

CITY OF PEORIA, ARIZONA
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
WATER UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
OPERATING REVENUES:				
Charges for services	\$ 33,135,110	\$ 33,135,110	\$ 28,639,238	\$ (4,495,872)
Miscellaneous	358,000	358,000	338,476	(19,524)
Total operating revenues	<u>33,493,110</u>	<u>33,493,110</u>	<u>28,977,714</u>	<u>(4,515,396)</u>
OPERATING EXPENSES:				
Salaries, wages and benefits	5,622,088	5,391,931	4,845,692	(546,239)
Contractual services, materials and supplies	17,187,930	17,514,795	16,155,849	(1,358,946)
Capital outlay	21,353,455	22,079,658	12,617,135	(9,462,523)
Contingencies	8,816,215	5,255,766	-	(5,255,766)
Total operating expenses	<u>52,979,688</u>	<u>50,242,150</u>	<u>33,618,676</u>	<u>(16,623,474)</u>
Operating income (loss)	<u>(19,486,578)</u>	<u>(16,749,040)</u>	<u>(4,640,962)</u>	<u>12,108,078</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	1,136,900	1,136,900	339,910	(796,990)
Proceeds from bonds or contracts payable	10,158,388	10,158,388	10,264,204	105,816
Interest expense	(2,293,314)	(2,293,314)	(3,102,841)	(809,527)
Debt principal payments	(4,504,775)	(4,264,595)	(3,424,403)	840,192
Total nonoperating revenues (expenses)	<u>4,497,199</u>	<u>4,737,379</u>	<u>4,076,870</u>	<u>(660,509)</u>
Income (loss) before contributions and transfers	<u>(14,989,379)</u>	<u>(12,011,661)</u>	<u>(564,092)</u>	<u>11,447,569</u>
Capital contributions	1,630,000	1,630,000	1,156,508	(473,492)
Transfers in	165,705	165,705	165,705	-
Transfers (out)	(2,624,526)	(2,624,526)	(2,624,994)	(468)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (15,818,200)</u>	<u>\$ (12,840,482)</u>	<u>\$ (1,866,873)</u>	<u>\$ 10,973,609</u>

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	1,856,649
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(140,980)
Proceeds from the sale of bonds or contracts payable are revenues for budgetary purposes but are increases in long-term debt, and therefore not revenues, for GAAP purposes, netted with debt forgiveness which is an other source for GAAP purposes, but not for budget purposes.	(9,516,804)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	140,980
The City budgets compensated absences on the cash basis, rather than the accrual basis.	22,807
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	1,029,287
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	12,397,481
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	26,003,039
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations and therefore not an expense for GAAP purposes.	3,424,403
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(6,581,970)
Bond issuance costs are expensed in the year of issuance for budgetary purposes, but are amortized to interest expense over the life of the bonds for GAAP purposes.	(8,678)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	6,929
Certain transfers in/(out) are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(190,182)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 26,576,088</u>

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.