

# **Gainesville Regional Utilities**

**Interim Financial Statements - Unaudited**

**For the Period Ended June 30, 2015**



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# **Overview and Basis of Accounting**

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**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 June 30, 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**

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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 June 30, 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 \$7.2 million for the period ended June 30, 2015, in addition to budgeted transfers to and from rate stabilization.
- Accounts receivable decreased \$3.9 million due to normal cycle billings.
- Debt service cash and investments decreased \$16.1 million or 40.6% due to scheduled principal and interest payments on 10/1/2014 offset by monthly accruals.
- Construction fund cash and investments increased \$26 million or 89.7% due to a combination of increases for utilities system revenue bonds and commercial paper issued in December 2014 and decreases for capital projects construction.
- Utility plant improvement fund increased \$12.8 million or 32.5% due to scheduled contributions.
- Net costs recoverable in future years increased \$12.6 million and capital lease-current portion decreased by \$12.6 million due to capital lease transactional activity.
- Construction work in progress increased \$28.4 million due primarily to major projects such as the Paynes Prairie Sheetflow project yet to be capitalized.

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- Fuel adjustment levelization balance decreased \$6.3 million or 39.5% due to increased fuel costs and property tax payments related to the Gainesville Renewable Energy Center (GREC) biomass plant.

Electric System

- Residential sales were \$2.5 million or 7.3% less than the same period last year due to reductions in base rates offset by a 3% increase in usage.
- General service and large power sales were \$2.8 million or 6.1% less than the same period last year due to reductions in base rates.
- Fuel adjustment revenue increased \$16.9 million or 17% 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 \$4.9 million or 44.2% over the same period last year due to the dissolution of the Employees' Disability Pension Fund, the sale of the Energy System Control Center, revenue accruals and reimbursement of Crystal River Unit No. 3 operations & maintenance expenses.
- Retail and purchased power fuel expenses increased \$16.9 million or 17% 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.
- Other power generation expense was lower by \$1.2 million or 71.3% compared to the same period last year due to planned maintenance at the John R. Kelly Generating Station incurred in the prior year.
- The electric system contributed \$3.7 million to rate stabilization for the period ended June 30, 2015, in addition to budgeted transfers to and from rate stabilization.

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Water System

- Total revenues increased \$328,000 or 1.4% due to an increase in sales to general customers and the dissolution of the Employees' Disability Pension Fund offset by an increase to contributions to rate stabilization compared to the prior year.
- The water system contributed \$322,000 to rate stabilization for the period ended June 30, 2015, in addition to budgeted transfers to and from rate stabilization.

Wastewater System

- Total revenues increased \$1.2 million or 4.6% due primarily to an increase in wastewater billings and the dissolution of the Employees' Disability Pension Fund .
- The wastewater system contributed \$1.1 million to rate stabilization for the period ended June 30, 2015, in addition to budgeted transfers to and from rate stabilization.

Gas System

- Purchased gas adjustment (PGA) revenue was \$1.6 million or 16.9% lower this period than the same period last year due primarily to lower purchased gas prices that reduced PGA revenue. Lower purchased gas prices also 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 \$596,000 or 64.9% over the same period last year due primarily to the sale of tax credits applicable to the MGP and a 10% increase in the MGP recovery rate in the current period.
- Other revenues increased \$446 thousand due to the dissolution of the Employees' Disability Pension Fund.

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- Purchased gas expense decreased \$1.6 million or 16.9% 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 June 30, 2015, in addition to budgeted transfers to and from rate stabilization.

Telecommunications (GRUCom) System

- Total revenues decreased \$894,000 or 9.5% due to a decrease in telecommunication revenue offset by an increase in tower lease rentals, internet access and the dissolution of the Employees' Disability Pension Fund in addition to a reduction in contributions from rate stabilization compared to the prior year.
- Operation and maintenance expenses increased \$344,000 compared to the same period last year. The increase is due to a shift in labor costs to operations from capital projects.
- The telecommunications system withdrew \$74,000 from rate stabilization for the period ended June 30, 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 June 30, 2015**

| Current Year to Date | Prior Year to Date | Change (\$)   | Change (%)   |  | Current Year to Date | FY 15 Budget   | FY 15 Midyear Projections | Current Year as % of FY 15 Budget |
|----------------------|--------------------|---------------|--------------|--|----------------------|----------------|---------------------------|-----------------------------------|
|                      |                    |               |              | <b>REVENUES:</b>   |                      |                |                           |                                   |
| \$ 83,615            | \$ 88,148          | \$ (4,533)    | (5.1)        | Total Native Load Sales of Electricity                     | \$ 83,615            | \$ 125,394     | \$ 126,007                | 66.7                              |
| 1,973                | 2,068              | (95)          | (4.6)        | Interchange Sales  | 1,973                | 600            | -                         | 328.8                             |
| 115,716              | 98,864             | 16,852        | 17.0         | Fuel Adjustment  | 115,716              | 160,325        | 161,313                   | 72.2                              |
| 13,489               | 8,548              | 4,941         | 57.8         | Other Revenues   | 13,489               | 7,525          | 7,295                     | 179.3                             |
| 3,879                | (5,535)            | 9,414         | 170.1        | Rate Stabilization Fund Transfer From/(To)                 | 3,879                | 5,171          | 1,352                     | 75.0                              |
| 598                  | 1,754              | (1,156)       | (65.9)       | Interest Income  | 598                  | 940            | 1,119                     | 63.6                              |
| <b>219,270</b>       | <b>193,847</b>     | <b>25,423</b> | <b>13.1</b>  | <b>Total Electric Revenues</b>                             | <b>219,270</b>       | <b>299,955</b> | <b>297,086</b>            | <b>73.1</b>                       |
| 22,771               | 22,106             | 665           | 3.0          | Sales of Water   | 22,771               | 32,146         | 30,394                    | 70.8                              |
| 1,985                | 1,202              | 783           | 65.1         | Other Water Revenues                                       | 1,985                | 2,598          | 2,318                     | 76.4                              |
| (1,560)              | (454)              | (1,106)       | (243.6)      | Rate Stabilization Fund Transfer From/(To)                 | (1,560)              | (2,080)        | (1,473)                   | 75.0                              |
| 55                   | 69                 | (14)          | (20.3)       | Interest Income  | 55                   | 113            | 110                       | 48.7                              |
| <b>23,251</b>        | <b>22,923</b>      | <b>328</b>    | <b>1.4</b>   | <b>Total Water Revenues</b>                                | <b>23,251</b>        | <b>32,777</b>  | <b>31,349</b>             | <b>70.9</b>                       |
| 27,335               | 26,626             | 709           | 2.7          | Wastewater Billings  | 27,335               | 37,599         | 37,095                    | 72.7                              |
| 1,879                | 1,125              | 754           | 67.0         | Other Wastewater Revenues                                  | 1,879                | 2,277          | 2,517                     | 82.5                              |
| (1,349)              | (1,134)            | (215)         | (19.0)       | Rate Stabilization Fund Transfer From/(To)                 | (1,349)              | (1,800)        | (1,714)                   | 74.9                              |
| 73                   | 84                 | (11)          | (13.1)       | Interest Income  | 73                   | 196            | 136                       | 37.2                              |
| <b>27,938</b>        | <b>26,701</b>      | <b>1,237</b>  | <b>4.6</b>   | <b>Total Wastewater Revenues</b>                           | <b>27,938</b>        | <b>38,272</b>  | <b>38,034</b>             | <b>73.0</b>                       |
| 11,361               | 10,508             | 853           | 8.1          | Sales of Gas   | 11,361               | 12,731         | 13,397                    | 89.2                              |
| 7,996                | 9,622              | (1,626)       | (16.9)       | Purchased Gas Adjustment                                   | 7,996                | 11,325         | 10,229                    | 70.6                              |
| 1,082                | 636                | 446           | 70.1         | Other Revenue  | 1,082                | 1,258          | 1,658                     | 86.0                              |
| (226)                | (273)              | 47            | 17.2         | Rate Stabilization Fund Transfer From/(To)                 | (226)                | (301)          | (1,325)                   | 75.1                              |
| 82                   | 35                 | 47            | 134.3        | Interest Income  | 82                   | 166            | 148                       | 49.4                              |
| <b>20,295</b>        | <b>20,528</b>      | <b>(233)</b>  | <b>(1.1)</b> | <b>Total Gas Revenues</b>                                  | <b>20,295</b>        | <b>25,179</b>  | <b>24,107</b>             | <b>80.6</b>                       |
| 8,203                | 8,667              | (464)         | (5.4)        | Sales of GRUCom Services                                   | 8,203                | 11,814         | 10,972                    | 69.4                              |
| 121                  | 714                | (593)         | (83.1)       | Rate Stabilization Fund Transfer From/(To)                 | 121                  | 161            | 164                       | 75.2                              |
| 42                   | 56                 | (14)          | (25.0)       | Interest Income  | 42                   | 111            | (237)                     | 37.8                              |
| 177                  | -                  | 177           | -            | Miscellaneous Revenue                                      | 177                  | -              | 93                        | -                                 |
| <b>8,543</b>         | <b>9,437</b>       | <b>(894)</b>  | <b>(9.5)</b> | <b>Total GRUCom Revenues</b>                               | <b>8,543</b>         | <b>12,086</b>  | <b>10,992</b>             | <b>70.7</b>                       |
| <b>299,297</b>       | <b>273,436</b>     | <b>25,861</b> | <b>9.5</b>   | <b>TOTAL REVENUES</b>                                      | <b>299,297</b>       | <b>408,269</b> | <b>401,568</b>            | <b>73.3</b>                       |
|                      |                    |               |              | <b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b> |                      |                |                           |                                   |
|                      |                    |               |              | Electric Fund:   |                      |                |                           |                                   |
|                      |                    |               |              | Fuel Expense:  |                      |                |                           |                                   |
| 115,716              | 98,864             | 16,852        | 17.0         | Retail and Purchased Power                                 | 115,716              | 160,325        | 161,313                   | 72.2                              |
| 1,626                | 1,430              | 196           | 13.7         | Interchange  | 1,626                | 500            | -                         | 325.2                             |
| <b>117,342</b>       | <b>100,294</b>     | <b>17,048</b> | <b>17.0</b>  | <b>Total Fuel Expenses</b>                                 | <b>117,342</b>       | <b>160,825</b> | <b>161,313</b>            | <b>73.0</b>                       |
| 26,254               | 26,775             | (521)         | (1.9)        | Operation & Maintenance Expense                            | 26,254               | 39,253         | 38,567                    | 66.9                              |
| 13,894               | 14,900             | (1,006)       | (6.8)        | Administrative & General Expense                           | 13,894               | 20,846         | 19,780                    | 66.7                              |
| <b>157,490</b>       | <b>141,969</b>     | <b>15,521</b> | <b>10.9</b>  | <b>Total Electric Fund Expenses</b>                        | <b>157,490</b>       | <b>220,924</b> | <b>219,660</b>            | <b>71.3</b>                       |

(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 June 30, 2015**

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| Current Year<br>to Date | Prior Year<br>to Date | Change (\$)     | Change (%)    |  | Current Year<br>to Date | FY 15<br>Budget | FY 15<br>Midyear<br>Projections | Current<br>Year as %<br>of FY 15<br>Budget |
|-------------------------|-----------------------|-----------------|---------------|--|-------------------------|-----------------|---------------------------------|--|
| 5,564                   | 5,508                 | 56              | 1.0           | Water Fund:  | 5,564                   | 8,737           | 8,390                           | 63.7                                       |
| 3,840                   | 3,454                 | 386             | 11.2          | Operation & Maintenance Expense                                | 3,840                   | 5,812           | 5,594                           | 66.1                                       |
| <u>9,404</u>            | <u>8,962</u>          | <u>442</u>      | <u>4.9</u>    | Administrative & General Expense                               | <u>9,404</u>            | <u>14,549</u>   | <u>13,984</u>                   | <u>64.6</u>                                |
|                         |                       |                 |               | <b>Total Water Fund Expenses</b>                               |                         |                 |                                 |  |
| 6,058                   | 6,163                 | (105)           | (1.7)         | Wastewater Fund:   | 6,058                   | 8,944           | 9,133                           | 67.7                                       |
| 3,665                   | 3,568                 | 97              | 2.7           | Operation & Maintenance Expense                                | 3,665                   | 5,880           | 5,534                           | 62.3                                       |
| <u>9,723</u>            | <u>9,731</u>          | <u>(8)</u>      | <u>(0.1)</u>  | Administrative & General Expense                               | <u>9,723</u>            | <u>14,824</u>   | <u>14,667</u>                   | <u>65.6</u>                                |
|                         |                       |                 |               | <b>Total Wastewater Fund Expenses</b>                          |                         |                 |                                 |  |
| 7,996                   | 9,622                 | (1,626)         | (16.9)        | Gas Fund:  | 7,996                   | 11,325          | 10,229                          | 70.6                                       |
| 971                     | 900                   | 71              | 7.9           | Fuel Expense - Purchased Gas                                   | 971                     | 1,534           | 1,428                           | 63.3                                       |
| 2,984                   | 2,813                 | 171             | 6.1           | Operation & Maintenance Expense                                | 2,984                   | 4,182           | 4,339                           | 71.4                                       |
| <u>11,951</u>           | <u>13,335</u>         | <u>(1,384)</u>  | <u>(10.4)</u> | Administrative & General Expense                               | <u>11,951</u>           | <u>17,041</u>   | <u>15,996</u>                   | <u>70.1</u>                                |
|                         |                       |                 |               | <b>Total Gas Fund Expenses</b>                                 |                         |                 |                                 |  |
| 3,006                   | 2,662                 | 344             | 12.9          | GRUCom Fund:   | 3,006                   | 4,274           | 3,711                           | 70.3                                       |
| 1,779                   | 1,610                 | 169             | 10.5          | Operation & Maintenance Expense                                | 1,779                   | 1,773           | 1,940                           | 100.3                                      |
| <u>4,785</u>            | <u>4,272</u>          | <u>513</u>      | <u>12.0</u>   | Administrative & General Expense                               | <u>4,785</u>            | <u>6,047</u>    | <u>5,651</u>                    | <u>79.1</u>                                |
|                         |                       |                 |               | <b>Total GRUCom Fund Expenses</b>                              |                         |                 |                                 |  |
| <u>193,353</u>          | <u>178,269</u>        | <u>15,084</u>   | <u>8.5</u>    | <b>TOTAL EXPENSES</b>  | <u>193,353</u>          | <u>273,385</u>  | <u>269,958</u>                  | <u>70.7</u>                                |
|                         |                       |                 |               | <b>NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:</b>        |                         |                 |                                 |  |
| 61,433                  | 51,240                | 10,193          | 19.9          | Electric - Retail & Wholesale                                  | 61,433                  | 78,931          | 77,426                          | 77.8                                       |
| 347                     | 638                   | (291)           | (45.6)        | Electric - Interchange   | 347                     | 100             | -                               | 347.0                                      |
| <u>61,780</u>           | <u>51,878</u>         | <u>9,902</u>    | <u>19.1</u>   | Total Electric Fund  | <u>61,780</u>           | <u>79,031</u>   | <u>77,426</u>                   | <u>78.2</u>                                |
| 13,847                  | 13,961                | (114)           | (0.8)         | Total Water Fund   | 13,847                  | 18,228          | 17,365                          | 76.0                                       |
| 18,215                  | 16,970                | 1,245           | 7.3           | Total Wastewater Fund  | 18,215                  | 23,448          | 23,367                          | 77.7                                       |
| 8,344                   | 7,193                 | 1,151           | 16.0          | Total Gas Fund   | 8,344                   | 8,138           | 8,111                           | 102.5                                      |
| <u>3,758</u>            | <u>5,165</u>          | <u>(1,407)</u>  | <u>(27.2)</u> | Total GRUCom Fund  | <u>3,758</u>            | <u>6,039</u>    | <u>5,341</u>                    | <u>62.2</u>                                |
| <u>105,944</u>          | <u>95,167</u>         | <u>10,777</u>   | <u>11.3</u>   | <b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>   | <u>105,944</u>          | <u>134,884</u>  | <u>131,610</u>                  | <u>78.5</u>                                |
|                         |                       |                 |               | <b>LESS:</b>   |                         |                 |                                 |  |
| 43,533                  | 42,502                | 1,031           | 2.4           | Debt Service   | 43,533                  | 62,351          | 60,679                          | 69.8                                       |
| (2,673)                 | (2,675)               | 2               | 0.1           | Debt Service - BABs  | (2,673)                 | (5,265)         | (5,264)                         | 50.8                                       |
| (1,013)                 | (7,050)               | 6,037           | 85.6          | Debt Service - UPIF  | (1,013)                 | (1,350)         | (1,350)                         | 75.0                                       |
| 32,705                  | 32,161                | 544             | 1.7           | UPIF Contributions   | 32,705                  | 43,606          | 42,734                          | 75.0                                       |
| 26,170                  | 28,576                | (2,406)         | (8.4)         | Transfer to General Government                                 | 26,170                  | 34,892          | 34,661                          | 75.0                                       |
| -                       | -                     | -               | -             | Working Capital Reserve  | -                       | 650             | 150                             | -  |
| <u>\$ 7,222</u>         | <u>\$ 1,653</u>       | <u>\$ 5,569</u> | <u>336.9</u>  | <b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b> | <u>\$ 7,222</u>         | <u>\$ -</u>     | <u>\$ -</u>                     | <u>-</u>                                   |

(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 June 30, 2015**

| Current Year<br>to Date | Prior Year<br>to Date | Change (\$)    | Change (%)   |   | Current Year<br>to Date | FY 15<br>Budget | FY 15<br>Midyear<br>Projections | Current<br>Year as %<br>of FY 15<br>Budget |
|-------------------------|-----------------------|----------------|--------------|---|-------------------------|-----------------|---------------------------------|--|
|                         |                       |                |              | <b>REVENUES:</b>  |                         |                 |                                 |  |
| \$ 31,663               | \$ 34,153             | \$ (2,490)     | (7.3)        | Residential Sales   | \$ 31,663               | 46,741          | \$ 45,422                       | 67.7                                       |
| 43,258                  | 46,071                | (2,813)        | (6.1)        | General Service and Large Power Sales                           | 43,258                  | 64,158          | 62,938                          | 67.4                                       |
| 1,973                   | 2,068                 | (95)           | (4.6)        | Interchange Sales   | 1,973                   | 600             | -                               | 328.8                                      |
| 2,120                   | 2,259                 | (139)          | (6.2)        | Utility Surcharge   | 2,120                   | 3,208           | 2,979                           | 66.1                                       |
| 6,574                   | 5,665                 | 909            | 16.0         | Other Electric Sales  | 6,574                   | 11,287          | 14,668                          | 58.2                                       |
| <b>85,588</b>           | <b>90,216</b>         | <b>(4,628)</b> | <b>(5.1)</b> | <b>Total Sales of Electricity prior to Fuel Adjustment</b>      | <b>85,588</b>           | <b>125,994</b>  | <b>126,007</b>                  | <b>67.9</b>                                |
| 115,716                 | 98,864                | 16,852         | 17.0         | Fuel Adjustment   | 115,716                 | 160,325         | 161,313                         | 72.2                                       |
| <b>201,304</b>          | <b>189,080</b>        | <b>12,224</b>  | <b>6.5</b>   | <b>Total Sales of Electricity</b>                               | <b>201,304</b>          | <b>286,319</b>  | <b>287,320</b>                  | <b>70.3</b>                                |
| 13,489                  | 8,548                 | 4,941          | 57.8         | Other Revenues  | 13,489                  | 7,525           | 7,295                           | 179.3                                      |
| 3,879                   | (5,535)               | 9,414          | 170.1        | Rate Stabilization Fund Transfer From/(To)                      | 3,879                   | 5,171           | 1,352                           | 75.0                                       |
| 598                     | 1,754                 | (1,156)        | (65.9)       | Interest Income   | 598                     | 940             | 1,119                           | 63.6                                       |
| <b>219,270</b>          | <b>193,847</b>        | <b>25,423</b>  | <b>13.1</b>  | <b>Total Revenues</b>   | <b>219,270</b>          | <b>299,955</b>  | <b>297,086</b>                  | <b>73.1</b>                                |
|                         |                       |                |              | <b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>      |                         |                 |                                 |  |
|                         |                       |                |              | Power Production Expenses:                                      |                         |                 |                                 |  |
|                         |                       |                |              | Fuel Expenses:  |                         |                 |                                 |  |
| 115,716                 | 98,864                | 16,852         | 17.0         | Retail and Purchased Power                                      | 115,716                 | 160,325         | 161,313                         | 72.2                                       |
| 1,626                   | 1,430                 | 196            | 13.7         | Interchange   | 1,626                   | 500             | -                               | 325.2                                      |
| <b>117,342</b>          | <b>100,294</b>        | <b>17,048</b>  | <b>17.0</b>  | <b>Total Fuel Expenses</b>                                      | <b>117,342</b>          | <b>160,825</b>  | <b>161,313</b>                  | <b>73.0</b>                                |
| 17,151                  | 15,945                | 1,206          | 7.6          | Steam Power Generation Expense                                  | 17,151                  | 25,967          | 26,227                          | 66.0                                       |
| -                       | 26                    | (26)           | (100.0)      | Nuclear Power Generation Expense                                | -                       | -               | -                               | -  |
| 479                     | 1,669                 | (1,190)        | (71.3)       | Other Power Generation Expense                                  | 479                     | 430             | 568                             | 111.4                                      |
| 880                     | 979                   | (99)           | (10.1)       | System Control & Load Dispatching                               | 880                     | 1,149           | 1,025                           | 76.6                                       |
| <b>18,510</b>           | <b>18,619</b>         | <b>(109)</b>   | <b>(0.6)</b> | <b>Total Power Production Expenses</b>                          | <b>18,510</b>           | <b>27,546</b>   | <b>27,820</b>                   | <b>67.2</b>                                |
|                         |                       |                |              | Transmission & Distribution Expenses:                           |                         |                 |                                 |  |
| 1,134                   | 1,191                 | (57)           | (4.8)        | Transmission Expenses   | 1,134                   | 1,640           | 1,579                           | 69.1                                       |
| 6,610                   | 6,965                 | (355)          | (5.1)        | Distribution Expenses   | 6,610                   | 10,067          | 9,168                           | 65.7                                       |
| <b>7,744</b>            | <b>8,156</b>          | <b>(412)</b>   | <b>(5.1)</b> | <b>Total Transmission &amp; Distribution Expenses</b>           | <b>7,744</b>            | <b>11,707</b>   | <b>10,747</b>                   | <b>66.1</b>                                |
|                         |                       |                |              | Administrative & General Expenses:                              |                         |                 |                                 |  |
| 2,155                   | 2,349                 | (194)          | (8.3)        | Customer Accounts & Sales Expense                               | 2,155                   | 4,166           | 3,791                           | 51.7                                       |
| 11,739                  | 12,551                | (812)          | (6.5)        | Administrative & General Expense                                | 11,739                  | 16,680          | 15,989                          | 70.4                                       |
| <b>13,894</b>           | <b>14,900</b>         | <b>(1,006)</b> | <b>(6.8)</b> | <b>Total Administrative &amp; General Expenses</b>              | <b>13,894</b>           | <b>20,846</b>   | <b>19,780</b>                   | <b>66.7</b>                                |
| <b>157,490</b>          | <b>141,969</b>        | <b>15,521</b>  | <b>10.9</b>  | <b>Total Operation, Maintenance and Administrative Expenses</b> | <b>157,490</b>          | <b>220,924</b>  | <b>219,660</b>                  | <b>71.3</b>                                |

(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 June 30, 2015

Page 2

| Current Year<br>to Date | Prior Year<br>to Date | Change (\$)     | Change (%)   |   | Current Year<br>to Date | FY 15<br>Budget | FY 15<br>Midyear<br>Projections | Current<br>Year as %<br>of FY 15<br>Budget |
|-------------------------|-----------------------|-----------------|--------------|---|-------------------------|-----------------|---------------------------------|--|
| 61,780                  | 51,878                | 9,902           | 19.1         | TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION    | 61,780                  | 79,031          | 77,426                          | 78.17                                      |
|                         |                       |                 |              | LESS:   |                         |                 |                                 |  |
| 27,153                  | 27,589                | (436)           | (1.6)        | Debt Service  | 27,153                  | 38,246          | 37,348                          | 71.0                                       |
| (1,480)                 | (1,482)               | 2               | 0.1          | Debt Service - BABs                                     | (1,480)                 | (2,916)         | (2,915)                         | 50.8                                       |
| -                       | (6,375)               | 6,375           | 100.0        | Debt Service - UPIF                                     | -                       | -               | -                               | -  |
| 17,779                  | 18,589                | (810)           | (4.4)        | UPIF Contributions                                      | 17,779                  | 23,706          | 23,756                          | 75.0                                       |
| 14,622                  | 15,969                | (1,347)         | (8.4)        | Transfer to General Government                          | 14,622                  | 19,495          | 19,237                          | 75.0                                       |
| -                       | -                     | -               | -            | Working Capital Reserve                                 | -                       | 500             | -                               | -  |
| <u>\$ 3,706</u>         | <u>\$ (2,412)</u>     | <u>\$ 6,118</u> | <u>253.6</u> | NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION) | <u>\$ 3,706</u>         | <u>\$ -</u>     | <u>\$ -</u>                     | <u>-</u>                                   |

(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 June 30, 2015**

| Current Year<br>to Date | Prior Year<br>to Date | Change (\$)     | Change (%)    |   | Current Year<br>to Date | FY 15<br>Budget | FY 15<br>Midyear<br>Projections | Current<br>Year as %<br>of FY 15<br>Budget |
|-------------------------|-----------------------|-----------------|---------------|---|-------------------------|-----------------|---------------------------------|--|
|                         |                       |                 |               | <b>REVENUES:</b>  |                         |                 |                                 |  |
| \$ 19,783               | \$ 19,130             | \$ 653          | 3.4           | General Customers   | \$ 19,783               | 28,119          | \$ 26,448                       | 70.4                                       |
| 1,359                   | 1,333                 | 26              | 2.0           | University of Florida   | 1,359                   | 1,757           | 1,749                           | 77.3                                       |
| 1,629                   | 1,643                 | (14)            | (0.9)         | Utility Surcharge   | 1,629                   | 2,270           | 2,197                           | 71.8                                       |
| <u>22,771</u>           | <u>22,106</u>         | <u>665</u>      | <u>3.0</u>    | <b>Total Sales</b>  | <u>22,771</u>           | <u>32,146</u>   | <u>30,394</u>                   | <u>70.8</u>                                |
| 1,985                   | 1,202                 | 783             | 65.1          | Other Revenues  | 1,985                   | 2,598           | 2,318                           | 76.4                                       |
| (1,560)                 | (454)                 | (1,106)         | (243.6)       | Rate Stabilization Fund Transfer From/(To)                      | (1,560)                 | (2,080)         | (1,473)                         | 75.0                                       |
| 55                      | 69                    | (14)            | (20.3)        | Interest Income   | 55                      | 113             | 110                             | 48.7                                       |
| <u>23,251</u>           | <u>22,923</u>         | <u>328</u>      | <u>1.4</u>    | <b>Total Revenues</b>   | <u>23,251</u>           | <u>32,777</u>   | <u>31,349</u>                   | <u>70.9</u>                                |
|                         |                       |                 |               | <b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>      |                         |                 |                                 |  |
| 3,879                   | 3,905                 | (26)            | (0.7)         | Water Treatment Expense   | 3,879                   | 6,258           | 5,622                           | 62.0                                       |
| 1,685                   | 1,603                 | 82              | 5.1           | Water Transmission & Distribution Expense                       | 1,685                   | 2,479           | 2,768                           | 68.0                                       |
| 926                     | 926                   | -               | -             | Customer Accounts & Sales Expense                               | 926                     | 1,439           | 1,311                           | 64.4                                       |
| 2,914                   | 2,528                 | 386             | 15.3          | Administrative & General Expense                                | 2,914                   | 4,373           | 4,283                           | 66.6                                       |
| <u>9,404</u>            | <u>8,962</u>          | <u>442</u>      | <u>4.9</u>    | <b>Total Operation, Maintenance and Administrative Expenses</b> | <u>9,404</u>            | <u>14,549</u>   | <u>13,984</u>                   | <u>64.6</u>                                |
|                         |                       |                 |               | <b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>    |                         |                 |                                 |  |
| <u>13,847</u>           | <u>13,961</u>         | <u>(114)</u>    | <u>(0.8)</u>  |   | <u>13,847</u>           | <u>18,228</u>   | <u>17,365</u>                   | <u>76.0</u>                                |
|                         |                       |                 |               | <b>LESS:</b>  |                         |                 |                                 |  |
| 4,202                   | 4,093                 | 109             | 2.7           | Debt Service  | 4,202                   | 6,062           | 6,123                           | 69.3                                       |
| (415)                   | (415)                 | -               | -             | Debt Service - BABs   | (415)                   | (817)           | (817)                           | 50.8                                       |
| -                       | -                     | -               | -             | Debt Service - UPIF   | -                       | -               | -                               | -  |
| 5,518                   | 4,827                 | 691             | 14.3          | UPIF Contributions  | 5,518                   | 7,357           | 6,435                           | 75.0                                       |
| 4,220                   | 4,811                 | (591)           | (12.3)        | Transfer to General Government                                  | 4,220                   | 5,626           | 5,624                           | 75.0                                       |
| -                       | -                     | -               | -             | Working Capital Reserve   | -                       | -               | -                               | -  |
| <u>\$ 322</u>           | <u>\$ 645</u>         | <u>\$ (323)</u> | <u>(50.1)</u> | <b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>  | <u>\$ 322</u>           | <u>\$ -</u>     | <u>\$ -</u>                     | <u>-</u>                                   |

(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 June 30, 2015**

| Current Year<br>to Date | Prior Year<br>to Date | Change (\$)   | Change (%)   |   | Current Year<br>to Date | FY 15<br>Budget | FY 15<br>Midyear<br>Projections | Current<br>Year as %<br>of FY 15<br>Budget |
|-------------------------|-----------------------|---------------|--------------|---|-------------------------|-----------------|---------------------------------|--|
| \$ 25,433               | \$ 24,670             | \$ 763        | 3.1          | <b>REVENUES:</b>  | \$ 25,433               | 35,049          | \$ 34,549                       | 72.6                                       |
| 1,902                   | 1,956                 | (54)          | (2.8)        | Wastewater Billings   | 1,902                   | 2,550           | 2,546                           | 74.6                                       |
| 1,879                   | 1,125                 | 754           | 67.0         | Utility Surcharge   | 1,879                   | 2,277           | 2,517                           | 82.5                                       |
| (1,349)                 | (1,134)               | (215)         | (19.0)       | Other Revenues  | (1,349)                 | (1,800)         | (1,714)                         | 74.9                                       |
| 73                      | 84                    | (11)          | (13.1)       | Rate Stabilization Fund Transfer From/(To)                      | 73                      | 196             | 136                             | 37.2                                       |
| <u>27,938</u>           | <u>26,701</u>         | <u>1,237</u>  | <u>4.6</u>   | Interest Income   | <u>27,938</u>           | <u>38,272</u>   | <u>38,034</u>                   | <u>73.0</u>                                |
|                         |                       |               |              | <b>Total Revenue</b>  |                         |                 |                                 |  |
|                         |                       |               |              | <b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>      |                         |                 |                                 |  |
| 2,304                   | 2,437                 | (133)         | (5.5)        | Wastewater Collection Expense                                   | 2,304                   | 3,464           | 3,476                           | 66.5                                       |
| 3,754                   | 3,726                 | 28            | 0.8          | Wastewater Treatment Expense                                    | 3,754                   | 5,480           | 5,657                           | 68.5                                       |
| 604                     | 664                   | (60)          | (9.0)        | Customer Accounts & Sales Expense                               | 604                     | 997             | 848                             | 60.6                                       |
| 3,061                   | 2,904                 | 157           | 5.4          | Administrative & General Expense                                | 3,061                   | 4,883           | 4,686                           | 62.7                                       |
| <u>9,723</u>            | <u>9,731</u>          | <u>(8)</u>    | <u>(0.1)</u> | <b>Total Operation, Maintenance and Administrative Expenses</b> | <u>9,723</u>            | <u>14,824</u>   | <u>14,667</u>                   | <u>65.6</u>                                |
|                         |                       |               |              | <b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>    | <u>18,215</u>           | <u>23,448</u>   | <u>23,367</u>                   | <u>77.7</u>                                |
|                         |                       |               |              | <b>LESS:</b>  |                         |                 |                                 |  |
| 5,399                   | 4,988                 | 411           | 8.2          | Debt Service  | 5,399                   | 7,920           | 7,779                           | 68.2                                       |
| (468)                   | (468)                 | -             | -            | Debt Service - BABs   | (468)                   | (922)           | (922)                           | 50.8                                       |
| -                       | -                     | -             | -            | Debt Service - UPIF   | -                       | -               | -                               | -  |
| 6,701                   | 6,025                 | 676           | 11.2         | UPIF Contributions  | 6,701                   | 8,934           | 8,934                           | 75.0                                       |
| 5,524                   | 5,666                 | (142)         | (2.5)        | Transfer to General Government                                  | 5,524                   | 7,366           | 7,426                           | 75.0                                       |
| -                       | -                     | -             | -            | Working Capital Reserve   | -                       | 150             | 150                             | -  |
| <u>\$ 1,059</u>         | <u>\$ 759</u>         | <u>\$ 300</u> | <u>39.5</u>  | <b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>  | <u>\$ 1,059</u>         | <u>\$ -</u>     | <u>\$ -</u>                     | <u>-</u>                                   |

(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 June 30, 2015**

| Current Year<br>to Date | Prior Year<br>to Date | Change (\$)     | Change (%)    |   | Current Year<br>to Date | FY 15<br>Budget | FY 15<br>Midyear<br>Projections | Current<br>Year as %<br>of FY 15<br>Budget |
|-------------------------|-----------------------|-----------------|---------------|---|-------------------------|-----------------|---------------------------------|--|
|                         |                       |                 |               | <b>Revenues:</b>  |                         |                 |                                 |  |
| \$ 6,021                | \$ 5,833              | \$ 188          | 3.2           | Residential   | \$ 6,021                | 7,316           | \$ 7,423                        | 82.3                                       |
| 3,448                   | 3,422                 | 26              | 0.8           | Commercial & Interruptible                                      | 3,448                   | 3,853           | 4,300                           | 89.5                                       |
| 7,996                   | 9,622                 | (1,626)         | (16.9)        | Purchased Gas Adjustment  | 7,996                   | 11,325          | 10,229                          | 70.6                                       |
| 377                     | 334                   | 43              | 12.9          | Surcharge   | 377                     | 404             | 473                             | 93.3                                       |
| 1,515                   | 919                   | 596             | 64.9          | Other Gas Sales and MGP   | 1,515                   | 1,158           | 1,201                           | 130.8                                      |
| <u>19,357</u>           | <u>20,130</u>         | <u>(773)</u>    | <u>(3.8)</u>  | <b>Total Sales</b>  | <u>19,357</u>           | <u>24,056</u>   | <u>23,626</u>                   | <u>80.5</u>                                |
| 1,082                   | 636                   | 446             | 70.1          | Other Revenue   | 1,082                   | 1,258           | 1,658                           | 86.0                                       |
| (226)                   | (273)                 | 47              | 17.2          | Rate Stabilization Fund Transfer From/(To)                      | (226)                   | (301)           | (1,325)                         | 75.1                                       |
| 82                      | 35                    | 47              | 134.3         | Interest Income   | 82                      | 166             | 148                             | 49.4                                       |
| <u>20,295</u>           | <u>20,528</u>         | <u>(233)</u>    | <u>(1.1)</u>  | <b>Total Revenues</b>   | <u>20,295</u>           | <u>25,179</u>   | <u>24,107</u>                   | <u>80.6</u>                                |
|                         |                       |                 |               | <b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>      |                         |                 |                                 |  |
| 7,996                   | 9,622                 | (1,626)         | (16.9)        | Fuel Expense - Purchased Gas                                    | 7,996                   | 11,325          | 10,229                          | 70.6                                       |
| 971                     | 900                   | 71              | 7.9           | Operation & Maintenance Expenses                                | 971                     | 1,534           | 1,428                           | 63.3                                       |
| 1,762                   | 1,589                 | 173             | 10.9          | Customer Accounts & Sales Expense                               | 1,762                   | 2,273           | 2,437                           | 77.5                                       |
| 1,222                   | 1,224                 | (2)             | (0.2)         | Administrative & General Expense                                | 1,222                   | 1,909           | 1,902                           | 64.0                                       |
| <u>11,951</u>           | <u>13,335</u>         | <u>(1,384)</u>  | <u>(10.4)</u> | <b>Total Operation, Maintenance and Administrative Expenses</b> | <u>11,951</u>           | <u>17,041</u>   | <u>15,996</u>                   | <u>70.1</u>                                |
| <u>8,344</u>            | <u>7,193</u>          | <u>1,151</u>    | <u>16.0</u>   | <b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>    | <u>8,344</u>            | <u>8,138</u>    | <u>8,111</u>                    | <u>102.5</u>                               |
|                         |                       |                 |               | <b>LESS:</b>  |                         |                 |                                 |  |
| 2,841                   | 2,667                 | 174             | 6.5           | Debt Service  | 2,841                   | 3,943           | 3,947                           | 72.1                                       |
| (310)                   | (310)                 | -               | -             | Debt Service - BABS   | (310)                   | (610)           | (610)                           | 50.8                                       |
| (750)                   | -                     | (750)           | -             | Debt Service - UPIF   | (750)                   | (1,000)         | (1,000)                         | 75.0                                       |
| 2,550                   | 2,095                 | 455             | 21.7          | UPIF Contributions  | 2,550                   | 3,400           | 3,400                           | 75.0                                       |
| 1,804                   | 1,830                 | (26)            | (1.4)         | Transfer to General Government                                  | 1,804                   | 2,405           | 2,374                           | 75.0                                       |
| -                       | -                     | -               | -             | Working Capital Reserve   | -                       | -               | -                               | -  |
| <u>\$ 2,209</u>         | <u>\$ 911</u>         | <u>\$ 1,298</u> | <u>142.5</u>  | <b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>  | <u>\$ 2,209</u>         | <u>\$ -</u>     | <u>\$ -</u>                     | <u>-</u>                                   |

(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 June 30, 2015**

| Current Year<br>to Date | Prior Year<br>to Date | Change (\$)       | Change (%)     |   | Current Year<br>to Date | FY 15<br>Budget | FY 15<br>Midyear<br>Projections | Current<br>Year as %<br>of FY 15<br>Budget |
|-------------------------|-----------------------|-------------------|----------------|---|-------------------------|-----------------|---------------------------------|--|
| \$ 3,589                | \$ 4,205              | \$ (616)          | (14.6)         | <b>Revenues:</b>  | \$ 3,589                | 5,804           | \$ 5,249                        | 61.8                                       |
| 1,333                   | 1,382                 | (49)              | (3.5)          | Telecommunication   | 1,333                   | 1,859           | 1,784                           | 71.7                                       |
| 1,765                   | 1,641                 | 124               | 7.6            | Trunking Radio  | 1,765                   | 1,893           | 1,681                           | 93.2                                       |
| 1,516                   | 1,439                 | 77                | 5.4            | Tower Lease Rental  | 1,516                   | 2,258           | 2,258                           | 67.1                                       |
| <u>8,203</u>            | <u>8,667</u>          | <u>(464)</u>      | <u>(5.4)</u>   | Internet Access   | <u>8,203</u>            | <u>11,814</u>   | <u>10,972</u>                   | <u>69.4</u>                                |
|                         |                       |                   |                | <b>Total Sales</b>  |                         |                 |                                 |  |
| 121                     | 714                   | (593)             | (83.1)         | Rate Stabilization Fund Transfer From/(To)                      | 121                     | 161             | (237)                           | 75.2                                       |
| 42                      | 56                    | (14)              | (25.0)         | Interest Income   | 42                      | 111             | 93                              | 37.8                                       |
| 177                     | -                     | 177               | -              | Miscellaneous Revenue   | 177                     | -               | 164                             | -  |
| <u>8,543</u>            | <u>9,437</u>          | <u>(894)</u>      | <u>(9.5)</u>   | <b>Total Revenues</b>   | <u>8,543</u>            | <u>12,086</u>   | <u>10,992</u>                   | <u>70.7</u>                                |
|                         |                       |                   |                | <b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>      |                         |                 |                                 |  |
| 3,006                   | 2,662                 | 344               | 12.9           | Operation & Maintenance Expenses                                | 3,006                   | 4,274           | 3,711                           | 70.3                                       |
| 186                     | 252                   | (66)              | (26.2)         | Customer Accounts & Sales Expense                               | 186                     | 391             | 289                             | 47.6                                       |
| 1,593                   | 1,358                 | 235               | 17.3           | Administrative & General Expenses                               | 1,593                   | 1,382           | 1,651                           | 115.3                                      |
| <u>4,785</u>            | <u>4,272</u>          | <u>513</u>        | <u>12.0</u>    | <b>Total Operation, Maintenance and Administrative Expenses</b> | <u>4,785</u>            | <u>6,047</u>    | <u>5,651</u>                    | <u>79.1</u>                                |
|                         |                       |                   |                | <b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>    | <u>3,758</u>            | <u>6,039</u>    | <u>5,341</u>                    | <u>62.2</u>                                |
| <u>3,758</u>            | <u>5,165</u>          | <u>(1,407)</u>    | <u>(27.2)</u>  |   |                         |                 |                                 |  |
|                         |                       |                   |                | <b>LESS:</b>  |                         |                 |                                 |  |
| 3,938                   | 3,165                 | 773               | 24.4           | Debt Service  | 3,938                   | 6,180           | 5,482                           | 63.7                                       |
| (263)                   | (675)                 | 412               | 61.0           | Debt Service - UPIF   | (263)                   | (350)           | (350)                           | 75.1                                       |
| 157                     | 625                   | (468)             | (74.9)         | UPIF Contributions  | 157                     | 209             | 209                             | 75.1                                       |
| -                       | 300                   | (300)             | (100.0)        | Transfer to General Government                                  | -                       | -               | -                               | -  |
| -                       | -                     | -                 | -              | Working Capital Reserve   | -                       | -               | -                               | -  |
| <u>\$ (74)</u>          | <u>\$ 1,750</u>       | <u>\$ (1,824)</u> | <u>(104.2)</u> | <b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>  | <u>\$ (74)</u>          | <u>\$ -</u>     | <u>\$ -</u>                     | <u>-</u>                                   |

(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 June 30, 2015 and September 30, 2014**

|  | June 30, 2015                  | September 30,<br>2014          | Change (\$)              | Change (%)         |
|--|--------------------------------|--------------------------------|--------------------------|--------------------|
| <b>Assets</b>  |                                |                                |                          |                    |
| Current assets:  |                                |                                |                          |                    |
| Cash and investments   | \$ 55,823,312                  | \$ 64,756,240                  | \$ (8,932,928)           | -13.8%             |
| Accounts receivable, net of allowance for uncollectible<br>accounts of \$1,831,293 for 2015 and \$1,561,364 for 2014 | 42,046,494                     | 45,937,328                     | (3,890,834)              | -8.5%              |
| Inventories:   |                                |                                |                          |                    |
| Fuel   | 15,154,301                     | 11,336,733                     | 3,817,568                | 33.7%              |
| Materials and supplies   | 6,674,394                      | 6,806,278                      | (131,884)                | -1.9%              |
| Other assets and regulatory assets   | 999,780                        | 1,876,215                      | (876,435)                | -46.7%             |
| Total current assets   | <u>120,698,281</u>             | <u>130,712,794</u>             | <u>(10,014,513)</u>      | <u>-7.7%</u>       |
| Restricted and internally designated assets:   |                                |                                |                          |                    |
| Utility deposits – cash and investments  | 9,087,718                      | 8,322,368                      | 765,350                  | 9.2%               |
| Debt service – cash and investments  | 23,572,337                     | 39,682,742                     | (16,110,405)             | -40.6%             |
| Rate stabilization – cash and investments  | 63,463,610                     | 64,030,121                     | (566,511)                | -0.9%              |
| Construction fund – cash and investments   | 55,066,485                     | 29,034,046                     | 26,032,439               | 89.7%              |
| Utility plant improvement fund – cash and investments  | 52,099,785                     | 39,313,780                     | 12,786,005               | 32.5%              |
| Decommissioning reserve – cash and investments   | 13,167,002                     | 13,058,443                     | 108,559                  | 0.8%               |
| Total restricted and internally designated assets  | <u>216,456,936</u>             | <u>193,441,500</u>             | <u>23,015,436</u>        | <u>11.9%</u>       |
| Noncurrent assets:   |                                |                                |                          |                    |
| Net costs recoverable in future years - regulatory asset   | 26,352,959                     | 13,732,765                     | 12,620,194               | 91.9%              |
| Unamortized debt issuance costs - regulatory asset   | 6,260,519                      | 6,214,914                      | 45,605                   | 0.7%               |
| Investment in The Energy Authority   | 2,495,595                      | 2,701,599                      | (206,004)                | -7.6%              |
| Pollution remediation - regulatory asset   | 14,547,635                     | 15,808,529                     | (1,260,894)              | -8.0%              |
| Other noncurrent assets and regulatory assets  | 6,051,273                      | 6,192,539                      | (141,266)                | -2.3%              |
| Total noncurrent assets  | <u>55,707,981</u>              | <u>44,650,346</u>              | <u>11,057,635</u>        | <u>24.8%</u>       |
| Capital assets:  |                                |                                |                          |                    |
| Utility plant in service   | 1,732,906,126                  | 1,724,649,795                  | 8,256,331                | 0.5%               |
| Capital lease  | 1,006,808,754                  | 1,006,808,754                  | -                        | -                  |
| Less: accumulated depreciation and amortization  | (739,368,711)                  | (677,216,550)                  | (62,152,161)             | 9.2%               |
|  | <u>2,000,346,169</u>           | <u>2,054,241,999</u>           | <u>(53,895,830)</u>      | <u>-2.6%</u>       |
| Construction in progress   | 170,396,103                    | 141,988,911                    | 28,407,192               | 20.0%              |
| Net capital assets   | <u>2,170,742,272</u>           | <u>2,196,230,910</u>           | <u>(25,488,638)</u>      | <u>-1.2%</u>       |
| Total assets   | <u>2,563,605,470</u>           | <u>2,565,035,550</u>           | <u>(1,430,080)</u>       | <u>-0.1%</u>       |
| Deferred outflows of resources:  |                                |                                |                          |                    |
| Unamortized loss on refundings of bonds  | 29,008,878                     | 28,765,946                     | 242,932                  | 0.8%               |
| Accumulated decrease in fair value of hedging derivatives  | 52,056,342                     | 50,748,859                     | 1,307,483                | 2.6%               |
| Total deferred outflows of resources   | <u>81,065,220</u>              | <u>79,514,805</u>              | <u>1,550,415</u>         | <u>1.9%</u>        |
| <b>Total assets and deferred outflows of resources</b>   | <u><b>\$ 2,644,670,690</b></u> | <u><b>\$ 2,644,550,355</b></u> | <u><b>\$ 120,335</b></u> | <u><b>0.0%</b></u> |

**Gainesville Regional Utilities**  
**Statements of Net Position - Unaudited (concluded)**  
**For the Periods Ended June 30, 2015 and September 30, 2014**

|  | June 30, 2015           | September 30,<br>2014   | Change (\$)         | Change (%)    |
|--|-------------------------|-------------------------|---------------------|---------------|
| <b>Liabilities</b>   |                         |                         |                     |               |
| Current liabilities:   |                         |                         |                     |               |
| Accounts payable and accrued liabilities                                 | \$ 9,313,457            | \$ 20,851,891           | \$ (11,538,434)     | -55.3%        |
| Fuels payable  | 12,637,521              | 11,429,004              | 1,208,517           | 10.6%         |
| Due to other funds of the City   | 3,801,130               | 3,142,499               | 658,631             | 21.0%         |
| Capital lease – current portion  | 4,278,168               | 16,828,193              | (12,550,025)        |               |
| Fuel adjustment  | 9,664,799               | 15,963,888              | (6,299,089)         | -39.5%        |
| Other liabilities and regulatory liabilities                             | 4,353,518               | 2,678,019               | 1,675,499           | 62.6%         |
| Total current liabilities  | <u>44,048,593</u>       | <u>70,893,494</u>       | <u>(26,844,901)</u> | <u>-37.9%</u> |
| Payable from restricted assets:  |                         |                         |                     |               |
| Utility deposits   | 9,089,968               | 8,321,246               | 768,722             | 9.2%          |
| Construction fund:   |                         |                         |                     |               |
| Accounts payable and accrued liabilities                                 | 824,653                 | 3,686,534               | (2,861,881)         | -77.6%        |
| Debt payable – current portion   | 22,205,000              | 21,480,000              | 725,000             | 3.4%          |
| Accrued interest payable   | 6,407,045               | 18,540,801              | (12,133,756)        | -65.4%        |
| Total payable from restricted assets                                     | <u>38,526,666</u>       | <u>52,028,581</u>       | <u>(13,501,915)</u> | <u>-26.0%</u> |
| 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  | 19,349,984              | 10,229,836              | 9,120,148           | 89.2%         |
| Fair value of derivative instruments                                     | 55,103,515              | 55,103,515              | –                   | 0.0%          |
| Total long-term debt   | <u>2,000,308,584</u>    | <u>1,969,083,436</u>    | <u>31,225,148</u>   | <u>1.6%</u>   |
| Noncurrent liabilities   |                         |                         |                     |               |
| Reserve for insurance claims   | 3,337,000               | 3,337,000               | –                   | 0.0%          |
| Reserve for decommissioning CR3  | 11,373,002              | 11,264,443              | 108,559             | 1.0%          |
| Reserve for environmental liability                                      | 167,000                 | 167,000                 | –                   |               |
| Total noncurrent liabilities   | <u>14,877,002</u>       | <u>14,768,443</u>       | <u>108,559</u>      | <u>0.7%</u>   |
| Total liabilities  | <u>2,097,760,846</u>    | <u>2,106,773,954</u>    | <u>(9,013,108)</u>  | <u>-0.4%</u>  |
| Deferred inflows of resources:   |                         |                         |                     |               |
| Rate stabilization   | 63,253,583              | 64,117,259              | (863,676)           | -1.3%         |
| Total deferred inflows of resources                                      | <u>63,253,583</u>       | <u>64,117,259</u>       | <u>(863,676)</u>    | <u>-1.3%</u>  |
| <b>Net position</b>  |                         |                         |                     |               |
| Net investment in capital assets   | 296,852,380             | 298,056,254             | (1,203,874)         | -0.4%         |
| Restricted   | 71,266,854              | 60,369,705              | 10,897,149          | 18.1%         |
| Unrestricted   | 115,537,029             | 115,233,183             | 303,846             | 0.3%          |
| Total net position   | <u>483,656,262</u>      | <u>473,659,142</u>      | <u>9,997,120</u>    | <u>2.1%</u>   |
| <b>Total liabilities, deferred inflows of resources and net position</b> | <u>\$ 2,644,670,690</u> | <u>\$ 2,644,550,355</u> | <u>\$ 120,335</u>   | <u>0.0%</u>   |

**Gainesville Regional Utilities**

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

**For the Periods Ended June 30, 2015 and September 30, 2014**

|   | <u>June 30,<br/>2015</u> | <u>September 30,<br/>2014</u> |
|---|--------------------------|-------------------------------|
| Operating revenue:  |                          |                               |
| Sales and service charges                                     | \$ 278,950,474           | \$ 368,655,555                |
| Transfers (to) from rate stabilization                        | 863,677                  | (8,867,764)                   |
| Amounts to be recovered from future revenue                   | 25,170,219               | 26,433,241                    |
| Other operating revenue                                       | <u>18,647,791</u>        | <u>19,673,582</u>             |
| Total operating revenues                                      | <u>323,632,161</u>       | <u>405,894,614</u>            |
| Operating expenses:   |                          |                               |
| Operation and maintenance                                     | 167,343,758              | 213,305,250                   |
| Administrative and general                                    | 28,713,680               | 42,492,252                    |
| Depreciation and amortization                                 | <u>69,890,924</u>        | <u>84,449,419</u>             |
| Total operating expenses                                      | <u>265,948,362</u>       | <u>340,246,921</u>            |
| Operating income  | <u>57,683,799</u>        | <u>65,647,693</u>             |
| Non-operating income (expense):                               |                          |                               |
| Interest income   | 25,031                   | 714,408                       |
| Interest expense, net of AFUDC                                | (25,712,574)             | (37,815,529)                  |
| Other interest related income, BABs                           | 2,672,581                | 5,350,928                     |
| Other income (expense)  | <u>1,280,378</u>         | <u>209,772</u>                |
| Total non-operating expense                                   | <u>(21,734,584)</u>      | <u>(31,540,421)</u>           |
| Income before contributions, transfer, and extraordinary item | <u>35,949,215</u>        | <u>34,107,272</u>             |
| Capital contributions:  |                          |                               |
| Contributions from third parties                              | 217,223                  | 3,324,503                     |
| Reduction of plant costs recovered through contributions      | <u>—</u>                 | <u>(1,800,000)</u>            |
| Net capital contributions                                     | <u>217,223</u>           | <u>1,524,503</u>              |
| Transfer to City of Gainesville General Fund                  | <u>(26,169,319)</u>      | <u>(37,316,841)</u>           |
| Change in net position  | 9,997,120                | (1,685,066)                   |
| Net position – beginning of year                              | 473,659,142              | 475,344,208                   |
| Net position – end of year                                    | <u>\$ 483,656,262</u>    | <u>\$ 473,659,142</u>         |

Gainesville Regional Utilities

Statements of Cash Flows

For the Periods Ended June 30, 2015 and September 30, 2014

|   | <u>June 30, 2015</u> | <u>September 30,<br/>2014</u> |
|---|----------------------|-------------------------------|
| Operating activities:   |                      |                               |
| Cash received from customers  | \$ 283,610,030       | \$ 369,172,437                |
| Cash payments to suppliers for goods and services   | (148,198,530)        | (156,891,922)                 |
| Cash payments to employees for services   | (45,992,249)         | (55,973,131)                  |
| Cash payments for operating transactions with other funds   | (6,285,578)          | (10,517,970)                  |
| Cash payment for defeasance of bonds  | (22,681,138)         | -                             |
| Cash receipts for defeasance of bonds   | 22,681,138           | -                             |
| Other operating receipts  | 19,511,468           | 7,696,733                     |
| Net cash provided by operating activities   | <u>102,645,140</u>   | <u>153,486,147</u>            |
| Noncapital financing activities:  |                      |                               |
| Transfer to City of Gainesville General Fund  | (26,169,319)         | (37,316,841)                  |
| Net cash used in noncapital financing activities  | <u>(26,169,319)</u>  | <u>(37,316,841)</u>           |
| 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   | (37,846,330)         | (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) | (26,032,439)         | (56,990,480)                  |
| Proceeds from new debt and commercial paper   | 51,306,295           |                               |
| Other income  | 1,280,378            | 209,774                       |
| Net cash used in capital and related financing activities   | <u>(29,374,515)</u>  | <u>(116,863,842)</u>          |
| Investing activities:   |                      |                               |
| Interest received (paid)  | 55,468               | 706,251                       |
| Purchase of investments   | (24,242,307)         | (295,386,535)                 |
| Investments in The Energy Authority   | (3,451,281)          | 5,403,728                     |
| Distributions from The Energy Authority   | 3,657,285            | (5,845,309)                   |
| Proceeds from investments   | -                    | 325,999,310                   |
| Net cash provided by investing activities   | <u>(23,980,835)</u>  | <u>30,877,445</u>             |
| Net change in cash and cash equivalents   | 23,120,471           | 30,182,909                    |
| Cash and cash equivalents, beginning of year  | <u>75,559,374</u>    | <u>45,376,465</u>             |
| Cash and cash equivalents, end of year  | <u>\$ 98,679,845</u> | <u>\$ 75,559,374</u>          |

Continued on next page.

**Gainesville Regional Utilities**

**Statements of Cash Flows (concluded)**

**For the Periods Ended June 30, 2015 and September 30, 2014**

|   | <u>June 30, 2015</u>   | <u>September 30,<br/>2014</u> |
|---|------------------------|-------------------------------|
| Reconciliation of operating income to net cash provided by operating activities:        |                        |                               |
| Operating income  | \$ 57,683,799          | \$ 65,647,693                 |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                        |                               |
| Depreciation and amortization   | 69,890,924             | 84,449,419                    |
| Net costs to be recovered in future rates   | (12,620,194)           | (13,732,765)                  |
| Change in:  |                        |                               |
| Accounts receivable   | 3,890,834              | 518,004                       |
| Inventories   | (3,685,684)            | 3,043,202                     |
| Other assets and regulatory assets  | 876,436                | (711,437)                     |
| Restricted and internally designated assets   | -                      | (3,109,085)                   |
| Noncurrent assets   | 1,483,245              | 879,007                       |
| Accounts payable and accrued liabilities  | (10,329,917)           | 12,665,268                    |
| Due to other funds of the City  | 658,631                | 171,036                       |
| Fuel adjustment   | (6,299,089)            | (5,442,608)                   |
| Other liabilities and regulatory liabilities  | 1,191,109              | 241,771                       |
| Utility deposits  | 768,722                | (1,122)                       |
| Rate stabilization  | (863,676)              | 8,867,764                     |
| Net cash provided by operating activities   | <u>\$ 102,645,140</u>  | <u>\$ 153,486,147</u>         |
| Non-cash capital and related financing activities, and investing activities:            |                        |                               |
| Acquisition of utility plant in service under capital lease                             | <u>\$ -</u>            | <u>\$ (1,006,809,754)</u>     |
| Acquisition of utility plant in service under long term capital lease obligation        | <u>\$ (12,550,025)</u> | <u>\$ 994,108,278</u>         |
| Acquisition of utility plant in service with construction fund payable                  | <u>\$ (2,861,881)</u>  | <u>\$ 5,093,605</u>           |
| Change in utility plant in service  | <u>\$ -</u>            | <u>\$ (4,999,956)</u>         |
| Change in ineffective portion of hedging derivatives                                    | <u>\$ -</u>            | <u>\$ (838,440)</u>           |
| Change in hedging derivatives - interest rate swaps                                     | <u>\$ -</u>            | <u>\$ (10,515,189)</u>        |
| Change in hedging derivatives - fuel options and futures                                | <u>\$ (2,390,033)</u>  | <u>\$ (114,952)</u>           |
| Change in fair value of investments   | <u>\$ (697,847)</u>    | <u>\$ (235,808)</u>           |
| Change in fair value of derivatives   | <u>\$ -</u>            | <u>\$ (11,353,627)</u>        |
| Unamortized loss on refundings of bonds   | <u>\$ (242,932)</u>    | <u>\$ -</u>                   |
| Other   | <u>\$ (7,537)</u>      | <u>\$ 150,326</u>             |

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 June 30, 2015**

|   | <u>Actual</u>            | <u>Fiscal Year<br/>2015 Budget</u> | <u>Percent of<br/>Budget</u> |
|---|--------------------------|------------------------------------|------------------------------|
| Fuel Revenues                           | \$ 108,237               | \$ 160,325                         | 68%                          |
| Fuel Expenses                           | 115,716                  | 160,325                            | 72%                          |
| <b>To (From) Levelization Fund</b>      | <b><u>\$ (7,479)</u></b> | <b><u>\$ -</u></b>                 |                              |
| Levelization Fund Beginning Balance     | \$ 15,298                |                                    |                              |
| To (From) Levelization Fund             | <u>(7,479)</u>           |                                    |                              |
| <b>Levelization Fund Ending Balance</b> | <b><u>\$ 7,820</u></b>   |                                    |                              |

(Dollar Amounts in Thousands)

**Gainesville Regional Utilities**  
**Purchased Gas Adjustment (PGA) Levelization**  
**For the Period Ended June 30, 2015**

|                                   | <u>Actual</u>          | <u>Fiscal Year<br/>2015 Budget</u> | <u>Percent<br/>of Budget</u> |
|-----------------------------------|------------------------|------------------------------------|------------------------------|
| Purchased Gas Revenues            | \$ 9,176               | \$ 11,325                          | 81%                          |
| Purchased Gas Expenses            | 7,996                  | 11,325                             | 71%                          |
| <b>To (From) PGA Levelization</b> | <b><u>\$ 1,180</u></b> | <b><u>\$ -</u></b>                 |                              |
| <br>                              |                        |                                    |                              |
| PGA Beginning Balance             | \$ 665                 |                                    |                              |
| To (From) PGA Levelization        | 1,180                  |                                    |                              |
| <b>PGA Ending Balance</b>         | <b><u>\$ 1,845</u></b> |                                    |                              |

(Dollar Amounts in Thousands)