

Gainesville Regional Utilities

Interim Financial Statements - Unaudited

For the Period Ended March 31, 2019



**Gainesville Regional Utilities
Financial Statements - Unaudited
For the Period Ended March 31, 2019**

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Overview and Basis of Accounting

Gainesville Regional Utilities Financial Statements - Unaudited For the Period Ended March 31, 2019

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.

We offer readers these unaudited utility system financial statements for the period ended March 31, 2019.

Basis of Accounting

GRU is required to follow the provisions in the Second Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on September 21, 2017. 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

Gainesville Regional Utilities

Financial Statements - Unaudited

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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 March 31, 2019. 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 noted as applicable.
- Cash and investments decreased \$10.5 million or 32.8% due to normal operations, and increases in fuel inventories.
- Fuel inventories increased \$7 million or 61.4% due primarily to contracted coal purchases.
- Fuel adjustment levelization balance decreased \$10.4 million due to a reduction in the fuel adjustment in February 2018 in combination with higher natural gas prices during the winter months compared to the prior year. GRU implemented a fuel adjustment rate change in May 2019 to address the levelization balance.
- Debt service cash and investments increased \$4.9 million or 12.2% due to the accumulation of scheduled principal and interest payments associated with the issuance of the 2017 Series A, Series B, and Series C bonds to purchase the biomass plant.
- Construction fund cash and investments increased \$27.6 million due to the issuance of \$40 million in commercial paper in July 2018 offset by normal construction expenditures.
- Utility plant improvement fund cash and investments decreased \$13.8 million or 44.7% due to expected usage for construction of capital assets.
- Other noncurrent assets and regulatory assets decreased \$2.3 million or 26.4% due to a decrease in the unrealized loss on investments.
- Pension costs – regulatory asset increased \$980,839 or 1.3% and related deferred outflows of resources for pension costs decreased \$10.8 million or 38.8% due to updated actuarial calculations at September 30, 2018.
- Accumulated decrease in fair value of hedging derivatives decreased \$20.8 million or 36.1% due primarily to a decrease in the unrealized loss on interest rate swaps.
- Current portion of utilities system revenue bonds increased \$3.1 million or 10.9% due to normally scheduled principal payments.
- Accrued interest payable increased \$3.4 million or 13.1% due to normally scheduled interest payments.

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- Utilities system revenue bonds decreased \$30.9 million or 2.1% due primarily to normally scheduled principal payments.
- Long-term commercial paper notes increased \$40 million or 75.5% due to the issuance of \$40 million in tax exempt commercial paper notes to support the capital improvement program.
- Unamortized bond premium/discount decreased \$9.2 million or 10.4% due to normally scheduled amortization.
- Fair value of derivative instruments decreased \$22.4 million or 36.6% due to a decrease in the unrealized loss on interest rate swaps.
- The pension liability decreased \$11.5 million or 13.9% and related deferred inflows of resources for pension costs increased \$1.7 million or 9.1% due to updated actuarial calculations at September 30, 2018
- Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

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

Combined Systems

- Total revenues increased \$1.6 million or 0.8% due primarily to an increase in gas revenues. These increases were offset by decreases in electric, water, wastewater and telecommunications revenues.
- Total expenses decreased \$4 million or 3.5%. Factors include: a decrease in electric fuel expenses of \$9.6 million offset by an increase in electric power production and transmission and distribution expenses and an increase in purchased gas expense. See below for details.
- The combined systems withdrew \$6 million from rate stabilization for the period ended March 31, 2019, including budgeted transfers to and from rate stabilization.

Electric System

- Total revenues decreased \$268,906 or 0.2% 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 \$9.6 million or 19.1% over the prior year due to the cancellation of the PPA with GREC and the concurrent purchase of Deerhaven Renewable Generating Station (DHR). The Utility has realized much more efficient use of the biomass plant and procurement of fuel costs than what was experienced under the PPA. In addition, the Utility has been able to incorporate the plant seamlessly into its generation fleet.

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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 \$1.7 million or 8.6% due to needed maintenance on the boiler at Deerhaven Unit 2 generation facility.
- Transmission and distribution increased \$1.5 million or 16.3% due to increased labor costs and overheads.
- The electric system withdrew \$7.7 million from rate stabilization for the period ended March 31, 2019, including budgeted transfers from rate stabilization.

Water System

- Total revenues decreased \$167,853 or 1% due primarily to a reduction in residential revenues. Residential consumption decreased 3.5% over the same period last year.
- Total expenses increased \$572,670 due primarily to an increase in transmission and distribution expenses.
- The water system withdrew \$171,749 to rate stabilization for the period ended March 31, 2019, including budgeted transfers from rate stabilization.

Wastewater System

- Residential revenue decreased \$482,928 due to a reduction in volume of 3% over the same period last year.
- Other revenues decreased \$627,115 or 36.1% due to a decrease in connection charges.
- Total revenues decreased \$1.4 million or 5.9% due to the above factors.
- The wastewater system contributed \$1.1 million to rate stabilization for the period ended March 31, 2019, including budgeted transfers from rate stabilization.

Gas System

- Total revenues increased \$3.7 million or 26.6% due primarily to an increase in fuel adjustment revenue and transfers from rate stabilization.
- Fuel adjustment revenue and the related fuel expense increased \$599,543 or 12% due to an increase in natural gas prices over the same period last year.

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

Gainesville Regional Utilities
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For the Period Ended March 31, 2019

- The gas system contributed \$1.4 million to rate stabilization for the period ended March 31, 2019, including budgeted transfers from rate stabilization.

Telecommunications System

- Total revenues decreased \$286,808 or 4.9% due primarily to a reduction in telecommunications and other revenue.
- The telecommunications system withdrew \$699,779 from rate stabilization for the period ended March 31, 2019.

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Financial Statements

Gainesville Regional Utilities
Statements of Net Position - Unaudited
March 31, 2019 and 2018

	March 31, 2019	March 31, 2018	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 21,468,581	\$ 31,962,329	\$ (10,493,748)	(32.8%)
Accounts receivable, net of allowance for uncollectible accounts of \$1,221,340 and \$524,054, respectively	44,333,559	45,169,510	(835,951)	(1.9%)
Inventories:				
Fuel	18,461,773	11,439,399	7,022,374	61.4%
Materials and supplies	12,223,308	10,635,218	1,588,090	14.9%
Fuel adjustment	6,717,170	(3,728,004)	10,445,174	(280.2%)
Other assets and regulatory assets	2,958,076	1,978,351	979,725	49.5%
Total current assets	106,162,467	97,456,803	8,705,664	8.9%
Restricted assets:				
Utility deposits - cash and investments	8,070,563	10,034,541	(1,963,978)	(19.6%)
Debt service - cash and investments	45,537,666	40,602,053	4,935,613	12.2%
Rate stabilization - cash and investments	53,585,132	58,916,296	(5,331,164)	(9.0%)
Construction fund - cash and investments	28,840,709	1,224,301	27,616,408	2255.7%
Utility plant improvement fund - cash and investments	16,991,823	30,753,094	(13,761,271)	(44.7%)
Total restricted and internally designated assets	153,025,893	141,530,285	11,495,608	8.1%
Noncurrent assets:				
Unamortized debt issuance costs - regulatory assets	8,799,952	9,309,247	(509,295)	(5.5%)
Investment in The Energy Authority	2,362,087	2,032,949	329,138	16.2%
Pollution remediation - regulatory asset	10,066,926	11,364,461	(1,297,535)	(11.4%)
Other noncurrent assets and regulatory assets	6,508,246	8,836,912	(2,328,666)	(26.4%)
Pension costs - regulatory asset	74,122,351	73,141,512	980,839	1.3%
Total noncurrent assets	101,859,562	104,685,081	(2,825,519)	(2.7%)
Capital assets:				
Utility plant in service	2,799,003,986	2,761,804,555	37,199,431	1.3%
Less: accumulated depreciation and amortization	(1,006,291,267)	(923,767,540)	(82,523,727)	8.9%
	1,792,712,719	1,838,037,015	(45,324,296)	(2.5%)
Construction in progress	104,788,410	85,351,328	19,437,082	22.8%
Net capital assets	1,897,501,129	1,923,388,343	(25,887,214)	(1.3%)
Total assets	2,258,549,051	2,267,060,512	(8,511,461)	(0.4%)
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	16,285,132	19,675,258	(3,390,126)	(17.2%)
Accumulated decrease in fair value of hedging derivatives	36,890,504	57,721,474	(20,830,970)	(36.1%)
Pension costs	17,061,446	27,899,197	(10,837,751)	(38.8%)
Total deferred outflows of resources	70,237,082	105,295,929	(35,058,847)	(33.3%)
Total assets and deferred outflows of resources	\$ 2,328,786,133	\$ 2,372,356,441	\$ (43,570,308)	(1.8%)

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
March 31, 2019 and 2018

	March 31, 2019	March 31, 2018	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 13,644,225	\$ 10,168,243	\$ 3,475,982	34.2%
Fuels payable	3,784,312	3,052,609	731,703	24.0%
Due to other funds of the City	2,197,153	2,449,327	(252,174)	(10.3%)
Other liabilities and regulatory liabilities	1,073,247	410,860	662,387	161.2%
Total current liabilities	<u>20,698,937</u>	<u>16,081,039</u>	<u>4,617,898</u>	<u>28.7%</u>
Payable from restricted assets:				
Utility deposits	8,070,563	9,488,947	(1,418,384)	(14.9%)
Accounts payable and accrued liabilities	803,363	1,438,610	(635,247)	(44.2%)
Utility system revenue bonds - current	30,935,000	27,885,000	3,050,000	10.9%
Accrued interest payable	29,634,392	26,196,538	3,437,854	13.1%
Other liabilities and regulatory liabilities	27,455	3,207	24,248	756.1%
Total payable from restricted assets	<u>69,470,773</u>	<u>65,012,302</u>	<u>4,458,471</u>	<u>6.9%</u>
Long-term debt:				
Utility system revenue bonds	1,475,520,000	1,506,455,000	(30,935,000)	(2.1%)
Commercial paper notes	93,000,000	53,000,000	40,000,000	75.5%
Unamortized bond premium/discount	79,214,892	88,446,294	(9,231,402)	(10.4%)
Fair value of derivative instruments	38,765,287	61,184,080	(22,418,793)	(36.6%)
Total long-term debt	<u>1,686,500,179</u>	<u>1,709,085,374</u>	<u>(22,585,195)</u>	<u>(1.3%)</u>
Noncurrent liabilities:				
Reserve for insurance claims	3,337,000	3,337,000	-	0.0%
Reserve for environmental liability	519,000	665,000	(146,000)	(22.0%)
Pension liability	71,178,444	82,704,362	(11,525,918)	(13.9%)
Other noncurrent liabilities and regulatory liabilities	3,932,564	2,144,020	1,788,544	83.4%
Total noncurrent liabilities	<u>78,967,008</u>	<u>88,850,382</u>	<u>(9,883,374)</u>	<u>(11.1%)</u>
Total liabilities	<u>1,855,636,897</u>	<u>1,879,029,097</u>	<u>(23,392,200)</u>	<u>(1.2%)</u>
Deferred inflows of resources:				
Rate stabilization	53,535,152	59,022,102	(5,486,950)	(9.3%)
Pension costs	20,005,353	18,336,347	1,669,006	9.1%
Other deferred inflows	187,818	-	187,818	-
Total deferred inflows of resources	<u>73,728,323</u>	<u>77,358,449</u>	<u>(3,630,126)</u>	<u>(4.7%)</u>
Net position				
Net investment in capital assets	273,196,868	278,412,780	(5,215,912)	(1.9%)
Restricted	32,941,395	45,609,869	(12,668,474)	(27.8%)
Unrestricted	93,282,650	91,946,246	1,336,404	1.5%
Total net position	<u>399,420,913</u>	<u>415,968,895</u>	<u>(16,547,982)</u>	<u>(4.1%)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,328,786,133</u>	<u>\$ 2,372,356,441</u>	<u>\$ (43,570,308)</u>	<u>(1.8%)</u>

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Periods Ended March 31, 2019 and 2018

	March 31, 2019	March 31, 2018
Operating revenues:		
Sales and service charges	\$ 182,708,636	\$ 180,328,483
Transfers from (to) rate stabilization	4,994,100	3,346,938
Amounts to be recovered from future revenue	-	3,449,252
Other operating revenue	<u>2,364,694</u>	<u>6,456,559</u>
Total operating revenues	<u>190,067,430</u>	<u>193,581,232</u>
Operating expenses:		
Operation and maintenance	97,125,065	102,146,813
Administrative and general	13,924,724	12,861,821
Depreciation and amortization	<u>51,037,341</u>	<u>47,172,042</u>
Total operating expenses	<u>162,087,130</u>	<u>162,180,676</u>
Operating income	<u>27,980,300</u>	<u>31,400,556</u>
Non-operating income (expense):		
Interest income	1,583,558	1,339,690
Interest expense, net of AFUDC	(29,784,850)	(28,887,684)
Other interest related income, BABs	2,605,975	2,629,614
Other expense	<u>(3,001,228)</u>	<u>(8,908,294)</u>
Total non-operating income (expense)	<u>(28,596,545)</u>	<u>(33,826,674)</u>
Income before capital contributions and transfer	<u>(616,245)</u>	<u>(2,426,118)</u>
Capital contributions:		
Contributions from third parties	101,039	88,180
Reduction of plant costs recovered through contributions	<u>(40,323)</u>	<u>-</u>
Net capital contributions	<u>60,716</u>	<u>88,180</u>
Transfer to City of Gainesville General Fund	<u>(19,142,500)</u>	<u>(18,189,540)</u>
Change in net position	<u>(19,698,029)</u>	<u>(20,527,478)</u>
Net position - beginning of year	<u>419,118,942</u>	<u>436,496,373</u>
Net position - end of period	<u>\$ 399,420,913</u>	<u>\$ 415,968,895</u>

Gainesville Regional Utilities
Statements of Cash Flows - Unaudited
For the Periods Ended March 31, 2019 and 2018

	March 31, 2019	March 31, 2018
Operating activities:		
Cash received from customers	\$ 197,344,808	\$ 187,578,566
Cash payments to suppliers for goods and services	(98,399,541)	(119,764,583)
Cash payments to employees for services	(33,398,807)	(27,451,388)
Cash payments for operating transactions with other funds	(5,819,531)	(3,593,826)
Other operating receipts	7,358,794	9,803,497
Net cash provided by operating activities	67,085,723	46,572,266
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	(19,142,500)	(18,189,540)
Net cash used by noncapital financing activities	(19,142,500)	(18,189,540)
Capital and related financing activities:		
Principal repayments and refunding on long-term debt, net	(27,885,000)	(24,020,000)
Interest paid on long-term debt	(29,605,751)	(20,730,350)
Proceeds from interest rebates, BABs	2,605,975	2,625,425
Acquisition and construction of fixed assets (including allowance for funds used during construction)	(24,447,096)	(712,147,544)
Proceeds from new debt and commercial paper	-	680,920,000
Other income (expense)	(305,065)	474,165
Net cash used by capital and related financing activities	(79,636,937)	(72,878,304)
Investing activities:		
Interest received	1,583,558	498,530
Purchase of investments	(114,272,588)	(99,002,086)
Investments in The Energy Authority	(2,781,439)	(3,818,603)
Distributions from The Energy Authority	2,676,648	3,879,637
Proceeds from investments	133,953,022	127,319,720
Net cash provided (used) by investing activities	21,159,201	28,877,198
Net change in cash and cash equivalents	(10,534,513)	(15,618,380)
Cash and cash equivalents, beginning of year	27,231,947	36,491,757
Cash and cash equivalents, end of period	\$ 16,697,434	\$ 20,873,377

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Gainesville Regional Utilities
Statements of Cash Flows - Unaudited (concluded)
For the Periods Ended March 31, 2019 and 2018

	March 31, 2019	March 31, 2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 27,980,300	\$ 31,400,556
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	51,037,341	47,172,042
Net costs recoverable in future years	-	(3,449,252)
Change in:		
Accounts receivable	15,643,789	7,257,998
Inventories	(2,236,726)	(6,623,489)
Other assets and regulatory assets	(1,198,083)	(192,080)
Noncurrent assets	715,406	656,392
Payables and accrued liabilities	(8,721,488)	(29,542,102)
Due to other funds of the City	1,746,321	3,322,910
Fuel adjustment	(4,340,229)	8,457,321
Payable from restricted assets	(7,539,191)	(8,533,177)
Utility deposits	(1,007,617)	(7,915)
Rate stabilization	(4,994,100)	(3,346,938)
Net cash provided by operating activities	\$ 67,085,723	\$ 46,572,266
Non-cash capital and related financing activities and investing activities:		
Contribution of capital assets	\$ 101,039	\$ 88,180
Net costs recoverable in future years	\$ -	\$ 61,574,434
Change in capital lease liability	\$ -	\$ (941,269,071)
Change in utility plant in service	\$ (14,649,650)	\$ 767,516,976
Change in accumulated decrease in fair value of hedging derivatives - fuel options and futures	\$ -	\$ (69,113)
Change in fair value of investments	\$ 2,211,976	\$ (1,444,489)
Other	\$ 1,528,890	\$ (6,400)

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2019 and 2018

	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Revenues:				
Electric system:				
Sales of electricity	\$ 82,386,809	\$ 69,869,212	\$ 12,517,597	17.9
Fuel adjustment	40,426,946	50,000,875	(9,573,929)	(19.1)
Sales for resale	2,449,927	2,209,315	240,612	10.9
Transfer from/(to) rate stabilization	1,567,918	3,702,429	(2,134,511)	(57.7)
Other revenue	937,638	2,631,375	(1,693,737)	(64.4)
Other income (expense)	(209,647)	(600,171)	390,524	65.1
Build America Bonds	1,436,526	1,451,988	(15,462)	(1.1)
Total electric system revenues	<u>128,996,117</u>	<u>129,265,023</u>	<u>(268,906)</u>	<u>(0.2)</u>
Water system:				
Sales of water	16,569,841	17,080,961	(511,120)	(3.0)
Transfer from/(to) rate stabilization	76,062	(533,992)	610,054	114.2
Other revenue	527,341	797,443	(270,102)	(33.9)
Other income (expense)	(81,463)	(87,945)	6,482	7.4
Build America Bonds	405,817	408,984	(3,167)	(0.8)
Total water system revenues	<u>17,497,598</u>	<u>17,665,451</u>	<u>(167,853)</u>	<u>(1.0)</u>
Wastewater system:				
Sales of wastewater	20,312,591	20,773,906	(461,315)	(2.2)
Transfer from/(to) rate stabilization	794,041	1,110,675	(316,634)	(28.5)
Other revenue	1,110,610	1,737,725	(627,115)	(36.1)
Other income (expense)	(102,470)	(105,313)	2,843	2.7
Build America Bonds	462,674	464,532	(1,858)	(0.4)
Total wastewater system revenues	<u>22,577,446</u>	<u>23,981,525</u>	<u>(1,404,079)</u>	<u>(5.9)</u>
Gas system:				
Sales of gas	9,240,568	9,543,383	(302,815)	(3.2)
Purchased gas adjustment	5,608,724	5,009,181	599,543	12.0
Transfer from/(to) rate stabilization	2,556,079	(932,174)	3,488,253	374.2
Other revenue	52,593	128,593	(76,000)	(59.1)
Other income (expense)	(4,388)	(30,293)	25,905	85.5
Build America Bonds	300,958	304,110	(3,152)	(1.0)
Total gas system revenues	<u>17,754,534</u>	<u>14,022,800</u>	<u>3,731,734</u>	<u>26.6</u>
Telecommunications system:				
Sales of services	5,713,230	5,835,240	(122,010)	(2.1)
Other revenue	(85,941)	120,402	(206,343)	(171.4)
Other income (expense)	(83,902)	(125,447)	41,545	33.1
Total telecommunications system revenues	<u>5,543,387</u>	<u>5,830,195</u>	<u>(286,808)</u>	<u>(4.9)</u>
Total revenues	<u>192,369,082</u>	<u>190,764,994</u>	<u>1,604,088</u>	<u>0.8</u>

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2019 and 2018

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	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expenses	40,426,946	50,000,875	(9,573,929)	(19.1)
Operation and maintenance	32,674,993	29,439,793	3,235,200	11.0
Administrative and general	7,834,372	7,116,183	718,189	10.1
Total Electric System Expenses	<u>80,936,311</u>	<u>86,556,851</u>	<u>(5,620,540)</u>	<u>(6.5)</u>
Water system:				
Operation and maintenance	5,835,135	5,397,095	438,040	8.1
Administrative and general	2,162,008	2,027,378	134,630	6.6
Total Water System Expenses	<u>7,997,143</u>	<u>7,424,473</u>	<u>572,670</u>	<u>7.7</u>
Wastewater system:				
Operation and maintenance	7,445,152	7,297,613	147,539	2.0
Administrative and general	2,357,358	2,213,088	144,270	6.5
Total Wastewater System Expenses	<u>9,802,510</u>	<u>9,510,701</u>	<u>291,809</u>	<u>3.1</u>
Gas system:				
Fuel expense - purchased gas	5,608,724	5,009,181	599,543	12.0
Operation and maintenance	1,469,011	1,450,355	18,656	1.3
Administrative and general	1,108,337	1,087,696	20,641	1.9
Total Gas System Expenses	<u>8,186,072</u>	<u>7,547,232</u>	<u>638,840</u>	<u>8.5</u>
Telecommunications system:				
Operation and maintenance	2,916,545	2,827,892	88,653	3.1
Administrative and general	444,025	416,310	27,715	6.7
Total Telecommunications System Expenses	<u>3,360,570</u>	<u>3,244,202</u>	<u>116,368</u>	<u>3.6</u>
TOTAL EXPENSES	<u>110,282,606</u>	<u>114,283,459</u>	<u>(4,000,853)</u>	<u>(3.5)</u>
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	48,059,806	42,708,172	5,351,634	12.5
Total water system	9,500,455	10,240,978	(740,523)	(7.2)
Total wastewater system	12,774,936	14,470,824	(1,695,888)	(11.7)
Total gas system	9,568,462	6,475,568	3,092,894	47.8
Total telecommunications system	2,182,817	2,585,993	(403,176)	(15.6)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>82,086,476</u>	<u>76,481,535</u>	<u>5,604,941</u>	<u>7.3</u>
LESS:				
Debt service	48,310,157	43,342,546	4,967,611	11.5
Debt service - UPIF	-	(2,500,000)	2,500,000	100.0
UPIF contributions	20,642,204	23,060,277	(2,418,073)	(10.5)
Transfer to City of Gainesville General Fund	19,142,501	18,189,540	952,961	5.2
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (6,008,386)</u>	<u>\$ (5,610,828)</u>	<u>\$ (397,558)</u>	<u>(7.1)</u>

Gainesville Regional Utilities
Electric Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2019 and 2018

	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 31,349,827	\$ 25,615,376	\$ 5,734,451	22.4
Non-residential	39,121,968	33,392,550	5,729,418	17.2
Fuel adjustment	40,426,946	50,000,875	(9,573,929)	(19.1)
Sales for resale	2,449,927	2,209,315	240,612	10.9
Utility surcharge	2,057,996	1,556,420	501,576	32.2
Other electric sales	9,857,018	9,304,866	552,152	5.9
Total Sales of Electricity	<u>125,263,682</u>	<u>122,079,402</u>	<u>3,184,280</u>	<u>2.6</u>
Transfer from/(to) rate stabilization	1,567,918	3,702,429	(2,134,511)	(57.7)
Other revenue	937,638	2,631,375	(1,693,737)	(64.4)
Other income (expense)	(209,647)	(600,171)	390,524	65.1
Build America Bonds	1,436,526	1,451,988	(15,462)	(1.1)
Total Revenues	<u>128,996,117</u>	<u>129,265,023</u>	<u>(268,906)</u>	<u>(0.2)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses	40,426,946	50,000,875	(9,573,929)	(19.1)
Power production	21,954,843	20,221,997	1,732,846	8.6
Transmission and distribution	10,720,150	9,217,796	1,502,354	16.3
Administrative and general	7,834,372	7,116,183	718,189	10.1
Total Operation, Maintenance and Administrative Expenses	<u>80,936,311</u>	<u>86,556,851</u>	<u>(5,620,540)</u>	<u>(6.5)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>48,059,806</u>	<u>42,708,172</u>	<u>5,351,634</u>	<u>12.5</u>
LESS:				
Debt service	36,318,054	30,648,631	5,669,423	18.5
Debt service - UPIF	-	(2,500,000)	2,500,000	100.0
UPIF contributions	11,435,331	12,749,289	(1,313,958)	(10.3)
Transfer to City of Gainesville General Fund	7,957,934	10,713,639	(2,755,705)	(25.7)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (7,651,513)</u>	<u>\$ (8,903,387)</u>	<u>\$ 1,251,874</u>	<u>14.1</u>

Gainesville Regional Utilities
Water Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2019 and 2018

	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 10,124,140	\$ 10,588,113	\$ (463,973)	(4.4)
Non-residential	5,252,746	5,249,867	2,879	0.1
Utility surcharge	1,192,955	1,242,981	(50,026)	(4.0)
Total Sales of Water	<u>16,569,841</u>	<u>17,080,961</u>	<u>(511,120)</u>	<u>(3.0)</u>
Transfer from/(to) rate stabilization	76,062	(533,992)	610,054	114.2
Other revenue	527,341	797,443	(270,102)	(33.9)
Other income (expense)	(81,463)	(87,945)	6,482	7.4
Build America Bonds	405,817	408,984	(3,167)	(0.8)
Total Revenues	<u>17,497,598</u>	<u>17,665,451</u>	<u>(167,853)</u>	<u>(1.0)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Transmission and distribution	2,298,072	1,940,087	357,985	18.5
Treatment	3,537,063	3,457,008	80,055	2.3
Administrative and general	2,162,008	2,027,378	134,630	6.6
Total Operation, Maintenance and Administrative Expenses	<u>7,997,143</u>	<u>7,424,473</u>	<u>572,670</u>	<u>7.7</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>9,500,455</u>	<u>10,240,978</u>	<u>(740,523)</u>	<u>(7.2)</u>
LESS:				
Debt service	3,596,722	3,287,157	309,565	9.4
UPIF contributions	3,397,446	3,734,108	(336,662)	(9.0)
Transfer to City of Gainesville General Fund	2,678,036	2,919,421	(241,385)	(8.3)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (171,749)</u>	<u>\$ 300,292</u>	<u>\$ (472,041)</u>	<u>(157.2)</u>

Gainesville Regional Utilities
Wastewater Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2019 and 2018

	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 13,439,132	\$ 13,922,060	\$ (482,928)	(3.5)
Non-residential	5,429,568	5,379,038	50,530	0.9
Utility surcharge	1,443,891	1,472,808	(28,917)	(2.0)
Total Sales of Services	<u>20,312,591</u>	<u>20,773,906</u>	<u>(461,315)</u>	<u>(2.2)</u>
Transfer from/(to) rate stabilization	794,041	1,110,675	(316,634)	(28.5)
Other revenue	1,110,610	1,737,725	(627,115)	(36.1)
Other income (expense)	(102,470)	(105,313)	2,843	2.7
Build America Bonds	462,674	464,532	(1,858)	(0.4)
Total Revenues	<u>22,577,446</u>	<u>23,981,525</u>	<u>(1,404,079)</u>	<u>(5.9)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	3,897,479	4,053,599	(156,120)	(3.9)
Treatment	3,547,673	3,244,014	303,659	9.4
Administrative and general	2,357,358	2,213,088	144,270	6.5
Total Operation, Maintenance and Administrative Expenses	<u>9,802,510</u>	<u>9,510,701</u>	<u>291,809</u>	<u>3.1</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>12,774,936</u>	<u>14,470,824</u>	<u>(1,695,888)</u>	<u>(11.7)</u>
LESS:				
Debt service	4,329,807	3,935,851	393,956	10.0
UPIF contributions	4,399,508	4,918,239	(518,731)	(10.5)
Transfer to City of Gainesville General Fund	2,930,336	3,674,287	(743,951)	(20.2)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 1,115,285</u>	<u>\$ 1,942,447</u>	<u>\$ (827,162)</u>	<u>(42.6)</u>

Gainesville Regional Utilities
Gas Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2019 and 2018

	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 5,019,141	\$ 5,253,164	\$ (234,023)	(4.5)
Non-residential	3,085,228	3,117,682	(32,454)	(1.0)
Fuel adjustment	5,608,724	5,009,181	599,543	12.0
Utility surcharge	328,613	333,919	(5,306)	(1.6)
Other gas sales	807,586	838,618	(31,032)	(3.7)
Total Sales of Gas	<u>14,849,292</u>	<u>14,552,564</u>	<u>296,728</u>	<u>2.0</u>
Transfer from/(to) rate stabilization	2,556,079	(932,174)	3,488,253	374.2
Other revenue	52,593	128,593	(76,000)	(59.1)
Other income (expense)	(4,388)	(30,293)	25,905	85.5
Build America Bonds	300,958	304,110	(3,152)	(1.0)
Total Revenues	<u>17,754,534</u>	<u>14,022,800</u>	<u>3,731,734</u>	<u>26.6</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel Expense - Purchased Gas	5,608,724	5,009,181	599,543	12.0
Operation and maintenance	1,469,011	1,450,355	18,656	1.3
Administrative and general	1,108,337	1,087,696	20,641	1.9
Total Operation, Maintenance and Administrative Expenses	<u>8,186,072</u>	<u>7,547,232</u>	<u>638,840</u>	<u>8.5</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>9,568,462</u>	<u>6,475,568</u>	<u>3,092,894</u>	<u>47.8</u>
LESS:				
Debt service	2,005,919	3,109,823	(1,103,904)	(35.5)
UPIF contributions	1,180,396	1,439,351	(258,955)	(18.0)
Transfer to City of Gainesville General Fund	4,982,777	691,203	4,291,574	620.9
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 1,399,370</u>	<u>\$ 1,235,191</u>	<u>\$ 164,179</u>	<u>13.3</u>

**Gainesville Regional Utilities
Telecommunications System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2019 and 2018**

	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Telecommunications	\$ 3,820,231	\$ 3,889,569	\$ (69,338)	(1.8)
Trunking radio	882,877	879,433	3,444	0.4
Tower leasing	1,010,122	1,017,032	(6,910)	(0.7)
Other sales	-	49,206	(49,206)	(100.0)
Total Sales of Services	<u>5,713,230</u>	<u>5,835,240</u>	<u>(122,010)</u>	<u>(2.1)</u>
Other revenue	(85,941)	120,402	(206,343)	(171.4)
Other income (expense)	(83,902)	(125,447)	41,545	33.1
Total Revenues	<u>5,543,387</u>	<u>5,830,195</u>	<u>(286,808)</u>	<u>(4.9)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	2,916,545	2,827,892	88,653	3.1
Administrative and general	444,025	416,310	27,715	6.7
Total Operation, Maintenance and Administrative Expenses	<u>3,360,570</u>	<u>3,244,202</u>	<u>116,368</u>	<u>3.6</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>2,182,817</u>	<u>2,585,993</u>	<u>(403,176)</u>	<u>(15.6)</u>
LESS:				
Debt service	2,059,655	2,361,084	(301,429)	(12.8)
UPIF contributions	229,523	219,290	10,233	4.7
Transfer to City of Gainesville General Fund	593,418	190,990	402,428	210.7
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (699,779)</u>	<u>\$ (185,371)</u>	<u>\$ (514,408)</u>	<u>(277.5)</u>

Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Period Ended March 31, 2019

	Actual
Fuel Revenues	\$ 36,725,647
Fuel Expenses	40,426,946
To (From) Fuel Adjustment Levelization	\$ (3,701,299)
Fuel Adjustment Beginning Balance	\$ (2,310,115)
To (From) Fuel Adjustment Levelization	(3,701,299)
Fuel Adjustment Ending Balance	\$ (6,011,414)

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Period Ended March 31, 2019

	Actual
Purchased Gas Revenues	\$ 4,969,795
Purchased Gas Expenses	5,608,724
To (From) PGA Levelization	\$ (638,930)
PGA Beginning Balance	\$ (66,826)
To (From) PGA Levelization	(638,930)
PGA Ending Balance	\$ (705,756)