



About the Guam Waterworks Authority (GWA)

The Guam Waterworks Authority is a public corporation regulated by the Guam Public Utilities Commission and governed by an elected five-member Consolidated Commission on Utilities (CCU). Instituted in 1997, GWA today delivers potable water and wastewater services to 160,000 Territory of Guam residents, U.S. Defense Installations and up to 136,000 international visitors in peak month. Guam’s quality of life and economy depends on clean, efficient, and safe drinking water and wastewater infrastructure. Today, GWA boasts 324 full time employees, over 41,000 customers and \$459 million in total assets.

GWA produces, treats, transmits, stores, distributes and sells Guam’s water. Guam’s principal source of potable water is pumped by over 120 wells from groundwater contained in the aquifer beneath northern Guam. Surface water sources include the Ugum River, small springs, and Fena water purchased from the U.S. Navy.

GWA also collects, treats, and disposes Guam’s wastewater. In December 2013, GWA reacquired the management of the wastewater system from a contractor. Guam’s wastewater system consists of 420 miles of gravity sewer network, 74 sewer pump stations, and seven wastewater treatment plants and associated outfalls.



FY 2013 Financial Highlights

GWA closed FY 2013 with a \$5.5 million decrease in net assets compared to a \$695,000 increase in FY 2012. The decrease was attributed primarily to a total of \$4.67 M in write-offs, specifically \$2.4M on obsolete inventory and \$2.2M on property, plant and equipment disposals. Operating revenues increased by \$5.3 million.

On its report on compliance and internal controls, auditors identified one finding related to the non-compliance of the applicable Davis-Bacon Act requirements involving construction. GWA addressed the finding and submitted the required documents ensuring compliance. There were no questioned costs, material weaknesses, or significant deficiencies identified in the FY 2013 financial audit. GWA received unmodified “clean” opinions on its financial statements and compliance reports.

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Our Mission

We will provide outstanding customer service in delivering excellent water and wastewater services in a safe, reliable, responsible, and cost-effective manner.

Our Vision

To be a world class provider of water and wastewater services.

Management’s Commitment

Management recognizes that its employees are its most valuable resource.

Core Values

- Responsibility
- Reliability
- Integrity
- Service
- Safety
- Sustainability
- Excellence



Our Performance—FY 2013 Highlights

Fiscal year 2013 marked another busy year for your water and wastewater utility. GWA was successful in securing approval from the Guam Legislature to borrow \$450 Million to be deployed over the next seven (7) years on Guam for many, many projects that will greatly improve our aging infrastructure, continue to help us produce safe drinking water, and minimize the effects of water we send into the ocean. All significantly improving the quality of our family's lives and the lives of our friends. Our performance and results for FY 2013 include:

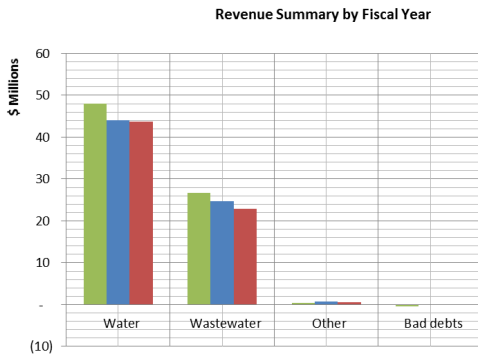
- Acquired an A rating from Standard and Poor's and a strong upgrade from Moody's allowed us to borrow \$190 Million on the bond markets at the lowest interest rate in years. This was a first for GWA and lays the path for investment grade level in the future. Getting such a positive rating from S&P means lower water and wastewater rates in the future.
- Finished construction on Guam's first ever two (2) million gallon cement seismic proof tank in August 2013 and put it online in early October 2013.
- Began construction on our next two cement tanks totaling storage capacity of 1MG for our central villages of Agana Heights, Sinajana and parts of Chalan Pago.
- Deployed numerous line replacement projects spending to replace old and leaky water lines.
- Completed approximately \$14 million in improvements at the Hagåtña Wastewater Plant to comply with all permits issued by the USEPA.
- Completed construction of a million dollar test bench facility, which became operational in May 2014.



Our Finances — FY 2013 Highlights

An independent audit was conducted by Deloitte & Touche LLP, resulting in a clean audit opinion. The Office of Public Accountability released GWA's fiscal year 2013 audited financial statements on June 15, 2014. More information can be found on our website at www.guamwaterworks.org.

FY 2013 Revenue Sources



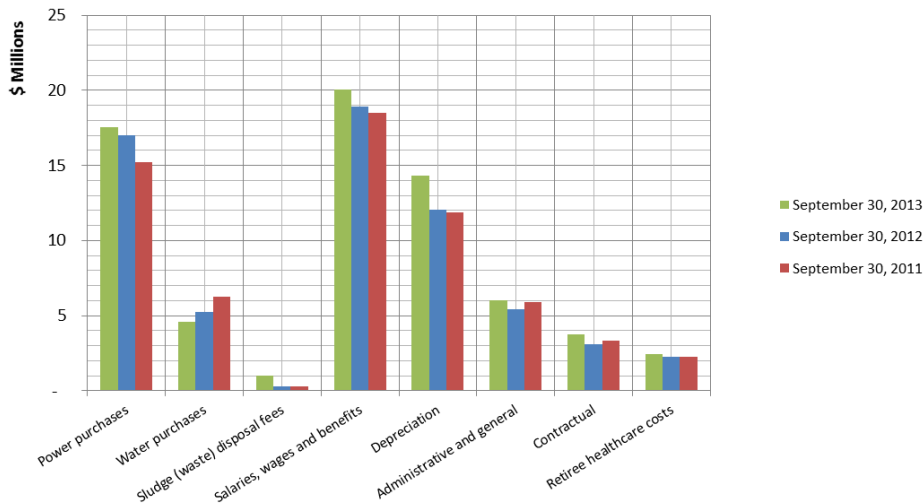
Revenues:

	September 30, 2013	As Restated September 30, 2012	As Restated September 30, 2011
Water	48,003,668	44,071,415	43,747,618
Wastewater	26,695,804	24,740,131	22,960,591
Other	462,030	700,979	606,994
Bad debts	(361,281)	-	-
Total operating revenue	74,800,221	69,512,525	67,315,203

FY 2013 Expenses

Expenses:	September 30, 2013	September 30, 2012	September 30, 2011
Power purchases	17,508,372	17,015,686	15,191,769
Water purchases	4,570,862	5,263,128	6,283,246
Sludge (waste) disposal fees	988,876	275,938	305,469
Salaries, wages and benefits	20,058,840	18,891,270	18,499,114
Depreciation	14,319,394	12,050,430	11,854,307
Administrative and general	6,007,108	5,416,166	5,885,100
Contractual	3,733,593	3,068,764	3,355,465
Retiree healthcare costs other benefits	2,418,349	2,262,583	2,244,032
Total operating expenses	69,605,394	64,243,965	63,618,502

Expense Summary by Fiscal Year



“Guam’s quality of life and economy depends on clean, efficient, and safe drinking water...”



Future Outlook

of the Guam Waterworks Authority

Over the past year, GWA completed the Comprehensive Management Plan 09/2013, which created a blueprint for success over the next few years. This plan, combined with The Water Audit Program and Water Loss Control Plan—August 23, 2013, The Potable Water Enhancement Plan, and the Capital Improvement Plan 2013-2018 (CIP 2013-2018), the 2011 Court Order (CO), and the 2011 Public Utilities Commission (PUC) Stipulation greatly enhance the planning, direction, and revenue savings for the Authority. Some of the highlights of these plans include:

Instituting Sound Asset Management and Capital Planning Systems and Processes

We are proud of the sustainable meter program, which includes the meter test bench used to calibrate meters. We are also proud of the reduction in Navy water purchases, which the 09/2013 CMP documents, along with the prompt leak repairs. In addition, with the funding and support of USEPA, GWA has embarked on a journey to fully account and manage existing and future GWA assets.

Long-term Resource Sustainability

We have effectively used the Water Resources Master Plan (WRMP 2007) to initiate, prioritize and monitor projects providing high quality, sustainable drinking water, wastewater treatment and services to individual, public and industry consumers. Approximately \$50M worth of projects developed with community input (under independent review) were encumbered in 2013 related to the delivery of sustainable, reliable, robust and secure water (and wastewater) service in a manner that protects Guam's beautiful and unique environment. This information can be found under the CIP 2013-2018 on GWA's website.

GWA Leadership

Consolidated Commission on Utilities

Simon A. Sanchez II, Chairman
Eloy P. Hara, Commissioner
Benigno, M. Palomo, Commissioner
Pedro S.N. Guerrero, Commissioner
Joseph "Joey" T. Duenas, Commissioner

Management

Martin L. Roush, MPA, P.E. — General Manager
Thomas F. Cruz, P.E. — Chief Engineer
Greg P. Cruz — Chief Financial Officer
Sam Taylor — Legal Counsel
John M. Benavente — General Manager, Consolidated Utility Services

A road map for full regulatory compliance

In 2012, GWA secured a \$6.7 million grant from the Environmental Protection Agency (EPA) for system-wide asset inventories, sewer system evaluations and assessments, hydraulic model development and master planning activities to identify and prioritize projects. Because of these efforts, in January 2013, GWA's Northern District Wastewater Treatment Plant met or exceeded all environmental compliance with the Clean Water Act for the first time in the History of Guam.



We would like to hear from you!

Do you like this report? Do you believe it should include different or additional information? Please let us know by contacting Heidi Ballendorf, Public Affairs Director Consolidated Utility Services at (671) 647-2603 or heidi@guamwaterworks.org. More information is available on GWA's website, www.guamwaterworks.org

Address

578 N. Marine Corps Drive
Tamuning, Guam 96913-4111

*We are next to the Dept. of Public Works and
behind G.T.A.*

Customer Service

(671) 647-7800/3

Water Hotline

(671) 646-4211

Business Hours

Monday—Friday
7:30 a.m. to 6:00 p.m.
Closed on Go'Guam holidays

Report Fraud, Waste, and Abuse

HOTLINE (671) 647-4731
hotline@guamwaterworks.org
All information will be held in strict
confidence.