



GUAM POWER AUTHORITY

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

09 July 2014

Senator Judith T. Won Pat, Ed. D., Honorable Speaker
Office of the Speaker
I Mina Trentai Dos Na Liheslaturan Guahan
32nd Guam Legislature
155 Hesler Place
Hagatna, Guam 96910

2014 JUL 15 PM 1:00 ef

**SUBJECT: GPA Financial Statements
May 2014**

Dear Honorable Speaker Won Pat:

Enclosed is the Guam Power Authority's Financial Statements for the months ending May 31, 2014, submitted in accordance with Public Law 30-55 Chapter XIII §4.

Should you require further information, please feel free to contact Mrs. Lenora Sanz, Controller at 648-3122 or email lsanz@gpagwa.com.

Sincerely,

Randall V. Wiegand
Chief Financial Officer

Enclosures

cc: Ms. Doris Flores Brooks, CPA, CGFM Public Auditor
CFO 071 14

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32-14-1832

Office of the Speaker

Date: 7/15/14
7:12:51 PM
CARL STANLEY



GUAM POWER AUTHORITY

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GUAM POWER AUTHORITY FINANCIAL STATEMENT OVERVIEW May 2014

Attached is the Financial Statements and supporting schedules for the month and fiscal year-to-date ended May 31 2014.

Summary

The increase in net assets for the month ended was \$2.3 million as compared to the anticipated net decrease of \$1.1 million at the beginning of the period. The total kWh sales for the month were 3.09% more than projected and non-fuel revenues were \$0.3 million more than the estimated amounts. O & M expenses for the month were \$5.5 million which was \$0.4 million less than the projections for the month. Other expenses for the month such as interest expense, IPP costs (net of interest income and other income) totaled to \$4.5 million which was \$0.2 million more than our projections for the month. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick ratio	0.87	0.87	2
Days in receivables	28	31	52
Days in payables	29	29	30
LEAC (Over)/Under Recovery balance-YTD	(\$434,981)	(\$82,123)	\$312,517
T&D Losses	5.91%	5.73%	7.00%
Debt service coverage	1.27	1.31	1.75
Long-term equity ratio	21%	21%	30-40%
Days in cash	20	41	60

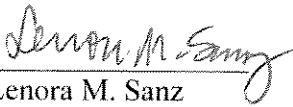
The Quick Ratio reflects the basic challenge facing GPA. The ratio is showing a slight decline compared to the beginning of the year. GPA has current obligations of approximately \$63 million and approximately \$78 million in cash and current receivables. The LEAC under recovery for the month is \$0.4 million. The Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
May 2014
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:



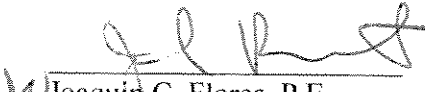
Lenora M. Sanz
Controller

Reviewed by:



Randall V. Wiegand
Chief Financial Officer

Approved by:



Joaquin C. Flores, P.E.
General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
May 31, 2014 and September 30, 2013

	Unaudited May 2014	Audited September 2013	Change from Sept 30 2013
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	\$ 9,390,270	\$ 27,161,855	\$ (17,771,585)
Bond indenture funds	48,236,717	75,591,572	(27,354,855)
Held by Guam Power Authority:			
Bond indenture funds	40,673,925	47,755,672	(7,081,747)
Self insurance fund-restricted	15,583,616	13,514,022	2,069,594
Total cash and cash equivalents	<u>113,884,528</u>	<u>164,023,121</u>	<u>(50,138,593)</u>
Investments by trustee for restricted purposes	<u>4,855,561</u>	<u>4,845,762</u>	<u>9,799</u>
Accounts receivable, net	50,388,397	49,939,244	449,153
Long-term receivables, net	<u>389,890</u>	<u>390,377</u>	<u>(487)</u>
Total current receivables	<u>50,778,287</u>	<u>50,329,621</u>	<u>448,666</u>
Materials and supplies inventory	17,932,234	19,585,471	(1,653,237)
Fuel inventory	46,053,754	42,390,454	3,663,300
Prepaid expenses	<u>1,273,290</u>	<u>537,109</u>	<u>736,181</u>
Total current assets	<u>234,777,654</u>	<u>281,711,538</u>	<u>(46,933,884)</u>
Regulatory assets:			
Cancelled unit, net of amortization	<u>0</u>	<u>13,479</u>	<u>(13,479)</u>
Total regulatory assets	<u>0</u>	<u>13,479</u>	<u>(13,479)</u>
Utility plant, at cost:			
Electric plant in service	942,193,204	931,105,289	11,087,915
Construction work in progress	67,809,879	41,327,906	26,481,973
Total	<u>1,010,003,083</u>	<u>972,433,195</u>	<u>37,569,888</u>
Less: Accumulated depreciation	<u>(462,232,520)</u>	<u>(445,698,240)</u>	<u>(16,534,280)</u>
Total utility plant	<u>547,770,563</u>	<u>526,734,955</u>	<u>21,035,608</u>
Other non-current assets:			
Investment - bond reserve funds held by trustee	49,163,979	49,278,574	(114,595)
Unamortized debt issuance costs	9,024,189	9,492,061	(467,872)
Other assets	<u>281,593</u>	<u>417,629</u>	<u>(136,036)</u>
Total other non-current assets	<u>58,469,761</u>	<u>59,188,264</u>	<u>(718,503)</u>
Total assets	<u>841,017,978</u>	<u>867,648,236</u>	<u>(26,630,258)</u>
Deferred outflow of resources:			
Unamortized loss on debt refunding	15,245,440	16,084,264	(838,824)
Unamortized forward delivery contract costs	<u>1,168,558</u>	<u>1,274,798</u>	<u>(106,240)</u>
Total deferred outflows of resources	<u>16,413,998</u>	<u>17,359,062</u>	<u>(945,064)</u>
	\$ 857,431,976	\$ 885,907,298	\$ (27,575,322)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
May 31, 2014 and September 30, 2013

	Unaudited May 2014	Audited September 2013	Change from Sept 30 2013
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	\$ 13,600,000	\$ 12,310,000	\$ 1,290,000
Current obligations under capital leases	13,064,559	13,064,559	0
Accounts payable			
Operations	17,391,708	23,137,050	(5,745,342)
Fuel	1,513,312	1,513,311	1
Accrued payroll and employees' benefits	1,567,854	1,077,440	490,414
Current portion of employees' annual leave	2,198,149	2,078,481	119,668
Interest payable	5,219,665	14,689,852	(9,470,187)
Customer deposits	8,484,138	8,041,970	442,168
	<u>63,039,385</u>	<u>75,912,663</u>	<u>(12,873,278)</u>
Regulatory liabilities:			
Provision for self insurance	15,438,535	12,980,814	2,457,721
	<u>15,438,535</u>	<u>12,980,814</u>	<u>2,457,721</u>
Long term debt, net of current maturities			
Obligations under capital leases, net of current portion	530,928,614	545,937,741	(15,009,127)
DCRS sick leave liability	64,672,971	73,203,679	(8,530,708)
Employees' annual leave net of current portion	2,582,611	2,582,611	0
Customer advances for construction	1,112,489	1,112,489	0
	<u>3,167,311</u>	<u>3,149,507</u>	<u>17,804</u>
	<u>680,941,916</u>	<u>714,879,504</u>	<u>(33,937,588)</u>
Deferred inflows of resources:			
Unearned fuel revenue, net	22,157,901	25,208,323	(3,050,422)
Unearned forward delivery contract revenue	4,282,796	4,672,141	(389,345)
Other unearned revenues	357,000	357,000	0
	<u>26,797,697</u>	<u>30,237,464</u>	<u>(3,439,767)</u>
Commitments and contingencies			
Net Position:			
Net investment in capital assets	40,445,136	32,028,799	8,416,337
Restricted	15,473,584	28,147,598	(12,674,013)
Unrestricted	93,773,641	79,713,932	14,059,710
	<u>149,692,363</u>	<u>139,890,329</u>	<u>9,802,034</u>
	<u>\$ 857,431,976</u>	<u>\$ 855,097,798</u>	<u>\$ (22,575,372)</u>

GUAMPower Authority
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statement of Revenues, Expenses and Changes in Net Assets

	May 31		% of change Inc (dec)	Eight Months Ended May 31		% of change Inc (dec)
	Unaudited 2014	Audited 2013		Unaudited 2014	Audited 2013	
Revenues						
Sales of electricity	\$ 37,735,366	\$ 39,026,671	(3)	\$ 284,623,023	\$ 292,527,186	(3)
Working Capital surcharge	623,077	998,447	(38)	4,586,411	7,605,537.11	(40)
Miscellaneous	49,818	272,418	(82)	1,197,763	1,698,619	(29)
Total	<u>38,408,261</u>	<u>40,297,536</u>	(5)	<u>290,407,197</u>	<u>301,831,342</u>	(4)
Bad debt expense	<u>(113,500)</u>	<u>(107,433)</u>	11	<u>(908,000)</u>	<u>(818,664)</u>	11
Total revenues	<u>38,294,761</u>	<u>40,190,103</u>	(5)	<u>289,499,197</u>	<u>301,012,678</u>	(5)
Operating and maintenance expenses						
Production fuel	23,786,698	26,804,984	(11)	181,035,943	195,866,491	(8)
Other production	1,420,224	2,167,503	(34)	12,580,360	14,165,377	(11)
	<u>25,206,922</u>	<u>28,972,487</u>	(12)	<u>193,616,303</u>	<u>210,031,868</u>	(8)
Depreciation	2,610,828	2,590,864	1	21,314,754	19,746,700	8
Energy conversion cost	1,823,721	1,719,129	6	13,616,744	13,371,486	2
Transmission & distribution	1,014,730	1,080,229	(6)	7,898,800	8,676,592	(9)
Customer accounting	303,899	346,843	(12)	2,537,205	2,516,888	1
Administrative & general	2,730,558	2,594,481	5	20,994,312	21,433,840	(2)
Total operating and maintenance expenses	<u>33,690,658</u>	<u>37,304,033</u>	(10)	<u>259,978,118</u>	<u>275,777,374</u>	(6)
Operating income	<u>4,604,103</u>	<u>2,886,070</u>	59	<u>29,521,079</u>	<u>25,235,304</u>	17
Other income (expenses)						
Interest income	58,463	114,653	(49)	865,061	1,471,303	(41)
Interest expense and amortization	(3,079,370)	(3,284,204)	(6)	(24,941,899)	(28,203,539)	(12)
Bond issuance costs	(5,006)	(399,943)	(98)	(3,809)	(2,399,543)	(100)
Allowance for funds used during construction	348,767	402,599	(13)	2,666,637	3,328,947	(20)
Other expense	<u>(4,279)</u>	<u>(14,473)</u>	(70)	<u>(47,802)</u>	<u>(162,616)</u>	(71)
Total other income (expenses)	<u>(2,681,425)</u>	<u>(3,081,368)</u>	(13)	<u>(21,461,812)</u>	<u>(25,965,448)</u>	(17)
Income (loss) before capital contributions	<u>1,922,678</u>	<u>(190,198)</u>	(1,111)	<u>8,059,267</u>	<u>(730,144)</u>	(1,204)
Capital contributions	<u>389,984</u>	<u>334,793</u>	16	<u>1,742,765</u>	<u>7,558,029</u>	(77)
Increase (decrease) in net assets	<u>2,312,662</u>	<u>144,595</u>	1,499	<u>9,802,032</u>	<u>6,827,885</u>	44
Total net assets at beginning of period	<u>147,379,701</u>	<u>143,941,512</u>	2	<u>139,890,329</u>	<u>137,258,222</u>	2
Total net assets at end of period	<u>\$ 149,692,363</u>	<u>\$ 144,086,107</u>	4	<u>\$ 149,692,363</u>	<u>\$ 144,086,107</u>	4

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended May 31, 2014

	Month Ended 5/31/2014	YTD Ended 5/31/2014
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	\$34,173,645	\$ 289,394,311
Cash payments to suppliers and employees for goods and services	<u>8,912,064</u>	<u>245,899,880</u>
Net cash provided by operating activities	\$25,261,581	43,494,430
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	58,463	865,061
Investments by trustee for restricted purposes	(4,900)	(9,799)
Net cash provided by investing activities	53,563	855,262
Cash flows from non-capital financing activities		
Interest paid on short term debt	(3,699)	(47,888)
Provision for self insurance funds	<u>(894,626)</u>	<u>(2,069,594)</u>
Net cash provided by noncapital financing activities	(898,325)	(2,117,482)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(6,382,796)	(42,350,331)
Principal paid on bonds and other long-term debt	-	(12,310,000)
Interest paid on bonds(net of capitalized interest)	348,767	(24,838,763)
Interest paid on capital lease obligations	(818,948)	(6,858,829)
Interest & principal funds held by trustee	1,463,219	17,771,585
Reserve funds held by trustee	(578)	114,595
Bond funds held by trustee	2,605,828	27,354,856
Principal payment on capital lease obligations	(1,104,744)	(8,530,708)
Grant from DOI/FEMA	389,984	1,742,765
Debt issuance costs/loss on defeasance	(171,611)	(1,409,127)
Net cash provided by (used in) capital and related financing activities	<u>(3,670,880)</u>	<u>(49,313,957)</u>
Net (decrease) increase in cash and cash equivalents	20,745,939	(7,081,746)
Cash and cash equivalents, beginning	<u>19,927,986</u>	<u>47,755,671</u>
Cash and cash equivalents-Funds held by GPA, May 31, 2014	\$ 40,673,925	\$ 40,673,925

GUAM POWER AUTHORITY
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Statements of Cash Flows, Continued
Period Ended May 31, 2014

	Month Ending 5/31/2014	YTD Ending 5/31/2014
Reconciliation of operating earnings to net cash provided		
by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	\$4,604,103	\$29,521,079
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	2,610,828	21,314,754
Other expense	(9,285)	(51,611)
(Increase) decrease in assets:		
Accounts receivable	(4,140,564)	(448,666)
Materials and inventory	325,843	1,653,237
Fuel inventory	22,621,531	(3,663,300)
Prepaid expenses	(83,237)	(736,181)
Cancelled unit	-	13,479
Unamortized debt issuance cost	58,484	467,872
Other assets	561,233	136,036
Unamortized loss on debt refunding	104,853	838,824
Unamortized forward delivery contract costs	13,280	106,240
Increase (decrease) in liabilities:		
Accounts payable-operations	(1,492,594)	(5,745,341)
Accrued payroll and employees' benefits	384,140	490,414
Employees' annual leave	(51,210)	119,668
Customers deposits	(553)	442,168
Deferred credit-self insurance funds	338,494	2,457,721
Customer advances for construction	1,927	17,804
Unearned forward delivery contract revenue	(48,668)	(389,345)
Unearned fuel revenue	(537,024)	(3,050,422)
Net cash provided by operating activities	\$25,261,581	\$43,494,430