

Gainesville Regional Utilities

Draft Financial Statements - Unaudited

For the Year Ended September 30, 2016

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**Gainesville Regional Utilities
Financial Statements - Unaudited
For the Year Ended September 30, 2016**

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Overview and Basis of Accounting

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Gainesville Regional Utilities Financial Statements - Unaudited For the Year Ended September 30, 2016

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. GRU is required to follow the provisions in the Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on January 30, 2003.

We offer readers these unaudited utility system financial statements for the year ended September 30, 2016.

Basis of Accounting

GRU is required to follow the provisions in the Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on January 30, 2003. GRU's electric 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*.

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.

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.

Management's Discussion and Analysis

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Gainesville Regional Utilities Financial Statements - Unaudited For the Year Ended September 30, 2016

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 September 30, 2016. It should be read in conjunction with the unaudited financial statements that follow this section.

Financial Highlights

Overall

- Operating cash and investments increased \$9.7 million or 18.1% due to normal operations and contributions to and from rate stabilization cash and investments.
- Rate stabilization cash and investments increased \$1.5 million or 2.1%.
- Construction fund cash and investments decreased \$32.8 million or 64.3% due to construction of capital assets.
- Utility plant improvement fund cash and investments increased \$3.8 million or 6.8% due to a combination of scheduled contributions from operating cash and investments offset by the use of construction funds for capital projects.
- Decommissioning reserve cash and investments decreased \$12.5 million or 100% due to the transfer of the decommissioning funds as part of the release of GRU's ownership interest in the CR3 nuclear power plant to Duke Energy.
- Net costs recoverable in future years increased \$16.0 million or 52.4% due to capital lease transactional activity.
- Fuel adjustment levelization balance decreased \$4 million or 21.1% due to a combination of the following factors: decreases in the fuel adjustment rate and a reduction in the use of the Gainesville Renewable Energy Center (GREC) biomass power and coal, offset by an increase in lower cost natural gas and other purchased power usage. GRU is currently in arbitration over a dispute with GREC in the amount of \$6.8 million that has not been recorded in fuel expense.
- Long-term debt liabilities decreased due to the scheduled principal payment in October 2015.
- The liability for the fair value of derivative instruments increased \$10.1 million or 13.2% due to an increase in the unrealized loss on interest rate swaps.
- **GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, has not yet been recorded until actuarial information is received.**

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Combined Systems

- Total revenues increased \$13.3 million or 3.3% due primarily to increases in electric, water and wastewater revenues offset by revenue decreases in the gas and telecommunications systems.
- Total expenses increased \$10.2 million or 3.8% due primarily to an increase in operation and maintenance expenses and administrative and general expenses offset by a decrease in fuel expenses. The increase in operation and maintenance expenses and administrative and general expenses includes expenses related to storm damages in September 2016.
- The combined systems contributed \$2.1 million to rate stabilization for the year ended September 30, 2016.

Electric System

- Total revenues increased \$8.8 million or 2.9% over last year due primarily to a cash settlement of \$10.2 million for the release of GRU's ownership interest in the CR3 nuclear power plant to Duke Energy in October 2015 offset by a decrease in fuel adjustment revenue.
- Residential sales were \$924,150 or 1.9% higher than last year due to a slight increase in usage resulting from warmer temperatures during the year.
- Sales for resale were \$1.6 million less than the prior year due to reduced demand and an increase in the supply of power.
- Fuel adjustment revenue decreased \$1.4 million or 0.9% due primarily to lower fuel expenses. 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.
- Other revenues increased \$6.5 million or 79.8% over last year due to the release of GRU's ownership interest in the CR3 nuclear power plant to Duke Energy in October 2015.
- Fuel and purchased power expenses decreased \$1.4 million or 0.9% over the prior year due primarily to a reduction in the use of the GREC biomass power and coal offset by an increase in lower cost natural gas and other purchased power. Fuel expenses are matched to fuel revenue with amounts over collected deferred in the fuel adjustment levelization balance and amounts under collected drawn down from the fuel adjustment levelization balance.
- Administrative and general expenses increased \$5.9 million or 27.7% over the prior year due to a reduction in expected capital asset construction activities that increased expenses in this category; expenses from the SAP financial management system

Gainesville Regional Utilities
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reimplementation, GREC arbitration costs, and an increase in payroll and pension related costs.

- The electric system withdrew \$1.3 million from rate stabilization for the year ended September 30, 2016.

Water System

- Total revenues increased \$1.2 million or 3.5% due to an average rate increase of 3.8% to residential and non-residential customers and an increase in connection and meter installation charges offset by a slight decrease in water sales to the University of Florida.
- Total expenses increased \$1.1 million or 8.3% due primarily to a reduction in expected capital asset construction activities that increased administrative and general expenses, expenses from the SAP financial management system reimplementation, and an increase in payroll and pension related costs.
- The water system contributed \$3.3 million to rate stabilization for the year ended September 30, 2016.

Wastewater System

- Total revenues increased \$4.1 million or 10.8% due to an average rate increase of 4.9% to residential and non-residential customers and an increase in plant connection charges.
- Total expenses increased \$3.1 million or 21.6% due to a reduction in expected capital asset construction activities that increased administrative and general expenses, an increase in operation and maintenance expenses, expenses from the SAP financial management system reimplementation, and an increase in payroll and pension related costs.
- The wastewater system contributed \$2.1 million to rate stabilization for the year ended September 30, 2016.

Gas System

- Total revenues increased \$156,194 or 0.6% due to a decrease in the purchased gas adjustment (PGA) and a decrease in sales to residential customers offset by an increase in sales to nonresidential customers.
- PGA revenue was \$2.6 million or 28.1% lower this year than last year due primarily to lower purchased gas prices. PGA revenue is adjusted monthly based on purchased gas expenses for that month. If PGA revenue is greater than purchased gas expenses, the PGA revenue amounts over collected are deferred in the purchased gas levelization

Gainesville Regional Utilities
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balance and, if PGA revenue is less than purchased gas expenses, amounts are drawn down from the purchased gas levelization balance.

- Purchased gas expenses decreased \$2.6 million or 28.1% compared to the prior year due primarily to lower purchased gas prices.
- Total expenses decreased \$799,120 or 5.2% due to a reduction in the purchased gas expense offset by a reduction in expected capital asset construction activities that increased administrative and general expenses, expenses from the SAP financial management system reimplementation, and an increase in payroll and pension related costs.
- The gas system withdrew \$2 million from rate stabilization for the year ended September 30, 2016.

Telecommunications System

- Total sales of services decreased \$911,160 or 7.2% due primarily to an increase in tower lease revenue offset by a decrease in telecommunication revenue and a reduction in rate stabilization revenue.
- Total expenses decreased \$1.1 million or 12.8% due to a reduction in expected capital asset construction activities that increased administrative and general expenses, expenses from the SAP financial management system reimplementation, and an increase in payroll and pension related costs.
- The telecommunications system contributed \$7,402 to rate stabilization for the year ended September 30, 2016.

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Financial Statements

Gainesville Regional Utilities
Statements of Net Position - Unaudited
September 30, 2016 and 2015

	September 30, 2016	September 30, 2015	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 63,242,694	\$ 53,539,963	\$ 9,702,731	18.1%
Accounts receivable, net of allowance for uncollectible accounts of \$837,332 and \$988,585, respectively	49,351,371	47,394,281	1,957,090	4.1%
Inventories:				
Fuel	8,162,677	15,524,239	(7,361,562)	(47.4%)
Materials and supplies	6,946,095	7,295,944	(349,849)	(4.8%)
Other assets and regulatory assets	1,822,993	2,252,039	(429,046)	(19.1%)
Total current assets	<u>129,525,830</u>	<u>126,006,466</u>	<u>3,519,364</u>	<u>2.8%</u>
Restricted and internally designated assets:				
Utility deposits – cash and investments	9,891,380	9,256,442	634,938	6.9%
Debt service – cash and investments	41,714,440	40,816,148	898,292	2.2%
Rate stabilization – cash and investments	73,654,434	72,104,746	1,549,688	2.1%
Construction fund – cash and investments	18,258,514	51,108,130	(32,849,616)	(64.3%)
Utility plant improvement fund – cash and investments	58,792,082	55,023,201	3,768,881	6.8%
Decommissioning reserve – cash and investments	–	12,518,938	(12,518,938)	(100.0%)
Total restricted and internally designated assets	<u>202,310,850</u>	<u>240,827,605</u>	<u>(38,516,755)</u>	<u>(16.0%)</u>
Noncurrent assets:				
Net costs recoverable in future years - regulatory asset	46,423,923	30,464,864	15,959,059	52.4%
Unamortized debt issuance costs - regulatory asset	5,821,432	6,166,893	(345,461)	(5.6%)
Investment in The Energy Authority	2,102,681	2,561,878	(459,197)	(17.9%)
Pollution remediation - regulatory asset	12,826,026	13,839,247	(1,013,221)	(7.3%)
Other noncurrent assets and regulatory assets	7,156,828	6,659,099	497,729	7.5%
Pension costs - regulatory asset	53,887,756	53,887,756	–	0
Total noncurrent assets	<u>128,218,646</u>	<u>113,579,737</u>	<u>14,638,909</u>	<u>12.9%</u>
Capital assets:				
Utility plant in service	1,866,654,212	1,783,670,200	82,984,012	4.7%
Capital lease	1,006,808,754	1,006,808,754	–	0.0%
Less: accumulated depreciation and amortization	(838,225,820)	(755,986,892)	(82,238,928)	10.9%
	2,035,237,146	2,034,492,062	745,084	0.0%
Construction in progress	109,692,217	131,596,255	(21,904,038)	(16.6%)
Net capital assets	<u>2,144,929,363</u>	<u>2,166,088,317</u>	<u>(21,158,954)</u>	<u>(1.0%)</u>
Total assets	<u>2,604,984,689</u>	<u>2,646,502,125</u>	<u>(41,517,436)</u>	<u>(1.6%)</u>
Deferred outflows of resources:				
Unamortized loss on refundings of bonds	24,766,323	28,160,367	(3,394,044)	(12.1%)
Accumulated decrease in fair value of hedging derivatives	81,362,499	73,650,013	7,712,486	10.5%
Pension costs	22,174,505	22,174,505	–	0
Total deferred outflows of resources	<u>128,303,327</u>	<u>123,984,885</u>	<u>4,318,442</u>	<u>3.5%</u>
Total assets and deferred outflows of resources	<u>\$ 2,733,288,016</u>	<u>\$ 2,770,487,010</u>	<u>\$ (37,198,994)</u>	<u>(1.3%)</u>

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
September 30, 2016 and 2015

	September 30, 2016	September 30, 2015	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 26,265,517	\$ 14,819,222	\$ 11,446,295	77.2%
Fuels payable	7,060,273	10,641,720	(3,581,447)	(33.7%)
Due to other funds of the City	1,489,944	4,120,066	(2,630,122)	(63.8%)
Capital lease – current portion	18,409,781	17,601,233	808,548	4.6%
Fuel adjustment	14,831,564	18,799,724	(3,968,160)	(21.1%)
Other liabilities and regulatory liabilities	1,899,847	6,745,982	(4,846,135)	(71.8%)
Total current liabilities	<u>69,956,926</u>	<u>72,727,947</u>	<u>(2,771,021)</u>	<u>(3.8%)</u>
Payable from restricted assets:				
Utility deposits	9,879,734	9,252,627	627,107	6.8%
Construction fund:				
Accounts payable and accrued liabilities	9,213,425	5,013,087	4,200,338	83.8%
Debt payable – current portion	23,135,000	22,205,000	930,000	4.2%
Accrued interest payable	18,516,765	18,806,345	(289,580)	(1.5%)
Total payable from restricted assets	<u>60,744,924</u>	<u>55,277,059</u>	<u>5,467,865</u>	<u>9.9%</u>
Long-term debt:				
Utilities system revenue bonds	871,540,000	889,075,000	(17,535,000)	(2.0%)
Commercial paper notes	53,900,000	59,500,000	(5,600,000)	(9.4%)
Capital lease	941,269,071	959,678,852	(18,409,781)	(1.9%)
Unamortized bond premium/discount	17,990,208	19,078,029	(1,087,821)	(5.7%)
Fair value of derivative instruments	87,180,294	77,042,767	10,137,527	13.2%
Total long-term debt	<u>1,971,879,573</u>	<u>2,004,374,648</u>	<u>(32,495,075)</u>	<u>(1.6%)</u>
Noncurrent liabilities				
Reserve for insurance claims	3,337,000	3,337,000	–	0.0%
Reserve for decommissioning CR3	–	11,621,938	(11,621,938)	(100.0%)
Reserve for environmental liability	266,000	266,000	–	0.0%
Pension liability	76,062,261	76,062,261	–	0.0%
Total noncurrent liabilities	<u>79,665,261</u>	<u>91,287,199</u>	<u>(11,621,938)</u>	<u>(12.7%)</u>
Total liabilities	<u>2,182,246,684</u>	<u>2,223,666,853</u>	<u>(41,420,169)</u>	<u>(1.9%)</u>
Deferred inflows of resources:				
Rate stabilization	73,469,744	71,714,541	1,755,203	2.4%
Total deferred inflows of resources	<u>73,469,744</u>	<u>71,714,541</u>	<u>1,755,203</u>	<u>2.4%</u>
Net position				
Net investment in capital assets	265,322,741	287,044,860	(21,722,119)	(7.6%)
Restricted	82,186,093	78,324,024	3,862,069	4.9%
Unrestricted	130,062,754	109,736,732	20,326,022	18.5%
Total net position	<u>477,571,588</u>	<u>475,105,616</u>	<u>2,465,972</u>	<u>0.5%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,733,288,016</u>	<u>\$ 2,770,487,010</u>	<u>\$ (37,198,994)</u>	<u>(1.3%)</u>

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position-Unaudited
For the Years Ended September 30, 2016 and 2015

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Operating revenue:		
Sales and service charges	\$ 375,809,350	\$ 378,901,113
Transfers (to) from rate stabilization	(2,059,025)	(7,703,682)
Amounts to be recovered from future revenue	33,560,292	33,560,292
Other operating revenue	<u>26,811,012</u>	<u>21,183,478</u>
Total operating revenues	<u>434,121,629</u>	<u>425,941,201</u>
Operating expenses:		
Operation and maintenance	230,128,599	227,535,288
Administrative and general	50,506,178	43,447,535
Depreciation and amortization	<u>99,343,149</u>	<u>95,454,204</u>
Total operating expenses	<u>379,977,926</u>	<u>366,437,027</u>
Operating income	<u>54,143,703</u>	<u>59,504,174</u>
Non-operating income (expense):		
Investment income (expense)	661,066	606,556
Interest expense, net of AFUDC	(37,811,533)	(38,205,243)
Other interest related income, BABs	5,372,529	5,345,162
Other income (expense)	<u>13,630,335</u>	<u>7,683,990</u>
Total non-operating expense	<u>(18,147,603)</u>	<u>(24,569,535)</u>
Income before contributions, transfer, and extraordinary item	<u>35,996,100</u>	<u>34,934,639</u>
Capital contributions:		
Contributions from third parties	1,659,399	1,495,813
Reduction of plant costs recovered through contributions	<u>(194,936)</u>	<u>(91,553)</u>
Net capital contributions	<u>1,464,463</u>	<u>1,404,260</u>
Transfer to City of Gainesville General Fund	<u>(34,994,591)</u>	<u>(34,892,425)</u>
Change in net position	2,465,972	1,446,474
Net position – beginning of year	<u>475,105,616</u>	<u>473,659,142</u>
Net position – end of period	<u>\$ 477,571,588</u>	<u>\$ 475,105,616</u>

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2016 and 2015

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Sales of electricity	\$ 128,083,733	\$ 126,655,937	\$ 1,427,796	1.1
Sales for resale	3,901,063	5,451,881	(1,550,818)	(28.4)
Fuel adjustment	155,825,143	157,197,363	(1,372,220)	(0.9)
Other revenues	14,622,917	8,133,766	6,489,151	79.8
Transfer from/(to) rate stabilization	1,324,786	(2,254,681)	3,579,467	158.8
Interest income	1,338,385	1,105,693	232,692	21.0
Build America Bonds interest income	2,975,136	2,960,079	15,057	0.5
Total Electric System Revenues	<u>308,071,163</u>	<u>299,250,038</u>	<u>8,821,125</u>	<u>2.9</u>
Sales of water	33,048,658	30,856,996	2,191,662	7.1
Other revenues	3,062,392	3,307,878	(245,486)	(7.4)
Transfer from/(to) rate stabilization	(3,264,403)	(2,434,339)	(830,064)	(34.1)
Interest income	137,904	99,446	38,458	38.7
Build America Bonds interest income	833,766	829,497	4,269	0.5
Total Water System Revenues	<u>33,818,317</u>	<u>32,659,478</u>	<u>1,158,839</u>	<u>3.5</u>
Sales of wastewater services	38,220,254	36,471,608	1,748,646	4.8
Other revenues	5,111,199	3,562,876	1,548,323	43.5
Transfer from/(to) rate stabilization	(2,117,697)	(2,900,758)	783,061	27.0
Interest income	191,823	155,474	36,349	23.4
Build America Bonds interest income	940,799	935,912	4,887	0.5
Total Wastewater System Revenues	<u>42,346,378</u>	<u>38,225,112</u>	<u>4,121,266</u>	<u>10.8</u>
Sales of gas	13,564,930	14,119,792	(554,862)	(3.9)
Purchased gas adjustment	6,751,817	9,396,610	(2,644,793)	(28.1)
Other revenues	1,209,642	1,439,273	(229,631)	(16.0)
Transfer from/(to) rate stabilization	2,005,691	(1,552,394)	3,558,085	229.2
Interest income	170,119	145,879	24,240	16.6
Build America Bonds interest income	622,829	619,674	3,155	0.5
Total Gas System Revenues	<u>24,325,028</u>	<u>24,168,834</u>	<u>156,194</u>	<u>0.6</u>
Sales of services	11,684,200	10,940,743	743,457	6.8
Other revenues	1,294	197,617	(196,323)	(99.3)
Transfer from/(to) rate stabilization	(7,402)	1,438,490	(1,445,892)	(100.5)
Interest income	66,392	78,794	(12,402)	(15.7)
Total Telecommunications System Revenues	<u>11,744,484</u>	<u>12,655,644</u>	<u>(911,160)</u>	<u>(7.2)</u>
TOTAL REVENUES	<u>420,305,370</u>	<u>406,959,106</u>	<u>13,346,264</u>	<u>3.3</u>

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2016 and 2015
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	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expense:				
Fuel and purchased power	155,825,143	157,197,363	(1,372,220)	(0.9)
Interchange	244,963	1,694,099	(1,449,136)	(85.5)
Total Fuel Expenses	<u>156,070,106</u>	<u>158,891,462</u>	<u>(2,821,356)</u>	<u>(1.8)</u>
Operation and maintenance	42,020,231	37,223,086	4,797,145	12.9
Administrative and general	27,200,222	21,303,154	5,897,068	27.7
Total Electric System Expenses	<u>225,290,559</u>	<u>217,417,702</u>	<u>7,872,857</u>	<u>3.6</u>
Water system:				
Operation and maintenance	7,985,190	7,620,989	364,201	4.8
Administrative and general	6,841,967	6,073,488	768,479	12.7
Total Water System Expenses	<u>14,827,157</u>	<u>13,694,477</u>	<u>1,132,680</u>	<u>8.3</u>
Wastewater system:				
Operation and maintenance	10,939,007	8,643,637	2,295,370	26.6
Administrative and general	6,449,144	5,654,296	794,848	14.1
Total Wastewater System Expenses	<u>17,388,151</u>	<u>14,297,933</u>	<u>3,090,218</u>	<u>21.6</u>
Gas system:				
Fuel expense and purchased gas	6,751,817	9,396,610	(2,644,793)	(28.1)
Operation and maintenance	2,058,670	1,352,256	706,414	52.2
Administrative and general	5,766,555	4,627,296	1,139,259	24.6
Total Gas System Expenses	<u>14,577,042</u>	<u>15,376,162</u>	<u>(799,120)</u>	<u>(5.2)</u>
Telecommunications system:				
Operation and maintenance	4,301,929	4,406,907	(104,978)	(2.4)
Administrative and general	3,120,361	4,108,862	(988,501)	(24.1)
Total Telecommunications System Expenses	<u>7,422,290</u>	<u>8,515,769</u>	<u>(1,093,479)</u>	<u>(12.8)</u>
TOTAL EXPENSES	<u>279,505,199</u>	<u>269,302,043</u>	<u>10,203,156</u>	<u>3.8</u>
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	82,780,604	81,832,336	948,268	1.2
Total water system	18,991,160	18,965,001	26,159	0.1
Total wastewater system	24,958,227	23,927,179	1,031,048	4.3
Total gas system	9,747,986	8,792,672	955,314	10.9
Total telecommunications system	4,322,194	4,139,875	182,319	4.4
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>140,800,171</u>	<u>137,657,063</u>	<u>3,143,108</u>	<u>2.3</u>
LESS:				
Debt service	62,027,441	61,638,702	388,739	0.6
Debt service - UPIF	-	(1,350,000)	1,350,000	100.0
UPIF contributions	43,778,139	42,475,936	1,302,203	3.1
Transfer to City of Gainesville General Fund	34,994,591	34,892,425	102,166	0.3
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Gainesville Regional Utilities
Electric Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2016 and 2015

	September 30, 2016	September 30, 2015	Change (\$)	Change (%)
REVENUES:				
Residential	\$ 48,414,299	\$ 47,490,149	\$ 924,150	1.9
Non-residential	60,244,513	59,867,164	377,349	0.6
Fuel adjustment	155,825,143	157,197,363	(1,372,220)	(0.9)
Sales for resale	3,901,063	5,451,881	(1,550,818)	(28.4)
Utility surcharge	3,049,201	3,058,030	(8,829)	(0.3)
Other electric sales	16,375,720	16,240,594	135,126	0.8
Total Sales of Electricity	287,809,939	289,305,181	(1,495,242)	(0.5)
Other revenues	14,622,917	8,133,766	6,489,151	79.8
Transfer from/(to) rate stabilization	1,324,786	(2,254,681)	3,579,467	158.8
Interest income	1,338,385	1,105,693	232,692	21.0
Build America Bonds interest income	2,975,136	2,960,079	15,057	0.5
Total Revenues	308,071,163	299,250,038	8,821,125	2.9
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses:				
Fuel and purchased power	155,825,143	157,197,363	(1,372,220)	(0.9)
Interchange	244,963	1,694,099	(1,449,136)	(85.5)
Total Fuel Expenses	156,070,106	158,891,462	(2,821,356)	(1.8)
Steam power generation	25,525,283	24,057,014	1,468,269	6.1
Other power generation	1,005,251	644,311	360,940	56.0
System control and load dispatching	1,192,907	1,246,271	(53,364)	(4.3)
Total Power Production Expenses	27,723,441	25,947,596	1,775,845	6.8
Transmission and distribution expenses:				
Transmission	1,735,154	1,541,525	193,629	12.6
Distribution	12,561,636	9,733,965	2,827,671	29.0
Total Transmission & Distribution Expenses	14,296,790	11,275,490	3,021,300	26.8
Administrative and general expenses:				
Customer accounts and sales	3,855,335	3,677,693	177,642	4.8
Administrative and general	23,344,887	17,625,461	5,719,426	32.4
Total Administrative & General Expenses	27,200,222	21,303,154	5,897,068	27.7
Total Operation, Maintenance and Administrative Expenses	225,290,559	217,417,702	7,872,857	3.6
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	82,780,604	81,832,336	948,268	1.2
LESS:				
Debt service	38,623,885	38,631,525	(7,640)	(0.0)
UPIF contributions	24,734,721	23,705,509	1,029,212	4.3
Transfer to City of Gainesville General Fund	19,421,998	19,495,302	(73,304)	(0.4)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

Gainesville Regional Utilities
Water Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2016 and 2015

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 20,391,611	\$ 18,706,209	\$ 1,685,402	9.0
Non-residential	8,385,314	7,928,002	457,312	5.8
University of Florida	1,891,566	2,033,206	(141,640)	(7.0)
Utility surcharge	2,380,167	2,189,579	190,588	8.7
Total Sales of Water	<u>33,048,658</u>	<u>30,856,996</u>	<u>2,191,662</u>	<u>7.1</u>
Other revenues	3,062,392	3,307,878	(245,486)	(7.4)
Transfer from/(to) rate stabilization	(3,264,403)	(2,434,339)	(830,064)	(34.1)
Interest income	137,904	99,446	38,458	38.7
Build America Bonds interest income	833,766	829,497	4,269	0.5
Total Revenues	<u>33,818,317</u>	<u>32,659,478</u>	<u>1,158,839</u>	<u>3.5</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Pumping and water treatment	5,472,920	5,315,400	157,520	3.0
Transmission and distribution	2,512,270	2,305,589	206,681	9.0
Customer accounts and sales	1,469,645	1,440,708	28,937	2.0
Administrative and general	5,372,322	4,632,780	739,542	16.0
Total Operation, Maintenance and Administrative Expenses	<u>14,827,157</u>	<u>13,694,477</u>	<u>1,132,680</u>	<u>8.3</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>18,991,160</u>	<u>18,965,001</u>	<u>26,159</u>	<u>0.1</u>
LESS:				
Debt service	6,555,120	5,981,667	573,453	9.6
UPIF contributions	6,758,167	7,356,894	(598,727)	(8.1)
Transfer to City of Gainesville General Fund	5,677,873	5,626,440	51,433	0.9
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Gainesville Regional Utilities
Wastewater Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2016 and 2015

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 26,062,781	\$ 24,887,820	\$ 1,174,961	4.7
Non-residential	9,514,192	8,943,974	570,218	6.4
Utility surcharge	2,643,281	2,528,779	114,502	4.5
Total Sales of Services	<u>38,220,254</u>	<u>36,471,608</u>	<u>1,748,646</u>	<u>4.8</u>
Other revenues	5,111,199	3,562,876	1,548,323	43.5
Transfer from/(to) rate stabilization	(2,117,697)	(2,900,758)	783,061	27.0
Interest income	191,823	155,474	36,349	23.4
Build America Bonds interest income	940,799	935,912	4,887	0.5
Total Revenues	<u>42,346,378</u>	<u>38,225,112</u>	<u>4,121,266</u>	<u>10.8</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	3,669,178	3,299,051	370,127	11.2
Treatment	7,269,829	5,344,586	1,925,243	36.0
Customer accounts and sales	1,172,851	815,558	357,293	43.8
Administrative and general	5,276,293	4,838,738	437,555	9.0
Total Operation, Maintenance and Administrative Expenses	<u>17,388,151</u>	<u>14,297,933</u>	<u>3,090,218</u>	<u>21.6</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>24,958,227</u>	<u>23,927,179</u>	<u>1,031,048</u>	<u>4.3</u>
LESS:				
Debt service	8,123,577	7,627,537	496,040	6.5
UPIF contributions	9,337,059	8,934,097	402,962	4.5
Transfer to City of Gainesville General Fund	7,497,591	7,365,545	132,046	1.8
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

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Gainesville Regional Utilities
Gas Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2016 and 2015

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 7,142,586	\$ 7,478,323	\$ (335,737)	(4.5)
Non-residential	4,753,630	4,421,237	332,393	7.5
Purchased gas adjustment	6,751,817	9,396,610	(2,644,793)	(28.1)
Utility surcharge	456,550	460,432	(3,882)	(0.8)
Other gas sales	1,212,164	1,759,800	(547,636)	(31.1)
Total Sales of Gas	<u>20,316,747</u>	<u>23,516,402</u>	<u>(3,199,655)</u>	<u>(13.6)</u>
Other revenues	1,209,642	1,439,273	(229,631)	(16.0)
Transfer from/(to) rate stabilization	2,005,691	(1,552,394)	3,558,085	229.2
Interest income	170,119	145,879	24,240	16.6
Build America Bonds interest income	622,829	619,674	3,155	0.5
Total Revenues	<u>24,325,028</u>	<u>24,168,834</u>	<u>156,194</u>	<u>0.6</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expense and purchased gas	6,751,817	9,396,610	(2,644,793)	(28.1)
Operation and maintenance	2,058,670	1,352,256	706,414	52.2
Customer accounts and sales	2,213,963	2,541,654	(327,691)	(12.9)
Administrative and general	3,552,592	2,085,642	1,466,950	70.3
Total Operation, Maintenance and Administrative Expenses	<u>14,577,042</u>	<u>15,376,162</u>	<u>(799,120)</u>	<u>(5.2)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>9,747,986</u>	<u>8,792,672</u>	<u>955,314</u>	<u>10.9</u>
LESS:				
Debt service	4,526,353	3,987,672	538,681	13.5
Debt service - UPIF	-	(1,000,000)	1,000,000	100.0
UPIF contributions	2,824,504	3,399,862	(575,358)	(16.9)
Transfer to City of Gainesville General Fund	2,397,129	2,405,138	(8,009)	(0.3)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Gainesville Regional Utilities
Telecommunications System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Years Ended September 30, 2016 and 2015

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Telecommunication	\$ 4,598,731	\$ 4,888,324	\$ (289,593)	(5.9)
Trunking radio	1,733,641	1,772,257	(38,616)	(2.2)
Tower lease	3,179,963	2,244,525	935,438	41.7
Internet access	2,171,865	2,035,637	136,228	6.7
Total Sales of Services	11,684,200	10,940,743	743,457	6.8
Other revenues	1,294	197,617	(196,323)	(99.3)
Transfer from/(to) rate stabilization	(7,402)	1,438,490	(1,445,892)	(100.5)
Interest income	66,392	78,794	(12,402)	(15.7)
Total Revenues	11,744,484	12,655,644	(911,160)	(7.2)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	4,301,929	4,406,907	(104,978)	(2.4)
Customer accounts and sales	197,662	309,689	(112,027)	(36.2)
Administrative and general	2,922,699	3,799,173	(876,474)	(23.1)
Total Operation, Maintenance and Administrative Expenses	7,422,290	8,515,769	(1,093,479)	(12.8)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	4,322,194	4,139,875	182,319	4.4
LESS:				
Debt service	4,198,506	5,410,301	(1,211,795)	(22.4)
Debt service - UPIF	-	(350,000)	350,000	100.0
UPIF contributions	123,688	(920,426)	1,044,114	113.4
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

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Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Year Ended September 30, 2016

	<u>Actual</u>
Fuel Revenues	151,803,967
Fuel Expenses	155,825,143
To (From) Fuel Adjustment Levelization	<u>(4,021,176)</u>
Fuel Adjustment Beginning Balance	16,923,455
To (From) Fuel Adjustment Levelization	(4,021,176)
Fuel Adjustment Ending Balance	<u>12,902,279</u>

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Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Year Ended September 30, 2016

	Actual
Purchased Gas Revenues	6,804,833
Purchased Gas Expenses	6,751,817
To (From) PGA Levelization	53,016
PGA Beginning Balance	1,876,269
To (From) PGA Levelization	53,016
PGA Ending Balance	1,929,285

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