GUAM POWER AUTHORITY

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

30 May 2018

GLA#34-18-2112
Speaker Benjamin J.F. Cruz

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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 – March 2018

Dear Honorable Speaker Cruz:

Enclosed is the Guam Power Authority's Financial Statement for the month of March 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
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2112

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GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
March 2018

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

Summary

The increase in net assets for the month ended was $1.1 million as compared to the anticipated net increase of $0.2 million projected at the beginning of the year. The total kWh sales for the month were 0.08% more than projected and non-fuel revenues were $0.2 million more than the estimated amount. O & M expenses for the month were $5.6 million which was $0.5 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 $3.9 million, which was right in line with the projected amounts. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	2.08	2.22	2
Days in Receivables	38	37	52
Days in Payables	19	31	30
LEAC (Over)/Under Recovery Balance -YTD	$14,390,645	$14,428,269	$15,084,930
T&D Losses	4.92%	4.93%	<7.00%
Debt Service Coverage	1.92	1.89	1.75
Long-term equity ratio	18%	18%	30 – 40%
Days in Cash	131	196	60

The Quick Ratio has been a challenge for GPA historically. However, over the last two fiscal years, the influx of cash from insurance proceeds continued to improve this ratio. GPA has current obligations of approximately $85 million and approximately $189 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
March 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
March 31, 2018 and September 30, 2017

	Unaudited March 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	15,289,095	18,061,879	(2,772,784)
Bond indenture funds	53,008,465	56,907,535	(3,899,070)
Held by Guam Power Authority:			
Bond indenture funds	152,500,338	132,579,889	19,920,449
Self insurance fund-restricted	19,254,852	19,251,372	3,480
Energy sense fund	518,878	1,074,491	(555,613)
Total cash and cash equivalents	240,571,628	227,875,166	12,696,462
Accounts receivable, net	35,022,465	76,563,289	(41,540,824)
Total current receivables	35,022,465	76,563,289	(41,540,824)
Materials and supplies inventory	12,852,329	11,989,745	862,584
Fuel inventory	57,231,975	52,387,369	4,844,606
Prepaid expenses	5,362,440	682,814	4,679,626
Total current assets	351,040,837	369,498,383	(18,457,546)
Utility plant, at cost			
Electric plant in service	1,041,096,229	1,037,419,517	3,676,712
Construction work in progress	23,104,410	18,382,414	4,721,996
Total	1,064,200,639	1,055,801,931	8,398,708
Less: Accumulated depreciation	(583,219,864)	(565,144,900)	(18,074,964)
Total utility plant	480,980,775	490,657,031	(9,676,256)
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,555,191	48,576,863	(21,672)
Unamortized debt issuance costs	2,645,450	4,267,305	(1,621,855)
Total other non-current assets	51,200,641	52,844,168	(1,643,527)
Total assets	883,222,253	912,999,582	(29,777,329)
Deferred outflow of resources:			
Deferred fuel revenue	14,428,269	16,751,048	(2,322,779)
Unamortized loss on debt refunding	28,468,632	11,076,064	17,392,568
Pension	8,168,718	8,168,718	0
Unamortized forward delivery contract costs	557,678	637,358	(79,680)
Total deferred outflows of resources	51,623,297	36,633,188	14,990,109
	934,845,550	949,632,770	(14,787,220)

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

	Unaudited March 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	39,912,904	56,671,898	(16,758,994)
Others	1,291,561	5,425,336	(4,133,775)
Accrued payroll and employees' benefits	1,679,736	1,546,860	132,876
Current portion of employees' annual leave	2,466,478	2,324,895	141,583
Interest payable	12,944,221	15,065,830	(2,121,609)
Customer deposits	8,443,473	8,503,783	(60,310)
Total current liabilities	85,317,789	108,268,018	(22,950,229)
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	606,711,843	590,568,862	16,142,981
Obligations under capital leases, net of current portion	18,835,511	30,343,708	(11,508,197)
Net Pension liability	62,171,523	64,596,253	(2,424,730)
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	380,726	369,180	11,546
Total liabilities	797,783,528	818,512,157	(20,728,629)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	2,044,062	2,336,071	(292,009)
Pension	732,788	732,788	0
Total deferred inflows of resources	2,776,850	3,068,859	(292,009)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(62,119,041)	(43,869,737)	(18,249,304)
Restricted	22,476,697	15,232,832	7,243,866
Unrestricted	173,927,515	156,688,658	17,238,857
Total net position	134,285,171	128,051,754	6,233,417
	934,845,550	949,632,770	(14,787,220)

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 2018	Unaudited 2017	% of change Inc (dec)	Unaudited 2018	Unaudited 2017	% of change Inc (dec)
Revenues						
Sales of electricity	32,955,817	28,371,004	16	181,574,210	154,828,291	17
Miscellaneous	179,601	317,287	(43)	1,091,173	1,142,293	(4)
Total	33,135,418	28,688,291	16	182,665,383	155,970,584	17
Bad debt expense	(86,583)	(93,433)	(7)	(519,500)	(510,100)	2
Total revenues	33,048,835	28,594,858	16	182,145,883	155,460,484	17
Operating and maintenance expenses						
Production fuel	19,185,808	14,248,215	35	100,328,043	74,012,032	36
Other production	1,497,918	1,280,763	17	7,859,867	7,639,933	3
	20,683,726	15,528,978	33	108,187,910	81,651,965	32
Depreciation	3,118,612	2,453,646	27	19,251,602	21,268,073	(9)
Energy conversion cost	1,401,419	1,587,427	(12)	9,122,705	9,361,910	(3)
Transmission & distribution	1,093,678	917,602	19	6,481,322	6,114,665	6
Customer accounting	469,792	306,771	53	2,520,808	2,052,407	23
Administrative & general	2,489,968	2,013,681	24	14,586,319	12,395,092	18
Total operating and maintenance expenses	29,257,195	22,808,105	28	160,150,666	132,844,112	21
Operating income	3,791,640	5,786,753	(34)	21,995,217	22,616,372	(3)
Other income (expenses)						
Interest income	(233,221)	276,558	(184)	1,227,079	665,503	84
Interest expense and amortization	(2,664,468)	(2,862,233)	(7)	(16,146,953)	(17,018,822)	(5)
Bond issuance costs	61,350	76,827	(20)	(2,114,087)	460,962	(559)
Allowance for funds used during construction	198,949	313,714	(37)	1,416,507	1,914,828	(26)
Other expense	(9,395)	(4,291)	0	(223,026)	(29,764)	649
Total other income (expenses)	(2,646,785)	(2,199,425)	20	(15,840,480)	(14,007,293)	13
Income (loss) before capital contributions	1,144,855	3,587,328	(68)	6,154,737	8,609,079	(29)
Capital contributions	3,778	25,073	0	78,680	36,561	115
Increase (decrease) in net assets	1,148,633	3,612,401	(68)	6,233,417	8,645,640	(28)
Total net assets at beginning of period (restated)	133,136,538	82,093,568	62	128,051,754	77,060,329	66
Total net assets at end of period	134,285,171	85,705,969	57	134,285,171	85,705,969	57

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

	Month Ended 3/31/2018	YTD Ended 3/31/2018
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$73,609,522	$ 223,654,120
Cash payments to suppliers and employees for goods and services	14,341,003	189,786,860
Net cash provided by operating activities	$59,268,519	33,867,260
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	(233,221)	1,227,079
Net cash provided by investing activities	(233,221)	1,227,079
Cash flows from non-capital financing activities		
Interest paid on short term debt	(6,666)	(37,975)
Provision for self insurance funds	(612)	(3,480)
Net cash provided by noncapital financing activities	(7,278)	(41,455)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(1,077,072)	(9,575,345)
Principal paid on bonds and other long-term debt	-	(3,550,000)
Interest paid on bonds(net of capitalized interest)	198,949	(14,959,493)
Interest paid on capital lease obligations	(270,472)	(1,854,587)
Interest & principal funds held by trustee	(2,750,591)	2,772,784
Reserve funds held by trustee	(26,915)	21,672
Bond funds held by trustee	317,958	3,899,070
Principal payment on capital lease obligations	(1,873,625)	(11,508,197)
Grant from DOI/FEMA	3,778	78,680
Debt issuance costs/loss on defeasance	(333,577)	19,542,981
Net cash provided by (used in) capital and related financing activities	(5,811,567)	(15,132,435)
Net (decrease) increase in cash and cash equivalents	53,216,453.81	19,920,449
Cash and cash equivalents, beginning	99,283,884	132,579,889
Cash and cash equivalents-Funds held by GPA, March 31, 2018	$ 152,500,338	$ 152,500,338

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

	Month Ended 3/31/2018	YTD Ended 3/31/2018
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$3,791.640	$21,995,217
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,118.612	19.251.602
Other expense	51.955	(2.337,113)
(Increase) decrease in assets:		
Accounts receivable	40.598.258	41,540.824
Materials and inventory	(49.086)	(862.584)
Fuel inventory	(6,474.651)	(4.844.606)
Prepaid expenses	971,146	(4.679.626)
Unamortized debt issuance cost	23.667	1,621.855
Deferred fuel revenue	(37.624)	2,322,779
Unamortized loss on debt refunding	229.166	(17,392.568)
Unamortized forward delivery contract costs	13,280	79.680
Increase (decrease) in liabilities:		
Accounts payable-operations	18 874.624	(16,758 994)
Accounts payable-others	(1,889.955)	(3,578,162)
Accrued payroll and employees' benefits	426,427	132.876
Net pension liability	(446.562)	(2,424,730)
Employees' annual leave	33 808	141,583
Customers deposits	82,482	(60,310)
Customer advances for construction	-	11,546
Unearned forward delivery contract revenue	(48,668)	(292,009)
Net cash provided by operating activities	**$59,268,519**	**$ 33,867,260**