



# UDSA Annual Report

*UDSA Board of Trustees Meeting*

March 26, 2024





**Presented by:** Donna Mongiardo, Vice President — Controller

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# Discussion Topics

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-  Annual PARIS Filing
-  Financial Statements
-  Summary of Financial Statements
-  Management's Discussion & Analysis (Unaudited)
-  Notes to the Financial Statements (Audited)

# Annual **PARIS** filing

## **Submission to the Public Authority Reporting Information System (PARIS):**

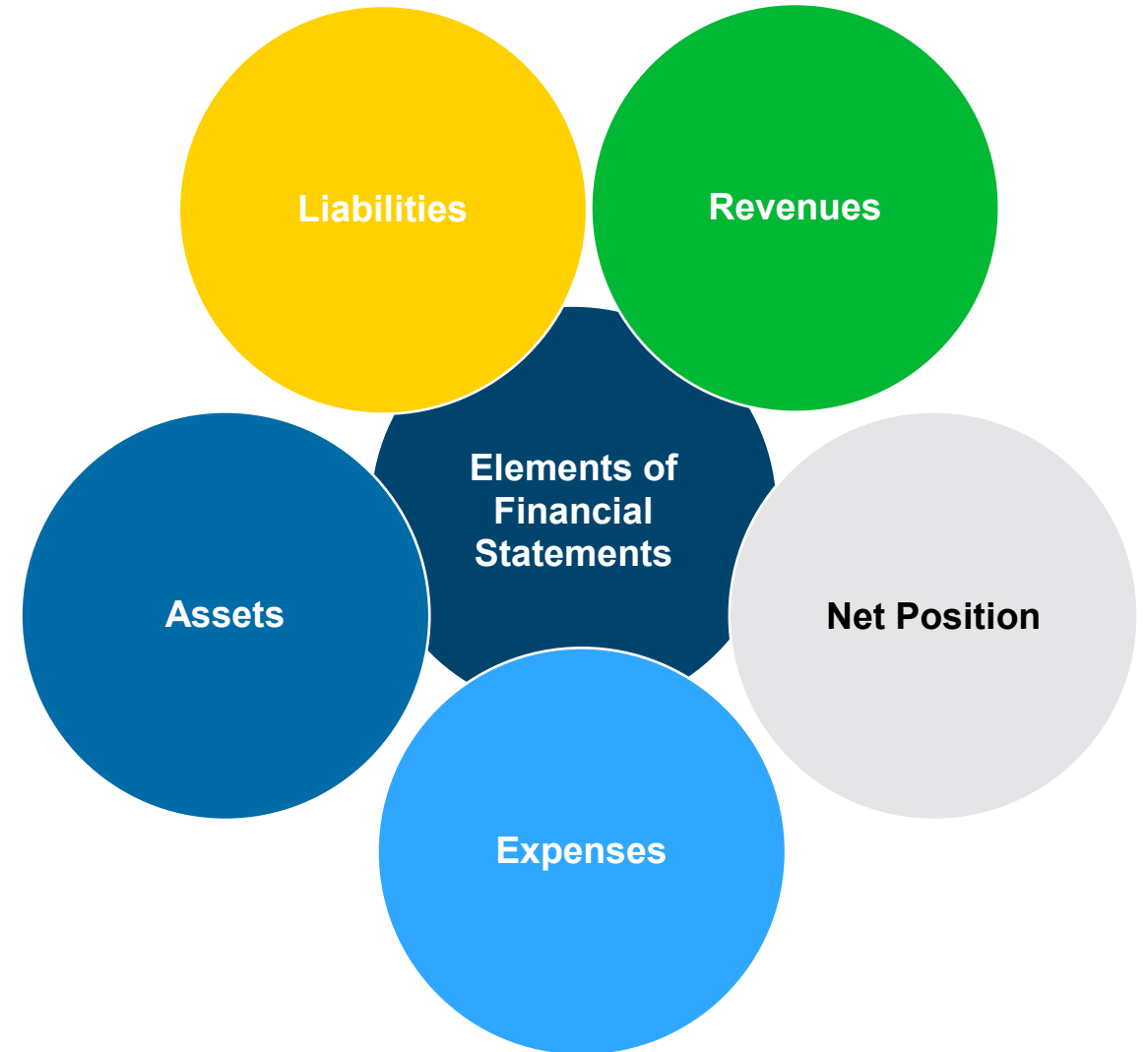
- Statement of Net Position
- Statement of Revenue, Expenses, and Net Position
- Schedule of Debt

## **Annual Report:**

- Independent Auditors Report (KPMG unmodified opinion)
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards

# Financial statements

- **Independent Auditors' Report**
- **Unaudited Management's Discussion and Analysis (MD&A)**
- **Financial Statements**
  - Statements of Net Position (Balance Sheet)
  - Statements of Revenues, Expenses and Changes in Net Position (Income Statement)
  - Statements of Cash Flows
- **Notes to Financial Statements**
- **Independent Auditors' Report on internal control over financial reporting and on compliance and other matters**



# Summary of financial statements

## Summary Statements of Net Position:

	<u>2023</u>	<u>2022</u>
<b>Assets and Deferred Outflows of Resources</b>		
Current assets	\$ 168,414	223,211
Noncurrent assets	3,902,830	4,032,258
Deferred outflows of resources	8,554	10,059
Total assets and deferred outflows of resources	<u>4,079,798</u>	<u>4,265,528</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
Current liabilities	212,768	273,993
Noncurrent liabilities	3,773,546	3,872,915
Deferred inflows of resources	21,908	—
Total liabilities	4,008,222	4,146,908
Net position-restricted	71,576	118,620
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,079,798</u>	<u>4,265,528</u>

## Summary Statements of Revenue, Expenses and Changes in Net Position:

	<u>2023</u>	<u>2022</u>
Operating revenues, net of uncollectible accounts expense	\$ 390,914	389,830
Operating expenses	(301,570)	(219,003)
Operating income	89,344	170,827
Interest income	10,745	2,306
Interest charges and credits, net	(147,133)	(142,151)
Change in net position	(47,044)	30,982
Restricted net position, beginning of year	118,620	87,638
Restricted net position, end of year	<u>\$ 71,576</u>	<u>118,620</u>

## Statements of Cash Flows:

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Operating revenues received	\$ 407,194	374,033
Servicing, administrative and other fees	(4,911)	(2,935)
Net cash provided by operating activities	<u>402,283</u>	<u>371,098</u>
Cash flows from investing activities:		
Interest income	10,745	2,306
Net cash provided by investing activities	<u>10,745</u>	<u>2,306</u>
Cash flows from financing activities:		
Interest paid	(184,539)	(173,395)
Proceeds from the issuance of long-term debt	894,630	1,046,780
Early defeasance of UDSA long-term debt	(713,513)	(702,279)
Redemption of long-term debt	(264,660)	(177,511)
Payments to bond escrow agent to refinance LIPA bonds	(36,277)	(217,804)
Payments to LIPA System Resiliency Fund	(141,000)	(100,000)
Other interest costs	(418)	(331)
Debt issuance costs	(5,450)	(7,408)
Net cash used in financing activities	<u>(451,227)</u>	<u>(331,948)</u>
Net (decrease) increase in cash and cash equivalents	(38,199)	41,456
Restricted cash and cash equivalents, beginning of year	153,150	111,694
Restricted cash and cash equivalents, end of year	<u>\$ 114,951</u>	<u>153,150</u>

# Management's discussion & analysis (unaudited)

## Operational Highlights

- On May 18, 2022, LIPA's Board adopted additional Financing Orders (No. 6-9).
- On December 15, 2023, UDSA issued \$833M Series 2023 Restructuring Bonds (including Green Bonds).
- The proceeds of Restructuring Bonds,
  - refunded \$750M of LIPA and UDSA debt, generating NPV savings of \$45M
  - funded \$141M of LIPA resiliency investments
- \$6.3B of UDSA Restructuring Bonds have been issued resulting in \$1.7B in remaining statutory capacity
- UDSA refinancings have produced NPV savings of \$579M since 2013

## Discuss 2023 and 2022 comparison year-over-year analysis

- Lower cash and accounts receivable balances due to lower restructuring charge rates effective November 15, 2023
- Lower noncurrent assets and liabilities due to refundings and scheduled debt maturities offset by the issuance of Series 2023
- Higher revenue in 2023 due to an increase in restructuring charge rates and due to 2022 Bond Issuance

## Cash and Liquidity

- \$115M in cash which includes \$60M in reserve balances

# Notes to the financial statements (audited)

## 1. Summary of Accounting Policies

- General update for new Series 2023 Financing Order No. 7 Bond Issuance
  - Net present value savings of \$45M
  - Green Bonds funded LIPA resiliency projects
- Accounts receivable – disclose uncollectible expense
  - Bad debt expense at 12/31/2023 totaled \$4M compared with \$2M at 12/31/2022 – increase due to LIPA Arrears forgiveness program
- Restructuring property - eliminated Series 2013 and added Series 2023

## 2. Restricted Cash – Annual update

- UDSA's restricted cash accounts totaled \$115M and \$153M as of December 31, 2023 and 2022, respectively
- Lower balance is due to the higher redemptions of bonds required in 2023

## 3. Long-term Debt – Annual update- see page 8

## 4. Significant Agreements and Related-Party Transactions – No changes

## 5. Subsequent Events – No subsequent events

# Note 3 | Debt outstanding December 31, 2023

	Beginning balance	Additions	Maturities	Refundings	Ending balance	Years of Maturity	Interest Rate (%)
Restructuring bonds:							
Series 2013T	72,660	—	72,660	—	—	—	—
Series 2013TE	715,100	—	680	714,420	—	—	—
Series 2015	967,710	—	12,455	—	955,255	2024-2035	3.00-5.00
Series 2016A	636,770	—	82,965	—	553,805	2024-2033	5.00
Series 2016B	153,695	—	26,185	—	127,510	2025-2033	4.00-5.00
Series 2017	320,620	—	36,715	—	283,905	2024-2039	5.00
Series 2022T	53,585	—	20,945	—	32,640	2029-2037	4.65-4.95
Series 2022TE-1	787,290	—	12,055	—	775,235	2024-2037	5.00
Series 2022TE-2	94,780	—	—	—	94,780	2038-2050	5.00
Series 2023T	—	36,200	—	—	36,200	2039	5.67
Series 2023TE-1	—	661,500	—	—	661,500	2024-2039	5.00
Series 2023TE-2	—	135,515	—	—	135,515	2034-2051	5.00
Subtotal	3,802,210	833,215	264,660	714,420	3,656,345		
Less: Current maturities	(264,660)				(204,790)		
Total Long-term debt	\$ 3,537,550				3,451,555		

## Annual Debt Service Requirements

	Due	Principal	Interest	Annual Debt Service Requirements
2024	\$	204,790	179,181	383,971
2025		223,965	168,697	392,662
2026		231,310	157,409	388,719
2027		222,120	145,957	368,077
2028		222,595	134,845	357,440
2029–2033		1,280,125	491,128	1,771,253
2034–2038		823,000	228,826	1,051,826
2039–2043		307,945	54,414	362,359
2044–2048		90,905	25,359	116,264
2049–2051		49,590	3,537	53,127
Total	\$	3,656,345	1,589,353	5,245,698



# Questions?

**Donna Mongiardo**  
Vice President — Controller

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