

LAKES REGION WATER COMPANY, INC.
BALANCE SHEET
(Unaudited)

	JUNE 30, 2013	JUNE 30, 2012
ASSETS		
Property, Plant and Equipment		
Cost	\$ 4,503,664	\$ 4,552,630
Less: Acquisition Adjustment	(254,025)	(254,025)
Net Cost	\$ 4,249,639	\$ 4,298,604
Less: Accumulated Depreciation / Amortization	(1,479,130)	(1,433,383)
Accumulated Amortization of Acquisition Adjustment	163,478	157,770
Total Property, Plant and Equipment	<u>2,933,986</u>	<u>3,022,991</u>
Current Assets		
Cash	7,992	525
Accounts Receivable	104,984	95,527
Inventory	15,958	23,368
Deferred Expenses	33,246	32,617
Total Current Assets	<u>162,180</u>	<u>152,037</u>
Other Assets		
Unamortized Debt Financing Costs	2,531	5,054
Miscellaneous Deferred Costs	293,820	253,608
Total Other Assets	<u>296,351</u>	<u>258,662</u>
TOTAL ASSETS	<u><u>\$ 3,392,517</u></u>	<u><u>\$ 3,433,690</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Stockholders' Equity		
Common Stock	\$ 10,000	\$ 10,000
Additional Paid-In Capital	955,248	976,648
Capital Stock Expense	(11,042)	(12,883)
Retained Earnings	534,145	323,373
Total Stockholders' Equity	<u>1,488,352</u>	<u>1,297,138</u>
Long-Term Debt, less current portion	<u>505,075</u>	<u>600,088.66</u>
Current Liabilities		
Current Portion, Long-Term Debt	94,260	94,260
Accounts Payable	502,831	685,505
Accrued Expenses	60,602	8,883
Total Current Liabilities	<u>657,693</u>	<u>788,648</u>
Deferred Income Taxes	<u>116,004</u>	<u>105,511</u>
Contribution in Aid of Construction		
Gross Received (net of premature retirements)	849,099	849,099
Less: Accumulated Amortization	(223,705)	(206,794)
Total Contribution in Aid of Construction	<u>625,394</u>	<u>642,305</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 3,392,517</u></u>	<u><u>\$ 3,433,690</u></u>

LAKES REGION WATER COMPANY, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE SIX (6) MONTHS ENDING JUNE 30,
(Unaudited)

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES	\$ 456,431	\$ 534,778
OPERATING EXPENSES:		
Production	38,082	51,968
Treatment	10,621	15,514
Transmission and distribution	29,472	64,372
Customers' billing and collection	8,453	9,974
General and administrative	171,621	207,446
Depreciation / amortization	49,290	63,672
Taxes - other than income	11,940	27,282
Provision for income taxes	-	-
Total operating expenses	<u>319,477</u>	<u>440,229</u>
NET OPERATING INCOME	136,953	94,549
GAIN / (LOSS) ON SALE OF ASSETS	<u>-</u>	<u>-</u>
NET WATER UTILITY OPERATING INCOME	136,953	94,549
NON-OPERATING INCOME, NET	2,374	1,576
INTEREST EXPENSE	<u>(23,610)</u>	<u>(39,537)</u>
NET INCOME	115,717	56,588
RETAINED EARNINGS, beginning of period	415,897	266,783
Adjustments	<u>2,531</u>	<u>2</u>
RETAINED EARNINGS, end of period	<u>\$ 534,145</u>	<u>\$ 323,373</u>

LAKES REGION WATER COMPANY, INC.
SUPPLEMENTARY INFORMATION
FOR THE SIX (6) MONTHS ENDING JUNE 30,
(Unaudited)

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
General Sales:		
Unmetered Sales	\$ 172,766	\$ 164,692
Metered Sales	245,945	348,328
Disconnect / Reconnect - Income	4,083	5,460
House transfer	730	1,473
Payment pickup	28	228
Meter Maintenance Income	498	40
Maintenance on Customer Property	1,786	399
Customer Bad Check Charges	20	40
Sales Outside Contractors	-	14,119
Rate Case Surcharge	30,576	-
	<u>\$ 456,431</u>	<u>\$ 534,778</u>
OPERATING EXPENSES:		
Production		
Labor	\$ 5,317	\$ 9,778
Purchased Water	-	600
Materials	1,074	5,238
Contracted Services	928	2,100
Purchased Power	29,763	33,252
Rents	1,000	1,000
	<u>\$ 38,082</u>	<u>\$ 51,968</u>
Treatment		
Labor	\$ 1,780	\$ 7,193
Chemicals	(0)	120
Violation Publication	-	-
Water Tests	6,576	8,201
Materials	2,266	-
	<u>\$ 10,621</u>	<u>\$ 15,514</u>
Transmission and distribution		
Labor	\$ 6,362	\$ 17,479
Contracted Services	(3,290)	-
Materials	3,785	11,725
Equipment Lease	3,600	3,600
Transportation Expenses	18,877	31,224
Tel-Step	137	344
	<u>\$ 29,472</u>	<u>\$ 64,372</u>

LAKES REGION WATER COMPANY, INC.
SUPPLEMENTARY INFORMATION
FOR THE SIX (6) MONTHS ENDING JUNE 30,
(Unaudited)

	<u>2013</u>	<u>2012</u>
Customers' billing and collection		
Labor	\$ 5,104	\$ 5,962
Bad Debts	1,932	457
Contracted Services	732	695
Materials	684	2,860
	<u>\$ 8,453</u>	<u>\$ 9,974</u>
General and administrative		
General Office Salaries & Wages	\$ 102,198	\$ 85,456
Employees' Welfare, net	19,849	24,644
Insurance	25,200	21,600
General Expenses:		
Heat / Electric Office	1,117	1,920
Contracted Services (should be zero)	1,214	3,945
Memberships	255	182
Telephone	3,721	4,657
Operating Permits	5,100	-
Office Supplies & Miscellaneous	16,438	14,491
Outside Services	(5,563)	48,729
Regulatory Commission Expense	2,091	1,821
	<u>\$ 171,621</u>	<u>\$ 207,446</u>
Depreciation / amortization		
Depreciation	\$ 60,570	\$ 74,952
Amortization of Acquisition Adjustments	(2,838)	(2,838)
Amortization of Contribution in Aid of Construction	(8,442)	(8,442)
	<u>\$ 49,290</u>	<u>\$ 63,672</u>
Taxes - other than income		
Payroll Taxes	\$ 10,222	\$ 8,782
Property Taxes	1,718	18,500
	<u>\$ 11,940</u>	<u>\$ 27,282</u>
NON-OPERATING INCOME, NET		
Interest Income	\$ 2,474	\$ 2,076
Amortization of Equity Financing Expense	-	-
Other	(100)	(500)
	<u>\$ 2,374</u>	<u>\$ 1,576</u>
INTEREST EXPENSE		
Interest on Long-Term Debt	\$ 22,716	\$ 38,643
Amortization of Deferred Debt Financing Expense	894	894
	<u>\$ 23,610</u>	<u>\$ 39,537</u>