

Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended December 31, 2025



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Contents

Overview and Basis of Accounting	2
Financial Statements	
Statements of Net Position-Unaudited	4
Statements of Revenues, Expenses, and Changes in Net Position-Unaudited	7
Supplementary Information	
Fuel Adjustment Levelization	9
Purchased Gas Adjustment (PGA) Levelization	10

Overview and Basis of Accounting

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Overview

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

We offer readers these unaudited utility system financial statements for the period ended December 31, 2025.

Basis of Accounting

GRU is required to follow the provisions in the Second Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on September 21, 2017. GRU's electric and gas accounts are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC), as required by the Resolution, and in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting, including the application of regulatory accounting as described in Governmental Accounting Standards Board (GASB) Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

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

Financial Statements

Gainesville Regional Utilities
Statements of Net Position - Unaudited
December 31, 2025 and 2024

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Assets				
Current assets:				
Cash and investments	\$ 36,725,315	\$ 45,420,315	\$ (8,695,000)	(19.1%)
Accounts receivable, net of allowance for uncollectible accounts of \$4,915,440 and \$12,087,910 respectively	51,007,376	49,525,420	1,481,956	3.0%
Inventories:				
Fuel	14,885,924	18,566,404	(3,680,480)	(19.8%)
Materials and supplies	31,177,640	30,533,539	644,101	2.1%
Fuel and purchased gas adjustment	7,550,132	-	7,550,132	-
Regulatory assets	1,310,713	1,277,713	33,000	2.6%
Other assets	7,463,616	2,864,700	4,598,916	160.5%
Total current assets	<u>150,120,716</u>	<u>148,188,091</u>	<u>1,932,625</u>	<u>1.3%</u>
Restricted and internally designated assets:				
Current:				
Utility deposits - cash and investments	10,276,189	10,017,552	258,637	2.6%
Debt service - cash and investments	23,296,124	25,173,850	(1,877,726)	(7.5%)
Noncurrent:				
Debt defeasance - cash and investments	12,286,191	11,166,381	1,119,810	10.0%
Fuel hedges - cash and investments	3,453,044	7,204,731	(3,751,687)	(52.1%)
Rate stabilization - cash and investments	94,444,548	74,133,770	20,310,778	27.4%
Construction fund - cash and investments	97,095,788	142,904,460	(45,808,672)	(32.1%)
Utility plant improvement fund - cash and investments	25,060,874	32,813,577	(7,752,703)	(23.6%)
Total restricted and internally designated assets	<u>265,912,758</u>	<u>303,414,321</u>	<u>(37,501,563)</u>	<u>(12.4%)</u>
Noncurrent assets:				
Net costs recoverable in future years - regulatory assets	23,106,129	28,494,399	(5,388,270)	(18.9%)
Long-term lease receivable	18,137,579	19,592,609	(1,455,030)	(7.4%)
Unamortized debt issuance costs - regulatory assets	8,634,457	9,125,598	(491,141)	(5.4%)
Swaps termination fees - regulatory asset	22,427,495	24,555,698	(2,128,203)	(8.7%)
Fair value of derivative instruments	86,387,313	85,290,923	1,096,390	1.3%
Investment in The Energy Authority	-	10,885,981	(10,885,981)	(100.0%)
Pollution remediation - regulatory asset	2,509,084	3,775,428	(1,266,344)	(33.5%)
Other regulatory assets	290,071	3,174,764	(2,884,693)	(90.9%)
Other noncurrent assets	304,980	2,211,464	(1,906,484)	(86.2%)
Pension regulatory asset	111,724,307	127,620,086	(15,895,779)	(12.5%)
Net pension asset - restricted	26,881,533	21,402,726	5,478,807	25.6%
Net other post employment benefits asset - restricted	5,871,770	2,868,296	3,003,474	104.7%
Total noncurrent assets	<u>306,274,718</u>	<u>338,997,972</u>	<u>(32,723,254)</u>	<u>(9.7%)</u>
Capital assets:				
Utility plant in service	3,322,572,298	3,229,652,876	92,919,422	2.9%
Right-of-use Asset	11,616,741	12,784,133	(1,167,392)	(9.1%)
Less: accumulated depreciation and amortization	(1,632,292,910)	(1,528,864,057)	(103,428,853)	6.8%
Construction in progress	1,701,896,129	1,713,572,952	(11,676,823)	(0.7%)
Net capital assets	<u>1,866,625,294</u>	<u>1,844,164,432</u>	<u>22,460,862</u>	<u>1.2%</u>
Total assets	<u>2,588,933,486</u>	<u>2,634,764,816</u>	<u>(45,831,330)</u>	<u>(1.7%)</u>
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	2,912,838	4,489,635	(1,576,797)	(35.1%)
Accumulated decrease in fair value of hedging derivative	-	192,329	(192,329)	(100.0%)
General Employees' Pension plan costs	11,767,302	8,477,927	3,289,375	38.8%
Other post-employment benefits plan	901,191	1,250,552	(349,361)	(27.9%)
Total deferred outflows of resources	<u>15,581,331</u>	<u>14,410,443</u>	<u>1,170,888</u>	<u>8.1%</u>
Total assets and deferred outflows of resources	<u>\$ 2,604,514,817</u>	<u>\$ 2,649,175,259</u>	<u>\$ (44,660,442)</u>	<u>(1.7%)</u>

* These statements are preliminary and subject to change following the completion of the Fiscal Year 2025 audit.

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
December 31, 2025 and 2024

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 11,261,290	\$ 11,759,946	\$ (498,656)	(4.2%)
Fuels payable	5,981,924	7,502,043	(1,520,119)	(20.3%)
Due to other funds	7,544,535	7,881,900	(337,365)	(4.3%)
Fuel and purchased gas adjustment	4,835,102	11,955,805	(7,120,703)	(59.6%)
Other liabilities	2,638,255	3,534,959	(896,704)	(25.37%)
Total current liabilities	<u>32,261,106</u>	<u>42,634,653</u>	<u>(10,373,547)</u>	<u>(24.3%)</u>
Current liabilities from restricted assets:				
Utility deposits	10,186,209	9,969,152	217,057	2.2%
Accounts payable and accrued liabilities	4,865,822	2,058,770	2,807,052	136.3%
Utility system revenue bonds	38,995,000	39,720,000	(725,000)	(1.8%)
Accrued interest payable	14,665,734	15,379,104	(713,370)	(4.6%)
Other liabilities	289,644	96,396	193,248	200.5%
Total payable from restricted assets	<u>69,002,409</u>	<u>67,223,422</u>	<u>1,778,987</u>	<u>2.6%</u>
Long-term debt:				
Utility system revenue bonds	1,633,385,000	1,698,800,000	(65,415,000)	(3.9%)
Long-term liability - leases	130,309	262,925	(132,616)	(50.4%)
Long-term liability - SBITA	1,764,347	2,016,020	(251,673)	(12.5%)
Unamortized bond premium/discount	71,719,247	80,576,942	(8,857,695)	(11.0%)
Fair value of derivative instruments	-	192,329	(192,329)	(100.0%)
Total long-term debt	<u>1,706,998,903</u>	<u>1,781,848,216</u>	<u>(74,849,313)</u>	<u>(4.2%)</u>
Noncurrent liabilities:				
Reserve for insurance claims	1,125,000	1,342,000	(217,000)	(16.2%)
Reserve for environmental liability	708,000	708,000	-	0.0%
Due to other funds	101,479,484	105,918,768	(4,439,284)	(4.2%)
Other noncurrent liabilities	5,521,787	217,931	5,303,856	2433.7%
Total noncurrent liabilities	<u>108,834,271</u>	<u>108,186,699</u>	<u>647,572</u>	<u>0.6%</u>
Total liabilities	<u>1,917,096,689</u>	<u>1,999,892,990</u>	<u>(82,796,301)</u>	<u>(4.1%)</u>
Deferred inflows of resources:				
Rate stabilization	94,512,382	75,079,203	19,433,179	25.9%
Accumulated increase in fair value of hedging derivative	86,387,313	85,337,167	1,050,146	1.2%
General Employees' Pension plan costs	45,564,195	48,460,600	(2,896,405)	(6.0%)
Other post-employment benefits plan	6,772,961	6,916,347	(143,386)	(2.1%)
Leases	18,564,350	20,186,330	(1,621,980)	(8.0%)
Total deferred inflows of resources	<u>251,801,201</u>	<u>235,979,647</u>	<u>15,821,554</u>	<u>6.7%</u>
Net position				
Net investment in capital assets	213,918,394	165,291,784	48,626,610	29.4%
Restricted	66,525,955	66,920,291	(394,336)	(0.6%)
Unrestricted	155,172,578	181,090,547	(25,917,969)	(14.3%)
Total net position	<u>435,616,927</u>	<u>413,302,622</u>	<u>22,314,305</u>	<u>5.4%</u>
Total liabilities, deferred inflows of resources and net position	\$ 2,604,514,817	\$ 2,649,175,259	\$ (44,660,442)	(1.7%)

* These statements are preliminary and subject to change following the completion of the Fiscal Year 2025 audit.

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Periods Ended December 31, 2025 and 2024

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Operating revenues:				
Sales and service charges	\$ 112,224,650	\$ 106,050,360	6,174,290	5.8%
Transfer from (to) rate stabilization	(7,803,344)	(7,043,619)	(759,725)	10.8%
Amounts recoverable from (to) future revenue	2,788,400	(1,742,235)	4,530,635	(260.0%)
Other operating revenue	9,740,292	3,276,486	6,463,806	197.3%
Total operating revenues	<u>116,949,998</u>	<u>100,540,992</u>	<u>16,409,006</u>	<u>16.3%</u>
Operating expenses:				
Operation and maintenance	53,370,821	49,938,521	3,432,300	6.9%
Administrative and general	7,448,584	11,759,334	(4,310,750)	(36.7%)
Depreciation and amortization	27,887,492	27,401,411	486,081	1.8%
Total operating expenses	<u>88,706,897</u>	<u>89,099,266</u>	<u>(392,369)</u>	<u>(0.4%)</u>
Operating income	<u>28,243,101</u>	<u>11,441,726</u>	<u>16,801,375</u>	<u>146.8%</u>
Non-operating income (expense):				
Interest income	2,221,757	2,804,636	(582,879)	(20.8%)
Interest expense	(15,854,396)	(17,055,696)	1,201,300	(7.0%)
Other interest related income, BABs	1,177,507	1,203,657	(26,150)	(2.2%)
Other income (expense)	(191,979)	(1,604,728)	1,412,749	(88.0%)
Total non-operating income (expense)	<u>(12,647,111)</u>	<u>(14,652,131)</u>	<u>2,005,020</u>	<u>(13.7%)</u>
Income (expense) before capital contributions and transfer	<u>15,595,990</u>	<u>(3,210,405)</u>	<u>18,806,395</u>	<u>(585.8%)</u>
Capital contributions:				
Contributions from third parties	256,160	127,322	128,838	101.2%
Net capital contributions	<u>256,160</u>	<u>127,322</u>	<u>128,838</u>	<u>101.2%</u>
General fund transfer				
Transfer to City of Gainesville General Fund	(2,126,306)	(2,126,306)	-	0.0%
Total general fund transfer	<u>(2,126,306)</u>	<u>(2,126,306)</u>	<u>-</u>	<u>0.0%</u>
Change in net position	13,725,844	(5,209,389)	18,935,233	(363.5%)
Net position - beginning of year	421,891,083	418,512,011	3,379,072	0.8%
Net position - end of period	<u>\$ 435,616,927</u>	<u>\$ 413,302,622</u>	<u>22,314,305</u>	<u>5.4%</u>

* These statements are preliminary and subject to change following the completion of the Fiscal Year 2025 audit.

Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Period Ended December 31, 2025

	Actual
Fuel Revenues	\$ 20,946,521
Fuel Expenses	23,987,340
To (From) Fuel Adjustment Levelization	\$ (3,040,819)
Fuel Adjustment Beginning Balance	\$ (4,509,313)
To (From) Fuel Adjustment Levelization	(3,040,819)
Fuel Adjustment Ending Balance	\$ (7,550,132)

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Period Ended December 31, 2025

	Actual
Purchased Gas Revenues	\$ 2,615,096
Purchased Gas Expenses	2,167,277
To (From) PGA Levelization	\$ 447,819
PGA Beginning Balance	\$ 4,387,283
To (From) PGA Levelization	447,819
PGA Ending Balance	\$ 4,835,102