



Tuesday, March 10, 2026, 5:30 p.m.

GRU Administration Building

301 SE 4th Avenue

Gainesville, FL 32601

Directors

Chair Eric Lawson

Vice-Chair David Haslam

Director Jack Jacobs

Director Robert Skinner

If you have a disability and need accommodation in order to participate in this meeting, please call (352) 334-5051 at least two business days in advance. TTY (Text Telephone Telecommunication Device) users please call 711 (Florida Relay Service). For Speech to Speech (STS) relay, please call 1-877-955-5334. For STS Spanish relay, please call 1-877-955-8773. For STS French Creole relay, please call 1-877-955-8707.

A. CALL TO ORDER

Agenda Statement: The Gainesville Regional Utilities Authority encourages civil public speech. The Gainesville Regional Utilities Authority expects each person entering this chamber to treat others with respect and courtesy. Speakers are expected to focus on agenda items under discussion. Signs, props, posters, food, and drinks should be left outside the auditorium.

B. ROLL CALL

C. INVOCATION

D. PLEDGE OF ALLEGIANCE

E. ADOPTION OF THE AGENDA

F. APPROVAL OF MINUTES

Approval of Minutes from February 18, 2026 GRU Authority meeting.

1. Gainesville Regional Utilities Authority Approve the Minutes from the February 18, 2026 Meeting (B)

Recommendation: The Authority approve the minutes from the February 18, 2026 meeting.

G. CHAIR COMMENTS

H. DIRECTOR COMMENTS

I. CONSENT AGENDA

1. **2026-184 State of the Utility, January 2026 (B)**

Department: Gainesville Regional Utilities/Office of the Chief Operating Officer

Description: GRU will be providing a monthly update to Authority members to ensure they are aware of the important projects and relevant utility measurements and benchmarks. This report provides information from January 2026.

Fiscal Note: None.

2. **2026-186 FY2027 Budget Calendar**

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item is presented to establish the meeting dates and outline the topics for GRU's FY27 budget presentation to the GRU Authority.

Fiscal Note: None at this time.

Recommendation: The GRU Authority approve the proposed dates and topics.

3. **2026-187 FY26 First Quarter Budget vs Actuals**

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item presents GRU's budget vs actual results for the period ended December 31, 2025.

Fiscal Note: None at this time.

Recommendation: The GRU Authority receive the first quarter of FY26 budget vs actual report.

4. **2026-188 Approval of Code of Business Conduct for the Gainesville Regional Utilities Authority (B)**

Department: Gainesville Regional Utilities/General Counsel

Description: The Authority is required to review its code of business conduct (its framework for conducting public meetings) biennially, pursuant to Art. 7.10(7).

At its January 14, 2026 meeting, the Authority directed Vice Chair Haslam to work with Utilities Attorney Derek D. Perry on recommendations to bring forward for Authority discussion at its February 18, 2026 meeting.

At its February 18, 2026 meeting, the Authority discussed revisions and adopted a revised code of business conduct. The item is being brought back to the Authority for final approval. Additionally, the Authority approved the use of speaker slips, as reflected in the revised GRUA Board Meeting Protocols for Citizens.

Attached herein is:

1. Draft Revised Code of Business Conduct (strikethrough/underline)
2. Final Revised Code of Business Conduct
3. Draft Revised Board Meeting Protocols for Citizens (strikethrough/underline)
4. Final Revised Board Meeting Protocols for Citizens

Fiscal Note: None.

Recommendation: The GRU Authority adopt its code of business conduct.

J. CEO COMMENTS

K. ATTORNEY COMMENTS

L. BUSINESS DISCUSSION ITEMS

1. **2026-189 Gainesville Regional Utilities' Annual Investment Report for Fiscal Year 2025**

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item is related to the annual reporting of Gainesville Regional Utilities' investments.

Fiscal Note: No impact.

Recommendation: The GRU Authority receives and accepts the Gainesville Regional Utilities' Fiscal Year 2025 Annual Investment Report.

2. **2026-190 GRU FY25 Audited Financial Statements, Independent Auditor Reports, and Governance Communications (B)**

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item is related to the external audit of Gainesville Regional Utilities Fiscal year 2025 Financial Statements.

Fiscal Note: None.

Recommendation: The GRU Authority receive and accept the Gainesville Regional Utilities Fiscal Year 2025 audited financial statements and independent auditor's report along with the required communication from Baker Tilly, US LLP to the Gainesville Regional Utilities Authority.

3. **2026-191 Audit and Finance Committee or Process (B)**

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item proposes a discussion of the possibility of 1) an Audit and Finance Committee, or 2) an Audit and Finance Issue Process, which will allow the Board a forum to consider 1) Internal Control Manager Reports and Annual Review

Plan, 2) External Financial Statement Audit, and 3) other financial policies.

While an Audit and Finance Committee comprised of a smaller group is traditionally a structure used to focus attention on Audit/Finance related items in advance of full Authority meetings, it has its limitation with an Authority Board of five (5) members.

An alternative in achieving the desired results may occur by establishing formal times and frequencies of Audit/Finance related issued for the entire Board to consider without setting up a marginally small Board of three (3) members.

The key areas for discussion should include:

- Is a smaller committee needed or is it a formalized process?
- If it's a smaller committee what number of Directors should sit on the Committee?
- What would be the timing and frequency of Committee/Board meetings?
- What areas of concentration should be considered?

Fiscal Note: No impact at this time.

Recommendation: The GRU Authority discuss and provide direction regarding how Audit and Finance issues will be presented to the Board as a whole or through a committee.

4. 2026-194 Stormwater and Solid Waste Billing (B)

Department: Gainesville Regional Utilities/Office of the Chief Executive Officer

Description: This item is a follow-up to the Board's direction for staff to negotiate an agreement with the City of Gainesville to continue in a business relationship handling the city's stormwater and solid waste billings. After working with city staff, and through the approval of GRU's Chief Customer Officer and General Counsel, the item is being brought back for the Authority discussion and/or approval.

During its March 12, 2025 and October 8, 2025 meetings, the Authority discussed whether to continue billing for the City's stormwater and solid waste services, given the number of services already on GRU's bills and public perception that these additional billed City services are GRU services. After healthy debate on October 8, 2025, the Authority directed the CEO to negotiate an agreement with the City.

The City Commission approved a negotiated agreement on March 5, 2026. The agreement is now being brought to the Authority for discussion and/or approval. GRU management believes that continuing the billing through GRU saves the City the risk of trying to bill its services through property tax bills, which is untested and potentially vulnerable to legal challenges. GRU's billing also provides the City the benefit of a longstanding and tested billing system.

Gainesville Regional Utilities Authority

GRU benefits from increasing the reimbursement from the City from \$821,000 to an estimated \$979,000.

It is viewed as a win/win.

Fiscal Note: An increase from \$821,000 to an estimated \$979,000 revenue for GRU.

Recommendation: The GRU Authority approve and authorize its CEO to execute the agreement.

- M. RESOLUTIONS (Roll Call Required)
- N. GENERAL PUBLIC COMMENT
(for items not on the agenda, not to exceed 30 minutes total)
- O. DIRECTOR COMMENTS
- P. ADJOURNMENT



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number:

Agenda Date: March 10, 2026

Department: Gainesville Regional Utilities

Title: Gainesville Regional Utilities Authority Approve the Minutes from the February 18, 2026 Meeting (B)

Recommendation: The Authority approve the minutes from the February 18, 2026 meeting.



Gainesville Regional Utilities Authority

MINUTES

February 18, 2026, 5:30 p.m.
GRU Administration Building
301 SE 4th Avenue
Gainesville, FL 32601

Members Present: Vice-Chair Haslam, Jack Jacobs, Chair
Lawson, Robert Skinner

A. CALL TO ORDER

Meeting called to order at 5:30pm

B. ROLL CALL

C. INVOCATION

Invocation given by Vice Chair Haslam

D. PLEDGE OF ALLEGIANCE

E. ADOPTION OF THE AGENDA

Public Comment: Chuck Ross

Moved by Vice-Chair Haslam

Seconded by Robert Skinner

Approved

F. APPROVAL OF MINUTES

Moved by Robert Skinner

Seconded by Vice-Chair Haslam

Approved

1. Gainesville Regional Utilities Approve the Minutes from the January 14, 2026 Meeting (B)

Recommendation: The Authority approve the minutes from the January 14, 2026 meeting.

G. CHAIR COMMENTS

Lawson shared his impressions from his recent visit to the JR Kelly plant, highlighting the team’s professionalism and strong commitment to safety. He emphasized how dedicated the staff is to delivering exceptional value to our customers. Lawson also expressed his appreciation publicly, thanking the team for giving him a firsthand look at the important work they do every day.

H. GENERAL PUBLIC COMMENT

Public Comment: Jim Konish, Nancy Deren, Janice Garry, Chuck Ross, David Hastings, Mary Vondivanski, Deborah Hodge

I. DIRECTOR COMMENTS

Vice Chair Haslam offered remarks in response to statements made during public comment.

Director Jacobs also addressed points raised during public comment.

Director Skinner commented on the public’s statements as well and requested that CEO Bielarski provide an update on how much GRU has reduced its debt. CEO Bielarski reported that GRU has paid down close to \$200 million.

J. CONSENT AGENDA

Public Comment: Jim Konish

Moved by Robert Skinner

Seconded by Vice-Chair Haslam

Approved

1. 2026-122 State of the Utility, December 2025 (B)

2. 2026-123 Review and Readoption of the State of Florida Code of Ethics for the GRU Authority (B)

Recommendation: The GRU Authority review its ethics policy and adopt the State of Florida Code of Ethics.

3. 2026-124 Fuel Levelization and Purchased Gas Adjustment Regulatory Items

Recommendation: The GRU Authority approve the removal of the portion of the regulatory asset in the Electric System and increase the portion of the regulatory liability in the Gas System.

4. 2026-125 Regulatory Items

Recommendation: The GRU Authority affirm GRU's regulatory items.

K. CEO COMMENTS

CEO Bielarski thanked the Board for their comments regarding GRU staff and addressed statements made during public comment on the Consent Agenda item.

He highlighted the work of GRU and its employees during the recent cold weather event, noting that despite significant strain on gas supply across the eastern United States, GRU customers experienced no outages. Because of GRU's prepayment agreement, the utility avoided the peak gas prices that others were forced to pay during that period. He commended Tom Brown, GRU's COO, for his strong leadership while the CEO was on vacation. He also addressed additional issues raised during public comment.

He provided further explanation of a resolution on the agenda, which will also be presented to the City Commission at its next meeting.

Director Skinner asked whether, given the spike in energy costs, GRU had been able to sell any of its excess energy. CEO Bielarski confirmed that GRU had sold some power. Director Skinner also referenced a conversation with a board member from a Texas utility regarding why gas prices rise during cold weather, noting that equipment protection plays a role. He asked when the gas fuel adjustment might decrease, and CEO Bielarski responded. Director Skinner also commented on public remarks regarding DHR.

Vice Chair Haslam stated that Board members do not have the authority to sell the utility; such an action would require a voter referendum.

L. ATTORNEY COMMENTS

Kiersten Ballou of Folds Walker requested that the Board sign a conflict waiver related to a small-claims matter that has been filed.

Derek Perry clarified that the Board must approve the waiver collectively.

Ms. Ballou then stated the motion for approval of the conflict waiver as discussed.

Director Jacobs asked whether representation would be needed. Ms. Ballou responded, followed by additional explanation from Scott Walker of Folds Walker. Derek Perry, GRU Chief Legal Officer and General Counsel, also provided further clarification.

Public Comment: Jim Konish

Ms. Ballou then provided an update on GRU's legal proceedings involving the City of Gainesville.

Mr. Perry stated he had no additional comments at this time.

Moved by Robert Skinner

Seconded by Vice-Chair Haslam

Approved

M. RESOLUTIONS (Roll Call Required)

1. 2026-127 SRF Grant Resolution – Supplemental Appropriation for Hurricanes Helene and Milton and Hawai'i Wildfires (B)

Debbie Daugherty, Water/Wastewater Officer, outlined the specific actions being requested of the Board.

Public Comment: Jim Konish

Moved by Vice-Chair Haslam

Seconded by Jack Jacobs

Recommendation: The GRU Authority (i) approve the resolution and authorize the Chair to execute the same, (ii) authorize the CEO to enter into the SRF loan agreement with the FDEP for the SAHM funding; (iii) authorize staff to take all necessary administrative actions to implement each of the foregoing.

Approved

2. 2026-128 Resolution Authorizing Gainesville Regional Utilities Financial Transactions (B)

Mark Benton, Director of Accounting and Finance, outlined the specific actions being requested of the Board, noting that the same request will also be presented to the Gainesville City Commission.

Director Skinner asked for clarification, and Mr. Benton provided additional explanation.

Director Haslam then asked Mr. Benton to describe the implications if the resolution were not approved. Mr. Benton responded, and CEO Bielarski added further comments regarding the consequences should the resolution fail to pass both the Authority and the City Commission.

Public Comment: Jim Konish, Chuck Ross, Nancy Deren

Chair Lawson responded to several points raised during public comment. CEO Bielarski also offered remarks. Ms. Rasnick, Chief Financial Officer, addressed comments from the public as well, including clarification on the budget calendar, the financial audit, and the planned use of bond proceeds.

Moved by Robert Skinner

Seconded by Jack Jacobs

Recommendation: The GRUA (1) adopt the resolution authorizing the CEO and/or the Chief Financial Officer to negotiate and execute the financial transactions, within prescribed execution parameters and select an underwriter pool to facilitate potential public market debt transactions, and (2) request the City Commission of the City of Gainesville to take certain actions in connection therewith necessary and proper to effectuate the orderly transition of governance.

Approved

N. BUSINESS DISCUSSION ITEMS

1. 2026-126 Approval of Code of Business Conduct for the Gainesville Regional Utilities Authority (B)

Mr. Derek Perry outlined the specifics of what is being requested of the Board, noting that the Code of Business Conduct serves as the Board's guiding document. He recommended that the Board revise the Protocols

for Citizens and emphasized that the Board has the authority to determine those procedures.

The Board expressed support for implementing Public Comment speaker slips and agreed to move forward with that approach.

Vice Chair Haslam stated his preference to move General Public Comment to the end of the meeting, immediately before Director Comments. He also supported creating a sign-up sheet for all Public Comment and maintaining a three-minute limit for all items except General Public Comment, which he suggested be limited to two minutes.

Director Jacobs agreed with moving General Public Comment to the end of the meeting. He was not fully supportive of reducing speaking time to two minutes unless there is a large number of speakers. Regarding a sign-up sheet, he noted he was not entirely in favor, adding that once ongoing lawsuits conclude, public attendance may decrease. Mr. Perry recommended keeping the time limit at three minutes, reminding the Board that they already have the authority to adjust comment time during meetings if needed.

Director Skinner supported keeping a consistent three-minute limit, with the option to reduce it to two minutes if there is a long line of speakers. He expressed support for a sign-up sheet and agreed with moving General Public Comment to the end of the meeting.

Public Comment: Chuck Ross, Nancy Deren, Jeff Fitzgerald

Vice Chair Haslam clarified the reasoning behind considering the relocation of General Public Comment mentioned during Public Comment.

Director Jacobs added that moving General Public Comment to the end of the meeting is intended to help educate the public, not discourage participation. He noted that many attendees leave before key discussions occur and later claim that topics were not addressed.

Director Skinner emphasized that the Board is not limiting public comment and reminded attendees that email remains available as an additional avenue for communication. He noted that Board members make an effort to respond or forward messages to the appropriate GRU staff.

Recommendation: The GRU Authority review and discuss its code of business conduct and adopt it as is or provide direction on changes.

Amendment:

Moved by Vice-Chair Haslam

Seconded by Robert Skinner

Vice Chair Haslam made a motion to maintain a three-minute limit for all Public Comment items; move General Public Comment to the end of the meeting, immediately before the final Director Comments; create a sign-up sheet for Public Comment; and present a finalized version of the Code of Business Conduct at the next GRUA meeting, updated to remove outdated information and reflect necessary name changes.

Approved

O. DIRECTOR COMMENTS

Chair Lawson thanked the Budget, Finance, and Accounting team for their hard work.

P. ADJOURNMENT

Adjourned at 7:23pm

Kunti Nesbitt, GRUA Staff Liaison



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2026-184

Agenda Date: March 10, 2026

Department: Gainesville Regional Utilities

Title: 2026-184 State of the Utility, January 2026 (B)

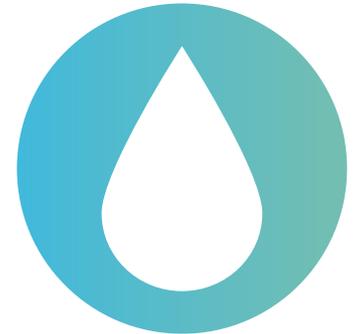
Department: Gainesville Regional Utilities/Office of the Chief Operating Officer

Description: GRU will be providing a monthly update to Authority members to ensure they are aware of the important projects and relevant utility measurements and benchmarks. This report provides information from January 2026.

Fiscal Note: None.

State of the Utility

FY26
January



Energy Supply

Major Figures & Achievements



Regulatory Compliance (NERC)

Environmental Compliance

We have no outstanding ongoing environmental or electric regulatory compliance issues at this time. A SERC audit is currently in progress, with the onsite portion scheduled for Feb. 17 to 19.

Deerhaven (DH)

Deerhaven Unit 1 (DH1)

- Unit remained online.
- The unit's secondary fuel has transitioned from No. 6 Fuel Oil (Bunker C) to No. 2 Fuel Oil (Diesel) as the exclusive backup fuel.
- During early January, DH1 operated on No. 6 fuel to reduce inventory in the South Bulk Tank prior to removal from service. Approximately 250,000–300,000 gallons were consumed from an estimated 500,000-gallon inventory.
- The No. 6 Fuel Oil South Bulk Tank has been removed from service and will be decommissioned.

Deerhaven Unit 2 (DH2)

- Unit remained online but operated under a 120 MW derate due to one cooling tower circulating water pump being out of service.
- Following completion of the November planned outage, the south circulating water pump motor experienced an electrical fault. Inspection by contractor IPS (Jacksonville) determined the stator required rewinding and the rotor required repairs.
- The repaired motor is scheduled to return to the plant on Feb. 9, 2026. Installation and restoration activities will be coordinated upon receipt and are expected to eliminate the current unit derate without requiring an outage.
- During Winter Storm Fern, DH2 was tested and confirmed capable of operating up to 160 MW with one circulating water pump, allowing the unit to operate at higher output on coal during periods of elevated load and potential natural gas curtailment.

Energy Supply

Deerhaven Combustion Turbines

All units were available with no operational issues reported during January.

Deerhaven Renewable (DHR)

- Unit remained online.

Kelly Generating Station (JRK)

JCC1 (Combined Cycle)

- The unit remained in a planned outage throughout January, with the primary scope including a Major Inspection of CT4 intended to address emissions concerns identified following the March 2025 outage.
- Discovery work during the outage identified reliability concerns with the CT4 generator rotor.
- The rotor has been removed and shipped to a contractor in Houston, Texas, for detailed assessment and repair.
- Based on current findings, the outage completion date has been extended from Feb. 23, 2026, with restoration now projected for mid-May 2026.
- A more definitive return-to-service timeline will be established following completion of inspection testing and confirmation of the repair plan.

South Energy Center (SEC)

- During January, the Wärtsilä engine continued experiencing intermittent misfiring issues.
- The SOLAR engine was placed in service while troubleshooting activities were conducted with OEM support.
- Troubleshooting efforts successfully resolved the misfiring condition, allowing the Wärtsilä unit to return to service.
- The SOLAR engine has since been returned to standby status.

Other Items

At JRK, removal of the three combustion turbines (CT1–CT3), decommissioned in 2010, remains in progress under contractor execution for repurposing. Significant progress has been made, with removal activities projected for completion by mid-March 2026.

Energy Supply

Fuels Management

Inventory

Coal

71,944
tons

37 days at full load;
75 days at half load.

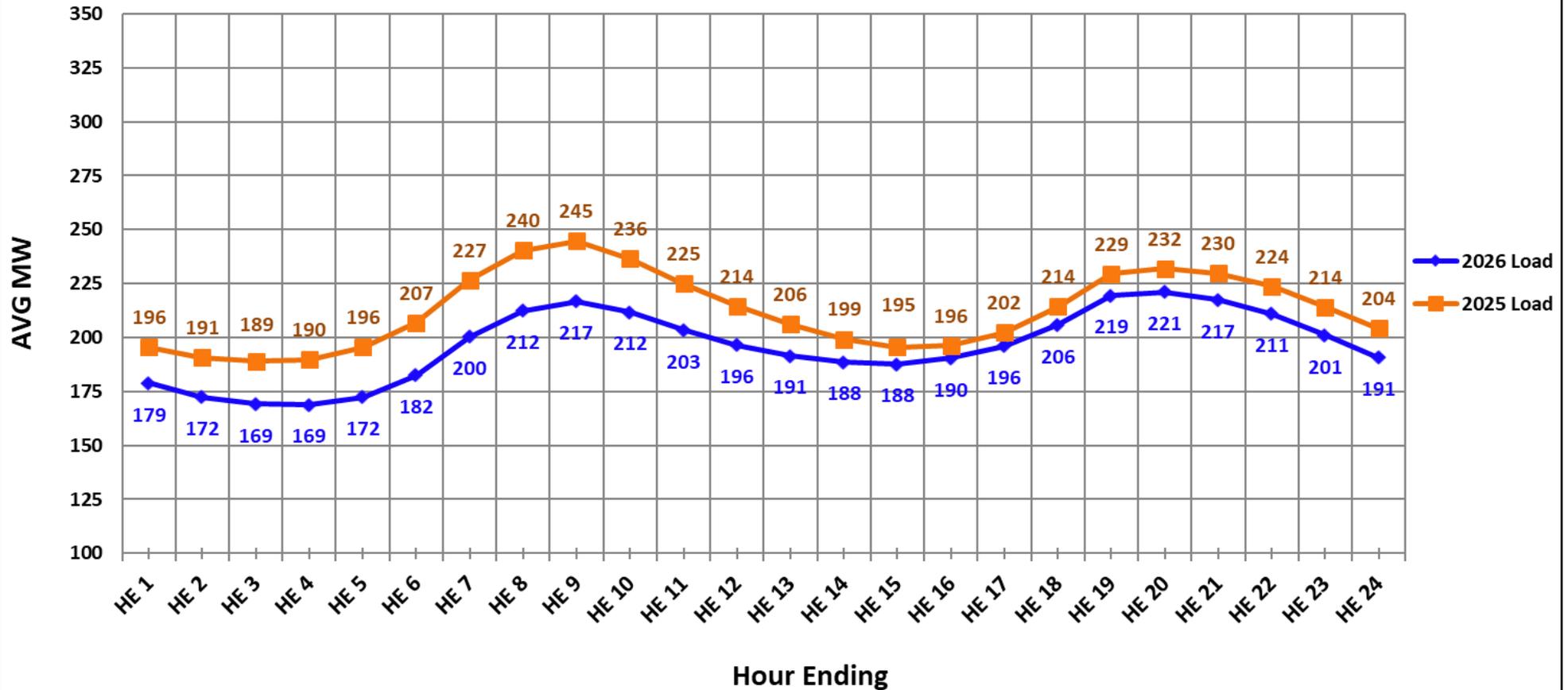
Biomass

17,145
tons (MC Adjusted)

7 days at full load;
12 days at half load;
10 days at most recent
burn rate.

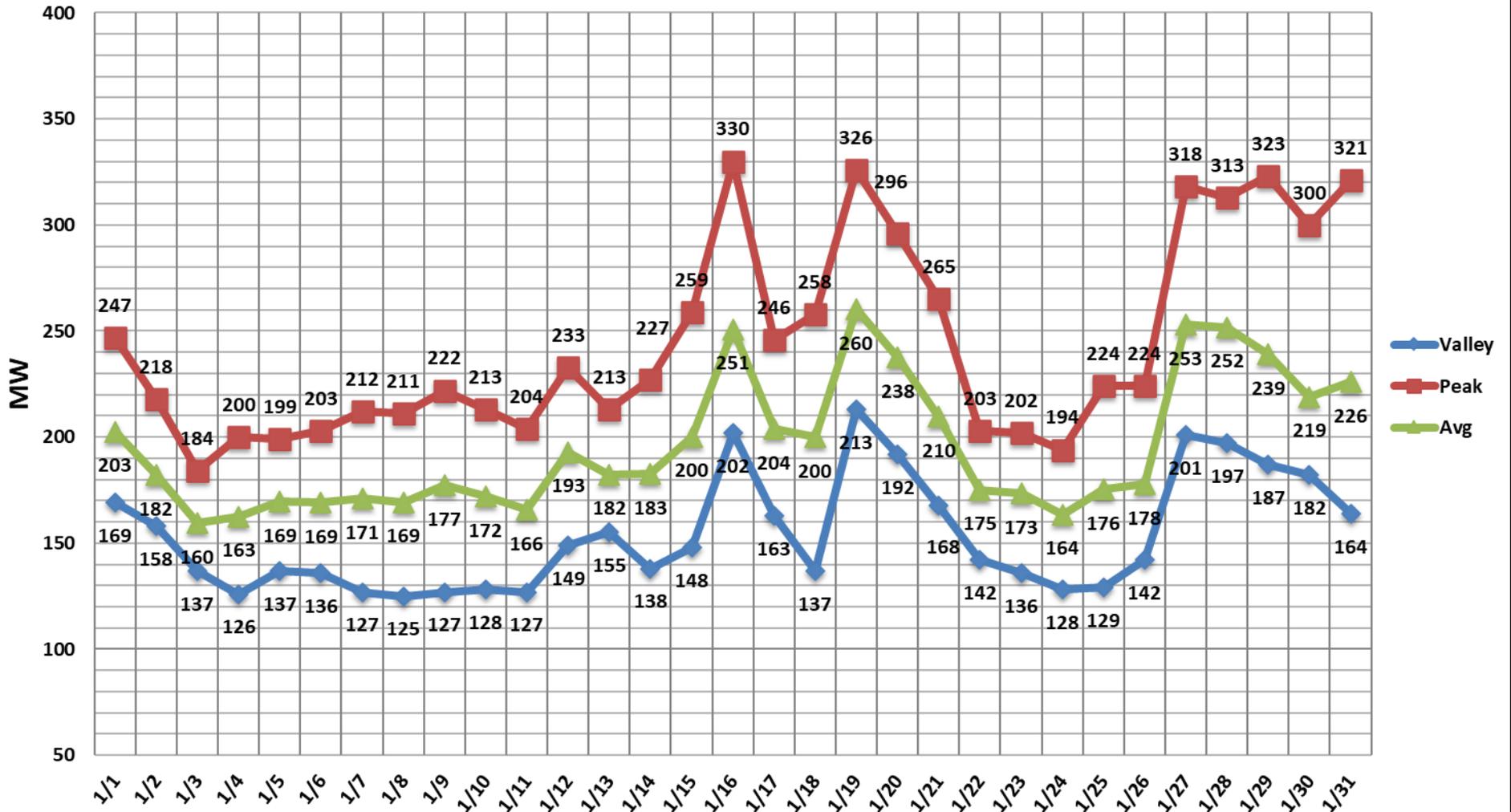
Energy Supply

January 2026 vs January 2025
Average Hourly Loads



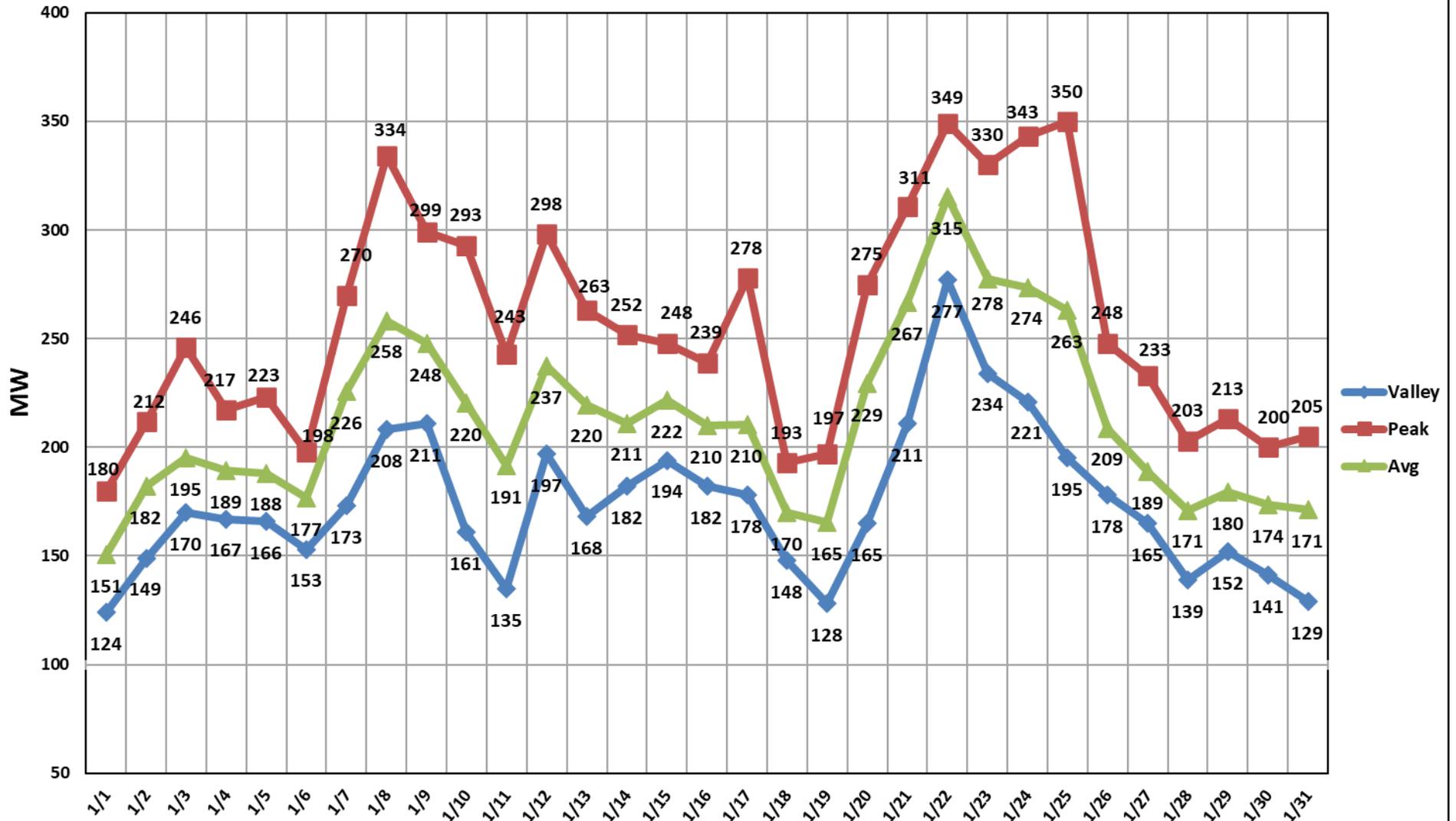
Energy Supply

January 2026
Peak, Valley, and Average Loads



Energy Supply

January 2025
Peak, Valley, and Average Loads



Energy Supply

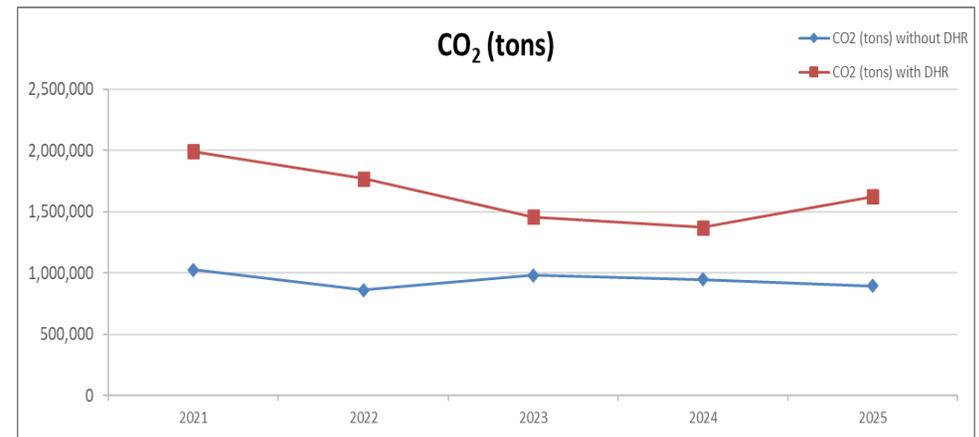
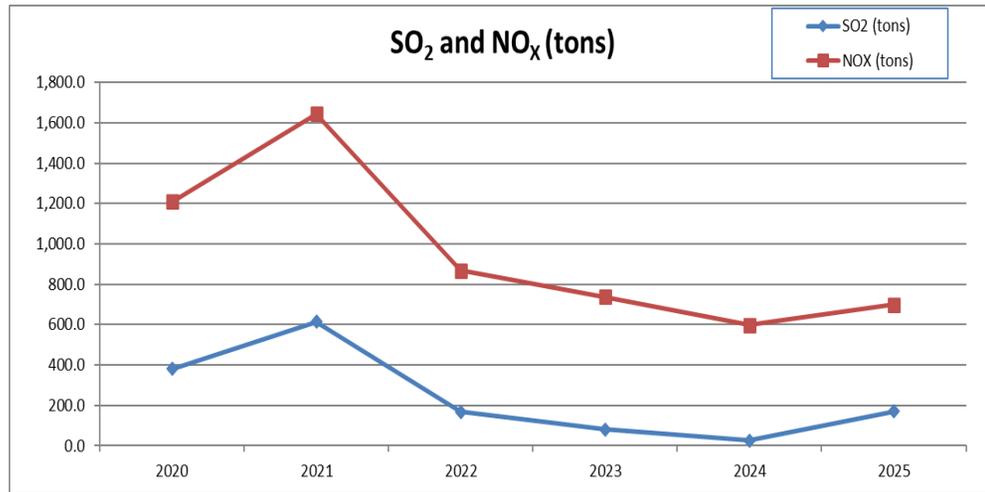
Emissions Data

Yearly Emissions

	SO ₂ (tons)	NO _x (tons)	Mercury (lbs)*	PM (tons)*	CO ₂ (tons) without DHR	CO ₂ (tons) with DHR
2020	379.3	1,208.3	3.1	56.5	1,033,389.5	1,697,218.5
2021	614.7	1,643.0	3.7	63.7	1,027,918.9	1,991,487.9
2022	167.4	867.8	2.1	11.2	861,824.7	1,771,204.7
2023	80.2	737.1	0.6	12.2	980,726.2	1,458,824.3
2024	26.5	598.4	0.8	5.3	946,129.6	1,373,862.0
2025	170.4	698.4	1.4	8.4	894,873.2	1,624,161.8
2026 (through January)	89.4	75.7	0.3	2.4	54,395.8	133,493.3

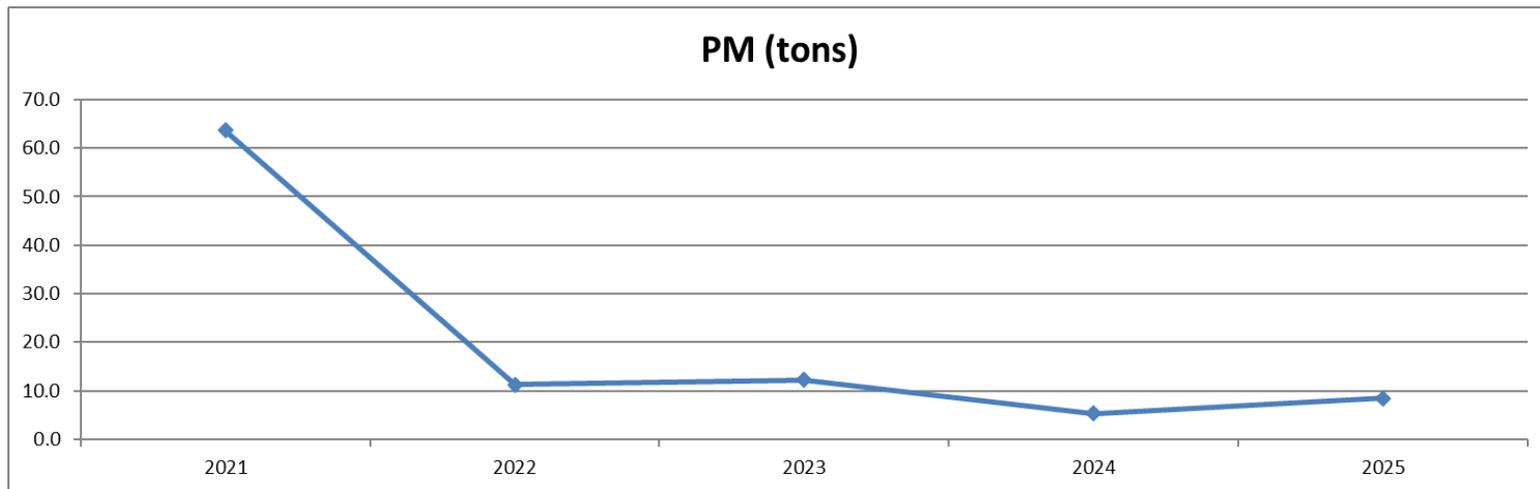
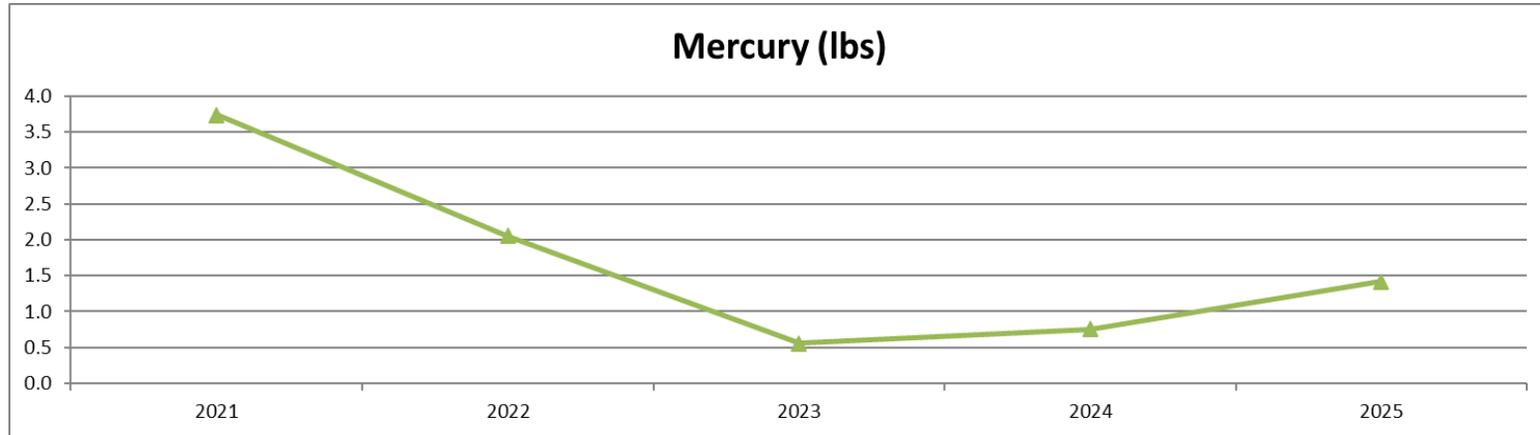
*Mercury and Particulate values are for Unit 2 only.

**Values Subject to Change - Final Values Dependent on Fuel Analyses



Energy Supply

Yearly Emissions



Energy Supply

Emissions Data

2025 (thru January)

Unit	SO ₂ (tons)	NO _x (tons)	Mercury (lbs)	PM (tons)	CO ₂ (tons)	SO ₂ Rate (lb/MMBtu)	NO _x Rate (lb/MMBtu)	HTIP (MMBtu)	GEN (MW-hours)
DH1	28.2	12.4			8,052.2			120,704.0	9,839.0
DH2	59.8	39.8	0.27	2.4	44,314.9			654,244.0	48,479.0
DHCT3	0.0	0.0			1.7			28.0	0.0
JRKCC1	0.0	0.7			2,027.0			34,105.1	3,858.0
DHR	1.4	22.8			79,097.5			756,889.6	63,132.0
TOTAL	89.4	75.7	0.27	2.4	133,493.3			1,565,970.7	125,308.0

TOTALS without DHR									
Unit	SO ₂ (tons)	NO _x (tons)	Mercury (lbs)	PM (tons)	CO ₂ (tons)	SO ₂ Rate (lb/MMBtu)	NO _x Rate (lb/MMBtu)	HTIP (MMBtu)	GEN (MW-hours)
DH1	28.2	12.4			8,052.2			120,704.0	9,839.0
DH2	59.8	39.8	0.27	2.4	44,314.9			654,244.0	48,479.0
DHCT3	0.0	0.0			1.7			28.0	0.0
JRKCC1	0.0	0.7			2,027.0			34,105.1	3,858.0
Total Without DHR	88.0	52.9	0.27	2.4	54,395.8			809,081.1	62,176.0

Energy Supply

Emissions & Compliance Data

		January		Calendar Year to Date (January)
Notices of Violation		0		0
Emissions				
DH1, DH2, DHCT3, JRKCC1				
	CO ₂ (tons)	54,395.8		54,395.8
	NO _x (tons)	52.9		52.9
	SO ₂ (tons)	88.0		88.0
DH Unit 2 (only)				
	PM _{FILT} (tons)	2.4		2.4
	Hg (lbs)	0.3		0.3
DHR				
	CO ₂ (tons)	79,097.5		79,097.5
	NO _x (tons)	22.8		22.8
	SO ₂ (tons)	1.4		1.4

Energy Supply

Availability & Capacity

	Availability			Capacity		
	Month	FY26 YTD	FY25 YTD	Month	FY26 YTD	FY25 YTD
DH-2	100.00%	72.69%	94.26%	26.38%	18.42%	34.26%
DH-1	100.00%	99.74%	99.30%	16.63%	5.47%	21.30%
Kelly CC	2.86%	75.72%	83.54%	2.38%	64.90%	75.93%
DH CT-1	100.00%	88.15%	97.96%	0.01%	0.15%	0.02%
DH CT-2	100.00%	100.00%	99.91%	0.00%	0.00%	0.01%
DH CT-3	100.00%	100.00%	96.60%	0.00%	0.10%	0.71%
DHR	100.00%	100.00%	64.49%	74.34%	62.37%	37.07%

Fuel Consumed

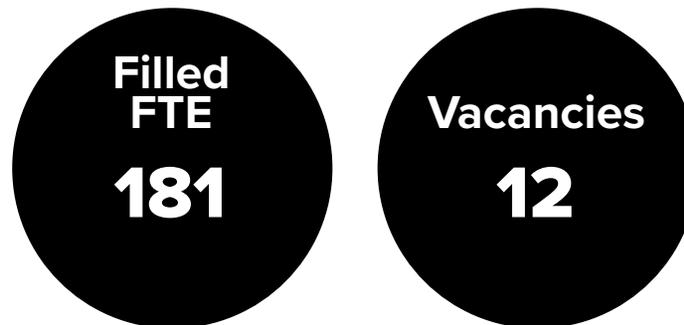
	Month	YTD	Budget YTD	Delta Budget
Coal (Tons)	4,259	4,268	30,197	-25,929
Gas (MCF)	579,031	3,353,557	2,563,946	789,611
Fuel Oil (Gal)	265,250	265,505	—	265,505
Biomass (Tons)	80,791	269,424	258,142	11,281

Energy Supply

Performance Parameters

Sept. 2025	kWh/Month	kWh/YTD	Budget YTD	Delta Budget
DH-2	41,971	41,971	\$0	\$41,971
DH-1	8,840	8,840	\$3,188	\$5,652
Kelly CC1	1,838	1,838	\$0	\$1,838
CTs	-	-	\$0	\$0
Grid	36,156	36,156	\$8,988	\$27,168
DHR	56,955	56,955	\$73,919	(\$16,964)

Personnel



Energy Supply

Vacancies and Retirements

Status	Title	Filled?	Group	Vacant Date
Vacant	Analyst Senior	N	GRU Deerhaven Plant	Aug. '25
Vacant	Principal Engineer	N	GRU Deerhaven Plant	Jan. '26
Vacant	Engineer and Utility Designer IV	N	GRU Deerhaven Plant	Dec. '23
Vacant	Engineer and Utility Designer IV	N	GRU Deerhaven Plant	April '25
Vacant	Power Plant Chemistry Technician	N	GRU Deerhaven Plant	Nov. '25
Vacant	Power Plant Control Specialist	Y	GRU Deerhaven Plant	Dec. '25
Vacant	Power Plant ICE Supervisor	N	GRU Deerhaven Plant	May '23
Vacant	Power Plant Journeyman Operator	N	GRU Deerhaven Plant	March '25
Vacant	Power Plant Journeyman Operator	N	GRU Kelly Plant	Aug. '25
Vacant	Power Plant Mechnanic Journeyman	N	GRU Deerhaven Plant	Jan. '25
Vacant	Power Plant Mechnanic Journeyman	N	GRU Deerhaven Plant	Sept. '25
Vacant	Process Plant Operator	N	GRU Deerhaven Plant	July '24
Vacant	Production Technician	N	GRU Kelly Plant	April '25
Vacant	Production Technician	N	GRU Kelly Plant	June '25
Vacant	Production Technician	N	GRU Kelly Plant	June '25

Energy Delivery

Reliability Statistics



Outage Causes

Cause	Overhead	Underground	Both
Undetermined	3	0	0
Weather	1	0	0
Vegetation	12	0	0
Animals	11	0	0
Foreign Interference	0	0	0
Human Cause	2	1	0
Equipment Failure	9	5	1
Other	0	0	0
Total	38	6	1

Energy Delivery

Electric System Consumption

	Jan. 2026		Jan. 2025	
	CONSUMPTION (kWh)	CUSTOMERS	CONSTUMPTION (kWh)	CUSTOMERS
Feed-in-Tariff - Residential	125	84	1,389	86
Feed-in-Tariff - General Service	2,200	144	6,575	145
Electric - GS - Demand - Regular	40,136,915	1,096	43,536,904	1,119
Electric - General Service Demand PV	1,571,219	33	1,443,007	30
Electric - GS - Kanapaha w Curtail Cr	1,070,400	1	1,029,600	1
Electric - GS - Demand - Large Power	8,078,480	11	8,700,400	10
Electric - GS - Murphree Curtail Credit	1,346,318	1	1,423,200	1
Electric - GS - Large Demand PV	3,182,400	2	712,800	1
Electric - GS - Non Demand	12,542,670	10,164	13,941,885	10,157
Electric - General Service PV	148,873	91	143,562	82
Electric - Lighting - Rental *	807,175	1,790	820,381	1,814
Electric - Lighting - Street - City *	47,741	12	403,981	15
Electric - Lighting - Street - County *	0	0	127,313	1
Electric - Lighting - Traffic	144	1	144	1
Electric - Residential - Non TOU	54,504,175	90,833	61,757,582	90,811
Electric - Residential PV	897,515	1,568	882,770	1,478
Total Retail Electric	124,336,350	104,029	134,481,493	103,922

* Number of customers is excluded from total customer count.

Energy Delivery

Gas System Consumption

	Jan. 2026		Jan. 2025	
	CONSUMPTION (THM)	CUSTOMERS	CONSUMPTION (THM)	CUSTOMERS
Gas - GS - Regular Service (Firm)	805,478	1,255	1,046,542	1,269
Gas - GS - Regular Service (Small)	38,654	509	38,467	485
Gas - GS - Interruptible - Regular Serv	16,000	1	20,213	1
Gas - GS - Interruptible - Large Volume	554,768	9	511,564	8
Gas - Residential - Regular Service	1,075,822	35,658	1,280,560	35,572
Total Retail Gas	2,490,722	37,432	2,897,346	37,335

Major Projects

ED Electric Engineering

- **Archer Place Apartments** – Multistory development with apartments and retail space. Temporary power provided for Phase 1 (back end of property). GRU conducted a pre-construction meeting on Feb. 18, 2026.
- **TACTICS – Circuits 209–287** – T&D construction underway (approximately 75% complete).
- **County Criminal Court Complex Expansion** – Demolition of parking lights and relocation of traffic signal source completed. GRU conducted a pre-construction meeting on Feb. 17, 2026. Switchgear delivery is anticipated in April.
- **New Feeder for Amazon EV Fleet** – Engineering design 90% complete; CSX permit remains in progress. T&D construction began the week of Feb. 9, 2026.
- **Woodland Park** – Gainesville Housing Authority – Demolition completed. Electric design activities underway.
- **Natura Apartments** – Design completed and released; construction underway (approximately 30% complete, pending developer progress).
- **Hammock Preserve** – Mixed-use residential and commercial development. Construction underway (approximately 50% complete).
- **Gilbane–Colligate Apartments** – Multistory apartment development on NW 20th Avenue under construction (approximately 15% complete, pending developer progress).
- **TACTICS – Circuit 550** – T&D construction underway (approximately 50% complete).
- **New Feeder – Circuit 1038** – Construction underway (approximately 90% complete).

Energy Delivery

Gas Engineering

- **AUD Rollout** – Designs are being completed exclusively using AUD. The finalized AUD gas template was jointly implemented with Electric Engineering, with ongoing coordination for updates as needed.
- **Ben E. Keith Facility** – Project fully permitted. Installation of 6-inch gas main underway (approximately 10% complete), with permitting in progress for an additional main extension.
- **Bridlewood** – External 6-inch main installation nearly complete; awaiting developer completion of internal infrastructure (approximately 90% complete).
- **Westgate Backfeed** – Design continues to remove and replace nonstandard 5-inch steel pipe within the system (approximately 66% complete).

Electric Operations

T&D Operations

- Provided mutual aid support for winter storm response, deploying 15 personnel to Sandersville, Georgia, and Harriman, Tennessee.
- **Circuit 1038** – Directional boring and service turnups completed. Natura customers energized. Materials received to finalize remaining construction activities.
- Continued coordination with Engineering on multiple TACTICS projects to improve reliability on circuits serving Millhopper, Kelly, and Kelly West.
- Coordinating with Water/Wastewater on transformer replacement for Lift Station No. 1.
- Supporting FDOT on major lighting upgrades along SR 222.
- During January, T&D personnel responded to 219 customer and outage tickets.

Substation & Relay

- **Line 16 Outage** began Jan. 26. Work included replacement of two 138-kV breakers, two sets of 138-kV gang switches, and two line relays.
- Capacitor banks were repositioned to support transmission voltage during cold-weather conditions and increased system loading due to manufacturer delays in delivery of new capacitor banks.

Systems Control

- New FPL power purchase agreement executed for Jan. 1–Feb. 28, 2026, providing 75 MW of capacity and transmission support. The agreement operated without issue and supported system reliability during cold-weather conditions while GRU generation units were in outage.

Energy Delivery

Systems Control (continued)

- System Data Exchange (SDX) hourly submissions completed in compliance with FRCC and SERC requirements and timelines.
- Ambient Air Ratings (AAR) adjustments coordinated with FPL during cold-weather conditions were successfully implemented.

Technical Services Group (continued)

- **GIS Upgrade (10.8 to 11.3)** – Approximately 50% complete. External resources engaged to support completion; project expected to conclude by May 2026.
- **Land Base Migration** – Migration from legacy SQL database to new SQL platform approximately 60% complete, with outside assistance supporting projected completion by May 2026.
- **Electric Meter Field Audit (6,000 meters)** – Approximately 47% complete; work progressing as resources allow.
- **AMI to OMS Integration** – Approximately 80% complete.
- **GIS Azure Repository** – Approximately 50% complete. Legacy OMS-to-GIS integration code archived; remaining GIS code and documentation migration underway. Estimated completion May 2026.
- **GIS Symbology Standardization** – Approximately 90% complete; awaiting final revisions from Water/Wastewater. Estimated completion May 2026.
- **Systems Control Internal Outage Map** – Approximately 90% complete. Data publishing and OMS-to-GIS integration functional; web map configured and Version 1 presented for executive review. Dashboard finalization and production replication in 11.3 remain. Estimated completion mid-March 2026.
- **Navigator Replacement** – Requirements gathering complete. Design phase will begin following completion of GIS 11.3 migration. Estimated completion March 2026.
- **OMS Upgrade** – Approximately 75% complete. External assistance being coordinated to migrate virtual machines from Nutanix to VMware.
- **OMS Map Automation** – Approximately 95% complete. Batch server implementation approximately 40% complete; minor adjustments and logging/notification implementation remain.
- **Crew Assignments, CAP Tracking, and Circuit Trips Refactoring** – Upgrade from .NET 2 to .NET 4.8 and from .NET Core 5 to .NET Core 10 approximately 95% complete.
- **CAMS Upgrade** – Migration from .NET Core 5 to .NET Core 10 approximately 60% complete and currently in testing.

Energy Delivery

Energy Measurement & Field Operations

Revenue Protection

- In January, the team investigated 16 damaged underground facilities.

Field Services

- In January, Field Services responded to 72 gas emergencies.

Electric Measurement

- GenerLink socket inspections resulted in 35 signed contract agreements and 35 GenerLink switches installed.

Gas Measurement

- Coordinating with Gas Engineering to identify a location near Turkey Creek for installation of a system backfeed.

Gas T&D Major Projects

- The main feed for Bridlewood Subdivision in High Springs has been tied in, tested, and pressurized.
- Work continues to complete the tie-in for the 2-inch main in Phase 2 of Flint Rock Subdivision located on Parker Road.
- Crews constructed approximately 3,500 feet and bored 1,220 feet of gas main for the Ben E. Keith project in Alachua.
- Crews installed approximately 2,000 feet of 2-inch polyethylene pipe for service connections at the Ben E. Keith site in Alachua.
- Contribution in Aid of Construction (CIAC) collected for FY25 and FY26 totals \$261,414.
- In January, 10 new gas services were installed, one service was retired due to inactivity, and seven services were re-run.

Energy Delivery

Advanced Metering Infrastructure (AMI)

Category	Electric	Water	Natural Gas	Total
Remote Reading	104,139	70,488	32,581	207,208
AMI Devices	104,147	70,801	32,607	207,555
Non-AMI Devices	30	7,604	5,715	13,349
Total Devices	104,177	78,405	38,322	220,904
Saturation %	100.00%	90.30%	85.10%	94.00%

AMI Financial Summary		
Actuals Spent	\$41,424,816	88.00%
O/M Budget Remaining	\$2,170,047	5.00%
Capital Budget Remaining	\$3,471,513	7.00%
Total Budget	\$47,066,376	100.00%

Standard Industry Comparisons

Comparison	Actual	Goal	Description
SAIDI	1.14	4.5	System Average Interruption Duration Index
CAIDI	87.64	55	Customer Average Interruption Duration Index
SAIFI	0.01	0.08	System Average Interruption Frequency Index
ASAI	99.99%		Average Service Availability Index

Personnel



Energy Delivery

Vacancies and Retirements

Status	Title	Filled?	Group	Vacant Date
Vacant	Engineer and Utility Designer I	N	Gas Engineering	June '24
Vacant	Field Service Technician	N	Meter Services	Feb. '25
Vacant	Field Service Technician	N	Meter Services	Aug. '25
Vacant	GIS and Operational Systems Coordinator	N	GIS Operations Services	March '24
Starting Feb. 2	Electrical Engineer and Utility Designer III	N	Electric Engineering	Aug. '24
Vacant	Technical Support Specialist III	N	Electric Measurement	Jan. '25
Vacant	Operational Technology Network Analyst Lead	N	Systems Control	Feb. '25
Vacant	Operational Technology Network Analyst Senior	N	Systems Control	March '25
Vacant	Principal Engineer	N	System Control Technical Operations	Aug. '25
Vacant	Electric Measurement Technician	N	Electric Meter Measurement Operations	July '25
Vacant	Substation Relay Engineer and Utility Designer III	N	S&R Engineer Group	June '25
Vacant	Relay Technician	N	Relay Operations	March '24
Vacant	Electric Line Worker	N	Electric Line Workers	Aug. '25
Vacant	Line Worker Lead	N	Electric Line Workers	Oct. '24
Vacant	Electric Line Worker	N	Electric Transmission & Delivery	July '24
Vacant	Electric Line Worker	N	Electric Line Workers	Feb. '25
Vacant	Electric Line Worker	N	Electric Line Workers	June '25
Vacant	Principal Engineer and Utility Designer	N	Electric Engineering	Sept. '25
Vacant	Energy Delivery Facilities Specialist II	N	Electric Engineering	Jan. '24
Vacant	Transmission Planning Principal Engineer	N	Electric Engineering	July '25
Vacant	Energy Delivery Facilities Specialist Supervisor	N	Electric Engineering	July '25
Vacant	Principal Engineer and Utility Designer	N	Electric Engineering	Sept. '25
Vacant	Energy Delivery Facilities Specialist II	N	Electric Engineering	Sept. '25
Vacant	Energy Delivery Facilities Specialist II	N	Electric Engineering	Feb. '25
Vacant	Energy Delivery Facilities Specialist I	N	Electric Engineering	Jan. '26

Water/Wastewater

Production						
Murphree Water Treatment Plant (Operations Normal)						
		Month (mgd)	FY 26 YTD (mgd)	FY 25 (mgd)	Permitted Capacity (mgd)	FY 26 YTD % of Permitted Capacity
	Average Daily Flow	21.7	22.8	24.0	30	76%
	Max Daily Peak Flow	28.4	30.9	36.6	54	57%
Main Street Water Reclamation Facility (Operations Normal, Reclaimed Water On)						
		Month (mgd)	FY 26 YTD (mgd)	FY 25 (mgd)	Permitted Capacity (mgd)	FY 26 YTD % of Permitted Capacity
	Average Daily Flow	5.1	5.3	5.4	7.5	71%
	Max Daily Peak Flow	7.9	8.5	13.1	NA	NA
Kanapaha Water Reclamation Facility (Operations Normal, Reclaimed Water On)						
		Month (mgd)	FY 26 YTD (mgd)	FY 25 (mgd)	Permitted Capacity (mgd)	FY 26 YTD % of Permitted Capacity
	Average Daily Flow	10.1	10.1	10.6	14.9	68%
	Max Daily Peak Flow	18.9	18.9	19.1	NA	NA

Water/Wastewater

Environmental Compliance					
Water Distribution System					
			Month	FY 26 YTD	FY 25
		Precautionary Boil Water Notices:	3	6	22
Wastewater Collection System					
			Month	FY 26 YTD	FY 25
		Sanitary Sewer Overflows (SSOs)	1	4	18
		<i>SSOs By Type:</i>			
		Residential Grease & Toiletries		2	6
		Infrastructure	1	1	10
		Third-Party Damage		1	2
		Wet Weather			0
		Named Storms			0

Water/Wastewater

Maintenance

Water Distribution System

		Month	FY 26 YTD	FY 25	Monthly Goal
	Dispatched Water Work Orders	357	1,339	5,238	-
	Water Leaks	136	517	2,189	-
	Water Damages (by 3rd Parties)	17	58	358	-
	Other Water Work Orders	204	764	2,691	-
	Water Valve Exercising Program <i>* New program for FY 26</i>	105	596	460	-
	Number of Water Services Replaced	61	286	1,058	83
	Feet of Water Main Replaced	15	2,217	25,293	2,200

Wastewater Collection System

		Month	FY 26 YTD	FY 25	Monthly Goal
	Dispatched Sewer Work Orders	96	354	860	-
	Sewer Stoppages	24	79	202	-
	Sewer Damages (by 3rd Parties)	6	23	62	-
	Other Sewer Work Orders	66	252	596	-
	SWAMP Program				
	Miles of Gravity Main Inspected	0.9	17.5	154	-
	Number of Manholes Inspected	27	403	3,833	-

Reclaimed Distribution System

		Month	FY 26 YTD	FY 25	Monthly Goal
	Dispatched Reclaim Work Orders	3	21	115	-
	Reclaim Leaks		6	20	-
	Reclaim Water Damages (by 3rd Parties)		1	4	-
	Other Reclaim Work Orders		14	91	-

Water/Wastewater

Major Projects

Water Distribution

- **NE 9th Street Water Main Improvements** – Construction underway from University Avenue to 5th Avenue; project approximately 95% complete.

Water Distribution / Wastewater Collection

- **SW 13th Street (DNA Bridge)** – Planning underway for relocation of approximately 500 feet of water and wastewater mains associated with FDOT retention wall relocation.

Wastewater Collection

- **Fort Clarke Boulevard Gravity Main Improvements** – Construction underway; project approximately 90% complete.

Main Street Water Reclamation Facility

- Construction continues on Phase 1. Electrical gear has been energized and locked out. Generator startup and load testing have been completed, and preparations are underway for startup and commissioning of new headworks equipment.

Kanapaha Water Reclamation Facility

- Ongoing work to address clarifier issues at Clarifiers No. 1 and No. 2, including planned replacement of damaged gear drive bolts and inspection of both clarifiers for rehabilitation needs.

Lift Stations

- **Lift Station No. 167** – Mechanical rehabilitation completed using in-house staff.

Murphree Water Treatment Plant

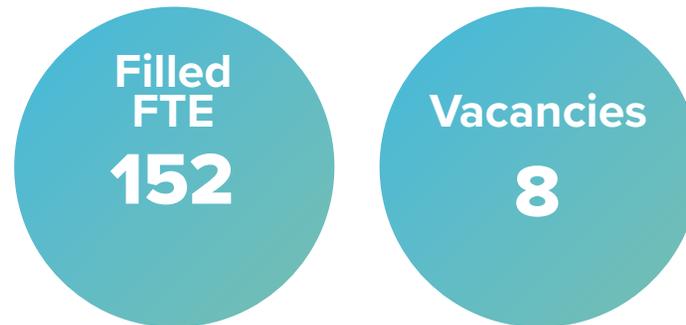
- Rebuilt High Service Pump No. 5 equipment received; installation scheduled for March.

Water/Wastewater

Vacancies and Retirements

Status	Title	Filled?	Group	Vacant Date
Reviewing Candidates	Service Operator	N	Water Distribution	Oct. '25
Reviewing Candidates	GIS/OS Specialist I	N	Water Distribution	July '25
Candidate Selected	Piping Engineer 1-4	N	W/WW Engineering	June '25
Candidate Selected	Wastewater ICE Tech	N	Water Reclamations	Nov. '24
Candidate Selected	Wastewater ICE Tech	N	Water Reclamations	July '25
Reviewing Candidates	GIS/OS Tech	N	Wastewater Collection	Nov. '25
Reviewing Candidates	Service Operator	N	Wastewater Collection	Oct. '25
Reviewing Candidates	Service Operator	N	Wastewater Collection	Dec. '25

Personnel



Safety & Training

Safety Data Month Injury Statistics



Department	First Aid Given	Recordable Injuries	DART*
Administration	0	0	0
W/WW	0	0	0
Energy Supply	0	0	0
Energy Delivery & Gas	0	1	0
GRUCom	0	0	0
Total	0	1	0

*DART: Days away, restricted or transferred.

Fiscal YTD Injury Statistics



Department	First Aid Given	Recordable Injuries	DART
Administration	0	0	0
W/WW	0	3	0
Energy Supply	0	0	0
Energy Delivery & Gas	0	1	7
GRUCom	0	0	0
Total	0	4	0

Safety & Training

Month Vehicle Collisions & Miles Driven



Department	Miles Driven	Recordable Collisions	Preventable Collisions
Administration	6,576	0	0
W/WW	67,101	1	0
Energy Supply	2,709	0	0
Energy Delivery & Gas	94,707	0	0
GRUCom	5,586	1	0
Total	176,679	2	0

Fiscal YTD Vehicle Collisions & Miles Driven



Department	Miles Driven	Recordable Collisions	Preventable Collisions
Administration	26,240	0	0
W/WW	257,548	6	0
Energy Supply	9,392	0	0
Energy Delivery & Gas	346,351	2	1
GRUCom	19,617	1	0
Total	659,148	9	1

Safety & Training

Monthly Injury, Collision & DART Summaries

Injury & DART Details

- Jan. 6: Employee cut right ring finger while working with pneumatic missile.

Collision Details

- Jan. 7: School bus clipped GRU mirror while sitting still in turn lane.
- Jan. 9: Private vehicle passed GRU vehicle and sideswiped GRU front left tire and fender.

Customer Operations

Revenue Assurance

Referred
to Collections
\$202,169.28

FYTD: \$1,224,842.32

Funds
Collected
\$72,980.85

FYTD: \$350,345.36

Bankruptcies
\$2,309.47

FYTD: \$9,167.37

Prior Indebtedness
Funds Collected
\$24,071.04

FYTD: \$91,131.45

Disconnections
2,585

Reconnections
2,514

Billing & Customer Solutions

- Invoicing rating: **99.94%**
- Meter rereads: **35**
- Locked reads: **6,677**
- Solar invoicing rating: **100%**
- Processed emails: **2,028/2,077 (98%)**

Customer Experience

Transactional
Survey

4.2



Lobby
Survey

4.9



Customer Operations

New Services

Building Permit Reviews	235
Active Projects	Amount
City	190
County	45
New Installations	Amount
Electric	57
Water	47
Wastewater	33
Gas	27
Solar Reviews	Amount
Plan Reviews	8
PVs Completed on Time	8
PV Installations	2
Avg. Handle Time (in Weeks)	3.71

Customer Operations

Customer Service

Answer Speed

Call Type	Actual	FYTD	Goal
Residential & Non-residential	0:02:35	00:02:22	00:05:00

Handle Time

Call Type	Actual	FYTD	Goal
Residential & Non-residential	0:06:28	00:05:53	00:07:00



Other Statistics



Customer Operations

Payment Type Details

Payment Type	Transactions	Transactions FYTD	\$ Amount	\$ Amount FYTD
Drop Box	560	3,353	\$859,770.48	\$98,747,718.53
Mailed	12,252	59,287	\$11,586,938.57	\$53,792,116.35
Office Payment	52	272	\$34,142.80	\$117,413.29
Drive Thru	6,436	12,117	\$1,999,152.13	\$3,815,135.66
Kubra Cash	3,679	14,667	\$2,182,119.21	\$9,418,478.23
Check Free	42	923	\$13,432.43	\$176,057.44
Kubra ACH	—	14,557	\$0.00	\$5,228,423.86
Collection Agency	17,990	72,602	\$5,460,853.37	\$23,317,459.91
Kubra CC/EZPAY	42	181	\$13,432.43	\$62,445.79
Lobby Walk-Ins	17,990	97,480	\$5,460,853.37	\$20,830,380.91
Direct Debit	29,315	127,576	\$7,475,669.77	\$36,721,932.60

Customer Operations

Energy & Business Services

Residential Surveys	24
Commercial Surveys	7
LEEP ^{plus} Applications Received	25
LEEP ^{plus} Pre-inspections	10
LEEP ^{plus} Completed Homes	4

FY26
January
State of the Utility





**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2026-186

Agenda Date: March 10, 2026

Department: Gainesville Regional Utilities

Title: 2026-186 FY2027 Budget Calendar

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item is presented to establish the meeting dates and outline the topics for GRU's FY27 budget presentation to the GRU Authority.

Fiscal Note: None at this time.

Recommendation: The GRU Authority approve the proposed dates and topics.

FY27 Budget Calendar



November 25							December 25							January 26							February 26							March 26							April 26							May 26							June 26																					
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa																						
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2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9	10	11	12	13	14	8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13															
9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17	15	16	17	18	19	20	21	15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20															
16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24	22	23	24	25	26	27	28	22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27															
23	24	25	26	27	28	29	28	29	30	31				25	26	27	28	29	30	31	28	29	30	31				29	30	31					26	27	28	29	30			24	25	26	27	28	29	30	28	29	30																			
30																																										31																												

<p>Aug-25 8 Rollover model for FY27 Budget Cycle</p> <p>Sep-25</p> <p>10 GRUA approves budget calendar- if needed</p> <p>15 CFO communicates request to CEO for clarification on budget goals/process/merit/vacancy rate/3% accelerator/ freezes/cuts, etc.</p> <p>22 Receive clarification on budget goals from CEO</p> <p>Oct-25</p> <p>31 CEO confirmation of existing Service Level Agreement and/or payments for IT/HR/Billing : Indirect costs/Pension/Legal Expense to remain or change for 2027</p> <p>Nov-25</p> <p>3 BFA sends out 2027-2028 position control templates</p> <p>10 Send out all Non-Labor (Capital and O&M), Standard Labor, Sys Expenditures and Payroll templates to depts.(must first close, oct)</p> <p>14 Prepare budget presentation with instructions/goals</p> <p>Dec-25</p> <p>8 Budget Kickoff (Virtual)</p> <p>Jan-26</p> <p>9 Update POB & Revenue %'s used for allocations</p> <p>12 Appendix A update requests sent to departments by Rates Group</p> <p>14 prepare debt, coverage & liquidity for Feb-email</p> <p>Feb-26</p> <p>2 Departments submit approved Position Control along with BPC Input Sheets for Payroll, Non-Labor Expense (O&M and Capital) for 2027 and 2028 budgets. Submittals for Category 4 Cost Centers must also include Standard Labor Hours</p> <p>2 10-year capital budget information due to BFA</p> <p>11 BPC run</p> <p>16 QA/QC of returned reviewed 2027 budget templates</p> <p>19 BPC run</p> <p>25 Review BPC Output by BFA</p> <p>26-30 One on ones with GRUA</p> <p>Mar-26</p> <p>3 Appendix A revisions due back to Rates Group</p> <p>9 BFA sends back out 2027-28 templates for position control/budget templates - with needed adjustments</p> <p>12 First pass & capital budget discussion: officers & CEO</p> <p>13 QA/QC of input sheets completed by BFA</p> <p>Departments submit revised (CEO directed changes) Position Control along with BPC Input Sheets for Payroll, Non-Labor Expense (O&M and Capital) for 2027 and 2028 budgets. Submittals for Category 4 Cost Centers must also include Standard Labor Hours</p> <p>16 Load BPC and process</p> <p>16 Update Corporate model</p> <p>30 Send out budget reports for review by depts.</p>	<p>Apr-26</p> <p>6 Review of base rates/reserves with CEO</p> <p>1-7 One on ones with GRUA</p> <p>8 GRUA - BFA presents Debt, Cash & Liquidity</p> <p>8 GRUA-COO presents ED Street lighting rates & W/WW connection charges(originally scheduled for March 11)</p> <p>8 Prepare customer, sales & revenue forecast presentation</p> <p>9-17 BFA/CEO review results/make adjustments if needed</p> <p>20 BFA Sends out templates to be revised as necessary</p> <p>27 Departments return revised templates</p> <p>27 Fuels model information due & Revenue Forecast</p> <p>30 QA/QC of input sheets completed by BFA</p> <p>30 Request Fleet numbers from GG</p> <p>May-26</p> <p>4 Load BPC and process, feed the model, need to be final</p> <p>4-8 One on ones with GRUA</p> <p>13 GRUA -BFA presents Customer, Sales & Revenue Forecast, Proposed FY27 Operations and Maintenance, Capital Budget and Fuels Budget</p> <p>15 Update Corporate model</p> <p>18 Present final budget to CEO for approval</p> <p>21 Start budget book compilation (rough draft) Budget staff</p> <p>15 Prepare budget presentation and resolutions for final approval by GRUA</p> <p>Jun-25</p> <p>1-5 One on ones with GRUA</p> <p>10 GRUA - CEO presents final budget for review and approval by GRUA</p> <p>30 GRUA - Submits approved budget to CC</p> <p>30 TRIM to GG</p> <p>30 Send out final budget reports to depts.</p> <p>30 Finalize Budget Book</p>
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FY27 Budget Calendar Executive Summary

- GRU's FY27 budget prep started in August 2025:
 - Final adoption expected by GRUA by June 30, 2026 as required by 2023-348
- Staff is requesting approval of the following meeting dates & topics:
 - April 8 BFA presents Debt, Cash & Liquidity
COO presents ED streetlighting rates & W/WW connection
 - May 13 BFA presents Customer, Sales & Revenue Forecast, Proposed FY27 Operations and Maintenance expense budget, Capital budget, & Fuels budget
 - June 10 CEO presents final budget for review and approval by GRUA
 - June 30 GRUA submits approved budget to City Commission



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2026-187

Agenda Date: March 10, 2026

Department: Gainesville Regional Utilities

Title: 2026-187 FY26 First Quarter Budget vs Actuals

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item presents GRU's budget vs actual results for the period ended December 31, 2025.

Fiscal Note: None at this time.

Recommendation: The GRU Authority receive the first quarter of FY26 budget vs actual report.

December 31, 2025 Budget vs Actual Executive Summary

As of December 31, 2025

- Total operating revenues exceeded budget by \$9.7M, with the major drivers including:
 - Weather conditions for the first quarter were dry and cold resulting in sales exceeding budget by \$3.9M
 - Fuel revenues were higher than projected by \$5.2M
- Total operating expenses exceeded budget by \$1.2M, with the major drivers including:
 - O&M under budget by \$3.2M related to timing of expenses such as sludge disposal and chemical purchases
 - Fuel costs were higher than projected by \$5.2M
 - Depreciation & amortization was under budget by \$1.1M
- Non-operating income (expense) exceeded budget by \$350K, led by:
 - Interest income under budget by \$1.5M
 - Other income under budget by \$1.1M, primarily attributable to the timing of Disposal/Sale of Fixed Assets loss

Combined Systems
Budget vs Actual Statement of Revenues and Expenses
As of December 31, 2025

	Actual	Actual	Actual	Budget	Actual Over (Under) Budget	
	@ 12/31/23	@ 12/31/24	@ 12/31/25	@ 12/31/25	\$	%
Operating revenues						
Sales and service charges net of fuel	81,315,438	86,232,989	87,462,820	83,555,765	3,907,055	5%
Fuel	20,881,132	19,817,371	24,761,829	19,547,209	5,214,620	27%
Transfers from (to) rate stabilization	(699,786)	(7,043,621)	(7,803,345)	(7,803,345)	-	0%
Amounts recoverable from (to) future revenue	1,167,005	(1,742,235)	2,788,400	2,100,799	687,601	33%
Other operating revenue	2,942,957	3,276,486	3,540,290	3,640,272	(99,982)	-3%
Total operating revenues	105,606,746	100,540,990	110,749,994	101,040,700	9,709,294	10%
Operating expenses						
Operation and maintenance net of fuel	39,064,934	41,880,486	36,057,575	39,290,828	(3,233,253)	-8%
Fuel	20,881,132	19,817,371	24,761,829	19,547,209	5,214,620	27%
Depreciation and amortization	26,112,784	27,401,410	27,887,492	28,977,078	(1,089,586)	-4%
Total operating expenses	86,058,850	89,099,267	88,706,896	87,815,115	891,781	1%
Operating income	19,547,896	11,441,723	22,043,098	13,225,585	8,817,513	67%
Non-operating income (expense)						
Interest income	3,480,259	2,804,636	2,221,757	3,683,976	(1,462,219)	-40%
Interest expense	(17,424,831)	(17,055,696)	(15,854,394)	(15,841,222)	(13,172)	0%
Other interest related income, BABS	1,225,811	1,203,657	1,177,507	1,161,387	16,121	1%
Other income (expense)	5,126,739	(1,604,728)	(191,979)	(1,301,748)	1,109,769	-85%
Total non-operating income (expense)	(7,592,022)	(14,652,131)	(12,647,109)	(12,297,607)	(349,502)	3%
Income (expense) before capital contributions and transfers	11,955,874	(3,210,408)	9,395,989	927,978	8,468,011	913%
Capital contributions						
Contributions from third parties	41,465	127,322	256,160	-	256,160	#DIV/0!
Net capital contributions	41,465	127,322	256,160	-	256,160	#DIV/0!
General fund transfer						
Transfer to City of Gainesville General Fund	(3,826,306)	(2,126,306)	(2,126,307)	(2,126,307)	-	0%
	(3,826,306)	(2,126,306)	(2,126,307)	(2,126,307)	-	
Change in net position	8,171,033	(5,209,392)	7,525,842	(1,198,329)	8,724,171	-728%

Electric System
Budget vs Actual Statement of Revenues and Expenses
As of December 31, 2025

	Actual	Actual	Actual	Budget	Actual Over (Under) Budget	
	@ 12/31/23	@ 12/31/24	@ 12/31/25	@ 12/31/25	\$	%
Operating revenues						
Sales and service charges net of fuel	51,427,604	55,626,868	56,723,739	54,568,168	2,155,571	4%
Fuel	17,945,681	17,256,513	22,594,552	16,550,263	6,044,289	37%
Transfers from (to) rate stabilization	(507,094)	(5,120,394)	(5,517,224)	(5,517,224)	(0)	0%
Amounts recoverable from (to) future revenue	1,167,005	(1,742,235)	2,788,400	2,100,799	687,601	33%
Other operating revenue	1,559,276	1,521,780	1,837,378	1,945,029	(107,651)	-6%
Total operating revenues	<u>71,592,472</u>	<u>67,542,532</u>	<u>78,426,845</u>	<u>69,647,035</u>	<u>8,779,810</u>	<u>13%</u>
Operating expenses						
Operation and maintenance net of fuel	23,830,542	26,966,021	22,610,622	23,564,617	(953,995)	-4%
Fuel	17,945,681	17,256,513	22,594,552	16,550,263	6,044,289	37%
Depreciation and amortization	17,538,251	18,232,563	18,466,119	19,478,392	(1,012,273)	-5%
Total operating expenses	<u>59,314,474</u>	<u>62,455,097</u>	<u>63,671,293</u>	<u>59,593,272</u>	<u>4,078,021</u>	<u>7%</u>
Operating income	12,277,998	5,087,435	14,755,552	10,053,763	4,701,789	47%
Non-operating income (expense)						
Interest income	1,449,931	1,202,188	1,142,463	1,879,579	(737,116)	-39%
Interest expense	(11,394,038)	(11,279,334)	(10,375,066)	(10,259,266)	(115,800)	1%
Other interest related income, BABS	668,294	654,382	638,579	629,815	8,765	1%
Other income (expense)	146,096	(1,298,238)	(190,829)	(1,092,102)	901,273	-83%
Total non-operating income (expense)	<u>(9,129,717)</u>	<u>(10,721,002)</u>	<u>(8,784,853)</u>	<u>(8,841,974)</u>	<u>57,121</u>	<u>-1%</u>
Income (expense) before capital contributions and transfers	<u>3,148,281</u>	<u>(5,633,567)</u>	<u>5,970,699</u>	<u>1,211,789</u>	<u>4,758,910</u>	<u>393%</u>
Capital contributions						
Contributions from third parties	-	-	109,284	-	109,284	#DIV/0!
Net capital contributions	<u>-</u>	<u>-</u>	<u>109,284</u>	<u>-</u>	<u>109,284</u>	<u>#DIV/0!</u>
General fund transfer						
Transfer to City of Gainesville General Fund	(2,380,819)	(1,374,355)	(1,363,290)	(1,363,290)	-	0%
	<u>(2,380,819)</u>	<u>(1,374,355)</u>	<u>(1,363,290)</u>	<u>(1,363,290)</u>	<u>-</u>	
Change in net position	<u>767,462</u>	<u>(7,007,922)</u>	<u>4,716,693</u>	<u>(151,501)</u>	<u>4,868,194</u>	<u>-3213%</u>

Water System
Budget vs Actual Statement of Revenues and Expenses
As of December 31, 2025

	Actual	Actual	Actual	Budget	Actual Over (Under) Budget	
	@ 12/31/23	@ 12/31/24	@ 12/31/25	@ 12/31/25	\$	%
Operating revenues						
Sales and service charges net of fuel	9,831,857	10,039,197	10,341,318	9,834,337	506,981	5%
Transfers from (to) rate stabilization	177,801	(265,425)	(387,760)	(387,760)	-	0%
Other operating revenue	417,863	624,882	501,455	673,421	(171,966)	-26%
Total operating revenues	10,427,521	10,398,654	10,455,013	10,119,998	335,015	3%
Operating expenses						
Operation and maintenance net of fuel	5,813,625	5,552,082	4,860,255	5,547,602	(687,347)	-12%
Depreciation and amortization	2,951,978	3,282,383	3,456,248	3,346,853	109,396	3%
Total operating expenses	8,765,603	8,834,465	8,316,503	8,894,454	(577,951)	-6%
Operating income	1,661,918	1,564,189	2,138,510	1,225,544	912,966	74%
Non-operating income (expense)						
Interest income	419,474	277,354	118,941	505,200	(386,259)	-76%
Interest expense	(1,774,905)	(1,707,742)	(1,643,150)	(1,661,088)	17,938	-1%
Other interest related income, BABS	192,464	189,374	185,596	183,060	2,536	1%
Other income (expense)	(4,737)	(78,441)	(123,115)	(27,745)	(95,370)	344%
Total non-operating income (expense)	(1,167,704)	(1,319,455)	(1,461,728)	(1,000,573)	(461,155)	46%
Income (expense) before capital contributions and transfers	494,214	244,734	676,782	224,971	451,811	201%
Capital contributions						
Contributions from third parties	21,638	34,608	19,511	-	19,511	#DIV/0!
Net capital contributions	21,638	34,608	19,511	-	19,511	#DIV/0!
General fund transfer						
Transfer to City of Gainesville General Fund	(497,856)	(241,361)	(283,775)	(283,775)	(0)	0%
	(497,856)	(241,361)	(283,775)	(283,775)	(0)	
Change in net position	17,996	37,981	412,518	(58,804)	471,322	-802%

Wastewater System
Budget vs Actual Statement of Revenues and Expenses
As of December 31, 2025

	Actual	Actual	Actual	Budget	Actual Over (Under) Budget	
	@ 12/31/23	@ 12/31/24	@ 12/31/25	@ 12/31/25	\$	%
Operating revenues						
Sales and service charges net of fuel	13,306,719	13,702,908	13,972,180	13,446,567	525,613	4%
Transfers from (to) rate stabilization	(99,863)	(864,898)	(1,217,937)	(1,217,937)	(0)	0%
Other operating revenue	907,074	960,587	840,885	787,550	53,336	7%
Total operating revenues	14,113,930	13,798,597	13,595,128	13,016,179	578,949	4%
Operating expenses						
Operation and maintenance net of fuel	5,641,828	6,023,745	5,324,563	6,303,338	(978,775)	-16%
Depreciation and amortization	3,808,431	4,149,541	4,309,234	4,256,733	52,501	1%
Total operating expenses	9,450,259	10,173,286	9,633,797	10,560,071	(926,274)	-9%
Operating income	4,663,671	3,625,311	3,961,331	2,456,109	1,505,222	61%
Non-operating income (expense)						
Interest income	1,475,013	1,204,838	787,516	836,452	(48,936)	-6%
Interest expense	(2,869,223)	(2,824,455)	(2,629,644)	(2,690,296)	60,652	-2%
Other interest related income, BABS	224,783	222,486	219,180	216,200	2,980	1%
Other income (expense)	60,129	(100,367)	38,572	(282,518)	321,090	-114%
Total non-operating income (expense)	(1,109,298)	(1,497,498)	(1,584,376)	(1,920,162)	335,786	-17%
Income (expense) before capital contributions and transfers	3,554,373	2,127,813	2,376,955	535,947	1,841,008	344%
Capital contributions						
Contributions from third parties	19,827	92,714	127,365	-	127,365	#DIV/0!
Net capital contributions	19,827	92,714	127,365	-	127,365	#DIV/0!
General fund transfer						
Transfer to City of Gainesville General Fund	(614,229)	(348,712)	(330,896)	(330,896)	(0)	0%
	(614,229)	(348,712)	(330,896)	(330,896)	(0)	
Change in net position	2,959,971	1,871,815	2,173,424	205,051	1,968,373	960%

Gas System
Budget vs Actual Statement of Revenues and Expenses
As of December 31, 2025

	Actual	Actual	Actual	Budget	Actual Over (Under) Budget	
	@ 12/31/23	@ 12/31/24	@ 12/31/25	@ 12/31/25	\$	%
Operating revenues						
Sales and service charges net of fuel	4,284,775	4,406,724	4,438,687	3,718,513	720,174	19%
Fuel	2,935,451	2,560,858	2,167,277	2,996,946	(829,669)	-28%
Transfers from (to) rate stabilization	(270,630)	(792,904)	(680,424)	(680,424)	(0)	0%
Other operating revenue	51,497	162,735	360,559	216,085	144,474	67%
Total operating revenues	7,001,093	6,337,413	6,286,099	6,251,121	34,978	1%
Operating expenses						
Operation and maintenance net of fuel	1,690,965	1,714,270	1,884,645	1,841,198	43,447	2%
Fuel	2,935,451	2,560,858	2,167,277	2,996,946	(829,669)	-28%
Depreciation and amortization	1,021,639	1,156,454	1,182,591	1,164,879	17,713	2%
Total operating expenses	5,648,055	5,431,582	5,234,513	6,003,023	(768,510)	-13%
Operating income	1,353,038	905,831	1,051,586	248,098	803,488	324%
Non-operating income (expense)						
Interest income	107,696	107,931	152,011	275,779	(123,768)	-45%
Interest expense	(815,407)	(783,785)	(755,287)	(758,733)	3,446	0%
Other interest related income, BABS	140,270	137,415	134,152	132,312	1,840	1%
Other income (expense)	(72,340)	(70,940)	(13,237)	(56,584)	43,347	-77%
Total non-operating income (expense)	(639,781)	(609,379)	(482,361)	(407,227)	(75,135)	18%
Income (expense) before capital contributions and transfers	713,257	296,452	569,225	(159,129)	728,354	-458%
Capital contributions						
Contributions from third parties	-	-	-	-	-	#DIV/0!
Net capital contributions	-	-	-	-	-	#DIV/0!
General fund transfer						
Transfer to City of Gainesville General Fund	(190,883)	(93,024)	(94,823)	(94,823)	-	0%
	(190,883)	(93,024)	(94,823)	(94,823)	-	
Change in net position	522,374	203,428	474,402	(253,952)	728,354	-287%

Telecommunications System
Budget vs Actual Statement of Revenues and Expenses
As of December 31, 2025

	Actual @ 12/31/23	Actual @ 12/31/24	Actual @ 12/31/25	Budget @ 12/31/25	Actual Over (Under) Budget	
					\$	%
Operating revenues						
Sales and service charges net of fuel	2,464,483	2,457,292	1,986,896	1,988,181	(1,284)	0%
Transfers from (to) rate stabilization	-	-	-	-	-	#DIV/0!
Other operating revenue	7,247	6,502	13	18,188	(18,175)	-100%
Total operating revenues	<u>2,471,730</u>	<u>2,463,794</u>	<u>1,986,909</u>	<u>2,006,368</u>	<u>(19,459)</u>	<u>-1%</u>
Operating expenses						
Operation and maintenance net of fuel	2,087,974	1,624,368	1,377,490	2,034,073	(656,583)	-32%
Depreciation and amortization	792,485	580,469	473,300	730,222	(256,922)	-35%
Total operating expenses	<u>2,880,459</u>	<u>2,204,837</u>	<u>1,850,790</u>	<u>2,764,295</u>	<u>(913,505)</u>	<u>-33%</u>
Operating income	(408,729)	258,957	136,119	(757,927)	894,046	-118%
Non-operating income (expense)						
Interest income	28,145	12,325	20,826	186,966	(166,140)	-89%
Interest expense	(571,258)	(460,380)	(451,247)	(471,839)	20,592	-4%
Other interest related income, BABS	-	-	-	-	-	#DIV/0!
Other income (expense)	4,997,591	(56,742)	96,630	157,201	(60,571)	-39%
Total non-operating income (expense)	<u>4,454,478</u>	<u>(504,797)</u>	<u>(333,791)</u>	<u>(127,672)</u>	<u>(206,119)</u>	<u>161%</u>
Income (expense) before capital contributions and transfers	<u>4,045,749</u>	<u>(245,840)</u>	<u>(197,672)</u>	<u>(885,600)</u>	<u>687,928</u>	<u>-78%</u>
Capital contributions						
Contributions from third parties	-	-	-	-	-	#DIV/0!
Net capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>#DIV/0!</u>
General fund transfer						
Transfer to City of Gainesville General Fund	(142,519)	(68,854)	(53,523)	(53,523)	-	0%
	<u>(142,519)</u>	<u>(68,854)</u>	<u>(53,523)</u>	<u>(53,523)</u>	<u>-</u>	
Change in net position	<u>3,903,230</u>	<u>(314,694)</u>	<u>(251,195)</u>	<u>(939,123)</u>	<u>687,928</u>	<u>-73%</u>



Gainesville Regional Utilities Authority Agenda Item Report

File Number: 2026-188

Agenda Date: March 10, 2026

Department: Gainesville Regional Utilities

Title: 2026-188 Approval of Code of Business Conduct for the Gainesville Regional Utilities Authority (B)

Department: Gainesville Regional Utilities/General Counsel

Description: The Authority is required to review its code of business conduct (its framework for conducting public meetings) biennially, pursuant to Art. 7.10(7).

At its January 14, 2026 meeting, the Authority directed Vice Chair Haslam to work with Utilities Attorney Derek D. Perry on recommendations to bring forward for Authority discussion at its February 18, 2026 meeting.

At its February 18, 2026 meeting, the Authority discussed revisions and adopted a revised code of business conduct. The item is being brought back to the Authority for final approval. Additionally, the Authority approved the use of speaker slips, as reflected in the revised GRUA Board Meeting Protocol for Citizens.

Attached herein is:

1. Draft Revised Code of Business Conduct (strikethrough/underline)
2. Final Revised Code of Business Conduct
3. Draft Revised Board Meeting Protocols for Citizens (strikethrough/underline)
4. Final Revised Board Meeting Protocols for Citizens

Fiscal Note: None.

Recommendation: The GRU Authority adopt its code of business conduct.



DRAFT

UTILITIES ~~ESY~~ AUTHORITY
**CODE OF BUSINESS
CONDUCT MANUAL**

**GAINESVILLE
REGIONAL
UTILITIES**

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1. General

1.1 Purpose

The purpose of this Code of Business Conduct Manual (“Manual”) is to provide Gainesville Regional Utilities Authority (“Authority”) Members (“Members”) background and guidance on how the Authority and individual Members shall operate. Much of the initial content of this Manual comes from the language of House Bill-1645 (HB-1645), which established the Authority. This Manual will be periodically updated and augmented as necessary.

If any portion of this Manual conflicts with rules, regulations, or legislation having authority over the Authority, said rules, regulations, or legislation shall prevail.

1.2 Establishment

HB-1645 established the "Gainesville Regional Utilities Authority" ("Authority"). Gainesville Regional Utilities shall be governed by the Authority upon installation of the Authority's Members pursuant to the Bill. The Authority shall operate as a unit of city government and, except as otherwise provided in this article, shall be free from direction and control of the Gainesville City Commission. The Authority is created for the express purpose of managing, operating, controlling, and otherwise having broad authority with respect to the utilities owned by the City of Gainesville.

1.3 Definitions

For the purposes of this Manual, unless otherwise designated, or the context otherwise requires, the following terms have the following meanings:

Authority	Gainesville Regional Utilities Authority
City	City of Gainesville
City Commission	Gainesville City Commission
County	Alachua County
Customer	A person or an entity that makes application for and is supplied with service by GRU for its ultimate use
Flow of funds ¹	The sum of required debt service, necessary operations and management expenses, a reasonable contribution to a utility plan improvement fund, identified service-level agreement (SLA)-related losses, and any other lawful purpose as provided in bond covenants.
Gainesville Regional Utilities Authority	The “Authority,” which are the Members together that govern GRU
Government services contribution (GSC)	The portion of revenues generated from rates, fees, assessments, and charges for the provision of utility services by the utility system which is annually transferred by the Authority to the City for use in funding or financing its general government municipal functions

¹ The definition of flow of funds and net revenue in HB-1645 is different than GRU's bond resolution. Until such point that this can be adjusted, GRU will utilize the bond resolution as its governing document for flow of funds. This is required for GRU's bond holders.

GRU	Gainesville Regional Utilities
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Member	A member of the Authority
Net revenues	The gross revenues less fuel revenues; refer to “Flow of funds” definition and associated footnote on previous page
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1.4 Powers and Duties

The Authority shall have the following powers and duties, in addition to the powers and duties otherwise conferred in HB-1645:

- 1.5.1 To manage, operate, and control the utilities through the Chief Executive Officer/General Manager (CEO/GM), see Section 3, and to do all things necessary to effectuate an orderly transition of the management, operation, and control of the utilities from the City Commission to the Authority, consistent with HB-1645.
- 1.5.2 To establish and amend the rates, fees, assessments, charges, rules, regulations, and policies governing the sale and use of services provided through the utilities.
- 1.5.3 To acquire real or personal property and to construct such projects as necessary to operate, maintain, enlarge, extend, preserve, and promote the utility systems in a manner that will ensure the economic, responsible, safe, and efficient provision of utility services, provided that title to all such property is vested in the City.
- 1.5.4 To exercise the power of eminent domain pursuant to Chapter 166, Florida Statutes, and to use utility funds to appropriate or acquire property, excluding federal or state property, for the purpose of obtaining, constructing, and maintaining utility facilities, provided that title to all such property is vested in the City.
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- 1.5.6 To dispose of utility system assets only to the extent and under the conditions that the City Commission may dispose of such assets pursuant to Section 5.04 of Article V of the City Code.
- 1.5.7 To prepare and submit to the City Commission, at least three months before the start of the City's fiscal year, an annual budget for all Authority and GRU operations, including the amount of any transfer to the City. The term of the budget shall coincide with the City's fiscal year. The amount of any transfer is subject to the limitations specified in HB-1645.
- 1.5.8 To appoint, direct, and remove a General Manager or Chief Executive Officer. Authority Members shall not direct Employees.
- 1.5.9 To recommend, by resolution to the City Commission, the acquisition and operation of a utility system not owned or operated by GRU as of the date of transfer of governing authority to the Authority.

1.5 Policy Review Frequency

The Authority shall develop and review this Manual, including the ethics policy and a code of business conduct at least biennially.

1.6 Referenced Documents

Within this Manual, there are various referenced documents – for instance, GRU's Procurement Policy, Travel Procedures, and Travel Workbook. Any documents referenced in this Manual are available from the General Manager's office upon request.

2. Governance

2.1 Oath

Before taking office for any term, each Member shall be given an oath or affirmation by the Mayor or their designee, similar to the oath or affirmation required of a Member of the City Commission.

2.2 Strategic Plan

The Authority will oversee implementation of the Strategic Plan, which includes GRU's Mission, Vision, Culture, and Strategic Objectives. The Strategic Plan shall be reviewed annually and updated at a minimum every five years, or more frequently if deemed necessary by the Authority. The Strategic Plan will establish specific goals and objectives and define measures of effectiveness for GRU.

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This Authority commits itself to lawful and ethical conduct, following the Florida law and City Ordinances. Authority Members shall comply with the following principals and standards at minimum:

- Members shall comply with the Florida Sunshine Law.
- The dignity, values, culture, and opinions of each Member shall be respected.
- Members shall be prepared for meetings and contribute their input to the decisions at hand.
- Members shall develop a working relationship with the CEO/GM.
- Members shall treat citizens with courtesy and respect.
- When considering items related to safety, concerns for safety or hazards shall be reported to the CEO/GM.
- When approached by GRU personnel concerning specific policy or operation items, Members shall direct the personnel to the CEO/GM.
- When approached by vendors or contractors, Members shall direct them to the CEO/GM.

2.4.1 Conflicts of Interest

Authority Members are required to avoid conflicts of interest. These conflicts extend to the Member's immediate family (spouse, children, parents). This includes, but are not limited to:

- No Member shall be an employee of GRU.
- No Member shall vote on any measure which provides them special gain or to the special gain of any principal by who they are retained.
- No Member shall have business dealings with an entity that might reasonably seem to represent a conflict of interest.
- No Member shall have a have a contractual relationship with GRU (directly or indirectly) during their tenure and for 2 years following the end of the Member's time serving the Authority.

If a conflict arises on an issue which a Member has an unavoidable conflict of interest, that Member shall notify the City Authority ahead of the meeting and declare the conflict publicly. The Member shall recuse themselves from deliberation on the item and withdraw without comment from the vote.

Members who have any question about the appropriateness of their conduct should consult with the City Attorney for more information.

2.5 Purchases Requiring Authority Approval

Per GRU policy, every purchase of an item of materials, equipment, services, and extensions to existing contracts with a value greater than \$100,000 shall require approval by the Authority, except for the following:

- Any adjustment to a contract or purchase order previously approved by the Authority which does not increase the cost more than ten (10%) percent of the previously approved amount.
- Purchases of fuels used in operating plants and equipment or for the delivery of customer services, including petroleum products and fuel oil for generation; coal meeting environmental requirements at the lowest delivered price per BTU available and the transportation thereof; and natural gas and liquefied petroleum gas at the lowest delivered price per BTU available and the transportation thereof; also natural gas rebates.
- Purchases of materials, equipment or services used for the operation and maintenance of utility plants, distribution and collection facilities, substations, lift stations, gate stations, and purchases of standard materials.
- Purchases for the repair and maintenance of system-wide computer software and hardware.
- Purchases for or related to the expansion, operation or maintenance of the fiber optic of other telecommunication systems and contracts for telecommunication access, transport, and other services.
- Purchases for maintenance of fleet equipment and used vehicles.
- Materials, equipment or services purchased under public agency cooperative purchasing contracts, agreements or consortiums.
- Utility services when the subject utility is the only available source of such service.
- Emergency purchases as defined in this policy.
- Purchases and contracts for construction projects when the cost of the construction project does not exceed \$300,000.

Reports shall be made to the Authority of any purchase of materials, equipment or services greater than \$100,000 for which Authority approval has not been obtained.

Reports shall be made to the Authority of any Bid Protest for purchases that do not require approval of the Authority.

3. Management and Personnel

3.1 General Manager

A Chief Executive Officer/General Manager (CEO/GM) shall direct and administer all utility functions, subject to the rules and resolutions of the Authority. The CEO/GM shall serve at the pleasure of the Authority. Appointment or removal of the CEO/GM shall be by majority vote of the Authority. Until such time as the Authority appoints a CEO/GM, the sitting General Manager (GM) of GRU shall serve as the CEO/GM. A sitting Member of the Authority may not be selected as the CEO/GM.

3.2 Salary

The Authority shall fix the salary of the CEO/GM, and the CEO/GM shall fix the salaries of all other employees who serve under their direction consistent with the annual budget approved by the Authority.

3.3 Employee Rights and Benefits

All officers and employees of the City who serve under the supervision and direction of the sitting GM of GRU shall serve under the CEO/GM. The CEO/GM shall have the exclusive authority to hire, transfer, promote, discipline, or terminate employees under his or her supervision and direction.

The sitting GM of GRU, as well all officers and employees of the City, who by virtue of HB-1645, become subject to the supervision and direction of the CEO/GM, shall continue without any loss of rights or benefits as employees under the pension plans and civil service merit system of the City existing as of the creation of the Authority.

4. Authority Organization

4.1 Authority Members

There shall be five members of the Authority appointed by the Governor. Each Member shall be a person of recognized ability and good business judgment as identified by the Governor who is expected to perform their official duties in the best interests of GRU and its customers. Appointments shall be made as follows:

- One Member shall be a residential customer with substantial knowledge of GRU, its operations, and its history.
- One Member shall be a private, nongovernment customer consuming at least 10,000 kilowatt hours per month of electric usage during each of the previous 12 months. This Member may be the owner or representative of the customer.
- Three Members shall be competent and knowledgeable in one or more specific fields substantially related to the duties and functions of the Authority, including, but not limited to, law, economics, accounting, engineering, finance, or energy.

All Members of the Authority shall:

- Maintain primary residence within the electric service territory of GRU's electric utility system.
- Receive GRU electric utility system service at all times during the term of appointment.
- Not have been convicted of a felony as defined by general law.
- Be a qualified elector of the City, except that a minimum of one Member must be a resident of the unincorporated area of the county or a municipality in the county other than the City of Gainesville.

The composition of the Authority shall be adjusted upon expiration of any Member's term, or upon any Authority vacancy, to reflect the ratio of total electric meters serving GRU electric customers outside the City's jurisdictional boundaries to total electric meters serving all GRU electric customers. For example, upon expiration of a Member's term or upon an Authority vacancy, if the ratio of total electric meters serving customers outside the City boundaries to total electric meters serving all electric customers reaches 40 percent, the Governor must appoint a second Member from outside the City boundaries to serve the next term that would otherwise be served by a qualified elector of the City. Conversely, upon expiration of any Member's term or upon any Authority vacancy, if the ratio subsequently falls below 40 percent, the Governor must appoint a qualified elector of the City to serve the next term that otherwise would have been served by a resident from outside the City boundaries.

4.2 Member Nominations and Terms

The Governor shall have a citizen nomination solicitation period for at least 30 days and appoint Members for subsequent terms from among the nominees. Members appointed for subsequent terms shall be appointed for 4-year terms commencing at 12 a.m. on October 1 of the year in which they are appointed. If a Member is appointed to complete an unexpired term, the Member's term shall commence at the time of appointment and shall continue through the remainder of the unexpired term.

The Governor shall fill any vacancy for the unexpired portion of a term within 60 days after the vacancy occurs if the remainder of the term exceeds 90 days.

4.3 Authority Officers

The first official action of the Authority shall be election of a Chairperson and a Vice Chairperson from among its membership. The election of a Chair and Vice Chair shall be revisited annually in October as new Members join the Authority.

4.4 Removal and Suspensions of Members

A Member may be removed or suspended from office by the Governor in accordance with Chapter 112.501, Florida Statutes. In addition to the grounds for removal set forth therein, a Member may be removed by the Governor for failure to maintain the qualifications specified in Section 7.04 of HB-1645.

The Authority may recommend to the Governor that a Member be removed or suspended from office if it finds, by vote of at least three Members, a reasonable basis for removal or suspension on one or more of the grounds set forth in Chapter 112.501, Florida Statutes, or for failure to maintain the qualifications specified in Section 7.04 of HB-1645. The Authority shall give reasonable notice of any proceeding in which such action is proposed and must provide the Member against whom such action is proposed a written statement of the basis for the proposed action and an opportunity to be heard. The Member against whom such action is proposed may not participate in the Authority's debate or vote on the matter.

4.5 Travel & Compensation

Beginning October 1, 2023, necessary expenses of Members incurred in carrying out and conducting the business of the Authority shall be paid in accordance with Authority rules and bylaws in this Manual, subject to the approval of a majority of the Members of the Authority. No supplemental benefits shall be provided for a Member position.

4.5.1 Expenses

Authority Members shall submit documentation of any expenses related to carrying out and conducting business of the Authority for reimbursement as established in GRU's Administrative Guidelines – Section IV: Miscellaneous Special Events and Business Expenses.

4.5.2 Travel Policy

Authority Members shall comply with GRU's Travel Procedures and Travel Workbook when carrying out and conducting business of the Authority.

5. Meeting Structure

5.1 Meeting Arrangements

The GRU CEO/GM or their designee shall be responsible for arranging meetings of the Authority, and for providing adequate advance notice.

5.2 Frequency

The Authority shall meet at least once each month, except in case of unforeseen circumstances. All meetings of the Authority shall be noticed and open to the public, and minutes shall be kept as required by law, except that meetings related to settlement of then existing litigation may be held as allowed by law.

5.3 Attendance

Any Member of the Authority who has had three or more consecutive absences from regular monthly meeting shall be considered to be in "neglect" of duty.

5.3.1 Appeal of Neglect of Duty Determination

A Member determined to be in neglect of duty as described above may appeal to the full Board at a regular monthly meeting and request approval of the three consecutive absences.

5.3.2 Notification of Neglect

Should a Member be in neglect of duty as defined herein, the appointing Authority shall be notified.

5.4 Public Comment

During each general public comment period and during each agenda item, the public shall be given an opportunity to comment.

General public comment shall be limited to items not on the agenda. Public comment on agenda items shall be limited to the item under consideration by the Authority. A person who has addressed the Authority during one general public comment period in a meeting will be recognized by the Chair to speak after other persons who have not spoken are given the opportunity to address the Authority, time permitting.

Any person desiring to address the Authority shall first request recognition by the Chair. After being recognized, the person (1) shall give his/her name in an audible tone of voice; (2) shall limit the address to any time limitation established; and (3) shall address all remarks to the Authority as a body and not to any Member thereof. No person other than a Member of the Authority and the person having the floor for comment shall be permitted to speak without permission of the Chair. No question shall be asked except through the Chair.

The public comment period shall allow for up to three minutes per person per agenda item. Other time limits may be established by the Chair based on the number of participants. In addition, the Chair may adopt a time limitation to provide equal time for opponents and proponents speaking to any particular issue.

5.5 Order of Business

Call to Order. The order of business at Regular Meetings shall be as follows, except as otherwise organized at the discretion of the Chairperson or CEO/GM before being published, or otherwise modified by the Authority during the adoption of the agenda for that meeting:

- Call to Order
- Roll Call
- Invocation
- Pledge
- ~~General Public Comment (for items not on the agenda; not to exceed 30 minutes total)~~
- ~~Approval of Consent Agenda~~
- Adoption of Agenda
- Approval of Minutes of Previous Meeting
- Chair Comments
- Member Comments
- CEO Comments
- Attorney Comments
- Approval of Consent Agenda
- Business Discussion Items
- Resolutions
- General Public Comment (for items not on the agenda; not to exceed 30 minutes total)
- Member Comments
- Adjournment

5.6 Agenda

The Agenda and backup materials shall be provided to the Authority Members at least five days before the meeting.

5.7 Minutes

The Authority shall record, store, approve, and make publicly available minutes from all its meetings.

5.8 Rules of Order

Authority meetings will be conducted in an orderly and fair process consistent with the requirements of Florida law, Authority Resolutions (superseding or otherwise), Ordinances of the City of Gainesville, and these governance rules and bylaws.

Meetings will be led by the Chair, or, in the absence of the Chair, the Vice-Chair, or, in the absence of both, by the Chair's designee.

Authority meetings will be conducted with punctuality and order.

- Authority meetings shall be called to order at the time specified in the notice of meeting and upon satisfaction of a quorum.
- Meeting order shall be maintained and all Members treated with dignity, respect, courtesy, and fairness during discussion and debate and in all other respects.
- Authority Members must keep their comments relevant to the issue under consideration.
- In order to conduct business, a quorum of three Authority Members must be present. Three affirmative votes are required to decide all motions before the Authority regardless of the number of Members in attendance.

Authority meetings will be conducted in accordance with the agenda by the Chair, unless a change is approved by the Authority during the meeting.

- Each Member desiring to speak shall address the Chair.

- Discussion of a matter not on the previously distributed agenda may occur only after Authority consent that the matter be heard.
- Proposals that the Authority take action, or decide a particular matter, shall (unless otherwise agreed to by unanimous consent) be made by main motion of an Authority Member, discussed, and then voted on. Motions require a second to proceed to discussion and subsequent vote.
- If the Chair desires to make a motion or second a motion, the Chair shall designate another Member of the Authority to serve as Chair, until he/she has finished his/her motion or second.
- Authority Members may speak to a pending motion on as many occasions, and at such length, as the Chair may reasonably allow.

- A vote on a motion shall be taken when discussion ends, but any Authority Member may, during the course of debate, move for an immediate vote, which shall be put in this form: "I move that we vote immediately." This motion can apply to any pending debatable or amendable motion(s). Further, any motion to vote immediately:
 - 1) must be seconded;
 - 2) is not debatable;
 - 3) cannot interrupt a speaker;
 - 4) requires a minimum of three Members voting in favor, of the Members present (because it prevents or cuts off debate);
 - 5) takes precedence over all subsidiary motions except one postponed temporarily; and
 - 6) can have no motion applied to it except withdraw. All motions or amendments thereto shall be reduced to writing, by the Clerk, upon request of a Member of the Authority.
- A motion to adjourn an Authority meeting may be offered by any Authority Member or, on the conclusion of all business, adjournment of the meeting may be declared by the Chair.
- Once a motion has been made and seconded by the Authority, a period of public comment will begin. Each speaker will speak about the business item pertaining to the motion within their allotted time limit. Once public comment is over, the Authority will vote on the motion.

When further rules of order are to be developed by the Board, the Board will consider the Standard Code of Parliamentary Procedure (Robert's Rules of Order) as a resource guide.

▬



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SCAN >>

TO ACCESS
OUR YEAR
IN REVIEW!





GRU

UTILITIES AUTHORITY
**CODE OF BUSINESS
CONDUCT MANUAL**

**GAINESVILLE
REGIONAL
UTILITIES**

Version 2, February 18, 2026

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- The dignity, values, culture, and opinions of each Member shall be respected.
- Members shall be prepared for meetings and contribute their input to the decisions at hand.
- Members shall develop a working relationship with the CEO/GM.
- Members shall treat citizens with courtesy and respect.
- When considering items related to safety, concerns for safety or hazards shall be reported to the CEO/GM.
- When approached by GRU personnel concerning specific policy or operation items, Members shall direct the personnel to the CEO/GM.
- When approached by vendors or contractors, Members shall direct them to the CEO/GM.

2.4.1 Conflicts of Interest

Authority Members are required to avoid conflicts of interest. These conflicts extend to the Member's immediate family (spouse, children, parents). This includes, but are not limited to:

- No Member shall be an employee of GRU.
- No Member shall vote on any measure which provides them special gain or to the special gain of any principal by who they are retained.
- No Member shall have business dealings with an entity that might reasonably seem to represent a conflict of interest.
- No Member shall have a have a contractual relationship with GRU (directly or indirectly) during their tenure and for 2 years following the end of the Member's time serving the Authority.

If a conflict arises on an issue which a Member has an unavoidable conflict of interest, that Member shall notify the City Authority ahead of the meeting and declare the conflict publicly. The Member shall recuse themselves from deliberation on the item and withdraw without comment from the vote.

Members who have any question about the appropriateness of their conduct should consult with the City Attorney for more information.

2.5 Purchases Requiring Authority Approval

Per GRU policy, every purchase of an item of materials, equipment, services, and extensions to existing contracts with a value greater than \$100,000 shall require approval by the Authority, except for the following:

- Any adjustment to a contract or purchase order previously approved by the Authority which does not increase the cost more than ten (10%) percent of the previously approved amount.
- Purchases of fuels used in operating plants and equipment or for the delivery of customer services, including petroleum products and fuel oil for generation; coal meeting environmental requirements at the lowest delivered price per BTU available and the transportation thereof; and natural gas and liquefied petroleum gas at the lowest delivered price per BTU available and the transportation thereof; also natural gas rebates.
- Purchases of materials, equipment or services used for the operation and maintenance of utility plants, distribution and collection facilities, substations, lift stations, gate stations, and purchases of standard materials.
- Purchases for the repair and maintenance of system-wide computer software and hardware.
- Purchases for or related to the expansion, operation or maintenance of the fiber optic of other telecommunication systems and contracts for telecommunication access, transport, and other services.
- Purchases for maintenance of fleet equipment and used vehicles.
- Materials, equipment or services purchased under public agency cooperative purchasing contracts, agreements or consortiums.
- Utility services when the subject utility is the only available source of such service.
- Emergency purchases as defined in this policy.
- Purchases and contracts for construction projects when the cost of the construction project does not exceed \$300,000.

Reports shall be made to the Authority of any purchase of materials, equipment or services greater than \$100,000 for which Authority approval has not been obtained.

Reports shall be made to the Authority of any Bid Protest for purchases that do not require approval of the Authority.

3. Management and Personnel

3.1 General Manager

A Chief Executive Officer/General Manager (CEO/GM) shall direct and administer all utility functions, subject to the rules and resolutions of the Authority. The CEO/GM shall serve at the pleasure of the Authority. Appointment or removal of the CEO/GM shall be by majority vote of the Authority. Until such time as the Authority appoints a CEO/GM, the sitting General Manager (GM) of GRU shall serve as the CEO/GM. A sitting Member of the Authority may not be selected as the CEO/GM.

3.2 Salary

The Authority shall fix the salary of the CEO/GM, and the CEO/GM shall fix the salaries of all other employees who serve under their direction consistent with the annual budget approved by the Authority.

3.3 Employee Rights and Benefits

All officers and employees of the City who serve under the supervision and direction of the sitting GM of GRU shall serve under the CEO/GM. The CEO/GM shall have the exclusive authority to hire, transfer, promote, discipline, or terminate employees under his or her supervision and direction.

The sitting GM of GRU, as well all officers and employees of the City, who by virtue of HB-1645, become subject to the supervision and direction of the CEO/GM, shall continue without any loss of rights or benefits as employees under the pension plans and civil service merit system of the City existing as of the creation of the Authority.

4. Authority Organization

4.1 Authority Members

There shall be five members of the Authority appointed by the Governor. Each Member shall be a person of recognized ability and good business judgment as identified by the Governor who is expected to perform their official duties in the best interests of GRU and its customers. Appointments shall be made as follows:

- One Member shall be a residential customer with substantial knowledge of GRU, its operations, and its history.
- One Member shall be a private, nongovernment customer consuming at least 10,000 kilowatt hours per month of electric usage during each of the previous 12 months. This Member may be the owner or representative of the customer.
- Three Members shall be competent and knowledgeable in one or more specific fields substantially related to the duties and functions of the Authority, including, but not limited to, law, economics, accounting, engineering, finance, or energy.

All Members of the Authority shall:

- Maintain primary residence within the electric service territory of GRU's electric utility system.
- Receive GRU electric utility system service at all times during the term of appointment.
- Not have been convicted of a felony as defined by general law.
- Be a qualified elector of the City, except that a minimum of one Member must be a resident of the unincorporated area of the county or a municipality in the county other than the City of Gainesville.

The composition of the Authority shall be adjusted upon expiration of any Member's term, or upon any Authority vacancy, to reflect the ratio of total electric meters serving GRU electric customers outside the City's jurisdictional boundaries to total electric meters serving all GRU electric customers. For example, upon expiration of a Member's term or upon an Authority vacancy, if the ratio of total electric meters serving customers outside the City boundaries to total electric meters serving all electric customers reaches 40 percent, the Governor must appoint a second Member from outside the City boundaries to serve the next term that would otherwise be served by a qualified elector of the City. Conversely, upon expiration of any Member's term or upon any Authority vacancy, if the ratio subsequently falls below 40 percent, the Governor must appoint a qualified elector of the City to serve the next term that otherwise would have been served by a resident from outside the City boundaries.

4.2 Member Nominations and Terms

The Governor shall have a citizen nomination solicitation period for at least 30 days and appoint Members for subsequent terms from among the nominees. Members appointed for subsequent terms shall be appointed for 4-year terms commencing at 12 a.m. on October 1 of the year in which they are appointed. If a Member is appointed to complete an unexpired term, the Member's term shall commence at the time of appointment and shall continue through the remainder of the unexpired term.

The Governor shall fill any vacancy for the unexpired portion of a term within 60 days after the vacancy occurs if the remainder of the term exceeds 90 days.

4.3 Authority Officers

The first official action of the Authority shall be election of a Chairperson and a Vice Chairperson from among its membership. The election of a Chair and Vice Chair shall be revisited annually in October as new Members join the Authority.

4.4 Removal and Suspensions of Members

A Member may be removed or suspended from office by the Governor in accordance with Chapter 112.501, Florida Statutes. In addition to the grounds for removal set forth therein, a Member may be removed by the Governor for failure to maintain the qualifications specified in Section 7.04 of HB-1645.

The Authority may recommend to the Governor that a Member be removed or suspended from office if it finds, by vote of at least three Members, a reasonable basis for removal or suspension on one or more of the grounds set forth in Chapter 112.501, Florida Statutes, or for failure to maintain the qualifications specified in Section 7.04 of HB-1645. The Authority shall give reasonable notice of any proceeding in which such action is proposed and must provide the Member against whom such action is proposed a written statement of the basis for the proposed action and an opportunity to be heard. The Member against whom such action is proposed may not participate in the Authority's debate or vote on the matter.

4.5 Travel & Compensation

Beginning October 1, 2023, necessary expenses of Members incurred in carrying out and conducting the business of the Authority shall be paid in accordance with Authority rules and bylaws in this Manual, subject to the approval of a majority of the Members of the Authority. No supplemental benefits shall be provided for a Member position.

4.5.1 Expenses

Authority Members shall submit documentation of any expenses related to carrying out and conducting business of the Authority for reimbursement as established in GRU's Administrative Guidelines – Section IV: Miscellaneous Special Events and Business Expenses.

4.5.2 Travel Policy

Authority Members shall comply with GRU's Travel Procedures and Travel Workbook when carrying out and conducting business of the Authority.

5. Meeting Structure

5.1 Meeting Arrangements

The GRU CEO/GM or their designee shall be responsible for arranging meetings of the Authority, and for providing adequate advance notice.

5.2 Frequency

The Authority shall meet at least once each month, except in case of unforeseen circumstances. All meetings of the Authority shall be noticed and open to the public, and minutes shall be kept as required by law, except that meetings related to settlement of then existing litigation may be held as allowed by law.

5.3 Attendance

Any Member of the Authority who has had three or more consecutive absences from regular monthly meeting shall be considered to be in "neglect" of duty.

5.3.1 Appeal of Neglect of Duty Determination

A Member determined to be in neglect of duty as described above may appeal to the full Board at a regular monthly meeting and request approval of the three consecutive absences.

5.3.2 Notification of Neglect

Should a Member be in neglect of duty as defined herein, the appointing Authority shall be notified.

5.4 Public Comment

During each general public comment period and during each agenda item, the public shall be given an opportunity to comment.

General public comment shall be limited to items not on the agenda. Public comment on agenda items shall be limited to the item under consideration by the Authority. A person who has addressed the Authority during one general public comment period in a meeting will be recognized by the Chair to speak after other persons who have not spoken are given the opportunity to address the Authority, time permitting.

Any person desiring to address the Authority shall first request recognition by the Chair. After being recognized, the person (1) shall give his/her name in an audible tone of voice; (2) shall limit the address to any time limitation established; and (3) shall address all remarks to the Authority as a body and not to any Member thereof. No person other than a Member of the Authority and the person having the floor for comment shall be permitted to speak without permission of the Chair. No question shall be asked except through the Chair.

The public comment period shall allow for up to three minutes per person per agenda item. Other time limits may be established by the Chair based on the number of participants. In addition, the Chair may adopt a time limitation to provide equal time for opponents and proponents speaking to any particular issue.

5.5 Order of Business

Call to Order. The order of business at Regular Meetings shall be as follows, except as modified by the Authority during the adoption of the agenda for that meeting:

- Call to Order
- Roll Call
- Invocation
- Pledge
- Adoption of Agenda
- Approval of Minutes of Previous Meeting
- Chair Comments
- Member Comments
- CEO Comments
- Attorney Comments
- Approval of Consent Agenda
- Business Discussion Items
- Resolutions
- General Public Comment (for items not on the agenda; not to exceed 30 minutes total)
- Member Comments
- Adjournment

5.6 Agenda

The proposed Agenda and backup materials shall be provided to the Authority Members at least five days before the meeting.

5.7 Minutes

The Authority shall record, store, approve, and make publicly available minutes from all its meetings.

5.8 Rules of Order

Authority meetings will be conducted in an orderly and fair process consistent with the requirements of Florida law, Ordinances of the City of Gainesville and these governance rules and bylaws.

Meetings will be led by the Chair, or, in the absence of the Chair, the Vice-Chair, or, in the absence of both, by the Chair's designee.

Authority meetings will be conducted with punctuality and order.

- Authority meetings shall be called to order at the time specified in the notice of meeting and upon satisfaction of a quorum.
- Meeting order shall be maintained and all Members treated with dignity, respect, courtesy, and fairness during discussion and debate and in all other respects.
- Authority Members must keep their comments relevant to the issue under consideration.
- In order to conduct business, a quorum of three Authority Members must be present. Three affirmative votes are required to decide all motions before the Authority regardless of the number of Members in attendance.

Authority meetings will be conducted in accordance with the agenda by the Chair, unless a change is approved by the Authority during the meeting.

- Each Member desiring to speak shall address the Chair.

- Discussion of a matter not on the previously distributed agenda may occur only after Authority consent that the matter be heard.
- Proposals that the Authority take action, or decide a particular matter, shall (unless otherwise agreed to by unanimous consent) be made by main motion of an Authority Member, discussed, and then voted on. Motions require a second to proceed to discussion and subsequent vote.
- If the Chair desires to make a motion or second a motion, the Chair shall designate another Member of the Authority to serve as Chair, until he/she has finished his/her motion or second.
- Authority Members may speak to a pending motion on as many occasions, and at such length, as the Chair may reasonably allow.
- A vote on a motion shall be taken when discussion ends, but any Authority Member may, during the course of debate, move for an immediate vote, which shall be put in this form: "I move that we vote immediately." This motion can apply to any pending debatable or amendable motion(s). Further, any motion to vote immediately:
 - 1) must be seconded;
 - 2) is not debatable;
 - 3) cannot interrupt a speaker;
 - 4) requires a minimum of three Members voting in favor, of the Members present (because it prevents or cuts off debate);
 - 5) takes precedence over all subsidiary motions except one postponed temporarily; and
 - 6) can have no motion applied to it except withdraw. All motions or amendments thereto shall be reduced to writing, by the Clerk, upon request of a Member of the Authority.
- A motion to adjourn an Authority meeting may be offered by any Authority Member or, on the conclusion of all business, adjournment of the meeting may be declared by the Chair.
- Once a motion has been made and seconded by the Authority, a period of public comment will begin. Each speaker will speak about the business item pertaining to the motion within their allotted time limit. Once public comment is over, the Authority will vote on the motion.

When further rules of order are to be developed by the Board, the Board will consider the Standard Code of Parliamentary Procedure (Robert's Rules of Order) as a resource guide.



GRUA Board Meeting Protocols for Citizens

What are the rules for comments?

- ❖ Public comments are taken after a motion is on the floor or during the [General](#) Public Comment agenda item
- ❖ Comments will only be taken on the final motion before a vote
- ❖ [Comments must be reasonably related to the specific action being considered](#)
- ❖ Comments are not taken during procedural and administrative votes

Please Do:

- ❖ [Fill out and turn in a public comment slip](#)
- ❖ Begin your public comment by stating your name clearly for the record
- ❖ [Address-Direct](#) your comments to the Chairman of the meeting
- ❖ Keep your comment to a total of three (3) minutes**

Please Don't:

- Use signs, props, cheering or booing
- Bring food or drinks into the meeting room
- [Use discourteous, disrespectful or disparaging conduct or comments](#)
- [Engage in disruptive behavior \(shouting, refusing to yield, or physically disruptive acts\)](#)
- Direct comments to other Directors, CEO, Attorney, staff or audience members

How long can I speak at the podium? **

- ❖ All comments made by the public are kept to three (3) minutes.
 - Time starts after you have introduced yourself by name

Where do I stand?

- ❖ Stand at the podium when it's your turn to speak
- ❖ Use the "On Deck" approach for waiting to speak; line up behind the speaker ahead of you
- ❖ There are three (3) lights, on the wall, directly in front of you, that will guide you in regard to the time you have left to speak.
 - Green light: 3 minutes – 1 minute
 - Yellow light: 59 seconds – 1 second
 - Red, accompanied by a beeping noise: 0 – Your time is up

General Matters:

- ❖ In the event of fire or an emergency, you may exit out of the north entrance, the door to the west, or at the rear of the meeting room, through the Audio-Visual Room.
- ❖ Conversations are to be held out in the lobby and not during the meeting while others are speaking or presenting.
- ❖ Restrooms are located through the lobby.
- ❖ Please silence all electronic devices.
- ❖ Please clean up after yourself and leave the room as it was when you entered. Trash cans are located in the room and in the lobby, on your way out.

** The GRUA Chairman reserves the authority to adjust the time allotted for individual speakers in the event that multiple participants wish to address a particular topic. While this may result in reduced speaking time per individual, it ensures broader participation and promotes a respectful use of everyone's time.**

GRUA Board Meeting Protocols for Citizens

What are the rules for comments?

- ❖ Public comments are taken after a motion is on the floor or during the General Public Comment agenda item
- ❖ Comments will only be taken on the final motion before a vote
- ❖ Comments must be reasonably related to the specific action being considered
- ❖ Comments are not taken during procedural and administrative votes

Please Do:

- ❖ Fill out and turn in a public comment slip
- ❖ Begin your public comment by stating your name clearly for the record
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**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2026-189

Agenda Date: March 10, 2026

Department: Gainesville Regional Utilities

Title: 2026-189 Gainesville Regional Utilities' Annual Investment Report for Fiscal Year 2025

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item is related to the annual reporting of Gainesville Regional Utilities' investments.

Fiscal Note: No impact.

Explanation: In accordance with the Florida Statute Section 218.415 and Gainesville Regional Utilities' Investment Policy, the Utility is required to provide an annual report of investments to those charged with governance of the Utility.

Recommendation: The GRU Authority receives and accepts the Gainesville Regional Utilities' Fiscal Year 2025 Annual Investment Report.

GRU Annual Investment Report

March 10, 2026

Annual Investment Report Executive Summary

- Annual investment management reporting is required by Florida Statutes 218.415 and GRUA's Investment Policy
- Considered best practices
- Provides visibility to GRUA

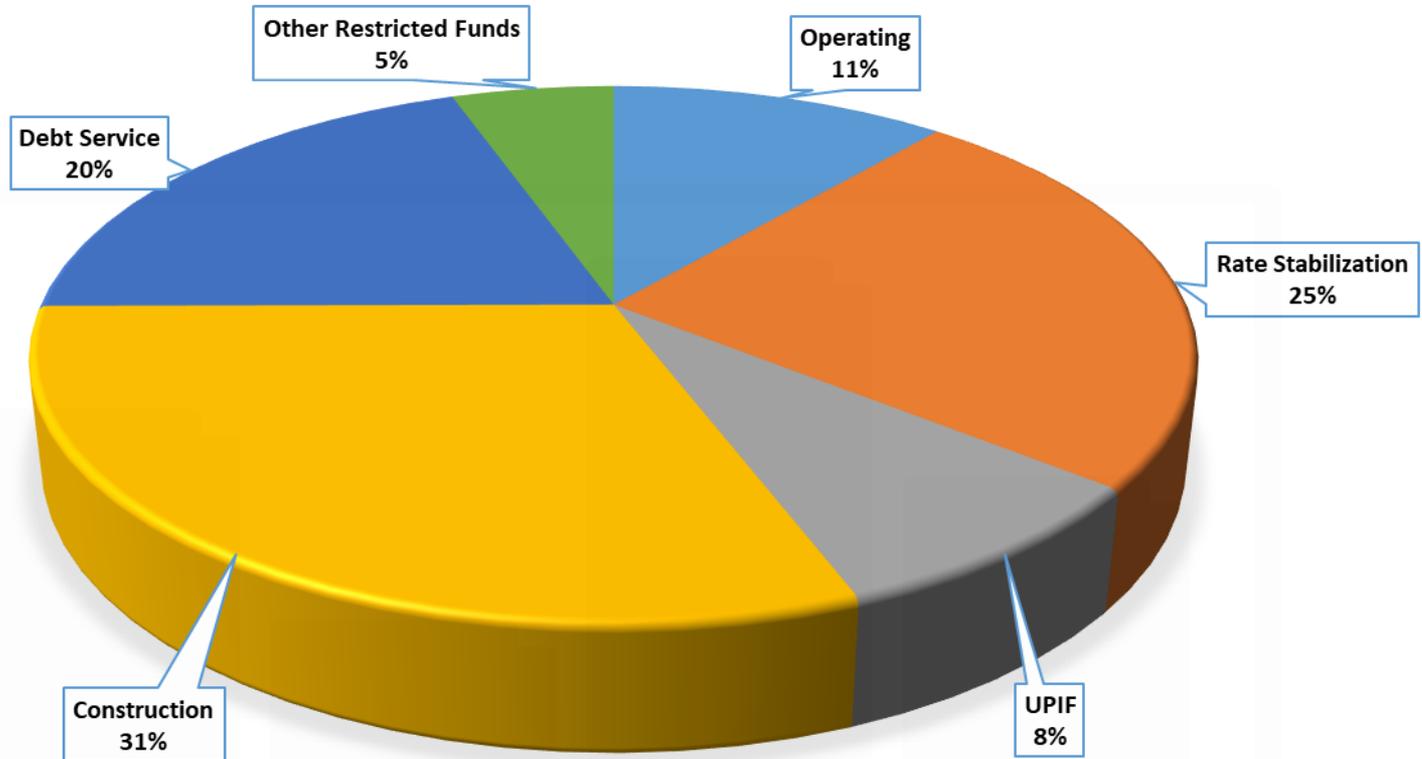


Annual Investment Report Executive Summary

- Primary goal is preservation of capital & maintenance of liquidity
 - Low risk investment allocation
- All investments within policy parameters
- Average annualized year-to-date- return 3.47%



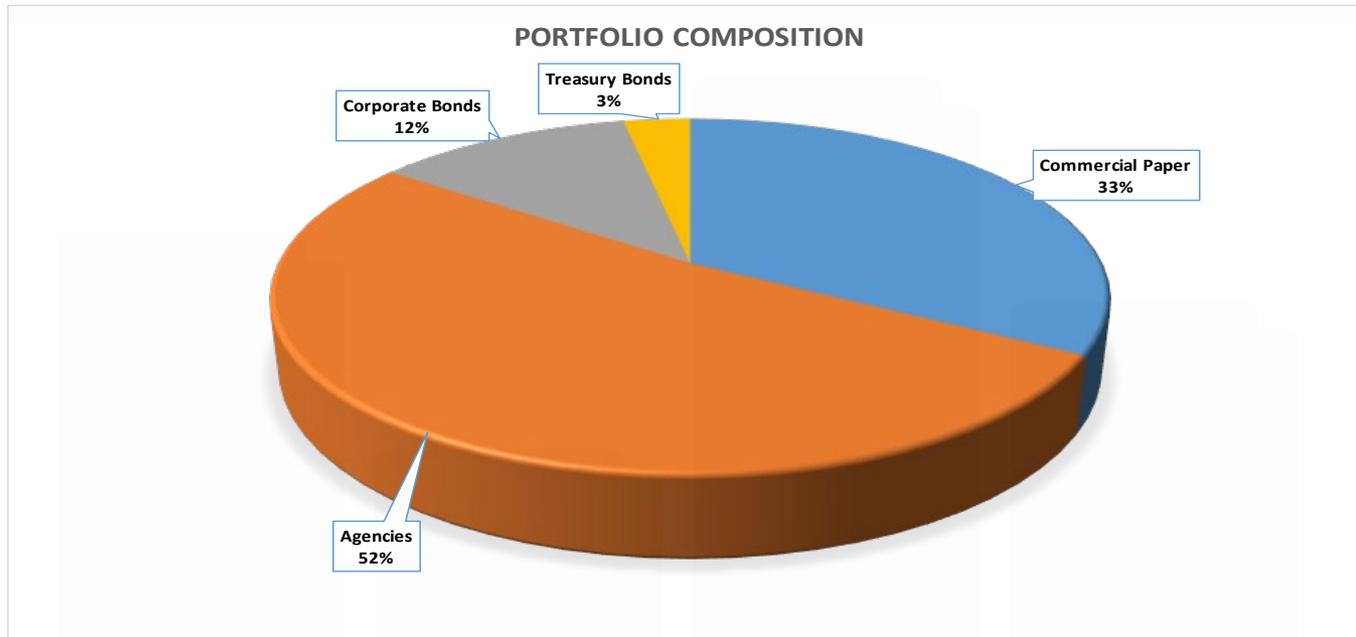
CASH & INVESTMENTS BY FUND @ SEPTEMBER 30, 2025



CASH & INVESTMENTS @ 9/30/25

Operating	39,240,913
Restricted Funds:	
Rate Stabilization	86,569,547
UPIF	29,511,240
Construction	107,667,569
Debt Service	69,130,816
Other Restricted Funds	<u>18,904,897</u>
Total	351,024,982

Annual Investment Report



SECURITY DESCRIPTION	INVESTMENT POLICY MAXIMUM ALLOCATION	ACTUAL ALLOCATION @ 9/30/25	(OVER) UNDER POLICY MAXIMUM	COMPLIANT WITH POLICY
Commercial Paper	60.00%	33.18%	26.82%	Yes
Sponsored Agencies	100.00%	51.83%	48.17%	Yes
Corporate Bonds	50.00%	11.91%	38.09%	Yes
Treasury Bonds	100.00%	3.08%	96.92%	Yes
Repurchase Agreements	50.00%	0.00%	50.00%	Yes
Money Market Funds	50.00%	0.00%	50.00%	Yes
Fixed Income Mutual Funds	10.00%	0.00%	10.00%	Yes
Full Fatih & Credit Agencies	100.00%	0.00%	100.00%	Yes
Treasury Bills	100.00%	0.00%	100.00%	Yes

Annual Investment Report

- Treasury Division prepares monthly investment summary reports which are distributed to the Investment & Debt Committee (IDC)
- IDC members are enumerated in the Investment Policy
 - CFO
 - Director of Accounting & Finance
 - Treasury Manager
 - Controller
 - Assistant Controller
 - Financial Accounting Manager
- IDC meets quarterly and reviews quarterly investment summary report prepared by the Treasury Division

Annual Investment Report

- Primary goals of the GRU investment program are preservation of capital and maintenance of liquidity
 - Maximize returns within those parameters
- Investment strategy is guided by operational characteristics of the specific funds invested
 - Operating fund
 - Rate Stabilization Fund
 - Utility Plant Improvement Fund
 - Construction Fund
 - Debt Service Fund
 - Other Restricted Funds
 - Utility Meter Deposit

Annual Investment Report

- Operating fund – covers GRU’s day-to-day operating expenses. Significant portion of these investments will be short-term in duration to ensure maintenance of adequate liquidity levels.
- Rate stabilization fund – broader mix of short-term and intermediate duration investments.
- Utility plant improvement fund – these resources fund construction projects, so there will be a mix of short and intermediate term investments.
- Construction fund – depends on where GRU is in the expense and borrowing cycle. If GRU has just completed a borrowing and there are significant balances in the construction fund, GRU can go longer on the duration of investments. If GRU is low on construction fund balances, GRU will shorten the duration.
- Debt service funds – GRU pays interest on outstanding bonds every April and October, and principal every October. Investments are purchased with maturities no longer than the next debt service payment.

Annual Investment Report

KEY RATES & INDICES					
	6 months ago			1 year ago	
	9/30/2025	3/31/2025	% Change	9/30/2024	% Change
Dow Jones Industrial Avg	46,397.89	42,001.76	10.47%	42,330.15	9.61%
3 month Treasury	3.93%	4.29%	-8.39%	4.62%	-14.94%
6 month Treasury	3.84%	4.22%	-9.00%	4.40%	-12.73%
5 year Treasury	3.74%	3.95%	-5.32%	3.56%	5.06%
10 year Treasury	4.15%	4.21%	-1.43%	3.78%	9.79%
30 year Treasury	4.73%	4.57%	3.50%	4.12%	14.81%
1 month SOFR	4.13%	4.32%	-4.40%	4.85%	-14.85%
10 year SOFR	3.63%	3.77%	-3.71%	3.31%	9.67%
SIFMA	2.89%	2.87%	0.70%	3.15%	-8.25%

Annual Investment Report

CASH & INVESTMENTS @ SEPTEMBER 30, 2025

INVESTMENTS

Fund	Year End Cost	Year End Mkt	Unrealized Gain(Loss) to Mkt	Average YTD Cost	Average YTD Interest Income	Average Annualized YTD Return
Operating	10,441,976	10,394,889	(47,087)	17,332,434	28,926	
Rate Stabilization	61,075,152	61,215,536	140,384	63,853,566	152,959	
UPIF	19,464,893	19,446,539	(18,354)	22,110,815	28,798	
Construction	81,853,948	82,590,440	736,492	98,635,310	369,244	
Debt Service	65,582,765	66,035,567	452,802	36,779,964	108,080	
Other Restricted	4,999,113	5,002,041	2,928	4,583,036	16,091	
	243,417,847	244,685,012	1,267,165	243,295,125	704,098	3.47%

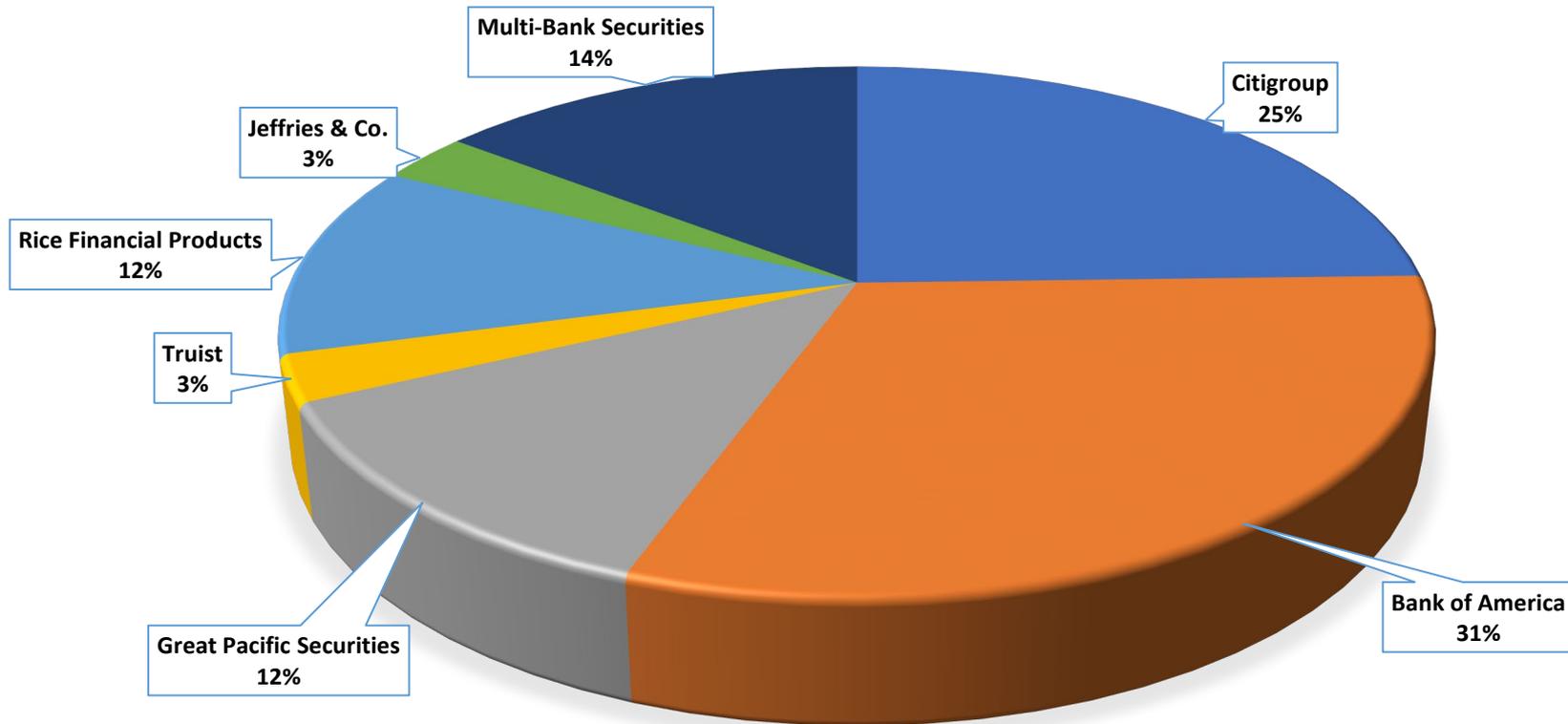
CASH

	Year End Balance	Average YTD Balance	Average YTD Interest Income	Average Annualized YTD Return
Truist Bank Account	110,643,856	104,333,309	233,364	2.68%
Earnings Credit @ 1.00%	6,490			
Cash Balance Earned at 3.00%	253,351			

- Treasury maintains a pool of qualified brokers
- Brokers wishing to do business with GRU submit documentation
 - Describing the firm
 - Ability to execute
 - History of compliance with regulatory requirements
- Treasury staff monitors
 - Performance
 - Compliance issues
- Rotates pool members based on these on-going assessments

Annual Investment Report

INVESTMENTS BY BROKER



A white utility truck with a yellow crane arm is parked on a grassy area. A worker in a high-visibility vest and hard hat stands next to the truck. The truck has a "GRU More than Energy" logo on the side. The background shows trees and a clear sky.

Appendix Investments Outstanding as of September 30, 2025

Annual Investment Report

Appendix – Construction Fund

Funding	Fund Group	Long Description ID Number	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
Const.	23CC	Salisbury Receivables 4.38 10/23/25	79490AXP8	4/22/2025	10/23/2025	7,500,000.00	7,332,099.98	7,481,250.01
		Us Treasury Bill 4.045 10/23/25	912797QG5	4/24/2025	10/23/2025	7,662,000.00	7,505,314.25	7,643,151.48
		FNMA DN 4.12 11/21/2025	313589PN7	5/28/2025	11/21/2025	10,206,000.00	9,999,260.43	10,149,560.82
		Liberty Street 4.27 12/16/2025	53127TZG1	6/27/2025	12/16/2025	7,500,000.00	7,346,991.67	7,435,575.01
		FHLMC 4.07 1/6/26	313397RL7	7/30/2025	1/6/2026	15,000,000.00	14,728,666.67	14,844,300.00
		FHLB 4.06 12/05/2025	313385QC3	8/29/2025	12/5/2025	8,000,000.00	7,911,582.16	7,943,440.00
		FNMA 3.87 2/24/2026	313589TM5	8/29/2025	2/24/2026	12,300,000.00	12,063,317.25	12,113,409.00
		Pedemales Elec Coop 4.18 11/21/2025	70533LYM8	9/25/2025	11/21/2025	5,000,000.00	4,966,908.35	4,971,150.01
		FHLB 3.75 3/13/2026	313385UE4	9/25/2025	3/13/2026	10,179,000.00	9,999,807.15	10,008,603.54
	23CC Total					83,347,000.00	81,853,947.91	82,590,439.87
Const Total						83,347,000.00	81,853,947.91	82,590,439.87

Annual Investment Report

Appendix – Debt Service Fund

Funding	Fund Group	Long Description ID Number	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
Debt Srv	09BD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	275,826.40	271,627.10	275,794.83
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	369,984.90	364,921.76	369,944.21
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	681,285.44	673,673.21	681,210.50
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	523,660.19	518,025.82	523,602.58
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	504,906.25	499,219.32	504,848.46
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	574,327.06	569,940.63	574,263.89
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	272,199.83	270,141.85	272,168.68
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	523,365.55	519,561.85	523,307.99
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	525,941.48	523,717.19	525,881.29
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	518,081.13	516,029.53	518,021.85
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	274,790.22	273,704.56	274,758.76
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	170,854.99	170,698.56	170,835.43
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	458,615.19	458,193.26	458,562.70
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	283,225.01	283,192.67	283,192.59
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	490,958.18	490,902.12	490,901.98
			09BD Total					6,448,021.82
	10AD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	22,107.33	21,770.76	22,104.80
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	821.16	809.92	821.07
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	1,494.11	1,477.42	1,493.95
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	41,965.86	41,514.32	41,961.24
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	40,462.94	40,007.19	40,458.31
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	46,026.31	45,674.78	46,021.25
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	21,816.66	21,651.71	21,814.16
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	41,947.46	41,642.60	41,942.85
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	42,149.25	41,970.99	42,144.43
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	41,523.91	41,359.48	41,519.16
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	22,024.28	21,937.27	22,021.76
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	377.81	377.46	377.77
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	1,014.13	1,013.20	1,014.01
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	22,698.96	22,696.37	22,696.36
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	39,347.64	39,343.15	39,343.14
	10AD Total					385,777.81	383,246.62	385,734.26

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Funding	Fund Group	Long Description ID Number	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
	10BD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	232,233.21	228,697.59	232,206.63
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	8,627.35	8,509.28	8,626.40
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	15,697.74	15,522.34	15,696.02
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	440,843.26	436,099.96	440,794.78
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	425,055.27	420,267.73	425,006.62
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	483,497.43	479,804.71	483,444.24
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	229,179.81	227,447.09	229,153.58
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	440,649.89	437,447.35	440,601.42
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	442,769.80	440,897.25	442,719.12
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	436,200.65	434,473.30	436,150.73
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	231,360.81	230,446.74	231,334.33
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	3,969.41	3,965.77	3,968.95
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	10,654.83	10,645.04	10,653.60
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	238,448.14	238,420.92	238,420.86
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	413,339.43	413,292.24	413,292.13
	10BD Total					4,052,527.03	4,025,937.31	4,052,069.41
	14AD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	78,126.15	76,936.73	78,117.20
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	122,005.17	120,335.57	121,991.75
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	224,676.29	222,165.91	224,651.58
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	148,326.70	146,730.77	148,310.39
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	143,014.61	141,403.78	142,998.25
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	162,678.06	161,435.61	162,660.17
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	77,098.95	76,516.04	77,090.12
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	148,240.11	147,162.73	148,223.80
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	148,972.53	148,342.50	148,955.48
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	146,743.34	146,162.23	146,726.54
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	77,832.67	77,525.16	77,823.76
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	56,341.50	56,289.91	56,335.05
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	151,233.90	151,094.77	151,216.58
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	10,225.81	10,224.65	10,224.64
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	17,725.98	17,723.95	17,723.94
	14AD Total					1,713,241.77	1,700,050.31	1,713,049.25

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Funding	Fund Group	Long Description ID Number	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
	14BD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	16,909.79	16,652.35	16,907.85
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	628.04	619.45	627.98
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	1,142.80	1,130.03	1,142.67
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	32,099.46	31,754.09	32,095.93
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	30,949.87	30,601.27	30,946.34
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	35,205.27	34,936.39	35,201.40
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	16,687.45	16,561.28	16,685.54
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	32,085.39	31,852.20	32,081.87
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	32,239.70	32,103.35	32,236.01
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	31,761.42	31,635.65	31,757.78
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	16,846.27	16,779.72	16,844.34
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	288.97	288.70	288.94
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	775.66	774.95	775.56
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	17,362.30	17,360.33	17,360.32
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	30,096.79	30,093.35	30,093.35
	14BD Total					295,079.18	293,143.11	295,045.88
	17AD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	771,573.88	759,827.10	771,485.57
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	1,324,828.67	1,306,698.76	1,324,682.94
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	2,439,776.53	2,412,516.09	2,439,508.15
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	1,464,895.95	1,449,134.28	1,464,734.81
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	1,412,433.31	1,396,524.60	1,412,271.66
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	1,606,631.99	1,594,361.34	1,606,455.26
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	761,429.22	755,672.39	761,342.07
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	1,464,019.41	1,453,379.24	1,463,858.37
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	1,471,271.85	1,465,049.60	1,471,103.46
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	1,449,237.19	1,443,498.21	1,449,071.32
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	768,675.39	765,638.48	768,587.42
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	611,805.41	611,245.27	611,735.39
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	1,642,230.25	1,640,719.40	1,642,042.30
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	628,835.54	628,763.75	628,763.57
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	1,090,058.95	1,089,934.50	1,089,934.19
	17AD Total					18,907,703.54	18,772,963.01	18,905,576.48

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Funding	Fund Group	Long Description ID Number	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
	19AD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	222,839.20	219,446.60	222,813.70
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	8,278.27	8,164.99	8,277.37
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	15,062.67	14,894.37	15,061.02
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	423,010.78	418,459.36	422,964.25
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	407,861.41	403,267.54	407,814.73
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	463,939.51	460,396.17	463,888.47
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	219,909.29	218,246.66	219,884.13
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	422,825.22	419,752.22	422,778.72
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	424,859.36	423,062.56	424,810.74
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	418,555.96	416,898.48	418,508.05
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	222,002.06	221,124.96	221,976.65
		Autobahn Funding 4.12 10/1/25	0527MOX10	9/23/2025	10/1/2025	3,808.83	3,805.34	3,808.40
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	10,223.78	10,214.38	10,222.60
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	228,802.70	228,776.57	228,776.52
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	396,619.53	396,574.25	396,574.13
	19AD Total					3,888,598.57	3,863,084.45	3,888,159.48
	19BD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	30,075.80	29,617.88	30,072.36
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	1,117.43	1,102.13	1,117.31
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	2,033.15	2,010.44	2,032.92
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	57,092.21	56,477.94	57,085.93
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	55,047.54	54,427.55	55,041.24
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	62,616.20	62,137.96	62,609.31
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	29,680.36	29,455.94	29,676.97
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	57,067.20	56,652.42	57,060.92
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	57,341.77	57,099.24	57,335.21
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	56,490.98	56,267.27	56,484.52
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	29,962.82	29,844.47	29,959.39
		Autobahn Funding 4.12 10/1/25	0527MOX10	9/23/2025	10/1/2025	514.10	513.67	514.04
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	1,379.94	1,378.64	1,379.78
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	30,880.67	30,877.14	30,877.13
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	53,530.31	53,524.24	53,524.18
	19BD Total					524,830.48	521,386.93	524,771.21

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Funding	Fund Group	Long Description ID Number	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
	20AD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	7,313.34	7,202.00	7,312.50
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	4,768.36	4,703.10	4,767.83
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	8,777.53	8,679.45	8,776.56
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	13,883.55	13,734.17	13,882.02
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	13,386.33	13,235.55	13,384.79
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	15,226.87	15,110.58	15,225.19
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	7,217.17	7,162.60	7,216.34
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	13,876.64	13,775.79	13,875.11
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	13,944.12	13,885.16	13,942.52
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	13,736.52	13,682.12	13,734.95
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	7,285.85	7,257.06	7,285.01
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	2,201.74	2,199.72	2,201.49
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	5,909.98	5,904.54	5,909.31
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	7,509.25	7,508.40	7,508.39
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	13,016.98	13,015.49	13,015.49
	20AD Total					148,054.23	147,055.73	148,037.50
	21AD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	139,366.36	137,244.59	139,350.41
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	5,177.32	5,106.47	5,176.75
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	9,420.30	9,315.04	9,419.27
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	264,556.14	261,709.62	264,527.04
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	255,081.52	252,208.46	255,052.33
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	290,153.46	287,937.43	290,121.55
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	137,533.97	136,494.14	137,518.23
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	264,440.07	262,518.18	264,410.98
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	265,712.27	264,588.53	265,681.86
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	261,770.02	260,733.41	261,740.06
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	138,842.82	138,294.27	138,826.93
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	2,382.07	2,379.89	2,381.80
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	6,394.02	6,388.14	6,393.29
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	143,096.03	143,079.69	143,079.65
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	248,050.69	248,022.37	248,022.31

Annual Investment Report

Appendix – Debt Service

Fund concluded

Funding	Fund Group	Long Description ID Number	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
	21AD Total					2,431,977.06	2,416,020.23	2,431,702.46
	22AD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	322,812.23	317,897.60	322,775.29
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	1,186,185.60	1,169,952.98	1,186,055.12
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	2,184,762.38	2,160,351.30	2,184,522.06
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	612,999.52	606,403.90	612,932.08
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	591,046.06	584,388.90	590,978.41
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	672,309.73	667,174.97	672,235.78
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	318,567.94	316,159.40	318,531.48
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	612,518.67	608,067.02	612,451.29
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	615,655.00	613,051.29	615,584.53
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	606,334.08	603,933.00	606,264.68
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	321,599.60	320,329.01	321,562.80
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	547,803.88	547,302.33	547,741.19
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	1,470,435.05	1,469,082.26	1,470,266.75
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	331,506.95	331,469.10	331,469.01
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	574,652.83	574,587.21	574,587.07
	22AD Total					10,969,189.52	10,890,150.27	10,967,957.54
	22BD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	533,210.84	525,093.00	533,149.81
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	1,367,123.37	1,348,414.67	1,366,972.99
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	2,517,885.70	2,489,752.53	2,517,608.74
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	1,012,425.85	1,001,532.57	1,012,314.48
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	976,167.62	965,172.71	976,055.90
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	1,110,382.74	1,101,902.19	1,110,260.59
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	526,200.19	522,221.83	526,139.97
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	1,011,738.56	1,004,385.47	1,011,627.28
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	1,016,823.38	1,012,523.07	1,016,707.01
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	1,001,523.01	997,556.98	1,001,408.39
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	531,207.82	529,109.10	531,147.02
		Autobahn Funding 4.12 10/1/25	0527M0X10	9/23/2025	10/1/2025	631,354.09	630,776.05	631,281.83
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	1,694,703.53	1,693,144.40	1,694,509.57
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	547,544.36	547,481.84	547,481.70
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	949,144.22	949,035.86	949,035.58
	22BD Total					15,427,435.28	15,318,102.27	15,425,700.86

Annual Investment Report

Appendix – Debt Service

Fund concluded

Funding	Fund Gro	Long Description ID Number	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
	23AD	Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	514,359.18	514,300.46	514,300.31
	23AD Total					514,359.18	514,300.46	514,300.31
	12BD	Mountcliff 4.42 10/1/25	62455FX19	5/30/2025	10/1/2025	9,605.47	9,459.23	9,604.37
		FHLMC DN 4.175 10/1/25	313397MK4	6/5/2025	10/1/2025	37,454.36	36,941.81	37,450.23
		FHLMC 4.19 10/1/25	313397MK4-2	6/27/2025	10/1/2025	68,985.36	68,214.56	68,977.78
		FNMA 4.165 10/1/25	313589MK6	6/30/2025	10/1/2025	18,240.53	18,044.27	18,238.54
		Anglesea 4.36 10/1/25	0347M2X19-2	6/30/2025	10/1/2025	17,587.27	17,389.18	17,585.27
		FHLMC 4.23 10/1/25	313397MK4-3	7/28/2025	10/1/2025	20,005.37	19,852.58	20,003.17
		Anglesea Funding 4.39 10/1/25	0347M2X19-3	7/31/2025	10/1/2025	9,479.16	9,407.49	9,478.07
		FNMA 4.22 10/1/25	313589MK6-2	7/31/2025	10/1/2025	18,225.83	18,093.38	18,223.84
		Chesham Fin 4.35 10/01/25	16537LX14	8/27/2025	10/1/2025	18,319.49	18,242.02	18,317.39
		Ebury 4.32 10/1/25	27873JX18-2	8/29/2025	10/1/2025	18,041.79	17,970.34	18,039.73
		Halkin 4.31 10/1/2025	40588LX12-2	8/29/2025	10/1/2025	9,569.39	9,531.59	9,568.29
		Autobahn Funding 4.12 10/1/25	0527MOX10	9/23/2025	10/1/2025	17,297.20	17,281.36	17,295.21
		Barclays 4.14 10/1/25	06741FX10	9/23/2025	10/1/2025	46,429.74	46,387.02	46,424.42
		Ebury 4.11 10/1/25	27873JX18-3	9/30/2025	10/1/2025	9,864.28	9,863.15	9,863.15
		Halkin 4.11 10/1/2025	40588LX12-3	9/30/2025	10/1/2025	17,099.29	17,097.33	17,097.33
	12BD Total					336,204.53	333,775.31	336,166.79
	Debt Srv Total					66,043,000.00	65,582,765.44	66,035,567.17

Annual Investment Report

Appendix – Rate Stabilization Fund

Funding	Fund Group	Long Description	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
Rate Stab	0100	FFCB 1.05 03/25/26 S/A MAR/SEP	3133EMJK6	3/25/2021	3/25/2026	3,500,000.00	3,500,000.00	3,451,525.00
		FHLB 0.55 01/20/26 S/A JAN/JUL	3130AKN85	1/20/2021	1/20/2026	3,500,000.00	3,500,000.00	3,464,125.01
		FHLB 0.60 02/24/26 S/A FEB/AUG	3130AKXJ0	2/24/2021	2/24/2026	4,000,000.00	4,000,000.00	3,946,560.00
		FHLB 0.75 04/30/26 S/A APR/OCT	3130AM7K2	4/30/2021	4/30/2026	5,000,000.00	5,000,000.00	4,925,550.01
		FHLB 0.915 06/24/26 S/A DEC/JUN	3130AMSA1	6/24/2021	6/24/2026	2,500,000.00	2,500,000.00	2,448,800.00
		National Secs. Clearing 0.75 12/07/25 S/A DE	637639AE5	12/7/2020	12/7/2025	3,400,000.00	3,354,100.00	3,376,880.00
		Schwab Corp 0.90 03/11/26 S/A MAR/SEP	808513BF1	12/11/2020	3/11/2026	1,000,000.00	985,700.00	985,980.00
		Home Depot 2.875 4/15/27 S/A OCT/APR	437076CN0	4/15/2024	4/15/2027	3,439,000.00	3,266,033.42	3,389,719.13
		Mastercard INC 4.2403 S/A 12/15/27 JAN/JUL	57636QBA1	9/5/2024	1/15/2028	4,000,000.00	3,983,320.00	4,021,200.00
		NY Life 4.69 12/05/29 JUN/DEC	64952WFK4	12/5/2024	12/5/2029	3,000,000.00	2,988,240.00	3,046,980.00
		FFCB 4.63 01/28/28 JAN/JUL	3133ERZ20	1/28/2025	1/28/2028	3,000,000.00	3,000,000.00	3,000,300.00
		Mutual of Omaha 4.75 10/15/2029 APR/OCT	62829D2E9	10/15/2024	10/15/2029	4,000,000.00	4,000,000.00	4,057,880.00
		FFCB 4.65 3/26/2030 S/A MAR/SEP	3133ETAW7	3/26/2025	3/26/2030	4,000,000.00	4,000,000.00	4,012,440.00
		Atlantic Asset SEC LLC 4.39 10/21/2025	04821TXM2	5/28/2025	10/21/2025	2,545,000.00	2,499,689.10	2,539,222.85
		CME Group Inc 4.4 3/15/30 MAR/SEPT	12572QAL9	3/10/2025	3/15/2030	2,500,000.00	2,498,250.00	2,528,000.00
		Cancara Asset 4.31 11/07/2025	13738JY79	8/29/2025	11/7/2025	4,033,000.00	3,999,201.24	4,016,142.06
		FNMA 4.0 8/11/2028 FEB/AUG	3136GAN54	8/13/2025	8/11/2028	4,000,000.00	4,000,000.00	3,999,639.99
		loric Funding LLC 4.15 1/13/2026	46222VAD8	9/25/2025	1/13/2026	4,052,000.00	4,000,618.39	4,004,591.60
	0100 Total					61,469,000.00	61,075,152.15	61,215,535.65
	Rate Stab Total					61,469,000.00	61,075,152.15	61,215,535.65

Annual Investment Report Appendix – Revenue, UMD & UPIF Funds

Funding	Fund Group	Long Description ID Number	ID Number	Start of Term	Final Due Date	Total at Par	Total at Cost	Total at Market
Revenue	0001	FHLB 0.915 06/24/26 S/A DEC/JUN	3130AMSA1	6/24/2021	6/24/2026	2,500,000.00	2,500,000.00	2,448,800.00
		Schwab Corp 0.90 03/11/26 S/A MAR/SEP	808513BF1	12/11/2020	3/11/2026	4,000,000.00	3,942,800.00	3,943,919.99
		Charta LLC 4.07 1/14/2026	16115WAE7	9/25/2025	1/14/2026	4,050,000.00	3,999,175.86	4,002,169.50
	0001 Total					10,550,000.00	10,441,975.86	10,394,889.49
Revenue Total						10,550,000.00	10,441,975.86	10,394,889.49
UMD	0300	Manhattan Asset 4.02 1/16/2026	56274MAG7	9/25/2025	1/16/2026	5,063,000.00	4,999,113.40	5,002,041.48
	0300 Total					5,063,000.00	4,999,113.40	5,002,041.48
UMD Total						5,063,000.00	4,999,113.40	5,002,041.48
UPIF	0200	FHLB 0.55 01/20/26 S/A JAN/JUL	3130AKN85	1/20/2021	1/20/2026	3,500,000.00	3,500,000.00	3,464,125.02
		FHLB 0.60 02/24/26 S/A FEB/AUG	3130AKXJ0	2/24/2021	2/24/2026	4,000,000.00	4,000,000.00	3,946,560.00
		Principal Life Global 0.875 01/12/2026 S/A JA	74256LEK1	1/12/2021	1/12/2026	4,000,000.00	3,965,000.00	3,959,320.01
		FFCB 4.65 3/26/2030 MAR/SEP	3133ETAW7-2	3/26/2025	3/26/2030	4,000,000.00	4,000,000.00	4,012,440.00
		Mountcliff 4.42 10/31/25	62455FXX9	5/28/2025	10/31/2025	4,078,000.00	3,999,892.72	4,064,094.02
	0200 Total					19,578,000.00	19,464,892.72	19,446,539.05
UPIF Total						19,578,000.00	19,464,892.72	19,446,539.05
Grand Total						246,050,000.00	243,417,847.48	244,685,012.71



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2026-190

Agenda Date: March 10, 2026

Department: Gainesville Regional Utilities

Title: 2026-190 GRU FY25 Audited Financial Statements, Independent Auditor Reports, and Governance Communications (B)

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item is related to the external audit of Gainesville Regional Utilities Fiscal year 2025 Financial Statements.

Fiscal Note: None.

Explanation: Florida Statute Section 218.39 requires municipalities to obtain an annual independent financial audit within nine months after the end of the fiscal year and submit those reports to the Auditor General. As an enterprise fund of the City of Gainesville, Gainesville Regional Utilities financial results are included in the financial statements of the City of Gainesville.

In accordance with the Auditing Standards Board Statement of Auditing Standards AU-C Section 260, Baker Tilly, US LLP, is required to communicate with those charged with governance of the Utility. The following reports are presented for review:

- The Financial Statements and Independent Auditor's Report, and
- Reporting and Insights from 2025 Audit of Gainesville Regional Utilities for the Fiscal Year Ended September 30, 2025.

In the opinion of the independent auditor, the financial statements referred to in the item above present fairly in all material respects, the financial position and changes in financial position of Gainesville Regional Utilities for the year ended September 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Recommendation: The GRU Authority receive and accept the Gainesville Regional Utilities Fiscal Year 2025 audited financial statements and independent auditor's report along with the required communication from Baker Tilly, US LLP to the Gainesville Regional Utilities Authority.

- **Year-long process with heavy workloads beginning in August going through September**
- **Completed this year's audit while simultaneously:**
 - **going live with new financial software (FMIS)**
 - **implementing a new payroll division, and**
 - **supporting Success Factors (HRIS)**
- **Clean audit – excellent results by GRU staff working with Baker Tilly – no findings**
- **One audit adjustment - \$800,000 arbitrage liability estimate**
 - **On a 2.6 billion balance sheet - ~ .0003%**



Reporting and insights from 2025 audit: Gainesville Regional Utilities

September 30, 2025

Executive summary

February 18, 2026

To the Gainesville Regional Utilities Authority
Gainesville Regional Utilities
301 Southeast 4th Avenue
Gainesville, FL 32601-6857

We have completed our audit of the financial statements of Gainesville Regional Utilities for the year ended September 30, 2025, and have issued our report thereon dated February 18, 2026. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Utility's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas Gainesville Regional Utilities should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

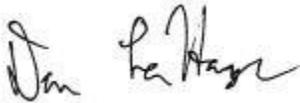
- Bethany Ryers, Principal: bethany.ryers@bakertilly.com or +1 (608) 240 2382
- Dan La Haye, Director: dan.lahaye@bakertilly.com or +1 (608) 240 2534

Sincerely,

Baker Tilly US, LLP



Bethany Ryers, Principal, CPA



Dan La Haye, Director

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

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Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Gainesville Regional Utilities' (Utilities) internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of Gainesville Regional Utilities Authority:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by *Government Auditing Standards*
- Our audit does not relieve management of the Gainesville Regional Utilities Authority of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Gainesville Regional Utilities Authority, including:

- Internal control matters
- Qualitative aspects of the Utilities' accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Gainesville Regional Utilities and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Gainesville Regional Utilities current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Capital assets including infrastructure
Regulatory accounting	Inventory and fuel	Long-term debt
Derivatives	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the Gainesville Regional Utilities' internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Gainesville Regional Utilities' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Gainesville Regional Utilities' are described in Note 1 to the financial statements. As described in Note 1, GRU changed accounting policies related to compensated absences by adopting GASB Statement No. 101, *Compensated Absences*, in fiscal year 2025. GRU did not restate fiscal year 2024 for this change as the impact was not material. We noted no transactions entered into by the Utilities during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Mark-to-market derivative instruments	Based on third party valuations and management specialists	Reasonable in relation to the financial statements as a whole
Net pension liability and related deferrals	Evaluation of information provided by the City based on the Utilities' retirement contributions made and the actuarial studies performed by a qualified actuary retained by the City	Reasonable in relation to the financial statements as a whole
Unbilled revenues	Based on actual cycle billings that are billed subsequent to year-end for consumption prior to September 30, 2025, multiplied by the average daily usage for the meter read period	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Net OPEB liability and related deferrals	Evaluation of information provided by the City based on the Utilities' participating employee count and retirees and the actuarial studies performed by a qualified actuary retained by the City	Reasonable in relation to the financial statements as a whole

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Fuel inventory	Evaluation on information based on coal density testing and an aerial survey performed by third parties, in addition to the average cost of coal purchased	Reasonable in relation to the financial statements as a whole
Lease receivable and related deferral	Evaluation of leases by management and incremental borrowing rate used for present value calculation	Reasonable in relation to the financial statements as a whole
Subscription liability and related asset	Evaluation of subscriptions by management and incremental borrowing rate used for present value calculation	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Utilities or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatement we have identified, and it has been corrected in the financial statements. While the misstatement is not material, in our judgment, it may not have been detected except through our auditing procedures. In our judgment, the misstatement that management has corrected does not indicate matters that could have had a significant effect on the Utilities' financial reporting process.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Gainesville Regional Utilities' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Utilities' ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Gainesville Regional Utilities that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Gainesville Regional Utilities related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Grant advisory services

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Audit committee resources

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.



Funding evaluation and pursuit

Public sector organizations may be eligible for grants, tax credits and other financial incentives through funding opportunities such as the Inflation Reduction Act, the Clean Communities Investment Accelerator, and the Infrastructure Investment and Jobs Act.

Baker Tilly can help you navigate, understand and pursue various federal and state funding sources through grant research and tracking, advising and writing, and management and compliance services.



Digital transformation

Digitizing public services can be a game changer for governments. Streamlining inefficient processes, providing digital access and delivery of services to meet public expectations, implementing technology to protect constituent data, leveraging information to make data-driven decisions and migrating outdated on-premises systems to the cloud are crucial to an entity's success.

Through these types of digital services, Baker Tilly can help you scale with future demand and be better positioned to rapidly respond to changing demands.



Cybersecurity

Public sector organizations face significant challenges from cyber threats and IT regulations. It can feel like you are on the defense keeping up with the latest risks, regulations and emerging trends. To mitigate risk, you must understand your organization's unique vulnerabilities, cybersecurity processes and controls.

Baker Tilly can help enhance your cybersecurity posture and ensure compliance with solutions in IT compliance and security and cybersecurity and data protection to safeguard your data and navigate complex risk environments.

Management representation letter

February 18, 2026

Baker Tilly US, LLP
4807 Innovate Ln
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the Gainesville Regional Utilities as of September 30, 2025 and 2024 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Gainesville Regional Utilities and the respective changes in financial position and cash flows, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the Utilities required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, if any, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.

- 7) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 9) We are in agreement with the adjusting journal entry identified during the audit, and it has been posted to the appropriate accounts.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
- 11) Guarantees, whether written or oral, under which the Utilities are contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Gainesville Regional Utilities Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 16) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

- 17) There are no known related parties or related party relationships and transactions, including side agreements, of which we are aware.

Other

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.
- 20) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
- 22) Gainesville Regional Utilities has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
- 23) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 24) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - d) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
- 25) In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a) Grant advisory services

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

- 26) Gainesville Regional Utilities has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) Gainesville Regional Utilities has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 28) The financial statements properly classify all funds and activities.
- 29) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 30) We believe that we have properly identified all derivative instruments and any embedded derivative instruments that require bifurcation. The utility's hedging activities, if any, are in accordance with its documented and approved hedging and risk management policies. The utility follows the valuation, accounting, reporting and disclosure requirements outlined in GASB No. 53. We believe the timing, nature, and amounts of all forecasted transactions are probable of occurring. The fair values of all derivatives and hedged items have been determined based on prevailing market prices or by using financial models that we believe are the most appropriate models for valuing such instruments and that incorporate market data and other assumptions that we have determined to be reasonable and appropriate at year end. We also believe any forward contracts that have not been recorded as derivative instruments qualify for the normal purchase, normal sale treatment prescribed in GASB No. 53.
- 31) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 33) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 34) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 35) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 36) Tax-exempt bonds issued have retained their tax-exempt status.
- 37) The operations and rate setting process meet the condition for application of accounting for regulated operations as outlined in GASB No. 62. All regulatory items included in the financial statements have been approved and are being accounted for in accordance with specific action taken by the regulatory body and as such the expectation of future recovery or refund is reasonable.
- 38) We have appropriately disclosed the Gainesville Regional Utilities' policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position was properly recognized under the policy.

- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 40) We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.
- 41) All borrowings and financial obligations of Gainesville Regional Utilities of which we are aware are included in the financial statements at September 30, 2025 and 2024, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.
- 42) Gainesville Regional Utilities has not violated any covenants or requirements of its bond resolutions and other agreements related to outstanding securities during any of the periods reported. We have fully disclosed to you all covenants and information related to how we determined our compliance with the terms of the covenants.
- 43) We assume responsibility for, and agree with, the findings of specialists and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 44) Any direct borrowings, direct placements, lines of credit or debt default clauses have been identified and properly disclosed.
- 45) We have reviewed our long-term debt agreements and believe that all terms related to significant events of default with finance-related consequences, termination events with finance-related consequences and subjective acceleration clauses have been properly identified and disclosed.
- 46) All transactions with the City have been included in the financial statements and properly disclosed in the related notes.
- 47) The auditing standards define an annual report as “a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the financial results and financial position as set out in the financial statements.” Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors’ report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.

- 48) We have implemented GASB Statement No. 101, *Compensated Absences*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 49) We have implemented GASB Statement No. 102, *Certain Risk Disclosures*, and identified no concentrations or constraints requiring additional disclosure in accordance with this standard.

Sincerely,

Gainesville Regional Utilities

Signed: Edward J. Bielarski Jr
Edward J Bielarski Jr (Feb 18, 2026 16:02:47 EST)
Edward Bielarski, Chief Executive Officer

Date: February 18, 2026

Signed: 
Claudia Rasnick (Feb 18, 2026 15:16:14 EST)
Claudia Rasnick, Chief Financial Officer

Date: February 18, 2026

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Accounting changes relevant to Gainesville Regional Utilities

Future accounting standards update

GASB statement number	Description	Potentially impacts you	Effective date
103	Financial reporting model improvements	✓	9/30/2026
104	Disclosure of certain capital assets	✓	9/30/2026
105	Subsequent events	✓	9/30/2027

Further information on upcoming [GASB pronouncements](#).

Changes to the financial reporting model

GASB Statement 103, *Financial Reporting Model Improvements*, builds on Statement 34 by providing key targeted improvements to the financial reporting model. Its requirements are designed to:

- Enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability, and
- Address certain application issues.

The targeted improvements contained in Statement 103 establish or modify existing accounting and financial reporting requirements related to:

- Management's discussion and analysis - While the overall requirements do not substantially change management's discussion and analysis, the modifications are meant to improve the analysis included in this section and provide details about the items that should be discussed as currently known facts, decisions, or conditions expected to have a significant financial effect in the subsequent period.
- Unusual or infrequent items (previously known as extraordinary and special items) - The new statement simplifies GASB literature by eliminating the separate presentation of extraordinary and special items. Under the requirement of Statement 103, applicable items will either be identified as unusual or infrequent, or both.
- Presentation of the proprietary fund statement of revenues, expenses and changes in fund net position - The changes are designed to improve consistency around the classification of items in these statements by better defining what should be included in operating revenues and expenses and nonoperating revenues and expenses including, for example, the addition of subsidies received or provided as a new category of nonoperating revenues and expenses.
- Major component unit information, and budgetary comparison information - Statement 103 is designed to improve the consistency of the reporting of major component unit information and budgetary comparison information by specifying required placement of that information.

Revisions to disclosures for certain capital assets

Governments are required to provide information on capital assets in the footnotes to the financial statements as outlined in GASB Statement No. 34. Recent standards have impacted the accounting and reporting for capital assets and as a result GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* to provide enhanced disclosures for certain capital assets, including

- (a) Lease assets reported under Statement No. 87, intangible right-to-use assets reported under Statement No. 94 and subscription assets reported under Statement No. 96 should all be disclosed separately, and by major class of underlying asset. In addition, if there are any other intangible assets reported they should also be disclosed separately.
- (b) Capital assets that are held for sale should have the ending balance with separate disclosure for historical cost and related accumulated depreciation as well as any outstanding debt for which the asset is pledged as collateral disclosed by major class of asset. Assets held for sale are defined as those for which the government has decided to pursue the sale, and it is probable that the sale will be finalized within one year of the financial statement date.

While these changes are focused on footnote disclosures it is important to plan ahead to ensure the required information is available for implementation.

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements
 - Consider factors that affect the risks of material misstatement
 - Design tests of controls, when applicable and substantive procedures
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Utility will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of July - September. Our final financial fieldwork is scheduled during the winter to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
GAINESVILLE REGIONAL UTILITIES
GAINESVILLE, FLORIDA**

SEPTEMBER 30, 2025 AND 2024

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**GAINESVILLE REGIONAL UTILITIES
GAINESVILLE, FLORIDA**

SEPTEMBER 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Gainesville Regional Utilities Authority of
Gainesville Regional Utilities

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Gainesville Regional Utilities (GRU), an enterprise fund of the City of Gainesville, Florida (the City), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of GRU as of September 30, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GRU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 1, the financial statements present only GRU and do not purport to, and do not, present fairly the financial position of the City, as of September 30, 2025, and 2024, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GRU's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the schedule of changes in net pension liability and related ratios, schedule of employer contributions and schedule of investment returns required by the GASB Statement No. 68 and the schedule of changes in net OPEB liability and related ratios, schedule of employer contributions and schedule of investment returns required by GASB Statement No. 75 that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. GRU omitted these schedules as they are included in the City's annual comprehensive financial report. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2026 on our consideration of GRU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GRU's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GRU's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
February 18, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility operating electric, water, wastewater, natural gas, and telecommunications 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. That report may be obtained by writing to the City of Gainesville, Budget & Finance Department, P.O. Box 490, Gainesville, Florida 32627, or by calling (352) 334-5054.

We offer readers of GRU's financial statements this Management's Discussion and Analysis (MD&A) for the fiscal years ended September 30, 2025 and 2024, with comparison to the prior fiscal year. The MD&A should be read in conjunction with the financial statements and notes that follow this section.

Basic Financial Statements

Statement of Net Position: This statement includes all of GRU's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the last two fiscal years. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Utility is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position: The current and prior year revenues and expenses are reported in this statement along with the resulting change in net position. This statement measures the success of the combined Utility's operations over the past two years.

Statement of Cash Flows: The primary purpose of this statement is to provide information about the combined Utility's cash receipts and cash payments during the last two fiscal years. This statement reports cash receipts, cash payments, and changes in cash resulting from operating, capital and noncapital financing, and investing activities.

Notes to Financial Statements: The notes provide additional information that is essential to fully understand the information provided in the financial statements.

Management's Discussion and Analysis

Financial Analysis of Gainesville Regional Utilities

GRU's net position increased \$3.4 million, increased \$16.2 million, and decreased \$17.3 million for fiscal years 2025, 2024 and 2023, respectively. The Condensed Statements of Net Position and Condensed Statements of Revenues, Expenses, and Changes in Net Position follow (in thousands):

Gainesville Regional Utilities Condensed Statements of Net Position

	2025	2024	2023
Current assets	\$ 151,455	\$ 161,634	\$ 148,786
Restricted and internally designated assets	312,753	339,895	391,955
Noncurrent assets	247,599	278,519	297,518
Net capital assets	1,873,680	1,855,470	1,856,737
Deferred outflows of resources	15,843	15,897	40,014
Total assets and deferred outflows of resources	\$ 2,601,330	\$ 2,651,415	\$ 2,735,010
Current liabilities	\$ 40,227	\$ 53,050	\$ 45,585
Payable from restricted assets	97,373	83,723	86,973
Long-term debt	1,754,191	1,824,785	1,915,180
Noncurrent liabilities	109,341	108,237	152,759
Deferred inflows of resources	178,307	163,108	132,209
Total liabilities and deferred inflows of resources	2,179,439	2,232,903	2,332,706
Net position:			
Net investment in capital assets	177,185	149,175	90,780
Restricted	103,285	92,911	96,978
Unrestricted	141,421	176,426	214,546
Total net position	421,891	418,512	402,304
Total liabilities, deferred inflows of resources and net position	\$ 2,601,330	\$ 2,651,415	\$ 2,735,010

Management's Discussion and Analysis

Gainesville Regional Utilities Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2025	2024	2023
Operating revenue	\$ 443,479	\$ 433,557	\$ 450,956
Interest income	6,878	14,551	7,019
Rate stabilization transfer - litigation	11,000	-	-
Other interest related income, BABs	4,760	4,874	4,927
Other income (expense)	952	(1,446)	1,344
Total revenues	<u>467,069</u>	<u>451,536</u>	<u>464,246</u>
Operating expenses	385,741	359,782	381,496
Interest expense	65,142	68,859	66,126
Total expenses	<u>450,883</u>	<u>428,641</u>	<u>447,622</u>
Income before capital contributions and transfer	16,186	22,895	16,624
Contributions from third parties	6,698	8,618	366
Extraordinary item - litigation settlement	(11,000)	-	-
Transfer to City of Gainesville General Fund	(8,505)	(15,305)	(34,283)
Change in net position	<u>3,379</u>	<u>16,208</u>	<u>(17,293)</u>
Net position, beginning of year	418,512	402,304	419,597
Net position, end of year	<u>\$ 421,891</u>	<u>\$ 418,512</u>	<u>\$ 402,304</u>

Financial Highlights

The most significant changes in GRU's financial condition are summarized below:

- Current assets decreased \$10.2 million in fiscal year 2025 due primarily to a decrease in operating cash and investments of \$15 million. An increase of \$4.5 million in the electric fuel adjustment partially offset the overall decrease of current assets in fiscal year 2025 due to movement from a liability to an asset owed to GRU. Current assets increased \$12.8 million in fiscal year 2024 due primarily to an increase in operating cash and investments of \$28.4 million offset by decreases of \$11.7 million in accounts receivable and \$5.3 million in materials and supplies inventory.

Management's Discussion and Analysis

- Restricted and internally designated assets decreased \$27.1 million in fiscal year 2025 largely due to a \$46 million reduction in construction fund cash and investments used in capital project activities during the fiscal year. These decreases were partially offset by a \$19.5 million increase in rate stabilization cash and investments. Restricted and internally designated assets decreased \$52.1 million in fiscal year 2024 due primarily to a decrease in construction fund and utility plant improvement fund cash spent on capital project activity during the fiscal year. Construction fund cash and investments decreased \$24.6 million while utility plant improvement fund cash and investments decreased \$25.5 million in fiscal year 2024. A decrease of \$4.2 million in fuel hedges cash and investments contributed to the overall decrease in fiscal year 2024, while an increase of \$2.2 million in rate stabilization cash and investments partially offset the total decrease for the year.
- Noncurrent assets decreased \$30.9 million in fiscal year 2025 due primarily to a decrease in regulatory assets and the liquidation of our equity investment in The Energy Authority (TEA). Pension regulatory assets decreased \$15.8 million, our investment in TEA decreased \$11.3 million, and net costs recoverable in future years decreased \$9.9 million in fiscal year 2025, while an increase of \$8.5 million in the fair value of derivative instruments partially offset the total decrease. Noncurrent assets decreased \$19 million in fiscal year 2024 due primarily to a \$13.5 million decrease in net costs recoverable in future years and a \$25 million decrease in the fair value of derivative instruments. This decrease in fiscal year 2024 was partially offset by a \$21.4 million increase in the net pension asset.
- Current Liabilities decreased \$12.8 million in fiscal year 2025. A \$5.2 million decrease in accounts payable and accrued liabilities, a \$5.1 million decrease in the fuel and purchased gas adjustment, and a \$1.5 million decrease in due to other funds contributed to the overall decrease in fiscal year 2025. Current Liabilities increased \$7.5 million in fiscal year 2024 due primarily to a \$5.7 million increase in accounts payable and a \$3 million increase in the fuel and purchased gas adjustment.
- Payables from restricted assets increased \$13.6 million in fiscal year 2025. A \$10.3 million increase in accounts payable and accrued liabilities and a \$4.4 million increase in the current portion of the utility system revenue bonds contributed to the fiscal year 2025 increase, while a decrease of \$1.6 million in accrued interest payable offset the overall increase. Payables from restricted assets decreased \$3.2 million in fiscal year 2024. A \$3.4 million decrease in accounts payable and accrued liabilities contributed to the fiscal year 2024 decrease, while an increase of \$193,000 in other liabilities offset the overall decrease.

Management's Discussion and Analysis

- Long-term debt decreased \$70.6 million in fiscal year 2025 due primarily to scheduled principal payments and early defeasance of utility system revenue bonds as part of our debt reduction plan along with a reduction of unamortized bond premium associated with the early defeasance. Utility system revenue bonds decreased \$66.1 million, unamortized bond premium decreased \$8.4 million, while fair value of derivative instruments increased \$4.4 million in fiscal year 2025. Long-term debt decreased \$90.4 million in fiscal year 2024 due primarily to scheduled principal payments and early defeasance of utility system revenue bonds as part of our debt reduction plan along with a reduction of unamortized bond premium associated with the early defeasance. Utility system revenue bonds decreased \$75 million, unamortized bond premium decreased \$10.9 million, and fair value of derivative instruments increased \$3.8 million in fiscal year 2024.
- Operating revenues increased \$9.9 million or 2.3% and decreased \$17.4 million or 3.9% in fiscal years 2025 and 2024, respectively. The increase in fiscal year 2025 is primarily the result of increases in sales and services charges of \$34.1 million or 8%, including a residential sales increase of \$5.6 million or 3.6%, a non-residential sales increase of \$5.1 million or 3.8%, and a fuel adjustment and purchased gas adjustment increase of \$19.6 million or 21.5%, due to increased fuel expenses. Transfers to rate stabilization increased \$29.2 million, while amounts recoverable to future revenue decreased \$3.6 million or 26.4% in fiscal year 2025, when compared to fiscal year 2024. The decrease in fiscal year 2024 is primarily the result of decreases in sales and services charges of \$16.3 million or 3.7%, including a fuel adjustment and purchased gas adjustment decrease of \$27.3 million or 23.1%. A residential sales increase of \$8.1 million or 5.5% provided a partial offset to the decrease from the fuel adjustment and purchased gas adjustment. Transfers to rate stabilization decreased \$8.5 million or 94.5% and amounts recoverable to future revenue increased \$9.9 million or 274.9%, increasing the overall change to operating revenue in fiscal year 2024, when compared to fiscal year 2023.
- Operating expenses increased \$26 million or 7.2% and decreased \$21.7 million or 5.7% in fiscal years 2025 and 2024, respectively. The increase in fiscal year 2025 is largely due to higher natural gas, purchased power and biomass fuel expenses compared to fiscal year 2024. Operation and maintenance expenses increased \$26.9 million or 12.6% in fiscal year 2025. Contributing to this increase is an increase in natural gas and prepay expenses of \$20.3 million or 36.3%, an increase in biomass fuel of \$3.4 million or 24.8%, and an increase in purchased power of \$4.5 million or 40%. Depreciation and amortization expenses increased \$3.5 million while administrative and general expenses decreased \$4.4 million or 12% in fiscal year 2025. The decrease in fiscal year 2024 is largely due to lower natural gas and biomass fuel expenses compared to fiscal year 2023. Operation and maintenance expenses decreased \$20.2 million or 8.7% in fiscal year 2024. Contributing to this decrease is a decrease in natural gas expenses of \$15.5 million or 21.7% and a decrease in biomass fuel of \$7 million or 34.1%. Administrative and general expenses decreased \$7 million or 15.9%, offset by an increase in depreciation expenses of \$5.5 million or 5.3% in fiscal year 2024.

Management's Discussion and Analysis

- There were transfers to rate stabilization of \$29.7 million and a transfer from rate stabilization of \$11 million for the litigation settlement in fiscal year 2025. Transfers to rate stabilization were \$492,000 in fiscal year 2024.
- For fiscal year 2026, GRU implemented increases in the revenue requirement of 1.75% for the water system and 1% for the wastewater system. For fiscal year 2025, GRU did not implement increases in the revenue requirement for the electric, water, wastewater and gas systems. For fiscal year 2024, GRU implemented increases in the revenue requirement of 3% for the electric system and 5% for the wastewater system.
- GRU had an equity investment in The Energy Authority (TEA), an energy marketing corporation comprised of seven municipal utilities as of July 31, 2025. Effective August 1, 2025, GRU formally withdrew its membership from TEA, transitioning from a member to a partner. Additional information may be found in Note 3 Investment in The Energy Authority.

Capital Assets

GRU's investment in capital assets as of September 30, 2025, was \$1.9 billion (net of accumulated depreciation and amortization). Gross utility plant in service increased \$95.9 million or 3% in fiscal year 2025 due primarily to the completion of electric, water and wastewater capital projects. Gross utility plant in service increased \$107.3 million or 3.4% in fiscal year 2024 due primarily to the completion of electric, water and wastewater capital projects.

Major capital asset events during the fiscal years include:

- Electric transmission and distribution additions were \$29.3 million in fiscal year 2025. These additions included the Parker substation transformer replacement project, substation & relay sub-bank LTC transformer replacements, various distribution substation improvements, and various transmission and distribution upgrades to apartments, condominiums, multi-family housing, and commercial & industrial sites.
- Electric generation additions were \$23.1 million for fiscal year 2025. These additions included the Kelly CT4 gas turbine work, Deerhaven Renewable steam turbine and boiler work, and Deerhaven 2 boiler work.
- Water additions were \$23.4 million in fiscal year 2025. These additions included the Murphree water treatment well field and water treatment equipment projects. These additions also included water distribution services replacements, water mains replacements, and new water main development projects.
- Wastewater additions were \$22.9 million in fiscal year 2025. These additions included the Main Street water reclamation facility treatment & disposal equipment upgrades, waste water collections force main system improvements, waste water collections gravity system improvements, lift station pumping and equipment improvements, and waste water collections gravity system pipe replacements.

Management's Discussion and Analysis

- Gas distribution additions were \$4.6 million in fiscal year 2025. These additions included new residential service transmission and distribution installation, residential development transmission and distribution projects, residential metering and regulator replacements, transmission and distribution construction installation & replacement services, and transmission and distribution small main extensions of one to three inches.

Commitments for capital expenses as of September 30, 2025 were \$76.9 million due primarily to Main Street water reclamation facility treatment & disposal equipment upgrades, waste water lift station pumping and equipment improvements, waste water collections gravity system improvements, the Parker substation transformer replacement project, the Murphree water treatment well field project, the Main Street water reclamation facility treatment & disposal equipment upgrades, and the Deerhaven 1 Turbine L-0 and L-1 segmental project.

Additional information may be found in Note 4 Capital Assets.

Long-Term Debt

At September 30, 2025, 2024, and 2023, GRU had total long-term debt outstanding of \$1.8 billion in fiscal year 2025, \$1.8 billion for the fiscal year 2024, and \$1.8 billion for fiscal year 2023. Long-term debt, including current portion, decreased \$61.7 million, or 3.5%, in fiscal year 2025 due to \$35.3 million in scheduled principal payments, \$8.2 million in redemptions, and \$18.2 million in defeasances. The redemptions and defeasances were part of the Utility's debt reduction plan. Long-term debt, including current portion, decreased \$75.3 million, or 4.1%, in fiscal year 2024 due to \$35.7 million in scheduled principal payments, \$23.2 million in redemptions, and \$16.4 million in defeasances. The redemptions and defeasances were part of the Utility's debt reduction plan and the debt reduction associated with the sale of the Trunking Radio System (TRS).

Major long-term debt events during the fiscal years include:

- On September 1, 2025, GRU redeemed \$8.2 million of the 2014 Series A debt using funds set aside from savings generated for the sole purpose of reducing outstanding long-term debt.
- On August 29, 2025, GRU defeased \$18.2 million of the 2017 Series A debt using funds set aside from savings generated for the sole purpose of reducing outstanding long-term debt.
- On September 25, 2024, GRU defeased \$15.7 million of the 2017 Series A and redeemed \$10.1 million of the 2012 Series B using funds set aside from savings generated for the sole purpose of reducing outstanding long-term debt.
- On September 25, 2024, GRU redeemed \$255,000 of the 2014 Series B, redeemed \$610,000 of the 2019 Series C, and defeased \$705,000 of the 2019 Series A using proceeds from the sale of the TRS on December 28, 2023. The redemptions and defeasance were to pay off a portion of the associated TRS related debt.

Management's Discussion and Analysis

- On August 22, 2024, GRU redeemed \$275,000 of the 2020 Series A, \$1.2 million of the 2022 Series A, and \$4.7 million of the 2022 Series B using proceeds from the sale of the TRS on December 28, 2023. The redemption was to pay off a portion of the associated TRS related debt.
- On May 10, 2024, GRU redeemed \$3.1 million of the 2005 Series C and \$3.0 million of the 2006 Series A using funds set aside from savings generated to reduce the Utility's long-term debt.

Additional information may be found in Note 6 Long-Term Debt.

Currently Known Facts or Conditions that May Have a Significant Effect on GRU's Financial Condition or Results of Operations

On June 28, 2023, Florida Governor Ron DeSantis signed Bill CS/HB 1645 into law as Chapter 2023-348 which took effect on July 1, 2023. Chapter 2023-348 changes the governance of GRU to a governor appointed board known as the Gainesville Regional Utilities Authority (GRUA), upon installation of the Authority's members. The law replaced existing governance of the Gainesville City Commission with the Authority.

In June 2024, the City Commission of the City of Gainesville passed Ordinance 2024-448, which submitted to voters an amendment to the City of Gainesville Charter deleting Article VII which had established GRUA in its entirety. GRUA filed a Complaint for Declaratory Judgment and Injunctive Relief on September 10, 2024, followed by an Emergency Motion for Temporary Injunction and a Request for Expedited Hearing on September 23, 2024. A hearing was held on October 23, 2024, and a temporary injunction was put in place to prevent the City of Gainesville from enforcing the charter amendment until resolution of the issues in the legal case.

On April 2, 2025, the trial court gave a split decision that nullified the charter referendum because of misleading ballot language but upheld the City's home rule authority to unilaterally dissolve GRUA. This decision was appealed by both parties in June 2025. In the meantime, the City again adopted an ordinance and called for a referendum on November 4, 2025, to amend its charter to dissolve GRUA. GRUA filed suit in August on this new charter ordinance, which is still pending in the trial court. However, the First District Court of Appeals issued an injunction on November 5, 2025, preventing the second referendum from dissolving GRUA until the appeals court decides the issues from the first referendum's lawsuit. Written arguments are complete and oral arguments are scheduled for February 10, 2026. A decision is expected thereafter.

Management's Discussion and Analysis

As of September 30, 2025, GRU has deployed all AMI electric meters, along with the water and gas modules that operate under the Advanced Metering Infrastructure (AMI) mesh network. Approximately 13,000 remaining water and gas meters that fall outside the mesh footprint will utilize cellular module technology and are currently undergoing testing before field deployment. For devices already in service, GRU is actively leveraging AMI data to obtain daily meter reads, perform remote turn-ons and disconnects, and proactively identify system-side or customer-side issues, thereby reducing reliance on customer calls. This modernization improves billing efficiency, enhances staff safety, reduces vehicle wear, and provides customers with greater transparency into their usage without the inconvenience of manual meter readings.

GRU and its operations are subject to federal, state, and local statutory and regulatory requirements with respect to the siting and licensing of facilities, safety and security, air and water quality, land use, and other environmental factors.

GRU's long-term energy supply strategy is to provide safe, reliable, cost effective power, while meeting regulatory requirements. GRU has a diverse portfolio of generation including natural gas, coal, and renewable energy supplemented with purchased power. Based on the most recent forecasts, GRU has adequate reserves of generating capacity to meet forecasted loads plus maintaining the regulatory required reserve margin through 2031. This forecast incorporates new population forecasts and changed economic circumstances.

Requests for Information

This financial report is designed to provide a general overview of GRU's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Gainesville Regional Utilities, P.O. Box 147117, Station A-105, Gainesville, Florida 32614-7117.

FINANCIAL STATEMENTS

Gainesville Regional Utilities
Statements of Net Position
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets:		
Cash and investments	\$ 39,240,913	\$ 54,239,572
Accounts receivable, net of allowance for uncollectible accounts of \$4,176,043 and \$11,695,489 respectively	54,681,058	53,623,615
Inventories:		
Fuel	15,550,869	18,585,283
Materials and supplies	30,196,252	29,487,675
Fuel and purchased gas adjustment	4,509,313	-
Regulatory assets	1,320,951	1,287,951
Restricted and internally designated assets	80,114,331	78,403,118
Other assets	5,955,305	4,409,626
Total current assets	<u>231,568,992</u>	<u>240,036,840</u>
Noncurrent assets:		
Long-term lease receivable	18,137,579	19,592,609
Fair value of derivative instruments	27,883,958	19,406,603
Investment in The Energy Authority	-	11,300,704
Regulatory assets	168,054,704	201,511,896
Restricted and internally designated assets	232,638,837	261,492,218
Other assets	769,784	2,436,052
Net pension asset - restricted	26,881,533	21,402,726
Net other post-employment benefits asset - restricted	5,871,770	2,868,296
Total noncurrent assets	<u>480,238,165</u>	<u>540,011,104</u>
Capital assets:		
Utility plant in service	3,319,889,435	3,223,983,439
Right-of-use asset	11,616,741	12,784,133
Less: accumulated depreciation and amortization	<u>(1,605,146,602)</u>	<u>(1,501,603,046)</u>
Construction in progress	1,726,359,574	1,735,164,526
	147,320,008	120,304,965
Net capital assets	<u>1,873,679,582</u>	<u>1,855,469,491</u>
Total assets	<u>2,585,486,739</u>	<u>2,635,517,435</u>
Deferred outflows of resources:		
Unamortized loss on refunding of bonds	3,174,396	4,650,301
Accumulated decrease in fair value of hedging derivatives	-	1,518,293
General Employees' Pension plan costs	11,767,302	8,477,927
Other post-employment benefits plan	901,191	1,250,552
Total deferred outflows of resources	<u>15,842,889</u>	<u>15,897,073</u>
Total assets and deferred outflows of resources	<u><u>\$ 2,601,329,628</u></u>	<u><u>\$ 2,651,414,508</u></u>

Continued on next page.
See accompanying notes.

Gainesville Regional Utilities
Statements of Net Position (concluded)
September 30, 2025 and 2024

	2025	2024
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,000,073	\$ 25,216,312
Fuels payable	6,214,703	6,258,869
Due to other funds	7,355,289	8,824,732
Fuel and purchased gas adjustment	4,387,283	9,452,207
Liabilities from restricted assets	97,373,331	83,722,846
Other liabilities	2,269,803	3,298,330
Total current liabilities	137,600,482	136,773,296
Long-term debt:		
Utility system revenue bonds	1,672,380,000	1,738,520,000
Long-term liability - leases	130,309	262,925
Long-term liability - SBITA	1,764,347	2,016,020
Unamortized bond premium/discount	73,196,623	81,626,821
Fair value of derivative instruments	6,719,115	2,358,738
Total long-term debt	1,754,190,394	1,824,784,504
Noncurrent liabilities:		
Reserve for insurance claims	1,125,000	1,342,000
Reserve for environmental liability	708,000	708,000
Due to other funds	101,479,484	105,918,768
Other noncurrent liabilities	5,529,843	267,965
Total noncurrent liabilities	108,842,327	108,236,733
Total liabilities	2,000,633,203	2,069,794,533
Deferred inflows of resources:		
Rate stabilization	86,709,038	68,035,584
Accumulated increase in fair value of hedging derivatives	21,194,798	19,509,103
General Employees' Pension plan costs	45,564,195	48,460,600
Other post-employment benefits plan	6,772,961	6,916,347
Leases	18,564,350	20,186,330
Total deferred inflows of resources	178,805,342	163,107,964
Net position		
Net investment in capital assets	177,185,500	149,174,438
Restricted (Note 9)	103,284,512	92,911,458
Unrestricted	141,421,071	176,426,115
Total net position	421,891,083	418,512,011
Total liabilities, deferred inflows of resources and net position	\$ 2,601,329,628	\$ 2,651,414,508

See accompanying notes.

Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended September 30, 2025 and 2024

	2025	2024
Operating revenue:		
Sales and service charges	\$ 462,344,329	\$ 428,197,043
Transfers from (to) rate stabilization	(29,673,455)	(491,525)
Amounts to be recovered from (to) future revenue	(9,918,905)	(13,471,062)
Amounts recoverable from (to) fuel levelization	(11,772,762)	-
Other operating revenue	32,500,269	19,322,588
Total operating revenues	443,479,476	433,557,044
Operating expenses:		
Operation and maintenance	239,845,363	212,984,335
Administrative and general	32,777,159	37,203,360
Depreciation and amortization	113,118,472	109,594,924
Total operating expenses	385,740,994	359,782,619
Operating income	57,738,482	73,774,425
Non-operating income (expense):		
Interest income	6,877,982	14,551,323
Interest expense	(65,142,126)	(68,858,759)
Rate stabilization transfer - litigation	11,000,000	-
Other interest related income, BABs	4,759,497	4,874,344
Other income (expense)	951,924	(1,446,420)
Total non-operating income (expense)	(41,552,723)	(50,879,512)
Income before capital contributions and transfer	16,185,759	22,894,913
Capital contributions:		
Contributions from third parties	6,698,537	8,918,762
Reduction of plant costs recovered through contributions	-	(300,850)
Net capital contributions	6,698,537	8,617,912
Extraordinary item - litigation settlement (Note 18)	(11,000,000)	-
Transfer to City of Gainesville General Fund	(8,505,224)	(15,305,225)
Change in net position	3,379,072	16,207,600
Net position – beginning of year	418,512,011	402,304,411
Net position – end of year	\$ 421,891,083	\$ 418,512,011

See accompanying notes.

Gainesville Regional Utilities
Statements of Cash Flows
For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating activities:		
Cash received from customers	\$ 441,713,490	\$ 445,921,950
Cash payments to suppliers for goods and services	(183,736,946)	(169,496,674)
Cash payments to employees for services	(75,215,486)	(74,346,331)
Cash payments for legal settlement	(11,000,000)	-
Other operating receipts	20,510,713	24,515,750
Net cash provided by operating activities	<u>192,271,771</u>	<u>226,594,695</u>
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	(8,505,224)	(15,305,225)
Net cash used in noncapital financing activities	<u>(8,505,224)</u>	<u>(15,305,225)</u>
Capital and related financing activities:		
Principal repayments and refunding on long-term debt, net	(61,760,000)	(76,750,871)
Interest paid on long-term debt	(69,885,100)	(74,337,924)
Other receipts	1,861,696	7,999,644
Proceeds from interest rebates, BABs	4,759,497	4,874,344
Acquisition and construction of fixed assets	(122,170,511)	(110,282,959)
Other income (expense)	2,575,265	(3,378,471)
Net cash used in capital and related financing activities	<u>(244,619,153)</u>	<u>(251,876,237)</u>
Investing activities:		
Interest received	6,829,072	13,854,660
Purchase of investments	(485,947,798)	(447,998,673)
Investments in The Energy Authority	(11,716,718)	(13,228,651)
Distributions from The Energy Authority	23,017,422	11,503,115
Proceeds from investments	521,859,877	469,991,848
Net cash (used) provided by investing activities	<u>54,041,855</u>	<u>34,122,299</u>
Net change in cash and cash equivalents	(6,810,751)	(6,464,468)
Cash and cash equivalents, beginning of year	114,119,819	120,584,287
Cash and cash equivalents, end of year	<u>\$ 107,309,068</u>	<u>\$ 114,119,819</u>

Continued on next page.
See accompanying notes.

Gainesville Regional Utilities
Statements of Cash Flows (concluded)
For the Years Ended September 30, 2025 and 2024

	2025	2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 57,738,482	\$ 73,774,425
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	113,118,472	109,594,924
Amounts to be recovered from (to) future revenue	9,918,905	13,471,062
Amounts recoverable from (to) fuel levelization	11,772,762	-
Fuel hedge margin requirements	(3,253,707)	-
Change in:		
Accounts receivable	(1,057,443)	11,719,101
Inventories	2,325,837	5,407,638
Utility meter deposits	450,642	1,038,883
Noncurrent assets	1,255,357	1,204,148
Payables and accrued liabilities	(5,260,405)	4,908,612
Due to other funds of the City	(2,458,998)	307,237
Fuel adjustment	(21,279,395)	3,014,911
Payable from restricted assets	10,327,808	(3,390,649)
Rate stabilization	18,673,454	5,544,403
Net cash provided by operating activities	\$ 192,271,771	\$ 226,594,695
Non-cash capital and related financing activities, and investing activities:		
Contribution of capital assets	\$ 5,264,610	\$ 8,617,912
Change in long-term lease receivable	\$ -	\$ (309,774)
Change in long-term lease/SBITA liability	\$ (2,957,230)	\$ (573,307)
Change in utility plant in service	\$ (24,615,849)	\$ (6,028,383)
Change in ineffective portion of hedging derivatives	\$ 912,990	\$ (370,389)
Change in accumulated (increase) decrease in fair value of hedging derivatives - interest rate swaps	\$ 1,518,293	\$ 4,137,079
Change in accumulated decrease in fair value of hedging derivatives - fuel options and futures	\$ 1,685,695	\$ (24,996,516)
Change in fair value of investments	\$ (2,133,763)	\$ 13,525,753
Change in fair value of derivatives	\$ (4,116,978)	\$ 21,229,826
Change in bond premium/discount	\$ (8,430,198)	\$ (10,911,636)
Unamortized debt issuance costs	\$ 576,871	\$ 470,435
Unamortized loss on refundings of bonds	\$ 1,037,703	\$ 1,865,452
Other	\$ 984,471	\$ (268,653)

See accompanying notes.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies

Organization

Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility 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. That report may be obtained by writing to the City of Gainesville, Budget & Finance Department, P.O. Box 490, Gainesville, Florida 32627, or by calling (352) 334-5054.

System of Accounts and 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 items. 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 recognize revenue or expense its regulatory items. 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 certain other non-cash 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.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Current and Future GASB Pronouncement Implementations

GASB Statement 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means, with an exception of certain types of compensated absences such as, parental leave, military leave, and jury duty, that should not be recognized until the leave is used. This Statement establishes guidance for measuring a liability for leave that has not been used, for leave that has been used but not yet paid or settled, and certain salary-related payments that are directly and incrementally associated with payments for leave. This pronouncement is effective beginning fiscal year 2025 and implementation of this guidance did not have any significant impact on GRU’s financial statements.

GASB Statement 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government’s vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

This pronouncement is effective beginning fiscal year 2025 and implementation of this guidance did not have any significant impact on GRU’s financial statements.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Current and Future GASB Pronouncement Implementations (continued)

GASB Statement 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis: This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A). The MD&A provides an objective and easily readable analysis of the government's financial activities and requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed, avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information.

Unusual or Infrequent Items: This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position: This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses.

GRU is due to implement this guidance beginning October 1, 2025, and is currently evaluating the impact that adoption of this Statement will have on its financial statements.

GASB Statement 104, *Disclosure of Certain Capital Assets* - The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Current and Future GASB Pronouncement Implementations (continued)

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

GRU is due to implement this guidance beginning October 1, 2025, and is currently evaluating the impact that adoption of this Statement will have on its financial statements.

GASB Statement 105, *Subsequent Events* - The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Current and Future GASB Pronouncement Implementations (concluded)

GRU is due to implement this guidance beginning October 1, 2026, and is currently evaluating the impact that adoption of this Statement will have on its financial statements.

Rates and Regulation

GRU's rates are established in accordance with the Resolution. Each year during the budget process, and at any other time deemed necessary, the governing body approves base rate changes and other changes to GRU's system charges as applicable.

The Florida Public Service Commission (PSC) does not regulate rate levels in any of GRU's utility systems. They do, however, have jurisdiction over the rate structure for the electric system.

Funds in Accordance with the Resolution

Current and non-current restricted and internally designated assets consist of the following (in thousands):

	2025	2024
Utility deposits - cash and investments	\$ 10,014	\$ 9,600
Debt service - cash and investments	70,100	68,803
Debt defeasance - cash and investments	5,451	3,739
Fuel hedges - cash and investments	3,439	6,693
Rate stabilization - cash and investments	86,570	67,043
Construction fund - cash and investments	107,668	153,564
Utility plant improvement fund - cash and investments	29,511	30,453
Total	\$ 312,753	\$ 339,895
	2025	2024
Current	\$ 80,114	\$ 78,403
Non-current	232,639	261,492
Total	\$ 312,753	\$ 339,895

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Funds in Accordance with the Resolution (concluded)

Current liabilities from restricted assets consist of the following (in thousands):

	2025	2024
Utility deposits	\$ 9,981	\$ 9,530
Accounts payable and accrued liabilities	18,267	7,939
Utility system revenue bonds	39,720	35,340
Accrued interest payable	29,113	30,681
Other liabilities	292	233
Total	\$ 97,373	\$ 83,723

Certain restricted funds of GRU are administered in accordance with the Resolution:

- Debt Service Fund
- Rate Stabilization Fund
- Construction Fund
- Utility Plant Improvement Fund

The Debt Service Fund accounts for funds accumulated to provide payment of principal and interest on outstanding debt.

The Rate Stabilization Fund accounts for funds accumulated to stabilize rates over future periods through the transfer of funds to and from operating cash and investments as applicable.

The Construction Fund accounts for funds accumulated for the cost of acquisition and construction of the systems.

The Utility Plant Improvement Fund accounts for funds used to pay for capital projects, debt service, the purchase/redemption of bonds, repayment of bonds, and operation and maintenance expenses as applicable.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Additional Restricted Funds

The Utility Deposit Fund accounts for funds accumulated for customer deposits, which are returned to customers whose payment history remains in good standing with the utility after an established length of time.

Internally Designated Funds

Certain funds at GRU are considered internally designated outside of the Resolution:

- Fuel Hedging brokerage account
- Debt Defeasance Fund

The Fuel Hedging brokerage account are funds sent to an account to purchase fuel options and futures as a financial transaction to offset increasing natural gas costs.

The Debt Defeasance Fund accounts for funds earned through savings from debt restructurings, General Fund Transfer reductions and various other sources approved by the Authority to use to defease future debt.

Reclassifications

Certain 2024 amounts have been reclassified to conform to the 2025 presentation.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand and demand deposits.

Fuel Inventories

Fuel stocks in the electric system, which are stated using the weighted average unit cost method, are recorded as inventory when purchased. The cost of fuel used for electric generation is charged to expense as consumed.

Materials and Supplies Inventories

Inventories are stated at cost using the weighted average unit cost method when purchased and then expensed or capitalized, as appropriate. Obsolete and unusable materials and supplies are expensed.

Investments

Investments in U.S. Treasury and government agencies are reported at fair value, as determined by quoted market prices or independent pricing sources. Investments in commercial paper are recorded at amortized cost, which approximates fair value. More information is provided in Note 2 Deposits and Investments.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Regulatory Assets

Current and non-current regulatory assets consist of the following (in thousands):

	2025	2024
Electric service expansion	\$ 331	\$ 372
Costs recoverable in future years	20,318	30,237
Unamortized debt issuance costs (Note 6)	8,765	9,342
Swap termination fees (Note 7)	22,960	25,088
Ineffective portion of swap hedges (Note 7)	30	102
Ineffective portion of fuel hedges (Note 7)	-	840
Pollution remediation (Note 13)	4,138	5,361
Other post-employment benefits (Note 15)	-	2,797
Pension (Note 14)	112,834	128,661
Total	\$ 169,376	\$ 202,800
	2025	2024
Current	\$ 1,321	\$ 1,288
Non-current	168,055	201,512
Total	\$ 169,376	\$ 202,800

Costs Recoverable in Future Years

The amount by which depreciation on Deerhaven Renewable Generating Station (DHR) exceeds principal repayment on the related bonds is recorded as amounts to be recovered from future revenue. For the years ended September 30, 2025 and 2024, the amounts recoverable from (to) future revenue are \$(9.9) million and \$(13.5) million, respectively.

Capital Assets and Depreciation

Capital assets are recorded at historical cost and include utility plant, general plant, and right-of-use assets. The costs of capital assets include material, labor, vehicle and equipment usage, related overhead items, capitalized interest (fiscal year 2021 and prior), and certain administrative and general expenses. Maintenance and replacement of minor items are charged to operations and maintenance expenses. When units of depreciable property are retired, the original cost less salvage value is charged to accumulated depreciation if there is outstanding debt that originally constructed or purchased that asset. If there is no longer outstanding debt, the net book value less salvage value is recorded as a gain or loss in the income statement. Removal cost of the old asset is added to the cost of constructing the new asset and amortized over the life of that new asset. Cost of removal of an asset that is not replaced with a new asset is recorded as an expense in the Statement of Revenues, Expenses and Changes in Net Position. GRU has a capitalization threshold of \$2,500 for general plant assets and no capitalization threshold for utility plant.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation (concluded)

Depreciation of capital assets is computed using the straight-line method over the estimated lives of the assets ranging from 2 to 83 years. See Note 4 Capital Assets for additional information.

Subscription-Based Information Technology Arrangements (SBITA)

GRU enters into SBITA arrangements with other entities as a subscriber of information technology in accordance with GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*, and establishes an accounting model for subscription assets that requires the recognition of a SBITA liability and an intangible right-to-use subscription asset in the Statement of Net Position. See Note 11 Subscription-Based Information Technology Arrangements for additional information.

Leases

GRU enters into leases of capital assets with other entities as a lessor in accordance with GASB Statement No. 87 *Leases*, and records a lease receivable and corresponding deferred inflow of resources in the Statement of Net Position. GRU continues to report and depreciate the capital assets being leased. See Note 10 Leases for additional information.

GRU enters into leases of capital assets of other entities as a lessee in accordance with GASB Statement No. 87 *Leases*, and records a lease liability and an intangible right-to-use capital asset (known as the lease asset) in the Statement of Net Position for fiscal years 2025 and 2024. See Note 10 Leases for additional information.

Capital Contributions

Cash and capital assets are contributed to the Utility from customers, the City or external parties. The value of property contributed to the Utility is reported as revenue on the statements of revenues, expenses, and changes in net position. Depreciation on these assets is recorded on a straight-line basis over the estimated lives of the assets.

Hedging Derivative Instruments

GRU records fuel and financial-related derivative instruments in accordance with GASB Statement No. 53, *Accounting and Reporting for Financial and Derivative Instruments*. All effective derivative instruments are included in the Statements of Net Position as either an asset or liability measured at fair value. All ineffective derivative instruments are recorded as a regulatory asset. Changes in the fair value of the hedging derivative instruments during the year are recorded as either deferred outflows or deferred inflows and are recognized in the period in which the derivative is settled. The settlement of fuel and financial-related hedging derivative instruments is included as a part of fuel costs and interest expense, respectively, in the Statements of Revenues, Expenses, and Changes in Net Position.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Hedging Derivative Instruments (concluded)

GRU conducts a risk management program with the intent of reducing the impact of fuel price increases for its customers. The program utilizes futures and options contracts that are traded on the New York Mercantile Exchange (NYMEX) so that prices may be fixed or reduced for given volumes of gas that the utility projects to consume during a given production month. This program is based on feedback and direction from GRU's Risk Oversight Committee, consultation and recommendations from reputable risk management sources, and close monitoring of the market. The CEO or designee approves all purchases of futures and options.

Long-Term Debt

Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest rate method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year-end for premiums and discounts is shown as an increase or decrease in the liability section of the balance sheet. The balance at year-end for the loss on refunding is shown as a deferred outflow of resources in the statement of net position. See Note 6 Long-Term Debt for additional information.

Net Pension Liability (Asset)

A net pension liability (asset) is recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, the fiduciary net position of the Employees' Pension Plan (Employees' Plan or Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value except for money market investments and participating interest-earning investment contracts with a maturity at the time of purchase of one year or less, which are reported at cost. See Note 14 Retirement Plans for additional information.

Postemployment Benefits Other Than Pensions (OPEB)

A net OPEB liability (asset) is recorded in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. Benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. See Note 15 Other Post-employment Benefits Plan for additional information.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Unamortized Loss on Refunding of Bonds

Losses on refunding of bonds have been deferred. These amounts are being amortized over the life of the old debt or the life of the new debt, whichever is shorter.

Accumulated Decrease in Fair Value of Hedging Derivatives

GRU has two types of hedging instruments: interest rate swap agreements and natural gas hedges. Each is associated with an item that is eligible to be hedged. For effective hedging transactions, hedge accounting is applied, and fair value changes are recorded on the Statement of Net Position as either a deferred inflow of resources or a deferred outflow of resources until such time that the transaction ends. See Note 7 Hedging Activities for additional information.

General Employees' Pension Plan Costs

Recognition of deferred outflows of resources related to pension costs totaled \$11.8 million and \$8.5 million as of September 30, 2025 and 2024, respectively. See Note 14 Retirement Plans for additional information.

Other Post-employment Benefits Plan

Recognition of deferred outflows of resources related to the OPEB plan was \$901,000 and \$1.3 million as of September 30, 2025 and 2024, respectively. See Note 15 Other Post-employment Benefits Plan for additional information.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Rate Stabilization

GRU designs its rates to recover the costs of providing services. In order to stabilize future rate increases or decreases, GRU determines a rate stabilization amount to be charged or credited to revenues on an annual basis based on the excess of revenues or expenses. There were transfers to rate stabilization of \$29.7 million and a transfer from rate stabilization of \$11 million for the litigation settlement for the year ended September 30, 2025. There were transfers to rate stabilization of \$492,000 for the year ended September 30, 2024. Rate stabilization amounts of \$86.7 million and \$68 million, respectively, are reflected in deferred inflows of resources in the statements of net position as of September 30, 2025 and 2024.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Deferred Inflow of Resources (concluded)

General Employees' Pension Plan Costs

Recognition of deferred inflows of resources related to unrealized gains for the pension plan totaled \$45.6 million and \$48.5 million as of September 30, 2025 and 2024, respectively. See Note 14 Retirement Plans for additional information.

Other Post-employment Benefit Plan

Recognition of deferred inflows of resources related to unrealized gains for the OPEB plan was \$6.3 million and \$6.9 million as of September 30, 2025 and 2024, respectively. See Note 15 Plan for additional information.

Leases

Recognition of deferred inflows of resources related to future lease revenues for tower leasing was \$18.6 million for September 30, 2025, and \$20.2 million for September 30, 2024. See Note 10 Leases for additional information.

Net Position

GRU classifies net position into three components as follows:

- Net investment in capital assets – consists of capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – consists of non-capital assets that must be used for a particular purpose as specified by creditors, contributors, grantors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – consists of assets that do not meet the definition of net investment in capital assets or restricted net position.

When both restricted and unrestricted resources are available for use, it is GRU's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is recognized when earned. GRU accrues for services rendered but unbilled, which totaled approximately \$18.1 million and \$16.9 million at September 30, 2025 and 2024, respectively.

Fuel and purchased gas adjustment levelization revenue is adjusted as expenses are incurred. Amounts charged to customers for fuel are based on estimated costs and are adjusted in the following month when the costs are known. The amount charged in the fuel adjustment is adjusted and approved by the CEO of the Utility as deemed necessary. If the amount recovered through billing exceeds actual fuel expenses, GRU records the excess billings as a liability. If the amount recovered through billings is less than actual fuel expenses, GRU records the excess fuel expense as a reduction of the liability or as an asset. See Note 5 Fuel and Purchased Gas Adjustment Levelization for additional information.

Pledged Revenues

Under the terms of the Resolution relating to the sale of the Utilities System Revenue Bonds, payment of principal and interest is secured by an irrevocable lien on GRU's net revenue (exclusive of any funds that may be established pursuant to the Resolution for certain other specified purposes), including any investments and income thereof. The Utilities System Revenue Bonds have a first lien and the Variable Rate Subordinated Revolving Lines of Credit have a second lien. The Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenue sufficient to pay operation and maintenance expenses, amounts required for deposit in the debt service fund, and amounts required for deposit in the utility plant improvement fund.

Operating, Non-operating Revenues

GRU defines operating revenues as revenue derived from customer sales or service charges and recoveries related to future rate collections and other items. Non-operating revenues include interest on investments, gains and losses on sales of assets, a rate stabilization transfer related to litigation (see Note 18), and other items. Substantially all of GRU's operating revenues are pledged to the repayment of Utility System Revenue Bonds.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies (concluded)

Transactions with the City

As an enterprise fund of the City, transactions occur between GRU and the City's governmental and business-type funds throughout the year in the ordinary course of operations.

Below is a summary of significant transactions:

- Administrative services – GRU pays for various administrative and certain insurance services provided by the City's governmental and business-type functions. GRU receives payment for Information Technology, telecommunications, certain insurance services, and billing services provided to the City's governmental and business-type functions.
- Pension obligation payments – GRU makes payments to the City for pension expense obligations. See Note 14 Retirement Plans for additional information.
- Non-metered and metered service charges – GRU receives payment from the City for all non-metered and metered service charges.
- Operating transfer to the General Fund – GRU makes payments to the City's General Fund from operating revenues. See Note 12 Transfer to the City of Gainesville General Fund for additional information.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

2. Deposits and Investments

The institutions in which GRU's monies are deposited are certified as Qualified Public Depositories under the Florida Public Deposit Act. Therefore, GRU's total bank balances on deposit are entirely insured or collateralized by the Federal Deposit Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance. As required by the Resolution, the depository is restricted to being a bank, savings and loan association, or trust company of the United States, or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$10 million.

In accordance with state laws and the Resolution, GRU is authorized to invest in obligations, which are unconditionally guaranteed by the United States of America or its agencies or instrumentalities, repurchase agreement obligations unconditionally guaranteed by the United States of America or its agencies, corporate indebtedness, direct and general obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state provided such obligations are rated by at least one Nationally Recognized Statistical Ratings Organization, (NRSRO). All assets held by GRU shall be invested pursuant to the guidelines set forth in the Investment Policy. It is the intent of the policy to provide sufficient latitude to effectively manage funds so as to maximize returns within acceptable risk exposure and ensure compliance with bond covenants and related parameters.

As of September 30, 2025, GRU had the following investments and maturities (in thousands):

	Fair Value	Maturities in Years		
		Less than 1	1-5	Over 5
Investment type:				
Commercial paper	\$ 81,299	\$ 81,299	\$ -	\$ -
Corporate bonds	29,310	12,266	17,044	-
U.S. agencies	126,433	111,408	15,025	-
U.S. treasuries	7,643	7,643	-	-
Total	\$ 244,685	\$ 212,616	\$ 32,069	\$ -

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

2. Deposits and Investments (continued)

As of September 30, 2024, GRU had the following investments and maturities (in thousands):

	Fair Value	Maturities in Years		
		Less than 1	1-5	Over 5
Investment type:				
Commercial paper	\$ 109,743	\$ 109,743	\$ -	\$ -
Corporate bonds	18,321	3,103	15,218	-
U.S. agencies	131,415	97,862	33,553	-
U.S. treasuries	20,536	20,536	-	-
Total	\$ 280,015	\$ 231,244	\$ 48,771	\$ -

Cash and investments are comprised of the following at September 30 (in thousands):

	2025	2024
Restricted assets and internally designated	\$ 312,753	\$ 339,895
Current assets:		
Cash and investments	39,241	54,240
Total cash and investments	351,994	394,135
Less cash and cash equivalents	(107,309)	(114,120)
Total investments	\$ 244,685	\$ 280,015

Interest Rate Risk

GRU's investment policy limits its investments to securities with terms of ten years or less to reduce exposure to rising interest rates, unless investments are matched to meet specific cash flow needs. The investment policy states the average portfolio term is not to exceed five years. GRU's Resolution further limits investments of the Utility Plant Improvement Fund and Rate Stabilization Fund to no more than five years.

Credit Risk

GRU's investment policy and Resolution limit investments in state and local taxable or tax-exempt debt, corporate fixed income securities, and other corporate indebtedness to investments that are rated by at least one NRSRO. Investments in corporate indebtedness must be at a minimum acceptable level at time of purchase, in its highest short-term (ST) or three highest long-term (LT) rating categories (A-1/P-1, A-/A3, or equivalent) by Standard and Poor's, Moody's Investor Service, and/or equivalent.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

2. Deposits and Investments (concluded)

Credit Risk (concluded)

The table below illustrates GRU's holdings with investment ratings from Standard and Poor's (S&P), Moody's Investor Service, and Fitch Ratings.

	2025			2024		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch
Commercial Paper	A-1 or A-1+	P-1 or N/A	N/A, F1, or F1+	A-1 or A-1+	P-1	N/A, F1, or F1+
Corporate Indebt.	A or better	A2 or better	N/A, A, or better	A or better	A2 or better	N/A, A, or better
FFCB	AA+	Aaa	N/A	AA+	Aaa	AA+
FHLMC	A-1+	P-1	F1+	A-1+ or AA+	P-1 or Aaa	F1+ or AAA
FHLB	A-1 or AA+	P-1 or Aaa	N/A	A-1 or AA+	P-1 or Aaa	N/A
FNMA	A-1+ or AA+	P-1 or Aa1	AA+ or F1+	A-1	P-1	F1+

Concentration of Credit Risk

State law does not limit the amount that may be invested in any one issuer. It does require, however, that investments be diversified to control risk of loss from an over concentration of assets. As of September 30, GRU had more than 5% of the investment portfolio invested with the following issuers:

	<u>Percent of Total Investments</u>	
	<u>2025</u>	<u>2024</u>
Federal Home Loan Mortgage Corporation	13.48%	12.47%
Federal Farm Credit Bank	5.92%	6.11%
Federal Home Loan Bank	17.41%	12.94%
Federal National Mortgage Association	14.86%	15.42%

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

3. Investment in The Energy Authority

GRU had an equity investment in The Energy Authority (TEA), an energy marketing corporation comprised of seven municipal utilities as of July 31, 2025: Grand River Dam Authority (Oklahoma), Jacksonville Electric Authority (Florida), South Carolina Public Service Authority, Nebraska Public Power District, GRU, City Utilities of Springfield (Missouri), and American Municipal Power, Inc. (Ohio). TEA provides energy products and resource management services to equity members and non-members and allocates transaction savings and operating expenses to equity members pursuant to Settlement Procedures under the Operating Agreement.

Effective August 1, 2025, GRU formally withdrew its membership from TEA, transitioning from a member to a partner. In accordance with the withdrawal provisions of the Operating Agreement:

- GRU received a cash distribution of \$11.8 million on August 22, 2025, representing its 5.93% equity share in TEA. The cash distribution received from the withdrawn investment was applied to GRU's fuel levelization balances to benefit customers.
- As of September 30, 2025, GRU no longer holds an equity interest in TEA and has no remaining investment balance related to TEA on its Statement of Net Position.

GRU continues to engage in energy-related transactions with TEA. These are conducted at arm's length and, as of August 1, 2025, are no longer considered related party transactions.

In the Statement of Revenues, Expenses, and Changes in Net Position, GRU's sales to and purchases from TEA are reported in sales and service charges and operations and maintenance expenses, respectively. For this fiscal year up to July 31, 2025, GRU's sales to TEA were \$4.1 million, while purchases from TEA amounted to \$8.7 million. For the fiscal year ending September 30, 2024, GRU's sales to TEA were \$2 million, while purchases from TEA amounted to \$6.7 million.

Through a combination of agreements, GRU guaranteed credit received by TEA for \$46.1 million as of July 31, 2025, and \$44.5 million as of September 30, 2024. GRU's guaranteed credit under the TEA Advance Agreements decreased to \$0 effective August 1, 2025, due to the change from an equity member to a partner. TEA evaluates its credit needs periodically and requests equity members to adjust their guarantees accordingly. The guarantee agreements are intended to provide credit support for TEA when entering into transactions on behalf of equity members. Such guarantees are within the scope of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, and would require the equity members to make payments to TEA's counterparties if TEA failed to deliver energy, capacity, or natural gas as required by contract, or if TEA failed to make payments for the purchases of such commodities. If guarantee payments are required, GRU has rights with other equity members that such payments be apportioned based on certain criteria. The guarantees generally have indefinite terms; however, GRU can terminate its guarantee obligations by providing notice to counterparties and others, as required by the agreements. Such terminations would not pertain to any transactions TEA entered into prior to notice being given. As of July 31, 2025, and September 30, 2024, GRU had not recorded a liability related to these guarantees.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

3. Investment in The Energy Authority (concluded)

The table below contains unaudited condensed financial information for TEA for the seven months ended July 31, 2025, and the nine months ended September 30, 2024 (in thousands):

	<u>7/31/2025</u>	<u>9/30/2024</u>
Condensed statement of operations:		
Total revenue	\$ 1,865,187	\$ 2,347,669
Total cost of sales and expense	(1,816,321)	(2,251,995)
Operating income	48,866	95,674
Nonoperating income (expense)	3,996	5,164
Change in net position	52,862	100,838
Net position, beginning of period	180,296	155,682
Capital contributions	371	26,137
Member distributions	(36,770)	(94,130)
Net position, end of period	<u>\$ 196,759</u>	<u>\$ 188,527</u>
Condensed balance sheet:		
Assets:		
Current assets	\$ 475,123	\$ 421,758
Noncurrent assets and deferred outflows	47,076	47,047
Total assets and deferred outflows	<u>522,199</u>	<u>468,805</u>
Liabilities:		
Current liabilities	299,345	261,257
Noncurrent liabilities and deferred inflows	26,095	19,021
Total liabilities and deferred inflows	<u>325,440</u>	<u>280,278</u>
Total net position	<u>196,759</u>	<u>188,527</u>
Total liabilities, deferred inflows and net position	<u>\$ 522,199</u>	<u>\$ 468,805</u>

At the end of fiscal year 2025, there were no accounts receivable due from TEA. For the year ended September 30, 2024, GRU's accounts receivable from TEA totaled \$210,000.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

4. Capital Assets

Net capital assets as of September 30, 2025, are \$1.9 billion. A summary of capital assets, changes in accumulated depreciation and amortization for the year ending September 30, 2025, follows (in thousands):

	<u>Balance, October 1, 2024</u>	<u>Additions</u>	<u>Less Sales, Retirements and Transfers</u>	<u>Balance, September 30, 2025</u>
<u>Utility Plant in Service</u>				
Treatment	\$ 276,579	\$ 14,266	\$ (5,167)	\$ 285,678
Generation	1,507,558	23,051	(529)	1,530,080
Transmission, distribution, and collection	1,206,154	63,459	(3,941)	1,265,672
General	233,693	5,723	(957)	238,459
Construction in progress	120,305	131,994	(104,979)	147,320
Right-of-use leases	999	-	(396)	603
Right-of-use SBITA	11,785	1,881	(2,652)	11,014
Combined	<u>\$ 3,357,073</u>	<u>\$ 240,374</u>	<u>\$ (118,621)</u>	<u>\$ 3,478,826</u>
	<u>Balance, October 1, 2024</u>	<u>Depreciation / Amortization Expense</u>	<u>Less Retirements / Adjustments</u>	<u>Balance, September 30, 2025</u>
<u>Accumulated Depreciation</u>				
Treatment	\$ 140,280	\$ 10,807	\$ (2,887)	\$ 148,200
Generation	592,386	48,821	(324)	640,883
Transmission, distribution, and collection	628,829	41,642	(2,374)	668,097
General	135,630	8,912	(919)	143,623
Right-of-use leases	601	146	(392)	355
Right-of-use SBITA	3,877	2,763	(2,652)	3,988
Combined	<u>\$ 1,501,603</u>	<u>\$ 113,091</u>	<u>\$ (9,548)</u>	<u>\$ 1,605,146</u>

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

4. Capital Assets (concluded)

Net capital assets as of September 30, 2024, are \$1.9 billion. A summary of capital assets, changes in accumulated depreciation and amortization for the year ending September 30, 2024, follows (in thousands):

	<u>Balance, October 1, 2023</u>	<u>Additions</u>	<u>Less Sales, Retirements and Transfers</u>	<u>Balance, September 30, 2024</u>
Utility Plant in Service				
Treatment	\$ 257,524	\$ 22,696	\$ (3,641)	\$ 276,579
Generation	1,494,446	19,587	(6,475)	1,507,558
Transmission, distribution, and collection	1,135,072	85,499	(14,417)	1,206,154
General	229,684	6,820	(2,811)	233,693
Construction in progress	139,385	115,828	(134,908)	120,305
Right-of-use leases	754	245		999
Right-of-use SBITA	10,708	1,077		11,785
Combined	<u>\$ 3,267,573</u>	<u>\$ 251,752</u>	<u>\$ (162,252)</u>	<u>\$ 3,357,073</u>
	<u>Balance, October 1, 2023</u>	<u>Depreciation / Amortization Expense</u>	<u>Less Retirements / Adjustments</u>	<u>Balance, September 30, 2024</u>
Accumulated Depreciation				
Treatment	\$ 133,635	\$ 9,414	\$ (2,769)	\$ 140,280
Generation	545,344	49,542	(2,500)	592,386
Transmission, distribution, and collection	599,840	38,580	(9,591)	628,829
General	129,214	8,687	(2,271)	135,630
Right-of-use leases	407	195	(1)	601
Right-of-use SBITA	2,396	2,610	(1,129)	3,877
Combined	<u>\$ 1,410,836</u>	<u>\$ 109,028</u>	<u>\$ (18,261)</u>	<u>\$ 1,501,603</u>

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

5. Fuel and Purchased Gas Adjustment Levelization

Electric and natural gas customers are billed a monthly fuel and purchased gas adjustment charge based on a number of factors, including fuel and fuel-related costs. GRU establishes this fuel and purchased gas adjustment charge based on ordinances approved by the City Commission. Fuel and purchased gas adjustment levelization accounts are utilized to stabilize the monthly impact of the fuel and purchased gas adjustment charge included in customer billings. See Note 3 for additional information.

The following table represents total revenues and expenses associated with the fuel and purchased gas adjustment and the subsequent impact on the fuel and purchased gas levelization balance as of September 30, 2025 (in thousands):

	Fuel Adjustment	Purchased Gas Adjustment	Total
Revenues	\$ 84,256	\$ 9,707	\$ 93,963
Expenses	(105,102)	(10,209)	(115,311)
To (From) levelization account	<u>\$ (20,846)</u>	<u>\$ (502)</u>	<u>\$ (21,348)</u>
Levelization account beginning balance	\$ 5,670	\$ 3,782	\$ 9,452
TEA equity distribution	10,666	1,107	11,773
To (From) levelization account	(20,846)	(502)	(21,348)
Levelization account ending balance	<u>\$ (4,510)</u>	<u>\$ 4,387</u>	<u>\$ (123)</u>

The following table represents total revenues and expenses associated with the fuel and purchased gas adjustment and the subsequent impact on the fuel and purchased gas levelization balance as of September 30, 2024 (in thousands):

	Fuel Adjustment	Purchased Gas Adjustment	Total
Revenues	\$ 84,291	\$ 11,436	\$ 95,727
Expenses	(83,162)	(9,550)	(92,712)
To (From) levelization account	<u>\$ 1,129</u>	<u>\$ 1,886</u>	<u>\$ 3,015</u>
Levelization account beginning balance	\$ 4,541	\$ 1,896	\$ 6,437
To (From) levelization account	1,129	1,886	3,015
Levelization account ending balance	<u>\$ 5,670</u>	<u>\$ 3,782</u>	<u>\$ 9,452</u>

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

6. Long-Term Debt

On September 30, 2025 and 2024, total debt outstanding was (in thousands):

Bond Series	Rate	Maturity	Original Issuance	2025	2024
2009B	5.147% - 5.655%	2039	156,900	112,315	117,905
2010A	5.874%	2030	12,930	12,930	12,930
2010B	6.024%	2040	132,445	132,445	132,445
2012B	Variable ¹	2042	100,470	88,545	88,545
2014A	3.250% - 5.000%	2044	37,980	25,835	35,035
2014B	3.125% - 5.000%	2036	30,970	11,830	11,830
2017A	4.000% - 5.000%	2040	415,920	294,240	327,705
2019A	5.000%	2047	153,820	153,115	153,115
2019B	3.875%	2047	26,665	26,665	26,665
2019C	Variable ¹	2047	67,355	66,745	66,745
2020A	2.060%	2034	10,715	10,255	10,300
2021A	5.000%	2051	95,760	95,760	95,760
2022A	1.510%	2028	66,755	42,740	53,325
2022B	2.847%	2038	234,045	222,470	225,345
2023A	Variable ²	2047	160,000	160,000	160,000
2023B	Variable ³	2044	105,000	105,000	105,000
2023C	Variable ⁴	2053	151,210	151,210	151,210
				\$ 1,712,100	\$ 1,773,860

¹ Bonds are subject to daily variable rate resets

² Bonds are subject to 79% of 1M SOFR plus .57% bank fee

³ Bonds are subject to 80% of 1M SOFR plus .53% bank fee

⁴ Bonds are subject to 81.5% of 1M SOFR plus .57% bank fee

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

6. Long-Term Debt (continued)

The table below shows the changes in long-term debt balances that occurred during the years ended September 30, 2025 and 2024 (in thousands).

	September 30	
	2025	2024
Long-term Debt outstanding at beginning of year	\$ 1,773,860	\$ 1,849,115
Changes in Long-term debt		
Fixed and Variable Rate debt redeemed	(35,340)	(35,680)
2005 Series C Full Redemption	-	(3,090)
2006 Series A Full Redemption	-	(2,985)
2012 Series B Redemption	-	(10,065)
2014 Series A Redemption	(8,190)	-
2014 Series B Redemption	-	(255)
2017 Series A Defeasance	(18,230)	(15,650)
2019 Series A Defeasance	-	(705)
2019 Series C Redemption	-	(610)
2020 Series A Redemption	-	(275)
2022 Series A Redemption	-	(1,200)
2022 Series B Redemption	-	(4,740)
Long-term Debt outstanding at end of year	<u>\$ 1,712,100</u>	<u>\$ 1,773,860</u>

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

6. Long-Term Debt (continued)

Debt Service Requirements for Long-Term Debt

Annual debt service requirements to maturity for long-term debt as of September 30, 2025 (in thousands):

BONDS			
Year Ending September 30,	Principal	Interest	Total Debt Service Requirements
2026	\$ 17,250	\$ 49,659	\$ 66,909
2027	16,190	48,798	64,988
2028	12,305	48,056	60,361
2029	11,770	47,421	59,191
2030	42,235	43,948	86,183
2031-2035	173,860	183,009	356,869
2036-2040	308,855	124,739	433,594
2041-2045	230,735	56,274	287,009
2046-2050	183,050	18,131	201,181
2051-2054	24,175	1,223	25,398
	\$ 1,020,425	\$ 621,258	\$ 1,641,683

DIRECT PLACEMENTS			
Year Ending September 30,	Principal	Interest	Total Debt Service Requirements
2026	22,470	\$ 24,271	\$ 46,741
2027	22,805	23,767	46,572
2028	20,510	23,294	43,804
2029	20,905	22,850	43,755
2030	10,205	22,480	32,685
2031-2035	125,585	102,951	228,536
2036-2040	52,985	88,714	141,699
2041-2045	156,915	71,046	227,961
2046-2050	146,985	37,223	184,208
2051-2054	112,310	10,900	123,210
	\$ 691,675	\$ 427,496	\$ 1,119,171

See Note 7 Hedging Activities for additional debt service requirements for interest rate swaps.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

6. Long-Term Debt (continued)

Debt Service Requirements for Long-Term Debt (continued)

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, the interest requirement for variable-rate debt was determined using the interest rates that were in effect as of September 30, 2025. Interest rates on variable-rate long-term debt were valued to be equal to 3.70% for the 2012 Series B Bonds, 3.58% for the 2019 Series C Bonds, 3.98% for the 2023 Series A Bonds, 4.28% for the 2023 Series B Bonds, and 4.28% for the 2023 Series C Bonds.

The 2009 Series B and 2010 Series B Bonds receive a federal interest subsidy of 33% of the annual interest expense and are assumed to remain at said rate through the sequestration period of 2030. The sequestration rate will be applied unless and until a law is enacted that cancels or otherwise affects the sequestration reduction rate. The subsidy is recorded as non-operating revenue on the Statements of Revenues, Expenses, and Changes in Net Position.

GRU's revenues net of specified operating expenses are pledged as security of the above Utilities System Revenue Bonds and Lines of Credit. For fiscal years 2025 and 2024, principal and interest paid were \$134.5 million and \$149 million, respectively. For fiscal years 2025 and 2024, total pledged revenues were \$506 million and \$466.9 million, respectively. As of September 30, 2025, annual principal and interest payments are expected to require 20% of pledged revenues on average.

For GRU's utilities system variable rate demand obligations (VRDO), support is provided in connection with tenders for purchase with various liquidity providers pursuant to Stand-by Bond Purchase Agreements (SBPA) or credit agreements relating to that series of obligations. The purchase price of the obligations tendered or deemed tendered for purchase is payable solely from the proceeds of the remarketing thereof and funds drawn under the applicable SBPA or credit agreement. The current stated termination dates of the SBPA and credit agreements range from April 24, 2027 to April 25, 2028. Each of the SBPA and credit agreement termination dates may be extended. At September 30, 2025, there were no outstanding draws under any of the SBPAs. Available credits including interest, under each VRDO are as follows: \$89.6 million for 2012 Series B, and \$67.5 million for 2019 Series C.

The revolving credit agreements with commercial banks to provide liquidity support for its commercial paper notes were terminated on April 29, 2022, along with the programs those facilities support, such as the tax-exempt Commercial Paper Notes Series C and the taxable Commercial Paper Notes Series D.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

6. Long-Term Debt (continued)

Debt Service Requirements for Long-Term Debt (concluded)

Liquidity Facilities and Direct Placements, as of September 30, 2025:

LIQUIDITY FACILITIES

Series	Series		Term Date	Fee	Remarketing Agent	Par	Amounts
	Type	Facility				(000) O/S or	
2012B	Daily VRDO	Truist	04/24/27	43 bps	JP Morgan	88,545	0
2018A (LOC)	TE LOC	SunTrust	11/21/27	25 bps	NA	25,000	0
2019C	Daily VRDN	Bank of America	04/25/28	39 bps	Bank of America	66,745	0
2020A (LOC)	Taxable LOC	Truist	11/21/27	30 bps	NA	50,000	0
2022A/B	TE/Taxable	US Bank	12/20/27	38 bps	NA	150,000	0

DIRECT PLACEMENTS

Series	Series		Term Date	Fee	GRU Pays	Par
	Type	Bank				(000) O/S or
2020A	Fixed	Bank of America	10/01/34	-	2.06%	10,255
2022B	Fixed	Bank of America	10/01/38	-	2.847%	222,470
2022A	Fixed	Bank of America	10/01/28	-	1.51%	42,740
2023A	Monthly	Truist	05/01/26	57 bps	79% 1M SOFR	160,000
2023B	Monthly	TD Bank	05/01/26	53 bps	80% 1M SOFR	105,000
2023C	Monthly	TD Bank	06/22/26	57 bps	81.5% 1M SOFR	151,210

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

6. Long-Term Debt (continued)

Cash Defeasance

On August 29, 2025, \$19.5 million in cash, \$19.1 from restricted assets reserved for debt defeasance purposes and \$0.4 million from operating cash, were used to defease \$18.2 million of the 2017 Series A bonds, specifically the 2028 maturity year. \$19.5 million included \$0.3 million in accrued interest and was used to purchase State and Local Government Series (SLGS) securities held in an irrevocable trust account to pay future debt service payments. Those bonds are no longer reflected as a liability on GRU's financial statements. Prior debt service cash flow on those bonds was \$21.4 million for years 2025 through 2028, generating net savings of \$1.9 million in interest. Total debt outstanding at September 30, 2025, on the 2017 Series A bonds is \$294.2 million.

On September 1, 2025, \$8.4 million in cash, \$8 million from restricted assets reserved for debt defeasance purposes and \$0.4 million from operating cash, were used to redeem \$8.2 million of the 2014 Series A bonds, partially redeeming 2026 through 2044 maturity years. The \$8.4 million included \$0.2 million in accrued interest. Those bonds are no longer reflected as a liability on GRU's financial statements. Prior debt service cash flow on those bonds was \$12.9 million for years 2025 through 2044, generating net savings of \$4.5 million in interest. Total debt outstanding September 30, 2025, on the 2014 Series A bonds is \$25.8 million.

Revocable Trust Account

On October 28, 2021, a portion of the October 1, 2025, 2009 Series B maturity totaling \$1.1 million was allocated to a revocable trust specifically established to ensure future payments on the outstanding debt. This strategic move aimed to achieve short-term savings in debt service, targeting anticipated spikes in debt service payments during the Fiscal Years 2022-2026, thereby making them more manageable. The transaction facilitated GRU's continued receipt of the Build America Bonds (BABs) subsidy while circumventing the high costs associated with a make-whole call redemption. It also enabled GRU to focus on a single maturity effectively. An escrow agreement was established with U.S. Bank N.A., and the account was fully funded at closing. A total of \$1.3 million was deposited into the escrow account to purchase securities, including a cash deposit of \$28,700. Cash flow from the escrow account is anticipated to fund payment dates covering the period from April 1, 2022, to October 1, 2025. The revocable trust account has a market value of \$1.21 million at September 30, 2025.

Irrevocable Trust Account

As of September 30, 2025 and 2024, the amounts of outstanding bonds considered defeased are \$18.2 million and \$16.4 million respectively. The irrevocable trust accounts have recorded balances of \$47.8 million and \$29 million at September 2025 and September 2024 respectively from prior lien bonds defeased in October 2021, October 2022, September 2024, and August 2025. These balances are deemed sufficient to service and redeem the defeased bonds currently outstanding.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

6. Long-Term Debt (continued)

Events of Default and Remedies of Bondholders

To further comply with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, GRU states Article VIII Events of Default and Remedies of Bondholders, Section 801, in the Second Amended and Restated Utilities System Revenue Bond Resolution adopted September 21, 2017, in order to provide more information as it relates to (1) events to default with finance-related consequences, (2) termination events, and (3) subjective acceleration clauses.

SECTION 801. Events of Default. If one or more of the following Events of Default shall happen:

- i. if default shall be made in (a) the due and punctual payment of the principal or Redemption Price of any Bond (other than Parity Reimbursement Obligations) when and as the same shall become due and payable, whether at maturity or by call or proceedings for redemption, or otherwise, (b) in the due and punctual payment of any amounts due on Parity Reimbursement Obligations (after the lapse of any notice requirements or grace periods, or both, as provided by the applicable Parity Reimbursement Obligation);
- ii. if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment, when and as such interest installment or Sinking Fund Installment shall become due and payable;
- iii. the Revenues in any Fiscal Year shall be inadequate to comply with the requirements of Section 710 hereof, unless the City promptly takes remedial action to ensure compliance thereafter consistent with the determination of the Consulting Engineer rendered pursuant to paragraph 4 of Section 713 hereof;
- iv. if default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall have continued for a period of 90 days after written notice specifying such default and requiring that it shall have been remedied and stating that such notice is a "Notice of Default" hereunder is given to the City by the Trustee or to the City and to the Trustee by the Holders of not less than 25% in principal amount of the Bonds Outstanding; provided, however, the City shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the City in good faith institutes applicable curative action and within 90 days of such notice diligently pursues such action until the default has been corrected;
- v. a court having jurisdiction in the premises shall enter a decree or order providing for relief in respect of the City in an involuntary case under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the City or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 90 days; or

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

6. Long-Term Debt (continued)

Events of Default and Remedies of Bondholders (concluded)

- vi. the City shall commence a voluntary case under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the City or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any action in furtherance of the foregoing; then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the City and the Co-Trustee, if any), or the Holders of not less than 25% in principal amount of the Bonds Outstanding (by notice in writing to the City, the Trustee and the Co-Trustee, if any), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee or of the Holders of not less than 25% in principal amount of the Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest on the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee and the Co-Trustee, if any, and all other sums then payable by the City under the Resolution, including, without limitation, Parity Hedging Contract Obligations then due (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration), shall either be paid by or for the account of the City or provision satisfactory to the Trustee and the Co-Trustee, if any, shall be made for such payment, and all defaults under the Bonds or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Holders of 25% in principal amount of the Bonds Outstanding, by written notice to the City, the Trustee and the Co-Trustee, if any, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Holders of 25% in principal amount of the Bonds Outstanding, then any such declaration shall ipso facto be deemed to be rescinded and any such default shall ipso facto be deemed to be annulled, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

6. Long-Term Debt (concluded)

Changes in Long-Term Liabilities

Long-term liabilities activity for the year ended September 30, 2025, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Utilities system revenue bonds	\$ 1,773,860	\$ -	\$ (61,760)	\$ 1,712,100	\$ 39,720
Add: Issuance premiums	81,627	-	(8,430)	73,197	-
Total bonds payable	<u>1,855,487</u>	<u>-</u>	<u>(70,190)</u>	<u>1,785,297</u>	<u>39,720</u>
Lease liability	406	-	(146)	260	130
SBITA liability	4,650	102	(1,292)	3,460	1,696
Fair value of derivative instruments	2,358	4,361	-	6,719	-
Reserve for insurance claim	1,342	-	(217)	1,125	-
Reserve for environmental liability	1,118	33	-	1,151	443
Due to other funds	114,744	277	(6,186)	108,835	7,355
Other noncurrent and regulatory liabilities					
Arbitrage liability		5,264	-	5,264	-
Other post-employment benefit		499	-	499	-
Other liabilities	268	-	(2)	266	-
	<u>\$ 1,980,373</u>	<u>\$ 10,536</u>	<u>\$ (78,033)</u>	<u>\$ 1,912,876</u>	<u>\$ 49,344</u>

Long-term liabilities activity for the year ended September 30, 2024, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Utilities system revenue bonds	\$ 1,849,115	\$ -	\$ (75,255)	\$ 1,773,860	\$ 35,340
Add: Issuance premiums	92,539	-	(10,912)	81,627	-
Total bonds payable	<u>1,941,654</u>	<u>-</u>	<u>(86,167)</u>	<u>1,855,487</u>	<u>35,340</u>
Lease liability	357	395	(346)	406	143
SBITA liability	5,101	402	(853)	4,650	2,634
Fair value of derivative instruments	6,128	14,185	(17,955)	2,358	-
Reserve for insurance claim	1,960	-	(618)	1,342	-
Reserve for environmental liability	1,096	22	-	1,118	410
Net pension liability	47,617	-	(47,617)	-	-
Net other post-employment benefits liability	3,416	-	(3,416)	-	-
Due to other funds	108,055	7,921	(1,232)	114,744	8,825
Other noncurrent liabilities and regulatory liabilities	409	193	(334)	268	-
	<u>\$ 2,115,793</u>	<u>\$ 23,118</u>	<u>\$ (158,538)</u>	<u>\$ 1,980,373</u>	<u>\$ 47,352</u>

Interest Rate Swaps

GRU is a party to certain interest rate swap agreements. GRU applies hedge accounting where applicable. See Note 7 Hedging Activities for additional information.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

7. Hedging Activities

Interest Rate Hedges

Under GRU's interest rate swap programs, GRU either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specific period of time (unless earlier terminated), or GRU pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices, for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded as an adjustment to interest on debt in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when GRU enters into a new interest rate swap transaction.

Terms, Fair Values, and Counterparty Credit Ratings

The terms, fair values, and counterparty credit ratings of the outstanding swaps as of September 30, 2025, were as follows (in thousands):

<u>Associated Bond Issue</u>	<u>2005C*</u>	<u>2006A*</u>	<u>2023A*</u>	<u>2023A*</u>
Notional amount	\$3,090	\$2,985	\$45,000	\$115,000
Effective date	11/16/2005	7/6/2006	5/1/2023	5/1/2023
Fixed payer rate	3.200%	3.224%	1.868%	1.410%
Variable receiver rate	60.36% of 10YR SOFR Conversion	68.00% of 10YR SOFR Conversion less .365%	79.00% of 1MO SOFR	70.00% of 10 YR SOFR less .355%
Fair value	(\$14)	(\$16)	(\$1,925)	\$8,190
Termination date	10/1/2026	10/1/2026	10/1/2044	10/1/2047
Counterparty credit rating	Aa2/AA-/AA	Aa2/AA-	Aa3/A+/A+	Aa3/A+/A+
<u>Associated Bond Issue</u>	<u>2023B*</u>	<u>2023C*</u>	<u>2014A*</u>	<u>2019A*</u>
Notional amount	\$105,000	\$151,210	\$34,025	\$153,820
Effective date	5/1/2023	6/22/2023	10/1/2024	10/1/2029
Fixed payer rate	2.112%	2.421%	1.054%	2.586%
Variable receiver rate	80.00% of 1MO LIBOR fallback conversion	81.50% of 1MO SOFR	70.00% of 1MO LIBOR fallback conversion	70.00% of 1MO SOFR
Fair value	\$3,429	\$2,414	\$4,593	\$6,261
Termination date	10/1/2044	10/1/2053	10/1/2044	10/1/2047
Counterparty credit rating	A1/A+/A+	Aa2/A+/AA-	Aa1/A+/AA	A1/A+/A+

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

7. Hedging Activities (continued)

Terms, Fair Values, and Counterparty Credit Ratings (concluded)

<u>Associated Bond Issue</u>	<u>2017A*</u>
Notional amount	\$249,625
Effective date	7/14/2027
Fixed payer rate	2.8525%
Variable receiver rate	70.00% of 1MO SOFR
Fair value	(\$3,245)
Termination date	10/1/2040
Counterparty credit rating	A2/A/A+

* See Basis Risk section

Fair Value

As of September 30, 2025, swaps that reflected negative fair values (FV) were 2005C, 2006A, 2023A (\$45M notional), and 2017A (forward starting swap (FSS)). Swaps that reflected positive FV were 2023A (\$115M notional), 2023B, 2023C, 2014A, and 2019A (FSS). Excluding FSS, swaps with negative FV have a higher fixed payer rate than its variable receiver rate, except for the 2023A \$45M notional swap, while swaps with a lower fixed payer rate than its variable receiver rate have positive FV. The following is reported in thousands.

	Fair Value of Interest Rate Swaps at September 30, 2025	Changes in Fair Value	Changes in Deferred (Inflow)/Outflow	Changes in Regulatory (Assets) Liability for Ineffective Instruments
2005C	\$ (14)	\$ 35	\$ -	\$ (35)
2006A	(16)	38	-	(38)
2023A	(1,925)	(833)	833	-
2023A	8,190	7,448	(7,448)	-
2023B	3,429	(691)	691	-
2023C	2,414	(6,935)	6,935	-
2014A	4,592	391	(391)	-
2019A	6,261	4,072	(4,072)	-
2017A	(3,245)	(3,245)	3,245	-
	<u>\$ 19,686</u>	<u>\$ 280</u>	<u>\$ (207)</u>	<u>\$ (73)</u>

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

7. Hedging Activities (continued)

Fair Value (concluded)

As of September 30, 2024, all swap agreements, with the exception of the 2005C, 2006A, and 2023A (\$45 million notional) swaps, demonstrated a positive fair value. Swaps that exhibit positive fair values tend to have a variable receiver interest rate higher than the corresponding fixed payer interest rate. The following is reported in thousands.

	Fair Value of Interest Rate Swaps at September 30, 2024	Changes in Fair Value	Changes in Deferred (Inflow)/Outflow	Changes in Regulatory (Assets) Liability for Ineffective Instruments
2005C	\$ (49)	\$ (1)	\$ -	\$ 1
2006A	(53)	(2)	-	2
2023A	(1,092)	(2,351)	2,351	-
2023A	742	(3,058)	3,058	-
2023B	4,120	(6,208)	6,208	-
2023C	9,349	(7,437)	7,437	-
2014A	4,201	(774)	774	-
2019A	2,189	(5,168)	5,168	-
	<u>\$ 19,407</u>	<u>\$ (24,999)</u>	<u>\$ 24,996</u>	<u>\$ 3</u>

Interest Rate Swap Payments

Debt service requirements on the interest rate swaps using interest rates in effect on September 30, 2025, are as follows (in thousands):

Year Ending September 30,	Debt Service
2026	\$ (5,774)
2027	(5,081)
2028	(5,132)
2029	(5,108)
2030	(5,551)
2031-2035	(28,062)
2036-2040	(27,855)
2041-2045	(19,227)
2046-2050	(8,069)
2051-2054	(1,971)
	<u>\$ (111,830)</u>

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

7. Hedging Activities (continued)

Credit Risk

As of September 30, 2025, although more than half of the swaps reflect positive fair values, GRU has structured its swap agreements to minimize credit risk. To mitigate the potential for credit risk, GRU has negotiated additional termination event and collateralization requirements in the event of a ratings downgrade. Failure to deliver the Collateral Agreement to GRU as negotiated and detailed in the Schedule to the International Swaps and Derivative Agreements (ISDA) master agreement for each counterparty would constitute an event of default with respect to that counterparty.

Basis Risk

The board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York formed the Alternative Reference Rates Committee, known as the ARRC. ARRC recommended and provided alternative reference rates to replace the USD LIBOR ICE swap rates, which ended June 30, 2023.

To avoid disruption to the existing swap contracts, ARRC suggested certain fallback provisions using conversion formulas for the 10 YR LIBOR ICE swap rate, by incorporating the 10YR SOFR ICE rate, USISSO10. ARRC also suggested using the fallback ICE LIBOR 1M index, VUS0001M, to replace the 1M USD LIBOR rate, US0001M. The fallback conversion formula, suggested by ARRC, was published in the ARRC White Paper in March 2021.

The following Swaps Expose GRU to Basis Risk:

- The 2005 Series C Swap, \$3.1 million notional, is exposed to basis risk through the potential mismatch of 60.36% of 10-year LIBOR, which has been replaced by the fallback conversion formula using the 10YR SOFR index, and the variable 31-day rollover rate. As a result, savings may not be realized. As of September 30, 2025, the fallback conversion rate was at 3.915%.
- The 2006 Series A Swap, \$3 million notional, is exposed to basis risk through the potential mismatch of 68% of 10-year LIBOR less .365%, which has been replaced by the fallback conversion formula using the 10YR SOFR index, and the variable 31-day rollover rate. As a result, savings may not be realized. As of September 30, 2025, the fallback conversion rate was at 3.915%.
- The 2023 Series A Swap, \$45 million notional, is exposed to the difference between 79% of the one-month SOFR and 79% of the one-month SOFR plus .57% bank fee. As a result, savings may not be realized. As of September 30, 2025, the one-month SOFR rate was 4.129%.
- The 2023 Series A Swap, \$115 million notional, is exposed to the difference between 70% of the ten-year SOFR less .355% and 79% of the one-month SOFR plus .57% bank fee. As a result, savings may not be realized. As of September 30, 2025, the ten-year SOFR rate was 3.628%.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

7. Hedging Activities (continued)

Basic Risk (concluded)

The following Swaps Expose GRU to Basis Risk: (concluded)

- The 2023 Series B Swap, \$105 million notional, is exposed to the difference between 80% of the one-month LIBOR, and 80% of the one-month SOFR plus .53% bank fee. Due to the cessation of the USD LIBOR swap indices on June 30, 2023, a fallback conversion rate is implemented. As a result, savings may not be realized. As of September 30, 2025, the fallback conversion rate was 4.323%.
- The 2023 Series C Swap, \$151.2 million notional, is exposed to the difference between 81.5% of the one-month SOFR and 81.5% of the one-month SOFR plus .57% bank fee. As a result, savings may not be realized. As of September 30, 2025, the one-month SOFR rate was 4.129%.
- The 2014 Series A and the 2019 Series A Swaps are forward starting swaps (FSS) with effective dates of October 1, 2024, and October 1, 2029, respectively. The 2014 Series A Swap, \$34 million notional, will be exposed to the difference between 70% of the one-month LIBOR and the variable rollover rate. The index for the 2014 Series A will be amended when economic decisions are made on the forward starting swap before the effective date. The 2019 Series A Swap, \$153.8 million notional, will be exposed to 70% of the one-month SOFR as amended in December 21, 2022, and the variable rollover rate.
- The 2017 Series A Swap is a forward starting swap (FSS) with a notional of \$249.6 million and an effective date of July 14, 2027. The swap will be exposed to the difference between 70% of the one-month SOFR and the variable rollover rate.

Termination Risk

The swap agreement will be terminated at any time if certain events occur that result in one party not performing in accordance with the agreement. The swap can be terminated due to illegality, a credit event upon merger, an event of default, or if credit ratings fall below established levels.

Interest Rate Risk

This risk is associated with the changes in interest rates that will adversely affect the fair values of GRU's swaps, derivatives and fuel hedges. GRU mitigates this risk by actively reviewing and negotiating its swap agreements.

Rollover Risk

GRU is exposed to this risk when its interest rate swap agreements mature or terminate prior to the maturity of the hedged debt. When the counterparty to the interest rate swap agreements chooses to terminate early, GRU will be re-exposed to the rollover risk. Currently, there is no early termination option being exercised by any of GRU's interest rate swap counterparties.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

7. Hedging Activities (continued)

Market Access Risk

This risk is associated with the event that GRU will not be able to enter credit markets for interest rate swap agreements or that the credit market becomes more costly. GRU maintains a strong credit rating of Aa3 from Moody's, A from Standard and Poor's, and A+ from Fitch Ratings. Currently, GRU has not encountered any credit market barriers.

Price Risk

This risk is associated with the decline in value of a commodity due to price volatility. GRU minimizes price risk through exercising fuel hedges for natural gas.

Fuel Hedges

GRU enters into natural gas futures and options to reduce the risk of price fluctuations during the fiscal year. As of September 30, 2025, GRU had financial hedge positions with a notional amount of 17.4 Metric Million British Thermal Units (MMBtu). Results of fuel hedge activities were recorded as an increase in fuel costs of \$4.3 million for the year ended September 30, 2025, and an increase of \$12.7 for the year ended September 30, 2024.

Fair value as related to fuel hedging is recorded as fair value of derivative instruments in the Statement of Net Position and recognized in fuel expense as costs are incurred. The fair value of fuel hedges at September 30, 2025, is recorded as a noncurrent asset of \$3 million and as a noncurrent liability of \$1.5 million. The fair value of fuel hedges at September 30, 2024, is recorded as a noncurrent liability of \$2.4 million. Changes in fair value related to fuel hedging contracts are recorded as deferred inflows and outflows in the Statement of Net Position. GRU incurred a net change in fair value for fuel hedges of \$3.8 million as of September 30, 2025.

Effectiveness

Of the nine interest rate swap agreements, seven were deemed effective, while two were deemed ineffective as of September 30, 2025. The ineffective portion related to interest rate swap agreements is recorded as a regulatory asset in the amount of \$30,000 and \$103,000 as of September 30, 2025 and 2024, respectively.

The unrealized gain on interest rate swap agreements was \$280,000 representing an increase in fair value of hedging derivatives at September 30, 2025, as compared to an unrealized loss of \$25 million on September 30, 2024. The change in fair value of \$280,000 is based on the fair value 'at-the-market' as of September 30, 2025. There were no realized gains or losses related to interest rate swaps as of September 30, 2025 and 2024.

GRU utilizes futures and options contracts to hedge the effects of fluctuations in the prices of natural gas. Fuel hedging contracts are comprised of 6% Futures and 94% Options and meet the requirements of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

7. Hedging Activities (concluded)

Effectiveness (concluded)

The fuel hedges were tested for effectiveness using two effectiveness testing methods as of September 30, 2025. The ineffective portion is recorded as a regulatory asset in the statement of net assets. As of September 30, 2025, no hedges were found to be ineffective, at September 30, 2024 ineffective hedges were recorded in the amount of \$841,000.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

8. Fair Value Measurement

GRU records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement.

Fair value is defined in Statement No. 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. U.S. Treasury securities, U.S. agencies, corporate bonds, and financial hedges are examples of Level 2 inputs.
- Level 3 inputs are unobservable inputs that reflect GRU's own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

Valuation methods of the primary fair value measurements are as follows:

- U.S. Treasury securities are valued using quoted prices in active markets for identical investments as of the measurement date (Level 1 inputs).
- U.S. Agency securities are valued using market prices of similar assets (Level 2 inputs) and where possible valued using quoted prices in active markets for identical investments as of the measurement date (Level 1 inputs).
- Investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating.
- Commodity derivatives, such as futures, swaps, and options, which are ultimately settled using prices at locations quoted through clearinghouses, are valued using Level 2 inputs.
- Other hedging derivatives, such as swaps settled using prices at locations other than those quoted through clearinghouses and options with strike prices not identically quoted through a clearinghouse, are valued using Level 2 inputs. For these instruments, fair value is based on pricing algorithms using observable market quotes.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

8. Fair Value Measurement (continued)

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Utility's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels. GRU's fair value measurements are performed on a recurring basis. The following table presents fair value balances and their levels within the fair value hierarchy as of September 30, 2025 (in thousands):

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Fair value investments				
Commercial paper	\$ -	\$ 81,299	\$ -	\$ 81,299
U.S. treasuries	7,643	-	-	7,643
U.S. agencies:				
Federal Home Loan Mortgage Corp.	18,149	14,844	-	32,993
Federal National Mortgage Assn.	10,104	26,263	-	36,367
Federal Home Loan Bank	-	42,596	-	42,596
Federal Farm Credit Bank	-	14,477	-	14,477
Corporate bonds:				
Principal Life Global	-	3,959	-	3,959
CME Group Inc	-	2,528	-	2,528
Mutual of Omaha	-	4,058	-	4,058
Mastercard Inc.	-	4,021	-	4,021
National Sec. Clearing	-	3,377	-	3,377
New York Life	-	3,047	-	3,047
Home Depot Inc.	-	3,390	-	3,390
Schwab Corp.	-	4,930	-	4,930
Total fair value investments	<u>35,896</u>	<u>208,789</u>	<u>-</u>	<u>244,685</u>
Fair value financial instruments				
Effective interest rate swaps	\$ -	\$ 24,887	\$ -	\$ 24,887
Ineffective interest rate swaps	-	(30)	-	(30)
Total financial instruments	<u>-</u>	<u>24,857</u>	<u>-</u>	<u>24,857</u>
Fair value derivatives				
Effective fuel hedge derivatives	\$ -	\$ 3,027	\$ -	\$ 3,027
Total fair value derivatives	<u>-</u>	<u>3,027</u>	<u>-</u>	<u>3,027</u>
Total assets fair value	<u>\$ 35,896</u>	<u>\$ 236,673</u>	<u>\$ -</u>	<u>\$ 272,569</u>
Liabilities				
Financial instruments				
Effective interest rate swaps	\$ -	\$ 5,171	\$ -	\$ 5,171
Total financial instruments	<u>-</u>	<u>5,171</u>	<u>-</u>	<u>5,171</u>
Fair value derivatives				
Effective fuel hedge derivatives	\$ -	\$ 1,548	\$ -	\$ 1,548
Total fair value derivatives	<u>-</u>	<u>1,548</u>	<u>-</u>	<u>1,548</u>
Total liabilities fair value	<u>\$ -</u>	<u>\$ 6,719</u>	<u>\$ -</u>	<u>\$ 6,719</u>

Gainesville Regional Utilities
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8. Fair Value Measurement (concluded)

Fair value balances and their levels within the fair value hierarchy as of September 30, 2024, are represented in the following table (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Fair value investments				
Commercial paper	\$ -	\$ 109,743	\$ -	\$ 109,743
U.S. treasuries	-	20,536	-	20,536
U.S. agencies:				
Federal Home Loan Mortgage Corp.	-	34,919	-	34,919
Federal National Mortgage Assn.	-	43,181	-	43,181
Federal Home Loan Bank	-	36,237	-	36,237
Federal Farm Credit Bank	-	17,078	-	17,078
Corporate bonds:				
Principal Life Global	-	3,827	-	3,827
National Sec. Clearing	-	3,270	-	3,270
New York Life	-	3,103	-	3,103
Home Depot Inc.	-	3,358	-	3,358
Schwab Corp.	-	4,763	-	4,763
Total fair value investments	<u>-</u>	<u>280,015</u>	<u>-</u>	<u>280,015</u>
Fair value financial instruments				
Effective interest rate swaps	\$ -	\$ 19,509	\$ -	\$ 19,509
Ineffective interest rate swaps	-	(102)	-	(102)
Total financial instruments	<u>-</u>	<u>19,407</u>	<u>-</u>	<u>19,407</u>
Total Assets Fair Value	<u>\$ -</u>	<u>\$ 299,422</u>	<u>\$ -</u>	<u>\$ 299,422</u>
Liabilities				
Fair value derivatives				
Effective fuel hedge derivatives	\$ -	\$ 1,518	\$ -	\$ 1,518
Ineffective fuel hedge derivatives	-	841	-	841
Total fair value derivatives	<u>-</u>	<u>2,359</u>	<u>-</u>	<u>2,359</u>
Total liabilities fair value	<u>\$ -</u>	<u>\$ 2,359</u>	<u>\$ -</u>	<u>\$ 2,359</u>

Gainesville Regional Utilities
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9. Restricted Net Position

Certain assets are restricted by the Resolution and other external requirements as follows (in thousands):

	2025	2024
Restricted net position:		
Debt service	\$ 40,987	\$ 38,120
Utility plant improvement	29,511	30,453
Net pension asset	26,882	21,403
Net other post-employment benefits asset	5,872	2,868
Other	33	67
Restricted net position	\$ 103,285	\$ 92,911

10. Leases

Lessee

GRU leases communication tower antenna ground space, fiber optics, and equipment from third parties. Lease terms generally range from 1 to 8 years. Several leases include options to extend the term after completion of the initial contract period. For fiscal year 2025, the incremental borrowing rates applied to leases range from 3.5% to 5.25%, while GRU utilized a rate of 3.5% to calculate the lease liability for fiscal year 2024. GRU leased assets are amortized over the life of the leases; the accumulated amortization is included in Note 4 Capital Assets. There were no commitments prior to the commencement of the lease contracts, and no lease impairments as of September 30, 2025.

GRU has four variable lease contracts that split one-half of the ground space revenue collected from the communication tower with the University of Florida (UF) Foundation. The Lessee payment to the UF Foundation is dependent upon the Lessor rent payments and escalation revenue stated in the Lessor contract. GRU accounts for the total rent collected as revenue and one-half of the rent payment to the UF Foundation as an expense.

Gainesville Regional Utilities
Notes to Financial Statements
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The following table summarizes future principal and interest payments as of September 30, 2025 (in thousands):

Year Ended September 30,	Principal	Interest	Total
2026	\$ 130	\$ 9	\$ 139
2027	68	4	72
2028	51	2	53
2029	11	-	11
Total	<u>\$ 260</u>	<u>\$ 15</u>	<u>\$ 275</u>

Lessor

GRU leases communication tower antenna space to various third-party wireless communications service providers on eleven communication towers and two water towers throughout our service territory. Two of the five transmitter sites for the countywide public safety radio system are also located on these communication towers.

GRU lease terms vary from 1 to 34 years, which includes options to extend. There was no receipt of variable or other lease payments prior to the commencement of the contracts. The incremental borrowing rates applied to these leases range from 3.5% to 5.25% for fiscal year 2025, and the rate used for these leases in fiscal year 2024 was 3.5%. Lease interest income was \$708,000 for September 30, 2025, and \$697,000 for September 30, 2024. Lease revenue was \$1.2 million for September 30, 2025, and \$1.7 million for September 30, 2024.

Gainesville Regional Utilities
Notes to Financial Statements
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11. Subscription-Based Information Technology Arrangements

GRU uses subscription-based information technology arrangements in providing services to our customers. SBITA base terms range from 1 to 6 years while some have an option to extend the arrangement beyond the base term. GRU uses an incremental borrowing rate of 4.5%, unless otherwise provided within the arrangement documentation, to calculate the SBITA liability. Subscription agreements that have terms of more than one year are recorded as a right-of-use asset and are amortized over the life of the arrangement term. GRU's subscription assets and the related accumulated amortization are included in Note 4, Capital Assets. There were no commitments prior to the commencement of the subscription agreements and no subscription impairments as of September 30, 2025.

The following table summarizes future subscription fees and the accrued interest as of September 30, 2025 (in thousands):

Year Ended September 30,	Principal	Interest	Total
2026	\$ 1,696	\$ 124	\$ 1,820
2027	701	69	770
2028	376	47	423
2029	384	31	415
2030	304	14	318
Total	<u>\$ 3,461</u>	<u>\$ 285</u>	<u>\$ 3,746</u>

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12. Transfer to City of Gainesville General Fund

GRU transfers monies monthly to the City's General Fund. The General Fund Transfer (GFT) may be made only to the extent such monies are not necessary to pay operating and maintenance expenses and to pay debt service on the outstanding bonds and subordinated debt or to make other necessary transfers under the Resolution.

On June 10, 2024, at the Gainesville Regional Utilities Authority (GRUA) Special Board Meeting, GRU presented discussion item 2024-455 Budget Presentation: Fiscal Year 2025 Proposed Budget (B). The Budget Presentation included an option for GFT reductions designed to recapture \$68 million in prior GFT payments in excess of profit. On June 26, 2024, GRUA approved a motion to keep the 2023-417 GFT formula intact, freeze at \$15.3 million, and recover the \$68 million overpayment against the \$15.3 million by \$6.8 million over 10 years.

For the years ended September 30, 2025, and 2024, the calculated transfer was \$8.5 million and \$15.3 million, respectively.

On November 6, 2024, at the GRUA Board Meeting, additional motions were approved to offset the GFT calculated payment. GRUA approved recouping funds paid in legal fees for certain work performed, as well as recover county streetlight expenses billed in fiscal year 2025 and paid by GRU.

Transfers to the City of Gainesville General Fund are (in thousands):

GFT Payments Net of Streetlights and Legal Fees

	2025	2024
General fund transfer	\$ 8,505	\$ 15,305
County streetlights	(1,279)	(1,098)
Legal expenses	(313)	(414)
Net paid to the City	\$ 6,913	\$ 13,793

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

13. Commitments and Contingencies

General

The primary factors currently affecting the utility industry include environmental regulations, Operating, Planning and Critical Infrastructure Protection Standards promulgated by NERC under FERC jurisdiction, and the increasing strategic and price differences among various types of fuels. No state or federal legislation is pending or proposed at this time for retail competition in Florida.

The role of municipalities as telecommunications providers pursuant to the 1996 Federal Telecommunications Act resulted in a number of state-level legislative initiatives across the nation to curtail this activity. In Florida, this issue culminated in the passage, in 2005, of legislation codified in Section 350.81, Florida Statutes that defined the conditions under which municipalities are allowed to provide retail telecommunications services. GRU has special status as a grandfathered entity under this legislation.

Environmental and Other Natural Resource Regulations

GRU and its operations are subject to federal, state, and local environmental regulations which include, among other things, control of emissions of particulates, mercury, acid gases, SO₂ and NO_x into the air; discharges of pollutants, including heat, into surface or ground water; the disposal of wastes and reuse of products generated by wastewater treatment and combustion processes; management of solid or hazardous wastes; and the nature of waste materials discharged into the wastewater system's collection facilities. There is no assurance that the facilities in operation, under construction, or contemplated will always remain subject to the regulations currently in effect or will always be in compliance with future regulations. Compliance with applicable regulations could result in increases in the costs of construction and/or operation of affected facilities, including associated costs such as transmission and transportation, as well as limitations on the operation of such facilities. Failure to comply with regulatory requirements could result in reduced operating levels or the complete shutdown of those facilities not in compliance, as well as the imposition of civil and criminal penalties.

EPA Air Emissions Reduction Initiative

On June 19, 2019, the U.S. Environmental Protection Agency (EPA) issued the final Affordable Clean Energy (ACE) rule to replace the Clean Power Plan (CPP) to restore the rule of law and empower states to continue to reduce emissions while providing affordable and reliable energy. The ACE rule adheres to the Clean Air Act and gives states the regulatory certainty they need to continue to reduce emissions and provide a dependable, diverse, and affordable supply of electricity. The ACE rule establishes emissions guidelines for states to use in limiting carbon dioxide emissions (CO₂) at their coal-fired power plants. Specifically, ACE identifies heat rate improvements as the best system of emission reduction (BSER) for CO₂ from coal-fired plants, and these improvements can be made at individual facilities. Also contained in the rule are new

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13. Commitments and Contingencies (continued)

EPA Air Emissions Reduction Initiative (continued)

implementing regulations for ACE and future existing source rules under Clean Air Act Section 111(d). These guidelines will inform states as they set unit-specific standards of performance. The states were given three years to submit plans, which is in line with planning timelines under the Clean Air Act.

On January 19, 2021, the D.C. Circuit vacated the ACE rule and remanded it to the EPA for further proceedings consistent with its opinion.

On June 30, 2022, the Supreme Court issued a landmark decision that Congress did not give the EPA the authority under Section 111 of the Clean Air Act to set emission standards for existing power plants that prescribe the market share of certain types of power generation. The Court reversed the D.C. Circuit ruling striking down the Trump-era ACE rule, which repealed the Obama-era CPP and replaced it with more limited regulations of CO₂ emissions from existing power plants.

On September 19, 2022, based on the Supreme Court's June 30 decision reversing and remanding the DC Circuit's decision, the DC Circuit ordered the parties to file Motions to govern further proceedings. On October 3, 2022, EPA/DOJ, along with the states, industry and NGOs, filed a Joint Motion, requesting that the DC Circuit (a) withdraw its March 5, 2021, Partial Mandate, (b) issue a new Partial Mandate denying the challenges to the CPP repeal and granting the challenges to the revisions to the 111(d) implementing rules, and (c) place the remaining, unresolved challenges to the ACE rule in abeyance until EPA promulgates a replacement rule.

On October 27, 2022, the DC Circuit issued an Order granting the Joint Motion, as described above. Accordingly, the CPP was repealed, the 111(d) implementing rules were vacated, and the remaining challenges to the ACE rule are in abeyance until EPA promulgates a replacement rule.

On May 7, 2024, the EPA published a final rule amending the Mercury and Air Toxics Standards (MAT) to reduce the particulate matter (PM) emissions limit from 0.03 to 0.01 lb/mmBTU

On May 9, 2024, the EPA published final regulations addressing greenhouse gas (GHG) emissions from fossil fuel-fired electric generating units (i.e., the GHG Rule). Additionally, the Affordable Clean Energy (ACE) rule, or Subpart UUUUa, was repealed.

On June 17, 2025, the EPA proposed a rule repealing the GHG Rule and the MATS rule amendment, and with the new administration, has pivoted to an overall stance of environmental deregulation, specifically regarding GHG emissions from the electric power generating sector.

On August 1, 2025, the EPA proposed a rule repealing the 2009 GHG endangerment finding for vehicles, which is understood to be part of the basis for the GHG Rule (covering stationary sources).

Gainesville Regional Utilities
Notes to Financial Statements
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13. Commitments and Contingencies (continued)

EPA Air Emissions Reduction Initiative (concluded)

On September 16, 2025, the EPA proposed a rule repealing GHG reporting requirements. Prior to this repeal, GRU had been required to report GHG emissions from its major power generation units as well as emissions resulting from natural gas supply to residential, commercial, and industrial customers since 2010.

Coal Combustion Products

The EPA published a final rule (40 CFR 257), effective October 14, 2015, to regulate the disposal of coal combustion residuals (CCR) as solid waste under subtitle D of the Resource Conservation and Recovery Act (RCRA). The rule includes national minimum criteria for existing and new CCR landfills and existing and new CCR surface impoundments. GRU is subject to the requirements of the promulgated rule that are applicable to CCR ponds and landfill at Deerhaven if the fuel burned consists of more than 50% coal on a total heat or mass input basis.

On August 28, 2020, EPA's Closure Part A rule was published in the Federal Register with the final rule effective date of September 28, 2020. As part of this rule revision, EPA required the closure of all unlined CCR surface impoundments. Therefore, if GRU combusts more than 50% coal, GRU will need to install a lined surface impoundment, or line (i.e., retrofit) the existing surface impoundment system, which is currently undergoing closure.

Storage Tanks

GRU is required to demonstrate financial responsibility for the costs of corrective actions and compensation of third parties for bodily injury and property damage arising from releases of petroleum products and hazardous substances from storage tank systems. GRU has 11 fuel oil storage tanks. The South Energy Center has two underground distillate (No. 2) oil tanks. The J.R. Kelly Station (JRK) has four above-ground distillate oil tanks, which are out of service, and two above-ground No. 6 oil tanks, which are also out of service. DH has one above-ground distillate and two above-ground No. 6 oil tanks, one of which is out of service.

All of GRU's fuel storage tanks have secondary containment and/or interstitial monitoring as required by regulations, and the Utility is insured for the requisite amounts.

Remediation Sites

Several site investigations have been completed at the JRK Station. According to previous assessments, the horizontal extent of impacted soils extends from the northern containment wall of the above-ground storage tanks (ASTs) to the wastewater filter beds and from the old plant building to Sweetwater Branch Creek. The results of the most recent soil assessment documented the presence of Benzo(a)pyrene in one soil sample at a concentration greater than its default commercial/industrial direct exposure-based soil cleanup target levels (SCTLs). Four of the soil samples contained Benzo(a)pyrene equivalents at concentrations greater than its default

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

13. Commitments and Contingencies (continued)

Remediation Sites (continued)

commercial/industrial direct exposure based SCTLs. In addition, two of the soil samples contained total recoverable petroleum hydrocarbons (TRPH) at concentrations greater than its default commercial/industrial direct exposure based SCTLs.

Following the submittal of the August 2013 No Further Action Proposal, the Florida Department of Environmental Protection (FDEP) prepared comments regarding the No Further Action Proposal and provided them to GRU in a letter dated January 10, 2014. In August of 2014, GRU provided responses to the FDEP's January 2014 comment letter. In March of 2016, an attempt was made to meet with the FDEP, but a time was not set up for the meeting. The delay in responding to GRU's comments was due in part to the FDEP's waiting on resolution of the request to use an active hydraulic containment system as an engineering control. Ultimately, the FDEP rejected the use of the active containment system as an engineering control. On April 17, 2017, the FDEP provided comments on GRU's August 2014 response to the FDEP's January 2014 comment letter. The FDEP requested further assessment of the extent of No. 6 fuel oil in the subsurface. GRU's response proposed additional soil investigation to assess the extent of No. 6 fuel oil, both as a non-aqueous phase liquid and as stained soils. GRU also proposed temporarily shutting down the groundwater recovery system and evaluating whether free product returns to the wells. This information will be used to evaluate what actions will be needed to recover free product, if any is detected.

The Florida Department of Environmental Protection (FDEP) had requested a supplemental site assessment (SSA) be conducted to assess the nature and extent of non-aqueous phase liquids (NAPL), soil impacts, and groundwater quality impacts at the J.R. Kelly site. Environmental Consulting & Technology (ECT) – one of GRU's consultants, conducted a supplemental site assessment and submitted the results to the FDEP in the June 2022 Supplemental Site Assessment Report. On July 19, 2022, the FDEP sent a response letter requesting additional assessment to complete delineation of target analytes at the J.R. Kelly Generating Station site.

The results of the additional assessment were submitted to FDEP with the findings that the extent of impact has not been fully defined. FDEP has requested GRU conduct additional assessment such that complete delineation is achieved, and a Remedial Action Plan (RAP) can be developed to address all impacts to all media. In March and July 2023, an additional assessment was conducted and the results are in review for the development of a report to submit to FDEP.

In January 2024, a Supplemental Site Assessment Report was submitted to the FDEP recommending additional soil assessment in the southern portion of the site. In June 2024, GRU received a comment letter from the FDEP regarding the January 2024 Supplemental Site Assessment Report requesting additional assessment beyond the initial recommendations.

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13. Commitments and Contingencies (continued)

Remediation Sites (concluded)

In August 2024, ECT prepared a response to the FDEP's request. In October 2024 the FDEP concurred with ECT's recommendations.

ECT proposes to conduct additional sampling activities based on the FDEP comment/approval letter dated October 17, 2024, for the further assessment of the extent of target analytes at the site as required by Chapter 62-780, F.A.C.

A Supplemental Site Assessment Report, Addendum 4, dated/received July 29, 2025, was prepared by ECT and submitted to the FDEP. The FDEP provided GRU with response to this report dated November 7, 2025. ECT is currently preparing a scope of work to respond to the FDEP's request in their November 7th response which will include additional assessment.

Manufactured Gas Plant

Gainesville's natural gas system originally distributed blue water gas, which was produced in town by gasification of coal using distillate oil. Although manufactured gas was replaced by pipeline gas in the mid-1950's, coal residuals and spilt fuel contaminated soils remain on and adjacent to the manufactured gas plant (MGP) site. When the natural gas system was purchased, GRU assumed responsibility for the investigation and remediation of environmental impacts related to the operation of the former MGP. GRU has pursued recovery for the MGP from past insurance policies and, to date, has recovered \$2.2 million from such policies. GRU received final approval of its Remedial Action Plan which included the excavation and landfilling of impacted soils. This plan was implemented pursuant to a Brownfield Site Rehabilitation Agreement with the State.

A soil excavation was conducted to remove visibly stained soils and soils containing free phase coal tar. During the soil excavation it was discovered that the extent of the stained soils and coal tar exceeded beyond the limits of the planned excavation. Following the removal of the contaminated soils and construction of the park, groundwater sampling was conducted to evaluate the groundwater quality and evaluate the effects of the coal tars that were not removed during the soil excavation. Currently the site is in a monitoring phase to assess the extent of the dissolved coal tar constituents in the aquifer and evaluate options for site closure.

Following remediation, the property has been redeveloped by the City as a park with storm water ponds, nature trails, and recreational space, all of which were considered in the remediation plan's design. The duration of the groundwater monitoring program is unknown, and that timeframe is open to the results of the sampling data.

Based upon GRU's analysis of the cost to clean up this site, GRU has accrued a liability to reflect the costs associated with the cleanup effort. During fiscal years 2025 and 2024, expenses were \$1.3 million and \$1.2 million, respectively. The reserve balance at September 30, 2025 and 2024, was \$1.2 million and \$1.1 million, respectively.

Gainesville Regional Utilities
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13. Commitments and Contingencies (continued)

Manufactured Gas Plant (concluded)

GRU is recovering the costs of this cleanup through customer charges. A regulatory asset was established for the recovery of remediation costs from customers. Customer billings were \$1.3 million and \$1.2 million as of September 30, 2025 and 2024 respectively. The regulatory asset balance was \$4.1 million and \$5.4 million as of September 30, 2025 and 2024, respectively.

Although some uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have an adverse material effect on GRU's financial position, results of operations, or liquidity.

Water Use Restrictions

Pursuant to Florida law, a water management district in Florida may mandate restrictions on water use for non-essential purposes when it determines such restrictions are necessary. The restrictions may be either temporary or permanent. The St. Johns River Water Management District (SJRWMD) has mandated permanent district-wide restrictions on residential and commercial landscape irrigation. The restrictions limit irrigation to no more than two days per week during Daylight Savings Time and one day per week during Eastern Standard Time. The restrictions apply to centralized potable water as provided by the Utility as well as private wells. All irrigation between the hours of 10:00 a.m. and 4:00 p.m. is prohibited.

In addition, in April 2010, the County adopted, and the City subsequently opted into, an Irrigation Ordinance that codified the above-referenced water restrictions, which promote and encourage water conservation. County personnel enforce this ordinance, which further assists in reducing water use and thereby extending the Utility's water supply.

The SJRWMD and the Suwannee River Water Management District (SRWMD) each have promulgated regulations referred to as "Year-Round Water Conservation Measures" for the purpose of increasing long-term water use efficiency through regulatory means. In addition, the SJRWMD and the SRWMD each have promulgated regulations referred to as a "Water Shortage Plan" for the purpose of allocating and conserving the water resources during periods of water shortage and maintaining a uniform approach towards water use restrictions. Each Water Shortage Plan sets forth the framework for imposing restrictions on water use for non-essential purposes when deemed necessary by the applicable water management district.

On August 7, 2012, in order to assist the SJRWMD and the SRWMD in the implementation and enforcement of such Water Conservation Measures and such Water Shortage Plans, the Board of County Commissioners of Alachua County enacted an ordinance creating year-round water conservation measures and water shortage regulations (the "County Water Use Ordinance"), thereby making such Water Conservation Measures and such Water Shortage Plans applicable to the unincorporated areas of the County. On December 20, 2012, the City Commission adopted

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13. Commitments and Contingencies (continued)

Water Use Restrictions (concluded)

a resolution to opt into the County's year-round water conservation measures and water shortage regulations ordinances in order to give the Alachua County Environmental Protection Department the authority to enforce water shortage orders and water shortage emergencies within the City.

The SJRWMD issued GRU consumptive use permit (CUP) number 11339-6 (GRU CUP) on September 10, 2014. The GRU CUP authorizes GRU to withdraw 10,950 million gallons per year (30 million gallons per day, or MGD, annual average) for public water supply purposes through September 10, 2034.

By an Order dated May 11, 2021, the District determined that Lakes Brooklyn and Lake Geneva were not meeting (i.e., were below) the new minimum flows and levels (MFLs) rule. Withdrawals authorized by individual consumptive use permits, individually or cumulatively, were in violation of the MFLs for Lakes Brooklyn and Lake Geneva. Per an agreement fully executed on August 6, 2021, GRU elected to participate financially in the construction, operation, and maintenance of the Black Creek Water Resource Development Project (Black Creek WRD) to address GRU's impacts to the Lakes Brooklyn and Geneva MFLs.

Per the fully executed agreement, GRU agreed to pay to SJRWMD a total of \$2.7 million, to be paid in two installments of \$1.35 million to help fund the capital and future operation and maintenance costs of the Black Creek WRD. The payments were delivered, in escrow, to the Florida Department of Financial Services (DFS), per the terms of the Escrow Agreement between GRU, the District, and DFS.

On October 28, 2021, per the terms of the Escrow Agreement, GRU delivered, in escrow, the first payment of \$1.35 million to the Florida Department of Financial Services.

On October 30, 2023, per the terms of the Escrow Agreement, GRU delivered the final installment of \$1.35 million, in escrow, to the Florida Department of Financial Services.

Per the agreement, by participating in the Black Creek WRD, GRU is fully compliant with Lake Brooklyn and Geneva MFLs through 2045. The agreement also enabled GRU to initiate early renewal of its CUP. The current permit expires in September 2034. However, renewing early will allow GRU to secure CUP allocation for growth over the next 20 years. GRU has submitted application to renew its CUP through 2045 with an allocation of 32 MGD annual average daily flow.

Gainesville Regional Utilities
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13. Commitments and Contingencies (concluded)

Purchase Commitments

On July 16, 2020, the City Commission approved a Power Purchase Agreement (PPA) for solar electric to add 50 megawatts of solar generation to our service area by December 2022. On July 21, 2020, GRU entered into a 20-year contract with the option for two additional five-year terms and a purchase opportunity at years 8, 12, and 16, and at change in control. On April 20, 2023, the City Commission authorized the General Manager or designee to execute a contract amendment to the Power Purchase Agreement to extend the commercial operation date until the fourth quarter of calendar year 2024 or the first quarter of calendar year 2025, and to expand the facility size from 50 megawatts of solar generation to 74.9 megawatts to mitigate cost impacts. However, due to a recent surge in construction-related costs, this project and the associated PPA were mutually terminated in January 2025. Neither GRU nor the solar developer have further obligations related to the project or the PPA.

On November 6, 2024, GRUA authorized the negotiation and execution of a natural gas prepayment agreement with the Municipal Gas Authority of Georgia (MGAG), subject to certain execution parameters. MGAG develops natural gas prepayment transactions from time to time with Main Street Natural Gas, Inc., from the proceeds of certain tax-exempt bonds. The base contract was approved in Resolution 2024-920 on December 11, 2024, and the prepayment agreement with MGAG was executed on December 18, 2024. GRU's obligation is limited to paying for the natural gas delivered. The delivery period on the base contract begins on April 1, 2025, and continues through March 31, 2054. GRU's second gas prepayment agreement was approved in Resolution 2025-106 on February 12, 2025. The second prepayment agreement was fully executed on February 20, 2025, and has a delivery period that begins on April 1, 2025, and continues through March 31, 2055. GRU's third gas prepayment agreement was approved in Resolution 2025-177 on March 12, 2025. The third prepayment agreement was fully executed on July 17, 2025, and has a delivery period that begins on November 1, 2025, and continues through October 31, 2055.

Gainesville Regional Utilities
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14. Retirement Plans

The City sponsors and administers the Employees' Pension Plan (Employees' Plan).

Defined Benefit Plans

Employees' Plan

The Employees' Plan is a contributory defined benefit single-employer pension plan that covers all permanent employees of the City, including GRU, except certain personnel who elected to participate in the Defined Contribution Plan and who were grandfathered into that plan. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate.

The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Plan. That report may be obtained by writing to the City of Gainesville, Department of Financial Services, P.O. Box 490, Gainesville, Florida 32627 or by calling (352) 334-5054.

The Employees' Plan provides retirement, disability, and death benefits.

Retirement benefits for employees are calculated as a fixed percent (often referred to as "the multiplier") of the employee's final average earnings (FAE) times the employee's years of service. The fixed percent of final average earnings varies depending on the date of hire as follows:

<u>Date of Hire</u>	Fixed percent of <u>FAE (multiplier)</u>	<u>Final Average Earnings</u>
On or before 10/01/2007	2.0%	Highest 36 consecutive months
10/02/2007 – 10/01/2012	2.0%	Highest 48 consecutive months
On or after 10/02/2012	1.8%	Highest 60 consecutive months

For service earned prior to 10/01/2012, the lesser number of unused sick leave or personal critical leave bank credits earned on or before 09/30/2012 or the unused sick leave or personal critical leave bank credits available at the time of retirement may be credited towards the employee's years of service for that calculation. For service earned on or after 10/01/2012, no additional months of service will be credited for unused sick leave or personal critical leave bank credits.

Retirement eligibility is also tiered based on date of hire as follows:

Employees are eligible for normal retirement:

- If the date of hire occurred on or before 10/02/2007, after accruing 20 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

14. Retirement Plans (continued)

Defined Benefit Plans (continued)

Employees' Plan (continued)

- If the date of hire was between 10/02/2007 and 10/01/2012, after accruing 25 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.
- If the date of hire was on or after 10/02/2012, after accruing 30 years of pension service credit, regardless of age or after accruing 10 years of pension service credit and reaching age 65 while still employed.

Employees are eligible for early retirement:

- If the date of hire occurred on or before 10/01/2012, after accruing 15 years of pension service credit and reaching age 55 while still employed.
- If the date of hire was on or after 10/02/2012, after accruing 20 years of pension service credit and reaching age 60 while still employed.
- Under the early retirement option, the benefit is reduced by 5/12ths of one percent for each month (5% for each year) by which the retirement date is less than the date the employee would reach age 65.
- Employees receive a deferred vested benefit if they are terminated after accruing five years of pension service credit but prior to eligibility for regular retirement. Those employees will be eligible to receive a benefit starting at age 65.

A 2% cost of living adjustment (COLA) is applied to retirement benefits each October 1st if the retiree has reached eligibility for COLA prior to that date. Eligibility for COLA is determined as follows:

- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 20 years but less than 25 years of credited service upon retirement, COLA begins after reaching age 62.
- If the retiree had at least 20 years of credited service prior to 10/01/2012 and had at least 25 years of credited service upon retirement, COLA begins after reaching age 60.
- If the retiree was hired on or before 10/01/2012 and had less than 20 years of credited service on or before 10/01/2012 and 25 years or more of credited service upon retirement, COLA begins after reaching age 65.
- If the retiree was hired after 10/01/2012 and had 30 years or more of credited service upon retirement, COLA begins after age 65.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

14. Retirement Plans (continued)

Defined Benefit Plans (continued)

Employees' Plan (continued)

Employees hired on or before 10/01/2012 are eligible to participate in the deferred retirement option plan (DROP) when they have completed 27 years of credited service and are still employed by the City. Such employees retire from the Employees' Plan but continue to work for the City. The retirement benefit is calculated as if the employee had terminated employment and is paid to a DROP account held within the pension plan until the employee actually leaves the employment of the City. While in DROP, these payments earn a guaranteed rate of annual interest, compounded monthly. For employees who entered DROP on or before 10/01/2012, DROP balances earn 6% annual interest. For employees who entered DROP on or after 10/02/2012, DROP balances earn 2.25% annual interest. Employees may continue in the DROP for a maximum of five years or until reaching 35 years of service, whichever occurs earlier. Upon actual separation from employment, the monthly retirement benefits begin being paid directly to the retiree and the retiree must take their DROP balance plus interest as a lump-sum cash disbursement, roll into a retirement account or choose a combination of the two options.

Death benefits are paid as follows:

- If an active member retires after reaching normal retirement eligibility and has selected a tentative benefit option, benefit payments will be made to the beneficiary in accordance with the option selected.
- If an active member who is married dies after reaching normal retirement eligibility and did not previously select a tentative benefit option, the plan assumes the employee retired the day prior to death and elected the Joint & Survivor option naming their spouse as their beneficiary.
- If an active member who is not married dies after reaching normal retirement eligibility and did not previously select a tentative benefit option, or if an active member dies prior to reaching normal retirement eligibility, or if a non-active member with a deferred vested benefit dies before age 65, the death benefit is a refund of the member's contributions without interest to the beneficiary on record.
- Continuation of retirement benefits after the death of a retiree receiving benefits is contingent on the payment option selected upon retirement. If the retiree has chosen a life annuity and dies prior to receiving benefits greater than the retiree's contributions to the plan, a lump sum equal to the difference is paid to the beneficiary on record.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

14. Retirement Plans (continued)

Defined Benefit Plans (continued)

Employees' Plan (continued)

Disability benefits are paid to eligible regular employees of the City who become totally and permanently unable to perform substantial work for pay within a 50-mile radius of the home or city hall, whichever is greater, and who are wholly and continuously unable to perform any and every essential duty of employment, with or without a reasonable accommodation, or of a position to which the employee may be assigned. The basic disability benefit is equal to the greater of the employee's years of service credit times 2%, with a minimum of 42% for in line of duty disability and a minimum of 25% for other than in line of duty disability, times the employee's final average earnings as would be otherwise calculated under the plan. The benefit is reduced by any disability benefit percent, up to a maximum of 50%, multiplied by the monthly Social Security primary insurance amount to which the employee would be initially entitled as a disabled worker, regardless of application status. The disability benefit is limited to the lesser of \$3,750 per month or an amount equal to the maximum benefit percent, less reductions above and the initially determined wage replacement benefit made under workers' compensation laws.

At September 30, the following City employees were covered by the benefit terms:

	2025	2024
Active members	1,602	1,636
Retirees members/beneficiaries currently receiving benefits	1,596	1,537
Terminated members/beneficiaries entitled to benefits but not yet receiving benefits	549	548
Total	3,747	3,721

The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission. The City is required to contribute at an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City contributes the difference between the actuarially determined rate and the contribution rate of employees. Plan members are required to contribute 5% of their annual covered salary. The rates were 6.02% and 7.11% of covered payroll for the years ended September 2025 and 2024, respectively. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003A and the Special Obligation Revenue Bonds, Series 2020 issued by the City. The proceeds from these issues were utilized to retire the unfunded actuarial accrued liability at the time of issuance in the Employees' Plan. Differences between the required contribution and actual contribution are due to actual payroll experiences varying from the estimated total payroll used in the generation of the actuarially required contribution rate. Administrative costs are

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

14. Retirement Plans (continued)

Defined Benefit Plans (continued)

Employees' Plan (concluded)

financed through investment earnings. The Taxable Pension Obligation Bonds, Series 2003A have an interest rate of 1.71% to 6.19%, with a final maturity on October 1, 2032, with principal payments due October 1 and interest payments due October 1 and April 1 payable solely from non-ad valorem revenues and not subject to redemption prior to maturity. On September 29, 2020, the City of Gainesville issued \$206.1 million in Special Obligation Revenue Bonds, Series 2020. The proceeds of these bonds were deposited into the Employees' Plan and Consolidated Police Officers' and Firefighters' Plan for September 30, 2020, to retire 95% of the unfunded actuarial accrued liability existing at that time in these plans. The Special Obligation Revenue Bonds, Series 2020 have an interest rate of 2.61%, and a final maturity on October 1, 2042, with principal payments due October 1, and interest payments due October 1 and April 1. These bonds are payable solely from legally available non-ad valorem revenues. GRU recorded a due to other funds for its share of the pension contribution expense related to these bonds. The total outstanding at September 30, 2025, was \$106 million with \$101.5 million not expected to be paid within the current year. The total outstanding at September 30, 2024, was \$110.1 million with \$106 million not expected to be paid within the current year.

During the fiscal year ended September 30, 2024, GRU revised the allocation for Series 2020 Pension Obligation Bonds based on the unfunded pension liability at the time of issuance. The change in estimate was necessitated by the need to equitably allocate the obligation between the City and GRU. The revised estimate increased the total outstanding at September 30, 2024, by \$11.4 million, from \$84 million to \$95.6 million. This change in estimate is accounted for prospectively, as required by GASB Statement 100.

The net pension liability (asset) related to the Employees' Plan was measured as of September 30, 2025 and 2024. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of October 1, 2024, and October 1, 2023, for September 30, 2025 and 2024, respectively.

The net pension liability (asset) applicable to GRU as an enterprise fund of the City was \$(26.9) million and \$(21.4) million at September 30, 2025 and 2024, respectively.

The total pension liability as of September 30, 2025, was determined based on a roll-forward of the entry age normal liabilities from the October 1, 2024, actuarial valuation. Below is a summary of the key actuarial assumptions used in the October 1, 2024, and October 1, 2023, actuarial valuations:

Inflation	2.50%
Salary increases	Service based
Long-term rate of return	7.75%
Discount rate	7.75%

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

14. Retirement Plans (continued)

Defined Benefit Plans (continued)

Mortality Rate

Mortality rates were based on the PubS-2010 Mortality Tables projected generationally with Mortality Improvement Scale MP-2021.

The mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2024, FRS valuation report for non-special-risk employees.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 and 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	47.00%	7.50%
International equity	28.00%	8.50%
Domestic fixed income	8.00%	2.50%
Real estate	12.00%	4.50%
Alternative	5.00%	6.65%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.75% as of September 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

14. Retirement Plans (continued)

Defined Benefit Plans (continued)

Net Pension Liability (Asset)

Changes in the Net Pension Liability (Asset) for GRU for the years ended September 30, 2025 and 2024 (in thousands):

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at 10/01/2024	\$ 454,255	\$ 475,658	\$ (21,403)
Changes for the year:			
Service cost	6,841	-	6,841
Interest	34,563	-	34,563
Differences between expected and actual experience	7,667	-	7,667
Changes to assumptions	(2,751)	-	(2,751)
Contributions - employer	-	4,488	(4,488)
Contributions - employee	-	3,730	(3,730)
Net investment income	-	44,124	(44,124)
Benefit payments, including refunds and DROP payouts	(30,247)	(30,247)	-
Administrative expense	-	(543)	543
Net changes	16,073	21,552	(5,479)
Balances at 09/30/2025	\$ 470,328	\$ 497,210	\$ (26,882)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at 10/01/2023	\$ 444,850	\$ 397,233	\$ 47,617
Changes for the year:			
Service cost	6,535	-	6,535
Interest	33,638	-	33,638
Differences between expected and actual experience	541	-	541
Contributions - employer	-	5,494	(5,494)
Contributions - employee	-	3,908	(3,908)
Net investment income	-	100,302	(100,302)
Benefit payments, including refunds and DROP payouts	(27,913)	(27,913)	-
Administrative expense	-	(334)	334
Other changes *	(3,396)	(3,032)	(364)
Net changes	9,405	78,425	(69,020)
Balances at 09/30/2024	\$ 454,255	\$ 475,658	\$ (21,403)

* Reflects a change in GRU's portion of the Net Pension Liability (Asset)

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

14. Retirement Plans (continued)

Defined Benefit Plans (continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents GRU's portion of the net pension liability (asset), calculated using the discount rate of 7.75% as of September 30, 2025 and 2024, as well as what GRU's portion of the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (in thousands):

Sensitivity for GRU's Portion:	2025		
	1% Decrease	Current	1% Increase
	6.75%	Discount	8.75%
	Rate 7.75%		
Net pension liability (asset)	\$ 24,795	\$ (26,882)	\$ (70,374)
	2024		
Net pension liability (asset)	\$ 29,268	\$ (21,403)	\$ (63,955)

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Plan financial report.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

14. Retirement Plans (concluded)

Defined Benefit Plans (concluded)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the years ended September 30, 2025 and 2024, GRU recorded a pension expense of \$4 million and \$4.7 million, respectively. At September 30, 2025 and 2024, the City and GRU reported deferred outflows of resources and deferred inflows of resources related to the Employees' Plan from the following sources (in thousands):

	2025	
	Deferred Outflows of Resources GRU's Portion	Deferred Inflows of Resources GRU's Portion
Differences between expected and actual experience	\$ 9,509	\$ 133
Change of assumptions	2,258	2,200
Net difference between projected and actual investment earnings on pension plan investments	-	43,231
Total	\$ 11,767	\$ 45,564
	2024	
	Deferred Outflows of Resources GRU's Portion	Deferred Inflows of Resources GRU's Portion
Differences between expected and actual experience	\$ 5,059	\$ 216
Change of assumptions	3,419	-
Net difference between projected and actual investment earnings on pension plan investments	-	48,244
Total	\$ 8,478	\$ 48,460

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Employees' Plan will be recognized in pension expense as follows (in thousands):

Year Ending September 30,	Net Deferred Outflows/(Inflows) of Resources
2026	\$ 3,677
2027	(22,198)
2028	(14,632)
2029	(644)
2030	-
Total	\$ (33,797)

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

15. Other Post-employment Benefits Plan

Plan Description

By ordinance enacted by the City Commission, the City has established the Retiree Health Care Plan (RHCP), providing for the payment of a portion of the health care insurance premiums for eligible retired employees. Management of the RHCP is vested in the RHCP Board of Trustees, which consists of the seven members of the City Commission who are elected by the citizens of Gainesville for four-year terms. The City of Gainesville issues a publicly available financial report that includes financial statements and the required supplementary information for the RHCP. That report may be obtained by writing to the City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32627 or by calling (352) 334-5054.

Benefits Provided

The RHCP is a single-employer defined benefit health care plan administered by the City which provides medical insurance benefits to eligible retirees and their beneficiaries.

Employees Covered by Benefit Terms

At September 30, 2025 and 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	896
Inactive employees entitled to but not yet receiving benefit payments	647
Active employees	<u>2,029</u>
Total	<u><u>3,572</u></u>

Contributions

The contribution policy of the City is established and may be amended by the City at any time. The annual contribution consists of the normal cost amount developed annually plus, given there is any unfunded actuarial accrued liability (UAAL), an amount to amortize said UAAL over 10 years from inception.

For the years ended September 30, 2025 and 2024, GRU contributed \$2.1 million and \$1.2 million, respectively, for other post-employment benefits.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

15. Other Post-employment Benefits Plan (continued)

Investment Policy

The following reflects the current target allocation and expected returns as provided by Morgan Stanley. These allocations and long-term rates of return were provided as of September 30, 2025:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	70.00%	7.50%
International equity	20.00%	8.50%
Fixed income	5.00%	2.50%
Real estate	5.00%	4.50%
Total	<u>100.00%</u>	

These allocations and long-term rates of return were provided as of September 30, 2023 for September 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Large cap value equity	22.50%	7.00%
Large cap growth equity	22.50%	8.40%
Small cap value equity	10.00%	7.20%
Small cap growth equity	10.00%	8.40%
International value equity	10.00%	7.80%
International growth equity	10.00%	7.80%
Core fixed income	5.00%	2.50%
Private real estate	10.00%	4.50%
Total	<u>100.00%</u>	

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

15. Other Post-employment Benefits Plan (continued)

Net OPEB Liability

The net OPEB liability related to the RHCP was measured as of September 30, 2025 and 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of October 1, 2023, for September 30, 2025 and 2024.

Actuarial Assumptions

The total OPEB liability as of September 30, 2025, was determined based on a roll-forward of the October 1, 2023, actuarial valuation. Below is a summary of the key actuarial assumptions used in the October 1, 2023, actuarial valuation:

Inflation rate	3.00%
Salary increase rate(s)	Service Based
Discount rate	7.75%
Initial trend rate	8.50%
Ultimate trend rate	4.00%
Years to ultimate	38
Investment rate of return	7.75%

GASB Statement No. 75 requires that the total OPEB liability should be determined either by an actuarial valuation as of the measurement date, or by utilizing update procedures to roll the OPEB liability forward to the measurement date. The updated procedures should include amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end.

Mortality Rate

All mortality rates were based on the Pub-2010 mortality tables. All mortality rates are outlined in Milliman's July 1, 2023, Florida Retirement System (FRS) valuation report. All rates are using mortality improvement scale MP-2018.

Discount Rate

The discount rates used to measure the total OPEB liability was 7.75% compounded annually, net of investment expenses, as of September 30, 2025, and 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

15. Other Post-employment Benefits Plan (continued)

Changes in Net OPEB Liability (Asset) for GRU

Changes in Net OPEB Liability (Asset) for GRU for the years ended September 30, 2025 and 2024 (in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at 10/01/2024	\$ 25,281	\$ 28,149	\$ (2,868)
Changes for the year:			
Service cost	607	-	607
Interest	1,855	-	1,855
Contributions - employer	-	2,147	(2,147)
Net investment income	-	3,374	(3,374)
Benefit payments	(3,432)	(3,432)	-
Administrative expense	-	(25)	25
Other changes	(270)	(300)	30
Net changes	<u>(1,240)</u>	<u>1,764</u>	<u>(3,004)</u>
Balances at 09/30/2025	<u>\$ 24,041</u>	<u>\$ 29,913</u>	<u>\$ (5,872)</u>

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at 10/01/2023	\$ 27,698	\$ 24,282	\$ 3,416
Changes for the year:			
Service cost	603	-	603
Interest	1,986	-	1,986
Differences between expected and actual experience	(1,774)	-	(1,774)
Changes in assumptions	(1,043)	-	(1,043)
Contributions - employer	-	1,216	(1,216)
Net investment income	-	4,888	(4,888)
Benefit payments	(2,516)	(2,516)	-
Administrative expense	-	(8)	8
Other changes	327	287	40
Net changes	<u>(2,417)</u>	<u>3,867</u>	<u>(6,284)</u>
Balances at 09/30/2024	<u>\$ 25,281</u>	<u>\$ 28,149</u>	<u>\$ (2,868)</u>

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

15. Other Post-employment Benefits Plan (continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rates

The following presents GRU's portion of the net OPEB liability (asset), calculated using the discount rate of 7.75% as of September 30, 2025 and 2024, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (in thousands):

	2025		
	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Net OPEB liability (asset)	\$ (3,266)	\$ (5,872)	\$ (8,104)
	2024		
	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Net OPEB liability (asset)	\$ (307)	\$ (2,868)	\$ (5,060)

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

15. Other Post-employment Benefits Plan (continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rates

The following presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (in thousands):

	2025		
	Health Care Cost Trend		
	1% Decrease	Rate	1% Increase
	3.00%-7.50%	4.00%-8.50%	5.00%-9.50%
Net OPEB liability (asset)	\$ (8,739)	\$ (5,872)	\$ (2,465)

	2024		
	Health Care Cost Trend		
	1% Decrease	Rate	1% Increase
	3.00%-7.50%	4.00%-8.50%	5.00%-9.50%
Net OPEB liability (asset)	\$ (5,460)	\$ (2,868)	\$ 201

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

15. Other Post-employment Benefits Plan (continued)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued RHCP financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2025 and 2024, the City and GRU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2025	
	Deferred Outflows of Resources GRU's Portion	Deferred Inflows of Resources GRU's Portion
Differences between expected and actual experience	\$ -	\$ 2,283
Change in assumptions	901	2,107
Net difference between projected and actual investment earnings on OPEB plan investments	-	1,884
Total	\$ 901	\$ 6,274

	2024	
	Deferred Outflows of Resources GRU's Portion	Deferred Inflows of Resources GRU's Portion
Differences between expected and actual experience	\$ -	\$ 2,960
Change in assumptions	1,251	2,971
Net difference between projected and actual investment earnings on OPEB plan investments	-	985
Total	\$ 1,251	\$ 6,916

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

15. Other Post-employment Benefits Plan (concluded)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (concluded)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ending September 30,	Net Deferred Outflows/(Inflows) of Resources
2026	(837)
2027	(2,265)
2028	(1,212)
2029	(661)
3030	(398)
Total	<u>\$ (5,373)</u>

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

16. Risk Management

GRU is exposed to various risks of loss related to the theft of, damage to and destruction of assets; errors and omissions; employee injuries; and natural disasters. GRU is also subject to risk of loss arising from the ordinary course of business, including, but not limited to, claims for damages for personal injuries, employment-related claims, and breach of contract.

The risks of workers' compensation, auto liability and general liability are accounted for under the City of Gainesville General Insurance Fund. The City is self-insured for workers' compensation, auto liability and general liability but also carries excess coverage for workers' compensation, auto liability and general liability. Third-party coverage is currently maintained for workers' compensation claims in excess of \$350,000. GRU maintains an insurance reserve for the self-insured portion and uses a commercial carrier to purchase plant and machinery insurance. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage for the past three fiscal years. GRU reimburses the City for premiums and claims paid on its behalf, recording the appropriate expense.

In fiscal years 2025 and 2024, the liability was adjusted to align with GRU's estimation that there will be a reduction of future claims. For fiscal years 2025, 2024, and 2023, all claims were paid from current-year revenues.

Changes in the insurance reserve as of September 30 (in thousands):

Year Ending September 30,	Beginning Balance	Claims	Payments	Change in Reserve	Ending Balance
2025	\$ 1,342	\$ 775	\$ (775)	\$ (217)	\$ 1,125
2024	\$ 1,960	\$ 752	\$ (752)	\$ (618)	\$ 1,342
2023	\$ 1,960	\$ 863	\$ (863)	\$ -	\$ 1,960

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

17. Litigation

Jacob Rodgers v. William Stormant and City of Gainesville, d/b/a Gainesville Regional Utilities; Case No. 01-2016-CA-000659 in the Circuit Court of the Eighth Judicial Circuit in and for Alachua County, Florida.

On October 7, 2015, a City-owned vehicle driven by a City employee collided with a vehicle. In February 2016, the plaintiff filed suit against the City employee, personally, and added the City as a defendant in June 2017. The trial was conducted in early May 2021. The jury reached a verdict of \$120 million against the City. The trial court denied the City's motion for a new trial, but granted a remittitur, reducing the overall award to \$18.3 million.

The plaintiff rejected the remittitur and filed a notice of appeal. The City subsequently filed a cross-appeal as to the court's orders denying its motion for new trial and motion for directed verdict. Briefs were filed with Florida's First District Court of Appeal, and oral argument was scheduled for January 25, 2023. The First District Court of Appeal issued an order on January 18, 2023, cancelling the oral argument and relinquishing jurisdiction to the trial court to enter a final judgement. On January 30, 2023, the trial court entered the final judgment proposed by the Plaintiff/Appellant, awarding him the remitted damages, so that the appellate proceedings may go forward with a new date for oral argument.

The parties reached a mediated settlement fully resolving all remaining claims, which was formally approved by the GRU Authority and finalized on September 4, 2024. Accordingly, the trial court ordered the clerk to close the case file for Case No. 01-2016-CA-000659, and on October 30, 2024, the trial court entered a final judgment pursuant to the mediated settlement agreement adjudging that Plaintiff recover from the City the sum of \$11 million, for which let execution issue up to \$200,000, and which shall bear interest at the legal rate. In January 2025, the \$200,000 agreed settlement was paid to the Plaintiff.

The parties' settlement agreement specifically reserved all rights for the Plaintiff to pursue a legislative claim bill, and the City's rights to defend against entry of a legislative claim bill. On December 12, 2024, Florida State Senator Mack Bernard from District 24 (Palm Beach County) filed a legislative claim bill seeking relief for Plaintiff for \$11 million. House Bill 6521 was created on February 12, 2025.

House Bill 6521 was passed by the Florida House of Representatives on April 24, 2025. It was passed by Florida Senate on April 28, 2025. It was approved by the Governor on June 13, 2025. On June 18, 2025, Gainesville Regional Utilities paid the remaining balance of \$10.8 million to the Plaintiff.

Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2025 and 2024

18. Extraordinary Item

See Note 17. Litigation regarding *Jacob Rodgers v. William Stormant and City of Gainesville, d/b/a Gainesville Regional Utilities*; Case No. 01-2016-CA-000659 in the Circuit Court of the Eighth Judicial Circuit in and for Alachua County, Florida.

On December 12, 2024, Florida State Senator Mack Bernard from District 24 (Palm Beach County) filed a legislative claim bill seeking relief for Plaintiff for \$11 million. House Bill 6521 was created on February 12, 2025.

House Bill 6521 was passed by the Florida House of Representatives on April 24, 2025. It was passed by Florida Senate on April 28, 2025. It was approved by the Governor on June 13, 2025. On June 18, 2025, Gainesville Regional Utilities paid the remaining balance of \$10.8 million to the Plaintiff. In January 2025, GRU paid the initial \$200,000 to the Plaintiff.

This item was identified as an extraordinary item based on the unusual nature and infrequent occurrence of the payment. The unusual nature refers to the statutory limits of sovereign immunity of \$200,000. To exceed this amount, a bill had to be filed and approved with the Florida House of Representatives, then approved by the Florida Senate and then signed by the Governor. This is the first such award from the State involving the City of Gainesville which makes the occurrence infrequent in nature.

Due to this extraordinary item, GRU Management made the decision, with the approval of GRUA on December 10, 2025, to use reserves from Rate Stabilization to cover the unexpected expense of \$11 million this fiscal year. This was a one-time transfer from Rate Stabilization to Operating Funds that will not be returned to Rate Stabilization.

19. Subsequent Events

\$160 Million Utilities System Variable Rate Subordinated Revenue Bond, 2023 Series A

On January 14, 2026, GRUA approved a resolution to amend a credit agreement between GRU and Truist Bank to extend the maturity date of the agreement by two years.

OTHER REPORT

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Gainesville Regional Utilities Authority of
Gainesville Regional Utilities

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Gainesville Regional Utilities (GRU), which comprise GRU's statement of net position as of September 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 18, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GRU's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GRU's internal control. Accordingly, we do not express an opinion on the effectiveness of GRU's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GRU's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
February 18, 2026

File Number: 2026-191

Agenda Date: March 10, 2026

Department: Gainesville Regional Utilities

Title: 2026-191 Audit and Finance Committee or Process

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: This item proposes a discussion of the possibility of 1) an Audit and Finance Committee, or 2) an Audit and Finance Issue Process which will allow the Board a forum to consider 1) Internal Control Manager Reports and Annual Review Plan, 2) External Financial Statement Audit and 3) other financial policies. This item proposes an Audit and Finance Committee which will focus on these subject items for deeper discussion prior to being heard, reviewed and/or accepted by the whole Authority.

While an Audit and Finance Committee comprised of a smaller group is traditionally a structure used to focus attention on Audit/Finance related items in advance of full Authority meetings, it has its limitations with an Authority Board of five (5) members. An alternative in achieving the desired results may occur by establishing formal times and frequencies of Audit/Finance related issues for the entire Board to consider without setting up a marginally smaller Board of three members.

The key areas for discussion should include:

- Is a smaller committee needed or is it a formalized process?
- If it's a smaller committee what number of Directors should sit on the Committee?
- What would be the timing and frequency of Committee/Board meetings?
- What areas of concentration should be considered?

Fiscal Note: No impact at this time.

Recommendation: The GRU Authority discuss and provide direction regarding how Audit and Finance issues will be presented to the Board as a whole or through a committee.

Audit and Finance Committee

March 10, 2026



External Audit

- Monitor the external audit process and approve annual audited financial statements and related communications

Internal Controls

- Approve and provide input on reviews, audits & ethics hotline issues
- Approve and provide feedback on risk assessment

Financial Budget

- Approve annual investment reporting
- Approve financial policies

Benefits

- An Audit and Finance Committee has the following benefits:
 - A standard committee for large, complex enterprises
 - Looked upon favorably by GRU's auditors, investors and rating agencies
 - Provides a focal point for discussion on audit and financial matters
 - Streamlines GRUA directed actions and approvals

Explanation

- An alternative in achieving the desired results may occur by establishing formal times and frequencies of Audit/Finance related issues for the entire Board to consider without setting up a marginally smaller Committee of three members.

- The key areas of discussion should include:
 - Is a smaller committee needed or is it a formalized process?

 - If a smaller committee is determined to be appropriate, what number of Directors should sit on the committee?

 - What areas of concentration should be considered for the Committee/Board to hear?

 - What would be the desired timing and frequency of the Committee/Board?

Recommendation

- The GRU Authority discuss and provide direction regarding how Audit and Finance issues will be presented to the Board either through a committee or to the Board as a whole.



Thank you!



**Gainesville Regional Utilities Authority
Agenda Item Report**

File Number: 2026-194

Agenda Date: March 10, 2026

Department: Gainesville Regional Utilities

Title: 2026-194 Stormwater and Solid Waste Billing (B)

Department: Gainesville Regional Utilities/Office of the Chief Executive Officer

Description: This item is a follow-up to the Board's direction for staff to negotiate an agreement with the City of Gainesville to continue in a business relationship handling the city's stormwater and solid waste billings. After working with city staff, and through the approval of GRU's Chief Customer Officer and General Counsel, the item is being brought back for the Authority discussion and/or approval.

During its March 12, 2025 and October 8, 2025 meetings, the Authority discussed whether to continue billing for the City's stormwater and solid waste services, given the number of services already on GRU's bills and public perception that these additional billed City services are GRU services. After healthy debate on October 8, 2025, the Authority directed the CEO to negotiate an agreement with the City.

The City Commission approved a negotiated agreement on March 5, 2026. The agreement is now being brought to the Authority for discussion and/or approval. GRU management believes that continuing the billing through GRU saves the City the risk of trying to bill its services through property tax bills, which is untested and potentially vulnerable to legal challenges. GRU's billing also provides the City the benefit of a longstanding and tested billing system.

GRU benefits from increasing the reimbursement from the City from \$821,000 to an estimated \$979,000.

It is viewed as a win/win.

Fiscal Note: An increase from \$821,000 to an estimated \$979,000 revenue for GRU.

Recommendation: The GRU Authority approve and authorize its CEO to execute the agreement.

**STORMWATER MANAGEMENT UTILITY AND
SOLID WASTE BILLING SERVICES AGREEMENT**

THIS STORMWATER MANAGEMENT UTILITY AND SOLID WASTE BILLING SERVICES AGREEMENT (“Agreement”), entered into this ____ day of March 2026, by and between the Gainesville Regional Utilities Authority (GRUA), by and through its CEO of Gainesville Regional Utilities (GRU), and the City of Gainesville (“City”), and may be referred to throughout this Agreement as “Party” or the “Parties”. This Agreement pertains to the Stormwater Management Utility (SMU) and Solid Waste (SW) billing services.

WHEREAS, Gainesville Regional Utilities (GRU) historically provided SMU and SW billing services to the City’s General Government; and

WHEREAS, in 2023, House Bill 1645 (Ch. 2023-348, Laws of Florida) created the Gainesville Regional Utilities Authority, a unit of city government of the City of Gainesville, to manage and operate Gainesville Regional Utilities; and

WHEREAS, in the spirit of ongoing cooperation amongst governmental entities and maintaining a continuity of services in the public interest, GRUA and the City seek to enter into this Agreement to memorialize the SMU and SW billing services provided by GRU; and

WHEREAS, the City’s Commission adopted Ordinance No. 3444 et al., providing for a stormwater management program and establishing a Stormwater Management Utility (SMU); and

WHEREAS, SMU fees are user charges levied against all developed property within the City of Gainesville that contribute to stormwater runoff to the City’s stormwater management system; and

WHEREAS, SMU fees are charged to all owners or occupants of real property in the City based on an Equivalent Residential Unit (ERU) rate; and

WHEREAS, Solid Waste (SW) fees are charged to all residential owners or occupants of residential property in the City based on cart size; with the exception of commercially collected residential property having five or more units under one roof, and residential properties that have successfully petitioned to be allowed to opt out of the residential collection program; and

WHEREAS, the SMU and SW fees are billed monthly through GRU’s billing system; and

WHEREAS, the City pays GRU a fixed yearly fee for such billing services, unless changed or cancelled by mutual agreement; and

WHEREAS, the City and GRUA both have budgets for and operate under a fiscal year that begins October 1 and ends September 30 of the following year; and

WHEREAS, the Parties have operated under a Memorandum of Understanding dated August 10, 2023, which this Agreement supersedes; and

WHEREAS, GRU uses a software-as-a-service (SaaS) for its billing system, and any custom requests for modifications to the SaaS billing system (e.g., reporting features, change orders, etc.) by the City will be at the City's sole cost and expense when the cost to GRU exceeds \$50,000 in a fiscal year period.

NOW, THEREFORE, in consideration of the above recitals, which are hereby incorporated, and the following terms and conditions, the City and GRUA agree as follows:

1. GRU will include SMU and SW fees on utility bills for the fiscal year that began October 1, 2025, and for each fiscal year thereafter until this Agreement is terminated.
2. The provisions of this Agreement and fees associated with the billing will take effect April 1, 2026. Between August 10, 2023, and April 1, 2026, the Agreement between the parties dated August 10, 2023, will control the rights and obligations of the Parties.
3. GRU shall deduct, retain, and otherwise collect from the City 4.5% of customer billing revenues from GRU's monthly remittance of customer billing revenues to the City in exchange for GRU providing SMU and SW billing services to the City.
4. GRU is responsible for billing all SW users, including annexations and new developments, a fee based on cart size.
5. GRU is responsible for billing all SMU users, including annexations and new developments, according to the ERU rates established by Ordinance Number O-88-43 or latest version, as follows:
 - a. Single-Family units: 1.0 ERU
 - b. Duplex units: 1.0 ERU
 - c. Condominium units: 1.0 ERU
 - d. Apartment units: 0.6 ERU
 - e. Mobile home units: 0.6 ERU
 - f. Nonresidential/commercial TBD ERU (by City)
6. The City will calculate the SMU billing rates and any adjustments for all non-residential uses. Upon receipt of the information, GRU will adjust the billing for the following full billing cycle or as stipulated in a separate implementation schedule.
7. SMU billing rates for new developments will be provided to GRU by the City after approval of final development plans; the SMU fee will be applied when permanent electrical and/or water accounts are created. The City will have access to GRU reports within the SaaS system for nonresidential units that become vacant. The City will identify and provide GRU with the customer information to generate an SMU-only bill commencing with the following full billing cycle.
8. Upon notification of any proposed annexation by the City, GRU, in conjunction with the City, will create SMU and SW billing information for all proposed annexation properties within thirty (30) calendar days of that notification and after the effective date of an annexation adopted by the City Commission. Prior to the effective date of annexation, the

City will provide GRU with all pertinent information regarding ERU billing rates and SW fees for all properties, and a listing of all exempt properties as applicable. The City will provide a list of SMU and SW exempt properties to GRU each calendar month. Exempt properties will be identified in the GRU billing system.

9. GRU is responsible for timely adjustments to accounts. The expectation is that for 80 or less accounts, the adjustments will be complete in a 30-day period. For more than 80 accounts, a separate schedule will be agreed upon and GRU will send monthly reports on the progress of completing the assignment.
10. The City is responsible for prompt responses to GRU's requests for information related to SMU and SW customers and accounts to ensure accurate and timely billing.
11. The City will respond to customer questions regarding the SMU rates and the application thereof.
12. GRU shall make no billing adjustments unless requested to do so by the City.
13. The City may request data, reports, enhancements, permissions, or changes to GRU's SaaS billing system as part of this Agreement. Should the City request a change to GRU's SaaS billing system that results in a cost to GRU, GRU will notify the City in writing that a resultant charge has been identified. The charge must be an actual additional cost to GRU imposed by GRU's SaaS vendor. GRU will request approval from the Public Works Director prior to the commencement of any such change to the SaaS billing system. If the City directs GRU to proceed with the change, GRU will proceed with the change. GRU will keep a record of all requested and accepted changes to the SaaS billing system that result in charges. GRU will bear the cost of changes to GRU's SaaS billing system that amount to a total of \$50,000 or less in any fiscal year period. The annual allotment of \$50,000 for City requested changes to the GRU SaaS billing system is included in the 4.5% of customer billing revenues base fee retained by GRU to perform the billing service to the City. When the cost of the charges exceeds \$50,000 in a fiscal year period, the City shall pay the sole cost and expense of any City-requested changes to GRU's SaaS billing system. The City's obligation to pay for changes that total \$50,000 or more will be in addition to the 4.5% of customer billing revenues base fee retained by GRU to perform the billing service to the City.
14. GRU will provide the City monthly data extracts. The first set of data will include the full set of technical data for system-wide premise and installations. The second set of data will include customer information for new move-ins for the previous month. Any new reports requested by the City that require a change to GRU's SaaS billing system may result in additional charges. The Parties will follow the process outlined in paragraph 13.
15. GRU will maintain reports in the utility billing system to facilitate the City's review of SMU & SW accounts. Any new reports requested by the City that require a change to GRU's SaaS billing system may result in additional charges to the City. The Parties will follow the process outlined in paragraph 13.

16. The City will reimburse GRU annually for SMU and SW charges that go unpaid and are declared by GRU collections to be “bad debt.” GRU will submit an annual Unpaid Billing Balance by 10/31 each year to the shared email account DG_Stormwater_RRem@cityofgainesville.org. Backup documentation to be attached to the invoice will include premise, customer number, service address, and unpaid balance for each account declared to be bad debt. The City of Gainesville accounting will prepare the transfer. Any changes to the GRU SaaS billing system requested by the City to facilitate this request may result in additional charges to the City. The Parties will follow the process outlined in paragraph 13.
17. For SMU only accounts that are overdue by 60 days and have an account balance of \$15 or more, GRU will notify Public Works by email to DG_Stormwater_RRem@cityofgainesville.org. The City will perform manual research. City will request that GRU transfer the SMU only account to another account with other utilities if possible. GRU will automatically refer delinquent SMU only accounts with a remaining balance greater than \$50.00 to a collection agency upon closure. Any changes to the GRU SaaS billing system requested by the City to facilitate this request may result in additional charges to the City. The Parties will follow the process outlined in paragraph 13.
18. GRU will credit the SMU fund in an amount equivalent to the number of ERUs billed and the SW fund in an amount equivalent to the total amount of fees billed to all households with active refuse accounts each month. GRU will distribute Monthly Remittance notices to the DG_Stormwater_RRem@cityofgainesville.org email group. The monthly collection amount for Stormwater and Solid Waste and number of residential and non-residential accounts billed is available at:
http://grupernet/departments/administrative/Corporate_Performance_Indicators/default.aspx
19. The City and GRU will hold periodic (at minimum, quarterly) meetings to discuss the billing process and make any adjustments needed to facilitate the process. The City will hold at a minimum a yearly training session for GRU Customer Operations staff and provide any updated materials to be included in the GRU Customer Operations training manual.
20. GRU will seek input from the City on updates related to the billing system software to facilitate the coordination of SMU and SW billing.
21. SMU and SW billing may remain on the same bill as GRU’s utility bill, but GRU may also in its sole discretion use separate bills, provided that SMU and SW billing is tied to GRU’s utility bill (resulting in customer shut off for non-payment, provided that GRU provides utility services) and any payments shall be applied to the earliest billing.
22. The City shall indemnify, defend, and hold harmless GRU and the GRUA from any and all claims, demands, liabilities, damages, losses, costs, and causes of action of any kind arising out of, related to, or challenging SMU and SW billing.

23. This Agreement will remain in effect until termination by either party (GRUA or City) in writing. If GRUA decides to terminate the agreement, it must provide written notice to the City at least twelve (12) months prior to the beginning of the next fiscal year. For example, if GRUA decides to cease billing services for the City for the fiscal year that begins October 1, 2027, GRUA shall provide a notice of termination to the City no later than October 1, 2026. The purpose of this requirement is to give the City sufficient time to either prepare to issue separate SM and SMU and SW bills to customers or implement a special assessment. The designated representatives for notice of termination for GRUA and the City are the CEO and City Manager, respectively.

IN WITNESS WHEREOF, GRUA and the City hereto have executed this Agreement as of the date and year first written above.

CITY OF GAINESVILLE, FLORIDA

**GAINESVILLE REGIONAL UTILITIES
AUTHORITY**

By: _____
Andrew Persons, Interim City Manager

By: _____
Edward J. Bielarski, Jr., CEO, GRU

Approved as to form and legality:

Approved as to form and legality:

Daniel M. Nee, City Attorney

Derek D. Perry, Utilities Attorney