

Financial Statements

**GAINESVILLE REGIONAL UTILITIES
COMBINED UTILITIES FUNDS
STATEMENT OF OPERATING INCOME
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2006**

(\$1,000)	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	%
REVENUES:					
Total Native Load Sales of Electricity	46,920	102,741	102,649	(92)	(0.1)
Interchange Sales	1,713	3,397	3,708	311	9.2
Fuel Adjustment	42,350	77,236	95,149	17,913	23.2
Other Revenues	1,103	2,387	2,387	-	0.0
Rate Stabilization Fund Transfer	-	4,540	(4,663)	(9,203)	(202.7)
Interest Income	1,142	1,804	2,369	565	31.3
Total Electric Revenues	93,228	192,105	201,599	9,494	4.9
Sales of Water	8,115	18,172	17,004	(1,168)	(6.4)
Other Water Revenues	800	1,230	1,448	218	17.7
Rate Stabilization Fund Transfer	-	369	(130)	(499)	(135.2)
Interest Income	61	124	131	7	5.6
Total Water Revenues	8,976	19,895	18,453	(1,442)	(7.2)
Wastewater Billings	10,205	21,090	20,827	(263)	(1.2)
Other Wastewater Revenues	1,280	1,701	2,096	395	23.2
Rate Stabilization Fund Transfer	-	338	(1,129)	(1,467)	(434.0)
Interest Income	124	236	262	26	11.0
Total Wastewater Revenues	11,609	23,365	22,056	(1,309)	(5.6)
Sales of Gas and Service	7,068	11,668	11,396	(272)	(2.3)
Purchased Gas Adjustment	15,889	16,621	24,383	7,762	46.7
Rate Stabilization Fund Transfer	-	(343)	(2,998)	(2,655)	774.1
Interest Income	172	228	360	132	57.9
Total Gas Revenues	23,129	28,174	33,141	4,967	17.6
Sales of GRUCom Services	4,243	9,209	9,002	(207)	(2.2)
Rate Stabilization Fund Transfer	-	787	(645)	(1,432)	(182.0)
Interest Income	61	67	126	59	88.1
Total GRUCom Revenues	4,304	10,063	8,483	(1,580)	(15.7)
TOTAL REVENUES	141,246	273,602	283,732	10,130	3.7
OPERATION & MAINTENANCE EXPENSES:					
Electric Fund:					
Fuel Expense:					
Retail & Purchased Power	44,047	92,081	111,121	19,040	20.7
Interchange	1,203	2,114	2,299	185	8.8
Total Fuel Expense	45,250	94,195	113,420	19,225	20.4
Operation & Maintenance Expense	10,348	31,361	26,331	(5,030)	(16.0)
Administrative & General Expense	6,937	13,900	13,900	-	0.0
Total Electric Fund Expenses	62,535	139,456	153,651	14,195	10.2

GAINESVILLE REGIONAL UTILITIES
 COMBINED UTILITIES FUNDS
 STATEMENT OF OPERATING INCOME
 FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2006

(\$1,000)	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	%
Water Fund:					
Operation & Maintenance Expense	2,840	5,382	5,369	(13)	(0.2)
Administrative & General Expense	1,807	3,735	3,735	-	0.0
Total Water Fund Expenses	4,647	9,117	9,104	(13)	(0.1)
Wastewater Fund:					
Operation & Maintenance Expense	2,459	6,163	5,899	(264)	(4.3)
Administrative & General Expense	2,205	4,430	4,430	-	0.0
Total Wastewater Fund Expenses	4,664	10,593	10,329	(264)	(2.5)
Gas Fund:					
Fuel Expense - Purchased Gas	15,430	18,136	23,865	5,729	31.6
Operation & Maintenance Expense	537	1,435	1,319	(116)	(8.1)
Administrative & General Expense	1,539	3,203	3,203	-	0.0
Total Gas Fund Expenses	17,506	22,774	28,387	5,613	24.6
GRUCom Fund:					
Operation & Maintenance Expense	1,207	3,596	3,342	(254)	(7.1)
Administrative & General Expense	1,009	2,232	2,232	-	0.0
Total GRUCom Fund Expenses	2,216	5,828	5,574	(254)	(4.4)
Total Operation & Maintenance Expenses	91,568	187,768	207,045	19,277	10.3
NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:					
Electric - Retail & Wholesale	30,183	51,366	46,539	(4,827)	(9.4)
Electric - Interchange	510	1,283	1,409	126	9.8
Total Electric Fund	30,693	52,649	47,948	(4,701)	(8.9)
Water Fund	4,329	10,779	9,349	(1,429)	(13.3)
Wastewater Fund	6,945	12,772	11,727	(1,045)	(8.2)
Gas Fund	5,623	5,400	4,754	(646)	(12.0)
GRUCom Fund	2,088	4,235	2,909	(1,326)	(31.3)
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	49,678	85,834	76,687	(9,147)	(10.7)
DEBT SERVICE	10,863	30,806	21,685	(9,121)	(29.6)
UPIF CONTRIBUTIONS	12,780	25,565	25,565	-	0.0
TRANSFER TO GENERAL FUND	14,442	29,138	29,112	(26)	(0.1)
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	125	325	325	-	0.0
NET INCOME/(DEFICIT)	11,468	-	-	-	N/A
(1) Projected Aggregate Debt Service Coverage Ratio		<u>76,687</u>	=	2,170	
		35,344			
(2) Projected Total Debt Service Coverage Ratio		<u>76,687</u>	=	1,862	
		41,185			

Financial Performance Discussion

Electric

Total electric energy sales are projected to come in near budget for FY 2006. The projected 3% decrease in General Service sales is bolstered by slight projected increases in Residential, Large Power and Wholesale sales.

Fuel Adjustment Revenue and Fuel Expense are projected to be higher than budgeted by 23.2% and 20.4%, respectively. This is due primarily to higher than anticipated fuel costs. Additionally, forced outage hours of our generating units incurred during the first two quarters of the year necessitated the production of more power using natural gas and more than expected reliance on purchased power.

Interchange Sales and Interchange Fuel Expense are projected to be 9.2% and 8.8% higher than budgeted. This increase is primarily due to increased cost of generation resulting in higher interchange prices. Despite increased forced outages, the mega-watt hours sold are projected to be near budget.

Projected interest income exceeds budget due to a combination of increasing interest rates and additional cash available in the operating funds. Despite increased fuel costs, the 2005 bond issuance resulted in additional cash available to be invested.

The total Operation and Maintenance (O&M) expense projection, less fuel expense, is projected to be \$5M lower than budget. The driving force behind the reduction in expenditures is the receipt of FEMA reimbursements for hurricane expenditures (\$5.6M) that took place in fiscal year 2004. On the reverse side, costs related to the Crystal River Nuclear Power Plant are higher than anticipated by roughly \$500K due to added nuclear fuel costs and other unanticipated expenses. Transmission expenses are projected to end up \$100K higher than budget due to right-of-way work being done on the Serenola transmission line and due to the Lundgren washout. There are no projected over, or under, budget situations in the Administrative & General (A&G) and Customer & Administrative Services (CAS) that would impact Electric.

Debt Service expenses are anticipated to come in well below budget. The change in debt service for FY06 is attributed to the 2005 financing which restructured the Utilities debt profile. This refinancing enabled the utility to take advantage of the recent interest rate environment while also creating more level debt service payments across periods. Lower debt service was achieved through a combination of refunding a portion of the 1996A Bond Series and the issuance of new monies for construction at a lower interest rate than budgeted.

GAINESVILLE REGIONAL UTILITIES
ELECTRIC REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2006

(\$1,000)	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	%
REVENUES:					
Residential Sales	22,527	50,073	50,403	330	0.7
General Service Sales	15,481	34,484	33,330	(1,154)	(3.3)
Large Power Sales	2,697	5,547	5,673	126	2.3
Interchange Sales	1,713	3,397	3,708	311	9.2
Utility Surcharge	1,379	2,909	2,999	90	3.1
Other Electric Sales ⁽¹⁾	4,836	9,728	10,244	516	5.3
Total Sales of Elec. Before Fuel Adj	48,633	106,138	106,357	219	0.2
Fuel Adjustment	42,350	77,236	95,149	17,913	23.2
Total Sales of Electricity	90,983	183,374	201,506	18,132	9.9
Other Revenues ⁽²⁾	1,103	2,387	2,387	-	0.0
Rate Stabilization Fund Transfer	-	4,540	(4,663)	(9,203)	(202.7)
Interest Income	1,142	1,804	2,369	565	31.3
Total Revenues	93,228	192,105	201,599	9,494	4.9
OPERATION & MAINTENANCE EXPENSES:					
Power Production Expenses:					
Fuel Expense:					
Retail & Purchased Power	44,047	92,081	111,121	19,040	20.7
Interchange	1,203	2,114	2,299	185	8.8
Total Fuel Expense	45,250	94,195	113,420	19,225	20.4
Steam Power Generation Expense	9,012	17,199	17,199	-	0.0
Nuclear Power Generation Expense	1,146	1,514	2,014	500	33.0
Other Power Generation Expense	222	361	361	-	0.0
System Control & Load Dispatching	458	903	903	-	0.0
Total Power Production Expenses	56,088	114,172	133,897	19,725	17.3
Transmission & Distribution Expenses:					
Transmission Expense	500	781	885	104	13.3
Distribution Expense	(990)	10,603	4,969	(5,634)	(53.1)
Total Transmission & Distribution	(490)	11,384	5,854	(5,530)	(48.6)
Administrative & General Expenses:					
Customer Accounts & Sales Expense	1,996	4,181	4,181	-	0.0
Administrative & General Expense	4,941	9,719	9,719	-	0.0
Total Administrative & General	6,937	13,900	13,900	-	0.0
Total Operation & Maintenance Expenses	62,535	139,456	153,651	14,195	10.2
NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION:					
Retail & Wholesale	30,183	51,366	46,539	(4,827)	(9.4)
Interchange	510	1,283	1,409	126	9.8
TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION	30,693	52,649	47,948	(4,701)	(8.9)
DEBT SERVICE	6,457	17,983	13,260	(4,723)	(26.3)
UPIF CONTRIBUTIONS	7,950	15,906	15,906	-	0.0
TRANSFER TO GENERAL FUND (includes incentive)	9,108	18,435	18,457	22	0.1
NUCLEAR DECOMMISSIONING/FUEL DISPOSAL	125	325	325	-	0.0
NET INCOME/(DEFICIT)	7,053	-	-	-	N/A

⁽¹⁾ Other Electric Sales - Wholesale sales, traffic signals, streetlights and rental lights.

⁽²⁾ Other Revenues - Commercial lighting, service charges, miscellaneous.

Financial Performance Discussion

Gas

Sales of natural gas to residential customers are projected to come in 5.5% below the original budgeted amounts for FY2006. Lower residential sales could be a function of the relatively mild winter. Customers may also be responding to high fuel prices experienced this year by running their heating systems less. Sales of gas to commercial customers are expected to come in near budgeted amounts for the year. Sales and revenues to interruptible customers and transportation revenues to UF's cogeneration plant and Georgia Pacific's plywood plant are projected to be 2.7% ahead of budget.

The Purchased Gas Fuel Adjustment (PGA) revenue and Fuel Expense – Purchased Gas projections are 46.7% and 57.9%, respectively, higher than budgeted due to higher gas prices than anticipated. Since fuel expenses are passed through to the customer, revenues are increased as fuel expenses increase. Even though the fuel expense is a pass through, there is a difference between PGA fuel revenue and fuel expense due to presenting the Cleanup Cost Recovery Factor separately and true-ups that affect the timing between reporting periods.

Projected interest income exceeds budget due to a combination of increasing interest rates and additional cash available in the operating funds. Despite increased fuel costs, the 2005 bond issuance resulted in additional cash available to be invested.

O&M expenses, less fuel expense, are currently projected to be within budget for the year.

There are no projected over, or under, budget situations in the Administrative & General (A&G) and Customer & Administrative Services (CAS) that would impact Gas.

Debt Service expenses are anticipated to come in well below budget. The change in debt service for FY06 is attributed to the 2005 financing which restructured the Utilities debt profile. This refinancing enabled the utility to take advantage of the recent interest rate environment while also creating more level debt service payments across periods. Lower debt service was achieved through a combination of refunding a portion of the 1996A Bond Series and the issuance of new monies for construction at a lower interest rate than budgeted.

**GAINESVILLE REGIONAL UTILITIES
GAS REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2006**

(\$1,000)	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	%
REVENUES:					
Sales of Gas and Service:					
Residential	3,948	6,742	6,368	(374)	(5.5)
Commerical & Industrial	1,858	2,801	2,806	5	0.2
Interruptible & Transportation	453	840	863	23	2.7
Purchased Gas Adjustment	15,889	16,621	24,383	7,762	46.7
Surcharge	213	346	362	16	4.6
Cleanup Cost Recovery Factor (MGP)	447	752	747	(5)	(0.7)
Other Revenue ⁽¹⁾	149	187	250	63	33.7
Total Sales	22,957	28,289	35,779	7,490	26.5
Miscellaneous Revenue:					
Rate Stabilization Fund Transfer	-	(343)	(2,998)	(2,655)	774.1
Interest Income	172	228	360	132	57.9
Total Revenues	23,129	28,174	33,141	4,967	17.6
OPERATION & MAINTENANCE EXPENSES:					
Fuel Expense - Purchased Gas	15,430	18,136	23,865	5,729	31.6
Operation & Maintenance Expenses	537	1,435	1,319	(116)	(8.1)
Customer Accounts & Sales Expense	1,017	2,242	2,242	-	0.0
Administrative & General Expense	522	961	961	-	0.0
Total Operation & Maintenance Expenses	17,506	22,774	28,387	5,613	24.6
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	5,623	5,400	4,754	(646)	(12.0)
DEBT SERVICE	639	1,693	1,042	(651)	(38.5)
UPIF CONTRIBUTIONS	1,080	2,157	2,157	-	0.0
TRANSFER TO GENERAL FUND	600	1,550	1,555	5	0.3
NET INCOME/(DEFICIT)	3,304	-	-	-	N/A

⁽¹⁾ Other Revenue - Liquid propane sales, service charges and miscellaneous.

Financial Performance Discussion

Water

Revenues from sales of water to general customers are tracking .6% below budget through the second quarter. Revenues from water sales to UF are 8.7% above budget and water surcharge revenues are 6.5% below the original budget. Revenues from fire hydrant rentals are projected to end up 89.5% below budget because, since November 2005, charges for installing, maintaining and supporting city and county fire hydrants have been billed in general customer rates. UF fire hydrants are currently the only category of fire hydrant rentals being billed separately. Connection charges are expected to be 17.7% above budget by year end due to a greater number of new customers than expected for 2006.

Projected interest income exceeds budget due to a combination of increasing interest rates and additional cash available in the operating funds. Despite increased fuel costs, the 2005 bond issuance resulted in additional cash available to be invested.

In the area of O&M, the impact of increased electrical rates are projected to result in \$191K over budget in the water treatment area. For the transmission and distribution area we project to come in \$204K under budget due to receipt of hurricane recovery funds.

There are no projected over, or under, budget situations in the Administrative & General (A&G) and Customer & Administrative Services (CAS) that would impact Water.

Debt Service expenses are anticipated to come in well below budget. The change in debt service for FY06 is attributed to the 2005 financing which restructured the Utilities debt profile. This refinancing enabled the utility to take advantage of the recent interest rate environment while also creating more level debt service payments across periods. Lower debt service was achieved through a combination of refunding a portion of the 1996A Bond Series and the issuance of new monies for construction at a lower interest rate than budgeted.

**GAINESVILLE REGIONAL UTILITIES
WATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2006**

(\$1,000)	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	%
REVENUES:					
General Customers	6,881	14,583	14,502	(81)	(0.6)
University of Florida	395	779	847	68	8.7
Utility Surcharge	744	1,638	1,532	(106)	(6.5)
Fire Hydrant Rentals	95	1,172	123	(1,049)	(89.5)
Total Sales of Water	8,115	18,172	17,004	(1,168)	(6.4)
Other Revenues ⁽¹⁾	800	1,230	1,448	218	17.7
Rate Stabilization Fund Transfer	-	369	(130)	(499)	(135.2)
Interest Income	61	124	131	7	5.6
Total Revenues	8,976	19,895	18,453	(1,442)	(7.2)
OPERATION & MAINTENANCE EXPENSES:					
Water Treatment Expense	1,900	3,810	4,001	191	5.0
Water Trans. & Dist. Expense	940	1,572	1,368	(204)	(13.0)
Customer Accounts & Sales Expense	531	1,171	1,171	-	0.0
Administrative & General Expense	1,276	2,564	2,564	-	0.0
Total Operation & Maintenance Expenses	4,647	9,117	9,104	(13)	(0.1)
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION					
	4,329	10,778	9,349	(1,429)	(13.3)
DEBT SERVICE	1,631	4,531	3,208	(1,323)	(29.2)
UPIF CONTRIBUTIONS	1,080	2,155	2,155	-	0.0
TRANSFER TO GENERAL FUND	2,069	4,092	3,986	(106)	(2.6)
NET INCOME/(DEFICIT)	(451)	-	-	-	N/A

⁽¹⁾ Other Revenue - Connection fees and miscellaneous.

Financial Performance Discussion

Wastewater

Wastewater billings are projected to be 1.6% below the original budgeted amounts for FY2006. Connection charges are projected to end up 23.2% above budget due to a higher number of new customers similar to the water system.

Projected interest income exceeds budget due to a combination of increasing interest rates and additional cash available in the operating funds. Despite increased fuel costs, the 2005 bond issuance resulted in additional cash available to be invested.

In the area of O&M, hurricane recovery proceeds of \$816K split between collection and treatment and the impact of increased electrical rates of \$550K for wastewater treatment are projected to result in \$407K under budget for collection expenses and \$143K over for treatment costs compared to original budgeted amounts.

There are no projected over, or under, budget situations in the Administrative & General (A&G) and Customer & Administrative Services (CAS) that would impact Wastewater.

Debt Service expenses are anticipated to come in well below budget. The change in debt service for FY06 is attributed to the 2005 financing which restructured the Utilities debt profile. This refinancing enabled the utility to take advantage of the recent interest rate environment while also creating more level debt service payments across periods. Lower debt service was achieved through a combination of refunding a portion of the 1996A Bond Series and the issuance of new monies for construction at a lower interest rate than budgeted.

GAINESVILLE REGIONAL UTILITIES
WASTEWATER REVENUE FUND
STATEMENT OF OPERATING INCOME
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2006

(\$1,000)	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	%
REVENUES:					
Wastewater Billings	9,322	19,408	19,092	(316)	(1.6)
Surcharge	883	1,682	1,735	53	3.2
Other Revenues ⁽¹⁾	1,280	1,701	2,096	395	23.2
Rate Stabilization Fund Transfer	-	338	(1,129)	(1,467)	(434.0)
Interest Income	124	236	262	26	11.0
Total Revenues	11,609	23,365	22,056	(1,309)	(5.6)
OPERATION & MAINTENANCE EXPENSES:					
Wastewater Collection Expense	372	1,518	1,111	(407)	(26.8)
Wastewater Treatment Expense	2,087	4,645	4,788	143	3.1
Customer Accounts & Sales Expense	455	960	960	-	0.0
Administrative & General Expense	1,750	3,470	3,470	-	0.0
Total Operation & Maintenance Expenses	4,664	10,593	10,329	(264)	(2.5)
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	6,945	12,772	11,727	(1,045)	(8.2)
DEBT SERVICE	1,663	4,232	3,134	(1,098)	(25.9)
UPIF CONTRIBUTIONS	1,896	3,794	3,794	-	0.0
TRANSFER TO GENERAL FUND	2,509	4,746	4,799	53	1.1
NET INCOME/(DEFICIT)	877	-	-	-	N/A

⁽¹⁾ Other Revenue - Connection fees and miscellaneous.

Financial Performance Discussion

GRUCom

GRUCom revenues for the first half of FY06 were lower than plan. The corporate consolidations in the personal wireless services industry have negatively affected GRUCom's circuit sales in the short run and the attrition in dial-up Internet access customers and revenue continues. However, the lower revenues were more than offset by lower operating expenses due primarily to lower purchased circuit costs and personnel vacancies.

Increased revenue growth is expected in the second half of FY06 as new transport agreements with the surviving wireless providers have been executed. GRUCom has also signed up several additional multi-family dwelling unit developments for Broadband Internet access services and these projects should begin generating revenues in the summer months as students return for fall classes.

Projected interest income exceeds budget due to a combination of increasing interest rates and additional cash available in the operating funds. Despite increased fuel costs, the 2005 bond issuance resulted in additional cash available to be invested.

In the O&M area, total projections for the year are around \$254K less than budgeted due to a continued reduction in circuit related costs (\$69K), the receipt of FEMA reimbursements (\$47K) and delay in the rollout of 2-way voice business services (\$107K).

Debt Service expenses are anticipated to come in well below budget. The change in debt service for FY06 is attributed to the 2005 financing which restructured the Utilities debt profile. This refinancing enabled the utility to take advantage of the recent interest rate environment while also creating more level debt service payments across periods. Lower debt service was achieved through a combination of refunding a portion of the 1996A Bond Series and the issuance of new monies for construction at a lower interest rate than budgeted.

GAINESVILLE REGIONAL UTILITIES
 GRUCOM REVENUE FUND
 STATEMENT OF OPERATING INCOME
 FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2006

(\$1,000)	YEAR TO DATE	ANNUAL BUDGET	TWELVE MONTH PROJECTION	DIFFERENCE PROJECTION VS. BUDGET	%
REVENUES:					
Sales :					
Telecommunication	2,072	4,509	4,429	(80)	(1.8)
Trunking Radio	918	1,887	1,846	(41)	(2.2)
Tower Lease Rental	630	1,272	1,290	18	1.4
Internet Access	623	1,541	1,437	(104)	(6.7)
Total Sales	4,243	9,209	9,002	(207)	(2.2)
Miscellaneous Revenue:					
Rate Stabilization Fund Transfer/Borrowings	-	787	(645)	(1,432)	(182.0)
Interest Income	61	67	126	59	88.1
Total Revenues	4,304	10,063	8,483	(1,580)	(15.7)
OPERATION & MAINTENANCE EXPENSES:					
Operation & Maintenance Expenses	1,207	3,596	3,342	(254)	(7.1)
Customer Accounts & Sales Expense	205	474	474	-	0.0
Administrative & General Expense	804	1,758	1,758	-	0.0
Total Operation & Maintenance Expenses	2,216	5,828	5,574	(254)	(4.4)
TOTAL NET REVENUES IN ACCORDANCE WITH THE BOND RESOLUTION	2,088	4,235	2,909	(1,326)	(31.3)
DEBT SERVICE	473	2,367	1,041	(1,326)	(56.0)
UPIF CONTRIBUTIONS	774	1,553	1,553	-	0.0
TRANSFER TO GENERAL FUND	156	315	315	-	0.0
NET INCOME/(DEFICIT)	685	-	-	-	N/A

Balance Sheet Discussion

Other Current Assets has decreased primarily due to normal winter usage of fuel inventory, which has decreased about \$4.0 million.

In the Restricted Asset section, debt service cash is higher as of March 2006 by \$11.2 million due to deposits to the debt service fund to begin building towards our fiscal 2006 debt obligation. The Utility Plant Improvement Fund has decreased due to the budgeted payments of debt service and the payment of current year construction costs.

Included in the change for Current Liabilities is a decrease in fuels payable primarily due to milder weather conditions normally experienced at this time of year. Also, included in Current Liabilities is the accrual of the General Fund Transfer and other intercompany obligations.

Other Payables from Restricted Assets increased \$5.6 million, primarily due the accrual of our fiscal 2006 second quarter debt interest obligation.

Under Long-Term Debt, the commercial paper notes balance outstanding of \$8 million in December 2005 was paid off in January 2006.

**GAINESVILLE REGIONAL UTILITIES
COMBINED FUNDS
BALANCE SHEET
MARCH 31, 2006**

(000's)	<u>Mar 31, 2006</u>	<u>Dec 31, 2005</u>	<u>\$ Difference</u>	<u>% Difference</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash, Investments & Accounts Receivable	35,959	36,364	(405)	-1.1%
Other Current Assets	29,917	36,062	(6,145)	-20.5%
TOTAL CURRENT ASSETS	65,876	72,426	(6,550)	-9.9%
RESTRICTED ASSETS:				
Debt Service Fund	19,312	8,083	11,229	58.1%
Construction Fund	161,799	170,882	(9,083)	-5.6%
Utility Plant Improvement Fund	23,891	31,456	(7,565)	-31.7%
Rate Stabilization Fund	56,889	56,693	196	0.3%
Other Restricted Assets	12,850	12,609	241	1.9%
TOTAL RESTRICTED ASSETS	274,741	279,723	(4,982)	-1.8%
OTHER NON-CURRENT ASSETS	142,995	145,683	(2,688)	-1.9%
NET CAPITAL ASSETS	741,382	736,092	5,290	0.7%
TOTAL ASSETS	1,224,994	1,233,924	(8,930)	-0.7%
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES	18,730	30,947	(12,217)	-65.2%
PAYABLE FROM RESTRICTED ASSETS:				
Rate Stabilization Deferred Credit	56,595	56,595	0	0.0%
Other Payables From Restricted Assets	32,778	27,186	5,592	17.1%
TOTAL PAYABLE FROM RESTRICTED ASSETS	89,373	83,781	5,592	6.3%
LONG TERM-DEBT:				
Utilities System Revenue Bonds Payable-Senior Lien Debt	540,220	540,220	0	0.0%
Utilities System Revenue Bonds Payable-Sub. Debt	65,300	65,300	0	0.0%
Commercial Paper Notes Payable	0	8,000	(8,000)	100.0%
Unamortized Bond Financing Costs	(13,755)	(14,183)	428	-3.1%
TOTAL LONG-TERM DEBT	591,765	599,337	(7,572)	-1.3%
OTHER NON-CURRENT LIABILITIES	163,704	166,723	(3,019)	-1.8%
TOTAL LIABILITIES	863,572	880,788	(17,216)	-2.0%
TOTAL NET ASSETS	361,422	353,136	8,286	2.3%
TOTAL LIABILITIES AND NET ASSETS	1,224,994	1,233,924	(8,930)	-0.7%

