GUAM POWER AUTHORITY

ATURIDÅT ILEKTRESEDÅT GUAHAN

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

27 November 2019

CFO 2020 026

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

35GL-19-1280
Speaker Tina Rose Muña Barnes

NOV 2 9 2019
Time 1:34 ( )AM (X)PM
Received By: Matt

SUBJECT: Guam Power Authority
Ref: September 2019 Monthly Financial

Dear Honorable Speaker Barnes:

Enclosed is the Guam Power Authority's Financial Statement for the month of September 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,

Corazon Montellano
Chief Financial Officer, Acting

2019 NOV 29 PM 2:00

cc: Mr. Benjamin J. Cruz, Public Auditor, OPA

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GUAM POWER AUTHORITY
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GUAM POWER AUTHORITY
FINANCIAL STATEMENT OVERVIEW
September 2019

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

Summary

The increase in net assets for the year ended was $21.2 million as compared to the anticipated net increase of $8.0 million projected at the beginning of the year. The total kWh sales for the year were 2.71% less than projected and non-fuel revenues were $4.1 million less than the estimated amount. O & M expenses for the year were $66.9 million which was $10.0 million less than our projections for this year. Other expenses for the year such as interest expense, IPP costs, (net of interest income and other income) totaled to $41.3 million, which was $1.5 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	2.40	2.62	2
Days in Receivables	39	39	52
Days in Payables	30	23	30
LEAC (Over)/Under Recovery Balance -YTD	$9,721,856	$9,943,732	$10,344,443
T&D Losses	5.35%	5.32%	<7.00%
Debt Service Coverage	1.63	1.64	1.75
Long-term equity ratio	0.36%	0.52%	30 – 40%
Days in Cash	215	216	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 $75 million and approximately $196 million in cash and current receivables. After a year of fluctuating fuel prices, the net LEAC under-recovery for the year was $1.6 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
September 30, 2019 and September 30, 2018

	Unaudited September 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	$ 33,053,886	$ 17,997,927	$ 15,055,959
Bond indenture funds	29,168,116	49,970,719	(20,802,603)
Held by Guam Power Authority:			
Bond indenture funds	154,027,791	142,583,470	11,444,321
Self insurance fund-restricted	19,378,387	19,258,353	120,034
Energy sense fund	333,528	1,085,472	(751,944)
Total cash and cash equivalents	235,961,708	230,895,941	5,065,767
Accounts receivable, net	41,867,589	37,851,906	4,015,683
Total current receivables	41,867,589	37,851,906	4,015,683
Materials and supplies inventory	12,521,306	12,812,072	(290,766)
Fuel inventory	41,214,022	67,993,103	(26,779,081)
Prepaid expenses	2,066,278	979,828	1,086,450
Total current assets	333,630,903	350,532,850	(16,901,947)
Utility plant, at cost:			
Electric plant in service	1,084,434,067	1,063,192,955	21,241,112
Construction work in progress	37,592,719	28,021,290	9,571,429
Total	1,122,026,786	1,091,214,245	30,812,541
Less: Accumulated depreciation	(633,190,295)	(597,426,905)	(35,763,390)
Total utility plant	488,836,491	493,787,340	(4,950,849)
Other non-current assets:			
Investment - bond reserve funds held by trustee	48,599,853	48,600,660	(807)
Unamortized debt issuance costs	2,221,160	2,503,448	(282,288)
Total other non-current assets	50,821,013	51,104,108	(283,095)
Total assets	873,288,407	895,424,298	(22,135,891)
Deferred outflow of resources:			
Deferred fuel revenue	9,943,732	8,370,542	1,573,190
Unamortized loss on debt refunding	24,733,104	27,093,636	(2,360,532)
Pension	8,932,987	8,932,987	0
Other post employment benefits	13,798,017	13,798,017	0
Unamortized forward delivery contract costs	318,638	477,998	(159,360)
Total deferred outflows of resources	57,726,478	58,673,180	(946,702)
	$ 931,014,885	$ 954,097,478	$ (23,082,593)

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

	Unaudited September 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	27,385,427	47,761,928	(20,376,501)
Others	23,036	662,541	(639,505)
Accrued payroll and employees' benefits	2,348,815	1,949,080	399,735
Current portion of employees' annual leave	2,153,583	2,101,168	52,415
Interest payable	14,733,265	14,745,285	(12,020)
Customer deposits	8,912,096	9,387,519	(475,423)
Total current liabilities	74,990,753	91,850,587	(16,859,834)
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	584,892,990	604,881,434	(19,988,444)
Obligations under capital leases, net of current portion	7,664,664	10,808,951	(3,144,287)
Net Pension liability	72,866,989	76,554,735	(3,687,746)
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	908,646,324	952,317,388	(43,671,064)
Deferred inflows of resources:			
Unearned forward delivery contract revenue	1,168,036	1,752,053	(584,017)
Pension	3,532,642	3,532,642	0
Other post employment benefits	14,804,043	14,804,043	0
Total deferred inflows of resources	19,504,721	20,088,738	(584,017)
Commitments and contigencies			
Net Position:			
Net investment in capital assets	(45,782,266)	(38,960,024)	(6,822,241)
Restricted	51,357,358	47,856,103	3,501,255
Unrestricted	(2,711,253)	(27,204,727)	24,493,474
Total net position	2,863,839	(18,308,648)	21,172,489
	$ 931,014,885	$ 954,097,478	$ (23,082,593)

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

	September 30			Twelve Months Ending September 30		
	Unaudited 2019	Audited 2018	% of change Inc (dec)	Unaudited 2019	Audited 2018	% of change Inc (dec)
Revenues						
Sales of electricity	$ 32,007,594	$ 31,097,639	3	$ 399,732,814	$ 378,328,873	6
Miscellaneous	312,821	194,101	61	3,219,002	2,217,201	45
Total	32,320,415	31,291,740	3	402,951,816	380,546,074	6
Bad debt expense	(91,500)	285,382	(132)	(1,098,000)	(677,870)	62
Total revenues	32,228,915	31,577,122	2	401,853,816	379,868,204	6
Operating and maintenance expenses						
Production fuel	18,934,501	18,632,810	2	238,868,150	217,567,040	10
Other production	2,061,399	2,011,427	2	16,811,224	17,414,541	(3)
	20,995,900	20,644,237	2	255,679,374	234,981,581	9
Depreciation	3,140,500	1,863,562	69	37,343,782	37,184,129	0
Energy conversion cost	1,003,343	1,414,314	(29)	13,966,499	17,552,373	(20)
Transmission & distribution	671,955	498,676	35	12,737,530	12,338,144	3
Customer accounting	605,955	738,210	(18)	5,674,859	5,676,402	(0)
Administrative & general	3,366,365	5,557,813	(39)	31,633,974	33,971,436	(7)
Total operating and maintenance expense	29,784,018	30,716,812	(3)	357,036,018	341,704,065	4
Operating income	2,444,897	860,310	184	44,817,798	38,164,139	17
Other income (expenses)						
Interest income	893,830	524,246	70	4,997,411	3,260,341	53
Interest expense and amortization	(2,524,146)	(2,308,449)	9	(29,171,021)	(31,429,008)	(7)
Bond issuance costs	89,022	38,498	131	1,056,264	(1,738,239)	(161)
Allowance for funds used during construc	0	123,062	(100)	0	1,686,379	(100)
Losses due to typhoon	(1,169,934)	(151,777)	0	(1,861,935)	(939,676)	0
Other expense	(4,293)	(4,291)	0	(51,499)	(51,492)	0
		0				
Total other income (expenses)	(2,715,521)	(1,778,711)	53	(25,030,780)	(29,211,695)	(14)
Income (loss) before capital contributions	(270,624)	(918,401)	(71)	19,787,018	8,952,444	121
Capital contributions	1,169,934	(116,175)	0	1,385,471	0	0
Increase (decrease) in net assets	899,310	(1,034,576)	(187)	21,172,489	8,952,444	136
Total net assets at beginning of period (resta	1,964,529	120,163,577	0	(18,308,650)	110,176,557	(117)
Total net assets at end of period	$ 2,863,839	$ 119,129,001	(98)	$ 2,863,839	$ 119,129,001	(98)

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

	Month Ended 9/30/2019	YTD Ended 9/30/2019
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	$ 30,839,974	$ 397,293,543
Cash payments to suppliers and employees for goods and services	24,734,214	317,342,280
Net cash provided by operating activities	$ 6,105,760	$ 79,951,263
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	893,830	4,997,411
Net cash provided by investing activities	893,830	4,997,411
Cash flows from non-capital financing activities		
Interest paid on short term debt	19,940	(57,105)
Provision for self insurance funds	(48,113)	(120,034)
Net cash provided by noncapital financing activities	(28,173)	(177,139)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(3,589,239)	(32,392,930)
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)	(1,059,065)
Interest & principal funds held by trustee	(4,196,073)	(15,055,959)
Reserve funds held by trustee	(28,319)	807
Bond funds held by trustee	1,369,504	20,802,603
Principal payment on capital lease obligations	(628,857)	(13,452,822)
Grant from DOI/FEMA	1,169,934	1,385,471
Debt issuance costs/loss on defeasance	(322,537)	(3,858,444)
Net cash provided by (used in) capital and related financing activities	(6,328,329)	(73,327,214)
Net (decrease) increase in cash and cash equivalents	643,088	11,444,321
Cash and cash equivalents, beginning	153,384,703	142,583,470
Cash and cash equivalents-Funds held by GPA, September 30, 2019	**$ 154,027,791**	**$ 154,027,791**

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

	Month Ended 9/30/2019	YTD Ended 9/30/2019
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	$ 2,444,897	$ 44,817,798
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,140,500	37,343,782
Other expense	(1,085,205)	(857,170)
(Increase) decrease in assets:		
Accounts receivable	(818,908)	(4,015,683)
Materials and inventory	157,364	290,766
Fuel inventory	11,460,655	26,779,081
Prepaid expenses	504,139	(1,086,450)
Unamortized debt issuance cost	23,524	282,288
Deferred fuel revenue	(221,876)	(1,573,190)
Unamortized loss on debt refunding	196,711	2,360,532
Unamortized forward delivery contract costs	13,280	159,360
Increase (decrease) in liabilities:		
Accounts payable-operations	(5,388,224)	(20,376,501)
Accounts payable-others	(3,955,960)	112,439
Accrued payroll and employees' benefits	173,672	399,735
Net pension liability	(273,722)	(3,687,746)
Employees' annual leave	11,772	52,415
Customers deposits	(228,191)	(475,423)
Customer advances for construction	-	9,247
Unearned forward delivery contract revenue	(48,668)	(584,017)
Net cash provided by operating activities	**$ 6,105,760**	**$ 79,951,263**