

Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended March 31, 2025



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For the Period Ended March 31, 2025**

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Overview and Basis of Accounting

Gainesville Regional Utilities

Financial Statements - Unaudited

For the Period Ended March 31, 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 March 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
March 31, 2025 and 2024

	March 31, 2025	March 31, 2024	Change (\$)	Change (%)
Assets				
Current assets:				
Cash and investments	\$ 39,054,100	\$ 26,747,607	\$ 12,306,493	46.0%
Accounts receivable, net of allowance for uncollectible accounts of \$11,518,441 and \$9,415,445 respectively	50,084,146	52,240,810	(2,156,664)	(4.1%)
Inventories:				
Fuel	15,718,969	18,655,068	(2,936,099)	(15.7%)
Materials and supplies	29,990,057	31,663,504	(1,673,447)	(5.3%)
Regulatory assets	1,267,475	1,245,476	21,999	1.8%
Other assets	2,046,952	4,305,457	(2,258,505)	(52.5%)
Total current assets	138,161,699	134,857,922	3,303,777	2.4%
Restricted and internally designated assets:				
Current:				
Utility deposits - cash and investments	10,403,379	8,828,926	1,574,453	17.8%
Debt service - cash and investments	50,702,327	50,776,954	(74,627)	(0.1%)
Noncurrent:				
Debt defeasance - cash and investments	18,062,778	27,215,841	(9,153,063)	(33.6%)
Fuel hedges - cash and investments	2,024,617	13,437,471	(11,412,854)	(84.9%)
Rate stabilization - cash and investments	81,333,692	67,312,634	14,021,058	20.8%
Construction fund - cash and investments	130,857,775	163,239,493	(32,381,718)	(19.8%)
Utility plant improvement fund - cash and investments	38,796,777	50,081,333	(11,284,556)	(22.5%)
Total restricted and internally designated assets	332,181,345	380,892,652	(48,711,307)	(12.8%)
Noncurrent assets:				
Long-term lease receivable	19,592,609	19,282,835	309,774	1.6%
Fair value of derivative instruments	83,300,029	72,338,296	10,961,733	15.2%
Investment in The Energy Authority	11,209,577	10,196,536	1,013,041	9.9%
Regulatory assets	192,123,373	215,395,895	(23,272,522)	(10.8%)
Other assets	1,698,389	4,675,336	(2,976,947)	(63.7%)
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	332,194,999	321,888,898	10,306,101	3.2%
Capital assets:				
Utility plant in service	3,252,488,643	3,125,709,321	126,779,322	4.1%
Right-of-use Asset	12,784,133	11,461,919	1,322,214	11.5%
Less: accumulated depreciation and amortization	(1,554,743,777)	(1,455,602,227)	(99,141,550)	6.8%
	1,710,528,999	1,681,569,013	28,959,986	1.7%
Construction in progress	137,989,995	160,336,165	(22,346,170)	(13.9%)
Net capital assets	1,848,518,994	1,841,905,178	6,613,816	0.4%
Total assets	2,651,057,037	2,679,544,650	(28,487,613)	(1.1%)
Deferred outflows of resources:				
Unamortized loss on refunding of bonds	4,233,763	6,000,603	(1,766,840)	(29.4%)
Accumulated decrease in fair value of hedging derivative	-	8,202,939	(8,202,939)	(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	13,962,242	41,925,895	(27,963,653)	(66.7%)
Total assets and deferred outflows of resources	\$ 2,665,019,279	\$ 2,721,470,545	\$ (56,451,266)	(2.1%)

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

	March 31, 2025	March 31, 2024	Change (\$)	Change (%)
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 13,559,399	\$ 13,924,305	\$ (364,906)	(2.6%)
Fuels payable	5,550,498	3,768,356	1,782,142	47%
Due to other funds	2,965,602	5,695,778	(2,730,176)	(47.9%)
Fuel and purchased gas adjustment	3,011,513	13,023,778	(10,012,265)	(76.9%)
Other liabilities	3,652,298	3,058,811	593,487	19.4%
Total current liabilities	28,739,310	39,471,028	(10,731,718)	(27.2%)
Current liabilities from restricted assets:				
Utility deposits	10,371,188	8,815,082	1,556,106	17.7%
Accounts payable and accrued liabilities	4,710,841	2,337,558	2,373,283	101.5%
Utility system revenue bonds	39,720,000	35,340,000	4,380,000	12.4%
Accrued interest payable	29,819,068	31,184,220	(1,365,152)	(4.4%)
Other liabilities	89,343	13,732	75,611	550.6%
Total payable from restricted assets	84,710,440	77,690,592	7,019,848	9.0%
Long-term debt:				
Utility system revenue bonds	1,698,800,000	1,778,095,000	(79,295,000)	(4.5%)
Long-term liability - leases	262,925	209,487	53,438	25.5%
Long-term liability - SBITA	2,016,020	2,868,910	(852,890)	(29.7%)
Unamortized bond premium/discount	78,318,345	88,479,146	(10,160,801)	(11.5%)
Fair value of derivative instruments	-	8,202,939	(8,202,939)	(100.0%)
Total long-term debt	1,779,397,290	1,877,855,482	(98,458,192)	(5.2%)
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	2,651,576	75,329	2,576,247	3420.0%
Total noncurrent liabilities	110,620,344	152,425,230	(41,804,886)	(27.4%)
Total liabilities	2,003,467,384	2,147,442,332	(143,974,948)	(6.7%)
Deferred inflows of resources:				
Rate stabilization	82,122,823	63,890,754	18,232,069	28.5%
Accumulated increase in fair value of hedging derivative	83,348,171	72,446,458	10,901,713	15.0%
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	241,034,271	161,549,755	79,484,516	49.2%
Net position				
Net investment in capital assets	156,987,104	105,989,359	50,997,745	48.1%
Restricted	83,982,583	73,109,006	10,873,577	14.9%
Unrestricted	179,547,937	233,380,093	(53,832,156)	(23.1%)
Total net position	420,517,624	412,478,458	8,039,166	1.9%
Total liabilities, deferred inflows of resources and net position	\$ 2,665,019,279	\$ 2,721,470,545	\$ (56,451,266)	(2.1%)

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

	<u>March 31, 2025</u>	<u>March 31, 2024</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Operating revenues:				
Sales and service charges	\$ 217,840,457	\$ 200,012,768	17,827,689	8.9%
Transfer from (to) rate stabilization	(14,087,239)	(1,399,573)	(12,687,666)	906.5%
Amounts recoverable from (to) future revenue	(4,213,111)	2,335,351	(6,548,462)	(280.4%)
Other operating revenue	12,869,334	7,193,182	5,676,152	78.9%
Total operating revenues	<u>212,409,441</u>	<u>208,141,728</u>	<u>4,267,713</u>	<u>2.1%</u>
Operating expenses:				
Operation and maintenance	111,345,581	96,540,489	14,805,092	15.3%
Administrative and general	17,795,948	20,358,475	(2,562,527)	(12.6%)
Depreciation and amortization	54,798,933	52,406,937	2,391,996	4.6%
Total operating expenses	<u>183,940,462</u>	<u>169,305,901</u>	<u>14,634,561</u>	<u>8.6%</u>
Operating income	<u>28,468,979</u>	<u>38,835,827</u>	<u>(10,366,848)</u>	<u>(26.7%)</u>
Non-operating income (expense):				
Interest income	3,164,009	6,497,615	(3,333,606)	(51.3%)
Interest expense	(32,546,974)	(34,700,491)	2,153,517	(6.2%)
Other interest related income, BABs	2,385,069	2,430,964	(45,895)	(1.9%)
Other income (expense)	132,852	4,682,696	(4,549,844)	(97.2%)
Total non-operating income (expense)	<u>(26,865,044)</u>	<u>(21,089,216)</u>	<u>(5,775,828)</u>	<u>27.4%</u>
Income before capital contributions and transfer	<u>1,603,935</u>	<u>17,746,611</u>	<u>(16,142,676)</u>	<u>(91.0%)</u>
Capital contributions:				
Contributions from third parties	4,654,290	189,514	4,464,776	2355.9%
Reduction of plant costs recovered through contributions	-	(109,466)	109,466	(100.0%)
Net capital contributions	<u>4,654,290</u>	<u>80,048</u>	<u>4,574,242</u>	<u>5714.4%</u>
General fund transfer				
Transfer to City of Gainesville General Fund	(4,252,612)	(7,652,612)	3,400,000	(44.4%)
Total general fund transfer	<u>(4,252,612)</u>	<u>(7,652,612)</u>	<u>3,400,000</u>	<u>(44.4%)</u>
Change in net position	<u>2,005,613</u>	<u>10,174,047</u>	<u>(8,168,434)</u>	<u>(80.3%)</u>
Net position - beginning of year	<u>418,512,011</u>	<u>402,304,411</u>	<u>16,207,600</u>	<u>4.0%</u>
Net position - end of period	<u>\$ 420,517,624</u>	<u>\$ 412,478,458</u>	<u>8,039,166</u>	<u>1.9%</u>

Supplementary Data

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

	<u>Actual</u>
Fuel Revenues	\$ 38,564,999
Fuel Expenses	43,904,322
To (From) Fuel Adjustment Levelization	\$ (5,339,323)
Fuel Adjustment Beginning Balance	\$ 5,670,586
To (From) Fuel Adjustment Levelization	(5,339,323)
Fuel Adjustment Ending Balance	\$ 331,262

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

	<u>Actual</u>
Purchased Gas Revenues	\$ 6,048,462
Purchased Gas Expenses	7,149,833
To (From) PGA Levelization	<u>\$ (1,101,371)</u>
PGA Beginning Balance	\$ 3,781,622
To (From) PGA Levelization	(1,101,371)
PGA Ending Balance	<u>\$ 2,680,251</u>