Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended March 31, 2026

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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 March 31, 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
March 31, 2026 and 2025

	March 31, 2026	March 31, 2025	Change ($)	Change (%)
Assets				
Current assets:				
Cash and investments	**$ 32,403,837**	$ 39,054,100	$ (6,650,263)	(17.0%)
Accounts receivable, net of allowance for uncollectible accounts of $4,869,467 and $11,669,757 respectively	**58,832,295**	50,084,146	8,748,149	17.5%
Inventories:				
Fuel	**13,287,289**	15,718,969	(2,431,680)	(15.5%)
Materials and supplies	**31,823,044**	29,990,057	1,832,987	6.1%
Fuel and purchased gas adjustment	**14,306,785**	-	14,306,785	-
Regulatory assets	**1,300,475**	1,267,475	33,000	2.6%
Other assets	**5,397,625**	2,046,952	3,350,673	163.7%
Total current assets	**157,351,350**	138,161,699	19,189,651	13.9%
Restricted and internally designated assets:				
Current:				
Utility deposits - cash and investments	**10,584,880**	10,403,379	181,501	1.7%
Debt service - cash and investments	**48,170,203**	50,702,327	(2,532,124)	(5.0%)
Noncurrent:				
Debt defeasance - cash and investments	**19,187,644**	18,062,778	1,124,866	6.2%
Fuel hedges - cash and investments	**3,750,710**	2,024,617	1,726,093	85.3%
Rate stabilization - cash and investments	**85,832,534**	81,333,692	4,498,842	5.5%
Construction fund - cash and investments	**75,226,014**	130,857,775	(55,631,761)	(42.5%)
Utility plant improvement fund - cash and investments	**36,706,979**	38,796,777	(2,089,798)	(5.4%)
Total restricted and internally designated assets	**279,458,964**	332,181,345	(52,722,381)	(15.9%)
Noncurrent assets:				
Net costs recoverable in future years - regulatory assets	**17,085,907**	26,023,523	(8,937,616)	(34.3%)
Long-term lease receivable	**18,137,579**	19,592,609	(1,455,030)	(7.4%)
Unamortized debt issuance costs - regulatory assets	**7,862,626**	9,001,910	(1,139,284)	(12.7%)
Swaps termination fees - regulatory asset	**21,895,444**	24,023,647	(2,128,203)	(8.9%)
Fair value of derivative instruments	**83,614,785**	83,300,029	314,756	0.4%
Investment in The Energy Authority	**-**	11,209,577	(11,209,577)	(100.0%)
Pollution remediation - regulatory asset	**2,079,346**	3,318,000	(1,238,654)	(37.3%)
Other regulatory assets	**290,071**	3,176,664	(2,886,593)	(90.9%)
Other noncurrent assets	**446,020**	1,698,389	(1,252,369)	(73.7%)
Pension regulatory asset	**110,614,486**	126,579,629	(15,965,143)	(12.6%)
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	**294,779,567**	332,194,999	(37,415,432)	(11.3%)
Capital assets:				
Utility plant in service	**3,329,696,990**	3,252,488,643	77,208,347	2.4%
Right-of-use Asset	**11,616,741**	12,784,133	(1,167,392)	(9.1%)
Less: accumulated depreciation and amortization	**(1,659,466,011)**	(1,554,743,777)	(104,722,234)	6.7%
	1,681,847,720	1,710,528,999	(28,681,279)	(1.7%)
Construction in progress	**182,431,343**	137,989,995	44,441,348	32.2%
Net capital assets	**1,864,279,063**	1,848,518,994	15,760,069	0.9%
Total assets	**2,595,868,944**	2,651,057,037	(55,188,093)	(2.1%)
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	**4,668,740**	4,233,763	434,977	10.3%
Accumulated decrease in fair value of hedging derivative	**383,131**	-	383,131	-
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	**17,720,364**	13,962,242	3,758,122	26.9%
Total assets and deferred outflows of resources	**$ 2,613,589,308**	$ 2,665,019,279	$ (51,429,971)	(1.9%)

*** 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.**

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Gainesville Regional Utilities
Statements of Net Position - Unaudited (concluded)
March 31, 2026 and 2025

	March 31, 2026	March 31, 2025	Change ($)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	**$ 16,484,316**	$ 13,559,399	$ 2,924,917	22%
Fuels payable	**4,598,544**	5,550,498	(951,954)	(17.2%)
Due to other funds	**5,682,612**	2,965,602	2,717,010	92%
Fuel and purchased gas adjustment	**2,374,129**	3,011,513	(637,384)	(21.2%)
Other liabilities	**2,432,461**	3,652,298	(1,219,837)	(33.40%)
Total current liabilities	**31,572,062**	28,739,310	2,832,752	9.9%
Current liabilities from restricted assets:				
Utility deposits	**10,535,525**	10,371,188	164,337	1.6%
Accounts payable and accrued liabilities	**3,921,769**	4,710,841	(789,072)	(16.8%)
Utility system revenue bonds	**38,995,000**	39,720,000	(725,000)	(1.8%)
Accrued interest payable	**28,329,022**	29,819,068	(1,490,046)	(5.0%)
Other liabilities	**102,720**	89,343	13,377	15.0%
Total payable from restricted assets	**81,884,036**	84,710,440	(2,826,404)	(3.3%)
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	**70,250,063**	78,318,345	(8,068,282)	(10.3%)
Fair value of derivative instruments	**383,131**	-	383,131	-
Total long-term debt	**1,705,912,850**	1,779,397,290	(73,484,440)	(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	**5,522,413**	2,651,576	2,870,837	108.3%
Total noncurrent liabilities	**108,834,897**	110,620,344	(1,785,447)	(1.6%)
Total liabilities	**1,928,203,845**	2,003,467,384	(75,263,539)	(3.8%)
Deferred inflows of resources:				
Rate stabilization	**86,315,726**	82,122,823	4,192,903	5.1%
Accumulated increase in fair value of hedging derivative	**83,614,785**	83,348,171	266,614	0.3%
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	**240,832,017**	241,034,271	(202,254)	(0.1%)
Net position				
Net investment in capital assets	**193,896,396**	156,987,104	36,909,292	23.5%
Restricted	**89,349,676**	83,982,583	5,367,093	6.4%
Unrestricted	**161,307,374**	179,547,937	(18,240,563)	(10.2%)
Total net position	**444,553,446**	420,517,624	24,035,822	5.7%
Total liabilities, deferred inflows of resources and net position	**$ 2,613,589,308**	$ 2,665,019,279	$ (51,429,971)	(1.9%)

*** 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.**

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Gainesville Regional Utilities

Statements of Revenues, Expenses, and Changes in Net Position - Unaudited

For the Periods Ended March 31, 2026 and 2025

	March 31, 2026	March 31, 2025	Change ($)	Change (%)
Operating revenues:				
Sales and service charges	**$ 230,687,636**	$ 217,840,457	12,847,179	5.9%
Transfer from (to) rate stabilization	**393,313**	(14,087,239)	14,480,552	(102.8%)
Amounts recoverable from (to) future revenue	**(3,231,822)**	(4,213,111)	981,289	(23.3%)
Other operating revenue	**6,633,408**	7,703,838	(1,070,430)	(13.9%)
Total operating revenues	**234,482,535**	207,243,945	27,238,590	13.1%
Operating expenses:				
Operation and maintenance	**122,778,440**	111,345,581	11,432,859	10.3%
Administrative and general	**19,178,179**	17,795,948	1,382,231	7.8%
Depreciation and amortization	**55,715,554**	54,798,933	916,621	1.7%
Total operating expenses	**197,672,173**	183,940,462	13,731,711	7.5%
Operating income	**36,810,362**	23,303,483	13,506,879	58.0%
Non-operating income (expense):				
Interest income	**4,592,418**	3,164,009	1,428,409	45.1%
Interest expense	**(29,920,298)**	(32,546,974)	2,626,676	(8.1%)
Other interest related income, BABs	**2,351,000**	2,385,069	(34,069)	(1.4%)
Other income (expense)	**12,522,232**	5,298,348	7,223,884	136.3%
Total non-operating income (expense)	**(10,454,648)**	(21,699,548)	11,244,900	(51.8%)
Income (expense) before capital contributions and transfer	**26,355,714**	1,603,935	24,751,779	1543.2%
Capital contributions:				
Contributions from third parties	**559,262**	4,654,290	(4,095,028)	(88.0%)
Net capital contributions	**559,262**	4,654,290	(4,095,028)	(88.0%)
General fund transfer				
Transfer to City of Gainesville General Fund	**(4,252,613)**	(4,252,612)	(1.00)	0.0%
Total general fund transfer	**(4,252,613)**	(4,252,612)	(1)	0.0%
Change in net position	**22,662,363**	2,005,613	20,656,750	1029.9%
Net position - beginning of year	**421,891,083**	418,512,011	3,379,072	0.8%
Net position - end of period	**$ 444,553,446**	$ 420,517,624	24,035,822	5.7%

*** 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.**

Supplementary Data

Gainesville Regional Utilities

Fuel Adjustment Levelization

For the Period Ended March 31, 2026

		Actual
Fuel Revenues	$	44,592,933
Fuel Expenses		54,390,405
To (From) Fuel Adjustment Levelization	**$**	**(9,797,472)**
Fuel Adjustment Beginning Balance	$	(4,509,313)
To (From) Fuel Adjustment Levelization		(9,797,472)
Fuel Adjustment Ending Balance	**$**	**(14,306,785)**

Gainesville Regional Utilities
Purchased Gas Adjustment (PGA) Levelization
For the Period Ended March 31, 2026

		Actual
Purchased Gas Revenues	$	6,142,929
Purchased Gas Expenses		8,156,082
To (From) PGA Levelization	**$**	**(2,013,154)**
PGA Beginning Balance	$	4,387,283
To (From) PGA Levelization		(2,013,154)
PGA Ending Balance	**$**	**2,374,129**