

Gainesville Regional Utilities

Preliminary Budget to Actual Comparison

For the Year Ended September 30, 2021

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**Gainesville Regional Utilities
Preliminary Budget to Actual Comparison
For the Year Ended September 30, 2021**

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Overview and Basis of Accounting

Gainesville Regional Utilities

Preliminary Budget to Actual Comparison

For the Year Ended September 30, 2021

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 this analysis of the budget to actual activities of GRU for the year ended September 30, 2021.

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.

Gainesville Regional Utilities
Combined Systems
Preliminary Budget to Actual Comparison
For the Year Ended September 30, 2021

	Revised Budget	Actual	Actual Over/<Under> Budget	% Variance
REVENUES:				
Electric system:				
Sales of electricity	\$ 194,491,491	\$ 191,043,921	\$ (3,447,570)	(1.8)
Fuel adjustment	82,800,178	89,457,238	6,657,060	8.0
Sales for resale	2,552,526	6,088,836	3,536,310	138.5
Transfer from (to) rate stabilization	(3,342,046)	(8,233,617)	(4,891,571)	146.4
Other revenue	6,312,471	6,080,230	(232,241)	(3.7)
Other income	470,199	4,603,738	4,133,539	879.1
Build America Bonds	2,787,760	2,807,604	19,844	0.7
Total electric system revenues	286,072,579	291,847,950	5,775,371	2.0
Water system:				
Sales of water	35,229,555	34,820,375	(409,180)	(1.2)
Transfer from (to) rate stabilization	(1,092,244)	(3,158,111)	(2,065,867)	189.1
Other revenue	2,858,024	2,511,390	(346,634)	(12.1)
Other income	170,464	334,672	164,208	96.3
Build America Bonds	792,800	798,424	5,624	0.7
Total water system revenues	37,958,599	35,306,750	(2,651,849)	(7.0)
Wastewater system:				
Sales of services	40,884,297	40,266,776	(617,521)	(1.5)
Transfer from (to) rate stabilization	2,014,111	128,930	(1,885,181)	(93.6)
Other revenue	3,647,502	3,270,921	(376,581)	(10.3)
Other income	178,638	491,645	313,007	175.2
Build America Bonds	911,547	917,984	6,437	0.7
Total wastewater system revenues	47,636,095	45,076,256	(2,559,839)	(5.4)
Gas system:				
Sales of gas	15,615,396	16,324,864	709,468	4.5
Fuel adjustment	7,024,802	9,231,089	2,206,287	31.4
Transfer from (to) rate stabilization	(149,521)	(869,062)	(719,541)	481.2
Other revenue	678,061	605,575	(72,486)	(10.7)
Other income	93,445	208,934	115,489	123.6
Build America Bonds	584,419	588,577	4,158	0.7
Total gas system revenues	23,846,602	26,089,977	2,243,375	9.4
Telecommunications system:				
Sales of services	12,406,808	11,483,392	(923,416)	(7.4)
Transfer from (to) rate stabilization	1,693,631	2,152,992	459,361	27.1
Other revenue	35,000	84,077	49,077	140.2
Other income	5,419	92,008	86,589	1,597.9
Total telecommunications system revenues	14,140,858	13,812,469	(328,389)	(2.3)
TOTAL REVENUES	409,654,733	412,133,402	2,478,669	0.6

Gainesville Regional Utilities
Combined Systems
Preliminary Budget to Actual Comparison
For the Year Ended September 30, 2021

	Revised Budget	Actual	Actual Over/<Under> Budget	% Variance
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expenses	82,800,178	89,457,238	6,657,060	8.0
Operation and maintenance	63,210,631	63,874,541	663,910	1.1
Administrative and general	22,490,760	20,771,553	(1,719,207)	(7.6)
Total Electric System Expenses	168,501,569	174,103,332	5,601,763	3.3
Water system:				
Operation and maintenance	12,029,567	10,520,564	(1,509,003)	(12.5)
Administrative and general	5,943,568	4,863,249	(1,080,319)	(18.2)
Total Water System Expenses	17,973,135	15,383,813	(2,589,322)	(14.4)
Wastewater system:				
Operation and maintenance	15,199,069	14,928,798	(270,271)	(1.8)
Administrative and general	7,324,233	4,910,974	(2,413,259)	(32.9)
Total Wastewater System Expenses	22,523,302	19,839,772	(2,683,530)	(11.9)
Gas system:				
Fuel expense and purchased gas	7,024,802	9,231,089	2,206,287	31.4
Operation and maintenance	2,743,197	2,533,360	(209,837)	(7.6)
Administrative and general	2,277,303	2,584,076	306,773	13.5
Total Gas System Expenses	12,045,302	14,348,525	2,303,223	19.1
Telecommunications system:				
Operation and maintenance	9,152,597	8,536,175	(616,422)	(6.7)
Administrative and general	437,442	970,812	533,370	121.9
Total Telecommunications System Expenses	9,590,039	9,506,987	(83,052)	(0.9)
TOTAL EXPENSES	230,633,347	233,182,429	2,549,082	1.1
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	117,571,010	117,744,618	173,608	0.1
Total water system	19,985,464	19,922,937	(62,527)	(0.3)
Total wastewater system	25,112,793	25,236,484	123,691	0.5
Total gas system	11,801,300	11,741,452	(59,848)	(0.5)
Total telecommunications system	4,550,819	4,305,482	(245,337)	(5.4)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	179,021,386	178,950,973	(70,413)	(0.0)
LESS:				
Debt service	92,382,912	92,312,499	(70,413)	(0.1)
UPIF contributions	43,675,766	43,675,766	-	-
Transfer to City of Gainesville General Fund	38,285,000	38,285,000	-	-
Transfer to Debt Defeasance	4,677,708	4,677,708	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

Gainesville Regional Utilities
Electric System
Preliminary Budget to Actual Comparison
For the Year Ended September 30, 2021

	Revised Budget	Actual	Actual Over/<Under> Budget	% Variance
REVENUES:				
Residential	\$ 77,938,968	\$ 78,071,406	\$ 132,438	0.2
Non-residential	92,535,603	88,271,343	(4,264,260)	(4.6)
Fuel adjustment	82,800,178	89,457,238	6,657,060	8.0
Sales for resale	2,552,526	6,088,836	3,536,310	138.5
Utility surcharge	4,480,751	4,463,601	(17,150)	(0.4)
Other electric sales	19,536,169	20,237,571	701,402	3.6
Total Sales of Electricity	279,844,195	286,589,995	6,745,800	2.4
Transfer from (to) rate stabilization	(3,342,046)	(8,233,617)	(4,891,571)	146.4
Other revenue	6,312,471	6,080,230	(232,241)	(3.7)
Other income	470,199	4,603,738	4,133,539	879.1
Build America Bonds	2,787,760	2,807,604	19,844	0.7
Total Revenues	286,072,579	291,847,950	5,775,371	2.0
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses	82,800,178	89,457,238	6,657,060	8.0
Power production	44,919,359	43,472,629	(1,446,730)	(3.2)
Transmission and distribution	18,291,272	20,401,912	2,110,640	11.5
Administrative and general	22,490,760	20,771,553	(1,719,207)	(7.6)
Total Operation, Maintenance and Administrative Expenses	168,501,569	174,103,332	5,601,763	3.3
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	117,571,010	117,744,618	173,608	0.1
LESS:				
Debt service	68,197,740	68,371,348	173,608	0.3
UPIF contributions	23,383,465	23,383,465	-	-
Transfer to City of Gainesville General Fund	22,415,868	22,415,868	-	-
Transfer to Debt Defeasance	3,573,937	3,573,937	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

Gainesville Regional Utilities
Water System
Preliminary Budget to Actual Comparison
For the Year Ended September 30, 2021

	Revised Budget	Actual	Actual Over/<Under> Budget	% Variance
REVENUES:				
Residential	\$ 21,755,475	\$ 21,457,859	\$ (297,616)	(1.4)
Non-residential	10,925,694	10,786,853	(138,841)	(1.3)
Utility surcharge	2,548,386	2,575,663	27,277	1.1
Total Sales of Water	35,229,555	34,820,375	(409,180)	(1.2)
Transfer from (to) rate stabilization	(1,092,244)	(3,158,111)	(2,065,867)	189.1
Other revenue	2,858,024	2,511,390	(346,634)	(12.1)
Other income	170,464	334,672	164,208	96.3
Build America Bonds	792,800	798,424	5,624	0.7
Total Revenues	37,958,599	35,306,750	(2,651,849)	(7.0)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Transmission and distribution	3,726,724	3,232,503	(494,221)	(13.3)
Treatment	8,302,843	7,288,061	(1,014,782)	(12.2)
Administrative and general	5,943,568	4,863,249	(1,080,319)	(18.2)
Total Operation, Maintenance and Administrative Expenses	17,973,135	15,383,813	(2,589,322)	(14.4)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	19,985,464	19,922,937	(62,527)	(0.3)
LESS:				
Debt service	7,733,904	7,671,377	(62,527)	(0.8)
UPIF contributions	6,515,350	6,515,350	-	-
Transfer to City of Gainesville General Fund	5,356,071	5,356,071	-	-
Transfer to Debt Defeasance	380,139	380,139	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

**Gainesville Regional Utilities
Wastewater System
Preliminary Budget to Actual Comparison
For the Year Ended September 30, 2021**

	Revised Budget	Actual	Actual Over/<Under> Budget	% Variance
REVENUES:				
Residential	\$ 27,131,166	\$ 27,128,588	\$ (2,578)	(0.0)
Non-residential	10,840,675	10,194,663	(646,012)	(6.0)
Utility surcharge	2,912,456	2,943,525	31,069	1.1
Total Sales of Services	40,884,297	40,266,776	(617,521)	(1.5)
Transfer from (to) rate stabilization	2,014,111	128,930	(1,885,181)	(93.6)
Other revenue	3,647,502	3,270,921	(376,581)	(10.3)
Other income	178,638	491,645	313,007	175.2
Build America Bonds	911,547	917,984	6,437	0.7
Total Revenues	47,636,095	45,076,256	(2,559,839)	(5.4)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	4,804,556	5,729,731	925,175	19.3
Treatment	10,394,513	9,199,067	(1,195,446)	(11.5)
Administrative and general	7,324,233	4,910,974	(2,413,259)	(32.9)
Total Operation, Maintenance and Administrative Expenses	22,523,302	19,839,772	(2,683,530)	(11.9)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	25,112,793	25,236,484	123,691	0.5
LESS:				
Debt service	9,768,646	9,892,337	123,691	1.3
UPIF contributions	8,040,610	8,040,610	-	-
Transfer to City of Gainesville General Fund	6,860,672	6,860,672	-	-
Transfer to Debt Defeasance	442,865	442,865	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

Gainesville Regional Utilities
Gas System
Preliminary Budget to Actual Comparison
For the Year Ended September 30, 2021

	Revised Budget	Actual	Actual Over/<Under> Budget	% Variance
REVENUES:				
Residential	\$ 8,587,711	\$ 8,703,175	\$ 115,464	1.3
Non-residential	5,244,159	5,674,639	430,480	8.2
Fuel adjustment	7,024,802	9,231,089	2,206,287	31.4
Utility surcharge	563,302	589,323	26,021	4.6
Other gas sales	1,220,224	1,357,727	137,503	11.3
Total Sales of Gas	22,640,198	25,555,953	2,915,755	12.9
Transfer from (to) rate stabilization	(149,521)	(869,062)	(719,541)	481.2
Other revenue	678,061	605,575	(72,486)	(10.7)
Other income	93,445	208,934	115,489	123.6
Build America Bonds	584,419	588,577	4,158	0.7
Total Revenues	23,846,602	26,089,977	2,243,375	9.4
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expense - purchased gas	7,024,802	9,231,089	2,206,287	31.4
Operation and maintenance	2,743,197	2,533,360	(209,837)	(7.6)
Administrative and general	2,277,303	2,584,076	306,773	13.5
Total Operation, Maintenance and Administrative Expenses	12,045,302	14,348,525	2,303,223	19.1
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	11,801,300	11,741,452	(59,848)	(0.5)
LESS:				
Debt service	4,527,808	4,467,960	(59,848)	(1.3)
UPIF contributions	4,659,189	4,659,189	-	-
Transfer to City of Gainesville General Fund	2,465,554	2,465,554	-	-
Transfer to Debt Defeasance	148,749	148,749	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

**Gainesville Regional Utilities
Telecommunications System
Preliminary Budget to Actual Comparison
For the Year Ended September 30, 2021**

	Revised Budget	Actual	Actual Over/<Under> Budget	% Variance
REVENUES:				
Telecommunications	\$ 7,558,941	\$ 7,328,015	\$ (230,926)	(3.1)
Trunking radio	2,969,886	2,708,633	(261,253)	(8.8)
Tower leasing	1,877,981	1,446,744	(431,237)	(23.0)
Total Sales of Services	12,406,808	11,483,392	(923,416)	(7.4)
Transfer from (to) rate stabilization *	1,693,631	2,152,992	459,361	27.1
Other revenue	35,000	84,077	49,077	140.2
Other income	5,419	92,008	86,589	1,597.9
Total Revenues	14,140,858	13,812,469	(328,389)	(2.3)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	9,152,597	8,536,175	(616,422)	(6.7)
Administrative and general	437,442	970,812	533,370	121.9
Total Operation, Maintenance and Administrative Expenses	9,590,039	9,506,987	(83,052)	(0.9)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	4,550,819	4,305,482	(245,337)	(5.4)
LESS:				
Debt service	2,154,814	1,909,477	(245,337)	(11.4)
UPIF contributions	1,077,152	1,077,152	-	-
Transfer to City of Gainesville General Fund	1,186,835	1,186,835	-	-
Transfer to Debt Defeasance	132,018	132,018	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

* Transfer from Rate stabilization occurred as a result of the 2019 bond issue restructuring.