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GUAM WATERWORKS AUTHORITY

"Good Water Always"

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APR 30 2009

2009 MAY -11 PM 3: 28

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 2<sup>nd</sup>. Quarter Financial Reports, ending March 31, 2008.

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

GREG P. CRUZ  
CHIEF FINANCIAL OFFICER

APC

30-09-0569

Office of the Speaker  
Judith T. Won Pat, Ed. D.  
Date 4/30/09  
Time 3:50  
Received by [Signature]

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GUAM WATERWORKS AUTHORITY  
Balance Sheet - (Unaudited)  
For 2nd. Quarter ending March 31, 2009

<u>ASSETS</u>	as of 31-Jan-09	as of 28-Feb-09	as of 31-Mar-09
<b>Property, Plant and Equipment</b>			
Land	\$ 64,288	\$ 64,288	\$ 64,288
Utility Plant in Service:			
Water System	\$ 226,022,207	\$ 226,022,207	\$ 226,022,207
Wastewater System	\$ 190,645,544	\$ 190,645,544	\$ 190,645,544
Non Utility Property	\$ 17,092,571	\$ 17,092,571	\$ 17,092,571
Construction Work in Progress	\$ 45,085,991	\$ 46,059,544	\$ 46,427,205
<b>Total Property, Plant and Equipment</b>	<b>\$ 478,910,601</b>	<b>\$ 479,884,154</b>	<b>\$ 480,251,815</b>
Less Accumulated Depreciation	\$ (208,802,248)	\$ (209,700,658)	\$ (210,598,923)
<b>Net Property, Plant and Equipment</b>	<b>\$ 270,108,354</b>	<b>\$ 270,183,496</b>	<b>\$ 269,652,892</b>
<b>Current Assets:</b>			
Cash			
Unrestricted	\$ 249,456	\$ 180,353	\$ 821,259
Restricted Funds:			
Bond Reserve Fund - Bond 2005	\$ 7,707,820	\$ 7,708,037	\$ 7,708,551
Debt Service Fund - Bond 2005	\$ 1,652,389	\$ 2,288,612	\$ 2,924,788
Construction Funds by Held by Trustee-Bond 2005	\$ 25,301,621	\$ 23,187,277	\$ 22,646,320
Other Restricted Funds	\$ 5,931,748	\$ 6,256,897	\$ 5,890,550
<b>Total Cash</b>	<b>\$ 40,843,034</b>	<b>\$ 39,621,176</b>	<b>\$ 39,991,468</b>
Accounts Receivables			
Accounts Receivable-trade	\$ 22,056,540	\$ 22,061,299	\$ 22,639,105
Accounts Receivable, Federal/Other	\$ 1,127,283	\$ 1,039,788	\$ 1,086,363
Total Trade Receivables	\$ 23,183,823	\$ 23,101,088	\$ 23,725,468
Less: Accum. Provision for Uncollectible Accounts	\$ (16,996,129)	\$ (17,046,129)	\$ (17,096,129)
Accounts Receivables-net	\$ 6,187,694	\$ 6,054,958	\$ 6,629,339
Materials & Supplies Inventory, Net of Allowance for for Obsolescence	\$ 2,320,029	\$ 2,371,233	\$ 2,495,993
Other Current Assets:			
Unamortized Debt Issuance Cost & Other Assets	\$ 2,820,864	\$ 2,812,171	\$ 2,803,478
<b>Total Current Assets</b>	<b>\$ 52,171,620</b>	<b>\$ 50,859,538</b>	<b>\$ 51,920,277</b>
<b>TOTAL ASSETS</b>	<b>\$ 322,279,974</b>	<b>\$ 321,043,034</b>	<b>\$ 321,573,169</b>
<b>LIABILITIES AND RETAINED EARNINGS</b>			
<b>Current Liabilities:</b>			
Current Portion:			
-United States Navy	\$ 990,003	\$ 990,003	\$ 990,003
-Guam Power Authority	\$ 2,375,092	\$ 2,375,092	\$ 2,375,092
-Bond 2005	\$ 2,473,750	\$ 2,473,750	\$ 2,473,750
Accounts Payable Trade	\$ 4,364,119	\$ 5,124,291	\$ 5,296,440
Accrued Payroll and Employee Benefits	\$ 729,372	\$ 732,367	\$ 539,019
Accrued Interest and Other payable	\$ 1,139,872	\$ 1,662,207	\$ 2,348,701
Current Portion of Employee Annual Leave	\$ 642,987	\$ 642,987	\$ 642,987
Contractor's & Rtn Payable/Bid & Escrow Deposits	\$ 3,391,304	\$ 1,895,680	\$ 1,898,807
Customer Deposits	\$ 1,674,700	\$ 1,668,580	\$ 1,657,989
<b>Total Current Liabilities</b>	<b>\$ 17,781,198</b>	<b>\$ 17,564,956</b>	<b>\$ 18,222,787</b>
<b>Long Term Debt:</b>			
Bond 2005	100,060,295	\$ 100,050,282	\$ 100,040,270
United States Navy	5,492,670	\$ 5,415,431	\$ 5,328,990
Guam Power Authority	2,474,449	\$ 2,183,330	\$ 2,061,560
Employee Annual Leave, Less Current Portion	\$ 1,152,240	\$ 1,152,240	\$ 1,152,240
Retirement Fund Deferred Contributions	\$ 7,426,388	\$ 7,509,721	\$ 7,593,055
Accrued Retirees Supplemental & Medical Ins.	\$ 631,476	\$ 597,558	\$ 563,640
Advances for Construction	\$ 167,902	\$ 167,988	\$ 168,036
Other Deferred Credits	\$ 1,619,621	\$ 1,623,228	\$ 1,626,010
<b>TOTAL LIABILITIES</b>	<b>\$ 136,806,238</b>	<b>\$ 136,264,735</b>	<b>\$ 136,756,586</b>
<b>RETAINED EARNINGS</b>	<b>\$ 185,473,736</b>	<b>\$ 184,778,299</b>	<b>\$ 184,816,583</b>
<b>TOTAL LIAB AND RETAINED EARNINGS</b>	<b>\$ 322,279,974</b>	<b>\$ 321,043,034</b>	<b>\$ 321,573,169</b>

GUAM WATERWORKS AUTHORITY  
Statement of Operations and Retained Earnings (Unaudited)  
For 2nd quarter and Six Months Ended March 31, 2009

	January 09	February 09	March 09	Total 2nd quarter Jan 09 - Mar 09
<b>OPERATING REVENUES</b>				
Total Water	\$ 2,057,312	\$ 2,643,806	\$ 2,455,822	\$ 7,156,940
Total Wastewater	\$ 1,712,452	\$ 1,357,189	\$ 1,792,611	\$ 4,862,252
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 3,769,764</b>	<b>\$ 4,000,995</b>	<b>\$ 4,248,433</b>	<b>\$ 12,019,192</b>
<b>OPERATING AND MAINTENANCE EXPENSES</b>				
Water Purchases	\$ 414,209	\$ 375,609	\$ 337,796	\$ 1,127,614
Power Purchases	\$ 1,333,348	\$ 1,230,543	\$ 1,166,246	\$ 3,730,137
	\$ 1,747,556	\$ 1,606,152	\$ 1,504,043	\$ 4,857,751
Salaries and wages	\$ 1,043,738	\$ 966,677	\$ 1,104,455	\$ 3,114,870
Pension and Benefits	\$ 304,756	\$ 281,539	\$ 312,571	\$ 898,866
Unfunded Retirement Liability	\$ 83,333	\$ 83,333	\$ 83,333	\$ 249,999
Chemicals	\$ 181,881	\$ 36,770	\$ 71,504	\$ 290,155
Materials & Supplies	\$ 191,893	\$ 114,441	\$ 126,926	\$ 433,261
Contractual-Audit, Meter Reading & Computer Maint.	\$ 13,501	\$ 6,100	\$ 13,862	\$ 33,463
Contractual-Legal			\$ 1,420	\$ 1,420
Contractual-Lab	\$ 16,279	\$ 27,410	\$ 5,927	\$ 49,616
Contractual-Other	\$ 74,642	\$ 74,051	\$ 97,350	\$ 246,042
PMC-Management Fee	\$ 85,530	\$ 85,530	\$ 88,136	\$ 259,196
Training	\$ 4,801	\$ 2,795	\$ 6,843	\$ 14,439
Equipment Rental	\$ 25,886	\$ 20,006	\$ 7,528	\$ 53,420
Transportation Expense	\$ 33,015	\$ 25,152	\$ 30,222	\$ 88,389
Telephone and Communication	\$ 16,434	\$ 7,178	\$ 16,681	\$ 40,292
Claims/Insurance	\$ 9,030	\$ 4,282	\$ 168	\$ 13,481
Advertising	\$ 10,997	\$ 3,834	\$ 11,090	\$ 25,920
Regulatory	\$ 39,773		\$ 62,764	\$ 102,537
Bad Debts Provision	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000
Miscellaneous	\$ 23,347	\$ 19,173	\$ 11,605	\$ 54,126
Depreciation	\$ 898,457	\$ 898,410	\$ 898,265	\$ 2,695,132
<b>TOTAL OPERATING AND MAINTENANCE EXPENSES</b>	<b>\$ 4,854,849</b>	<b>\$ 4,312,833</b>	<b>\$ 4,504,692</b>	<b>\$ 13,672,374</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (1,085,085)</b>	<b>\$ (311,837)</b>	<b>\$ (256,259)</b>	<b>\$ (1,653,182)</b>
<b>OTHER INCOME(EXPENSE):</b>				
Grants from US & Local Government	\$ 23,062	\$ 90,809	\$ 203,000	\$ 316,871
Recoveries				\$ -
GPA/Navy Surcharge	\$ 219,982	\$ 240,416	\$ 257,954	\$ 718,352
Retiree Surcharge	\$ 95,445	\$ 104,326	\$ 111,949	\$ 311,720
Fire Hydrant	\$ 21,585	\$ (86,340)		\$ (64,755)
Other Revenue	\$ 97,985	\$ 99,582	\$ 80,796	\$ 278,363
Retiree Supp. Benefits & Medical Ins.	\$ (127,816)	\$ (127,816)	\$ (127,816)	\$ (383,448)
Interest/Investment Income	\$ 12,755	\$ 8,437	\$ 5,101	\$ 26,293
Loss on Assets Disposal				\$ -
Prior Year's Adjustment		\$ (464,699)		\$ (464,699)
Amort. Of Debt Disc. & Exp.(net of premium)	\$ 1,320	\$ 1,320	\$ 1,320	\$ 3,959
AFUDC	\$ 232,880	\$ 259,781	\$ 258,153	\$ 750,814
Interest Expense	\$ (510,789)	\$ (509,414)	\$ (495,914)	\$ (1,516,117)
Total Other Income (Expense)	\$ 66,409	\$ (383,600)	\$ 294,544	\$ (22,647)
<b>NET Income (Loss) for the period</b>	<b>\$ (1,018,677)</b>	<b>\$ (695,437)</b>	<b>\$ 38,285</b>	<b>\$ (1,675,829)</b>
<b>YTD Net Income (Loss)</b>	<b>\$ (3,966,107)</b>	<b>\$ (4,661,545)</b>	<b>\$ (4,623,260)</b>	
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<b>\$ 189,439,843</b>	<b>\$ 189,439,843</b>	<b>\$ 189,439,843</b>	
<b>RETAINED EARNINGS, END OF PERIOD</b>	<b>\$ 185,473,736</b>	<b>\$ 184,778,299</b>	<b>\$ 184,816,583</b>	

Guam Waterworks Authority  
Statement of Cash Flows - (Unaudited)  
For 2nd. Quarter ended March 31, 2009

	Four months Ended Jan. 31, 2009	Five months Ended Feb. 28, 2009	Six months Ended Mar. 31, 2009
<b>Increase (decrease) in cash</b>			
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 17,416,896	\$ 21,480,871	\$ 25,545,032
Cash payments to suppliers/contractors for goods and services	\$ (9,842,378)	\$ (12,218,950)	\$ (13,525,163)
Cash payments to employees for services	\$ (5,993,572)	\$ (7,400,522)	\$ (9,172,634)
<b>Net cash provided by operating activities</b>	<b>\$ 1,580,946</b>	<b>\$ 1,861,399</b>	<b>\$ 2,847,235</b>
<b>Net cash provided by non-capital financing activities</b>			
<b>Cash flows from capital and related financing activities:</b>			
Contributed capital received	\$ 452,349	\$ 543,158	\$ 746,158
Acquisition of utility plant	\$ (4,997,882)	\$ (5,711,654)	\$ (5,821,162)
Repayment of Long Term Debt	\$ (556,222)	\$ (934,593)	\$ (1,152,816)
Interest expense	\$ (2,015,618)	\$ (2,525,032)	\$ (3,020,946)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (7,117,373)</b>	<b>\$ (8,628,121)</b>	<b>\$ (9,248,766)</b>
<b>Cash flows from investing activities:</b>			
Transfers from (to) restricted fund	\$ 4,589,129	\$ 5,741,884	\$ 6,012,498
Interest income received	\$ 241,246	\$ 249,683	\$ 254,784
<b>Net cash provided by investing activities</b>	<b>\$ 4,830,375</b>	<b>\$ 5,991,567</b>	<b>\$ 6,267,282</b>
<b>Net increase (decrease) in cash</b>	<b>\$ (706,052)</b>	<b>\$ (775,155)</b>	<b>\$ (134,249)</b>
Unrestricted cash at beginning of the period	\$ 955,508	\$ 955,508	\$ 955,508
<b>Unrestricted cash at end of year</b>	<b>\$ 249,456</b>	<b>\$ 180,353</b>	<b>\$ 821,259</b>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
<b>YTD Operating Income (loss)</b>	<b>\$ (3,095,080)</b>	<b>\$ (3,048,935)</b>	<b>\$ (2,854,494)</b>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	\$ 3,613,328	\$ 4,511,738	\$ 5,410,003
Bad debt expense	\$ 200,000	\$ 250,000	\$ 300,000
Recovered revenues	\$ 1,798	\$ 1,798	\$ 1,798
Other Expense/income	\$ (530,127)	\$ (1,121,323)	\$ (1,247,819)
(Increase) decrease in assets:			
Advances to GPA			
Accounts receivable	\$ 1,425,696	\$ 1,508,432	\$ 884,051
Materials and supplies inventory	\$ 96,421	\$ 45,217	\$ (79,543)
Long-term receivable			
Other Assets	\$ 34,771	\$ 43,464	\$ 52,157
Increase (decrease) in liabilities:			
Accounts payable	\$ (537,865)	\$ (747,288)	\$ 117,312
Accrued payroll	\$ (15,211)	\$ (46,134)	\$ (273,400)
Employees' annual leave			
Accrued supplemental annuities/COLA			
Customer deposits	\$ 37,215	\$ 31,097	\$ 20,503
Other liabilities			
Retirement fund deferred contributions	\$ 350,000	\$ 433,333	\$ 516,667
DCRS sick leave liability			
<b>Net cash provided by operating activities</b>	<b>\$ 1,580,946</b>	<b>\$ 1,861,399</b>	<b>\$ 2,847,235</b>