

# **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 annual comprehensive 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**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Actual Over/&lt;Under&gt; Budget</u>	<u>% Variance</u>
<b>REVENUES:</b>				
Electric system:				
Sales of electricity	\$ 194,491,491	\$ 191,604,968	\$ (2,886,523)	(1.5)
Fuel adjustment	82,800,178	89,150,789	6,350,611	7.7
Sales for resale	2,552,526	6,088,836	3,536,310	138.5
Transfer from (to) rate stabilization	(3,342,046)	(8,132,539)	(4,790,493)	143.3
Other revenue	6,312,471	6,063,878	(248,593)	(3.9)
Other income	470,199	3,972,407	3,502,208	744.8
Build America Bonds	2,787,760	2,807,604	19,844	0.7
<b>Total electric system revenues</b>	<b>286,072,579</b>	<b>291,555,943</b>	<b>5,483,364</b>	<b>1.9</b>
Water system:				
Sales of water	35,229,555	34,873,633	(355,922)	(1.0)
Transfer from (to) rate stabilization	(1,092,244)	(3,102,023)	(2,009,779)	184.0
Other revenue	2,858,024	2,413,942	(444,082)	(15.5)
Other income	170,464	335,066	164,602	96.6
Build America Bonds	792,800	798,424	5,624	0.7
<b>Total water system revenues</b>	<b>37,958,599</b>	<b>35,319,042</b>	<b>(2,639,557)</b>	<b>(7.0)</b>
Wastewater system:				
Sales of services	40,884,297	40,462,982	(421,315)	(1.0)
Transfer from (to) rate stabilization	2,014,111	(108,463)	(2,122,574)	(105.4)
Other revenue	3,647,502	3,181,320	(466,182)	(12.8)
Other income	178,638	492,121	313,483	175.5
Build America Bonds	911,547	917,984	6,437	0.7
<b>Total wastewater system revenues</b>	<b>47,636,095</b>	<b>44,945,944</b>	<b>(2,690,151)</b>	<b>(5.6)</b>
Gas system:				
Sales of gas	15,615,396	16,321,566	706,170	4.5
Purchased gas adjustment	7,024,802	9,225,895	2,201,093	31.3
Transfer from (to) rate stabilization	(149,521)	(603,339)	(453,818)	303.5
Other revenue	678,061	561,447	(116,614)	(17.2)
Other income	93,445	209,094	115,649	123.8
Build America Bonds	584,419	588,578	4,159	0.7
<b>Total gas system revenues</b>	<b>23,846,602</b>	<b>26,303,241</b>	<b>2,456,639</b>	<b>10.3</b>
Telecommunications system:				
Sales of services	12,406,808	11,483,392	(923,416)	(7.4)
Transfer from (to) rate stabilization	1,693,631	2,287,858	594,227	35.1
Other revenue	35,000	82,844	47,844	136.7
Other income	5,419	92,145	86,726	1,600.4
<b>Total telecommunications system revenues</b>	<b>14,140,858</b>	<b>13,946,239</b>	<b>(194,619)</b>	<b>(1.4)</b>
<b>TOTAL REVENUES</b>	<b>409,654,733</b>	<b>412,070,409</b>	<b>2,415,676</b>	<b>0.6</b>

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

	<u>Revised Budget</u>	<u>Actual</u>	<u>Actual Over/&lt;Under&gt; Budget</u>	<u>% Variance</u>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Electric system:				
Fuel expenses	82,800,178	89,150,789	6,350,611	7.7
Operation and maintenance	63,210,631	64,261,258	1,050,627	1.7
Administrative and general	22,490,760	19,452,758	(3,038,002)	(13.5)
<b>Total Electric System Expenses</b>	<u>168,501,569</u>	<u>172,864,805</u>	<u>4,363,236</u>	<u>2.6</u>
Water system:				
Operation and maintenance	12,029,567	10,590,625	(1,438,942)	(12.0)
Administrative and general	5,943,568	4,622,440	(1,321,128)	(22.2)
<b>Total Water System Expenses</b>	<u>17,973,135</u>	<u>15,213,065</u>	<u>(2,760,070)</u>	<u>(15.4)</u>
Wastewater system:				
Operation and maintenance	15,199,069	14,992,919	(206,150)	(1.4)
Administrative and general	7,324,233	4,501,501	(2,822,732)	(38.5)
<b>Total Wastewater System Expenses</b>	<u>22,523,302</u>	<u>19,494,420</u>	<u>(3,028,882)</u>	<u>(13.4)</u>
Gas system:				
Fuel expense - purchased gas	7,024,802	9,225,895	2,201,093	31.3
Operation and maintenance	2,743,197	2,561,881	(181,316)	(6.6)
Administrative and general	2,277,303	2,695,453	418,150	18.4
<b>Total Gas System Expenses</b>	<u>12,045,302</u>	<u>14,483,229</u>	<u>2,437,927</u>	<u>20.2</u>
Telecommunications system:				
Operation and maintenance	9,152,597	8,627,203	(525,394)	(5.7)
Administrative and general	437,442	941,714	504,272	115.3
<b>Total Telecommunications System Expenses</b>	<u>9,590,039</u>	<u>9,568,917</u>	<u>(21,122)</u>	<u>(0.2)</u>
<b>TOTAL EXPENSES</b>	<u>230,633,347</u>	<u>231,624,436</u>	<u>991,089</u>	<u>0.4</u>
<b>NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:</b>				
Total electric system	117,571,010	118,691,138	1,120,128	1.0
Total water system	19,985,464	20,105,977	120,513	0.6
Total wastewater system	25,112,793	25,451,524	338,731	1.3
Total gas system	11,801,300	11,820,012	18,712	0.2
Total telecommunications system	4,550,819	4,377,322	(173,497)	(3.8)
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>179,021,386</u>	<u>180,445,973</u>	<u>1,424,587</u>	<u>0.8</u>
<b>LESS:</b>				
Debt service	92,382,912	92,207,499	(175,413)	(0.2)
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	6,277,708	1,600,000	34.2
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

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

	<u>Revised Budget</u>	<u>Actual</u>	<u>Actual Over/&lt;Under&gt; Budget</u>	<u>% Variance</u>
<b>REVENUES:</b>				
Residential	\$ 77,938,968	\$ 78,269,929	\$ 330,961	0.4
Non-residential	92,535,603	88,623,552	(3,912,051)	(4.2)
Fuel adjustment	82,800,178	89,150,789	6,350,611	7.7
Sales for resale	2,552,526	6,088,836	3,536,310	138.5
Utility surcharge	4,480,751	4,474,308	(6,443)	(0.1)
Other electric sales	19,536,169	20,237,179	701,010	3.6
<b>Total Sales of Electricity</b>	<b>279,844,195</b>	<b>286,844,593</b>	<b>7,000,398</b>	<b>2.5</b>
Transfer from (to) rate stabilization	(3,342,046)	(8,132,539)	(4,790,493)	143.3
Other revenue	6,312,471	6,063,878	(248,593)	(3.9)
Other income	470,199	3,972,407	3,502,208	744.8
Build America Bonds	2,787,760	2,807,604	19,844	0.7
<b>Total Revenues</b>	<b>286,072,579</b>	<b>291,555,943</b>	<b>5,483,364</b>	<b>1.9</b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Fuel expenses	82,800,178	89,150,789	6,350,611	7.7
Power production	44,919,359	43,747,457	(1,171,902)	(2.6)
Transmission and distribution	18,291,272	20,513,801	2,222,529	12.2
Administrative and general	22,490,760	19,452,758	(3,038,002)	(13.5)
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b>168,501,569</b>	<b>172,864,805</b>	<b>4,363,236</b>	<b>2.6</b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b>117,571,010</b>	<b>118,691,138</b>	<b>1,120,128</b>	<b>1.0</b>
<b>LESS:</b>				
Debt service	68,197,740	68,266,348	68,608	0.1
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	4,625,457	1,051,520	29.4
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

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

	<u>Revised Budget</u>	<u>Actual</u>	<u>Actual Over/&lt;Under&gt; Budget</u>	<u>% Variance</u>
<b>REVENUES:</b>				
Residential	\$ 21,755,475	\$ 21,496,210	\$ (259,265)	(1.2)
Non-residential	10,925,694	10,796,782	(128,912)	(1.2)
Utility surcharge	2,548,386	2,580,641	32,255	1.3
<b>Total Sales of Water</b>	<b>35,229,555</b>	<b>34,873,633</b>	<b>(355,922)</b>	<b>(1.0)</b>
Transfer from (to) rate stabilization	(1,092,244)	(3,102,023)	(2,009,779)	184.0
Other revenue	2,858,024	2,413,942	(444,082)	(15.5)
Other income	170,464	335,066	164,602	96.6
Build America Bonds	792,800	798,424	5,624	0.7
<b>Total Revenues</b>	<b>37,958,599</b>	<b>35,319,042</b>	<b>(2,639,557)</b>	<b>(7.0)</b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Transmission and distribution	3,726,724	3,249,935	(476,789)	(12.8)
Treatment	8,302,843	7,340,690	(962,153)	(11.6)
Administrative and general	5,943,568	4,622,440	(1,321,128)	(22.2)
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b>17,973,135</b>	<b>15,213,065</b>	<b>(2,760,070)</b>	<b>(15.4)</b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b>19,985,464</b>	<b>20,105,977</b>	<b>120,513</b>	<b>0.6</b>
<b>LESS:</b>				
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	563,179	183,040	48.2
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

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

	<u>Revised Budget</u>	<u>Actual</u>	<u>Actual Over/&lt;Under&gt; Budget</u>	<u>% Variance</u>
<b>REVENUES:</b>				
Residential	\$ 27,131,166	\$ 27,256,272	\$ 125,106	0.5
Non-residential	10,840,675	10,248,733	(591,942)	(5.5)
Utility surcharge	2,912,456	2,957,977	45,521	1.6
<b>Total Sales of Services</b>	<b>40,884,297</b>	<b>40,462,982</b>	<b>(421,315)</b>	<b>(1.0)</b>
Transfer from (to) rate stabilization	2,014,111	(108,463)	(2,122,574)	(105.4)
Other revenue	3,647,502	3,181,320	(466,182)	(12.8)
Other income	178,638	492,121	313,483	175.5
Build America Bonds	911,547	917,984	6,437	0.7
<b>Total Revenues</b>	<b>47,636,095</b>	<b>44,945,944</b>	<b>(2,690,151)</b>	<b>(5.6)</b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Collection	4,804,556	5,749,338	944,782	19.7
Treatment	10,394,513	9,243,581	(1,150,932)	(11.1)
Administrative and general	7,324,233	4,501,501	(2,822,732)	(38.5)
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b>22,523,302</b>	<b>19,494,420</b>	<b>(3,028,882)</b>	<b>(13.4)</b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b>25,112,793</b>	<b>25,451,524</b>	<b>338,731</b>	<b>1.3</b>
<b>LESS:</b>				
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	657,905	215,040	48.6
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

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

	<u>Revised Budget</u>	<u>Actual</u>	<u>Actual Over/&lt;Under&gt; Budget</u>	<u>% Variance</u>
<b>REVENUES:</b>				
Residential	\$ 8,587,711	\$ 8,696,592	\$ 108,881	1.3
Non-residential	5,244,159	5,677,683	433,524	8.3
Purchased gas adjustment	7,024,802	9,225,895	2,201,093	31.3
Utility surcharge	563,302	589,094	25,792	4.6
Other gas sales	1,220,224	1,358,197	137,973	11.3
<b>Total Sales of Gas</b>	<b><u>22,640,198</u></b>	<b><u>25,547,461</u></b>	<b><u>2,907,263</u></b>	<b><u>12.8</u></b>
Transfer from (to) rate stabilization	(149,521)	(603,339)	(453,818)	303.5
Other revenue	678,061	561,447	(116,614)	(17.2)
Other income	93,445	209,094	115,649	123.8
Build America Bonds	584,419	588,578	4,159	0.7
<b>Total Revenues</b>	<b><u>23,846,602</u></b>	<b><u>26,303,241</u></b>	<b><u>2,456,639</u></b>	<b><u>10.3</u></b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Fuel expense - purchased gas	7,024,802	9,225,895	2,201,093	31.3
Operation and maintenance	2,743,197	2,561,881	(181,316)	(6.6)
Administrative and general	2,277,303	2,695,453	418,150	18.4
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b><u>12,045,302</u></b>	<b><u>14,483,229</u></b>	<b><u>2,437,927</u></b>	<b><u>20.2</u></b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b><u>11,801,300</u></b>	<b><u>11,820,012</u></b>	<b><u>18,712</u></b>	<b><u>0.2</u></b>
<b>LESS:</b>				
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	227,309	78,560	52.8
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>-</u></b>

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

	<u>Revised Budget</u>	<u>Actual</u>	<u>Actual Over/&lt;Under&gt; Budget</u>	<u>% Variance</u>
<b>REVENUES:</b>				
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)
<b>Total Sales of Services</b>	<b>12,406,808</b>	<b>11,483,392</b>	<b>(923,416)</b>	<b>(7.4)</b>
Transfer from (to) rate stabilization *	1,693,631	2,287,858	594,227	35.1
Other revenue	35,000	82,844	47,844	136.7
Other income	5,419	92,145	86,726	1,600.4
<b>Total Revenues</b>	<b>14,140,858</b>	<b>13,946,239</b>	<b>(194,619)</b>	<b>(1.4)</b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Operation and maintenance	9,152,597	8,627,203	(525,394)	(5.7)
Administrative and general	437,442	941,714	504,272	115.3
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b>9,590,039</b>	<b>9,568,917</b>	<b>(21,122)</b>	<b>(0.2)</b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b>4,550,819</b>	<b>4,377,322</b>	<b>(173,497)</b>	<b>(3.8)</b>
<b>LESS:</b>				
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	203,858	71,840	54.4
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

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