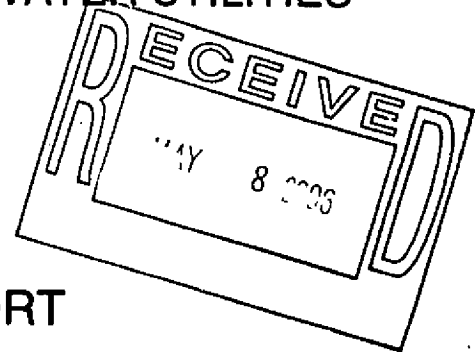


Received _____
Examined _____

CLASS D
WATER UTILITIES

U# _____



2002
ANNUAL REPORT
OF

YERMO WATER COMPANY
(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

485 N. KEPLER AVE

DELAND, FL 32724
(OFFICIAL MAILING ADDRESS) ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2002

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2003
(FILE TWO COPIES IF THREE RECEIVED)

INSTRUCTIONS

1. One completed copy of this report (two copies if three received) must be filed NOT LATER THAN MARCH 31, following the year covered by the report, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
WATER DIVISION
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298**

2. Failure to file the report on time may subject a utility to the penalties and sanctions provided by the Public Utilities Code.
3. The Oath, on the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink or by the use of a typewriter. Computer generated report forms may be substituted.
5. The report must be filled in, and every question answered. LEAVE NO SCHEDULE BLANK. Insert the words "none" or "not applicable" or "n/a" when appropriate.
6. Certain balance sheet and income statement accounts refer to supplemental schedules. The totals of the details in the latter must agree with the balances of the accounts to which they refer.
7. Some schedules provide for a "balance at beginning of year." The amount shown should agree with the "balance at end of year" as shown in the report for the previous year. If there is a difference it should be explained by footnote.
8. When there is insufficient space in a schedule to permit a complete statement of the requested information, insert sheets should be prepared and identified by the number of the schedule to which it refers. Be certain that the inserts are securely attached to the report.
9. This report must cover a calander year, from Janauary 1 through December 31. Fiscal year reports will not be accepted.

**Summary of Earnings
Test Year 2002**

Account Number	Operating Revenue	
470	Metered	91728
460	Unmetered	
485	Irrigation	
462-480	Private Fire Protection	
	Total Revenue	91728
	Operating Expenses	
610	Purchased Water	
615	Purchased Power	25826
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	
630	Employee Labor	
640	Materials	12500
650	Contract Work	
	Water Testing	2005
660	Transportation Expense	3732
664	Other Plant Maintenance	3212
670	Office Salaries	39258
671	Management Salaries	
674	Employee Pensions and Benefits	
676	Uncollectables	
678	Office Service and Rentals	21182
681	Office Supplies and Expense	5554
682	Professional Services	6565
684	Insurance	
688	Regulatory Expense	
689	General Expense	23816
	Subtotal	131275
403	Depreciation Expense	772
	Ad Valorem Taxes	
	Payroll taxes	
408	Taxes other than income	6957
409	State Income Tax	
410	Federal Income Tax	
	Total Deductions	139004
	Net Revenue	(47276)
	Rate Base	
	Average Plant	
	Average Depreciation Reserve	
	Net Plant	
	Less: Advances	
	Less: Contributions	
	Plus: Construction Work in Progress	
	Plus: Working Cash	
	Plus: Material & Supplies	
	Rate Base	
	ROR=Net Rev/Rate Base	

CLASS D WATER UTILITIES
(HAVING LESS THAN 500 SERVICE CONNECTIONS)

Yermo Water Co

(Name under which corporation, partnership or individual is doing business)

485 N. KEPLER DELAND, FL 32724

(Official mailing address)

Yermo City, San Bernardino County

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
(A) Date of organization N/A incorporated in the State of _____
(B) Names, titles and addresses of principal officers: _____
- 2 If unincorporated give the name and address of owner or of each partner: _____
- 3 Name and telephone number of:
(A) One person listed above to receive correspondence:
(B) Person responsible for operations and services: _____
- 4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? (Yes or No)
If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?
- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent:

PUBLIC HEALTH STATUS

- 6 Has state or local health department inspection been made during the year?
- 7 Are routine laboratory tests of water being made?
- 8 Has state health department water supply permit been obtained? (Indicate date)
- 9 If no permit has been obtained, state whether application has been made and when.
- 10 Show expiration date if state permit is temporary.

Yes	No	Latest Date
✓		
✓		
✓		

SPECIAL INSTRUCTIONS (over)

SPECIAL INSTRUCTIONS

- 1 Beginning of year balances must agree with end of year balances shown in report for previous year. Attach a supplementary statement to explain any differences.
- 2 Attach a supplementary statement to explain adjustments in Schedule B - Water Plant in Service.
- 3 Complete all schedules, using the words "None" or "Not applicable" if appropriate.
- 4 Report must be prepared legibly in ink or by typewriter.

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES

2002

NAME OF UTILITY Yermo Water Co

PHONE 386-985-0475

PERSON RESPONSIBLE FOR THIS REPORT DANNA C. ALSOP

(Prepared from information in the 20__ Annual Report)

	1/1/02	12/31/02	Average
BALANCE SHEET DATA			
1 Intangible Plant	3461	3461	—
2 Land and Land Rights	19730	19730	—
3 Depreciable Plant	133449	133449	—
4 Gross Plant in Service	156640	156640	—
5 Less: Accumulated Depreciation	83698	97428	(13730)
6 Net Water Plant in Service	72942	59212	(13730)
7 Water Plant Held for Future Use	—	—	—
8 Construction Work in Progress	—	—	—
9 Materials and Supplies	13798	125	(13673)
10 Less: Advances for Construction	()	()	()
11 Less: Contribution in Aid of Construction	()	()	()
12 Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13 Net Plant Investment	86740	59337	27403
CAPITALIZATION			
14 Common Stock	—	—	—
15 Proprietary Capital (Individual or Partnership)	(51060)	(98336)	(47276)
16 Paid-in Capital	—	—	—
17 Retained Earnings	—	—	—
18 Common Stock and Equity (Lines 14 through 17)	—	—	—
19 Preferred Stock	—	—	—
20 Long-Term Debt	100000	98000	(2000)
21 Notes Payable	—	—	—
22 Total Capitalization (Lines 18 through 21)	48940	(336)	(49276)

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES

2002
(continued)

NAME OF UTILITY Yerma Water Co PHONE 386-985-0475

INCOME STATEMENT

	Annual Amount
23 Unmetered Water Revenue	
24 Fire Protection Revenue	
25 Irrigation Revenue	
26 Metered Water Revenue	
27 Total Operating Revenue	91728
28 <u>Operating Expenses</u>	91728
29 Depreciation Expense (Composite Rate _____)	131275
30 Amortization and Property Losses	772
31 Property Taxes	
32 Taxes Other Than Income Taxes	6957
33 Total Operating Revenue Deduction Before Taxes	47276
34 California Corp. Franchise Tax	-
35 Federal Corporate Income Tax	-
36 Total Operating Revenue Deduction After Taxes	47276
37 Net Operating Income (Loss) - California Water Operations	
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	
39 Income Available for Fixed Charges	
40 Interest Expense	
41 Net Income (Loss) Before Dividends	
42 Preferred Stock Dividends	
43 Net Income (Loss) Available for Common Stock	

OTHER DATA

44 Refunds of Advances for Construction	
45 Total Payroll Charged to Operating Expenses	
46 Purchased Water	
47 Power	

Active Service Connections (Exc. Fire Protect.) _____

	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections	350	350	
49 Flat Rate Service Connections			
50 Total Active Service Connections	350	350	

**CLASS B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent:

Name: _____ N/A
Address: _____
Phone Number: _____
Date Hired: _____

2. Former Fiscal Agent:

Name: _____
Address: _____
Phone Number: _____
Date Hired: _____

3. Total surcharge collected from customers during the 12 month reporting period:

\$ _____

4. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ _____
Deposits during the year	_____
Withdrawals made for loan payments	_____
Other withdrawals from this account	_____
Balance at end of year	_____

5. Account information:

Bank Name: _____
Account Number: _____
Date Opened: _____

6. Plant amounts included in Schedule A, Account No. 101--Water Plant in Service which were funded using SDWBA funds:

Line No.	Acct. No.	Title of Account (a)	Balance Beginning of Year (b)	Plant Additions During Year (c)	Plant Retirements During Year (d)	Other Debits* or (Credits) (e)	Balance End of Year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible plant	2300				2300
3	303	Land	19730				19730
4		Total non-depreciable plant	22030				22030
5		DEPRECIABLE PLANT					
6	304	Structures	2900				2900
7	307	Wells	26200				26200
8	317	Other water source plant					
9	311	Pumping equipment	8400				8400
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes	1000				1000
12	331	Water mains	10000				10000
13	333	Services and meter installations	19800				19800
14	334	Meters	1680				1680
15	335	Hydrants	7600				7600
16	339	Other equipment	14355				14355
17	340	Office furniture and equipment	3178				3178
18	341	Transportation equipment	16276				16276
19		Total depreciable plant	111389				111389
20		Total water plant in service	133414				133414

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2002)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	133419	201	Common Stock (Corporations only)	
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Water plant purchased or sold		215	Retained earnings	
4	105	Water plant construction work in progress		218	Proprietary capital	(9832)
5	108	Accumulated depreciation of water plant	(97428)	224	Long term debt	98000
6	114	Water plant acquisition adjustments			Current Liabilities	40970
7	124	Other investments		252	Advances for construction	
8	131	Cash	501	253	Other deferred credits	
9	141	Accounts receivable - customers		255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	4112		depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	
14				272	Accumulated amortization of contributions	
15		Total Assets	40604		Total Equity and Liabilities	40604

SCHEDULE B - WATER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant	2300				2300
17	303	Land	19730				19730
18	304	Structures	2900				2900
19	307	Wells	26200				26200
20	317	Other water source plant					
21	311	Pumping equipment	8400				8400
22	320	Water treatment plant					
23	330	Reservoirs tanks and sandpipes	1000				1000
24	331	Water mains	10000				10000
25	333	Services and meter installations	19800				19800
26	334	Meters	1680				1680
27	335	Hydrants	7600				7600
28	339	Other equipment	14355				14355
29	340	Office furniture and equipment	3178				3178
30	341	Transportation equipment	16276				16276
31		Total water plant in service	133419				133419

* Debit or credit entries should be explained by footnotes or supplementary schedules

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year	83698		A. Method used to compute depreciation expense (Acct. 403) and rate.
33	Add: Credits to reserves during year			
34	(a) Charged to Account No. 403			
35	(b) Charged to Account No. 272	13720		B. Amount of depreciation expense claimed or to be claimed on utility property in your federal income tax return for the year covered by this report \$
36	(c) Charged to clearing accounts			
37	(d) Salvage recovered			
38	(e) All other credits			
39	Total credits	97428		
40	Deduct: Debits to reserves during year			C. State method used to compute tax depreciation.
41	(a) Book cost of property retired			
42	(b) Cost of removal			
43	(c) All other debits			
44	Total debits			
45	Balance in reserve at end of year	97428		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

Line

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 20__)

1	Common - (Shares	\$	par)			List persons owning more than 5% of outstanding stock
2	Preferred - (Shares	\$	par)			and number of shares owned by each:
3	Dividends - Common	Rate - \$				
4	- Preferred	Rate - \$				

SCHEDULE E - LONG TERM DEBT

	Class	Date of Issue	Date of Maturity	Principal Amount Authorized	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
5								
6								
7								
8	Totals							

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	XXXXXXXXXX
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	91728
14	480 Other water revenue	
15	Total Operating Revenue	91728
16	Operating revenue deductions	XXXXXXXXXX
17	Operating expenses	XXXXXXXXXX
18	610 Purchased water	
19	615 Power	25826
20	618 Other volume related expenses	
21	630 Employee labor	39258
22	640 Materials	128
23	650 Contract work	
24	660 Transportation expenses	
25	664 Other plant maintenance expense	5217
26	670 Office salaries	
27	671 Management salaries	
28	674 Employee pensions and benefits	
29	676 Uncollectible accounts expense	
30	678 Office services and rentals	2122
31	681 Office supplies and expense	5554
32	682 Professional services	6565
33	684 Insurance	
34	688 Regulatory commission expense	
35	689 General expenses	23816
36	Total Operating Expenses	131275
37	403 Depreciation expense	772
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	6957
40	409 State corporate income tax expense	
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	139004
43	Utility Operating Income	
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	
47	Net Income	47276

SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS

Location	No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	Annual quantities pumped

OTHER

Streams or springs location of diversion point	Flow in		(Unit)		Annual quantities diverted (Unit)
	Priority right		Diversions		
	Claim	Capacity	Max	Min	
Purchased water (unit)					Annual quantity
Supplier:					

SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS

(If figures are available) (specify unit)

Classification of service	Max. mo. Mo. of	Min. mo. Mo. of	Total for year
Residential & business			
Industrial			
Public authorities			
Irrigation			
Other (specify)			
Total			

SCHEDULE I - EMPLOYEES AND THEIR COMPENSATION

Line	Acct	Account	Number at end of year	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
48	630	Employee Labor	2	39,258		39,258
49	670	Office salaries				
50	671	Management salaries				
51		Total				

SCHEDULE J - ADVANCES FOR CONSTRUCTION

Balance beginning of year	
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	

SCHEDULE K - TOTAL METERS AND SERVICES (active and Inactive)

Size	Meters	Services
5/8 x 3/4-in		
3/4-in		
1-in		
-in		
-in		
Total		

SCHEDULE L - METER-TESTING DATA

Number of meters tested during year	
1	Used, before repair...
2	Used, after repair
3	Fast, requiring refund ..
Numbers of meters in service requiring test per General Order No. 103	

SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences	299		299	51		51		
Industrial								
Other (specify)								
Subtotal								
Fire protection (Hydrants)								
Total								

NOTE: Total connections (metered plus flat) should agree with total services in Schedule K.

SCHEDULE N - STORAGE FACILITIES

SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	No.	Combined capacity in gallons	Description	2" and under	2 1/4 to 3 1/4	4"	Other sizes (specify)			Totals
Concrete			Cast Iron							
Earth			Welded steel							
Wood			Standard screw							
Steel			Cement-asbestos							
Other			Plastic							
			Other (specify)							
Total			Total							

DECLARATION

(BEFORE SIGNING PLEASE CHECK TO SEE THAT ALL SCHEDULES HAVE BEEN COMPLETED)

I, the undersigned (officer, partner or owner) of DONALD R. WALKER (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period

From and including JANUARY 1, 2002 to and including DECEMBER 31, 2002

Signed

Title

Date

DK Walker
Owner

▶ See separate instructions.

IRS use only — Do not write or staple in this space.

For calendar year 2002, or tax year beginning , 2002, and ending , 20 OMB No. 1545-0099

A Principal business activity WATER COMPANY	Use the IRS label. Otherwise, print or type.	Name of partnership YERMO WATER COMPANY	D Employer identification number 33-0570801
B Principal product or service WATER SERVICE		Number, street, and room or suite number. If a P.O. box, see instructions. 920 NORTH SLOAN # D-201	E Date business started 01/01/92
C Business code number 221300		City or town State ZIP code LAS VEGAS NV 89110	F Total assets (see instrs) \$ 40,634.

G Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return

H Check accounting method: (1) Cash (2) Accrual (3) Other (specify) _____

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year **2**

Caution: Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

INCOME	1 a Gross receipts or sales	1 a	91,728.	
	b Less returns and allowances	1 b		1 c 91,728.
	2 Cost of goods sold (Schedule A, line 8)	2		1,990.
	3 Gross profit. Subtract line 2 from line 1c	3		89,738.
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)	4		
	5 Net farm profit (loss) (attach Schedule F (Form 1040))	5		
	6 Net gain (loss) from Form 4797, Part II, line 18	6		
	7 Other income (loss) (attach schedule)	7		
8 Total income (loss). Combine lines 3 through 7	8		89,738.	
SEE INSTRUCTIONS FOR LIMITATIONS	9 Salaries and wages (other than to partners) (less employment credits)	9		39,258.
	10 Guaranteed payments to partners	10		
	11 Repairs and maintenance	11		
	12 Bad debts	12		
	13 Rent	13		21,182.
	14 Taxes and licenses	14		6,957.
	15 Interest	15		
	16 a Depreciation (if required, attach Form 4562)	16 a	772.	
	b Less depreciation reported on Schedule A and elsewhere on return	16 b		16 c 772.
	17 Depletion (Do not deduct oil and gas depletion.)	17		
	18 Retirement plans, etc	18		
	19 Employee benefit programs	19		
	20 Other deductions (attach schedule) See Other deductions.	20		68,845.
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21		137,014.	
22 Ordinary income (loss) from trade or business activities. Subtract line 21 from line 8.	22		-47,276.	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member _____ Date _____

May the IRS discuss this return with the preparer shown below (see instrs)? Yes No

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed

Firm's name (or yours if self-employed), address, and ZIP code
AFG INC
632 N WOODLAND BLVD
DELAND FL 327203447

Preparer's SSN or PTIN **P00185812**

EIN **59-3666019**

Phone no. **(386) 738-7353**

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule) See Additional section 263A costs	4	1,990.
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	1,990.
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	1,990.

9a Check all methods used for valuing closing inventory:

- (i) Cost as described in Regulations section 1.471-3
- (ii) Lower of cost or market as described in Regulations section 1.471-4
- (iii) Other (specify method used and attach explanation) _____

- b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) Yes No
- c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) Yes No
- d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? Yes No
- e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If 'Yes', attach explanation _____

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	<input checked="" type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other _____		
2	Are any partners in this partnership also partnerships?		X
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment		X
4	Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If 'Yes,' see Designation of Tax Matters Partner below		X
5	Does this partnership meet all three of the following requirements? a The partnership's total receipts for the tax year were less than \$250,000; b The partnership's total assets at the end of the tax year were less than \$600,000; and c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item J on Schedule K-1		X
6	Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See instructions		X
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8	Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?		X
9	At any time during calendar year 2002, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country _____		X
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See instructions		X
11	Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described in the instructions under Elections Made By the Partnership		X
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return _____		

Designation of Tax Matters Partner (see instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP **▶ DONALD WALKER** Identifying number of TMP **▶ 476-40-9251**
 Address of designated TMP **▶ 920 NORTH SLOAN**
▶ LAS VEGAS, NV 89110

Schedule K Partners' Shares of Income, Credits, Deductions, etc

		(a) Distributive share items	(b) Total amount	
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 22)	1	-47,276.
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
	3a	Gross income from other rental activities	3a	
		b Expenses from other rental activities (attach sch)	3b	
		c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4	Portfolio income (loss): a Interest income	4a	
		b Ordinary dividends	4b	
		c Royalty income	4c	
		d Net short-term capital gain (loss) (attach Schedule D (Form 1065))	4d	
		e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))	4e (1)	
		(2) 28% rate gain (loss) (3) Qualified 5-year gain		
f Other portfolio income (loss) (attach schedule)	4f			
5	Guaranteed payments to partners	5		
6	Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	6		
7	Other income (loss)	7		
Deductions	8	Charitable contributions (attach schedule)	8	
	9	Section 179 expense deduction (attach Form 4562)	9	
	10	Deductions related to portfolio income (itemize)	10	
	11	Other deductions	11	
Credits	12a	Low-income housing credit:		
	(1)	From partnerships to which section 42(j)(5) applies	12a (1)	
	(2)	Other than on line 12a(1)	12a (2)	
	b	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12b	
	c	Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
d	Credits related to other rental activities	12d		
13	Other credits	13		
Investment Interest	14a	Interest expense on investment debts	14a	
	b (1)	Investment income included on lines 4a, 4b, 4c, and 4f above	14b (1)	
	(2)	Investment expenses included on line 10 above	14b (2)	
Self-Employment	15a	Net earnings (loss) from self-employment	15a	-47,276.
	b	Gross farming or fishing income	15b	
	c	Gross nonfarm income	15c	89,738.
Adjustments and Tax Preference Items	16a	Depreciation adjustment on property placed in service after 1986	16a	-1,214.
	b	Adjusted gain or loss	16b	
	c	Depletion (other than oil and gas)	16c	
	d (1)	Gross income from oil, gas, and geothermal properties	16d (1)	
	(2)	Deductions allocable to oil, gas, and geothermal properties	16d (2)	
e	Other adjmnts & tax pref items PRE87. ACCEL. DEPR. REAL/LEASED. PROP	16e	0.	
Foreign Taxes	17a	Name of foreign country or U.S. possession		
	b	Gross income from all sources	17b	
	c	Gross income sourced at partner level	17c	
	d	Foreign gross income sourced at partnership level:		
	(1)	Passive (2) Listed categories (attach sch) (3) General limitation	17d (3)	
	e	Deductions allocated and apportioned at partner level:		
	(1)	Interest expense (2) Other	17e (2)	
	f	Deductions allocated and apportioned at partnership level to foreign source income:		
(1)	Passive (2) Listed categories (attach sch) (3) General limitation	17f (3)		
g	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g		
h	Reduction in taxes available for credit (attach schedule)	17h		
Other	18	Section 59(e)(2) expenditures: a Type b Amount	18b	
	19	Tax-exempt interest income	19	
	20	Other tax-exempt income	20	
	21	Nondeductible expenses	21	
	22	Distributions of money (cash and marketable securities)	22	
	23	Distributions of property other than money	23	
24	Other items and amounts required to be reported separately to partners (attach schedule)			

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the sum of Schedule K, lines 8 through 11, 14a, 17g, and 18b						1	-47,276.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners		-47,276.					
b Limited partners							

Note: schedules L, M-1 and M-2 are not required if Question 5 of Schedule B is answered 'Yes.'

Schedule-L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		-44.		501.
2a Trade notes and accounts receivable	6,200.			
b Less allowance for bad debts		6,200.		
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9a Buildings and other depreciable assets	133,449.		133,449.	
b Less accumulated depreciation	83,698.	49,751.	97,428.	36,021.
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		0.		
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach schedule) Ln. 13. Stmt		3,785.		4,112.
14 Total assets		59,692.		40,634.
Liabilities and Capital				
15 Accounts payable		9,314.		9,020.
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach sch) Ln. 17. Stmt		1,438.		31,950.
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)		100,000.		98,000.
21 Partners' capital accounts		-51,060.		-98,336.
22 Total liabilities and capital		59,692.		40,634.

Schedule-M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

1 Net income (loss) per books	-47,276.	6 Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize):	
2 Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (itemize):		a Tax-exempt interest	\$
3 Guaranteed pmts (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize):		a Depreciation	\$
a Depreciation	\$	8 Add lines 6 and 7	
b Travel and entertainment	\$	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	-47,276.
5 Add lines 1 through 4	-47,276.		

Schedule-M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	-51,060.	6 Distributions:	a Cash	
2 Capital contributed:			b Property	
a Cash		7 Other decreases (itemize):		
b Property		8 Add lines 6 and 7		
3 Net income (loss) per books	-47,276.	9 Balance at end of year. Subtract line 8 from line 5		-98,336.
4 Other increases (itemize):				
5 Add lines 1 through 4	-98,336.			

Schedule K-1
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0099

2002

Department of the Treasury
Internal Revenue Service

For calendar year 2002 or tax year

beginning , 2002, and ending , 20

Partner's identifying number ▶ 476-40-9251
Partner's name, address, and ZIP code

DONALD WALKER
920 NORTH SLOAN
LAS VEGAS, NV 89110

Partnership's identifying number ▶ 33-0570801
Partnership's name, address, and ZIP code

YERMO WATER COMPANY
920 NORTH SLOAN # D-201
LAS VEGAS, NV 89110

A This partner is a general partner limited partner
 limited liability company member
B What type of entity is this partner? ... ▶ INDIVIDUAL
C Is this partner a domestic or a foreign partner?
D Enter partner's % of: (i) Before change or termination (ii) End of year
Profit sharing % 90.00000 %
Loss sharing % 90.00000 %
Ownership of capital % 90.00000 %
E IRS Center where partnership filed return: OGDEN, UT

F Partner's share of liabilities (see instructions):
Nonrecourse \$
Qualified nonrecourse financing \$
Other \$ 125,073.
G Tax shelter registration number
H Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2)
I Check applicable boxes: (1) Final K-1 (2) Amended K-1

J Analysis of partner's capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
-26,698.		-42,548.		-69,246.

	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 -42,548.	See Partner's Instructions for Schedule K-1 (Form 1065). Schedule B, Part I, line 1 Schedule B, Part II, line 5 Schedule E, Part I, line 4 Schedule D, line 5, column (f) Schedule D, line 12, column (f) Schedule D, line 12, column (g) Line 5 of worksheet for Sch D, line 29 Enter on applicable ln of your return
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a	
	b Ordinary dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e (1) Net long-term capital gain (loss)	4e(1)	
	(2) 28% rate gain (loss)	4e(2)	
	(3) Qualified 5-year gain	4e(3)	
f Other portfolio income (loss) (attach schedule)	4f		
5 Guaranteed payments to partner	5		
6 Net section 1231 gain (loss) (other than due to casualty or theft)	6	See Partner's Instructions for Schedule K-1 (Form 1065).	
7 Other income (loss) (attach schedule)	7	Enter on applicable ln of your return	
Deductions	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction	9	See Partner's Instructions for Schedule K-1 (Form 1065).
	10 Deductions related to portfolio income (attach schedule)	10	
	11 Other deductions (attach schedule)	11	
Credits	12a Low-income housing credit:		
	(1) From section 42(j)(5) partnerships	12a(1)	
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
13 Other credits	13		

AA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	14b(1)	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B
	b Gross farming or fishing income	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	See Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251. SEE LINE 25
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments & tax preference items (attach sch)	16e	
Foreign Taxes	17a Name of foreign country or U.S. possession	17a	Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
(1) Passive	17f(1)		
(2) Listed categories (attach schedule)	17f(2)		
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II	
h Reduction in taxes available for credit (attach schedule)	17h	Form 1116, line 12.	
Other	18a Section 59(e)(2) expenditures: a Type	18a	See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses	21	
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	
	24 Recapture of low-income housing credit:		Form 8611, line 8
a From section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 16E - OTHER ADJ & TAX PREF ITEMS: PRE87 ACCEL DEPR REAL/LEASED PROP TOTAL		0. 0.

Schedule K-1
(Form 1065)

Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0099

2002

Department of the Treasury
Internal Revenue Service

For calendar year 2002 or tax year

beginning , 2002, and ending , 20

Partner's identifying number ▶ 526-31-5222
Partner's name, address, and ZIP code
CHARLENE WALKER
920 NORTH SLOAN
LAS VEGAS, NV 89110

Partnership's identifying number ▶ 33-0570801
Partnership's name, address, and ZIP code
YERMO WATER COMPANY
920 NORTH SLOAN # D-201
LAS VEGAS, NV 89110

A This partner is a general partner limited partner
 limited liability company member
B What type of entity is this partner? ... ▶ INDIVIDUAL
C Is this partner a domestic or a foreign partner?
D Enter partner's % of: (i) Before change or termination (ii) End of year
Profit sharing % 10.00000 %
Loss sharing % 10.00000 %
Ownership of capital ... % 10.00000 %
E IRS Center where partnership filed return: OGDEN, UT

F Partner's share of liabilities (see instructions):
Nonrecourse \$
Qualified nonrecourse financing \$
Other \$ 13,897.
G Tax shelter registration number ▶
H Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2)
I Check applicable boxes: (1) Final K-1 (2) Amended K-1

J Analysis of partner's capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
-1,006.		-4,728.		-5,734.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:	
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 -4,728.	See Partner's Instructions for Schedule K-1 (Form 1065).	
	2 Net income (loss) from rental real estate activities	2		
	3 Net income (loss) from other rental activities	3		
	4 Portfolio income (loss):	a Interest	4a	Schedule B, Part I, line 1 Schedule B, Part II, line 5 Schedule E, Part I, line 4 Schedule D, line 5, column (f) Schedule D, line 12, column (f) Schedule D, line 12, column (g) Line 5 of worksheet for Sch D, line 29 Enter on applicable ln of your return
		b Ordinary dividends	4b	
		c Royalties	4c	
		d Net short-term capital gain (loss)	4d	
		e (1) Net long-term capital gain (loss)	4e(1)	
		(2) 28% rate gain (loss)	4e(2)	
	(3) Qualified 5-year gain	4e(3)		
	f Other portfolio income (loss) (attach schedule)	4f		
	5 Guaranteed payments to partner	5	See Partner's Instructions for Schedule K-1 (Form 1065).	
	6 Net section 1231 gain (loss) (other than due to casualty or theft)	6		
7 Other income (loss) (attach schedule)	7	Enter on applicable ln of your return		
Deductions	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16	
	9 Section 179 expense deduction	9		
	10 Deductions related to portfolio income (attach schedule)	10	See Partner's Instructions for Schedule K-1 (Form 1065).	
	11 Other deductions (attach schedule)	11		
Credits	12a Low-income housing credit:		Form 8586, line 5	
	(1) From section 42(j)(5) partnerships	12a(1)		
	(2) Other than on line 12a(1)	12a(2)		
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).	
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c		
d Credits related to other rental activities	12d			
13 Other credits	13			

A For Paperwork Reduction Act Notice, see Instructions for Form 1065. Schedule K-1 (Form 1065) 2002

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	14b(1)	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10	14b(2)	
Self-employment	15a Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B
	b Gross farming or fishing income	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	See Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251.
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments & tax preference items (attach sch)	16e	
Foreign Taxes	17a Name of foreign country or U.S. possession		Form 1116, Part I
	b Gross income from all sources	17b	
	c Gross income sourced at partner level	17c	
	d Foreign gross income sourced at partnership level:		
	(1) Passive	17d(1)	
	(2) Listed categories (attach schedule)	17d(2)	
	(3) General limitation	17d(3)	
	e Deductions allocated and apportioned at partner level:		
	(1) Interest expense	17e(1)	
	(2) Other	17e(2)	
	f Deductions allocated and apportioned at partnership level to foreign source income:		
(1) Passive	17f(1)		
(2) Listed categories (attach schedule)	17f(2)		
(3) General limitation	17f(3)		
g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II	
h Reduction in taxes available for credit (attach schedule)	17h	Form 1116, line 12.	
Other	18a Section 59(e)(2) expenditures: a Type		See Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b	
	19 Tax-exempt interest income	19	Form 1040, line 8b
	20 Other tax-exempt income	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses	21	
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	
	24 Recapture of low-income housing credit:		Form 8611, line 8
a From section 42(j)(5) partnerships	24a		
b Other than on line 24a	24b		
Supplemental Information	25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		
	LINE 16E - OTHER ADJ & TAX PREF ITEMS: PRE87 ACCEL DEPR REAL/LEASED PROP TOTAL		0. 0.

Form 1065, Line 20

Other deductions

OFFICE SUPPLIES	3,402.
POSTAGE & FREIGHT	1,364.
PROFESSIONAL & FREIGHT	6,565.
GENERAL EXPENSES	12,241.
AUTO & GAS EXPENSES	3,732.
UTILITIES	25,826.
METER EXPENSES	5,937.
TELEPHONE	5,638.
BANK CHARGES	544.
EQUIPMENT RENTAL & LEASES	1,347.
STATE WATER CHARGES	2,005.
DUES & SUBSCRIPTIONS	244.
Total	<u>68,845.</u>

Form 1065, Schedule A, Line 4

Additional section 263A costs

MATERIALS	125.
WELL MAINTENANCE	1,865.
Total	<u>1,990.</u>

Form 1065, Schedule L, Line 13

Other Assets

Other Assets (itemize):	Beginning of tax year	End of tax year
INVENTORY OF MAT & SUPPLIES		4,112.
Total		<u>4,112.</u>

Form 1065, Schedule L, Line 17

Other Current Liabilities

Other Current Liabilities (itemize):	Beginning of tax year	End of tax year
DEPOSITS	1,438.	31,950.
Total	<u>1,438.</u>	<u>31,950.</u>

Federal 1065 Depreciation Report
Regular Tax

Activity Form 1065 Line 22 - 2002

Total cost of goods sold Total IRC Section 754

Description		In Service	Cost	Land	Bus %	Type	Class	Conv	Depr
Cost of Goods Sold	IRC 754	Disposed	Basis	Sec. 179	Listed	Mthd	Life	Year	Prior
WELLS		01/01/81	18,000.		100.00	ACRS	10		
						ALT		22	8,906.
Pumping Equipment		01/01/81	8,000.		100.00	ACRS	10		
							30.00		5,579.
Serv & Meters		05/05/86	19,800.		100.00	ACRS	10		
						ALT		17	19,657.
Water Mains		05/05/86	10,000.		100.00	ACRS	10		
						ALT		17	10,000.
New Well		07/16/92	8,200.		100.00	MACRS	15	HY	417.
			8,200.			150DB	15.00	11	5,904.
STRUCTURES		05/05/86	2,900.		100.00	ACRS	19	NA	0.
			2,900.			PRE	19.00	17	2,900.
INTANGIBLE PLANT		05/05/86	2,300.		100.00	ACRS	5	NA	0.
			2,300.			PRE	5.00	17	2,300.
FORD		05/05/86	5,876.		100.00	ACRS	5	NA	0.
			5,876.			PRE	5.00	17	5,876.
PUMP		02/18/93	400.		100.00	MACRS	7	HY	0.
			400.			200DB	7.00	10	400.
DUMP TRUCK		06/01/93	6,800.		100.00	MACRS	5	HY	0.
			6,800.			200DB	5.00	10	6,800.
Meters		04/05/96	840.		100.00	MACRS	7	HY	75.
			840.			200DB	7.00	7	728.
RESERVOIR TANKS		05/01/99	1,000.		100.00	MACRS	7	HY	133.
			1,000.			200DB	7.00	4	536.
Meters		05/31/00	840.		100.00	MACRS	7	HY	147.
			840.			200DB	7.00	3	326.
TRAILER		02/28/93	3,600.		100.00	MACRS	5	HY	0.
			3,600.			200DB	5.00	10	3,600.
BACKHOE		02/28/93	8,750.		100.00	MACRS	7	HY	0.
			8,750.			200DB	7.00	10	8,750.
OTHER EQUIPMENT		07/06/93	5,605.		100.00	MACRS	7	HY	0.
			5,605.			200DB	7.00	10	5,605.
OFFICE FURNITURE		05/05/86	3,178.		100.00	ACRS	5	NA	0.
			3,178.			PRE	5.00	17	3,178.
Hydrants		05/05/86	7,600.		100.00	AMORT		NA	0.
			7,600.				5.00	17	
PROPERTIES		01/01/81	19,730.		100.00	ACRS			

Total

133,419.
57,889.

772.
91,045.

Federal 1065 Depreciation Report
Alternative Minimum Tax

Activity Form 1065 Line 22 - 2002

Description	Real	Leased	AMT Cost	AMT Life	AMT Depr	AMT Adj
			AMT Basis	AMT Mthd	AMT Prior	AMT Pref
WELLS	<input type="checkbox"/>	<input type="checkbox"/>	18,000.			
Pumping Equipment	<input type="checkbox"/>	<input type="checkbox"/>	8,000.			
Serv & Meters	<input type="checkbox"/>	<input type="checkbox"/>	19,800.			
Water Mains	<input type="checkbox"/>	<input type="checkbox"/>	10,000.			
New Well	<input type="checkbox"/>	<input type="checkbox"/>	8,200.	20.00	594.	-177.
			8,200.	150DB	1,965.	
STRUCTURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2,900.	19.00	151.	
			2,900.	SL		0.
INTANGIBLE PLANT	<input type="checkbox"/>	<input type="checkbox"/>	2,300.			
FORD	<input type="checkbox"/>	<input type="checkbox"/>	5,876.			
PUMP	<input type="checkbox"/>	<input type="checkbox"/>	400.	12.00	29.	-29.
			400.	150DB		
DUMP TRUCK	<input type="checkbox"/>	<input type="checkbox"/>	6,800.	6.00	0.	0.
			6,800.	150DB		
Meters	<input type="checkbox"/>	<input type="checkbox"/>	840.	12.00	62.	13.
			840.	150DB		
RESERVOIR TANKS	<input type="checkbox"/>	<input type="checkbox"/>	1,000.	7.00	123.	10.
			1,000.	150DB		
Meters	<input type="checkbox"/>	<input type="checkbox"/>	840.	7.00	126.	21.
			840.	150DB		
TRAILER	<input type="checkbox"/>	<input type="checkbox"/>	3,600.	6.00	0.	0.
			3,600.	150DB		
BACKHOE	<input type="checkbox"/>	<input type="checkbox"/>	8,750.	12.00	641.	-641.
			8,750.	150DB		
OTHER EQUIPMENT	<input type="checkbox"/>	<input type="checkbox"/>	5,605.	12.00	411.	-411.
			5,605.	150DB		
OFFICE FURNITURE	<input type="checkbox"/>	<input type="checkbox"/>	3,178.			
Hydrants	<input type="checkbox"/>	<input type="checkbox"/>	7,600.			
PROPERTIES	<input type="checkbox"/>	<input type="checkbox"/>	19,730.			
Total			133,419.		2,137.	-1,214.
			38,935.		1,965.	0.

Form 4562
Special Depreciation Allowance Report

Activity: Form 1065 Line 22 - 2002

Description	In Service	Cost	Eligible Basis	Spcl Depr Allow
WELLS	01/01/81	18,000.		

Form 4562

Continued

Special Depreciation Allowance ReportActivity: Form 1065 Line 22 - 2002

Description	In Service	Cost	Eligible Basis	Spcl Depr Allow
Pumping Equipment	01/01/81	8,000.		
Serv & Meters	05/05/86	19,800.		
Water Mains	05/05/86	10,000.		
New Well	07/16/92	8,200.		
STRUCTURES	05/05/86	2,900.		
INTANGIBLE PLANT	05/05/86	2,300.		
FORD	05/05/86	5,876.		
PUMP	02/18/93	400.		
DUMP TRUCK	06/01/93	6,800.		
Meters	04/05/96	840.		
RESERVOIR TANKS	05/01/99	1,000.		
Meters	05/31/00	840.		
TRAILER	02/28/93	3,600.		
BACKHOE	02/28/93	8,750.		
OTHER EQUIPMENT	07/06/93	5,605.		
OFFICE FURNITURE	05/05/86	3,178.		
Hydrants	05/05/86	7,600.		
PROPERTIES	01/01/81	19,730.		

Total

133,419.

Yermo Water Company 2002
Balance Sheet
As of December 31, 2002

	<u>Dec 31, 02</u>
ASSETS	
Current Assets	
Checking/Savings	
101 - Cash In Bank	501.00
Total Checking/Savings	<u>501.00</u>
Other Current Assets	
155 - Inventory	4,112.00
Total Other Current Assets	<u>4,112.00</u>
Total Current Assets	<u>4,613.00</u>
Fixed Assets	
150 - Building & Other Dep Assets	
Depreciation	-97,428.00
150 - Building & Other Dep Assets - Other	133,449.00
Total 150 - Building & Other Dep Assets	<u>36,021.00</u>
Total Fixed Assets	<u>36,021.00</u>
TOTAL ASSETS	<u><u>40,634.00</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
225 - Loan Payable - Donny	9,020.00
2200 - Customer Deposits	927.00
224 - Loan Payable D.R. Walker	77,963.00
Total Other Current Liabilities	<u>87,910.00</u>
Total Current Liabilities	<u>87,910.00</u>
Total Liabilities	87,910.00
Equity	
Net Income	-47,276.00
Total Equity	<u>-47,276.00</u>
TOTAL LIABILITIES & EQUITY	<u><u>40,634.00</u></u>

Yermo Water Company 2002
Profit & Loss
 January through December 2002

	<u>Jan - Dec 02</u>
Income	
470 · Metered Revenue	91,728.00
Total Income	<u>91,728.00</u>
Cost of Goods Sold	
640 · Materials	125.00
Total COGS	<u>125.00</u>
Gross Profit	91,603.00
Expense	
610 · Purchases Water	
Water Expense	2,005.00
Total 610 · Purchases Water	<u>2,005.00</u>
615 · Purchased Power	
Electric Expense	25,826.00
Total 615 · Purchased Power	<u>25,826.00</u>
630 · Employee Salaries	39,258.00
660 · Transportation Expense	
Auto Expense	3,732.00
Total 660 · Transportation Expense	<u>3,732.00</u>
665 · Other Plant Maintenance	
Equipment Rental	1,347.00
Other Maintenance	1,865.00
Total 665 · Other Plant Maintenance	<u>3,212.00</u>
681 · Office Supplies & Expense	
Bank Service Charge	544.00
Dues & Subscriptions	244.00
Office Supplies	3,402.00
Postage & Freight	1,364.00
Total 681 · Office Supplies & Expense	<u>5,554.00</u>
682 · Professional Fees	6,565.00
678 · Office Service and Rentals	
Rent	21,182.00
Total 678 · Office Service and Rentals	<u>21,182.00</u>
689 · General Expenses	
Meter Expense	5,937.00
Other Expenses	12,241.00
Telephone Expense	5,638.00
Total 689 · General Expenses	<u>23,816.00</u>
403 · Depreciation	772.00
408 · Taxes Other Than Income	
License & Taxes	6,957.00
Total 408 · Taxes Other Than Income	<u>6,957.00</u>
Total Expense	<u>138,879.00</u>
Net Income	<u><u>-47,276.00</u></u>