

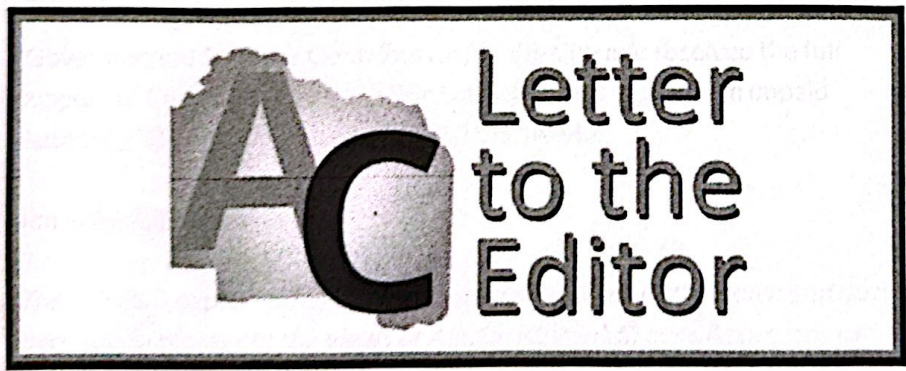
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Konish: SLAs hide transfers of GRU ratepayer money to the City

November 17, 2024

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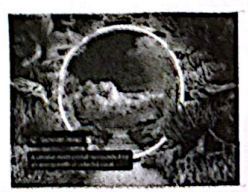
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Letter to the editor

At their last meeting, the GRU Authority voted unanimously to forgive \$3 million in FY24 GRU losses on IT (NOT UTILITY) services provided to the City of Gainesville. This loss is not reflected in GRU's financial statements. It is an in-kind contribution from GRU to the City.



in FY23, the GRU IT loss was \$4.5 million.

In the Auditor General's 2022 report on the City of Gainesville, GRU's IT and indirect cost allocation losses were approximately \$700,000 and \$600,000 in FY18 and FY19, respectively.

The GRU CFO and Chief Information Officer stated publicly at an Authority meeting that former CEO/GM Tony Cunningham had falsified the GRU IT "Full Cost Allocation Report," and Mr. Cunningham admitted it. Cunningham's defense was that he had reduced GRU losses from the \$4.5 million in the previous year and planned to do more in future years.

GRU Service Level Agreement (SLA) losses on IT services involve only one of 42 identified "financial associations" between GRU and the City - but there are more than that. The vast majority of such "associations" are funded through an "interexchange fund" and are unencumbered by either an MOU (Memorandum of Understanding) or SLA.

As GRUA Director Craig Carter has said, transfers are based merely on a "wink and nod." GRU and the City have refused to comply at all with my public records request in regard to this matter for a year.

Such a weak and dishonest handling of a very serious matter addressed specifically by both the Auditor General (see Finding 3) and HB1645 DOES NOT serve the pecuniary interests of either GRU ratepayers or employees.

In his brief stint as an Authority "Director," now-CEO Ed Bielarski abandoned a proposed three-year pause on the direct GRU transfer (Governmental Services Contribution) to the City and received the full support of Carter and Director Eric Lawson for his segue from unpaid Authority "Director" to well-paid GRU CEO/GM.

Jim Konish, Gainesville

The opinions expressed by letter or opinion writers are their own and do not necessarily represent the views of AlachuaChronicle.com. Assertions of facts in letters are similarly the responsibility of the author. Letters may be submitted to info@alachuachronicle.com and are published at the discretion of the editor.

Sec. 7.02 of the City Charter provides:

““Service Level Agreement” or “SLA” means a contract entered into by the Authority that establishes a set of deliverables that one party has agreed to provide another”. I agree with Ed that the solar feed-in tariff losses are not “SLA” losses – by definition. However, there are other tools available to the Authority to rectify this outrage.

The following partial list of GRU SLA losses are unidentified, not included in the Flow of Funds and are not noted in the 2024 GRU Financial Statements; as required by HB1645:

1. Collection and administration of many millions of pyramided dollars of City and County utility taxes and local option sales taxes **WITHOUT CHARGE**. GRU will lose approximately \$1 million when it stops bundling City nonutility stormwater and garbage fees into the GRU electric bill. Bielarski was told to “make up” this revenue drop by Lawson, but failed to do so. I routinely find these taxes imposed on exempt GRU customers and obtain refunds going back three (3) years. GRU could easily find these billing errors without me but does not have the staff or incentive to do this.
2. Provision of service to County fire hydrants **WITHOUT CHARGE**.
3. Provision and servicing of County rental streetlight poles and fixtures in 2024 without billing the County at all, and without obtaining ANY FY24 payment from the City as agreed. This expense was belatedly deducted from the Direct Transfer to the City in FY25.
4. Provision of GRUCom internet services to the City, County, and school board (the primary customers) below cost (GRUCom loses \$1 million on revenues of \$4 million).

5. Low Income Energy Assistance Program (LEAP)

For more details, see my attached Alachua Chronicle post of November 17, 2024, titled, "SLAs Hide Transfers of GRU Ratepayer Money to the City".

The HB1645 focus on reporting of SLA losses flowed from Finding 3 of the 2022 State Auditor General's Report finding systematic falsification of Full Cost Allocation Reports (FCAPs, which can be criminal) that determine the flow of funds through an interfund exchange between GRU and the City SLA losses apply to in kind as opposed to the financial (Direct) transfers. Financial Statements are based only on financial transactions.

GRU's massive bond debt is secured largely by a pledge of future REVENUES, not physical assets. If there are excessive or concealed misappropriation of GRU resources, either direct or in kind, this becomes a breach of bond covenants. That undermines the bondholder's collateral.

Due to GRU deteriorated financial condition, HB1645 codified the bond covenants into the City Charter to prevent a technical bond collateral default. Authority Members, including former member Bielarski swore to abide by all of HB1645 – but have failed to do so.

Service Level Agreements IT SLA

	Cost of Service	Actual/Projected Paid
FY23	5,937,502	1,487,385
* FY24	5,865,854	* 2,956,698
FY25	5,400,000	5,400,000
FY26	-	-



This \$3 million dollar loss:

- Not noted on Financial Statement
- Based on Falsified Full Cost Allocation Report (See 12/3/23 Anthony Neahng)

* Relationship Overview

GRU/GO TOUCH POINTS (Based on FY24 Budget and Estimations)		
Relationship	FY24 Cost	Detail
OSC	\$15.3 million	Formula: proxy for property tax + electric franchise fee
Utility Taxes	\$16.4 million	Utility taxes collected by the City of Gainesville, as per state law.
Services Provided/Received	\$9.3 million	Voted to reduce by \$1.4 million for services no longer rendered, exploring additional reductions for FY25 and beyond.
Other Services/Unpaid Partnerships		De minimis charges; direct charges for services (warehouse, storm debris cleanup, etc.)

Note: No mention of "Full" or merely "Cost Allocation" or "Direct Payment"



* misleading
Incomplete

GRU AND GENERAL GOVERNMENT FINANCIAL ASSOCIATIONS

GSC	Government Services Contribution (formerly, general fund transfer): payment to General Government
Direct Payments	IT, city attorney, Workday licenses, surplus sales, fleet (numerous), warehouse, insurance (claims, office budget), pension obligation bonds/liabilities, storm water and refuse fees, county streetlights, broadband, desk phones
Cost Allocation Plan	City Commission, HR, city attorney, risk management, city clerk, city auditor, payroll, broadcast, equity and inclusion, Workday implementation
Shared Contracts/Agreements	Security, document storage, recording fees, CDL training, dark fiber, lobbyists, Sweetwater Wetlands, diesel tax refund, construction manager at risk, engineering and general services, CADET program, temporary personnel services, CWA labor agreement, software, connect free
Pass Through	GRU collects taxes and fees allowed by law on behalf of other governmental entities, including the City of Gainesville, Alachua County, Newberry, High Springs and City of Alachua

Not called a
"Full" Cost
Allocation
Plan (FCAP)

PRR 39-2024 & PRR 85-2024

1 message

Public Records Request <PublicRecordsRequest@gru.com>
 To: "jimkonishrentals@gmail.com" <jimkonishrentals@gmail.com>
 Cc: Public Records Request <PublicRecordsRequest@gru.com>

Wed, Jan 17, 2024 at 3:22 PM

Mr. Konish,

I added several communications to the Response Docs portion of your original request. But with your additional request I was unsure if you received them. So all of your points have been copied and answered below and include the attachments to this email.

The responses to your queries are as follows;

1.  A list of all Service Level Agreements (SLA) between GRU and the City of Gainesville

1.	IT Services
2.	Human Resources
3.	GRU Billing Fees and Monthly Remit for Stormwater and Solid Waste
4.	Fleet Maintenance & Repairs; Fuel Islands, Bulk Fuel
5.	Sweetwater Wetlands Park Maintenance
6.	Recording Fees

2. An itemized statement of FY23 annual payments to or from GRU and the City of Gainesville pursuant to the above referenced SLA's.

* BFA does not have an itemized statement of FY23 annual payments to or from GRU/COG. Since this is not part of our usual record keeping and it doesn't exist, we don't have one to provide.

3. An annual FY23 total for City of Gainesville street lights provided by GRU.

7/31/25 Jim Konish Alerts

the Governor's Auditors (DOGE)

OF SLA (SERVICE LEVEL AGREEMENT)

LOSSES



Jim Konish <jimkonishrentals@gmail.com>

URGENT - Please Read

1 message

Jim Konish <jimkonishrentals@gmail.com>
To: eogdodge@laspbs.state.fl.us

Thu, Jul 31, 2025 at 4:07 PM

Please review Finding #3 of the Auditor General's Operational Audit of Gainesville issued in January 2022. Go to whypaygrumore.com to see how a small group of people continue to keep GRU Service Level Agreement (SLA) losses off the Financial Statements in violation of HB1645. This creates a large, hidden indirect transfer from GRU to the City.

8/13/25

Belanski's Dr. honest and
Dwight's Spin on SLA (SERVICE
LEVEL AGREEMENT) | Lousen- with
Annotation.



Gainesville Regional Utilities Authority
AGENDA

Wednesday, August 13, 2025, 5:30 p.m.

GRU Administration Building

301 SE 4th Avenue

Gainesville, FL 32601

Directors

Chair Eric Lawson

Vice-Chair David Haslam

Director Jack Jacobs

Director Robert Skinner

If you have a disability and need accommodation in order to participate in this meeting, please call (352) 334-5051 at least two business days in advance. TTY (Text Telephone Telecommunication Device) users please call 711 (Florida Relay Service). For Speech to Speech (STS) relay, please call 1-877-955-5334. For STS Spanish relay, please call 1-877-955-8773. For STS French Creole relay, please call 1-877-955-8707.

5. **2025-635 Update on Shared Services with the City – SLAs (B)**
Department: Gainesville Regional Utilities/Office of the Chief Executive Officer

Description: An overview of the Service Level Agreements (SLAs) between GRU and the City, outlining the types of shared services and highlighting the financial impact of these agreements. Also showing how SLA-related costs and funding shortfalls affect GRU's financial planning, especially in setting limits on the General Services Contribution (GSC).

Page 4 of 187

Gainesville Regional Utilities Authority

Fiscal Note: None

Recommendation: The Authority hear a presentation from the CEO and ask any necessary questions.

SERVICE LEVEL AGREEMENTS or SLAs



CUSTOMER FIRST

ONE UTILITY. ONE GOAL.

Page 180 of 187

What's an SLA ?

Per HB 1645 –

Sec
7.02
Definition

"A contract entered into by the Authority that establishes a set of deliverables that one party has agreed to provide another."

- It's virtually every contract GRU has executed since October 1, 2023
- In GRU's world the focus is intracity SLAs
- They come in 4 types

There are County SLAs:

- Streetlights
- Fire hydrants
- Free administration of utility and local option sales tax
- Broadband below cost
- and, - School Board: broadband below cost



What's Important About an SLA ?

Any loss related to an SLA as defined by HB1645 must be part of the flow of funds required to determine the maximum cap on GSC

- ★ The only SLA related loss was the IT SLA prior to FY2025 due to the City not agreeing to fund GRU's full cost of \$5.9 million (versus \$3.0 million)
- That \$2.9 million became part of the flow of funds that determined a \$14.699 million cap on the FY24 GSC



False. There are over 40 "Financial Associations" with the City alone involving millions in additional losses.



Given Finding #3 of January 2022, State Auditor's General Report, and HB1645, Note 1 to the FY24 GRU Financial Statement is misleading and incomplete.



Service Level Agreements Joint Services Costs

Conflict of Interest. 7.09(2)

prohibition

Full Cost Allocation Plan (FCAP): Joint Services Costs

	FY24 Actual	FY25 Budget	FY26 Budget
Clerk	163,088	239,925	134,075
Payroll	278,982	314,393	106,862
Billing & Collections	-	776	799
Accounting	8,377	10,623	10,942
City Attorney	114,548	141,667	72,959
Auditor	88,000	-	-
Communications & Mkt	4,763	-	-
Equal Opportunity	97,683	97,456	100,380
Human Resources	1,337,244	1,386,478	471,264
Strategic Initiatives	281,989	-	-
Risk Management	45,411	34,540	35,576
Non-departmental	-	3,993	4,113
Totals	2,420,085	2,229,851	936,970

7.09(2)
prohibition

7.09(2)

prohibition

Service Level Agreements
Direct Payments from GG

Direct Payments From GG		FY24 Actual
IT Services		2,956,698
Insurance premium reimbursements		294,183
Stormwater & Solid Waste billing fees		681,589
Other	April 2025 Authority Agenda 9 800, 786.10	296,266
Total		4,228,736

Service Level Agreements Direct Payments to GG

Direct Payments to GG		Nothing paid in FY24
	FY24 Actual	
GFT	15,305,225	
Less * County streetlights payments	* (1,097,602)	←
Subtotal GFT	14,207,623	
* Fleet	3,884,753	← FY23 2,757,590
Risk Mgt, General Ins. & Workers Comp	2,555,138	← FY24 2,812,740
Pension Obligation Bonds	7,944,677	
Assistant City Attorney	* 178,702	←
Other	49,110	
Controlled by City Commission	* Conflict of Interest. 7.09(2)	←
Total	28,820,003	prob. fin

* 1.1+ million
INCREASE
From FY 23

* County Streetlights Page 185 of 187
payments WERE NOT EVEN BILLED
by GRU in FY24 - as with Re Hydrants
and tax collections

CORPORATE EXPENSES

	2024	2023
Joint Services - General Government	\$ 3,672,590	\$ 2,776,317
→ Vehicle and Transportation	→ 2,812,742	→ 2,757,590
Risk Management	2,386,848	2,169,862
Uncollectible Accounts	1,430,270	1,291,337
Debt Service Fees	1,417,373	3,354,527
Electric Service (Streetlights)	1,100,000	800,000
Audit Fees	414,648	485,980
Legal Services	255,313	255,313
General Liability Claims Paid	159,503	229,304
Bank Fees	80,000	76,385
Fleet Expenses to Capital	(1,356,902)	(1,095,059)

Operations and Maintenance Non-Labor

Corporate Expenses

2024

Joint Services - General Government	\$ 3,672,590
→ Vehicle and Transportation	2,812,742 ←
Property Insurance - Plant	2,663,562
Risk Management	2,386,848
Uncollectible Accounts	1,430,270
Debt Service Fees	1,417,373
Electric Service (Streetlights)	1,100,000
Insurance Premiums	516,852
Audit Fees	414,648
Worker's Compensation	360,452
Legal Services	255,313
Insurance - Transportation Eq Liability	252,234
General Liability Claims Paid	159,503
Software Maintenance	82,500
Bank Fees	80,000
Fleet Expenses to Capital	(1,356,902)
Total Operations and Maintenance Non-Labor	\$ 16,247,985

2023

Joint Services - General Government	\$ 2,776,317
→ Vehicle and Transportation	2,757,590 ←
Property Insurance - Plant	2,421,420
Risk Management	2,169,862
Uncollectible Accounts	1,291,337
Debt Service Fees	3,354,527
Electric Service (Streetlights)	800,000
Insurance Premiums	469,865
Audit Fees	485,980
Worker's Compensation	349,953
Legal Services	255,313
Insurance - Transportation Eq Liability	229,304
General Liability Claims Paid	154,858
Software Maintenance	82,500
Bank Fees	76,385
Fleet Expenses to Capital	(1,095,059)
Total Operations and Maintenance Non-Labor	\$ 16,580,152

Service Level Agreements Pass Through Payments to GG

Notes: (2) & (3)
Tied to electric
bills in city limits - increase
electric bill

Pass Through Payments to GG	
FY24 Actual	
1) Utility Tax	16,003,910
2) Solid Waste Billings*	10,379,126
3) Stormwater Billings*	10,871,344
GRU Collection Rate 3.8%	
Total	37,254,380



City - Local Option Sales Taxes Omitted.

- County Utility and Local Option Sales Taxes Omitted.



• Payments to Cities of Newberry, Alaska &
High Springs Omitted (Taxes & Franchise Fee Collection &
Administration)

Interfund Process

DESCRIPTION GG and GRU bill one another for services the other provides for day-to-day business. GRU and GG both record the expenses for the items and bill as appropriate, ideally on a quarterly basis.

ROLES & RESPONSIBILITIES Finance staff in GRU and GG keep track of what items need to be billed or reimbursed.

* COSTS

Direct payments are sent often between GRU and GG. The latest FCAP allocated \$8,377 for GG's administrative journal entries.

RECOMMENDATION

For the foreseeable future, GRU and GG need to exchange funds. The current process is efficient and GRU should keep it as is.

For next FCAP, since both GRU and GG track entries, GRU should review both GRU's and GG's journal entry metrics to determine if this should be eliminated from FCAP going forward.

FINANCIAL IMPACTS

For the foreseeable future, GRU and GG need to exchange funds. The current process is efficient and should remain.

GRU + City refuse all Public Records Request for records of these payments between GRU + the City.

* What is the last 12 FCAP Payments? - No Reply
 ** How is the \$100,000 mo. "Reduction" in FCAP Payments as of 2/1/24 Implemented? - No Reply

Tax Collection

DESCRIPTION The City of Gainesville, Alachua County, and the City of Alachua all levy a 10% utility tax on electric, gas, and water charges. These tax revenues are passed directly to the levying authority and allowable by state statute. No administrative fee is currently charged.

For customers living inside Gainesville's city limits:

- **Electric, gas and water:** 10% city utility tax
- **Wastewater:** no city utility tax

For customers living outside Gainesville's city limits:

- **Electric and gas:** 10% surcharge plus 10% county utility tax
- **Water:** 25% surcharge plus 10% county utility tax
- **Wastewater:** 25% surcharge and no county utility tax.

GRU collects 10% utility tax plus a franchise fee for Newberry, High Springs and City of Alachua monthly/quarterly. For the City of Gainesville and Alachua County, on the monthly bill that GRU sends to those customers, the bills are paid and the utility tax sums are sent monthly to the City of Gainesville and Alachua County. If amounts are not ultimately collected from the customer due to failure of payment, GRU eventually recovers the bad debt when it is written off after seven years.

ROLES & RESPONSIBILITIES Each entity (city or legislative body) passes ordinances to alter tax amounts and alerts GRU to changes. GRU only collects money from current GRU customers in those areas.

COSTS ✕ GRU does not charge an administrative fee and is solely a pass through.

RECOMMENDATION

GRU should continue to collect and transfer the tax collected to each levying authority (City of Gainesville, Alachua County, City of Alachua, Newberry and High Springs) for FY24 and FY25 without charging an administrative fee.

why?

FINANCIAL IMPACTS

See recommendation.

GRU collects pyramided utility taxes for the City and County FREE OF CHARGE! It also must administer these taxes same for City of Alachua, Newberry, and High Springs



*

Dark Fiber/Network Connectivity

DESCRIPTION GRUCom currently provides fiber telecommunications services to GG through contracted terms. Internet services are provided by three vendors: Cox, GRUCom and AT&T.

ROLES & RESPONSIBILITIES GG pays market rates for GRUCom's network connectivity services, but does not currently pay for all fiber circuits.

COSTS GG uses nine legacy fiber circuits to provide network connectivity to various GG sites that are not being billed by GRUCom. These circuits have a market value of \$1,915 per month. There is an additional transport circuit with a market value of \$992 per month. The total unbilled market value is \$218,724 annually.

RECOMMENDATION

GRUCom should work with GG to determine the level of network connectivity needs for 10 unbilled circuits and recover the costs of service using the standard GRUCom Data Services Order MOU.

GG network connectivity represents an incremental revenue stream that offsets GRU's network costs.

FINANCIAL IMPACTS

A potential \$218,000 of incremental revenue if GG continues to use GRUCom for network connectivity services.

* GRU is not being paid
** County + School Board





Jim Konish

Independent Rate Analyst

(352)-871-4747

whypaygrumore.com

37 GRU *"Financial Associations" With Local Government

***As Per GRU Authority Agenda for 2/7/2024**

Direct Transfer (Government Services Contribution (GSC)) F/K/A
General Fund Transfer (GFT)

Indirect Transfers

Direct Payments

- Broadband
- City Attorney
- County Streetlights
- Desk Phones
- Fleet Maintenance
- IT
- Insurance (claims, office budget)
- Pension Obligation bonds/liabilities
- Refuse fees
- Stormwater fees
- Surplus Sales
- Warehouse
- Workday Licenses

Shared Contracts/Services

- CADET Program



Jim Konish

Independent Rate Analyst

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whypaygrumore.com

- CDL Training
- CWA Labor Agreement
- Connect Free
- Construction Manager at Risk
- County Fire Hydrants
- Dark Fiber
- Diesel Tax Refund
- Document Storage
- Engineering and General Services
- Human Resources
- Lobbyists
- Low Income Energy Efficiency Program (LEEP)
- Recording Fees
- Security
- Software
- Surplus Sales
- Sweetwater Wetlands
- Temporary Personnel Services

Pass Through

- Local Option Sales Tax
- Utility Tax
- Franchise Fees (City of Gainesville, Alachua County, City of Alachua, City of High Springs, City of Newberry)

2. 2025-175 Gainesville Regional Utilities MOU with the City for Stormwater Management Utility (SMU) and Solid Waste (SW) Billing services (B)
Department: GRU Budget, Finance & Accounting

Description: GRU and the City currently have a Memorandum of Understanding for Stormwater Management Utility (SMU) and Solid Waste (SW) Billing services. The SMU fees are charged to all owners or occupants of real property in the City based on an Equivalent Unit Rate and SW fees are charged to all residential owners or occupants of residential property in the City based on cart size. SMU and SW fees are collected monthly through GRU's billing system. This MOU will remain in effect until superseded by a more current MOU or termination by either party (GRU or COG). GRU is collaborating with the City to end the billing process by November 2026. This timing was advised by the tax collector.

Fiscal Note: The City pays GRU a fixed yearly fee for these billing services, \$800,786.78 for FY25.

Recommended Motion: GRU Authority hear a presentation and recommend GRU to continue to work with the City to remove these billings off GRU's bill no later than November 2026 given the scheduling requirements.

N. RESOLUTIONS (Roll Call Required)

4/3/25 GRU Authority
M. notes or 3/12/25 Action

Kiersten Ballou gave a brief presentation on the Sunshine Law, Public Records and Ethics. She advised that each one carries criminal charges if violated. Chair Lawson requested each Director be emailed the presentation by Folds Walker.

M. BUSINESS DISCUSSION ITEMS

1. 2025-178 State of the Utility FY25 January (B)

Chief Operating Officer, Tom Brown, discussed a few highlights from the FY25 January State of the Utility Report.

Recommended Motion: The GRU Authority hear a monthly update from the utility's operational areas.

2. 2025-175 Gainesville Regional Utilities MOU with the City for Stormwater Management Utility (SMU) and Solid Waste (SW) Billing services (B)

CEO Bielarski gave a presentation regarding stormwater and refuse.

Public Comment: Jim Konish, Chuck Ross

Director Carter spoke to the item on the floor.

Chair Lawson asked the CEO to find alternative methods to make up for the revenue loss caused by removing these fees from the GRU bill.

Moved by Craig Carter

Seconded by Jack Jacobs

Recommended Motion: GRU Authority hear a presentation and recommend GRU to continue to work with the City to remove these billings off GRU's bill no later than November 2026 given the scheduling requirements.

Approved

N. RESOLUTIONS (Roll Call Required)

1. 2025-177 Resolution of the Gainesville Regional Utilities Authority, a unit of city government of the City of Gainesville, FL approving the execution, delivery, and performance of one or more natural gas supply agreements with Municipal Gas Authority (B)

Moved by Craig Carter

Seconded by Vice-Chair Haslam

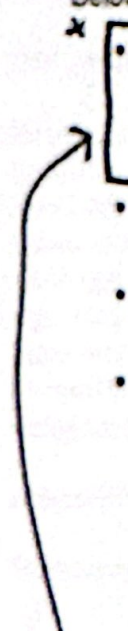
Gainesville Regional Utilities
Notes to Financial Statements
September 30, 2024 and 2023

1. Summary of Significant Accounting Policies (concluded)

Transactions with the City

As an enterprise fund of the City, transactions occur between GRU and the City's governmental and business-type funds throughout the year in the ordinary course of operations

Below is a summary of significant transactions:

- *  Administrative services – GRU pays for various administrative and certain insurance services provided by the City's governmental and business-type functions. GRU receives payment for Information Technology, telecommunications, certain insurance services, and billing services provided to the City's governmental and business-type functions.
- Pension obligation payments – GRU makes payments to the City for pension expense obligations. See Note 14 Retirement Plans for additional information.
- Non-metered and metered service charges – GRU receives payment from the City for all non-metered and metered service charges.
- Operating transfer to the General Fund – GRU makes payments to the City's General Fund from operating revenues. See Note 12 Transfer to the City of Gainesville General Fund for additional information.

no detail or quantification
at all.

This huge omission/misstatement
speaks for itself

File Number: 2025-714

Agenda Date: September 10, 2025

Department: Gainesville Regional Utilities

Title: 2025-714 GRU Financial Communications (B)

Department: Gainesville Regional Utilities/Budget, Finance, and Accounting

Description: In light of the repeated public criticisms and pointed commentary directed at GRU's financial statements and overall financial credibility during recent Authority meetings, this consent agenda item has been prepared to provide a comprehensive overview of the extensive professional scrutiny that GRU's annual financial reports undergo on a consistent and recurring basis. These financial statements are subject to rigorous evaluation by independent, regulated entities, ensuring transparency, accuracy, and adherence to established accounting standards. The intent of this item is to reaffirm the integrity of GRU's financial reporting process and to clarify the safeguards in place that uphold its fiscal accountability.

Fiscal Note: None

Recommendation: Informational item only.

Former and current member
of citizen "Pronut Gallery" called
out



Due to the repeated public attacks during the recent Authority meetings on GRU's financial statements and financial reputation, this is an abbreviated high-level overview of the professional scrutiny by regulated entities that GRU's annual audited financial statements receives on a recurring basis.

Due to the repeated public attacks during the recent Authority meetings on GRU's financial statements and financial reputation, this is an abbreviated high-level overview of the professional scrutiny by regulated entities that GRU's annual audited financial statements receives on a recurring basis.

Baker Tilly

- Annual independent external audit
 - Baker Tilly is a nationally recognized auditing and accounting firm
 - Extensive experience in both public & private sectors, including utilities and regulated entities
 - They provide an opinion that GRU's annual audited financial statements are presented fairly
 - In order to provide that opinion, they are required to adhere to:
 - Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board (ASB)
 - Accounting standards issued by the Financial Accounting Standards Board (FASB)
 - Accounting standards issued by the Governmental Accounting Standards Board (GASB)

GRU Financial Communications

- GRU's audited financial statements are provided to and analyzed by
 - **GRU's bond counsel**, who is required to adhere to federal regulations
 - **GRU's disclosure counsel**, who is required to adhere to federal regulations
 - **GRU's financial counterparties**, including Bank of America, J.P. Morgan, Goldman Sachs, and Truist Bank
 - **GRU's bondholders and investors**, who collectively hold \$1.8 billion in GRU debt. Examples of these bondholders include
 - Life insurance companies
 - Trust companies
 - Money market funds
 - Pension funds
 - **Credit rating agencies (S&P, Fitch, and Moody's)** who conduct rigorous reviews to support their credit opinions. This work is monitored by the Securities and Exchange Commission (SEC) (Dodd Frank Act)

GRU Financial Communications

- GRU's audited financial statements are provided to and analyzed by (continued)
 - **The State of Florida Auditor General's Office**, as part of the City of Gainesville's Annual Comprehensive Financial Report (ACFR)
 - **Securities and Exchange Commission** for continuing disclosure requirements related to GRU's bond issuances
- Any suggestion that GRU's financial statements contain irregularities or fraud is blatantly false, misleading and damaging to:
 - The Authority
 - GRU's financial reputation
 - The credibility of GRU's staff
 - The multiple licensed CPAs responsible for the preparation of the statements

3. **2025-717 Recommendation to Seek Waiver from FERC's Independent Functioning Rule (B)**

Department: Gainesville Regional Utilities/Energy Delivery

Description: Reviewing the applicability of the Federal Energy Regulatory Commission's (FERC) Independent Functioning Rule to GRU and seeking a waiver due to likely applicability and operational constraints.

Fiscal Note: Without a waiver, personnel compliance costs remain potentially burdensome (requiring multiple FTEs) and forbid common sense operational practices (e.g., cross training) to meet FERC's Independent Functioning Rule. GRU's current scale and structure make full compliance financially and operationally burdensome without a waiver. Legal costs to obtain a waiver are not expected to exceed \$20,000.

Recommendation: The GRU Authority authorizes the CEO or their designee to work with the Utilities Attorney and outside legal counsel to prepare and submit a request to the Federal Energy Regulatory Commission for a waiver from the Independent Functioning Rule, subject to legal review and approval as to form and legality.

2025-718 Sale of Cross Creek Water and Wastewater Systems (B)

Department: Gainesville Regional Utilities/Water Wastewater

Description: Staff seeks direction from the GRU Authority to initiate a competitive process for the sale of the Cross Creek Water and Wastewater Systems, which are financially and operationally unsustainable for GRU to continue operating. The systems serve approximately 50 customer connections in the Cross Creek Mobile Home Park (CCMHP), a remote community located about 16 miles southeast of Gainesville. The systems are isolated from GRU's core infrastructure and require significant staff time and resources to maintain.

Fiscal Note: The CCHMP water and wastewater systems generate a combined annual revenue of approximately \$24,000 but currently cost GRU over \$294,000 annually to operate and maintain, resulting in a net annual loss of more than \$270,000. These costs include routine operations, maintenance, and overhead. Additional capital improvements will be necessary to keep the systems functioning, particularly due to operational challenges with the wastewater drainfield. Continuing to operate the systems will result in ongoing financial losses. Sale of the systems would mitigate these losses and relieve GRU of a long-term fiscal and operational burden.

Recommendation: The GRU Authority authorize the CEO or designee, to initiate and conduct a competitive process for the potential sale of the CCMHP water and wastewater systems, subject to legal review and approval as to form and legality.

N. RESOLUTIONS (Roll Call Required)

Sept
10, 2025
GRU
Authority
Agenda.
Newest
discovered
SLA
Loss

