

Gainesville Regional Utilities

Interim Financial Statements - Unaudited

For the Period Ended June 30, 2019



**Gainesville Regional Utilities
Financial Statements - Unaudited
For the Period Ended June 30, 2019**

Contents

Overview and Basis of Accounting	2
Management’s Discussion and Analysis	4
Financial Statements	
Statements of Net Position-Unaudited	10
Statements of Revenues, Expenses, and Changes in Net Position-Unaudited	13
Statements of Cash Flows-Unaudited	14
Schedules of Combined Net Revenues in Accordance with Bond Resolution-Unaudited	16
Electric Revenue Fund - Schedules of Net Revenues in Accordance with Bond Resolution-Unaudited	18
Water Revenue Fund - Schedules of Net Revenues in Accordance with Bond Resolution-Unaudited	19
Wastewater Revenue Fund - Schedules of Net Revenues in Accordance with Bond Resolution-Unaudited	20
Gas Revenue Fund - Schedules of Net Revenues in Accordance with Bond Resolution-Unaudited	21
Telecommunications Revenue Fund – Schedule of Net Revenues in Accordance with Bond Resolution-Unaudited	22
Supplementary Information	
Fuel Adjustment Levelization	24
Purchased Gas Adjustment (PGA) Levelization	25

Overview and Basis of Accounting

Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended June 30, 2019

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 period ended June 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

Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended June 30, 2019

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 period ended June 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.
- Cash and investments decreased \$11.6 million or 42% due to increases in fuel inventories, and materials and supplies. In addition, cash reimbursements from operating funds to construction funds for inventory purchases occurred, as well as a movement of operating funds to utility plant improvement funds to cover new GRUCom construction during the end of FY18 and beginning of FY19.
- Fuel inventories increased \$7.4 million or 51.3% due to contracted coal purchases and an expected increase in coal costs by calendar year 2020.
- Fuel adjustment levelization balance decreased \$9.4 million due to 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. GRU implemented a fuel adjustment rate change in May 2019 to address the levelization balance which is now improving.
- Construction fund cash and investments increased \$140.5 million due to the issuance of \$40 million in commercial paper in July 2018 and 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 \$26.7 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.
- Other noncurrent assets and regulatory assets decreased \$2.8 million or 32.3% due to a decrease in the unrealized loss on investments.
- Pension costs – regulatory asset increased \$980,839 or 1.3% and related deferred outflows of resources for pension costs decreased \$10.8 million or 38.8% due to updated actuarial calculations at September 30, 2018.
- Unamortized loss on refunding of bonds decreased \$3.6 million or 18.4% from normally scheduled amortization.

Gainesville Regional Utilities
Financial Statements - Unaudited
For the Period Ended June 30, 2019

- Accumulated decrease in fair value of hedging derivatives decreased \$20.8 million or 36.1% from a decrease in the unrealized loss on interest rate swaps.

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.
- 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 decreased \$22.4 million or 36.6% from a decrease in the unrealized loss on interest rate swaps.
 - The pension liability decreased \$11.5 million or 13.9% and related deferred inflows of resources for pension costs increased \$1.7 million or 9.1% due to updated actuarial calculations at September 30, 2018.
 - Other noncurrent liabilities and regulatory liabilities increased \$3.4 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 increased \$6.5 million or 2.2% from an increase in electric, water and gas revenues. These increases were offset by decreases in wastewater and telecommunications revenues.
- Total expenses decreased \$2.7 million or 1.6%. Factors include: a decrease in electric fuel expenses of \$9.1 million; an increase in electric power production and transmission and distribution expenses; and increases in total water, wastewater, gas and telecommunications expenses.

Gainesville Regional Utilities
Financial Statements - Unaudited
For the Period Ended June 30, 2019

- The combined systems are projected to contribute \$1.9 million to rate stabilization for the period ended June 30, 2019, including budgeted transfers from rate stabilization of \$7.5 million to date. Total budgeted transfers from rate stabilization for fiscal year 2019 are \$12.2 million. The telecommunications system was scheduled to withdraw \$2.2 million, but they do not have the funds available.

Electric System

- Total revenues increased \$2.4 million or 1.2% over the same period last year due to increases in residential and non-residential revenues, offset by decreases in fuel adjustment and other revenue.
- Fuel adjustment revenue and the related fuel expense decreased \$9.1 million or 12.5% over the prior year due to the cancellation of the PPA with GREC and the concurrent purchase of DHR. 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.

- Power production increased \$1.8 million or 5.7% due to needed maintenance on the boiler at Deerhaven Unit 2 generation facility.
- Transmission and distribution increased \$2.5 million or 18% due to increased operations and maintenance labor and corresponding overheads as a result of less spending on capital projects.
- The electric system is projected to withdraw \$2 million from rate stabilization for the period ended June 30, 2019, including budgeted transfers from rate stabilization of \$2.4 million.

Water System

- Total revenues increased \$941,300 or 3.5% due to an increase in non-residential revenue, offset by decreases in residential and other revenues.
- The water system is projected to contribute \$1.4 million to rate stabilization for the period ended June 30, 2019, including budgeted transfers from rate stabilization of \$114,093.

Gainesville Regional Utilities
Financial Statements - Unaudited
For the Period Ended June 30, 2019

Wastewater System

- Total revenues decreased \$1.4 million or 3.9% due to decreases in residential and other revenues.
- The wastewater system is projected to contribute \$2.2 million to rate stabilization for the period ended June 30, 2019, including budgeted transfers from rate stabilization of \$1.2 million.

Gas System

- Total revenues increased \$4.7 million or 25.3% due to an increase in fuel adjustment revenue and transfers from rate stabilization, offset by decreases in residential, non-residential and other revenues.
- Other revenues decreased \$399,366 as refunds were issued in June 2019 to GRU's large volume customers from a billing issue spanning multiple years.
- Purchased gas adjustment revenue and the related gas expense increased \$542,118 or 8.4% due to higher natural gas prices in the winter months compared to the same period last year.

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.

- The gas system is projected to contribute \$563,143 to rate stabilization for the period ended June 30, 2019, including budgeted transfers from rate stabilization of \$3.8 million.

Telecommunications System

- Total revenues decreased \$240,734 or 2.9% due to a reduction in tower leasing and other revenues.
- The telecommunications system is projected to withdraw \$258,939 from rate stabilization for the period ended June 30, 2019. Based on funds available in telecommunication's rate stabilization fund, a loan may be required.

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Financial Statements

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

	June 30, 2019	June 30, 2018	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 16,057,679	\$ 27,677,489	\$ (11,619,810)	(42.0%)
Accounts receivable, net of allowance for uncollectible accounts of \$1,473,430 and \$538,898, respectively	53,953,581	52,854,633	1,098,948	2.1%
Inventories:				
Fuel	21,985,658	14,535,921	7,449,737	51.3%
Materials and supplies	11,807,232	10,657,397	1,149,835	10.8%
Fuel adjustment	6,985,640	(2,405,999)	9,391,639	(390.3%)
Other assets and regulatory assets	3,328,090	521,613	2,806,477	538.0%
Total current assets	114,117,880	103,841,054	10,276,826	9.9%
Restricted assets:				
Utility deposits - cash and investments	7,916,764	9,947,970	(2,031,206)	(20.4%)
Debt service - cash and investments	35,686,913	33,956,043	1,730,870	5.1%
Rate stabilization - cash and investments	51,501,976	57,170,948	(5,668,972)	(9.9%)
Construction fund - cash and investments	141,290,415	761,826	140,528,589	18446.3%
Utility plant improvement fund - cash and investments	17,205,839	19,646,843	(2,441,004)	(12.4%)
Total restricted and internally designated assets	253,601,907	121,483,630	132,118,277	108.8%
Noncurrent assets:				
Net costs recoverable in future years - regulatory assets	26,695,609	-	26,695,609	-
Unamortized debt issuance costs - regulatory assets	10,318,959	9,181,106	1,137,853	12.4%
Investment in The Energy Authority	2,378,731	2,176,409	202,322	9.3%
Pollution remediation - regulatory asset	9,880,408	11,132,869	(1,252,461)	(11.3%)
Other noncurrent assets and regulatory assets	5,945,984	8,788,914	(2,842,930)	(32.3%)
Pension costs - regulatory asset	74,122,351	73,141,512	980,839	1.3%
Total noncurrent assets	129,342,042	104,420,810	24,921,232	23.9%
Capital assets:				
Utility plant in service	2,816,112,109	2,766,048,087	50,064,022	1.8%
Less: accumulated depreciation and amortization	(1,029,691,446)	(944,844,644)	(84,846,802)	9.0%
	1,786,420,663	1,821,203,443	(34,782,780)	(1.9%)
Construction in progress	99,545,958	101,790,422	(2,244,464)	(2.2%)
Net capital assets	1,885,966,621	1,922,993,865	(37,027,244)	(1.9%)
Total assets	2,383,028,450	2,252,739,359	130,289,091	5.8%
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	15,760,002	19,321,009	(3,561,007)	(18.4%)
Accumulated decrease in fair value of hedging derivatives	36,890,504	57,721,474	(20,830,970)	(36.1%)
Pension costs	17,061,446	27,899,197	(10,837,751)	(38.8%)
Total deferred outflows of resources	69,711,952	104,941,680	(35,229,728)	(33.6%)
Total assets and deferred outflows of resources	\$ 2,452,740,402	\$ 2,357,681,039	\$ 95,059,363	4.0%

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

	June 30, 2019	June 30, 2018	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 13,407,172	\$ 11,541,336	\$ 1,865,836	16.2%
Fuels payable	4,963,346	4,677,469	285,877	6.1%
Due to other funds of the City	1,649,898	1,858,080	(208,182)	(11.2%)
Other liabilities and regulatory liabilities	1,453,061	410,859	1,042,202	253.7%
Total current liabilities	<u>21,473,477</u>	<u>18,487,744</u>	<u>2,985,733</u>	<u>16.1%</u>
Payable from restricted assets:				
Utility deposits	7,916,764	9,231,763	(1,314,999)	(14.2%)
Accounts payable and accrued liabilities	1,272,864	1,945,741	(672,877)	(34.6%)
Utility system revenue bonds - current	22,105,000	27,885,000	(5,780,000)	(20.7%)
Accrued interest payable	17,057,877	15,124,266	1,933,611	12.8%
Other liabilities and regulatory liabilities	161,427	-	161,427	-
Total payable from restricted assets	<u>48,513,932</u>	<u>54,186,770</u>	<u>(5,672,838)</u>	<u>(10.5%)</u>
Long-term debt:				
Utility system revenue bonds	1,665,165,000	1,506,455,000	158,710,000	10.5%
Commercial paper notes	-	53,000,000	(53,000,000)	(100.0%)
Unamortized bond premium/discount	104,943,037	86,102,789	18,840,248	21.9%
Fair value of derivative instruments	38,765,287	61,184,080	(22,418,793)	(36.6%)
Total long-term debt	<u>1,808,873,324</u>	<u>1,706,741,869</u>	<u>102,131,455</u>	<u>6.0%</u>
Noncurrent liabilities:				
Reserve for insurance claims	3,337,000	3,337,000	-	0.0%
Reserve for environmental liability	519,000	665,000	(146,000)	(22.0%)
Pension liability	71,178,444	82,704,362	(11,525,918)	(13.9%)
Other noncurrent liabilities and regulatory liabilities	5,570,826	2,144,020	3,426,806	159.8%
Total noncurrent liabilities	<u>80,605,270</u>	<u>88,850,382</u>	<u>(8,245,112)</u>	<u>(9.3%)</u>
Total liabilities	<u>1,959,466,003</u>	<u>1,868,266,765</u>	<u>91,199,238</u>	<u>4.9%</u>
Deferred inflows of resources:				
Rate stabilization	51,038,102	57,348,633	(6,310,531)	(11.0%)
Pension costs	20,005,353	18,336,347	1,669,006	9.1%
Other deferred inflows	187,818	-	187,818	-
Total deferred inflows of resources	<u>71,231,273</u>	<u>75,684,980</u>	<u>(4,453,707)</u>	<u>(5.9%)</u>
Net position				
Net investment in capital assets	259,308,400	278,806,360	(19,497,960)	(7.0%)
Restricted	36,240,467	39,031,821	(2,791,354)	(7.2%)
Unrestricted	126,494,259	95,891,113	30,603,146	31.9%
Total net position	<u>422,043,126</u>	<u>413,729,294</u>	<u>8,313,832</u>	<u>2.0%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,452,740,402</u>	<u>\$ 2,357,681,039</u>	<u>\$ 95,059,363</u>	<u>4.0%</u>

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

	June 30, 2019	June 30, 2018
Operating revenues:		
Sales and service charges	\$ 279,946,424	\$ 273,227,499
Transfers from (to) rate stabilization	7,491,150	5,020,406
Amounts to be recovered from future revenue	13,604,462	3,449,252
Other operating revenue	5,765,800	9,914,031
Total operating revenues	306,807,836	291,611,188
Operating expenses:		
Operation and maintenance	148,698,749	151,655,359
Administrative and general	19,310,370	19,013,788
Depreciation and amortization	76,556,011	70,166,535
Total operating expenses	244,565,130	240,835,682
Operating income	62,242,706	50,775,506
Non-operating income (expense):		
Interest income	2,962,166	2,021,866
Interest expense, net of AFUDC	(46,081,060)	(43,083,507)
Other interest related income, BABs	3,908,963	3,944,421
Other expense	(4,584,402)	(10,258,714)
Total non-operating income (expense)	(43,794,333)	(47,375,934)
Income before capital contributions and transfer	18,448,373	3,399,572
Capital contributions:		
Contributions from third parties	156,813	1,187,471
Reduction of plant costs recovered through contributions	(58,398)	(69,812)
Net capital contributions	98,415	1,117,659
Transfer to City of Gainesville General Fund	(28,713,751)	(27,284,310)
Change in net position	(10,166,963)	(22,767,079)
Net position - beginning of year	432,210,089	436,496,373
Net position - end of period	\$ 422,043,126	\$ 413,729,294

Gainesville Regional Utilities
Statements of Cash Flows - Unaudited
For the Periods Ended June 30, 2019 and 2018

	June 30, 2019	June 30, 2018
Operating activities:		
Cash received from customers	\$ 285,710,699	\$ 272,444,515
Cash payments to suppliers for goods and services	(169,580,077)	(162,368,891)
Cash payments to employees for services	(44,808,519)	(40,626,645)
Cash payments for operating transactions with other funds	(6,761,360)	(5,009,769)
Other operating receipts	13,429,032	14,934,437
Net cash provided by operating activities	77,989,775	79,373,647
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	(28,713,751)	(27,284,310)
Net cash used by noncapital financing activities	(28,713,751)	(27,284,310)
Capital and related financing activities:		
Principal repayments and refunding on long-term debt, net	(188,277,604)	(24,020,000)
Interest paid on long-term debt	(58,478,476)	(45,998,445)
Proceeds from interest rebates, BABs	2,605,975	1,325,530
Acquisition and construction of fixed assets (including allowance for funds used during construction)	(39,702,697)	(725,444,319)
Proceeds from new debt and commercial paper	298,169,636	680,920,000
Other income (expense)	(2,848,913)	561,031
Net cash used by capital and related financing activities	11,467,921	(112,656,203)
Investing activities:		
Interest received	2,962,166	913,319
Purchase of investments	(292,236,948)	(140,987,132)
Investments in The Energy Authority	(4,693,524)	(6,183,171)
Distributions from The Energy Authority	4,572,089	6,100,745
Proceeds from investments	224,961,159	173,815,916
Net cash provided (used) by investing activities	(64,435,058)	33,659,677
Net change in cash and cash equivalents	(3,691,113)	(26,907,189)
Cash and cash equivalents, beginning of year	27,231,947	36,491,757
Cash and cash equivalents, end of period	\$ 23,540,834	\$ 9,584,568

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Gainesville Regional Utilities
Statements of Cash Flows - Unaudited (concluded)
For the Periods Ended June 30, 2019 and 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 62,242,706	\$ 50,775,506
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	76,556,011	70,166,535
Net costs recoverable in future years	(13,604,462)	(3,449,252)
Change in:		
Accounts receivable	6,023,767	(431,314)
Inventories	(5,344,535)	(9,742,190)
Other assets and regulatory assets	(1,268,097)	1,262,426
Noncurrent assets	2,464,903	867,228
Payables and accrued liabilities	(7,779,507)	(26,544,149)
Due to other funds of the City	1,199,066	2,731,663
Fuel adjustment	(4,608,699)	7,135,316
Payable from restricted assets	(7,069,690)	(8,026,046)
Other liabilities and regulatory liabilities	(22,169,122)	-
Utility deposits	(1,161,416)	(351,670)
Rate stabilization	(7,491,150)	(5,020,406)
Net cash provided by operating activities	<u>\$ 77,989,775</u>	<u>\$ 79,373,647</u>
Non-cash capital and related financing activities and investing activities:		
Contribution of capital assets	<u>\$ 98,415</u>	<u>\$ 1,117,659</u>
Net costs recoverable in future years	<u>\$ (13,604,462)</u>	<u>\$ 61,574,434</u>
Change in capital lease liability	<u>\$ -</u>	<u>\$ (941,269,071)</u>
Change in utility plant in service	<u>\$ (21,532,507)</u>	<u>\$ 771,760,507</u>
Change in accumulated decrease in fair value of hedging derivatives - fuel options and futures	<u>\$ -</u>	<u>\$ (69,113)</u>
Change in fair value of investments	<u>\$ 2,763,852</u>	<u>\$ (1,431,623)</u>
Other	<u>\$ 3,500,306</u>	<u>\$ (6,400)</u>

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Revenues:				
Electric system:				
Sales of electricity	\$ 129,110,434	\$ 112,290,163	\$ 16,820,271	15.0
Fuel adjustment	63,663,666	72,783,119	(9,119,453)	(12.5)
Sales for resale	3,512,918	4,035,933	(523,015)	(13.0)
Transfer from/(to) rate stabilization	2,351,878	5,553,643	(3,201,765)	(57.7)
Other revenue	1,497,487	4,490,116	(2,992,629)	(66.6)
Other income (expense)	479,430	(998,174)	1,477,604	148.0
Build America Bonds	2,154,789	2,177,981	(23,192)	(1.1)
Total electric system revenues	<u>202,770,602</u>	<u>200,332,781</u>	<u>2,437,821</u>	<u>1.2</u>
Water system:				
Sales of water	25,839,086	25,642,054	197,032	0.8
Transfer from/(to) rate stabilization	114,093	(800,988)	915,081	114.2
Other revenue	1,131,577	1,350,765	(219,188)	(16.2)
Other income (expense)	(71,264)	(124,387)	53,123	42.7
Build America Bonds	608,726	613,474	(4,748)	(0.8)
Total water system revenues	<u>27,622,218</u>	<u>26,680,918</u>	<u>941,300</u>	<u>3.5</u>
Wastewater system:				
Sales of wastewater	30,177,848	30,508,519	(330,671)	(1.1)
Transfer from/(to) rate stabilization	1,191,062	1,666,012	(474,950)	(28.5)
Other revenue	2,110,589	2,667,088	(556,499)	(20.9)
Other income (expense)	(145,598)	(132,173)	(13,425)	(10.2)
Build America Bonds	694,011	696,796	(2,785)	(0.4)
Total wastewater system revenues	<u>34,027,912</u>	<u>35,406,242</u>	<u>(1,378,330)</u>	<u>(3.9)</u>
Gas system:				
Sales of gas	12,320,419	13,013,546	(693,127)	(5.3)
Purchased gas adjustment	7,032,308	6,490,190	542,118	8.4
Transfer from/(to) rate stabilization	3,834,118	(1,398,261)	5,232,379	374.2
Other revenue	(135,887)	263,479	(399,366)	(151.6)
Other income (expense)	50,444	(21,789)	72,233	331.5
Build America Bonds	451,437	456,169	(4,732)	(1.0)
Total gas system revenues	<u>23,552,839</u>	<u>18,803,334</u>	<u>4,749,505</u>	<u>25.3</u>
Telecommunications system:				
Sales of services	8,289,744	8,463,974	(174,230)	(2.1)
Other revenue	(163,276)	14,491	(177,767)	(1,226.7)
Other income (expense)	(44,002)	(155,265)	111,263	71.7
Total telecommunications system revenues	<u>8,082,466</u>	<u>8,323,200</u>	<u>(240,734)</u>	<u>(2.9)</u>
Total revenues	<u>296,056,037</u>	<u>289,546,475</u>	<u>6,509,562</u>	<u>2.2</u>

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

Page 2

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expenses	63,663,666	72,783,119	(9,119,453)	(12.5)
Operation and maintenance	50,215,880	45,866,334	4,349,546	9.5
Administrative and general	10,020,186	10,359,145	(338,959)	(3.3)
Total Electric System Expenses	<u>123,899,732</u>	<u>129,008,598</u>	<u>(5,108,866)</u>	<u>(4.0)</u>
Water system:				
Operation and maintenance	8,754,963	8,270,113	484,850	5.9
Administrative and general	3,325,342	3,049,776	275,566	9.0
Total Water System Expenses	<u>12,080,305</u>	<u>11,319,889</u>	<u>760,416</u>	<u>6.7</u>
Wastewater system:				
Operation and maintenance	11,373,286	11,031,602	341,684	3.1
Administrative and general	3,582,232	3,329,625	252,607	7.6
Total Wastewater System Expenses	<u>14,955,518</u>	<u>14,361,227</u>	<u>594,291</u>	<u>4.1</u>
Gas system:				
Fuel expense - purchased gas	7,032,308	6,490,190	542,118	8.4
Operation and maintenance	2,168,235	2,160,167	8,068	0.4
Administrative and general	1,689,880	1,640,393	49,487	3.0
Total Gas System Expenses	<u>10,890,423</u>	<u>10,290,750</u>	<u>599,673</u>	<u>5.8</u>
Telecommunications system:				
Operation and maintenance	4,526,493	4,067,260	459,233	11.3
Administrative and general	633,745	634,497	(752)	(0.1)
Total Telecommunications System Expenses	<u>5,160,238</u>	<u>4,701,757</u>	<u>458,481</u>	<u>9.8</u>
TOTAL EXPENSES	<u>166,986,216</u>	<u>169,682,221</u>	<u>(2,696,005)</u>	<u>(1.6)</u>
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	78,870,870	71,324,183	7,546,687	10.6
Total water system	15,541,913	15,361,029	180,884	1.2
Total wastewater system	19,072,394	21,045,015	(1,972,621)	(9.4)
Total gas system	12,662,416	8,512,584	4,149,832	48.7
Total telecommunications system	2,922,228	3,621,443	(699,215)	(19.3)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>129,069,821</u>	<u>119,864,254</u>	<u>9,205,567</u>	<u>7.7</u>
LESS:				
Debt service	67,469,666	66,824,267	645,399	1.0
Debt service - UPIF	-	(3,750,000)	3,750,000	100.0
UPIF contributions	30,963,307	34,590,415	(3,627,108)	(10.5)
Transfer to City of Gainesville General Fund	28,713,750	27,284,310	1,429,440	5.2
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 1,923,098</u>	<u>\$ (5,084,738)</u>	<u>\$ 7,007,836</u>	<u>137.8</u>

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 50,093,431	\$ 42,004,719	\$ 8,088,712	19.3
Non-residential	61,127,979	53,737,720	7,390,259	13.8
Fuel adjustment	63,663,666	72,783,119	(9,119,453)	(12.5)
Sales for resale	3,512,918	4,035,933	(523,015)	(13.0)
Utility surcharge	3,163,490	2,545,827	617,663	24.3
Other electric sales	14,725,534	14,001,897	723,637	5.2
Total Sales of Electricity	<u>196,287,018</u>	<u>189,109,215</u>	<u>7,177,803</u>	<u>3.8</u>
Transfer from/(to) rate stabilization	2,351,878	5,553,643	(3,201,765)	(57.7)
Other revenue	1,497,487	4,490,116	(2,992,629)	(66.6)
Other income (expense)	479,430	(998,174)	1,477,604	148.0
Build America Bonds	2,154,789	2,177,981	(23,192)	(1.1)
Total Revenues	<u>202,770,602</u>	<u>200,332,781</u>	<u>2,437,821</u>	<u>1.2</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses	63,663,666	72,783,119	(9,119,453)	(12.5)
Power production	33,724,386	31,891,047	1,833,339	5.7
Transmission and distribution	16,491,494	13,975,287	2,516,207	18.0
Administrative and general	10,020,186	10,359,145	(338,959)	(3.3)
Total Operation, Maintenance and Administrative Expenses	<u>123,899,732</u>	<u>129,008,598</u>	<u>(5,108,866)</u>	<u>(4.0)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>78,870,870</u>	<u>71,324,183</u>	<u>7,546,687</u>	<u>10.6</u>
LESS:				
Debt service	51,750,290	48,811,175	2,939,115	6.0
Debt service - UPIF	-	(3,750,000)	3,750,000	100.0
UPIF contributions	17,152,997	19,123,933	(1,970,936)	(10.3)
Transfer to City of Gainesville General Fund	11,936,901	16,070,458	(4,133,557)	(25.7)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (1,969,318)</u>	<u>\$ (8,931,383)</u>	<u>\$ 6,962,065</u>	<u>78.0</u>

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 15,805,431	\$ 15,858,776	\$ (53,345)	(0.3)
Non-residential	8,135,334	7,894,793	240,541	3.0
Utility surcharge	1,898,321	1,888,485	9,836	0.5
Total Sales of Water	<u>25,839,086</u>	<u>25,642,054</u>	<u>197,032</u>	<u>0.8</u>
Transfer from/(to) rate stabilization	114,093	(800,988)	915,081	114.2
Other revenue	1,131,577	1,350,765	(219,188)	(16.2)
Other income (expense)	(71,264)	(124,387)	53,123	42.7
Build America Bonds	608,726	613,474	(4,748)	(0.8)
Total Revenues	<u>27,622,218</u>	<u>26,680,918</u>	<u>941,300</u>	<u>3.5</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Transmission and distribution	3,267,922	2,936,583	331,339	11.3
Treatment	5,487,041	5,333,530	153,511	2.9
Administrative and general	3,325,342	3,049,776	275,566	9.0
Total Operation, Maintenance and Administrative Expenses	<u>12,080,305</u>	<u>11,319,889</u>	<u>760,416</u>	<u>6.7</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>15,541,913</u>	<u>15,361,029</u>	<u>180,884</u>	<u>1.2</u>
LESS:				
Debt service	5,051,475	5,487,983	(436,508)	(8.0)
UPIF contributions	5,096,168	5,601,161	(504,993)	(9.0)
Transfer to City of Gainesville General Fund	4,017,054	4,379,132	(362,078)	(8.3)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 1,377,216</u>	<u>\$ (107,247)</u>	<u>\$ 1,484,463</u>	<u>1,384.2</u>

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 19,965,467	\$ 20,329,677	\$ (364,210)	(1.8)
Non-residential	8,054,277	7,997,158	57,119	0.7
Utility surcharge	2,158,104	2,181,684	(23,580)	(1.1)
Total Sales of Services	<u>30,177,848</u>	<u>30,508,519</u>	<u>(330,671)</u>	<u>(1.1)</u>
Transfer from/(to) rate stabilization	1,191,062	1,666,012	(474,950)	(28.5)
Other revenue	2,110,589	2,667,088	(556,499)	(20.9)
Other income (expense)	(145,598)	(132,173)	(13,425)	(10.2)
Build America Bonds	694,011	696,796	(2,785)	(0.4)
Total Revenues	<u>34,027,912</u>	<u>35,406,242</u>	<u>(1,378,330)</u>	<u>(3.9)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	5,745,507	6,000,715	(255,208)	(4.3)
Treatment	5,627,779	5,030,887	596,892	11.9
Administrative and general	3,582,232	3,329,625	252,607	7.6
Total Operation, Maintenance and Administrative Expenses	<u>14,955,518</u>	<u>14,361,227</u>	<u>594,291</u>	<u>4.1</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>19,072,394</u>	<u>21,045,015</u>	<u>(1,972,621)</u>	<u>(9.4)</u>
LESS:				
Debt service	5,866,632	6,579,837	(713,205)	(10.8)
UPIF contributions	6,599,262	7,377,358	(778,096)	(10.5)
Transfer to City of Gainesville General Fund	4,395,504	5,511,431	(1,115,927)	(20.2)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 2,210,996</u>	<u>\$ 1,576,389</u>	<u>\$ 634,607</u>	<u>40.3</u>

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 6,618,232	\$ 6,988,587	\$ (370,355)	(5.3)
Non-residential	4,226,368	4,455,046	(228,678)	(5.1)
Fuel adjustment	7,032,308	6,490,190	542,118	8.4
Utility surcharge	432,541	448,894	(16,353)	(3.6)
Other gas sales	1,043,278	1,121,019	(77,741)	(6.9)
Total Sales of Gas	<u>19,352,727</u>	<u>19,503,736</u>	<u>(151,009)</u>	<u>(0.8)</u>
Transfer from/(to) rate stabilization	3,834,118	(1,398,261)	5,232,379	374.2
Other revenue	(135,887)	263,479	(399,366)	(151.6)
Other income (expense)	50,444	(21,789)	72,233	331.5
Build America Bonds	451,437	456,169	(4,732)	(1.0)
Total Revenues	<u>23,552,839</u>	<u>18,803,334</u>	<u>4,749,505</u>	<u>25.3</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel Expense - Purchased Gas	7,032,308	6,490,190	542,118	8.4
Operation and maintenance	2,168,235	2,160,167	8,068	0.4
Administrative and general	1,689,880	1,640,393	49,487	3.0
Total Operation, Maintenance and Administrative Expenses	<u>10,890,423</u>	<u>10,290,750</u>	<u>599,673</u>	<u>5.8</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>12,662,416</u>	<u>8,512,584</u>	<u>4,149,832</u>	<u>48.7</u>
LESS:				
Debt service	2,854,513	3,039,095	(184,582)	(6.1)
UPIF contributions	1,770,595	2,159,027	(388,432)	(18.0)
Transfer to City of Gainesville General Fund	7,474,165	1,036,804	6,437,361	620.9
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 563,143</u>	<u>\$ 2,277,658</u>	<u>\$ (1,714,515)</u>	<u>(75.3)</u>

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Telecommunications	\$ 5,756,600	\$ 5,653,044	\$ 103,556	1.8
Trunking radio	1,276,015	1,307,757	(31,742)	(2.4)
Tower leasing	1,257,129	1,453,967	(196,838)	(13.5)
Other sales	-	49,206	(49,206)	(100.0)
Total Sales of Services	8,289,744	8,463,974	(174,230)	(2.1)
Other revenue	(163,276)	14,491	(177,767)	(1,226.7)
Other income (expense)	(44,002)	(155,265)	111,263	71.7
Total Revenues	8,082,466	8,323,200	(240,734)	(2.9)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	4,526,493	4,067,260	459,233	11.3
Administrative and general	633,745	634,497	(752)	(0.1)
Total Operation, Maintenance and Administrative Expenses	5,160,238	4,701,757	458,481	9.8
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	2,922,228	3,621,443	(699,215)	(19.3)
LESS:				
Debt service	1,946,756	2,906,177	(959,421)	(33.0)
UPIF contributions	344,285	328,936	15,349	4.7
Transfer to City of Gainesville General Fund	890,126	286,485	603,641	210.7
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ (258,939)	\$ 99,845	\$ (358,784)	(359.3)

Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Period Ended June 30, 2019

	Actual
Fuel Revenues	\$ 59,456,937
Fuel Expenses	63,663,666
To (From) Fuel Adjustment Levelization	\$ (4,206,729)
Fuel Adjustment Beginning Balance	\$ (2,310,115)
To (From) Fuel Adjustment Levelization	(4,206,729)
Fuel Adjustment Ending Balance	\$ (6,516,844)

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

	Actual
Purchased Gas Revenues	\$ 6,630,338
Purchased Gas Expenses	7,032,308
To (From) PGA Levelization	\$ (401,970)
PGA Beginning Balance	\$ (66,826)
To (From) PGA Levelization	(401,970)
PGA Ending Balance	\$ (468,796)