

Gainesville Regional Utilities

Interim Financial Statements - Unaudited

For the Period Ended June 30, 2020



**Gainesville Regional Utilities
Financial Statements - Unaudited
For the Period Ended June 30, 2020**

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Overview and Basis of Accounting

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, 2020.

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 June 30, 2020. It should be read in conjunction with the unaudited financial statements that follow this section.

Financial Highlights – Overall

- Fuel inventories decreased \$2.1 million or 9.5% from the same period in fiscal year 2019 due to increased coal use during a planned outage of Deerhaven Renewable Generating Station (DHR). Energy Supply and Fuels are evaluating current and long term forecasts for coal as the Deerhaven coal plant is currently undergoing modifications to a dual fuel plant: natural gas and coal. The current schedule provides for an in operation date of May 2021.
- Construction fund cash and investments decreased \$52.2 million due to normal construction expenditures.
- Utility plant improvement fund cash and investments increased \$29.4 million due primarily to increased use of construction funds for capital expenditures for the foreseeable future.
- Net costs recoverable in future years, a regulatory asset, increased \$18 million due to DHR depreciation expense exceeding principal repayment on the related bonds in the early years of amortization.
- Pension costs – regulatory asset increased \$7.9 million or 10.7% and related deferred outflows of resources for pension costs increased \$2.2 million or 13.1% due primarily to investment returns which came in below the actuarial benchmark for the year ended September 30, 2019.
- Unamortized loss on refunding of bonds decreased \$3.3 million or 20.7% from normally scheduled amortization.
- Accumulated decrease in fair value of hedging derivatives rose \$96.7 million on interest rate swaps as a result of declining interest rates since the inception of the swaps.
- Deferred outflows of resources for the other post-employment benefits plan increased \$3.1 million due primarily to investment returns which came in below the actuarial benchmark for the year ended September 30, 2019.
- Fuel adjustment increased \$13.6 million due to lower fuel expenses incurred this period compared to the prior period. Natural gas fuel costs are lower than budgeted. In response, GRU lowered the fuel adjustment rate in February, April, and May 2020. GRU is currently monitoring this balance monthly and will propose any changes as applicable.
- In April 2019, GRU closed on its 2019 Series A, Series B, and Series C bond issues. This transaction:

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- 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 approximately \$65 million in customer rate relief over the period FY19 through FY24.

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 increased \$97.3 million on interest rate swaps as a result of declining interest rates since the inception of the swaps.
 - Net pension liability increased \$28.4 million or 39.9%, net other post-employment benefits liability increased \$4.2 million and deferred inflows of resources for pension costs decreased \$18.3 million or 91.3% due primarily to investment returns which came in below the actuarial benchmark for the year ended September 30, 2019.
 - Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

Financial Highlights – Schedules of Net Revenues in Accordance with Bond Resolution

Combined Systems

COVID 19 Impacts

- During March 2020, before COVID 19 began impacting the local economy, GRU proactively completed projections of potential revenue declines in the Electric, Water, Wastewater, and Gas systems. GRU is monitoring revenues, past due receivables, and cash collections closely during this extraordinary time.
- In addition, GRU executed an additional \$50 million line of credit that would be available if liquidity is reduced. At this time, GRU does not anticipate exercising this line of credit for COVID 19 financial impacts.
- As of June 30, 2020, total revenue reductions primarily applicable to COVID 19 were \$4.8 million versus projected reductions of \$3.7 million. Past due receivables have been increasing yet will be partially offset by extremely flexible payment plans. Any receivables not recovered will impact bad debt in either 2021 or 2022.
- GRU has incorporated its COVID 19 revenue reductions into its 2021 annual budget.
- GRU will continue to monitor the financial impacts of COVID 19 going forward.

Gainesville Regional Utilities
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For the Period Ended June 30, 2020

Overall

- Total revenues were down \$18.9 million from the prior period when including rate stabilization transfers and fuel revenues. Excluding rate stabilization fund transfers and fuel revenues, total revenues increased \$9.2 million or 4.2%.
- Total expenses decreased \$9.8 million or 10.8% from the prior period when including fuel expenses. Excluding fuel expenses, total expenses increased \$8.9 million or 28.9%. The Electric system is experiencing increased operation and maintenance expenses in Energy Delivery due to less than expected capital labor work performed.
- The combined systems experienced a loss of \$13.3 million for the period ended June 30, 2020. When excluding budgeted transfers to rate stabilization of \$2 million, the combined systems incurred a loss of \$11.3 million.

Electric System

- Total revenues decreased \$17.4 million or 8.5% over the same period last year. Excluding rate stabilization and fuel revenues, revenues increased \$3.5 million or 2.5% from the prior period. Revenue increases were generated by a base rate increase for fiscal year 2020 offset by COVID 19 related reductions.
- Fuel adjustment revenue and the related fuel expense decreased \$16.7 million or 26.2% as the Utility has been taking advantage of lower natural gas prices compared to the prior year.

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.

- Transmission and distribution expenses increased \$2.9 million or 21% due to increases in tree trimming, contract services and labor related expenses. Energy Delivery is currently over expending due to lower than expected capital project activities.
- The electric system experienced a loss of \$18 million for the period ended June 30, 2020. When excluding budgeted transfers to rate stabilization of \$1.9 million, the electric system incurred a loss of \$16.1 million. The electric system is trending \$3.2 million under budget in revenues primarily as a result of COVID impacts which is very close to expected impacts. Overhead and maintenance expenses are trending higher than expected due to much lower capital project activity than budgeted by \$7.6 million. When accounting for revenue reductions due to COVID and increased overhead and maintenance expenses due to lower capital activity, the remaining net impact to rate stabilization is applicable to normal seasonal changes.

Gainesville Regional Utilities
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For the Period Ended June 30, 2020

Water System

- Total revenues increased \$211 thousand or 0.8% due to an increase in residential sales volume and plant connection charges.
- The water system experienced a gain of \$1.5 million for the period ended June 30, 2020. When excluding budgeted transfers to rate stabilization of \$1.8 million, the water system experienced a gain of \$3.3 million.

Wastewater System

- Total revenues increased \$954 thousand or 2.8% due primarily to an increase in residential sales volume, customer connection charges and plant connection charges.
- The wastewater system experienced a gain of \$2.5 million for the period ended June 30, 2020. When excluding budgeted transfers to rate stabilization of \$958 thousand, the wastewater system experienced a gain of \$3.5 million.

Gas System

- Total revenues decreased \$5 million or 21.2% due to a decrease in fuel adjustment revenue and decreases in transfers from rate stabilization. Excluding rate stabilization and fuel revenues, total revenues increased \$282 thousand or 2.2%.
- Purchased gas adjustment revenue and the related gas expense decreased \$2 million or 27.9% due to lower 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 experienced a loss of \$371 thousand for the period ended June 30, 2020. When excluding budgeted transfers from rate stabilization of \$486 thousand, the gas system incurred a loss of \$857 thousand.

Telecommunications System

- Total revenues increased \$2.4 million or 29.1% due to budgeted transfers from rate stabilization. Excluding rate stabilization, total revenues increased \$219 thousand.
- The telecommunications system experienced a gain of \$981 thousand for the period ended June 30, 2020. When excluding budgeted transfers from rate stabilization of \$2.2 million, GRUCom incurred a loss of \$1.2 million.
- GRUCom has experienced losses in fiscal years 2019 and 2020. GRUCom is projected to experience additional losses in 2020, 2021, and going forward. Loans to GRUCom as of June 30, 2020 totaled \$4.8 million. GRUCom is a financially non self-supporting system as its revenues cannot cover its fixed costs.

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Financial Statements

Gainesville Regional Utilities
Statements of Net Position - Unaudited
June 30, 2020 and 2019

	June 30, 2020	June 30, 2019	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 28,292,360	\$ 16,057,679	\$ 12,234,681	76.2%
Accounts receivable, net of allowance for uncollectible accounts of \$1,353,756 and \$1,473,430 respectively	50,411,062	53,953,581	(3,542,519)	(6.6%)
Inventories:				
Fuel	19,903,845	21,985,658	(2,081,813)	(9.5%)
Materials and supplies	13,242,415	11,807,232	1,435,183	12.2%
Other assets and regulatory assets	615,016	3,328,090	(2,713,074)	(81.5%)
Total current assets	<u>112,464,698</u>	<u>107,132,240</u>	<u>5,332,458</u>	<u>5.0%</u>
Restricted and internally designated assets:				
Utility deposits - cash and investments	7,419,501	7,916,764	(497,263)	(6.3%)
Debt service - cash and investments	33,829,187	35,686,913	(1,857,726)	(5.2%)
Rate stabilization - cash and investments	60,451,253	51,501,976	8,949,277	17.4%
Construction fund - cash and investments	89,134,916	141,290,415	(52,155,499)	(36.9%)
Utility plant improvement fund - cash and investments	46,635,137	17,205,839	29,429,298	171.0%
Total restricted and internally designated assets	<u>237,469,994</u>	<u>253,601,907</u>	<u>(16,131,913)</u>	<u>(6.4%)</u>
Noncurrent assets:				
Net costs recoverable in future years - regulatory assets	44,706,907	26,695,609	18,011,298	67.5%
Unamortized debt issuance costs - regulatory assets	9,747,337	10,318,959	(571,622)	(5.5%)
Investment in The Energy Authority	2,747,887	2,378,731	369,156	15.5%
Pollution remediation - regulatory asset	9,108,194	9,880,408	(772,214)	(7.8%)
Other noncurrent assets and regulatory assets	6,994,337	5,945,984	1,048,353	17.6%
Pension regulatory asset	82,016,547	74,122,351	7,894,196	10.7%
Total noncurrent assets	<u>155,321,209</u>	<u>129,342,042</u>	<u>25,979,167</u>	<u>20.1%</u>
Capital assets:				
Utility plant in service	2,886,597,305	2,816,112,109	70,485,196	2.5%
Less: accumulated depreciation and amortization	(1,112,149,298)	(1,029,691,446)	(82,457,852)	8.0%
	<u>1,774,448,007</u>	<u>1,786,420,663</u>	<u>(11,972,656)</u>	<u>(0.7%)</u>
Construction in progress	84,726,811	99,545,958	(14,819,147)	(14.9%)
Net capital assets	<u>1,859,174,818</u>	<u>1,885,966,621</u>	<u>(26,791,803)</u>	<u>(1.4%)</u>
Total assets	<u>2,364,430,719</u>	<u>2,376,042,810</u>	<u>(11,612,091)</u>	<u>(0.5%)</u>
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	12,504,422	15,760,002	(3,255,580)	(20.7%)
Accumulated decrease in fair value of hedging derivatives	133,572,079	36,890,504	96,681,575	262.1%
General Employees' Pension plan costs	19,288,232	17,061,446	2,226,786	13.1%
Other post-employment benefits plan	3,051,089	-	3,051,089	-
Total deferred outflows of resources	<u>168,415,822</u>	<u>69,711,952</u>	<u>98,703,870</u>	<u>141.6%</u>
Total assets and deferred outflows of resources	<u>\$ 2,532,846,541</u>	<u>\$ 2,445,754,762</u>	<u>\$ 87,091,779</u>	<u>3.6%</u>

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
June 30, 2020 and 2019

	June 30, 2020	June 30, 2019	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 12,863,868	\$ 13,407,172	\$ (543,304)	(4.1%)
Fuels payable	3,473,812	4,963,346	(1,489,534)	(30.0%)
Due to other funds	7,812,946	1,649,898	6,163,048	373.5%
Fuel adjustment	6,611,850	(6,985,640)	13,597,490	(194.6%)
Other liabilities and regulatory liabilities	1,252,091	1,453,061	(200,970)	(13.8%)
Total current liabilities	32,014,567	14,487,837	17,526,730	121.0%
Payable from restricted assets:				
Utility deposits	7,414,672	7,916,764	(502,092)	(6.3%)
Accounts payable and accrued liabilities	3,019,698	1,272,864	1,746,834	137.2%
Utility system revenue bonds - current	27,080,000	22,105,000	4,975,000	22.5%
Accrued interest payable	16,529,547	17,057,877	(528,330)	(3.1%)
Other liabilities and regulatory liabilities	292,395	161,427	130,968	81.1%
Total payable from restricted assets	54,336,312	48,513,932	5,822,380	12.0%
Long-term debt:				
Utility system revenue bonds	1,637,680,000	1,665,165,000	(27,485,000)	(1.7%)
Unamortized bond premium/discount	95,103,864	104,943,037	(9,839,173)	(9.4%)
Fair value of derivative instruments	136,049,356	38,765,287	97,284,069	251.0%
Total long-term debt	1,868,833,220	1,808,873,324	59,959,896	3.3%
Noncurrent liabilities:				
Reserve for insurance claims	3,337,000	3,337,000	-	0.0%
Reserve for environmental liability	841,000	519,000	322,000	62.0%
Net pension liability	99,566,813	71,178,444	28,388,369	39.9%
Net other post-employment benefits liability	5,367,982	1,206,366	4,161,616	345.0%
Other noncurrent liabilities and regulatory liabilities	4,628,460	4,364,460	264,000	6.0%
Total noncurrent liabilities	113,741,255	80,605,270	33,135,985	41.1%
Total liabilities	2,068,925,354	1,952,480,363	116,444,991	6.0%
Deferred inflows of resources:				
Rate stabilization	55,535,868	51,038,102	4,497,766	8.8%
General Employees' Pension plan costs	1,737,966	20,005,353	(18,267,387)	(91.3%)
Other post-employment benefits plan	-	187,818	(187,818)	(100.0%)
Total deferred inflows of resources	57,273,834	71,231,273	(13,957,439)	(19.6%)
Net position				
Net investment in capital assets	206,808,184	259,308,400	(52,500,216)	(20.2%)
Restricted and internally designated	68,793,200	36,240,467	32,552,733	89.8%
Unrestricted	131,045,969	126,494,259	4,551,710	3.6%
Total net position	406,647,353	422,043,126	(15,395,773)	(3.6%)
Total liabilities, deferred inflows of resources and net position	\$ 2,532,846,541	\$ 2,445,754,762	\$ 87,091,779	3.6%

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Periods Ended June 30, 2020 and 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Operating revenues:		
Sales and service charges	\$ 264,674,286	\$ 279,946,424
Transfers from (to) rate stabilization	(1,961,480)	7,491,150
Amounts to be recovered from future revenue	13,544,383	13,604,462
Other operating revenue	11,007,350	5,765,800
Total operating revenues	<u>287,264,539</u>	<u>306,807,836</u>
Operating expenses:		
Operation and maintenance	131,856,255	144,105,894
Administrative and general	25,476,882	23,903,225
Depreciation and amortization	75,697,690	76,556,011
Total operating expenses	<u>233,030,827</u>	<u>244,565,130</u>
Operating income	<u>54,233,712</u>	<u>62,242,706</u>
Non-operating income (expense):		
Interest income	2,627,461	2,962,166
Interest expense, net of AFUDC	(47,675,122)	(46,081,060)
Other interest related income, BABs	3,866,180	3,908,963
Other expense	(4,414,364)	(4,584,402)
Total non-operating income (expense)	<u>(45,595,845)</u>	<u>(43,794,333)</u>
Income before capital contributions and transfer	<u>8,637,867</u>	<u>18,448,373</u>
Capital contributions:		
Contributions from third parties	3,393,077	156,813
Reduction of plant costs recovered through contributions	(69,121)	(58,398)
Net capital contributions	<u>3,323,956</u>	<u>98,415</u>
Transfer to City of Gainesville General Fund	<u>(28,713,750)</u>	<u>(28,713,751)</u>
Change in net position	<u>(16,751,927)</u>	<u>(10,166,963)</u>
Net position - beginning of year	<u>423,399,280</u>	<u>432,210,089</u>
Net position - end of period	<u>\$ 406,647,353</u>	<u>\$ 422,043,126</u>

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended June 30, 2020 and 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Revenues:				
Electric system:				
Sales of electricity	\$ 132,655,022	\$ 129,110,434	\$ 3,544,588	2.7
Fuel adjustment	46,968,793	63,663,666	(16,694,873)	(26.2)
Sales for resale	2,706,338	3,512,918	(806,580)	(23.0)
Transfer from/(to) rate stabilization	(1,881,081)	2,351,878	(4,232,959)	(180.0)
Other revenue	3,142,037	1,497,487	1,644,550	109.8
Other income	2,234,226	3,105,093	(870,867)	(28.0)
Build America Bonds	2,127,338	2,154,789	(27,451)	(1.3)
Total electric system revenues	<u>187,952,673</u>	<u>205,396,265</u>	<u>(17,443,592)</u>	<u>(8.5)</u>
Water system:				
Sales of water	26,429,258	25,839,086	590,172	2.3
Transfer from/(to) rate stabilization	(1,794,584)	114,093	(1,908,677)	(1,672.9)
Other revenue	2,434,529	1,131,577	1,302,952	115.1
Other income	515,880	283,497	232,383	82.0
Build America Bonds	602,883	608,726	(5,843)	(1.0)
Total water system revenues	<u>28,187,966</u>	<u>27,976,979</u>	<u>210,987</u>	<u>0.8</u>
Wastewater system:				
Sales of wastewater	30,291,014	30,177,848	113,166	0.4
Transfer from/(to) rate stabilization	(958,317)	1,191,062	(2,149,379)	(180.5)
Other revenue	4,915,184	2,110,589	2,804,595	132.9
Other income	435,413	246,212	189,201	76.8
Build America Bonds	690,139	694,011	(3,872)	(0.6)
Total wastewater system revenues	<u>35,373,433</u>	<u>34,419,722</u>	<u>953,711</u>	<u>2.8</u>
Gas system:				
Sales of gas	12,168,887	12,320,419	(151,532)	(1.2)
Purchased gas adjustment	5,071,758	7,032,308	(1,960,550)	(27.9)
Transfer from/(to) rate stabilization	486,307	3,834,118	(3,347,811)	(87.3)
Other revenue (expense)	282,483	(135,887)	418,370	307.9
Other income	283,642	263,278	20,364	7.7
Build America Bonds	445,821	451,437	(5,616)	(1.2)
Total gas system revenues	<u>18,738,898</u>	<u>23,765,673</u>	<u>(5,026,775)</u>	<u>(21.2)</u>
Telecommunications system:				
Sales of services	8,383,213	8,289,744	93,469	1.1
Transfer from/(to) rate stabilization	2,186,195	-	2,186,195	-
Other revenue (expense)	32,558	(163,276)	195,834	119.9
Other income	77,803	147,690	(69,887)	(47.3)
Total telecommunications system revenues	<u>10,679,769</u>	<u>8,274,158</u>	<u>2,405,611</u>	<u>29.1</u>
Total revenues	<u>280,932,739</u>	<u>299,832,797</u>	<u>(18,900,058)</u>	<u>(6.3)</u>

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended June 30, 2020 and 2019

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	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change (\$)</u>	<u>Change (%)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expenses	46,968,793	63,663,666	(16,694,873)	(26.2)
Operation and maintenance	53,297,562	47,645,101	5,652,461	11.9
Administrative and general	16,966,140	14,182,207	2,783,933	19.6
Total Electric System Expenses	<u>117,232,495</u>	<u>125,490,974</u>	<u>(8,258,479)</u>	<u>(6.6)</u>
Water system:				
Operation and maintenance	8,011,528	8,055,441	(43,913)	(0.5)
Administrative and general	4,234,004	4,379,625	(145,621)	(3.3)
Total Water System Expenses	<u>12,245,532</u>	<u>12,435,066</u>	<u>(189,534)</u>	<u>(1.5)</u>
Wastewater system:				
Operation and maintenance	10,307,783	10,556,012	(248,229)	(2.4)
Administrative and general	4,664,403	4,791,316	(126,913)	(2.6)
Total Wastewater System Expenses	<u>14,972,186</u>	<u>15,347,328</u>	<u>(375,142)</u>	<u>(2.4)</u>
Gas system:				
Fuel expense - purchased gas	5,071,758	7,032,308	(1,960,550)	(27.9)
Operation and maintenance	1,953,972	1,880,083	73,889	3.9
Administrative and general	2,156,334	2,124,735	31,599	1.5
Total Gas System Expenses	<u>9,182,064</u>	<u>11,037,126</u>	<u>(1,855,062)</u>	<u>(16.8)</u>
Telecommunications system:				
Operation and maintenance	5,289,679	4,309,365	980,314	22.7
Administrative and general	949,363	1,042,565	(93,202)	(8.9)
Total Telecommunications System Expenses	<u>6,239,042</u>	<u>5,351,930</u>	<u>887,112</u>	<u>16.6</u>
TOTAL EXPENSES	<u>159,871,319</u>	<u>169,662,424</u>	<u>(9,791,105)</u>	<u>(10.8)</u>
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	70,720,178	79,905,291	(9,185,113)	(11.5)
Total water system	15,942,434	15,541,913	400,521	2.6
Total wastewater system	20,401,247	19,072,394	1,328,853	7.0
Total gas system	9,556,834	12,728,547	(3,171,713)	(24.9)
Total telecommunications system	4,440,727	2,922,228	1,518,499	52.0
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>121,061,420</u>	<u>130,170,373</u>	<u>(9,108,953)</u>	<u>(7.0)</u>
LESS:				
Debt service	72,728,930	67,469,666	5,259,264	7.8
UPIF contributions	32,892,953	30,963,307	1,929,646	6.2
Transfer to City of Gainesville General Fund	28,713,750	28,713,751	(1)	(0.0)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (13,274,213)</u>	<u>\$ 3,023,649</u>	<u>\$ (16,297,862)</u>	<u>(539.0)</u>

Gainesville Regional Utilities
Electric Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended June 30, 2020 and 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 52,452,841	\$ 50,093,431	\$ 2,359,410	4.7
Non-residential	62,539,725	61,127,979	1,411,746	2.3
Fuel adjustment	46,968,793	63,663,666	(16,694,873)	(26.2)
Sales for resale	2,706,338	3,512,918	(806,580)	(23.0)
Utility surcharge	3,109,053	3,163,490	(54,437)	(1.7)
Other electric sales	14,553,403	14,725,534	(172,131)	(1.2)
Total Sales of Electricity	<u>182,330,153</u>	<u>196,287,018</u>	<u>(13,956,865)</u>	<u>(7.1)</u>
Transfer from/(to) rate stabilization	(1,881,081)	2,351,878	(4,232,959)	(180.0)
Other revenue	3,142,037	1,497,487	1,644,550	109.8
Other income	2,234,226	3,105,093	(870,867)	(28.0)
Build America Bonds	2,127,338	2,154,789	(27,451)	(1.3)
Total Revenues	<u>187,952,673</u>	<u>205,396,265</u>	<u>(17,443,592)</u>	<u>(8.5)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses	46,968,793	63,663,666	(16,694,873)	(26.2)
Power production	36,455,370	33,724,386	2,730,984	8.1
Transmission and distribution	16,842,192	13,920,715	2,921,477	21.0
Administrative and general	16,966,140	14,182,207	2,783,933	19.6
Total Operation, Maintenance and Administrative Expenses	<u>117,232,495</u>	<u>125,490,974</u>	<u>(8,258,479)</u>	<u>(6.6)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>70,720,178</u>	<u>79,905,291</u>	<u>(9,185,113)</u>	<u>(11.5)</u>
LESS:				
Debt service	55,994,646	51,750,290	4,244,356	8.2
UPIF contributions	15,884,531	17,152,997	(1,268,466)	(7.4)
Transfer to City of Gainesville General Fund	16,811,901	11,936,901	4,875,000	40.8
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (17,970,900)</u>	<u>\$ (934,897)</u>	<u>\$ (17,036,003)</u>	<u>(1,822.2)</u>

Gainesville Regional Utilities
Water Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended June 30, 2020 and 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 16,311,033	\$ 15,805,431	\$ 505,602	3.2
Non-residential	8,136,564	8,135,334	1,230	0.0
Utility surcharge	1,981,661	1,898,321	83,340	4.4
Total Sales of Water	<u>26,429,258</u>	<u>25,839,086</u>	<u>590,172</u>	<u>2.3</u>
Transfer from/(to) rate stabilization	(1,794,584)	114,093	(1,908,677)	(1,672.9)
Other revenue	2,434,529	1,131,577	1,302,952	115.1
Other income	515,880	283,497	232,383	82.0
Build America Bonds	602,883	608,726	(5,843)	(1.0)
Total Revenues	<u>28,187,966</u>	<u>27,976,979</u>	<u>210,987</u>	<u>0.8</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Transmission and distribution	2,290,018	2,568,400	(278,382)	(10.8)
Treatment	5,721,510	5,487,041	234,469	4.3
Administrative and general	4,234,004	4,379,625	(145,621)	(3.3)
Total Operation, Maintenance and Administrative Expenses	<u>12,245,532</u>	<u>12,435,066</u>	<u>(189,534)</u>	<u>(1.5)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>15,942,434</u>	<u>15,541,913</u>	<u>400,521</u>	<u>2.6</u>
LESS:				
Debt service	5,290,023	5,051,475	238,548	4.7
UPIF contributions	5,095,681	5,096,168	(487)	(0.0)
Transfer to City of Gainesville General Fund	4,017,053	4,017,054	(1)	(0.0)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 1,539,677</u>	<u>\$ 1,377,216</u>	<u>\$ 162,461</u>	<u>11.8</u>

Gainesville Regional Utilities
Wastewater Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended June 30, 2020 and 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 20,515,598	\$ 19,965,467	\$ 550,131	2.8
Non-residential	7,540,005	8,054,277	(514,272)	(6.4)
Utility surcharge	<u>2,235,411</u>	<u>2,158,104</u>	<u>77,307</u>	<u>3.6</u>
Total Sales of Services	<u>30,291,014</u>	<u>30,177,848</u>	<u>113,166</u>	<u>0.4</u>
Transfer from/(to) rate stabilization	(958,317)	1,191,062	(2,149,379)	(180.5)
Other revenue	4,915,184	2,110,589	2,804,595	132.9
Other income	435,413	246,212	189,201	76.8
Build America Bonds	<u>690,139</u>	<u>694,011</u>	<u>(3,872)</u>	<u>(0.6)</u>
Total Revenues	<u>35,373,433</u>	<u>34,419,722</u>	<u>953,711</u>	<u>2.8</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	3,628,032	3,491,920	136,112	3.9
Treatment	6,679,751	7,064,092	(384,341)	(5.4)
Administrative and general	<u>4,664,403</u>	<u>4,791,316</u>	<u>(126,913)</u>	<u>(2.6)</u>
Total Operation, Maintenance and Administrative Expenses	<u>14,972,186</u>	<u>15,347,328</u>	<u>(375,142)</u>	<u>(2.4)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>20,401,247</u>	<u>19,072,394</u>	<u>1,328,853</u>	<u>7.0</u>
LESS:				
Debt service	6,451,468	5,866,632	584,836	10.0
UPIF contributions	6,257,562	6,599,262	(341,700)	(5.2)
Transfer to City of Gainesville General Fund	<u>5,145,504</u>	<u>4,395,504</u>	<u>750,000</u>	<u>17.1</u>
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 2,546,713</u>	<u>\$ 2,210,996</u>	<u>\$ 335,717</u>	<u>15.2</u>

Gainesville Regional Utilities
Gas Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended June 30, 2020 and 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 6,511,676	\$ 6,618,232	\$ (106,556)	(1.6)
Non-residential	4,206,865	4,226,368	(19,503)	(0.5)
Fuel adjustment	5,071,758	7,032,308	(1,960,550)	(27.9)
Utility surcharge	437,768	432,541	5,227	1.2
Other gas sales	1,012,578	1,043,278	(30,700)	(2.9)
Total Sales of Gas	<u>17,240,645</u>	<u>19,352,727</u>	<u>(2,112,082)</u>	<u>(10.9)</u>
Transfer from/(to) rate stabilization	486,307	3,834,118	(3,347,811)	(87.3)
Other revenue (expense)	282,483	(135,887)	418,370	307.9
Other income	283,642	263,278	20,364	7.7
Build America Bonds	445,821	451,437	(5,616)	(1.2)
Total Revenues	<u>18,738,898</u>	<u>23,765,673</u>	<u>(5,026,775)</u>	<u>(21.2)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expense - purchased gas	5,071,758	7,032,308	(1,960,550)	(27.9)
Operation and maintenance	1,953,972	1,880,083	73,889	3.9
Administrative and general	2,156,334	2,124,735	31,599	1.5
Total Operation, Maintenance and Administrative Expenses	<u>9,182,064</u>	<u>11,037,126</u>	<u>(1,855,062)</u>	<u>(16.8)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>9,556,834</u>	<u>12,728,547</u>	<u>(3,171,713)</u>	<u>(24.9)</u>
LESS:				
Debt service	3,091,091	2,854,513	236,578	8.3
UPIF contributions	4,987,097	1,770,595	3,216,502	181.7
Transfer to City of Gainesville General Fund	1,849,166	7,474,166	(5,625,000)	(75.3)
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (370,520)</u>	<u>\$ 629,273</u>	<u>\$ (999,793)</u>	<u>(158.9)</u>

Gainesville Regional Utilities
Telecommunications System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended June 30, 2020 and 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Telecommunications	\$ 5,870,026	\$ 5,756,600	\$ 113,426	2.0
Trunking radio	1,270,873	1,276,015	(5,142)	(0.4)
Tower leasing	1,242,314	1,257,129	(14,815)	(1.2)
Other sales	-	-	-	-
Total Sales of Services	<u>8,383,213</u>	<u>8,289,744</u>	<u>93,469</u>	<u>1.1</u>
Transfer from/(to) rate stabilization	2,186,195	-	2,186,195	-
Other revenue (expense)	32,558	(163,276)	195,834	119.9
Other income	77,803	147,690	(69,887)	(47.3)
Total Revenues	<u>10,679,769</u>	<u>8,274,158</u>	<u>2,405,611</u>	<u>29.1</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	5,289,679	4,309,365	980,314	22.7
Administrative and general	949,363	1,042,565	(93,202)	(8.9)
Total Operation, Maintenance and Administrative Expenses	<u>6,239,042</u>	<u>5,351,930</u>	<u>887,112</u>	<u>16.6</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>4,440,727</u>	<u>2,922,228</u>	<u>1,518,499</u>	<u>52.0</u>
LESS:				
Debt service	1,901,702	1,946,756	(45,054)	(2.3)
UPIF contributions	668,082	344,285	323,797	94.0
Transfer to City of Gainesville General Fund	890,126	890,126	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 980,817</u>	<u>\$ (258,939)</u>	<u>\$ 1,239,756</u>	<u>478.8</u>

Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Period Ended June 30, 2020

	Actual
Fuel Revenues	\$ 55,368,528
Fuel Expenses	46,968,793
To (From) Fuel Adjustment Levelization	\$ 8,399,735
Fuel Adjustment Beginning Balance	\$ (2,843,816)
To (From) Fuel Adjustment Levelization	8,399,735
Fuel Adjustment Ending Balance	\$ 5,555,919

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Period Ended June 30, 2020

	Actual
Purchased Gas Revenues	\$ 6,171,468
Purchased Gas Expenses	5,071,758
To (From) PGA Levelization	\$ 1,099,710
PGA Beginning Balance	\$ (43,779)
To (From) PGA Levelization	1,099,710
PGA Ending Balance	\$ 1,055,931