

# **Gainesville Regional Utilities**

## **Interim Financial Statements - Unaudited**

**For the Period Ended June 30, 2018**



**Gainesville Regional Utilities  
Financial Statements - Unaudited  
For the Period Ended June 30, 2018**

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# **Overview and Basis of Accounting**

# **Gainesville Regional Utilities Financial Statements - Unaudited For the Period Ended June 30, 2018**

## **Overview**

Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility system operating electric, water, wastewater, natural gas, and telecommunications (GRUCom) systems. GRU is a utility enterprise of the City of Gainesville, Florida (City) and is reported as an enterprise fund in the comprehensive annual financial report of the City. GRU is required to follow the provisions in the Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on January 30, 2003.

We offer readers these unaudited utility system financial statements for the period ended June 30, 2018.

## **Basis of Accounting**

GRU is required to follow the provisions in the Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on January 30, 2003. GRU's electric and gas accounts are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC), as required by the Resolution, and in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting, including the application of regulatory accounting as described in Governmental Accounting Standards Board (GASB) Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GRU prepares its financial statements in accordance with GASB Statement No. 62, *paragraphs 476-500, Regulated Operations*, and records various regulatory assets and liabilities. For a government to report under GASB Statement No. 62, its rates must be designed to recover its costs of providing services, and the utility must be able to collect those rates from customers. If it were determined, whether due to regulatory action or competition, that these standards no longer applied, GRU could be required to expense its regulatory assets and liabilities. Management believes that GRU currently meets the criteria for continued application of GASB Statement No. 62, but will continue to evaluate significant changes in the regulatory and competitive environment to assess continuing applicability of the criteria.

The Resolution specifies the flow of funds from revenues and the requirements for the use of certain restricted and unrestricted assets. Under the Resolution, rates are designed to cover operation and maintenance expenses, rate stabilization, debt service requirements, utility plant improvement fund contributions and for any other lawful purpose. The flow of funds excludes depreciation expense and other noncash revenue and expense items. This method of rate setting results in costs being included in the determination of rates in different periods than when these costs are recognized for financial statement purposes. The effects of these differences are recognized in the determination of operating income in the period that they occur, in accordance with GRU's accounting policies.

# **Management's Discussion and Analysis**

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**Management's Discussion and Analysis**

We offer readers of GRU's financial statements this management's discussion and analysis of the financial activities of GRU for the period ended June 30, 2018. It should be read in conjunction with the unaudited financial statements that follow this section.

**Financial Highlights – Overall**

- The Utility purchased a biomass plant in November of 2017. Various items in the financial statements were impacted and are addressed below as applicable.
- Cash and investments decreased \$6.6 million or 19.7% due to normal operations and contributions to and from rate stabilization cash.
- Fuel inventories increased \$9.8 million or 208.5% due primarily to an increase in the purchase of coal and biomass fuel.
- Materials and supplies increased \$2.8 million or 36.1% due to the purchase of the Deerhaven Renewable Generating Station (DHR) in November 2017.
- Debt service cash and investments increased \$8.8 million or 35% due primarily to the issuance of the 2017 Series bonds to purchase DHR.
- Construction fund cash and investments and utility plant improvement fund cash and investments decreased \$12.9 million or 94.4% and \$40.2 million or 67.2%, respectively, due to the construction of capital assets. The Utility issued \$40 million in commercial paper in July 2018.
- Net costs recoverable in future years decreased \$57.9 million or 100% due to the cancellation of the Power Purchase Agreement (PPA) with Gainesville Renewable Energy Center (GREC) and the concurrent purchase of DHR.
- Unamortized debt issuance costs increased \$3.6 million or 63.4% due primarily to the issuance of the 2017 Series bonds to purchase DHR.
- Pension costs – regulatory asset increased \$17 million or 30.3% and related deferred outflows of resources for pension costs increased \$6.9 million or 33.1% due to updated actuarial calculations at September 30, 2017.
- Utility plant in service increased \$788.1 million or 39.8% due primarily to the purchase of DHR.
- Capital lease decreased by \$1 billion or 100% due to the cancellation of the PPA with GREC and the concurrent purchase of DHR.
- Construction in progress increased \$21.7 million or 27% due primarily to wastewater, electric supply, electric distribution and water projects.

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- Fuels payable decreased \$7.1 million or 60.2% due to a decrease in purchases from GREC once the plant was purchased.
- Current portion of the capital lease and the long-term portion of the capital lease decreased \$4.7 million and \$941.3 million, respectively, or 100% due to the cancellation of the PPA with GREC and the concurrent purchase of DHR.
- Current portion of utilities system revenue bonds increased \$9.8 million or 53.9% due to the issuance of the 2017 Series A Bonds, 2017 Series B Bonds and 2017 Series C Bonds, in addition to normally scheduled principal payments.
- Current portion of commercial paper notes decreased \$5.9 million due to normally scheduled principal payments in the prior year compared to no scheduled principal payments this year.
- Accrued interest payable increased \$10 million or 197.5% due primarily to the issuance of the 2017 Series A Bonds, 2017 Series B Bonds and 2017 Series C Bonds.
- Utilities system revenue bonds increased \$653 million due primarily to the issuance of the 2017 Series A Bonds, 2017 Series B Bonds and 2017 Series C Bonds to fund the purchase of DHR, in addition to normally scheduled principal payments.
- Unamortized bond premium/discount increased \$68.7 million due primarily to \$73.2 million premium received with the issuance of the 2017 Series A Bonds to partially fund the purchase of DHR, in addition to normally scheduled amortization.
- The pension liability increased \$11.4 million and related deferred inflows of resources for pension costs increased \$12.6 million due to updated actuarial calculations at September 30, 2017.
- Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

**Financial Highlights – Schedules of Net Revenues in Accordance with Bond Resolution**

**Combined Systems**

- Total revenues decreased \$16.8 million or 5.5% due primarily to a decrease in electric and water revenues which included a decrease in fuel adjustment revenues of \$44.3 million. These decreases were offset by increases in wastewater, gas and telecommunications revenues.
- Total expenses decreased \$36.4 million or 16.6% due primarily to a decrease in electric fuel expense of \$44.3 million, offset by an increase in water, wastewater, and gas expenses.
- The combined systems withdrew \$5.1 million from rate stabilization for the period ended June 30, 2018, including budgeted transfers to and from rate stabilization.

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Electric System

- Total revenues decreased by \$19.2 million or 8.8% over the same period last year due primarily to a decrease in fuel adjustment revenue, offset by an increase in residential and non-residential revenue.
- Fuel adjustment revenue and the related fuel expense decreased \$44.3 million or 37.8% over the prior period due primarily to the cancellation of the PPA with GREC and the concurrent purchase of DHR. The Utility has realized much more efficient use of the biomass plant and procurement of fuel costs than what was required under the PPA. In addition, the Utility has been able to incorporate the plant seamlessly into its generation fleet.

Fuel adjustment revenue is matched to fuel expenses with amounts over collected deferred in the fuel adjustment levelization balance and amounts under collected drawn down from the fuel adjustment levelization balance.

- Power production increased \$11.8 million or 58.7% while administrative and general decreased \$8.6 million or 45.3% due primarily to a change in business processes resulting from the reimplementation of the SAP software program.
- Transmission and distribution increased \$4.1 million or 41.8% due primarily to a change in business processes resulting from the reimplementation of the SAP software program along with increases in other operations expenses.
- The electric system withdrew \$8.9 million from rate stabilization for the period ended June 30, 2018, in addition to budgeted transfers from rate stabilization.

Water System

- Total revenues decreased \$1.1 million or 4.1% due primarily to a decrease in residential sales and sales to the University of Florida.
- The water system withdrew \$107,247 from rate stabilization for the period ended June 30, 2018, in addition to budgeted transfers to rate stabilization.

Wastewater System

- Total revenues increased \$2.1 million or 6.3% due primarily to an increase in other revenue.
- The wastewater system contributed \$1.6 million to rate stabilization for the period ended June 30, 2018, in addition to budgeted transfers from rate stabilization.



**Gainesville Regional Utilities**  
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Gas System

- Total revenues increased \$788,689 or 4.4% due to an increase in residential revenue, offset by a decrease in other revenue.
- The gas system contributed \$2.3 million to rate stabilization for the period ended June 30, 2018, in addition to budgeted transfers to rate stabilization.

Telecommunications System

- Total revenues increased \$668,496 or 8.7% due primarily to an increase in non-residential revenue.
- The telecommunications system contributed \$99,845 to rate stabilization for the period ended June 30, 2018.

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# **Financial Statements**

**Gainesville Regional Utilities**  
**Statements of Net Position - Unaudited**  
**June 30, 2018 and 2017**

	June 30, 2018	June 30, 2017	Change (\$)	Change (%)
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 26,667,889	\$ 33,230,256	\$ (6,562,367)	(19.7%)
Accounts receivable, net of allowance for uncollectible accounts of \$459,598 and \$1,357,421, respectively	52,854,633	44,273,605	8,581,028	19.4%
Inventories:				
Fuel	14,535,921	4,712,559	9,823,362	208.5%
Materials and supplies	10,657,397	7,829,515	2,827,882	36.1%
Other assets and regulatory assets	1,531,213	4,512,869	(2,981,656)	(66.1%)
<b>Total current assets</b>	<b>106,247,053</b>	<b>94,558,804</b>	<b>11,688,249</b>	<b>12.4%</b>
Restricted assets:				
Utility deposits - cash and investments	9,947,970	7,852,996	2,094,974	26.7%
Debt service - cash and investments	33,956,043	25,144,112	8,811,931	35.0%
Rate stabilization - cash and investments	57,170,948	67,842,709	(10,671,761)	(15.7%)
Construction fund - cash and investments	761,826	13,675,054	(12,913,228)	(94.4%)
Utility plant improvement fund - cash and investments	19,646,843	59,836,200	(40,189,357)	(67.2%)
<b>Total restricted and internally designated assets</b>	<b>121,483,630</b>	<b>174,351,071</b>	<b>(52,867,441)</b>	<b>(30.3%)</b>
Noncurrent assets:				
Net costs recoverable in future years - regulatory assets	-	57,864,611	(57,864,611)	(100.0%)
Unamortized debt issuance costs - regulatory assets	9,181,106	5,619,913	3,561,193	63.4%
Investment in The Energy Authority	2,176,409	2,051,739	124,670	6.1%
Pollution remediation - regulatory asset	11,132,869	11,949,691	(816,822)	(6.8%)
Other noncurrent assets and regulatory assets	7,236,272	4,769,713	2,466,559	51.7%
Pension costs - regulatory asset	73,141,512	56,115,877	17,025,635	30.3%
<b>Total noncurrent assets</b>	<b>102,868,168</b>	<b>138,371,544</b>	<b>(35,503,376)</b>	<b>(25.7%)</b>
Capital assets:				
Utility plant in service	2,766,048,087	1,977,937,980	788,110,107	39.8%
Capital lease	-	1,006,808,754	(1,006,808,754)	(100.0%)
Less: accumulated depreciation and amortization	(944,844,644)	(978,712,497)	33,867,853	(3.5%)
	1,821,203,443	2,006,034,237	(184,830,794)	(9.2%)
Construction in progress	101,790,422	80,121,853	21,668,569	27.0%
<b>Net capital assets</b>	<b>1,922,993,865</b>	<b>2,086,156,090</b>	<b>(163,162,225)</b>	<b>(7.8%)</b>
<b>Total assets</b>	<b>2,253,592,716</b>	<b>2,493,437,509</b>	<b>(239,844,793)</b>	<b>(9.6%)</b>
<b>Deferred outflows of resources:</b>				
Unamortized loss on refunding of bonds	19,321,009	22,786,465	(3,465,456)	(15.2%)
Accumulated decrease in fair value of hedging derivatives	57,721,474	56,950,371	771,103	1.4%
Pension costs	27,899,197	20,954,810	6,944,387	33.1%
<b>Total deferred outflows of resources</b>	<b>104,941,680</b>	<b>100,691,646</b>	<b>4,250,034</b>	<b>4.2%</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,358,534,396</b>	<b>\$ 2,594,129,155</b>	<b>\$ (235,594,759)</b>	<b>(9.1%)</b>

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**Gainesville Regional Utilities**  
**Statements of Net Position - Unaudited (concluded)**  
**June 30, 2018 and 2017**

	June 30, 2018	June 30, 2017	Change (\$)	Change (%)
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 11,541,336	\$ 14,383,457	\$ (2,842,121)	(19.76%)
Fuels payable	4,677,469	11,760,611	(7,083,142)	(60.23%)
Due to other funds of the City	1,858,080	2,890,608	(1,032,528)	(35.72%)
Capital lease - current	-	4,680,250	(4,680,250)	(100.00%)
Fuel adjustment	2,405,999	(1,678,146)	4,084,145	(243.37%)
Other liabilities and regulatory liabilities	410,859	1,546,969	(1,136,110)	(73.44%)
Total current liabilities	<u>20,893,743</u>	<u>33,583,749</u>	<u>(12,690,006)</u>	<u>(37.8%)</u>
Payable from restricted assets:				
Utility deposits	9,231,763	10,186,877	(955,114)	(9.4%)
Accounts payable and accrued liabilities	1,945,741	1,945,209	532	0.0%
Utility system revenue bonds - current	27,885,000	18,120,000	9,765,000	53.9%
Commercial paper notes - current	-	5,900,000	(5,900,000)	(100.0%)
Accrued interest payable	15,124,266	5,082,939	10,041,327	197.5%
Other liabilities and regulatory liabilities	-	544,959	(544,959)	(100.0%)
Total payable from restricted assets	<u>54,186,770</u>	<u>41,779,984</u>	<u>12,406,786</u>	<u>29.7%</u>
Long-term debt:				
Utility system revenue bonds	1,506,455,000	853,420,000	653,035,000	76.5%
Commercial paper notes	53,000,000	53,000,000	-	0.0%
Capital lease	-	941,269,071	(941,269,071)	(100.0%)
Unamortized bond premium/discount	86,102,789	17,355,646	68,747,143	396.1%
Fair value of derivative instruments	61,184,080	60,756,967	427,113	0.7%
Total long-term debt	<u>1,706,741,869</u>	<u>1,925,801,684</u>	<u>(219,059,815)</u>	<u>(11.4%)</u>
Noncurrent liabilities:				
Reserve for insurance claims	3,337,000	3,337,000	-	0.0%
Reserve for environmental liability	665,000	266,000	399,000	150.0%
Pension liability	82,704,362	71,325,377	11,378,985	16.0%
Other noncurrent liabilities and regulatory liabilities	591,378	-	591,378	-
Total noncurrent liabilities	<u>87,297,740</u>	<u>74,928,377</u>	<u>12,369,363</u>	<u>16.5%</u>
Total liabilities	<u>1,869,120,122</u>	<u>2,076,093,794</u>	<u>(206,973,672)</u>	<u>(10.0%)</u>
Deferred inflows of resources:				
Rate stabilization	57,348,633	68,053,970	(10,705,337)	(15.7%)
Pension costs	18,336,347	5,745,310	12,591,037	219.2%
Total deferred inflows of resources	<u>75,684,980</u>	<u>73,799,280</u>	<u>1,885,700</u>	<u>2.6%</u>
<b>Net position</b>				
Net investment in capital assets	278,806,360	240,822,334	37,984,026	15.8%
Restricted	39,031,821	66,861,778	(27,829,957)	(41.6%)
Unrestricted	95,891,113	136,551,969	(40,660,856)	(29.8%)
Total net position	<u>413,729,294</u>	<u>444,236,081</u>	<u>(30,506,787)</u>	<u>(7.4%)</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 2,358,534,396</u>	<u>\$ 2,594,129,155</u>	<u>\$ (235,594,759)</u>	<u>(9.1%)</u>

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**Gainesville Regional Utilities**  
**Statements of Revenues, Expenses, and Changes in Net Position - Unaudited**  
**For the Periods Ended June 30, 2018 and 2017**

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Operating revenues:		
Sales and service charges	\$ 273,227,499	\$ 293,284,680
Transfers (to) from rate stabilization	5,020,406	6,023,418
Amounts to be recovered from future revenue	3,449,252	25,170,219
Other operating revenue	9,914,031	7,663,522
Total operating revenues	<b>291,611,188</b>	<b>332,141,839</b>
Operating expenses:		
Operation and maintenance	151,655,359	174,161,743
Administrative and general	19,013,788	32,974,781
Depreciation and amortization	70,166,535	74,201,411
Total operating expenses	<b>240,835,682</b>	<b>281,337,935</b>
Operating income	<b>50,775,506</b>	<b>50,803,904</b>
Non-operating income (expense):		
Interest expense, net of AFUDC	(43,083,507)	(23,713,785)
Other interest related income, BABs	3,944,420	2,654,101
Other income (expense)	(8,236,847)	(1,477,686)
Total non-operating income (expense)	<b>(47,375,934)</b>	<b>(22,537,370)</b>
Income before capital contributions and transfers	<b>3,399,572</b>	<b>28,266,534</b>
Capital contributions:		
Contributions from third parties	1,187,471	7,504,762
Reduction of plant costs recovered through contributions	(69,812)	(58,390)
Net capital contributions	<b>1,117,659</b>	<b>7,446,372</b>
Transfer to City of Gainesville General Fund	<b>(27,284,310)</b>	<b>(26,860,507)</b>
Change in net position	<b>(22,767,079)</b>	<b>8,852,399</b>
Net position - beginning of year	<b>436,496,373</b>	<b>435,383,682</b>
Net position - end of period	<b>\$ 413,729,294</b>	<b>\$ 444,236,081</b>

**Gainesville Regional Utilities**  
**Statements of Cash Flows - Unaudited**  
**For the Periods Ended June 30, 2018 and 2017**

	<b>June 30, 2018</b>	June 30, 2017
Operating activities:		
Cash received from customers	\$ 272,444,515	\$ 297,782,939
Cash payments to suppliers for goods and services	(154,342,844)	(173,016,742)
Cash payments to employees for services	(40,626,645)	(39,547,438)
Cash payments for operating transactions with other funds	(5,009,769)	(5,521,611)
Other operating receipts	14,934,437	13,686,940
Net cash provided by operating activities	<b>87,399,693</b>	<b>93,384,088</b>
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	(27,284,310)	(26,860,507)
Net cash used by noncapital financing activities	<b>(27,284,310)</b>	<b>(26,860,507)</b>
Capital and related financing activities:		
Principal repayments and refunding on long-term debt, net	(24,020,000)	(23,135,000)
Interest paid on long-term debt	(45,998,445)	(37,147,611)
Proceeds from interest rebates, BABs	1,325,530	2,654,101
Acquisition and construction of fixed assets (including allowance for funds used during construction)	(733,470,365)	(73,721,905)
Proceeds from new debt and commercial paper	680,920,000	5,000,000
Other income	561,031	(1,477,686)
Net cash used by capital and related financing activities	<b>(120,682,249)</b>	<b>(127,828,101)</b>
Investing activities:		
Interest received	913,319	27,146
Purchase of investments	(140,987,132)	(207,322,000)
Investments in The Energy Authority	(6,183,171)	(3,769,687)
Distributions from The Energy Authority	6,100,745	3,820,629
Proceeds from investments	173,815,916	262,689,454
Net cash provided (used) by investing activities	<b>33,659,677</b>	<b>55,445,542</b>
Net change in cash and cash equivalents	<b>(26,907,189)</b>	<b>(5,858,978)</b>
Cash and cash equivalents, beginning of year	<b>36,491,757</b>	<b>49,535,773</b>
Cash and cash equivalents, end of period	<b>\$ 9,584,568</b>	<b>\$ 43,676,795</b>

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**Gainesville Regional Utilities**  
**Statements of Cash Flows - Unaudited (concluded)**  
**For the Periods Ended June 30, 2018 and 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 50,775,506	\$ 50,803,904
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	70,166,535	74,201,411
Net costs recoverable in future years	(3,449,252)	(11,440,688)
Change in:		
Accounts receivable	(431,314)	3,895,619
Inventories	(9,742,190)	2,566,698
Other assets and regulatory assets	1,262,426	(1,551,314)
Noncurrent assets	867,228	876,335
Payables and accrued liabilities	(26,544,149)	(5,268,462)
Due to other funds of the City	2,731,663	1,400,664
Fuel adjustment	7,135,316	(16,509,710)
Other liabilities and regulatory liabilities	-	(169,591)
Utility deposits	(351,670)	602,640
Rate stabilization	(5,020,406)	(6,023,418)
Net cash provided by operating activities	<u>\$ 87,399,693</u>	<u>\$ 93,384,088</u>
Non-cash capital and related financing activities and investing activities:		
Contribution of capital assets	<u>\$ 1,117,659</u>	<u>\$ 7,446,372</u>
Net costs recoverable in future years	<u>\$ 61,574,434</u>	<u>\$ (11,440,688)</u>
Change in capital lease liability	<u>\$ (941,269,071)</u>	<u>\$ (13,729,531)</u>
Acquisition of utility plant in service with construction fund payable	<u>\$ (8,026,046)</u>	<u>\$ (9,213,425)</u>
Change in utility plant in service	<u>\$ 771,760,507</u>	<u>\$ 81,095,183</u>
Change in accumulated decrease in fair value of hedging derivatives - interest rate swaps	<u>\$ -</u>	<u>\$ 24,194,251</u>
Change in accumulated decrease in fair value of hedging derivatives - fuel options and futures	<u>\$ (69,113)</u>	<u>\$ 217,877</u>
Change in fair value of investments	<u>\$ (1,431,623)</u>	<u>\$ 406,563</u>
Change in fair value of derivatives	<u>\$ -</u>	<u>\$ (26,423,327)</u>
Other	<u>\$ (6,400)</u>	<u>\$ (13,272)</u>

**Gainesville Regional Utilities**  
**Combined Utility Systems**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended June 30, 2018 and 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>Revenues:</b>				
Electric system:				
Sales of electricity	\$ 112,290,163	\$ 87,440,903	\$ 24,849,260	28.4
Fuel adjustment	72,783,119	117,103,638	(44,320,519)	(37.8)
Sales for resale	4,035,933	2,972,007	1,063,926	35.8
Transfer from/(to) rate stabilization	5,553,643	7,360,094	(1,806,451)	(24.5)
Other revenue	4,490,116	3,837,184	652,932	17.0
Other income (expense)	(998,174)	(619,559)	(378,615)	(61.1)
Build America Bonds	2,177,981	1,467,782	710,199	48.4
<b>Total electric system revenues</b>	<b><u>200,332,781</u></b>	<b><u>219,562,049</u></b>	<b><u>(19,229,268)</u></b>	<b><u>(8.8)</u></b>
Water system:				
Sales of water	25,642,054	27,900,252	(2,258,198)	(8.1)
Transfer from/(to) rate stabilization	(800,988)	(736,018)	(64,970)	(8.8)
Other revenue	1,350,765	1,208,050	142,715	11.8
Other income (expense)	(124,387)	(953,864)	829,477	87.0
Build America Bonds	613,474	412,310	201,164	48.8
<b>Total water system revenues</b>	<b><u>26,680,918</u></b>	<b><u>27,830,730</u></b>	<b><u>(1,149,812)</u></b>	<b><u>(4.1)</u></b>
Wastewater system:				
Sales of wastewater	30,508,519	31,788,919	(1,280,400)	(4.0)
Transfer from/(to) rate stabilization	1,666,012	224,281	1,441,731	642.8
Other revenue	2,667,088	1,194,162	1,472,926	123.3
Other income (expense)	(132,173)	(355,385)	223,212	62.8
Build America Bonds	696,796	466,668	230,128	49.3
<b>Total wastewater system revenues</b>	<b><u>35,406,242</u></b>	<b><u>33,318,645</u></b>	<b><u>2,087,597</u></b>	<b><u>6.3</u></b>
Gas system:				
Sales of gas	13,013,546	11,895,181	1,118,365	9.4
Purchased gas adjustment	6,490,190	6,058,654	431,536	7.1
Transfer from/(to) rate stabilization	(1,398,261)	(824,938)	(573,323)	(69.5)
Other revenue	263,479	630,624	(367,145)	(58.2)
Other income (expense)	(21,789)	(52,217)	30,428	58.3
Build America Bonds	456,169	307,341	148,828	48.4
<b>Total gas system revenues</b>	<b><u>18,803,334</u></b>	<b><u>18,014,645</u></b>	<b><u>788,689</u></b>	<b><u>4.4</u></b>
Telecommunications system:				
Sales of services	8,463,974	7,884,766	579,208	7.3
Other revenue	14,491	3,068	11,423	372.3
Other income (expense)	(155,265)	(233,130)	77,865	33.4
<b>Total telecommunications system revenues</b>	<b><u>8,323,200</u></b>	<b><u>7,654,704</u></b>	<b><u>668,496</u></b>	<b><u>8.7</u></b>
<b>Total revenues</b>	<b><u>289,546,475</u></b>	<b><u>306,380,773</u></b>	<b><u>(16,834,298)</u></b>	<b><u>(5.5)</u></b>

**Gainesville Regional Utilities**  
**Combined Utility Systems**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended June 30, 2018 and 2017**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Electric system:				
Fuel expenses	72,783,119	117,103,638	(44,320,519)	(37.8)
Operation and maintenance	45,866,334	30,782,967	15,083,367	49.0
Administrative and general	10,359,145	18,928,544	(8,569,399)	(45.3)
<b>Total Electric System Expenses</b>	<b><u>129,008,598</u></b>	<b><u>166,815,149</u></b>	<b><u>(37,806,551)</u></b>	<b><u>(22.7)</u></b>
Water system:				
Operation and maintenance	8,270,113	6,598,229	1,671,884	25.3
Administrative and general	3,049,776	4,368,250	(1,318,474)	(30.2)
<b>Total Water System Expenses</b>	<b><u>11,319,889</u></b>	<b><u>10,966,479</u></b>	<b><u>353,410</u></b>	<b><u>3.2</u></b>
Wastewater system:				
Operation and maintenance	11,031,602	8,264,285	2,767,317	33.5
Administrative and general	3,329,625	4,698,234	(1,368,609)	(29.1)
<b>Total Wastewater System Expenses</b>	<b><u>14,361,227</u></b>	<b><u>12,962,519</u></b>	<b><u>1,398,708</u></b>	<b><u>10.8</u></b>
Gas system:				
Fuel expense and purchased gas	6,490,190	6,058,654	431,536	7.1
Operation and maintenance	2,160,167	1,558,492	601,675	38.6
Administrative and general	1,640,393	2,585,630	(945,237)	(36.6)
<b>Total Gas System Expenses</b>	<b><u>10,290,750</u></b>	<b><u>10,202,776</u></b>	<b><u>87,974</u></b>	<b><u>0.9</u></b>
Telecommunications system:				
Operation and maintenance	4,067,260	3,559,768	507,492	14.3
Administrative and general	634,497	1,597,471	(962,974)	(60.3)
<b>Total Telecommunications System Expenses</b>	<b><u>4,701,757</u></b>	<b><u>5,157,239</u></b>	<b><u>(455,482)</u></b>	<b><u>(8.8)</u></b>
<b>TOTAL EXPENSES</b>	<b><u>169,682,221</u></b>	<b><u>206,104,162</u></b>	<b><u>(36,421,941)</u></b>	<b><u>(16.6)</u></b>
<b>NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:</b>				
Total electric system	71,324,183	52,746,900	18,577,283	35.2
Total water system	15,361,029	16,864,251	(1,503,222)	(8.9)
Total wastewater system	21,045,015	20,356,126	688,889	3.4
Total gas system	8,512,584	7,811,869	700,715	9.0
Total telecommunications system	3,621,443	2,497,465	1,123,978	45.0
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b><u>119,864,254</u></b>	<b><u>100,276,611</u></b>	<b><u>19,587,643</u></b>	<b><u>19.5</u></b>
<b>LESS:</b>				
Debt service	66,824,267	42,751,457	24,072,810	56.3
Debt service - UPIF	(3,750,000)	(3,750,000)	-	-
UPIF contributions	34,590,415	35,143,573	(553,158)	(1.6)
Transfer to City of Gainesville General Fund	27,284,310	26,860,507	423,803	1.6
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b><u>\$ (5,084,738)</u></b>	<b><u>\$ (728,926)</u></b>	<b><u>\$ (4,355,812)</u></b>	<b><u>(597.6)</u></b>

**Gainesville Regional Utilities**  
**Electric Utility System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended June 30, 2018 and 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Residential	\$ 42,004,719	\$ 31,106,279	\$ 10,898,440	35.0
Non-residential	53,737,720	44,088,467	9,649,253	21.9
Fuel adjustment	72,783,119	117,103,638	(44,320,519)	(37.8)
Sales for resale	4,035,933	2,972,007	1,063,926	35.8
Utility surcharge	2,545,827	1,893,465	652,362	34.5
Other electric sales	14,001,897	10,352,692	3,649,205	35.2
<b>Total Sales of Electricity</b>	<b><u>189,109,215</u></b>	<b><u>207,516,548</u></b>	<b><u>(18,407,333)</u></b>	<b><u>(8.9)</u></b>
Transfer from/(to) rate stabilization	5,553,643	7,360,094	(1,806,451)	(24.5)
Other revenue	4,490,116	3,837,184	652,932	17.0
Other income (expense)	(998,174)	(619,559)	(378,615)	(61.1)
Build America Bonds	2,177,981	1,467,782	710,199	48.4
<b>Total Revenues</b>	<b><u>200,332,781</u></b>	<b><u>219,562,049</u></b>	<b><u>(19,229,268)</u></b>	<b><u>(8.8)</u></b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Fuel expenses	72,783,119	117,103,638	(44,320,519)	(37.8)
Power production	31,891,047	20,097,817	11,793,230	58.7
Transmission and distribution	13,975,287	9,853,830	4,121,457	41.8
Administrative and general	10,359,145	18,928,544	(8,569,399)	(45.3)
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b><u>129,008,598</u></b>	<b><u>166,815,149</u></b>	<b><u>(37,806,551)</u></b>	<b><u>(22.7)</u></b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b><u>71,324,183</u></b>	<b><u>52,746,900</u></b>	<b><u>18,577,283</u></b>	<b><u>35.2</u></b>
<b>LESS:</b>				
Debt service	48,811,175	28,305,608	20,505,567	72.4
Debt service - UPIF	(3,750,000)	(3,750,000)	-	-
UPIF contributions	19,123,933	20,284,633	(1,160,700)	(5.7)
Transfer to City of Gainesville General Fund	16,070,458	15,820,839	249,619	1.6
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b><u>\$ (8,931,383)</u></b>	<b><u>\$ (7,914,180)</u></b>	<b><u>\$ (1,017,203)</u></b>	<b><u>(12.9)</u></b>

**Gainesville Regional Utilities**  
**Water Utility System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended June 30, 2018 and 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Residential	\$ 15,858,776	\$ 17,486,657	\$ (1,627,881)	(9.3)
Non-residential	7,894,793	8,352,809	(458,016)	(5.5)
Utility surcharge	1,888,485	2,060,786	(172,301)	(8.4)
<b>Total Sales of Water</b>	<u>25,642,054</u>	<u>27,900,252</u>	<u>(2,258,198)</u>	<u>(8.1)</u>
Transfer from/(to) rate stabilization	(800,988)	(736,018)	(64,970)	(8.8)
Other revenue	1,350,765	1,208,050	142,715	11.8
Other income (expense)	(124,387)	(953,864)	829,477	87.0
Build America Bonds	613,474	412,310	201,164	48.8
<b>Total Revenues</b>	<u>26,680,918</u>	<u>27,830,730</u>	<u>(1,149,812)</u>	<u>(4.1)</u>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Transmission and distribution	2,936,583	2,078,030	858,553	41.3
Treatment	5,333,530	4,520,199	813,331	18.0
Administrative and general	3,049,776	4,368,250	(1,318,474)	(30.2)
<b>Total Operation, Maintenance and Administrative Expenses</b>	<u>11,319,889</u>	<u>10,966,479</u>	<u>353,410</u>	<u>3.2</u>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>15,361,029</u>	<u>16,864,251</u>	<u>(1,503,222)</u>	<u>(8.9)</u>
<b>LESS:</b>				
Debt service	5,487,983	4,033,087	1,454,896	36.1
UPIF contributions	5,601,161	5,282,034	319,127	6.0
Transfer to City of Gainesville General Fund	4,379,132	4,311,111	68,021	1.6
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ (107,247)</u>	<u>\$ 3,238,019</u>	<u>\$ (3,345,266)</u>	<u>(103.3)</u>

**Gainesville Regional Utilities**  
**Wastewater Utility System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended June 30, 2018 and 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Residential	\$ 20,329,677	\$ 21,650,305	\$ (1,320,628)	(6.1)
Non-residential	7,997,158	7,892,161	104,997	1.3
Utility surcharge	2,181,684	2,246,453	(64,769)	(2.9)
<b>Total Sales of Services</b>	<u>30,508,519</u>	<u>31,788,919</u>	<u>(1,280,400)</u>	<u>(4.0)</u>
Transfer from/(to) rate stabilization	1,666,012	224,281	1,441,731	642.8
Other revenue	2,667,088	1,194,162	1,472,926	123.3
Other income (expense)	(132,173)	(355,385)	223,212	62.8
Build America Bonds	696,796	466,668	230,128	49.3
<b>Total Revenues</b>	<u>35,406,242</u>	<u>33,318,645</u>	<u>2,087,597</u>	<u>6.3</u>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Collection	6,000,715	3,552,482	2,448,233	68.9
Treatment	5,030,887	4,711,803	319,084	6.8
Administrative and general	3,329,625	4,698,234	(1,368,609)	(29.1)
<b>Total Operation, Maintenance and Administrative Expenses</b>	<u>14,361,227</u>	<u>12,962,519</u>	<u>1,398,708</u>	<u>10.8</u>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>21,045,015</u>	<u>20,356,126</u>	<u>688,889</u>	<u>3.4</u>
<b>LESS:</b>				
Debt service	6,579,837	5,068,409	1,511,428	29.8
UPIF contributions	7,377,358	7,074,186	303,172	4.3
Transfer to City of Gainesville General Fund	5,511,431	5,425,823	85,608	1.6
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ 1,576,389</u>	<u>\$ 2,787,708</u>	<u>\$ (1,211,319)</u>	<u>(43.5)</u>

**Gainesville Regional Utilities**  
**Gas Utility System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended June 30, 2018 and 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Residential	\$ 6,988,587	\$ 6,184,348	\$ 804,239	13.0
Non-residential	4,455,046	4,367,440	87,606	2.0
Fuel adjustment	6,490,190	6,058,654	431,536	7.1
Utility surcharge	448,894	393,255	55,639	14.1
Other gas sales	1,121,019	950,138	170,881	18.0
<b>Total Sales of Gas</b>	<b><u>19,503,736</u></b>	<b><u>17,953,835</u></b>	<b><u>1,549,901</u></b>	<b><u>8.6</u></b>
Transfer from/(to) rate stabilization	(1,398,261)	(824,938)	(573,323)	(69.5)
Other revenue	263,479	630,624	(367,145)	(58.2)
Other income (expense)	(21,789)	(52,217)	30,428	58.3
Build America Bonds	456,169	307,341	148,828	48.4
<b>Total Revenues</b>	<b><u>18,803,334</u></b>	<b><u>18,014,645</u></b>	<b><u>788,689</u></b>	<b><u>4.4</u></b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Fuel Expense - Purchased Gas	6,490,190	6,058,654	431,536	7.1
Operation and maintenance	2,160,167	1,558,492	601,675	38.6
Administrative and general	1,640,393	2,585,630	(945,237)	(36.6)
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b><u>10,290,750</u></b>	<b><u>10,202,776</u></b>	<b><u>87,974</u></b>	<b><u>0.9</u></b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b><u>8,512,584</u></b>	<b><u>7,811,869</u></b>	<b><u>700,715</u></b>	<b><u>9.0</u></b>
<b>LESS:</b>				
Debt service	3,039,095	2,884,603	154,492	5.4
UPIF contributions	2,159,027	2,320,295	(161,268)	(7.0)
Transfer to City of Gainesville General Fund	1,036,804	1,020,699	16,105	1.6
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b><u>\$ 2,277,658</u></b>	<b><u>\$ 1,586,272</u></b>	<b><u>\$ 691,386</u></b>	<b><u>43.6</u></b>

**Gainesville Regional Utilities  
Telecommunications System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended June 30, 2018 and 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Residential	\$ 37,004	\$ 35,933	\$ 1,071	3.0
Non-residential	8,426,970	7,848,833	578,137	7.4
<b>Total Sales of Services</b>	<u>8,463,974</u>	<u>7,884,766</u>	<u>579,208</u>	<u>7.3</u>
Other revenue	14,491	3,068	11,423	372.3
Other income (expense)	(155,265)	(233,130)	77,865	33.4
<b>Total Revenues</b>	<u>8,323,200</u>	<u>7,654,704</u>	<u>668,496</u>	<u>8.7</u>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Operation and maintenance	4,067,260	3,559,768	507,492	14.3
Administrative and general	634,497	1,597,471	(962,974)	(60.3)
<b>Total Operation, Maintenance and Administrative Expenses</b>	<u>4,701,757</u>	<u>5,157,239</u>	<u>(455,482)</u>	<u>(8.8)</u>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>3,621,443</u>	<u>2,497,465</u>	<u>1,123,978</u>	<u>45.0</u>
<b>LESS:</b>				
Debt service	2,906,177	2,459,750	446,427	18.1
UPIF contributions	328,936	182,425	146,511	80.3
Transfer to City of Gainesville General Fund	286,485	282,035	4,450	1.6
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ 99,845</u>	<u>\$ (426,745)</u>	<u>\$ 526,590</u>	<u>123.4</u>



# **Supplementary Data**

**Gainesville Regional Utilities**  
**Fuel Adjustment Levelization**  
**For the Period Ended June 30, 2018**

	<b>Actual</b>
Fuel Revenues	\$ 80,766,078
Fuel Expenses	72,783,119
<b>To (From) Fuel Adjustment Levelization</b>	<b>\$ 7,982,960</b>
Fuel Adjustment Beginning Balance	\$ (5,588,054)
To (From) Fuel Adjustment Levelization	7,982,960
<b>Fuel Adjustment Ending Balance</b>	<b>\$ 2,394,905</b>

**Gainesville Regional Utilities**  
**Purchased Gas Adjustment (PGA) Levelization**  
**For the Period Ended June 30, 2018**

	<b>Actual</b>
Purchased Gas Revenues	\$ 5,642,546
Purchased Gas Expenses	6,490,190
<b>To (From) PGA Levelization</b>	<b>\$ (847,643)</b>
PGA Beginning Balance	\$ 858,737
To (From) PGA Levelization	(847,643)
<b>PGA Ending Balance</b>	<b>\$ 11,094</b>