



GUAM POWER AUTHORITY

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

28 July 2014

32-14-1918

Office of the Speaker

Judith T. Won Pat, Ed. D.

Date 8/4/14
TIME 1:50
Paul B. [Signature]

Senator Judith T. Won Pat, Ed. D., Honorable Speaker
Office of the Speaker
I Mina' Trentai Dos Na Liheslaturan Guahan
32nd Guam Legilsature
155 Hesler Place
Hagatna, Guam 96910

SUBJECT: GPA Financial Statements – April 2014

Dear Honorable Speaker Won Pat:

Enclosed is the Guam Power Authority's Financial Statements for the month ending 30 April 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,

Montellano

Corazon Montellano
Chief Financial Officer (Acting)

Enclosures

cc: Ms. Doris Flores Brooks, CPA, CGFM Public Auditor
File - CFO 076 14

2014 AUG -4 PM 2:03

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GUAM POWER AUTHORITY FINANCIAL STATEMENT OVERVIEW April 2014

Attached is the Financial Statements and supporting schedules for the month and fiscal year-to-date ended April 30, 2014.

Summary

The decrease in net assets for the month ended was \$0.6 million as compared to the anticipated net decrease of \$0.7 million at the beginning of the period. The total kWh sales for the month were 0.51% more than projected and non-fuel revenues were \$0.1 million less than the estimated amounts. O & M expenses for the month were \$6.1 million which was \$0.5 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 \$5.4 million which was \$1.2 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	1.01	0.87	2
Days in receivables	28	28	52
Days in payables	22	29	30
LEAC (Over)/Under Recovery balance-YTD	(\$856,973)	(\$434,981)	\$772,903
T&D Losses	6.13%	5.91%	7.00%
Debt service coverage	1.33	1.27	1.75
Long-term equity ratio	21%	21%	30-40%
Days in cash	30	20	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 \$62 million and approximately \$54 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
April 2014
Significant Assumptions

The significant assumptions in the financial statements are as follows:

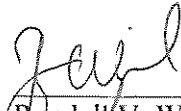
- Accrual cutoff procedures were performed at month end
- An inventory valuation is performed at year-end only
- Accounts Receivable includes accruals based on prior months' usage.

Prepared by:



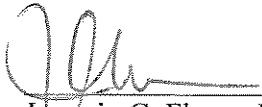
Lenora M. Sanz
Controller

Reviewed by:



Randal 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
April 30, 2014 and September 30, 2013

	Unaudited April 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	\$ 10,853,488	\$ 27,161,855	(16,308,367)
Bond indenture funds	50,842,545	75,591,572	(24,749,027)
Held by Guam Power Authority:			
Bond indenture funds	19,927,985	47,755,672	(27,827,687)
Self insurance fund-restricted	14,688,990	13,514,022	1,174,968
Total cash and cash equivalents	<u>96,313,008</u>	<u>164,023,121</u>	<u>(67,710,113)</u>
Investments by trustee for restricted purposes	<u>4,850,662</u>	<u>4,845,762</u>	<u>4,900</u>
Accounts receivable, net	46,247,833	49,939,244	(3,691,411)
Long-term receivables, net	<u>389,890</u>	<u>190,377</u>	<u>(487)</u>
Total current receivables	<u>46,637,723</u>	<u>50,329,621</u>	<u>(3,691,898)</u>
Materials and supplies inventory	18,258,077	19,585,471	(1,327,394)
Fuel inventory	68,675,285	42,390,454	26,284,831
Prepaid expenses	<u>1,190,053</u>	<u>537,109</u>	<u>652,944</u>
Total current assets	<u>235,924,808</u>	<u>281,711,538</u>	<u>(45,786,730)</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	941,195,596	931,105,289	10,090,307
Construction work in progress	62,484,054	41,327,906	21,156,148
Total	<u>1,003,679,650</u>	<u>972,433,195</u>	<u>31,246,455</u>
Less: Accumulated depreciation	<u>(459,681,660)</u>	<u>(445,698,240)</u>	<u>(13,983,420)</u>
Total utility plant	<u>543,998,590</u>	<u>526,734,955</u>	<u>17,263,635</u>
Other non-current assets:			
Investment - bond reserve funds held by trustee	49,163,401	49,278,574	(115,173)
Unamortized debt issuance costs	9,082,673	9,492,061	(409,388)
Other assets	<u>842,826</u>	<u>417,629</u>	<u>425,197</u>
Total other non-current assets	<u>59,088,900</u>	<u>59,188,264</u>	<u>(99,364)</u>
Total assets	<u>839,012,298</u>	<u>867,648,236</u>	<u>(28,635,938)</u>
Deferred outflow of resources:			
Unamortized loss on debt refunding	15,350,293	16,684,264	(733,971)
Unamortized forward delivery contract costs	<u>1,181,838</u>	<u>1,274,798</u>	<u>(92,960)</u>
Total deferred outflows of resources	<u>16,532,131</u>	<u>17,959,062</u>	<u>(826,931)</u>
	\$ 855,544,429	\$ 885,607,298	\$ (29,462,869)

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

	Unaudited April 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	18,884,302	23,137,050	(4,252,748)
Fuel	1,513,312	1,513,311	1
Accrued payroll and employees' benefits	1,183,714	1,077,440	106,274
Current portion of employees' annual leave	2,249,359	2,078,481	170,878
Interest payable	2,962,942	14,689,852	(11,726,910)
Customer deposits	8,484,691	8,041,970	442,721
Total current liabilities	61,942,879	75,912,663	(13,969,784)
Regulatory liabilities:			
Provision for self insurance	15,100,041	12,980,814	2,119,227
Total regulatory liabilities	15,100,041	12,980,814	2,119,227
Long term debt, net of current maturities			
Obligations under capital leases, net of current portion	531,100,225	545,937,741	(14,837,516)
DCRS sick leave liability	65,777,715	73,203,679	(7,425,964)
DCRS sick leave liability	2,582,611	2,582,611	0
Employees' annual leave net of current portion	1,112,489	1,112,489	0
Customer advances for construction	3,165,384	3,149,507	15,877
Total liabilities	680,781,344	714,879,504	(34,098,160)
Deferred inflows of resources:			
Unearned fuel revenue, net	22,694,925	25,208,323	(2,513,398)
Unearned forward delivery contract revenue	4,331,464	4,672,141	(340,677)
Other unearned revenues	357,000	357,000	0
Total deferred inflows of resources	27,383,389	30,237,464	(2,854,075)
Commitments and contingencies			
Net Position:			
Net investment in capital assets	37,991,218	32,028,799	5,962,419
Restricted	7,933,970	28,147,598	(20,213,628)
Unrestricted	101,454,507	79,713,932	21,740,575
Total net position	147,379,696	139,890,329	7,489,367
	\$ 855,544,432	\$ 885,092,798	\$ (29,548,366)

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

	April 30		% of change Inc/(dec)	Seven Months Ended April 30		% of change Inc/(dec)
	Unaudited 2014	Audited 2013		Unaudited 2014	Audited 2013	
Revenues						
Sales of electricity	\$ 35,845,639	\$ 36,552,638	(2)	\$ 246,887,657	\$ 253,500,515	(3)
Working Capital surcharge	590,439	922,362	(36)	3,963,334	6,607,090.23	(40)
Miscellaneous	217,402	229,569	(5)	1,147,945	1,426,201	(20)
Total	<u>36,653,480</u>	<u>37,704,569</u>	(3)	<u>251,998,936</u>	<u>261,533,806</u>	(4)
Bad debt expense	<u>(113,500)</u>	<u>(107,333)</u>	11	<u>(794,500)</u>	<u>(716,351)</u>	11
Total revenues	<u>36,539,980</u>	<u>37,602,136</u>	(3)	<u>251,204,436</u>	<u>260,817,475</u>	(4)
Operating and maintenance expenses						
Production fuel	22,637,099	24,628,458	(8)	157,249,245	169,061,507	(7)
Other production	1,572,066	2,212,446	(29)	11,160,136	11,992,874	(7)
	<u>24,209,165</u>	<u>26,840,904</u>	(10)	<u>168,409,381</u>	<u>181,059,381</u>	(7)
Depreciation	2,704,186	2,645,814	2	18,703,926	17,155,836	9
Energy conversion cost	2,740,034	1,757,458	56	11,793,023	11,652,357	1
Transmission & distribution	929,696	965,669	(4)	6,484,070	7,596,363	(9)
Customer accounting	308,226	321,994	(4)	2,233,306	2,170,045	3
Administrative & general	3,326,344	3,357,809	(1)	18,263,754	18,839,359	(3)
Total operating and maintenance expenses	<u>34,217,651</u>	<u>35,889,648</u>	(5)	<u>226,387,460</u>	<u>238,473,341</u>	(5)
Operating income	<u>2,322,329</u>	<u>1,712,588</u>	36	<u>24,916,976</u>	<u>22,344,134</u>	12
Other income (expenses)						
Interest income	57,933	244,128	(76)	806,598	1,356,650	(41)
Interest expense and amortization	(3,266,077)	(3,294,424)	(1)	(21,862,529)	(24,919,335)	(13)
Bond issuance costs	(5,006)	(299,945)	(98)	1,197	(2,099,600)	(100)
Allowance for funds used during construction	326,777	373,014	(13)	2,317,870	2,926,348	(21)
Other expense	<u>(4,291)</u>	<u>(14,473)</u>	(70)	<u>(43,523)</u>	<u>(148,143)</u>	(71)
Total other income (expenses)	<u>(2,890,664)</u>	<u>(2,991,698)</u>	(3)	<u>(18,780,387)</u>	<u>(22,884,080)</u>	(18)
Income (loss) before capital contributions	<u>(568,335)</u>	<u>(1,279,110)</u>	(56)	<u>6,136,589</u>	<u>(539,946)</u>	(1,237)
Capital contributions	<u>14,957</u>	<u>358,979</u>	(96)	<u>1,352,781</u>	<u>7,223,236</u>	(81)
Increase (decrease) in net assets	<u>(553,378)</u>	<u>(920,131)</u>	(40)	<u>7,489,370</u>	<u>6,683,290</u>	12
Total net assets at beginning of period	<u>147,933,880</u>	<u>144,861,643</u>	2	<u>139,890,329</u>	<u>137,258,222</u>	2
Total net assets at end of period	<u>\$ 147,379,701</u>	<u>\$ 143,941,512</u>	2	<u>\$ 147,379,701</u>	<u>\$ 143,941,512</u>	2

GUAM POWER AUTHORITY
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Statements of Cash Flows
Period Ended April 30, 2014

	Month Ended 4/30/2014	YTD Ended 4/30/2014
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	\$33,414,946	\$ 255,220,666
Cash payments to suppliers and employees for goods and services	<u>29,961,470</u>	<u>236,987,817</u>
Net cash provided by operating activities	\$3,453,476	18,232,850
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	57,933	806,598
Investments by trustee for restricted purposes	(4,900)	(4,900)
Net cash provided by investing activities	53,033	801,698
Cash flows from non-capital financing activities:		
Interest paid on short term debt	(6,691)	(44,189)
Provision for self insurance funds	<u>(4,185,898)</u>	<u>(1,174,968)</u>
Net cash provided by noncapital financing activities	(4,192,589)	(1,219,157)
Cash flows from capital and related financing activities:		
Acquisition of utility plant	(5,917,562)	(35,967,535)
Principal paid on bonds and other long-term debt	-	(12,310,000)
Interest paid on bonds(net of capitalized interest)	(13,196,623)	(25,187,530)
Interest paid on capital lease obligations	(1,005,655)	(6,039,881)
Interest & principal funds held by trustee	10,140,769	16,308,367
Reserve funds held by trustee	(593)	115,173
Bond funds held by trustee	3,234,970	24,749,028
Principal payment on capital lease obligations	(1,552,918)	(7,425,964)
Grant from DOI/FEMA	14,957	1,352,781
Debt issuance costs/loss on defeasance	(171,611)	(1,237,516)
Net cash provided by (used in) capital and related financing activities	<u>(8,454,266)</u>	<u>(45,643,077)</u>
Net (decrease) increase in cash and cash equivalents	(9,140,346)	(27,827,686)
Cash and cash equivalents, beginning	<u>29,068,334</u>	<u>47,755,671</u>
Cash and cash equivalents-Funds held by GPA, April 30, 2014	\$ 19,927,985	\$ 19,927,985

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

	Month Ended 4/30/2014	YTD Ended 4/30/2014
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	\$2,322,329	\$24,916,976
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	2,704,186	18,703,926
Other expense	(9,297)	(42,326)
(Increase) decrease in assets:		
Accounts receivable	(3,192,255)	3,691,898
Materials and inventory	(323,311)	1,327,394
Fuel inventory	(1,596,948)	(26,284,831)
Prepaid expenses	465,252	(652,944)
Cancelled unit	-	13,479
Unamortized debt issuance cost	58,484	409,388
Other assets	(531,230)	(425,197)
Unamortized loss on debt refunding	104,853	733,971
Unamortized forward delivery contract costs	13,280	92,960
Increase (decrease) in liabilities:		
Accounts payable-operations	3,576,820	(4,252,747)
Accrued payroll and employees' benefits	278,792	106,274
Employees' annual leave	13,371	170,878
Customers deposits	112,470	442,721
Deferred credit-self insurance funds	317,705	2,119,227
Customer advances for construction	(46,152)	15,877
Unearned forward delivery contract revenue	(48,668)	(340,677)
Unearned fuel revenue	(766,205)	(2,513,398)
Net cash provided by operating activities	\$3,453,476	\$18,232,850