Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended June 30, 2026

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Contents

Overview and Basis of Accounting

Overview

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

We offer readers these unaudited utility system financial statements for the period ended June 30, 2026.

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, 2026 and 2025

		June 30, 2026		June 30, 2025		Change ($)	Change (%)
Assets							
Current assets:							
Cash and investments	**$**	**36,059,688**	$	27,475,819	$	8,583,869	31.2%
Accounts receivable, net of allowance for uncollectible accounts of $5,815,967 and $14,721,228 respectively		**59,646,286**		58,998,453		647,833	1.1%
Inventories:							
Fuel		**13,894,632**		15,506,768		(1,612,136)	(10.4%)
Materials and supplies		**32,175,310**		30,224,473		1,950,837	6.5%
Fuel and purchased gas adjustment		**10,345,984**		5,009,402		5,336,582	107%
Regulatory assets		**1,290,238**		1,257,238		33,000	2.6%
Other assets		**8,777,110**		952,817		7,824,293	821.2%
Total current assets		**162,189,248**		139,424,970		22,764,278	16.3%
Restricted and internally designated assets:							
Current:							
Utility deposits - cash and investments		**10,788,365**		9,880,457		907,908	9.2%
Debt service - cash and investments		**43,309,504**		44,985,149		(1,675,645)	(3.7%)
Noncurrent:							
Debt defeasance - cash and investments		**26,189,492**		25,228,298		961,194	3.8%
Fuel hedges - cash and investments		**5,363,014**		2,384,183		2,978,831	124.9%
Rate stabilization - cash and investments		**93,325,406**		77,786,045		15,539,361	20.0%
Construction fund - cash and investments		**58,040,430**		111,472,571		(53,432,141)	(47.9%)
Utility plant improvement fund - cash and investments		**35,948,766**		35,776,766		172,000	0.5%
Total restricted and internally designated assets		**272,964,977**		307,513,469		(34,548,492)	(11.2%)
Noncurrent assets:							
Net costs recoverable in future years - regulatory assets		**15,150,390**		23,957,674		(8,807,284)	(36.8%)
Long-term lease receivable		**18,137,579**		19,592,609		(1,455,030)	(7.4%)
Unamortized debt issuance costs - regulatory assets		**7,733,672**		8,895,199		(1,161,527)	(13.1%)
Swaps termination fees - regulatory asset		**21,363,393**		23,491,596		(2,128,203)	(9.1%)
Fair value of derivative instruments		**84,376,624**		80,676,480		3,700,144	4.6%
Investment in The Energy Authority		**-**		11,626,870		(11,626,870)	(100.0%)
Pollution remediation - regulatory asset		**1,840,825**		3,049,392		(1,208,567)	(39.6%)
Other regulatory assets		**290,071**		3,168,964		(2,878,893)	(90.8%)
Other noncurrent assets		**734,358**		1,221,613		(487,255)	(39.9%)
Pension regulatory asset		**109,504,665**		125,539,172		(16,034,507)	(12.8%)
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		**291,884,880**		325,490,591		(33,605,711)	(10.3%)
Capital assets:							
Utility plant in service		**3,366,997,881**		3,281,911,493		85,086,388	2.6%
Right-of-use Asset		**11,616,741**		13,021,970		(1,405,229)	(10.8%)
Less: accumulated depreciation and amortization		**(1,688,979,480)**		(1,580,550,670)		(108,428,810)	6.9%
		1,689,635,142		1,714,382,793		(24,747,651)	(1.4%)
Construction in progress		**173,739,794**		141,474,394		32,265,400	22.8%
Net capital assets		**1,863,374,936**		1,855,857,187		7,517,749	0.4%
Total assets		**2,590,414,041**		2,628,286,217		(37,872,176)	(1.4%)
Deferred outflows of resources:							
Unamortized loss on refunding of bonds		**4,410,026**		3,975,871		434,155	10.9%
Accumulated decrease in fair value of hedging derivative		**1,024,457**		-		1,024,457	-
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		**18,102,976**		13,704,350		4,398,626	32.1%
Total assets and deferred outflows of resources	**$**	**2,608,517,017**	$	2,641,990,567	$	(33,473,550)	(1.3%)

*** In March 2026, the GRU Authority Board approved the transfer of $16 million from the Electric Rate Stabilization Fund to the Electric Operating Cash Fund due to under collection of fuel levelization costs.**

Continued on next page.

Gainesville Regional Utilities

Statements of Net Position - Unaudited (concluded)

June 30, 2026 and 2025

	June 30, 2026	June 30, 2025	Change ($)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	**$ 13,915,192**	$ 12,093,584	$ 1,821,608	15%
Fuels payable	**7,541,510**	8,192,888	(651,378)	(8.0%)
Due to other funds	**4,799,995**	4,009,908	790,087	20%
Fuel and purchased gas adjustment	**2,497,987**	2,951,241	(453,254)	(15.4%)
Other liabilities	**2,535,009**	3,578,405	(1,043,396)	(29.16%)
Total current liabilities	**31,289,693**	30,826,026	463,667	1.5%
Current liabilities from restricted assets:				
Utility deposits	**10,700,760**	9,790,700	910,060	9.3%
Accounts payable and accrued liabilities	**3,215,492**	4,686,164	(1,470,672)	(31.4%)
Utility system revenue bonds	**38,995,000**	39,720,000	(725,000)	(1.8%)
Accrued interest payable	**14,595,049**	15,375,396	(780,347)	(5.1%)
Other liabilities	**38,858**	190,538	(151,680)	(79.6%)
Total payable from restricted assets	**67,545,159**	69,762,798	(2,217,639)	(3.2%)
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**	2,086,806	(322,459)	(15.5%)
Unamortized bond premium/discount	**68,786,272**	76,623,151	(7,836,879)	(10.2%)
Fair value of derivative instruments	**1,024,457**	-	1,024,457	-
Total long-term debt	**1,705,090,385**	1,777,772,882	(72,682,497)	(4.1%)
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	**5,508,071**	2,576,248	2,931,823	113.8%
Total noncurrent liabilities	**108,820,555**	110,545,016	(1,724,461)	(1.6%)
Total liabilities	**1,912,745,792**	1,988,906,722	(76,160,930)	(3.8%)
Deferred inflows of resources:				
Rate stabilization	**94,119,070**	78,166,442	15,952,628	20.4%
Accumulated increase in fair value of hedging derivative	**84,376,624**	80,716,922	3,659,702	4.5%
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	**249,397,200**	234,446,641	14,950,559	6.4%
Net position				
Net investment in capital assets	**177,713,944**	146,307,965	31,405,979	21.5%
Restricted	**97,500,383**	89,742,632	7,757,751	8.6%
Unrestricted	**171,159,698**	182,586,607	(11,426,909)	(6.3%)
Total net position	**446,374,025**	418,637,204	27,736,821	6.6%
Total liabilities, deferred inflows of resources and net position	**$ 2,608,517,017**	$ 2,641,990,567	$ (33,473,550)	(1.3%)

*** In March 2026, the GRU Authority Board approved the transfer of $16 million from the Electric Rate Stabilization Fund to the Electric Operating Cash Fund due to under collection of fuel levelization costs.**

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Gainesville Regional Utilities
Statements of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Periods Ended June 30, 2026 and 2025

	June 30, 2026	June 30, 2025	Change ($)	Change (%)
Operating revenues:				
Sales and service charges	$ 346,228,142	$ 334,747,971	$ 11,480,171	3.4%
Transfer from (to) rate stabilization	(23,410,031)	(21,130,858)	(2,279,173)	10.8%
Transfer from rate stabilization for operating capital	16,000,000	-	16,000,000	-
Amounts recoverable from (to) future revenue	(5,167,339)	(6,278,960)	1,111,621	(17.7%)
Other operating revenue	10,943,335	13,019,077	(2,075,742)	(15.9%)
Total operating revenues	344,594,107	320,357,230	24,236,877	7.6%
Operating expenses:				
Operation and maintenance	177,761,894	170,792,170	6,969,724	4.1%
Administrative and general	29,349,227	28,282,177	1,067,050	3.8%
Depreciation and amortization	87,847,191	83,003,300	4,843,891	5.8%
Total operating expenses	294,958,312	282,077,647	12,880,665	4.6%
Operating income	49,635,795	38,279,583	11,356,212	29.7%
Non-capital subsidies				
Transfer to City of Gainesville	(6,378,920)	(6,378,918)	(2)	0.0%
Low-income energy efficiency program plus	(332,616)	(482,870)	150,254	(31.1%)
Grant revenue	384,167	227,008	157,159	69.2%
Total non-capital subsidies	(6,327,369)	(6,634,780)	307,411	(4.6%)
Operating income and non-capital subsidies	43,308,426	31,644,803	11,663,623	36.9%
Other non-operating revenues (expenses):				
Interest income	7,089,561	5,979,195	1,110,366	18.6%
Interest expense	(45,621,417)	(49,009,999)	3,388,582	(6.9%)
Rate stabilization transfer - litigation settlement	-	11,000,000	(11,000,000)	(100.0%)
Capital Contributions from third parties	6,435,188	4,981,938	1,453,250	29.2%
Grant revenue - restricted for capital assets	11,212,206	4,938,488	6,273,718	127.0%
Other interest related income, BABs	3,527,531	3,578,085	(50,554)	(1.4%)
Other income (expense)	(1,468,553)	(1,987,317)	518,764	(26.1%)
Total other non-operating revenues (expenses)	(18,825,484)	(20,519,610)	1,694,126	(8.3%)
Unusual or Infrequent Item - Litigation Settlement	-	(11,000,000)	11,000,000	(100.0%)
Increase (decrease) in net position	24,482,942	125,193	24,357,749	19456.2%
Net position - beginning of year	421,891,083	418,512,011	3,379,072	0.8%
Net position - end of period	$ 446,374,025	$ 418,637,204	$ 27,736,821	6.6%

*** In March 2026, the GRU Authority Board approved the transfer of $16 million from the Electric Rate Stabilization Fund to the Electric Operating Cash Fund due to under collection of fuel levelization costs.**

Supplementary Data

Gainesville Regional Utilities

Fuel Adjustment Levelization

For the Period Ended June 30, 2026

		Actual
Fuel Revenues	$	75,755,798
Fuel Expenses		81,592,469
To (From) Fuel Adjustment Levelization	**$**	**(5,836,671)**
Fuel Adjustment Beginning Balance	$	(4,509,313)
To (From) Fuel Adjustment Levelization		(5,836,671)
Fuel Adjustment Ending Balance	**$**	**(10,345,984)**

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Period Ended June 30, 2026

		Actual
Purchased Gas Revenues	$	7,976,084
Purchased Gas Expenses		9,865,380
To (From) PGA Levelization	**$**	**(1,889,296)**
PGA Beginning Balance	$	4,387,283
To (From) PGA Levelization		(1,889,296)
PGA Ending Balance	**$**	**2,497,987**