

# **Gainesville Regional Utilities**

## **Interim Financial Statements**

**For the Period Ended December 31, 2014**



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# **Overview and Basis of Accounting**

**Gainesville Regional Utilities  
Interim Financial Statements  
For the Period Ended December 31, 2014**

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**Gainesville Regional Utilities  
Interim Financial Statements  
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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 financial report of the City. GRU is required to follow the provisions in the Amended and Restated Utilities System Revenue Bond Resolution (Resolution) adopted by the City on January 30, 2003.

We offer readers these abbreviated unaudited utility system interim financial statements for the period ended December 31, 2014.

**Basis of Accounting**

GRU's electric 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*.

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 operating and maintenance expense, rate stabilization, debt service, and other revenue requirements, which exclude depreciation expense and other noncash 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.

# **Management's Discussion and Analysis**

**Gainesville Regional Utilities  
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For the Period Ended December 31, 2014**

**Management's Discussion and Analysis**

We offer readers of GRU's financial statements this management's discussion and analysis of the financial activities of GRU for the period ended December 31, 2014. It should be read in conjunction with the unaudited financial statements that follow this section.

**Financial Highlights**

Overall

- In December 2014, GRU issued \$69 million in new utility system revenue bonds, retiring \$32.6 million of higher interest rate utility system revenue bonds issued in 2005 and 2008. The utility also issued \$8 million in new commercial paper. The funds will be used in accordance with GRU's capital improvement plan.
- The combined systems contributed \$1 million to rate stabilization for the period ended December 31, 2014 in addition to the budgeted transfers and withdrawals to and from rate stabilization.

Electric System

- Residential sales were \$666,000 or 6.1% less than the same period last year due to reductions in base rates. Commercial sales were \$600,000 or 3.8% less than the same period last year due to reductions in base rates and usage.
- Other revenues are reflected as an increase in the current year due to the accrual of South Energy Center revenues for December.
- Retail and purchased power (fuel expenses) were significantly above the same period last year due to the Gainesville Renewable Energy Center (GREC) biomass plant beginning production in December 2013. In addition, as required by the power purchase agreement with GREC, property taxes for the biomass plant were paid by GRU in November 2014 in the amount of \$7.8 million. Fuel expenses are matched to fuel revenue with amounts over collected deferred in the fuel adjustment levelization balance and amounts under collected drawn down from the fuel adjustment levelization balance.
- Power production expenses were stable compared to the same period last year. Other power generation expenses were slightly higher due to increased labor on the repair of Deerhaven 2 combustion turbine.

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- Administrative and general expenses were lower by \$1.2 million compared to the same period last year. This decrease is primarily due to outstanding OPEB (Other Post Employment Bonds) that were redeemed during fiscal year 2014.
- The electric system withdrew \$676,000 from rate stabilization for the period ended December 31, 2014.

**Water System**

- Total sales are down slightly as compared to the same period last year. The overall decrease of 1.8% in total sales reflects above average rainfall levels and customers continuing to conserve their water usage.
- Operation, maintenance and administrative expenses reflect an appropriate reduction in relation to lower water sales. Administrative and general expenses decreased primarily due to the retirement of OPEB bonds during fiscal year 2014.
- The water system contributed \$112,000 to rate stabilization for the period ended December 31, 2014.

**Wastewater System**

- Total wastewater revenue is similar to the prior year when excluding the budgeted transfer to rate stabilization. Wastewater revenue typically corresponds to water sales increases and decreases.
- Administrative and general expenses are lower primarily due to the retirement of OPEB bonds during fiscal year 2014.
- The wastewater system contributed \$165,000 to rate stabilization for the period ended December 31, 2014.

**Gas System**

- Residential gas sales were 17% greater than the same period last year. Temperatures were cooler during the period this year than last by 214 heating degree days.



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- Purchased gas adjustment revenue increased as of December 31, 2014 due to changes in the timing of the purchased gas levelization adjustment entries. Fuel expenses are matched to fuel revenue with amounts over collected deferred in the purchased gas levelization balance and amounts under collected drawn down from the purchased gas levelization balance.
- Administrative and general expenses are lower than the same period in the prior year due primarily to the retirement of OPEB bonds during fiscal year 2014.
- The gas system contributed \$195,000 to rate stabilization for the period ended December 31, 2014.

Telecommunications (GRUCom) System

- Total sales for the current period are down 5.4%, as compared to the same period last year due to a reclassification of revenues in the comparable period of \$254,000.
- Operation and maintenance expenses have increased by \$91,000, as compared to expenses in the same period last year. The difference is due to a shift from capital project work to operations and maintenance work and associated labor costs.
- Administrative and general expenses are lower than the same period in the prior year due primarily to the retirement of OPEB bonds during fiscal year 2014.
- The telecommunications system contributed \$199,000 to rate stabilization for the period ended December 31, 2014.

# **Financial Statements**

**Gainesville Regional Utilities**  
**Combined Utilities Funds**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Period Ended December 31, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
				<b>REVENUES:</b>			
\$ 28,075	\$ 29,115	\$ (1,040)	(3.6)	Total Native Load Sales of Electricity	\$ 28,075	\$ 125,394	22.4
286	260	26	10.0	Interchange Sales	286	600	47.7
42,723	26,798	15,925	59.4	Fuel Adjustment	42,723	160,325	26.6
3,291	2,286	1,005	44.0	Other Revenues	3,291	10,441	31.5
1,293	-	1,293	-	Rate Stabilization Fund Transfer From/(To)	1,293	5,171	25.0
76	82	(6)	(7.3)	Interest Income	76	940	8.1
<b>75,744</b>	<b>58,541</b>	<b>17,203</b>	<b>29.4</b>	<b>Total Electric Revenues</b>	<b>75,744</b>	<b>302,871</b>	<b>25.0</b>
7,491	7,626	(135)	(1.8)	Sales of Water	7,491	32,146	23.3
493	402	91	22.6	Other Water Revenues	493	3,415	14.4
(520)	-	(520)	-	Rate Stabilization Fund Transfer From/(To)	(520)	(2,080)	25.0
9	10	(1)	(10.0)	Interest Income	9	113	8.0
<b>7,473</b>	<b>8,038</b>	<b>(565)</b>	<b>(7.0)</b>	<b>Total Water Revenues</b>	<b>7,473</b>	<b>33,594</b>	<b>22.2</b>
8,701	8,741	(40)	(0.5)	Wastewater Billings	8,701	37,599	23.1
354	308	46	14.9	Other Wastewater Revenues	354	3,199	11.1
(450)	-	(450)	-	Rate Stabilization Fund Transfer From/(To)	(450)	(1,800)	25.0
12	11	1	9.1	Interest Income	12	196	6.1
<b>8,617</b>	<b>9,060</b>	<b>(443)</b>	<b>(4.9)</b>	<b>Total Wastewater Revenues</b>	<b>8,617</b>	<b>39,194</b>	<b>22.0</b>
3,285	2,934	351	12.0	Sales of Gas	3,285	12,731	25.8
3,294	2,095	1,199	57.2	Purchased Gas Adjustment	3,294	11,325	29.1
278	222	56	25.2	Other Revenue	278	1,868	14.9
(75)	-	(75)	-	Rate Stabilization Fund Transfer From/(To)	(75)	(301)	24.9
12	14	(2)	(14.3)	Interest Income	12	166	7.2
<b>6,794</b>	<b>5,265</b>	<b>1,529</b>	<b>29.0</b>	<b>Total Gas Revenues</b>	<b>6,794</b>	<b>25,789</b>	<b>26.3</b>
2,934	3,103	(169)	(5.4)	Sales of GRUCom Services	2,934	11,814	24.8
40	-	40	-	Rate Stabilization Fund Transfer From/(To)	40	161	24.8
5	7	(2)	(28.6)	Interest Income	5	111	4.5
-	-	-	-	Miscellaneous Revenue	-	-	-
<b>2,979</b>	<b>3,110</b>	<b>(131)</b>	<b>(4.2)</b>	<b>Total GRUCom Revenues</b>	<b>2,979</b>	<b>12,086</b>	<b>24.6</b>
<b>101,607</b>	<b>84,014</b>	<b>17,593</b>	<b>20.9</b>	<b>TOTAL REVENUES</b>	<b>101,607</b>	<b>413,534</b>	<b>24.6</b>
				<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>			
				Electric Fund:			
				Fuel Expense:			
42,723	21,196	21,527	101.6	Retail and Purchased Power	42,723	160,325	26.6
237	104	133	127.9	Interchange	237	500	47.4
<b>42,960</b>	<b>21,300</b>	<b>21,660</b>	<b>101.7</b>	<b>Total Fuel Expenses</b>	<b>42,960</b>	<b>160,825</b>	<b>26.7</b>
8,395	8,438	(43)	(0.5)	Operation & Maintenance Expense	8,395	39,253	21.4
5,142	6,387	(1,245)	(19.5)	Administrative & General Expense	5,142	20,846	24.7
<b>56,497</b>	<b>36,125</b>	<b>20,372</b>	<b>56.4</b>	<b>Total Electric Fund Expenses</b>	<b>56,497</b>	<b>220,924</b>	<b>25.6</b>

(Dollar Amounts in Thousands)

**Gainesville Regional Utilities**  
**Combined Utilities Funds**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Period Ended December 31, 2014**

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Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
1,765	1,860	(95)	(5.1)	Water Fund:	1,765	8,737	20.2
1,243	1,333	(90)	(6.8)	Operation & Maintenance Expense	1,243	5,812	21.4
<u>3,008</u>	<u>3,193</u>	<u>(185)</u>	<u>(5.8)</u>	Administrative & General Expense	<u>3,008</u>	<u>14,549</u>	<u>20.7</u>
				<b>Total Water Fund Expenses</b>			
				Wastewater Fund:			
1,791	1,791	-	-	Operation & Maintenance Expense	1,791	8,944	20.0
1,147	1,383	(236)	(17.1)	Administrative & General Expense	1,147	5,880	19.5
<u>2,938</u>	<u>3,174</u>	<u>(236)</u>	<u>(7.4)</u>	<b>Total Wastewater Fund Expenses</b>	<u>2,938</u>	<u>14,824</u>	<u>19.8</u>
				Gas Fund:			
3,294	2,716	578	21.3	Fuel Expense - Purchased Gas	3,294	11,325	29.1
337	300	37	12.3	Operation & Maintenance Expense	337	1,534	22.0
917	986	(69)	(7.0)	Administrative & General Expense	917	4,182	21.9
<u>4,548</u>	<u>4,002</u>	<u>546</u>	<u>13.6</u>	<b>Total Gas Fund Expenses</b>	<u>4,548</u>	<u>17,041</u>	<u>26.7</u>
				GRUCom Fund:			
968	877	91	10.4	Operation & Maintenance Expense	968	4,274	22.6
554	609	(55)	(9.0)	Administrative & General Expense	554	1,773	31.2
<u>1,522</u>	<u>1,486</u>	<u>36</u>	<u>2.4</u>	<b>Total GRUCom Fund Expenses</b>	<u>1,522</u>	<u>6,047</u>	<u>25.2</u>
<b><u>68,513</u></b>	<b><u>47,980</u></b>	<b><u>20,533</u></b>	<b><u>42.8</u></b>	<b>TOTAL EXPENSES</b>	<b><u>68,513</u></b>	<b><u>273,385</u></b>	<b><u>25.1</u></b>
				<b>NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:</b>			
19,198	22,260	(3,062)	(13.8)	Electric - Retail & Wholesale	19,198	81,847	23.5
49	156	(107)	(68.6)	Electric - Interchange	49	100	49.0
<u>19,247</u>	<u>22,416</u>	<u>(3,169)</u>	<u>(14.1)</u>	<b>Total Electric Fund</b>	<u>19,247</u>	<u>81,947</u>	<u>23.5</u>
4,465	4,845	(380)	(7.8)	Total Water Fund	4,465	19,045	23.4
5,679	5,886	(207)	(3.5)	Total Wastewater Fund	5,679	24,370	23.3
2,246	1,263	983	77.8	Total Gas Fund	2,246	8,748	25.7
1,457	1,624	(167)	(10.3)	Total GRUCom Fund	1,457	6,039	24.1
<b><u>33,094</u></b>	<b><u>36,034</u></b>	<b><u>(2,940)</u></b>	<b><u>(8.2)</u></b>	<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b><u>33,094</u></b>	<b><u>140,149</u></b>	<b><u>23.6</u></b>
				<b>LESS:</b>			
12,711	12,484	227	1.8	Debt Service	12,711	62,351	20.4
(338)	(2,350)	2,012	85.6	Debt Service - UPIF	(338)	(1,350)	25.0
10,901	10,719	182	1.7	UPIF Contributions	10,901	43,606	25.0
8,723	6,351	2,372	37.3	Transfer to General Government	8,723	34,892	25.0
-	-	-	-	Working Capital Reserve	-	650	-
<b><u>\$ 1,097</u></b>	<b><u>\$ 8,830</u></b>	<b><u>\$ (7,733)</u></b>	<b><u>(87.6)</u></b>	<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b><u>\$ 1,097</u></b>	<b><u>\$ -</u></b>	<b><u>-</u></b>

(Dollar Amounts in Thousands)

**Gainesville Regional Utilities**  
**Electric Revenue Fund**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Period Ended December 31, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
\$ 10,226	\$ 10,892	\$ (666)	(6.1)	<b>REVENUES:</b>	\$ 10,226	46,741	21.9
15,153	15,753	(600)	(3.8)	Residential Sales	15,153	64,158	23.6
286	260	26	10.0	General Service and Large Power Sales	286	600	47.7
673	725	(52)	(7.2)	Interchange Sales	673	3,208	21.0
2,023	1,745	278	15.9	Utility Surcharge	2,023	11,287	17.9
<b>28,361</b>	<b>29,375</b>	<b>(1,014)</b>	<b>(3.5)</b>	Other Electric Sales	<b>28,361</b>	<b>125,994</b>	<b>22.5</b>
				<b>Total Sales of Electricity prior to Fuel Adjustment</b>			
42,723	26,798	15,925	59.4	Fuel Adjustment	42,723	160,325	26.6
<b>71,084</b>	<b>56,173</b>	<b>14,911</b>	<b>26.5</b>	<b>Total Sales of Electricity</b>	<b>71,084</b>	<b>286,319</b>	<b>24.8</b>
				Other Revenues	3,291	10,441	31.5
3,291	2,286	1,005	44.0	Rate Stabilization Fund Transfer From/(To)	1,293	5,171	25.0
1,293	-	1,293	-	Interest Income	76	940	8.1
76	82	(6)	(7.3)				
<b>75,744</b>	<b>58,541</b>	<b>17,203</b>	<b>29.4</b>	<b>Total Revenues</b>	<b>75,744</b>	<b>302,871</b>	<b>25.0</b>
				<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>			
				Power Production Expenses:			
42,723	21,196	21,527	101.6	Fuel Expenses:			
237	104	133	127.9	Retail and Purchased Power	42,723	160,325	26.6
<b>42,960</b>	<b>21,300</b>	<b>21,660</b>	<b>101.7</b>	Interchange	237	500	47.4
				<b>Total Fuel Expenses</b>	<b>42,960</b>	<b>160,825</b>	<b>26.7</b>
5,764	5,679	85	1.5	Steam Power Generation Expense	5,764	25,967	22.2
6	4	2	50.0	Nuclear Power Generation Expense	6	-	-
106	76	30	39.5	Other Power Generation Expense	106	430	24.7
266	299	(33)	(11.0)	System Control & Load Dispatching	266	1,149	23.2
<b>6,142</b>	<b>6,058</b>	<b>84</b>	<b>1.4</b>	<b>Total Power Production Expenses</b>	<b>6,142</b>	<b>27,546</b>	<b>22.3</b>
				Transmission & Distribution Expenses:			
346	358	(12)	(3.4)	Transmission Expenses	346	1,640	21.1
1,907	2,022	(115)	(5.7)	Distribution Expenses	1,907	10,067	18.9
<b>2,253</b>	<b>2,380</b>	<b>(127)</b>	<b>(5.3)</b>	<b>Total Transmission &amp; Distribution Expenses</b>	<b>2,253</b>	<b>11,707</b>	<b>19.2</b>
				Administrative & General Expenses:			
603	633	(30)	(4.7)	Customer Accounts & Sales Expense	603	4,166	14.5
4,539	5,754	(1,215)	(21.1)	Administrative & General Expense	4,539	16,680	27.2
<b>5,142</b>	<b>6,387</b>	<b>(1,245)</b>	<b>(19.5)</b>	<b>Total Administrative &amp; General Expenses</b>	<b>5,142</b>	<b>20,846</b>	<b>24.7</b>
<b>56,497</b>	<b>36,125</b>	<b>20,372</b>	<b>56.4</b>	<b>Total Operation, Maintenance and Administrative Expenses</b>	<b>56,497</b>	<b>220,924</b>	<b>25.6</b>

(Dollar Amounts in Thousands)

**Gainesville Regional Utilities**  
**Electric Revenue Fund**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Period Ended December 31, 2014**  
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Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
<u>19,247</u>	<u>22,416</u>	<u>(3,169)</u>	<u>(14.1)</u>	<b>TOTAL NET REVENUE IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>19,247</u>	<u>81,947</u>	<u>23.49</u>
				<b>LESS:</b>			
8,021	8,197	(176)	(2.1)	Debt Service	8,021	38,246	21.0
-	(2,125)	2,125	100.0	Debt Service - UPIF	-	-	-
5,926	6,196	(270)	(4.4)	UPIF Contributions	5,926	23,706	25.0
4,874	3,549	1,325	37.3	Transfer to General Government	4,874	19,495	25.0
-	-	-	-	Working Capital Reserve	-	500	-
<u>\$ 426</u>	<u>\$ 6,599</u>	<u>\$ (6,173)</u>	<u>(93.5)</u>	<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ 426</u>	<u>\$ -</u>	<u>-</u>

(Dollar Amounts in Thousands)

(1) Debt Service is reflected on an annualized basis

(2) Fuel Adjustment recorded annually for the prior period

**Gainesville Regional Utilities**  
**Water Revenue Fund**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Period Ended December 31, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
\$ 6,533	\$ 6,612	\$ (79)	(1.2)	<b>REVENUES:</b>	\$ 6,533	28,119	23.2
434	447	(13)	(2.9)	General Customers	434	1,757	24.7
524	567	(43)	(7.6)	University of Florida	524	2,270	23.1
<u>7,491</u>	<u>7,626</u>	<u>(135)</u>	<u>(1.8)</u>	Utility Surcharge	<u>7,491</u>	<u>32,146</u>	<u>23.3</u>
				<b>Total Sales</b>			
493	402	91	22.6	Other Revenues	493	3,415	14.4
(520)	-	(520)	-	Rate Stabilization Fund Transfer From/(To)	(520)	(2,080)	25.0
9	10	(1)	(10.0)	Interest Income	9	113	8.0
<u>7,473</u>	<u>8,038</u>	<u>(565)</u>	<u>(7.0)</u>	<b>Total Revenues</b>	<u>7,473</u>	<u>33,594</u>	<u>22.2</u>
				<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>			
1,219	1,285	(66)	(5.1)	Water Treatment Expense	1,219	6,258	19.5
546	575	(29)	(5.0)	Water Transmission & Distribution Expense	546	2,479	22.0
290	282	8	2.8	Customer Accounts & Sales Expense	290	1,439	20.2
953	1,051	(98)	(9.3)	Administrative & General Expense	953	4,373	21.8
<u>3,008</u>	<u>3,193</u>	<u>(185)</u>	<u>(5.8)</u>	<b>Total Operation, Maintenance and Administrative Expenses</b>	<u>3,008</u>	<u>14,549</u>	<u>20.7</u>
				<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>4,465</u>	<u>19,045</u>	<u>23.4</u>
<u>4,465</u>	<u>4,845</u>	<u>(380)</u>	<u>(7.8)</u>	<b>LESS:</b>			
				Debt Service	1,107	6,062	(81.7)
1,107	1,086	21	1.9	Debt Service - UPIF	-	-	-
-	-	-	-	UPIF Contributions	1,839	7,357	(75.0)
1,839	1,609	230	14.3	Transfer to General Government	1,407	5,626	(75.0)
1,407	1,069	338	31.6	Working Capital Reserve	-	-	-
				<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ 112</u>	<u>\$ -</u>	<u>-</u>
<u>\$ 112</u>	<u>\$ 1,081</u>	<u>\$ (969)</u>	<u>(89.6)</u>				

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

(2) Debt Service is reflected on an annualized basis

**Gainesville Regional Utilities**  
**Wastewater Revenue Fund**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Period Ended December 31, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
\$ 8,101	\$ 8,110	\$ (9)	(0.1)	<b>REVENUES:</b>	\$ 8,101	35,049	23.1
600	631	(31)	(4.9)	Wastewater Billings	600	2,550	23.5
354	308	46	14.9	Utility Surcharge	354	3,199	11.1
(450)	-	(450)	-	Other Revenues	(450)	(1,800)	25.0
12	11	1	9.1	Rate Stabilization Fund Transfer From/(To)	12	196	6.1
<u>8,617</u>	<u>9,060</u>	<u>(443)</u>	<u>(4.9)</u>	Interest Income	<u>8,617</u>	<u>39,194</u>	<u>22.0</u>
				<b>Total Revenue</b>			
				<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>			
692	699	(7)	(1.0)	Wastewater Collection Expense	692	3,464	20.0
1,099	1,092	7	0.6	Wastewater Treatment Expense	1,099	5,480	20.1
189	201	(12)	(6.0)	Customer Accounts & Sales Expense	189	997	19.0
958	1,182	(224)	(19.0)	Administrative & General Expense	958	4,883	19.6
<u>2,938</u>	<u>3,174</u>	<u>(236)</u>	<u>(7.4)</u>	<b>Total Operation, Maintenance and Administrative Expenses</b>	<u>2,938</u>	<u>14,824</u>	<u>19.8</u>
				<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>5,679</u>	<u>24,370</u>	<u>23.3</u>
<u>5,679</u>	<u>5,886</u>	<u>(207)</u>	<u>(3.5)</u>	<b>LESS:</b>			
				Debt Service	1,439	7,920	18.2
1,439	1,371	68	5.0	Debt Service - UPIF	-	-	-
-	-	-	-	UPIF Contributions	2,234	8,934	25.0
2,234	2,008	226	11.3	Transfer to General Government	1,841	7,366	25.0
1,841	1,259	582	46.2	Working Capital Reserve	-	150	-
				<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ 165</u>	<u>\$ -</u>	<u>-</u>
<u>\$ 165</u>	<u>\$ 1,248</u>	<u>\$ (1,083)</u>	<u>(86.8)</u>				

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

(2) Debt Service is reflected on an annualized basis



**Gainesville Regional Utilities**  
**Gas Revenue Fund**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Period Ended December 31, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
\$ 1,777	\$ 1,519	\$ 258	17.0	<b>Revenues:</b>	\$ 1,777	7,316	24.3
1,094	1,082	12	1.1	Residential	1,094	3,853	28.4
3,294	2,095	1,199	57.2	Commercial & Interruptible	3,294	11,325	29.1
110	87	23	26.4	Purchased Gas Adjustment	110	404	27.2
304	246	58	23.6	Surcharge	304	1,158	26.3
<b>6,579</b>	<b>5,029</b>	<b>1,550</b>	<b>30.8</b>	Other Gas Sales and MGP	<b>6,579</b>	<b>24,056</b>	<b>27.3</b>
				<b>Total Sales</b>			
278	222	56	25.2	Other Revenue	278	1,868	14.9
(75)	-	(75)	-	Rate Stabilization Fund Transfer From/(To)	(75)	(301)	24.9
12	14	(2)	(14.3)	Interest Income	12	166	7.2
<b>6,794</b>	<b>5,265</b>	<b>1,529</b>	<b>29.0</b>	<b>Total Revenues</b>	<b>6,794</b>	<b>25,789</b>	<b>26.3</b>
				<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>			
3,294	2,716	578	21.3	Fuel Expense - Purchased Gas	3,294	11,325	29.1
337	300	37	12.3	Operation & Maintenance Expenses	337	1,534	22.0
539	465	74	15.9	Customer Accounts & Sales Expense	539	2,273	23.7
378	521	(143)	(27.4)	Administrative & General Expense	378	1,909	19.8
<b>4,548</b>	<b>4,002</b>	<b>546</b>	<b>13.6</b>	<b>Total Operation, Maintenance and Administrative Expenses</b>	<b>4,548</b>	<b>17,041</b>	<b>26.7</b>
<b>2,246</b>	<b>1,263</b>	<b>983</b>	<b>77.8</b>	<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<b>2,246</b>	<b>8,748</b>	<b>25.7</b>
				<b>LESS:</b>			
850	805	45	5.6	Debt Service	850	3,943	21.6
(250)	(225)	(25)	(11.1)	Debt Service - UPIF	(250)	(1,000)	25.0
850	698	152	21.8	UPIF Contributions	850	3,400	25.0
601	407	194	47.7	Transfer to General Government	601	2,405	25.0
-	-	-	-	Working Capital Reserve	-	-	-
<b>\$ 195</b>	<b>\$ (422)</b>	<b>\$ 617</b>	<b>146.2</b>	<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<b>\$ 195</b>	<b>\$ -</b>	<b>-</b>

(Dollar Amounts in Thousands)

(1) Other Revenue - Connection fees and miscellaneous.

(2) Debt Service is reflected on an annualized basis

(3) Fuel Adjustment recorded annually for the prior period

**Gainesville Regional Utilities**  
**Telecommunications Revenue Fund**  
**Schedules of Combined Net Revenues in Accordance with Bond Resolution - Unaudited**  
**For the Period Ended December 31, 2014**

Current Year to Date	Prior Year to Date	Change (\$)	Change (%)		Current Year to Date	FY 15 Budget	% of FY 15 Budget
\$ 1,035	\$ 1,240	\$ (205)	(16.5)	<b>Revenues:</b>	\$ 1,035	5,804	17.8
449	477	(28)	(5.9)	Telecommunication	449	1,859	24.2
949	912	37	4.1	Trunking Radio	949	1,893	50.1
501	474	27	5.7	Tower Lease Rental	501	2,258	22.2
<u>2,934</u>	<u>3,103</u>	<u>(169)</u>	<u>(5.4)</u>	Internet Access	<u>2,934</u>	<u>11,814</u>	<u>24.8</u>
				<b>Total Sales</b>			
40	-	40	-	Rate Stabilization Fund Transfer From/(To)	40	161	24.8
5	7	(2)	(28.6)	Interest Income	5	111	4.5
-	-	-	-	Miscellaneous Revenue	-	-	-
<u>2,979</u>	<u>3,110</u>	<u>(131)</u>	<u>(4.2)</u>	<b>Total Revenues</b>	<u>2,979</u>	<u>12,086</u>	<u>24.6</u>
				<b>OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:</b>			
968	877	91	10.4	Operation & Maintenance Expenses	968	4,274	22.6
23	52	(29)	(55.8)	Customer Accounts & Sales Expense	23	391	5.9
531	557	(26)	(4.7)	Administrative & General Expenses	531	1,382	38.4
<u>1,522</u>	<u>1,486</u>	<u>36</u>	<u>2.4</u>	<b>Total Operation, Maintenance and Administrative Expenses</b>	<u>1,522</u>	<u>6,047</u>	<u>25.2</u>
				<b>TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION</b>	<u>1,457</u>	<u>6,039</u>	<u>24.1</u>
<u>1,457</u>	<u>1,624</u>	<u>(167)</u>	<u>(10.3)</u>	<b>LESS:</b>			
1,294	1,025	269	26.2	Debt Service	1,294	6,180	20.9
(88)	-	(88)	-	Debt Service - UPIF	(88)	(350)	25.1
52	208	(156)	(75.0)	UPIF Contributions	52	209	24.9
-	67	(67)	(100.0)	Transfer to General Government	-	-	-
-	-	-	-	Working Capital Reserve	-	-	-
<u>\$ 199</u>	<u>\$ 324</u>	<u>\$ (125)</u>	<u>(38.6)</u>	<b>NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)</b>	<u>\$ 199</u>	<u>\$ -</u>	<u>-</u>

(Dollar Amounts in Thousands)  
(1) Debt Service is reflected on an annualized basis

**Gainesville Regional Utilities**  
**Statements of Net Position - Unaudited**  
**For the Periods Ended December 31, 2014 and September 30, 2014**

	December 31, 2014	September 30, 2014	Change (\$)	Change (%)
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 61,187,534	\$ 64,756,240	\$ (3,568,706)	-5.5%
Accounts receivable, net of allowance for uncollectible accounts of \$1,522,718 for 2015 and \$1,561,364 for 2014	37,994,010	45,937,328	(7,943,318)	-17.3%
Inventories:				
Fuel	12,968,188	11,336,733	1,631,455	14.4%
Materials and supplies	6,677,196	6,806,278	(129,082)	-1.9%
Other assets and regulatory assets	1,527,253	1,876,215	(348,962)	-18.6%
Total current assets	<u>120,354,181</u>	<u>130,712,794</u>	<u>(10,358,613)</u>	<u>-7.9%</u>
Restricted and internally designated assets:				
Utility deposits – cash and investments	8,322,368	8,322,368	–	0.0%
Debt service – cash and investments	11,595,607	39,682,742	(28,087,135)	-70.8%
Rate stabilization – cash and investments	64,052,796	64,030,121	22,675	0.0%
Construction fund – cash and investments	65,667,875	29,034,046	36,633,829	126.2%
Utility plant improvement fund – cash and investments	43,810,300	39,313,780	4,496,520	11.4%
Decommissioning reserve – cash and investments	13,051,935	13,058,443	(6,508)	0.0%
Total restricted and internally designated assets	<u>206,500,881</u>	<u>193,441,500</u>	<u>13,059,381</u>	<u>6.8%</u>
Noncurrent assets:				
Net costs recoverable in future years - regulatory asset	17,986,380	13,732,765	4,253,615	
Unamortized debt issuance costs - regulatory asset	6,169,499	6,214,914	(45,415)	-0.7%
Investment in The Energy Authority	2,749,030	2,701,599	47,431	1.8%
Pollution remediation - regulatory asset	15,808,529	15,808,529	–	0.0%
Other noncurrent assets and regulatory assets	6,133,194	6,192,539	(59,345)	-1.0%
Total noncurrent assets	<u>48,846,632</u>	<u>44,650,346</u>	<u>4,196,286</u>	<u>9.4%</u>
Capital assets:				
Utility plant in service	1,727,133,968	1,724,649,795	2,484,173	0.1%
Capital lease	1,006,808,754	1,006,808,754	–	
Less: accumulated depreciation and amortization	(698,507,512)	(677,216,550)	(21,290,962)	3.1%
	<u>2,035,435,210</u>	<u>2,054,241,999</u>	<u>(18,806,789)</u>	<u>-0.9%</u>
Construction in progress	149,181,432	141,988,911	7,192,521	5.1%
Net capital assets	<u>2,184,616,642</u>	<u>2,196,230,910</u>	<u>(11,614,268)</u>	<u>-0.5%</u>
Total assets	<u>2,560,318,336</u>	<u>2,565,035,550</u>	<u>(4,717,214)</u>	<u>-0.2%</u>
Deferred outflows of resources:				
Unamortized loss on refundings of bonds	30,678,230	28,765,946	1,912,284	6.6%
Accumulated decrease in fair value of hedging derivatives	52,570,983	50,748,859	1,822,124	3.6%
Total deferred outflows of resources	<u>83,249,213</u>	<u>79,514,805</u>	<u>3,734,408</u>	<u>4.7%</u>
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 2,643,567,549</u></b>	<b><u>\$ 2,644,550,355</u></b>	<b><u>\$ (982,806)</u></b>	<b><u>0.0%</u></b>

**Gainesville Regional Utilities**  
**Statements of Net Position - Unaudited (concluded)**  
**For the Periods Ended December 31, 2014 and September 30, 2014**

	December 31, 2014	September 30, 2014	Change (\$)	Change (%)
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 11,052,158	\$ 20,851,891	\$ (9,799,733)	-47.0%
Fuels payable	12,206,028	11,429,004	777,024	6.8%
Due to other funds of the City	3,871,923	3,142,499	729,424	23.2%
Capital lease – current portion	12,691,735	16,828,193	(4,136,458)	
Fuel adjustment	5,334,707	15,963,888	(10,629,181)	-66.6%
Other liabilities and regulatory liabilities	4,726,140	2,678,019	2,048,121	76.5%
Total current liabilities	<u>49,882,691</u>	<u>70,893,494</u>	<u>(21,010,803)</u>	<u>-29.6%</u>
Payable from restricted assets:				
Utility deposits	8,659,933	8,321,246	338,687	4.1%
Construction fund:				
Accounts payable and accrued liabilities	1,293,251	3,686,534	(2,393,283)	-64.9%
Debt payable – current portion	22,205,000	21,480,000	725,000	3.4%
Accrued interest payable	5,822,985	18,540,801	(12,717,816)	-68.6%
Total payable from restricted assets	<u>37,981,169</u>	<u>52,028,581</u>	<u>(14,047,412)</u>	<u>-27.0%</u>
Long-term debt:				
Utilities system revenue bonds	889,075,000	869,570,000	19,505,000	2.2%
Commercial paper notes	59,500,000	56,900,000	2,600,000	4.6%
Capital lease	977,280,085	977,280,085	–	
Unamortized bond premium/discount	19,874,161	10,229,836	9,644,325	94.3%
Fair value of derivative instruments	55,103,515	55,103,515	–	0.0%
Total long-term debt	<u>2,000,832,761</u>	<u>1,969,083,436</u>	<u>31,749,325</u>	<u>1.6%</u>
Noncurrent liabilities				
Reserve for insurance claims	3,337,000	3,337,000	–	0.0%
Reserve for decommissioning CR3	11,257,935	11,264,443	(6,508)	-0.1%
Reserve for environmental liability	167,000	167,000	–	
Total noncurrent liabilities	<u>14,761,935</u>	<u>14,768,443</u>	<u>(6,508)</u>	<u>0.0%</u>
Total liabilities	<u>2,103,458,556</u>	<u>2,106,773,954</u>	<u>(3,315,398)</u>	<u>-0.2%</u>
Deferred inflows of resources:				
Rate stabilization	63,829,367	64,117,259	(287,892)	-0.4%
Total deferred inflows of resources	<u>63,829,367</u>	<u>64,117,259</u>	<u>(287,892)</u>	<u>-0.4%</u>
<b>Net position</b>				
Net investment in capital assets	300,676,738	298,056,254	2,620,484	0.9%
Restricted	60,369,705	60,369,705	–	0.0%
Unrestricted	115,233,183	115,233,183	–	0.0%
Total net position	<u>476,279,626</u>	<u>473,659,142</u>	<u>2,620,484</u>	<u>0.6%</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 2,643,567,549</u>	<u>\$ 2,644,550,355</u>	<u>\$ (982,806)</u>	<u>0.0%</u>

**Gainesville Regional Utilities**

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

**For the Periods Ended December 31, 2014 and September 30, 2014**

	<u>December 31, 2014</u>	<u>September 30, 2014</u>
Operating revenue:		
Sales and service charges	\$ 96,961,392	\$ 368,655,555
Transfers (to) from rate stabilization	287,892	(8,867,764)
Amounts to be recovered from future revenue	8,390,073	26,433,241
Other operating revenue	<u>4,671,850</u>	<u>19,673,582</u>
Total operating revenues	<u>110,311,207</u>	<u>405,894,614</u>
Operating expenses:		
Operation and maintenance	59,557,173	213,305,250
Administrative and general	9,435,784	42,492,252
Depreciation and amortization	<u>23,085,252</u>	<u>84,449,419</u>
Total operating expenses	<u>92,078,209</u>	<u>340,246,921</u>
Operating income	<u>18,232,998</u>	<u>65,647,693</u>
Non-operating income (expense):		
Interest income	(186,133)	714,408
Interest expense, net of AFUDC	(6,729,152)	(37,815,529)
Other interest related income, BABs	-	5,350,928
Other income (expense)	<u>(3,280)</u>	<u>209,772</u>
Total non-operating expense	<u>(6,918,565)</u>	<u>(31,540,421)</u>
Income before contributions, transfer, and extraordinary item	<u>11,314,433</u>	<u>34,107,272</u>
Capital contributions:		
Contributions from third parties	29,157	3,324,503
Reduction of plant costs recovered through contributions	-	(1,800,000)
Net capital contributions	<u>29,157</u>	<u>1,524,503</u>
Transfer to City of Gainesville General Fund	<u>(8,723,106)</u>	<u>(37,316,841)</u>
Change in net position	2,620,484	(1,685,066)
Net position – beginning of year, restated	473,659,142	475,344,208
Net position – end of year, restated	<u>\$ 476,279,626</u>	<u>\$ 473,659,142</u>

## Gainesville Regional Utilities

### Statements of Cash Flows

For the Periods Ended December 31, 2014 and September 30, 2014

	December 31, 2014	September 30, 2014
Operating activities:		
Cash received from customers	\$ 105,243,397	\$ 369,172,437
Cash payments to suppliers for goods and services	(69,855,292)	(156,891,922)
Cash payments to employees for services	(12,314,169)	(55,973,131)
Cash payments for operating transactions with other funds	(2,570,109)	(10,517,970)
Cash payment for defeasance of bonds	(22,681,138)	-
Cash receipts for defeasance of bonds	22,681,138	-
Other operating receipts	4,959,742	7,696,733
Net cash provided by operating activities	25,463,569	153,486,147
Noncapital financing activities:		
Transfer to City of Gainesville General Fund	(8,723,106)	(37,316,841)
Net cash used in noncapital financing activities	(8,723,106)	(37,316,841)
Capital and related financing activities:		
Principal repayments and refunding on long-term debt net	(20,755,000)	(26,845,000)
Interest paid on long-term debt	(19,446,968)	(38,589,064)
Proceeds from interest rebates, BABs	-	5,350,928
Acquisition and construction of fixed assets (including allowance for funds used during construction)	(10,765,194)	(56,990,480)
Proceeds from new debt and commercial paper	51,306,295	
Other income	(3,280)	209,774
Net cash used in capital and related financing activities	335,853	(116,863,842)
Investing activities:		
Interest received (paid)	(194,290)	706,251
Purchase of investments	(14,853,381)	(295,386,535)
Investments in The Energy Authority	1,218,013	5,403,728
Distributions from The Energy Authority	(1,170,582)	(5,845,309)
Proceeds from investments		325,999,310
Net cash provided by investing activities	(15,000,240)	30,877,445
Net change in cash and cash equivalents	2,076,076	30,182,909
Cash and cash equivalents, beginning of year, restated	75,559,374	45,376,465
Cash and cash equivalents, end of year, restated	\$ 77,635,450	\$ 75,559,374

*Continued on next page.*

Gainesville Regional Utilities

Statements of Cash Flows (concluded)

For the Periods Ended December 31, 2014 and September 30, 2014

	<b>December 31, 2014</b>	September 30, 2014
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<b>\$ 18,232,998</b>	\$ 65,647,693
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	<b>23,085,252</b>	84,449,419
Net costs to be recovered in future rates	<b>(4,253,615)</b>	(13,732,765)
Change in:		
Accounts receivable	<b>7,943,318</b>	518,004
Inventories	<b>(1,502,373)</b>	3,043,202
Other assets and regulatory assets	<b>348,962</b>	(711,437)
Restricted and internally designated assets	<b>-</b>	(3,109,085)
Noncurrent assets	<b>18,055</b>	879,007
Accounts payable and accrued liabilities	<b>(9,022,709)</b>	12,665,268
Due to other funds of the City	<b>729,424</b>	171,036
Fuel adjustment	<b>(10,629,181)</b>	(5,442,608)
Other liabilities and regulatory liabilities	<b>462,643</b>	241,771
Utility deposits	<b>338,687</b>	(1,122)
Rate stabilization	<b>(287,892)</b>	8,867,764
Net cash provided by operating activities	<b><u>\$ 25,463,569</u></b>	<b><u>\$ 153,486,147</u></b>
Non-cash capital and related financing activities, and investing activities:		
Acquisition of utility plant in service under capital lease	<u>                            </u>	<u>\$ (1,006,809,754)</u>
Acquisition of utility plant in service under long term capital lease obligation	<b><u>\$ (4,136,458)</u></b>	<b><u>\$ 994,108,278</u></b>
Acquisition of utility plant in service with construction fund payable	<b><u>\$ (2,393,283)</u></b>	<b><u>\$ 5,093,605</u></b>
Change in utility plant in service	<b><u>\$ -</u></b>	<b><u>\$ (4,999,956)</u></b>
Change in ineffective portion of hedging derivatives	<b><u>\$ -</u></b>	<b><u>\$ (838,440)</u></b>
Change in hedging derivatives - interest rate swaps	<b><u>\$ -</u></b>	<b><u>\$ (10,515,189)</u></b>
Change in hedging derivatives - fuel options and futures	<b><u>\$ 1,578,970</u></b>	<b><u>\$ (114,952)</u></b>
Change in fair value of investments	<b><u>\$ -</u></b>	<b><u>\$ (235,808)</u></b>
Change in fair value of derivatives	<b><u>\$ -</u></b>	<b><u>\$ (11,353,627)</u></b>
Unamortized loss on refundings of bonds	<b><u>\$ (2,644,150)</u></b>	<b><u>\$ -</u></b>
Other	<b><u>\$ -</u></b>	<b><u>\$ 150,326</u></b>
Noncash capital and related financing activities		

GRU issued 2014B utility system revenue bonds to perform an advance refunding of the 2005A utility system revenue bonds during fiscal year 2015. The proceeds of \$13,315,144 were deposited immediately into an irrevocable trust for the defeasance of \$12,725,000 of outstanding principal and \$590,144 of interest.

# **Supplementary Information**



**Gainesville Regional Utilities  
 Fuel Adjustment Levelization  
 For the Period Ended December 31, 2014**

	<b>Three Months Ended December 31, 2014</b>	<b>Fiscal Year 2015 Budget</b>	<b>Percent of Budget</b>
Fuel Revenues	\$ 32,680	\$ 160,325	20%
Fuel Expenses	42,723	160,325	27%
<b>To (From) Levelization Fund</b>	<b><u><u>\$ (10,043)</u></u></b>	<b><u><u>\$ -</u></u></b>	
Levelization Fund Beginning Balance	\$ 15,298		
To (From) Levelization Fund	<u>(10,043)</u>		
<b>Levelization Fund Ending Balance</b>	<b><u><u>\$ 5,256</u></u></b>		

(Dollar Amounts in Thousands)

**Gainesville Regional Utilities**  
**Purchased Gas Adjustment (PGA) Levelization**  
**For the Period Ended December 31, 2014**

	<u>Three Months Ended December 31, 2014</u>	<u>Fiscal Year 2015 Budget</u>	<u>Percent of Budget</u>
Purchased Gas Revenues	\$ 2,708	\$ 11,325	24%
Purchased Gas Expenses	3,294	11,325	29%
<b>To (From) PGA Levelization</b>	<b><u>\$ (586)</u></b>	<b><u>\$ -</u></b>	
PGA Beginning Balance	\$ 665		
To (From) PGA Levelization	(586)		
<b>PGA Ending Balance</b>	<b><u>\$ 79</u></b>		

(Dollar Amounts in Thousands)