

Gainesville Regional Utilities

Interim Financial Statements - Unaudited

For the Period Ended December 31, 2017



**Gainesville Regional Utilities
Financial Statements - Unaudited
For the Period Ended December 31, 2017**

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Overview and Basis of Accounting

Gainesville Regional Utilities Financial Statements - Unaudited For the Period Ended December 31, 2017

Overview

Gainesville Regional Utilities (GRU or the Utility) is a combined municipal utility system operating electric, water, wastewater, natural gas, and telecommunications (GRUCom) systems. GRU is a utility enterprise of the City of Gainesville, Florida (City) and is reported as an enterprise fund in the comprehensive annual financial report of the City. GRU is required to follow the provisions in the Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on January 30, 2003.

We offer readers these unaudited utility system financial statements for the period ended December 31, 2017.

Basis of Accounting

GRU is required to follow the provisions in the Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on January 30, 2003. GRU's electric and gas accounts are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC), as required by the Resolution, and in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting, including the application of regulatory accounting as described in Governmental Accounting Standards Board (GASB) Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GRU prepares its financial statements in accordance with GASB Statement No. 62, *paragraphs 476-500, Regulated Operations*, and records various regulatory assets and liabilities. For a government to report under GASB Statement No. 62, its rates must be designed to recover its costs of providing services, and the utility must be able to collect those rates from customers. If it were determined, whether due to regulatory action or competition, that these standards no longer applied, GRU could be required to expense its regulatory assets and liabilities. Management believes that GRU currently meets the criteria for continued application of GASB Statement No. 62, but will continue to evaluate significant changes in the regulatory and competitive environment to assess continuing applicability of the criteria.

The Resolution specifies the flow of funds from revenues and the requirements for the use of certain restricted and unrestricted assets. Under the Resolution, rates are designed to cover operation and maintenance expenses, rate stabilization, debt service requirements, utility plant improvement fund contributions and for any other lawful purpose. The flow of funds excludes depreciation expense and other noncash revenue and expense items. This method of rate setting results in costs being included in the determination of rates in different periods than when these costs are recognized for financial statement purposes. The effects of these differences are recognized in the determination of operating income in the period that they occur, in accordance with GRU's accounting policies.

Financial Statements

Gainesville Regional Utilities
Statements of Net Position - Unaudited
December 31, 2017 and 2016

	December 31, 2017	December 31, 2016	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and cash equivalents	\$ 29,335,522	\$ 58,727,328	\$ (29,391,806)	(50.0%)
Accounts receivable, net of allowance for uncollectible accounts of \$515,680 and \$872,402, respectively	44,344,944	41,615,147	2,729,797	6.6%
Inventories:				
Fuel	8,600,895	8,094,751	506,144	6.3%
Materials and supplies	11,463,332	7,254,417	4,208,915	58.0%
Other assets and regulatory assets	2,297,567	1,431,598	865,969	60.5%
Short term investments	40,096,672	73,636,748	(33,540,076)	(45.5%)
Total current assets	136,138,932	190,759,989	(54,621,057)	(28.6%)
Noncurrent assets:				
Net costs recoverable in future years - regulatory assets	-	50,288,775	(50,288,775)	(100.0%)
Unamortized debt issuance costs - regulatory assets	8,988,832	5,735,066	3,253,766	56.7%
Investment in The Energy Authority	2,058,185	2,123,352	(65,167)	(3.1%)
Pollution remediation - regulatory asset	11,871,373	12,534,155	(662,782)	(5.3%)
Other noncurrent assets and regulatory assets	5,013,718	7,104,148	(2,090,430)	(29.4%)
Long term investments	94,197,222	91,707,509	2,489,713	2.7%
Pension costs - regulatory asset	73,141,512	56,115,877	17,025,635	30.3%
Total noncurrent assets	195,270,842	225,608,882	(30,338,040)	(13.4%)
Capital assets:				
Utility plant in service	2,741,370,117	1,869,557,348	871,812,769	46.6%
Capital lease	-	1,006,808,754	(1,006,808,754)	(100.0%)
Less: accumulated depreciation and amortization	(904,046,564)	(860,359,642)	(43,686,922)	5.1%
	1,837,323,553	2,016,006,460	(178,682,907)	(8.9%)
Construction in progress	101,606,858	116,196,620	(14,589,762)	(12.6%)
Net capital assets	1,938,930,411	2,132,203,080	(193,272,669)	(9.1%)
Total assets	2,270,340,185	2,548,571,951	(278,231,766)	(10.9%)
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	20,523,769	23,917,812	(3,394,043)	(14.2%)
Accumulated decrease in fair value of hedging derivatives	57,744,216	81,039,385	(23,295,169)	(28.7%)
Pension costs	27,899,197	20,954,810	6,944,387	33.1%
Total deferred outflows of resources	106,167,182	125,912,007	(19,744,825)	(15.7%)
Total assets and deferred outflows of resources	\$ 2,376,507,367	\$ 2,674,483,958	\$ (297,976,591)	(11.1%)

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
December 31, 2017 and 2016

	December 31, 2017	December 31, 2016	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 13,270,278	\$ 10,072,272	\$ 3,198,006	31.8%
Fuels payable	3,475,208	13,289,910	(9,814,702)	(73.85%)
Due to other funds of the City	3,038,794	4,268,782	(1,229,988)	(28.81%)
Capital lease - current	-	13,884,560	(13,884,560)	(100.00%)
Fuel adjustment	535,749	9,869,594	(9,333,845)	(94.57%)
Other liabilities and regulatory liabilities	(346,948)	1,333,144	(1,680,092)	(126.02%)
Total current liabilities	<u>19,973,081</u>	<u>52,718,262</u>	<u>(32,745,181)</u>	<u>(62.1%)</u>
Payable from restricted assets:				
Utility deposits	9,771,465	10,030,591	(259,126)	(2.6%)
Utilities system revenue bonds - current	27,885,000	108,120,000	(80,235,000)	(74.2%)
Commercial paper notes - current	-	13,900,000	(13,900,000)	(100.0%)
Accrued interest payable	11,351,034	6,807,360	4,543,674	66.7%
Total payable from restricted assets	<u>49,007,499</u>	<u>138,857,951</u>	<u>(89,850,452)</u>	<u>(64.7%)</u>
Long-term debt:				
Utility system revenue bonds	1,506,455,000	763,420,000	743,035,000	97.3%
Commercial paper notes	53,000,000	40,000,000	13,000,000	32.5%
Capital lease	-	941,269,071	(941,269,071)	(100.0%)
Unamortized bond premium/discount	89,564,203	17,718,253	71,845,950	405.5%
Fair value of derivative instruments	61,184,080	87,180,294	(25,996,214)	(29.8%)
Total long-term debt	<u>1,710,203,283</u>	<u>1,849,587,618</u>	<u>(139,384,335)</u>	<u>(7.5%)</u>
Noncurrent liabilities:				
Reserve for insurance claims	3,337,000	3,337,000	-	0.0%
Reserve for environmental liability	665,000	266,000	399,000	150.0%
Pension liability	82,704,362	71,325,377	11,378,985	16.0%
Total noncurrent liabilities	<u>86,706,362</u>	<u>74,928,377</u>	<u>11,777,985</u>	<u>15.7%</u>
Total liabilities	<u>1,865,890,225</u>	<u>2,116,092,208</u>	<u>(250,201,983)</u>	<u>(11.8%)</u>
Deferred inflows of resources:				
Rate stabilization	60,695,570	72,069,582	(11,374,012)	(15.8%)
Pension costs	18,336,347	5,745,310	12,591,037	219.2%
Total deferred inflows of resources	<u>79,031,917</u>	<u>77,814,892</u>	<u>1,217,025</u>	<u>1.6%</u>
Net position				
Net investment in capital assets	295,518,279	287,180,122	8,338,157	2.9%
Restricted	30,085,851	58,307,311	(28,221,460)	(48.4%)
Unrestricted	105,981,095	135,089,425	(29,108,330)	(21.5%)
Total net position	<u>431,585,225</u>	<u>480,576,858</u>	<u>(48,991,633)</u>	<u>(11.4%)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,376,507,367</u>	<u>\$ 2,674,483,958</u>	<u>\$ (297,976,591)</u>	<u>(11.1%)</u>

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Periods Ended December 31, 2017 and 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Operating revenues:		
Sales and service charges	\$ 90,567,168	\$ 93,532,287
Transfers (to) from rate stabilization	1,673,469	2,007,806
Amounts to be recovered from future revenue	3,449,252	8,390,073
Other operating revenue	2,607,051	4,761,306
Total operating revenues	<u>98,296,940</u>	<u>108,691,472</u>
Operating expenses:		
Operation and maintenance	51,667,162	54,606,922
Administrative and general	5,829,226	10,965,768
Depreciation and amortization	24,049,308	24,476,947
Total operating expenses	<u>81,545,696</u>	<u>90,049,637</u>
Operating income	<u>16,751,244</u>	<u>18,641,835</u>
Non-operating income (expense):		
Interest expense, net of AFUDC	(12,387,096)	(6,843,550)
Other income (expense)	(224,283)	430,111
Total non-operating income (expense)	<u>(12,611,379)</u>	<u>(6,413,439)</u>
Income before capital contributions and transfers	<u>4,139,865</u>	<u>12,228,396</u>
Capital contributions:		
Contributions from third parties	43,757	338,575
Reduction of plant costs recovered through contributions	-	(555)
Net capital contributions	<u>43,757</u>	<u>338,020</u>
Transfer to City of Gainesville General Fund	<u>(9,094,770)</u>	<u>(8,953,502)</u>
Change in net position	<u>(4,911,148)</u>	<u>3,612,914</u>
Net position - beginning of year	436,496,373	476,963,944
Net position - end of period	<u>\$ 431,585,225</u>	<u>\$ 480,576,858</u>

Gainesville Regional Utilities
Statements of Cash Flows - Unaudited
For the Periods Ended December 31, 2017 and 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Operating activities:		
Cash received from customers	\$ 100,161,318	\$ 101,556,329
Cash payments to suppliers for goods and services	(95,889,615)	(62,411,569)
Cash payments to employees for services	(14,391,686)	(11,820,077)
Cash payments for operating transactions with other funds	(2,241,694)	(1,770,225)
Other operating receipts	4,280,520	6,769,112
Net cash provided by operating activities	<u>(8,081,157)</u>	<u>32,323,570</u>
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	<u>(9,094,770)</u>	<u>(8,953,502)</u>
Net cash used by noncapital financing activities	<u>(9,094,770)</u>	<u>(8,953,502)</u>
Capital and related financing activities:		
Principal repayments and refunding on long-term debt, net	(24,020,000)	(23,135,000)
Interest paid on long-term debt	(19,075,266)	(18,552,955)
Acquisition and construction of fixed assets (including allowance for funds used during construction)	(666,473,917)	(11,377,762)
Proceeds from new debt and commercial paper	680,920,000	-
Other income	307,432	379,333
Net cash used by capital and related financing activities	<u>(28,341,751)</u>	<u>(52,686,384)</u>
Investing activities:		
Interest paid (received)	240,736	50,778
Purchase of investments	(42,805,949)	(16,244,348)
Investments in The Energy Authority	(2,478,880)	(3,301,864)
Distributions from The Energy Authority	2,514,678	3,281,193
Proceeds from investments	80,890,858	54,722,112
Net cash provided (used) by investing activities	<u>38,361,443</u>	<u>38,507,871</u>
Net change in cash and cash equivalents	(7,156,235)	9,191,555
Cash and cash equivalents, beginning of year	36,491,757	81,595,541
Cash and cash equivalents, end of period	<u>\$ 29,335,522</u>	<u>\$ 90,787,096</u>

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Gainesville Regional Utilities
Statements of Cash Flows - Unaudited (concluded)
For the Periods Ended December 31, 2017 and 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 16,751,244	\$ 18,641,835
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	24,049,308	24,476,947
Net costs recoverable in future years	(3,449,252)	(3,864,852)
Change in:		
Accounts receivable	8,078,375	7,736,224
Inventories	(4,613,099)	(240,396)
Other assets and regulatory assets	(521,967)	391,395
Noncurrent assets	196,237	291,871
Accounts payable and accrued liabilities	(35,108,543)	(11,005,124)
Due to other funds of the City	3,912,377	2,778,838
Fuel adjustment	(4,193,568)	(4,961,970)
Payable from restricted assets	(13,024,503)	-
Other liabilities and regulatory liabilities	(72)	(201,210)
Utility deposits	1,515,775	287,818
Rate stabilization	(1,673,469)	(2,007,806)
Net cash provided by operating activities	<u>\$ (8,081,157)</u>	<u>\$ 32,323,570</u>
Non-cash capital and related financing activities and investing activities:		
Contribution of capital assets	<u>\$ 43,757</u>	<u>\$ 338,020</u>
Net costs recoverable in future years	<u>\$ 61,574,434</u>	<u>\$ (3,864,852)</u>
Change in capital lease liability	<u>\$ (941,269,071)</u>	<u>\$ (4,525,221)</u>
Acquisition of utility plant in service with construction fund payable	<u>\$ (880,713)</u>	<u>\$ (8,171,909)</u>
Change in utility plant in service	<u>\$ 776,821,121</u>	<u>\$ 59,550,427</u>
Change in accumulated decrease in fair value of hedging derivatives - fuel options and futures	<u>\$ (91,855)</u>	<u>\$ 323,114</u>
Change in fair value of investments	<u>\$ (510,007)</u>	<u>\$ (350,653)</u>
Other	<u>\$ (16,400)</u>	<u>\$ (14,839)</u>

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended December 31, 2017 and 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Revenues:				
Electric system:				
Sales of electricity	\$ 31,847,009	\$ 29,933,472	\$ 1,913,537	6.4
Fuel adjustment	29,692,357	38,221,065	(8,528,708)	(22.3)
Sales for resale	1,023,066	920,673	102,393	11.1
Transfer from/(to) rate stabilization	1,851,215	2,453,365	(602,150)	(24.5)
Other revenue	1,014,722	819,303	195,419	23.9
Other income (expense)	(168,558)	263,555	(432,113)	(164.0)
Total electric system revenues	<u>65,259,811</u>	<u>72,611,433</u>	<u>(7,351,622)</u>	<u>(10.1)</u>
Water system:				
Sales of water	8,737,919	8,791,533	(53,614)	(0.6)
Transfer from/(to) rate stabilization	(266,996)	(245,339)	(21,657)	(8.8)
Other revenue	386,470	537,560	(151,090)	(28.1)
Other income (expense)	(30,542)	23,063	(53,605)	(232.4)
Total water system revenues	<u>8,826,851</u>	<u>9,106,817</u>	<u>(279,966)</u>	<u>(3.1)</u>
Wastewater system:				
Sales of wastewater	10,271,564	10,024,437	247,127	2.5
Transfer from/(to) rate stabilization	555,337	74,760	480,577	642.8
Other revenue	1,135,861	455,806	680,055	149.2
Other income (expense)	(59,893)	30,680	(90,573)	(295.2)
Total wastewater system revenues	<u>11,902,869</u>	<u>10,585,683</u>	<u>1,317,186</u>	<u>12.4</u>
Gas system:				
Sales of gas	3,985,513	3,752,777	232,736	6.2
Purchased gas adjustment	1,920,484	2,195,044	(274,560)	(12.5)
Transfer from/(to) rate stabilization	(466,087)	(274,979)	(191,108)	(69.5)
Other revenue	58,975	281,923	(222,948)	(79.1)
Other income (expense)	(33,185)	39,649	(72,834)	(183.7)
Total gas system revenues	<u>5,465,700</u>	<u>5,994,414</u>	<u>(528,714)</u>	<u>(8.8)</u>
Telecommunications system:				
Sales of services	3,089,255	2,466,705	622,550	25.2
Other revenue	11,024	332	10,692	3,220.5
Other income (expense)	(133,828)	11,879	(145,707)	(1,226.6)
Total telecommunications system revenues	<u>2,966,451</u>	<u>2,478,916</u>	<u>487,535</u>	<u>19.7</u>
Total revenues	<u>94,421,682</u>	<u>100,777,263</u>	<u>(6,355,581)</u>	<u>(6.3)</u>

Gainesville Regional Utilities
Combined Utility Systems
Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended December 31, 2017 and 2016
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	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Change (\$)</u>	<u>Change (%)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expenses	29,692,357	38,283,430	(8,591,073)	(22.4)
Operation and maintenance	12,460,586	9,008,212	3,452,374	38.3
Administrative and general	3,042,430	6,662,409	(3,619,979)	(54.3)
Total Electric System Expenses	<u>45,195,373</u>	<u>53,954,051</u>	<u>(8,758,678)</u>	<u>(16.2)</u>
Water system:				
Operation and maintenance	2,307,800	1,696,557	611,243	36.0
Administrative and general	1,000,986	1,305,777	(304,791)	(23.3)
Total Water System Expenses	<u>3,308,786</u>	<u>3,002,334</u>	<u>306,452</u>	<u>10.2</u>
Wastewater system:				
Operation and maintenance	3,123,677	2,198,699	924,978	42.1
Administrative and general	1,146,107	1,346,791	(200,684)	(14.9)
Total Wastewater System Expenses	<u>4,269,784</u>	<u>3,545,490</u>	<u>724,294</u>	<u>20.4</u>
Gas system:				
Fuel expense and purchased gas	1,920,484	2,195,044	(274,560)	(12.5)
Operation and maintenance	665,809	390,538	275,271	70.5
Administrative and general	482,805	827,975	(345,170)	(41.7)
Total Gas System Expenses	<u>3,069,098</u>	<u>3,413,557</u>	<u>(344,459)</u>	<u>(10.1)</u>
Telecommunications system:				
Operation and maintenance	1,228,715	834,444	394,271	47.2
Administrative and general	188,443	530,946	(342,503)	(64.5)
Total Telecommunications System Expenses	<u>1,417,158</u>	<u>1,365,390</u>	<u>51,768</u>	<u>3.8</u>
TOTAL EXPENSES	<u>57,260,199</u>	<u>65,280,822</u>	<u>(8,020,623)</u>	<u>8.1</u>
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	20,064,438	18,657,382	1,407,056	7.5
Total water system	5,518,065	6,104,483	(586,418)	(9.6)
Total wastewater system	7,633,085	7,040,193	592,892	8.4
Total gas system	2,396,602	2,580,857	(184,255)	(7.1)
Total telecommunications system	1,549,293	1,113,526	435,767	39.1
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>37,161,483</u>	<u>35,496,441</u>	<u>1,665,042</u>	<u>4.7</u>
LESS:				
Debt service	19,328,373	13,239,835	6,088,538	46.0
Debt service - UPIF	(1,250,000)	(1,250,000)	-	-
UPIF contributions	11,530,138	11,714,524	(184,386)	(1.6)
Transfer to City of Gainesville General Fund	9,094,771	8,953,503	141,268	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (1,541,799)</u>	<u>\$ 2,838,579</u>	<u>\$ (4,380,378)</u>	<u>(154.3)</u>

Gainesville Regional Utilities
Electric Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended December 31, 2017 and 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 11,630,157	\$ 10,828,751	\$ 801,406	7.4
Non-residential	15,595,738	14,409,750	1,185,988	8.2
Fuel adjustment	29,692,357	38,221,065	(8,528,708)	(22.3)
Sales for resale	1,023,066	920,673	102,393	11.1
Utility surcharge	719,256	688,246	31,010	4.5
Other electric sales	3,901,858	4,006,725	(104,867)	(2.6)
Total Sales of Electricity	<u>62,562,432</u>	<u>69,075,210</u>	<u>(6,512,778)</u>	<u>(9.4)</u>
Transfer from/(to) rate stabilization	1,851,215	2,453,365	(602,150)	(24.5)
Other revenue	1,014,722	819,303	195,419	23.9
Other income (expense)	(168,558)	263,555	(432,113)	(164.0)
Total Revenues	<u>65,259,811</u>	<u>72,611,433</u>	<u>(7,351,622)</u>	<u>(10.1)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses	29,692,357	38,283,430	(8,591,073)	(22.4)
Power production	8,427,564	5,765,940	2,661,624	46.2
Transmission and distribution	4,033,022	3,242,272	790,750	24.4
Administrative and general	3,042,430	6,662,409	(3,619,979)	(54.3)
Total Operation, Maintenance and Administrative Expenses	<u>45,195,373</u>	<u>53,954,051</u>	<u>(8,758,678)</u>	<u>(16.2)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>20,064,438</u>	<u>18,657,382</u>	<u>1,407,056</u>	<u>7.5</u>
LESS:				
Debt service	13,557,307	8,306,889	5,250,418	63.2
Debt service - UPIF	(1,250,000)	(1,250,000)	-	-
UPIF contributions	6,374,644	6,761,544	(386,900)	(5.7)
Transfer to City of Gainesville General Fund	5,356,820	5,273,613	83,207	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (3,974,333)</u>	<u>\$ (434,664)</u>	<u>\$ (3,539,669)</u>	<u>(814.3)</u>

Gainesville Regional Utilities
Water Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended December 31, 2017 and 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 5,403,049	\$ 5,443,309	\$ (40,260)	(0.7)
Non-residential	2,695,439	2,700,575	(5,136)	(0.2)
Utility surcharge	639,431	647,649	(8,218)	(1.3)
Total Sales of Water	<u>8,737,919</u>	<u>8,791,533</u>	<u>(53,614)</u>	<u>(0.6)</u>
Transfer from/(to) rate stabilization	(266,996)	(245,339)	(21,657)	(8.8)
Other revenue	386,470	537,560	(151,090)	(28.1)
Other income (expense)	(30,542)	23,063	(53,605)	(232.4)
Total Revenues	<u>8,826,851</u>	<u>9,106,817</u>	<u>(279,966)</u>	<u>(3.1)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Transmission and distribution	837,213	528,948	308,265	58.3
Treatment	1,470,587	1,167,609	302,978	25.9
Administrative and general	1,000,986	1,305,777	(304,791)	(23.3)
Total Operation, Maintenance and Administrative Expenses	<u>3,308,786</u>	<u>3,002,334</u>	<u>306,452</u>	<u>10.2</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>5,518,065</u>	<u>6,104,483</u>	<u>(586,418)</u>	<u>(9.6)</u>
LESS:				
Debt service	1,667,375	1,304,235	363,140	27.8
UPIF contributions	719,675	1,760,678	(1,041,003)	(59.1)
Transfer to City of Gainesville General Fund	1,459,711	1,437,037	22,674	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 1,671,304</u>	<u>\$ 1,602,533</u>	<u>\$ 68,771</u>	<u>4.3</u>

Gainesville Regional Utilities
Wastewater Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended December 31, 2017 and 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 6,912,251	\$ 6,870,556	\$ 41,695	0.6
Non-residential	2,625,418	2,452,373	173,045	7.1
Utility surcharge	733,895	701,508	32,387	4.6
Total Sales of Services	<u>10,271,564</u>	<u>10,024,437</u>	<u>247,127</u>	<u>2.5</u>
Transfer from/(to) rate stabilization	555,337	74,760	480,577	642.8
Other revenue	1,135,861	455,806	680,055	149.2
Other income (expense)	(59,893)	30,680	(90,573)	(295.2)
Total Revenues	<u>11,902,869</u>	<u>10,585,683</u>	<u>1,317,186</u>	<u>12.4</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	1,671,110	834,013	837,097	100.4
Treatment	1,452,567	1,364,686	87,881	6.4
Administrative and general	1,146,107	1,346,791	(200,684)	(14.9)
Total Operation, Maintenance and Administrative Expenses	<u>4,269,784</u>	<u>3,545,490</u>	<u>724,294</u>	<u>20.4</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>7,633,085</u>	<u>7,040,193</u>	<u>592,892</u>	<u>8.4</u>
LESS:				
Debt service	2,151,613	1,707,478	444,135	26.0
UPIF contributions	1,867,054	2,358,062	(491,008)	(20.8)
Transfer to City of Gainesville General Fund	1,837,144	1,808,608	28,536	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 1,777,274</u>	<u>\$ 1,166,045</u>	<u>\$ 611,229</u>	<u>52.4</u>

Gainesville Regional Utilities
Gas Utility System
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended December 31, 2017 and 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 2,095,706	\$ 1,971,589	\$ 124,117	6.3
Non-residential	1,407,742	1,336,896	70,846	5.3
Fuel adjustment	1,920,484	2,195,044	(274,560)	(12.5)
Utility surcharge	137,237	125,887	11,350	9.0
Other gas sales	344,828	318,405	26,423	8.3
Total Sales of Gas	<u>5,905,997</u>	<u>5,947,821</u>	<u>(41,824)</u>	<u>(0.7)</u>
Transfer from/(to) rate stabilization	(466,087)	(274,979)	(191,108)	(69.5)
Other revenue	58,975	281,923	(222,948)	(79.1)
Other income (expense)	(33,185)	39,649	(72,834)	(183.7)
Total Revenues	<u>5,465,700</u>	<u>5,994,414</u>	<u>(528,714)</u>	<u>(8.8)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel Expense - Purchased Gas	1,920,484	2,195,044	(274,560)	(12.5)
Operation and maintenance	665,809	390,538	275,271	70.5
Administrative and general	482,805	827,975	(345,170)	(41.7)
Total Operation, Maintenance and Administrative Expenses	<u>3,069,098</u>	<u>3,413,557</u>	<u>(344,459)</u>	<u>(10.1)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>2,396,602</u>	<u>2,580,857</u>	<u>(184,255)</u>	<u>(7.1)</u>
LESS:				
Debt service	1,022,514	1,041,468	(18,954)	(1.8)
UPIF contributions	2,459,120	773,432	1,685,688	217.9
Transfer to City of Gainesville General Fund	345,601	340,233	5,368	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ (1,430,633)</u>	<u>\$ 425,724</u>	<u>\$ (1,856,357)</u>	<u>(436.0)</u>

**Gainesville Regional Utilities
Telecommunications System**
Schedules of Net Revenues in Accordance with Bond Resolution - Unaudited
For the Periods Ended December 31, 2017 and 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Change (\$)</u>	<u>Change (%)</u>
REVENUES:				
Residential	\$ 13,327	\$ 12,666	\$ 661	5.2
Non-residential	3,075,928	2,454,039	621,889	25.3
Total Sales of Services	<u>3,089,255</u>	<u>2,466,705</u>	<u>622,550</u>	<u>25.2</u>
Other revenue	11,024	332	10,692	3,220.5
Other income (expense)	(133,828)	11,879	(145,707)	(1,226.6)
Total Revenues	<u>2,966,451</u>	<u>2,478,916</u>	<u>487,535</u>	<u>19.7</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	1,228,715	834,444	394,271	47.2
Administrative and general	188,443	530,946	(342,503)	(64.5)
Total Operation, Maintenance and Administrative Expenses	<u>1,417,158</u>	<u>1,365,390</u>	<u>51,768</u>	<u>3.8</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>1,549,293</u>	<u>1,113,526</u>	<u>435,767</u>	<u>39.1</u>
LESS:				
Debt service	929,564	879,765	49,799	5.7
UPIF contributions	109,645	60,808	48,837	80.3
Transfer to City of Gainesville General Fund	95,495	94,012	1,483	1.6
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ 414,589</u>	<u>\$ 78,941</u>	<u>\$ 335,648</u>	<u>425.2</u>

Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Period Ended December 31, 2017

	Actual
Fuel Revenues	\$ 34,953,064
Fuel Expenses	29,692,357
To (From) Fuel Adjustment Levelization	\$ 5,260,706
Fuel Adjustment Beginning Balance	\$ (5,588,054)
To (From) Fuel Adjustment Levelization	5,260,706
Fuel Adjustment Ending Balance	\$ (327,348)

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Period Ended December 31, 2017

	Actual
Purchased Gas Revenues	\$ 1,924,844
Purchased Gas Expenses	1,920,484
To (From) PGA Levelization	\$ 4,360
PGA Beginning Balance	\$ 858,737
To (From) PGA Levelization	4,360
PGA Ending Balance	\$ 863,097