

JAMES CITY SERVICE AUTHORITY
(A Component Unit of the County of James City, Virginia)

Statements of Cash Flows

Years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Cash received from customers	\$ 9,004,853	7,993,419
Other cash receipts	845,378	146,019
Cash payments to suppliers for goods and services	(7,458,895)	(7,230,409)
Cash payments for personnel services	(981,736)	(892,708)
Net cash provided by operating activities	<u>1,409,600</u>	<u>16,321</u>
Cash flows from noncapital financing activity -		
Water and sewer facility fees	<u>6,130,640</u>	<u>4,914,512</u>
Cash flows from capital and related financing activities:		
Payments of debt	(825,000)	(435,000)
Interest paid	(563,183)	(447,896)
Acquisition and construction of capital assets	(5,915,226)	(14,209,444)
Proceeds from sale of capital assets	24,124	—
Costs of debt issuance paid	—	(50,000)
Net cash used in capital and related financing activities	<u>(7,279,285)</u>	<u>(15,142,340)</u>
Cash flows from investing activities:		
Purchases of investments	(36,257,406)	(56,215,910)
Proceeds from sale of investments	32,714,830	55,988,665
Interest received	456,271	156,225
Net cash used in investing activities	<u>(3,086,305)</u>	<u>(71,020)</u>
Decrease in cash and cash equivalents	<u>(2,825,350)</u>	<u>(10,282,527)</u>
Cash and cash equivalents at beginning of year	<u>3,927,812</u>	<u>14,210,339</u>
Cash and cash equivalents at end of year	\$ <u><u>1,102,462</u></u>	\$ <u><u>3,927,812</u></u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ <u>(2,645,280)</u>	<u>(2,406,502)</u>
Adjustments to reconcile operating loss to cash provided by operating activities:		
Depreciation and amortization	4,547,931	4,119,963
Change in operating assets and liabilities:		
Accounts receivable, customers	(20,673)	(411,694)
Accounts receivable, other	217,846	(296,534)
Inventories	(41,989)	(39,177)
Accounts payable, trade	(780,847)	(1,093,035)
Accrued salaries and benefits	43,310	24,280
Due to James City County	82,260	113,437
Deposits	7,042	5,583
Total adjustments	<u>4,054,880</u>	<u>2,422,823</u>
Net cash provided by operating activities	\$ <u><u>1,409,600</u></u>	\$ <u><u>16,321</u></u>
Supplemental schedules:		
Noncash capital activities -		
Capital assets contributions	\$ 4,983,390	5,233,761
Noncash investing activity -		
Unrealized loss from change in fair value of investments	3,942	195,008

See accompanying notes to basic financial statements.