GUAM POWER AUTHORITY

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

28 March 2018

GLH 34-FO-1729
Speaker Benjamin J.F. Cruz

APR 10 2018
Time: 9:01 AM PM File No. 34-1758
Received By:

Senator Benjamin J. F. Cruz
Office of the Speaker
I Mina' Trentai Kuattro Liheslaturan Guahan
34th Guam Legislature
155 Hesler Place
Hagatna, Guam 96910

SUBJECT: Guam Power Authority
Ref: Monthly Financial – January 2018

Dear Honorable Speaker Cruz:

Enclosed is the Guam Power Authority's Financial Statement for the month of January 2018, submitted in accordance with Public Law 30-55 Chapter XIII §4.

Should you require further information, please feel free to contact me at 648-3120 or E-Mail jjekim@gpagwa.com.

Sincerely,

John J.E. Kim
Chief Financial Officer

cc: Ms. Doris Flores Brooks, CPA, CGFM Public Auditor
File/ CFO 082 18

2018 APR 10 AM 9:21

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GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
January 2018

Attached are the financial statements and supporting schedules for the month and fiscal year ended January 31, 2018.

Summary

The increase in net assets for the month ended was $1.5 million as compared to the anticipated net decrease of $1.1 million projected at the beginning of the year. The total kWh sales for the month were 4.02% more than projected and non-fuel revenues were $0.4 million more than the estimated amount. O & M expenses for the month were $6.1 million which was $0.8 million under 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 $0.5 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	1.78	2.05	2
Days in Receivables	41	39	52
Days in Payables	35	25	30
LEAC (Over)/Under Recovery Balance -YTD	$16,797,412	$16,775,982	$17,405,751
T&D Losses	4.90%	5.00%	<7.00%
Debt Service Coverage	2.19	2.05	1.75
Long-term equity ratio	13%	13%	30 – 40%
Days in Cash	154	152	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 $73 million and approximately $149 million in cash and current receivables. Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
January 2018
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
January 31, 2018 and September 30, 2017

	Unaudited January 2018	Unaudited September 2017	Change from Sept 30 2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	$ 9,985,667	$ 18,061,879	$ (8,076,212)
Bond indenture funds	53,962,429	56,907,535	(2,945,106)
Held by Guam Power Authority:			
Bond indenture funds	111,516,876	132,579,889	(21,063,013)
Self insurance fund-restricted	19,253,724	19,251,372	2,352
Energy sense fund	706,897	1,074,491	(367,594)
Total cash and cash equivalents	195,425,593	227,875,166	(32,449,573)
Accounts receivable, net	35,903,114	35,603,289	299,825
Total current receivables	35,903,114	35,603,289	299,825
Materials and supplies inventory	12,673,023	11,989,745	683,278
Fuel inventory	43,896,055	52,387,369	(8,491,314)
Prepaid expenses	6,701,394	682,814	6,018,580
Total current assets	294,599,179	328,538,383	(33,939,204)
Utility plant, at cost:			
Electric plant in service	1,040,481,418	1,037,419,517	3,061,901
Construction work in progress	22,176,691	18,382,414	3,794,277
Total	1,062,658,109	1,055,801,931	6,856,178
Less: Accumulated depreciation	(578,324,678)	(565,144,900)	(13,179,778)
Total utility plant	484,333,431	490,657,031	(6,323,600)
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,506,149	48,576,863	(70,714)
Unamortized debt issuance costs	2,692,784	4,267,305	(1,574,521)
Total other non-current assets	51,198,933	52,844,168	(1,645,235)
Total assets	830,131,543	872,039,582	(41,908,039)
Deferred outflow of resources:			
Deferred fuel revenue	16,775,982	16,751,048	24,934
Unamortized loss on debt refunding	28,926,964	11,076,064	17,850,900
Pension	8,168,718	8,168,718	0
Unamortized forward delivery contract costs	584,238	637,358	(53,120)
Total deferred outflows of resources	54,455,902	36,633,188	17,822,714
	$ 884,587,445	$ 908,672,770	$ (24,085,325)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
January 31, 2018 and September 30, 2017

	Unaudited January 2018	Unaudited September 2017	Change from Sept 30 2017
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	$ 1,630,000	$ 1,780,000	$ (150,000)
Current obligations under capital leases	16,949,416	16,949,416	0
Accounts payable			
Operations	28,039,118	56,671,898	(28,632,781)
Others	5,230,383	5,425,336	(194,952)
Accrued payroll and employees' benefits	1,587,736	1,546,860	40,876
Current portion of employees' annual leave	2,408,801	2,324,895	83,906
Interest payable	8,197,614	15,065,830	(6,868,216)
Customer deposits	8,449,512	8,503,783	(54,271)
Total current liabilities	72,492,580	108,268,018	(35,775,438)
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	607,378,997	590,568,862	16,810,135
Obligations under capital leases, net of current portion	22,568,383	30,343,708	(7,775,325)
Net Pension liability	62,843,334	64,596,253	(1,752,919)
DCRS sick leave liability	4,008,397	4,008,397	0
Employees' annual leave net of current portion	806,762	806,762	0
Customer advances for construction	375,436	369,180	6,256
Total liabilities	790,024,866	818,512,157	(28,487,291)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	2,141,398	2,336,071	(194,673)
Pension	732,788	732,788	0
Total deferred inflows of resources	2,874,186	3,068,859	(194,673)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(62,315,439)	(43,869,737)	(18,445,702)
Restricted	15,562,474	15,232,832	329,642
Unrestricted	138,441,357	115,728,658	22,712,699
Total net position	91,688,392	87,091,754	4,596,638
	$ 884,587,445	$ 908,672,770	$ (24,085,325)

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

	January 31			Four Months Ended January 31		
	Unaudited 2018	Unaudited 2017	% of change Inc (dec)	Unaudited 2018	Unaudited 2017	% of change Inc (dec)
Revenues						
Sales of electricity	$ 29,570,546	$ 25,087,712	18	$ 118,334,353	$ 101,252,329	17
Miscellaneous	244,586	429,359	(43)	651,638	959,263	(32)
Total	29,815,132	25,517,071	17	118,985,991	102,211,592	16
Bad debt expense	(86,583)	(83,333)	4	(346,333)	(333,333)	4
Total revenues	29,728,549	25,433,738	17	118,639,658	101,878,259	16
Operating and maintenance expenses						
Production fuel	16,036,335	11,867,294	35	63,379,700	47,012,787	35
Other production	1,623,928	1,350,057	20	5,149,642	4,902,880	5
	17,660,263	13,217,351	34	68,529,342	51,915,667	32
Depreciation	2,498,360	3,270,668	(24)	13,239,119	14,015,885	(6)
Energy conversion cost	1,395,174	1,694,693	(18)	6,337,146	6,065,323	4
Transmission & distribution	1,179,451	1,217,721	(3)	4,139,311	4,131,417	0
Customer accounting	404,905	448,841	(10)	1,672,119	1,418,060	18
Administrative & general	2,909,522	2,140,780	36	9,770,822	8,432,304	16
Total operating and maintenance expenses	26,047,675	21,990,054	18	103,687,859	85,978,656	21
Operating income	3,680,874	3,443,684	7	14,951,799	15,899,603	(6)
Other income (expenses)						
Interest income	152,399	91,936	66	1,903,859	319,739	495
Interest expense and amortization	(2,664,160)	(2,890,094)	(8)	(10,832,550)	(11,280,354)	(4)
Bond issuance costs	91,039	76,827	18	(2,242,871)	307,308	(830)
Allowance for funds used during construction	201,120	318,569	(37)	1,021,041	1,287,106	(21)
Other expense	(4,291)	0	0	(209,438)	(12,873)	1,527
Total other income (expenses)	(2,223,893)	(2,402,762)	(7)	(10,359,959)	(9,379,074)	10
Income (loss) before capital contributions	1,456,981	1,040,922	40	4,591,840	6,520,529	(30)
Capital contributions	0	0	0	4,795	11,488	(58)
Increase (decrease) in net assets	1,456,981	1,040,922	40	4,596,635	6,532,017	(30)
Total net assets at beginning of period (restated)	90,231,408	82,551,424	9	87,091,754	77,060,329	13
Total net assets at end of period	$ 91,688,389	$ 83,592,346	10	$ 91,688,389	$ 83,592,346	10

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended January 31, 2018

	Month Ended 1/31/2018	YTD Ended 1/31/2018
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$ 31,046,334	$ 118,370,173
Cash payments to suppliers and employees for goods and services	26,052,536	137,721,090
Net cash provided by operating activities	$ 4,993,798	$ (19,350,917)
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	152,399	1,903,859
Net cash provided by investing activities	$ 152,399	$ 1,903,859
Cash flows from non-capital financing activities		
Interest paid on short term debt	(7,121)	(25,501)
Provision for self insurance funds	(593)	(2,352)
Net cash provided by noncapital financing activities	$ (7,714)	$ (27,853)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(1,612,540)	(6,915,515)
Principal paid on bonds and other long-term debt	-	(3,550,000)
Interest paid on bonds(net of capitalized interest)	201,120	(15,354,959)
Interest paid on capital lease obligations	(299,075)	(1,299,265)
Interest & principal funds held by trustee	(2,535,984)	8,076,212
Reserve funds held by trustee	(26,112)	70,714
Bond funds held by trustee	786,885	2,945,106
Principal payment on capital lease obligations	(1,845,021)	(7,775,325)
Grant from DOI/FEMA	-	4,795
Debt issuance costs/loss on defeasance	(354,771)	20,210,135
Net cash provided by (used in) capital and related financing activities	(5,685,498)	(3,588,102)
Net (decrease) increase in cash and cash equivalents	$ (547,016)	$ (21,063,013)
Cash and cash equivalents, beginning	112,063,892	132,579,889
Cash and cash equivalents-Funds held by GPA, January 31, 2018	**$ 111,516,876**	**$ 111,516,876**

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended January 31, 2018

	Month Ended 1/31/2018	YTD Ended 1/31/2018
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$ 3,680,874	$ 14,951,799
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	2,498,360	13,239,119
Other expense	86,748	(2,452,309)
(Increase) decrease in assets:		
Accounts receivable	1,281,615	(299,825)
Materials and inventory	72,941	(683,278)
Fuel inventory	11,067,629	8,491,314
Prepaid expenses	901,874	(6,018,580)
Unamortized debt issuance cost	23,006	1,574,521
Deferred fuel revenue	21,430	(24,934)
Unamortized loss on debt refunding	227,446	(17,850,900)
Unamortized forward delivery contract costs	13,280	53,120
Increase (decrease) in liabilities:		
Accounts payable-operations	(16,242,808)	(28,632,781)
Accounts payable-others	943,664	172,642
Accrued payroll and employees' benefits	727,749	40,876
Net pension liability	(247,763)	(1,752,919)
Employees' annual leave	(36,946)	83,906
Customers deposits	20,420	(54,271)
Customer advances for construction	2,947	6,256
Unearned forward delivery contract revenue	(48,668)	(194,673)
Net cash provided by operating activities	$ 4,993,798	$ (19,350,917)