

CITY OF HOUSTON, TEXAS
ENTERPRISE FUNDS
Water and Sewer System
Statements of Cash Flows
For the Years Ended June 30, 1999 and 1998
amounts expressed in thousands

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities		
Operating income	\$ 133,544	\$ 135,197
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	190,205	174,994
Bad debt expense	740	1,071
Changes in assets and liabilities		
Accounts receivable, net	6,396	(13,834)
Due from other funds	(203)	3,592
Amounts held by other governments	2	-
Inventory	(3,077)	185
Accounts payable	16	(9,492)
Accrued payroll liabilities	19	84
Due to other funds	(4,661)	268
Due to other governments	-	(5)
Advances and deposits	334	378
Construction and retainages payable	(34,814)	42,391
Claims for workers' compensation	(736)	(595)
Compensated absences	(25)	691
Accrued interest on contracts payable	(718)	(820)
Miscellaneous revenues	18,116	12,193
Net cash provided by operating activities	<u>305,138</u>	<u>346,298</u>
Cash flows from investing activities		
Interest income on investments	37,978	41,078
Purchase of investments	(52,702)	(56,409)
Proceeds from sale of investments	25,853	54,235
Collection of long-term receivables	2,491	-
Net cash provided by investing activities	<u>13,620</u>	<u>38,904</u>
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(72,410)	(66,905)
Proceeds from issuance of revenue bonds, net of discount	231,427	362,179
Proceeds from issuance of commercial paper	76,700	69,980
Interest expense on		
Revenue bonds	(137,194)	(135,618)
Contracts payable	(19,165)	(21,056)
Retirement of contractual obligations	(4,355)	(11,982)
Contributed capital	-	2,238
Acquisition of property, plant and equipment	(822,361)	(724,302)
Proceeds from sale of fixed assets	504,721	217,595
Net cash (used for) capital and related financing activities	<u>(242,637)</u>	<u>(307,871)</u>
Cash flows from noncapital financing activities		
Operating transfers to debt service fund	(37,883)	(34,529)
Operating transfers to other funds	(20,686)	(30,614)
Residual equity transfers	-	330
Net cash (used for) noncapital financing activities	<u>(58,569)</u>	<u>(64,813)</u>
Net increase in cash and cash equivalents	17,552	12,518
Cash and cash equivalents, July 1	71,635	59,117
Unrestricted cash and cash equivalents, June 30	<u>\$ 89,187</u>	<u>\$ 71,635</u>
Non cash transaction		
Write-off of a capital grant receivable	-	3,565
	<u>\$ -</u>	<u>\$ 3,565</u>