

**FOUR WAY WATER SPECIAL UTILITY
DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

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ANNUAL FILING AFFIDAVIT

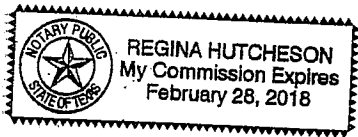
STATE OF TEXAS }
COUNTY OF ANGELINA }

I, James E Eaves, of the Four Way Special Utility District hereby swear, or affirm, that the District above has reviewed and approved at the meeting of the District's Board of Directors on the 13th day of May, 2014 its annual audit report for the fiscal period ended December 31, 2013 and that copies of the annual audit report have been filed in the District's office, located at 411 N Main Street, Huntington, TX 75949.

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of the Texas Water Code Section 49.194.

Date: May 13, 2014 By: James E. Eaves
James E. Eaves - Pres.

Sworn to and subscribed to before me this 13th day of May, 2014



Regina Hutcheson

My Commission Expires On: 02-28, 2018

Notary Public in the State Of Texas.

M. Diana Haney
CERTIFIED PUBLIC ACCOUNTANT
108 East Hospital Street, Suite 100
NACOGDOCHES, TEXAS 75961

936/560-0203
FAX 936/564-1102

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Four Way Special Utility District

I have audited the accompanying financial statements of Four Way Special Utility District which comprise the statement of net position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the statement of net position of Four Way Special Utility District as of December 31, 2013, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matter

In accordance with *Government Auditing Standards*, I have also issued a report dated May 12, 2014 on my consideration of Four Way Special Utility District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I not audit the information and express no opinion on it.

M. Diana Haney, CPA

M. Diana Haney, CPA

Nacogdoches, TX

May 12, 2014

Management's Discussion and Analysis
Four Way Special Utility District
December 31, 2013

The management of Four Way Special Utility District (the District) offers the reader of the District's basic financial statements this narrative overview and analysis of the financial performance of the District for the year ended December 31, 2013. Please read it in conjunction with the District's basic financial statements, which follow this section.

OVERVIEW OF WATER DISTRICT

Four Way Water Supply Corporation was organized and chartered on March 7, 1966 under Article 143a of the Revised Civil Statutes of Texas of 1925 for the purpose of providing and furnishing a safe and dependable water supply to the rural area in Angelina County.

On July 1, 2007, Four Way Water Supply Corporation became a Special Utility District in order to provide the system customers with a recognized political subdivision that would have the powers needed to obtaining alternative and more favorable methods of financing the future system improvements.

A Special Utility District is a political subdivision, and can issue revenue bonds on the open market or for purchase by the Texas Water Development Board (TWDB). An SUD is exempt from ad valorem taxes on its personal property, utility lines and plant facilities, as well as sales tax on supplies and services. It is subject to the Open Meetings and Open Records Act. It must follow statutory bid advertisement and contract provisions for political subdivisions and is subject to the continuing right of supervision by the Texas Commission on Environmental Quality (TCEQ).

Four Way Special Utility District currently provides service to over 2000 customers.

FINANCIAL HIGHLIGHTS

- The District's total assets exceeded liabilities by \$5,052,593 on December 31, 2013 as a result of the year's operations.
- The District's total assets were \$5,298,691; of this amount \$4,339,481 represents capital assets, and \$858,095 represents cash and cash equivalents.
- Liabilities for the District totaled \$246,098.
- Operating revenues for the District at year end were \$1,067,380 and exceeded operating expense by \$275,073. The major revenue sources that contributed to the District were water sales.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. Three components comprise the District's basic financial statements: (1) business-type activities financial statements, (2) notes to financial statements, and (3) required supplementary information. This report also contains other Texas supplementary information in addition to the basic financial statements themselves.

Enterprise Funds

Enterprise Funds (Proprietary Fund) are used to report the same functions presented as business-type activities in the basic financial statements. This District has only one major Enterprise Fund.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Statement of Net Position

The statement of net position for the District is similar in many ways to the balance sheet presented as a basic financial statement for private-sector companies. The statement of net position include all of the District's assets and liabilities. A major function of the statement of net position is to measure the ability of the District to meet its current and long-term obligations. Perhaps the biggest difference between the statements of net position and the private-sector balance sheet is in the reporting of the difference between total assets and total liabilities. In the balance sheet of a private-sector business, the difference between the total assets and total liabilities is a measure of the value of the business that the owners would realize if they sell their share.

Instead of measuring the "owners' equity," state and local governments report the net value of "net position" in these major categories:

- Invested in capital assets – net of related debt
- Restricted
- Unrestricted

Since the "owners" of the District are ultimately the citizens of the state of Texas and not an individual or group of investors, GASB believes it is more useful for the reader of the basic financial statements to know whether the "net position" were invested in capital assets, are restricted for future use, or their future use is unrestricted.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule. It provides detail comparisons of expenditures. Comparisons can be made between the original budget, final budget, and actual costs of the year.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a financial statement position. In the case of the District, assets exceeded liabilities by \$5,052,593 at the close of the year ended December 31, 2013.

There are \$4,339,481 of net position that represent capital assets – net of related debt. There are restricted net position which represents utility deposits of \$196,368. The remaining balance of \$516,744 represents unrestricted net position that may be used to meet the District's ongoing obligations.

Statements of Revenues, Expenses, and Changes in Fund Net Position

The statements of revenues, expenses, and changes in fund net position serve as similar function to the statements of income for private-sector businesses. Unlike private-sector businesses, the District does not seek to earn a profit in the long-term. However, the District must cover its operations, maintenance, and other costs annually from fees and charges since the District does not levy or collect any tax revenue. The statements of revenues, expenses, and changes in fund net position measures how well annual cost are covered by fees and charges.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had \$6,967,681 invested in a broad range of capital assets, including facilities and equipment for transportation, administration, and maintenance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

There are currently no known or anticipated economic factors affecting next year's budget. No significant changes to the District's budget for 2014 are expected.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office, at PO Box 250, Huntington, TX 75949-0250.

FOUR WAY SPECIAL UTILITY DISTRICT
STATEMENT OF NET POSITION
December 31, 2013

ASSETS	
Cash and Cash Equivalents	\$ 858,095
Accounts Receivable	90,347
Accrued Interest Receivable	745
Prepaid Expense	10,023
Capital Assets	
Land and Easements	94,265
Buildings, Office Equipment, Automobiles, Water Distribution System, Wells and Plants, net	4,186,025
Construction in Progress	<u>59,191</u>
Total Assets	<u>5,298,691</u>
LIABILITIES	
Accounts Payable	27,330
Accrued Well Lease Lufkin Industries	13,137
Accrued Payroll Taxes Payable	1,133
Retirement Payable	10,278
Accrued TCEQ Payable	4,904
Volunteer Fire Department Donations	1,784
Deposits Payable	<u>196,368</u>
Total Liabilities	<u>254,934</u>
NET POSITION	
Net investment in Capital Assets	4,339,481
Restricted – Utility Deposits	196,368
Unrestricted	<u>507,908</u>
Total Net Position	<u>\$ 5,043,757</u>

The accompanying notes to financial statements are an integral part of this statement.

FOUR WAY SPECIAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES
PROPRIETARY FUND
For The Year Ended December 31, 2013

OPERATING REVENUES	
Water Sales	\$ 976,663
Connection Fees	55,667
Penalties	<u>35,050</u>
Total Operating Revenues	<u>1,067,380</u>

OPERATING EXPENSES	
Advertising	570
Auto Expense	28,102
Bank Charges	13,522
Chlorine and Chemicals	15,514
Depreciation	203,130
Dues and Subscriptions	4,871
Maintenance Agreement	5,141
Insurance	32,851
Legal and Professional	9,537
Leak	2,652
Licenses and Permits	6,909
Miscellaneous	273
Office Expense	6,183
Payroll Taxes	15,193
Pension Expense	18,741
Postage and Billing Cards	8,955
Repairs and Maintenance	83,068
Salaries	198,108
Seminars	6,091
Supplies	9,607
Telephone	7,164
Temporary Labor	10,381
Travel	133
Utilities	94,595
Water Testing	6,152
Water-Lufkin Industries	2,512
Well Lease-Lufkin Industries	<u>13,136</u>
Total Operating Expenses	<u>803,091</u>

The accompanying notes to financial statements are an integral part of this statement.

FOUR WAY SPECIAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES - CONTINUED
PROPRIETARY FUND
For The Year Ended December 31, 2013

NONOPERATING REVENUES (EXPENSES)	
Interest Income	\$ 6,766
Interest Expense	<u>(1,183)</u>
Total Non operating Revenues (Expenses)	<u>5,583</u>
Change in Net Position	269,872
Net Position, January 1	<u>4,773,885</u>
Net Position, December 31	<u>\$ 5,043,757</u>

The accompanying notes to financial statements are an integral part of this statement.

FOUR WAY SPECIAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For The Year Ended December 31, 2013

Net Cash Flow from Operating Activities:	\$ 269,872
Increase in Net Position	
Adjustments to Reconcile Net Position	
To Net Cash Used In Operations	
Depreciation	203,130
(Increase) in Accounts Receivable	(3,688)
(Increase) in Interest Receivable	(36)
(Increase) in Prepaid Expenses	(5,564)
Increase in Accounts Payable	20,545
(Decrease) in Payroll Taxes Payable	(2,769)
(Decrease) in Retirement Payable	8,601
Increase in TCEQ Assessment	16
Increase in Volunteer Fire Dept Donations	434
(Decrease) in Accrued Interest Payable	(355)
Increase in Deposits Payable	4 418
(Decrease) in Service Investigation	<u>(1,500)</u>
Net Cash Provided by Operating Activities	<u>493,104</u>
Cash Flows from Investing Activities	
Purchase of Capital Assets	<u>(368,809)</u>
Net Cash Used by Investing Activities	<u>(368,809)</u>
Cash Flows from Financing Activities	
Principal Payments of Long-term Debt	<u>(101,849)</u>
Net Cash Provided by Financing Activities	<u>(101,849)</u>
Net Increase in Cash and Cash Equivalents	22,446
Cash and Cash Equivalents at January 1	<u>835,649</u>
Cash and Cash Equivalents at December 31	<u>\$ 858,095</u>
Interest Expense at December 31	<u>\$ 1,183</u>

The accompanying notes to financial statements are an integral part of this statement.

FOUR WAY SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2013

Note A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

On July 1, 2007, Four Way Water Supply Corporation became a Special Utility District (the District). The District is a political subdivision operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Directors elected by registered voters of the Special Utility District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in **Statement on Auditing Standards No. 69** of the American Institute of Certified Public Accountants.

Proprietary Financial Statements and Basis of Accounting

The District's business-type activities include operations that rely to a significant extent on fees and charges for support. The Proprietary Fund is accounted for on a flow of economic resources measurement focuses and utilizes the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in a proprietary (enterprise) fund.

Other Accounting Policies

For purposes of the statement of cash flows for the proprietary fund, the District considers highly liquid investments to be cash equivalents if they have a maturity of less than a year when purchased. At year-end, the District's cash balances were deposited in six banks.

FOUR WAY SPECIAL UTILITY DISTRICT
 NOTES TO FINANCIAL STATEMENTS-CONTINUED
 Year Ended December 31, 2013

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accumulated Vacation and Sick Leave Benefits

The District does not allow employees to carryover unused vacation or sick days into the next fiscal year.

NOTE B – CASH AND CASH EQUIVALENTS

At December 31, 2013, the cash balance consists of the following:

Cash on Hand	\$	450
Cash Account		
Huntington State Bank-Operating		239,762
Capital One		2,210
Cash Equivalents (Time Deposits)		
East Tx Professional Cr Un-MM		63,278
East Tx Professional Cr Un-CD		103,846
First Bank and Trust-CD		109,417
Texas State Bank-CD		105,803
Genco Credit Union-MM		132,179
Capital One Bank-MM		101,150
Total	\$	<u>858,095</u>

NOTE C – CAPITAL ASSETS

Capital assets are recorded at cost. Expenses for maintenance and repairs are charged to operations. Betterments that materially extend the life are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Capital asset activity for the District for the year ended December 31, 2013 was as follows:

FOUR WAY SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS-CONTINUED
Year Ended December 31, 2013

	<u>Beginning</u> <u>Balance</u>	<u>Addition</u>	<u>Reclassify /</u> <u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Proprietary Activities:				
Land and Easements	\$ 94,265	\$ -0-	\$ -0-	\$ 94,265
Buildings	331,557			331,557
Office Furniture and Equipment	291,355	13,203		304,558
Automobiles	123,164	25,861	8,240	140,785
Water Distribution System	1,767,737	44,359		1,812,096
Water Wells and Plants	3,784,177	441,052		4,225,229
Construction in Progress	<u>206,619</u>	<u>320,325</u>	<u>467,753</u>	<u>59,191</u>
	6,598,874	844,800	475,993	6,967,681
Less Accumulated Depreciation	<u>(2,425,070)</u>	<u>(203,130)</u>	<u>0</u>	<u>(2,628,200)</u>
	<u>\$ 4,173,804</u>	<u>\$ 641,670</u>	<u>\$ 475,993</u>	<u>\$ 4,339,481</u>

During the year ended on December 31, 2013, the District had construction cost incurred on water line upgrades and construction of ozone treatment center in the amount of \$467,753.

NOTE D – LEASE AGREEMENT

In January 1982, the District leased a well from Lufkin Industries for a term of forty years. The lease could be canceled by either party giving the other party five years prior written notice of cancellation according to the terms of agreement. On April 27, 1983, Lufkin Industries amended the contract to provide the lease may be canceled by either party giving the other party two years written notice of cancellation.

Annual rental payments under the terms of the lease are \$13,136.00 from 1983 to 2021 and \$6,568.00 for the year 2022.

If at the end of any calendar year while the lease is in force, the total paid during the calendar year by Lufkin Industries to the District for treated water exceeds the total amount paid during that calendar year by the District to Lufkin Industries for untreated water, plus the annual rental payments mentioned above, then the District is to rebate Lufkin Industries an amount of money to make the sums equal.

The District is responsible for the operation and maintenance of the leased well.

FOUR WAY SPECIAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS-CONTINUED
Year Ended December 31, 2013

NOTE E - PENSION PLAN

The District has a retirement plan covering employees with Texas County and District Retirement System. Under the plan, the District contributes 4.09% of each eligible employee's salary. Plan expenses incurred during the year ended December 31, 2013 are \$9,905.

Annual Pension Cost. The required contribution was determined as part of the December 31, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2013 was 1.9 years.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was 85.07 percent funded. The actuarial accrued liability of benefits was \$59,196, and the actuarial value of assets was \$50,360, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,836. The covered payroll (annual payroll of active employees covered by the plant) was \$198,758, and the ratio of the UAAL to the covered payroll was 4.45 percent.

M. Diana Haney, CPA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

Independent Auditor's Report

Board of Directors
Four Way Special Utility District

Members of the Board:

I have audited the financial statements Four Way Special Utility District as of and for the year ended December 31, 2013. I have issued my report on them dated May 12, 2014.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Four Way Special Utility District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Four Way Special Utility District's internal control over financial reporting. Accordingly I do not express an opinion of the effectiveness of Four Way Special Utility District's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I considered to be material weaknesses as defined above. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended for the information of the Board of Directors, the audit committee and the administration and is not intended to be used and should not be used by anyone other than these specified parties.

M. Diana Haney, CPA

M. Diana Haney, CPA

Nacogdoches, TX

May 12, 2014

FOUR WAY SPECIAL UTILITY DISTRICT
 COMPARATIVE SCHEDULE OF REVENUE AND EXPENSES –
 PROPRIETARY FUND
 For The Year Ended December 31, 2013

	Amounts	Percent of Fund Total Revenues
OPERATING REVENUES		
Water Sales	\$ 976,663	91.50%
Connection Fees	55,667	5.22%
Penalties	35,050	3.28%
Total Operating Revenues	1,067,380	100.0%
 OPERATING EXPENSES		
Advertising	570	.05%
Auto Expense	28,102	2.63%
Bank Charges	13,522	1.27%
Chlorine and Chemicals	15,514	1.45%
Depreciation	203,130	19.03%
Dues and Subscriptions	4,871	.46%
Maintenance Agreement	5,141	.48%
Insurance	32,851	3.08%
Leak Adjustment	2,652	.25%
Legal and Professional	9,537	.89%
Licenses and Permits	6,909	.65%
Miscellaneous	273	.03%
Office Expense	6,183	.58%
Payroll Taxes	15,193	1.42%
Pension Expense	9,905	.93%
Postage and Billing Cards	8,955	.84%
Repairs and Maintenance	86,703	8.12%
Salaries	198,108	18.56%
Seminars	6,091	.57%
Supplies	9,607	.90%
Telephone	7,164	.67%
Temporary Labor	10,381	.97%
Travel	133	.01%
Utilities	94,595	8.86%
Water Testing	6,152	.58%
Water-Lufkin Industries	2,512	.24%
Well Lease-Lufkin Industries	13,136	1.23%
Total Operating Expenses	797,890	74.75%
 NONOPERATING REVENUES (EXPENSES)		
Interest Income	6,766	.63%
Interest Expense	(1,183)	(.11%)
Total Non operating Revenues (Expenses)	5,583	.52%
Change in Net Assets	\$ 275,073	25.77%

FOUR WAY SPECIAL UTILITY DISTRICT
 TEMPORARY INVESTMENTS
 For The Year Ended December 31, 2013

<u>Fund</u>	<u>Identification Or Certification Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Receivable at End of Year</u>
<u>Proprietary Fund</u>					
Money Market Account	736430	.35%	12/31/13	\$ 63,278	\$ 00
Certificate of Deposit	736430-0100	3.40%	09/23/14	103,846	00
Certificate of Deposit	200022997	2.34%	07/02/16	109,417	613
Money Market Account	3620918708	.40%	12/31/13	101,150	00
Certificate of Deposit	43910	1.88%	12/17/15	105,803	76
Money Market Account	1807541-8	.60%	12/31/13	<u>132,179</u>	<u>56</u>
Total Fund				<u>\$ 615,673</u>	<u>\$ 745</u>

FOUR WAY SPECIAL UTILITY DISTRICT
SERVICES AND RATES
For The Year Ended December 31, 2013

1. The District provides services for retail water.
2. Retail Service Providers
 - a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1000 Gallons Over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 20.00	0	Yes	\$ 3.60	N/A to N/A
WASTEWATER	N/A				
SURCHARGE	N/A				

The district does not employ winter averaging for wastewater usage.

- a. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC's</u>
Unmetered	0	0	x 1.0	0
5/8"	2274	2018	x 1.0	2018
3/4"	8	8	x 1.5	12
1"	13	13	x 2.5	32.5
1 1/2"	4	4	x 5.0	20
2"	3	2	x 8.0	16
3"	0	0	x 15.0	0
4"	1	1	x 25.0	25
6"	1	1	x 50.0	50
8"	0	0	x 80.0	0
10"	<u>0</u>	<u>0</u>	<u>x 115.0</u>	<u>0</u>
Total Water	<u>2304</u>	<u>2047</u>		
Total Wastewater	<u>0</u>	<u>0</u>	<u>x 1.0</u>	<u>0</u>

FOUR WAY SPECIAL UTILITY DISTRICT
SERVICES AND RATES - CONTINUED
For The Year Ended December 31, 2013

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand)

Gallons pumped into system: 167,976,200

Gallons billed to customers: 132,613,100

Water Accountability Ratio: (Gallons billed/Gallons Pumped) .79

4. Standby Fees (authorized only under TWC Section 49.231)

The District does not maintain standby fees.

The District does not have Operation and Maintenance standby fees.

5. Location of the District

The District is located entirely within one county - Angelina County. The District is partially located within the city of Huntington. It is not within a city's extra territorial jurisdiction. The city of Huntington does not have ETJ and the Board members are not appointed by any office outside the District.

FOUR WAY SPECIAL UTILITY DISTRICT
 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
 For The Year Ended December 31, 2013

District Mailing Address: PO Box 250, Huntington, Texas 75949-0250

District Business Telephone Number: (936) 422-4188

Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054): March 5, 2014

Limit on Fees of Office that the Director may receive during a fiscal year: No limit set (Set by Board Resolution – TWC Section 49.060)

<u>Names:</u>	<u>Term of Office (Elected or Appointed) Or Date Hired</u>	<u>Fees of Office Paid* (FYE date)</u>	<u>Expense Reimburse- ments (FYE date)</u>	<u>Title at Year End</u>
Board Members:				
James Eaves	(Elected) 05/11– 05/14	\$ 650.00	0	President
Roger Sanders	(Elected) 05/13 – 05/16	\$ 550.00	0	Vice-President
Judy Runnels	(Elected) 05/11 – 05/14	\$ 600.00	0	Secretary/ Treasurer
Gay Walker	(Elected) 05/13 – 05/16	\$ 650.00	0	Director
Don Willis	(Elected) 05/12 - 05/15	\$ 700.00	0	Director
Joyce Collins	(Elected) 05/12 – 05/15	\$ 650.00	0	Director
James Kirkland	(Elected) 05/12 - 05/15	\$ 600.00	0	Director