

Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended December 31, 2024



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Overview and Basis of Accounting

Gainesville Regional Utilities Financial Statements - Unaudited For the Period Ended December 31, 2024

Overview

Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility system operating electric, water, wastewater, natural gas, and telecommunications (GRUCom) systems. GRU is a utility enterprise of the City of Gainesville, Florida (City) and is reported as an enterprise fund in the annual comprehensive financial report of the City.

We offer readers these unaudited utility system financial statements for the period ended December 31, 2024.

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.

Financial Statements

Gainesville Regional Utilities
Statements of Net Position - Unaudited
December 31, 2024 and 2023

	December 31, 2024	December 31, 2023	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 45,420,315	\$ 33,545,896	\$ 11,874,419	35.4%
Accounts receivable, net of allowance for uncollectible accounts of \$12,087,910 and \$9,310,035 respectively	49,525,420	53,449,662	(3,924,242)	(7.3%)
Inventories:				
Fuel	18,566,404	18,551,791	14,613	0.1%
Materials and supplies	30,533,539	33,539,999	(3,006,460)	(9.0%)
Regulatory assets	1,277,713	1,255,713	22,000	1.8%
Other assets	2,864,700	3,639,978	(775,278)	(21.3%)
Total current assets	148,188,091	143,983,039	4,205,052	2.9%
Restricted and internally designated assets:				
Current:				
Utility deposits - cash and investments	10,017,552	8,720,428	1,297,124	14.9%
Debt service - cash and investments	25,173,850	25,442,755	(268,905)	(1.1%)
Noncurrent:				
Debt defeasance - cash and investments	11,166,381	11,323,873	(157,492)	(1.4%)
Fuel hedges - cash and investments	7,204,731	13,271,035	(6,066,304)	(45.7%)
Rate stabilization - cash and investments	74,133,770	66,509,493	7,624,277	11.5%
Construction fund - cash and investments	142,904,460	168,368,640	(25,464,180)	(15.1%)
Utility plant improvement fund - cash and investments	32,813,577	53,091,967	(20,278,390)	(38.2%)
Total restricted and internally designated assets	303,414,321	346,728,191	(43,313,870)	(12.5%)
Noncurrent assets:				
Long-term lease receivable	19,592,609	19,282,835	309,774	1.6%
Fair value of derivative instruments	85,290,923	56,861,714	28,429,209	50.0%
Investment in The Energy Authority	10,885,981	9,595,676	1,290,305	13.4%
Regulatory assets	196,745,973	216,055,217	(19,309,244)	(8.9%)
Other assets	2,211,464	5,104,290	(2,892,826)	(56.7%)
Net pension asset - restricted	21,402,726	-	21,402,726	-
Net other post employment benefits asset - restricted	2,868,296	-	2,868,296	-
Total noncurrent assets	338,997,972	306,899,732	32,098,240	10.5%
Capital assets:				
Utility plant in service	3,229,652,876	3,115,456,036	114,196,840	3.7%
Right-of-use Asset	12,784,133	11,461,919	1,322,214	11.5%
Less: accumulated depreciation and amortization	(1,528,864,057)	(1,430,843,975)	(98,020,082)	6.9%
	1,713,572,952	1,696,073,980	17,498,972	1.0%
Construction in progress	130,591,480	150,228,185	(19,636,705)	(13.1%)
Net capital assets	1,844,164,432	1,846,302,165	(2,137,733)	(0.1%)
Total assets	2,634,764,816	2,643,913,127	(9,148,311)	(0.3%)
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	4,489,635	6,316,430	(1,826,795)	(28.9%)
Accumulated decrease in fair value of hedging derivative	192,329	9,013,882	(8,821,553)	(97.9%)
General Employees' Pension plan costs	8,477,927	23,654,803	(15,176,876)	(64.2%)
Other post-employment benefits plan	1,250,552	4,067,550	(2,816,998)	(69.3%)
Total deferred outflows of resources	14,410,443	43,052,665	(28,642,222)	(66.5%)
Total assets and deferred outflows of resources	\$ 2,649,175,259	\$ 2,686,965,792	\$ (37,790,533)	(1.4%)

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
December 31, 2024 and 2023

	December 31, 2024	December 31, 2023	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 11,759,946	\$ 9,956,270	\$ 1,803,676	18%
Fuels payable	7,502,043	5,611,625	1,890,418	34%
Due to other funds	7,881,900	6,076,161	1,805,739	30%
Fuel and purchased gas adjustment	11,955,805	10,598,020	1,357,785	13%
Other liabilities	3,534,959	3,093,925	441,034	14.3%
Total current liabilities	42,634,653	35,336,001	7,298,652	20.7%
Current liabilities from restricted assets:				
Utility deposits	9,969,152	8,709,565	1,259,587	14.5%
Accounts payable and accrued liabilities	2,058,770	1,968,889	89,881	4.6%
Utility system revenue bonds	39,720,000	35,340,000	4,380,000	12.4%
Accrued interest payable	15,379,104	16,240,086	(860,982)	(5.3%)
Other liabilities	96,396	60,441	35,955	59.5%
Total payable from restricted assets	67,223,422	62,318,981	4,904,441	7.9%
Long-term debt:				
Utility system revenue bonds	1,698,800,000	1,778,095,000	(79,295,000)	(4.5%)
Long-term liability - leases	262,925	209,486	53,439	25.5%
Long-term liability - SBITA	2,016,020	2,868,910	(852,890)	(29.7%)
Unamortized bond premium/discount	80,576,942	90,504,977	(9,928,035)	(11.0%)
Fair value of derivative instruments	192,329	9,013,882	(8,821,553)	(97.9%)
Total long-term debt	1,781,848,216	1,880,692,255	(98,844,039)	(5.3%)
Noncurrent liabilities:				
Reserve for insurance claims	1,342,000	1,960,000	(618,000)	(31.5%)
Reserve for environmental liability	708,000	708,000	-	0.0%
Net pension liability	-	47,616,640	(47,616,640)	(100.0%)
Net other post-employment benefits liability	-	3,415,965	(3,415,965)	(100.0%)
Due to other funds	105,918,768	98,649,296	7,269,472	7.4%
Other noncurrent liabilities	217,931	362,314	(144,383)	(39.9%)
Total noncurrent liabilities	108,186,699	152,712,215	(44,525,516)	(29.2%)
Total liabilities	1,999,892,990	2,131,059,452	(131,166,462)	(6.2%)
Deferred inflows of resources:				
Rate stabilization	75,079,203	63,190,967	11,888,236	18.8%
Accumulated increase in fair value of hedging derivative	85,337,167	57,027,386	28,309,781	49.6%
General Employees' Pension plan costs	48,460,600	302,280	48,158,320	15931.7%
Other post-employment benefits plan	6,916,347	4,553,201	2,363,146	51.9%
Leases	20,186,330	20,357,062	(170,732)	(0.8%)
Total deferred inflows of resources	235,979,647	145,430,896	90,548,751	62.3%
Net position				
Net investment in capital assets	165,291,784	116,932,166	48,359,618	41.4%
Restricted	66,920,291	65,620,163	1,300,128	2.0%
Unrestricted	181,090,547	227,923,115	(46,832,568)	(20.5%)
Total net position	413,302,622	410,475,444	2,827,178	0.7%
Total liabilities, deferred inflows of resources and net position	\$ 2,649,175,259	\$ 2,686,965,792	\$ (37,790,533)	(1.4%)

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Periods Ended December 31, 2024 and 2023

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Operating revenues:				
Sales and service charges	\$ 106,050,360	\$ 102,196,570	3,853,790	3.8%
Transfer from (to) rate stabilization	(7,043,619)	(699,786)	(6,343,833)	906.5%
Amounts recoverable from (to) future revenue	(1,742,235)	1,167,005	(2,909,240)	(249.3%)
Other operating revenue	3,276,486	2,942,957	333,529	11.3%
Total operating revenues	<u>100,540,992</u>	<u>105,606,746</u>	<u>(5,065,754)</u>	<u>(4.8%)</u>
Operating expenses:				
Operation and maintenance	49,938,521	48,237,318	1,701,203	3.5%
Administrative and general	11,759,334	11,708,748	50,586	0.4%
Depreciation and amortization	27,401,411	26,112,784	1,288,627	4.9%
Total operating expenses	<u>89,099,266</u>	<u>86,058,850</u>	<u>3,040,416</u>	<u>3.5%</u>
Operating income	<u>11,441,726</u>	<u>19,547,896</u>	<u>(8,106,170)</u>	<u>(41.5%)</u>
Non-operating income (expense):				
Interest income	2,804,636	3,480,259	(675,623)	(19.4%)
Interest expense	(17,055,696)	(17,424,831)	369,135	(2.1%)
Other interest related income, BABs	1,203,657	1,225,811	(22,154)	(1.8%)
Other income (expense)	(1,604,728)	5,126,739	(6,731,467)	(131.3%)
Total non-operating income (expense)	<u>(14,652,131)</u>	<u>(7,592,022)</u>	<u>(7,060,109)</u>	<u>93.0%</u>
Income before capital contributions and transfer	<u>(3,210,405)</u>	<u>11,955,874</u>	<u>(15,166,279)</u>	<u>(126.9%)</u>
Capital contributions:				
Contributions from third parties	127,322	55,655	71,667	128.8%
Reduction of plant costs recovered through contributions	-	(14,190)	14,190	(100.0%)
Net capital contributions	<u>127,322</u>	<u>41,465</u>	<u>85,857</u>	<u>207.1%</u>
General fund transfer				
Transfer to City of Gainesville General Fund	(2,126,306)	(3,826,306)	1,700,000	(44.4%)
Total general fund transfer	<u>(2,126,306)</u>	<u>(3,826,306)</u>	<u>1,700,000</u>	<u>(44.4%)</u>
Change in net position	<u>(5,209,389)</u>	<u>8,171,033</u>	<u>(13,380,422)</u>	<u>(163.8%)</u>
Net position - beginning of year	418,512,011	402,304,411	16,207,600	4.0%
Net position - end of period	<u>\$ 413,302,622</u>	<u>\$ 410,475,444</u>	<u>2,827,178</u>	<u>0.7%</u>

Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Period Ended December 31, 2024

	Actual
Fuel Revenues	\$ 20,451,585
Fuel Expenses	17,922,953
To (From) Fuel Adjustment Levelization	\$ 2,528,632
Fuel Adjustment Beginning Balance	\$ 5,670,586
To (From) Fuel Adjustment Levelization	2,528,632
Fuel Adjustment Ending Balance	\$ 8,199,218

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Period Ended December 31, 2024

	Actual
Purchased Gas Revenues	\$ 2,535,824
Purchased Gas Expenses	2,560,858
To (From) PGA Levelization	\$ (25,034)
PGA Beginning Balance	\$ 3,781,622
To (From) PGA Levelization	(25,034)
PGA Ending Balance	\$ 3,756,587