



UDSA Annual Report

UDSA Board of Trustees Meeting



Presented by: Richard Tinelli — Controller

Discussion Topics

-  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):

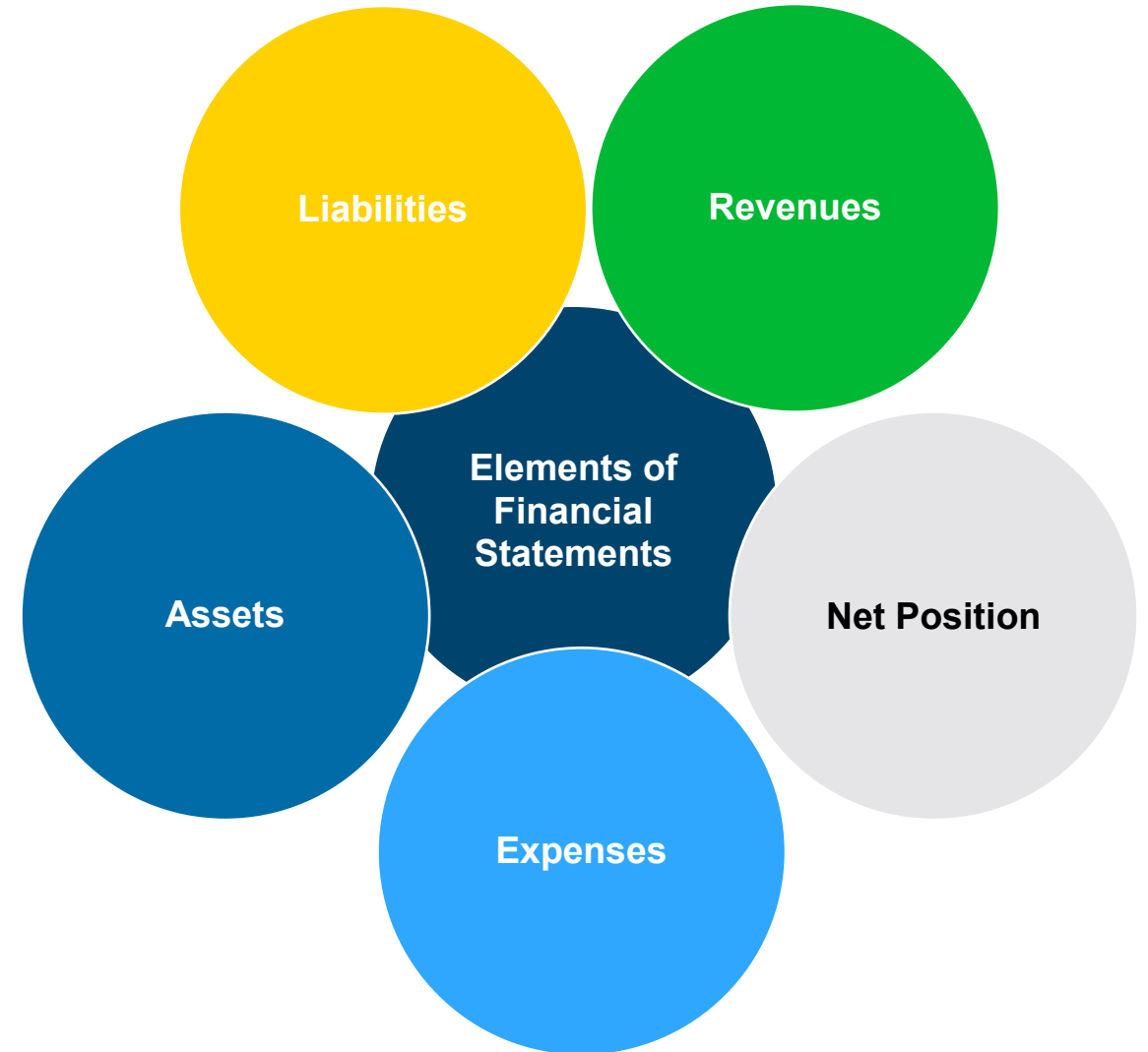
- Statement of Net Position
- Statement of Revenue, Expenses, and Net Position
- Schedule of Debt

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
- Report on Investment Compliance
- Reports on applying agreed upon procedures in connection with Servicing Agreements

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:

	2024	2023
Assets and Deferred Outflows of Resources		
Current assets	\$ 179,147	168,414
Noncurrent assets	3,649,620	3,902,830
Deferred outflows of resources	7,049	8,554
Total assets and deferred outflows of resources	<u>3,835,816</u>	<u>4,079,798</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities	231,853	212,768
Noncurrent liabilities	3,503,707	3,773,546
Deferred inflows of resources	17,921	21,908
Total liabilities and deferred inflows of resources	<u>3,753,481</u>	<u>4,008,222</u>
Net position-restricted	82,335	71,576
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,835,816</u>	<u>4,079,798</u>

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

	2024	2023
Operating revenues, net of uncollectible accounts expense	\$ 388,487	390,914
Operating expenses	(254,699)	(301,570)
Operating income	133,788	89,344
Interest income	9,637	10,745
Interest charges and credits, net	(132,666)	(147,133)
Change in net position	10,759	(47,044)
Restricted net position, beginning of year	71,576	118,620
Restricted net position, end of year	<u>\$ 82,335</u>	<u>71,576</u>

Statements of Cash Flows:

	2024	2023
Cash flows from operating activities:		
Operating revenues received	\$ 392,755	407,194
Servicing, administrative and other fees	(3,251)	(4,911)
Net cash provided by operating activities	<u>389,504</u>	<u>402,283</u>
Cash flows from investing activities:		
Interest income	9,637	10,745
Net cash provided by investing activities	<u>9,637</u>	<u>10,745</u>
Cash flows from financing activities:		
Interest paid	(179,181)	(184,539)
Proceeds from the issuance of long-term debt	—	894,630
Early defeasance of UDSA long-term debt	—	(713,513)
Redemption of long-term debt	(204,790)	(264,660)
Payments to bond escrow agent to refinance LIPA bonds	—	(36,277)
Payments to LIPA System Resiliency Fund	—	(141,000)
Other interest costs	(418)	(418)
Debt issuance costs	(8)	(5,450)
Net cash used in financing activities	<u>(384,397)</u>	<u>(451,227)</u>
Net increase (decrease) in cash and cash equivalents	14,744	(38,199)
Restricted cash and cash equivalents, beginning of year	114,951	153,150
Restricted cash and cash equivalents, end of year	<u>\$ 129,695</u>	<u>114,951</u>

Management's Discussion & Analysis (unaudited)

Operational Highlights

- On May 18, 2022, LIPA's Board adopted additional Financing Orders (No. 6-9)
- No UDSA Issuances were executed in 2024
- \$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 2024 and 2023 comparison year-over-year analysis

- Higher cash balances due to the higher redemptions of bonds required in 2025
- Lower noncurrent assets and liabilities due to scheduled debt maturities
- Lower revenue in 2024 due to a decrease in restructuring charge rates, which was partially offset by higher sales

Cash and Liquidity

- \$130M in cash which includes \$56M in reserve balances

Notes to the Financial Statements (audited)

1. Summary of Accounting Policies

- Accounts receivable – disclose uncollectible expense
 - Bad debt expense at 12/31/2024 totaled \$2M compared with \$4M at 12/31/2023 – decrease due to LIPA Arrears forgiveness program which occurred in 2023
- Restructuring property - \$251M of scheduled amortization

2. Restricted Cash – Annual update

- UDSA's restricted cash accounts totaled \$130M and \$115M as of December 31, 2024 and 2023, respectively
- Higher balance is due to the higher redemptions of bonds required in 2025

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 | Long-Term Debt

Debt Outstanding December 31, 2024							
	Beginning balance	Additions	Maturities	Refundings	Ending balance	Years of Maturity	Interest Rate (%)
Restructuring bonds:							
Series 2015	955,255	—	44,030	—	911,225	2025-2035	3.00-5.00
Series 2016A	553,805	—	133,315	—	420,490	2025-2033	5.00
Series 2016B	127,510	—	—	—	127,510	2025-2033	4.00-5.00
Series 2017	283,905	—	385	—	283,520	2025-2039	5.00
Series 2022T	32,640	—	—	—	32,640	2029-2037	4.65-4.95
Series 2022TE-1	775,235	—	12,260	—	762,975	2025-2037	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	—	14,800	—	646,700	2025-2039	5.00
Series 2023TE-2	135,515	—	—	—	135,515	2034-2051	5.00
Subtotal	3,656,345	—	204,790	—	3,451,555		
Less: current maturities	(204,790)				(223,965)		
Total long-term debt	\$ 3,451,555				3,227,590		

Annual Debt Service Requirements			
Due	Principal	Interest	Annual Debt Service Requirements
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	238,310	123,557	361,867
2030–2034	1,183,615	429,125	1,612,740
2035–2039	930,955	186,853	1,117,808
2040–2044	74,625	41,656	116,281
2045–2049	95,500	20,757	116,257
2050–2051	28,560	1,317	29,877
Total	\$ 3,451,555	1,410,171	4,861,726

Questions?

Richard Tinelli
Controller

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