GUAM POWER AUTHORITY

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

35-GL-19-1063
Speaker Tina Rose Muña Barnes

25 September 2019

OCT - 1 2019
Time 9:10 ( )AM ( )PM
Received By:

CFO 155-19
Honorable Tina Muna Barnes, Office of the Speaker
35th Guam Legislature
163 Chalan Santo Papa
Hagatna, Guam 96910

SUBJECT: Guam Power Authority
Ref: July 2019 Monthly Financial

2019 OCT -1 AM 10:18

Dear Honorable Speaker Barnes:

Enclosed is the Guam Power Authority's Financial Statement for the month of July 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
FINANCIAL STATEMENT OVERVIEW
July 2019

Attached are the financial statements and supporting schedules for the month and fiscal year ended July 31, 2019.

Summary
The increase in net assets for the month ended was $3.0 million as compared to the anticipated net increase of $0.8 million projected at the beginning of the year. The total kWh sales for the month were 0.17% less than projected and non-fuel revenues were $0.2 million less than the estimated amount. O & M expenses for the month were $6.2 million which was $0.5 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 $3.1 million, which was $0.5 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	2.57	2.66	2
Days in Receivables	44	42	52
Days in Payables	30	26	30
LEAC (Over)/Under Recovery Balance -YTD	$12,975,911	$10,225,349	$9,343,287
T&D Losses	5.44%	5.34%	<7.00%
Debt Service Coverage	1.58	1.62	1.75
Long-term equity ratio	-0.043%	0.13%	30 – 40%
Days in Cash	213	212	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 $74 million and approximately $196 million in cash and current receivables. The LEAC over recovery for the month is nearly $1.8 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
July 31, 2019 and September 30, 2018

	Unaudited July 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	$ 25,176,859	$ 17,997,927	$ 7,178,932
Bond indenture funds	30,486,071	49,970,719	(19,484,648)
Held by Guam Power Authority:			
Bond indenture funds	150,177,837	142,583,470	7,594,367
Self insurance fund-restricted	19,330,274	19,258,353	71,921
Energy sense fund	242,568	1,085,472	(842,904)
Total cash and cash equivalents	225,413,609	230,895,941	(5,482,332)
Accounts receivable, net	44,095,673	37,851,906	6,243,767
Total current receivables	44,095,673	37,851,906	6,243,767
Materials and supplies inventory	13,012,507	12,812,072	200,435
Fuel inventory	46,291,901	67,993,103	(21,701,202)
Prepaid expenses	4,531,958	979,828	3,552,130
Total current assets	333,345,648	350,532,850	(17,187,202)
Utility plant, at cost:			
Electric plant in service	1,075,035,244	1,063,192,955	11,842,289
Construction work in progress	39,572,932	28,021,290	11,551,642
Total	1,114,608,176	1,091,214,245	23,393,931
Less: Accumulated depreciation	(627,121,366)	(597,426,905)	(29,694,461)
Total utility plant	487,486,810	493,787,340	(6,300,530)
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,535,138	48,600,660	(65,522)
Unamortized debt issuance costs	2,268,208	2,503,448	(235,240)
Total other non-current assets	50,803,346	51,104,108	(300,762)
Total assets	871,635,804	895,424,298	(23,788,494)
Deferred outflow of resources:			
Deferred fuel revenue	10,225,349	8,370,542	1,854,807
Unamortized loss on debt refunding	25,126,526	27,093,636	(1,967,110)
Pension	8,932,987	8,932,987	0
Other post employment benefits	13,798,017	13,798,017	0
Unamortized forward delivery contract costs	345,198	477,998	(132,800)
Total deferred outflows of resources	58,428,077	58,673,180	(245,103)
	$ 930,063,881	$ 954,097,478	$ (24,033,597)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Net Position, Continued
July 31, 2019 and September 30, 2018

	Unaudited July 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	30,850,167	47,761,928	(16,911,761)
Others	155,009	662,541	(507,532)
Accrued payroll and employees' benefits	1,890,727	1,949,080	(58,353)
Current portion of employees' annual leave	2,182,800	2,101,168	81,632
Interest payable	9,964,273	14,745,285	(4,781,012)
Customer deposits	9,024,630	9,387,519	(362,889)
Total current liabilities	73,502,137	91,850,587	(18,348,450)
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	585,537,064	604,881,434	(19,344,370)
Obligations under capital leases, net of current portion	8,922,379	10,808,951	(1,886,572)
Net Pension liability	73,561,724	76,554,735	(2,993,011)
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	909,754,232	952,317,388	(42,563,156)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	1,265,372	1,752,053	(486,681)
Pension	3,532,642	3,532,642	0
Other post employment benefits	14,804,043	14,804,043	0
Total deferred inflows of resources	19,602,057	20,088,738	(486,681)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(47,780,494)	(38,960,024)	(8,820,469)
Restricted	55,328,979	47,856,103	7,472,876
Unrestricted	(6,840,894)	(27,204,727)	20,363,834
Total net position	707,591	(18,308,648)	19,016,241
	$ 930,063,881	$ 954,097,478	$ (24,033,597)

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

	July 31			Ten Months Ended July 31		
	Unaudited 2019	Audited 2018	% of change Inc (dec)	Unaudited 2019	Audited 2018	% of change Inc (dec)
Revenues						
Sales of electricity	$ 35,032,429	$ 32,903,643	6	$ 333,799,469	$ 314,587,560	6
Miscellaneous	223,323	308,251	(28)	2,685,899	1,808,644	49
Total	35,255,752	33,211,894	6	336,485,368	316,396,204	6
Bad debt expense	(91,500)	(86,583)	6	(915,000)	(865,833)	6
Total revenues	35,164,252	33,125,311	6	335,570,368	315,530,371	6
Operating and maintenance expenses						
Production fuel	21,081,903	19,457,438	8	199,602,797	179,331,515	11
Other production	1,441,363	1,425,830	1	12,977,304	14,024,616	(7)
	22,523,266	20,883,268	8	212,580,101	193,356,131	10
Depreciation	3,068,958	3,479,274	(12)	31,141,855	32,174,360	(3)
Energy conversion cost	1,013,318	1,325,326	(24)	11,894,586	14,759,986	(19)
Transmission & distribution	1,549,107	1,128,694	37	10,632,739	10,805,873	(2)
Customer accounting	560,650	442,536	27	4,511,289	4,381,963	3
Administrative & general	2,633,524	2,713,341	(3)	25,701,489	25,518,839	1
Total operating and maintenance expenses	31,348,823	29,972,439	5	296,462,059	280,997,152	6
Operating income	3,815,429	3,152,872	21	39,108,309	34,533,219	13
Other income (expenses)						
Interest income	347,050	317,765	9	3,753,171	2,363,398	59
Interest expense and amortization	(2,422,218)	(2,553,542)	(5)	(24,208,466)	(26,582,184)	(9)
Bond issuance costs	88,022	67,464	30	879,220	(1,844,201)	(148)
Bid bond forfeiture	1,245,000	0		0	0	
Allowance for funds used during construction	0	128,957		0	1,439,407	
Losses due to typhoon	0	0		(688,612)	0	
Other expense	(4,295)	(300,336)	(99)	(42,917)	(830,810)	(95)
Total other income (expenses)	(746,441)	(2,339,692)	(68)	(20,307,604)	(25,454,390)	(20)
Income (loss) before capital contributions	3,068,988	813,180	277	18,800,705	9,078,829	107
Capital contributions	0	0	0	215,537	102,672	110
Increase (decrease) in net assets	3,068,988	813,180	277	19,016,242	9,181,501	107
Total net assets at beginning of period (restated)	(2,361,396)	118,544,878	(102)	(18,308,650)	110,176,557	(117)
Total net assets at end of period	$ 707,592	$ 119,358,058	(99)	$ 707,592	$ 119,358,058	(99)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended July 31, 2019

	Month Ended 7/31/2019	YTD Ended 7/31/2019
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$ 38,162,436	$ 329,349,234
Cash payments to suppliers and employees for goods and services	31,568,168	267,152,610
Net cash provided by operating activities	$ 6,594,268	$ 62,196,624
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	347,050	3,753,171
Net cash provided by investing activities	$ 347,050	$ 3,753,171
Cash flows from non-capital financing activities		
Interest paid on short term debt	(7,992)	(69,026)
Provision for self insurance funds	-	(71,921)
Net cash provided by noncapital financing activities	$ (7,992)	$ (140,947)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(2,215,016)	(24,841,324)
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	(86,552)	(853,580)
Interest & principal funds held by trustee	(3,680,842)	(7,178,932)
Reserve funds held by trustee	(35,522)	65,522
Bond funds held by trustee	224,393	19,484,648
Principal payment on capital lease obligations	(628,857)	(12,195,107)
Grant from DOI/FEMA	-	215,537
Debt issuance costs/loss on defeasance	(321,537)	(3,214,370)
Net cash provided by (used in) capital and related financing activities	(6,743,933)	(58,214,481)
Net (decrease) increase in cash and cash equivalents	$ 189,393	$ 7,594,367
Cash and cash equivalents, beginning	149,988,444	142,583,470
Cash and cash equivalents-Funds held by GPA, July 31, 2019	**$ 150,177,837**	**$ 150,177,837**

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended July 31, 2019

	Month Ended 7/31/2019	YTD Ended 7/31/2019
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$ 3,815,429	$ 39,108,309
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,068,958	31,141,855
Other expense	1,328,727	147,691
(Increase) decrease in assets:		
Accounts receivable	2,965,952	(6,243,767)
Materials and inventory	218,914	(200,435)
Fuel inventory	(1,091,166)	21,701,202
Prepaid expenses	509,889	(3,552,130)
Unamortized debt issuance cost	23,524	235,240
Deferred fuel revenue	1,794,372	(1,854,807)
Unamortized loss on debt refunding	196,711	1,967,110
Unamortized forward delivery contract costs	13,280	132,800
Increase (decrease) in liabilities:		
Accounts payable-operations	(4,498,751)	(16,911,761)
Accounts payable-others	(912,020)	335,372
Accrued payroll and employees' benefits	503,537	(58,353)
Net pension liability	(276,349)	(2,993,011)
Employees' annual leave	(62,116)	81,632
Customers deposits	(955,955)	(362,889)
Customer advances for construction	-	9,247
Unearned forward delivery contract revenue	(48,668)	(486,681)
Net cash provided by operating activities	**$ 6,594,268**	**$ 62,196,624**