

Office of the Speaker
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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 August 2014

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

Summary

The increase in net assets for the month ended was \$2.6 million as compared to the anticipated net increase of \$3.0 million at the beginning of the period. The total kWh sales for the month were 4.08% less than projected and non-fuel revenues were \$0.5 million less than estimated amounts. O & M expenses for the month were \$4.1 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 \$4.3 million which was just over 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	1.12	1.03	2
Days in receivables	31	31	52
Days in payables	28	28	30
LEAC (Over)/Under Recovery balance-YTD	\$636,943	\$2,061,832	\$2,513,105
T&D Losses	5.12%	5.34%	7.00%
Debt service coverage	1.38	1.41	1.75
Long-term equity ratio	21%	22%	30-40%
Days in cash	36	33	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 \$68 million and approximately \$70 million in cash and current receivables. The LEAC under recovery for the month is \$1.4 million. The Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

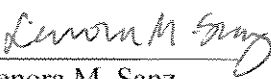
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Financial Statement
August 2014
Significant Assumptions

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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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
August 31, 2014 and September 30, 2013

	Unaudited August 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	\$ 19,552,908	\$ 27,161,855	\$ (7,608,947)
Bond indenture funds	17,509,830	75,591,572	(58,081,742)
Held by Guam Power Authority:			
Bond indenture funds	32,686,177	47,755,672	(15,069,495)
Self insurance fund-restricted	16,601,260	13,514,022	3,087,238
Total cash and cash equivalents	<u>106,350,175</u>	<u>164,023,121</u>	<u>(57,672,946)</u>
Investments by trustee for restricted purposes	<u>4,855,561</u>	<u>4,845,762</u>	<u>9,799</u>
Accounts receivable, net	49,133,940	49,939,244	(805,304)
Long-term receivables, net	<u>0</u>	<u>390,337</u>	<u>(390,337)</u>
Total current receivables	<u>49,133,940</u>	<u>50,329,621</u>	<u>(1,195,681)</u>
Materials and supplies inventory	18,104,081	19,585,471	(1,481,390)
Fuel inventory	55,240,254	42,190,454	12,849,800
Prepaid expenses	<u>974,511</u>	<u>537,109</u>	<u>437,402</u>
Total current assets	<u>234,658,522</u>	<u>281,711,538</u>	<u>(47,053,016)</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	947,999,378	931,105,289	16,894,089
Construction work in progress	76,210,315	41,327,906	34,882,409
Total	<u>1,024,209,693</u>	<u>972,433,195</u>	<u>51,776,498</u>
Less: Accumulated depreciation	<u>(469,740,510)</u>	<u>(445,698,240)</u>	<u>(24,042,290)</u>
Total utility plant	<u>554,469,183</u>	<u>526,734,955</u>	<u>27,734,208</u>
Other non-current assets:			
Investment - bond reserve funds held by trustee	49,165,747	49,278,574	(112,827)
Unamortized debt issuance costs	8,739,740	9,492,061	(752,321)
Other assets	<u>259,180</u>	<u>417,629</u>	<u>(158,449)</u>
Total other non-current assets	<u>58,164,667</u>	<u>59,188,264</u>	<u>(1,023,597)</u>
Total assets	<u>847,292,352</u>	<u>867,648,236</u>	<u>(20,355,884)</u>
Deferred outflow of resources:			
Unamortized loss on debt refunding	14,930,881	16,084,264	(1,153,383)
Unamortized forward delivery contract costs	<u>1,128,718</u>	<u>1,274,798</u>	<u>(146,080)</u>
Total deferred outflows of resources	<u>16,059,599</u>	<u>17,359,062</u>	<u>(1,299,463)</u>
	<u>\$ 863,351,951</u>	<u>\$ 885,007,298</u>	<u>\$ (21,655,347)</u>

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

	Unaudited August 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	15,967,118	23,137,050	(7,279,932)
Fuel	1,513,312	1,513,311	1
Accrued payroll and employees' benefits	905,135	1,077,440	(172,305)
Current portion of employees' annual leave	2,159,360	2,078,481	80,879
Interest payable	11,981,359	14,689,852	(2,708,493)
Customer deposits	8,582,389	8,041,970	540,419
Total current liabilities	<u>67,713,232</u>	<u>75,912,663</u>	<u>(8,199,431)</u>
Regulatory liabilities			
Provision for self insurance	16,399,482	12,980,814	3,418,668
Total regulatory liabilities	<u>16,399,482</u>	<u>12,980,814</u>	<u>3,418,668</u>
Long-term debts, net of current maturities	530,413,781	545,937,741	(15,523,960)
Obligations under capital leases, net of current portion	61,290,359	73,203,679	(11,913,320)
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	3,169,845	3,149,507	20,338
Total liabilities	<u>682,681,799</u>	<u>714,879,504</u>	<u>(32,197,705)</u>
Deferred inflows of resources			
Unearned fuel revenue, net	19,584,848	25,208,323	(5,623,475)
Unearned forward delivery contract revenue	4,136,792	4,672,141	(535,349)
Other unearned revenues	357,000	357,000	0
Total deferred inflows of resources	<u>24,078,640</u>	<u>30,237,464</u>	<u>(6,158,824)</u>
Commitments and contingencies			
Net Position:			
Net investment in capital assets	40,450,146	32,028,799	8,421,347
Restricted	18,737,905	28,147,598	(9,409,693)
Unrestricted	97,403,461	79,713,932	17,689,529
Total net position	<u>156,591,512</u>	<u>139,890,329</u>	<u>16,701,183</u>
	<u>\$ 863,351,951</u>	<u>\$ 885,097,798</u>	<u>\$ (21,745,847)</u>

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

	August 31		% of change Inc./dec.	Eleven Months Ended August 31		% of change Inc./dec.
	Unaudited 2014	Audited 2013		Unaudited 2014	Audited 2013	
Revenues						
Sales of electricity	\$ 35,106,744	\$ 36,126,666	(3)	\$ 393,842,809	\$ 402,592,825	(2)
Working Capital surcharge	569,645	1,006,876	(43)	6,369,820	10,587,243.84	(40)
Miscellaneous	131,679	329,172	(60)	1,708,010	2,499,992	(32)
Total	<u>35,808,068</u>	<u>37,462,714</u>	(4)	<u>401,920,639</u>	<u>415,680,061</u>	(3)
Bad debt expense	(113,500)	(107,131)	11	(1,248,500)	(1,125,001)	11
Total revenues	<u>35,694,568</u>	<u>37,355,583</u>	(4)	<u>400,672,139</u>	<u>414,555,060</u>	(3)
Operating and maintenance expenses						
Production fuel	22,217,826	24,648,552	(10)	250,043,467	271,593,120	(8)
Other production	986,080	1,505,696	(35)	16,587,994	19,367,810	(14)
Total	<u>23,203,906</u>	<u>26,154,248</u>	(11)	<u>266,631,461</u>	<u>290,960,930</u>	(8)
Depreciation	2,371,251	3,347,352	(29)	28,944,403	27,976,466	3
Energy conversion cost	1,763,730	1,722,716	2	18,940,201	18,564,680	2
Transmission & distribution	784,324	683,002	15	10,830,742	11,778,654	(8)
Customer accounting	318,022	187,806	69	3,459,510	3,400,811	2
Administrative & general	1,998,920	2,344,134	(15)	27,387,976	28,313,083	(3)
Total operating and maintenance expenses	<u>30,440,153</u>	<u>34,439,258</u>	(12)	<u>356,200,293</u>	<u>380,994,624</u>	(7)
Operating income	<u>5,254,415</u>	<u>2,916,325</u>	80	<u>44,471,846</u>	<u>33,560,436</u>	33
Other income (expenses)						
Interest income	58,619	144,299	(59)	1,040,969	1,888,794	(43)
Interest expense and amortization	(3,045,861)	(3,274,004)	(7)	(34,113,628)	(38,014,876)	(10)
Bond issuance costs	(14,915)	(299,943)	(95)	(137,824)	(1,299,172)	(96)
Allowance for funds used during construction	326,393	379,804	(14)	3,653,682	4,333,507	(16)
Other expense	(4,288)	(14,473)	(70)	(69,695)	(206,035)	(21)
Total other income (expenses)	<u>(2,679,252)</u>	<u>(3,064,317)</u>	(13)	<u>(29,605,491)</u>	<u>(33,297,982)</u>	(10)
Income (loss) before capital contributions	<u>2,575,163</u>	<u>(148,032)</u>	(1,898)	<u>14,866,355</u>	<u>(1,737,208)</u>	(955)
Capital contributions	<u>17,777</u>	<u>(53,827)</u>	(133)	<u>1,034,528</u>	<u>8,206,564</u>	(78)
Increase (decrease) in net assets	<u>2,592,940</u>	<u>(197,071)</u>	(1,416)	<u>16,701,183</u>	<u>6,468,356</u>	158
Total net assets at beginning of period	<u>153,998,572</u>	<u>143,923,649</u>	7	<u>139,890,329</u>	<u>137,288,222</u>	2
Total net assets at end of period	<u>\$ 156,591,512</u>	<u>\$ 143,726,578</u>	9	<u>\$ 156,591,512</u>	<u>\$ 143,726,578</u>	9

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

	Month Ended 8/31/2014	YTD Ended 8/31/2014
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	\$37,503,038	\$ 402,309,795
Cash payments to suppliers and employees for goods and services	<u>31,367,478</u>	<u>346,969,239</u>
Net cash provided by operating activities	\$6,135,560	55,340,555
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	58,619	1,040,969
Investments by trustee for restricted purposes	-	(9,799)
Net cash provided by investing activities	58,619	1,031,170
Cash flows from non-capital financing activities		
Interest paid on short term debt	(6,103)	(67,430)
Provision for self insurance funds	<u>(331,962)</u>	<u>(3,087,238)</u>
Net cash provided by noncapital financing activities	(338,065)	(3,154,668)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(7,270,319)	(56,678,605)
Principal paid on bonds and other long-term debt	-	(12,310,000)
Interest paid on bonds(net of capitalized interest)	326,393	(23,851,718)
Interest paid on capital lease obligations	(784,639)	(9,247,293)
Interest & principal funds held by trustee	(3,387,603)	7,608,947
Reserve funds held by trustee	(596)	112,827
Bond funds held by trustee	3,649,346	38,081,743
Principal payment on capital lease obligations	(1,139,053)	(11,913,320)
Grant from DOI/FEMA	17,777	1,834,828
Debt issuance costs/loss on defeasance	(171,611)	(1,923,960)
Net cash provided by (used in) capital and related financing activities	<u>(8,760,306)</u>	<u>(68,286,551)</u>
Net (decrease) increase in cash and cash equivalents	(2,904,191)	(15,069,494)
Cash and cash equivalents, beginning	<u>35,590,368</u>	<u>47,755,671</u>
Cash and cash equivalents-Funds held by GPA, August 31, 2014	\$ 32,686,177	\$ 32,686,177

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

	Month Ended 8/31/2014	YTD Ended 8/31/2014
Reconciliation of operating earnings to net cash provided		
by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	\$5,254,415	\$44,471,846
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	2,371,251	28,944,403
Other expense	(19,206)	(188,519)
(Increase) decrease in assets:		
Accounts receivable	1,808,889	1,195,681
Materials and inventory	232,673	1,481,390
Fuel inventory	(2,927,179)	(12,849,800)
Prepaid expenses	465,252	(437,402)
Cancelled unit	-	13,479
Unamortized debt issuance cost	68,393	752,321
Other assets	29,096	158,449
Unamortized loss on debt refunding	104,853	1,153,383
Unamortized forward delivery contract costs	13,280	146,080
Increase (decrease) in liabilities:		
Accounts payable-operations	24,739	(7,229,931)
Accrued payroll and employees' benefits	44,643	(172,305)
Employees' annual leave	(20,011)	80,879
Customers deposits	(419)	540,419
Deferred credit-self insurance funds	304,578	3,418,668
Customer advances for construction	-	20,338
Unearned forward delivery contract revenue	(48,668)	(535,349)
Unearned fuel revenue	(1,571,019)	(5,623,475)
Net cash provided by operating activities	\$6,135,560	\$55,340,555