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

06 November 2019

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356L-19-1210
Speaker Tina Rose Muña Barnes

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Time 9:23 (X)AM ( )PM
Received By: Alan

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

SUBJECT: Guam Power Authority
Ref: August 2019 Monthly Financial

Dear Honorable Speaker Barnes:

Enclosed is the Guam Power Authority's Financial Statement for the month of August 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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P O BOX 2977, AGANA, GUAM 96932-2977
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GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
August 2019

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

Summary

The increase in net assets for the month ended was $1.3 million as compared to the anticipated net increase of $1.0 million projected at the beginning of the year. The total kWh sales for the month were 4.03% less than projected and non-fuel revenues were $0.7 million less than the estimated amount. O & M expenses for the month were $6.3 million which was $0.3 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 $3.2 million, which was $0.4 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	2.66	2.40	2
Days in Receivables	42	39	52
Days in Payables	26	30	30
LEAC (Over)/Under Recovery Balance -YTD	$10,225,349	$9,721,856	$10,060,660
T&D Losses	5.34%	5.35%	<7.00%
Debt Service Coverage	1.62	1.63	1.75
Long-term equity ratio	0.13%	0.36%	30 – 40%
Days in Cash	212	215	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 $82 million and approximately $196 million in cash and current receivables. The LEAC over recovery for the month is nearly $0.5 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
August 31, 2019 and September 30, 2018

	Unaudited August 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	$ 28,857,813	$ 17,997,927	$ 10,859,886
Bond indenture funds	30,537,620	49,970,719	(19,433,099)
Held by Guam Power Authority:			
Bond indenture funds	153,384,703	142,583,470	10,801,233
Self insurance fund-restricted	19,330,274	19,258,353	71,921
Energy sense fund	266,576	1,085,472	(818,896)
Total cash and cash equivalents	232,376,986	230,895,941	1,481,045
Accounts receivable, net	41,048,681	37,851,906	3,196,775
Total current receivables	41,048,681	37,851,906	3,196,775
Materials and supplies inventory	12,678,670	12,812,072	(133,402)
Fuel inventory	52,674,677	67,993,103	(15,318,426)
Prepaid expenses	2,570,417	979,828	1,590,589
Total current assets	341,349,431	350,532,850	(9,183,419)
Utility plant, at cost:			
Electric plant in service	1,080,337,667	1,063,192,955	17,144,712
Construction work in progress	38,216,482	28,021,290	10,195,192
Total	1,118,554,149	1,091,214,245	27,339,904
Less: Accumulated depreciation	(630,166,397)	(597,426,905)	(32,739,492)
Total utility plant	488,387,752	493,787,340	(5,399,588)
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,571,534	48,600,660	(29,126)
Unamortized debt issuance costs	2,244,684	2,503,448	(258,764)
Total other non-current assets	50,816,218	51,104,108	(287,890)
Total assets	880,553,401	895,424,298	(14,870,897)
Deferred outflow of resources:			
Deferred fuel revenue	9,721,856	8,370,542	1,351,314
Unamortized loss on debt refunding	24,929,815	27,093,636	(2,163,821)
Pension	8,932,987	8,932,987	0
Other post employment benefits	13,798,017	13,798,017	0
Unamortized forward delivery contract costs	331,918	477,998	(146,080)
Total deferred outflows of resources	57,714,593	58,673,180	(958,587)
	$ 938,267,994	$ 954,097,478	$ (15,829,484)

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

	Unaudited August 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	32,773,651	47,761,928	(14,988,277)
Others	3,912,044	662,541	3,249,503
Accrued payroll and employees' benefits	2,175,143	1,949,080	226,063
Current portion of employees' annual leave	2,141,811	2,101,168	40,643
Interest payable	12,291,921	14,745,285	(2,453,364)
Customer deposits	9,140,287	9,387,519	(247,232)
Total current liabilities	81,869,388	91,850,587	(9,981,199)
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	585,215,527	604,881,434	(19,665,907)
Obligations under capital leases, net of current portion	8,293,521	10,808,951	(2,515,430)
Net Pension liability	73,140,711	76,554,735	(3,414,024)
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	916,750,075	952,317,388	(35,567,313)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	1,216,704	1,752,053	(535,349)
Pension	3,532,642	3,532,642	0
Other post employment benefits	14,804,043	14,804,043	0
Total deferred inflows of resources	19,553,389	20,088,738	(535,349)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(45,841,214)	(38,960,024)	(6,881,189)
Restricted	47,487,703	47,856,103	(368,400)
Unrestricted	318,040	(27,204,727)	27,522,767
Total net position	1,964,529	(18,308,648)	20,273,179
	$ 938,267,994	$ 954,097,478	$ (15,829,484)

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 2019	Audited 2018	% of change Inc (dec)	Unaudited 2019	Audited 2018	% of change Inc (dec)
Revenues						
Sales of electricity	$ 33,925,751	$ 32,643,674	4	$ 367,725,220	$ 347,231,234	6
Miscellaneous	220,282	214,456	3	2,906,181	2,023,100	44
Total	34,146,033	32,858,130	4	370,631,401	349,254,334	6
Bad debt expense	(91,500)	(97,419)	(6)	(1,006,500)	(933,249)	8
Total revenues	34,054,533	32,760,711	4	369,624,901	348,321,085	6
Operating and maintenance expenses						
Production fuel	20,330,852	19,602,715	4	219,933,649	198,934,230	11
Other production	1,772,521	1,378,498	29	14,749,825	15,403,114	(4)
	22,103,373	20,981,213	5	234,683,474	214,337,344	9
Depreciation	3,061,427	3,146,207	(3)	34,203,282	35,320,567	(3)
Energy conversion cost	1,068,570	1,378,073	(22)	12,963,156	16,138,059	(20)
Transmission & distribution	1,432,836	1,033,595	39	12,065,575	11,839,468	2
Customer accounting	557,615	556,229	0	5,068,904	4,968,195	2
Administrative & general	2,566,120	2,894,784	(11)	28,267,609	28,413,623	(1)
Total operating and maintenance expenses	30,789,941	29,990,101	3	327,252,000	311,017,256	5
Operating income	3,264,592	2,770,610	18	42,372,901	37,303,829	14
Other income (expenses)						
Interest income	350,410	372,698	(6)	4,103,581	2,736,095	50
Interest expense and amortization	(2,438,409)	(2,538,375)	(4)	(26,646,875)	(29,120,559)	(8)
Bond issuance costs	88,022	67,464	30	967,242	(1,776,737)	(154)
Allowance for funds used during construction	0	123,910		0	1,563,317	
Losses due to typhoon	(3,389)	0		(692,001)	(787,899)	(12)
Other expense	(4,289)	(4,291)	(0)	(47,206)	(47,201)	0
Total other income (expenses)	(2,007,655)	(1,978,594)	1	(22,315,259)	(27,432,984)	(19)
Income (loss) before capital contributions	1,256,937	792,016	59	20,057,642	9,870,845	103
Capital contributions	0	13,503	0	215,537	116,175	0
Increase (decrease) in net assets	1,256,937	805,519	56	20,273,179	9,987,020	103
Total net assets at beginning of period (restated)	707,592	119,358,058	0	(18,308,650)	110,176,557	(117)
Total net assets at end of period	$ 1,964,529	$ 120,163,577	(98)	$ 1,964,529	$ 120,163,577	(98)

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

	Month Ended 8/31/2019	YTD Ended 8/31/2019
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$37,104,335	$ 366,453,569
Cash payments to suppliers and employees for goods and services	25,455,456	292,608,066
Net cash provided by operating activities	$11,648,879	73,845,503
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	350,410	4,103,581
Net cash provided by investing activities	350,410	4,103,581
Cash flows from non-capital financing activities		
Interest paid on short term debt	(8,019)	(77,045)
Provision for self insurance funds	-	(71,921)
Net cash provided by noncapital financing activities	(8,019)	(148,966)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(3,962,367)	(28,803,691)
Principal paid on bonds and other long-term debt	-	(1,630,000)
Interest paid on bonds(net of capitalized interest)	-	(28,066,875)
Interest paid on capital lease obligations	(102,742)	(956,323)
Interest & principal funds held by trustee	(3,680,954)	(10,859,886)
Reserve funds held by trustee	(36,396)	29,126
Bond funds held by trustee	(51,549)	19,433,099
Principal payment on capital lease obligations	(628,858)	(12,823,965)
Grant from DOI/FEMA	-	215,537
Debt issuance costs/loss on defeasance	(321,537)	(3,535,907)
Net cash provided by (used in) capital and related financing activities	(8,784,403)	(66,998,885)
Net (decrease) increase in cash and cash equivalents	3,206,866	10,801,233
Cash and cash equivalents, beginning	150,177,837	142,583,470
Cash and cash equivalents-Funds held by GPA, August 31, 2019	**$ 153,384,703**	**$ 153,384,703**

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

	Month Ended 8/31/2019	YTD Ended 8/31/2019
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$3,264,592	$42,372,901
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,061,427	34,203,282
Other expense	80,344	228,035
(Increase) decrease in assets:		
Accounts receivable	3,046,992	(3,196,775)
Materials and inventory	333,837	133,402
Fuel inventory	(6,382,776)	15,318,426
Prepaid expenses	1,961,541	(1,590,589)
Unamortized debt issuance cost	23,524	258,764
Deferred fuel revenue	503,493	(1,351,314)
Unamortized loss on debt refunding	196,711	2,163,821
Unamortized forward delivery contract costs	13,280	146,080
Increase (decrease) in liabilities:		
Accounts payable-operations	1,923,484	(14,988,277)
Accounts payable-others	3,733,027	4,068,399
Accrued payroll and employees' benefits	284,416	226,063
Net pension liability	(421,013)	(3,414,024)
Employees' annual leave	(40,989)	40,643
Customers deposits	115,657	(247,232)
Customer advances for construction	-	9,247
Unearned forward delivery contract revenue	(48,668)	(535,349)
Net cash provided by operating activities	**$11,648,879**	**$ 73,845,503**