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October 1, 1996

Florida Public Service Commission  
Division of Communications  
Certification & Compliance Section  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-6600

Dear Sir or Madam:

Attached is Gainesville Regional Utilities' application and application fee of \$250.00 for an Alternative Local Exchange Company (ALEC) certificate. GRU is already an authorized Alternative Access Vendor (AAV), however, we received the AAV certificate after the cut-off date for automatic certification as an ALEC. In compliance with FPSC's requirements there are seven complete packets; the original and six copies of the application.

If additional information is needed please feel free to contact me at 352/334-3400 ext. 1073.

Sincerely,



Ed Hoffman  
Business Manager  
GRUCom

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTP \_\_\_\_\_
- EAS \_\_\_\_\_
- LEC \_\_\_\_\_
- LI \_\_\_\_\_
- WPS \_\_\_\_\_
- OTH \_\_\_\_\_

Attachments

w:\20070\fiber\docs\ALEC.app

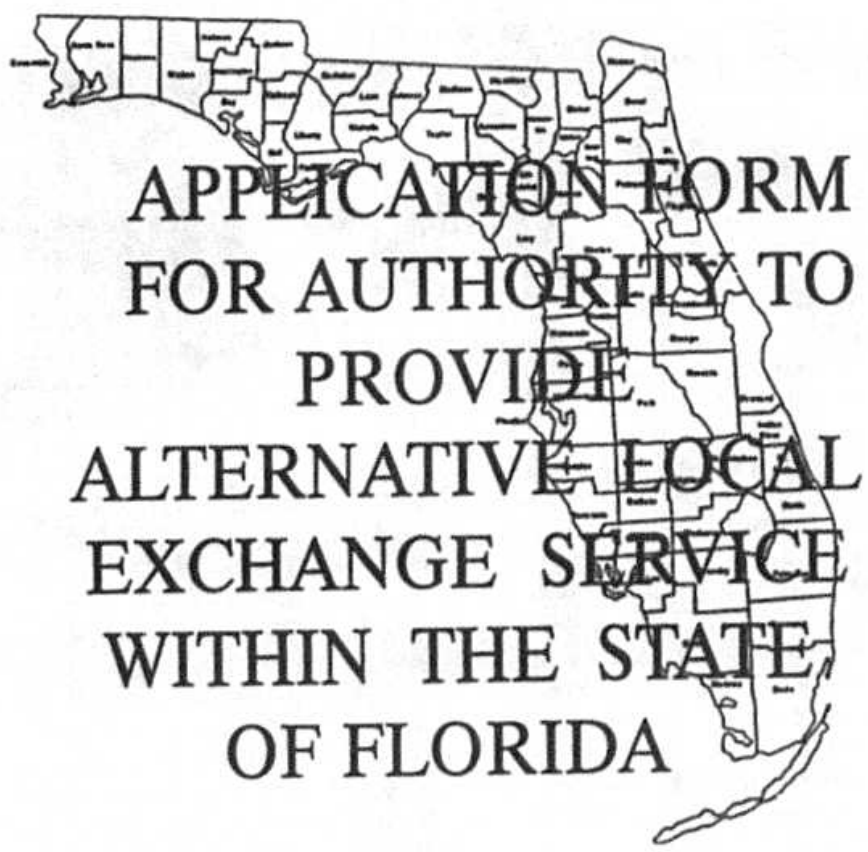
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RECORDS & REPORTING

DOCUMENT NUMBER-DATE

800/90  
16

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E. COPY



APPLICATION FORM  
FOR AUTHORITY TO  
PROVIDE  
ALTERNATIVE LOCAL  
EXCHANGE SERVICE  
WITHIN THE STATE  
OF FLORIDA

DOCUMENT NUMBER-DATE

10692 OCT-7-89

FFSC RECORDS/REPORTING

**FLORIDA PUBLIC SERVICE COMMISSION  
CAPITAL CIRCLE OFFICE CENTER - 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850**

**APPLICATION FORM  
for**

**AUTHORITY TO PROVIDE ALTERNATIVE LOCAL EXCHANGE SERVICE  
WITHIN THE STATE OF FLORIDA**

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**INSTRUCTIONS**

1. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing alternative local exchange certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee.
2. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
3. Use a separate sheet for each answer which will not fit the allotted space.
4. If you have questions about completing the form, contact:

**Florida Public Service Commission  
Division of Communications, Certification & Compliance Section  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0866  
(904) 413-6600**

5. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250 made payable to the Florida Public Service Commission at the above address.
-

1. This is an application for (check one):

**Original authority (new company)**

**Approval of transfer (to another certificated company)**  
Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

**Approval of assignment of existing certificate (to a noncertificated company)**  
Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

**Approval for transfer of control (to another certificated company)**  
Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. **Name of applicant:** City of Gainesville, FL.  
Gainesville Regional Utilities

3. **A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.**

301 SE 4th Ave.  
Gainesville, FL. 32601  
(352) 334-3400

P.O. Box 147117, Sta. A-136  
Gainesville, FL. 32614-7117

**B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.**

301 SE 4th Ave.  
Gainesville, FL 32601  
(352) 334-3400

P.O. Box 147117, Sta. A-136  
Gainesville, FL 32614-7117

**C. Physical address of alternative local exchange service in Florida including street name, number, post office box, city, zip code and phone number.**

301 SE 4th Ave.  
Gainesville, FL 32601  
(352) 334-3400

P.O. Box 147117, Sta. A-136  
Gainesville, FL 32614-7117

4. Structure of organization:

- Individual                                     Corporation  
 Foreign Corporation                         Foreign Partnership  
 General Partnership                         Limited Partnership  
 Joint Venture                                 Other, Please explain Municipal Corporation

5. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: \_\_\_\_\_

Chapter 12760 Laws of Florida 1927, as amended by Ch. 90-394 Laws of Florida, 1990. A copy of Ch. 90-394 is attached.

6. Name under which the applicant will do business (d/b/a):

GRU Communication Services or GRUCom or GRU

7. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: \_\_\_\_\_

N/A

8. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

N/A

9. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

N/A

10. Please provide the name, title, address, telephone number, internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

E.L. (Ed) Hoffman

GRUCom Business Manager

P.O. Box 147117, Sta. A-136

Gainesville, FL 32614-7117

Phone: (352) 334-3400  
x1073

Fax: (352) 334-3151

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

None

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

No

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No

14. Please indicate how a customer can file a service complaint with your company. A customer can call GRU's Customer Service & Billing Dept. at (352) 334-3434 or stop at our Administration Building at 301 SE 4th Ave, Gainesville, FL.

15. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

- |                                    |   |
|------------------------------------|---|
| 1. the balance sheet               | GRU Audited financial statements are attached for fiscal years ending September 1993, 1994, and 1995. |
| 2. income statement                |   |
| 3. statement of retained earnings. |   |

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served. (see financial reports attached)

2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service. (see financial reports attached)

3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations. (see financial reports attached)

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should attest that the financial statements are true and correct.

#### B. Managerial Capability

GRU possesses strong managerial capability developed in conjunction with the provision of electric gas, water and waste water utility services in Gainesville, Florida and Alachua County. The Gainesville City Commission has authorized GRU to add telecommunication service to the services provided by the utility.

#### C. Technical Capability

GRU possesses strong technical capability and experience in the development and operation of communications systems. Communication systems currently operated include a private automated branch exchange (PABX) for voice communications, a local area network (LAN) for data communications, a fiber optic network for substation SCADA (supervisory control and data acquisition) and data and voice transport between facilities, and a mobile radio system for voice and data communications with field personnel.

In September, 1995 GRU received Alternative Access Vendor (AAV) Certificate No. 4070 from the Florida Public Service Commission. GRU is currently in the process of expanding its fiber optic network for the provision of telecommunication services as an AAV.

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

Official: Michael L. Kuff 9/25/96  
Signature Date

Title: General Manager for Utilities (352) 334-2811  
City of Gainesville Telephone Number

Address: Gainesville Regional Utilities  
301 SE 4th Avenue  
Gainesville, FL 32601



## CHAPTER 90-394

## Senate Bill No. 1816

An act relating to the City of Gainesville; amending chapter 12760, Laws of Florida, 1927, as amended; revising the charter of the City of Gainesville; providing for continuation of municipal powers; providing territorial limits; providing for liberal construction of municipal powers; providing severability; providing special powers and authority; providing for the exercise of eminent domain within Alachua County and without the county under certain limitations; providing for the levy of ad valorem and other taxes; providing for the election of a city commission; providing for the creation of districts; providing eligibility requirements for city commissioners; providing terms of office; providing powers and duties of the commission; authorizing the commission to appoint certain charter officers; providing powers and duties of such officers; providing for advisory boards and committees; providing powers and duties of such boards and committees; providing for variances to certain land use regulations; providing for amendments to the charter; providing for a retirement and pension plan for municipal employees; prohibiting the disposal of utility facilities by the commission unless pursuant to ordinance approved by the electors; providing for fresh pursuit and arrest by municipal police officers; providing for construction of prior provisions of the charter; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. The charter of the City of Gainesville, as created by chapter 12760, Laws of Florida, 1927, and as amended, is amended to read:

## ARTICLE I

## ESTABLISHMENT, CORPORATE LIMITS, AND POWERS

1.01 Establishment and general powers.—The City of Gainesville, created by chapter 12760, Laws of Florida, 1927, as amended, shall continue and is vested with all governmental, corporate, and proprietary powers to enable it to conduct municipal government, perform municipal functions, render municipal services, and exercise any power for municipal purposes, except as otherwise provided by law.

1.02 Territorial limits.—The territorial limits and boundaries of the municipality existing in Alachua County under the name of the City of Gainesville shall embrace all of the territory described as follows:

Commence at the Northeast corner of the intersection of State Road 329 (a/k/a Main Street) and State Road 222 (a/k/a 39th Avenue) as the Point of Beginning; thence run East along the north right-of-way line of NE 39th Avenue to its intersection with the west right-of-way line of the NE 15th Street extension; thence run North along the westerly right-of-way line of NE 15th street to that point of intersection 660 feet south of the north line of Section 21, Township 9 South, Range 20 East; thence run West 660 feet; thence run North to the north right-of-way line of NE 53rd Avenue; thence run East along said north right-of-way line to the west right-of-way line of NE 15th Street;

thence run North along said west right-of-way line (being a line 50 feet west of and parallel to the east line of the southeast one-quarter (SE 1/4) of Section 16, Township 9 South, Range 20 East) to the north line of the south one-half (S 1/2) of said one-quarter section; thence run East along said north line and along the north line of the south one-half (S 1/2) of the southwest one-quarter (SW 1/4) Section 15, Township 9 South, Range 20 East to a point on the east line of said one-quarter section; thence run South along said east line to the south right-of-way line of NE 53rd Avenue; thence run West along said south right-of-way line to the East line of the NE 15th Street extension (this includes the utilities right-of-way); thence run south along said east line to the north right-of-way line of NE 39th Avenue; thence run East along said north line to the west right-of-way line of State Road 24 (a/k/a Waldo Road); thence run northeasterly along said right-of-way line a distance of 438.17 feet more or less; thence run North 58° West a distance of 915.55 feet more or less to the centerline of a drainage ditch; thence run North 35°46' East along the centerline of said drainage ditch to the north line of Section 27, Township 9 South, Range 20 East; thence run easterly along the north line of said Section to the northeast corner of said Section (being also the southwest corner of Section 23, Township 9 South, Range 20 East); thence run North 2127.08 feet; thence run East 328 feet; thence run North a distance of 35 feet more or less; thence run East a distance of 994 feet more or less; thence run South 60° East to the west right-of-way line of State Highway 24; thence run northeasterly along said west right-of-way line to a point lying 1708.74 feet north of the south line of Section 14, Township 9 South, Range 20 East; thence run North 88°58'03" East to the west boundary line of Section 13, Township 9 South, Range 20 East; thence run North 89°19'15" East a distance of 5332.15 feet to the east line of said Section 13; thence run South along said east line to the southeast corner of Section 24, Township 9 South, Range 20 East; thence run East to the northeast corner of the northwest one-quarter (NW 1/4) of Section 30, Township 9 South, Range 21 East; thence run South 00°23'32" East along the east line of the northwest one-quarter (NW 1/4) of said Section a distance of 2200.36 feet to the northwesterly right-of-way of State Road S-232; thence run South 42°23'34" West along said right-of-way a distance of 360 feet; thence run North 78°18'55" West 1094.69 feet; thence run North 00°20'36" East 177.28 feet; thence run North 89°48'40" West a distance of 840 feet; thence run North 00°20'36" West 177.88 feet; thence run North 89°48'40" West 474.95 feet to the West line of Section 30, Township 9 South, Range 21 East (being also the east line of Section 25, Township 9 South, Range 20 East); thence run South 00°17'40" East along said Section line a distance of 52.45 feet; thence run south 89°32'20" West 500 feet; thence run North 00°17'40" West 240 feet; thence run North 80°03'58" West 945.98 feet; thence run South 4°55'53" West a distance of 193.37 feet more or less; thence run South 20°04'07" East 621.3 feet; thence run South 74°43'13" West 197.56 feet; thence run South 12°32'44" West 942.41 feet; thence run South 82°45'04" East 1006.6 feet; thence run South 0°12'17" East 1920.92 feet to a point on the south right-of-way of State Road S-232, said point being on a 2°55'26" curve, having an internal angle of 48°01'12" a radius of 1959.86 feet and being concave to a northwesterly direction; thence run in a southwesterly direction along the arc of said right-of-way curve 331.58 feet to the point of tangency of said curve; thence run South 89°47'43" West along said right-of-way a distance of 1897.71 feet to the point of curve of a 1°57'56" curve, having an internal angle of

29°44'18" a radius of 2914.79 feet and being concave to a northeasterly direction, thence run in a northwesterly direction along the arc of said right-of-way curve 540.66 feet to its intersection with the south line of Section 25, Township 9 South, Range 20 East; thence run South 89°47'43" West along said section line a distance of 1840.65 feet to the southwest corner of said section, (being also the southeast corner of Section 26, Township 9 South, Range 20 East); thence run West along the south line of Section 26, Township 9 South, Range 20 East to the southwest corner of said section (being also the northwest corner of Section 35, Township 9 South, Range 20 East); thence run South along the west line of Section 35, Township 9 South, Range 20 East to a point lying 1323.40 feet north of the south line of said section; thence run North 89°05'15" East 5295.49 feet; thence run South 0°59'06" East a distance of 1324.04 feet to the southeast corner of Section 35, Township 9 South, Range 20 East; thence continue South 1°22'14" East a distance of 2591.57 feet to the north right-of-way line of State Road 26; thence run South 89°00'15" West along the north right-of-way line of State Road 26 to the east right-of-way line of State Road 329-A (a/k/a NE 27th Street); thence run South along the east right-of-way line of NE 27th Street and along the east right-of-way line of SE 27th Street to the southeast corner of the northeast one-quarter (NE 1/4) of Section 10, Township 10 South, Range 20 East; thence run West along the south line of said northeast one-quarter to the southwest corner of said northeast one-quarter (being also the northeast corner of the southwest one-quarter (SW 1/4) of Section 10, Township 10 South, Range 20 East); thence run South 0°25'51" West a distance of 1360.85 feet along the east line of the southwest one-quarter (SW 1/4) of said section; thence run North 87°54'20" West 636.24 feet; thence run South 1°29'09" West 1305.48 feet; thence run North 89°33'05" West a distance of 1755.04 feet along the south line of said section; thence run North 0°00'40" East 420 feet; thence run North 89°33'05" West a distance of 160 feet more or less to the east right-of-way line of SE 15th Street; (being also Kincaid Road); thence run South along said east right-of-way line to a point on the easterly extension of the south line of Lot 1 of Breery Acres Addition as recorded in Official Record Book 98, page 679, of the Public Records of Alachua County, Florida; thence run North 89°56" West 1078.46 feet; thence run South 10°44'30" East 109 feet; thence run North 89°43'30" West 857.8 feet; thence run South 15°12'15" East 468.85 feet; thence run North 89°37'30" West 1106.0 feet; thence run South 4°06'15" West 44.85 feet; thence run North 89°56" West 722.5 feet; thence run North 1°12'22" West 57.05 feet; thence run North 88°43'07" West 304.5 feet; thence run North 0°17'14" West a distance of 767.05 feet to the south boundary line of Section 9, Township 10 South, Range 20 East; thence run West along the south boundary line of said section a distance of 1252.11 feet to the easterly right-of-way line of State Road 331; thence run southwesterly along the easterly right-of-way line of State Road 331 to a point lying approximately 60 feet northeasterly of the south line of the D.L. Clinch Grant; thence run North 6°31'55" East to the northwesterly right-of-way line of State Road 331; thence run South 45°10'07" West along the curve of said right-of-way 190 feet more or less; thence run North 82°24'45" West 97.50 feet; thence run South 30°35'15" West a distance of 100.00 feet to the south line of the D.L. Clinch Grant; thence run North 82°24'45" West along said south line of the D.L. Clinch Grant to a point lying 572 feet more or less from the southwest corner of the D.L. Clinch Grant; thence run South a distance of 538 feet to the north right-of-way line of State

Road 329; thence run South 65°17' West along said north line a distance of 185 feet; thence run North 9°10' West a distance of 637 feet to the south line of the D.L. Clinch Grant; thence run North 85°15' West along said south line of the D.L. Clinch Grant to the southwest corner of the D.L. Clinch Grant; thence run South 4°16'11" East to a point lying 750 feet north of the southeast corner of the Napier Grant in Township 10 South, Range 20 East; thence run South 84°54'45" West 362.24 feet; thence run North 8°02'15" East 144.33 feet; thence run North 81°57'45" West 150.0 feet to the east right-of-way line of State Road 25; thence run North 7°44'15" East along said right-of-way line a distance of 649.20 feet; thence run North 84°48'15" East a distance of 334.06 feet to the east line of the Thomas Napier Grant; thence run northwesterly along said line to a point approximately 173 feet south of the southwest corner of Lot 3 of Millers Survey as per Deed Book "T", page 591 as recorded in the Public Records of Alachua County, Florida; thence run northwesterly to a point lying 141.46 feet south of a westerly extension of the south line of said Lot 3 of Millers Survey lying also on the east right-of-way line of State Road 25 (a/k/a S.W. 13th Street); thence run South 7°56'32" West along said easterly right-of-way line a distance of 550.13 feet more or less; thence run North 82°03'28" West a distance of 136.00 feet to the westerly right-of-way line of said State Road 25; thence run North 82°03'28" West 229.97 feet; thence run North 8°50'42" East 278.91 feet; thence run North 85°29'42" East a distance of 231.29 feet to the westerly right-of-way line of said State Road 25; thence run North 7°56'32" East 221.05 feet; thence run North 82°04'13" West a distance of 36 feet more or less; thence run North 34°44'05" West along the waters edge of Bivens Arm 317.95 feet; thence run North 20°29'12" West along the waters edge of Bivens Arm 575.35 feet; thence run North 10°40'42" West along the waters edge of Bivens Arm 819.85 feet; thence run North 14°47'27" West along the waters edge of Bivens Arm 504.75 feet; thence run North 27°18'12" West along the waters edge of Bivens Arm 305.45 feet to the west boundary line of the D.L. Clinch Grant as recorded in Deed Book "L", page 448 of the Public Records of Alachua County, Florida; thence run North 5°56'03" East along said west boundary line to the south boundary line of Section 7, Township 10 South, Range 20 East; thence run West along said south line to the southwest corner of the southeast one-quarter (SE 1/4) of said section; thence run North along the west line of said quarter section to a point 62 feet south of the south right-of-way line of the Seaboard Airline Railroad; thence run North 21°54' West 57.75 feet to the south right-of-way line of said railroad; thence run North 63°06' East along said right-of-way line a distance of 23.52 feet to the east line of the southwest one-quarter (SW 1/4) of said Section 7; thence run North along said east line to the center of said Section 7; thence run West along the north line of the southwest one-quarter (SW 1/4) of said section to the west boundary line of said Section 7, (a/k/a the east boundary line of Section 12, Township 10 South, Range 19 East); thence run West along the north line of the south one-half (S 1/2) of Section 12, Township 10 South, Range 19 East to the west right-of-way line of State Road 23 (a/k/a SW 34th Street); thence run North along the west right-of-way line of SW 34th Street to the south boundary line of Section 2, Township 10 South, Range 19 East; thence run West along said south boundary line to the southwest corner of said section (being also the southeast corner of Section 3, Township 10 South, Range 19 East); thence run West along the south boundary line of Section 3, Township 10 South, Range 19 East to a point on said south line being

a southerly extension of the west boundary line of Holly Forest as recorded in Plat Book "E", page 44 of the Public Records of Alachua County, Florida; thence run North 0°05'53" West along said southerly extension and along the west line of said Holly Forest Subdivision to the southwest corner of Lot 41 of Gwynn Oak Subdivision as recorded in Plat Book "D", page 23, of the Public Records of Alachua County, Florida; thence run East along the south line of said Lot 41 (being also the north line of SW 4th Place) to the southeast corner of said Lot 41 (being also the northwest corner of the intersection of SW 4th Place and SW 43rd Terrace); thence run North along the west line of SW 43rd Terrace to the north line of the southeast one-quarter (SE 1/4) of Section 3, Township 10 South, Range 19 East; thence run East along said line a distance of 161.5 feet to the east boundary line of Section 3, Township 10 South, Range 19 East; thence run North along said east line to the southerly right-of-way line of State Road 26; thence run northwesterly along the southerly right-of-way line of said State Road 26 to its intersection with a southerly projection of the west right-of-way line of NW 55th Street; thence run northerly along said west right-of-way line and said southerly projection through Section 3, Township 10 South, Range 19 East and through Section 34, Township 9 South, Range 19 East to its intersection with the north right-of-way line of NW 23rd Avenue; thence run East along said north right-of-way line to its intersection with the west right-of-way line of NW 43rd Street; thence run Northerly along said west right-of-way line to a point lying approximately 695.86 feet north of the south line of Section 22, Township 9 South, Range 19 East; thence run South 89°37'37" West 1133.65 feet; thence run North 00°27'55" West 128.58 feet; thence run North 89°59'03" East 1091.89 feet to the west right-of-way line of NW 43rd Street; thence run North along the west right-of-way line of NW 43rd Street to the P.C. of a curve concave southwest-erly; thence run northwesterly along said curve to its P.T., said P.T. being on a point on the south right-of-way line of State Road 232; thence run West along said south right-of-way line to a point lying 420 feet west more or less of the southeast corner of the southeast one-quarter (SE 1/4) of Section 15, Township 9 South, Range 19 East; thence run North 26°51' East to the North right-of-way line of State Road 232; thence continue North 26°51' East a distance of 929.8 feet more or less (as per Order of Taking Division C-201-70 of the Public Records of Alachua County, Florida) to its intersection with the west line of a 150-foot City of Gainesville transmission line right-of-way; thence run North along said west right-of-way line to a point 1239 feet north of the south line of Section 14, Township 9 South, Range 19 East; thence run East 50 feet; thence run North parallel with the west line of Section 14, Township 9 South, Range 19 East, Section 11, Township 9 South, Range 19 East, and Section 2, Township 9 South, Range 19 East inside the Arredondo Grant and a northerly projection of the west line of said Section 2 a distance of 14,183.70 feet, more or less to the northwesterly right-of-way line of the Seaboard Coastline Railroad; (the following courses and distances are intended to describe the City of Gainesville Deerhaven Power Generating Station); thence run northwesterly along said Seaboard Coastline Railroad right-of-way to a point lying 1800 feet more or less from the west line of Section 27, Township 8 South, Range 19 East (being also on a southerly extension of the east property line of the Alachua County Road Department and Engineering Compound); thence run North to the north line of said Section 27; thence run East along the north line of said Section 27 and along the north line of Section 25,

Township 8 South, Range 19 East to the North-South half-mile line of said Section 25; thence run South along the North-South half-mile line of said Section 25 and the North-South half-mile line of Section 35, Township 8 South, Range 19 East to the south line of said Section 35; thence run West along said south line of Section 35 to the aforementioned northwesterly right-of-way line of the Seaboard Coastline Railroad; thence run northwesterly along said right-of-way line to the east line of the aforementioned City of Gainesville's transmission line right-of-way (said course and distance ending that description of the City of Gainesville Deerhaven Power Generating Station); thence run South along the east line of the 150-foot power transmission line to the north line of Section 14, Township 9 South, Range 19 East; thence run East along the north line of said section to the east line of the west one-half (W 1/2) of said section; thence run South along said east line to the north right-of-way line of NW 53rd Avenue; thence run East along the north right-of-way line of NW 53rd Avenue to its intersection with the west line of Section 13, Township 9 South, Range 19 East; thence run North along said west line to the northwest corner of Northwood Oaks Unit No. 6, as recorded in Plat Book "J", page 42 of the Public Records of Alachua County, Florida; thence run east along the north line of said Northwood Oaks No. 6 and an easterly projection thereof to its intersection with the northeasterly line of an Atlantic Coastline Railroad right-of-way line; thence run southeasterly along said northeasterly right-of-way line to its intersection with the north line of the south one-quarter (S 1/4) of said Section 18; thence run West along the north line of the south one-quarter (S 1/4) of said Section 18 to its intersection with the west line of said Section 18 and the East line of said Section 13; thence run South along said east line to the southeast corner of said Section 13 and the northeast corner of Section 24, Township 9 South, Range 19 East; thence run South along the east line of said Section 24 (being also the west line of Section 19, Township 9 South, Range 20 East) to the north right-of-way line of NW 45th Avenue; thence run East along said north right-of-way line to the southeast corner of Lot 31 of Paradise, a plat as recorded in Plat Book "A", page 4, of the Public Records of Alachua County, Florida (also being the southwest corner of Lot 32 of said Paradise Plat); thence run North on the line between Lots 17, 18, 31 and 32 of Paradise to the southwest corner of Lot 16 of Paradise (being also the north right-of-way line of NW 49th Avenue extended); thence run East along the north right-of-way line of NW 49th Avenue extended to the easterly right-of-way line of the Atlantic Coastline Railroad; thence run southeasterly along said railroad right-of-way to the north right-of-way line of NW 39th Avenue; thence run East along the north right-of-way line of NW 39th Avenue to its intersection with the east right-of-way line of State Road 329 (a/k/a Main Street), being the Point-of-Beginning, and close.

LESS and except the following parcel lying in the southwest one-quarter (SW 1/4) of Section 14, Township 9 South, Range 20 East, being more particularly described as follows:

Commence at the southwest corner of Section 14, Township 9 South, Range 19 East; thence run North along the west line of a 150-foot City of Gainesville Transmission line right-of-way a distance of 1239 feet more or less; thence run East 150 feet to the east right-of-way line of NW 43rd Street being also the Point-of-Beginning; thence run North 848.12 feet; thence run South 83° East

826.49 feet; thence run South 745.40 feet; thence run West 820.12 feet to the Point-of-Beginning, and close.

#### 1.03 Construction.—

(1) The powers of the city shall be construed liberally in favor of the city, limited only by the State Constitution, general law, and specific limitations contained in this act.

(2) If any provision of this act or the application thereof to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared severable.

(3) All powers and authority granted by this act are supplemental and additional to all other statutory and constitutional authority.

(4) For purposes of this act, the term:

- (a) "City" means the City of Gainesville.
- (b) "Commission" means the city commission as established in Article II.
- (c) "State" means the State of Florida.

#### 1.04 Special powers.—In addition to its general powers, the city may:

(1) Acquire by purchase, gift, devise, lease, lease-purchase, condemnation, or otherwise, real or personal property, or any estate or interest in property, within or without the city limits, and for any of the purposes of the city, and to improve, sell, lease, mortgage, pledge, or otherwise dispose of its property or any part of its property.

(2) Acquire, purchase, hire, construct, extend, maintain, own, operate, or lease local public utilities, including: cable television, transportation, electric, telephone, and telegraph systems; wastewater and stormwater facilities; works for supplying the city and its inhabitants with water, gas, and electric energy for illuminating, heating, or power purposes; water, electric, and gas production, transmission, and distribution systems; sanitary sewage facilities; wastewater transmission and disposal facilities; and any and all other utilities as the welfare of its residents reasonably demand.

(3) Finance local public utilities through the sale of bonds, pledging revenue, general taxation, or otherwise; sell water, electricity, gas, wastewater, or any other service, product, or commodity gathered, provided, produced, or manufactured by the city from the public utilities systems and facilities owned or operated by the city to any consumer within or without the limits of the city; and locate utility plants, distribution facilities, or any appurtenances either within or without Alachua County.

(4) Enter into agreements with other municipalities either within or without Alachua County, or with governmental units or private utility companies, for selling or buying utility services or other municipal services of any kind, wherever located; sell any surplus of water or electric energy it may have over and above the amount required to supply its own inhabitants and any other services to persons, firms, and corporations, public or private, on such terms and conditions as the

commission considers appropriate; exercise all powers and authority of the city to acquire by purchase, gift, lease, lease-purchase, or otherwise, real or personal property; and exercise the power of eminent domain within Alachua County, and exercise the power of eminent domain anywhere outside the county where permitted by general law.

(5) Make reasonable rules and regulations for promoting the purity of its water supply and for protecting it from pollution, and for this purpose may exercise full police powers and sanitary control over all lands comprised within the limits of the watershed tributary to any such supply wherever such lands may be located in this state; impose and enforce any such rules and regulations; and prevent, by injunction, any pollution or threatened pollution of such water supply and any act likely to impair the purity of the water.

(6) Acquire, build, construct, erect, extend, enlarge, improve, furnish, equip, and operate as a separate bulk power supply utility or system, electric generating plants, transmission lines, interconnections, and substations for generating, transmitting, distributing, and exchanging electric power and energy both within and without the limits of the city, including specifically all powers and immunities granted by chapter 75-375, Laws of Florida.

(7) Fix the maximum rate and establish, impose, and enforce, by ordinance, the rates to be charged for gas, electric, wastewater, and all other public utilities or other services or conveniences whether operated, rendered, furnished, or owned by the city or by any person, firm, or corporation.

(8) Require that all electric wires and all telephone and telegraph wires be placed in underground conduits; prescribe rules and regulations for constructing and using the conduits; enforce compliance with such rules and regulations; and, if the public utilities company fails or refuses to comply with such rules and regulations, construct such conduits and place the wires underground and maintain a lien against the franchises and property of such company.

(9) Compel the abatement and removal of all nuisances within the city limits, or upon property owned by the city beyond its limits, at the expense of the person causing the nuisance or of the owner or occupant of the ground or premises where the nuisance is found; require all lands, lots, and other premises to be kept clean, sanitary, and free from weeds or make them so at the expense of the owner or occupant; regulate or prevent noisome or offensive businesses; regulate or prohibit the keeping of animals, poultry, or other fowl, or the exercise of any dangerous or unwholesome business, trade, or employment within the city limits; and regulate the transportation of all articles through the streets of the city.

(10) Provide and maintain, either within or without the city limits, charitable, recreative, curative, corrective, detention, or penal institutions.

(11) Provide and regulate hospitals within and without the city limits; enforce the removal of persons afflicted with contagious or infectious diseases to hospitals provided for them; establish and maintain a quarantine ground within or without the city limits and such quarantine regulations against infectious and contagious diseases as the city sees fit to impose; and protect the health of the public.

(12) Acquire by purchase, gift, devise, condemnation, or otherwise, lands, either within or without the city limits, to be used, kept, and improved as a place of interment of the dead; make and enforce all necessary rules and regulations for

the protection and use of all cemeteries within the city limits; and generally regulate the burial of the dead.

(13) Provide fire protection and other governmental services within and without the city limits and enter into contracts for such purposes.

(14) License, tax, cause to be registered, control the drivers of, and fix the rate to be charged for the transportation of persons and property within the city limits and to the public works beyond the city limits; provide for parking spaces on the streets and regulate, vacate, or discontinue the right to use the parking spaces; and require bonds and sureties to be furnished for all vehicles operated for hire upon the streets of the city whether such operation is wholly within the city limits or between the city and places outside the city.

(15) Exercise full police powers over the entire width of right-of-ways of all streets and public ways which lie within, adjacent to, or partially within the city limits.

(16) Issue any bonds which municipalities are authorized to issue under the State Constitution or laws of the state, subject to the provisions of this act. For purposes of this subsection, the term "bonds" means ad valorem bonds, revenue bonds and certificates, certificates of indebtedness, special assessment bonds and certificates, tax anticipation notes, bond anticipation notes, revenue anticipation notes, and other evidences of indebtedness. The term "revenue bonds" means bonds payable solely from the revenues derived from sources of revenue other than ad valorem taxes. The term "ad valorem bonds" means bonds and the interest thereon which are payable from the proceeds of ad valorem taxes levied on real and personal property situated within the city limits. Ad valorem bonds may be used in combination with other revenue sources.

(17) Exercise the power of eminent domain to acquire property located within Alachua County, and exercise the power of eminent domain outside the county where permitted by general law, for the purpose of locating electrical generating, transmission, or distribution facilities; sanitary sewerage or other waste collection, treatment, or disposal facilities; water production, treatment, transmission, and distribution facilities; and for use by the city in the performance of any of its duties, rights, and authority.

(18) Levy ad valorem taxes in accordance with the State Constitution and laws of the state and to levy other taxes authorized by general law.

(19) Enact ordinances relating to the repair, closing, demolition and removal of dwellings unfit for human habitation, including specifically all powers and immunities granted by chapter 63-1359, Laws of Florida.

(20) Adopt urban renewal and community development ordinances.

(21) Provide, own, and operate a public transportation system within and without the city limits and on the campuses of the University of Florida and Santa Fe Community College, unless otherwise provided by those institutions, and provide for an adequate public transportation system by contract with other agencies, either public or private, on such terms and conditions as the city commission determines, and including specifically all powers and immunities granted by chapter 67-1413, Laws of Florida.

ARTICLE II  
CITY COMMISSION

2.01 Composition.—The legislative power of the city is vested in a city commission of five members. Three members shall be elected by the qualified voters of each of three districts and two members shall be elected by the qualified voters of the city at large.

2.02 Districts.—For the purpose of electing three members of the commission, the commission shall, by ordinance, apportion the city into three consecutively numbered districts and shall adjust the boundary lines of the districts by subsequently enacted ordinances whenever, in its judgment, the districts are not ratably or equally proportioned in accordance with the State Constitution and the Constitution of the United States, but not less frequently than within the second year following each decennial census.

2.03 Eligibility.—Each candidate for a district seat must be a qualified voter who is a resident of the district from which the person seeks to be elected for a period of not less than 6 months prior to the date the person qualifies to run for office. Each commissioner elected from a district shall continuously reside in the district during the commissioner's term of office, except that any commissioner who is removed from a district by redistricting may continue to serve during the remainder of the commissioner's term of office. Each candidate for an at-large seat must be a qualified voter of the city for at least 6 months prior to the date the person qualifies to run for office. Each at-large commissioner shall continuously reside within the city during the commissioner's term of office. Candidates for the commission shall, at the time of qualifying, designate the district seats or at-large seats for which they intend to run. A commissioner may not serve on the commission for more than two consecutive 3-year terms.

2.04 Election and terms.—

(1) Candidates for election to the commission shall qualify in the manner prescribed by ordinance. Each commissioner shall be elected for a term of 3 years. The regular municipal election shall be held on the date as prescribed by ordinance. Upon the occurrence of a vacancy on the commission, a special election may be held to fill the vacancy for the remainder of the unexpired term as may be prescribed by ordinance.

(2) The district candidate receiving a majority of the votes cast in a particular district shall be elected. The at-large candidate receiving a majority of the votes cast within the city at large shall be elected. If a candidate does not receive a majority of the votes cast in a district or in the city at large, as applicable, a runoff election shall be held between the two candidates in such district or the city at large, as applicable, receiving the highest number of votes cast. In the case of a tie, the candidates shall be selected for the runoff election in the same manner as provided for other offices by general law. The candidate receiving more votes in the runoff election shall be elected.

(3) The terms of office of commissioners shall be staggered so that the terms of office of all commissioners do not expire the same year. Commissioners hold office from 12 o'clock noon of the Thursday following the first Tuesday in May of the year in which they are elected until their successors in office are elected and qualified or until recalled as provided by law. If a runoff election is necessary, com-

missioners hold office from 12 o'clock noon of the Thursday following the third Tuesday in May of the year in which they are elected.

(4) Vacancies in office shall be filled in one of the following ways:

(a) If less than 6 months remain in the unexpired term or until the next regular election, the commission by a majority vote of the remaining members shall choose and appoint a successor, who is otherwise eligible under section 2.03 of this act, to serve until a newly elected commissioner is qualified.

(b) If more than 6 months remain in the unexpired term and a general election is not scheduled within 6 months, the commission shall fill the vacancy by a special election to be held not more than 60 days after the occurrence of the vacancy.

2.05 Recall of commissioners.—Commissioners are subject to recall as provided by law.

2.06 Commission as judge of qualifications of members; election of chairman; rules of procedure; punishment of members for misconduct; and quorum.—The commission shall be the judge of the qualifications of its own members, subject to review by the courts, and shall elect one member as the mayor-commissioner and one member as the mayor-commissioner pro tempore. The commission may determine its own rules of procedure and may punish its own members for misconduct. A majority of all the members of the commission constitutes a quorum to do business but a smaller number may adjourn.

2.07 Commission actions; majority vote necessary for adoption of ordinances and resolutions.—The commission shall act by motion, proclamation, resolution, or ordinance. Unless otherwise provided in this act or by law, a motion or a proclamation is adopted when approved by the votes of a majority of the members present, and an ordinance or resolution is adopted when approved by the votes of three or more commissioners.

2.08 Mayor-commissioner.—The mayor-commissioner shall be the presiding officer of the commission and shall exercise such powers conferred and implied by, and perform all duties imposed by, this act, the ordinances of the city, and the laws of the state. The mayor-commissioner shall be the official head of the city for receipt of service of legal processes, the purposes of military law, and all ceremonial purposes. The mayor-commissioner pro tempore shall perform the functions and duties of the office of mayor-commissioner in the absence of the mayor-commissioner.

2.09 Commissioner forfeiture of office and interest in contracts.—Any commissioner who ceases to possess any of the qualifications required by this act shall forfeit the office of commissioner. Any contract of the city in which any commissioner has or may have a conflict of interest is voidable by the commission.

2.10 Interference with charter officers.—Neither the commission nor any commissioner may dictate the appointment of any person to office or employment by the charter officers nor in any manner interfere with the independence of charter officers in the performance of their duties. Except for the purpose of an inquiry, the commission and its members must deal with employees of the city solely through their respective charter officers, and neither the commission nor any commissioner may give orders to any subordinates of the charter officers either publicly or privately. Any commissioner who violates this section is guilty of a misde-

meanor of the second degree, punishable as provided in section 775.082 or section 775.083, Florida Statutes.

2.11 Oaths of office.—Before taking office for any term each commissioner shall swear or affirm:

"I do solemnly swear (or affirm) that I will support, honor, protect, and defend the Constitution and Government of the United States and of the State of Florida; that I am duly qualified to hold office under the Constitution of the State and under the charter of the City of Gainesville; and that I will well and faithfully perform the duties of (title of office) on which I am now about to enter."

### ARTICLE III ADMINISTRATION

3.01 Charter officers.—The charter officers provided for in this article are vested with authority to administer the assigned duties of their offices including the employment and removal of all subordinate employees of their offices. They must make all appointments based on merit and fitness alone and, except as otherwise provided in this act, may remove nonprobationary personnel only for cause, obsolescence of position, budgetary restriction, or for other legitimate reasons. The charter officers may purchase and contract for supplies, materials, equipment, and services required to perform their assigned duties under procedures and limitations prescribed by the commission.

3.02 City manager.—

(1) APPOINTMENT; ADMINISTRATIVE HEAD OF MUNICIPAL GOVERNMENT; QUALIFICATIONS; TERMS; BOND.—The commission shall appoint a city manager who shall be the administrative head of the municipal government. The city manager is responsible for the efficient administration of all the departments except for those under the control of other charter officers. The city manager shall be appointed without regard to political beliefs, hold office at the will of the commission, and receive no salary for any portion of a salary period extending beyond termination of office. The city manager shall give bond for the faithful performance of this duty in such sum as the commission requires to protect the finances of the city.

POWERS AND DUTIES GENERALLY.—The city manager:

- (a) Shall see that the laws and ordinances are enforced.
- (b) Shall propose ordinances to designate the job titles of subordinates who are directors of departments.
- (c) Shall appoint and, except as otherwise provided in this act, may remove any director of a department at will.
- (d) May remove any nonprobationary subordinate officer or employee in a department for cause, obsolescence of position, or to satisfy budgetary restrictions.
- (e) Shall administer all departments and divisions created by the commission, except as otherwise provided in this act.
- (f) Shall attend all meetings of the commission, except as excused, with the right to take part in the discussion, but having no vote.

(g) Shall recommend to the commission all measures necessary and expedient for the proper governance and management of the city.

(h) Shall keep the commission fully advised as to the management, governance, and needs of the city.

(i) Is the purchasing agent for the city subject to rules adopted by the commission. However, the power of purchase and sale granted to the city manager does not include the power to dispose of any public utility owned by the city.

(j) Shall recommend an annual budget to the commission.

(k) Shall perform all other duties prescribed by law, this act, ordinance, or direction of the commission.

3.03 City attorney.—The city attorney must be admitted to the practice of law in the state, and shall be the legal advisor to and attorney for the city. The city attorney shall serve at the will of the commission. The city attorney shall prosecute and defend all suits, complaints, and controversies for and on behalf of the city, unless otherwise directed by the commission, and shall review all contracts, bonds, and other instruments in writing in which the city is to be a party, and shall endorse on each approval as to form and legality.

3.04 Clerk of the commission.—The commission may employ a clerk of the commission who shall keep records and perform such other duties as are prescribed by this act or the commission. The clerk of the commission shall serve at the will of the commission.

3.05 City internal auditor.—

(1) The commission may appoint a city internal auditor who shall serve at the will of the commission. The city internal auditor shall:

- (a) Perform financial and compliance audits.
- (b) Assist the commission in all its accountability functions.
- (c) Perform all other duties assigned by the commission.

(2) All financial and compliance audits and other reports of the city internal auditor shall be filed in the office of the clerk of the commission.

3.06 GENERAL MANAGER FOR UTILITIES.

(1) Appointment; administrative head of municipal utilities; qualifications; terms.

The commission shall appoint a general manager for utilities ("general manager") who shall be responsible to the commission. The general manager shall be responsible for the efficient administration of the Utility System. The general manager for utilities shall serve at the will of the commission.

(2) Powers and duties generally.

The general manager:

- (a) Shall be responsible for and have exclusive management jurisdiction and control over operating and financial affairs of the Utility System including, but not limited to, the planning, development, production, purchase, sale, exchange, interchange, transmission and distribution of all electricity; the planning, development,

purchase, sale, exchange, interchange, transmission and distribution of all natural gas; the planning, development, supply, treatment, transmission, distribution and sale of all potable water; and the planning, development, collection, treatment, disposal and billing of all wastewater now or hereafter provided by the City;

(b) Shall submit to the commission for its consideration a yearly budget for the operation of the Utility System;

(c) Shall be the purchasing agent for all equipment, materials, supplies and services necessary for operating and maintaining the Utility System subject to policies promulgated by the commission;

(d) Shall propose ordinances to designate the job titles of subordinates that are to be considered directors of department;

(e) Shall appoint and, except as otherwise provided in this charter, remove all directors of departments at will;

(f) Shall recommend to the commission all measures necessary and expedient for the proper governance and management of the Utility System;

(g) Shall keep the commission fully advised as to the management, governance and needs of the Utility System;

(h) Shall perform all other duties prescribed by law, this charter, ordinance, or direction of the commission.

3.07 Audits and examinations of administrative departments.—In the absence of state law requiring the city to conduct an annual financial audit, the commission shall adopt an ordinance requiring an annual financial audit of the accounts and records of the city to be completed by an independent certified public accountant within 12 months after the end of each fiscal year.

#### ARTICLE IV

##### BOARDS AND COMMITTEES

4.01 Boards and committees.—The commission may create advisory boards and committees as it deems necessary. The members of all boards and committees shall serve without compensation, shall consult with and advise the commission and various departments, and shall perform all duties and powers prescribed by ordinance or resolution.

##### 4.02 City plan board.—

(1) The commission shall create one or more city plan boards which shall:

(a) Plan for the proper development and growth of the city.

(b) Prepare comprehensive plans or elements or portions of plans to guide future development and growth.

(c) Make recommendations pertaining to comprehensive plans or elements or portions of plans.

(d) Monitor and oversee the effectiveness and status of the comprehensive plan, and recommend changes in the comprehensive plan as are from time to time required.

(e) Review proposed land development regulations and land development codes, or amendments thereto, and make recommendations as to the consistency of each proposal with the adopted comprehensive plan or element or portion of the plan.

(f) Perform all other functions, duties, and responsibilities assigned to it by the commission.

(2) Each board shall issue reports and hold public hearings as required by law. The commission may not take final action on any matter pending before a board until the board has completed its report in accordance with law.

(3) The commission may not declare itself as the city plan board with responsibility under this section.

##### 4.03 Building and land development regulatory boards.—

(1) CREATION AND COMPOSITION.—The commission may, by ordinance, create one or more building and land development regulatory boards. Each member of a building and land development regulatory board shall be appointed by the commission and may not be an official or an employee of the city. The commission may designate a city plan board to serve as a building and land development regulatory board.

(2) POWERS AND DUTIES.—A building and land development regulatory board may:

(a) Hear and decide appeals alleging an error in any order, requirement, decision, or determination made by an administrative official of a department in the enforcement of any building or land development regulation.

(b) Hear and decide any special exception under the jurisdiction of the board as prescribed by a building or land development regulation.

1. The board may not grant a special exception unless it finds that the grant is in harmony with the purpose and intent of any building or land development regulation and will not adversely affect the public interest.

2. The board may qualify any special exception with appropriate conditions and safeguards.

3. The board may prescribe a reasonable time limit within which the action for which the special exception is required must be begun or completed, or both, after which the special exception automatically expires if the time limit has not been strictly satisfied.

(c) Grant variances to a regulation that are not contrary to the public interest when, owing to special conditions, a literal enforcement of the regulation would result in unnecessary and undue hardship. The board may prescribe appropriate conditions and safeguards in conformity with any building or land development regulation. The board may prescribe a reasonable time limit within which the action for which the variance is required must be begun or completed, or both, after which the variance automatically expires if the time limit has not been strictly satisfied. A variance to a building or land development regulation may not be granted unless the board first finds:



1. That special conditions and circumstances exist which are peculiar to the land, structure, or building involved and which are not applicable to other lands, structures, or buildings similarly situated;
  2. That the special conditions and circumstances do not result from the actions of the applicant;
  3. That the requested variance will not confer on the applicant any special privilege that is denied by the regulation to other lands, buildings, or structures in the same land use category;
  4. That literal interpretation of the regulation would deprive the applicant of rights commonly enjoyed by other properties in the same land use or zoning category under the terms of the regulation and would work unnecessary and undue hardship on the applicant;
  5. That the variance granted is the minimum variance required to make possible reasonable use of the land, building, or structure; and
  6. That the variance is in harmony with the general intent and purpose of the regulation and that such variance will not be injurious to the abutting lands or to the area involved or otherwise detrimental to the public welfare.
- (3) The commission may grant, by ordinance, any additional powers and duties to a building and land development regulatory board in accordance with applicable law.

(4) The board may not grant any variance, special exception, or appeal which is not consistent with either the comprehensive plan or element or portion of the plan, or with the building or land development regulations, except as permitted under paragraph (2)(c).

(5) A violation of conditions and safeguards prescribed under the terms of a granted variance or special exception constitutes a violation of the building or land development regulations.

## ARTICLE V

### SPECIAL PROVISIONS

Charter amendments.—This act may be amended pursuant to this section or otherwise provided by general law.

(1) **PETITION.**—An amendment may be proposed by a petition signed by 10 percent of the registered voters of the city, or by an ordinance adopted by a four-fifths vote of the membership of the commission. The commission shall place the proposed amendment to a vote of the electors at the next general election or at a special election called for that purpose.

(2) **NOTICE.**—The full proposed amendment must be published once each week for 4 consecutive weeks prior to the election in a newspaper of general circulation published in the city.

(3) **EFFECT OF ELECTION.**—A proposed amendment receiving an affirmative vote of a majority of the votes cast shall be effective as an amendment to this act not later than the 90th calendar day after the day on which the vote was taken unless otherwise provided in the proposed amendment.

5.02 **Issuance of ad valorem bonds generally.**—The city, in its corporate capacity, may issue ad valorem bonds of the city becoming due at such times and upon such conditions as are prescribed by ordinance. The proceeds from the sales of ad valorem bonds shall be used for such municipal purposes as may be provided by ordinance, and for the payment of ad valorem bonds and the interest thereon. The full faith and credit of the city, the ad valorem taxing power of the city, and the revenues obtained from the public utilities owned by the city may be pledged by ordinance, if, before the ad valorem bonds are issued, the amount and purposes of the proposed issue has been approved by a majority vote of the electors of the city voting on the question. The rate of interest shall be determined at the time of sale of the bonds. The commission may, by ordinance, prescribe provisions not inconsistent with this act for the control and direction of the expenditures of ad valorem bond moneys, and for the control and management of public utilities acquired by the city. The commission may levy ad valorem taxes upon real and tangible personal property within the city limits to raise funds to pay the principal and interest of the general obligation and ad valorem bonded indebtedness of the city and to provide a sinking fund for the payment of these ad valorem bonds.

5.03 **Retirement and pension plan for city employees.**—The commission shall, by ordinance approved by at least four-fifths of the members of the commission, adopt and implement a retirement and pension plan for the benefits of the employees of the city and shall make appropriations necessary for the plan.

5.04 **Disposal of utilities.**—The commission may not, in any manner, dispose of or agree to dispose of the city's electrical or water production or distribution facilities or any part thereof so as to materially reduce the capacity of the city to produce or distribute electrical energy or water, unless the commission does so by ordinance with the prior approval of a majority vote of the qualified electors of the city voting at an election for the purpose of approving the ordinance.

5.05 **Fresh pursuit and arrest by municipal officers.**—Any police officer of the city may make fresh pursuit of any person from within the city to any point in Alachua County and there arrest the person, if the pursued person has violated a municipal ordinance of the city or committed a misdemeanor within the city in the presence of a police officer, or if the police officer has reasonable grounds to believe that the pursued person has committed or is committing a felony.

## ARTICLE VI

### TRANSITION SCHEDULE

6.01 **Former charter provisions.**—All provisions of the charter of the City of Gainesville in effect immediately prior to the effective date of this act which are not contained in and are not inconsistent with this act are ordinances of the city subject to modification or repeal in the same manner as other ordinances of the city.

6.02 **Ordinances and resolutions preserved.**—All ordinances and resolutions in effect immediately prior to the effective date of this act shall remain in full force and effect to the extent not inconsistent or in conflict with this act until repealed or changed in the manner provided by law.

6.03 **Rights of officers and employees.**—Nothing in this act except as otherwise specifically provided in this act shall affect or impair the rights or privileges of per-

sons who were city officers or employees immediately prior to the effective date of this act.

6.04 Pending matters.—All rights, claims, actions, orders, and legal or administrative proceedings involving the city immediately prior to the effective date of this act shall continue, except as modified pursuant to the provisions of this act.

Section 2. City commissioners in office prior to the effective date of this act shall remain in office until the expiration of their terms.

Section 3. This act shall take effect July 1, 1990, or upon becoming a law, whichever occurs later.

Became a law without the Governor's approval June 22, 1990.

Filed in Office Secretary of State June 22, 1990.

## CHAPTER 90-395

### Senate Bill No. 1986

An act relating to the Pinellas County Sheriff's Civil Service System; amending ss. 5(2) and 8, ch. 89-404, Laws of Florida; decreasing the maximum period of suspension without pay for certain members of the sheriff's executive staff; providing for hearings on appeals; providing for contracting with the Division of Administrative Hearings for the conduct of appeal hearings; renumbering paragraphs and conforming cross-references; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (2) of section 5 of chapter 89-404, Laws of Florida, is amended to read:

Section 5. Effect of election or appointment of new Sheriff on status of personnel.—

(2) When a newly elected or appointed Sheriff assumes office, persons then serving as members of the Sheriff's Executive Staff who, previous to their appointment to the Executive Staff, had attained permanent status in the Classified Service, shall not be suspended without pay for more than 15 working day days or dismissed unless cause as provided herein exists. However, such personnel may be demoted to the highest rank achieved in the Classified Service without cause and without any right to appeal.

Section 2. Section 8 of chapter 89-404, Laws of Florida, is amended to read:

Section 8. Duties and authority of the Civil Service Board.—

(1) The Civil Service Board shall have the following authority and duties:

(a) To adopt and amend reasonable rules and regulations for its hearing procedures.

The Combined Utility Funds of the City of Gainesville, Florida  
Report on Audit of Financial Statements and Supplementary Data  
September 30, 1994 and 1993

## Independent Auditors' Report

The Honorable Mayor and Members of the City Commission  
City of Gainesville:

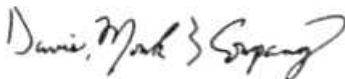
We have audited the accompanying balance sheets of Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) as of September 30, 1994 and 1993, and the related statements of revenue and expense and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 1994 and 1993 financial statements referred to above present fairly, in all material respects, the financial position of Gainesville Regional Utilities as of September 30, 1994 and 1993, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Gainesville Regional Utilities taken as a whole. The supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information included in the accompanying schedules as of September 30, 1992, 1991 and 1990 has been subjected to the auditing procedures applied by other auditors whose report thereon, dated December 3, 1992, expressed an unqualified opinion on that supplementary information in relation to the basic financial statements taken as a whole.

As more fully described in Note 1 to the financial statements, in 1994, Gainesville Regional Utilities changed its methods of accounting for the amortization of contributions in aid of construction and transfers to the City of Gainesville general fund.



Davis, Monk & Company  
Gainesville, Florida



KPMG Peat Marwick LLP  
St. Petersburg, Florida

December 16, 1994

## Liabilities and Fund Equity

	<u>1994</u>	<u>1993</u>
<b>Long-term debt and fund equity:</b>		
<b>Long-term debt:</b>		
Utilities system revenue bonds .....	\$ 360,605,000	385,935,000
Utilities system commercial paper notes .....	<u>66,265,000</u>	<u>67,761,000</u>
	426,870,000	453,696,000
Less unamortized bond discount .....	<u>(6,936,733)</u>	<u>(7,308,104)</u>
<b>Total long-term debt .....</b>	<b><u>419,933,267</u></b>	<b><u>446,387,896</u></b>
<b>Fund equity:</b>		
Contributions in aid of construction .....	82,015,651	77,396,382
Retained earnings .....	<u>189,276,738</u>	<u>180,691,699</u>
<b>Total fund equity .....</b>	<b><u>271,292,389</u></b>	<b><u>258,088,081</u></b>
<b>Total long-term debt and fund equity .....</b>	<b><u>691,225,656</u></b>	<b><u>704,475,977</u></b>
<b>Current liabilities:</b>		
Fuel payable .....	1,870,575	3,190,202
Accounts payable and accrued liabilities .....	4,776,900	2,731,690
Due to other funds .....	<u>1,578,698</u>	<u>1,420,873</u>
<b>Total current liabilities .....</b>	<b><u>8,226,173</u></b>	<b><u>7,342,765</u></b>
<b>Payable from restricted assets:</b>		
Utility deposits .....	3,793,648	3,925,474
Long-term debt payable-current .....	25,330,000	14,900,000
Accrued interest payable .....	11,175,626	11,000,803
<b>Construction fund:</b>		
Accounts payable and accrued liabilities .....	<u>1,671,041</u>	<u>7,072,769</u>
<b>Total payable from restricted funds .....</b>	<b><u>41,970,315</u></b>	<b><u>36,899,046</u></b>
<b>Other liabilities and deferred credits .....</b>	<b><u>9,858,346</u></b>	<b><u>9,816,842</u></b>
<b>Total liabilities and fund equity .....</b>	<b><u>\$ 751,280,490</u></b>	<b><u>758,534,630</u></b>

GAINESVILLE REGIONAL UTILITIES  
**Statements of Cash Flows**  
 Years ended September 30, 1994 and 1993

	<u>1994</u>	<u>1993</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers .....	\$ 150,257,154	150,892,009
Cash payments to suppliers for goods and services .....	(63,897,160)	(82,286,702)
Cash payments to employees for services .....	(22,181,595)	(21,480,475)
Cash payments for operating transactions with other funds .....	(5,347,298)	(4,888,198)
Other operating receipts .....	<u>1,618,514</u>	<u>1,540,761</u>
<i>Net cash provided by operating activities</i> .....	<u>60,449,615</u>	<u>43,777,395</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to other funds .....	<u>(18,829,266)</u>	<u>(18,427,264)</u>
<i>Net cash used in noncapital financing activities</i> .....	<u>(18,829,266)</u>	<u>(18,427,264)</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal repayments on long-term debt .....	(16,396,000)	(187,782,761)
Proceeds from sale of equipment .....	196,684	656,967
Interest paid on long-term debt .....	(24,476,657)	(39,235,430)
Capital grants .....	68,265	478,719
Acquisition and construction of fixed assets (including allowance for funds used during construction) .....	(41,757,156)	(34,826,497)
Proceeds from issuance of long-term debt .....	-	236,485,000
Cash received for connection charges .....	<u>3,012,527</u>	<u>2,309,985</u>
<i>Net cash used in capital and related financing activities</i> .....	<u>(79,352,337)</u>	<u>(21,914,017)</u>
<b>Cash flows from investing activities:</b>		
Interest .....	5,688,651	8,231,525
Purchase of investments .....	(483,669,087)	(541,996,971)
Proceeds from investment maturities .....	<u>515,001,999</u>	<u>527,715,863</u>
<i>Net cash provided by (used in) investing activities</i> .....	<u>37,021,563</u>	<u>(6,049,583)</u>
<b>Net decrease in cash and cash equivalents</b> .....	(710,425)	(2,613,469)
<b>Cash and cash equivalents, beginning of year</b> .....	<u>7,115,331</u>	<u>9,728,800</u>
<b>Cash and cash equivalents, end of year</b> .....	<u>\$ 6,404,906</u>	<u>7,115,331</u>

(Continued)

**The Combined Utility Funds of the City of Gainesville, Florida**  
**Report on Audit of Financial Statements and Supplementary Data**  
September 30, 1994 and 1993

## Independent Auditors' Report

The Honorable Mayor and Members of the City Commission  
City of Gainesville:

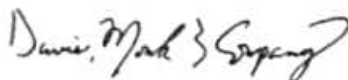
We have audited the accompanying balance sheets of Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) as of September 30, 1994 and 1993, and the related statements of revenue and expense and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 1994 and 1993 financial statements referred to above present fairly, in all material respects, the financial position of Gainesville Regional Utilities as of September 30, 1994 and 1993, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Gainesville Regional Utilities taken as a whole. The supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information included in the accompanying schedules as of September 30, 1992, 1991 and 1990 has been subjected to the auditing procedures applied by other auditors whose report thereon, dated December 3, 1992, expressed an unqualified opinion on that supplementary information in relation to the basic financial statements taken as a whole.

As more fully described in Note 1 to the financial statements, in 1994, Gainesville Regional Utilities changed its methods of accounting for the amortization of contributions in aid of construction and transfers to the City of Gainesville general fund.



Davis, Monk & Company  
Gainesville, Florida



KPMG Peat Marwick LLP  
St. Petersburg, Florida

December 16, 1994

## Balance Sheets

September 30, 1994 and 1993

## Assets

	<u>1994</u>	<u>1993</u>
<b>Utility plant:</b>		
Utility plant in service .....	\$ 666,044,962	631,297,096
Construction in progress .....	41,717,260	36,122,038
	<u>707,762,222</u>	<u>667,419,134</u>
Less accumulated depreciation and amortization .....	(221,887,885)	(208,408,304)
<b>Net utility plant</b> .....	<u>485,874,337</u>	<u>459,010,830</u>
<b>Current assets:</b>		
Cash and short-term investments .....	14,609,960	8,624,903
Accounts receivable, net of allowance for uncollectible accounts of \$597,000 in 1994 and \$832,800 in 1993 .....	20,427,090	21,309,236
Prepaid expenses .....	-	28,906
<b>Inventories:</b>		
Fuel .....	5,890,406	5,427,102
Materials and supplies .....	5,972,797	5,243,989
<b>Total current assets</b> .....	<u>46,900,253</u>	<u>40,634,136</u>
<b>Restricted assets — Cash and investments:</b>		
Utility deposits .....	3,664,041	3,771,766
Debt service fund .....	59,997,732	58,218,667
Rate stabilization fund .....	31,190,254	23,920,746
Construction fund .....	57,324,696	101,865,680
Utility plant improvement fund .....	58,304	121,619
Decommissioning reserve .....	1,875,725	1,615,876
<b>Total restricted assets</b> .....	<u>154,110,752</u>	<u>189,514,354</u>
<b>Deferred charges</b> .....	<u>64,395,148</u>	<u>69,375,310</u>
<b>Total assets</b> .....	<u>\$ 751,280,490</u>	<u>758,534,630</u>

See accompanying notes to financial statements.

## Liabilities and Fund Equity

	<u>1994</u>	<u>1993</u>
<b>Long-term debt and fund equity:</b>		
<b>Long-term debt:</b>		
Utilities system revenue bonds .....	\$ 360,605,000	385,935,000
Utilities system commercial paper notes .....	<u>66,265,000</u>	<u>67,761,000</u>
	426,870,000	453,696,000
Less unamortized bond discount .....	<u>(6,936,733)</u>	<u>(7,308,104)</u>
<b>Total long-term debt</b> .....	<u>419,933,267</u>	<u>446,387,896</u>
<b>Fund equity:</b>		
Contributions in aid of construction .....	82,015,651	77,396,382
Retained earnings .....	<u>189,276,738</u>	<u>180,691,699</u>
<b>Total fund equity</b> .....	<u>271,292,389</u>	<u>258,088,081</u>
<b>Total long-term debt and fund equity</b> .....	<u>691,225,656</u>	<u>704,475,977</u>
<b>Current liabilities:</b>		
Fuel payable .....	1,870,575	3,190,202
Accounts payable and accrued liabilities .....	4,776,900	2,731,690
Due to other funds .....	<u>1,578,698</u>	<u>1,420,873</u>
<b>Total current liabilities</b> .....	<u>8,226,173</u>	<u>7,342,765</u>
<b>Payable from restricted assets:</b>		
Utility deposits .....	3,793,648	3,925,474
Long-term debt payable-current .....	25,330,000	14,900,000
Accrued interest payable .....	11,175,626	11,000,803
<b>Construction fund:</b>		
Accounts payable and accrued liabilities .....	<u>1,671,041</u>	<u>7,072,769</u>
<b>Total payable from restricted funds</b> .....	<u>41,970,315</u>	<u>36,899,046</u>
<b>Other liabilities and deferred credits</b> .....	<u>9,858,346</u>	<u>9,816,842</u>
<b>Total liabilities and fund equity</b> .....	<u>\$ 751,280,490</u>	<u>758,534,630</u>



**Statements of Revenue and Expense and Retained Earnings**  
 Years ended September 30, 1994 and 1993

	1994	1993
<b>Operating revenue:</b>		
Sales and service charges .....	\$ 149,506,834	150,200,896
Other operating revenue .....	<u>1,618,513</u>	<u>1,540,761</u>
Total operating revenue .....	<u>151,125,347</u>	<u>151,741,657</u>
<b>Operating expenses:</b>		
Operation and maintenance .....	72,137,367	73,570,701
Administrative and general .....	17,136,503	17,236,413
Depreciation and amortization .....	<u>17,955,407</u>	<u>18,118,153</u>
Total operating expenses .....	<u>107,229,277</u>	<u>108,925,267</u>
<b>Operating income</b> .....	<u>43,896,070</u>	<u>42,816,390</u>
<b>Non-operating income (expense):</b>		
Interest income .....	8,541,086	14,021,952
Interest expense .....	<u>(25,022,851)</u>	<u>(34,558,242)</u>
Total non-operating expense .....	<u>(16,481,765)</u>	<u>(20,536,290)</u>
<b>Net income</b> .....	27,414,305	22,280,100
Retained earnings, beginning of year .....	180,691,699	176,838,863
Operating transfer to City of Gainesville general fund .....	<u>(18,829,266)</u>	<u>(18,427,264)</u>
Retained earnings, end of year .....	<u>\$ 189,276,738</u>	<u>180,691,699</u>

See accompanying notes to financial statements.

GAINESVILLE REGIONAL UTILITIES  
**Statements of Cash Flows**  
 Years ended September 30, 1994 and 1993

	<u>1994</u>	<u>1993</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers .....	\$ 150,257,154	150,892,009
Cash payments to suppliers for goods and services .....	(63,897,160)	(82,286,702)
Cash payments to employees for services .....	(22,181,595)	(21,480,475)
Cash payments for operating transactions with other funds .....	(5,347,298)	(4,888,198)
Other operating receipts .....	1,618,514	1,540,761
<i>Net cash provided by operating activities</i> .....	<u>60,449,615</u>	<u>43,777,395</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to other funds .....	<u>(18,829,266)</u>	<u>(18,427,264)</u>
<i>Net cash used in noncapital financing activities</i> .....	<u>(18,829,266)</u>	<u>(18,427,264)</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal repayments on long-term debt .....	(16,396,000)	(187,782,761)
Proceeds from sale of equipment .....	196,684	656,967
Interest paid on long-term debt .....	(24,476,657)	(39,235,430)
Capital grants .....	68,265	478,719
Acquisition and construction of fixed assets (including allowance for funds used during construction) .....	(41,757,156)	(34,826,497)
Proceeds from issuance of long-term debt .....	-	236,485,000
Cash received for connection charges .....	<u>3,012,527</u>	<u>2,309,985</u>
<i>Net cash used in capital and related financing activities</i> .....	<u>(79,352,337)</u>	<u>(21,914,017)</u>
<b>Cash flows from investing activities:</b>		
Interest .....	5,688,651	8,231,525
Purchase of investments .....	(483,669,087)	(541,996,971)
Proceeds from investment maturities .....	515,001,999	527,715,863
<i>Net cash provided by (used in) investing activities</i> .....	<u>37,021,563</u>	<u>(6,049,583)</u>
<b>Net decrease in cash and cash equivalents</b> .....	(710,425)	(2,613,469)
<b>Cash and cash equivalents, beginning of year</b> .....	<u>7,115,331</u>	<u>9,728,800</u>
<b>Cash and cash equivalents, end of year</b> .....	<u>\$ 6,404,906</u>	<u>7,115,331</u>

(Continued)

GAINESVILLE REGIONAL UTILITIES  
**Statements of Cash Flows**  
 for years ended September 30, 1994 and 1993

	1994	1993
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income .....	\$ 43,896,070	42,816,390
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation and amortization .....	17,955,407	18,118,153
Receivables .....	882,146	84,832
Prepaid expenses .....	28,906	307,741
Inventories .....	(1,192,112)	2,350,837
Deferred charges .....	3,487,840	(30,186,195)
Accounts payable and accrued liabilities .....	(4,676,145)	4,138,024
Due to other funds .....	157,825	(331,914)
Utility deposits .....	(131,826)	606,280
Other liabilities and deferred credits .....	41,504	5,873,247
Net cash provided by operating activities .....	<u>\$ 60,449,615</u>	<u>43,777,395</u>

**Noncash, Investing, Capital and Financing Activities:**

In August 1993, investments of \$77,428,800 par value, (\$75,029,999 book value) were used in combination with cash and new debt to defease \$149,590,000 of 1983 series long-term debt.

Utility plant contributed by developers in aid of construction was \$4,031,360 and \$336,103 in 1994 and 1993, respectively.

**Cash and Cash Equivalents:**

In accordance with the provisions of Paragraph 11, GASB Statement 9, the utility has elected to treat all investments, other than repurchase agreements, as noncash equivalents.

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Gainesville Regional Utilities (GRU) is a combined municipal utility system operating electric, gas, water and wastewater utilities.

(b) Basis of Accounting

GRU consists of the combined Utility Funds of the City of Gainesville, Florida (City). The financial statements are presented on the accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred. In accordance with the Utilities System Revenue Bond Resolution (Bond Resolution), rates are designed to cover 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 effect of these differences are recognized in the determination of net income in the period that they occur in accordance with GRU's accounting policies. GRU has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners. Rates are approved annually by the City Commission.

(c) Investments

Investments are stated at amortized cost. Premium or discount is amortized over the investment's maturity based on the straight-line method which approximates the effective interest method.

(d) Inventories

Inventories are stated at cost using the weighted average unit cost method for materials, and the last-in, first-out (LIFO) method for fuel. Obsolete and unusable items are reduced to estimated salvage values. The cost of fuel used for electric generation is charged to expense as consumed.

(e) Utility Plant

Property and equipment are recorded at cost. Maintenance and repairs are charged to operating expense as incurred. The average cost of depreciable plant retired is eliminated from the plant accounts, and such costs, plus removal costs less salvage, are charged to accumulated depreciation.

(f) Depreciation and Nuclear Generating Plant Decommissioning

Depreciation of utility plant is computed using the straight-line method over estimated service lives ranging from 6 to 50 years. Depreciation was equivalent to 2.81% and 2.83% of average depreciable property for 1994 and 1993, respectively. Depreciation expense includes a provision for decommissioning costs related to the jointly-owned nuclear power plant (see note 4).

(g) Amortization of Nuclear Fuel

The cost of nuclear fuel, including estimated disposal cost, is amortized to fuel expense based on the quantity of heat produced for the generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core. These costs are charged to customers through the fuel adjustment clause.

(h) Revenue Recognition

Revenue is recorded as earned. GRU accrues for services rendered but unbilled which amounted to approximately \$8,103,000 and \$8,057,000 for 1994 and 1993, respectively. Fuel adjustment revenue is recognized based on the actual fuel costs. Amounts charged to customers are based on estimated costs, which are adjusted monthly for any differences between the actual and estimated costs once actual costs are known.

(i) Interfund Transactions

Interfund transactions and contributions are generally made as required. Interfund transactions between the funds and fund balances of electric, gas, water and wastewater are offset for the combined utility funds. Interfund loans do not bear interest. Additionally, there are interfund transactions between GRU and general government operations of the City.

(j) Funds in Accordance With Bond Resolutions

Certain restricted funds of GRU are administered in accordance with bond resolutions. These funds are as follows:

- Debt Service Fund
- Subordinated Indebtedness Fund
- Rate Stabilization Fund
- Construction Fund
- Utility Plant Improvement Fund

The Debt Service Fund accounts for funds accumulated to provide payment of principal and interest on or redeem outstanding debt.

The Subordinated Indebtedness Fund, grouped in the Debt Service Fund for financial reporting purposes, accounts for funds accumulated to pay principal and interest on subordinated indebtedness.

The Rate Stabilization Fund accounts for funds accumulated to stabilize rates over future periods through the transfer of funds to and from Revenue Funds as necessary.

The Construction Fund accounts for funds accumulated for the Cost of Acquisition and Construction of the system.

(Continued)

The Utility Plant Improvement Fund accounts for funds used to pay for certain capital projects or debt service, the purchase or redemption of bonds, or otherwise provide for the payment of bonds.

**(k) Allowance for Funds Used During Construction**

An allowance for interest on borrowed funds used during construction of \$1,243,900 in 1994 and \$964,040 in 1993 is included in construction in progress and as a reduction of interest expense. These amounts are computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rates were approximately 5.5% and 6.3% for 1994 and 1993, respectively.

**(l) Deferred Charges**

Deferred charges represent costs incurred that are to be recovered from future revenue through the rate-making process over a period usually ranging from seven to thirty years.

**(m) Contributions in Aid of Construction**

Utility plant in service for the water and wastewater funds includes assets received from contributions in aid of construction (CIAC). Contributions in aid of construction are amortized on a straight-line method over the life of the related asset. The amount

of amortization expense included in the statement of revenue and expense and retained earnings relating to the contributed assets is credited to depreciation and amortization expense and amounted to \$2,492,886 and \$2,222,554 in 1994 and 1993, respectively.

**(n) Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, and overnight repurchase agreements.

**(o) Change in Accounting**

During 1994, GRU changed its methods of accounting for the amortization of CIAC and the operating transfer to the City general fund. In 1993, the amortization of CIAC was reflected as a component of the change in retained earnings. In 1994, the CIAC amortization is included as a component of depreciation and amortization on the income statement. The operating transfer to the City general fund was a component of net income in 1993 and is now a component of the change in retained earnings. The 1993 financial statements have been restated to reflect these changes.

(Continued)

**(2) Long-Term Debt**

Long-term debt outstanding at September 30, 1994 and 1993 consisted of the following:

	<u>1994</u>	<u>1993</u>
<b>Utilities System Revenue Bonds:</b>		
Series 1983 (1983 Bonds) — interest payable semi-annually to October 1, 2014 at a rate of 6.0% .....	\$ 18,860,000	18,860,000
1987 Series A (1987 Bonds) — interest payable semi-annually to October 1, 2002 at various rates between 6.4% and 6.8% .....	5,085,000	6,585,000
1992 Series A (1992 A Bonds) — interest payable semi-annually to October 1, 2022 at various rates between 5.0% and 6.5% .....	73,000,000	73,000,000
1992 Series B (1992 B Bonds) — interest payable semi-annually to October 1, 2017 at various rates between 6.0% and 7.5% .....	61,920,000	61,920,000
1993 Series A (1993 A Bonds) — interest payable semi-annually to October 1, 2006 at various rates between 4.25% and 5.30% .....	35,180,000	35,180,000
1993 Series B (1993 B Bonds) — interest payable semi-annually to October 1, 2013 at various rates between 4.0% and 5.5% .....	128,795,000	128,795,000
1993 Series C (1993 C Bonds) — interest payable semi-annually to October 1, 1996 at various rates between 4.625% and 5% .....	12,400,000	20,935,000
<b>Subordinated Utilities System Revenue Bonds:</b>		
1993 Series (1993 Subordinated Bonds) — interest payable semi-annually to April 1, 1997 at rates of 4.875% and 5.25% .....	25,365,000	40,660,000
<b>Utilities System Commercial Paper Notes, Series C:</b>		
(C Notes) — interest at various market rates .....	<u>66,265,000</u>	<u>67,761,000</u>
	426,870,000	453,696,000
	(6,936,733)	(7,308,104)
Less unamortized bond discount .....		
<b>Total long-term debt .....</b>	<b>\$ <u>419,933,267</u></b>	<b><u>446,387,896</u></b>

(Continued)

GRU is required to make monthly deposits into separate accounts for an amount equal to the required share of principal and interest becoming payable for the revenue bonds on the payment dates of April 1 and October 1.

In March, 1993, GRU issued \$163,975,000 Utilities System Revenue Bonds, Series A and B. The entire Series B Bonds in the amount of \$128,795,000 were used to pay principal, interest and redemption premium on \$9,650,000 of the then-outstanding 1987 Bonds and all \$100,366,361 of the then-outstanding 1989 Series Subordinated Bonds. This refunding constituted a legal defeasance of that amount of 1987 Bonds and 1989 Subordinated Bonds and resulted in debt service savings of \$6.5 million over the life of the Bonds and Subordinated Bonds and a present value savings of approximately \$5.9 million. A loss on defeasance of approximately \$15.1 million was deferred and is being amortized over the life of the 1987 Bonds and 1989 Subordinated Bonds.

In August, 1993, GRU issued \$20,935,000 Utilities System Revenue Bonds Series 1993 C and \$51,575,000 Subordinated Utilities System Revenue Bonds Series 1993. The proceeds of these series and amounts on hand in the Debt Service Fund were used to legally defease \$149,590,000 of the then-outstanding 1983 Series Bonds. This defeasance resulted in debt service savings of approximately \$31.8 million over the life of the defeased Bonds with a present value savings of \$19.4 million. A loss on defeasance of approximately \$12.3 million was deferred and is being amortized over the life of the 1983 Bonds.

The following table lists the Debt Service requirements on the Long-Term Debt outstanding at September 30, 1994:

Period ending October 1	Utilities System Revenue Bonds	Subordinated Utilities System Revenue Bonds	Total net debt service requirements
1995	\$ 26,131,343	\$ 16,898,503	\$ 43,029,846
1996	28,991,735	17,591,131	46,582,866
1997	26,212,745	8,861,669	35,074,414
1998	26,212,940	-	26,212,940
1999	26,207,360	-	26,207,360
2000	25,755,160	-	25,755,160
2001	26,068,833	-	26,068,833
2002	26,062,173	-	26,062,173
2003	26,069,187	-	26,069,187
2004	25,495,837	-	25,495,837
2005	24,337,776	-	24,337,776
2006	24,329,841	-	24,329,841
2007	28,522,645	-	28,522,645
2008	30,936,400	-	30,936,400
2009	30,941,550	-	30,941,550
2010	30,934,000	-	30,934,000
2011	30,935,025	-	30,935,025
2012	30,930,525	-	30,930,525
2013	30,941,725	-	30,941,725
2014	32,218,225	-	32,218,225
2015	12,227,125	-	12,227,125
2016	12,225,350	-	12,225,350
2017	12,229,450	-	12,229,450
2018	5,781,950	-	5,781,950
2019	5,782,650	-	5,782,650
2020	5,780,475	-	5,780,475
2021	5,784,450	-	5,784,450
2022	5,782,950	-	5,782,950
	<u>\$ 623,829,425</u>	<u>\$ 43,351,303</u>	<u>\$ 667,180,728</u>

(Continued)

Under the terms of the Bond Resolution relating to the sale of the Utilities System Revenue Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU's net revenues (exclusive of any funds which may be established pursuant to the Bond Resolution for decommissioning and certain other specified purposes), including the investments and income, if any, thereof.

The Bond Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenues sufficient to pay operation and maintenance expenses, amounts required for deposit in the debt service funds, and amounts required for deposit into the utility plant improvement fund.

The 1983 Bonds mature on October 1, 2014. Those Bonds are subject to redemption at the option of the City on and after October 1, 1993, as a whole at any time or in part on any interest payment date, at a redemption price of 100% plus accrued interest to the date of redemption.

The 1987 Bonds and the 1993 C Bonds are not subject to redemption at the option of the City.

The 1992 A Bonds mature on various dates from 1996 to 2022. Those Bonds maturing on or after October 1, 2003, amounting to \$63,730,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2003 and 100% thereafter.

The 1992 B Bonds mature at various dates from 2001 to 2017. Those Bonds maturing on or after October 1, 2003 through October 1, 2007, amounting to \$14,310,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2004 and 100% thereafter. The 1992 B Bonds maturing on October 1, 2017, amounting to \$22,335,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 100%.

The 1993 A and B Bonds mature at various dates from 1997 to 2013. Those Bonds maturing on or after October 1, 2004, amounting to \$113,925,000, are subject to redemption at the option of the City on and after October 1, 2003, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2003, 101% in 2004 and 100% thereafter.

The 1993 Subordinated Bonds are not subject to redemption at the option of the City. They are direct and special obligations of the City secured as to the payment of the principal or sinking fund redemption price and interest thereon, in accordance with their terms and the provisions of the

Subordinated Resolution, by the Subordinated Indebtedness Fund, the Subordinated Debt Service Reserve Account and the Subordinated Bond Payment Account which are included in the Debt Service Fund. The 1993 Subordinated Bonds are subordinated in all respects to bonds issued as first lien bonds ("Senior Lien Bonds") under the Bond Resolution.

Utilities System Commercial Paper Notes, Series C Notes in a principal amount not to exceed \$67,000,000 may continue to be issued to refinance maturing Series C Notes. Liquidity support for the Series C Notes is provided under a long-term credit agreement dated as of October 1, 1992 with Bank of America National Trust and Savings Association (Bank of America) and SunBank, National Association with Bank of America as Agent. Each bank's obligation is for \$33,500,000 and is a several but not joint obligation. The obligation of a bank may be substituted by another bank which meets certain credit standards and which is approved by GRU and the Agent. Under the terms of the agreement, GRU may borrow up to \$67,000,000 with same day availability ending on the termination date, as defined in the agreement. Series C Notes of 1,496,000 were redeemed during 1994.

### (3) Deposits and Investments

Deposits are held in an institution insured by the Federal Depository Insurance Corporation and as required by the Bond Resolution in a bank, savings and loan association or trust company of the United States or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$10,000,000.

In accordance with state laws and the Bond Resolution, GRU is authorized to invest in obligations which are unconditionally guaranteed by the United States of America or its agencies or instrumentalities, repurchase agreement obligations unconditionally guaranteed by the United States of America or its agencies, corporate indebtedness, direct and general obligations of any state of the United States of America (provided such obligations are rated by a nationally recognized bond rating agency in either of its two highest rating categories), public housing bonds, and certain certificates of deposit. Investments in corporate indebtedness must be rated in the highest rating category of a nationally recognized rating agency and in one of the two highest rating categories of at least one other nationally recognized rating agency.

Investments are categorized in the following table in accordance with Governmental Accounting Standards Board Statement No. 3. All of GRU's investments fall under category I which includes investments that are insured or registered or held by the Utility or its agent in GRU's name. GRU generally holds its investments to maturity and does not expect to realize any losses from the decline in the market value of the corporate commercial paper at September 30, 1994.

(Continued)



<u>September 30, 1994</u>	<u>Carrying value</u>	<u>Market value</u>
U. S. Government securities	\$ 46,435,896	47,640,592
U. S. Government bonds	19,916,945	21,510,831
Corporate commercial paper	94,629,531	93,238,054
<i>Total</i>	<u>\$ 160,982,372</u>	<u>162,389,477</u>

<u>September 30, 1993</u>	<u>Carrying value</u>	<u>Market value</u>
U. S. Government securities	\$ 106,968,796	112,282,961
U. S. Government bonds	19,933,533	24,975,423
Corporate commercial paper	62,559,258	59,502,093
<i>Total</i>	<u>\$ 189,461,587</u>	<u>196,760,477</u>

Cash and investments are contained in the following balance sheet accounts:

	<u>1994</u>	<u>1993</u>
<b>Restricted assets:</b>		
Utility deposits	\$ 3,664,041	3,771,766
Debt service fund	59,997,732	58,218,667
Rate stabilization fund	31,190,254	23,920,746
Construction fund	57,324,696	101,865,680
Utility plant improvement fund	58,304	121,619
Decommissioning reserve	1,875,725	1,615,876
<b>Current assets:</b>		
Cash and short-term investments	14,609,960	8,624,903
<i>Total cash and investments</i>	168,720,712	198,139,257
Less cash and cash equivalents	6,404,906	7,115,331
Less accrued interest receivable	1,333,434	1,562,339
<i>Total investments</i>	<u>\$ 160,982,372</u>	<u>189,461,587</u>

**(4) Jointly-Owned Electric Plant**

GRU-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in the Crystal River Unit 3 (CR3) nuclear power plant operated by Florida Power Corporation. CR3 operation and maintenance costs, which represent GRU's part of expenses attributable to operation of CR3, are recorded in accordance with the instructions as set forth in the FERC uniform system of accounts. Payments are made to Florida Power Corporation in accordance with the CR3 participation agreement.

GRU, as a part of this participation agreement, is responsible for its share of future decommissioning costs. Decommissioning costs are funded and expensed annually and are recovered through rates charged to customers. The most recent decommissioning cost estimates provided by Florida Power Corporation in November 1994, estimated GRU's share of total future decommissioning costs to be \$3.3 million in 1993 dollars. Florida Power Corporation has informed GRU that an updated study will be completed and filed with the Florida Public Service Commission by December 31, 1994. GRU does not expect the new study to result in a significant increase in its annual nuclear decommissioning costs and expects that any increase in nuclear decommissioning costs will be recovered through future rates.

**(5) Contributions in Aid of Construction**

Contributions in aid of construction are as follows:

	<u>1994</u>	<u>1993</u>
Contributions in aid of construction:		
Utility plant, property and equipment contributed by municipality	\$ 3,982,276	3,982,276
Federal and state grants in aid of construction	22,663,741	22,602,227
Contributions from customers and developers:		
Plant contributed by developers	40,564,306	36,532,946
Connection charges	43,808,871	40,789,592
	111,019,194	103,907,041
Accumulated amortization	(29,003,543)	(26,510,659)
Contributions in aid of construction	<u>\$ 82,015,651</u>	<u>77,396,382</u>

(Continued)

**(6) Retained Earnings**

Retained earnings reserved for debt service and unappropriated are as follows:

	<u>1994</u>	<u>1993</u>
Reserved for debt service	\$ 38,787,106	43,232,864
Unappropriated	150,489,632	137,458,835
<b>Total retained earnings</b>	<b>\$ 189,276,738</b>	<b>180,691,699</b>

Retained earnings balances at September 30, 1994 and 1993 reserved in debt service fund accounts are as follows:

	<u>1994</u>	<u>1993</u>
Reserve account	\$ 37,166,530	38,158,694
Debt service account	22,349,023	19,664,937
Subordinated indebtedness fund account	457,000	358,000
Commercial paper note payment account	25,179	37,036
	59,997,732	58,218,667
Less amounts appropriated for current interest and principal payable	<u>21,210,626</u>	<u>14,985,803</u>
	<b>\$ 38,787,106</b>	<b>43,232,864</b>

The reserve account is funded by initial deposits from the bond proceeds. Bond principal payments of \$15,295,000 and \$10,915,000 due April 1, 1995 and 1994, respectively, are not required to begin funding until the previous October and therefore, are not reserved in the debt service fund accounts at September 30, 1994 and 1993, respectively.

**(7) Retirement Plans**

The City sponsors and administers one retirement plan and one deferred compensation plan that includes GRU and other City employees.

The General Employees Pension Plan (Employees Plan), a contributory defined benefit pension plan, covers all employees of GRU, except certain personnel who elect to participate only in the Deferred Compensation Plan.

The City accounts for and funds the costs of the Employees Plan as they accrue. Such costs are based on contribution rates determined by the most recent actuarial valuation. The total contributions by GRU, including amortization of prior service costs, for the years ended September 30, 1994 and 1993 were \$1,044,619 and \$1,132,928, respectively.

Certain employees are eligible to participate in a defined contribution deferred compensation plan managed by the International City Management Association as fiscal agent for the City. Under this plan, the City contributes 6% of an employee's annual salary and employees may contribute either a

specified percentage or dollar amount. Total deferred compensation cost for GRU for the years ended September 30, 1994 and 1993 was \$239,706 and \$226,066, respectively.

**(8) Transfers to General Fund**

GRU makes transfers to the City's general government based on a formula that ties the transfer directly to the profitability of the system. The transfer to the general fund may be made only to the extent such monies are not necessary to pay debt service on the outstanding bonds and subordinated debt or to make other necessary transfers under the Bond Resolution. The formula-based fund transfer to the general fund for the years ended September 30, 1994 and 1993 was \$18,829,266 and \$18,427,264, respectively.

**(9) Deferred Charges**

Included in deferred charges at September 30, 1994 and 1993 is the unamortized balance of \$16,412,366 and \$17,908,366, respectively, remaining of the original payment of \$27,375,000, in full settlement in connection with the City's cancellation of a contract for supply of coal to Deerhaven II generating plant. The settlement payment is being recovered through future utility fuel adjustment revenue through the year 2003.

The remaining balance in deferred charges at September 30, 1994 and 1993 is comprised of unamortized bond issuance costs of approximately \$37,700,000 and \$39,500,000, respectively, environmental costs of \$5,075,000 in both years (see note 10), and other miscellaneous items, all of which are being amortized over periods from 7 to 30 years.

**(10) Environmental Liabilities**

The System is subject to numerous Federal, state, and local environmental regulations. Under the Comprehensive Environmental Response Compensation and Liability Act, commonly known as "Superfund," the System has been named as a potentially responsible party at two hazardous waste sites. In addition, in January 1990, the System purchased the natural gas distribution assets of a company and pursuant to the related purchase agreement, assumed responsibility for the investigation and remediation of environmental impacts related to the operation of the former manufactured gas plant. Based upon the System's analysis of the cost to clean-up these sites, the System accrued a liability of \$5,075,000 at September 30, 1993. Because the System anticipates recovering the costs of environmental clean-up through future customer rates, a related asset of equal amount has been reflected as a deferred charge in the accompanying balance sheet. Although uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect on the System's financial position.

**The Combined Utility Funds of the City of Gainesville, Florida  
Report on Audit of Financial Statements and Supplementary Data**

September 30, 1995 and 1994

**Independent Auditors' Report**

The Honorable Mayor and Members  
of the City Commission  
City of Gainesville:

We have audited the accompanying balance sheets of Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) as of September 30, 1995 and 1994, and the related statements of revenue and expense and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) and are not intended to present fairly the financial position of the City of Gainesville, Florida, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds, in conformity with generally accepted accounting principles.

In our opinion, the 1995 and 1994 financial statements referred to above present fairly, in all material respects, the financial position of Gainesville Regional Utilities as of September 30, 1995 and 1994, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Gainesville Regional Utilities taken as a whole. The supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information for 1995, 1994 and 1993 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information included in the accompanying schedules as of September 30, 1992 and 1991 has been subjected to the auditing procedures applied by other auditors whose report thereon, dated December 3, 1992, expressed an unqualified opinion on that supplementary information in relation to the basic financial statements taken as a whole.

Davis, Monk & Company  
Gainesville, Florida

November 22, 1995

KPMG Peat Marwick LLP  
St. Petersburg, Florida

**Balance Sheets**

September 30, 1995 and 1994

<b>ASSETS</b>	<u>1995</u>	<u>1994</u>
<b>Utility plant:</b>		
Utility plant in service .....	\$683,540,961	\$666,044,962
Construction in progress .....	<u>53,420,686</u>	<u>41,717,260</u>
	736,961,647	707,762,222
Less accumulated depreciation and amortization .....	<u>(235,674,785)</u>	<u>(221,887,885)</u>
<i>Net utility plant</i> .....	<u>501,286,862</u>	<u>485,874,337</u>
<b>Current assets:</b>		
Cash and short-term investments .....	18,894,940	14,947,313
Accounts receivable, net of allowance for uncollectible accounts of \$1,090,000 in 1995 and \$597,000 in 1994 .....	21,181,554	20,427,090
<b>Inventories:</b>		
Fuel .....	5,295,098	5,890,406
Materials and supplies .....	<u>5,886,906</u>	<u>5,972,797</u>
<i>Total current assets</i> .....	<u>51,258,498</u>	<u>47,237,606</u>
<b>Restricted assets - Cash and investments:</b>		
Utility deposits .....	4,979,332	3,664,041
Debt service fund .....	54,862,172	59,997,732
Rate stabilization fund .....	38,298,691	31,190,254
Construction fund .....	28,286,380	57,324,696
Utility plant improvement fund .....	58,304	58,304
Decommissioning reserve .....	<u>1,756,600</u>	<u>1,538,372</u>
<i>Total restricted assets</i> .....	<u>128,241,479</u>	<u>153,773,399</u>
<b>Deferred charges</b> .....	<u>57,729,635</u>	<u>64,395,148</u>
<i>Total assets</i> .....	<u>\$738,516,474</u>	<u>\$751,280,490</u>

See accompanying notes to financial statements.

**Balance Sheets**

September 30, 1995 and 1994

**LIABILITIES AND FUND EQUITY**

	<u>1995</u>	<u>1994</u>
<b>Long-term debt and fund equity:</b>		
Long-term debt:		
Utilities system revenue bonds .....	\$335,565,000	\$350,605,000
Utilities system commercial paper notes .....	<u>64,657,000</u>	<u>66,265,000</u>
	400,222,000	426,870,000
Less unamortized bond discount .....	<u>(6,563,980)</u>	<u>(6,936,733)</u>
<i>Total long-term debt</i> .....	<u>393,658,020</u>	<u>419,933,267</u>
Fund equity:		
Contributions in aid of construction .....	83,466,569	82,015,651
Retained earnings .....	<u>197,543,894</u>	<u>189,276,738</u>
<i>Total fund equity</i> .....	<u>281,010,463</u>	<u>271,292,389</u>
<i>Total long-term debt and fund equity</i> .....	<u>674,668,483</u>	<u>691,225,656</u>
<b>Current liabilities:</b>		
Fuel payable .....	2,525,637	1,870,575
Accounts payable and accrued liabilities .....	3,138,275	4,776,900
Due to other funds .....	<u>1,970,356</u>	<u>1,578,698</u>
<i>Total current liabilities</i> .....	<u>7,634,268</u>	<u>8,226,173</u>
<b>Payable from restricted assets:</b>		
Utility deposits .....	5,104,330	3,793,648
Long-term debt payable-current .....	25,040,000	25,330,000
Accrued interest payable .....	10,609,121	11,175,626
Construction fund:		
Accounts payable and accrued liabilities .....	<u>1,723,054</u>	<u>1,671,041</u>
<i>Total payable from restricted funds</i> .....	<u>42,476,505</u>	<u>41,970,315</u>
<b>Other liabilities and deferred credits</b> .....	<u>13,737,218</u>	<u>9,858,346</u>
<i>Total liabilities and fund equity</i> .....	<u>\$738,516,474</u>	<u>\$751,280,490</u>

See accompanying notes to financial statements.

**Statements of Revenue and Expense and Retained Earnings**

Years ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
<b>Operating revenue:</b>		
Sales and service charges .....	\$152,514,073	\$149,506,834
Other operating revenue .....	<u>1,802,389</u>	<u>1,618,513</u>
<i>Total operating revenue</i> .....	<u>154,316,462</u>	<u>151,125,347</u>
<b>Operating expenses:</b>		
Operation and maintenance .....	70,550,010	72,137,367
Administrative and general .....	18,281,952	17,136,503
Depreciation and amortization .....	<u>22,633,816</u>	<u>17,955,407</u>
<i>Total operating expenses</i> .....	<u>111,465,778</u>	<u>107,229,277</u>
<b>Operating income</b> .....	<u>42,850,684</u>	<u>43,896,070</u>
<b>Non-operating income (expense):</b>		
Interest income .....	9,535,170	8,541,086
Interest expense, net of AFUDC .....	<u>(24,870,372)</u>	<u>(25,022,851)</u>
<i>Total non-operating expense</i> .....	<u>(15,335,202)</u>	<u>(16,481,765)</u>
<b>Net income</b> .....	27,515,482	27,414,305
Retained earnings, beginning of year .....	189,276,738	180,691,699
Operating transfer to City of Gainesville general fund .....	<u>(19,248,326)</u>	<u>(18,829,266)</u>
Retained earnings, end of year .....	<u>\$197,543,894</u>	<u>\$189,276,738</u>

See accompanying notes to financial statements.

**Statements of Cash Flows**

Years ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers .....	\$153,070,292	\$150,257,154
Cash payments to suppliers for goods and services .....	(57,372,580)	(63,897,160)
Cash payments to employees for services .....	(22,263,929)	(22,181,595)
Cash payments for operating transactions with other funds .....	(3,706,475)	(5,347,298)
Other operating receipts .....	<u>1,802,389</u>	<u>1,618,514</u>
<i>Net cash provided by operating activities</i> .....	<u>71,529,697</u>	<u>60,449,615</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to other funds .....	<u>(19,248,326)</u>	<u>(18,829,266)</u>
<i>Net cash used in noncapital financing activities</i> .....	<u>(19,248,326)</u>	<u>(18,829,266)</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal repayments on long-term debt .....	(26,938,000)	(16,396,000)
Proceeds from sale of equipment .....	478,104	196,684
Interest paid on long-term debt .....	(25,064,124)	(24,476,657)
Capital grants .....	-	68,265
Acquisition and construction of fixed assets (including allowance for funds used during construction) .....	(34,151,154)	(41,757,156)
Cash received for connection charges .....	<u>2,274,339</u>	<u>3,012,527</u>
<i>Net cash used in capital and related financing activities</i> .....	<u>(83,400,835)</u>	<u>(79,352,337)</u>
<b>Cash flows from investing activities:</b>		
Interest received .....	4,730,936	5,688,651
Purchase of investments .....	(401,409,947)	(483,669,087)
Proceeds from investment maturities .....	<u>435,720,837</u>	<u>515,001,999</u>
<i>Net cash provided by investing activities</i> .....	<u>39,041,826</u>	<u>37,021,563</u>
<b>Net increase (decrease) in cash and cash equivalents</b> .....	7,922,362	(710,425)
<b>Cash and cash equivalents, beginning of year</b> .....	<u>6,404,906</u>	<u>7,115,331</u>
<b>Cash and cash equivalents, end of year</b> .....	<u>\$ 14,327,268</u>	<u>\$ 6,404,906</u>

(Continued)

**Statements of Cash Flows, continued**

Years ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income.....	\$ 42,850,684	\$ 43,896,070
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation and amortization.....	22,633,816	17,955,407
Receivables.....	(754,464)	882,146
Prepaid expenses.....	-	28,906
Inventories .....	681,199	(1,192,112)
Deferred charges.....	1,468,800	3,487,840
Accounts payable and accrued liabilities .....	(931,550)	(4,676,145)
Due to other funds .....	391,658	157,825
Utility deposits .....	1,310,682	(131,826)
Other liabilities and deferred credits.....	<u>3,878,872</u>	<u>41,504</u>
<i>Net cash provided by operating activities</i> .....	<u>\$ 71,529,697</u>	<u>\$ 60,449,615</u>

**Noncash, Investing, Capital and Financing Activities:**

Utility plant contributed by developers in aid of construction was \$1,701,000 and \$4,031,000 in 1995 and 1994, respectively.

See accompanying notes to financial statements.



**Notes to Financial Statements**

September 30, 1995 and 1994

**(1) Summary of Significant Accounting Policies****(a) Organization**

Gainesville Regional Utilities (GRU) is a combined municipal utility system operating electric, natural gas, water and wastewater utilities. GRU consists of the combined Utility Funds of the City of Gainesville, Florida (City). GRU is a unit of the City and, accordingly, the financial statements of GRU are included in the annual financial reports of the City.

**(b) Basis of Accounting**

The financial statements are presented on the accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred. GRU applies all applicable FASB pronouncements issued on or before November 30, 1989, in accounting and reporting for its operations. In accordance with government accounting standards, GRU has elected not to apply FASB pronouncements issued after that date. In accordance with the Utilities System Revenue Bond Resolution (Bond Resolution), rates are designed to cover 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 effect of these differences are recognized in the determination of net income in the period that they occur in accordance with GRU's accounting policies. GRU has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners. Rates are approved annually by the City Commission.

**(c) Investments**

Investments are stated at amortized cost. Premium or discount is amortized over the investment's maturity based on the straight-line method which approximates the effective interest method.

**(d) Inventories**

Inventories are stated at cost using the weighted average unit cost method for materials, and the last-in, first-out (LIFO) method for fuel. Obsolete and unusable items are reduced to estimated salvage values. The cost of fuel used for electric generation is charged to expense as consumed.

**(e) Utility Plant**

Property and equipment are recorded at cost. Maintenance and repairs are charged to operating expense as incurred. The average cost of depreciable plant retired is eliminated from the plant accounts, and such costs, plus removal costs less salvage, are charged to accumulated depreciation.

**(f) Depreciation and Nuclear Generating Plant Decommissioning**

Depreciation of utility plant is computed using the straight-line method over estimated service lives ranging from 6 to 50 years. Depreciation was equivalent to 2.85% and 2.81% of average depreciable property for 1995 and 1994, respectively. Depreciation expense includes a provision for decommissioning costs related to the jointly-owned nuclear power plant (see note 4).

**(g) Amortization of Nuclear Fuel**

The cost of nuclear fuel, including estimated disposal cost, is amortized to fuel expense based on the quantity of heat produced for the generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core. These costs are charged to customers through the fuel adjustment clause.

**(h) Revenue Recognition**

Revenue is recorded as earned. GRU accrues for services rendered but unbilled which amounted to approximately \$7,808,000 and \$8,103,000 for 1995 and 1994, respectively. Fuel adjustment revenue is recognized based on the actual fuel costs. Amounts charged to customers are based on estimated costs, which are adjusted for any differences between the actual and estimated costs once actual costs are known.

**(i) Interfund Transactions**

Interfund balances between electric, gas, water and wastewater funds are offset for the combined utility funds. Interfund revenues and expenses are not eliminated in the combined utility funds. Additionally, there are interfund transactions between GRU and general government operations of the City, which do not bear interest.

*(Continued)*

**Notes to Financial Statements**

September 30, 1995 and 1994

**(j) Funds in Accordance With Bond Resolutions**

Certain restricted funds of GRU are administered in accordance with bond resolutions. These funds are as follows:

- Debt Service Fund
- Subordinated Indebtedness Fund
- Rate Stabilization Fund
- Construction Fund
- Utility Plant Improvement Fund

The Debt Service Fund accounts for funds accumulated to provide payment of principal and interest on or redeem outstanding debt.

The Subordinated Indebtedness Fund, grouped in the Debt Service Fund for financial reporting purposes, accounts for funds accumulated to pay principal and interest on subordinated indebtedness.

The Rate Stabilization Fund accounts for funds accumulated to stabilize rates over future periods through the transfer of funds to and from operations as necessary.

The Construction Fund accounts for funds accumulated for the cost of acquisition and construction of the system.

The Utility Plant Improvement Fund accounts for funds used to pay for certain capital projects or debt service, the purchase or redemption of bonds, or otherwise provide for the repayment of bonds.

**(k) Allowance for Funds Used During Construction (AFUDC)**

An allowance for interest on borrowed funds used during construction of \$1,236,000 and \$1,243,000 in 1994

is included in construction in progress and as a reduction of interest expense. These amounts are computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rates were approximately 4.9% and 5.5% for 1995 and 1994, respectively.

**(l) Deferred Charges**

Deferred charges represent costs incurred that are to be recovered from future revenue through the rate-making process over a period usually ranging from seven to thirty years.

**(m) Contributions in Aid of Construction**

Utility plant in service for the water and wastewater funds includes assets received from contributions in aid of construction (CIAC). Contributions in aid of construction are amortized on a straight-line method over the life of the related asset. The amount of amortization expense included in the statement of revenue and expense and retained earnings relating to the contributed assets is credited to depreciation and amortization expense and amounted to \$2,525,000 and \$2,493,000 in 1995 and 1994, respectively.

**(n) Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, and overnight repurchase agreements.

**(o) Reclassification**

Amounts in the 1994 financial statements have been reclassified to conform with the 1995 presentation.

(Continued)

**Notes to Financial Statements**

September 30, 1995 and 1994

**(2) Long-Term Debt**

Long-term portion of debt outstanding at September 30, 1995 and 1994 consisted of the following:

	<u>1995</u>	<u>1994</u>
<b>Utilities System Revenue Bonds:</b>		
Series 1983 (1983 Bonds) - interest payable semi-annually to October 1, 2014 at a rate of 6.0% .....	\$ 18,860,000	\$ 18,860,000
1987 Series A (1987 Bonds) - interest payable semi-annually to October 1, 2002 at various rates between 6.6% and 6.8% .....	3,495,000	5,085,000
1992 Series A (1992 A Bonds) - interest payable semi-annually to October 1, 2022 at various rates between 5.0% and 6.5% .....	73,000,000	73,000,000
1992 Series B (1992 B Bonds) - interest payable semi-annually to October 1, 2017 at various rates between 6.0% and 7.5% .....	61,920,000	61,920,000
1993 Series A (1993 A Bonds) - interest payable semi-annually to October 1, 2006 at various rates between 4.25% and 5.30% .....	35,180,000	35,180,000
1993 Series B (1993 B Bonds) - interest payable semi-annually to October 1, 2013 at various rates between 4.0% and 5.5% .....	128,795,000	128,795,000
1993 Series C (1993 C Bonds) - interest payable semi-annually to October 1, 1996 at a rate of 5% .....	5,680,000	12,400,000
<b>Subordinated Utilities System Revenue Bonds:</b>		
1993 Series (1993 Subordinated Bonds) - interest payable semi-annually to April 1, 1997 at rates of 4.875% and 5.25% .....	8,635,000	25,365,000
<b>Utilities System Commercial Paper Notes, Series C</b>		
(C Notes) - interest at various market rates .....	<u>64,657,000</u>	<u>66,265,000</u>
	400,222,000	426,870,000
Less unamortized bond discount .....	<u>(6,563,980)</u>	<u>(6,936,733)</u>
Total long-term debt .....	<u>\$393,658,020</u>	<u>\$419,933,267</u>

(Continued)

**Notes to Financial Statements**

September 30, 1995 and 1994

GRU is required to make monthly deposits into separate accounts for an amount equal to the required share of principal and interest becoming payable for the revenue bonds on the payment dates of April 1 and October 1.

The following table lists the Debt Service requirements (principal and interest) on the Long-Term Debt outstanding at September 30, 1995:

Period ending October 1	Utilities System Revenue Bonds	Subordinated Utilities System Revenue Bonds	Total net debt service requirements
1996	\$ 28,991,735	\$ 17,591,131	\$ 46,582,866
1997	26,212,745	8,861,669	35,074,414
1998	26,212,940	-	26,212,940
1999	26,207,360	-	26,207,360
2000	25,755,160	-	25,755,160
2001	26,068,833	-	26,068,833
2002	26,062,173	-	26,062,173
2003	26,069,187	-	26,069,187
2004	25,495,837	-	25,495,837
2005	24,337,776	-	24,337,776
2006	24,329,841	-	24,329,841
2007	28,522,645	-	28,522,645
2008	30,936,400	-	30,936,400
2009	30,941,550	-	30,941,550
2010	30,934,000	-	30,934,000
2011	30,935,025	-	30,935,025
2012	30,930,525	-	30,930,525
2013	30,941,725	-	30,941,725
2014	32,218,225	-	32,218,225
2015	12,227,125	-	12,227,125
2016	12,225,350	-	12,225,350
2017	12,229,450	-	12,229,450
2018	5,781,950	-	5,781,950
2019	5,782,650	-	5,782,650
2020	5,780,475	-	5,780,475
2021	5,784,450	-	5,784,450
2022	5,782,950	-	5,782,950
	<u>\$597,698,082</u>	<u>\$ 26,452,800</u>	<u>\$624,150,882</u>

(Continued)

**Notes to Financial Statements**

September 30, 1995 and 1994

Under the terms of the Bond Resolution relating to the sale of the Utilities System Revenue Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU's net revenues (exclusive of any funds which may be established pursuant to the Bond Resolution for decommissioning and certain other specified purposes), including the investments and income, if any, thereof.

The Bond Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenues sufficient to pay operation and maintenance expenses, amounts required for deposit in the debt service fund, and amounts required for deposit into the utility plant improvement fund.

The 1983 Bonds mature on October 1, 2014. Those Bonds are subject to redemption at the option of the City on and after October 1, 1993, as a whole at any time or in part on any interest payment date, at a redemption price of 100% plus accrued interest to the date of redemption.

The 1987 Bonds and the 1993 C Bonds are not subject to redemption at the option of the City.

The 1992 A Bonds mature on various dates from 1996 to 2022. Those Bonds maturing on or after October 1, 2003, amounting to \$63,730,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2003 and 100% thereafter.

The 1992 B Bonds mature at various dates from 2001 to 2017. Those Bonds maturing on or after October 1, 2003 through October 1, 2007, amounting to \$14,310,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2004 and 100% thereafter. The 1992 B Bonds maturing on October 1, 2017, amounting to \$22,335,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 100%.

The 1993 A and B Bonds mature at various dates from 1997 to 2013. Those Bonds maturing on or after October 1, 2004, amounting to \$113,925,000, are subject to redemption at the option of the City on and after October 1, 2003, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2003, 101% in 2004 and 100% thereafter.

The 1993 Subordinated Bonds are not subject to redemption at the option of the City. They are direct and special obligations of the City secured as to the payment of the principal or sinking fund redemption price and interest thereon, in accordance with their terms and the provisions of the Subordinated Resolution, by the Subordinated Indebtedness Fund, the Subordinated Debt Service Reserve Account and the Subordinated Bond Payment Account which are included in the Debt Service Fund. The 1993 Subordinated Bonds are subordinated in all respects to bonds issued as first lien bonds ("Senior Lien Bonds") under the Bond Resolution.

Utilities System Commercial Paper Notes, Series C Notes in a principal amount not to exceed \$65,000,000 may continue to be issued to refinance maturing Series C Notes. Liquidity support for the Series C Notes is provided under a long-term credit agreement dated as of October 1, 1992 with Bank of America National Trust and Savings Association (Bank of America) and SunBank, National Association with Bank of America as Agent. Each bank's obligation is for \$32,500,000 and is a several but not joint obligation. The obligation of a bank may be substituted by another bank which meets certain credit standards and which is approved by GRU and the Agent. Under the terms of the agreement, GRU may borrow up to \$65,000,000 with same day availability ending on the termination date, as defined in the agreement. Series C Notes of \$1,608,000 were redeemed during 1995.

**(3) Deposits and Investments**

Deposits are held in a qualified public depository institution insured by the Federal Depository Insurance Corporation and as required by the Bond Resolution in a bank, savings and loan association or trust company of the United States or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$10,000,000.

In accordance with state laws and the Bond Resolution, GRU is authorized to invest in obligations which are unconditionally guaranteed by the United States of America or its agencies or instrumentalities, repurchase agreement obligations unconditionally guaranteed by the United States of America or its agencies, corporate indebtedness, direct and general obligations of any state of the United States of America (provided such obligations are rated by a nationally recognized bond rating agency in either of its two highest rating categories), public housing bonds, and certain certificates of deposit. Investments in corporate indebtedness must be rated in the highest rating category of a nationally recognized rating agency and in one of the two highest rating categories of at least one other nationally recognized rating agency.

*(Continued)*

**Notes to Financial Statements**

September 30, 1995 and 1994

Investments are categorized in the following table in accordance with Governmental Accounting Standards Board Statement No. 3. All of GRU's investments fall under category 1 which includes investments that are insured or registered or held by the Utility or its agent in GRU's name. GRU generally intends and has the ability to hold its investments to maturity and does not expect to realize any potential losses from temporary fluctuations in the market value of the corporate commercial paper at September 30, 1995.

	Carrying value	Market value
<b>September 30, 1995</b>		
U.S. Government securities	\$ 60,466,943	\$ 60,783,067
U.S. Government bonds	19,901,457	22,656,640
Corporate commercial paper	<u>50,741,604</u>	<u>50,829,327</u>
<b>Total</b>	<b><u>\$131,110,004</u></b>	<b><u>\$134,269,034</u></b>

	Carrying value	Market value
<b>September 30, 1994</b>		
U.S. Government securities	\$ 46,435,896	\$ 47,640,592
U.S. Government bonds	19,916,945	21,510,831
Corporate commercial paper	<u>94,629,531</u>	<u>93,238,054</u>
<b>Total</b>	<b><u>\$160,982,372</u></b>	<b><u>\$162,389,477</u></b>

Cash and investments are contained in the following balance sheet accounts:

	1995	1994
<b>Restricted assets:</b>		
Utility deposits	\$ 4,979,332	\$ 3,664,041
Debt service fund	54,862,172	59,997,732
Rate stabilization fund	38,298,691	31,190,254
Construction fund	28,286,380	57,324,696
Utility plant improvement fund	58,304	58,304
Decommissioning reserve	1,756,600	1,875,725
<b>Current assets:</b>		
Cash and short-term investments	<u>18,894,940</u>	<u>14,609,960</u>
<b>Total cash and investments</b>	<b>147,136,419</b>	<b>168,720,712</b>
Less cash and cash equivalents	14,327,268	6,404,906
Less accrued interest receivable	<u>1,699,147</u>	<u>1,333,434</u>
<b>Total investments</b>	<b><u>\$131,110,004</u></b>	<b><u>\$160,982,372</u></b>

**(4) Jointly-Owned Electric Plant**

GRU-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in

the Crystal River Unit 3 (CR3) nuclear power plant operated by Florida Power Corporation. GRU's net investment in CR3 at September 30, 1995 and 1994 is approximately \$7,556,000 and \$7,769,000, respectively. CR3 operation and maintenance costs, which represent GRU's part of expenses attributable to operation of CR3, are recorded in accordance with the instructions as set forth in the FERC uniform system of accounts. Payments are made to Florida Power Corporation in accordance with the CR3 participation agreement.

GRU, as a part of this participation agreement, is responsible for its share of future decommissioning costs. Decommissioning costs are funded and expensed annually and are recovered through rates charged to customers. The most recent decommissioning cost estimates provided by Florida Power Corporation in November 1995, estimated GRU's share of total future decommissioning costs to be \$5.7 million in 1995 dollars.

**(5) Contributions in Aid of Construction**

Contributions in aid of construction are as follows:

	1995	1994
Contributions in aid of construction:		
Utility plant, property and equipment contributed by municipality	\$ 3,982,276	\$ 3,982,276
Federal and state grants in aid of construction	22,663,741	22,663,741
Contributions from customers and developers:		
Plant contributed by developers	42,265,473	40,564,306
Connection charges	<u>46,083,208</u>	<u>43,808,871</u>
	114,994,698	111,019,194
Accumulated amortization	<u>(31,528,129)</u>	<u>(29,003,543)</u>
Contributions in aid of construction	<b><u>\$ 83,466,569</u></b>	<b><u>\$ 82,015,651</u></b>

**(6) Retained Earnings**

Retained earnings reserved for debt service and unappropriated are as follows:

	1995	1994
Reserved for debt service	\$ 35,943,053	\$ 38,787,106
Unappropriated	<u>161,600,841</u>	<u>150,489,632</u>
<b>Total retained earnings</b>	<b><u>\$197,543,894</u></b>	<b><u>\$189,276,738</u></b>

(Continued)

**Notes to Financial Statements**

September 30, 1995 and 1994

Retained earnings balances at September 30, 1995 and 1994 reserved in debt service fund accounts are as follows:

	<u>1995</u>	<u>1994</u>
Reserve account	\$ 35,561,817	\$ 37,166,530
Debt service account	18,880,710	22,349,023
Subordinated indebtedness fund account	381,065	457,000
Commercial paper note payment account	<u>38,581</u>	<u>25,179</u>
	\$ 54,862,173	\$ 59,997,732
Less amounts appropriated for current interest and principal payable	<u>18,919,120</u>	<u>21,210,626</u>
	<u>\$ 35,943,053</u>	<u>\$ 38,787,106</u>

The reserve account is funded by initial deposits from the bond proceeds. Bond principal payments of \$16,730,000 and \$15,295,000 due April 1, 1996 and 1995, respectively, are not required to begin funding until the previous October and therefore, are not reserved in the debt service fund accounts at September 30, 1995 and 1994, respectively.

**(7) Retirement Plans**

The City sponsors and administers one defined benefit pension plan and two defined contribution plans (collectively, the Plans) that includes GRU and other City employees. The Plans do not make separate measurements of assets and pension benefit obligations for individual units of the City. Such information is presented in the City of Gainesville, Florida, September 30, 1995 Comprehensive Annual Financial Report.

The General Employees Pension Plan (Employees Plan), a contributory defined benefit pension plan, covers all employees of GRU, except certain personnel who elect to participate only in a Defined Contribution Plan.

The City accounts for and funds the costs of the Employees Plan as they accrue. Such costs are based on contribution rates determined by the most recent actuarial valuation. The total contributions by GRU, including amortization of prior service costs, for the years ended September 30, 1995 and 1994 were \$1,092,000 and \$1,045,000, respectively.

Certain employees are eligible to participate in defined contribution plans managed by the International City Management Association as fiscal agent for the City. Under these plans, the City contributes 6% of an employee's annual salary and employees may contribute either a specified percentage or dollar amount. Total deferred compensation and defined contribution cost for GRU for the years

ended September 30, 1995 and 1994 was \$239,000 and \$240,000, respectively.

**(8) Transfers to General Fund**

GRU makes transfers to the City's general government based on a formula that ties the transfer directly to the profitability of the system. The transfer to the general fund may be made only to the extent such monies are not necessary to pay debt service on the outstanding bonds and subordinated debt or to make other necessary transfers under the Bond Resolution. The formula-based fund transfer to the general fund for the years ended September 30, 1995 and 1994 was \$19,248,000 and \$18,829,000, respectively.

**(9) Deferred Charges**

Included in deferred charges at September 30, 1995 and 1994 is the unamortized balance of \$11,672,000 and \$16,412,000, respectively, remaining of the original payment of \$27,375,000, in full settlement in connection with the City's cancellation of a contract for supply of coal to the Deerhaven II generating plant. The settlement payment is being recovered through future utility fuel adjustment revenue through the year 2003.

The remaining balance in deferred charges at September 30, 1995 and 1994 is comprised of unamortized bond issuance costs of approximately \$35,000,000 and \$37,700,000, respectively, environmental costs of \$5,075,000 in both years (see note 10), and other miscellaneous items, all of which are being amortized over periods from 7 to 30 years.

**(10) Environmental Liabilities**

The System is subject to numerous Federal, state, and local environmental regulations. Under the Comprehensive Environmental Response Compensation and Liability Act, commonly known as "Superfund," the System has been named as a potentially responsible party at two hazardous waste sites. In addition, in January 1990, the System purchased the natural gas distribution assets of a company and pursuant to the related purchase agreement, assumed responsibility for the investigation and remediation of environmental impacts related to the operation of the former manufactured gas plant. Based upon the System's analysis of the cost to clean-up these sites and other identified environmental contingencies, the System has accrued a liability of \$5,075,000. Because the System anticipates recovering the costs of environmental clean-up through future customer rates, a related asset of equal amount has been reflected as a deferred charge in the accompanying balance sheet. Although uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect on the System's financial position.

## CHAPTER 90-394

## Senate Bill No. 1816

An act relating to the City of Gainesville; amending chapter 12760, Laws of Florida, 1927, as amended; revising the charter of the City of Gainesville; providing for continuation of municipal powers; providing territorial limits; providing for liberal construction of municipal powers; providing severability; providing special powers and authority; providing for the exercise of eminent domain within Alachua County and without the county under certain limitations; providing for the levy of ad valorem and other taxes; providing for the election of a city commission; providing for the creation of districts; providing eligibility requirements for city commissioners; providing terms of office; providing powers and duties of the commission; authorizing the commission to appoint certain charter officers; providing powers and duties of such officers; providing for advisory boards and committees; providing powers and duties of such boards and committees; providing for variances to certain land use regulations; providing for amendments to the charter; providing for a retirement and pension plan for municipal employees; prohibiting the disposal of utility facilities by the commission unless pursuant to ordinance approved by the electors; providing for fresh pursuit and arrest by municipal police officers; providing for construction of prior provisions of the charter; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. The charter of the City of Gainesville, as created by chapter 12760, Laws of Florida, 1927, and as amended, is amended to read:

## ARTICLE I

## ESTABLISHMENT, CORPORATE LIMITS, AND POWERS

1.01 Establishment and general powers.—The City of Gainesville, created by chapter 12760, Laws of Florida, 1927, as amended, shall continue and is vested with all governmental, corporate, and proprietary powers to enable it to conduct municipal government, perform municipal functions, render municipal services, and exercise any power for municipal purposes, except as otherwise provided by law.

1.02 Territorial limits.—The territorial limits and boundaries of the municipality existing in Alachua County under the name of the City of Gainesville shall embrace all of the territory described as follows:

Commence at the Northeast corner of the intersection of State Road 329 (a/k/a Main Street) and State Road 232 (a/k/a 39th Avenue) as the Point of Beginning; thence run East along the north right-of-way line of NE 39th Avenue to its intersection with the west right-of-way line of the NE 15th Street extension; thence run North along the westerly right-of-way line of NE 15th Street to that point of intersection 660 feet south of the north line of Section 21, Township 9 South, Range 20 East; thence run West 660 feet; thence run North to the north right-of-way line of NE 53rd Avenue; thence run East along said north right-of-way line to the west right-of-way line of NE 15th Street;



thence run North along said west right-of-way line (being a line 50 feet west of and parallel to the east line of the southeast one-quarter (SE 1/4) of Section 16, Township 9 South, Range 20 East) to the north line of the south one-half (S 1/2) of said one-quarter section; thence run East along said north line and along the north line of the south one-half (S 1/2) of the southwest one-quarter (SW 1/4) Section 15, Township 9 South, Range 20 East to a point on the east line of said one-quarter section; thence run South along said east line to the south right-of-way line of NE 53rd Avenue; thence run West along said south right-of-way line to the East line of the NE 15th Street extension (this includes the utilities right-of-way); thence run south along said east line to the north right-of-way line of NE 39th Avenue; thence run East along said north line to the west right-of-way line of State Road 24 (a/k/a Waldo Road); thence run northeasterly along said right-of-way line a distance of 438.17 feet more or less; thence run North 58° West a distance of 915.55 feet more or less to the centerline of a drainage ditch; thence run North 35°46' East along the centerline of said drainage ditch to the north line of Section 27, Township 9 South, Range 20 East; thence run easterly along the north line of said Section 27 to the northeast corner of said Section (being also the southwest corner of Section 23, Township 9 South, Range 20 East); thence run North 2127.08 feet; thence run East 328 feet; thence run North a distance of 35 feet more or less; thence run East a distance of 994 feet more or less; thence run South 60° East to the west right-of-way line of State Highway 24; thence run northeasterly along said west right-of-way line to a point lying 1708.74 feet north of the south line of Section 14, Township 9 South, Range 20 East; thence run North 88°58'03" East to the west boundary line of Section 13, Township 9 South, Range 20 East; thence run North 89°19'15" East a distance of 5332.15 feet to the east line of said Section 13; thence run South along said east line to the southeast corner of Section 24, Township 9 South, Range 20 East; thence run East to the northeast corner of the northwest one-quarter (NW 1/4) of Section 30, Township 9 South, Range 21 East; thence run South 00°23'32" East along the east line of the northwest one-quarter (NW 1/4) of said Section a distance of 2200.36 feet to the northwesterly right-of-way of State Road S-232; thence run South 42°23'34" West along said right-of-way a distance of 360 feet; thence run North 78°18'55" West 1094.69 feet; thence run North 00°20'36" East 177.28 feet; thence run North 89°48'40" West a distance of 840 feet; thence run North 00°20'36" West 177.88 feet; thence run North 89°48'40" West 474.95 feet to the West line of Section 30, Township 9 South, Range 21 East; (being also the east line of Section 25, Township 9 South, Range 20 East); thence run South 00°17'40" East along said Section line a distance of 52.45 feet; thence run south 89°32'20" West 500 feet; thence run North 00°17'40" West 240 feet; thence run North 80°03'58" West 945.98 feet; thence run South 4°55'53" West a distance of 193.37 feet more or less; thence run South 20°04'07" East 621.3 feet; thence run South 74°43'13" West 197.56 feet; thence run South 12°32'44" West 942.41 feet; thence run South 82°45'04" East 1006.6 feet; thence run South 0°12'17" East 1920.92 feet to a point on the south right-of-way of State Road S-232, said point being on a 2°55'26" curve, having an internal angle of 48°01'12" a radius of 1959.86 feet and being concave to a northwesterly direction; thence run in a southwesterly direction along the arc of said right-of-way curve 331.58 feet to the point of tangency of said curve; thence run South 89°47'43" West along said right-of-way a distance of 1897.71 feet to the point of curve of a 1°57'56" curve, having an internal angle of

29°44'18" a radius of 2914.79 feet and being concave to a northeasterly direction, thence run in a northwesterly direction along the arc of said right-of-way curve 540.66 feet to its intersection with the south line of Section 25, Township 9 South, Range 20 East; thence run South 89°47'43" West along said section line a distance of 1840.65 feet to the southwest corner of said section, (being also the southeast corner of Section 26, Township 9 South, Range 20 East); thence run West along the south line of Section 25, Township 9 South, Range 20 East to the southwest corner of said section (being also the northwest corner of Section 35, Township 9 South, Range 20 East); thence run South along the west line of Section 35, Township 9 South, Range 20 East to a point lying 1323.40 feet north of the south line of said section; thence run North 89°05'15" East 5295.49 feet; thence run South 0°59'06" East a distance of 1324.04 feet to the southeast corner of Section 35, Township 9 South, Range 20 East; thence continue South 1°22'14" East a distance of 2591.57 feet to the north right-of-way line of State Road 25; thence run South 89°00'15" West along the north right-of-way line of State Road 25 to the east right-of-way line of State Road 329-A (a/k/a NE 27th Street); thence run South along the east right-of-way line of NE 27th Street and along the east right-of-way line of SE 27th Street to the southeast corner of the northeast one-quarter (NE 1/4) of Section 10, Township 10 South, Range 20 East; thence run West along the south line of said northeast one-quarter to the southwest corner of said northeast one-quarter (being also the northeast corner of the southwest one-quarter (SW 1/4) of Section 10, Township 10 South, Range 20 East); thence run South 0°25'51" West a distance of 1360.85 feet along the east line of the southwest one-quarter (SW 1/4) of said section; thence run North 87°54'20" West 636.24 feet; thence run South 1°29'09" West 1305.48 feet; thence run North 89°33'05" West a distance of 1755.04 feet along the south line of said section; thence run North 0°00'40" East 420 feet; thence run North 89°33'05" West a distance of 160 feet more or less to the east right-of-way line of SE 15th Street; (being also Kincaid Road); thence run South along said east right-of-way line to a point on the easterly extension of the south line of Lot 1 of Breezy Acres Addition as recorded in Official Record Book 98, page 679, of the Public Records of Alachua County, Florida; thence run North 89°56' West 1078.46 feet; thence run South 10°44'30" East 109 feet; thence run North 89°43'30" West 857.8 feet; thence run South 15°12'15" East 468.85 feet; thence run North 89°37'30" West 1106.0 feet; thence run South 4°06'15" West 44.85 feet; thence run North 89°56' West 722.5 feet; thence run North 1°12'22" West 57.05 feet; thence run North 88°43'07" West 304.5 feet; thence run North 0°17'14" West a distance of 767.05 feet to the south boundary line of Section 9, Township 10 South, Range 20 East; thence run West along the south boundary line of said section a distance of 1252.11 feet to the easterly right-of-way line of State Road 331; thence run southwesterly along the easterly right-of-way line of State Road 331 to a point lying approximately 60 feet northeasterly of the south line of the D.L. Clinch Grant; thence run North 6°31'55" East to the northwesterly right-of-way line of State Road 331; thence run South 45°10'07" West along the curve of said right-of-way 190 feet more or less; thence run North 82°24'45" West 97.50 feet; thence run South 30°35'15" West a distance of 100.00 feet to the south line of the D.L. Clinch Grant; thence run North 82°24'45" West along said south line of the D.L. Clinch Grant to a point lying 572 feet more or less from the southwest corner of the D.L. Clinch Grant; thence run South a distance of 538 feet to the north right-of-way line of State

Road 329; thence run South 65°17' West along said north line a distance of 185 feet; thence run North 9°10' West a distance of 637 feet to the south line of the D.L. Clinch Grant; thence run North 85°15' West along said south line of the D.L. Clinch Grant to the southwest corner of the D.L. Clinch Grant; thence run South 4°16'11" East to a point lying 750 feet north of the southeast corner of the Napier Grant in Township 10 South, Range 20 East; thence run South 84°54'45" West 362.24 feet; thence run North 8°02'15" East 144.33 feet; thence run North 81°57'45" West 150.0 feet to the east right-of-way line of State Road 25; thence run North 7°44'15" East along said right-of-way line a distance of 649.20 feet; thence run North 84°48'15" East a distance of 334.06 feet to the east line of the Thomas Napier Grant; thence run northwesterly along said line to a point approximately 173 feet south of the southwest corner of Lot 3 of Millers Survey as per Deed Book "I", page 591 as recorded in the Public Records of Alachua County, Florida; thence run northwesterly to a point lying 141.46 feet south of a westerly extension of the south line of said Lot 3 of Millers Survey lying also on the east right-of-way line of State Road 25 (S.W. 13th Street); thence run South 7°56'32" West along said easterly right-of-way line a distance of 650.13 feet more or less; thence run North 82°03'28" West a distance of 136.00 feet to the westerly right-of-way line of said State Road 25; thence run North 82°03'28" West 229.97 feet; thence run North 8°50'42" East 278.91 feet; thence run North 85°29'42" East a distance of 231.29 feet to the westerly right-of-way line of said State Road 25; thence run North 7°56'32" East 221.05 feet; thence run North 82°04'13" West a distance of 36 feet more or less; thence run North 34°44'05" West along the waters edge of Bivens Arm 317.95 feet; thence run North 20°29'12" West along the waters edge of Bivens Arm 575.35 feet; thence run North 10°40'42" West along the waters edge of Bivens Arm 819.85 feet; thence run North 14°47'27" West along the waters edge of Bivens Arm 504.75 feet; thence run North 27°18'12" West along the waters edge of Bivens Arm 305.45 feet to the west boundary line of the D.L. Clinch Grant as recorded in Deed Book "L", page 448 of the Public Records of Alachua County, Florida; thence run North 5°56'03" East along said west boundary line to the south boundary line of Section 7, Township 10 South, Range 20 East; thence run West along said south line to the southwest corner of the southeast one-quarter (SE 1/4) of said section; thence run North along the west line of said quarter section to a point 62.35 feet south of the south right-of-way line of the Seaboard Airline Railroad; thence run North 21°54' West 57.75 feet to the south right-of-way line of said railroad; thence run North 63°06' East along said right-of-way line a distance of 23.52 feet to the east line of the southwest one-quarter (SW 1/4) of said Section 7; thence run North along said east line to the center of said Section 7; thence run West along the north line of the southwest one-quarter (SW 1/4) of said section to the west boundary line of said Section 7, (a/k/a the east boundary line of Section 12, Township 10 South, Range 19 East); thence run West along the north line of the south one-half (S 1/2) of Section 12, Township 10 South, Range 19 East to the west right-of-way line of State Road 23 (a/k/a SW 34th Street); thence run North along the west right-of-way line of SW 34th Street to the south boundary line of Section 2, Township 10 South, Range 19 East; thence run West along said south boundary line to the southwest corner of said section (being also the southeast corner of Section 3, Township 10 South, Range 19 East); thence run West along the south boundary line of Section 3, Township 10 South, Range 19 East to a point on said south line being

a southerly extension of the west boundary line of Holly Forest as recorded in Plat Book "E", page 44 of the Public Records of Alachua County, Florida; thence run North 0°05'53" West along said southerly extension and along the west line of said Holly Forest Subdivision to the southwest corner of Lot 41 of Gwynn Oak Subdivision as recorded in Plat Book "D", page 23, of the Public Records of Alachua County, Florida; thence run East along the south line of said Lot 41 (being also the north line of SW 4th Place) to the southeast corner of said Lot 41 (being also the northwest corner of the intersection of SW 4th Place and SW 43rd Terrace); thence run North along the west line of SW 43rd Terrace to the north line of the southeast one-quarter (SE 1/4) of Section 3, Township 10 South, Range 19 East; thence run East along said line a distance of 161.5 feet to the east boundary line of Section 3, Township 10 South, Range 19 East; thence run North along said east line to the southerly right-of-way line of State Road 26; thence run northwesterly along the southerly right-of-way line of said State Road 26 to its intersection with a southerly projection of the west right-of-way line of NW 55th Street; thence run northerly along said west right-of-way line and said southerly projection through Section 3, Township 10 South, Range 19 East and through Section 34, Township 9 South, Range 19 East to its intersection with the north right-of-way line of NW 23rd Avenue; thence run East along said north right-of-way line to its intersection with the west right-of-way line of NW 43rd Street; thence run Northerly along said west right-of-way line to a point lying approximately 695.86 feet north of the south line of Section 22, Township 9 South, Range 19 East; thence run South 89°37'37" West 1133.65 feet; thence run North 00°27'55" West 128.58 feet; thence run North 89°59'03" East 1091.89 feet to the west right-of-way line of NW 43rd Street; thence run North along the west right-of-way line of NW 43rd Street to the P.C. of a curve concave southwesterly; thence run northwesterly along said curve to its P.T., said P.T. being on a point on the south right-of-way line of State Road 232; thence run West along said south right-of-way line to a point lying 420 feet west more or less of the southeast corner of the southeast one-quarter (SE 1/4) of Section 15, Township 9 South, Range 19 East; thence run North 25°51' East to the North right-of-way line of State Road 232; thence continue North 25°51' East a distance of 929.8 feet more or less (as per Order of Taking Division C-201-70 of the Public Records of Alachua County, Florida) to its intersection with the west line of a 150-foot City of Gainesville transmission line right-of-way; thence run North along said west right-of-way line to a point 1239 feet north of the south line of Section 14, Township 9 South, Range 19 East; thence run East 50 feet; thence run North parallel with the west line of Section 14, Township 9 South, Range 19 East, Section 11, Township 9 South, Range 19 East, and Section 2, Township 9 South, Range 19 East inside the Arredondo Grant and a northerly projection of the west line of said Section 2 a distance of 14,183.70 feet, more or less to the northwesterly right-of-way line of the Seaboard Coastline Railroad; (the following courses and distances are intended to describe the City of Gainesville Deerhaven Power Generating Station); thence run northwesterly along said Seaboard Coastline Railroad right-of-way to a point lying 1800 feet more or less from the west line of Section 27, Township 8 South, Range 19 East (being also on a southerly extension of the east property line of the Alachua County Road Department and Engineering Compound); thence run North to the north line of said Section 27; thence run East along the north line of said Section 27 and along the north line of Section 25,

Township 8 South, Range 19 East to the North-South half-mile line of said Section 25; thence run South along the North-South half-mile line of said Section 25 and the North-South half-mile line of Section 35, Township 8 South, Range 19 East to the south line of said Section 35; thence run West along said south line of Section 35 to the aforementioned northwesterly right-of-way line of the Seaboard Coastline Railroad; thence run northwesterly along said right-of-way line to the east line of the aforementioned City of Gainesville's transmission line right-of-way (said course and distance ending that description of the City of Gainesville Deerhaven Power Generating Station); thence run South along the east line of the 150-foot power transmission line to the north line of Section 14, Township 9 South, Range 19 East; thence run East along the north line of said section to the east line of the west one-half (W 1/2) of said section; thence run South along said east line to the north right-of-way line of NW 53rd Avenue; thence run East along the north right-of-way line of NW 53rd Avenue to its intersection with the west line of Section 13, Township 9 South, Range 19 East; thence run North along said west line to the northwest corner of Northwood Oaks Unit No. 6; as recorded in Plat Book "J", page 42 of the Public Records of Alachua County, Florida; thence run east along the north line of said Northwood Oaks No. 6 and an easterly projection thereof to its intersection with the northeasterly line of an Atlantic Coastline Railroad right-of-way line; thence run southeasterly along said northeasterly right-of-way line to its intersection with the north line of the south one-quarter (S 1/4) of said Section 18; thence run West along the north line of the south one-quarter (S 1/4) of said Section 18 to its intersection with the west line of said Section 18 and the East line of said Section 13; thence run South along said east line to the southeast corner of said Section 13 and the northeast corner of Section 24, Township 9 South, Range 19 East; thence run South along the east line of said Section 24 (being also the west line of Section 19, Township 9 South, Range 20 East) to the north right-of-way line of NW 45th Avenue; thence run East along said north right-of-way line to the southeast corner of Lot 31 of Paradise, a plat as recorded in Plat Book "A", page 4, of the Public Records of Alachua County, Florida (also being the southwest corner of Lot 32 of said Paradise Plat); thence run North on the line between Lots 17, 18, 31 and 32 of Paradise to the southwest corner of Lot 16 of Paradise (being also the north right-of-way line of NW 49th Avenue extended); thence run East along the north right-of-way line of NW 49th Avenue extended to the easterly right-of-way line of the Atlantic Coastline Railroad; thence run southeasterly along said railroad right-of-way to the north right-of-way line of NW 39th Avenue; thence run East along the north right-of-way line of NW 39th Avenue to its intersection with the east right-of-way line of State Road 329 (a/k/a Main Street), being the Point-of-Beginning, and close.

LESS and except the following parcel lying in the southwest one-quarter (SW 1/4) of Section 14, Township 9 South, Range 20 East, being more particularly described as follows:

Commence at the southwest corner of Section 14, Township 9 South, Range 19 East; thence run North along the west line of a 150-foot City of Gainesville Transmission line right-of-way a distance of 1239 feet more or less; thence run East 150 feet to the east right-of-way line of NW 43rd Street being also the Point-of-Beginning; thence run North 848.12 feet; thence run South 83° East

826.49 feet; thence run South 745.40 feet; thence run West 820.12 feet to the Point-of-Beginning, and close.

#### 1.03 Construction.—

(1) The powers of the city shall be construed liberally in favor of the city, limited only by the State Constitution, general law, and specific limitations contained in this act.

(2) If any provision of this act or the application thereof to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared severable.

(3) All powers and authority granted by this act are supplemental and additional to all other statutory and constitutional authority.

(4) For purposes of this act, the term:

(a) "City" means the City of Gainesville.

(b) "Commission" means the city commission as established in Article II.

(c) "State" means the State of Florida.

#### 1.04 Special powers.—In addition to its general powers, the city may:

(1) Acquire by purchase, gift, devise, lease, lease-purchase, condemnation, or otherwise, real or personal property, or any estate or interest in property, within or without the city limits, and for any of the purposes of the city, and to improve, sell, lease, mortgage, pledge, or otherwise dispose of its property or any part of its property.

(2) Acquire, purchase, hire, construct, extend, maintain, own, operate, or lease local public utilities, including: cable television, transportation, electric, telephone, and telegraph systems; wastewater and stormwater facilities; works for supplying the city and its inhabitants with water, gas, and electric energy for illuminating, heating, or power purposes; water, electric, and gas production, transmission, and distribution systems; sanitary sewage facilities; wastewater transmission and disposal facilities; and any and all other utilities as the welfare of its residents reasonably demand.

(3) Finance local public utilities through the sale of bonds, pledging revenue, general taxation, or otherwise; sell water, electricity, gas, wastewater, or any other service, product, or commodity gathered, provided, produced, or manufactured by the city from the public utilities systems and facilities owned or operated by the city to any consumer within or without the limits of the city; and locate utility plants, distribution facilities, or any appurtenances either within or without Alachua County.

(4) Enter into agreements with other municipalities either within or without Alachua County, or with governmental units or private utility companies, for selling or buying utility services or other municipal services of any kind, wherever located; sell any surplus of water or electric energy it may have over and above the amount required to supply its own inhabitants and any other services to persons, firms, and corporations, public or private, on such terms and conditions as the

commission considers appropriate; exercise all powers and authority of the city to acquire by purchase, gift, lease, lease-purchase, or otherwise, real or personal property; and exercise the power of eminent domain within Alachua County, and exercise the power of eminent domain anywhere outside the county where permitted by general law.

(5) Make reasonable rules and regulations for promoting the purity of its water supply and for protecting it from pollution, and for this purpose may exercise full police powers and sanitary control over all lands comprised within the limits of the watershed tributary to any such supply wherever such lands may be located in this state; impose and enforce any such rules and regulations; and prevent, by injunction, any pollution or threatened pollution of such water supply and any act likely to impair the purity of the water.

(6) Acquire, build, construct, erect, extend, enlarge, improve, furnish, equip, and operate as a separate bulk power supply utility or system, electric generating plants, transmission lines, interconnections, and substations for generating, transmitting, distributing, and exchanging electric power and energy both within and without the limits of the city, including specifically all powers and immunities granted by chapter 75-375, Laws of Florida.

(7) Fix the maximum rate and establish, impose, and enforce, by ordinance, the rates to be charged for gas, electric, wastewater, and all other public utilities or other services or conveniences whether operated, rendered, furnished, or owned by the city or by any person, firm, or corporation.

(8) Require that all electric wires and all telephone and telegraph wires be placed in underground conduits; prescribe rules and regulations for constructing and using the conduits; enforce compliance with such rules and regulations; and, if the public utilities company fails or refuses to comply with such rules and regulations, construct such conduits and place the wires underground and maintain a lien against the franchises and property of such company.

(9) Compel the abatement and removal of all nuisances within the city limits, or upon property owned by the city beyond its limits, at the expense of the person causing the nuisance or of the owner or occupant of the ground or premises where the nuisance is found; require all lands, lots, and other premises to be kept clean, sanitary, and free from weeds or make them so at the expense of the owner or occupant; regulate or prevent noisome or offensive businesses; regulate or prohibit the keeping of animals, poultry, or other fowl, or the exercise of any dangerous or unwholesome business, trade, or employment within the city limits; and regulate the transportation of all articles through the streets of the city.

(10) Provide and maintain, either within or without the city limits, charitable, recreative, curative, corrective, detention, or penal institutions.

(11) Provide and regulate hospitals within and without the city limits; enforce the removal of persons afflicted with contagious or infectious diseases to hospitals provided for them; establish and maintain a quarantine ground within or without the city limits and such quarantine regulations against infectious and contagious diseases as the city sees fit to impose; and protect the health of the public.

(12) Acquire by purchase, gift, devise, condemnation, or otherwise, lands, either within or without the city limits, to be used, kept, and improved as a place of interment of the dead; make and enforce all necessary rules and regulations for

the protection and use of all cemeteries within the city limits; and generally regulate the burial of the dead.

(13) Provide fire protection and other governmental services within and without the city limits and enter into contracts for such purposes.

(14) License, tax, cause to be registered, control the drivers of, and fix the rate to be charged for the transportation of persons and property within the city limits and to the public works beyond the city limits; provide for parking spaces on the streets and regulate, vacate, or discontinue the right to use the parking spaces; and require bonds and sureties to be furnished for all vehicles operated for hire upon the streets of the city whether such operation is wholly within the city limits or between the city and places outside the city.

(15) Exercise full police powers over the entire width of right-of-ways of all streets and public ways which lie within, adjacent to, or partially within the city limits.

(16) Issue any bonds which municipalities are authorized to issue under the State Constitution or laws of the state, subject to the provisions of this act. For purposes of this subsection, the term "bonds" means ad valorem bonds, revenue bonds and certificates, certificates of indebtedness, special assessment bonds and certificates, tax anticipation notes, bond anticipation notes, revenue anticipation notes, and other evidences of indebtedness. The term "revenue bonds" means bonds payable solely from the revenues derived from sources of revenue other than ad valorem taxes. The term "ad valorem bonds" means bonds and the interest thereon which are payable from the proceeds of ad valorem taxes levied on real and personal property situated within the city limits. Ad valorem bonds may be used in combination with other revenue sources.

(17) Exercise the power of eminent domain to acquire property located within Alachua County, and exercise the power of eminent domain outside the county where permitted by general law, for the purpose of locating electrical generating, transmission, or distribution facilities; sanitary sewerage or other waste collection, treatment, or disposal facilities; water production, treatment, transmission, and distribution facilities; and for use by the city in the performance of any of its duties, rights, and authority.

(18) Levy ad valorem taxes in accordance with the State Constitution and laws of the state and to levy other taxes authorized by general law.

(19) Enact ordinances relating to the repair, closing, demolition and removal of dwellings unfit for human habitation, including specifically all powers and immunities granted by chapter 63-1359, Laws of Florida.

(20) Adopt urban renewal and community development ordinances.

(21) Provide, own, and operate a public transportation system within and without the city limits and on the campuses of the University of Florida and Santa Fe Community College, unless otherwise provided by those institutions, and provide for an adequate public transportation system by contract with other agencies, either public or private, on such terms and conditions as the city commission determines, and including specifically all powers and immunities granted by chapter 67-1413, Laws of Florida.

ARTICLE II  
CITY COMMISSION

2.01 Composition.—The legislative power of the city is vested in a city commission of five members. Three members shall be elected by the qualified voters of each of three districts and two members shall be elected by the qualified voters of the city at large.

2.02 Districts.—For the purpose of electing three members of the commission, the commission shall, by ordinance, apportion the city into three consecutively numbered districts and shall adjust the boundary lines of the districts by subsequently enacted ordinances whenever, in its judgment, the districts are not ratably or equally proportioned in accordance with the State Constitution and the Constitution of the United States, but not less frequently than within the second year following each decennial census.

2.03 Eligibility.—Each candidate for a district seat must be a qualified voter who is a resident of the district from which the person seeks to be elected for a period of more than 6 months prior to the date the person qualifies to run for office. Each commissioner elected from a district shall continuously reside in the district during the commissioner's term of office, except that any commissioner who is removed from a district by redistricting may continue to serve during the remainder of the commissioner's term of office. Each candidate for an at-large seat must be a qualified voter of the city for at least 6 months prior to the date the person qualifies to run for office. Each at-large commissioner shall continuously reside within the city during the commissioner's term of office. Candidates for the commission shall, at the time of qualifying, designate the district seats or at-large seats for which they intend to run. A commissioner may not serve on the commission for more than two consecutive 3-year terms.

2.04 Election and terms.—

(1) Candidates for election to the commission shall qualify in the manner prescribed by ordinance. Each commissioner shall be elected for a term of 3 years. The regular municipal election shall be held on the date as prescribed by ordinance. Upon the occurrence of a vacancy on the commission, a special election may be held to fill the vacancy for the remainder of the unexpired term as may be prescribed by ordinance.

(2) The district candidate receiving a majority of the votes cast in a particular district shall be elected. The at-large candidate receiving a majority of the votes cast within the city at large shall be elected. If a candidate does not receive a majority of the votes cast in a district or in the city at large, as applicable, a runoff election shall be held between the two candidates in such district or the city at large, as applicable, receiving the highest number of votes cast. In the case of a tie, the candidates shall be selected for the runoff election in the same manner as provided for other offices by general law. The candidate receiving more votes in the runoff election shall be elected.

(3) The terms of office of commissioners shall be staggered so that the terms of office of all commissioners do not expire the same year. Commissioners hold office from 12 o'clock noon of the Thursday following the first Tuesday in May of the year in which they are elected until their successors in office are elected and qualified or until recalled as provided by law. If a runoff election is necessary, com-

missioners hold office from 12 o'clock noon of the Thursday following the third Tuesday in May of the year in which they are elected.

(4) Vacancies in office shall be filled in one of the following ways:

(a) If less than 6 months remain in the unexpired term or until the next regular election, the commission by a majority vote of the remaining members shall choose and appoint a successor, who is otherwise eligible under section 2.03 of this act, to serve until a newly elected commissioner is qualified.

(b) If more than 6 months remain in the unexpired term and a general election is not scheduled within 6 months, the commission shall fill the vacancy by a special election to be held not more than 60 days after the occurrence of the vacancy.

2.05 Recall of commissioners.—Commissioners are subject to recall as provided by law.

2.06 Commission as judge of qualifications of members; election of chairman; rules of procedure; punishment of members for misconduct; and quorum.—The commission shall be the judge of the qualifications of its own members, subject to review by the courts, and shall elect one member as the mayor-commissioner and one member as the mayor-commissioner pro tempore. The commission may determine its own rules of procedure and may punish its own members for misconduct. A majority of all the members of the commission constitutes a quorum to do business but a smaller number may adjourn.

2.07 Commission actions; majority vote necessary for adoption of ordinances and resolutions.—The commission shall act by motion, proclamation, resolution, or ordinance. Unless otherwise provided in this act or by law, a motion or a proclamation is adopted when approved by the votes of a majority of the members present, and an ordinance or resolution is adopted when approved by the votes of three or more commissioners.

2.08 Mayor-commissioner.—The mayor-commissioner shall be the presiding officer of the commission and shall exercise such powers conferred and implied by, and perform all duties imposed by, this act, the ordinances of the city, and the laws of the state. The mayor-commissioner shall be the official head of the city for receipt of service of legal processes, the purposes of military law, and all ceremonial purposes. The mayor-commissioner pro tempore shall perform the functions and duties of the office of mayor-commissioner in the absence of the mayor-commissioner.

2.09 Commissioner forfeiture of office and interest in contracts.—Any commissioner who ceases to possess any of the qualifications required by this act shall forfeit the office of commissioner. Any contract of the city in which any commissioner has or may have a conflict of interest is voidable by the commission.

2.10 Interference with charter officers.—Neither the commission nor any commissioner may dictate the appointment of any person to office or employment by the charter officers nor in any manner interfere with the independence of charter officers in the performance of their duties. Except for the purpose of an inquiry, the commission and its members must deal with employees of the city solely through their respective charter officers, and neither the commission nor any commissioner may give orders to any subordinates of the charter officers either publicly or privately. Any commissioner who violates this section is guilty of a misde-

meanor of the second degree, punishable as provided in section 775.082 or section 775.083, Florida Statutes.

2.11 Oaths of office.—Before taking office for any term each commissioner shall swear or affirm:

"I do solemnly swear (or affirm) that I will support, honor, protect, and defend the Constitution and Government of the United States and of the State of Florida; that I am duly qualified to hold office under the Constitution of the State and under the charter of the City of Gainesville; and that I will well and faithfully perform the duties of (title of office) on which I am now about to enter."

### ARTICLE III ADMINISTRATION

3.01 Charter officers.—The charter officers provided for in this article are vested with authority to administer the assigned duties of their offices including the employment and removal of all subordinate employees of their offices. They must make all appointments based on merit and fitness alone and, except as otherwise provided in this act, may remove nonprobationary personnel only for cause, obsolescence of position, budgetary restriction, or for other legitimate reasons. The charter officers may purchase and contract for supplies, materials, equipment, and services required to perform their assigned duties under procedures and limitations prescribed by the commission.

#### 3.02 City manager.—

(1) APPOINTMENT; ADMINISTRATIVE HEAD OF MUNICIPAL GOVERNMENT; QUALIFICATIONS; TERMS; BOND.—The commission shall appoint a city manager who shall be the administrative head of the municipal government. The city manager is responsible for the efficient administration of all the departments except for those under the control of other charter officers. The city manager shall be appointed without regard to political beliefs, hold office at the will of the commission, and receive no salary for any portion of a salary period extending beyond termination of office. The city manager shall give bond for the faithful performances of this duty in such sum as the commission requires to protect the finances of the city.

#### (2) POWERS AND DUTIES GENERALLY.—The city manager:

- (a) Shall see that the laws and ordinances are enforced.
- (b) Shall propose ordinances to designate the job titles of subordinates who are directors of departments.
- (c) Shall appoint and, except as otherwise provided in this act, may remove any director of a department at will.
- (d) May remove any nonprobationary subordinate officer or employee in a department for cause, obsolescence of position, or to satisfy budgetary restrictions.
- (e) Shall administer all departments and divisions created by the commission, except as otherwise provided in this act.
- (f) Shall attend all meetings of the commission, except an excused, with the right to take part in the discussion, but having no vote.

(g) Shall recommend to the commission all measures necessary and expedient for the proper governance and management of the city.

(h) Shall keep the commission fully advised as to the management, governance, and needs of the city.

(i) Is the purchasing agent for the city subject to rules adopted by the commission. However, the power of purchase and sale granted to the city manager does not include the power to dispose of any public utility owned by the city.

(j) Shall recommend an annual budget to the commission.

(k) Shall perform all other duties prescribed by law, this act, ordinance, or direction of the commission.

3.03 City attorney.—The city attorney must be admitted to the practice of law in the state, and shall be the legal advisor to and attorney for the city. The city attorney shall serve at the will of the commission. The city attorney shall prosecute and defend all suits, complaints, and controversies for and on behalf of the city, unless otherwise directed by the commission, and shall review all contracts, bonds, and other instruments in writing in which the city is to be a party, and shall endorse on each approval as to form and legality.

3.04 Clerk of the commission.—The commission may employ a clerk of the commission who shall keep records and perform such other duties as are prescribed by this act or the commission. The clerk of the commission shall serve at the will of the commission.

#### 3.05 City internal auditor.—

(1) The commission may appoint a city internal auditor who shall serve at the will of the commission. The city internal auditor shall:

- (a) Perform financial and compliance audits.
- (b) Assist the commission in all its accountability functions.
- (c) Perform all other duties assigned by the commission.

(2) All financial and compliance audits and other reports of the city internal auditor shall be filed in the office of the clerk of the commission.

#### 3.06 GENERAL MANAGER FOR UTILITIES.

(1) Appointment; administrative head of municipal utilities; qualifications; terms.

The commission shall appoint a general manager for utilities ("general manager") who shall be responsible to the commission. The general manager shall be responsible for the efficient administration of the Utility System. The general manager for utilities shall serve at the will of the commission.

(2) Powers and duties generally.

The general manager:

- (a) Shall be responsible for and have exclusive management jurisdiction and control over operating and financial affairs of the Utility System including, but not limited to, the planning, development, production, purchase, sale, exchange, interchange, transmission and distribution of all electricity; the planning, development,

purchase, sale, exchange, interchange, transmission and distribution of all natural gas; the planning, development, supply, treatment, transmission, distribution and sale of all potable water; and the planning, development, collection, treatment, disposal and billing of all wastewater now or hereafter provided by the City;

(b) Shall submit to the commission for its consideration a yearly budget for the operation of the Utility System;

(c) Shall be the purchasing agent for all equipment, materials, supplies and services necessary for operating and maintaining the Utility System subject to policies promulgated by the commission;

(d) Shall propose ordinances to designate the job titles of subordinates that are to be considered directors of department;

(e) Shall appoint and, except as otherwise provided in this charter, remove all directors of departments at will;

(f) Shall recommend to the commission all measures necessary and expedient for the proper governance and management of the Utility System;

(g) Shall keep the commission fully advised as to the management, governance and needs of the Utility System;

(h) Shall perform all other duties prescribed by law, this charter, ordinance, or direction of the commission.

3.07 Audits and examinations of administrative departments.—In the absence of state law requiring the city to conduct an annual financial audit, the commission shall adopt an ordinance requiring an annual financial audit of the accounts and records of the city to be completed by an independent certified public accountant within 12 months after the end of each fiscal year.

#### ARTICLE IV

##### BOARDS AND COMMITTEES

4.01 Boards and committees.—The commission may create advisory boards and committees as it deems necessary. The members of all boards and committees shall serve without compensation, shall consult with and advise the commission and the various departments, and shall perform all duties and powers prescribed by ordinance or resolution.

##### 2 City plan board.—

(1) The commission shall create one or more city plan boards which shall:

(a) Plan for the proper development and growth of the city.

(b) Prepare comprehensive plans or elements or portions of plans to guide future development and growth.

(c) Make recommendations pertaining to comprehensive plans or elements or portions of plans.

(d) Monitor and oversee the effectiveness and status of the comprehensive plan, and recommend changes in the comprehensive plan as are from time to time required.

(e) Review proposed land development regulations and land development codes, or amendments thereto, and make recommendations as to the consistency of each proposal with the adopted comprehensive plan or element or portion of the plan.

(f) Perform all other functions, duties, and responsibilities assigned to it by the commission.

(2) Each board shall issue reports and hold public hearings as required by law. The commission may not take final action on any matter pending before a board until the board has completed its report in accordance with law.

(3) The commission may not declare itself as the city plan board with responsibility under this section.

##### 4.03 Building and land development regulatory boards.—

(1) CREATION AND COMPOSITION.—The commission may, by ordinance, create one or more building and land development regulatory boards. Each member of a building and land development regulatory board shall be appointed by the commission and may not be an official or an employee of the city. The commission may designate a city plan board to serve as a building and land development regulatory board.

(2) POWERS AND DUTIES.—A building and land development regulatory board may:

(a) Hear and decide appeals alleging an error in any order, requirement, decision, or determination made by an administrative official of a department in the enforcement of any building or land development regulation.

(b) Hear and decide any special exception under the jurisdiction of the board as prescribed by a building or land development regulation.

1. The board may not grant a special exception unless it finds that the grant is in harmony with the purpose and intent of any building or land development regulation and will not adversely affect the public interest.

2. The board may qualify any special exception with appropriate conditions and safeguards.

3. The board may prescribe a reasonable time limit within which the action for which the special exception is required must be begun or completed, or both, after which the special exception automatically expires if the time limit has not been strictly satisfied.

(c) Grant variances to a regulation that are not contrary to the public interest when, owing to special conditions, a literal enforcement of the regulation would result in unnecessary and undue hardship. The board may prescribe appropriate conditions and safeguards in conformity with any building or land development regulation. The board may prescribe a reasonable time limit within which the action for which the variance is required must be begun or completed, or both, after which the variance automatically expires if the time limit has not been strictly satisfied. A variance to a building or land development regulation may not be granted unless the board first finds:

1. That special conditions and circumstances exist which are peculiar to the land, structure, or building involved and which are not applicable to other lands, structures, or buildings similarly situated;

2. That the special conditions and circumstances do not result from the actions of the applicant;

3. That the requested variance will not confer on the applicant any special privilege that is denied by the regulation to other lands, buildings, or structures in the same land use category;

4. That literal interpretation of the regulation would deprive the applicant of rights commonly enjoyed by other properties in the same land use or zoning category under the terms of the regulation and would work unnecessary and undue hardship on the applicant;

5. That the variance granted is the minimum variance required to make possible the reasonable use of the land, building, or structure; and

That the variance is in harmony with the general intent and purpose of the regulation and that such variance will not be injurious to the abutting lands or to the area involved or otherwise detrimental to the public welfare.

(3) The commission may grant, by ordinance, any additional powers and duties to a building and land development regulatory board in accordance with applicable law.

(4) The board may not grant any variance, special exception, or appeal which is not consistent with either the comprehensive plan or element or portion of the plan, or with the building or land development regulations, except as permitted under paragraph (2)(c).

(5) A violation of conditions and safeguards prescribed under the terms of a granted variance or special exception constitutes a violation of the building or land development regulations.

#### ARTICLE V SPECIAL PROVISIONS

5.01 Charter amendments.—This act may be amended pursuant to this section otherwise provided by general law.

**PETITION.**—An amendment may be proposed by a petition signed by 10 percent of the registered voters of the city, or by an ordinance adopted by a four-fifths vote of the membership of the commission. The commission shall place the proposed amendment to a vote of the electors at the next general election or at a special election called for that purpose.

(2) **NOTICE.**—The full proposed amendment must be published once each week for 4 consecutive weeks prior to the election in a newspaper of general circulation published in the city.

(3) **EFFECT OF ELECTION.**—A proposed amendment receiving an affirmative vote of a majority of the votes cast shall be effective as an amendment to this act not later than the 90th calendar day after the day on which the vote was taken unless otherwise provided in the proposed amendment.

5.02 Issuance of ad valorem bonds generally.—The city, in its corporate capacity, may issue ad valorem bonds of the city becoming due at such times and upon such conditions as are prescribed by ordinance. The proceeds from the sales of ad valorem bonds shall be used for such municipal purposes as may be provided by ordinance, and for the payment of ad valorem bonds and the interest thereon. The full faith and credit of the city, the ad valorem taxing power of the city, and the revenues obtained from the public utilities owned by the city may be pledged by ordinance, if, before the ad valorem bonds are issued, the amount and purposes of the proposed issue has been approved by a majority vote of the electors of the city voting on the question. The rate of interest shall be determined at the time of sale of the bonds. The commission may, by ordinance, prescribe provisions not inconsistent with this act for the control and direction of the expenditures of ad valorem bond moneys, and for the control and management of public utilities acquired by the city. The commission may levy ad valorem taxes upon real and tangible personal property within the city limits to raise funds to pay the principal and interest of the general obligation and ad valorem bonded indebtedness of the city and to provide a sinking fund for the payment of these ad valorem bonds.

5.03 Retirement and pension plan for city employees.—The commission shall, by ordinance approved by at least four-fifths of the members of the commission, adopt and implement a retirement and pension plan for the benefits of the employees of the city and shall make appropriations necessary for the plan.

5.04 Disposal of utilities.—The commission may not, in any manner, dispose of or agree to dispose of the city's electrical or water production or distribution facilities or any part thereof so as to materially reduce the capacity of the city to produce or distribute electrical energy or water, unless the commission does so by ordinance with the prior approval of a majority vote of the qualified electors of the city voting at an election for the purpose of approving the ordinance.

5.05 Fresh pursuit and arrest by municipal officers.—Any police officer of the city may make fresh pursuit of any person from within the city to any point in Alachua County and there arrest the person, if the pursued person has violated a municipal ordinance of the city or committed a misdemeanor within the city in the presence of a police officer, or if the police officer has reasonable grounds to believe that the pursued person has committed or is committing a felony.

#### ARTICLE VI TRANSITION SCHEDULE

6.01 Former charter provisions.—All provisions of the charter of the City of Gainesville in effect immediately prior to the effective date of this act which are not contained in and are not inconsistent with this act are ordinances of the city subject to modification or repeal in the same manner as other ordinances of the city.

6.02 Ordinances and resolutions preserved.—All ordinances and resolutions in effect immediately prior to the effective date of this act shall remain in full force and effect to the extent not inconsistent or in conflict with this act until repealed or changed in the manner provided by law.

6.03 Rights of officers and employees.—Nothing in this act except as otherwise specifically provided in this act shall affect or impair the rights or privileges of per-



sons who were city officers or employees immediately prior to the effective date of this act.

6.04 Pending matters.—All rights, claims, actions, orders, and legal or administrative proceedings involving the city immediately prior to the effective date of this act shall continue, except as modified pursuant to the provisions of this act.

Section 2. City commissioners in office prior to the effective date of this act shall remain in office until the expiration of their terms.

Section 3. This act shall take effect July 1, 1990, or upon becoming a law, whichever occurs later.

Became a law without the Governor's approval June 22, 1990.

Filed in Office Secretary of State June 22, 1990.

## CHAPTER 90-395

### Senate Bill No. 1986

An act relating to the Pinellas County Sheriff's Civil Service System; amending ss. 5(2) and 8, ch. 89-404, Laws of Florida; decreasing the maximum period of suspension without pay for certain members of the sheriff's executive staff; providing for hearings on appeals; providing for contracting with the Division of Administrative Hearings for the conduct of appeal hearings; renumbering paragraphs and conforming cross-references; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (2) of section 5 of chapter 89-404, Laws of Florida, is amended to read:

Section 5. Effect of election or appointment of new Sheriff on status of personnel.—

(2) When a newly elected or appointed Sheriff assumes office, persons then serving as members of the Sheriff's Executive Staff who, previous to their appointment to the Executive Staff, had attained permanent status in the Classified Service, shall not be suspended without pay for more than 15 working day days or demoted to the highest rank achieved in the Classified Service without cause and without any right to appeal.

Section 2. Section 8 of chapter 89-404, Laws of Florida, is amended to read:

Section 8. Duties and authority of the Civil Service Board.—

(1) The Civil Service Board shall have the following authority and duties:

(a) To adopt and amend reasonable rules and regulations for its hearing procedures.

**The Combined Utility Funds of the City of Gainesville, Florida  
Report on Audit of Financial Statements and Supplementary Data**

September 30, 1995 and 1994

**Independent Auditors' Report**

The Honorable Mayor and Members  
of the City Commission  
City of Gainesville:

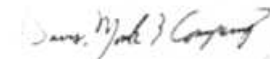
We have audited the accompanying balance sheets of Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) as of September 30, 1995 and 1994, and the related statements of revenue and expense and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) and are not intended to present fairly the financial position of the City of Gainesville, Florida, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds, in conformity with generally accepted accounting principles.

In our opinion, the 1995 and 1994 financial statements referred to above present fairly, in all material respects, the financial position of Gainesville Regional Utilities as of September 30, 1995 and 1994, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Gainesville Regional Utilities taken as a whole. The supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information for 1995, 1994 and 1993 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information included in the accompanying schedules as of September 30, 1992 and 1991 has been subjected to the auditing procedures applied by other auditors whose report thereon, dated December 3, 1992, expressed an unqualified opinion on that supplementary information in relation to the basic financial statements taken as a whole.



Davis, Monk & Company  
Gainesville, Florida

November 22, 1995



KPMG Peat Marwick LLP  
St. Petersburg, Florida

**Balance Sheets**

September 30, 1995 and 1994

LIABILITIES AND FUND EQUITY	<u>1995</u>	<u>1994</u>
<b>Long-term debt and fund equity:</b>		
Long-term debt:		
Utilities system revenue bonds .....	\$335,565,000	\$360,605,000
Utilities system commercial paper notes .....	<u>64,657,000</u>	<u>66,265,000</u>
	400,222,000	426,870,000
Less unamortized bond discount .....	<u>(6,563,980)</u>	<u>(6,936,733)</u>
<i>Total long-term debt</i> .....	<u>393,658,020</u>	<u>419,933,267</u>
Fund equity:		
Contributions in aid of construction .....	83,466,569	82,015,651
Retained earnings .....	<u>197,543,894</u>	<u>189,276,738</u>
<i>Total fund equity</i> .....	<u>281,010,463</u>	<u>271,292,389</u>
<i>Total long-term debt and fund equity</i> .....	<u>674,668,483</u>	<u>691,225,656</u>
<b>Current liabilities:</b>		
Fuel payable .....	2,525,637	1,870,575
Accounts payable and accrued liabilities .....	3,138,275	4,776,900
Due to other funds .....	<u>1,970,356</u>	<u>1,578,698</u>
<i>Total current liabilities</i> .....	<u>7,634,268</u>	<u>8,226,173</u>
<b>Payable from restricted assets:</b>		
Utility deposits .....	5,104,330	3,793,648
Long-term debt payable-current .....	25,040,000	25,330,000
Accrued interest payable .....	10,609,121	11,175,626
Construction fund:		
Accounts payable and accrued liabilities .....	<u>1,723,054</u>	<u>1,671,041</u>
<i>Total payable from restricted funds</i> .....	<u>42,476,505</u>	<u>41,970,315</u>
<b>Other liabilities and deferred credits</b> .....	<u>13,737,218</u>	<u>9,858,346</u>
<i>Total liabilities and fund equity</i> .....	<u>\$738,516,474</u>	<u>\$751,280,490</u>

See accompanying notes to financial statements.

**The Combined Utility Funds of the City of Gainesville, Florida  
Report on Audit of Financial Statements and Supplementary Data**

September 30, 1995 and 1994

**Independent Auditors' Report**

The Honorable Mayor and Members  
of the City Commission  
City of Gainesville:

We have audited the accompanying balance sheets of Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) as of September 30, 1995 and 1994, and the related statements of revenue and expense and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) and are not intended to present fairly the financial position of the City of Gainesville, Florida, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds, in conformity with generally accepted accounting principles.

In our opinion, the 1995 and 1994 financial statements referred to above present fairly, in all material respects, the financial position of Gainesville Regional Utilities as of September 30, 1995 and 1994, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Gainesville Regional Utilities taken as a whole. The supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information for 1995, 1994 and 1993 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information included in the accompanying schedules as of September 30, 1992 and 1991 has been subjected to the auditing procedures applied by other auditors whose report thereon, dated December 3, 1992, expressed an unqualified opinion on that supplementary information in relation to the basic financial statements taken as a whole.



Davis, Monk & Company  
Gainesville, Florida

November 22, 1995



KPMG Peat Marwick LLP  
St. Petersburg, Florida

**Balance Sheets**

September 30, 1995 and 1994

ASSETS	<u>1995</u>	<u>1994</u>
<b>Utility plant:</b>		
Utility plant in service .....	\$683,540,961	\$666,044,962
Construction in progress .....	<u>53,420,686</u>	<u>41,717,260</u>
	736,961,647	707,762,222
Less accumulated depreciation and amortization .....	<u>(235,674,785)</u>	<u>(221,887,885)</u>
<i>Net utility plant</i> .....	<u>501,286,862</u>	<u>485,874,337</u>
<b>Current assets:</b>		
Cash and short-term investments .....	18,894,940	14,947,313
Accounts receivable, net of allowance for uncollectible accounts of \$1,090,000 in 1995 and \$597,000 in 1994 .....	21,181,554	20,427,090
<b>Inventories:</b>		
Fuel .....	5,295,098	5,890,406
Materials and supplies .....	<u>5,886,906</u>	<u>5,972,797</u>
<i>Total current assets</i> .....	<u>51,258,498</u>	<u>47,237,606</u>
<b>Restricted assets - Cash and investments:</b>		
Utility deposits .....	4,979,332	3,664,041
Debt service fund .....	54,862,172	59,997,732
Rate stabilization fund .....	38,298,691	31,190,254
Construction fund .....	28,286,380	57,324,696
Utility plant improvement fund .....	58,304	58,304
Decommissioning reserve .....	<u>1,756,600</u>	<u>1,538,372</u>
<i>Total restricted assets</i> .....	<u>128,241,479</u>	<u>153,773,399</u>
<b>Deferred charges</b> .....	<u>57,729,635</u>	<u>64,395,148</u>
<i>Total assets</i> .....	<u>\$738,516,474</u>	<u>\$751,280,490</u>

See accompanying notes to financial statements

**Balance Sheets**

September 30, 1995 and 1994

<b>LIABILITIES AND FUND EQUITY</b>	<u>1995</u>	<u>1994</u>
<b>Long-term debt and fund equity:</b>		
Long-term debt:		
Utilities system revenue bonds .....	\$335,565,000	\$360,605,000
Utilities system commercial paper notes .....	<u>64,657,000</u>	<u>66,265,000</u>
	400,222,000	426,870,000
Less unamortized bond discount .....	<u>(6,563,980)</u>	<u>(6,936,733)</u>
<i>Total long-term debt</i> .....	<u>393,658,020</u>	<u>419,933,267</u>
Fund equity:		
Contributions in aid of construction .....	83,466,569	82,015,651
Retained earnings .....	<u>197,543,894</u>	<u>189,276,738</u>
<i>Total fund equity</i> .....	<u>281,010,463</u>	<u>271,292,389</u>
<i>Total long-term debt and fund equity</i> .....	<u>674,668,483</u>	<u>691,225,656</u>
<b>Current liabilities:</b>		
Fuel payable .....	2,525,637	1,870,575
Accounts payable and accrued liabilities .....	3,138,275	4,776,900
Due to other funds .....	<u>1,970,356</u>	<u>1,578,698</u>
<i>Total current liabilities</i> .....	<u>7,634,268</u>	<u>8,226,173</u>
<b>Payable from restricted assets:</b>		
Utility deposits .....	5,104,330	3,793,648
Long-term debt payable-current .....	25,040,000	25,330,000
Accrued interest payable .....	10,609,121	11,175,626
Construction fund:		
Accounts payable and accrued liabilities .....	<u>1,723,054</u>	<u>1,671,041</u>
<i>Total payable from restricted funds</i> .....	<u>42,476,505</u>	<u>41,970,315</u>
<b>Other liabilities and deferred credits</b> .....	<u>13,737,218</u>	<u>9,858,346</u>
<i>Total liabilities and fund equity</i> .....	<u>\$738,516,474</u>	<u>\$751,280,490</u>

See accompanying notes to financial statements

**Statements of Revenue and Expense and Retained Earnings***Years ended September 30, 1995 and 1994*

	<u>1995</u>	<u>1994</u>
<b>Operating revenue:</b>		
Sales and service charges .....	\$152,514,073	\$149,506,834
Other operating revenue .....	<u>1,802,389</u>	<u>1,618,513</u>
<i>Total operating revenue</i> .....	<u>154,316,462</u>	<u>151,125,347</u>
<b>Operating expenses:</b>		
Operation and maintenance .....	70,550,010	72,137,367
Administrative and general .....	18,281,952	17,136,503
Depreciation and amortization .....	<u>22,633,816</u>	<u>17,955,407</u>
<i>Total operating expenses</i> .....	<u>111,465,778</u>	<u>107,229,277</u>
<b>Operating income</b> .....	<u>42,850,684</u>	<u>43,896,070</u>
<b>Non-operating income (expense):</b>		
Interest income .....	9,535,170	8,541,086
Interest expense, net of AFUDC .....	<u>(24,870,372)</u>	<u>(25,022,851)</u>
<i>Total non-operating expense</i> .....	<u>(15,335,202)</u>	<u>(16,481,765)</u>
<b>Net income</b> .....	27,515,482	27,414,305
Retained earnings, beginning of year .....	189,276,738	180,691,699
Operating transfer to City of Gainesville general fund .....	<u>(19,248,326)</u>	<u>(18,829,266)</u>
Retained earnings, end of year .....	<u>\$197,543,894</u>	<u>\$189,276,738</u>

*See accompanying notes to financial statements.*

**Statements of Cash Flows**

Years ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers .....	\$153,070,292	\$150,257,154
Cash payments to suppliers for goods and services .....	(57,372,580)	(63,897,160)
Cash payments to employees for services .....	(22,263,929)	(22,181,595)
Cash payments for operating transactions with other funds .....	(3,706,475)	(5,347,298)
Other operating receipts .....	<u>1,802,389</u>	<u>1,618,514</u>
<i>Net cash provided by operating activities</i> .....	<u>71,529,697</u>	<u>60,449,615</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to other funds .....	<u>(19,248,326)</u>	<u>(18,829,266)</u>
<i>Net cash used in noncapital financing activities</i> .....	<u>(19,248,326)</u>	<u>(18,829,266)</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal repayments on long-term debt .....	(26,938,000)	(16,396,000)
Proceeds from sale of equipment .....	478,104	196,684
Interest paid on long-term debt .....	(25,064,124)	(24,476,657)
Capital grants .....	-	68,265
Acquisition and construction of fixed assets (including allowance for funds used during construction) .....	(34,151,154)	(41,757,156)
Cash received for connection charges .....	<u>2,274,339</u>	<u>3,012,527</u>
<i>Net cash used in capital and related financing activities</i> .....	<u>(83,400,835)</u>	<u>(79,352,337)</u>
<b>Cash flows from investing activities:</b>		
Interest received .....	4,730,936	5,688,651
Purchase of investments .....	(401,409,947)	(483,669,087)
Proceeds from investment maturities .....	<u>435,720,837</u>	<u>515,001,999</u>
<i>Net cash provided by investing activities</i> .....	<u>39,041,826</u>	<u>37,021,563</u>
<b>Net increase (decrease) in cash and cash equivalents</b> .....	<b>7,922,362</b>	<b>(710,425)</b>
<b>Cash and cash equivalents, beginning of year</b> .....	<b>6,404,906</b>	<b>7,115,331</b>
<b>Cash and cash equivalents, end of year</b> .....	<b>\$ <u>14,327,268</u></b>	<b>\$ <u>6,404,906</u></b>

(Continued)



**Statements of Cash Flows, continued**

Years ended September 30, 1995 and 1994

	<u>1995</u>	<u>1994</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income .....	\$ 42,850,684	\$ 43,896,070
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation and amortization.....	22,633,816	17,955,407
Receivables.....	(754,464)	882,146
Prepaid expenses.....	-	28,906
Inventories .....	681,199	(1,192,112)
Deferred charges.....	1,468,800	3,487,840
Accounts payable and accrued liabilities .....	(931,550)	(4,676,145)
Due to other funds .....	391,658	157,825
Utility deposits .....	1,310,682	(131,826)
Other liabilities and deferred credits.....	<u>3,878,872</u>	<u>41,504</u>
<i>Net cash provided by operating activities</i> .....	<u>\$ 71,529,697</u>	<u>\$ 60,449,615</u>

**Noncash, Investing, Capital and Financing Activities:**

Utility plant contributed by developers in aid of construction was \$1,701,000 and \$4,031,000 in 1995 and 1994, respectively.

See accompanying notes to financial statements.

**Notes to Financial Statements**

September 30, 1995 and 1994

**(1) Summary of Significant Accounting Policies****(a) Organization**

Gainesville Regional Utilities (GRU) is a combined municipal utility system operating electric, natural gas, water and wastewater utilities. GRU consists of the combined Utility Funds of the City of Gainesville, Florida (City). GRU is a unit of the City and, accordingly, the financial statements of GRU are included in the annual financial reports of the City.

**(b) Basis of Accounting**

The financial statements are presented on the accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred. GRU applies all applicable FASB pronouncements issued on or before November 30, 1989, in accounting and reporting for its operations. In accordance with government accounting standards, GRU has elected not to apply FASB pronouncements issued after that date. In accordance with the Utilities System Revenue Bond Resolution (Bond Resolution), rates are designed to cover 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 effect of these differences are recognized in the determination of net income in the period that they occur in accordance with GRU's accounting policies. GRU has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners. Rates are approved annually by the City Commission.

**(c) Investments**

Investments are stated at amortized cost. Premium or discount is amortized over the investment's maturity based on the straight-line method which approximates the effective interest method.

**(d) Inventories**

Inventories are stated at cost using the weighted average unit cost method for materials, and the last-in, first-out (LIFO) method for fuel. Obsolete and unusable items are reduced to estimated salvage values. The cost of fuel used for electric generation is charged to expense as consumed.

**(e) Utility Plant**

Property and equipment are recorded at cost. Maintenance and repairs are charged to operating expense as incurred. The average cost of depreciable plant retired is eliminated from the plant accounts, and such costs, plus removal costs less salvage, are charged to accumulated depreciation.

**(f) Depreciation and Nuclear Generating Plant Decommissioning**

Depreciation of utility plant is computed using the straight-line method over estimated service lives ranging from 6 to 50 years. Depreciation was equivalent to 2.85% and 2.81% of average depreciable property for 1995 and 1994, respectively. Depreciation expense includes a provision for decommissioning costs related to the jointly-owned nuclear power plant (see note 4).

**(g) Amortization of Nuclear Fuel**

The cost of nuclear fuel, including estimated disposal cost, is amortized to fuel expense based on the quantity of heat produced for the generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core. These costs are charged to customers through the fuel adjustment clause.

**(h) Revenue Recognition**

Revenue is recorded as earned. GRU accrues for services rendered but unbilled which amounted to approximately \$7,808,000 and \$8,103,000 for 1995 and 1994, respectively. Fuel adjustment revenue is recognized based on the actual fuel costs. Amounts charged to customers are based on estimated costs, which are adjusted for any differences between the actual and estimated costs once actual costs are known.

**(i) Interfund Transactions**

Interfund balances between electric, gas, water and wastewater funds are offset for the combined utility funds. Interfund revenues and expenses are not eliminated in the combined utility funds. Additionally, there are interfund transactions between GRU and general government operations of the City, which do not bear interest.

(Continued)

**Notes to Financial Statements**

September 30, 1995 and 1994

**(j) Funds in Accordance With Bond Resolutions**

Certain restricted funds of GRU are administered in accordance with bond resolutions. These funds are as follows:

- Debt Service Fund
- Subordinated Indebtedness Fund
- Rate Stabilization Fund
- Construction Fund
- Utility Plant Improvement Fund

The Debt Service Fund accounts for funds accumulated to provide payment of principal and interest on or redeem outstanding debt.

The Subordinated Indebtedness Fund, grouped in the Debt Service Fund for financial reporting purposes, accounts for funds accumulated to pay principal and interest on subordinated indebtedness.

The Rate Stabilization Fund accounts for funds accumulated to stabilize rates over future periods through the transfer of funds to and from operations as necessary.

The Construction Fund accounts for funds accumulated for the cost of acquisition and construction of the system.

The Utility Plant Improvement Fund accounts for funds used to pay for certain capital projects or debt service, the purchase or redemption of bonds, or otherwise provide for the repayment of bonds.

**(k) Allowance for Funds Used During Construction (AFUDC)**

An allowance for interest on borrowed funds used during construction of \$1,236,000 and \$1,243,000 in 1994

is included in construction in progress and as a reduction of interest expense. These amounts are computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rates were approximately 4.9% and 5.5% for 1995 and 1994, respectively.

**(l) Deferred Charges**

Deferred charges represent costs incurred that are to be recovered from future revenue through the rate-making process over a period usually ranging from seven to thirty years.

**(m) Contributions in Aid of Construction**

Utility plant in service for the water and wastewater funds includes assets received from contributions in aid of construction (CIAC). Contributions in aid of construction are amortized on a straight-line method over the life of the related asset. The amount of amortization expense included in the statement of revenue and expense and retained earnings relating to the contributed assets is credited to depreciation and amortization expense and amounted to \$2,525,000 and \$2,493,000 in 1995 and 1994, respectively.

**(n) Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, and overnight repurchase agreements.

**(o) Reclassification**

Amounts in the 1994 financial statements have been reclassified to conform with the 1995 presentation.

*(Continued)*

**Notes to Financial Statements**

September 30, 1995 and 1994

**(2) Long-Term Debt**

Long-term portion of debt outstanding at September 30, 1995 and 1994 consisted of the following:

	<u>1995</u>	<u>1994</u>
<b>Utilities System Revenue Bonds:</b>		
Series 1983 (1983 Bonds) - interest payable semi-annually to October 1, 2014 at a rate of 6.0% .....	\$ 18,860,000	\$ 18,860,000
1987 Series A (1987 Bonds) - interest payable semi-annually to October 1, 2002 at various rates between 6.6% and 6.8% .....	3,495,000	5,085,000
1992 Series A (1992 A Bonds) - interest payable semi-annually to October 1, 2022 at various rates between 5.0% and 6.5% .....	73,000,000	73,000,000
1992 Series B (1992 B Bonds) - interest payable semi-annually to October 1, 2017 at various rates between 6.0% and 7.5% .....	61,920,000	61,920,000
1993 Series A (1993 A Bonds) - interest payable semi-annually to October 1, 2006 at various rates between 4.25% and 5.30% .....	35,180,000	35,180,000
1993 Series B (1993 B Bonds) - interest payable semi-annually to October 1, 2013 at various rates between 4.0% and 5.5% .....	128,795,000	128,795,000
1993 Series C (1993 C Bonds) - interest payable semi-annually to October 1, 1996 at a rate of 5% .....	5,680,000	12,400,000
<b>Subordinated Utilities System Revenue Bonds:</b>		
1993 Series (1993 Subordinated Bonds) - interest payable semi-annually to April 1, 1997 at rates of 4.875% and 5.25% .....	8,635,000	25,365,000
<b>Utilities System Commercial Paper Notes, Series C</b>		
(C Notes) - interest at various market rates .....	<u>64,657,000</u>	<u>66,265,000</u>
	400,222,000	426,870,000
Less unamortized bond discount .....	<u>(6,563,980)</u>	<u>(6,936,733)</u>
Total long-term debt .....	<u>\$393,658,020</u>	<u>\$419,933,267</u>

(Continued)

**Notes to Financial Statements**

September 30, 1995 and 1994

GRU is required to make monthly deposits into separate accounts for an amount equal to the required share of principal and interest becoming payable for the revenue bonds on the payment dates of April 1 and October 1.

The following table lists the Debt Service requirements (principal and interest) on the Long-Term Debt outstanding at September 30, 1995:

Period ending October 1	Utilities System Revenue Bonds	Subordinated Utilities System Revenue Bonds	Total net debt service requirements
1996	\$ 28,991,735	\$ 17,591,131	\$ 46,582,866
1997	26,212,745	8,861,669	35,074,414
1998	26,212,940	-	26,212,940
1999	26,207,360	-	26,207,360
2000	25,755,160	-	25,755,160
2001	26,068,833	-	26,068,833
2002	26,062,173	-	26,062,173
2003	26,069,187	-	26,069,187
2004	25,495,837	-	25,495,837
2005	24,337,776	-	24,337,776
2006	24,329,841	-	24,329,841
2007	28,522,645	-	28,522,645
2008	30,936,400	-	30,936,400
2009	30,941,550	-	30,941,550
2010	30,934,000	-	30,934,000
2011	30,935,025	-	30,935,025
2012	30,930,525	-	30,930,525
2013	30,941,725	-	30,941,725
2014	32,218,225	-	32,218,225
2015	12,227,125	-	12,227,125
2016	12,225,350	-	12,225,350
2017	12,229,450	-	12,229,450
2018	5,781,950	-	5,781,950
2019	5,782,650	-	5,782,650
2020	5,780,475	-	5,780,475
2021	5,784,450	-	5,784,450
2022	5,782,950	-	5,782,950
	<u>\$597,698,082</u>	<u>\$ 26,452,800</u>	<u>\$624,150,882</u>

(Continued)

**Notes to Financial Statements**

September 30, 1995 and 1994

Under the terms of the Bond Resolution relating to the sale of the Utilities System Revenue Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU's net revenues (exclusive of any funds which may be established pursuant to the Bond Resolution for decommissioning and certain other specified purposes), including the investments and income, if any, thereof.

The Bond Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenues sufficient to pay operation and maintenance expenses, amounts required for deposit in the debt service fund, and amounts required for deposit into the utility plant improvement fund.

The 1983 Bonds mature on October 1, 2014. Those Bonds are subject to redemption at the option of the City on and after October 1, 1993, as a whole at any time or in part on any interest payment date, at a redemption price of 100% plus accrued interest to the date of redemption.

The 1987 Bonds and the 1993 C Bonds are not subject to redemption at the option of the City.

The 1992 A Bonds mature on various dates from 1996 to 2022. Those Bonds maturing on or after October 1, 2003, amounting to \$63,730,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2003 and 100% thereafter.

The 1992 B Bonds mature at various dates from 2001 to 2017. Those Bonds maturing on or after October 1, 2003 through October 1, 2007, amounting to \$14,310,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2004 and 100% thereafter. The 1992 B Bonds maturing on October 1, 2017, amounting to \$22,335,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 100%.

The 1993 A and B Bonds mature at various dates from 1997 to 2013. Those Bonds maturing on or after October 1, 2004, amounting to \$113,925,000, are subject to redemption at the option of the City on and after October 1, 2003, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2003, 101% in 2004 and 100% thereafter.

The 1993 Subordinated Bonds are not subject to redemption at the option of the City. They are direct and special obligations of the City secured as to the payment of the principal or sinking fund redemption price and interest thereon, in accordance with their terms and the provisions of the Subordinated Resolution, by the Subordinated Indebtedness Fund, the Subordinated Debt Service Reserve Account and the Subordinated Bond Payment Account which are included in the Debt Service Fund. The 1993 Subordinated Bonds are subordinated in all respects to bonds issued as first lien bonds ("Senior Lien Bonds") under the Bond Resolution.

Utilities System Commercial Paper Notes, Series C Notes in a principal amount not to exceed \$65,000,000 may continue to be issued to refinance maturing Series C Notes. Liquidity support for the Series C Notes is provided under a long-term credit agreement dated as of October 1, 1992 with Bank of America National Trust and Savings Association (Bank of America) and SunBank, National Association with Bank of America as Agent. Each bank's obligation is for \$32,500,000 and is a several but not joint obligation. The obligation of a bank may be substituted by another bank which meets certain credit standards and which is approved by GRU and the Agent. Under the terms of the agreement, GRU may borrow up to \$65,000,000 with same day availability ending on the termination date, as defined in the agreement. Series C Notes of \$1,608,000 were redeemed during 1995.

**(3) Deposits and Investments**

Deposits are held in a qualified public depository institution insured by the Federal Depository Insurance Corporation and as required by the Bond Resolution in a bank, savings and loan association or trust company of the United States or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$10,000,000.

In accordance with state laws and the Bond Resolution, GRU is authorized to invest in obligations which are unconditionally guaranteed by the United States of America or its agencies or instrumentalities, repurchase agreement obligations unconditionally guaranteed by the United States of America or its agencies, corporate indebtedness, direct and general obligations of any state of the United States of America (provided such obligations are rated by a nationally recognized bond rating agency in either of its two highest rating categories), public housing bonds, and certain certificates of deposit. Investments in corporate indebtedness must be rated in the highest rating category of a nationally recognized rating agency and in one of the two highest rating categories of at least one other nationally recognized rating agency.

(Continued)

## Notes to Financial Statements

September 30, 1995 and 1994

Investments are categorized in the following table in accordance with Governmental Accounting Standards Board Statement No. 3. All of GRU's investments fall under category 1 which includes investments that are insured or registered or held by the Utility or its agent in GRU's name. GRU generally intends and has the ability to hold its investments to maturity and does not expect to realize any potential losses from temporary fluctuations in the market value of the corporate commercial paper at September 30, 1995.

	Carrying value	Market value
<b>September 30, 1995</b>		
U.S. Government securities	\$ 60,466,943	\$ 60,783,067
U.S. Government bonds	19,901,457	22,656,640
Corporate commercial paper	<u>50,741,604</u>	<u>50,829,327</u>
<b>Total</b>	<b><u>\$131,110,004</u></b>	<b><u>\$134,269,034</u></b>
<b>September 30, 1994</b>		
U.S. Government securities	\$ 46,435,896	\$ 47,640,592
U.S. Government bonds	19,916,945	21,510,831
Corporate commercial paper	<u>94,629,531</u>	<u>93,238,054</u>
<b>Total</b>	<b><u>\$160,982,372</u></b>	<b><u>\$162,389,477</u></b>

Cash and investments are contained in the following balance sheet accounts:

	1995	1994
<b>Restricted assets:</b>		
Utility deposits	\$ 4,979,332	\$ 3,664,041
Debt service fund	54,862,172	59,997,732
Rate stabilization fund	38,298,691	31,190,254
Construction fund	28,286,380	57,324,696
Utility plant improvement fund	58,304	58,304
Decommissioning reserve	1,756,600	1,875,725
<b>Current assets:</b>		
Cash and short-term investments	<u>18,894,940</u>	<u>14,609,960</u>
<b>Total cash and investments</b>	<b>147,136,419</b>	<b>168,720,712</b>
Less cash and cash equivalents	14,327,268	6,404,906
Less accrued interest receivable	<u>1,699,147</u>	<u>1,333,434</u>
<b>Total investments</b>	<b><u>\$131,110,004</u></b>	<b><u>\$160,982,372</u></b>

## (4) Jointly-Owned Electric Plant

GRU-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in

the Crystal River Unit 3 (CR3) nuclear power plant operated by Florida Power Corporation. GRU's net investment in CR3 at September 30, 1995 and 1994 is approximately \$7,556,000 and \$7,769,000, respectively. CR3 operation and maintenance costs, which represent GRU's part of expenses attributable to operation of CR3, are recorded in accordance with the instructions as set forth in the FERC uniform system of accounts. Payments are made to Florida Power Corporation in accordance with the CR3 participation agreement.

GRU, as a part of this participation agreement, is responsible for its share of future decommissioning costs. Decommissioning costs are funded and expensed annually and are recovered through rates charged to customers. The most recent decommissioning cost estimates provided by Florida Power Corporation in November 1995, estimated GRU's share of total future decommissioning costs to be \$5.7 million in 1995 dollars.

## (5) Contributions in Aid of Construction

Contributions in aid of construction are as follows:

	1995	1994
Contributions in aid of construction:		
Utility plant, property and equipment contributed by municipality	\$ 3,982,276	\$ 3,982,276
Federal and state grants in aid of construction	22,663,741	22,663,741
Contributions from customers and developers:		
Plant contributed by developers	42,265,473	40,564,306
Connection charges	<u>46,083,208</u>	<u>43,808,871</u>
	114,994,698	111,019,194
Accumulated amortization	<u>(31,528,129)</u>	<u>(29,003,543)</u>
Contributions in aid of construction	<b><u>\$ 83,466,569</u></b>	<b><u>\$ 82,015,651</u></b>

## (6) Retained Earnings

Retained earnings reserved for debt service and unappropriated are as follows:

	1995	1994
Reserved for debt service	\$ 35,943,053	\$ 38,787,106
Unappropriated	<u>161,600,841</u>	<u>150,489,632</u>
<b>Total retained earnings</b>	<b><u>\$197,543,894</u></b>	<b><u>\$189,276,738</u></b>

(Continued)

AS FISCAL AGENT... 6% of an employee's annual salary and employees may either a specified percentage or dollar amount. Total deferred compensation and defined contribution cost for GRU for the years

position.

**Notes to Financial Statements**

September 30, 1995 and 1994

Investments are categorized in the following table in accordance with Governmental Accounting Standards Board Statement No. 3. All of GRU's investments fall under category 1 which includes investments that are insured or registered or held by the Utility or its agent in GRU's name. GRU generally intends and has the ability to hold its investments to maturity and does not expect to realize any potential losses from temporary fluctuations in the market value of the corporate commercial paper at September 30, 1995.

	Carrying value	Market value
<b>September 30, 1995</b>		
U.S. Government securities	\$ 60,466,943	\$ 60,783,067
U.S. Government bonds	19,901,457	22,656,640
Corporate commercial paper	<u>50,741,604</u>	<u>50,829,327</u>
<b>Total</b>	<b><u>\$131,110,004</u></b>	<b><u>\$134,269,034</u></b>

	Carrying value	Market value
<b>September 30, 1994</b>		
U.S. Government securities	\$ 46,435,896	\$ 47,640,592
U.S. Government bonds	19,916,945	21,510,831
Corporate commercial paper	<u>94,629,531</u>	<u>93,238,054</u>
<b>Total</b>	<b><u>\$160,982,372</u></b>	<b><u>\$162,389,477</u></b>

Cash and investments are contained in the following balance sheet accounts:

	1995	1994
<b>Restricted assets:</b>		
Utility deposits	\$ 4,979,332	\$ 3,664,041
Debt service fund	54,862,172	59,997,732
Rate stabilization fund	38,298,691	31,190,254
Construction fund	28,286,380	57,324,696
Utility plant improvement fund	58,304	58,304
Decommissioning reserve	1,756,600	1,875,725
<b>Current assets:</b>		
Cash and short-term investments	<u>18,894,940</u>	<u>14,609,960</u>
<b>Total cash and investments</b>	<b>147,136,419</b>	<b>168,720,712</b>
Less cash and cash equivalents	14,327,268	6,404,906
Less accrued interest receivable	<u>1,699,147</u>	<u>1,333,434</u>
<b>Total investments</b>	<b><u>\$131,110,004</u></b>	<b><u>\$160,982,372</u></b>

**(4) Jointly-Owned Electric Plant**

GRU-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in

the Crystal River Unit 3 (CR3) nuclear power plant operated by Florida Power Corporation. GRU's net investment in CR3 at September 30, 1995 and 1994 is approximately \$7,556,000 and \$7,769,000, respectively. CR3 operation and maintenance costs, which represent GRU's part of expenses attributable to operation of CR3, are recorded in accordance with the instructions as set forth in the FERC uniform system of accounts. Payments are made to Florida Power Corporation in accordance with the CR3 participation agreement.

GRU, as a part of this participation agreement, is responsible for its share of future decommissioning costs. Decommissioning costs are funded and expensed annually and are recovered through rates charged to customers. The most recent decommissioning cost estimates provided by Florida Power Corporation in November 1995, estimated GRU's share of total future decommissioning costs to be \$5.7 million in 1995 dollars.

**(5) Contributions in Aid of Construction**

Contributions in aid of construction are as follows:

	1995	1994
<b>Contributions in aid of construction:</b>		
Utility plant, property and equipment contributed by municipality	\$ 3,982,276	\$ 3,982,276
Federal and state grants in aid of construction	22,663,741	22,663,741
<b>Contributions from customers and developers:</b>		
Plant contributed by developers	42,265,473	40,564,306
Connection charges	<u>46,083,208</u>	<u>43,808,871</u>
	114,994,698	111,019,194
Accumulated amortization	<u>(31,528,129)</u>	<u>(29,003,543)</u>
<b>Contributions in aid of construction</b>	<b><u>\$ 83,466,569</u></b>	<b><u>\$ 82,015,651</u></b>

**(6) Retained Earnings**

Retained earnings reserved for debt service and unappropriated are as follows:

	1995	1994
Reserved for debt service	\$ 35,943,053	\$ 38,787,106
Unappropriated	<u>161,600,841</u>	<u>150,489,632</u>
<b>Total retained earnings</b>	<b><u>\$197,543,894</u></b>	<b><u>\$189,276,738</u></b>

(Continued)



**Notes to Financial Statements**

September 30, 1995 and 1994

Under the terms of the Bond Resolution relating to the sale of the Utilities System Revenue Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU's net revenues (exclusive of any funds which may be established pursuant to the Bond Resolution for decommissioning and certain other specified purposes), including the investments and income, if any, thereof.

The Bond Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenues sufficient to pay operation and maintenance expenses, amounts required for deposit in the debt service fund, and amounts required for deposit into the utility plant improvement fund.

The 1983 Bonds mature on October 1, 2014. Those Bonds are subject to redemption at the option of the City on and after October 1, 1993, as a whole at any time or in part on any interest payment date, at a redemption price of 100% plus accrued interest to the date of redemption.

The 1987 Bonds and the 1993 C Bonds are not subject to redemption at the option of the City.

The 1992 A Bonds mature on various dates from 1996 to 2022. Those Bonds maturing on or after October 1, 2003, amounting to \$63,730,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2003 and 100% thereafter.

The 1992 B Bonds mature at various dates from 2001 to 2017. Those Bonds maturing on or after October 1, 2003 through October 1, 2007, amounting to \$14,310,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2004 and 100% thereafter. The 1992 B Bonds maturing on October 1, 2017, amounting to \$22,335,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 100%.

The 1993 A and B Bonds mature at various dates from 1997 to 2013. Those Bonds maturing on or after October 1, 2004, amounting to \$113,925,000, are subject to redemption at the option of the City on and after October 1, 2003, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2003, 101% in 2004 and 100% thereafter.

The 1993 Subordinated Bonds are not subject to redemption at the option of the City. They are direct and special obligations of the City secured as to the payment of the principal or sinking fund redemption price and interest thereon, in accordance with their terms and the provisions of the Subordinated Resolution, by the Subordinated Indebtedness Fund, the Subordinated Debt Service Reserve Account and the Subordinated Bond Payment Account which are included in the Debt Service Fund. The 1993 Subordinated Bonds are subordinated in all respects to bonds issued as first lien bonds ("Senior Lien Bonds") under the Bond Resolution.

Utilities System Commercial Paper Notes, Series C Notes in a principal amount not to exceed \$65,000,000 may continue to be issued to refinance maturing Series C Notes. Liquidity support for the Series C Notes is provided under a long-term credit agreement dated as of October 1, 1992 with Bank of America National Trust and Savings Association (Bank of America) and SunBank, National Association with Bank of America as Agent. Each bank's obligation is for \$32,500,000 and is a several but not joint obligation. The obligation of a bank may be substituted by another bank which meets certain credit standards and which is approved by GRU and the Agent. Under the terms of the agreement, GRU may borrow up to \$65,000,000 with same day availability ending on the termination date, as defined in the agreement. Series C Notes of \$1,608,000 were redeemed during 1995.

**(3) Deposits and Investments**

Deposits are held in a qualified public depository institution insured by the Federal Depository Insurance Corporation and as required by the Bond Resolution in a bank, savings and loan association or trust company of the United States or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$10,000,000.

In accordance with state laws and the Bond Resolution, GRU is authorized to invest in obligations which are unconditionally guaranteed by the United States of America or its agencies or instrumentalities, repurchase agreement obligations unconditionally guaranteed by the United States of America or its agencies, corporate indebtedness, direct and general obligations of any state of the United States of America (provided such obligations are rated by a nationally recognized bond rating agency in either of its two highest rating categories), public housing bonds, and certain certificates of deposit. Investments in corporate indebtedness must be rated in the highest rating category of a nationally recognized rating agency and in one of the two highest rating categories of at least one other nationally recognized rating agency.

(Continued)

**Notes to Financial Statements**

September 30, 1995 and 1994

Retained earnings balances at September 30, 1995 and 1994 reserved in debt service fund accounts are as follows:

	<u>1995</u>	<u>1994</u>
Reserve account	\$ 35,561,817	\$ 37,166,530
Debt service account	18,880,710	22,349,023
Subordinated indebtedness fund account	381,065	457,000
Commercial paper note payment account	<u>38,581</u>	<u>25,179</u>
	\$ 54,862,173	\$ 59,997,732
Less amounts appropriated for current interest and principal payable	<u>18,919,120</u>	<u>21,210,626</u>
	<u>\$ 35,943,053</u>	<u>\$ 38,787,106</u>

The reserve account is funded by initial deposits from the bond proceeds. Bond principal payments of \$16,730,000 and \$15,295,000 due April 1, 1996 and 1995, respectively, are not required to begin funding until the previous October and therefore, are not reserved in the debt service fund accounts at September 30, 1995 and 1994, respectively.

**(7) Retirement Plans**

The City sponsors and administers one defined benefit pension plan and two defined contribution plans (collectively, the Plans) that includes GRU and other City employees. The Plans do not make separate measurements of assets and pension benefit obligations for individual units of the City. Such information is presented in the City of Gainesville, Florida, September 30, 1995 Comprehensive Annual Financial Report.

The General Employees Pension Plan (Employees Plan), a contributory defined benefit pension plan, covers all employees of GRU, except certain personnel who elect to participate only in a Defined Contribution Plan.

The City accounts for and funds the costs of the Employees Plan as they accrue. Such costs are based on contribution rates determined by the most recent actuarial valuation. The total contributions by GRU, including amortization of prior service costs, for the years ended September 30, 1995 and 1994 were \$1,092,000 and \$1,045,000, respectively.

Certain employees are eligible to participate in defined contribution plans managed by the International City Management Association as fiscal agent for the City. Under these plans, the City contributes 6% of an employee's annual salary and employees may contribute either a specified percentage or dollar amount. Total deferred compensation and defined contribution cost for GRU for the years

ended September 30, 1995 and 1994 was \$239,000 and \$240,000, respectively.

**(8) Transfers to General Fund**

GRU makes transfers to the City's general government based on a formula that ties the transfer directly to the profitability of the system. The transfer to the general fund may be made only to the extent such monies are not necessary to pay debt service on the outstanding bonds and subordinated debt or to make other necessary transfers under the Bond Resolution. The formula-based fund transfer to the general fund for the years ended September 30, 1995 and 1994 was \$19,248,000 and \$18,829,000, respectively.

**(9) Deferred Charges**

Included in deferred charges at September 30, 1995 and 1994 is the unamortized balance of \$11,672,000 and \$16,412,000, respectively, remaining of the original payment of \$27,375,000, in full settlement in connection with the City's cancellation of a contract for supply of coal to the Deerhaven II generating plant. The settlement payment is being recovered through future utility fuel adjustment revenue through the year 2003.

The remaining balance in deferred charges at September 30, 1995 and 1994 is comprised of unamortized bond issuance costs of approximately \$35,000,000 and \$37,700,000, respectively, environmental costs of \$5,075,000 in both years (see note 10), and other miscellaneous items, all of which are being amortized over periods from 7 to 30 years.

**(10) Environmental Liabilities**

The System is subject to numerous Federal, state, and local environmental regulations. Under the Comprehensive Environmental Response Compensation and Liability Act, commonly known as "Superfund," the System has been named as a potentially responsible party at two hazardous waste sites. In addition, in January 1990, the System purchased the natural gas distribution assets of a company and pursuant to the related purchase agreement, assumed responsibility for the investigation and remediation of environmental impacts related to the operation of the former manufactured gas plant. Based upon the System's analysis of the cost to clean-up these sites and other identified environmental contingencies, the System has accrued a liability of \$5,075,000. Because the System anticipates recovering the costs of environmental clean-up through future customer rates, a related asset of equal amount has been reflected as a deferred charge in the accompanying balance sheet. Although uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect on the System's financial position.

## Independent Auditors' Report

The Honorable Mayor and Members of the City Commission  
City of Gainesville:

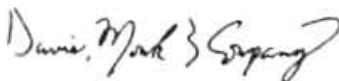
We have audited the accompanying balance sheets of Gainesville Regional Utilities (the Combined Utility Funds of the City of Gainesville, Florida) as of September 30, 1994 and 1993, and the related statements of revenue and expense and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 1994 and 1993 financial statements referred to above present fairly, in all material respects, the financial position of Gainesville Regional Utilities as of September 30, 1994 and 1993, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Gainesville Regional Utilities taken as a whole. The supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information included in the accompanying schedules as of September 30, 1992, 1991 and 1990 has been subjected to the auditing procedures applied by other auditors whose report thereon, dated December 3, 1992, expressed an unqualified opinion on that supplementary information in relation to the basic financial statements taken as a whole.

As more fully described in Note 1 to the financial statements, in 1994, Gainesville Regional Utilities changed its methods of accounting for the amortization of contributions in aid of construction and transfers to the City of Gainesville general fund.



Davis, Monk & Company  
Gainesville, Florida



KPMG Peat Marwick LLP  
St. Petersburg, Florida

December 16, 1994

## Balance Sheets

September 30, 1994 and 1993

## Assets

	1994	1993
<b>Utility plant:</b>		
Utility plant in service .....	\$ 666,044,962	631,297,096
Construction in progress .....	41,717,260	36,122,038
	707,762,222	667,419,134
Less accumulated depreciation and amortization .....	<u>(221,887,885)</u>	<u>(208,408,304)</u>
Net utility plant .....	485,874,337	459,010,830
<b>Current assets:</b>		
Cash and short-term investments .....	14,609,960	8,624,903
Accounts receivable, net of allowance for uncollectible accounts of \$597,000 in 1994 and \$832,800 in 1993 .....	20,427,090	21,309,236
Prepaid expenses .....	-	28,906
<b>Inventories:</b>		
Fuel .....	5,890,406	5,427,102
Materials and supplies .....	<u>5,972,797</u>	<u>5,243,989</u>
Total current assets .....	46,900,253	40,634,136
<b>Restricted assets — Cash and Investments:</b>		
Utility deposits .....	3,664,041	3,771,766
Debt service fund .....	59,997,732	58,218,667
Rate stabilization fund .....	31,190,254	23,920,746
Construction fund .....	57,324,696	101,865,680
Utility plant improvement fund .....	58,304	121,619
Decommissioning reserve .....	<u>1,875,725</u>	<u>1,615,876</u>
Total restricted assets .....	154,110,752	189,514,354
Deferred charges .....	<u>64,395,148</u>	<u>69,375,310</u>
Total assets .....	<u>\$ 751,280,490</u>	<u>758,534,630</u>

See accompanying notes to financial statements.

## Liabilities and Fund Equity

	<u>1994</u>	<u>1993</u>
<b>Long-term debt and fund equity:</b>		
Long-term debt:		
Utilities system revenue bonds .....	\$ 360,605,000	385,935,000
Utilities system commercial paper notes .....	<u>66,265,000</u>	<u>67,761,000</u>
	426,870,000	453,696,000
Less unamortized bond discount .....	<u>(6,936,733)</u>	<u>(7,308,104)</u>
Total long-term debt .....	<u>419,933,267</u>	<u>446,387,896</u>
Fund equity:		
Contributions in aid of construction .....	82,015,651	77,396,382
Retained earnings .....	<u>189,276,738</u>	<u>180,691,699</u>
Total fund equity .....	<u>271,292,389</u>	<u>258,088,081</u>
Total long-term debt and fund equity .....	<u>691,225,656</u>	<u>704,475,977</u>
<b>Current liabilities:</b>		
Fuel payable .....	1,870,575	3,190,202
Accounts payable and accrued liabilities .....	4,776,900	2,731,690
Due to other funds .....	<u>1,578,698</u>	<u>1,420,873</u>
Total current liabilities .....	<u>8,226,173</u>	<u>7,342,765</u>
<b>Payable from restricted assets:</b>		
Utility deposits .....	3,793,648	3,925,474
Long-term debt payable-current .....	25,330,000	14,900,000
Accrued interest payable .....	11,175,626	11,000,803
Construction fund:		
Accounts payable and accrued liabilities .....	<u>1,671,041</u>	<u>7,072,769</u>
Total payable from restricted funds .....	<u>41,970,315</u>	<u>36,899,046</u>
<b>Other liabilities and deferred credits .....</b>	<u>9,858,346</u>	<u>9,816,842</u>
Total liabilities and fund equity .....	<u>\$ 751,280,490</u>	<u>758,534,630</u>

**Statements of Revenue and Expense and Retained Earnings**  
 Years ended September 30, 1994 and 1993

	<u>1994</u>	<u>1993</u>
<b>Operating revenue:</b>		
Sales and service charges .....	\$ 149,506,834	150,200,896
Other operating revenue .....	<u>1,618,513</u>	<u>1,540,761</u>
<i>Total operating revenue</i> .....	<u>151,125,347</u>	<u>151,741,657</u>
<b>Operating expenses:</b>		
Operation and maintenance .....	72,137,367	73,570,701
Administrative and general .....	17,136,503	17,236,413
Depreciation and amortization .....	<u>17,955,407</u>	<u>18,118,153</u>
<i>Total operating expenses</i> .....	<u>107,229,277</u>	<u>108,925,267</u>
<b>Operating income</b> .....	<u>43,896,070</u>	<u>42,816,390</u>
<b>Non-operating income (expense):</b>		
Interest income .....	8,541,086	14,021,952
Interest expense .....	<u>(25,022,851)</u>	<u>(34,558,242)</u>
<i>Total non-operating expense</i> .....	<u>(16,481,765)</u>	<u>(20,536,290)</u>
<b>Net income</b> .....	27,414,305	22,280,100
Retained earnings, beginning of year .....	180,691,699	176,838,863
Operating transfer to City of Gainesville general fund .....	<u>(18,829,266)</u>	<u>(18,427,264)</u>
Retained earnings, end of year .....	<u>\$ 189,276,738</u>	<u>180,691,699</u>

See accompanying notes to financial statements.

GAINESVILLE REGIONAL UTILITIES  
**Statements of Cash Flows**  
 Years ended September 30, 1994 and 1993

	<u>1994</u>	<u>1993</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers .....	\$ 150,257,154	150,892,009
Cash payments to suppliers for goods and services .....	(63,897,160)	(82,286,702)
Cash payments to employees for services .....	(22,181,595)	(21,480,475)
Cash payments for operating transactions with other funds .....	(5,347,298)	(4,888,198)
Other operating receipts .....	1,618,514	1,540,761
Net cash provided by operating activities .....	<u>60,449,615</u>	<u>43,777,395</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to other funds .....	<u>(18,829,266)</u>	<u>(18,427,264)</u>
Net cash used in noncapital financing activities .....	<u>(18,829,266)</u>	<u>(18,427,264)</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal repayments on long-term debt .....	(16,396,000)	(187,782,761)
Proceeds from sale of equipment .....	196,684	656,967
Interest paid on long-term debt .....	(24,476,657)	(39,235,430)
Capital grants .....	68,265	478,719
Acquisition and construction of fixed assets (including allowance for funds used during construction) .....	(41,757,156)	(34,826,497)
Proceeds from issuance of long-term debt .....	-	236,485,000
Cash received for connection charges .....	<u>3,012,527</u>	<u>2,309,985</u>
Net cash used in capital and related financing activities .....	<u>(79,352,337)</u>	<u>(21,914,017)</u>
<b>Cash flows from investing activities:</b>		
Interest .....	5,688,651	8,231,525
Purchase of investments .....	(483,669,087)	(541,996,971)
Proceeds from investment maturities .....	<u>515,001,999</u>	<u>527,715,863</u>
Net cash provided by (used in) investing activities .....	<u>37,021,563</u>	<u>(6,049,583)</u>
Net decrease in cash and cash equivalents .....	(710,425)	(2,613,469)
Cash and cash equivalents, beginning of year .....	<u>7,115,331</u>	<u>9,728,800</u>
Cash and cash equivalents, end of year .....	<u>\$ 6,404,906</u>	<u>7,115,331</u>

(Continued)

GAINESVILLE REGIONAL UTILITIES  
**Statements of Cash Flows**  
for years ended September 30, 1994 and 1993

	1994	1993
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income .....	\$ 43,896,070	42,816,390
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation and amortization .....	17,955,407	18,118,153
Receivables .....	882,146	84,832
Prepaid expenses .....	28,906	307,741
Inventories .....	(1,192,112)	2,350,837
Deferred charges .....	3,487,840	(30,186,195)
Accounts payable and accrued liabilities .....	(4,676,145)	4,138,024
Due to other funds .....	157,825	(331,914)
Utility deposits .....	(131,826)	606,280
Other liabilities and deferred credits .....	41,504	5,873,247
Net cash provided by operating activities .....	<u>\$ 60,449,615</u>	<u>43,777,395</u>

**Noncash, Investing, Capital and Financing Activities:**

In August 1993, investments of \$77,428,800 par value, (\$75,029,999 book value) were used in combination with cash and new debt to defease \$149,590,000 of 1983 series long-term debt.

Utility plant contributed by developers in aid of construction was \$4,031,360 and \$336,103 in 1994 and 1993, respectively.

**Cash and Cash Equivalents:**

In accordance with the provisions of Paragraph 11, GASB Statement 9, the utility has elected to treat all investments, other than repurchase agreements, as noncash equivalents.

See accompanying notes to financial statements.



(1) Summary of Significant Accounting Policies

(a) Organization

Gainesville Regional Utilities (GRU) is a combined municipal utility system operating electric, gas, water and wastewater utilities.

(b) Basis of Accounting

GRU consists of the combined Utility Funds of the City of Gainesville, Florida (City). The financial statements are presented on the accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred. In accordance with the Utilities System Revenue Bond Resolution (Bond Resolution), rates are designed to cover 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 effect of these differences are recognized in the determination of net income in the period that they occur in accordance with GRU's accounting policies. GRU has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners. Rates are approved annually by the City Commission.

(c) Investments

Investments are stated at amortized cost. Premium or discount is amortized over the investment's maturity based on the straight-line method which approximates the effective interest method.

(d) Inventories

Inventories are stated at cost using the weighted average unit cost method for materials, and the last-in, first-out (LIFO) method for fuel. Obsolete and unusable items are reduced to estimated salvage values. The cost of fuel used for electric generation is charged to expense as consumed.

(e) Utility Plant

Property and equipment are recorded at cost. Maintenance and repairs are charged to operating expense as incurred. The average cost of depreciable plant retired is eliminated from the plant accounts, and such costs, plus removal costs less salvage, are charged to accumulated depreciation.

(f) Depreciation and Nuclear Generating Plant Decommissioning

Depreciation of utility plant is computed using the straight-line method over estimated service lives ranging from 6 to 50 years. Depreciation was equivalent to 2.81% and 2.83% of average depreciable property for 1994 and 1993, respectively. Depreciation expense includes a provision for decommissioning costs related to the jointly-owned nuclear power plant (see note 4).

(g) Amortization of Nuclear Fuel

The cost of nuclear fuel, including estimated disposal cost, is amortized to fuel expense based on the quantity of heat produced for the generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core. These costs are charged to customers through the fuel adjustment clause.

(h) Revenue Recognition

Revenue is recorded as earned. GRU accrues for services rendered but unbilled which amounted to approximately \$8,103,000 and \$8,057,000 for 1994 and 1993, respectively. Fuel adjustment revenue is recognized based on the actual fuel costs. Amounts charged to customers are based on estimated costs, which are adjusted monthly for any differences between the actual and estimated costs once actual costs are known.

(i) Interfund Transactions

Interfund transactions and contributions are generally made as required. Interfund transactions between the funds and fund balances of electric, gas, water and wastewater are offset for the combined utility funds. Interfund loans do not bear interest. Additionally, there are interfund transactions between GRU and general government operations of the City.

(j) Funds in Accordance With Bond Resolutions

Certain restricted funds of GRU are administered in accordance with bond resolutions. These funds are as follows:

- Debt Service Fund
- Subordinated Indebtedness Fund
- Rate Stabilization Fund
- Construction Fund
- Utility Plant Improvement Fund

The Debt Service Fund accounts for funds accumulated to provide payment of principal and interest on or redeem outstanding debt.

The Subordinated Indebtedness Fund, grouped in the Debt Service Fund for financial reporting purposes, accounts for funds accumulated to pay principal and interest on subordinated indebtedness.

The Rate Stabilization Fund accounts for funds accumulated to stabilize rates over future periods through the transfer of funds to and from Revenue Funds as necessary.

The Construction Fund accounts for funds accumulated for the Cost of Acquisition and Construction of the system.

(Continued)

The Utility Plant Improvement Fund accounts for funds used to pay for certain capital projects or debt service, the purchase of redemption of bonds, or otherwise provide for the payment of bonds.

**(k) Allowance for Funds Used During Construction**

An allowance for interest on borrowed funds used during construction of \$1,243,000 in 1994 and \$964,040 in 1993 is included in construction in progress and as a reduction of interest expense. These amounts are computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rates were approximately 5.5% and 6.3% for 1994 and 1993, respectively.

**(l) Deferred Charges**

Deferred charges represent costs incurred that are to be recovered from future revenue through the rate-making process over a period usually ranging from seven to thirty years.

**(m) Contributions in Aid of Construction**

Utility plant in service for the water and wastewater funds include assets received from contributions in aid of construction (CIAC). Contributions in aid of construction are amortized on a straight-line method over the life of the related asset. The amount

of amortization expense included in the statement of revenue and expense and retained earnings relating to the contributed assets is credited to depreciation and amortization expense and amounted to \$2,492,886 and \$2,222,554 in 1994 and 1993, respectively.

**(n) Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, and overnight repurchase agreements.

**(o) Change in Accounting**

During 1994, GRU changed its methods of accounting for the amortization of CIAC and the operating transfer to the City general fund. In 1993, the amortization of CIAC was reflected as a component of the change in retained earnings. In 1994, the CIAC amortization is included as a component of depreciation and amortization on the income statement. The operating transfer to the City general fund was a component of net income in 1993 and is now a component of the change in retained earnings. The 1993 financial statements have been restated to reflect these changes.

(Continued)

**(2) Long-Term Debt**

Long-term debt outstanding at September 30, 1994 and 1993 consisted of the following:

	<u>1994</u>	<u>1993</u>
<b>Utilities System Revenue Bonds:</b>		
Series 1983 (1983 Bonds) — interest payable semi-annually to October 1, 2014 at a rate of 6.0% .....	\$ 18,860,000	18,860,000
1987 Series A (1987 Bonds) — interest payable semi-annually to October 1, 2002 at various rates between 6.4% and 6.8% .....	5,085,000	6,585,000
1992 Series A (1992 A Bonds) — interest payable semi-annually to October 1, 2022 at various rates between 5.0% and 6.5% .....	73,000,000	73,000,000
1992 Series B (1992 B Bonds) — interest payable semi-annually to October 1, 2017 at various rates between 6.0% and 7.5% .....	61,920,000	61,920,000
1993 Series A (1993 A Bonds) — interest payable semi-annually to October 1, 2006 at various rates between 4.25% and 5.30% .....	35,180,000	35,180,000
1993 Series B (1993 B Bonds) — interest payable semi-annually to October 1, 2013 at various rates between 4.0% and 5.5% .....	128,795,000	128,795,000
1993 Series C (1993 C Bonds) — interest payable semi-annually to October 1, 1996 at various rates between 4.625% and 5% .....	12,400,000	20,935,000
<b>Subordinated Utilities System Revenue Bonds:</b>		
1993 Series (1993 Subordinated Bonds) — interest payable semi-annually to April 1, 1997 at rates of 4.875% and 5.25% .....	25,365,000	40,660,000
<b>Utilities System Commercial Paper Notes, Series C:</b>		
(C Notes) — interest at various market rates .....	<u>66,265,000</u>	<u>67,761,000</u>
	426,870,000	453,696,000
	<u>(6,936,733)</u>	<u>(7,308,104)</u>
Less unamortized bond discount .....		
Total long-term debt .....	<u>\$ 419,933,267</u>	<u>446,387,896</u>

(Continued)

GRU is required to make monthly deposits into separate accounts for an amount equal to the required share of principal and interest becoming payable for the revenue bonds on the payment dates of April 1 and October 1.

In March, 1993, GRU issued \$163,975,000 Utilities System Revenues Bonds, Series A and B. The entire Series B Bonds in the amount of \$128,795,000 were used to pay principal, interest and redemption premium on \$9,650,000 of the then-outstanding 1987 Bonds and all \$100,366,361 of the then-outstanding 1989 Series Subordinated Bonds. This refunding constituted a legal defeasance of that amount of 1987 Bonds and 1989 Subordinated Bonds and resulted in debt service savings of \$6.5 million over the life of the Bonds and Subordinated Bonds and a present value savings of approximately \$5.9 million. A loss on defeasance of approximately \$15.1 million was deferred and is being amortized over the life of the 1987 Bonds and 1989 Subordinated Bonds.

In August, 1993, GRU issued \$20,935,000 Utilities System Revenue Bonds Series 1993 C and \$51,575,000 Subordinated Utilities System Revenue Bonds Series 1993. The proceeds of these series and amounts on hand in the Debt Service Fund were used to legally defease \$149,590,000 of the then-outstanding 1983 Series Bonds. This defeasance resulted in debt service savings of approximately \$31.8 million over the life of the defeased Bonds with a present value savings of \$19.4 million. A loss on defeasance of approximately \$12.3 million was deferred and is being amortized over the life of the 1983 Bonds.

The following table lists the Debt Service requirements on the Long-Term Debt outstanding at September 30, 1994:

Period ending October 1	Utilities System Revenue Bonds	Subordinated Utilities System Revenue Bonds	Total net debt service requirements
1995	\$ 26,131,343	\$ 16,898,503	\$ 43,029,846
1996	28,991,735	17,591,131	46,582,866
1997	26,212,745	8,861,669	35,074,414
1998	26,212,940	-	26,212,940
1999	26,207,360	-	26,207,360
2000	25,755,160	-	25,755,160
2001	26,068,833	-	26,068,833
2002	26,062,173	-	26,062,173
2003	26,069,187	-	26,069,187
2004	25,495,837	-	25,495,837
2005	24,337,776	-	24,337,776
2006	24,329,841	-	24,329,841
2007	28,522,645	-	28,522,645
2008	30,936,400	-	30,936,400
2009	30,941,550	-	30,941,550
2010	30,934,000	-	30,934,000
2011	30,935,025	-	30,935,025
2012	30,930,525	-	30,930,525
2013	30,941,725	-	30,941,725
2014	32,218,225	-	32,218,225
2015	12,227,125	-	12,227,125
2016	12,225,350	-	12,225,350
2017	12,229,450	-	12,229,450
2018	5,781,950	-	5,781,950
2019	5,782,650	-	5,782,650
2020	5,780,475	-	5,780,475
2021	5,784,450	-	5,784,450
2022	5,782,950	-	5,782,950
	<u>\$ 623,829,425</u>	<u>\$ 43,351,303</u>	<u>\$ 667,180,728</u>

(Continued)

Under the terms of the Bond Resolution relating to the sale of the Utilities System Revenue Bonds, payment of the principal and interest is secured by an irrevocable lien on GRU's net revenues (exclusive of any funds which may be established pursuant to the Bond Resolution for decommissioning and certain other specified purposes), including the investments and income, if any, thereof.

The Bond Resolution contains certain restrictions and commitments, including GRU's covenant to establish and maintain rates and other charges to produce revenues sufficient to pay operation and maintenance expenses, amounts required for deposit in the debt service funds, and amounts required for deposit into the utility plant improvement fund.

The 1983 Bonds mature on October 1, 2014. Those Bonds are subject to redemption at the option of the City on and after October 1, 1993, as a whole at any time or in part on any interest payment date, at a redemption price of 100% plus accrued interest to the date of redemption.

The 1987 Bonds and the 1993 C Bonds are not subject to redemption at the option of the City.

The 1992 A Bonds mature on various dates from 1996 to 2022. Those Bonds maturing on or after October 1, 2003, amounting to \$63,730,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2003 and 100% thereafter.

The 1992 B Bonds mature at various dates from 2001 to 2017. Those Bonds maturing on or after October 1, 2003 through October 1, 2007, amounting to \$14,310,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002, 101% in 2004 and 100% thereafter. The 1992 B Bonds maturing on October 1, 2017, amounting to \$22,335,000, are subject to redemption at the option of the City on and after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 100%.

The 1993 A and B Bonds mature at various dates from 1997 to 2013. Those Bonds maturing on or after October 1, 2004, amounting to \$113,925,000, are subject to redemption at the option of the City on and after October 1, 2003, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2003, 101% in 2004 and 100% thereafter.

The 1993 Subordinated Bonds are not subject to redemption at the option of the City. They are direct and special obligations of the City secured as to the payment of the principal or sinking fund redemption price and interest thereon, in accordance with their terms and the provisions of the

Subordinated Resolution, by the Subordinated Indebtedness Fund, the Subordinated Debt Service Reserve Account and the Subordinated Bond Payment Account which are included in the Debt Service Fund. The 1993 Subordinated Bonds are subordinated in all respects to bonds issued as first lien bonds ("Senior Lien Bonds") under the Bond Resolution.

Utilities System Commercial Paper Notes, Series C Notes in a principal amount not to exceed \$67,000,000 may continue to be issued to refinance maturing Series C Notes. Liquidity support for the Series C Notes is provided under a long-term credit agreement dated as of October 1, 1992 with Bank of America National Trust and Savings Association (Bank of America) and SunBank, National Association with Bank of America as Agent. Each bank's obligation is for \$33,500,000 and is a several but not joint obligation. The obligation of a bank may be substituted by another bank which meets certain credit standards and which is approved by GRU and the Agent. Under the terms of the agreement, GRU may borrow up to \$67,000,000 with same day availability ending on the termination date, as defined in the agreement. Series C Notes of 1,496,000 were redeemed during 1994.

### (3) Deposits and Investments

Deposits are held in an institution insured by the Federal Depository Insurance Corporation and as required by the Bond Resolution in a bank, savings and loan association or trust company of the United States or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$10,000,000.

In accordance with state laws and the Bond Resolution, GRU is authorized to invest in obligations which are unconditionally guaranteed by the United States of America or its agencies or instrumentalities, repurchase agreement obligations unconditionally guaranteed by the United States of America or its agencies, corporate indebtedness, direct and general obligations of any state of the United States of America (provided such obligations are rated by a nationally recognized bond rating agency in either of its two highest rating categories), public housing bonds, and certain certificates of deposit. Investments in corporate indebtedness must be rated in the highest rating category of a nationally recognized rating agency and in one of the two highest rating categories of at least one other nationally recognized rating agency.

Investments are categorized in the following table in accordance with Governmental Accounting Standards Board Statement No. 3. All of GRU's investments fall under category I which includes investments that are insured or registered or held by the Utility or its agent in GRU's name. GRU generally holds its investments to maturity and does not expect to realize any losses from the decline in the market value of the corporate commercial paper at September 30, 1994.

(Continued)

<u>September 30, 1994</u>	<u>Carrying value</u>	<u>Market value</u>
U. S. Government securities	\$ 46,435,896	47,640,592
U. S. Government bonds	19,916,945	21,510,831
Corporate commercial paper	94,629,531	93,238,054
<i>Total</i>	<u>\$ 160,982,372</u>	<u>162,389,477</u>

<u>September 30, 1993</u>	<u>Carrying value</u>	<u>Market value</u>
U. S. Government securities	\$ 106,968,796	112,282,961
U. S. Government bonds	19,933,533	24,975,423
Corporate commercial paper	62,559,258	59,502,093
<i>Total</i>	<u>\$ 189,461,587</u>	<u>196,760,477</u>

Cash and investments are contained in the following balance sheet accounts:

	<u>1994</u>	<u>1993</u>
<b>Restricted assets:</b>		
Utility deposits	\$ 3,664,041	3,771,766
Debt service fund	59,997,732	58,218,667
Rate stabilization fund	31,190,254	23,920,746
Construction fund	57,324,696	101,865,680
Utility plant improvement fund	58,304	121,619
Decommissioning reserve	1,875,725	1,615,876
<b>Current assets:</b>		
Cash and short-term investments	14,609,960	8,624,903
<i>Total cash and investments</i>	168,720,712	198,139,257
Less cash and cash equivalents	6,404,906	7,115,331
Less accrued interest receivable	1,333,434	1,562,339
<i>Total investments</i>	<u>\$ 160,982,372</u>	<u>189,461,587</u>

#### (4) Jointly-Owned Electric Plant

GRU-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in the Crystal River Unit 3 (CR3) nuclear power plant operated by Florida Power Corporation. CR3 operation and maintenance costs, which represent GRU's part of expenses attributable to operation of CR3, are recorded in accordance with the instructions as set forth in the FERC uniform system of accounts. Payments are made to Florida Power Corporation in accordance with the CR3 participation agreement.

GRU, as a part of this participation agreement, is responsible for its share of future decommissioning costs. Decommissioning costs are funded and expensed annually and are recovered through rates charged to customers. The most recent decommissioning cost estimates provided by Florida Power Corporation in November 1994, estimated GRU's share of total future decommissioning costs to be \$3.3 million in 1993 dollars. Florida Power Corporation has informed GRU that an updated study will be completed and filed with the Florida Public Service Commission by December 31, 1994. GRU does not expect the new study to result in a significant increase in its annual nuclear decommissioning costs and expects that any increase in nuclear decommissioning costs will be recovered through future rates.

#### (5) Contributions in Aid of Construction

Contributions in aid of construction are as follows:

	<u>1994</u>	<u>1993</u>
<b>Contributions in aid of construction:</b>		
Utility plant, property and equipment contributed by municipality	\$ 3,982,276	3,982,276
Federal and state grants in aid of construction	22,663,741	22,602,227
<b>Contributions from customers and developers:</b>		
Plant contributed by developers	40,564,306	36,532,946
Connection charges	43,808,871	40,789,592
	111,019,194	103,907,041
Accumulated amortization	<u>(29,003,543)</u>	<u>(26,510,659)</u>
Contributions in aid of construction	<u>\$ 82,015,651</u>	<u>77,396,382</u>

(Continued)

**(6) Retained Earnings**

Retained earnings reserved for debt service and unappropriated are as follows:

	1994	1993
Reserved for debt service	\$ 38,787,106	43,232,864
Unappropriated	<u>150,489,632</u>	<u>137,458,835</u>
<b>Total retained earnings</b>	<b>\$ <u>189,276,738</u></b>	<b><u>180,691,699</u></b>

Retained earnings balances at September 30, 1994 and 1993 reserved in debt service fund accounts are as follows:

	1994	1993
Reserve account	\$ 37,166,530	38,158,694
Debt service account	22,349,023	19,664,937
Subordinated indebtedness fund account	457,000	358,000
Commercial paper note payment account	<u>25,179</u>	<u>37,036</u>
	59,997,732	58,218,667
Less amounts appropriated for current interest and principal payable	<u>21,210,626</u>	<u>14,985,803</u>
	<b>\$ <u>38,787,106</u></b>	<b><u>43,232,864</u></b>

The reserve account is funded by initial deposits from the bond proceeds. Bond principal payments of \$15,295,000 and \$10,915,000 due April 1, 1995 and 1994, respectively, are not required to begin funding until the previous October and therefore, are not reserved in the debt service fund accounts at September 30, 1994 and 1993, respectively.

**(7) Retirement Plans**

The City sponsors and administers one retirement plan and one deferred compensation plan that includes GRU and other City employees.

The General Employees Pension Plan (Employees Plan), a contributory defined benefit pension plan, covers all employees of GRU, except certain personnel who elect to participate only in the Deferred Compensation Plan.

The City accounts for and funds the costs of the Employees Plan as they accrue. Such costs are based on contribution rates determined by the most recent actuarial valuation. The total contributions by GRU, including amortization of prior service costs, for the years ended September 30, 1994 and 1993 were \$1,044,619 and \$1,132,928, respectively.

Certain employees are eligible to participate in a defined contribution deferred compensation plan managed by the International City Management Association as fiscal agent for the City. Under this plan, the City contributes 6% of an employee's annual salary and employees may contribute either a

specified percentage or dollar amount. Total deferred compensation cost for GRU for the years ended September 30, 1994 and 1993 was \$239,706 and \$226,066, respectively.

**(8) Transfers to General Fund**

GRU makes transfers to the City's general government based on a formula that ties the transfer directly to the profitability of the system. The transfer to the general fund may be made only to the extent such monies are not necessary to pay debt service on the outstanding bonds and subordinated debt or to make other necessary transfers under the Bond Resolution. The formula-based fund transfer to the general fund for the years ended September 30, 1994 and 1993 was \$18,829,266 and \$18,427,264, respectively.

**(9) Deferred Charges**

Included in deferred charges at September 30, 1994 and 1993 is the unamortized balance of \$16,412,366 and \$17,908,366, respectively, remaining of the original payment of \$27,375,000, in full settlement in connection with the City's cancellation of a contract for supply of coal to Deerhaven II generating plant. The settlement payment is being recovered through future utility fuel adjustment revenue through the year 2003.

The remaining balance in deferred charges at September 30, 1994 and 1993 is comprised of unamortized bond issuance costs of approximately \$37,700,000 and \$39,500,000, respectively, environmental costs of \$5,075,000 in both years (see note 10), and other miscellaneous items, all of which are being amortized over periods from 7 to 30 years.

**(10) Environmental Liabilities**

The System is subject to numerous Federal, state, and local environmental regulations. Under the Comprehensive Environmental Response Compensation and Liability Act, commonly known as "Superfund," the System has been named as a potentially responsible party at two hazardous waste sites. In addition, in January 1990, the System purchased the natural gas distribution assets of a company and pursuant to the related purchase agreement, assumed responsibility for the investigation and remediation of environmental impacts related to the operation of the former manufactured gas plant. Based upon the System's analysis of the cost to clean-up these sites, the System accrued a liability of \$5,075,000 at September 30, 1993. Because the System anticipates recovering the costs of environmental clean-up through future customer rates, a related asset of equal amount has been reflected as a deferred charge in the accompanying balance sheet. Although uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect on the System's financial position.

DEPOSIT TREAS. REC  
D383      OCl 07 '96

October 1, 1996


Florida Public Service Commission  
Division of Communications  
Certification & Compliance Section  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-6600

Dear Sir or Madam:

Attached is Gainesville Regional Utilities' application and application fee of \$250.00 for an Alternative Local Exchange Company (ALEC) certificate. GRU is already an authorized Alternative Access Vendor (AAV), however, we received the AAV certificate after the cut-off date for automatic certification as an ALEC. In compliance with FPSC's requirements there are seven complete packets; the original and six copies of the application.

If additional information is needed please feel free to contact me at 352/334-3400 ext. 1073.

Sincerely,

  
Ed Hoffman  
Business Office  
DETAILS HERE BEFORE DEPOSITING CHECK

THE FACE OF THIS DOCUMENT HAS A MULTICOLORED BACKGROUND ON WHITE PAPER

**GRU**      CITY OF GAINESVILLE  
GAINESVILLE REGIONAL UTILITIES  
GAINESVILLE, FLORIDA


SUN BANK SOUTH CENTRAL FLORIDA, N.A.  
ORSECHOKEE OFFICE  
ORSECHOKEE, FL 34874

50925  
10/04/96

PAY TO THE ORDER OF **250.00**

TWO HUNDRED FIFTY DOLLARS AND 00 CENTS \*\*\*\*\*

Florida Public Serv Comm.  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

CONTROLLED DISBURSEMENT ACCOUNT  


VOID OVER \$250.00      VOID AFTER 90 DAYS