

# **Gainesville Regional Utilities**

## **Interim Financial Statements - Unaudited**

**For the Period Ended December 31, 2018**



**Gainesville Regional Utilities  
Financial Statements - Unaudited  
For the Period Ended December 31, 2018**

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# **Overview and Basis of Accounting**

# **Gainesville Regional Utilities Financial Statements - Unaudited For the Period Ended December 31, 2018**

## **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 December 31, 2018.

## **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**

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**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 December 31, 2018. 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 addressed below as applicable.
- Cash and investments decreased \$7.1 million or 17.3% due to normal operations, and increases in fuel inventories.
- Fuel inventories increased \$9.9 million or 115.5% due primarily to an increase in the purchase of coal and the addition of biomass fuel.
- Fuel adjustment levelization balance decreased \$5.7 million due to a reduction in the fuel adjustment rate in February 2018 in combination with an increase in natural gas prices compared to the same period last year.
- Debt service cash and investments increased \$3.1 million or 18.5% due to the accumulation of scheduled principal and interest payments.
- Construction fund cash and investments increased \$25.8 million due to the issuance of \$40 million in commercial paper in July 2018 offset by normal construction expenditures.
- Utility plant improvement fund cash and investments decreased \$13.6 million or 46.7% due to expected usage for construction of capital assets.
- 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.
- Accumulated decrease in fair value of hedging derivatives decreased \$20.9 million or 36.1% due primarily to a decrease in the unrealized loss on interest rate swaps.
- Fuels payable increased \$2.3 million or 67.6% due to increased natural gas purchases over the same period last year.
- Current portion of utilities system revenue bonds increased \$3.1 million or 10.9% due to normally scheduled principal payments.
- Accrued interest payable increased \$5.7 million or 58.9% due to normally scheduled interest payments.
- Utilities system revenue bonds decreased \$30.9 million or 2.1% due primarily to normally scheduled principal payments.

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- Long-term commercial paper notes increased \$40 million or 75.5% due to the issuance of \$40 million in tax exempt commercial paper notes to support the capital improvement program for GRU.
- Unamortized bond premium/discount decreased \$8.1 million or 9% due to normally scheduled amortization.
- Fair value of derivative instruments decreased \$22.4 million or 36.6% due to 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
- 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 \$1.5 million or 1.5% due primarily to an increase in electric and gas revenues. These increases were offset by decreases in water, wastewater and telecommunications revenues.
- Total expenses decreased \$3.3 million or 5.8%. Factors include: a decrease in electric fuel expenses of \$7.9 million, an increase in electric operation and maintenance, and other increases in water, wastewater, gas and telecommunications expenses.
- The combined systems withdrew \$748,154 from rate stabilization for the period ended December 31, 2018, including budgeted transfers to and from rate stabilization.

Electric System

- Total revenues increased \$104,710 or 0.2% over the same period last year due primarily to a decrease in fuel adjustment revenue, offset by an increase in residential and non-residential revenue.
- Fuel adjustment revenue and the related fuel expense decreased \$7.9 million or 26.7% over the prior year due to the cancellation of the PPA with GREC and the concurrent purchase of Deerhaven Renewable Generating Station (DHR). The Utility has realized much more efficient use of the biomass plant and procurement of fuel costs 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.

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- Power production increased \$1.5 million or 17.7% as the Utility experienced a full quarter of DHR operations for the entire quarter compared to the same period last year. DHR was purchased in November 2017.
- Transmission and distribution increased \$1.2 million or 28.8% from increased labor costs and overheads.
- The electric system withdrew \$1.3 million from rate stabilization for the period ended December 31, 2018, including budgeted transfers from rate stabilization.

Water System

- Total revenues decreased \$155,252 or 1.7% due primarily to a reduction in residential and non-residential revenues.
- The water system contributed \$125,272 to rate stabilization for the period ended December 31, 2018, including budgeted transfers from rate stabilization.

Wastewater System

- Total revenues decreased \$1.2 million or 9.8% due primarily to a decrease in residential and other revenue.
- The wastewater system contributed \$294,668 to rate stabilization for the period ended December 31, 2018, including budgeted transfers from rate stabilization.

Gas System

- Total revenues increased \$2.7 million or 48.4% due primarily to an increase in fuel adjustment revenue and transfers from rate stabilization.
- Fuel adjustment revenue and the related fuel expense increased \$877,309 or 45.7% due to an increase in natural gas prices and consumption over the same period last year.
- The gas system contributed \$191,142 to rate stabilization for the period ended December 31, 2018, including budgeted transfers from rate stabilization.

Telecommunications System

- Total revenues decreased \$5,603 or 0.2% due primarily to a reduction in telecommunications and trunking radio revenue offset by an increase in tower leasing revenue.
- The telecommunications system withdrew \$90,447 from rate stabilization for the period ended December 31, 2018.



# **Financial Statements**

**Gainesville Regional Utilities**  
**Statements of Net Position - Unaudited**  
**December 31, 2018 and 2017**

	December 31, 2018	December 31, 2017	Change (\$)	Change (%)
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 33,843,933	\$ 40,921,672	\$ (7,077,739)	(17.3%)
Accounts receivable, net of allowance for uncollectible accounts of \$1,046,779 and \$594,981, respectively	45,527,805	45,659,751	(131,946)	(0.3%)
Inventories:				
Fuel	18,534,020	8,600,894	9,933,126	115.5%
Materials and supplies	12,031,514	11,463,332	568,182	5.0%
Fuel adjustment	5,177,157	(535,749)	5,712,906	(1066.3%)
Other assets and regulatory assets	2,417,044	2,297,967	119,077	5.2%
<b>Total current assets</b>	<b>117,531,473</b>	<b>108,407,867</b>	<b>9,123,606</b>	<b>8.4%</b>
Restricted assets:				
Utility deposits - cash and investments	8,718,367	10,164,460	(1,446,093)	(14.2%)
Debt service - cash and investments	19,971,692	16,849,291	3,122,401	18.5%
Rate stabilization - cash and investments	55,725,557	60,614,753	(4,889,196)	(8.1%)
Construction fund - cash and investments	31,788,491	5,965,280	25,823,211	432.9%
Utility plant improvement fund - cash and investments	15,520,262	29,113,960	(13,593,698)	(46.7%)
<b>Total restricted and internally designated assets</b>	<b>131,724,369</b>	<b>122,707,744</b>	<b>9,016,625</b>	<b>7.3%</b>
Noncurrent assets:				
Unamortized debt issuance costs - regulatory assets	8,926,685	8,988,832	(62,147)	(0.7%)
Investment in The Energy Authority	2,294,025	2,058,185	235,840	11.5%
Pollution remediation - regulatory asset	10,439,918	11,871,373	(1,431,455)	(12.1%)
Other noncurrent assets and regulatory assets	7,223,364	7,905,146	(681,782)	(8.6%)
Pension costs - regulatory asset	74,122,351	73,141,512	980,839	1.3%
<b>Total noncurrent assets</b>	<b>103,006,343</b>	<b>103,965,048</b>	<b>(958,705)</b>	<b>(0.9%)</b>
Capital assets:				
Utility plant in service	2,800,367,752	2,741,370,117	58,997,635	2.2%
Less: accumulated depreciation and amortization	(992,989,884)	(904,046,564)	(88,943,320)	9.8%
	1,807,377,868	1,837,323,553	(29,945,685)	(1.6%)
Construction in progress	103,173,852	101,606,858	1,566,994	1.5%
<b>Net capital assets</b>	<b>1,910,551,720</b>	<b>1,938,930,411</b>	<b>(28,378,691)</b>	<b>(1.5%)</b>
<b>Total assets</b>	<b>2,262,813,905</b>	<b>2,274,011,070</b>	<b>(11,197,165)</b>	<b>(0.5%)</b>
<b>Deferred outflows of resources:</b>				
Unamortized loss on refunding of bonds	17,121,053	20,523,769	(3,402,716)	(16.6%)
Accumulated decrease in fair value of hedging derivatives	36,888,086	57,744,216	(20,856,130)	(36.1%)
Pension costs	17,061,446	27,899,197	(10,837,751)	(38.8%)
<b>Total deferred outflows of resources</b>	<b>71,070,585</b>	<b>106,167,182</b>	<b>(35,096,597)</b>	<b>(33.1%)</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,333,884,490</b>	<b>\$ 2,380,178,252</b>	<b>\$ (46,293,762)</b>	<b>(1.9%)</b>

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**Gainesville Regional Utilities**  
**Statements of Net Position - Unaudited (concluded)**  
**December 31, 2018 and 2017**

	December 31, 2018	December 31, 2017	Change (\$)	Change (%)
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 13,686,873	\$ 11,382,468	\$ 2,304,405	20.2%
Fuels payable	5,823,337	3,475,208	2,348,129	67.6%
Due to other funds of the City	2,771,473	3,038,794	(267,321)	(8.8%)
Other liabilities and regulatory liabilities	625,505	400,860	224,645	56.0%
<b>Total current liabilities</b>	<b>22,907,188</b>	<b>18,297,330</b>	<b>4,609,858</b>	<b>25.2%</b>
Payable from restricted assets:				
Utility deposits	8,718,367	10,164,264	(1,445,897)	(14.2%)
Accounts payable and accrued liabilities	485,417	1,495,010	(1,009,593)	(67.5%)
Utility system revenue bonds - current	30,935,000	27,885,000	3,050,000	10.9%
Accrued interest payable	15,346,119	9,659,784	5,686,335	58.9%
Other liabilities and regulatory liabilities	17,665	-	17,665	-
<b>Total payable from restricted assets</b>	<b>55,502,568</b>	<b>49,204,058</b>	<b>6,298,510</b>	<b>12.8%</b>
Long-term debt:				
Utility system revenue bonds	1,475,520,000	1,506,455,000	(30,935,000)	(2.1%)
Commercial paper notes	93,000,000	53,000,000	40,000,000	75.5%
Unamortized bond premium/discount	81,485,338	89,556,479	(8,071,141)	(9.0%)
Fair value of derivative instruments	38,765,287	61,184,080	(22,418,793)	(36.6%)
<b>Total long-term debt</b>	<b>1,688,770,625</b>	<b>1,710,195,559</b>	<b>(21,424,934)</b>	<b>(1.3%)</b>
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	2,922,744	2,144,020	778,724	36.3%
<b>Total noncurrent liabilities</b>	<b>77,957,188</b>	<b>88,850,382</b>	<b>(10,893,194)</b>	<b>(12.3%)</b>
<b>Total liabilities</b>	<b>1,845,137,569</b>	<b>1,866,547,329</b>	<b>(21,409,760)</b>	<b>(1.1%)</b>
<b>Deferred inflows of resources:</b>				
Rate stabilization	56,032,202	60,695,570	(4,663,368)	(7.7%)
Pension costs	20,005,353	18,336,347	1,669,006	9.1%
Other deferred inflows	187,818	-	187,818	-
<b>Total deferred inflows of resources</b>	<b>76,225,373</b>	<b>79,031,917</b>	<b>(2,806,544)</b>	<b>(3.6%)</b>
<b>Net position</b>				
Net investment in capital assets	288,456,424	298,899,344	(10,442,920)	(3.5%)
Restricted	20,178,992	36,615,645	(16,436,653)	(44.9%)
Unrestricted	103,886,132	99,084,017	4,802,115	4.8%
<b>Total net position</b>	<b>412,521,548</b>	<b>434,599,006</b>	<b>(22,077,458)</b>	<b>(5.4%)</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 2,333,884,490</b>	<b>\$ 2,380,178,252</b>	<b>\$ (46,293,762)</b>	<b>(1.9%)</b>

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**Gainesville Regional Utilities**  
**Statements of Revenues, Expenses, and Changes in Net Position - Unaudited**  
**For the Periods Ended December 31, 2018 and 2017**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Operating revenues:		
Sales and service charges	\$ 94,502,668	\$ 90,567,168
Transfers from (to) rate stabilization	2,497,050	1,673,469
Amounts to be recovered from future revenue	-	3,449,252
Other operating revenue	1,530,677	2,607,051
Total operating revenues	<u>98,530,395</u>	<u>98,296,940</u>
Operating expenses:		
Operation and maintenance	48,686,606	51,667,162
Administrative and general	5,748,200	5,829,226
Depreciation and amortization	25,518,670	24,049,308
Total operating expenses	<u>79,953,476</u>	<u>81,545,696</u>
Operating income	<u>18,576,919</u>	<u>16,751,244</u>
Non-operating income (expense):		
Interest income	724,203	645,813
Interest expense, net of AFUDC	(14,904,555)	(10,688,122)
Other interest related income, BABs	1,302,987	1,314,807
Other expense	(2,754,310)	(870,096)
Total non-operating income (expense)	<u>(15,631,675)</u>	<u>(9,597,598)</u>
Income before capital contributions and transfer	<u>2,945,244</u>	<u>7,153,646</u>
Capital contributions:		
Contributions from third parties	28,612	43,757
Net capital contributions	<u>28,612</u>	<u>43,757</u>
Transfer to City of Gainesville General Fund	<u>(9,571,250)</u>	<u>(9,094,770)</u>
Change in net position	<u>(6,597,394)</u>	<u>(1,897,367)</u>
Net position - beginning of year	419,118,942	436,496,373
Net position - end of period	<u>\$ 412,521,548</u>	<u>\$ 434,599,006</u>

**Gainesville Regional Utilities**  
**Statements of Cash Flows - Unaudited**  
**For the Periods Ended December 31, 2018 and 2017**

	<b>December 31, 2018</b>	December 31, 2017
Operating activities:		
Cash received from customers	\$ 108,232,585	\$ 102,046,953
Cash payments to suppliers for goods and services	(55,977,947)	(74,287,190)
Cash payments to employees for services	(14,940,953)	(14,391,686)
Cash payments for operating transactions with other funds	(3,362,387)	(2,241,694)
Other operating receipts	4,027,727	4,280,520
Net cash provided by operating activities	37,979,025	15,406,903
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	(9,571,250)	(9,094,770)
Net cash used by noncapital financing activities	(9,571,250)	(9,094,770)
Capital and related financing activities:		
Principal repayments and refunding on long-term debt, net	(27,885,000)	(24,020,000)
Interest paid on long-term debt	(29,013,729)	(19,067,542)
Acquisition and construction of fixed assets (including allowance for funds used during construction)	(10,666,314)	(689,969,701)
Proceeds from new debt and commercial paper	-	680,920,000
Other income (expense)	287,212	307,432
Net cash used by capital and related financing activities	(67,277,831)	(51,829,811)
Investing activities:		
Interest received	724,203	240,736
Purchase of investments	(43,864,569)	(42,805,949)
Investments in The Energy Authority	(1,581,138)	(2,478,880)
Distributions from The Energy Authority	1,544,409	2,514,678
Proceeds from investments	85,380,122	80,890,858
Net cash provided (used) by investing activities	42,203,027	38,361,443
Net change in cash and cash equivalents	3,332,971	(7,156,235)
Cash and cash equivalents, beginning of year	27,231,947	36,491,757
Cash and cash equivalents, end of period	\$ 30,564,918	\$ 29,335,522

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**Gainesville Regional Utilities**  
**Statements of Cash Flows - Unaudited (concluded)**  
**For the Periods Ended December 31, 2018 and 2017**

	<b>December 31, 2018</b>	December 31, 2017
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 18,635,832	\$ 16,751,244
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	25,518,670	24,049,308
Net costs recoverable in future years	-	(3,449,252)
Change in:		
Accounts receivable	14,449,543	8,078,375
Inventories	(2,117,179)	(4,613,098)
Other assets and regulatory assets	(657,051)	(1,527,858)
Noncurrent assets	342,413	196,237
Payables and accrued liabilities	(6,639,815)	(27,512,479)
Due to other funds of the City	2,320,641	3,912,377
Fuel adjustment	(2,800,216)	5,265,066
Payable from restricted assets	(7,857,137)	(7,470,958)
Utility deposits	(719,626)	3,401,410
Rate stabilization	(2,497,050)	(1,673,469)
Net cash provided by operating activities	\$ 37,979,025	\$ 15,406,903
Non-cash capital and related financing activities and investing activities:		
Contribution of capital assets	\$ (30,301)	\$ 43,757
Net costs recoverable in future years	\$ -	\$ 61,574,434
Change in capital lease liability	\$ -	\$ (941,269,071)
Change in utility plant in service	\$ (1,119,660)	\$ 776,821,121
Change in accumulated decrease in fair value of hedging derivatives - fuel options and futures	\$ 2,418	\$ (91,855)
Change in fair value of investments	\$ 1,407,431	\$ (510,007)
Other	\$ 1,195,801	\$ (16,400)

**Gainesville Regional Utilities**  
**Combined Utility Systems**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended December 31, 2018 and 2017**

	December 31, 2018	December 31, 2017	Change (\$)	Change (%)
<b>Revenues:</b>				
Electric system:				
Sales of electricity	\$ 42,660,635	\$ 31,847,009	\$ 10,813,626	34.0
Fuel adjustment	21,766,510	29,692,357	(7,925,847)	(26.7)
Sales for resale	1,705,334	1,023,066	682,268	66.7
Transfer from/(to) rate stabilization	783,959	1,851,215	(1,067,256)	(57.7)
Other revenue	134,185	1,014,722	(880,537)	(86.8)
Other income (expense)	(1,678,371)	(168,558)	(1,509,813)	(895.7)
Build America Bonds	718,263	725,994	(7,731)	(1.1)
<b>Total electric system revenues</b>	<b>66,090,515</b>	<b>65,985,805</b>	<b>104,710</b>	<b>0.2</b>
Water system:				
Sales of water	8,495,058	8,737,919	(242,861)	(2.8)
Transfer from/(to) rate stabilization	38,031	(266,996)	305,027	114.2
Other revenue	232,465	386,470	(154,005)	(39.8)
Other income (expense)	(92,372)	(30,542)	(61,830)	(202.4)
Build America Bonds	202,909	204,492	(1,583)	(0.8)
<b>Total water system revenues</b>	<b>8,876,091</b>	<b>9,031,343</b>	<b>(155,252)</b>	<b>(1.7)</b>
Wastewater system:				
Sales of wastewater	9,932,487	10,271,564	(339,077)	(3.3)
Transfer from/(to) rate stabilization	397,021	555,337	(158,316)	(28.5)
Other revenue	528,056	1,135,861	(607,805)	(53.5)
Other income (expense)	(140,390)	(59,893)	(80,497)	(134.4)
Build America Bonds	231,337	232,266	(929)	(0.4)
<b>Total wastewater system revenues</b>	<b>10,948,511</b>	<b>12,135,135</b>	<b>(1,186,624)</b>	<b>(9.8)</b>
Gas system:				
Sales of gas	4,090,108	3,985,513	104,595	2.6
Purchased gas adjustment	2,797,793	1,920,484	877,309	45.7
Transfer from/(to) rate stabilization	1,278,039	(466,087)	1,744,126	374.2
Other revenue	26,405	58,975	(32,570)	(55.2)
Other income (expense)	(3,382)	(33,185)	29,803	89.8
Build America Bonds	150,479	152,055	(1,576)	(1.0)
<b>Total gas system revenues</b>	<b>8,339,442</b>	<b>5,617,755</b>	<b>2,721,687</b>	<b>48.4</b>
Telecommunications system:				
Sales of services	3,054,743	3,089,255	(34,512)	(1.1)
Other revenue	(49,837)	11,024	(60,861)	(552.1)
Other income (expense)	(44,058)	(133,828)	89,770	67.1
<b>Total telecommunications system revenues</b>	<b>2,960,848</b>	<b>2,966,451</b>	<b>(5,603)</b>	<b>(0.2)</b>
<b>Total revenues</b>	<b>97,215,407</b>	<b>95,736,489</b>	<b>1,478,918</b>	<b>1.5</b>



**Gainesville Regional Utilities**  
**Combined Utility Systems**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended December 31, 2018 and 2017**  
**Page 2**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Electric system:				
Fuel expenses	21,766,510	29,692,357	(7,925,847)	(26.7)
Operation and maintenance	15,109,630	12,460,586	2,649,044	21.3
Administrative and general	2,638,572	3,042,430	(403,858)	(13.3)
<b>Total Electric System Expenses</b>	<b>39,514,712</b>	<b>45,195,373</b>	<b>(5,680,661)</b>	<b>(12.6)</b>
Water system:				
Operation and maintenance	2,827,592	2,307,800	519,792	22.5
Administrative and general	1,087,323	1,000,986	86,337	8.6
<b>Total Water System Expenses</b>	<b>3,914,915</b>	<b>3,308,786</b>	<b>606,129</b>	<b>18.3</b>
Wastewater system:				
Operation and maintenance	3,645,755	3,123,677	522,078	16.7
Administrative and general	1,177,524	1,146,107	31,417	2.7
<b>Total Wastewater System Expenses</b>	<b>4,823,279</b>	<b>4,269,784</b>	<b>553,495</b>	<b>13.0</b>
Gas system:				
Fuel expense - purchased gas	2,797,793	1,920,484	877,309	45.7
Operation and maintenance	721,902	665,809	56,093	8.4
Administrative and general	543,629	482,805	60,824	12.6
<b>Total Gas System Expenses</b>	<b>4,063,324</b>	<b>3,069,098</b>	<b>994,226</b>	<b>32.4</b>
Telecommunications system:				
Operation and maintenance	1,365,145	1,228,715	136,430	11.1
Administrative and general	242,213	188,443	53,770	28.5
<b>Total Telecommunications System Expenses</b>	<b>1,607,358</b>	<b>1,417,158</b>	<b>190,200</b>	<b>13.4</b>
<b>TOTAL EXPENSES</b>	<b>53,923,588</b>	<b>57,260,199</b>	<b>(3,336,611)</b>	<b>(5.8)</b>
<b>NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:</b>				
Total electric system	26,575,803	20,790,432	5,785,371	27.8
Total water system	4,961,176	5,722,557	(761,381)	(13.3)
Total wastewater system	6,125,232	7,865,351	(1,740,119)	(22.1)
Total gas system	4,276,118	2,548,657	1,727,461	67.8
Total telecommunications system	1,353,490	1,549,293	(195,803)	(12.6)
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b>43,291,819</b>	<b>38,476,290</b>	<b>4,815,529</b>	<b>12.5</b>
<b>LESS:</b>				
Debt service	24,147,621	17,637,124	6,510,497	36.9
Debt service - UPIF	-	(1,250,000)	1,250,000	100.0
UPIF contributions	10,321,102	11,530,139	(1,209,037)	(10.5)
Transfer to City of Gainesville General Fund	9,571,250	9,094,771	476,479	5.2
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b>\$ (748,154)</b>	<b>\$ 1,464,256</b>	<b>\$ (2,212,410)</b>	<b>(151.1)</b>

**Gainesville Regional Utilities**  
**Electric Utility System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended December 31, 2018 and 2017**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Residential	\$ 16,414,717	\$ 11,630,157	\$ 4,784,560	41.1
Non-residential	20,080,509	15,595,738	4,484,771	28.8
Fuel adjustment	21,766,510	29,692,357	(7,925,847)	(26.7)
Sales for resale	1,705,334	1,023,066	682,268	66.7
Utility surcharge	1,020,550	719,256	301,294	41.9
Other electric sales	5,144,859	3,901,858	1,243,001	31.9
<b>Total Sales of Electricity</b>	<b><u>66,132,479</u></b>	<b><u>62,562,432</u></b>	<b><u>3,570,047</u></b>	<b><u>5.7</u></b>
Transfer from/(to) rate stabilization	783,959	1,851,215	(1,067,256)	(57.7)
Other revenue	134,185	1,014,722	(880,537)	(86.8)
Other income (expense)	(1,678,371)	(168,558)	(1,509,813)	(895.7)
Build America Bonds	718,263	725,994	(7,731)	(1.1)
<b>Total Revenues</b>	<b><u>66,090,515</u></b>	<b><u>65,985,805</u></b>	<b><u>104,710</u></b>	<b><u>0.2</u></b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Fuel expenses	21,766,510	29,692,357	(7,925,847)	(26.7)
Power production	9,916,259	8,427,564	1,488,695	17.7
Transmission and distribution	5,193,371	4,033,022	1,160,349	28.8
Administrative and general	2,638,572	3,042,430	(403,858)	(13.3)
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b><u>39,514,712</u></b>	<b><u>45,195,373</u></b>	<b><u>(5,680,661)</u></b>	<b><u>(12.6)</u></b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b><u>26,575,803</u></b>	<b><u>20,790,432</u></b>	<b><u>5,785,371</u></b>	<b><u>27.8</u></b>
<b>LESS:</b>				
Debt service	18,147,959	12,638,062	5,509,897	43.6
Debt service - UPIF	-	(1,250,000)	1,250,000	100.0
UPIF contributions	5,717,666	6,374,644	(656,978)	(10.3)
Transfer to City of Gainesville General Fund	3,978,967	5,356,820	(1,377,853)	(25.7)
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b><u>\$ (1,268,789)</u></b>	<b><u>\$ (2,329,094)</u></b>	<b><u>\$ 1,060,305</u></b>	<b><u>45.5</u></b>

**Gainesville Regional Utilities**  
**Water Utility System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended December 31, 2018 and 2017**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Residential	\$ 5,234,463	\$ 5,403,049	\$ (168,586)	(3.1)
Non-residential	2,635,967	2,695,439	(59,472)	(2.2)
Utility surcharge	624,628	639,431	(14,803)	(2.3)
<b>Total Sales of Water</b>	<u>8,495,058</u>	<u>8,737,919</u>	<u>(242,861)</u>	<u>(2.8)</u>
Transfer from/(to) rate stabilization	38,031	(266,996)	305,027	114.2
Other revenue	232,465	386,470	(154,005)	(39.8)
Other income (expense)	(92,372)	(30,542)	(61,830)	(202.4)
Build America Bonds	202,909	204,492	(1,583)	(0.8)
<b>Total Revenues</b>	<u>8,876,091</u>	<u>9,031,343</u>	<u>(155,252)</u>	<u>(1.7)</u>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Transmission and distribution	1,146,342	837,213	309,129	36.9
Treatment	1,681,250	1,470,587	210,663	14.3
Administrative and general	1,087,323	1,000,986	86,337	8.6
<b>Total Operation, Maintenance and Administrative Expenses</b>	<u>3,914,915</u>	<u>3,308,786</u>	<u>606,129</u>	<u>18.3</u>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>4,961,176</u>	<u>5,722,557</u>	<u>(761,381)</u>	<u>(13.3)</u>
<b>LESS:</b>				
Debt service	1,798,163	1,420,760	377,403	26.6
UPIF contributions	1,698,723	1,867,054	(168,331)	(9.0)
Transfer to City of Gainesville General Fund	1,339,018	1,459,711	(120,693)	(8.3)
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ 125,272</u>	<u>\$ 975,032</u>	<u>\$ (849,760)</u>	<u>(87.2)</u>

**Gainesville Regional Utilities**  
**Wastewater Utility System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended December 31, 2018 and 2017**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Residential	\$ 6,537,888	\$ 6,912,251	\$ (374,363)	(5.4)
Non-residential	2,678,839	2,625,418	53,421	2.0
Utility surcharge	715,760	733,895	(18,135)	(2.5)
<b>Total Sales of Services</b>	<u>9,932,487</u>	<u>10,271,564</u>	<u>(339,077)</u>	<u>(3.3)</u>
Transfer from/(to) rate stabilization	397,021	555,337	(158,316)	(28.5)
Other revenue	528,056	1,135,861	(607,805)	(53.5)
Other income (expense)	(140,390)	(59,893)	(80,497)	(134.4)
Build America Bonds	231,337	232,266	(929)	(0.4)
<b>Total Revenues</b>	<u>10,948,511</u>	<u>12,135,135</u>	<u>(1,186,624)</u>	<u>(9.8)</u>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Collection	1,932,768	1,671,110	261,658	15.7
Treatment	1,712,987	1,452,567	260,420	17.9
Administrative and general	1,177,524	1,146,107	31,417	2.7
<b>Total Operation, Maintenance and Administrative Expenses</b>	<u>4,823,279</u>	<u>4,269,784</u>	<u>553,495</u>	<u>13.0</u>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>6,125,232</u>	<u>7,865,351</u>	<u>(1,740,119)</u>	<u>(22.1)</u>
<b>LESS:</b>				
Debt service	2,165,642	1,773,408	392,234	22.1
UPIF contributions	2,199,754	2,459,120	(259,366)	(10.5)
Transfer to City of Gainesville General Fund	1,465,168	1,837,144	(371,976)	(20.2)
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ 294,668</u>	<u>\$ 1,795,679</u>	<u>\$ (1,501,011)</u>	<u>(83.6)</u>

**Gainesville Regional Utilities**  
**Gas Utility System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended December 31, 2018 and 2017**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Residential	\$ 2,177,234	\$ 2,095,706	\$ 81,528	3.9
Non-residential	1,415,440	1,407,742	7,698	0.5
Fuel adjustment	2,797,793	1,920,484	877,309	45.7
Utility surcharge	148,299	137,237	11,062	8.1
Other gas sales	349,135	344,828	4,307	1.2
<b>Total Sales of Gas</b>	<b><u>6,887,901</u></b>	<b><u>5,905,997</u></b>	<b><u>981,904</u></b>	<b><u>16.6</u></b>
Transfer from/(to) rate stabilization	1,278,039	(466,087)	1,744,126	374.2
Other revenue	26,405	58,975	(32,570)	(55.2)
Other income (expense)	(3,382)	(33,185)	29,803	89.8
Build America Bonds	150,479	152,055	(1,576)	(1.0)
<b>Total Revenues</b>	<b><u>8,339,442</u></b>	<b><u>5,617,755</u></b>	<b><u>2,721,687</u></b>	<b><u>48.4</u></b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Fuel Expense - Purchased Gas	2,797,793	1,920,484	877,309	45.7
Operation and maintenance	721,902	665,809	56,093	8.4
Administrative and general	543,629	482,805	60,824	12.6
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b><u>4,063,324</u></b>	<b><u>3,069,098</u></b>	<b><u>994,226</u></b>	<b><u>32.4</u></b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b><u>4,276,118</u></b>	<b><u>2,548,657</u></b>	<b><u>1,727,461</u></b>	<b><u>67.8</u></b>
<b>LESS:</b>				
Debt service	1,003,390	902,988	100,402	11.1
UPIF contributions	590,198	719,676	(129,478)	(18.0)
Transfer to City of Gainesville General Fund	2,491,388	345,601	2,145,787	620.9
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b><u>\$ 191,142</u></b>	<b><u>\$ 580,392</u></b>	<b><u>\$ (389,250)</u></b>	<b><u>(67.1)</u></b>

**Gainesville Regional Utilities**  
**Telecommunications System**  
**Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Periods Ended December 31, 2018 and 2017**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>REVENUES:</b>				
Telecommunications	\$ 1,896,955	\$ 1,952,759	\$ (55,804)	(2.9)
Trunking radio	439,280	447,050	(7,770)	(1.7)
Tower leasing	718,508	689,446	29,062	4.2
<b>Total Sales of Services</b>	<b><u>3,054,743</u></b>	<b><u>3,089,255</u></b>	<b><u>(34,512)</u></b>	<b><u>(1.1)</u></b>
Other revenue	(49,837)	11,024	(60,861)	(552.1)
Other income (expense)	(44,058)	(133,828)	89,770	67.1
<b>Total Revenues</b>	<b><u>2,960,848</u></b>	<b><u>2,966,451</u></b>	<b><u>(5,603)</u></b>	<b><u>(0.2)</u></b>
<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>				
Operation and maintenance	1,365,145	1,228,715	136,430	11.1
Administrative and general	242,213	188,443	53,770	28.5
<b>Total Operation, Maintenance and Administrative Expenses</b>	<b><u>1,607,358</u></b>	<b><u>1,417,158</u></b>	<b><u>190,200</u></b>	<b><u>13.4</u></b>
<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b><u>1,353,490</u></b>	<b><u>1,549,293</u></b>	<b><u>(195,803)</u></b>	<b><u>(12.6)</u></b>
<b>LESS:</b>				
Debt service	1,032,467	901,906	130,561	14.5
UPIF contributions	114,761	109,645	5,116	4.7
Transfer to City of Gainesville General Fund	296,709	95,495	201,214	210.7
<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b><u>\$ (90,447)</u></b>	<b><u>\$ 442,247</u></b>	<b><u>\$ (532,694)</u></b>	<b><u>(120.5)</u></b>

# **Supplementary Data**

**Gainesville Regional Utilities**  
**Fuel Adjustment Levelization**  
**For the Period Ended December 31, 2018**

	<b>Actual</b>
Fuel Revenues	\$ 19,607,339
Fuel Expenses	21,766,510
<b>To (From) Fuel Adjustment Levelization</b>	<b>\$ (2,159,170)</b>
Fuel Adjustment Beginning Balance	\$ (2,310,115)
To (From) Fuel Adjustment Levelization	(2,159,170)
<b>Fuel Adjustment Ending Balance</b>	<b>\$ (4,469,285)</b>



**Gainesville Regional Utilities**  
**Purchased Gas Adjustment (PGA) Levelization**  
**For the Period Ended December 31, 2018**

	<b>Actual</b>
Purchased Gas Revenues	\$ 2,156,747
Purchased Gas Expenses	2,797,793
<b>To (From) PGA Levelization</b>	<b>\$ (641,046)</b>
PGA Beginning Balance	\$ (66,826)
To (From) PGA Levelization	(641,046)
<b>PGA Ending Balance</b>	<b>\$ (707,872)</b>