

Gainesville Regional Utilities

Budget to Actual Comparison

For the Year Ended September 30, 2020

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**Gainesville Regional Utilities
Budget to Actual Comparison
For the Year Ended September 30, 2020**

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Overview and Basis of Accounting

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Gainesville Regional Utilities Budget to Actual Comparison For the Year Ended September 30, 2020

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 comprehensive annual financial report of the City.

We offer readers this analysis of the budget to actual activities of GRU for the year ended September 30, 2020.

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.

Gainesville Regional Utilities
Combined Systems
Budget to Actual Comparison
For the Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/<Under> Budget</u>	<u>% Variance</u>
REVENUES:				
Electric system:				
Sales of electricity	\$ 193,645,861	\$ 190,052,637	\$ (3,593,224)	(1.9)
Fuel adjustment	80,934,082	67,538,540	(13,395,542)	(16.6)
Sales for resale	2,604,638	3,805,969	1,201,331	46.1
Transfer from/(to) rate stabilization	(2,508,108)	(3,135,466)	(627,358)	25.0
Other revenue	6,259,848	9,539,021	3,279,173	52.4
Other income	570,625	3,572,047	3,001,422	526.0
Build America Bonds	2,827,407	2,836,450	9,043	0.3
Total electric system revenues	284,334,353	274,209,198	(10,125,155)	(3.6)
Water system:				
Sales of water	35,860,839	35,515,133	(345,706)	(1.0)
Transfer from/(to) rate stabilization	(2,392,779)	(2,759,970)	(367,191)	15.3
Other revenue	3,220,000	3,018,221	(201,779)	(6.3)
Other income	433,792	716,561	282,769	65.2
Build America Bonds	801,281	803,844	2,563	0.3
Total water system revenues	37,923,133	37,293,789	(629,344)	(1.7)
Wastewater system:				
Sales of wastewater	41,655,149	40,372,682	(1,282,467)	(3.1)
Transfer from/(to) rate stabilization	(1,277,756)	(2,813,421)	(1,535,665)	120.2
Other revenue	5,023,466	6,193,942	1,170,476	23.3
Other income	285,158	745,926	460,768	161.6
Build America Bonds	917,251	920,185	2,934	0.3
Total wastewater system revenues	46,603,268	45,419,314	(1,183,954)	(2.5)
Gas system:				
Sales of gas	15,767,699	15,279,466	(488,233)	(3.1)
Fuel adjustment	8,601,893	6,132,442	(2,469,451)	(28.7)
Transfer from/(to) rate stabilization	648,409	1,930,678	1,282,269	197.8
Other revenue	1,758,209	395,413	(1,362,796)	(77.5)
Other income	119,792	453,673	333,881	278.7
Build America Bonds	592,533	594,428	1,895	0.3
Total gas system revenues	27,488,535	24,786,100	(2,702,435)	(9.8)
Telecommunications system:				
Sales of services	11,347,652	11,471,073	123,421	1.1
Transfer from/(to) rate stabilization	2,914,927	1,795,092	(1,119,835)	(38.4)
Other revenue	35,000	40,944	5,944	17.0
Other income	8,860	44,665	35,805	404.1
Total telecommunications system revenues	14,306,439	13,351,774	(954,665)	(6.7)
TOTAL REVENUES	410,655,728	395,060,175	(15,595,553)	(3.8)

**Gainesville Regional Utilities
Combined Systems
Budget to Actual Comparison
For the Year Ended September 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/<Under> Budget</u>	<u>% Variance</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Electric system:				
Fuel expenses	80,934,082	67,538,540	(13,395,542)	(16.6)
Operation and maintenance	62,464,272	67,473,533	5,009,261	8.0
Administrative and general	21,078,058	21,472,442	394,384	1.9
Total Electric System Expenses	164,476,412	156,484,515	(7,991,897)	(4.9)
Water system:				
Operation and maintenance	12,016,636	11,258,256	(758,380)	(6.3)
Administrative and general	6,562,188	6,871,279	309,091	4.7
Total Water System Expenses	18,578,824	18,129,535	(449,289)	(2.4)
Wastewater system:				
Operation and maintenance	15,197,981	14,598,152	(599,829)	(3.9)
Administrative and general	7,430,499	7,056,092	(374,407)	(5.0)
Total Wastewater System Expenses	22,628,480	21,654,244	(974,236)	(4.3)
Gas system:				
Fuel expense and purchased gas	8,601,893	6,132,442	(2,469,451)	(28.7)
Operation and maintenance	1,642,166	2,629,563	987,397	60.1
Administrative and general	3,956,797	2,800,091	(1,156,706)	(29.2)
Total Gas System Expenses	14,200,856	11,562,096	(2,638,760)	(18.6)
Telecommunications system:				
Operation and maintenance	8,726,777	7,775,419	(951,358)	(10.9)
Administrative and general	788,287	1,007,025	218,738	27.7
Total Telecommunications System Expenses	9,515,064	8,782,444	(732,620)	(7.7)
TOTAL EXPENSES	229,399,636	216,612,834	(12,786,802)	(5.6)
NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION:				
Total electric system	119,857,941	117,724,683	(2,133,258)	(1.8)
Total water system	19,344,309	19,164,254	(180,055)	(0.9)
Total wastewater system	23,974,788	23,765,070	(209,718)	(0.9)
Total gas system	13,287,679	13,224,004	(63,675)	(0.5)
Total telecommunications system	4,791,375	4,569,330	(222,045)	(4.6)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	181,256,092	178,447,341	(2,808,751)	(1.5)
LESS:				
Debt service	99,113,821	96,305,070	(2,808,751)	(2.8)
Debt service - UPIF	-	-	-	-
UPIF contributions	43,857,271	43,857,271	-	-
Transfer to City of Gainesville General Fund	38,285,000	38,285,000	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

**Gainesville Regional Utilities
Electric System
Budget to Actual Comparison
For the Year Ended September 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/<Under> Budget</u>	<u>% Variance</u>
REVENUES:				
Residential	\$ 77,400,495	\$ 77,945,688	\$ 545,193	0.7
Non-residential	89,858,911	87,961,847	(1,897,064)	(2.1)
Fuel adjustment	80,934,082	67,538,540	(13,395,542)	(16.6)
Sales for resale	2,604,638	3,805,969	1,201,331	46.1
Utility surcharge	4,492,848	4,499,414	6,566	0.1
Other electric sales	21,893,607	19,645,688	(2,247,919)	(10.3)
Total Sales of Electricity	277,184,581	261,397,146	(15,787,435)	(5.7)
Transfer from/(to) rate stabilization	(2,508,108)	(3,135,466)	(627,358)	25.0
Other revenue	6,259,848	9,539,021	3,279,173	52.4
Other income	570,625	3,572,047	3,001,422	526.0
Build America Bonds	2,827,407	2,836,450	9,043	0.3
Total Revenues	284,334,353	274,209,198	(10,125,155)	(3.6)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expenses	80,934,082	67,538,540	(13,395,542)	(16.6)
Power production	46,639,579	44,662,358	(1,977,221)	(4.2)
Transmission and distribution	15,824,693	22,811,175	6,986,482	44.1
Interchange	0	-	-	-
Administrative and general	21,078,058	21,472,442	394,384	1.9
Total Operation, Maintenance and Administrative Expenses	164,476,412	156,484,515	(7,991,897)	(4.9)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	119,857,941	117,724,683	(2,133,258)	(1.8)
LESS:				
Debt service	76,262,698	74,129,440	(2,133,258)	(2.8)
Debt service - UPIF	0	-	-	-
UPIF contributions	21,179,375	21,179,375	-	-
Transfer to City of Gainesville General Fund	22,415,868	22,415,868	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

**Gainesville Regional Utilities
Water System
Budget to Actual Comparison
For the Year Ended September 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/<Under> Budget</u>	<u>% Variance</u>
REVENUES:				
Residential	22,132,905	\$ 21,854,359	\$ (278,546)	(1.3)
Non-residential	11,129,717	11,020,935	(108,782)	(1.0)
Utility surcharge	2,598,217	2,639,839	41,622	1.6
Total Sales of Water	<u>35,860,839</u>	<u>35,515,133</u>	<u>(345,706)</u>	<u>(1.0)</u>
Transfer from/(to) rate stabilization	(2,392,779)	(2,759,970)	(367,191)	15.3
Other revenue	3,220,000	3,018,221	(201,779)	(6.3)
Other income	433,792	716,561	282,769	65.2
Build America Bonds	801,281	803,844	2,563	0.3
Total Revenues	<u>37,923,133</u>	<u>37,293,789</u>	<u>(629,344)</u>	<u>(1.7)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Transmission and distribution	3,775,300	3,059,094	(716,206)	(19.0)
Treatment	8,241,336	8,199,162	(42,174)	(0.5)
Administrative and general	6,562,188	6,871,279	309,091	4.7
Total Operation, Maintenance and Administrative Expenses	<u>18,578,824</u>	<u>18,129,535</u>	<u>(449,289)</u>	<u>(2.4)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>19,344,309</u>	<u>19,164,254</u>	<u>(180,055)</u>	<u>(0.9)</u>
LESS:				
Debt service	7,193,996	7,013,941	(180,055)	(2.5)
UPIF contributions	6,794,242	6,794,242	-	-
Transfer to City of Gainesville General Fund	5,356,071	5,356,071	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

**Gainesville Regional Utilities
Wastewater System
Budget to Actual Comparison
For the Year Ended September 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/<Under> Budget</u>	<u>% Variance</u>
REVENUES:				
Residential	27,744,223	\$ 27,375,089	\$ (369,134)	(1.3)
Non-residential	10,960,679	10,016,640	(944,039)	(8.6)
Utility surcharge	2,950,247	2,980,953	30,706	1.0
Total Sales of Services	<u>41,655,149</u>	<u>40,372,682</u>	<u>(1,282,467)</u>	<u>(3.1)</u>
Transfer from/(to) rate stabilization	(1,277,756)	(2,813,421)	(1,535,665)	120.2
Other revenue	5,023,466	6,193,942	1,170,476	23.3
Other income	285,158	745,926	460,768	161.6
Build America Bonds	917,251	920,185	2,934	0.3
Total Revenues	<u>46,603,268</u>	<u>45,419,314</u>	<u>(1,183,954)</u>	<u>(2.5)</u>
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Collection	5,012,061	5,046,202	34,141	0.7
Treatment	10,185,920	9,551,950	(633,970)	(6.2)
Administrative and general	7,430,499	7,056,092	(374,407)	(5.0)
Total Operation, Maintenance and Administrative Expenses	<u>22,628,480</u>	<u>21,654,244</u>	<u>(974,236)</u>	<u>(4.3)</u>
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	<u>23,974,788</u>	<u>23,765,070</u>	<u>(209,718)</u>	<u>(0.9)</u>
LESS:				
Debt service	8,770,700	8,560,982	(209,718)	(2.4)
UPIF contributions	8,343,416	8,343,416	-	-
Transfer to City of Gainesville General Fund	6,860,672	6,860,672	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Gainesville Regional Utilities
Gas System
Budget to Actual Comparison
For the Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/<Under> Budget</u>	<u>% Variance</u>
REVENUES:				
Residential	8,647,919	\$ 8,101,115	\$ (546,804)	(6.3)
Non-residential	5,374,582	5,387,465	12,883	0.2
Fuel adjustment	8,601,893	6,132,442	(2,469,451)	(28.7)
Utility surcharge	497,215	544,628	47,413	9.5
Other gas sales	1,247,983	1,246,258	(1,725)	(0.1)
Total Sales of Gas	24,369,592	21,411,908	(2,957,684)	(12.1)
Transfer from/(to) rate stabilization	648,409	1,930,678	1,282,269	197.8
Other revenue	1,758,209	395,413	(1,362,796)	(77.5)
Other income	119,792	453,673	333,881	278.7
Build America Bonds	592,533	594,428	1,895	0.3
Total Revenues	27,488,535	24,786,100	(2,702,435)	(9.8)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Fuel expense - purchased gas	8,601,893	6,132,442	(2,469,451)	(28.7)
Operation and maintenance	1,642,166	2,629,563	987,397	60.1
Administrative and general	3,956,797	2,800,091	(1,156,706)	(29.2)
Total Operation, Maintenance and Administrative Expenses	14,200,856	11,562,096	(2,638,760)	(18.6)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	13,287,679	13,224,004	(63,675)	(0.5)
LESS:				
Debt service	4,172,663	4,108,988	(63,675)	(1.5)
UPIF contributions	6,649,462	6,649,462	-	-
Transfer to City of Gainesville General Fund	2,465,554	2,465,554	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-

**Gainesville Regional Utilities
Telecommunications System
Budget to Actual Comparison
For the Year Ended September 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over/<Under> Budget</u>	<u>% Variance</u>
REVENUES:				
Telecommunications	7,743,912	\$ 7,749,855	\$ 5,943	0.1
Trunking radio	1,776,906	1,678,920	(97,986)	(5.5)
Tower leasing	1,826,834	2,042,298	215,464	11.8
Other sales	-	-	-	-
Total Sales of Services	11,347,652	11,471,073	123,421	1.1
Transfer from/(to) rate stabilization	2,914,927	1,795,092	(1,119,835)	(38.4)
Other revenue	35,000	40,944	5,944	17.0
Other income	8,860	44,665	35,805	404.1
Total Revenues	14,306,439	13,351,774	(954,665)	(6.7)
OPERATION, MAINTENANCE AND ADMINISTRATIVE EXPENSES:				
Operation and maintenance	8,726,777	7,775,419	(951,358)	(10.9)
Administrative and general	788,287	1,007,025	218,738	27.7
Total Operation, Maintenance and Administrative Expenses	9,515,064	8,782,444	(732,620)	(7.7)
TOTAL NET REVENUES IN ACCORDANCE WITH BOND RESOLUTION	4,791,375	4,569,330	(222,045)	(4.6)
LESS:				
Debt service	2,713,764	2,491,719	(222,045)	(8.2)
UPIF contributions	890,776	890,776	-	-
Transfer to City of Gainesville General Fund	1,186,835	1,186,835	-	-
NET IMPACT TO RATE STABILIZATION - ADDITION (REDUCTION)	\$ -	\$ -	\$ -	-