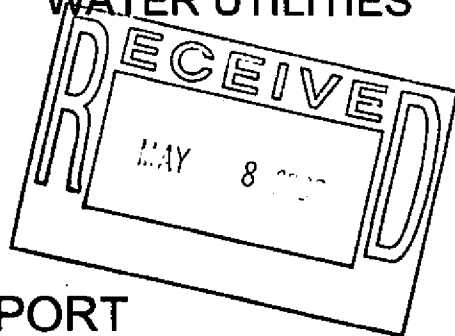


Received \_\_\_\_\_

Examined \_\_\_\_\_

CLASS D  
WATER UTILITIES



U# \_\_\_\_\_

2004  
ANNUAL REPORT  
OF

YERMO WATER COMPANY

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

485 N. KEPLER

DELAND, FL

(OFFICIAL MAILING ADDRESS)

32724

ZIP

TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2004

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2005  
(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  
ATTN: SEANEEN M WILSON  
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 calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

Account Number	Operating Revenue	
470	Metered	85,536
460	Unmetered	
465	Irrigation	
462-480	Private Fire Protection	0.
	<b>Total Revenue</b>	<b>85,536</b>
	<b>Operating Expenses</b>	
610	Purchased Water	
615	Purchased Power	20,802
	Pump Taxes	
	Purchased Chemicals	
618	Other Vol. Related exp.	
630	Employee Labor	35,582
640	Materials	9,325
650	Contract Work	8128
	Water Testing	
660	Transportation Expense	4359
664	Other Plant Maintenance	14,685
670	Office Salaries	
671	Management Salaries	
674	Employee Pensions and Benefits	
676	Uncollectables	
678	Office Service and Rentals	16,290
681	Office Supplies and Expense	10639
682	Professional Services	7233
684	Insurance	2854
688	Regulatory Expense	
689	General Expense	15,474
	<b>Subtotal</b>	<b>145,431</b>
403	Depreciation Expense	5890
	Ad Valorem Taxes	
	Payroll taxes	6114
408	Taxes other than income	6920
409	State Income Tax	
410	Federal Income Tax	
	<b>Total Deductions</b>	<b>164,355</b>
	<b>Net Revenue</b>	<b>(78,820)</b>
	<b>Rate Base</b>	

	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: \_\_\_\_\_

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
X		
X		
X		

- 11 List Name, Grade, and License Number of all Licensed Operators:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**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  
2004

NAME OF UTILITY YERMO WATER CO PHONE 386-985-0475

PERSON RESPONSIBLE FOR THIS REPORT DONNA ALSOP  
(Prepared from Information in the 2004 Annual Report)

	11/1 <u>04</u>	12/31/ <u>04</u>	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant	<u>3461</u>	<u>3461</u>	
2 Land and Land Rights	<u>19730</u>	<u>19730</u>	
3 Depreciable Plant	<u>133419</u>	<u>133419</u>	
4 Gross Plant in Service	<u>156640</u>	<u>156640</u>	
5 Less: Accumulated Depreciation	<u>97773</u>	<u>103663</u>	<u>5890</u>
6 Net Water Plant in Service	<u>58867</u>	<u>52977</u>	<u>(5890)</u>
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies	<u>20396</u>	<u>9385</u>	<u>(11,011)</u>
10 Less: Advances for Construction	<u>( )</u>	<u>( )</u>	<u>( )</u>
11 Less: Contribution in Aid of Construction	<u>( )</u>	<u>( )</u>	<u>( )</u>
12 Less: Accumulated Deferred Income and Investment Tax Credits	<u>( )</u>	<u>( )</u>	<u>( )</u>
13 Net Plant Investment	<u>70263</u>	<u>62362</u>	<u>(16901)</u>

<b>CAPITALIZATION</b>			
4 Common Stock			
Proprietary Capital (Individual or Partnership)	<u>(194,015)</u>	<u>(277,929)</u>	<u>23914</u>
Paid-in Capital			
17 Retained Earnings			
18 Common Stock and Equity (Lines 14 through 17)			
19 Preferred Stock			
20 Long-Term Debt	<u>356,356</u>	<u>309,224</u>	<u>47,132</u>
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>162,341</u>	<u>312,955</u>	<u>131,046</u>

(Revised 2/01)

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

20 04  
(continued)

NAME OF UTILITY YERMO WATER CO PHONE 386-988-6470

		Annual Amount
<b>INCOME STATEMENT</b>		
23	Unmetered Water Revenue	_____
24	Fire Protection Revenue	_____
25	Irrigation Revenue	_____
26	Metered Water Revenue	<u>85536</u>
27	Total Operating Revenue	<u>85536</u>
28	<u>Operating Expenses</u>	<u>148,431</u>
29	Depreciation Expense (Composite Rate _____)	<u>5290</u>
30	Amortization and Property Losses	_____
31	Property Taxes	_____
32	Taxes Other Than Income Taxes	<u>13034</u>
33	Total Operating Revenue Deduction Before Taxes	<u>(78819)</u>
34	California Corp. Franchise Tax	=
35	Federal Corporate Income Tax	=
36	Total Operating Revenue Deduction After Taxes	-
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	<u>(78819)</u>

<b>OTHER DATA</b>		
44	Refunds of Advances for Construction	_____
45	Total Payroll Charged to Operating Expenses	<u>35522</u>
46	Purchased Water	_____
47	Power	<u>20802</u>

<u>Active Service Connections</u>		(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		_____	_____	_____



## Excess Capacity and Non-Tariffed Services

NOTE: In D.00-07-018, D.03-04-028, and D. 04-12-023, the CPUC set forth rules and requirements regarding water utilities provision of non-tariffed services using excess capacity. These decisions require water utilities to: 1) file an advice letter requesting Commission approval of that service; 2) provide information regarding non-tariffed goods/services in each companies Annual Report to the Commission.

Based on the information and filings required in D.00-07-018, D.03-04-028, and D.04-12-023, provide the following information by each individual non-tariffed good and service provided in 200...

Applies to All Non-Tariffed Goods/Services that require Approval by Advice Letter

Row Number	Description of Non-Tariffed Good/Service	Active or Passive	Total Revenue derived from Non-Tariffed Good/Service (by account)	Revenue Account Number	Total Expenses incurred to provide Non-Tariffed Good/Service (by Account)	Expense Account Number	Advice Letter and/or Resolution Number approving Non-Tariffed Good/Service	Total Income Tax Liability incurred because of non-tariffed Good/Service (by Account)	Income Tax Liability Account Number	Gross Value of Regulated Assets used in the provision of a Non-Tariffed Good/Service (by account)	Regulated Asset Account Number

**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	21030				21030
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	1000				1000
11	330	Reservoirs, tanks and sandpipes	10000				10000
12	331	Water mains					
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	112379				112379
20		Total water plant in service	133419				133419

**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 20\_\_)**

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	277,959
5	108	Accumulated depreciation of water plant	(103,663)	224	Long term debt	309,224
6	114	Water plant acquisition adjustments			Current Liabilities	
7	124	Other investments		252	Advances for construction	
8	131	Cash	1509	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			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		<b>Total Assets</b>	<b>31265</b>		<b>Total Equity and Liabilities</b>	<b>31265</b>

**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	1000				1000
23	330	Reservoirs tanks and sandpipes	10000				10000
24	331	Water mains					
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		<b>Total water plant in service</b>	<b>133419</b>				<b>133419</b>

\* 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	97773		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	5870		
36	(c) Charged to clearing accounts			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 \$
37	(d) Salvage recovered			
38	(e) All other credits			
39	Total credits	103,663		
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired			
42	(b) Cost of removal			C. State method used to compute tax depreciation.
43	(c) All other debits			
44	Total debits			
45	Balance in reserve at end of year	103,663		
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

**SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 20\_\_)**

Line	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	85536
14	480 Other water revenue	
15	Total Operating Revenue	
16	Operating revenue deductions	XXXXXXXXXX
17	Operating expenses	XXXXXXXXXX
18	610 Purchased water	
19	615 Power	20802
20	618 Other volume related expenses	
21	630 Employee labor	35581
22	640 Materials	9325
23	650 Contract work	8128
24	660 Transportation expenses	4359
25	664 Other plant maintenance expense	14626
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	16290
31	681 Office supplies and expense	10639
32	682 Professional services	7223
33	684 Insurance	2854
34	688 Regulatory commission expense	
35	689 General expenses	15474
36	Total Operating Expenses	145431
37	403 Depreciation expense	5810
38	407 SDWBA loan amortization expense	
39	408 Taxes other than income taxes	13084
40	409 State corporate income tax expense	
41	410 Federal corporate income tax expense	
42	Total Operating Revenue Deductions	145431
43	Utility Operating Income	
44	421 Non-utility income	
45	426 Miscellaneous non-utility expense	
46	427 Interest expense	
47	Net Income	7889

**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			350
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
18	630	Employee Labor	2	35581		35581
	670	Office salaries				
	671	Management salaries				
51		Total	2	35581		35581

**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	270		270	80		80	350	
Industrial								
Other (specify)								
Subtotal								
Fire protection (Hydrants)								
Total	270		270	80		80	350	

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				Other sizes (specify)	Totals
				2 1/4 to 3 1/4	4"				
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, 2004 to and including DECEMBER 31, 2004

Signed DR Walker

Title Owner

Date

**SCHEDULE C**  
**(Form 1040)**

**Profit or Loss From Business**  
**(Sole Proprietorship)**

OMB No. 1545-0074

**2004**  
**09**

Department of the Treasury  
Internal Revenue Service

▶ Partnerships, joint ventures, etc. must file Form 1065 or 1065-B.  
▶ Attach to Form 1040 or 1041. ▶ See instructions for Schedule C (Form 1040).

Name of proprietor  
**DONALD R WALKER**

Social security number (SSN)  
**476-40-9251**

**A** Principal business or profession, including product or service (see instructions)  
**WATER COMPANY**

**B** Enter code from instructions  
▶ **221300**

**C** Business name. If no separate business name, leave blank.  
**YERMO WATER COMPANY**

**D** Employer ID number (EIN), if any

**E** Business address (including suite or room no.) ▶ **485 N. KEPLER**  
City, town or post office, state, and ZIP code  
**DELAND, FL 32724**

**F** Accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ▶

**G** Did you 'materially participate' in the operation of this business during 2004? If 'No,' see instructions for limit on losses ...  Yes  No

**H** If you started or acquired this business during 2004, check here ...

**Part I Income**

1	Gross receipts or sales. <b>Caution.</b> If this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, see the instructions and check here	1	85,536.
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	85,536.
4	Cost of goods sold (from line 42 on page 2)	4	28,023.
5	Gross profit. Subtract line 4 from line 3	5	57,513.
6	Other income, including Federal and state gasoline or fuel tax credit or refund	6	
7	Gross income. Add lines 5 and 6	7	57,513.

**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.

8	Advertising	8		19	Pension and profit-sharing plans	19	
9	Car and truck expenses (see instructions)	9	4,359.	20	Rent or lease (see instructions):		
10	Commissions and fees	10		20a	Vehicles, machinery, and equipment	20a	1,403.
11	Contract labor (see instructions)	11		20b	Other business property	20b	16,290.
12	Depletion	12		21	Repairs and maintenance	21	2,772.
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	5,890.	22	Supplies (not included in Part III)	22	
14	Employee benefit programs (other than on line 19)	14		23	Taxes and licenses	23	6,920.
15	Insurance (other than health)	15	2,855.	24	Travel, meals, and entertainment:		
16	Interest:			24a	Travel	24a	
16a	Mortgage (paid to banks, etc)	16a		24b	Meals and entertainment		
16b	Other	16b		24c	Enter nondeductible amount included on line 24b (see instrs)		
17	Legal & professional services	17	7,233.	24d	Subtract line 24c from line 24b	24d	
18	Office expense	18	2,743.	25	Utilities	25	20,802.
19				26	Wages (less employment credits)	26	35,582.
20				27	Other expenses (from line 48 on page 2)	27	29,391.
21				28	Total expenses before expenses for business use of home. Add lines 8 through 27 in columns	28	136,240.
22				29	Tentative profit (loss). Subtract line 28 from line 7	29	-78,727.
23				30	Expenses for business use of your home. Attach Form 8829	30	
24				31	Net profit or (loss). Subtract line 30 from line 29.	31	-78,727.

• If a profit, enter on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.  
• If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

• If you checked 32a, enter the loss on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see instructions). Estates and trusts, enter on Form 1041, line 3.  
• If you checked 32b, you must attach Form 6198.

32a  All investment is at risk.  
32b  Some investment is not at risk.

**Part III Cost of Goods Sold** (see instructions)

33	Method(s) used to value closing inventory: a <input checked="" type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)		
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If 'Yes,' attach explanation	<input type="checkbox"/> Yes <input type="checkbox"/> No	
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation		35
36	Purchases less cost of items withdrawn for personal use		36
37	Cost of labor. Do not include any amounts paid to yourself		37
38	Materials and supplies		38
39	Other costs		39
40	Add lines 35 through 39		40
41	Inventory at end of year		41
42	<b>Cost of goods sold.</b> Subtract line 41 from line 40. Enter the result here and on page 1, line 4		42

**Part IV Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

- 43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ \_\_\_\_\_
- 44 Of the total number of miles you drove your vehicle during 2004, enter the number of miles you used your vehicle for:  
 a Business \_\_\_\_\_ b Commuting \_\_\_\_\_ c Other \_\_\_\_\_
- 45 Do you (or your spouse) have another vehicle available for personal use?  Yes  No
- 46 Was your vehicle available for personal use during off-duty hours?  Yes  No
- 47 a Do you have evidence to support your deduction?  Yes  No  
 b If 'Yes,' is the evidence written?  Yes  No

**Part V Other Expenses.** List below business expenses not included on lines 8-26 or line 30.

PAYROLL EXPENSES	6,114.
DUES & SUBSCRIPTIONS	4,215.
GENERAL EXPENSES	2,330.
NATURAL GAS	185.
POSTAGE & FREIGHT	113.
TELEPHONE	5,028.
BANK SERVICE CHARGES	966.
POSTAGE & FREIGHT	2,510.
See Line 48 Other Expenses	7,930.
<b>48 Total other expenses.</b> Enter here and on page 1, line 27	<b>48</b> 29,391.



**Supporting Statement of:**

Schedule C (WATER COMPANY)/Line 23

<b>Description</b>	<b>Amount</b>
PROPERTY TAXES	2,814.66
LICENSE & TAXES	4,104.87
Total	<u>6,919.53</u>

**Supporting Statement of:**

Schedule C (WATER COMPANY)/Line 39

<b>Description</b>	<b>Amount</b>
OTHER PLANT MAINTENANCE	10,510.00
Total	<u>10,510.00</u>

Schedule C - WATER COMPANY

Line 48 Other Expenses

MISCELLANEOUS	154.
METER EXPENSE	1,101.
OTHER EXPENSE	6,675.
Total	<u>7,930.</u>

5:53 PM

03/17/06

Accrual Basis

# Yermo Water Company -'03 & '04

## Balance Sheet

As of December 31, 2004

	<u>Dec 31, 04</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
131 - Cash in Bank-DCB 6301	1,509.36
<b>Total Checking/Savings</b>	<u>1,509.36</u>
<b>Total Current Assets</b>	1,509.36
<b>Fixed Assets</b>	
101 - Buildings & Other Dep. As	
102 - Depreciation	-76,072.00
101 - Buildings & Other Dep. As - Other	108,694.00
<b>Total 101 - Buildings &amp; Other Dep. As</b>	<u>32,622.00</u>
<b>Total Fixed Assets</b>	<u>32,622.00</u>
<b>TOTAL ASSETS</b>	<u><u>34,131.36</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Other Current Liabilities	
224 - Loan Payable to D. R. Wal	290,380.56
225 - Loan Payable - Donry	16,585.21
<b>Total Other Current Liabilities</b>	<u>306,965.77</u>
<b>Total Current Liabilities</b>	<u>306,965.77</u>
<b>Total Liabilities</b>	306,965.77
<b>Equity</b>	
300 - Donald Walker, Capital	-103,740.42
3910 - Retained Earnings	-90,274.49
Net Income	-78,819.50
<b>Total Equity</b>	<u>-272,834.41</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>34,131.36</u></u>

**Yermo Water Company**  
**Profit & Loss**  
January through December 2004

	<u>Jan - Dec 04</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
470 - Metered Revenue	85,535.68
<b>Total Income</b>	<u>85,535.68</u>
<b>Cost of Goods Sold</b>	
640 - Materials	9,385.48
650 - Sublet Labor	8,127.55
665 - Other Plant Maintenance	10,510.21
<b>Total COGS</b>	<u>28,023.24</u>
<b>Gross Profit</b>	57,512.44
<b>Expense</b>	
608 - Property Taxes	2,814.66
630 - Employee Salaries	35,581.90
664 - Equipment Rental	1,403.82
678 - Rent	16,290.00
680 - Dues, Subscriptions & Wat	4,215.71
681 - Office Supplies & Expense	2,741.43
683 - Professional Expenses	7,233.36
684 - Insurance	2,853.71
685 - General Expenses	2,330.26
686 - Automobile Expense	4,359.43
687 - Natural Gas	185.15
688 - Postage & Freight	112.94
690 - Electric Expense	20,802.01
691 - Telephone	5,028.22
692 - Bank Service Charges	966.32
610 - License & Taxes	4,104.87
6560 - Payroll Expenses	6,114.17
6670 - Repairs	2,771.59
679 - Depreciation	5,890.00
682 - Postage and Freight	2,510.25
693 - Miscellaneous Expense	154.46
695 - Meter Expense	1,100.74
<b>Total Expense</b>	<u>129,565.00</u>
<b>Net Ordinary Income</b>	-72,052.56
<b>Other Income/Expense</b>	
<b>Other Expense</b>	
8010 - Other Expenses	6,674.94
<b>Total Other Expense</b>	<u>6,674.94</u>
<b>Net Other Income</b>	-6,674.94
<b>Net Income</b>	<u><u>-78,727.50</u></u>