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Office of the Speaker  
Judith T. Won Pat, F.C.D.

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# GUAM POWER AUTHORITY

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

## GUAM POWER AUTHORITY FINANCIAL STATEMENT OVERVIEW June 2014

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

### Summary

The increase in net assets for the month ended was \$2.5 million as compared to the anticipated net decrease of \$1.8 million at the beginning of the period. The total kWh sales for the month were 3.11% more than projected and non-fuel revenues were \$0.3 million more than the estimated amounts. O & M expenses for the month were \$5.2 million which was \$0.2 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 \$4.1 million which was \$0.1 million less 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	1.24	1.21	2
Days in receivables	31	33	52
Days in payables	27	24	30
LEAC (Over)/Under Recovery balance-YTD	(\$82,123)	(\$328,327)	\$364,376
T&D Losses	5.73%	5.94%	7.00%
Debt service coverage	1.31	1.35	1.75
Long-term equity ratio	21%	21%	30-40%
Days in cash	41	38	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 \$77 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.

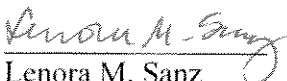
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**Financial Statement**  
**June 2014**  
**Significant Assumptions**


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.

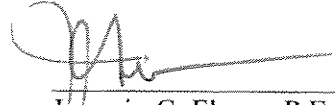
Prepared by:

  
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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**  
**June 30, 2014 and September 30, 2013**

	Unaudited June 2014	Audited September 2013	Change from Sept 30 2013
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>Current assets:</b>			
<b>Cash and cash equivalents</b>			
Held by trustee for restricted purposes			
Interest and principal funds	\$ 12,777,767	\$ 27,161,855	\$ (14,384,088)
Bond indenture funds	44,702,929	75,591,572	(30,888,643)
Held by Guam Power Authority:			
Bond indenture funds	37,174,415	47,755,672	(10,581,257)
Self insurance fund-restricted	15,922,118	13,514,022	2,408,096
Total cash and cash equivalents	<u>110,577,229</u>	<u>164,023,121</u>	<u>(53,445,892)</u>
Investments by trustee for restricted purposes	<u>4,855,561</u>	<u>4,845,762</u>	<u>9,799</u>
Accounts receivable, net	51,937,651	49,939,244	1,998,409
Long-term receivables, net	<u>189,890</u>	<u>390,377</u>	<u>(487)</u>
Total current receivables	<u>52,327,543</u>	<u>50,329,621</u>	<u>1,997,922</u>
Materials and supplies inventory	18,184,091	19,585,471	(1,201,380)
Fuel inventory	48,526,377	42,190,454	6,135,923
Prepaid expenses	<u>1,356,527</u>	<u>537,169</u>	<u>819,418</u>
Total current assets	<u>236,027,328</u>	<u>281,711,538</u>	<u>(45,684,210)</u>
<b>Regulatory assets:</b>			
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>
<b>Utility plant, at cost:</b>			
Electric plant in service	943,469,195	931,105,289	12,363,906
Construction work in progress	69,569,179	41,327,906	28,241,273
Total	<u>1,013,038,374</u>	<u>972,433,195</u>	<u>40,605,179</u>
Less: Accumulated depreciation	<u>(464,777,354)</u>	<u>(445,698,240)</u>	<u>(19,079,114)</u>
Total utility plant	<u>548,261,020</u>	<u>526,734,955</u>	<u>21,526,065</u>
<b>Other non-current assets:</b>			
Investment - bond reserve funds held by trustee	49,164,575	49,278,574	(113,999)
Unamortized debt issuance costs	8,965,705	9,492,061	(526,356)
Other assets	<u>275,549</u>	<u>417,629</u>	<u>(142,080)</u>
Total other non-current assets	<u>58,405,829</u>	<u>59,188,264</u>	<u>(782,435)</u>
Total assets	<u>842,694,177</u>	<u>867,648,236</u>	<u>(24,954,059)</u>
<b>Deferred outflow of resources:</b>			
Unamortized loss on debt refunding	15,140,587	16,084,264	(943,677)
Unamortized forward delivery contract costs	<u>1,155,278</u>	<u>1,274,798</u>	<u>(119,520)</u>
Total deferred outflows of resources	<u>16,295,865</u>	<u>17,359,062</u>	<u>(1,063,197)</u>
	<b>\$ 858,998,042</b>	<b>\$ 885,007,298</b>	<b>\$ (26,017,256)</b>

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

	Unaudited June 2014	Audited September 2013	Change from Sept 30 2013
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
<b>Current liabilities</b>			
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	15,422,595	23,137,050	(7,714,455)
Fuel	1,513,312	1,513,311	1
Accrued payroll and employees' benefits	1,940,009	1,077,440	862,569
Current portion of employees' annual leave	2,145,526	2,078,481	67,045
Interest payable	7,473,430	14,689,852	(7,216,422)
Customer deposits	8,483,811	8,041,970	441,841
<b>Total current liabilities</b>	<b>63,643,242</b>	<b>75,912,663</b>	<b>(12,269,421)</b>
<b>Regulatory liabilities:</b>			
Provision for self insurance	15,770,780	12,980,814	2,789,966
<b>Total regulatory liabilities</b>	<b>15,770,780</b>	<b>12,980,814</b>	<b>2,789,966</b>
Long term debt, net of current maturities	530,757,003	545,937,741	(15,180,738)
Obligations under capital leases, net of current portion	63,556,910	73,203,679	(9,646,769)
DORS 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	3,167,311	3,149,507	17,804
<b>Total liabilities</b>	<b>680,590,346</b>	<b>714,879,504</b>	<b>(34,289,158)</b>
<b>Deferred inflows of resources:</b>			
Unearned fuel revenue, net	21,634,731	25,208,323	(3,573,592)
Unearned forward delivery contract revenue	4,234,128	4,672,141	(438,013)
Other unearned revenues	357,000	357,000	0
<b>Total deferred inflows of resources</b>	<b>26,225,859</b>	<b>30,237,464</b>	<b>(4,011,605)</b>
<b>Commitments and contingencies</b>			
<b>Net Position:</b>			
Net investment in capital assets	38,827,052	32,028,799	6,798,253
Restricted	16,470,202	28,147,598	(11,677,396)
Unrestricted	96,876,581	79,713,932	17,162,650
<b>Total net position</b>	<b>152,173,837</b>	<b>139,890,329</b>	<b>12,283,508</b>
	<b>\$ 858,990,047</b>	<b>\$ 845,007,298</b>	<b>\$ (26,017,256)</b>

**GUAM POWER AUTHORITY**  
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**Statement of Revenues, Expenses and Changes in Net Assets**

	June 30			Nine Months Ended June 30		
	Unaudited 2014	Audited 2013	% of change Inc (dec)	Unaudited 2014	Audited 2013	% of change Inc (dec)
<b>Revenues</b>						
Sales of electricity	\$ 37,512,279	\$ 37,864,720	(1)	\$ 322,135,302	\$ 330,391,906	(2)
Working Capital surcharge	612,821	1,007,483	(39)	5,198,432	8,613,019.64	(40)
Miscellaneous	320,272	187,162	71	1,518,035	1,885,781	(20)
Total	<u>38,444,572</u>	<u>39,059,365</u>	(2)	<u>328,851,769</u>	<u>340,890,707</u>	(4)
Bad debt expense	(113,590)	(102,333)	11	(1,021,500)	(920,997)	11
Total revenues	<u>38,331,072</u>	<u>38,957,032</u>	(2)	<u>327,830,269</u>	<u>339,969,710</u>	(4)
<b>Operating and maintenance expenses</b>						
Production fuel	23,687,853	25,759,092	(8)	204,723,796	221,625,583	(8)
Other production	1,618,974	2,124,826	(23)	14,199,334	16,290,203	(13)
	<u>25,306,827</u>	<u>27,883,918</u>	(9)	<u>218,923,130</u>	<u>237,915,786</u>	(8)
Depreciation	2,573,802	2,590,275	(1)	23,888,556	22,336,975	7
Energy conversion cost	1,804,886	1,745,867	3	15,421,630	15,117,353	2
Transmission & distribution	1,006,240	1,053,816	(5)	8,905,040	9,730,408	(8)
Customer accounting	286,206	324,872	(12)	2,823,411	2,841,760	(1)
Administrative & general	2,244,985	2,175,948	3	23,239,297	23,609,788	(2)
Total operating and maintenance expenses	<u>33,222,946</u>	<u>35,774,696</u>	(7)	<u>293,201,064</u>	<u>311,552,070</u>	(6)
<b>Operating income</b>	<u>5,108,126</u>	<u>3,182,336</u>	61	<u>34,629,205</u>	<u>28,417,640</u>	22
<b>Other income (expenses)</b>						
Interest income	51,247	136,736	(63)	916,308	1,608,039	(43)
Interest expense and amortization	(3,068,052)	(3,273,881)	(6)	(28,609,951)	(31,477,420)	(11)
Bond issuance costs	(5,006)	(299,943)	(98)	(8,815)	(2,699,486)	(100)
Allowance for funds used during construction	330,619	394,697	(16)	2,997,256	3,723,644	(20)
Other expense	(4,291)	(14,473)	(70)	(52,168)	(177,089)	(71)
Total other income (expenses)	<u>(2,695,483)</u>	<u>(3,056,864)</u>	(12)	<u>(24,157,310)</u>	<u>(29,022,312)</u>	(17)
<b>Income (loss) before capital contributions</b>	<u>2,412,643</u>	<u>125,472</u>	1,823	<u>10,471,895</u>	<u>(604,672)</u>	(1,832)
<b>Capital contributions</b>	<u>68,846</u>	<u>337,029</u>	(80)	<u>1,811,611</u>	<u>7,895,058</u>	(77)
<b>Increase (decrease) in net assets</b>	<u>2,481,489</u>	<u>462,501</u>	437	<u>12,283,506</u>	<u>7,290,386</u>	68
<b>Total net assets at beginning of period</b>	<u>149,692,348</u>	<u>144,086,107</u>	4	<u>139,890,329</u>	<u>137,258,222</u>	2
<b>Total net assets at end of period</b>	<u>\$ 152,173,837</u>	<u>\$ 144,548,608</u>	5	<u>\$ 152,173,837</u>	<u>\$ 144,548,608</u>	5

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

	Month Ended 6/30/2014	YTD Ended 6/30/2014
<b>Increase(decrease) in cash and cash equivalents</b>		
Cash flows from operating activities:		
Cash received from customers	\$36,784,568	\$ 326,178,879
Cash payments to suppliers and employees for goods and services	<u>35,375,765</u>	<u>281,275,645</u>
Net cash provided by operating activities	\$1,408,803	44,903,233
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	51,247	916,308
Investments by trustee for restricted purposes	-	(9,799)
Net cash provided by investing activities	51,247	906,509
Cash flows from non-capital financing activities		
Interest paid on short term debt	(6,782)	(54,670)
Provision for self insurance funds	<u>(338,502)</u>	<u>(2,408,096)</u>
Net cash provided by noncapital financing activities	(345,284)	(2,462,766)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(3,064,134)	(45,414,464)
Principal paid on bonds and other long-term debt	-	(12,310,000)
Interest paid on bonds(net of capitalized interest)	330,619	(24,508,144)
Interest paid on capital lease obligations	(807,630)	(7,666,459)
Interest & principal funds held by trustee	(3,387,497)	14,384,088
Reserve funds held by trustee	(596)	113,999
Bond funds held by trustee	3,533,788	30,888,644
Principal payment on capital lease obligations	(1,116,061)	(9,646,769)
Grant from DOI/FEMA	68,846	1,811,611
Debt issuance costs/loss on defeasance	(171,611)	(1,580,738)
Net cash provided by (used in) capital and related financing activities	<u>(4,614,276)</u>	<u>(53,928,232)</u>
Net (decrease) increase in cash and cash equivalents	(3,499,511)	(10,581,256)
Cash and cash equivalents, beginning	<u>40,673,926</u>	<u>47,755,671</u>
<b>Cash and cash equivalents-Funds held by GPA, June 30, 2014</b>	<b>\$ <u>37,174,415</u></b>	<b>\$ <u>37,174,415</u></b>

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

	Month Ended 6/30/2014	YTD Ended 6/30/2014
<b>Reconciliation of operating earnings to net cash provided</b>		
<b>by operating activities:</b>		
Operating earnings net of depreciation expense and excluding interest income	\$5,108,126	\$34,629,205
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	2,573,802	23,888,556
Other expense	(9,312)	(60,923)
(Increase) decrease in assets:		
Accounts receivable	(1,549,256)	(1,997,922)
Materials and inventory	(451,857)	1,201,380
Fuel inventory	(2,472,623)	(6,135,923)
Prepaid expenses	(83,237)	(819,418)
Cancelled unit	-	13,479
Unamortized debt issuance cost	58,484	526,356
Other assets	6,044	142,080
Unamortized loss on debt refunding	104,853	943,677
Unamortized forward delivery contract costs	13,280	119,520
Increase (decrease) in liabilities:		
Accounts payable-operations	(1,969,113)	(7,714,454)
Accrued payroll and employees' benefits	372,155	862,569
Employees' annual leave	(52,623)	67,045
Customers deposits	(327)	441,841
Deferred credit-self insurance funds	332,245	2,789,966
Customer advances for construction	-	17,804
Unearned forward delivery contract revenue	(48,668)	(438,013)
Unearned fuel revenue	(523,170)	(3,573,592)
<b>Net cash provided by operating activities</b>	<b>\$1,408,803</b>	<b>\$44,903,233</b>