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

30 August 2019

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Honorable Tina Muna Barnes, Office of the Speaker
35th Guam Legislature
163 Chalan Santo Papa
Hagatna, Guam 96910

356L-19-0976
Speaker Tina Rose Muña Barnes

SEP 04 2019
Time 2:06 ( )AM (PM
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SUBJECT: Guam Power Authority
Ref: Monthly Financials – June 2019

2019 SEP -4 PM 3:29

Dear Honorable Speaker Barnes:

Enclosed is the Guam Power Authority's Financial Statement for the month of June 2019, 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: Mr. Benjamin J. Cruz, Public Auditor, OPA

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GUAM POWER AUTHORITY
ATURIDAT ILEKTRESEDAT GUAHAN
P O BOX 2977, AGANA, GUAM 96932-2977
Telephone: (671) 648-3066 Fax: (671) 648-3168

GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
June 2019

Attached are the financial statements and supporting schedules for the month and fiscal year ended June 30, 2019.

Summary

The increase in net assets for the month ended was $2.5 million as compared to the anticipated net increase of $1.2 million projected at the beginning of the year. The total kWh sales for the month were 0.50% more than projected and non-fuel revenues were $0.2 million less than the estimated amount. O & M expenses for the month were $5.6 million which was $0.8 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 $2.9 million, which was $0.6 less than the projected amounts. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	2.42	2.57	2
Days in Receivables	41	44	52
Days in Payables	29	30	30
LEAC (Over)/Under Recovery Balance -YTD	$12,975,911	$12,019,721	$10,999,598
T&D Losses	5.44%	5.37%	<7.00%
Debt Service Coverage	1.58	1.62	1.75
Long-term equity ratio	-0.009%	-0.43%	30 – 40%
Days in Cash	200	213	60

The Quick Ratio has been a challenge for GPA historically. However, the influx of cash from insurance proceeds continued to improve this ratio. GPA has current obligations of approximately $77 million and approximately $198 million in cash and current receivables. The LEAC over recovery for the month is nearly $1.0 million. Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

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
June 30, 2019 and September 30, 2018

	Unaudited June 2019	Audited September 2018	Change from Sept 30 2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	$ 21,496,017	$ 17,997,927	$ 3,498,090
Bond indenture funds	30,710,464	49,970,719	(19,260,255)
Held by Guam Power Authority:			
Bond indenture funds	149,988,444	142,583,470	7,404,974
Self insurance fund-restricted	19,330,274	19,258,353	71,921
Energy sense fund	258,840	1,085,472	(826,632)
Total cash and cash equivalents	221,784,039	230,895,941	(9,111,902)
Accounts receivable, net	47,061,625	37,851,906	9,209,719
Total current receivables	47,061,625	37,851,906	9,209,719
Materials and supplies inventory	13,231,421	12,812,072	419,349
Fuel inventory	45,200,735	67,993,103	(22,792,368)
Prepaid expenses	5,041,847	979,828	4,062,019
Total current assets	332,319,667	350,532,850	(18,213,183)
Utility plant, at cost:			
Electric plant in service	1,071,243,434	1,063,192,955	8,050,479
Construction work in progress	41,159,960	28,021,290	13,138,670
Total	1,112,403,394	1,091,214,245	21,189,149
Less: Accumulated depreciation	(624,062,642)	(597,426,905)	(26,635,737)
Total utility plant	488,340,752	493,787,340	(5,446,588)
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,499,616	48,600,660	(101,044)
Unamortized debt issuance costs	2,291,732	2,503,448	(211,716)
Total other non-current assets	50,791,348	51,104,108	(312,760)
Total assets	871,451,767	895,424,298	(23,972,531)
Deferred outflow of resources:			
Deferred fuel revenue	12,019,721	8,370,542	3,649,179
Unamortized loss on debt refunding	25,323,237	27,093,636	(1,770,399)
Pension	8,932,987	8,932,987	0
Other post employment benefits	13,798,017	13,798,017	0
Unamortized forward delivery contract costs	358,478	477,998	(119,520)
Total deferred outflows of resources	60,432,440	58,673,180	1,759,260
	$ 931,884,207	$ 954,097,478	$ (22,213,271)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
June 30, 2019 and September 30, 2018

	Unaudited June 2019	Audited September 2018	Change from Sept 30 2018
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	$ 16,130,000	$ 1,630,000	$ 14,500,000
Current obligations under capital leases	3,304,531	13,613,066	(10,308,535)
Accounts payable			
Operations	35,348,918	47,761,928	(12,413,010)
Others	1,083,301	662,541	420,760
Accrued payroll and employees' benefits	1,387,190	1,949,080	(561,890)
Current portion of employees' annual leave	2,244,916	2,101,168	143,748
Interest payable	7,636,598	14,745,285	(7,108,687)
Customer deposits	9,980,585	9,387,519	593,066
Total current liabilities	77,116,039	91,850,587	(14,734,548)
Regulatory liabilities:			
Provision for self insurance	19,345,291	19,345,291	0
Total regulatory liabilities	19,345,291	19,345,291	0
Long term debt, net of current maturities	585,858,601	604,881,434	(19,022,833)
Obligations under capital leases, net of current portion	9,551,236	10,808,951	(1,257,715)
Net Pension liability	73,838,073	76,554,735	(2,716,662)
Other post employment benefits liability	145,955,861	145,955,861	0
DCRS sick leave liability	1,331,151	1,331,151	0
Employees' annual leave net of current portion	1,204,085	1,204,085	0
Customer advances for construction	394,540	385,293	9,247
Total liabilities	914,594,877	952,317,388	(37,722,511)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	1,314,040	1,752,053	(438,013)
Pension	3,532,642	3,532,642	0
Other post employment benefits	14,804,043	14,804,043	0
Total deferred inflows of resources	19,650,725	20,088,738	(438,013)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(47,688,078)	(38,960,024)	(8,728,053)
Restricted	42,795,879	47,856,103	(5,060,224)
Unrestricted	2,530,803	(27,204,727)	29,735,530
Total net position	(2,361,396)	(18,308,648)	15,947,254
	$ 931,884,207	$ 954,097,478	$ (22,213,271)

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

	June 30			Nine Months Ending June 30		
	Unaudited 2019	Audited 2018	% of change Inc (dec)	Unaudited 2019	Audited 2018	% of change Inc (dec)
Revenues						
Sales of electricity	$ 35,909,269	$ 32,452,830	11	$ 298,767,040	$ 281,683,917	6
Miscellaneous	184,650	243,628	(24)	2,462,576	1,500,393	64
Total	36,093,919	32,696,458	10	301,229,616	283,184,310	6
Bad debt expense	(91,500)	(83,583)	9	(823,500)	(752,247)	9
Total revenues	36,002,419	32,612,875	10	300,406,116	282,432,063	6
Operating and maintenance expenses						
Production fuel	21,931,788	19,251,793	14	178,520,894	159,874,077	12
Other production	1,475,936	1,554,727	(5)	11,535,941	12,598,786	(8)
	23,407,724	20,806,520	13	190,056,835	172,472,863	10
Depreciation	3,154,763	3,114,859	1	28,072,897	28,695,086	(2)
Energy conversion cost	1,014,878	1,464,271	(31)	10,881,268	13,434,660	(19)
Transmission & distribution	1,294,227	1,042,628	24	9,083,632	9,677,179	(6)
Customer accounting	464,330	463,397	0	3,950,639	3,966,430	(0)
Administrative & general	2,376,864	2,413,973	(2)	23,067,965	22,805,498	1
Total operating and maintenance expenses	31,712,786	29,305,648	8	265,113,236	251,051,716	6
Operating income	4,289,633	3,307,227	30	35,292,880	31,380,347	12
Other income (expenses)						
Interest income	484,131	358,124	35	3,406,121	2,045,632	67
Interest expense and amortization	(2,417,791)	(2,568,549)	(6)	(21,786,248)	(24,028,642)	(9)
Bond issuance costs	88,022	67,464	30	791,198	(1,911,665)	(141)
Bid bond forfeiture	0	0	0	(1,245,000)	0	
Allowance for funds used during construction	0	130,360	(100)	0	1,310,450	(100)
Losses due to typhoon	16,584	0		(688,612)	(491,854)	
Other expense	(4,287)	(4,291)	0	(38,622)	(38,619)	0
Total other income (expenses)	(1,833,341)	(2,016,892)	(9)	(19,561,163)	(23,114,698)	(15)
Income (loss) before capital contributions	2,456,292	1,290,335	90	15,731,717	8,265,649	90
Capital contributions	0	0	0	215,537	102,672	0
Increase (decrease) in net assets	2,456,292	1,290,335	90	15,947,254	8,368,321	91
Total net assets at beginning of period (restated)	(4,817,688)	117,254,543	0	(18,308,650)	110,176,557	(117)
Total net assets at end of period	$ (2,361,396)	$ 118,544,878	(102)	$ (2,361,396)	$ 118,544,878	(102)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended June 30, 2019

	Month Ended 6/30/2019	YTD Ended 6/30/2019
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$ 31,982,958	$ 291,186,798
Cash payments to suppliers and employees for goods and services	12,213,720	235,584,442
Net cash provided by operating activities	$ 19,769,238	$ 55,602,356
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	484,131	3,406,121
Net cash provided by investing activities	$ 484,131	$ 3,406,121
Cash flows from non-capital financing activities		
Interest paid on short term debt	(7,914)	(61,034)
Provision for self insurance funds	(54,541)	(71,921)
Net cash provided by noncapital financing activities	$ (62,455)	$ (132,955)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(2,110,864)	(22,626,308)
Principal paid on bonds and other long-term debt	-	(1,630,000)
Interest paid on bonds(net of capitalized interest)	-	(28,066,875)
Interest paid on capital lease obligations	(95,188)	(767,028)
Interest & principal funds held by trustee	(3,680,639)	(3,498,090)
Reserve funds held by trustee	(44,192)	101,044
Bond funds held by trustee	380,220	19,260,255
Principal payment on capital lease obligations	(628,858)	(11,566,250)
Grant from DOI/FEMA	-	215,537
Debt issuance costs/loss on defeasance	(321,537)	(2,892,833)
Net cash provided by (used in) capital and related financing activities	(6,501,058)	(51,470,548)
Net (decrease) increase in cash and cash equivalents	$ 13,689,855	$ 7,404,974
Cash and cash equivalents, beginning	136,298,589	142,583,470
Cash and cash equivalents-Funds held by GPA, June 30, 2019	**$ 149,988,444**	**$ 149,988,444**

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended June 30, 2019

	Month Ended 6/30/2019	YTD Ended 6/30/2019
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$ 4,289,633	$ 35,292,880
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,154,763	28,072,897
Other expense	100,319	(1,181,036)
(Increase) decrease in assets:		
Accounts receivable	(3,982,041)	(9,209,719)
Materials and inventory	(187,752)	(419,349)
Fuel inventory	15,378,244	22,792,368
Prepaid expenses	(148,681)	(4,062,019)
Unamortized debt issuance cost	23,524	211,716
Deferred fuel revenue	956,190	(3,649,179)
Unamortized loss on debt refunding	196,711	1,770,399
Unamortized forward delivery contract costs	13,280	119,520
Increase (decrease) in liabilities:		
Accounts payable-operations	542,739	(12,413,010)
Accounts payable-others	(204,719)	1,247,392
Accrued payroll and employees' benefits	(5,011)	(561,890)
Net pension liability	(276,941)	(2,716,662)
Employees' annual leave	(112,188)	143,748
Customers deposits	70,779	593,066
Customer advances for construction	9,057	9,247
Unearned forward delivery contract revenue	(48,668)	(438,013)
Net cash provided by operating activities	**$ 19,769,238**	**$ 55,602,356**