



## Legislation Details (With Text)

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**File created:** 1/6/2015 **In control:** City Commission  
**On agenda:** 2/5/2015 **Final action:** 2/5/2015  
**Title:** Resolution Adopting the Recording of Regulatory Assets Related to Debt Issuance Costs and Costs Recoverable in Future Years Related to the Gainesville Renewable Energy Center (GREC) Power Purchase Agreement (PPA) Accounting Treatment. (B)

A RESOLUTION OF THE CITY OF GAINESVILLE, FLORIDA, AUTHORIZING AND PROVIDING FOR THE RECORDING OF REGULATORY ASSETS RELATED TO DEBT ISSUANCE COSTS AND RECORDING OF REGULATORY ASSETS FOR COSTS RECOVERABLE IN FUTURE YEARS RELATED TO THE GAINESVILLE RENEWABLE ENERGY CENTER IN ACCORDANCE WITH GASB STATEMENT NO. 62; PROVIDING OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

**Sponsors:**

**Indexes:**

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**Attachments:** 1. 140638 Resolution and Policy Mods Regulatory Items 20150205, 2. 140638 GRU Lease Accounting PPA Baker Tilley 20150205, 3. 140638\_resolution\_20150205.pdf

Date	Ver.	Action By	Action	Result
2/5/2015	1	City Commission	Adopted (Resolution)	Pass

### **Resolution Adopting the Recording of Regulatory Assets Related to Debt Issuance Costs and Costs Recoverable in Future Years Related to the Gainesville Renewable Energy Center (GREC) Power Purchase Agreement (PPA) Accounting Treatment. (B)**

**A RESOLUTION OF THE CITY OF GAINESVILLE, FLORIDA, AUTHORIZING AND PROVIDING FOR THE RECORDING OF REGULATORY ASSETS RELATED TO DEBT ISSUANCE COSTS AND RECORDING OF REGULATORY ASSETS FOR COSTS RECOVERABLE IN FUTURE YEARS RELATED TO THE GAINESVILLE RENEWABLE ENERGY CENTER IN ACCORDANCE WITH GASB STATEMENT NO. 62; PROVIDING OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.**

GRU had bond issuance costs recorded as assets which were amortized over the life of the applicable bonds prior to fiscal year 2014. GRU is required to follow accounting standards issued by the Governmental Accounting Standards Board (GASB). For fiscal year 2014, GRU adopted the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement requires the expensing of debt issuance costs unless regulatory treatment is elected. This resolution approves regulatory treatment of these costs which existed as of September 30, 2013 as well as regulatory treatment of debt issuance costs incurred in future bond issuances.

GRU has adopted capital lease treatment for the GREC PPA. In accordance with GASB 62, paragraphs 476-500, Regulated Operations, GRU has elected to record costs recoverable in future years in relation to the capital lease treatment of the GREC PPA as a regulatory asset to be recovered from customers over the life of the PPA.

The adoption of debt issuance costs as a regulatory asset will allow expensing of those assets over the lives of the bonds which is consistent with current accounting treatment. The adoption of capital lease activity as a regulatory asset will allow for net deferred costs attributable to the PPA to be recovered over the life of the PPA.

Adoption of the resolution will result in GRU's continued compliance with accounting standards.

There is no fiscal impact from the adoption of this accounting treatment.

The City Commission adopt the proposed resolution.