GUAM POWER AUTHORITY

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

28 September 2017

Mr. Benjamin J.F. Cruz, Speaker
I Mina Trentai Tres Na Liheslaturan Guahan
33rd Guam Legislature
155 Hesler Street
Hagatan, Guam 96910
senator@senator bjcruz.com

GL#34-17-1032
Speaker Benjamin J.F. Cruz

OCT 04 2017
Time: 902 [ ]AM [ ] PM File No. 34-973
Received By:

Subject: August 2017 Financial Statement

Dear Speaker Cruz:

Enclosed is Guam Power Authority's Monthly Financial Statement for the month of August 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

2017 OCT -4 AM 9:09

cc: CFO 167 17

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GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
August 2017

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

Summary
The increase in net assets for the month ended was $0.2 million as compared to the anticipated net decrease of $47 thousand projected at the beginning of the year. The total kWh sales for the month were 5.18% more than projected and non-fuel revenues were $0.8 million more than the estimated amount. O & M expenses for the month were $6.4million which was in line with 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 $4.0 million, which was right in line with the projected amount as well. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	1.77	2.02	2
Days in Receivables	41	41	52
Days in Payables	45	29	30
LEAC (Over)/Under Recovery Balance -YTD	$14,050,504	$15,640,990	$11,469,198
T&D Losses	4.92%	4.96%	7.00%
Debt Service Coverage	2.10	2.05	1.75
Long-term equity ratio	13%	13%	30 – 40%
Days in Cash	200	183	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 $78 million and approximately $157 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
August 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
August 31, 2017 and September 30, 2016

	Unaudited August 2017	Unaudited September 2016	Change from Sept 30 2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	$ 15,317,127	$ 16,005,063	$ (687,936)
Bond indenture funds	59,902,463	69,821,815	(9,919,352)
Held by Guam Power Authority:			
Bond indenture funds	121,157,974	126,992,587	(5,834,613)
Self insurance fund-restricted	19,249,570	19,506,796	(257,226)
Energy sense fund	1,158,432	1,646,041	(487,609)
Total cash and cash equivalents	216,785,566	233,972,302	(17,186,736)
Accounts receivable, net	35,431,066	62,635,764	(27,204,698)
Total current receivables	35,431,066	62,635,764	(27,204,698)
Materials and supplies inventory	12,160,619	13,555,719	(1,395,100)
Fuel inventory	42,728,426	31,326,367	11,402,059
Prepaid expenses	1,624,926	754,024	870,902
Total current assets	308,730,603	342,244,176	(33,513,573)
Utility plant, at cost:			
Electric plant in service	1,024,482,769	990,594,593	33,888,176
Construction work in progress	22,839,408	17,206,429	5,632,979
Total	1,047,322,177	1,007,801,022	39,521,155
Less: Accumulated depreciation	(562,455,299)	(540,262,575)	(22,192,724)
Total utility plant	484,866,878	467,538,447	17,328,431
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,570,947	48,550,887	20,060
Unamortized debt issuance costs	4,298,913	4,646,601	(347,688)
Total other non-current assets	52,869,860	53,197,488	(327,628)
Total assets	846,467,341	862,980,111	(16,512,770)
Deferred outflow of resources:			
Deferred fuel revenue	15,640,990	1,492,325	14,148,665
Unamortized loss on debt refunding	11,180,092	12,324,400	(1,144,308)
Pension	8,168,718	8,168,718	0
Unamortized forward delivery contract costs	650,638	796,718	(146,080)
Total deferred outflows of resources	35,640,438	22,782,161	12,858,277
	$ 882,107,779	$ 885,762,272	$ (3,654,493)

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

	Unaudited August 2017	Unaudited 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	29,009,356	24,622,615	4,386,741
Others	5,513,725	23,012,732	(17,499,007)
Accrued payroll and employees' benefits	1,399,835	1,533,906	(134,071)
Current portion of employees' annual leave	2,417,253	2,405,799	11,454
Interest payable	12,677,817	15,146,696	(2,468,879)
Customer deposits	8,315,583	8,381,571	(65,988)
Total current liabilities	77,850,811	91,955,561	(14,104,750)
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	590,794,605	595,057,769	(4,263,164)
Obligations under capital leases, net of current portion	32,532,527	22,872,720	9,659,807
Net Pension liability	65,324,970	71,049,220	(5,724,250)
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	349,950	319,321	30,629
Total liabilities	790,647,340	805,049,068	(14,401,728)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	2,384,739	2,920,088	(535,349)
Pension	732,788	732,788	0
Total deferred inflows of resources	3,117,527	3,652,876	(535,349)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(48,854,036)	(49,190,903)	336,868
Restricted	10,469,328	4,645,344	5,823,984
Unrestricted	126,727,619	121,605,887	5,121,731
Total net position	88,342,911	77,060,328	11,282,583
	$ 882,107,779	$ 885,762,272	$ (3,654,493)

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

	August 31			Eleven Months Ended August 31		
	Unaudited 2017	Unaudited 2016	% of change Inc (dec)	Unaudited 2017	Unaudited 2016	% of change Inc (dec)
Revenues						
Sales of electricity	$ 31,191,516	$ 25,784,609	21	$ 301,304,326	$ 281,996,861	7
Miscellaneous	293,607	201,628	46	2,141,540	2,221,006	(4)
Total	31,485,123	25,986,237	21	303,445,866	284,217,867	7
Bad debt expense	(93,433)	(193,735)	(52)	(987,361)	(1,314,537)	(25)
Total revenues	31,391,690	25,792,502	22	302,458,505	282,903,330	7
Operating and maintenance expenses						
Production fuel	16,947,305	12,145,940	40	150,529,481	134,965,368	12
Other production	2,066,709	322,268	541	14,554,141	14,123,928	3
	19,014,014	12,468,208	52	165,083,622	149,089,296	11
Depreciation	3,718,993	3,727,939	(0)	43,460,200	38,243,546	14
Energy conversion cost	1,790,599	1,522,197	18	18,166,067	15,360,104	18
Transmission & distribution	1,058,314	1,105,023	(4)	10,763,156	10,224,095	5
Customer accounting	419,085	338,526	24	3,828,180	4,717,715	(19)
Administrative & general	2,807,312	2,152,427	30	23,791,755	25,965,751	(8)
Total operating and maintenance expenses	28,808,317	21,314,320	35	265,092,980	243,600,507	9
Operating income	2,583,373	4,478,182	(42)	37,365,525	39,302,823	(5)
Other income (expenses)						
Interest income	166,469	50,107	232	1,375,513	842,017	63
Interest expense and amortization	(2,765,685)	(2,836,984)	(3)	(31,082,641)	(31,909,189)	(3)
Bond issuance costs	76,827	68,617	12	845,097	754,787	12
Assets written off	0	0		0	0	
Allowance for funds used during construction	273,825	323,642	(15)	3,403,308	3,813,786	(11)
Other expense	(233,550)	(4,291)	5,343	(768,927)	(1,692,694)	(55)
Total other income (expenses)	(2,482,114)	(2,398,909)	3	(26,227,650)	(28,191,293)	(7)
Income (loss) before capital contributions	101,259	2,079,273	(95)	11,137,875	11,111,530	0
Capital contributions	101,406	0	0	144,712	1,734,815	(92)
Increase (decrease) in net assets	202,665	2,079,273	(90)	11,282,587	12,846,345	(12)
Total net assets at beginning of period (restated)	88,140,251	92,394,847	(5)	77,060,329	81,627,775	(6)
Total net assets at end of period	$ 88,342,916	$ 94,474,120	(6)	$ 88,342,916	$ 94,474,120	(6)

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

	Month Ended 8/31/2017	YTD Ended 8/31/2017
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$ 30,526,284	$ 329,710,359
Cash payments to suppliers and employees for goods and services	36,064,040	264,034,447
Net cash provided by operating activities	(5,537,756)	65,675,911
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	166,469	1,375,513
Net cash provided by investing activities	166,469	1,375,513
Cash flows from non-capital financing activities		
Interest paid on short term debt	(8,201)	(71,121)
Provision for self insurance funds	-	257,226
Net cash provided by noncapital financing activities	(8,201)	186,105
Cash flows from capital and related financing activities		
Acquisition of utility plant	348,996	(60,788,626)
Principal paid on bonds and other long-term debt	-	(115,000)
Interest paid on bonds(net of capitalized interest)	273,825	(25,350,817)
Interest paid on capital lease obligations	(369,652)	(4,726,273)
Interest & principal funds held by trustee	(2,545,258)	687,936
Reserve funds held by trustee	(5,915)	(20,060)
Bond funds held by trustee	1,724,631	9,919,352
Principal payment on capital lease obligations	(1,961,747)	9,659,807
Grant from DOI/FEMA	101,406	144,712
Debt issuance costs/loss on defeasance	(225,743)	(2,483,173)
Net cash provided by (used in) capital and related financing activities	(2,659,456)	(73,072,142)
Net (decrease) increase in cash and cash equivalents	(8,038,944)	(5,834,613)
Cash and cash equivalents, beginning	129,196,918	126,992,587
Cash and cash equivalents-Funds held by GPA, August 31, 2017	**$ 121,157,974**	**$ 121,157,974**

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Statements of Cash Flows, continued
Period Ended August 31, 2017

	Month Ended 8/31/2017	YTD Ended 8/31/2017
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$ 2,583,373	$ 37,365,525
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,718,993	43,460,200
Other expense	(156,723)	76,170
(Increase) decrease in assets:		
Accounts receivable	(868,165)	27,204,698
Materials and inventory	158,407	1,395,100
Fuel inventory	7,595,617	(11,402,059)
Prepaid expenses	948,326	(870,902)
Unamortized debt issuance cost	31,608	347,688
Deferred fuel revenue	(1,590,486)	(14,148,665)
Unamortized loss on debt refunding	104,028	1,144,308
Unamortized forward delivery contract costs	13,280	146,080
Increase (decrease) in liabilities:		
Accounts payable-operations	(11,384,895)	4,386,741
Accounts payable-others	(6,569,711)	(17,011,398)
Accrued payroll and employees' benefits	385,911	(134,071)
Net pension liability	(477,785)	(5,724,250)
Employees' annual leave	(28,734)	11,454
Customers deposits	47,868	(65,988)
Customer advances for construction	-	30,629
Unearned forward delivery contract revenue	(48,668)	(535,349)
Net cash provided by operating activities	**$ (5,537,756)**	**$ 65,675,911**