



GUAM POWER AUTHORITY

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

November 18, 2015

33-15-1139

Office of the Speaker
Judith T. Won Pat, Ed. D.

Senator Judith T. Won Pat, Ed. D., Speaker
Office of the Speaker
I Mina' Trentai Tres Na Liheslaturan Guahan
33rd Guam Legislature
155 Hesler Place
Hagatna, Guam 96910

Date: 11/21/2015

Time: 3:03 PM

Received by: Michelle Manibason

**SUBJECT: GPA Financial Statements
July - Sept 2015**

Dear Honorable Speaker Won Pat:

Enclosed is the Guam Power Authority's Financial Statements for the months of July thru September 2015, submitted in accordance with Public Law 30-55 Chapter XIII §4.

Should you require further information, please feel free to contact me at 648-3120 or email jjekim@gpagwa.com.

Sincerely,

John J.E. Kim
Chief Financial Officer

cc: Ms. Doris Flores Brooks, CPA, CGFM Public Auditor
File CFO 021 16

2015 DEC -3 PM 4:24



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GUAM POWER AUTHORITY FINANCIAL STATEMENT OVERVIEW July 2015

Attached are the financial statements and supporting schedules for the month and fiscal year ended July 31, 2015.

Summary

The decrease in net assets for the month ended was \$0.5 million as compared to the anticipated net increase of \$0.7 million at the beginning of the year. The total kWh sales for the month were 0.41% less than projected and non-fuel revenues were \$2.6M less than the estimated amounts. This is primarily due to a cumulative adjustment that was effected in July. O & M expenses for the month were \$5.7 million which was \$0.1 million under our projections for this month. Other expenses for the month such as interest expense, IPP costs, (net of interest income and other income) totaled to \$4.0 million which was about \$0.6 million less than the projected amount. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	0.97	1.15	2
Days in Receivables	28	25	52
Days in Payables	40	21	30
LEAC (Over)/Under Recovery Balance -YTD	(\$3,502,776)	(\$2,120,047)	(\$3,100,000)
T&D Losses	4.52%	5.47%	7.00%
Debt Service Coverage	1.17	1.41	1.75
Long-term equity ratio	19%	19%	30 - 40%
Days in Cash	63	69	60


The Quick Ratio reflects the basic challenge facing GPA. GPA has current obligations of approximately \$71.7 million and approximately \$82.2 million in cash and current receivables. The LEAC under recovery for the month is \$1.7 million. The Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
July 2015
Significant Assumptions

The significant assumptions in the financial statements are as follows:

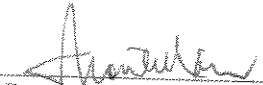
- Accrual cutoff procedures were performed at month end
- An inventory valuation is performed at year-end only
- Accounts Receivable includes accruals based on prior months' usage.

Prepared by:



Lenora M. Sanz
Controller

Reviewed by:



Corazon Montellano
Chief Financial Officer(A)

Approved by:



John M. Benavente, P.E.
General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
July 31, 2015 and September 30, 2014

	Unaudited July 2015	Audited September 2014	Change from Sept 30 2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	\$ 18,497,513	\$ 27,962,589	\$ (9,464,056)
Bond indenture funds	87,331,466	112,486,449	(25,154,983)
Held by Guam Power Authority:			
Bond indenture funds	55,612,826	61,524,266	(5,911,440)
Self insurance fund-restricted	20,128,742	16,937,712	3,191,030
Total cash and cash equivalents	<u>181,570,647</u>	<u>218,910,996</u>	<u>(37,340,349)</u>
Accounts receivable, net	<u>32,821,721</u>	<u>44,388,260</u>	<u>(11,566,539)</u>
Total current receivables	<u>32,821,721</u>	<u>44,388,260</u>	<u>(11,566,539)</u>
Materials and supplies inventory	18,830,776	18,044,145	786,631
Fuel inventory	34,746,343	58,035,227	(23,288,884)
Prepaid expenses	857,743	509,259	348,484
Total current assets	<u>268,827,230</u>	<u>339,887,867</u>	<u>(71,060,657)</u>
Utility plant, at cost:			
Electric plant in service	1,019,530,165	953,835,617	65,694,548
Construction work in progress	28,574,289	68,834,656	(42,260,367)
Total	<u>1,048,104,454</u>	<u>1,022,670,273</u>	<u>23,434,181</u>
Less: Accumulated depreciation	(501,697,500)	(468,978,040)	(31,719,460)
Total utility plant	<u>546,406,954</u>	<u>553,692,233</u>	<u>(8,285,279)</u>
Other non-current assets:			
Investment - bond reserve funds held by trustee	54,249,843	54,357,327	(107,684)
Unamortized debt issuance costs	5,118,505	5,490,555	(372,050)
Other assets	3,491	262,193	(258,702)
Total other non-current assets	<u>59,371,839</u>	<u>60,110,075</u>	<u>(738,236)</u>
Total assets	<u>872,605,823</u>	<u>952,690,195</u>	<u>(80,084,372)</u>
Deferred outflow of resources:			
Unamortized loss on debt refunding	14,185,858	14,828,028	(642,170)
Unamortized forward delivery contract costs	982,638	1,115,438	(132,800)
Total deferred outflows of resources	<u>15,168,496</u>	<u>15,943,466</u>	<u>(774,970)</u>
	<u>\$ 887,774,319</u>	<u>\$ 968,633,661</u>	<u>\$ (80,857,342)</u>

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Assets, Continued
July 31, 2015 and September 30, 2014

	Unaudited July 2015	Audited September 2014	Change from Sept 30 2014
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	\$ 14,265,000	\$ 13,600,000	\$ 665,000
Current obligations under capital leases	16,460,075	19,774,245	-2,314,170
Accounts payable			
Operations	17,016,904	48,628,438	(31,611,534)
Fuel	0	1,513,312	(1,513,312)
Others	602,989	1,111,969	(508,980)
Accrued payroll and employees' benefits	824,205	1,332,009	(507,804)
Current portion of employees' annual leave	2,698,467	2,440,368	258,099
Interest payable	10,628,144	14,235,177	(3,607,033)
Customer deposits	9,165,323	8,458,744	706,579
	<u>71,661,107</u>	<u>110,094,262</u>	<u>(38,433,155)</u>
Regulatory liabilities:			
Provision for self insurance	19,654,015	16,688,373	2,965,642
	<u>19,654,015</u>	<u>16,688,373</u>	<u>2,965,642</u>
Long term debt, net of current maturities:			
Obligations under capital leases, net of current portion	598,133,350	614,543,460	(16,410,110)
DCRS sick leave liability	39,378,225	54,429,945	(15,051,720)
Employees' annual leave net of current portion	2,842,985	2,842,965	0
Customer advances for construction	741,191	741,191	0
	<u>3,275,455</u>	<u>3,170,746</u>	<u>104,709</u>
	<u>735,686,328</u>	<u>802,510,962</u>	<u>(66,824,634)</u>
Deferred inflows of resources:			
Unearned fuel revenue, net	3,523,343	17,486,278	(13,962,935)
Unearned forward delivery contract revenue	3,601,442	4,088,123	(486,681)
Other unearned revenues	357,000	357,000	0
	<u>7,481,785</u>	<u>21,931,401</u>	<u>(14,449,616)</u>
Commitments and contingencies			
Net Position:			
Net investment in capital assets	17,094,484	27,277,802	(10,183,318)
Restricted	16,129,573	29,902,357	(11,772,784)
Unrestricted	109,382,147	87,009,138	22,373,009
	<u>144,606,205</u>	<u>144,189,298</u>	<u>416,907</u>
	<u>\$ 887,774,319</u>	<u>\$ 968,631,661</u>	<u>\$ (80,857,342)</u>

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

	July 31			Ten Months Ended July 31		
	Unaudited 2015	Audited 2014	% of change inc (dec)	Unaudited 2015	Audited 2014	% of change inc (dec)
Revenues						
Sales of electricity	\$ 26,393,545	\$ 36,600,763	(28)	\$ 302,753,519	\$ 358,736,056	(16)
Working Capital surcharge	555,104	601,742	(8)	5,817,895	5,709,944	2
Miscellaneous	139,318	58,297	139	1,472,737	1,666,562	(12)
Total	<u>27,087,967</u>	<u>37,260,802</u>	(27)	<u>310,043,951</u>	<u>366,112,571</u>	(15)
Bad debt expense	<u>(120,500)</u>	<u>(113,500)</u>	6	<u>(1,205,000)</u>	<u>(1,135,000)</u>	6
Total revenues	<u>26,967,467</u>	<u>37,147,302</u>	(27)	<u>308,838,951</u>	<u>364,977,571</u>	(15)
Operating and maintenance expenses						
Production fuel	14,286,648	23,101,845	(38)	174,919,615	227,825,641	(23)
Other production	2,123,097	1,402,580	51	16,569,963	15,601,914	6
	<u>16,409,745</u>	<u>24,504,425</u>	(33)	<u>191,489,578</u>	<u>243,427,555</u>	(21)
Depreciation	3,487,975	2,684,598	30	33,204,457	26,573,152	25
Energy conversion cost	1,486,232	1,754,841	(15)	16,575,913	17,176,471	(3)
Transmission & distribution	1,072,878	1,147,378	(6)	10,133,185	10,052,418	1
Customer accounting	311,160	318,077	(2)	3,067,857	3,141,488	(2)
Administrative & general	2,145,184	2,149,759	(1)	24,816,247	25,389,054	(2)
Total operating and maintenance expenses	<u>24,913,174</u>	<u>32,559,076</u>	(23)	<u>279,307,037</u>	<u>325,760,138</u>	(14)
Operating income	<u>2,054,293</u>	<u>4,588,226</u>	(55)	<u>29,531,914</u>	<u>39,217,433</u>	(25)
Other income (expenses)						
Interest income	51,362	66,042	(22)	800,471	982,350	(19)
Interest expense and amortization	(3,093,357)	(3,056,615)	1	(32,245,293)	(31,066,567)	4
Bond issuance costs	100,009	(104,094)	(196)	781,935	(112,900)	(793)
Allowance for funds used during construction	390,491	330,033	18	4,889,183	3,327,289	47
Other expense	(28,374)	(4,291)	561	(3,886,832)	(56,390)	5,793
Total other income (expenses)	<u>(2,579,868)</u>	<u>(2,768,926)</u>	(7)	<u>(29,860,536)</u>	<u>(26,929,227)</u>	10
Income (loss) before capital contributions	(525,578)	1,819,300	(129)	(128,622)	12,291,206	(101)
Capital contributions	0	5,440	(100)	545,530	1,817,051	(70)
Increase (decrease) in net assets	(525,578)	1,824,740	(129)	416,908	14,108,257	(97)
Total net assets at beginning of period	<u>145,131,782</u>	<u>154,422,266</u>	(6)	<u>144,189,298</u>	<u>142,138,749</u>	1
Total net assets at end of period	<u>\$ 144,606,206</u>	<u>\$ 156,247,006</u>	(7)	<u>\$ 144,606,206</u>	<u>\$ 156,247,006</u>	(7)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended July 31, 2015

	Month Ended 7/31/2015	YTD Ended 7/31/2015
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	\$34,547,971	\$ 320,196,495
Cash payments to suppliers and employees for goods and services	<u>26,262,471</u>	<u>272,311,377</u>
Net cash provided by operating activities	\$8,285,500	47,885,117
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	<u>51,362</u>	<u>800,471</u>
Net cash provided by investing activities	51,362	800,471
Cash flows from non-capital financing activities		
Interest paid on short term debt	(26,909)	(95,683)
Provision for self insurance funds	<u>(338,709)</u>	<u>(3,191,030)</u>
Net cash provided by noncapital financing activities	(365,618)	(3,286,713)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(1,448,023)	(24,919,181)
Principal paid on bonds and other long-term debt	-	(13,600,000)
Interest paid on bonds(net of capitalized interest)	390,491	(23,555,086)
Interest paid on capital lease obligations	(599,973)	(7,312,373)
Interest & principal funds held by trustee	(2,091,489)	9,464,956
Reserve funds held by trustee	(639)	107,684
Bond funds held by trustee	534,346	25,154,983
Principal payment on capital lease obligations	(1,132,485)	(15,051,720)
Grant from DOI/FEMA	-	545,530
Debt issuance costs/loss on defeasance	(214,511)	(2,145,110)
Net cash provided by (used in) capital and related financing activities	<u>(4,562,283)</u>	<u>(51,310,317)</u>
Net (decrease) increase in cash and cash equivalents	3,408,962	(5,911,442)
Cash and cash equivalents, beginning	<u>52,203,862</u>	<u>61,524,266</u>
Cash and cash equivalents-Funds held by GPA, July 31, 2015	\$ <u>55,612,824</u>	\$ <u>55,612,824</u>

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended July 31, 2015

	Month Ended 7/31/2015	YTD Ended 7/31/2015
Reconciliation of operating earnings to net cash provided		
by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	\$2,410,292	\$29,531,914
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,487,975	33,204,457
Other expense	71,635	(3,104,897)
(Increase) decrease in assets:		
Accounts receivable	7,189,089	11,566,539
Materials and inventory	(275,948)	(786,631)
Fuel inventory	15,102,658	23,288,884
Prepaid expenses	61,483	(348,484)
Unamortized debt issuance cost	37,205	372,050
Other assets	1,836	258,702
Unamortized loss on debt refunding	64,017	640,170
Unamortized forward delivery contract costs	13,280	132,800
Increase (decrease) in liabilities:		
Current obligation under capital leases	-	(2,314,170)
Accounts payable-operations	(15,910,584)	(33,124,846)
Accounts payable-others	-	(508,980)
Accrued payroll and employees' benefits	(1,173,564)	(507,804)
Employees' annual leave	13,794	258,099
Customers deposits	1,433,501	706,579
Deferred credit-self insurance funds	295,332	2,965,642
Customer advances for construction	8,091	104,709
Unearned forward delivery contract revenue	(48,668)	(486,681)
Unearned fuel revenue	(4,495,924)	(13,962,935)
Net cash provided by operating activities	\$8,285,500	\$47,885,117



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GUAM POWER AUTHORITY FINANCIAL STATEMENT OVERVIEW

August 2015

Attached are the financial statements and supporting schedules for the month and fiscal year ended August 31, 2015.

Summary

The increase in net assets for the month ended was \$2.6 million as compared to the anticipated net increase of \$1.1 million at the beginning of the year. The total kWh sales for the month were 3.44% more than projected and non-fuel revenues were \$0.5M more than the estimated amounts. O & M expenses for the month were \$5.0 million which was right on target with our projections for this month. Other expenses for the month such as interest expense, IPP costs, (net of interest income and other income) totaled to \$3.7 million which was about \$1.0 million less than the projected amount. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	1.15	1.17	2
Days in Receivables	25	26	52
Days in Payables	21	19	30
LEAC (Over)/Under Recovery Balance -YTD	(\$2,120,047)	(\$878,597)	(\$1,591,722)
T&D Losses	5.47%	4.98%	7.00%
Debt Service Coverage	1.41	1.47	1.75
Long-term equity ratio	19%	20%	30 – 40%
Days in Cash	69	70	60

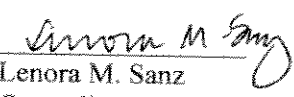
The Quick Ratio reflects the basic challenge facing GPA. GPA has current obligations of approximately \$71.1 million and approximately \$82.9 million in cash and current receivables. The LEAC under recovery for the month is \$2.0 million. The Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
August 2015
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:


Corazon Montellano
Chief Financial Officer(A)

Approved by:


John M. Benavente, P.E.
General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
August 31, 2015 and September 30, 2014

	Unaudited August 2015	Audited September 2014	Change from Sept 30 2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	\$ 20,589,118	\$ 27,962,569	\$ (7,373,451)
Bond indenture funds	85,489,750	112,486,449	(26,996,699)
Held by Guam Power Authority:			
Bond indenture funds	55,725,588	61,524,268	(5,798,680)
Self insurance fund-restricted	20,458,989	18,937,712	3,521,277
Total cash and cash equivalents	182,263,443	218,910,996	(36,647,553)
Accounts receivable, net	33,794,878	44,388,260	(10,593,382)
Total current receivables	33,794,878	44,388,260	(10,593,382)
Materials and supplies inventory	17,694,278	18,044,145	(349,869)
Fuel inventory	32,624,669	58,035,227	(25,410,558)
Prepaid expenses	786,261	509,258	287,002
Total current assets	267,173,527	339,887,887	(72,714,360)
Utility plant, at cost:			
Electric plant in service	1,020,400,653	953,835,617	66,565,036
Construction work in progress	28,539,173	68,834,656	(40,295,483)
Total	1,048,939,826	1,022,670,273	26,269,553
Less: Accumulated depreciation	(505,038,002)	(469,978,040)	(35,057,962)
Total utility plant	543,903,824	552,692,233	(8,788,409)
Other non-current assets:			
Investment - bond reserve funds held by trustee	54,250,040	54,357,327	(107,287)
Unamortized debt issuance costs	5,081,300	5,490,565	(409,265)
Other assets	5,376	262,193	(256,817)
Total other non-current assets	59,336,716	60,110,075	(773,359)
Total assets	870,414,067	962,690,195	(82,276,128)
Deferred outflow of resources:			
Unamortized loss on debt refunding	14,121,841	14,828,028	(704,187)
Unamortized forward delivery contract costs	969,358	1,115,438	(146,080)
Total deferred outflows of resources	15,091,199	15,941,466	(850,267)
	\$ 885,505,266	\$ 968,631,661	\$ (83,126,395)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Assets, Continued
August 31, 2015 and September 30, 2014

	Unaudited August 2015	Audited September 2014	Change from Sept 30 2014
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	\$ 14,265,000	\$ 13,600,000	\$ 665,000
Current obligations under capital leases	16,460,075	18,774,245	-2,314,170
Accounts payable			
Operations	15,591,990	48,628,438	(33,036,448)
Fuel	0	1,513,312	(1,513,312)
Others	602,989	1,111,969	(508,980)
Accrued payroll and employees' benefits	1,031,820	1,332,009	(300,189)
Current portion of employees' annual leave	2,678,596	2,440,368	238,228
Interest payable	13,109,972	14,235,177	(1,125,205)
Customer deposits	7,349,661	8,458,744	(1,109,183)
	<u>71,090,003</u>	<u>110,094,262</u>	<u>(39,004,259)</u>
Regulatory liabilities:			
Provision for self insurance	19,758,320	16,688,373	3,069,947
	<u>19,758,320</u>	<u>16,688,373</u>	<u>3,069,947</u>
Long term debt, net of current maturities			
Obligations under capital leases, net of current portion	597,916,839	614,543,460	(16,624,621)
DCRS sick leave liability	38,234,230	54,429,945	(16,195,715)
Employees' annual leave net of current portion	2,842,985	2,842,985	0
Customer advances for construction	741,191	741,191	0
	<u>3,292,948</u>	<u>3,170,746</u>	<u>122,202</u>
	<u>733,878,516</u>	<u>802,510,962</u>	<u>(68,632,446)</u>
Deferred inflows of resources:			
Unearned fuel revenue, net	493,367	17,486,278	(16,992,921)
Unearned forward delivery contract revenue	3,552,774	4,088,123	(535,349)
Other unearned revenues	357,000	357,000	0
	<u>4,403,131</u>	<u>21,931,401</u>	<u>(17,528,270)</u>
Commitments and contingencies			
Net Position:			
Net investment in capital assets			
Restricted	16,742,690	27,277,802	(10,535,112)
Unrestricted	17,083,451	29,902,357	(12,818,906)
	<u>113,397,477</u>	<u>87,009,138</u>	<u>26,388,340</u>
	<u>147,223,618</u>	<u>144,189,298</u>	<u>3,034,320</u>
	<u>\$ 885,505,266</u>	<u>\$ 968,631,661</u>	<u>\$ (83,126,395)</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 2015	Audited 2014		Unaudited 2015	Audited 2014	
Revenues						
Sales of electricity	\$ 28,584,271	\$ 35,106,744	(19)	\$ 331,337,790	\$ 393,842,809	(16)
Working Capital surcharge	608,889	668,645	7	6,424,584	6,279,589	2
Miscellaneous	407,821	131,679	210	1,880,557	1,798,241	5
Total	<u>29,598,981</u>	<u>35,808,068</u>	(17)	<u>339,642,932</u>	<u>401,920,639</u>	(15)
Bad debt expense	(120,500)	(113,500)	6	(1,325,500)	(1,248,500)	6
Total revenues	<u>29,478,481</u>	<u>35,694,568</u>	(17)	<u>338,317,432</u>	<u>400,672,139</u>	(16)
Operating and maintenance expenses						
Production fuel	14,725,777	22,217,826	(34)	189,645,392	250,043,467	(24)
Other production	1,464,557	986,080	49	18,034,520	16,587,994	9
	<u>16,190,334</u>	<u>23,203,906</u>	(30)	<u>207,679,912</u>	<u>266,631,461</u>	(22)
Depreciation	3,449,188	2,371,251	46	36,653,645	28,944,403	27
Energy conversion cost	1,447,449	1,783,730	(18)	18,023,362	18,940,201	(5)
Transmission & distribution	886,422	784,324	13	11,019,607	10,836,742	2
Customer accounting	335,893	318,022	6	3,423,550	3,469,510	(1)
Administrative & general	2,310,232	1,998,920	16	27,126,479	27,387,974	(1)
Total operating and maintenance expenses	<u>24,619,518</u>	<u>30,440,153</u>	(19)	<u>303,926,565</u>	<u>356,200,291</u>	(15)
Operating income	<u>4,858,963</u>	<u>5,254,415</u>	(8)	<u>34,390,877</u>	<u>44,471,848</u>	(23)
Other income (expenses)						
Interest income	50,974	58,619	(13)	851,445	1,040,969	(18)
Interest expense and amortization	(3,061,846)	(3,045,061)	1	(35,327,139)	(34,111,628)	4
Bond issuance costs	100,009	(14,915)	(771)	881,944	(127,824)	(790)
Loss due to typhoon	(1,204,501)	0		(1,204,501)	0	
Allowance for funds used during construction	383,440	326,393	17	5,272,623	3,653,882	44
Other expense	(4,291)	(4,291)	0	(3,891,123)	(60,681)	6,312
Total other income (expenses)	<u>(3,758,215)</u>	<u>(2,679,255)</u>	40	<u>(33,415,751)</u>	<u>(29,605,482)</u>	13
Income (loss) before capital contributions	1,102,748	2,575,160	(57)	974,126	14,866,366	(93)
Capital contributions	1,514,667	17,777	8,420	2,060,197	1,834,828	12
Increase (decrease) in net assets	2,617,415	2,592,937	1	3,034,323	16,701,194	(82)
Total net assets at beginning of period	<u>144,608,206</u>	<u>156,247,006</u>	(7)	<u>144,189,298</u>	<u>142,138,749</u>	1
Total net assets at end of period	<u>\$ 147,223,821</u>	<u>\$ 158,839,943</u>	(7)	<u>\$ 147,223,621</u>	<u>\$ 158,839,943</u>	(7)

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended August 31, 2015

	Month Ended 8/31/2015	YTD Ended 8/31/2015
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	\$28,662,463	\$ 348,858,958
Cash payments to suppliers and employees for goods and services	<u>25,013,767</u>	<u>297,325,145</u>
Net cash provided by operating activities	\$3,648,696	51,533,813
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	<u>50,974</u>	<u>851,445</u>
Net cash provided by investing activities	50,974	851,445
Cash flows from non-capital financing activities		
Interest paid on short term debt	(11,556)	(107,239)
Provision for self insurance funds	<u>(330,247)</u>	<u>(3,521,277)</u>
Net cash provided by noncapital financing activities	(341,803)	(3,628,516)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(2,946,060)	(27,865,240)
Principal paid on bonds and other long-term debt	-	(13,600,000)
Interest paid on bonds(net of capitalized interest)	383,440	(23,171,646)
Interest paid on capital lease obligations	(588,461)	(7,900,834)
Interest & principal funds held by trustee	(2,091,505)	7,373,451
Reserve funds held by trustee	(397)	107,287
Bond funds held by trustee	1,841,716	26,996,699
Principal payment on capital lease obligations	(1,143,995)	(16,195,715)
Grant from DOI/FEMA	1,514,667	2,060,197
Debt issuance costs/loss on defeasance	(214,511)	(2,359,621)
Net cash provided by (used in) capital and related financing activities	<u>(3,245,106)</u>	<u>(54,555,423)</u>
Net (decrease) increase in cash and cash equivalents	112,761	(5,798,681)
Cash and cash equivalents, beginning	<u>55,612,825</u>	<u>61,524,266</u>
Cash and cash equivalents-Funds held by GPA, August, 2015	\$ 55,725,586	\$ 55,725,586

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended August 31, 2015

	Month Ended 8/31/2015	YTD Ended 8/31/2015
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	\$4,858,963	\$34,390,877
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	3,449,188	36,653,645
Other expense	(1,108,783)	(4,213,680)
(Increase) decrease in assets:		
Accounts receivable	(973,157)	10,593,382
Materials and inventory	1,136,500	349,869
Fuel inventory	2,121,674	25,410,558
Prepaid expenses	61,482	(287,002)
Unamortized debt issuance cost	37,205	409,255
Other assets	(1,885)	256,817
Unamortized loss on debt refunding	64,017	704,187
Unamortized forward delivery contract costs	13,280	146,080
Increase (decrease) in liabilities:		
Current obligation under capital leases	-	(2,314,170)
Accounts payable-operations	(1,424,914)	(34,549,760)
Accounts payable-others	-	(508,980)
Accrued payroll and employees' benefits	207,615	(300,189)
Employees' annual leave	(19,871)	238,228
Customers deposits	(1,815,762)	(1,109,183)
Deferred credit-self insurance funds	104,305	3,069,947
Customer advances for construction	17,493	122,202
Unearned forward delivery contract revenue	(48,668)	(535,349)
Unearned fuel revenue	(3,029,986)	(16,992,921)
Net cash provided by operating activities	\$3,648,696	\$51,533,813



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
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GUAM POWER AUTHORITY FINANCIAL STATEMENT OVERVIEW September 2015

Attached are the financial statements and supporting schedules for the month and fiscal year ended September 30, 2015.

Summary

The increase in net assets for the year ended was \$15.3 million as compared to the anticipated net decrease of \$0.8 million at the beginning of the year. This was primarily due to the implementation of GASB 68 – Accounting and Financial Reporting of Pensions which resulted in a gain of \$12.4 million. The total kWh sales for the year were 0.02% more than projected and non-fuel revenues were \$3.9M less than the estimated amounts. O & M expenses for the year were \$64.7 million which was \$10.6 million less than our projections for this year. Other expenses for the year such as interest expense, IPP costs, (net of interest income and other income) totaled to \$52.9 million which was about \$2.8 million less than the projected amount. There were no other significant departures from the budget during the period.

Analysis

Description	Previous Month	Current Month	Target
Quick Ratio	1.17	1.10	2
Days in Receivables	26	25	52
Days in Payables	19	31	30
LEAC (Over)/Under Recovery Balance -YTD	(\$878,597)	\$1,869,344	(\$833,974)
T&D Losses	4.98%	4.88%	7.00%
Debt Service Coverage	1.47	1.51	1.75
Long-term equity ratio	20%	12%	30 – 40%
Days in Cash	70	84	60


The Quick Ratio reflects the basic challenge facing GPA. GPA has current obligations of approximately \$80.2 million and approximately \$87.9 million in cash and current receivables. The LEAC under recovery for the month is \$2.4 million. The Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice.

Financial Statement
September 2015
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:



John J.E. Kim
Chief Financial Officer

Approved by:



John M. Benavente, P.E.
General Manager

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Position
September 30, 2015 and September 30, 2014

	Unaudited September 2015	Audited September 2014	Change from Sept 30 2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents:			
Held by trustee for restricted purposes:			
Interest and principal funds	\$ 22,849,106	\$ 27,962,569	\$ (5,113,463)
Bond indenture funds	84,986,806	112,486,449	(27,499,643)
Held by Guam Power Authority:			
Bond indenture funds	63,257,464	61,524,266	1,733,198
Self insurance fund-restricted	20,481,025	16,937,712	3,523,313
Total cash and cash equivalents	<u>191,554,401</u>	<u>218,910,996</u>	<u>(27,356,595)</u>
Accounts receivable, net	34,780,838	44,388,260	(9,607,422)
Total current receivables	<u>34,780,838</u>	<u>44,388,260</u>	<u>(9,607,422)</u>
Materials and supplies inventory	16,312,559	18,044,145	(1,731,586)
Fuel inventory	34,774,612	58,035,227	(23,260,615)
Prepaid expenses	731,779	771,452	(39,673)
Total current assets	<u>278,154,189</u>	<u>340,150,080</u>	<u>(61,995,891)</u>
Utility plant, at cost:			
Electric plant in service	1,020,422,940	953,835,617	66,587,323
Construction work in progress	30,138,199	68,834,656	(38,696,457)
Total	<u>1,050,561,139</u>	<u>1,022,670,273</u>	<u>27,890,866</u>
Less: Accumulated depreciation	(508,437,886)	(469,978,040)	(38,459,826)
Total utility plant	<u>542,123,273</u>	<u>552,692,233</u>	<u>(10,568,960)</u>
Other non-current assets:			
Investment - bond reserve funds held by trustee	54,356,593	54,357,327	(734)
Unamortized debt issuance costs	5,026,209	5,490,555	(464,346)
Total other non-current assets	<u>59,382,802</u>	<u>59,847,882</u>	<u>(465,080)</u>
Total assets	<u>879,660,264</u>	<u>952,690,195</u>	<u>(73,029,931)</u>
Deferred outflow of resources:			
Unamortized loss on debt refunding	13,574,416	14,826,028	(1,251,612)
Unamortized forward delivery contract costs	956,078	1,115,438	(159,360)
Total deferred outflows of resources	<u>14,530,494</u>	<u>15,941,466</u>	<u>(1,410,972)</u>
	<u>\$ 894,190,758</u>	<u>\$ 968,631,661</u>	<u>\$ (74,440,903)</u>

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Net Assets, Continued
September 30, 2015 and September 30, 2014

	Unaudited September 2015	Audited September 2014	Change from Sept 30 2014
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Current maturities of long-term debt	\$ 14,265,000	\$ 13,600,000	\$ 865,000
Current obligations under capital leases	13,125,509	18,774,245	-5,648,736
Accounts payable			
Operations	23,558,667	48,628,438	(25,069,771)
Fuel	0	1,513,312	(1,513,312)
Others	602,989	1,111,969	(508,980)
Accrued payroll and employees' benefits	1,296,886	1,332,009	(35,123)
Current portion of employees' annual leave	2,664,899	2,440,368	224,531
Interest payable	15,673,208	14,235,177	1,438,031
Customer deposits	9,043,908	8,458,744	585,164
	<u>80,231,066</u>	<u>110,094,282</u>	<u>(29,863,196)</u>
Total current liabilities			
Regulatory liabilities:			
Provision for self insurance	19,758,320	16,688,373	3,069,947
	<u>19,758,320</u>	<u>16,688,373</u>	<u>3,069,947</u>
Total regulatory liabilities			
Long term debt, net of current maturities	597,785,166	614,543,460	(16,758,294)
Obligations under capital leases, net of current portion	40,413,171	54,429,945	(14,016,774)
Net Pension liability	67,025,973	79,419,290	(12,393,317)
DCRS sick leave liability	2,842,985	2,842,985	0
Employees' annual leave net of current portion	741,191	741,191	0
Customer advances for construction	3,298,487	3,170,746	127,741
	<u>812,096,359</u>	<u>881,930,252</u>	<u>(69,833,893)</u>
Total liabilities			
Deferred inflows of resources:			
Unearned fuel revenue, net	(1,889,479)	17,486,278	(19,355,757)
Unearned forward delivery contract revenue	3,504,108	4,088,123	(584,017)
Other unearned revenues	357,000	357,000	0
	<u>1,991,627</u>	<u>21,931,401</u>	<u>(19,939,774)</u>
Total deferred inflows of resources			
Commitments and contingencies			
Net Position:			
Net investment in capital assets	15,862,857	27,277,802	(11,424,945)
Restricted	83,880,076	109,321,647	(25,441,571)
Unrestricted	(19,630,162)	(71,829,442)	52,199,281
	<u>80,102,771</u>	<u>64,770,008</u>	<u>15,332,763</u>
Total net position			
	<u>\$ 894,190,758</u>	<u>\$ 968,631,661</u>	<u>\$ (74,440,903)</u>

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

	September 30		% of change Inc (dec)	Twelve Months Ended September 30		% of change Inc (dec)
	Unaudited 2015	Audited 2014		Unaudited 2015	Audited 2014	
Revenues						
Sales of electricity	\$ 27,827,382	\$ 33,860,745	(17)	\$ 359,165,172	\$ 427,503,554	(16)
Working Capital surcharge	595,328	589,051	1	7,019,913	6,868,640	2
Miscellaneous	(223,385)	447,616	(150)	1,657,172	2,245,857	(26)
Total	<u>28,199,325</u>	<u>34,697,412</u>	(19)	<u>367,842,257</u>	<u>436,618,051</u>	(16)
Bad debt expense	<u>386,482</u>	<u>1,070,500</u>	(66)	<u>(959,008)</u>	<u>(178,000)</u>	439
Total revenues	<u>28,585,817</u>	<u>35,767,912</u>	(20)	<u>366,883,249</u>	<u>436,440,051</u>	(16)
Operating and maintenance expenses						
Production fuel	14,490,543	21,131,244	(31)	204,135,935	271,174,711	(25)
Other production	2,095,750	2,717,422	(23)	20,130,270	19,305,418	4
Total	<u>16,586,293</u>	<u>23,848,666</u>	(30)	<u>224,266,205</u>	<u>290,480,127</u>	(23)
Depreciation	5,111,759	8,044,585	(36)	41,765,404	36,988,988	13
Energy conversion cost	1,450,710	1,691,303	(14)	19,474,072	20,631,504	(6)
Transmission & distribution	173,470	2,113,197	(92)	11,193,077	12,949,939	(14)
Customer accounting	371,511	361,039	3	3,795,061	3,820,549	(1)
Administrative & general	2,458,600	3,285,998	(25)	29,585,079	30,673,972	(4)
Total operating and maintenance expenses	<u>26,152,343</u>	<u>39,344,788</u>	(34)	<u>330,078,898</u>	<u>395,545,079</u>	(17)
Operating income	<u>2,413,474</u>	<u>(3,576,876)</u>	(167)	<u>36,804,351</u>	<u>40,894,972</u>	(10)
Other income (expenses)						
Interest income	327,903	330,550	(1)	1,179,348	1,371,519	(14)
Interest expense and amortization	(3,150,878)	(3,084,509)	2	(38,478,017)	(37,196,137)	3
Bond issuance costs	(482,123)	(6,191,060)	(92)	399,821	(6,318,884)	(106)
Loss due to typhoon	0	0		(1,204,501)	0	
Net pension adjustment	12,393,317	0		12,393,317	0	
Allowance for funds used during construction	373,159	322,446	16	5,645,782	3,976,128	42
Other expense	423,592	(180,801)	(334)	(3,467,534)	(241,482)	1,336
Total other income (expenses)	<u>9,884,970</u>	<u>(8,803,374)</u>	(212)	<u>(23,531,794)</u>	<u>(38,408,856)</u>	(39)
Income (loss) before capital contributions	12,298,444	(12,380,250)	(199)	13,272,567	2,486,116	434
Capital contributions	<u>0</u>	<u>(21,968)</u>	(100)	<u>2,060,197</u>	<u>1,812,860</u>	14
Increase (decrease) in net assets	12,298,444	(12,402,218)	(199)	15,332,764	4,298,976	257
Total net assets at beginning of period (restated)	<u>67,804,328</u>	<u>77,172,226</u>	(12)	<u>64,770,008</u>	<u>60,471,032</u>	7
Total net assets at end of period	<u>\$ 80,102,772</u>	<u>\$ 64,770,008</u>	24	<u>\$ 80,102,772</u>	<u>\$ 64,770,008</u>	24

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows
Period Ended September 30, 2015

	Month Ended 9/30/2015	YTD Ended 9/30/2015
Increase(decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Cash received from customers	\$27,655,757	\$ 376,514,715
Cash payments to suppliers and employees for goods and services	<u>17,085,728</u>	<u>314,410,873</u>
Net cash provided by operating activities	\$10,826,846	62,103,842
Cash flows from investing activities:		
Interest and dividends on investments and bank accounts	<u>327,903</u>	<u>1,179,348</u>
Net cash provided by investing activities	327,903	1,179,348
Cash flows from non-capital financing activities		
Interest paid on short term debt	(10,811)	(118,050)
Provision for self insurance funds	<u>(2,036)</u>	<u>(3,523,313)</u>
Net cash provided by noncapital financing activities	(12,847)	(3,641,363)
Cash flows from capital and related financing activities		
Acquisition of utility plant	(3,331,206)	(31,196,445)
Principal paid on bonds and other long-term debt	-	(13,600,000)
Interest paid on bonds(net of capitalized interest)	373,159	(22,798,487)
Interest paid on capital lease obligations	(576,832)	(8,477,666)
Interest & principal funds held by trustee	(2,259,988)	5,113,463
Reserve funds held by trustee	(106,553)	734
Bond funds held by trustee	502,944	27,499,643
Principal payment on capital lease obligations	2,178,941	(14,016,774)
Grant from DOI/FEMA	-	2,060,197
Debt issuance costs/loss on defeasance	(133,673)	(2,493,294)
Net cash provided by (used in) capital and related financing activities	<u>(3,353,208)</u>	<u>(57,908,630)</u>
Net (decrease) increase in cash and cash equivalents	7,788,694	1,733,198
Cash and cash equivalents, beginning	<u>55,725,586</u>	<u>61,524,266</u>
Cash and cash equivalents-Funds held by GPA, September 30, 2015	\$ 63,514,281	\$ 63,257,464

GUAM POWER AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Statements of Cash Flows, continued
Period Ended September 30, 2015

	Month Ended 9/30/2015	YTD Ended 9/30/2015
Reconciliation of operating earnings to net cash provided by operating activities:		
Operating earnings net of depreciation expense and excluding interest income	\$2,413,474	\$36,804,351
Adjustments to reconcile operating earnings to net cash provided by operating activities:		
Depreciation and amortization	5,111,759	41,765,404
Other expense	(58,534)	(4,272,214)
(Increase) decrease in assets:		
Accounts receivable	(985,960)	9,607,422
Materials and inventory	1,381,717	1,731,586
Fuel inventory	(2,149,943)	23,260,615
Prepaid expenses	326,675	39,673
Unamortized debt issuance cost	55,091	464,346
Unamortized loss on debt refunding	547,425	1,251,612
Unamortized forward delivery contract costs	13,280	159,360
Increase (decrease) in liabilities:		
Current obligation under capital leases	(3,334,566)	(5,648,736)
Accounts payable-operations	7,966,677	(26,583,083)
Accounts payable-others	-	(508,980)
Accrued payroll and employees' benefits	265,066	(35,123)
Employees' annual leave	(13,697)	224,531
Customers deposits	1,694,347	585,164
Deferred credit-self insurance funds	-	3,069,947
Customer advances for construction	5,539	127,741
Unearned forward delivery contract revenue	(48,668)	(584,017)
Unearned fuel revenue	(2,362,836)	(19,355,757)
Net cash provided by operating activities	\$10,826,846	\$62,103,842