

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

Statements of Cash Flows

Years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Cash received from customers	\$ 7,993,419	8,123,022
Other cash receipts	146,019	276,568
Cash payments to suppliers for goods and services	(7,230,409)	(4,343,639)
Cash payments for personnel services	(892,708)	(740,385)
Net cash provided by operating activities	<u>16,321</u>	<u>3,315,566</u>
Cash flows from noncapital financing activity -		
Water and sewer facility fees	<u>4,914,512</u>	<u>4,030,744</u>
Cash flows from capital and related financing activities:		
Payments of debt	(435,000)	—
Proceeds from issuance of revenue bonds	—	15,266,857
Interest paid	(447,896)	—
Acquisition and construction of capital assets	(14,209,444)	(8,720,870)
Costs of debt issuance paid	(50,000)	(168,133)
Net cash (used in) provided by capital and related financing activities	<u>(15,142,340)</u>	<u>6,377,854</u>
Cash flows from investing activities:		
Purchases of investments	(56,215,910)	(52,351,321)
Proceeds from sale of investments	55,988,665	47,392,735
Interest received	156,225	391,077
Net cash used in investing activities	<u>(71,020)</u>	<u>(4,567,509)</u>
Increase (decrease) in cash and cash equivalents	<u>(10,282,527)</u>	<u>9,156,655</u>
Cash and cash equivalents at beginning of year	<u>14,210,339</u>	<u>5,053,684</u>
Cash and cash equivalents at end of year	<u>\$ 3,927,812</u>	<u>14,210,339</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,406,502)	(2,387,042)
Adjustments to reconcile operating loss to cash provided by operating activities:		
Depreciation and amortization	4,119,963	3,856,524
Change in operating assets and liabilities:		
Accounts receivable, customers	(411,694)	345,431
Accounts receivable, other	(296,534)	(9,728)
Inventories	(39,177)	(11,326)
Accounts payable, trade	(1,093,035)	1,617,016
Accrued salaries and benefits	24,280	4,215
Due to James City County	113,437	(106,278)
Deposits	5,583	6,754
Total adjustments	<u>2,422,823</u>	<u>5,702,608</u>
Net cash provided by operating activities	<u>\$ 16,321</u>	<u>3,315,566</u>
Supplemental schedules:		
Noncash capital activities -		
Capital assets contributions	\$ 5,233,761	5,696,575
Noncash investing activity -		
Unrealized loss from change in fair value of investments	195,008	28,849

See accompanying notes to basic financial statements.