Gainesville Regional Utilities

Interim Financial Statements - Unaudited

For the Period Ended March 31, 2015

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Gainesville Regional Utilities
Interim Financial Statements - Unaudited
For the Period Ended March 31, 2015

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Overview and Basis of Accounting

Gainesville Regional Utilities
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For the Period Ended March 31, 2015

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 abbreviated unaudited utility system interim financial statements for the period ended March 31, 2015.

Basis of Accounting

GRU's electric 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 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 competition or regulatory action, 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 operating and maintenance expense, rate stabilization, debt service, and other revenue requirements, which exclude depreciation expense and other noncash 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

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, 2015. It should be read in conjunction with the unaudited interim financial statements that follow this section.

Financial Highlights

Overall

- In December 2014, GRU issued $69 million in new utility system revenue bonds, retiring $32.6 million of higher interest rate utility system revenue bonds issued in 2005 and 2008. Also in December 2014, the utility issued $8 million in new commercial paper. The funds will be used in accordance with GRU's capital improvement plan.

- The combined systems added to rate stabilization $469,000 for the period ended March 31, 2015, in addition to budgeted transfers to and from rate stabilization.

- Accounts receivable decreased $7.9 million due to normal cycle billings.

- Debt service cash and investments decreased $19.7 million or 49.8% due to scheduled principal and interest payments on 10/1/2014.

- Construction fund cash and investments increased $34.8 million or 120% due to a combination of increases for new utilities system revenue bonds and commercial paper issued in December 2014 and decreases for capital projects.

- Utility plant improvement fund increased $12 million or 30.7% due to scheduled contributions.

- Net costs recoverable in future years increased $8.5 million and capital lease-current portion decreased by $8.3 million due to capital lease transactional activity.

- Construction work in progress increased $19.5 million due primarily to major projects such as the Paynes Prairies Sheetflow project yet to be capitalized.

- Fuel adjustment levelization balance decreased $9.2 million or 58.2% due to increased fuel costs and property tax payments related to the Gainesville Renewable Energy Center (GREC) biomass plant.

Electric System

- Residential sales were $2.2 million or 9.8% less than the same period last year due to reductions in base rates.

- General service and large power sales were $2 million or 6.5% less than the same period last year due to reductions in base rates.

- Fuel adjustment revenue increased $17.5 million or 28.7% over the same period last year due to the GREC biomass plant in direct proportion to expenses incurred. 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.

- Other revenues increased $2.5 million or 48.1% over the same period last year due to the sale of the Energy System Control Center, the restatement of revenue accruals and reimbursement of Crystal River Unit No. 3 operations & maintenance expenses.

- Retail and purchased power fuel expenses increased $17.5 million or 28.7% over the same period last year due to GREC beginning production in December 2013 as well as a $7.8 million payment of property taxes for the biomass plant in November 2014. Fuel expenses are matched to fuel revenue 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 were lower by $1.3 million or 13.7% compared to the same period last year. This decrease is primarily due to Other Post Employment Benefit (OPEB) Bonds redeemed during fiscal year 2014.

- The electric system withdrew $839,000 from rate stabilization for the period ended March 31, 2015, in addition to budgeted transfers to and from rate stabilization.

Water System

- Total revenues decreased $988,000 or 6.4% due to an increase in contributions to rate stabilization compared to the prior year.

- The water system withdrew $822,000 from rate stabilization for the period ended March 31, 2015, in addition to budgeted transfers to and from rate stabilization.

Wastewater System

- Total revenues decreased $217,000 or 1.2% due primarily to an increase in contributions to rate stabilization compared to the prior year.

- The wastewater system contributed $43,000 to rate stabilization for the period ended March 31, 2015, in addition to budgeted transfers to and from rate stabilization.

Gas System

- Purchased gas adjustment (PGA) revenue was $1.3 million or 16.7% lower this period than the same period last year due primarily to lower purchased gas prices that reduced PGA revenue and resulted in a $0.16 per therm decrease in the PGA rate effective May 1, 2015. PGA revenue is adjusted monthly based on purchased gas expenses for that month. If PGA revenue is greater than purchased gas expenses, the PGA revenue amounts over collected are deferred in the purchased gas levelization balance and, if PGA revenue is less than purchased gas expenses, amounts are drawn down from the purchased gas levelization balance.

- Other gas sales and manufactured gas plant (MGP) revenues increased $585,000 or 86.2% over the same period last year due primarily to the sale of tax credits applicable to the MGP, a 10% increase in the MGP rate and higher natural gas sales in the current period.

- Purchased gas expense decreased $1.3 million or 16.7% from the same period last year due primarily to lower purchased gas prices.

- The gas system contributed $2.2 million to rate stabilization for the period ended March 31, 2015, in addition to budgeted transfers to and from rate stabilization.

Telecommunications (GRUCom) System

- Total sales increased $98,000 or 1.8% due to an increase in tower lease rentals and internet access.
- Total revenues decreased $315,000 or 5.2% due to a reduction in contributions from rate stabilization compared to the prior year.
- Operation and maintenance expenses increased $263,000 compared to the same period last year. The increase is due to a shift in labor costs to operations rather than capital projects.
- The telecommunications system withdrew $109,000 from rate stabilization for the period ended March 31, 2015, in addition to budgeted transfers to and from rate stabilization.

Financial Statements

Gainesville Regional Utilities

Combined Utilities Funds

Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited

For the Period Ended March 31, 2015

Current Year to Date	Prior Year to Date	Change ($)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
				REVENUES:			
$ 54,613	$ 58,507	$ (3,894)	(6.7)	Total Native Load Sales of Electricity	$ 54,613	$ 125,394	43.6
1,625	1,764	(139)	(7.9)	Interchange Sales	1,625	600	270.8
78,569	61,026	17,543	28.7	Fuel Adjustment	78,569	160,325	49.0
7,658	5,171	2,487	48.1	Other Revenues	7,658	7,525	101.8
2,586	(3,690)	6,276	170.1	Rate Stabilization Fund Transfer From/(To)	2,586	5,171	50.0
301	354	(53)	(15.0)	Interest Income	301	940	32.0
145,352	**123,132**	**22,220**	**18.0**	**Total Electric Revenues**	**145,352**	**299,955**	**48.5**
14,672	14,508	164	1.1	Sales of Water	14,672	32,146	45.6
840	1,233	(393)	(31.9)	Other Water Revenues	840	2,598	32.3
(1,040)	(302)	(738)	(244.4)	Rate Stabilization Fund Transfer From/(To)	(1,040)	(2,080)	50.0
24	45	(21)	(46.7)	Interest Income	24	113	21.2
14,496	**15,484**	**(988)**	**(6.4)**	**Total Water Revenues**	**14,496**	**32,777**	**44.2**
18,190	17,863	327	1.8	Wastewater Billings	18,190	37,599	48.4
617	985	(368)	(37.4)	Other Wastewater Revenues	617	2,277	27.1
(899)	(756)	(143)	(18.9)	Rate Stabilization Fund Transfer From/(To)	(899)	(1,800)	49.9
34	67	(33)	(49.3)	Interest Income	34	196	17.3
17,942	**18,159**	**(217)**	**(1.2)**	**Total Wastewater Revenues**	**17,942**	**38,272**	**46.9**
8,560	7,627	933	12.2	Sales of Gas	8,560	12,731	67.2
6,436	7,729	(1,293)	(16.7)	Purchased Gas Adjustment	6,436	11,325	56.8
515	451	64	14.2	Other Revenue	515	1,258	40.9
(151)	(183)	32	17.5	Rate Stabilization Fund Transfer From/(To)	(151)	(301)	50.2
40	56	(16)	(28.6)	Interest Income	40	166	24.1
15,400	**15,680**	**(280)**	**(1.8)**	**Total Gas Revenues**	**15,400**	**25,179**	**61.2**
5,659	5,561	98	1.8	Sales of GRUCom Services	5,659	11,814	47.9
81	476	(395)	(83.0)	Rate Stabilization Fund Transfer From/(To)	81	161	50.3
21	39	(18)	(46.2)	Interest Income	21	111	18.9
-	-	-	-	Miscellaneous Revenue	-	-	-
5,761	**6,076**	**(315)**	**(5.2)**	**Total GRUCom Revenues**	**5,761**	**12,086**	**47.7**
198,951	**178,531**	**20,420**	**11.4**	**TOTAL REVENUES**	**198,951**	**408,269**	**48.7**
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:			
				Electric Fund:			
				Fuel Expense:			
78,569	61,026	17,543	28.7	Retail and Purchased Power	78,569	160,325	49.0
1,376	1,151	225	19.5	Interchange	1,376	500	275.2
79,945	**62,177**	**17,768**	**28.6**	**Total Fuel Expenses**	**79,945**	**160,825**	**49.7**
17,824	17,599	225	1.3	Operation & Maintenance Expense	17,824	39,253	45.4
9,320	10,713	(1,393)	(13.0)	Administrative & General Expense	9,320	20,846	44.7
107,089	**90,489**	**16,600**	**18.3**	**Total Electric Fund Expenses**	**107,089**	**220,924**	**48.5**

(Dollar Amounts in Thousands)

BABs interest income reclassified from other revenues to debt service

Gainesville Regional Utilities

Combined Utilities Funds

Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited

For the Period Ended March 31, 2015

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Current Year to Date	Prior Year to Date	Change ($)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
				Water Fund:			
3,665	3,823	(158)	(4.1)	Operation & Maintenance Expense	3,665	8,737	41.9
2,512	2,504	8	0.3	Administrative & General Expense	2,512	5,812	43.2
6,177	**6,327**	**(150)**	**(2.4)**	**Total Water Fund Expenses**	**6,177**	**14,549**	**42.5**
				Wastewater Fund:			
3,943	4,097	(154)	(3.8)	Operation & Maintenance Expense	3,943	8,944	44.1
2,436	2,621	(185)	(7.1)	Administrative & General Expense	2,436	5,880	41.4
6,379	**6,718**	**(339)**	**(5.0)**	**Total Wastewater Fund Expenses**	**6,379**	**14,824**	**43.0**
				Gas Fund:			
6,436	7,729	(1,293)	(16.7)	Fuel Expense - Purchased Gas	6,436	11,325	56.8
690	589	101	17.1	Operation & Maintenance Expense	690	1,534	45.0
2,024	2,026	(2)	(0.1)	Administrative & General Expense	2,024	4,182	48.4
9,150	**10,344**	**(1,194)**	**(11.5)**	**Total Gas Fund Expenses**	**9,150**	**17,041**	**53.7**
				GRUCom Fund:			
2,073	1,810	263	14.5	Operation & Maintenance Expense	2,073	4,274	48.5
1,216	1,176	40	3.4	Administrative & General Expense	1,216	1,773	68.6
3,289	**2,986**	**303**	**10.1**	**Total GRUCom Fund Expenses**	**3,289**	**6,047**	**54.4**
132,084	**116,864**	**15,220**	**13.0**	**TOTAL EXPENSES**	**132,084**	**273,385**	**48.3**
				NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:			
38,014	32,030	5,984	18.7	Electric - Retail & Wholesale	38,014	78,931	48.2
249	613	(364)	(59.4)	Electric - Interchange	249	100	249.0
38,263	32,643	5,620	17.2	Total Electric Fund	38,263	79,031	48.4
8,319	9,157	(838)	(9.2)	Total Water Fund	8,319	18,228	45.6
11,563	11,441	122	1.1	Total Wastewater Fund	11,563	23,448	49.3
6,250	5,336	914	17.1	Total Gas Fund	6,250	8,138	76.8
2,472	3,090	(618)	(20.0)	Total GRUCom Fund	2,472	6,039	40.9
66,867	**61,667**	**5,200**	**8.4**	**TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION**	**66,867**	**134,884**	**49.6**
				LESS:			
30,498	32,449	(1,951)	(6.0)	Debt Service	30,498	62,351	48.9
(2,673)	(2,675)	2	0.1	Debt Service - BABs	(2,673)	(5,265)	50.8
(675)	-	(675)	-	Debt Service - UPIF	(675)	(1,350)	50.0
21,802	21,441	361	1.7	UPIF Contributions	21,802	43,606	50.0
17,446	19,050	(1,604)	(8.4)	Transfer to General Government	17,446	34,892	50.0
-	-	-	-	Working Capital Reserve	-	650	-
$ 469	**$ (8,598)**	**$ 9,067**	**105.5**	**NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)**	**$ 469**	**$ -**	**-**

(Dollar Amounts in Thousands)

BABs interest income reclassified from other revenues to debt service

Gainesville Regional Utilities

Electric Revenue Fund

Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited

For the Period Ended March 31, 2015

Current Year to Date	Prior Year to Date	Change ($)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
				REVENUES:			
$ 20,604	$ 22,831	$ (2,227)	(9.8)	Residential Sales	$ 20,604	46,741	44.1
28,462	30,451	(1,989)	(6.5)	General Service and Large Power Sales	28,462	64,158	44.4
1,625	1,764	(139)	(7.9)	Interchange Sales	1,625	600	270.8
1,368	1,499	(131)	(8.7)	Utility Surcharge	1,368	3,208	42.6
4,179	3,726	453	12.2	Other Electric Sales	4,179	11,287	37.0
56,238	**60,271**	**(4,033)**	**(6.7)**	**Total Sales of Electricity prior to Fuel Adjustment**	**56,238**	**125,994**	**44.6**
78,569	61,026	17,543	28.7	Fuel Adjustment	78,569	160,325	49.0
134,807	**121,297**	**13,510**	**11.1**	**Total Sales of Electricity**	**134,807**	**286,319**	**47.1**
7,658	5,171	2,487	48.1	Other Revenues	7,658	7,525	101.8
2,586	(3,690)	6,276	170.1	Rate Stabilization Fund Transfer From/(To)	2,586	5,171	50.0
301	354	(53)	(15.0)	Interest Income	301	940	32.0
145,352	**123,132**	**22,220**	**18.0**	**Total Revenues**	**145,352**	**299,955**	**48.5**
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:			
				Power Production Expenses:			
				Fuel Expenses:			
78,569	61,026	17,543	28.7	Retail and Purchased Power	78,569	160,325	49.0
1,376	1,151	225	19.5	Interchange	1,376	500	275.2
79,945	**62,177**	**17,768**	**28.6**	**Total Fuel Expenses**	**79,945**	**160,825**	**49.7**
11,814	11,303	511	4.5	Steam Power Generation Expense	11,814	25,967	45.5
6	22	(16)	(72.7)	Nuclear Power Generation Expense	6	-	-
381	310	71	22.9	Other Power Generation Expense	381	430	88.6
590	657	(67)	(10.2)	System Control & Load Dispatching	590	1,149	51.3
12,791	**12,292**	**499**	**4.1**	**Total Power Production Expenses**	**12,791**	**27,546**	**46.4**
				Transmission & Distribution Expenses:			
776	784	(8)	(1.0)	Transmission Expenses	776	1,640	47.3
4,257	4,523	(266)	(5.9)	Distribution Expenses	4,257	10,067	42.3
5,033	**5,307**	**(274)**	**(5.2)**	**Total Transmission & Distribution Expenses**	**5,033**	**11,707**	**43.0**
				Administrative & General Expenses:			
1,433	1,576	(143)	(9.1)	Customer Accounts & Sales Expense	1,433	4,166	34.4
7,887	9,137	(1,250)	(13.7)	Administrative & General Expense	7,887	16,680	47.3
9,320	**10,713**	**(1,393)**	**(13.0)**	**Total Administrative & General Expenses**	**9,320**	**20,846**	**44.7**
107,089	**90,489**	**16,600**	**18.3**	**Total Operation, Maintenance and Administrative Expenses**	**107,089**	**220,924**	**48.5**

(Dollar Amounts in Thousands)

BABs interest income reclassified from other revenues to debt service

Gainesville Regional Utilities

Electric Revenue Fund

Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited

For the Period Ended March 31, 2015

Page 2

Current Year to Date	Prior Year to Date	Change ($)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
38,263	**32,643**	**5,620**	**17.2**	**TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION**	**38,263**	**79,031**	**48.42**
				LESS:			
18,981	19,124	(143)	(0.7)	Debt Service	18,981	38,246	49.6
(1,480)	(1,482)	2	0.1	Debt Service - BABs	(1,480)	(2,916)	50.8
-	-	-	-	Debt Service - UPIF	-	-	-
11,853	12,392	(539)	(4.3)	UPIF Contributions	11,853	23,706	50.0
9,748	10,647	(899)	(8.4)	Transfer to General Government	9,748	19,495	50.0
-	-	-	-	Working Capital Reserve	-	500	-
$ (839)	**$ (8,038)**	**$ 7,199**	**89.6**	**NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)**	**$ (839)**	**$ -**	**-**

(Dollar Amounts in Thousands)

BABs interest income reclassified from other revenues to debt service

Gainesville Regional Utilities

Water Revenue Fund

Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited

For the Period Ended March 31, 2015

Current Year to Date	Prior Year to Date	Change ($)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
				REVENUES:			
$ 12,788	$ 12,620	$ 168	1.3	General Customers	$ 12,788	28,119	45.5
857	825	32	3.9	University of Florida	857	1,757	48.8
1,027	1,063	(36)	(3.4)	Utility Surcharge	1,027	2,270	45.2
14,672	**14,508**	**164**	**1.1**	**Total Sales**	**14,672**	**32,146**	**45.6**
840	1,233	(393)	(31.9)	Other Revenues	840	2,598	32.3
(1,040)	(302)	(738)	(244.4)	Rate Stabilization Fund Transfer From/(To)	(1,040)	(2,080)	50.0
24	45	(21)	(46.7)	Interest Income	24	113	21.2
14,496	**15,484**	**(988)**	**(6.4)**	**Total Revenues**	**14,496**	**32,777**	**44.2**
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:			
2,499	2,628	(129)	(4.9)	Water Treatment Expense	2,499	6,258	39.9
1,166	1,195	(29)	(2.4)	Water Transmission & Distribution Expense	1,166	2,479	47.0
629	632	(3)	(0.5)	Customer Accounts & Sales Expense	629	1,439	43.7
1,883	1,872	11	0.6	Administrative & General Expense	1,883	4,373	43.1
6,177	**6,327**	**(150)**	**(2.4)**	**Total Operation, Maintenance and Administrative Expenses**	**6,177**	**14,549**	**42.5**
8,319	**9,157**	**(838)**	**(9.2)**	**TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION**	**8,319**	**18,228**	**45.6**
				LESS:			
3,065	3,691	(626)	(17.0)	Debt Service	3,065	6,062	(49.4)
(415)	(415)	-	-	Debt Service - BABs	(415)	(817)	(49.2)
-	-	-	-	Debt Service - UPIF	-	-	-
3,678	3,218	460	14.3	UPIF Contributions	3,678	7,357	(50.0)
2,813	3,207	(394)	(12.3)	Transfer to General Government	2,813	5,626	(50.0)
-	-	-	-	Working Capital Reserve	-	-	-
$ (822)	**$ (544)**	**$ (278)**	**(51.1)**	**NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)**	**$ (822)**	**$ -**	**-**

(Dollar Amounts in Thousands)

BABs interest income reclassified from other revenues to debt service

Gainesville Regional Utilities

Wastewater Revenue Fund

Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited

For the Period Ended March 31, 2015

Current Year to Date	Prior Year to Date	Change ($)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
				REVENUES:			
$ 16,929	$ 16,575	$ 354	2.1	Wastewater Billings	$ 16,929	35,049	48.3
1,261	1,288	(27)	(2.1)	Utility Surcharge	1,261	2,550	49.5
617	985	(368)	(37.4)	Other Revenues	617	2,277	27.1
(899)	(756)	(143)	(18.9)	Rate Stabilization Fund Transfer From/(To)	(899)	(1,800)	49.9
34	67	(33)	(49.3)	Interest Income	34	196	17.3
17,942	**18,159**	**(217)**	**(1.2)**	**Total Revenue**	**17,942**	**38,272**	**46.9**
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:			
1,502	1,637	(135)	(8.2)	Wastewater Collection Expense	1,502	3,464	43.4
2,441	2,460	(19)	(0.8)	Wastewater Treatment Expense	2,441	5,480	44.5
412	453	(41)	(9.1)	Customer Accounts & Sales Expense	412	997	41.3
2,024	2,168	(144)	(6.6)	Administrative & General Expense	2,024	4,883	41.4
6,379	**6,718**	**(339)**	**(5.0)**	**Total Operation, Maintenance and Administrative Expenses**	**6,379**	**14,824**	**43.0**
11,563	**11,441**	**122**	**1.1**	**TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION**	**11,563**	**23,448**	**49.3**
				LESS:			
3,838	4,819	(981)	(20.4)	Debt Service	3,838	7,920	48.5
(468)	(468)	-	-	Debt Service - BABs	(468)	(922)	50.8
-	-	-	-	Debt Service - UPIF	-	-	-
4,467	4,017	450	11.2	UPIF Contributions	4,467	8,934	50.0
3,683	3,777	(94)	(2.5)	Transfer to General Government	3,683	7,366	50.0
-	-	-	-	Working Capital Reserve	-	150	-
$ 43	**$ (704)**	**$ 747**	**106.1**	**NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)**	**$ 43**	**$ -**	**-**

(Dollar Amounts in Thousands)

BABs interest income reclassified from other revenues to debt service

Gainesville Regional Utilities

Gas Revenue Fund

Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited

For the Period Ended March 31, 2015

Current Year to Date	Prior Year to Date	Change ($)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
				Revenues:			
$ 4,591	$ 4,301	$ 290	6.7	Residential	$ 4,591	7,316	62.8
2,418	2,400	18	0.8	Commercial & Interruptible	2,418	3,853	62.8
6,436	7,729	(1,293)	(16.7)	Purchased Gas Adjustment	6,436	11,325	56.8
287	247	40	16.2	Surcharge	287	404	71.0
1,264	679	585	86.2	Other Gas Sales and MGP	1,264	1,158	109.2
14,996	**15,356**	**(360)**	**(2.3)**	**Total Sales**	**14,996**	**24,056**	**62.3**
515	451	64	14.2	Other Revenue	515	1,258	40.9
(151)	(183)	32	17.5	Rate Stabilization Fund Transfer From/(To)	(151)	(301)	50.2
40	56	(16)	(28.6)	Interest Income	40	166	24.1
15,400	**15,680**	**(280)**	**(1.8)**	**Total Revenues**	**15,400**	**25,179**	**61.2**
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:			
6,436	7,729	(1,293)	(16.7)	Fuel Expense - Purchased Gas	6,436	11,325	56.8
690	589	101	17.1	Operation & Maintenance Expenses	690	1,534	45.0
1,183	1,073	110	10.3	Customer Accounts & Sales Expense	1,183	2,273	52.0
841	953	(112)	(11.8)	Administrative & General Expense	841	1,909	44.1
9,150	**10,344**	**(1,194)**	**(11.5)**	**Total Operation, Maintenance and Administrative Expenses**	**9,150**	**17,041**	**53.7**
6,250	**5,336**	**914**	**17.1**	**TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION**	**6,250**	**8,138**	**76.8**
				LESS:			
1,962	2,168	(206)	(9.5)	Debt Service	1,962	3,943	49.8
(310)	(310)	-	-	Debt Service - BABs	(310)	(610)	50.8
(500)	-	(500)	-	Debt Service - UPIF	(500)	(1,000)	50.0
1,700	1,397	303	21.7	UPIF Contributions	1,700	3,400	50.0
1,202	1,220	(18)	(1.5)	Transfer to General Government	1,202	2,405	50.0
-	-	-	-	Working Capital Reserve	-	-	-
$ 2,196	**$ 861**	**$ 1,335**	**155.1**	**NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)**	**$ 2,196**	**$ -**	**-**

(Dollar Amounts in Thousands)

BABs interest income reclassified from other revenues to debt service

Gainesville Regional Utilities

Telecommunications Revenue Fund

Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited

For the Period Ended March 31, 2015

Current Year to Date	Prior Year to Date	Change ($)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
				Revenues:			
$ 2,318	$ 2,404	$ (86)	(3.6)	Telecommunication	$ 2,318	5,804	39.9
893	932	(39)	(4.2)	Trunking Radio	893	1,859	48.0
1,405	1,270	135	10.6	Tower Lease Rental	1,405	1,893	74.2
1,043	955	88	9.2	Internet Access	1,043	2,258	46.2
5,659	**5,561**	**98**	**1.8**	**Total Sales**	**5,659**	**11,814**	**47.9**
81	476	(395)	(83.0)	Rate Stabilization Fund Transfer From/(To)	81	161	50.3
21	39	(18)	(46.2)	Interest Income	21	111	18.9
-	-	-	-	Miscellaneous Revenue	-	-	-
5,761	**6,076**	**(315)**	**(5.2)**	**Total Revenues**	**5,761**	**12,086**	**47.7**
				OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:			
2,073	1,810	263	14.5	Operation & Maintenance Expenses	2,073	4,274	48.5
73	148	(75)	(50.7)	Customer Accounts & Sales Expense	73	391	18.7
1,143	1,028	115	11.2	Administrative & General Expenses	1,143	1,382	82.7
3,289	**2,986**	**303**	**10.1**	**Total Operation, Maintenance and Administrative Expenses**	**3,289**	**6,047**	**54.4**
2,472	**3,090**	**(618)**	**(20.0)**	**TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION**	**2,472**	**6,039**	**40.9**
				LESS:			
2,652	2,647	5	0.2	Debt Service	2,652	6,180	42.9
(175)	-	(175)	-	Debt Service - UPIF	(175)	(350)	50.0
104	417	(313)	(75.1)	UPIF Contributions	104	209	49.8
-	199	(199)	(100.0)	Transfer to General Government	-	-	-
-	-	-	-	Working Capital Reserve	-	-	-
$ (109)	**$ (173)**	**$ 64**	**37.0**	**NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)**	**$ (109)**	**$ -**	**-**

(Dollar Amounts in Thousands)

BABs interest income reclassified from other revenues to debt service

Gainesville Regional Utilities

Statements of Net Position - Unaudited

For the Periods Ended March 31, 2015 and September 30, 2014

	March 31, 2015	September 30, 2014	Change ($)	Change (%)
Assets				
Current assets:				
Cash and investments	**$ 54,298,674**	$ 64,756,240	$ (10,457,566)	-16.1%
Accounts receivable, net of allowance for uncollectible accounts of $1,522,718 for 2015 and $1,561,364 for 2014	**38,019,687**	45,937,328	(7,917,641)	-17.2%
Inventories:				
Fuel	**11,646,403**	11,336,733	309,670	2.7%
Materials and supplies	**6,974,181**	6,806,278	167,903	2.5%
Other assets and regulatory assets	**957,502**	1,876,215	(918,713)	-49.0%
Total current assets	**111,896,447**	130,712,794	(18,816,347)	-14.4%
Restricted and internally designated assets:				
Utility deposits – cash and investments	**8,319,612**	8,322,368	(2,756)	0.0%
Debt service – cash and investments	**27,928,933**	39,682,742	(11,753,809)	-29.6%
Rate stabilization – cash and investments	**63,751,502**	64,030,121	(278,619)	-0.4%
Construction fund – cash and investments	**63,866,903**	29,034,046	34,832,857	120.0%
Utility plant improvement fund – cash and investments	**51,374,344**	39,313,780	12,060,564	30.7%
Decommissioning reserve – cash and investments	**13,188,256**	13,058,443	129,813	1.0%
Total restricted and internally designated assets	**228,429,550**	193,441,500	34,988,050	18.1%
Noncurrent assets:				
Net costs recoverable in future years - regulatory asset	**22,193,287**	13,732,765	8,460,522	61.6%
Unamortized debt issuance costs - regulatory asset	**6,310,117**	6,214,914	95,203	1.5%
Investment in The Energy Authority	**2,429,140**	2,701,599	(272,459)	-10.1%
Pollution remediation - regulatory asset	**15,203,239**	15,808,529	(605,290)	-3.8%
Other noncurrent assets and regulatory assets	**6,070,832**	6,192,539	(121,707)	-2.0%
Total noncurrent assets	**52,206,615**	44,650,346	7,556,269	16.9%
Capital assets:				
Utility plant in service	**1,727,264,077**	1,724,649,795	2,614,282	0.2%
Capital lease	**1,006,808,754**	1,006,808,754	–	–
Less: accumulated depreciation and amortization	**(718,891,661)**	(677,216,550)	(41,675,111)	6.2%
	2,015,181,170	2,054,241,999	(39,060,829)	-1.9%
Construction in progress	**161,517,944**	141,988,911	19,529,033	13.8%
Net capital assets	**2,176,699,114**	2,196,230,910	(19,531,796)	-0.9%
Total assets	**2,569,231,726**	2,565,035,550	4,196,176	0.2%
Deferred outflows of resources:				
Unamortized loss on refundings of bonds	**30,099,006**	28,765,946	1,333,060	4.6%
Accumulated decrease in fair value of hedging derivatives	**52,997,267**	50,748,859	2,248,408	4.4%
Total deferred outflows of resources	**83,096,273**	79,514,805	3,581,468	4.5%
Total assets and deferred outflows of resources	**$ 2,652,327,999**	$ 2,644,550,355	$ 7,777,644	0.3%

Gainesville Regional Utilities

Statements of Net Position - Unaudited (concluded)

For the Periods Ended March 31, 2015 and September 30, 2014

	March 31, 2015	September 30, 2014	Change ($)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	**$ 10,540,135**	$ 20,851,891	$ (10,311,756)	-49.5%
Fuels payable	**10,938,419**	11,429,004	(490,585)	-4.3%
Due to other funds of the City	**4,149,982**	3,142,499	1,007,483	32.1%
Capital lease – current portion	**8,508,569**	16,828,193	(8,319,624)	
Fuel adjustment	**6,677,498**	15,963,888	(9,286,390)	-58.2%
Other liabilities and regulatory liabilities	**4,750,039**	2,678,019	2,072,020	77.4%
Total current liabilities	**45,564,642**	70,893,494	(25,328,852)	-35.7%
Payable from restricted assets:				
Utility deposits	**8,920,015**	8,321,246	598,769	7.2%
Construction fund:				
Accounts payable and accrued liabilities	**1,050,925**	3,686,534	(2,635,609)	-71.5%
Debt payable – current portion	**22,205,000**	21,480,000	725,000	3.4%
Accrued interest payable	**17,598,308**	18,540,801	(942,493)	-5.1%
Total payable from restricted assets	**49,774,248**	52,028,581	(2,254,333)	-4.3%
Long-term debt:				
Utilities system revenue bonds	**889,075,000**	869,570,000	19,505,000	2.2%
Commercial paper notes	**59,500,000**	56,900,000	2,600,000	4.6%
Capital lease	**977,280,085**	977,280,085	–	
Unamortized bond premium/discount	**19,680,069**	10,229,836	9,450,233	92.4%
Fair value of derivative instruments	**55,103,515**	55,103,515	–	0.0%
Total long-term debt	**2,000,638,669**	1,969,083,436	31,555,233	1.6%
Noncurrent liabilities				
Reserve for insurance claims	**3,337,000**	3,337,000	–	0.0%
Reserve for decommissioning CR3	**11,394,256**	11,264,443	129,813	1.2%
Reserve for environmental liability	**167,000**	167,000	–	
Total noncurrent liabilities	**14,898,256**	14,768,443	129,813	0.9%
Total liabilities	**2,110,875,815**	2,106,773,954	4,101,861	0.2%
Deferred inflows of resources:				
Rate stabilization	**63,541,475**	64,117,259	(575,784)	-0.9%
Total deferred inflows of resources	**63,541,475**	64,117,259	(575,784)	-0.9%
Net position				
Net investment in capital assets	**308,568,614**	298,056,254	10,512,360	3.5%
Restricted	**63,108,593**	60,369,705	2,738,888	4.5%
Unrestricted	**106,233,502**	115,233,183	(8,999,681)	-7.8%
Total net position	**477,910,709**	473,659,142	4,251,567	0.9%
Total liabilities, deferred inflows of resources and net position	**$ 2,652,327,999**	$ 2,644,550,355	$ 7,777,644	0.3%

Gainesville Regional Utilities

Statements of Revenues, Expenses, and Changes in Net Position-Unaudited

For the Periods Ended March 31, 2015 and September 30, 2014

	March 31, 2015	September 30, 2014
Operating revenue:		
Sales and service charges	**$ 188,500,992**	$ 368,655,555
Transfers (to) from rate stabilization	**575,785**	(8,867,764)
Amounts to be recovered from future revenue	**16,780,146**	26,433,241
Other operating revenue	**9,159,282**	19,673,582
Total operating revenues	**215,016,205**	405,894,614
Operating expenses:		
Operation and maintenance	**113,828,839**	213,305,250
Administrative and general	**18,971,351**	42,492,252
Depreciation and amortization	**45,553,525**	84,449,419
Total operating expenses	**178,353,715**	340,246,921
Operating income	**36,662,490**	65,647,693
Non-operating income (expense):		
Interest income	**(175,602)**	714,408
Interest expense, net of AFUDC	**(18,649,466)**	(37,815,529)
Other interest related income, BABs	**2,672,581**	5,350,928
Other income (expense)	**1,155,467**	209,772
Total non-operating expense	**(14,997,019)**	(31,540,421)
Income before contributions, transfer, and extraordinary item	**21,665,471**	34,107,272
Capital contributions:		
Contributions from third parties	**32,309**	3,324,503
Reduction of plant costs recovered through contributions	**–**	(1,800,000)
Net capital contributions	**32,309**	1,524,503
Transfer to City of Gainesville General Fund	**(17,446,213)**	(37,316,841)
Change in net position	**4,251,567**	(1,685,066)
Net position – beginning of year	**473,659,142**	475,344,208
Net position – end of year	**$ 477,910,709**	$ 473,659,142

Gainesville Regional Utilities

Statements of Cash Flows

For the Periods Ended March 31, 2015 and September 30, 2014

	March 31, 2015	September 30, 2014
Operating activities:		
Cash received from customers	**$ 197,017,402**	$ 369,172,437
Cash payments to suppliers for goods and services	**(107,748,532)**	(156,891,922)
Cash payments to employees for services	**(31,021,906)**	(55,973,131)
Cash payments for operating transactions with other funds	**(4,180,860)**	(10,517,970)
Cash payment for defeasance of bonds	**(22,681,138)**	–
Cash receipts for defeasance of bonds	**22,681,138**	–
Other operating receipts	**9,735,067**	7,696,733
Net cash provided by operating activities	**63,801,171**	153,486,147
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	**(17,446,213)**	(37,316,841)
Net cash used in noncapital financing activities	**(17,446,213)**	(37,316,841)
Capital and related financing activities:		
Principal repayments and refunding on long-term debt net	**(20,755,000)**	(26,845,000)
Interest paid on long-term debt	**(19,591,959)**	(38,589,064)
Proceeds from interest rebates, BABs	**2,672,581**	5,350,928
Acquisition and construction of fixed assets (including allowance for funds used during construction)	**(25,230,109)**	(56,990,480)
Proceeds from new debt and commercial paper	**51,306,295**	
Other income	**1,155,467**	209,774
Net cash used in capital and related financing activities	**(10,442,725)**	(116,863,842)
Investing activities:		
Interest received (paid)	**(159,255)**	706,251
Purchase of investments	**(33,802,219)**	(295,386,535)
Investments in The Energy Authority	**(2,361,259)**	5,403,728
Distributions from The Energy Authority	**2,633,818**	(5,845,309)
Proceeds from investments	**6,814,169**	325,999,310
Net cash provided by investing activities	**(26,874,746)**	30,877,445
Net change in cash and cash equivalents	**9,037,487**	30,182,909
Cash and cash equivalents, beginning of year	**75,559,374**	45,376,465
Cash and cash equivalents, end of year	**$ 84,596,861**	$ 75,559,374

Continued on next page.

Gainesville Regional Utilities

Statements of Cash Flows (concluded)

For the Periods Ended March 31, 2015 and September 30, 2014

	March 31, 2015	September 30, 2014
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 36,662,490**	$ 65,647,693
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	**45,553,525**	84,449,419
Net costs to be recovered in future rates	**(8,450,645)**	(13,732,765)
Change in:		
Accounts receivable	**7,917,641**	518,004
Inventories	**(477,573)**	3,043,202
Other assets and regulatory assets	**918,713**	(711,437)
Restricted and internally designated assets	**-**	(3,109,085)
Noncurrent assets	**605,470**	879,007
Accounts payable and accrued liabilities	**(10,802,341)**	12,665,268
Due to other funds of the City	**1,007,483**	171,036
Fuel adjustment	**(9,286,390)**	(5,442,608)
Other liabilities and regulatory liabilities	**129,813**	241,771
Utility deposits	**598,769**	(1,122)
Rate stabilization	**(575,784)**	8,867,764
Net cash provided by operating activities	**$ 63,801,171**	$ 153,486,147
Non-cash capital and related financing activities, and investing activities:		
Acquisition of utility plant in service under capital lease	**$ -**	$ (1,006,809,754)
Acquisition of utility plant in service under long term capital lease obligation	**$ (8,319,624)**	$ 994,108,278
Acquisition of utility plant in service with construction fund payable	**$ (2,635,609)**	$ 5,093,605
Change in utility plant in service	**$ -**	$ (4,999,956)
Change in ineffective portion of hedging derivatives	**$ -**	$ (838,440)
Change in hedging derivatives - interest rate swaps	**$ -**	$ (10,515,189)
Change in hedging derivatives - fuel options and futures	**$ 2,072,020**	$ (114,952)
Change in fair value of investments	**$ -**	$ (235,808)
Change in fair value of derivatives	**$ -**	$ (11,353,627)
Unamortized loss on refundings of bonds	**$ (2,644,150)**	$ -
Other	**$ -**	$ 150,326

Noncash capital and related financing activities

GRU issued utility revenue bonds to refund debt during fiscal year 2015. The proceeds of $13,315,144 were deposited immediately into an irrevocable trust for the defeasance of $12,725,000 of outstanding principal and $590,144 of interest.

Supplementary Information

Gainesville Regional Utilities

Fuel Adjustment Levelization

For the Period Ended March 31, 2015

	Actual	Fiscal Year 2015 Budget	Percent of Budget
Fuel Revenues	$ 68,463	$ 160,325	43%
Fuel Expenses	78,569	160,325	49%
To (From) Levelization Fund	**$ (10,106)**	**$ -**	
Levelization Fund Beginning Balance	$ 15,298		
To (From) Levelization Fund	(10,106)		
Levelization Fund Ending Balance	**$ 5,193**		

(Dollar Amounts in Thousands)

Gainesville Regional Utilities

Purchased Gas Adjustment (PGA) Levelization

For the Period Ended March 31, 2015

	Actual	Fiscal Year 2015 Budget	Percent of Budget
Purchased Gas Revenues	$ 7,255	$ 11,325	64%
Purchased Gas Expenses	6,436	11,325	57%
To (From) PGA Levelization	**$ 819**	**$ -**	
PGA Beginning Balance	$ 665		
To (From) PGA Levelization	819		
PGA Ending Balance	**$ 1,485**		

(Dollar Amounts in Thousands)

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