

**Chester Water Authority
Statements of Income and Retained Earnings
Years Ended December 31, 1999 and 1998**

	1999	1998
Operating revenues	\$ 22,061,003	\$ 21,347,459
Operating costs and expenses		
Operating and maintenance	15,722,603	14,644,805
Provisions for renewals, replacements and extensions		
Renewals and replacements fund	602,758	553,533
Operating and maintenance fund	600,000	500,000
Total operating costs and expenses	<u>16,925,361</u>	<u>15,698,338</u>
Operating income	<u>5,135,642</u>	<u>5,649,121</u>
Non-operating income		
Interest earned	1,005,828	1,518,573
Rents and sundry	35,810	60,205
Total non-operating income	<u>1,041,638</u>	<u>1,578,778</u>
Income before charges on funded debt	<u>6,177,280</u>	<u>7,227,899</u>
Charges on funded debt		
Interest	1,561,951	1,895,955
Amortization of bond discounts and debt issue costs	50,717	53,412
Total charges on funded debt	<u>1,612,668</u>	<u>1,949,367</u>
Net income	<u>4,564,612</u>	<u>5,278,532</u>
Retained earnings at beginning of year	<u>114,453,255</u>	<u>109,174,723</u>
Retained earnings at end of year	<u>\$119,017,867</u>	<u>\$114,453,255</u>

**Chester Water Authority
Statements of Cash Flows
Years Ended December 31, 1999 and 1998**

	1999	1998
Cash flows from operating activities:		
Net income	\$ 4,564,612	\$ 5,278,532
Provisions for renewals, replacements and extensions	1,202,758	1,053,533
Amortization of bond discounts and debt issue costs	50,717	53,412
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities -		
Decrease (increase) in accounts receivable	303,488	(518,026)
(Increase) decrease in unbilled revenues	(52,761)	647,565
Increase in materials and supplies	(102,253)	(39,259)
(Increase) decrease in other current assets	(4,615)	5,011
Decrease in accounts payable and accrued expenses	(340,429)	(57,597)
Decrease in accrued interest on funded debt	(61,324)	(2,403)
Increase in customer deposits	36,987	40,558
Net cash provided by operating activities	<u>5,597,180</u>	<u>6,461,326</u>
Cash flows from investing activities:		
Purchase of investment securities	(33,617,743)	(46,286,201)
Proceeds from sale and maturities of investment securities	35,320,358	51,532,436
Additions to property, plant and equipment - net	(6,815,288)	(10,074,765)
Net cash used for investing activities	<u>(5,112,673)</u>	<u>(4,828,530)</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of water revenue bonds	9,845,000	9,995,000
Repayment and repurchase of water revenue bonds	(11,515,000)	(12,145,000)
Discounts on water revenue bond issues	(103,099)	(71,989)
Bond issue costs	(79,705)	(142,986)
Advances for construction	151,108	231,294
Refunds of contractor advances	(121,683)	(362,221)
Contributions in aid of construction	433,022	190,270
Net cash used for capital and related financing activities	<u>(1,390,357)</u>	<u>(2,305,632)</u>
Net decrease in cash and cash equivalents	<u>(905,850)</u>	<u>(672,836)</u>
Cash and cash equivalents at beginning of year	<u>2,132,891</u>	<u>2,805,727</u>
Cash and cash equivalents at end of year	<u>\$ 1,227,041</u>	<u>\$ 2,132,891</u>
Supplemental schedule of noncash financing activities:		
Additions to property, plant and equipment provided by contractors	<u>\$ 739,417</u>	<u>\$ 1,909,910</u>
Cash paid during the year for interest	<u>\$ 1,623,275</u>	<u>\$ 1,893,552</u>

**Chester Water Authority
Balance Sheets
December 31, 1999 and 1998**

	1999	1998
Assets		
Fixed capital assets		
Property, plant and equipment, including construction in progress	\$172,268,977	\$165,579,696
Less - Accumulated provision for renewals, replacements and extensions	<u>13,952,850</u>	<u>13,615,515</u>
	158,316,127	151,964,181
Fixed capital funds		
Cash and cash equivalents	30,792	469,228
Short-term investments	<u>12,473,494</u>	<u>13,662,926</u>
Total fixed capital	<u>170,820,413</u>	<u>166,096,335</u>
Debt service funds		
Cash and cash equivalents	231,351	1,434
Short-term investments	<u>4,160,998</u>	<u>4,674,181</u>
Total debt service fund	<u>4,392,349</u>	<u>4,675,615</u>
Current assets		
Cash and cash equivalents	964,898	1,662,229
Accounts receivable, less allowance for uncollectible accounts of \$100,000 at December 31, 1999 and 1998	1,701,674	2,005,162
Unbilled revenues	2,113,289	2,060,528
Materials and supplies, at average cost	<u>1,129,356</u>	<u>1,027,103</u>
Other current assets	10,059	5,444
Total current assets	<u>5,919,276</u>	<u>6,760,466</u>
Other assets		
Deferred debt issue cost	238,416	177,779
Deferred compensation plan assets (Note 7)	-	1,785,685
Total other assets	<u>238,416</u>	<u>1,963,464</u>
	<u>\$181,370,454</u>	<u>\$179,495,880</u>
Capitalization and Liabilities		
Capitalization		
Funded debt - water revenue bonds (including bonds maturing within one year of \$2,395,000 and \$2,150,000 at December 31, 1999 and 1998, respectively)	\$ 34,895,000	\$ 36,565,000
Less - Unamortized discounts	<u>343,464</u>	<u>272,014</u>
	34,551,536	36,292,986
Retained earnings	<u>119,017,867</u>	<u>114,453,255</u>
Total capitalization	<u>153,569,403</u>	<u>150,746,241</u>
Current liabilities (excluding bonds maturing within one year)		
Accounts payable and accrued expenses	765,714	1,106,143
Accrued interest on funded debt	128,872	190,196
Customer deposits	<u>386,444</u>	<u>349,457</u>
Total current liabilities	<u>1,281,030</u>	<u>1,645,796</u>
Long-term liabilities		
Advances for construction	8,788,885	9,219,678
Deferred compensation plan liabilities (Note 7)	-	1,785,685
Total long-term liabilities	<u>8,788,885</u>	<u>11,005,363</u>
Contributions in aid of construction	<u>17,731,136</u>	<u>16,098,480</u>
	<u>\$181,370,454</u>	<u>\$179,495,880</u>

The accompanying notes are an integral part of the financial statements.