

**GUAM WATERWORKS AUTHORITY**  
**Balance Sheet -Unaudited**  
**March 31, 2007**

<u>ASSETS</u>	Unaudited Mar. 31, 2007	Unaudited 30-Sep-06	Change from 30-Sep-06
<b>Property, Plant and Equipment</b>			
Utility Plant in Service:			
Water System	206,765,134	206,765,134	(0)
Wastewater System	178,016,326	178,016,326	(0)
Non Utility Property	15,135,569	15,135,569	0
Construction Work in Progress	39,984,870	26,715,078	13,269,792
<b>Total Property, Plant and Equipment</b>	<b>439,901,899</b>	<b>426,632,107</b>	<b>13,269,791</b>
Less Accumulated Depreciation	(191,750,076)	(187,029,319)	(4,720,757)
<b>Net Property, Plant and Equipment</b>	<b>248,151,822</b>	<b>239,602,788</b>	<b>8,549,034</b>
<b>Current Assets:</b>			
Cash			
Unrestricted	3,656,266	2,368,633	1,287,633
Restricted Funds:			
Debt Service Reserve Fund -Bond 2005	7,707,291	7,768,966	(61,675)
Capitalized Interest and Principal Funds Held by Trustee for Debt Payment-Bond 2005	2,286,116	6,110,068	(3,823,951)
Construction Funds by Held by Trustee-Bond 2005	53,199,306	62,018,462	(8,819,156)
Other Restricted Funds	4,199,603	5,109,008	(909,406)
Accounts Receivable-trade, Net	8,618,229	8,180,403	437,826
Accounts Receivable, Federal/Other	1,019,112	796,423	222,689
Materials & Supplies Inventory, Net of Allowance for for Obsolescence of \$380,426.00	2,864,564	2,294,529	570,035
Other Current Assets:			
Unamortized Debt Issuance Cost & Other Assets	3,116,390	3,172,265	(55,875)
<b>Total Current Assets</b>	<b>86,666,877</b>	<b>97,818,758</b>	<b>(11,151,881)</b>
<b>TOTAL ASSETS</b>	<b>334,818,699</b>	<b>337,421,546</b>	<b>(2,602,847)</b>
<b><u>LIABILITIES AND RETAINED EARNINGS</u></b>			
<b>Current Liabilities:</b>			
Current Portion-Navy	550,000	550,000	0
Current Portion-GPA	2,100,000	2,100,000	0
Accounts Payable Trade	3,486,215	5,260,014	(1,773,799)
Accrued Payroll and Employee Benefits	493,323	551,728	(58,405)
Accrued Interest and Other payable	2,456,472	2,235,530	220,942
Current Portion of Employee Annual Leave	455,105	455,105	0
Contractor's & Rtn Payable/Bid & Escrow Deposits	1,588,905	1,653,415	(64,510)
Customer Deposits	1,676,351	1,507,419	168,932
<b>Total Current Liabilities</b>	<b>12,806,372</b>	<b>14,313,211</b>	<b>(1,506,839)</b>
<b>Long Term Debt:</b>			
Bond 2005	104,619,321	104,679,397	(60,075)
United States Navy	6,781,826	7,009,502	(227,676)
Guam Power Authority	6,361,106	7,464,801	(1,103,695)
MSG Loan			
Employee Annual Leave, Less Current Portion	1,068,307	1,068,307	0
Retirement Fund Deferred Contributions	5,393,719	5,393,719	(0)
Accrued Retirees Supplemental & Medical Ins.	1,577,553	1,630,795	(53,242)
Advances for Construction	165,765	165,435	330
Other Deferred Credits	638,639	638,639	0
<b>TOTAL LIABILITIES</b>	<b>139,412,608</b>	<b>142,363,805</b>	<b>(2,951,197)</b>
<b>RETAINED EARNINGS</b>	<b>195,406,090</b>	<b>195,057,741</b>	<b>348,349</b>
<b>TOTAL LIAB AND RETAINED EARNINGS</b>	<b>334,818,699</b>	<b>337,421,546</b>	<b>(2,602,847)</b>

**GUAM WATERWORKS AUTHORITY**  
**Statement of Operations and Retained Earnings (Unaudited)**  
**For six months ended March 31, 2007**

	<b>YTD ACTUAL</b>		<b>Variance</b>
	<b>Mar. 07</b>	<b>Mar. 06</b>	<b>(unfavorable)</b>
<b>OPERATING REVENUES</b>			
Total Water	12,762,834	12,220,945	4.43%
Total Wastewater	7,452,919	7,156,285	4.15%
GPA/Navy Surcharge	1,724,053	1,500,632	14.89%
Retiree Surcharge	757,634	503,973	50.33%
Fire Hydrant	129,510	129,510	0.00%
Meter Replacement Revenues	0	0	0.00%
Other	311,153	189,924	63.83%
<b>TOTAL OPERATING REVENUES</b>	<b>23,138,103</b>	<b>21,701,269</b>	<b>6.62%</b>
<b>OPERATING AND MAINTENANCE EXPENSES</b>			
Water Purchases	1,462,104	3,214,387	54.51%
Power Purchases	5,917,908	5,130,728	-15.34%
	7,380,012	8,345,116	11.56%
Salaries and wages	5,078,384	4,996,702	-1.63%
Pension and Benefits	1,754,117	2,413,905	27.33%
Chemicals	511,851	204,522	-150.27%
Materials & Supplies	974,491	755,299	-29.02%
Contractual-Accounting	248,659	174,061	-42.86%
Contractual-Legal	1,500	0	100.00%
Contractual-Testing	71,146	128,688	44.71%
Contractual-Other	816,396	712,455	-14.59%
PMC-Management Fee	256,292	0	100.00%
Training	126,369	72,242	-74.92%
Transportation	217,699	192,416	-13.14%
Equipment Rental	384,714	421,211	8.66%
Telephone and Communication	79,638	53,689	-48.33%
Claims	84,866	152,530	44.36%
Insurance	0	4,738	100.00%
Advertising	59,280	10,833	-447.21%
Regulatory	103,320	202,362	48.94%
Bad Debts Provision	375,017	324,996	-15.39%
Miscellaneous	76,616	79,715	3.89%
Depreciation	4,720,757	4,634,671	-1.86%
<b>TOTAL OPERATING AND MAINTENANCE EXPENSES</b>	<b>23,321,123</b>	<b>23,880,152</b>	<b>2.34%</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(183,019)</b>	<b>(2,178,884)</b>	<b>-91.60%</b>
<b>OTHER INCOME(EXPENSE):</b>			
Grants from US & Local Government	790,040	488,728	61.65%
Grants from Government of Guam	0	300,000	-100.00%
Privatization Study	0	(935)	-100.00%
Interest/Investment Income	1,722,310	1,282,763	34.27%
Amort. Of Debt Disc.& Exp.	(35,166)	(36,317)	-3.17%
AFUDC	1,223,366	517,847	136.24%
Interest Expense	(3,169,182)	(2,339,452)	-35.47%
	531,369	212,634	149.90%
<b>NET INC (DEC) IN RETAINED EARNINGS</b>	<b>348,350</b>	<b>(1,966,250)</b>	<b>-117.72%</b>
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<b>195,057,741</b>	<b>200,743,035</b>	
<b>RETAINED EARNINGS, END OF YEAR</b>	<b>195,406,090</b>	<b>198,776,785</b>	

<b>Guam Waterworks Authority</b>		
<b>Statement of Cash Flows</b>		
<b>FY 2007</b>		<b>YTD</b>
	<b>Mar. 07</b>	<b>Mar. 28, 2007</b>
<b>Increase (decrease) in cash</b>		
<b>Cash flows from operating activities:</b>		
Cash received from customers	3,889,926	22,271,513
Cash payments to suppliers for goods and services	(1,479,380)	(12,327,541)
Cash payments to contractors (increase in liab.)	981,284	(64,510)
Cash payments to employees for services	(1,045,812)	(6,944,148)
<b>Net cash provided by operating activities</b>	<b>2,346,018</b>	<b>2,935,314</b>
<b>Cash flows from non-capital financing activities:</b>		
Operating grants received		
<b>Net cash provided by non-capital financing activities</b>		
<b>Cash flows from capital and related financing activities:</b>		
Contributed capital received	59,805	790,037
Acquisition of utility plant	(1,660,602)	(13,269,462)
Repayment of Long Term Debt	(311,146)	(1,335,572)
Interest expense	(494,474)	(3,169,182)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(2,406,417)</b>	<b>(16,984,179)</b>
<b>Cash flows from investing activities:</b>		
Transfers from (to) restricted fund	(349,556)	13,614,188
Interest income received	272,804	1,722,310
<b>Net cash provided by investing activities</b>	<b>(76,752)</b>	<b>15,336,498</b>
<b>Net increase (decrease) in cash</b>	<b>(137,151)</b>	<b>1,287,633</b>
Unrestricted cash at beginning of the year	3,793,417	2,368,633
<b>Unrestricted cash at end of year</b>	<b>3,656,266</b>	<b>3,656,266</b>
Reconciliation of operating loss to net cash provided by operating activities:		
<b>Operating Income (loss)</b>	<b>(1,181,924)</b>	<b>(183,019)</b>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	786,557	4,720,757
Bad debt expense	62,500	375,017
Recovered revenues		
Other Expense/income	225,444	1,188,200
(Increase) decrease in assets:		
Advances to GPA		
Accounts receivable	797,819	(1,035,532)
Materials and supplies inventory	243,713	(570,035)
Long-term receivable		
Other Assets		
Increase (decrease) in liabilities:		
Accounts payable	1,266,826	(1,617,367)
Accrued payroll	161,067	(111,647)
Employees' annual leave		
Accrued supplemental annuities/COLA		
Customer deposits	(15,984)	168,940
Other liabilities		
Retirement fund deferred contributions		

<b>Guam Waterworks Authority</b>		
<b>Statement of Cash Flows</b>		
<b>FY 2007</b>		<b>YTD</b>
	<b>Mar. 07</b>	<b>Mar. 28, 2007</b>
DCRS sick leave liability		
<b>Net cash provided by operating activities</b>	<b>2,346,018</b>	<b>2,935,314</b>