

GUAM WATERWORKS AUTHORITY

"Good Water Always"

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January 30, 2009

Honorable Judith T. Won Pat  
Speaker, Thirtieth Guam Legislature  
155 Hesler Street  
Hagåtña, Guam 96910

Dear Speaker Won Pat,

Pursuant to Public Law 29-113, Chapter VII, Section 2, please find attached the Guam Waterworks Authority's 1<sup>st</sup> Quarter Financial Reports, ending December 31, 2008.

Should you have any questions, please call my office at 647-2583.

  
GREG R. CRUZ  
CHIEF FINANCIAL OFFICER

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Office of the Speaker  
Judith T. Won Pat, Ed. D.  
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**GUAM WATERWORKS AUTHORITY**  
**Balance Sheet -Unaudited**  
**For 1st quarter ended December 31, 2008**

<b>ASSETS</b>	<b>as of 31-Dec-08</b>	<b>as of 30-Nov-08</b>	<b>as of 31-Oct-08</b>
<b>Property, Plant and Equipment</b>			
Land	\$ 64,288	\$ 64,288	\$ 64,288
Utility Plant in Service:			
Water System	226,342,207.00	226,342,207	226,342,207.03
Wastewater System	190,645,544.00	190,645,544	190,645,544.39
Non Utility Property	16,697,191.00	16,697,191	16,697,190.78
Construction Work in Progress	45,066,794.00	42,334,251	41,585,680.73
<b>Total Property, Plant and Equipment</b>	<b>478,816,024.00</b>	<b>476,083,481</b>	<b>475,334,910.93</b>
Less Accumulated Depreciation	(208,716,869.00)	(207,641,869)	(206,566,868.54)
<b>Net Property, Plant and Equipment</b>	<b>270,099,155.00</b>	<b>268,441,612</b>	<b>268,768,042.39</b>
<b>Current Assets:</b>			
Cash			
Unrestricted	10,545.00	632,157	863,876.88
Restricted Funds:			
Debt Service Reserve Fund -Bond 2005	7,775,535.00	7,650,345	7,649,869.41
Capitalized Interest and Principal Funds Held by Trustee for Debt Payment-Bond 2005	3,883,436.00	3,241,184	2,598,734.99
Construction Funds by Held by Trustee-Bond 2005	25,328,897.00	25,775,669	27,980,422.44
Other Restricted Funds	6,008,382.00	6,365,311	6,955,206.79
<b>Total Cash</b>	<b>43,006,795.00</b>	<b>43,664,665</b>	<b>46,048,110.51</b>
Accounts Receivables			
Accounts Receivable-trade	21,914,609.00	22,247,402	22,154,193.73
Accounts Receivable, Federal/Other	1,202,687.00	845,828	1,130,355.60
<b>Total Trade Receivables</b>	<b>23,117,296.00</b>	<b>23,093,230</b>	<b>23,284,549.33</b>
Less: Accum. Provision for Uncollectible Accounts	(17,030,326.00)	(16,980,326)	(16,930,326.22)
Accounts Receivables-net	6,086,970.00	6,112,903	6,354,223.11
Materials & Supplies Inventory, Net of Allowance for for Obsolescence	2,305,692.00	2,328,519	2,322,093.17
Other Current Assets:			
Unamortized Debt Issuance Cost & Other Assets	2,829,557.00	2,838,249	2,846,941.96
<b>Total Current Assets</b>	<b>54,229,014.00</b>	<b>54,944,337</b>	<b>57,571,368.75</b>
<b>TOTAL ASSETS</b>	<b>324,328,169.00</b>	<b>323,385,949</b>	<b>326,339,411.14</b>
<b>LIABILITIES AND RETAINED EARNINGS</b>			
<b>Current Liabilities:</b>			
Current Portion:			
-United States Navy	903,671.00	903,671	903,671.00
-Guam Power Authority	2,488,150.00	2,488,150	2,488,150.00
-Bond 2005	2,473,750.00	2,473,750	2,450,000.00
Accounts Payable Trade	4,011,671.08	4,351,801	4,141,354.91
Accrued Payroll and Employee Benefits	457,024.00	291,775	274,546.74
Accrued Interest and Other payable	3,755,353.00	3,155,135	2,973,908.15
Current Portion of Employee Annual Leave	535,641.00	535,641	535,641.00
Contractor's & Rtn Payable/Bid & Escrow Deposits	3,744,507.92	2,103,831	3,833,343.75
Customer Deposits	1,680,493.00	1,663,423	1,673,199.48
<b>Total Current Liabilities</b>	<b>20,050,261.00</b>	<b>17,967,177</b>	<b>19,273,815.03</b>
<b>Long Term Debt:</b>			
Bond 2005	100,070,307.00	100,080,320	100,114,082.55
United States Navy	5,656,527.00	5,656,527	5,695,526.81
Guam Power Authority	2,343,622.00	2,469,496	2,581,107.87
Employee Annual Leave, Less Current Portion	1,022,819.00	1,022,819	1,022,819.00
Retirement Fund Deferred Contributions	7,343,055.00	7,259,721	7,176,388.16
Accrued Retirees Supplemental & Medical Ins.	1,097,454.00	1,156,287	1,376,690.75
Advances for Construction	167,902.00	167,857	167,812.68
Other Deferred Credits	1,619,623.00	1,706,789	1,706,789.00
<b>TOTAL LIABILITIES</b>	<b>139,371,570.00</b>	<b>137,486,993</b>	<b>139,115,031.85</b>
<b>RETAINED EARNINGS</b>	<b>184,956,599.00</b>	<b>185,898,956</b>	<b>187,224,379.58</b>
<b>TOTAL LIAB AND RETAINED EARNINGS</b>	<b>\$ 324,328,169</b>	<b>\$ 323,385,949</b>	<b>\$ 326,339,411</b>

**GUAM WATERWORKS AUTHORITY**  
**Statement of Operations and Retained Earnings (Unaudited)**  
**For 1st quarter ended December 31, 2008**

	1st qtr ended 12/31/08	December 08	November 08	October 08
<b>OPERATING REVENUES</b>				
Total Water	\$ 6,524,769	\$ 2,028,533	\$ 2,275,621	\$ 2,220,615
Total Wastewater	3,852,450	1,252,233	1,267,534	1,332,683
GPA/Navy Surcharge	746,747	226,039	244,370	276,337
Retiree Surcharge	324,058	98,078	106,042	119,938
Fire Hydrant	64,755	21,585	21,585	21,585
Other	234,647	65,130	92,607	76,910
<b>TOTAL OPERATING REVENUES</b>	<b>11,747,427</b>	<b>3,691,598</b>	<b>4,007,761</b>	<b>4,048,068</b>
<b>OPERATING AND MAINTENANCE EXPENSES</b>				
Water Purchases	1,184,327	342,173	374,963	467,191
Power Purchases	4,003,036	1,217,179	1,376,129	1,409,728
	5,187,363	1,559,352	1,751,092	1,876,919
Salaries and wages	3,206,954	1,240,924	973,613	992,417
Pension and Benefits	911,650	337,467	272,967	301,216
Unfunded Retirement Liability	266,667	83,334	83,333	100,000
Chemicals	154,892	29,423	110,236	15,233
Materials & Supplies	363,157	159,418	110,801	92,938
Contractual-Audit, Meter Reading & Computer Maint.	42,165	14,908	21,686	5,571
Contractual-Legal	13,133	6,159	6,974	-
Contractual-Lab	169,571	21,370	94,558	53,643
Contractual-Other	257,987	66,720	130,346	60,921
PMC-Management Fee	253,163	86,762	83,200	83,200
Training	44,904	5,470	17,359	22,075
Equipment Rental	79,436	41,188	20,585	17,663
Transportation Expense	113,713	46,286	34,148	33,279
Telephone and Communication	33,685	11,077	16,566	6,042
Claims/Insurance	54,256	853	2,728	50,675
Advertising	29,674	18,296	13,090	(1,712)
Regulatory	85,217	10,217	75,000	-
Bad Debts Provision	150,000	50,000	50,000	50,000
Miscellaneous	63,592	17,410	21,915	24,266
Depreciation	3,225,000	1,075,000	1,075,000	1,075,000
<b>TOTAL OPERATING AND MAINTENANCE EXPENSES</b>	<b>14,706,178</b>	<b>4,881,634</b>	<b>4,965,199</b>	<b>4,859,345</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,958,751)</b>	<b>(1,190,036)</b>	<b>(957,438)</b>	<b>(811,277)</b>
<b>OTHER INCOME(EXPENSE):</b>				
Grants from US & Local Government	429,287	429,287	0	-
Recoveries	1,798	-	1,798	-
Retiree Supp. Benefits & Medical Ins.	(383,447)	(102,901)	(140,273)	(140,273)
Interest/Investment Income	228,492	147,078	31,565	49,849
Amort. Of Debt Disc. & Exp.	(3,134)	(5,774)	1,320	1,320
AFUDC	746,445	277,100	241,357	227,989
Interest Expense	(1,504,830)	(497,111)	(503,753)	(503,966)
Total Other Income (Expense)	(485,388)	247,679	(367,985)	(365,082)
<b>NET Income (Loss) for the month</b>		<b>(942,357)</b>	<b>(1,325,424)</b>	<b>(1,176,358)</b>
<b>YTD Net Income (Loss)</b>	<b>(3,444,139)</b>	<b>(3,444,139)</b>	<b>(2,501,782)</b>	<b>(1,176,358)</b>
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<b>188,400,738</b>	<b>188,400,738</b>	<b>188,400,738</b>	<b>188,400,738</b>
<b>RETAINED EARNINGS, END OF PERIOD</b>	<b>\$ 184,956,599</b>	<b>\$ 184,956,599</b>	<b>\$ 185,898,956</b>	<b>\$ 187,224,380</b>

**Guam Waterworks Authority  
Statement of Cash Flows  
For 1st quarter ended December 31, 2008**

	<b>1st Quarter Ended Dec. 31, 2008</b>	<b>Two Months Ended Nov. 30, 2008</b>	<b>Oct. 31, 2008</b>
<b>Increase (decrease) in cash</b>			
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 12,497,475	\$ 8,812,877	\$ 4,621,772
Cash payments to suppliers/contractors for goods and services	(4,562,920)	(4,313,179)	(467,365)
Cash payments to employees for services	(4,632,580)	(3,051,926)	(1,463,218)
<b>Net cash provided by operating activities</b>	<b>3,301,975</b>	<b>1,447,772</b>	<b>2,691,189</b>
<b>Cash flows from non-capital financing activities:</b>			
Operating grants received			
<b>Net cash provided by non-capital financing activities</b>			
<b>Cash flows from capital and related financing activities:</b>			
Contributed capital received	429,287		
Acquisition of utility plant	(5,099,890)	(2,644,448)	(2,137,234)
Repayment of Long Term Debt	(486,454)	(350,567)	(189,942)
Interest expense	(1,504,829)	(1,007,719)	(503,966)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(6,661,886)</b>	<b>(4,002,734)</b>	<b>(2,831,142)</b>
<b>Cash flows from investing activities:</b>			
Transfers from (to) restricted fund	2,855,175	2,818,917	667,191
Interest income received	228,491	81,412	49,849
<b>Net cash provided by investing activities</b>	<b>3,083,666</b>	<b>2,900,329</b>	<b>717,040</b>
Net increase (decrease) in cash	(276,245)	345,367	577,087
Unrestricted cash at beginning of the period	286,790	286,790	286,790
<b>Unrestricted cash at end of year</b>	<b>10,545</b>	<b>632,157</b>	<b>863,877</b>
Reconciliation of operating loss to net cash provided by operating activities:			
<b>YTD Operating Income (loss)</b>	<b>(2,958,751)</b>	<b>(1,768,715)</b>	<b>(811,277)</b>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	3,225,000	2,150,000	1,075,000
Bad debt expense	150,000	100,000	50,000
Recovered revenues	1,798	1,798	
Other Expense/income	(386,583)	(277,904)	(138,953)
(Increase) decrease in assets:			
Advances to GPA			
Accounts receivable	705,243	729,310	537,990
Materials and supplies inventory	75,950	53,123	59,549
Long-term receivable			
Other Assets	26,079	17,386	8,693
Increase (decrease) in liabilities:			
Accounts payable	2,280,956	467,312	1,805,106
Accrued payroll	(127,393)	(233,809)	(30,633)
Employees' annual leave			
Accrued supplemental annuities/COLA			
Customer deposits	43,009	25,938	35,714
Other liabilities			
Retirement fund deferred contributions	266,667	183,333	100,000
DCRS sick leave liability			
<b>Net cash provided by operating activities</b>	<b>\$ 3,301,975</b>	<b>\$ 1,447,772</b>	<b>\$ 2,691,189</b>