

Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended June 30, 2025



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Overview and Basis of Accounting

Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended June 30, 2025

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 June 30, 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
June 30, 2025 and 2024

	June 30, 2025	June 30, 2024	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 27,475,819	\$ 37,266,003	\$ (9,790,184)	(26.3%)
Accounts receivable, net of allowance for uncollectible accounts of \$14,721,228 and \$9,939,731 respectively	58,998,453	57,230,830	1,767,623	3.1%
Inventories:				
Fuel	15,506,768	17,426,244	(1,919,476)	(11.0%)
Materials and supplies	30,224,473	29,935,006	289,467	1.0%
Fuel and purchased gas adjustment	5,009,402	-	5,009,402	-
Regulatory assets	1,257,238	1,235,237	22,001	1.8%
Other assets	952,817	6,000,802	(5,047,985)	(84.1%)
Total current assets	139,424,970	149,094,122	(9,669,152)	(6.5%)
Restricted and internally designated assets:				
Current:				
Utility deposits - cash and investments	9,880,457	9,263,472	616,985	6.7%
Debt service - cash and investments	44,985,149	43,684,832	1,300,317	3.0%
Noncurrent:				
Debt defeasance - cash and investments	25,228,298	28,962,154	(3,733,856)	(12.9%)
Fuel hedges - cash and investments	2,384,183	8,267,618	(5,883,435)	(71.2%)
Rate stabilization - cash and investments	77,786,045	68,284,143	9,501,902	13.9%
Construction fund - cash and investments	111,472,571	156,582,754	(45,110,183)	(28.8%)
Utility plant improvement fund - cash and investments	35,776,766	40,581,657	(4,804,891)	(11.8%)
Total restricted and internally designated assets	307,513,469	355,626,630	(48,113,161)	(13.5%)
Noncurrent assets:				
Long-term lease receivable	19,592,609	19,282,835	309,774	1.6%
Fair value of derivative instruments	80,676,480	77,376,574	3,299,906	4.3%
Investment in The Energy Authority	11,626,870	10,271,291	1,355,579	13.2%
Regulatory assets	188,101,997	214,703,470	(26,601,473)	(12.4%)
Other assets	1,221,613	4,015,703	(2,794,090)	(69.6%)
Net pension asset - restricted	21,402,726	-	21,402,726	-
Net other post employment benefits asset - restricted	2,868,296	-	2,868,296	-
Total noncurrent assets	325,490,591	325,649,873	(159,282)	(0.0%)
Capital assets:				
Utility plant in service	3,281,911,493	3,162,557,804	119,353,689	3.8%
Right-of-use Asset	13,021,970	11,461,919	1,560,051	13.6%
Less: accumulated depreciation and amortization	(1,580,550,670)	(1,478,188,779)	(102,361,891)	6.9%
	1,714,382,793	1,695,830,944	18,551,849	1.1%
Construction in progress	141,474,394	148,748,777	(7,274,383)	(4.9%)
Net capital assets	1,855,857,187	1,844,579,721	11,277,466	0.6%
Total assets	2,628,286,217	2,674,950,346	(46,664,129)	(1.7%)
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	3,975,871	5,030,273	(1,054,402)	(21.0%)
Accumulated decrease in fair value of hedging derivative	-	3,860,905	(3,860,905)	(100.0%)
General Employees' Pension plan costs	8,477,927	23,654,803	(15,176,876)	(64.2%)
Other post-employment benefits plan	1,250,552	4,067,550	(2,816,998)	(69.3%)
Total deferred outflows of resources	13,704,350	36,613,531	(22,909,181)	(62.6%)
Total assets and deferred outflows of resources	\$ 2,641,990,567	\$ 2,711,563,877	\$ (69,573,310)	(2.6%)

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
June 30, 2025 and 2024

	June 30, 2025	June 30, 2024	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 12,093,584	\$ 14,298,452	\$ (2,204,868)	(15.4%)
Fuels payable	8,192,888	7,324,119	868,769	12%
Due to other funds	4,009,908	4,859,897	(849,989)	(17.5%)
Fuel and purchased gas adjustment	2,951,241	10,800,646	(7,849,405)	(72.7%)
Other liabilities	3,578,405	3,085,430	492,975	16.0%
Total current liabilities	30,826,026	40,368,544	(9,542,518)	(23.6%)
Current liabilities from restricted assets:				
Utility deposits	9,790,700	9,193,449	597,251	6.5%
Accounts payable and accrued liabilities	4,686,164	1,598,468	3,087,696	193.2%
Utility system revenue bonds	39,720,000	35,340,000	4,380,000	12.4%
Accrued interest payable	15,375,396	16,203,793	(828,397)	(5.1%)
Other liabilities	190,538	3,046	187,492	6155.4%
Total payable from restricted assets	69,762,798	62,338,756	7,424,042	11.9%
Long-term debt:				
Utility system revenue bonds	1,698,800,000	1,772,020,000	(73,220,000)	(4.1%)
Long-term liability - leases	262,925	209,486	53,439	25.5%
Long-term liability - SBITA	2,086,806	2,868,910	(782,104)	(27.3%)
Unamortized bond premium/discount	76,623,151	86,298,234	(9,675,083)	(11.2%)
Fair value of derivative instruments	-	3,860,905	(3,860,905)	(100.0%)
Total long-term debt	1,777,772,882	1,865,257,535	(87,484,653)	(4.7%)
Noncurrent liabilities:				
Reserve for insurance claims	1,342,000	1,960,000	(618,000)	(31.5%)
Reserve for environmental liability	708,000	708,000	-	0.0%
Net pension liability	-	47,616,640	(47,616,640)	(100.0%)
Net other post-employment benefits liability	-	3,415,965	(3,415,965)	(100.0%)
Due to other funds	105,918,768	98,649,296	7,269,472	7.4%
Other noncurrent liabilities	2,576,248	75,329	2,500,919	3320.0%
Total noncurrent liabilities	110,545,016	152,425,230	(41,880,214)	(27.5%)
Total liabilities	1,988,906,722	2,120,390,065	(131,483,343)	(6.2%)
Deferred inflows of resources:				
Rate stabilization	78,166,442	64,590,540	13,575,902	21.0%
Accumulated increase in fair value of hedging derivative	80,716,922	77,460,416	3,256,506	4.2%
General Employees' Pension plan costs	48,460,600	302,280	48,158,320	15931.7%
Other post-employment benefits plan	6,916,347	4,553,201	2,363,146	51.9%
Leases	20,186,330	20,357,062	(170,732)	(0.8%)
Total deferred inflows of resources	234,446,641	167,263,499	67,183,142	40.2%
Net position				
Net investment in capital assets	146,307,965	109,796,748	36,511,217	33.3%
Restricted	89,742,632	71,825,421	17,917,211	24.9%
Unrestricted	182,586,607	242,288,144	(59,701,537)	(24.6%)
Total net position	418,637,204	423,910,313	(5,273,109)	(1.2%)
Total liabilities, deferred inflows of resources and net position	\$ 2,641,990,567	\$ 2,711,563,877	\$ (69,573,310)	(2.6%)

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Periods Ended June 30, 2025 and 2024

	June 30, 2025	June 30, 2024	Change (\$)	Change (%)
Operating revenues:				
Sales and service charges	\$ 334,747,971	\$ 309,711,067	25,036,904	8.1%
Transfer from (to) rate stabilization	(21,130,858)	(2,099,359)	(19,031,499)	906.5%
Amounts recoverable from (to) future revenue	(6,278,960)	3,503,632	(9,782,592)	(279.2%)
Other operating revenue	18,184,573	14,893,714	3,290,859	22.1%
Total operating revenues	<u>325,522,726</u>	<u>326,009,054</u>	<u>(486,328)</u>	<u>(0.1%)</u>
Operating expenses:				
Operation and maintenance	170,792,170	150,629,960	20,162,210	13.4%
Administrative and general	28,765,047	29,158,015	(392,968)	(1.3%)
Depreciation and amortization	83,003,300	79,337,419	3,665,881	4.6%
Total operating expenses	<u>282,560,517</u>	<u>259,125,394</u>	<u>23,435,123</u>	<u>9.0%</u>
Operating income	<u>42,962,209</u>	<u>66,883,660</u>	<u>(23,921,451)</u>	<u>(35.8%)</u>
Non-operating income (expense):				
Interest income	5,979,195	10,032,891	(4,053,696)	(40.4%)
Interest expense	(49,009,999)	(52,644,045)	3,634,046	(6.9%)
Rate stabilization litigation settlement	11,000,000	-	11,000,000	-
Other interest related income, BABs	3,578,085	3,669,192	(91,107)	(2.5%)
Other income (expense)	(1,987,317)	3,166,547	(5,153,864)	(162.8%)
Total non-operating income (expense)	<u>(30,440,036)</u>	<u>(35,775,415)</u>	<u>5,335,379</u>	<u>(14.9%)</u>
Income (expense) before capital contributions and transfer	<u>12,522,173</u>	<u>31,108,245</u>	<u>(18,586,072)</u>	<u>(59.7%)</u>
Capital contributions:				
Contributions from third parties	4,981,938	2,102,760	2,879,178	136.9%
Reduction of plant costs recovered through contributions	-	(126,184)	126,184	(100.0%)
Net capital contributions	<u>4,981,938</u>	<u>1,976,576</u>	<u>3,005,362</u>	<u>152.0%</u>
Extraordinary Item - Litigation Settlement	<u>(11,000,000)</u>	<u>-</u>	<u>(11,000,000)</u>	<u>-</u>
Transfer to City of Gainesville General Fund	<u>(6,378,918)</u>	<u>(11,478,919)</u>	<u>5,100,001</u>	<u>(44.4%)</u>
Change in net position	<u>125,193</u>	<u>21,605,902</u>	<u>(21,480,709)</u>	<u>(99.4%)</u>
Net position - beginning of year	418,512,011	402,304,411	16,207,600	4.0%
Net position - end of period	<u>\$ 418,637,204</u>	<u>\$ 423,910,313</u>	<u>(5,273,109)</u>	<u>(1.2%)</u>

Supplementary Data

Gainesville Regional Utilities
Fuel Adjustment Levelization
For the Period Ended June 30, 2025

	<u>Actual</u>
Fuel Revenues	\$ 60,393,113
Fuel Expenses	71,073,102
To (From) Fuel Adjustment Levelization	<u>\$ (10,679,989)</u>
Fuel Adjustment Beginning Balance	\$ 5,670,586
To (From) Fuel Adjustment Levelization	(10,679,989)
Fuel Adjustment Ending Balance	<u>\$ (5,009,403)</u>

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Period Ended June 30, 2025

	<u>Actual</u>
Purchased Gas Revenues	\$ 8,140,727
Purchased Gas Expenses	8,971,108
To (From) PGA Levelization	<u>\$ (830,381)</u>
PGA Beginning Balance	\$ 3,781,622
To (From) PGA Levelization	(830,381)
PGA Ending Balance	<u>\$ 2,951,241</u>