

Gainesville Regional Utilities

Interim Financial Statements - Unaudited

For the Year Ended September 30, 2019



Gainesville Regional Utilities
Financial Statements - Unaudited
For the Year Ended September 30, 2019

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Overview and Basis of Accounting

Overview

Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility system operating electric, water, wastewater, natural gas, and telecommunications (GRUCom) systems. GRU is a utility enterprise of the City of Gainesville, Florida (City) and is reported as an enterprise fund in the comprehensive annual financial report of the City.

We offer readers these unaudited utility system financial statements for the year ended September 30, 2019.

Basis of Accounting

GRU is required to follow the provisions in the Second Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on September 21, 2017. GRU's electric and gas accounts are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC), as required by the Resolution, and in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting, including the application of regulatory accounting as described in Governmental Accounting Standards Board (GASB) Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

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

Management's Discussion and Analysis

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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 year ended September 30, 2019. It should be read in conjunction with the unaudited financial statements that follow this section.

Financial Highlights – Overall

- The Utility purchased a biomass plant in November of 2017. Various items in the financial statements were impacted and are noted as applicable.
- Fuel inventories increased \$3.6 million or 22.7% due to contracted coal purchases. In addition, there is an expected increase in coal costs during calendar year 2020.
- Construction fund cash and investments increased \$90.5 million due primarily to the issuance of the 2019 Series A, Series B, and Series C bonds for \$114 million in conjunction with normal construction expenditures.
- Net costs recoverable in future years, a regulatory asset, increased \$18.1 million due to Deerhaven Renewable Generating Station (DHR) depreciation expense exceeding principal repayment on the related bonds.
- Unamortized debt issuance costs increased \$1.1 million or 12.4% due to the issuance of the 2019 Series bonds as well as normal amortization.
- Other noncurrent assets and regulatory assets decreased \$1.4 million or 16.1% due to a decrease in the unrealized loss on investments.
- Pension costs – regulatory asset increased \$7.9 million or 10.7% and related deferred outflows of resources for pension costs increased \$2.2 million or 13.1% due primarily to investment returns which came in below the actuarial benchmark for the year ended September 30, 2019.
- Unamortized loss on refunding of bonds decreased \$2.8 million or 15.7% from normally scheduled amortization.
- Accumulated decrease in fair value of hedging derivatives increased \$41.7 million or 113% from an increase in the unrealized loss on interest rate swaps resulting from declining interest rates.
- In April GRU closed on its 2019 Series A, B, and C bond issue. This transaction:
 - Provided \$114 million in new money for acquisition and/or construction of GRU capital assets.
 - Converted all \$93 million of currently outstanding commercial paper to long-term fixed rate debt.

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- Restructured approximately \$67 million of variable rate debt, producing in excess of \$56 million in near term debt service reduction over the period FY19 through FY25.

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

- Increase in construction fund cash.
 - Increase in outstanding long-term revenue bonds.
 - Elimination of outstanding commercial paper.
 - Increase in unamortized bond premium.
-
- Fair value of derivative instruments increased \$42.3 million or 109.2% from an increase in the unrealized loss on interest rate swaps resulting from declining interest rates.
 - The pension liability increased \$28.4 million or 39.9% and related deferred inflows of resources for pension costs decreased \$18.3 million or 91.3% due primarily to investment returns which came in below the actuarial benchmark for the year ended September 30, 2019.
 - Other noncurrent liabilities and regulatory liabilities increased \$8.3 million from a regulatory liability set aside for a future total rewards implementation and customer information system upgrade.
 - Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

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

Combined Systems

- Total revenues net of Rate Stabilization Fund transfers increased \$689 thousand or .2% from an increase in electric, water and gas revenues. These increases were offset by decreases in wastewater and telecommunications revenues.
- Total expenses decreased \$1.3 million or .5%. Factors include: a decrease in electric fuel expenses of \$12.4 million; an increase in electric power production and transmission and distribution expenses; and increases in total water, gas and telecommunications expenses.
- The combined systems withdrew \$4.9 million to rate stabilization for the period ended September 30, 2019.

Electric System

- Total revenues decreased \$4.2 million or 1.4% over the same period last year due to decreases in fuel revenues and transfers from rate stabilization, offset by increases in residential and non-residential revenues.

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- Fuel adjustment revenue and the related fuel expense decreased \$12.4 million or 12.5% over the prior year due to the cancellation of the PPA with Gainesville Renewable Energy Center and the concurrent purchase of Deerhaven Renewables. Winter natural gas price spikes associated with weather and storage shortfalls, as well as mechanical issues at plants which contributed to unit dispatch and fuel mix uses which varied from original projections, is driving an increase in fuel costs. However, the Utility has realized much more efficient use of the biomass plant and procurement of associated fuel than what was experienced under the PPA. In addition, the Utility has been able to incorporate the plant seamlessly into its generation fleet.

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.

- Transmission and distribution increased \$3.2 million or 15.9% due to increased operations and maintenance labor and corresponding overheads as a result of less spending on capital projects.
- The electric system withdrew \$1.2 million from rate stabilization for the period ended September 30, 2019.

Water System

- Total revenues decreased \$554,822 or 1.5% due to an increase in transfers to rate stabilization, offset by increases in residential and other revenues.
- The water system contributed \$1.4 million to rate stabilization for the period ended September 30, 2019.

Wastewater System

- Total revenues decreased \$3.4 million or 7.3% due to decreases in transfers from rate stabilization and reductions in residential and other revenues.
- The wastewater system withdrew \$2.2 million from rate stabilization for the period ended September 30, 2019.

Gas System

- Total revenues increased \$9.8 million or 45.4% due to an increase in transfers from rate stabilization. The increased withdrawal from rate stabilization was due in large part to the Gas System picking up a larger share of the general fund transfer in FY2019, as approved by the City Commission in the FY2019 budget..
- Purchased gas adjustment revenue and the related gas expense increased \$327,268 or 4.2% due to higher natural gas prices in the winter months compared to the same period last year.

**Gainesville Regional Utilities
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Purchased gas adjustment revenue is matched to gas expenses with amounts over collected deferred in the purchased gas adjustment levelization balance and amounts under collected drawn down from the purchased gas adjustment levelization balance.

- Other revenues decreased \$443,797 as refunds were issued in June 2019 to GRU's large volume customers from a billing issue spanning multiple years.
- The gas system withdrew \$6.9 million from rate stabilization for the period ended September 30, 2019.

Telecommunications System

- Total revenues increased \$184,130 or 1.8% due to an increase in transfers from rate stabilization, offset by decreases in tower leasing and other revenues.
- The telecommunications system withdrew \$471,447 from rate stabilization for the period ended September 30, 2019. The GRUCom system experienced a non-operating loss of \$2.2 million in fiscal year 2019, and a loss of \$798,000 in FY2018. This resulted in an intercompany loan of \$3.5 million being made to GRUCom in FY2019 from the Gas System.

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Financial Statements

Gainesville Regional Utilities
Statements of Net Position - Unaudited
September 30, 2019 and 2018

	September 30, 2019	Restated September 30, 2018	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 27,505,536	\$ 26,793,426	\$ 712,110	2.7%
Accounts receivable, net of allowance for uncollectible accounts of \$804,463 and \$800,551, respectively	53,616,263	59,977,348	(6,361,085)	(10.6%)
Inventories:				
Fuel	19,720,370	16,077,741	3,642,629	22.7%
Materials and supplies	12,442,849	12,370,614	72,235	0.6%
Fuel adjustment	2,887,595	2,376,941	510,654	21%
Other assets and regulatory assets	2,132,699	2,059,993	72,706	3.5%
Total current assets	<u>118,305,312</u>	<u>119,656,063</u>	<u>(1,350,751)</u>	<u>(1.1%)</u>
Restricted assets:				
Utility deposits - cash and investments	7,663,091	9,078,180	(1,415,089)	(15.6%)
Debt service - cash and investments	56,094,239	59,269,274	(3,175,035)	(5.4%)
Rate stabilization - cash and investments	56,941,703	57,703,806	(762,103)	(1.3%)
Construction fund - cash and investments	125,749,489	35,197,090	90,552,399	257.3%
Utility plant improvement fund - cash and investments	27,687,286	14,716,405	12,970,881	88.1%
Total restricted and internally designated assets	<u>274,135,808</u>	<u>175,964,755</u>	<u>98,171,053</u>	<u>55.8%</u>
Noncurrent assets:				
Net costs recoverable in future years - regulatory assets	31,162,525	13,091,147	18,071,378	138.0%
Unamortized debt issuance costs - regulatory assets	10,179,242	9,056,235	1,123,007	12.4%
Investment in The Energy Authority	2,341,379	2,257,296	84,083	3.7%
Pollution remediation - regulatory asset	10,019,649	10,782,332	(762,683)	(7.1%)
Other noncurrent assets and regulatory assets	7,261,215	8,650,252	(1,389,037)	(16.1%)
Pension regulatory asset	82,016,547	74,122,351	7,894,196	10.7%
Total noncurrent assets	<u>142,980,557</u>	<u>117,959,613</u>	<u>25,020,944</u>	<u>21.2%</u>
Capital assets:				
Utility plant in service	2,855,228,234	2,794,579,603	60,648,631	2.2%
Less: accumulated depreciation and amortization	(1,040,296,525)	(968,224,349)	(72,072,176)	7.4%
	<u>1,814,931,709</u>	<u>1,826,355,254</u>	<u>(11,423,545)</u>	<u>(0.6%)</u>
Construction in progress	71,291,430	100,096,678	(28,805,248)	(28.8%)
Net capital assets	<u>1,886,223,139</u>	<u>1,926,451,932</u>	<u>(40,228,793)</u>	<u>(2.1%)</u>
Total assets	<u>2,421,644,816</u>	<u>2,340,032,363</u>	<u>81,612,453</u>	<u>3.5%</u>
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	15,155,675	17,975,551	(2,819,876)	(15.7%)
Accumulated decrease in fair value of hedging derivatives	78,573,638	36,890,504	41,683,134	113.0%
General Employees' Pension plan costs	19,288,232	17,061,446	2,226,786	13.1%
Other post-employment benefits plan	3,051,089	-	3,051,089	-
Total deferred outflows of resources	<u>116,068,634</u>	<u>71,927,501</u>	<u>44,141,133</u>	<u>61.4%</u>
Total assets and deferred outflows of resources	<u>\$ 2,537,713,450</u>	<u>\$ 2,411,959,864</u>	<u>\$ 125,753,586</u>	<u>5.2%</u>

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
September 30, 2019 and 2018

	September 30, 2019	September 30, 2018	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 16,361,070	\$ 21,380,541	\$ (5,019,471)	(23.5%)
Fuels payable	3,961,178	4,769,484	(808,306)	(16.9%)
Due to other funds of the City	5,781,300	450,832	5,330,468	1182%
Other liabilities and regulatory liabilities	1,731,816	843,012	888,804	105.4%
Total current liabilities	<u>27,835,364</u>	<u>27,443,869</u>	<u>391,495</u>	<u>1.4%</u>
Payable from restricted assets:				
Utility deposits	7,659,426	9,078,180	(1,418,754)	(15.6%)
Accounts payable and accrued liabilities	5,541,337	8,342,554	(2,801,217)	(33.6%)
Utility system revenue bonds - current	22,105,000	27,885,000	(5,780,000)	(20.7%)
Accrued interest payable	33,262,622	29,455,293	3,807,329	12.9%
Other liabilities and regulatory liabilities	99,542	11,596	87,946	758.4%
Total payable from restricted assets	<u>68,667,927</u>	<u>74,772,623</u>	<u>(6,104,696)</u>	<u>(8.2%)</u>
Long-term debt:				
Utility system revenue bonds	1,665,165,000	1,506,455,000	158,710,000	10.5%
Commercial paper notes	-	93,000,000	(93,000,000)	(100.0%)
Unamortized bond premium/discount	102,411,008	83,758,385	18,652,623	22.3%
Fair value of derivative instruments	81,099,411	38,765,287	42,334,124	109.2%
Total long-term debt	<u>1,848,675,419</u>	<u>1,721,978,672</u>	<u>126,696,747</u>	<u>7.4%</u>
Noncurrent liabilities:				
Reserve for insurance claims	3,337,000	3,337,000	-	0.0%
Reserve for environmental liability	841,000	519,000	322,000	62.0%
Net pension liability	99,566,813	71,178,444	28,388,369	39.9%
Other noncurrent liabilities and regulatory liabilities	10,078,293	1,797,744	8,280,549	460.6%
Total noncurrent liabilities	<u>113,823,106</u>	<u>76,832,188</u>	<u>36,990,918</u>	<u>48.1%</u>
Total liabilities	<u>2,059,001,816</u>	<u>1,901,027,352</u>	<u>157,974,464</u>	<u>8.3%</u>
Deferred inflows of resources:				
Rate stabilization	53,574,388	58,529,252	(4,954,864)	(8.5%)
General Employees' Pension plan costs	1,737,966	20,005,353	(18,267,387)	(91.3%)
Other post-employment benefits plan	-	187,818	(187,818)	(100.0%)
Total deferred inflows of resources	<u>55,312,354</u>	<u>78,722,423</u>	<u>(23,410,069)</u>	<u>(29.7%)</u>
Net position				
Net investment in capital assets	241,821,913	270,950,422	(29,128,509)	(10.8%)
Restricted	53,894,035	44,519,655	9,374,380	21.1%
Unrestricted	127,683,332	116,740,012	10,943,320	9.4%
Total net position	<u>423,399,280</u>	<u>432,210,089</u>	<u>(8,810,809)</u>	<u>(2.1%)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,537,713,450</u>	<u>\$ 2,411,959,864</u>	<u>\$ 125,753,586</u>	<u>5.2%</u>

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Years Ended September 30, 2019 and 2018

	<u>September 30, 2019</u>	Restated <u>September 30, 2018</u>
Operating revenues:		
Sales and service charges	\$ 384,777,714	\$ 383,202,896
Transfers from (to) rate stabilization	4,954,864	3,839,787
Amounts to be recovered from future revenue	18,071,378	16,540,399
Other operating revenue	8,888,944	12,062,184
Total operating revenues	<u>416,692,900</u>	<u>415,645,266</u>
Operating expenses:		
Operation and maintenance	203,155,987	210,340,751
Administrative and general	29,406,672	24,515,688
Depreciation and amortization	97,336,684	94,080,133
Total operating expenses	<u>329,899,343</u>	<u>328,936,572</u>
Operating income	<u>86,793,557</u>	<u>86,708,694</u>
Non-operating income (expense):		
Interest income	4,774,240	2,986,003
Interest expense, net of AFUDC	(62,247,527)	(58,034,716)
Other interest related income, BABs	5,211,950	5,259,227
Other expense	(9,029,009)	(6,016,654)
Total non-operating income (expense)	<u>(61,290,346)</u>	<u>(55,806,140)</u>
Income before capital contributions and transfer	<u>25,503,211</u>	<u>30,902,554</u>
Capital contributions:		
Contributions from third parties	4,154,415	1,313,407
Reduction of plant costs recovered through contributions	(183,434)	(123,165)
Net capital contributions	<u>3,970,981</u>	<u>1,190,242</u>
Transfer to City of Gainesville General Fund	<u>(38,285,001)</u>	<u>(36,379,080)</u>
Change in net position	<u>(8,810,809)</u>	<u>(4,286,284)</u>
Net position - beginning of year	432,210,089	436,496,373
Net position - end of period	<u>\$ 423,399,280</u>	<u>\$ 432,210,089</u>

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2019 and 2018

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Revenues:				
Electric system:				
Sales of electricity	\$ 183,010,003	\$ 166,988,085	\$ 16,021,918	9.6
Fuel adjustment	86,839,936	99,281,397	(12,441,461)	(12.5)
Sales for resale	4,774,197	6,041,922	(1,267,725)	(21.0)
Transfer from/(to) rate stabilization	1,175,150	7,206,070	(6,030,920)	(83.7)
Other revenue	1,942,310	5,062,778	(3,120,468)	(61.6)
Other income	6,455,279	3,797,011	2,658,268	70.0
Build America Bonds	2,873,052	2,903,975	(30,923)	(1.1)
Total electric system revenues	287,069,927	291,281,238	(4,211,311)	(1.4)
Water system:				
Sales of water	35,135,406	34,665,428	469,978	1.4
Transfer from/(to) rate stabilization	(1,434,068)	(437,706)	(996,362)	(227.6)
Other revenue	1,783,599	1,911,099	(127,500)	(6.7)
Other income	503,016	397,622	105,394	26.5
Build America Bonds	811,634	817,966	(6,332)	(0.8)
Total water system revenues	36,799,587	37,354,409	(554,822)	(1.5)
Wastewater system:				
Sales of wastewater	40,278,404	40,785,747	(507,343)	(1.2)
Transfer from/(to) rate stabilization	(2,165,512)	1,097,355	(3,262,867)	(297.3)
Other revenue	3,812,266	3,436,618	375,648	10.9
Other income	424,708	446,572	(21,864)	(4.9)
Build America Bonds	925,348	929,061	(3,713)	(0.4)
Total wastewater system revenues	43,275,214	46,695,353	(3,420,139)	(7.3)
Gas system:				
Sales of gas	15,358,452	16,235,282	(876,830)	(5.4)
Purchased gas adjustment	8,169,312	7,842,044	327,268	4.2
Transfer from/(to) rate stabilization	6,907,847	(3,887,772)	10,795,619	277.7
Other revenue	(76,221)	367,576	(443,797)	(120.7)
Other income	434,367	424,197	10,170	2.4
Build America Bonds	601,916	608,225	(6,309)	(1.0)
Total gas system revenues	31,395,673	21,589,552	9,806,121	45.4
Telecommunications system:				
Sales of services	11,198,871	11,362,989	(164,118)	(1.4)
Transfer from/(to) rate stabilization	471,447	(138,160)	609,607	441.2
Other revenue	(205,414)	14,536	(219,950)	(1,513.1)
Other income	197,688	239,097	(41,409)	(17.3)
Total telecommunications system revenues	11,662,592	11,478,462	184,130	1.6
Total revenues	410,202,993	408,399,014	1,803,979	0.4

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2019 and 2018
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	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expenses	86,839,936	99,281,397	(12,441,461)	(12.5)
Operation and maintenance	69,352,192	65,969,401	3,382,791	5.1
Administrative and general	22,508,085	17,996,858	4,511,227	25.1
Total Electric System Expenses	178,700,213	183,247,656	(4,547,443)	(2.5)
Water system:				
Operation and maintenance	12,712,054	11,627,273	1,084,781	9.3
Administrative and general	5,032,544	5,101,853	(69,309)	(1.4)
Total Water System Expenses	17,744,598	16,729,126	1,015,472	6.1
Wastewater system:				
Operation and maintenance	15,732,430	15,650,012	82,418	0.5
Administrative and general	4,803,929	5,103,428	(299,499)	(5.9)
Total Wastewater System Expenses	20,536,359	20,753,440	(217,081)	(1.0)
Gas system:				
Fuel expense and purchased gas	8,169,312	7,842,044	327,268	4.2
Operation and maintenance	4,019,515	3,082,310	937,205	30.4
Administrative and general	2,978,438	2,378,776	599,662	25.2
Total Gas System Expenses	15,167,265	13,303,130	1,864,135	14.0
Telecommunications system:				
Operation and maintenance	6,307,390	5,669,793	637,597	11.2
Administrative and general	1,082,086	1,100,900	(18,814)	(1.7)
Total Telecommunications System Expenses	7,389,476	6,770,693	618,783	9.1
TOTAL EXPENSES	239,537,911	240,804,045	(1,266,134)	(0.01)
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	108,369,714	108,033,582	336,132	0.3
Total water system	19,054,989	20,625,283	(1,570,294)	(7.6)
Total wastewater system	22,738,855	25,941,913	(3,203,058)	(12.3)
Total gas system	16,228,408	8,286,422	7,941,986	95.8
Total telecommunications system	4,273,116	4,707,769	(434,653)	(9.2)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	170,665,082	167,594,969	3,070,113	1.8
LESS:				
Debt service	91,095,672	90,095,336	1,000,336	1.1
Debt service - UPIF	-	(5,000,000)	5,000,000	100.0
UPIF contributions	41,284,409	46,120,553	(4,836,144)	(10.5)
Transfer to City of Gainesville General Fund	38,285,001	36,379,080	1,905,921	5.2
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

Gainesville Regional Utilities
Electric Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2019 and 2018

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 72,753,116	\$ 64,742,786	\$ 8,010,330	12.4
Non-residential	86,272,732	79,577,373	6,695,359	8.4
Fuel adjustment	86,839,936	99,281,397	(12,441,461)	(12.5)
Sales for resale	4,774,197	6,041,922	(1,267,725)	(21.0)
Utility surcharge	4,466,504	3,641,223	825,281	22.7
Other electric sales	19,517,651	19,026,703	490,948	2.6
Total Sales of Electricity	274,624,136	272,311,404	2,312,732	0.8
Transfer from/(to) rate stabilization	1,175,150	7,206,070	(6,030,920)	(83.7)
Other revenue	1,942,310	5,062,778	(3,120,468)	(61.6)
Other income	6,455,279	3,797,011	2,658,268	70.0
Build America Bonds	2,873,052	2,903,975	(30,923)	(1.1)
Total Revenues	287,069,927	291,281,238	(4,211,311)	(1.4)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses	86,839,936	99,281,397	(12,441,461)	(12.5)
Power production	45,716,984	45,575,265	141,719	0.3
Transmission and distribution	23,635,208	20,394,136	3,241,072	15.9
Interchange	-	-	-	-
Administrative and general	22,508,085	17,996,858	4,511,227	25.1
Total Operation, Maintenance and Administrative Expenses	178,700,213	183,247,656	(4,547,443)	(2.5)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	108,369,714	108,033,582	336,132	0.3
LESS:				
Debt service	69,583,183	66,107,727	3,475,456	5.3
Debt service - UPIF	-	(5,000,000)	5,000,000	100.0
UPIF contributions	22,870,663	25,498,577	(2,627,914)	(10.3)
Transfer to City of Gainesville General Fund	15,915,868	21,427,278	(5,511,410)	(25.7)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

Gainesville Regional Utilities
Water Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2019 and 2018

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 21,370,730	\$ 21,121,920	\$ 248,810	1.2
Non-residential	11,173,770	11,044,930	128,840	1.2
Utility surcharge	2,590,906	2,498,578	92,328	3.7
Total Sales of Water	35,135,406	34,665,428	469,978	1.4
Transfer from/(to) rate stabilization	(1,434,068)	(437,706)	(996,362)	(227.6)
Other revenue	1,783,599	1,911,099	(127,500)	(6.7)
Other income	503,016	397,622	105,394	26.5
Build America Bonds	811,634	817,966	(6,332)	(0.8)
Total Revenues	36,799,587	37,354,409	(554,822)	(1.5)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Transmission and distribution	4,369,766	4,279,991	89,775	2.1
Treatment	8,342,288	7,347,282	995,006	13.5
Administrative and general	5,032,544	5,101,853	(69,309)	(1.4)
Total Operation, Maintenance and Administrative Expenses	17,744,598	16,729,126	1,015,472	6.1
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	19,054,989	20,625,283	(1,570,294)	(7.6)
LESS:				
Debt service	6,904,026	7,318,225	(414,199)	(5.7)
UPIF contributions	6,794,891	7,468,215	(673,324)	(9.0)
Transfer to City of Gainesville General Fund	5,356,072	5,838,843	(482,771)	(8.3)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

Gainesville Regional Utilities
Wastewater Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2019 and 2018

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 26,493,074	\$ 26,961,181	\$ (468,107)	(1.7)
Non-residential	10,898,265	10,936,712	(38,447)	(0.4)
Utility surcharge	2,887,065	2,887,854	(789)	(0.0)
Total Sales of Services	<u>40,278,404</u>	<u>40,785,747</u>	<u>(507,343)</u>	<u>(1.2)</u>
Transfer from/(to) rate stabilization	(2,165,512)	1,097,355	(3,262,867)	(297.3)
Other revenue	3,812,266	3,436,618	375,648	10.9
Other income	424,708	446,572	(21,864)	(4.9)
Build America Bonds	925,348	929,061	(3,713)	(0.4)
Total Revenues	<u>43,275,214</u>	<u>46,695,353</u>	<u>(3,420,139)</u>	<u>(7.3)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	7,812,563	8,501,302	(688,739)	(8.1)
Treatment	7,919,867	7,148,710	771,157	10.8
Administrative and general	4,803,929	5,103,428	(299,499)	(5.9)
Total Operation, Maintenance and Administrative Expenses	<u>20,536,359</u>	<u>20,753,440</u>	<u>(217,081)</u>	<u>(1.0)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>22,738,855</u>	<u>25,941,913</u>	<u>(3,203,058)</u>	<u>(12.3)</u>
LESS:				
Debt service	8,079,167	8,756,861	(677,694)	(7.7)
UPIF contributions	8,799,016	9,836,478	(1,037,462)	(10.5)
Transfer to City of Gainesville General Fund	5,860,672	7,348,574	(1,487,902)	(20.2)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Gainesville Regional Utilities
Gas Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2019 and 2018

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 8,124,802	\$ 8,532,414	\$ (407,612)	(4.8)
Non-residential	5,428,619	5,782,413	(353,794)	(6.1)
Fuel adjustment	8,169,312	7,842,044	327,268	4.2
Utility surcharge	532,997	548,417	(15,420)	(2.8)
Other gas sales	1,272,034	1,372,038	(100,004)	(7.3)
Total Sales of Gas	23,527,764	24,077,326	(549,562)	(2.3)
Transfer from/(to) rate stabilization	6,907,847	(3,887,772)	10,795,619	277.7
Other revenue	(76,221)	367,576	(443,797)	(120.7)
Other income	434,367	424,197	10,170	2.4
Build America Bonds	601,916	608,225	(6,309)	(1.0)
Total Revenues	31,395,673	21,589,552	9,806,121	45.4
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel Expense - Purchased Gas	8,169,312	7,842,044	327,268	4.2
Operation and maintenance	4,019,515	3,082,310	937,205	30.4
Administrative and general	2,978,438	2,378,776	599,662	25.2
Total Operation, Maintenance and Administrative Expenses	15,167,265	13,303,130	1,864,135	14.0
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	16,228,408	8,286,422	7,941,986	95.8
LESS:				
Debt service	3,902,061	4,025,315	(123,254)	(3.1)
UPIF contributions	2,360,793	2,878,702	(517,909)	(18.0)
Transfer to City of Gainesville General Fund	9,965,554	1,382,405	8,583,149	620.9
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

Gainesville Regional Utilities
Telecommunications System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2019 and 2018

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Telecommunications	\$ 7,737,841	\$ 7,734,382	\$ 3,459	0.0
Trunking radio	1,672,251	1,759,037	(86,786)	(4.9)
Tower leasing	1,788,779	1,820,064	(31,285)	(1.7)
Other sales	-	49,506	(49,506)	(100.0)
Total Sales of Services	<u>11,198,871</u>	<u>11,362,989</u>	<u>(164,118)</u>	<u>(1.4)</u>
Transfer from/(to) rate stabilization	471,447	(138,160)	609,607	441.2
Other revenue	(205,414)	14,536	(219,950)	(1,513.1)
Other income	197,688	239,097	(41,409)	(17.3)
Total Revenues	<u>11,662,592</u>	<u>11,478,462</u>	<u>184,130</u>	<u>1.6</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	6,307,390	5,669,793	637,597	11.2
Administrative and general	1,082,086	1,100,900	(18,814)	(1.7)
Total Operation, Maintenance and Administrative Expenses	<u>7,389,476</u>	<u>6,770,693</u>	<u>618,783</u>	<u>9.1</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>4,273,116</u>	<u>4,707,769</u>	<u>(434,653)</u>	<u>(9.2)</u>
LESS:				
Debt service	2,627,235	3,887,208	(1,259,973)	(32.4)
UPIF contributions	459,046	438,581	20,465	4.7
Transfer to City of Gainesville General Fund	1,186,835	381,980	804,855	210.7
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Year Ended September 30, 2019

	<u>Actual</u>
Fuel Revenues	\$ 86,306,236
Fuel Expenses	86,839,936
To (From) Fuel Adjustment Levelization	<u>\$ (533,701)</u>
Fuel Adjustment Beginning Balance	\$ (2,310,115)
To (From) Fuel Adjustment Levelization	(533,701)
Fuel Adjustment Ending Balance	<u>\$ (2,843,816)</u>

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Year Ended September 30, 2019

	<u>Actual</u>
Purchased Gas Revenues	\$ 8,192,359
Purchased Gas Expenses	<u>8,169,312</u>
To (From) PGA Levelization	<u>\$ 23,047</u>
PGA Beginning Balance	\$ (66,826)
To (From) PGA Levelization	<u>23,047</u>
PGA Ending Balance	<u>\$ (43,779)</u>