

Gainesville Regional Utilities

Interim Financial Statements - Unaudited

For the Period Ended March 31, 2018



**Gainesville Regional Utilities
Financial Statements - Unaudited
For the Period Ended March 31, 2018**

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Overview and Basis of Accounting

Gainesville Regional Utilities Financial Statements - Unaudited For the Period Ended March 31, 2018

Overview

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

We offer readers these unaudited utility system financial statements for the period ended March 31, 2018.

Basis of Accounting

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

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

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

Management's Discussion and Analysis

Gainesville Regional Utilities

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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, 2018. It should be read in conjunction with the unaudited financial statements that follow this section.

Financial Highlights – Overall

- The Utility purchased a biomass plant in November of 2017. Various items in the financial statements were impacted and are addressed below as applicable.
- Cash and investments decreased \$18.3 million or 37.1% due to normal operations and contributions to and from rate stabilization cash.
- Fuel inventories increased \$3.3 million or 40.8% due primarily to an increase in the purchase of coal and biomass fuel.
- Materials and supplies increased \$3.5 million or 48.9% due to the purchase of the Deerhaven Renewable Generating Station (DHR) in November 2017.
- Debt service cash and investments increased \$10.4 million or 34.3% due primarily to the issuance of the 2017 Series bonds to purchase DHR.
- Construction fund cash and investments, and utility plant improvement fund cash and investments decreased \$13.5 million or 91.7% and \$20 million or 39.4%, respectively, due to the construction of capital assets. The Utility is scheduled to issue \$40 million in commercial paper in the next quarter.
- Net costs recoverable in future years decreased \$54.1 million or 100% due to the cancellation of the Power Purchase Agreement (PPA) with Gainesville Renewable Energy Center (GREC) and the concurrent purchase of DHR.
- Unamortized debt issuance costs increased \$3.7 million or 64.8% due primarily to the issuance of the 2017 Series bonds to purchase DHR.
- Pension costs – regulatory asset increased \$17 million or 30.3% and related deferred outflow of resources for pension costs increased \$6.9 million or 33.1% due to updated actuarial calculations at September 30, 2017.
- Utility plant in service increased \$811.1 million or 41.6% due primarily to the purchase of DHR.
- Capital lease decreased by \$1 billion or 100% due to the cancellation of the PPA with GREC and the concurrent purchase of DHR.
- Construction in progress decreased \$8.4 million or 8.9% due to a Utility wide effort to capitalize assets placed into service. This effort was driven by the reimplemention of the SAP software project and changes in business processes.

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- Fuels payable decreased \$9.9 million or 76.4% due to a decrease in purchases from GREC once the plant was purchased.
- Current portion of the capital lease and the long-term portion of the capital lease decreased \$9.3 million and \$941.3 million, respectively, or 100% due to the cancellation of the PPA with GREC and the concurrent purchase of DHR.
- Current portion of utilities system revenue bonds decreased \$80.2 million due to the reclassification in the prior year of \$90 million of 2008 Series B revenue bonds whose liquidity facility was set to expire that year, in addition to normally scheduled principal payments. Management replaced the liquidity facility in the prior year.
- Current portion of commercial paper notes decreased \$13.9 million, while the long-term portion of commercial paper notes increased \$8 million due to the reclassification in the prior year of \$8 million of Series D notes whose liquidity facility was set to expire that year, in addition to scheduled principal payments of \$5.9 million. Management replaced the liquidity facility in the prior year.
- Accrued interest payable increased \$8.2 million or 45.7% due primarily to the issuance of the 2017 Series A Bonds, 2017 Series B Bonds and 2017 Series C Bonds.
- Utilities system revenue bonds increased \$743 million due primarily to the issuance of the 2017 Series A Bonds, 2017 Series B Bonds and 2017 Series C Bonds to fund the purchase of DHR, in addition to normally scheduled principal payments.
- Unamortized bond premium/discount increased \$71 million due primarily to \$73.2 million premium received with the issuance of the 2017 Series A Bonds to partially fund the purchase of DHR, in addition to normally scheduled amortization.
- The pension liability increased \$11.4 million and related deferred inflow of resources for pension costs increased \$12.6 million due to updated actuarial calculations at September 30, 2017.
- Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

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

Combined Systems

- Total revenues decreased \$11.6 million or 5.7% due primarily to a decrease in electric and water revenues. These decreases were offset by increases in wastewater, gas and telecommunication revenues.
- Total expenses decreased \$22.7 million or 23.8% due primarily to a decrease in electric fuel expense of \$24.8 million, offset by an increase in water and wastewater expenses.
- The combined systems withdrew \$5.6 million from rate stabilization for the period ended March 31, 2018, including budgeted transfers to and from rate stabilization.

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Electric System

- Total revenues decreased by \$14.6 million or 10.2% 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 \$24.8 million or 33.2% over the prior period due primarily to the cancellation of the PPA with GREC and the concurrent purchase of DHR. The Utility has been able to manage supply costs more efficiently than what was required under the PPA.

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 \$7.3 million or 56.6% while administrative and general decreased \$7.8 million or 52.1% due primarily to a change in business processes resulting from the reimplementation of the SAP software program.
- Transmission and distribution increased \$2.3 million or 32.7% due primarily to the addition of the DHR generating plant.
- The electric system withdrew \$8.9 million from rate stabilization for the period ended March 31, 2018, in addition to budgeted transfers from rate stabilization.

Water System

- Total revenues decreased \$305,185 or 1.7% due primarily to a decrease in other income (expense).
- The water system contributed \$299,577 to rate stabilization for the period ended March 31, 2018, in addition to budgeted transfers to rate stabilization.

Wastewater System

- Total revenues increased \$2.2 million or 10.2% due to an increase in non-residential and other revenue.
- The wastewater system contributed \$1.9 million to rate stabilization for the period ended March 31, 2018, in addition to budgeted transfers from rate stabilization.

Gas System

- Total revenues increased \$580,578 or 4.3% due to an increase in residential revenue, offset by a decrease in other revenue.
- The gas system contributed \$1.2 million to rate stabilization for the period ended March 31, 2018, in addition to budgeted transfers to rate stabilization.

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Telecommunications System

- Total revenues increased \$528,061 or 10% due primarily to an increase in non-residential revenue.
- The telecommunications system withdrew \$185,371 from rate stabilization for the period ended March 31, 2018.

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Financial Statements

Gainesville Regional Utilities
Statements of Net Position - Unaudited
March 31, 2018 and 2017

	March 31, 2018	March 31, 2017	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 30,954,961	\$ 49,242,718	\$ (18,287,757)	(37.1%)
Accounts receivable, net of allowance for uncollectible accounts of \$444,754 and \$1,093,628, respectively	45,165,321	39,160,049	6,005,272	15.3%
Inventories:				
Fuel	11,439,399	8,124,335	3,315,064	40.8%
Materials and supplies	10,635,218	7,140,590	3,494,628	48.9%
Other assets and regulatory assets	2,985,719	2,569,458	416,261	16.2%
Total current assets	101,180,618	106,237,150	(5,056,532)	(4.8%)
Restricted assets:				
Utility deposits - cash and investments	10,034,541	10,204,118	(169,577)	(1.7%)
Debt service - cash and investments	40,602,053	30,232,834	10,369,219	34.3%
Rate stabilization - cash and investments	58,916,296	70,003,062	(11,086,766)	(15.8%)
Construction fund - cash and investments	1,224,301	14,675,567	(13,451,266)	(91.7%)
Utility plant improvement fund - cash and investments	30,753,094	50,729,575	(19,976,481)	(39.4%)
Total restricted and internally designated assets	141,530,285	175,845,156	(34,314,871)	(19.5%)
Noncurrent assets:				
Net costs recoverable in future years - regulatory assets	-	54,102,530	(54,102,530)	(100.0%)
Unamortized debt issuance costs - regulatory assets	9,309,247	5,648,701	3,660,546	64.8%
Investment in The Energy Authority	2,032,949	2,055,946	(22,997)	(1.1%)
Pollution remediation - regulatory asset	11,364,461	12,220,928	(856,467)	(7.0%)
Other noncurrent assets and regulatory assets	5,007,795	4,821,053	186,742	3.9%
Pension costs - regulatory asset	73,141,512	56,115,877	17,025,635	30.3%
Total noncurrent assets	100,855,964	134,965,035	(34,109,071)	(25.3%)
Capital assets:				
Utility plant in service	2,761,804,555	1,950,677,142	811,127,413	41.6%
Capital lease	-	1,006,808,754	(1,006,808,754)	(100.0%)
Less: accumulated depreciation and amortization	(923,767,540)	(955,342,431)	31,574,891	(3.3%)
	1,838,037,015	2,002,143,465	(164,106,450)	(8.2%)
Construction in progress	85,351,328	93,727,919	(8,376,591)	(8.9%)
Net capital assets	1,923,388,343	2,095,871,384	(172,483,041)	(8.2%)
Total assets	2,266,955,210	2,512,918,725	(245,963,515)	(9.8%)
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	19,675,258	23,069,302	(3,394,044)	(14.7%)
Accumulated decrease in fair value of hedging derivatives	57,721,474	56,794,879	926,595	1.6%
Pension costs	27,899,197	20,954,810	6,944,387	33.1%
Total deferred outflows of resources	105,295,929	100,818,991	4,476,938	4.4%
Total assets and deferred outflows of resources	\$ 2,372,251,139	\$ 2,613,737,716	\$ (241,486,577)	(9.2%)

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
March 31, 2018 and 2017

	March 31, 2018	March 31, 2017	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 10,168,243	\$ 12,072,198	\$ (1,903,955)	(15.77%)
Fuels payable	3,052,609	12,914,837	(9,862,228)	(76.36%)
Due to other funds of the City	2,449,327	4,008,595	(1,559,268)	(38.90%)
Capital lease - current	-	9,308,242	(9,308,242)	(100.00%)
Fuel adjustment	3,728,004	2,321,558	1,406,446	60.6%
Other liabilities and regulatory liabilities	(78,510)	1,334,377	(1,412,887)	(105.88%)
Total current liabilities	<u>19,319,673</u>	<u>41,959,807</u>	<u>(22,640,134)</u>	<u>(54.0%)</u>
Payable from restricted assets:				
Utility deposits	9,488,947	10,206,593	(717,646)	(7.0%)
Accounts payable and accrued liabilities	1,438,610	4,356,007	(2,917,397)	(67.0%)
Utilities system revenue bonds - current	27,885,000	108,120,000	(80,235,000)	(74.2%)
Commercial paper notes - current	-	13,900,000	(13,900,000)	(100.0%)
Accrued interest payable	26,196,538	17,981,254	8,215,284	45.7%
Other liabilities and regulatory liabilities	(1,192,520)	-	(1,192,520)	-
Total payable from restricted assets	<u>63,816,575</u>	<u>154,563,854</u>	<u>(90,747,279)</u>	<u>(58.7%)</u>
Long-term debt:				
Utility system revenue bonds	1,506,455,000	763,420,000	743,035,000	97.3%
Commercial paper notes	53,000,000	45,000,000	8,000,000	17.8%
Capital lease	-	941,269,071	(941,269,071)	(100.0%)
Unamortized bond premium/discount	88,446,294	17,446,297	70,999,997	407.0%
Fair value of derivative instruments	61,184,080	60,756,967	427,113	0.7%
Total long-term debt	<u>1,709,085,374</u>	<u>1,827,892,335</u>	<u>(118,806,961)</u>	<u>(6.5%)</u>
Noncurrent liabilities:				
Reserve for insurance claims	3,337,000	3,337,000	-	0.0%
Reserve for environmental liability	665,000	266,000	399,000	150.0%
Pension liability	82,704,362	71,325,377	11,378,985	16.0%
Total noncurrent liabilities	<u>86,706,362</u>	<u>74,928,377</u>	<u>11,777,985</u>	<u>15.7%</u>
Total liabilities	<u>1,878,927,984</u>	<u>2,099,344,373</u>	<u>(220,416,389)</u>	<u>(10.5%)</u>
Deferred inflows of resources:				
Rate stabilization	59,022,102	70,061,776	(11,039,674)	(15.8%)
Pension costs	18,336,347	5,745,310	12,591,037	219.2%
Total deferred inflows of resources	<u>77,358,449</u>	<u>75,807,086</u>	<u>1,551,363</u>	<u>2.0%</u>
Net position				
Net investment in capital assets	278,412,780	243,017,564	35,395,216	14.6%
Restricted	46,805,596	62,919,966	(16,114,370)	(25.6%)
Unrestricted	90,746,330	132,648,727	(41,902,397)	(31.6%)
Total net position	<u>415,964,706</u>	<u>438,586,257</u>	<u>(22,621,551)</u>	<u>(5.4%)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,372,251,139</u>	<u>\$ 2,613,737,716</u>	<u>\$ (241,486,577)</u>	<u>(9.2%)</u>

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Periods Ended March 31, 2018 and 2017

	March 31, 2018	March 31, 2017
Operating revenues:		
Sales and service charges	\$ 180,328,483	\$ 189,699,621
Transfers (to) from rate stabilization	3,346,938	4,015,612
Amounts to be recovered from future revenue	3,449,252	16,780,146
Other operating revenue	6,456,559	5,699,608
Total operating revenues	193,581,232	216,194,987
Operating expenses:		
Operation and maintenance	102,146,813	111,586,751
Administrative and general	12,861,821	26,006,404
Depreciation and amortization	47,172,042	48,540,830
Total operating expenses	162,180,676	186,133,985
Operating income	31,400,556	30,061,002
Non-operating income (expense):		
Interest expense, net of AFUDC	(28,887,684)	(19,647,685)
Other interest related income, BABs	2,625,425	2,654,101
Other income (expense)	(7,568,604)	635,088
Total non-operating income (expense)	(33,830,863)	(16,358,496)
Income before capital contributions and transfers	(2,430,307)	13,702,506
Capital contributions:		
Contributions from third parties	88,180	7,465,464
Reduction of plant costs recovered through contributions	-	(58,390)
Net capital contributions	88,180	7,407,074
Transfer to City of Gainesville General Fund	(18,189,540)	(17,907,005)
Change in net position	(20,531,667)	3,202,575
Net position - beginning of year	436,496,373	435,383,682
Net position - end of period	\$ 415,964,706	\$ 438,586,257

Gainesville Regional Utilities
Statements of Cash Flows - Unaudited
For the Periods Ended March 31, 2018 and 2017

	March 31, 2018	March 31, 2017
Operating activities:		
Cash received from customers	\$ 187,578,566	\$ 195,245,271
Cash payments to suppliers for goods and services	(111,231,406)	(116,804,619)
Cash payments to employees for services	(27,451,388)	(26,836,522)
Cash payments for operating transactions with other funds	(3,593,826)	(4,326,979)
Other operating receipts	9,803,497	15,000,489
Net cash provided by operating activities	55,105,443	62,277,640
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	(18,189,540)	(17,907,005)
Net cash used by noncapital financing activities	(18,189,540)	(17,907,005)
Capital and related financing activities:		
Principal repayments and refunding on long-term debt, net	(24,020,000)	(23,135,000)
Interest paid on long-term debt	(20,730,350)	(18,857,354)
Proceeds from interest rebates, BABs	2,625,425	2,654,101
Acquisition and construction of fixed assets (including allowance for funds used during construction)	(712,147,544)	(54,827,253)
Proceeds from new debt and commercial paper	680,920,000	5,000,000
Other income	474,165	607,942
Net cash used by capital and related financing activities	(72,878,304)	(88,557,564)
Investing activities:		
Interest paid (received)	498,530	27,146
Purchase of investments	(99,002,086)	(141,164,000)
Investments in The Energy Authority	(3,818,603)	(7,957,076)
Distributions from The Energy Authority	3,879,637	8,003,811
Proceeds from investments	127,319,720	178,246,464
Net cash provided (used) by investing activities	28,877,198	37,156,345
Net change in cash and cash equivalents	(7,085,203)	(7,030,584)
Cash and cash equivalents, beginning of year	36,491,757	49,535,773
Cash and cash equivalents, end of period	\$ 29,406,554	\$ 42,505,189

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Gainesville Regional Utilities
Statements of Cash Flows - Unaudited (concluded)
For the Periods Ended March 31, 2018 and 2017

	March 31, 2018	March 31, 2017
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 31,400,556	\$ 30,061,002
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	47,172,042	48,540,830
Net costs recoverable in future years	(3,449,252)	(7,678,607)
Change in:		
Accounts receivable	7,257,998	10,191,322
Inventories	(6,623,489)	(156,153)
Other assets and regulatory assets	(192,080)	391,395
Noncurrent assets	656,392	2,835,513
Payables and accrued liabilities	(29,542,102)	(8,338,755)
Due to other funds of the City	3,322,910	2,518,651
Fuel adjustment	8,457,321	(12,510,006)
Other liabilities and regulatory liabilities	-	(201,537)
Utility deposits	(7,915)	639,597
Rate stabilization	(3,346,938)	(4,015,612)
Net cash provided by operating activities	\$ 55,105,443	\$ 62,277,640
Non-cash capital and related financing activities and investing activities:		
Contribution of capital assets	\$ 88,180	\$ 7,407,074
Net costs recoverable in future years	\$ 61,574,434	\$ -
Change in capital lease liability	\$ (941,269,071)	\$ (9,101,539)
Acquisition of utility plant in service with construction fund payable	\$ (8,533,177)	\$ (4,857,418)
Change in utility plant in service	\$ 767,516,976	\$ 84,022,930
Change in accumulated decrease in fair value of hedging derivatives - interest rate swaps	\$ -	\$ 24,194,251
Change in accumulated decrease in fair value of hedging derivatives - fuel options and futures	\$ (69,113)	\$ 373,369
Change in fair value of investments	\$ (1,444,489)	\$ (350,653)
Change in fair value of derivatives	\$ -	\$ (26,423,327)
Other	\$ (6,400)	\$ (13,280)

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2018 and 2017

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Revenues:				
Electric system:				
Sales of electricity	\$ 69,869,212	\$ 57,627,271	\$ 12,241,941	21.2
Fuel adjustment	50,000,875	74,833,664	(24,832,789)	(33.2)
Sales for resale	2,209,315	1,791,563	417,752	23.3
Transfer from/(to) rate stabilization	3,702,429	4,906,729	(1,204,300)	(24.5)
Other revenue	2,631,375	2,726,145	(94,770)	(3.5)
Other income (expense)	(600,171)	539,988	(1,140,159)	(211.1)
Build America Bonds	1,449,968	1,467,782	(17,814)	(1.2)
Total electric system revenues	<u>129,263,003</u>	<u>143,893,142</u>	<u>(14,630,139)</u>	<u>(10.2)</u>
Water system:				
Sales of water	17,080,961	17,073,989	6,972	0.0
Transfer from/(to) rate stabilization	(533,992)	(490,679)	(43,313)	(8.8)
Other revenue	797,443	916,030	(118,587)	(12.9)
Other income (expense)	(87,945)	58,271	(146,216)	(250.9)
Build America Bonds	408,269	412,310	(4,041)	(1.0)
Total water system revenues	<u>17,664,736</u>	<u>17,969,921</u>	<u>(305,185)</u>	<u>(1.7)</u>
Wastewater system:				
Sales of wastewater	20,773,906	20,246,247	527,659	2.6
Transfer from/(to) rate stabilization	1,110,675	149,520	961,155	642.8
Other revenue	1,737,725	831,408	906,317	109.0
Other income (expense)	(105,313)	73,267	(178,580)	(243.7)
Build America Bonds	463,507	466,668	(3,161)	(0.7)
Total wastewater system revenues	<u>23,980,500</u>	<u>21,767,110</u>	<u>2,213,390</u>	<u>10.2</u>
Gas system:				
Sales of gas	9,543,383	8,061,068	1,482,315	18.4
Purchased gas adjustment	5,009,181	5,013,901	(4,720)	(0.1)
Transfer from/(to) rate stabilization	(932,174)	(549,959)	(382,215)	(69.5)
Other revenue	128,593	546,785	(418,192)	(76.5)
Other income (expense)	(30,293)	62,655	(92,948)	(148.3)
Build America Bonds	303,679	307,341	(3,662)	(1.2)
Total gas system revenues	<u>14,022,369</u>	<u>13,441,791</u>	<u>580,578</u>	<u>4.3</u>
Telecommunications system:				
Sales of services	5,835,240	5,285,411	549,829	10.4
Other revenue	120,402	332	120,070	36,165.7
Other income (expense)	(125,447)	16,391	(141,838)	(865.3)
Total telecommunications system revenues	<u>5,830,195</u>	<u>5,302,134</u>	<u>528,061</u>	<u>10.0</u>
Total revenues	<u>190,760,803</u>	<u>202,374,098</u>	<u>(11,613,295)</u>	<u>(5.7)</u>

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2018 and 2017

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	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expenses	50,000,875	74,833,664	(24,832,789)	(33.2)
Operation and maintenance	29,439,793	19,862,273	9,577,520	48.2
Administrative and general	7,116,183	14,868,076	(7,751,893)	(52.1)
Total Electric System Expenses	<u>86,556,851</u>	<u>109,564,013</u>	<u>(23,007,162)</u>	<u>(21.0)</u>
Water system:				
Operation and maintenance	5,397,095	3,741,245	1,655,850	44.3
Administrative and general	2,027,378	3,354,134	(1,326,756)	(39.6)
Total Water System Expenses	<u>7,424,473</u>	<u>7,095,379</u>	<u>329,094</u>	<u>4.6</u>
Wastewater system:				
Operation and maintenance	7,297,613	4,871,164	2,426,449	49.8
Administrative and general	2,213,088	3,583,200	(1,370,112)	(38.2)
Total Wastewater System Expenses	<u>9,510,701</u>	<u>8,454,364</u>	<u>1,056,337</u>	<u>12.5</u>
Gas system:				
Fuel expense and purchased gas	5,009,181	5,013,901	(4,720)	(0.1)
Operation and maintenance	1,450,355	975,505	474,850	48.7
Administrative and general	1,087,696	2,148,393	(1,060,697)	(49.4)
Total Gas System Expenses	<u>7,547,232</u>	<u>8,137,799</u>	<u>(590,567)</u>	<u>(7.3)</u>
Telecommunications system:				
Operation and maintenance	2,827,892	2,289,002	538,890	23.5
Administrative and general	416,310	1,425,926	(1,009,616)	(70.8)
Total Telecommunications System Expenses	<u>3,244,202</u>	<u>3,714,928</u>	<u>(470,726)</u>	<u>(12.7)</u>
TOTAL EXPENSES	<u>114,283,459</u>	<u>136,966,483</u>	<u>(22,683,024)</u>	<u>(23.8)</u>
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	42,706,152	34,329,129	8,377,023	24.4
Total water system	10,240,263	10,874,542	(634,279)	(5.8)
Total wastewater system	14,469,799	13,312,746	1,157,053	8.7
Total gas system	6,475,137	5,303,992	1,171,145	22.1
Total telecommunications system	2,585,993	1,587,206	998,787	62.9
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>76,477,344</u>	<u>65,407,615</u>	<u>11,069,729</u>	<u>16.9</u>
LESS:				
Debt service	43,342,546	31,153,971	12,188,575	39.1
Debt service - UPIF	(2,500,000)	(2,500,000)	-	-
UPIF contributions	23,060,277	23,429,048	(368,771)	(1.6)
Transfer to City of Gainesville General Fund	18,189,540	17,907,005	282,535	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (5,615,019)</u>	<u>\$ (4,582,409)</u>	<u>\$ (1,032,610)</u>	<u>(22.5)</u>

Gainesville Regional Utilities
Electric Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2018 and 2017

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 25,615,376	\$ 20,428,684	\$ 5,186,692	25.4
Non-residential	33,392,550	27,822,912	5,569,638	20.0
Fuel adjustment	50,000,875	74,833,664	(24,832,789)	(33.2)
Sales for resale	2,209,315	1,791,563	417,752	23.3
Utility surcharge	1,556,420	1,302,797	253,623	19.5
Other electric sales	9,304,866	8,072,878	1,231,988	15.3
Total Sales of Electricity	<u>122,079,402</u>	<u>134,252,498</u>	<u>(12,173,096)</u>	<u>(9.1)</u>
Transfer from/(to) rate stabilization	3,702,429	4,906,729	(1,204,300)	(24.5)
Other revenue	2,631,375	2,726,145	(94,770)	(3.5)
Other income (expense)	(600,171)	539,988	(1,140,159)	(211.1)
Build America Bonds	1,449,968	1,467,782	(17,814)	(1.2)
Total Revenues	<u>129,263,003</u>	<u>143,893,142</u>	<u>(14,630,139)</u>	<u>(10.2)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses	50,000,875	74,833,664	(24,832,789)	(33.2)
Power production	20,221,997	12,915,178	7,306,819	56.6
Transmission and distribution	9,217,796	6,947,095	2,270,701	32.7
Administrative and general	7,116,183	14,868,076	(7,751,893)	(52.1)
Total Operation, Maintenance and Administrative Expenses	<u>86,556,851</u>	<u>109,564,013</u>	<u>(23,007,162)</u>	<u>(21.0)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>42,706,152</u>	<u>34,329,129</u>	<u>8,377,023</u>	<u>24.4</u>
LESS:				
Debt service	30,648,631	19,409,499	11,239,132	57.9
Debt service - UPIF	(2,500,000)	(2,500,000)	-	-
UPIF contributions	12,749,289	13,523,088	(773,799)	(5.7)
Transfer to City of Gainesville General Fund	10,713,639	10,547,226	166,413	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (8,905,407)</u>	<u>\$ (6,650,684)</u>	<u>\$ (2,254,723)</u>	<u>(33.9)</u>

Gainesville Regional Utilities
Water Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2018 and 2017

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 10,588,113	\$ 10,580,997	\$ 7,116	0.1
Non-residential	5,249,867	5,235,099	14,768	0.3
Utility surcharge	1,242,981	1,257,893	(14,912)	(1.2)
Total Sales of Water	<u>17,080,961</u>	<u>17,073,989</u>	<u>6,972</u>	<u>0.0</u>
Transfer from/(to) rate stabilization	(533,992)	(490,679)	(43,313)	(8.8)
Other revenue	797,443	916,030	(118,587)	(12.9)
Other income (expense)	(87,945)	58,271	(146,216)	(250.9)
Build America Bonds	408,269	412,310	(4,041)	(1.0)
Total Revenues	<u>17,664,736</u>	<u>17,969,921</u>	<u>(305,185)</u>	<u>(1.7)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Transmission and distribution	1,940,087	1,178,324	761,763	64.6
Treatment	3,457,008	2,562,921	894,087	34.9
Administrative and general	2,027,378	3,354,134	(1,326,756)	(39.6)
Total Operation, Maintenance and Administrative Expenses	<u>7,424,473</u>	<u>7,095,379</u>	<u>329,094</u>	<u>4.6</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>10,240,263</u>	<u>10,874,542</u>	<u>(634,279)</u>	<u>(5.8)</u>
LESS:				
Debt service	3,287,157	3,407,472	(120,315)	(3.5)
UPIF contributions	3,734,108	3,521,356	212,752	6.0
Transfer to City of Gainesville General Fund	2,919,421	2,874,074	45,347	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 299,577</u>	<u>\$ 1,071,640</u>	<u>\$ (772,063)</u>	<u>(72.0)</u>

Gainesville Regional Utilities
Wastewater Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2018 and 2017

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 13,922,060	\$ 13,987,070	\$ (65,010)	(0.5)
Non-residential	5,379,038	4,794,266	584,772	12.2
Utility surcharge	1,472,808	1,464,911	7,897	0.5
Total Sales of Services	<u>20,773,906</u>	<u>20,246,247</u>	<u>527,659</u>	<u>2.6</u>
Transfer from/(to) rate stabilization	1,110,675	149,520	961,155	642.8
Other revenue	1,737,725	831,408	906,317	109.0
Other income (expense)	(105,313)	73,267	(178,580)	(243.7)
Build America Bonds	463,507	466,668	(3,161)	(0.7)
Total Revenues	<u>23,980,500</u>	<u>21,767,110</u>	<u>2,213,390</u>	<u>10.2</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	4,053,599	1,872,460	2,181,139	116.5
Treatment	3,244,014	2,998,704	245,310	8.2
Administrative and general	2,213,088	3,583,200	(1,370,112)	(38.2)
Total Operation, Maintenance and Administrative Expenses	<u>9,510,701</u>	<u>8,454,364</u>	<u>1,056,337</u>	<u>12.5</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>14,469,799</u>	<u>13,312,746</u>	<u>1,157,053</u>	<u>8.7</u>
LESS:				
Debt service	3,935,851	4,215,479	(279,628)	(6.6)
UPIF contributions	4,918,239	4,716,124	202,115	4.3
Transfer to City of Gainesville General Fund	3,674,287	3,617,215	57,072	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 1,941,422</u>	<u>\$ 763,928</u>	<u>\$ 1,177,494</u>	<u>154.1</u>

Gainesville Regional Utilities
Gas Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2018 and 2017

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 5,253,164	\$ 4,225,667	\$ 1,027,497	24.3
Non-residential	3,117,682	2,886,439	231,243	8.0
Fuel adjustment	5,009,181	5,013,901	(4,720)	(0.1)
Utility surcharge	333,919	268,231	65,688	24.5
Other gas sales	838,618	680,731	157,887	23.2
Total Sales of Gas	<u>14,552,564</u>	<u>13,074,969</u>	<u>1,477,595</u>	<u>11.3</u>
Transfer from/(to) rate stabilization	(932,174)	(549,959)	(382,215)	(69.5)
Other revenue	128,593	546,785	(418,192)	(76.5)
Other income (expense)	(30,293)	62,655	(92,948)	(148.3)
Build America Bonds	303,679	307,341	(3,662)	(1.2)
Total Revenues	<u>14,022,369</u>	<u>13,441,791</u>	<u>580,578</u>	<u>4.3</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel Expense - Purchased Gas	5,009,181	5,013,901	(4,720)	(0.1)
Operation and maintenance	1,450,355	975,505	474,850	48.7
Administrative and general	1,087,696	2,148,393	(1,060,697)	(49.4)
Total Operation, Maintenance and Administrative Expenses	<u>7,547,232</u>	<u>8,137,799</u>	<u>(590,567)</u>	<u>(7.3)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>6,475,137</u>	<u>5,303,992</u>	<u>1,171,145</u>	<u>22.1</u>
LESS:				
Debt service	3,109,823	2,278,309	831,514	36.5
UPIF contributions	1,439,351	1,546,863	(107,512)	(7.0)
Transfer to City of Gainesville General Fund	691,203	680,466	10,737	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 1,234,760</u>	<u>\$ 798,354</u>	<u>\$ 436,406</u>	<u>54.7</u>

**Gainesville Regional Utilities
Telecommunications System**
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended March 31, 2018 and 2017

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 25,085	\$ 24,521	\$ 564	2.3
Non-residential	5,810,155	5,260,890	549,265	10.4
Total Sales of Services	<u>5,835,240</u>	<u>5,285,411</u>	<u>549,829</u>	<u>10.4</u>
Other revenue	120,402	332	120,070	36,165.7
Other income (expense)	(125,447)	16,391	(141,838)	(865.3)
Total Revenues	<u>5,830,195</u>	<u>5,302,134</u>	<u>528,061</u>	<u>10.0</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	2,827,892	2,289,002	538,890	23.5
Administrative and general	416,310	1,425,926	(1,009,616)	(70.8)
Total Operation, Maintenance and Administrative Expenses	<u>3,244,202</u>	<u>3,714,928</u>	<u>(470,726)</u>	<u>(12.7)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>2,585,993</u>	<u>1,587,206</u>	<u>998,787</u>	<u>62.9</u>
LESS:				
Debt service	2,361,084	1,843,212	517,872	28.1
UPIF contributions	219,290	121,617	97,673	80.3
Transfer to City of Gainesville General Fund	190,990	188,024	2,966	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (185,371)</u>	<u>\$ (565,647)</u>	<u>\$ 380,276</u>	<u>67.2</u>

Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Period Ended March 31, 2018

	Actual
Fuel Revenues	\$ 59,647,056
Fuel Expenses	50,432,870
To (From) Fuel Adjustment Levelization	\$ 9,214,186
Fuel Adjustment Beginning Balance	\$ (5,588,054)
To (From) Fuel Adjustment Levelization	9,214,186
Fuel Adjustment Ending Balance	\$ 3,626,131

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Period Ended March 31, 2018

	Actual
Purchased Gas Revenues	\$ 4,252,317
Purchased Gas Expenses	5,009,181
To (From) PGA Levelization	\$ (756,865)
PGA Beginning Balance	\$ 858,737
To (From) PGA Levelization	(756,865)
PGA Ending Balance	\$ 101,872