

Gainesville Regional Utilities

Interim Financial Statements - Unaudited

For the Period Ended December 31, 2019



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

Contents

Overview and Basis of Accounting	2
Management’s Discussion and Analysis	4
Financial Statements	
Statements of Net Position-Unaudited	9
Statements of Revenues, Expenses, and Changes in Net Position-Unaudited	12
Statements of Cash Flows-Unaudited	13
Schedules of Combined Net Revenues in Accordance with Bond Resolution-Unaudited	15
Electric Revenue Fund - Schedules of Net Revenues in Accordance with Bond Resolution-Unaudited	17
Water Revenue Fund - Schedules of Net Revenues in Accordance with Bond Resolution-Unaudited	18
Wastewater Revenue Fund - Schedules of Net Revenues in Accordance with Bond Resolution-Unaudited	19
Gas Revenue Fund - Schedules of Net Revenues in Accordance with Bond Resolution-Unaudited	20
Telecommunications Revenue Fund – Schedule of Net Revenues in Accordance with Bond Resolution-Unaudited	21
Supplementary Information	
Fuel Adjustment Levelization	23
Purchased Gas Adjustment (PGA) Levelization	24

Overview and Basis of Accounting

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 December 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
For the Period Ended December 31, 2019

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 December 31, 2019. It should be read in conjunction with the unaudited financial statements that follow this section.

Financial Highlights – Overall

- Fuel inventories increased \$3.2 million or 17% due to contracted coal purchases. The contracted purchases were entered into in preparation for a coal transportation contract that will expire during fiscal year 2020.
- Construction fund cash and investments increased \$83 million due primarily to the issuance of the 2019 Series A, Series B, and Series C bonds for \$114 million in April 2019 along with normal construction expenditures.
- Net costs recoverable in future years, a regulatory asset, increased \$22.6 million due to Deerhaven Renewable Generating Station (DHR) depreciation expense exceeding principal repayment on the related bonds.
- Unamortized debt issuance costs increased \$1.1 million or 12.4% due to the issuance of the 2019 Series bonds offset by normal amortization.
- Pension costs – regulatory asset increased \$7.9 million or 10.7% and related deferred outflows of resources for pension costs increased \$2.2 million or 13.1% due primarily to investment returns which came in below the actuarial benchmark for the year ended September 30, 2019.
- Unamortized loss on refunding of bonds decreased \$2.9 million or 16.7% from normally scheduled amortization.
- Accumulated decrease in fair value of hedging derivatives rose \$41.7 million or 113% due to an increase in the unrealized loss on interest rate swaps resulting from declining interest rates.
- In April 2019, GRU closed on its 2019 Series A, B, and C bond issues. This transaction:
 - Provided \$114 million in new money for acquisition and/or construction of GRU capital assets.
 - Converted all \$93 million of currently outstanding commercial paper to long-term fixed rate debt.
 - Restructured approximately \$67 million of variable rate debt, producing in excess of \$56 million in near term debt service reduction over the period FY19 through FY25.

As expected, the issue resulted in material changes to GRU's balance sheet, such as:

- Increase in construction fund cash.

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

- Increase in outstanding long-term revenue bonds.
 - Elimination of outstanding commercial paper.
 - Increase in unamortized bond premium.
-
- Fair value of derivative instruments increased \$42.3 million or 109.2% from an increase in the unrealized loss on interest rate swaps resulting from declining interest rates.
 - The pension liability increased \$28.4 million or 39.9% and related deferred inflows of resources for pension costs decreased \$18.3 million or 91.3% due primarily to investment returns which came in below the actuarial benchmark for the year ended September 30, 2019.
 - Other noncurrent liabilities and regulatory liabilities increased \$7.1 million from a regulatory liability set aside for future portions of the total rewards implementation and customer information system upgrade.
 - Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

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

Combined Systems

- Total revenues net of Rate Stabilization Fund transfers decreased \$566 thousand or .6% from an increase in water, wastewater and telecommunications revenues. These increases were offset by decreases in electric and gas revenues.
- Total expenses decreased \$2.2 million or 12.2%. Factors include: a decrease in electric fuel expenses of \$4.4 million; an increase in electric administrative and general expenses; and decreases in total water, wastewater and gas expenses.
- The combined systems expect to withdraw \$3.9 million from rate stabilization for the period ended December 31, 2019.

Electric System

- Total revenues decreased \$3 million or 4.3% over the same period last year due to decreases in fuel revenues and transfers from rate stabilization, offset by increases in residential and non-residential revenues.
- Fuel adjustment revenue and the related fuel expense decreased \$4.4 million or 20.3% due to lower natural gas prices compared to the prior year.

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.

Administrative and general expenses increased \$1.6 million or 26.9% due to increased labor costs resulting in part from the first year implementation of the Total Rewards program.

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

- The electric system expects to withdraw \$4.6 million from rate stabilization for the period ended December 31, 2019.

Water System

- Total revenues increased \$231 thousand or 2.6% due to an increase in sales revenue.
- The water system expects to contribute \$570 thousand to rate stabilization for the period ended December 31, 2019.

Wastewater System

- Total revenues increased \$16 thousand or 0.1%, while total operation, maintenance and administrative expenses decreased \$202 thousand or 4%.
- The wastewater system expects to contribute \$384 thousand to rate stabilization for the period ended December 31, 2019.

Gas System

- Total revenues decreased 1.8 million or 21.5% due to a decrease in transfers from rate stabilization.
- Purchased gas adjustment revenue and the related gas expense decreased \$1.1 million or 38.1% due to lower natural gas prices in the winter months compared to the same period last year.

Purchased gas adjustment revenue is matched to gas 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.

- The gas system expects to withdraw \$206 thousand from rate stabilization for the period ended December 31, 2019.

Telecommunications System

- Total revenues increased \$68 thousand or 2.3%, and total operation, maintenance and administrative expenses increased \$255 thousand or 15.3%
- The telecommunications system expects to contribute \$8 thousand to rate stabilization for the period ended December 31, 2019.

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Financial Statements

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

	December 31, 2019	December 31, 2018	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 29,529,769	\$ 33,843,933	\$ (4,314,164)	(12.7%)
Accounts receivable, net of allowance for uncollectible accounts of \$895,850 and \$1,046,779, respectively	45,571,103	45,527,805	43,298	0.1%
Inventories:				
Fuel	21,690,209	18,534,020	3,156,189	17.0%
Materials and supplies	12,341,518	12,031,514	310,004	2.6%
Other assets and regulatory assets	2,752,813	2,417,044	335,769	13.9%
Total current assets	111,885,412	112,354,316	(468,904)	(0.4%)
Restricted assets:				
Utility deposits - cash and investments	7,671,171	8,718,367	(1,047,196)	(12.0%)
Debt service - cash and investments	20,487,466	19,971,692	515,774	2.6%
Rate stabilization - cash and investments	56,653,872	55,725,557	928,315	1.7%
Construction fund - cash and investments	114,753,087	31,788,491	82,964,596	261.0%
Utility plant improvement fund - cash and investments	35,198,737	15,520,262	19,678,475	126.8%
Total restricted and internally designated assets	234,764,333	131,724,369	103,039,964	78.2%
Noncurrent assets:				
Net costs recoverable in future years - regulatory assets	35,677,134	13,091,147	22,585,987	172.5%
Unamortized debt issuance costs - regulatory assets	10,034,957	8,926,685	1,108,272	12.4%
Investment in The Energy Authority	2,512,657	2,294,025	218,632	9.5%
Pollution remediation - regulatory asset	9,694,546	10,439,918	(745,372)	(7.1%)
Other noncurrent assets and regulatory assets	6,898,547	7,223,364	(324,817)	(4.5%)
Pension regulatory asset	82,016,547	74,122,351	7,894,196	10.7%
Total noncurrent assets	146,834,388	116,097,490	30,736,898	26.5%
Capital assets:				
Utility plant in service	2,859,354,937	2,800,367,752	58,987,185	2.1%
Less: accumulated depreciation and amortization	(1,064,262,556)	(992,989,884)	(71,272,672)	7.2%
	1,795,092,381	1,807,377,868	(12,285,487)	(0.7%)
Construction in progress	78,072,256	103,173,852	(25,101,596)	(24.3%)
Net capital assets	1,873,164,637	1,910,551,720	(37,387,083)	(2.0%)
Total assets	2,366,648,770	2,270,727,895	95,920,875	4.2%
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	14,265,397	17,121,053	(2,855,656)	(16.7%)
Accumulated decrease in fair value of hedging derivatives	78,573,638	36,888,086	41,685,552	113.0%
General Employees' Pension plan costs	19,288,232	17,061,446	2,226,786	13.1%
Other post-employment benefits plan	3,051,089	-	3,051,089	-
Total deferred outflows of resources	115,178,356	71,070,585	44,107,771	62.1%
Total assets and deferred outflows of resources	\$ 2,481,827,126	\$ 2,341,798,480	\$ 140,028,646	6.0%

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

	December 31, 2019	December 31, 2018	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 13,540,180	\$ 13,686,873	\$ (146,693)	(1.07%)
Fuels payable	3,034,826	5,823,337	(2,788,511)	(47.89%)
Due to other funds of the City	2,748,915	2,771,473	(22,558)	(0.8%)
Fuel adjustment	648,148	(5,177,157)	5,825,305	(112.5%)
Other liabilities and regulatory liabilities	1,715,834	625,505	1,090,329	174.3%
Total current liabilities	21,687,903	17,730,031	3,957,872	22.3%
Payable from restricted assets:				
Utility deposits	7,667,505	8,718,367	(1,050,862)	(12.1%)
Accounts payable and accrued liabilities	856,174	485,417	370,757	76.4%
Utility system revenue bonds - current	27,080,000	30,935,000	(3,855,000)	(12.5%)
Accrued interest payable	16,541,772	15,346,119	1,195,653	7.8%
Other liabilities and regulatory liabilities	84,740	17,665	67,075	379.7%
Total payable from restricted assets	52,230,191	55,502,568	(3,272,377)	(5.9%)
Long-term debt:				
Utility system revenue bonds	1,638,085,000	1,475,520,000	162,565,000	11.0%
Commercial paper notes	-	93,000,000	(93,000,000)	(100.0%)
Unamortized bond premium/discount	99,971,054	81,485,338	18,485,716	22.7%
Fair value of derivative instruments	81,099,412	38,765,287	42,334,125	109.2%
Total long-term debt	1,819,155,466	1,688,770,625	130,384,841	7.7%
Noncurrent liabilities:				
Reserve for insurance claims	3,337,000	3,337,000	-	0.0%
Reserve for environmental liability	841,000	519,000	322,000	62.0%
Net pension liability	99,566,813	71,178,444	28,388,369	39.9%
Other noncurrent liabilities and regulatory liabilities	10,060,419	2,922,744	7,137,675	244.2%
Total noncurrent liabilities	113,805,232	77,957,188	35,848,044	46.0%
Total liabilities	2,006,878,792	1,839,960,412	166,918,380	9.1%
Deferred inflows of resources:				
Rate stabilization	54,956,947	56,032,202	(1,075,255)	(1.9%)
General Employees' Pension plan costs	1,737,966	20,005,353	(18,267,387)	(91.3%)
Other post-employment benefits plan	-	187,818	(187,818)	(100.0%)
Total deferred inflows of resources	56,694,913	76,225,373	(19,530,460)	(25.6%)
Net position				
Net investment in capital assets	245,795,710	288,456,424	(42,660,714)	(14.8%)
Restricted	40,850,011	20,178,992	20,671,019	102.4%
Unrestricted	131,607,700	116,977,279	14,630,421	12.5%
Total net position	418,253,421	425,612,695	(7,359,274)	(1.7%)
Total liabilities, deferred inflows of resources and net position	\$ 2,481,827,126	\$ 2,341,798,480	\$ 140,028,646	6.0%

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Operating revenues:		
Sales and service charges	\$ 91,620,143	\$ 94,502,668
Transfers from (to) rate stabilization	(1,382,558)	2,497,050
Amounts to be recovered from future revenue	4,514,610	-
Other operating revenue	<u>2,475,917</u>	<u>1,530,677</u>
Total operating revenues	<u>97,228,112</u>	<u>98,530,395</u>
Operating expenses:		
Operation and maintenance	42,749,550	47,111,711
Administrative and general	10,142,847	8,533,424
Depreciation and amortization	<u>24,567,641</u>	<u>25,518,670</u>
Total operating expenses	<u>77,460,038</u>	<u>81,163,805</u>
Operating income	<u>19,768,074</u>	<u>17,366,590</u>
Non-operating income (expense):		
Interest income	678,018	724,203
Interest expense, net of AFUDC	(16,043,517)	(14,904,555)
Other interest related income, BABs	1,288,727	1,302,987
Other expense	<u>(1,446,221)</u>	<u>(1,543,981)</u>
Total non-operating income (expense)	<u>(15,522,993)</u>	<u>(14,421,346)</u>
Income before capital contributions and transfer	<u>4,245,081</u>	<u>2,945,244</u>
Capital contributions:		
Contributions from third parties	182,633	28,612
Reduction of plant costs recovered through contributions	<u>(2,323)</u>	<u>-</u>
Net capital contributions	<u>180,310</u>	<u>28,612</u>
Transfer to City of Gainesville General Fund	<u>(9,571,250)</u>	<u>(9,571,250)</u>
Change in net position	<u>(5,145,859)</u>	<u>(6,597,394)</u>
Net position - beginning of year	<u>423,399,280</u>	<u>432,210,089</u>
Net position - end of period	<u>\$ 418,253,421</u>	<u>\$ 425,612,695</u>

Gainesville Regional Utilities

Statements of Cash Flows - Unaudited

For the Periods Ended December 31, 2019 and September 30, 2019

	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Operating activities:		
Cash received from customers	\$ 104,662,051	\$ 382,899,091
Cash payments to suppliers for goods and services	(50,055,838)	(176,232,490)
Cash payments to employees for services	(7,520,110)	(60,041,856)
Cash payments for operating transactions with other funds	(8,389,541)	(2,539,019)
Other operating receipts	1,093,359	13,843,808
Net cash provided by operating activities	<u>39,789,922</u>	<u>157,929,533</u>
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	<u>(9,571,250)</u>	<u>(38,285,001)</u>
Net cash used by noncapital financing activities	<u>(9,571,250)</u>	<u>(38,285,001)</u>
Capital and related financing activities:		
Principal repayments and refunding on long-term debt, net	4,975,000	(193,151,538)
Interest paid on long-term debt	(34,169,758)	(64,300,221)
Proceeds from interest rebates, BABs	1,288,727	5,211,950
Acquisition and construction of fixed assets (including allowance for funds used during construction)	(14,644,027)	(60,648,631)
Proceeds from new debt and commercial paper	-	275,697,032
Other income (expense)	(59,285)	(14,262,097)
Net cash used by capital and related financing activities	<u>(42,609,343)</u>	<u>(51,453,506)</u>
Investing activities:		
Interest received	2,614,561	4,774,240
Purchase of investments	(142,719,783)	(427,274,871)
Investments in The Energy Authority	(1,371,386)	(6,469,655)
Distributions from The Energy Authority	1,200,108	6,385,572
Proceeds from investments	186,034,451	380,726,776
Net cash provided (used) by investing activities	<u>45,757,951</u>	<u>(41,857,937)</u>
Net change in cash and cash equivalents	33,367,280	26,333,089
Cash and cash equivalents, beginning of year	53,565,036	27,231,947
Cash and cash equivalents, end of period	<u>\$ 86,932,316</u>	<u>\$ 53,565,036</u>

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Gainesville Regional Utilities
Statements of Cash Flows - Unaudited (concluded)
For the Periods Ended December 31, 2019 and September 30, 2019

	December 31, 2019	September 30, 2019
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 19,768,074	\$ 86,793,557
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	24,567,641	97,336,684
Net costs recoverable in future years	(4,514,609)	(18,071,378)
Change in:		
Accounts receivable	8,045,160	6,361,085
Inventories	(1,868,508)	(3,714,864)
Utility meter deposits	39,223	(1,387,095)
Other assets and regulatory assets	(64,898)	-
Noncurrent assets	325,103	762,683
Payables and accrued liabilities	(3,747,242)	(5,827,777)
Due to other funds of the City	(3,032,385)	5,330,468
Fuel adjustment	3,535,743	(510,654)
Payable from restricted assets	(4,645,940)	(4,188,312)
Rate stabilization	1,382,559	(4,954,864)
Net cash provided by operating activities	\$ 39,789,922	\$ 157,929,534
Non-cash capital and related financing activities and investing activities:		
Contribution of capital assets	\$ 180,310	\$ 3,970,981
Net costs recoverable in future years	\$ (4,514,609)	\$ (18,071,378)
Change in utility plant in service	\$ (11,659,541)	\$ (60,937,308)
Change in ineffective portion of hedging derivatives	\$ -	\$ (650,991)
Change in accumulated (increase) decrease in fair value of hedging derivatives - interest rate swaps	\$ -	\$ (41,683,134)
Change in fair value of investments	\$ (1,147,528)	\$ 5,665,482
Change in fair value of derivatives	\$ -	\$ 42,334,125
Change in bond premium/discount	\$ (2,439,954)	\$ (9,572,013)
Unamortized debt issuance costs	\$ 144,285	\$ (1,123,007)
Unamortized loss on refundings of bonds	\$ 890,278	\$ (351,193)
Other	\$ 1,752,356	\$ (5,546,271)

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Revenues:				
Electric system:				
Sales of electricity	\$ 44,941,953	\$ 42,660,635	\$ 2,281,318	5.3
Fuel adjustment	17,354,940	21,766,510	(4,411,570)	(20.3)
Sales for resale	1,067,738	1,705,334	(637,596)	(37.4)
Transfer from/(to) rate stabilization	(627,027)	783,959	(1,410,986)	(180.0)
Other revenue	915,557	134,185	781,372	582.3
Other income	1,206,826	750,710	456,116	60.8
Build America Bonds	709,113	718,263	(9,150)	(1.3)
Total electric system revenues	<u>65,569,100</u>	<u>68,519,596</u>	<u>(2,950,496)</u>	<u>(4.3)</u>
Water system:				
Sales of water	8,983,104	8,495,058	488,046	5.7
Transfer from/(to) rate stabilization	(598,195)	38,031	(636,226)	(1,672.9)
Other revenue	472,985	232,464	240,521	103.5
Other income	197,869	56,919	140,950	247.6
Build America Bonds	200,961	202,909	(1,948)	(1.0)
Total water system revenues	<u>9,256,724</u>	<u>9,025,381</u>	<u>231,343</u>	<u>2.6</u>
Wastewater system:				
Sales of wastewater	10,181,768	9,932,487	249,281	2.5
Transfer from/(to) rate stabilization	(319,439)	397,021	(716,460)	(180.5)
Other revenue	885,435	528,056	357,379	67.7
Other income	190,230	62,830	127,400	202.8
Build America Bonds	230,046	231,337	(1,291)	(0.6)
Total wastewater system revenues	<u>11,168,040</u>	<u>11,151,731</u>	<u>16,309</u>	<u>0.1</u>
Gas system:				
Sales of gas	4,321,717	4,090,108	231,609	5.7
Purchased gas adjustment	1,730,471	2,797,793	(1,067,322)	(38.1)
Transfer from/(to) rate stabilization	162,102	1,278,039	(1,115,937)	(87.3)
Other revenue	84,422	26,405	58,017	219.7
Other income	157,368	72,997	84,371	115.6
Build America Bonds	148,607	150,479	(1,872)	(1.2)
Total gas system revenues	<u>6,604,687</u>	<u>8,415,821</u>	<u>(1,811,134)</u>	<u>(21.5)</u>
Telecommunications system:				
Sales of services	3,038,452	3,054,743	(16,291)	(0.5)
Transfer from/(to) rate stabilization	-	-	-	-
Other revenue	9,652	(49,837)	59,489	119.4
Other income	36,644	11,835	24,809	209.6
Total telecommunications system revenues	<u>3,084,748</u>	<u>3,016,741</u>	<u>68,007</u>	<u>2.3</u>
Total revenues	<u>95,683,299</u>	<u>100,129,270</u>	<u>(4,445,971)</u>	<u>(4.4)</u>

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

Page 2

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expenses	17,354,940	21,766,510	(4,411,570)	(20.3)
Operation and maintenance	15,599,761	14,231,159	1,368,602	9.6
Administrative and general	7,546,009	5,946,124	1,599,885	26.9
Total Electric System Expenses	40,500,710	41,943,793	(1,443,083)	(3.4)
Water system:				
Operation and maintenance	2,364,110	2,586,112	(222,002)	(8.6)
Administrative and general	1,515,430	1,478,093	37,337	2.5
Total Water System Expenses	3,879,540	4,064,205	(184,665)	(4.5)
Wastewater system:				
Operation and maintenance	3,095,042	3,362,248	(267,206)	(7.9)
Administrative and general	1,729,406	1,664,251	65,155	3.9
Total Wastewater System Expenses	4,824,448	5,026,499	(202,051)	(4.0)
Gas system:				
Fuel expense and purchased gas	1,730,471	2,797,793	(1,067,322)	(38.1)
Operation and maintenance	1,003,436	622,312	381,124	61.2
Administrative and general	764,451	719,598	44,853	6.2
Total Gas System Expenses	3,498,358	4,139,703	(641,345)	(15.5)
Telecommunications system:				
Operation and maintenance	1,601,789	1,293,299	308,490	23.9
Administrative and general	316,681	369,952	(53,271)	(14.4)
Total Telecommunications System Expenses	1,918,470	1,663,251	255,219	15.3
TOTAL EXPENSES	54,621,526	56,837,451	(2,215,925)	(12.2)
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	25,068,390	26,575,803	(1,507,413)	(5.7)
Total water system	5,377,184	4,961,176	416,008	8.4
Total wastewater system	6,343,592	6,125,232	218,360	3.6
Total gas system	3,106,329	4,276,118	(1,169,789)	(27.4)
Total telecommunications system	1,166,278	1,353,490	(187,212)	(13.8)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	41,061,773	43,291,819	(2,230,046)	(5.2)
LESS:				
Debt service	24,382,867	24,147,621	235,246	1.0
Debt service - UPIF	-	-	-	-
UPIF contributions	10,964,318	10,321,102	643,216	6.2
Transfer to City of Gainesville General Fund	9,571,250	9,571,250	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ (3,856,662)	\$ (748,154)	\$ (3,108,508)	(415.5)

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 17,364,949	\$ 16,414,717	\$ 950,232	5.8
Non-residential	21,772,069	20,080,509	1,691,560	8.4
Fuel adjustment	17,354,940	21,766,510	(4,411,570)	(20.3)
Sales for resale	1,067,738	1,705,334	(637,596)	(37.4)
Utility surcharge	1,017,539	1,020,550	(3,011)	(0.3)
Other electric sales	4,787,396	5,144,859	(357,463)	(6.9)
Total Sales of Electricity	<u>63,364,631</u>	<u>66,132,479</u>	<u>(2,767,848)</u>	<u>(4.2)</u>
Transfer from/(to) rate stabilization	(627,027)	783,959	(1,410,986)	(180.0)
Other revenue	915,557	134,185	781,372	582.3
Other income	1,206,826	750,710	456,116	60.8
Build America Bonds	709,113	718,263	(9,150)	(1.3)
Total Revenues	<u>65,569,100</u>	<u>68,519,596</u>	<u>(2,950,496)</u>	<u>(4.3)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses	17,354,940	21,766,510	(4,411,570)	(20.3)
Power production	10,789,553	9,916,259	873,294	8.8
Transmission and distribution	4,810,208	4,314,900	495,308	11.5
Administrative and general	7,546,009	5,946,124	1,599,885	26.9
Total Operation, Maintenance and Administrative Expenses	<u>40,500,710</u>	<u>41,943,793</u>	<u>(1,443,083)</u>	<u>(3.4)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>25,068,390</u>	<u>26,575,803</u>	<u>(1,507,413)</u>	<u>(5.7)</u>
LESS:				
Debt service	18,781,924	18,147,959	633,965	3.5
Debt service - UPIF	-	-	-	-
UPIF contributions	5,294,844	5,717,666	(422,822)	(7.4)
Transfer to City of Gainesville General Fund	5,603,967	3,978,967	1,625,000	40.8
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (4,612,345)</u>	<u>\$ (1,268,789)</u>	<u>\$ (3,343,556)</u>	<u>(263.5)</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 5,411,113	\$ 5,234,463	\$ 176,650	3.4
Non-residential	2,916,927	2,635,967	280,960	10.7
Utility surcharge	655,064	624,628	30,436	4.9
Total Sales of Water	<u>8,983,104</u>	<u>8,495,058</u>	<u>488,046</u>	<u>5.7</u>
Transfer from/(to) rate stabilization	(598,195)	38,031	(636,226)	(1,672.9)
Other revenue	472,985	232,464	240,521	103.5
Other income	197,869	56,919	140,950	247.6
Build America Bonds	200,961	202,909	(1,948)	(1.0)
Total Revenues	<u>9,256,724</u>	<u>9,025,381</u>	<u>231,343</u>	<u>2.6</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Transmission and distribution	708,452	904,862	(196,410)	(21.7)
Treatment	1,655,658	1,681,250	(25,592)	(1.5)
Administrative and general	1,515,430	1,478,093	37,337	2.5
Total Operation, Maintenance and Administrative Expenses	<u>3,879,540</u>	<u>4,064,205</u>	<u>(184,665)</u>	<u>(4.5)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>5,377,184</u>	<u>4,961,176</u>	<u>416,008</u>	<u>8.4</u>
LESS:				
Debt service	1,769,808	1,798,163	(28,355)	(1.6)
UPIF contributions	1,698,561	1,698,723	(162)	(0.0)
Transfer to City of Gainesville General Fund	1,339,018	1,339,018	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 569,797</u>	<u>\$ 125,272</u>	<u>\$ 444,525</u>	<u>354.8</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 6,752,407	\$ 6,537,888	\$ 214,519	3.3
Non-residential	2,696,074	2,678,839	17,235	0.6
Utility surcharge	733,287	715,760	17,527	2.4
Total Sales of Services	<u>10,181,768</u>	<u>9,932,487</u>	<u>249,281</u>	<u>2.5</u>
Transfer from/(to) rate stabilization	(319,439)	397,021	(716,460)	(180.5)
Other revenue	885,435	528,056	357,379	67.7
Other income	190,230	62,830	127,400	202.8
Build America Bonds	230,046	231,337	(1,291)	(0.6)
Total Revenues	<u>11,168,040</u>	<u>11,151,731</u>	<u>16,309</u>	<u>0.1</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	1,456,106	1,649,261	(193,155)	(11.7)
Treatment	1,638,936	1,712,987	(74,051)	(4.3)
Administrative and general	1,729,406	1,664,251	65,155	3.9
Total Operation, Maintenance and Administrative Expenses	<u>4,824,448</u>	<u>5,026,499</u>	<u>(202,051)</u>	<u>(4.0)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>6,343,592</u>	<u>6,125,232</u>	<u>218,360</u>	<u>3.6</u>
LESS:				
Debt service	2,158,924	2,165,642	(6,718)	(0.3)
UPIF contributions	2,085,854	2,199,754	(113,900)	(5.2)
Transfer to City of Gainesville General Fund	1,715,168	1,465,168	250,000	17.1
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 383,646</u>	<u>\$ 294,668</u>	<u>\$ 88,978</u>	<u>30.2</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 2,299,430	\$ 2,177,234	\$ 122,196	5.6
Non-residential	1,500,166	1,415,440	84,726	6.0
Fuel adjustment	1,730,471	2,797,793	(1,067,322)	(38.1)
Utility surcharge	154,834	148,299	6,535	4.4
Other gas sales	367,287	349,135	18,152	5.2
Total Sales of Gas	6,052,188	6,887,901	(835,713)	(12.1)
Transfer from/(to) rate stabilization	162,102	1,278,039	(1,115,937)	(87.3)
Other revenue	84,422	26,405	58,017	219.7
Other income	157,368	72,997	84,371	115.6
Build America Bonds	148,607	150,479	(1,872)	(1.2)
Total Revenues	6,604,687	8,415,821	(1,811,134)	(21.5)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel Expense - Purchased Gas	1,730,471	2,797,793	(1,067,322)	(38.1)
Operation and maintenance	1,003,436	622,312	381,124	61.2
Administrative and general	764,451	719,598	44,853	6.2
Total Operation, Maintenance and Administrative Expenses	3,498,358	4,139,703	(641,345)	(15.5)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	3,106,329	4,276,118	(1,169,789)	(27.4)
LESS:				
Debt service	1,033,106	1,003,390	29,716	3.0
UPIF contributions	1,662,365	590,198	1,072,167	181.7
Transfer to City of Gainesville General Fund	616,388	2,491,388	(1,875,000)	(75.3)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ (205,530)	\$ 191,142	\$ (396,672)	(207.5)

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Telecommunications	\$ 1,965,587	\$ 1,896,955	\$ 68,632	3.6
Trunking radio	389,444	439,280	(49,836)	(11.3)
Tower leasing	683,421	718,508	(35,087)	(4.9)
Total Sales of Services	<u>3,038,452</u>	<u>3,054,743</u>	<u>(16,291)</u>	<u>(0.5)</u>
Transfer from/(to) rate stabilization	-	-	-	-
Other revenue	9,652	(49,837)	59,489	119.4
Other income	36,644	11,835	24,809	209.6
Total Revenues	<u>3,084,748</u>	<u>3,016,741</u>	<u>68,007</u>	<u>2.3</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	1,601,789	1,293,299	308,490	23.9
Administrative and general	316,681	369,952	(53,271)	(14.4)
Total Operation, Maintenance and Administrative Expenses	<u>1,918,470</u>	<u>1,663,251</u>	<u>255,219</u>	<u>15.3</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>1,166,278</u>	<u>1,353,490</u>	<u>(187,212)</u>	<u>(13.8)</u>
LESS:				
Debt service	639,105	1,032,467	(393,362)	(38.1)
UPIF contributions	222,694	114,761	107,933	94.0
Transfer to City of Gainesville General Fund	296,709	296,709	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u><u>\$ 7,770</u></u>	<u><u>\$ (90,447)</u></u>	<u><u>\$ 98,217</u></u>	<u><u>108.6</u></u>

Supplementary Data

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

	Actual
Fuel Revenues	\$ 20,143,926
Fuel Expenses	17,354,940
To (From) Fuel Adjustment Levelization	\$ 2,788,986
Fuel Adjustment Beginning Balance	\$ (2,843,816)
To (From) Fuel Adjustment Levelization	2,788,986
Fuel Adjustment Ending Balance	\$ (54,829)

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

	Actual
Purchased Gas Revenues	\$ 2,477,227
Purchased Gas Expenses	1,730,471
To (From) PGA Levelization	\$ 746,756
PGA Beginning Balance	\$ (43,779)
To (From) PGA Levelization	746,756
PGA Ending Balance	\$ 702,977