	753,398	4,998,348
Total current assets	327,485,565	345,720,117	(18,234,552)
Utility plant, at cost:			
Electric plant in service	1,072,647,829	1,038,493,831	34,153,998
Construction work in progress	18,765,175	18,407,877	357,298
Total	1,091,413,004	1,056,901,708	34,511,296
Less: Accumulated depreciation	(546,057,526)	(534,001,129)	(12,056,397)
Total utility plant	545,355,478	522,900,579	22,454,899
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,539,331	48,550,887	(11,556)
Unamortized debt issuance costs	4,488,561	4,646,601	(158,040)
Total other non-current assets	53,027,892	53,197,488	(169,596)
Total assets	925,868,935	921,818,184	4,050,751
Deferred outflow of resources:			
Deferred fuel revenue	4,580,247	1,070,120	3,510,127
Unamortized loss on debt refunding	11,804,260	12,324,400	(520,140)
Pension	7,490,630	7,490,630	0
Unamortized forward delivery contract costs	730,318	796,718	(66,400)
Total deferred outflows of resources	24,605,455	21,681,868	2,923,587
	$ 950,474,390	$ 943,500,052	$ 6,974,338

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
February 28, 2017 and September 30, 2016

	Unaudited February 2017	Unaudited September 2016	Change from Sept 30 2015
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	$ 1,780,000	$ 115,000	$ 1,665,000
Current obligations under capital leases	16,737,242	16,737,242	0
Accounts payable			
Operations	11,022,008	25,782,804	(14,760,796)
Others	22,392,986	22,364,991	27,995
Accrued payroll and employees' benefits	1,137,301	1,533,906	(396,605)
Current portion of employees' annual leave	2,496,711	2,405,799	90,912
Interest payable	12,718,850	15,146,696	(2,427,846)
Customer deposits	9,318,208	9,332,016	(13,808)
Total current liabilities	77,603,306	93,418,454	(15,815,148)
Regulatory liabilities:			
Provision for self insurance	19,550,977	19,550,977	0
Total regulatory liabilities	19,550,977	19,550,977	0
Long term debt, net of current maturities	592,149,063	595,057,778	(2,908,715)
Obligations under capital leases, net of current portion	44,084,850	22,872,720	21,212,130
Net Pension liability	60,635,693	63,293,549	(2,657,856)
DCRS sick leave liability	3,436,738	3,436,738	0
Employees' annual leave net of current portion	806,762	806,762	0
Customer advances for construction	342,119	319,321	22,798
Total liabilities	798,609,508	798,756,299	(146,791)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	2,676,748	2,920,088	(243,340)
Pension	7,694,438	7,694,438	0
Other unearned revenues	2,331,229	0	2,331,229
Total deferred inflows of resources	12,702,415	10,614,526	2,087,889
Commitments and contigencies			
Net Position:			
Net investment in capital assets	5,083,271	6,171,221	(1,087,950)
Restricted	4,651,292	16,005,063	(11,353,771)
Unrestricted	129,427,903	111,952,943	17,474,960
Total net position	139,162,466	134,129,227	5,033,239
	$ 950,474,390	$ 943,500,052	$ 6,974,338

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM
Statement of Revenues, Expenses and Changes in Net Assets

	February 28			Five Months Ended February		
	Unaudited 2017	Unaudited 2016	% of change Inc (dec)	Unaudited 2017	Unaudited 2016	% of change Inc (dec)
Revenues						
Sales of electricity	$ 25,204,958	$ 21,522,465	17	$ 126,457,287	$ 130,843,218	(3)
Miscellaneous	(134,257)	499,368	(127)	825,006	1,066,540	(23)
Total	25,070,701	22,021,833	14	127,282,293	131,909,758	(4)
Bad debt expense	(83,333)	(91,667)	(9)	(416,667)	(458,335)	(9)
Total revenues	24,987,368	21,930,166	14	126,865,626	131,451,423	(3)
Operating and maintenance expenses						
Production fuel	12,751,030	9,739,196	31	59,763,817	66,499,690	(10)
Other production	1,322,431	1,184,583	12	6,359,169	5,895,577	8
	14,073,461	10,923,779	29	66,122,986	72,395,267	(9)
Depreciation	4,798,542	3,421,990	40	18,814,427	17,080,334	10
Energy conversion cost	1,709,160	1,445,201	18	7,774,483	7,157,506	9
Transmission & distribution	1,065,646	844,214	26	5,197,063	4,459,507	17
Customer accounting	327,577	629,259	(48)	1,745,636	2,161,831	(19)
Administrative & general	1,949,107	2,469,828	(21)	10,381,411	13,976,934	(26)
Total operating and maintenance expenses	23,923,492	19,734,271	21	110,036,006	117,231,379	(6)
Operating income	1,063,875	2,195,895	(52)	16,829,620	14,220,044	18
Other income (expenses)						
Interest income	69,206	56,514	22	388,945	280,181	39
Interest expense and amortization	(2,876,235)	(2,913,167)	(1)	(14,156,589)	(14,694,537)	(4)
Bond issuance costs	76,827	68,617	12	384,135	343,085	12
Allowance for funds used during construction	314,008	347,602	(10)	1,601,114	1,817,195	(12)
Other expense	(12,600)	(8,829)	43	(25,478)	49,972	(151)
Total other income (expenses)	(2,428,794)	(2,449,263)	(1)	(11,807,873)	(12,204,104)	(3)
Income (loss) before capital contributions	(1,364,919)	(253,368)	439	5,021,747	2,015,940	149
Capital contributions	0	115,403	0	11,488	1,293,364	(99)
Increase (decrease) in net assets	(1,364,919)	(137,965)	889	5,033,235	3,309,304	52
Total net assets at beginning of period (restated)	140,527,379	85,075,044	65	134,129,226	81,627,775	64
Total net assets at end of period	$ 139,162,461	$ 84,937,079	64	$ 139,162,461	$ 84,937,079	64

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended February 28, 2017

	Month Ended 2/28/2017	YTD Ended 2/28/2017
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$26,424,290	$ 160,560,181
Cash payments to suppliers and employees for goods and services	34,383,839	119,133,494
Net cash provided by operating activities	($7,959,549)	41,426,687
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	69,206	388,945
Net cash provided by investing activities	69,206	388,945
Cash flows from non-capital financing activities		
Interest paid on short term debt	(6,314)	(30,088)
Provision for self insurance funds	-	(7,715)
Net cash provided by noncapital financing activities	(6,314)	(37,802)
Cash flows from capital and related financing activities		
Acquisition of utility plant	3,898,222	(41,269,321)
Principal paid on bonds and other long-term debt	-	(115,000)
Interest paid on bonds(net of capitalized interest)	314,008	(12,776,811)
Interest paid on capital lease obligations	(480,202)	(2,176,423)
Interest & principal funds held by trustee	(2,544,930)	1,769,637
Reserve funds held by trustee	(4,337)	11,556
Bond funds held by trustee	103,773	5,320,070
Principal payment on capital lease obligations	(1,875,522)	21,212,130
Grant from DOI/FEMA	-	11,488
Debt issuance costs/loss on defeasance	(225,743)	(1,128,715)
Net cash provided by (used in) capital and related financing activities	(814,731)	(29,141,389)
Net (decrease) increase in cash and cash equivalents	(8,711,388.47)	12,636,441
Cash and cash equivalents, beginning	147,404,634	126,056,805
Cash and cash equivalents-Funds held by GPA, February 28, 2017	**$ 138,693,246**	**$ 138,693,246**

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended February 28, 2017

	Month Ended 2/28/2017	YTD Ended 2/28/2017
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$1,063,875	$16,829,620
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	4,798,542	18,814,427
Other expense	64,227	358,657
(Increase) decrease in assets:		
Accounts receivable	1,309,466	33,511,656
Materials and inventory	196,440	671,760
Fuel inventory	9,389,441	(5,589,720)
Prepaid expenses	944,590	(4,998,348)
Unamortized debt issuance cost	31,608	158,040
Deferred fuel revenue	313,043	(3,510,127)
Unamortized loss on debt refunding	104,028	520,140
Unamortized forward delivery contract costs	13,280	66,400
Increase (decrease) in liabilities:		
Accounts payable-operations	(27,965,096)	(14,760,796)
Accounts payable-others	27,965	221,648
Accrued payroll and employees' benefits	45,096	(396,605)
Net pension liability	(472,334)	(2,657,856)
Employees' annual leave	19,202	90,912
Customers deposits	(139,786)	(13,808)
Customer advances for construction	14,303	22,798
Other unearned revenue	2,331,229	2,331,229
Unearned forward delivery contract revenue	(48,668)	(243,340)
Net cash provided by operating activities	**($7,959,549)**	**$41,426,687**