GUAM POWER AUTHORITY

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

24 May 2017

GL# 34-17-580
Speaker Benjamin J.F. Cruz

Time: 8:10 AM/PM
Received By: [signature] 34-494

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: March 2017 Financial Statement

Dear Honorable Speaker Cruz:

Enclosed is Guam Power Authority's Monthly Financial Statement for the month of March 2017 which was approved at the Consolidated Commission on Utilities board meeting on Tuesday, May 23, 2017.

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

2017 MAY 31 AM 8:36

Sincerely,

[signature]
JOHN J.E. KIM
Chief Financial Officer

cc: CFO 107-17

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GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
March 2017

Attached are the financial statements and supporting schedules for the month and fiscal year ended March 31, 2017.

Summary

The increase in net assets for the month ended was $3.6million as compared to the anticipated net decrease of $0.4 million projected at the beginning of the year. The total kWh sales for the month were 8.99% more than projected and non-fuel revenues were $1.4 million more than the estimated amount. O & M expenses for the month were $4.5 million which was $1.3 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 $3.5 million, which was $0.4 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	2.19	2.03	2
Days in Receivables	33	36	52
Days in Payables	33	32	30
LEAC (Over)/Under Recovery Balance -YTD	$5,002,452	$5,090,577	$4,777,639
T&D Losses	4.84%	4.87%	7.00%
Debt Service Coverage	2.05	2.11	1.75
Long-term equity ratio	12%	12%	30 – 40%
Days in Cash	232	214	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 $79.5 million and approximately $162 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
March 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 Controller	John J.E. Kim Chief Financial Officer	John M. Benavente, P.E. General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
March 31, 2017 and September 30, 2016

	Unaudited March 2017	Audited 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	$ 16,968,235	$ 16,005,063	$ 963,172
Bond indenture funds	64,511,447	69,821,815	(5,310,368)
Held by Guam Power Authority:			
Bond indenture funds	131,465,143	126,992,587	4,472,556
Self insurance fund-restricted	20,453,727	19,506,796	946,931
Energy sense fund	1,426,992	1,646,041	(219,049)
Total cash and cash equivalents	234,825,544	233,972,302	853,242
Accounts receivable, net	29,615,705	62,635,764	(33,020,059)
Total current receivables	29,615,705	62,635,764	(33,020,059)
Materials and supplies inventory	12,755,955	13,555,719	(799,764)
Fuel inventory	40,596,939	31,326,367	9,270,572
Prepaid expenses	4,822,183	754,024	4,068,159
Total current assets	322,616,326	342,244,176	(19,627,850)
Utility plant, at cost:			
Electric plant in service	1,025,774,174	990,594,593	35,179,581
Construction work in progress	22,926,435	17,206,429	5,720,006
Total	1,048,700,609	1,007,801,022	40,899,587
Less: Accumulated depreciation	(555,313,041)	(540,262,575)	(15,050,466)
Total utility plant	493,387,568	467,538,447	25,849,121
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,543,336	48,550,887	(7,551)
Unamortized debt issuance costs	4,456,953	4,646,601	(189,648)
Total other non-current assets	53,000,289	53,197,488	(197,199)
Total assets	869,004,183	862,980,111	6,024,072
Deferred outflow of resources:			
Deferred fuel revenue	5,090,577	1,492,325	3,598,252
Unamortized loss on debt refunding	11,700,232	12,324,400	(624,168)
Pension	8,168,718	8,168,718	0
Unamortized forward delivery contract costs	717,038	796,718	(79,680)
Total deferred outflows of resources	25,676,565	22,782,161	2,894,404
	$ 894,680,748	$ 885,762,272	$ 8,918,476

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
March 31, 2017 and September 30, 2016

	Unaudited March 2017	Audited September 2016	Change from Sept 30 2016
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	17,159,454	32,419,184	(15,259,730)
Others	16,479,725	15,216,163	1,263,562
Accrued payroll and employees' benefits	1,471,782	1,533,906	(62,124)
Current portion of employees' annual leave	2,518,067	2,405,799	112,268
Interest payable	15,108,373	15,146,696	(38,323)
Customer deposits	8,198,384	8,381,571	(183,187)
Total current liabilities	79,453,027	91,955,561	(12,502,534)
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	591,923,320	595,057,769	(3,134,449)
Obligations under capital leases, net of current portion	42,195,325	22,872,720	19,322,605
Net Pension liability	67,922,732	71,049,220	(3,126,488)
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	805,631,000	805,049,068	581,932
Deferred inflows of resources:			
Unearned forward delivery contract revenue	2,628,079	2,920,088	(292,009)
Pension	732,788	732,788	0
Other unearned revenues	0	0	(0)
Total deferred inflows of resources	3,360,867	3,652,876	(292,009)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(46,535,655)	(49,190,903)	2,655,248
Restricted	7,203,518	4,645,344	2,558,174
Unrestricted	125,021,017	121,605,887	3,415,130
Total net position	85,688,880	77,060,328	8,628,552
	$ 894,680,748	$ 885,762,272	$ 8,918,476

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

	March 31			Six Months Ended March 31		
	Unaudited 2017	Audited 2016	% of change Inc (dec)	Unaudited 2017	Audited 2016	% of change Inc (dec)
Revenues						
Sales of electricity	$ 28,371,004	$ 23,793,307	19	$ 154,828,291	$ 154,636,525	0
Working Capital surcharge	-	-		-	-	
Miscellaneous	317,287	306,467	4	1,142,293	1,373,007	(17)
Total	28,688,291	24,099,774	19	155,970,584	156,009,532	(0)
Bad debt expense	(93,433)	(91,667)	2	(510,099)	(550,002)	(7)
Total revenues	28,594,858	24,008,107	19	155,460,485	155,459,530	0
Operating and maintenance expenses						
Production fuel	14,248,215	10,923,953	30	74,012,032	77,423,643	(4)
Other production	1,280,763	1,501,794	(15)	7,639,932	7,397,371	3
	15,528,978	12,425,747	25	81,651,964	84,821,014	(4)
Depreciation	2,453,646	2,967,938	(17)	21,268,073	20,048,272	6
Energy conversion cost	1,587,427	1,316,863	21	9,361,910	8,474,369	10
Transmission & distribution	917,602	972,232	(6)	6,114,665	5,431,739	13
Customer accounting	306,771	893,527	(66)	2,052,408	3,055,358	(33)
Administrative & general	2,030,761	1,808,249	12	12,412,172	15,785,183	(21)
Total operating and maintenance expenses	22,825,185	20,384,556	12	132,861,192	137,615,935	(3)
Operating income	5,769,673	3,623,551	59	22,599,293	17,843,595	27
Other income (expenses)						
Interest income	276,558	254,453	9	665,503	534,634	24
Interest expense and amortization	(2,362,233)	(2,900,795)	(1)	(17,018,822)	(17,595,332)	(3)
Bond issuance costs	76,827	68,617	12	460,962	411,702	12
Assets written off	0	0		0	0	
Allowance for funds used during construction	313,714	342,057	(8)	1,914,828	2,159,252	(11)
Other expense	(4,291)	(8,829)	(51)	(29,769)	41,143	(172)
Total other income (expenses)	(2,199,425)	(2,244,497)	(2)	(14,007,298)	(14,448,601)	(3)
Income (loss) before capital contributions	3,570,248	1,379,054	159	8,591,995	3,394,994	153
Capital contributions	25,073	115,403	0	36,561	1,408,767	(97)
Increase (decrease) in net assets	3,595,321	1,494,457	141	8,628,556	4,803,761	80
Total net assets at beginning of period (restated)	82,093,564	84,937,079	(3)	77,060,329	81,627,775	(6)
Total net assets at end of period	$ 85,688,885	$ 86,431,536	(1)	$ 85,688,885	$ 86,431,536	(1)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended March 31, 2017

	Month Ended 3/31/2017	YTD Ended 3/31/2017
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$28,010,968	$ 188,571,148
Cash payments to suppliers and employees for goods and services	24,668,620	143,802,114
Net cash provided by operating activities	$3,342,348	44,769,034
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	276,558	665,503
Net cash provided by investing activities	276,558	665,503
Cash flows from non-capital financing activities		
Interest paid on short term debt	(6,511)	(36,598)
Provision for self insurance funds	(1,209,451)	(946,931)
Net cash provided by noncapital financing activities	(1,215,962)	(983,529)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(5,847,875)	(47,117,195)
Principal paid on bonds and other long-term debt	-	(115,000)
Interest paid on bonds(net of capitalized interest)	313,714	(12,463,097)
Interest paid on capital lease obligations	(466,200)	(2,642,622)
Interest & principal funds held by trustee	(2,732,809)	(963,172)
Reserve funds held by trustee	(4,005)	7,551
Bond funds held by trustee	(9,702)	5,310,368
Principal payment on capital lease obligations	(1,889,525)	19,322,605
Grant from DOI/FEMA	25,073	36,561
Debt issuance costs/loss on defeasance	(225,743)	(1,354,458)
Net cash provided by (used in) capital and related financing activities	(10,837,072)	(39,978,459)
Net (decrease) increase in cash and cash equivalents	(8,434,127.38)	4,472,549
Cash and cash equivalents, beginning	139,899,263	126,992,587
Cash and cash equivalents-Funds held by GPA, March 31, 2017	**$ 131,465,136**	**$ 131,465,136**

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended March 31, 2017

	Month Ended 3/31/2017	YTD Ended 3/31/2017
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$5,769,673	$22,599,293
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	2,453,646	21,268,073
Other expense	72,536	431,193
(Increase) decrease in assets:		
Accounts receivable	(491,596)	33,020,059
Materials and inventory	128,005	799,764
Fuel inventory	(3,680,852)	(9,270,572)
Prepaid expenses	930,188	(4,068,159)
Unamortized debt issuance cost	31,608	189,648
Deferred fuel revenue	(88,125)	(3,598,252)
Unamortized loss on debt refunding	104,028	624,168
Unamortized forward delivery contract costs	13,280	79,680
Increase (decrease) in liabilities:		
Accounts payable-operations	(498,934)	(15,259,730)
Accounts payable-others	1,260,963	1,482,611
Accrued payroll and employees' benefits	334,481	(62,124)
Net pension liability	(468,632)	(3,126,488)
Employees' annual leave	21,356	112,268
Customers deposits	(169,379)	(183,187)
Customer advances for construction	-	22,798
Other unearned revenue	(2,331,229)	(0)
Unearned forward delivery contract revenue	(48,669)	(292,009)
Net cash provided by operating activities	**$3,342,348**	**$44,769,034**