



Legislation Text

File #: 190917., **Version:** 1

Recording of Regulatory Assets (NB)

Gainesville Regional Utilities prepares its financial statements in accordance with Governmental Accounting Standards Board Statement No. 62, paragraphs 476-500 *Regulated Operations*, and records various regulatory assets and liabilities. This allows us, contingent upon legislative approval of recording the regulatory asset, to align revenues and expenses where appropriate for rate recovery.

In this regard we are requesting that the City Commission approve the recording of a regulatory asset in conjunction with the accounting for the DHR facility. This asset is being depreciated on a straight-line basis, or an equal amount each year over the life of the asset. The principal payments on the debt issued to acquire the asset are graduated, increasing over time in the early years of the amortization schedule. This results in a difference between depreciation expense and principal payments with the expense exceeding the principal payments in the early years. Utilizing regulatory accounting will recognize a revenue on the income statement in the amount of the difference between depreciation and principal payments with a corresponding regulatory asset on the balance sheet.

There is no cash flow impact associated with this item.

The City Commission approve utilizing regulatory accounting associated with recording depreciation expense of the DHR facility.