

**ORIGINAL**



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**FENNEMORE CRAIG, P.C.**

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RECEIVED

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AZ CORP COMMISSION  
DOCUMENT CONTROL

April 10, 2007

Arizona Corporation Commission  
**DOCKETED**

APR 11 2007

**BY HAND DELIVERY**

Mr. Elijah Abinah  
Chief, Financial & Regulatory Analysis Section  
Utilities Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

DOCKETED BY nr

**Re: Golden Shores Water Company, Rate Application  
Docket No. W-01815A-07-0117**

Dear Mr. Abinah:

I am in receipt of your Letter of Insufficiency dated March 26, 2007, in the above-captioned matter. Please accept this correspondence and the enclosed documents as Golden Shores Water Company's ("Golden Shores") response to the specific issues raised in your letter.

1. Total Plan in Service per Schedule B-1 is \$1,812,332, however per examination of schedule C-2, page 2 the amount is \$1,805,051 a difference of \$7,281. In addition, it is not clear whether adjustment 10 should increase or decrease miscellaneous revenues in the amount of \$7,281 (See direct testimony page 14, and schedule C-2 page 11). Please reconcile your schedules, and resubmit the corrected schedules.

**RESPONSE:** Attached are revised schedules A-1, C-1, and C-2, pages 2, 3, 11 and 12. See **Exhibit 1**. The adjusted balance of plant-in-service at the end of the test year is \$1,812,332 as shown on schedule B-2. The \$7,280 difference in total plant-in-service between the schedule B-2 and schedule C-2, page 2, was an amount expended for concrete and incorrectly debited to miscellaneous revenues during the test year. The Company proposes that this amount be reclassified from miscellaneous revenues to plant-in-service. The adjustment was reflected on the C-1 (see schedule C-2, page 11), but inadvertently excluded from plant-in-service and the computation of depreciation expense on schedule C-2, page 2. Revised schedules A-1 and C-1

# FENNEMORE CRAIG, P.C.

Mr. Elijah Abinah

April 10, 2007

Page 2

reflect conforming changes to depreciation expense computed on schedule C-2, page 2 and to property taxes as computed on C-2, page 3 based on the revised revenue requirement.

2.A. In the Direct Testimony on page 6, it is stated that the Company's deferred income tax is an asset rather than a liability. However, per examination of the prior year annual report 2005, there is no mention of a deferred income tax credit. Please provide your M-1 schedules from your tax return that reconcile the differences that exist between the book basis and tax basis of the Company.

**RESPONSE:** Attached are the 2005 and 2006 Federal income tax returns. See **Exhibit 2**. The deferred income tax asset (a debit) was included in Miscellaneous Current and Accrued Assets on the 2005 ACC Annual Report.

2.B. On schedule B-2, page 6a, your schedule indicates that your book basis is less than our tax basis, this seems highly unlikely, is there some reason why you are using a depreciation method for tax purposes that produces less depreciation than for book purposes?

**RESPONSE:** The Company's previously authorized composite depreciation rate is 5% (20 year life). Generally, utility plant is depreciated for tax purposes at 4% (25 year life).

3. The Company submitted its Water Use Data Sheet by Month for Calendar year 2006 which reports its July gallons sold at 15,566,000 which is more than 14,985,300 gallons pumped. Please explain and verify the correctness of this figure. Also, please explain and verify the figure for December.

**RESPONSE:** The Water Use Data Sheet figures for July and December, 2006, represent periods when the meter required repair at Golden Shores' Well #1. On both occasions, the meter simply stopped registering. The meter has been repaired and normal volumes are currently being utilized.

4. Please provide a copy of the invoice for ADEQ's monitoring assistance program ("MAP") for 2006.

**RESPONSE:** Please see the MAP invoice, attached hereto as **Exhibit 3**.

5. Please provide a copy of the most recent lab analysis result for arsenic level for each well.

**RESPONSE:** Please see the most recent lab analysis, attached hereto as **Exhibit 4**.

# FENNEMORE CRAIG, P.C.

Mr. Elijah Abinah  
April 10, 2007  
Page 3

6. Please amend page 3 for Schedule H-3 to reflect a corrected present and proposed rate for sprinkler service.

**RESPONSE:** Please see the attached revised schedules H-3, page 3, attached hereto as **Exhibit 5.**

On a separate but related note, please recognize that this firm represents Golden Shores in the above-captioned matter, and did file the application on behalf of the company. As such, please send me any and all correspondence relating to this matter.

Should you have any further questions, please do not hesitate to call. Thank you for your time and assistance.

Sincerely,

A handwritten signature in black ink, appearing to be 'P. Black', with a long horizontal line extending to the right.

Patrick J. Black

Enclosures

cc: Linda Wayland  
Docket Control  
Jeffrey M. Michlik

1899379.1/41407.009

# **Exhibit 1**

**Golden Shores Water Company**  
 Test Year Ended June 30, 2006  
 Computation of Increase in Gross Revenue  
 Requirements As Adjusted

Exhibit  
 Schedule A-1  
 Page 1  
 Witness: Bourassa  
**REVISED**

Line  
 No.

1	Fair Value Rate Base			\$	702,219	
2						
3	Adjusted Operating Income				(49,379)	
4						
5	Current Rate of Return				-7.03%	
6						
7	Required Operating Income			\$	68,888	
8						
9	Required Rate of Return on Fair Value Rate Base				9.81%	
10						
11	Operating Income Deficiency			\$	118,267	
12						
13	Gross Revenue Conversion Factor				1.3046	
14						
15	Increase in Gross Revenue					
16	Requirement			\$	154,293	
17						
18	<b>Customer</b>	<b>Present</b>	<b>Proposed</b>	<b>Dollar</b>	<b>Percent</b>	
19	<b>Classification</b>	<b>Rates</b>	<b>Rates</b>	<b>Increase</b>	<b>Increase</b>	
20	<b>(Residential Commercial, Irrigation)</b>					
21	5/8 x 3/4 Inch	\$ 469,455	\$ 616,838	\$ 147,382	31.39%	
22	3/4 Inch	-	-	-	0.00%	
23	1 Inch	-	-	-	0.00%	
24	2 Inch	8,043	10,362	2,319	28.84%	
25	Standpipe	62,432	70,202	7,769	12.44%	
26				-	0.00%	
27	Revenue Annualization	(37,946)	(41,943)	(3,998)	10.54%	
28				-	0.00%	
29	<b>Subtotal</b>	<b>\$ 501,985</b>	<b>\$ 655,459</b>	<b>\$ 153,473</b>	<b>30.57%</b>	
30						
31	Other Water Revenues	4,982	4,982	-	0.00%	
32				-	0.00%	
33				-	0.00%	
34	<b>Total of Water Revenues (a)</b>	<b>\$ 506,967</b>	<b>\$ 660,440</b>	<b>\$ 153,473</b>	<b>30.27%</b>	

41 SUPPORTING SCHEDULES:

42 B-1  
 43 C-1  
 44 C-3  
 45 H-1  
 46

Golden Shores Water Company  
 Test Year Ended June 30, 2006  
 Income Statement

Exhibit  
 Schedule C-1  
 Page 1  
 Witness: Bourassa  
 REVISED

Line No.	(1) Test Year Book Results	(2) Label	(3) Adjustment	(4) Test Year Adjusted Results	(5) Proposed Rate Increase	(6) Adjusted with Rate Increase
1	<b>Revenues</b>					
2	\$ 478,064	4/12	\$ 24,487	\$ 502,551	\$ 154,293	\$ 656,844
3	-			-		-
4	60,135	10/11	(55,153)	4,983		4,983
5	<u>\$ 538,199</u>		<u>\$ (30,666)</u>	<u>\$ 507,533</u>	<u>\$ 154,293</u>	<u>\$ 661,827</u>
6	<b>Operating Expenses</b>					
7	\$ 148,058			\$ 148,058		\$ 148,058
8	12,181			12,181		12,181
9	-			-		-
10	-			-		-
11	45,113	9	(5,045)	40,068		40,068
12	224			224		224
13	4,478			4,478		4,478
14	(3,920)	5	3,920	-		-
15	1,593			1,593		1,593
16	363			363		363
17	49,773	7	(29,504)	20,269		20,269
18	-			-		-
19	2,780			2,780		2,780
20	230			230		230
21	-			-		-
22	320			320		320
23	90,000			90,000		90,000
24	4,800			4,800		4,800
25	-			-		-
26	13,955			13,955		13,955
27	4,679			4,679		4,679
28	50,247			50,247		50,247
29	855			855		855
30	-	3	25,000	25,000		25,000
31	971			971		971
32	15,673			15,673		15,673
33	67,456	1	23,796	91,251		91,251
34	24,864	2	5,517	30,381		30,381
35	3,410			3,410		3,410
36	14,176			14,176		14,176
37	(9,283)	13	(9,766)	(19,049)	36,026	16,977
38	-			-		-
39	<u>\$ 542,994</u>		<u>\$ 13,918</u>	<u>\$ 556,912</u>	<u>\$ 36,026</u>	<u>\$ 592,939</u>
40	<u>\$ (4,795)</u>		<u>\$ (44,584)</u>	<u>\$ (49,379)</u>	<u>\$ 118,267</u>	<u>\$ 68,888</u>
41	<b>Other Income (Expense)</b>					
42	518	6a	(518)	-		-
43	(3,914)	6b	3,914	-		-
44	(16,689)	8	3,533	(13,155)		(13,155)
45	-			-		-
46	-			-		-
47	<u>\$ (20,085)</u>		<u>\$ 6,930</u>	<u>\$ (13,155)</u>	<u>\$ -</u>	<u>\$ (13,155)</u>
48	<u>\$ (24,880)</u>		<u>\$ (37,654)</u>	<u>\$ (62,534)</u>	<u>\$ 118,267</u>	<u>\$ 55,733</u>

49 SUPPORTING SCHEDULES:

50 C-2

51 E-2

52

53

RECAP SCHEDULES:

A-1

Golden Shores Water Company  
 Test Year Ended June 30, 2006  
 Adjustments to Revenues and Expenses  
 Adjustment Number 1

Exhibit  
 Schedule C-2  
 Page 2  
 Witness: Bourassa  
 REVISED

Line No.	Account	Description	Original Cost	Proposed Rate	Depreciation Expense
1	Depreciation Expense				
2					
3					
4	301	Organization Cost	-	0.00%	-
5	302	Franchise Cost	-	0.00%	-
6	303	Land and Land Rights	1,800	0.00%	-
7	304	Structures and Improvements	30,183	3.33%	1,005
8	305	Collecting and Impounding Res.	81,128	2.50%	2,028
9	306	Lake River and Other Intakes	-	2.50%	-
10	307	Wells and Springs	169,967	3.33%	5,660
11	308	Infiltration Galleries and Tunnels	-	6.67%	-
12	309	Supply Mains	-	2.00%	-
13	310	Power Generation Equipment	-	5.00%	-
14	311	Electric Pumping Equipment	90,991	12.50%	11,374
15	320	Water Treatment Equipment	-	3.33%	-
16	330	Distribution Reservoirs & Standpipe	44,771	2.22%	994
17	331	Transmission and Distribution Mains	505,969	2.00%	10,119
18	333	Services	61,328	3.33%	2,042
19	334	Meters	171,626	8.33%	14,296
20	335	Hydrants	1,972	2.00%	39
21	336	Backflow Prevention Devices	-	6.67%	-
22	339	Other Plant and Miscellaneous Equipment	27,987	6.67%	1,867
23	340	Office Furniture and Fixtures	40,583	6.67%	2,707
24	341	Transportation Equipment	42,635	20.00%	8,527
25	342	Stores Equipment	-	4.00%	-
26	343	Tools and Work Equipment	13,004	5.00%	650
27	344	Laboratory Equipment	-	10.00%	-
28	345	Power Operated Equipment	52,051	5.00%	2,603
29	346	Communications Equipment	9,632	10.00%	963
30	347	Miscellaneous Equipment	4,329	10.00%	433
31	348	Other Tangible Plant	69,225	10.00%	6,922
32					
33					
34		TOTALS	\$ 1,419,181		\$ 72,230
35					
36					
37	Capitalized Expenses (See B-2 Adjustment #3)				
38					
39	307	Pumping Equipment	\$ 29,504	12.50%	3,688
40	304	Structures and Improvements	7,280	3.33%	242
41			\$ 36,784		\$ 3,930
42					
43	Post Test Year Plant per B-2				
44					
45	304	Structures and Improvements	\$ 2,500	3.33%	83
46	305	Collecting and Impounding Res.	28,355	2.50%	709
47	307	Wells and Springs	231,378	3.33%	7,705
48	311	Electric Pumping Equipment	50,328	12.50%	6,291
49	339	Other Plant and Miscellaneous Equipment	43,806	6.67%	2,922
50					
51		Total PTY Plant	\$ 356,367		\$ 17,710
52					
53		Total Plant-in-Service	\$ 1,812,332		
54					
55		Less: Amortization of Contributions - Balance End of TY	\$ 54,697	4.79%	\$ (2,619)
56					
57		Total Depreciation Expense			\$ 91,251
58					
59		Test Year Depreciation Expense			67,456
60					
61		Increase (decrease) in Depreciation Expense			23,796
62					
63		Adjustment to Revenues and/or Expenses			\$ 23,796

Golden Shores Water Company  
Test Year Ended June 30, 2006  
Adjustment to Revenues and Expenses  
Adjustment Number 2

Exhibit  
Schedule C-2  
Page 3  
Witness: Bourassa  
**REVISED**

Line No.			
1	<u>Adjust Property Taxes to Reflect Proposed Revenues:</u>		
2			
3	Adjusted Revenues in year ended 09/31/05	\$	507,533
4	Adjusted Revenues in year ended 09/31/05		507,533
5	Proposed Revenues		<u>661,827</u>
6	Average of three year's of revenue	\$	558,965
7	Average of three year's of revenue, times 2	\$	1,117,929
8	Add:		
9	Construction Work in Progress at 10%	\$	-
10	Deduct:		
11	Book Value of Transportation Equipment		<u>18,327</u>
12			
13	Full Cash Value	\$	1,099,602
14	Assessment Ratio		<u>23.50%</u>
15	Assessed Value		258,406
16	Property Tax Rate		11.7571%
17			
18	Property Tax		30,381
19	Tax on Parcels		0
20			
21	Total Property Tax at Proposed Rates	\$	<u>30,381</u>
22	Property Taxes in the test year		<u>24,864</u>
23	Change in Property Taxes	\$	<u>5,517</u>
24			
25			
26	Adjustment to Revenues and/or Expenses	\$	<u>5,517</u>
27			
28			

Golden Shores Water Company  
Test Year Ended June 30, 2006  
Adjustment to Revenues and Expenses  
Adjustment Number 10

Exhibit  
Schedule C-2  
Page 11  
Witness: Bourassa  
**REVISED**

Line

No.

1	<u>Reclassify Mispost to Misc. Revenues to Plant-in-Service</u>		
2			
3			
4	Concrete - January 2006	\$	7,280
5			
6			
7			
8			
9	Adjustment to Increase Misc Revenues	<u>\$</u>	<u>7,280</u>
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			

Golden Shores Water Company  
Test Year Ended June 30, 2006  
Adjustment to Revenues and Expenses  
Adjustment Number 11 .

Exhibit  
Schedule C-2  
Page 12  
Witness: Bourassa  
REVISED

Line

No.

1	<u>Reclassify Wholesale/Construction Water Sales to Metered Revenues</u>		
2			
3			
4	Wholesale Water Recorded to Misc. Revenues during Test Year	\$	62,432
5			
6			
7	Increase to Metered Revenues	\$	62,432
8			
9	Decrease to Misc. Revenues	\$	(62,432)
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			

# **Exhibit 2**

**U.S. Corporation Income Tax Return**  
For calendar year 2006 or tax year

**2006**

beginning \_\_\_\_\_, ending \_\_\_\_\_

<b>A Check if:</b> 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 required (attach Sch. M-3) <input type="checkbox"/>	<b>Use IRS label. Otherwise, print or type.</b>	<b>Name</b> GOLDEN SHORES WATER COMPANY, INC.	<b>B Employer identification number</b> 86-0364894
		Number, street, and room or suite no. If a P.O. box, see instructions. P.O. BOX 37	<b>C Date incorporated</b> 09/07/1978
		City or town, state, and ZIP code TOPOCK, AZ 86436	<b>D Total assets (see instructions)</b> \$ 887,327.

**E Check if:** (1)  Initial return (2)  Final return (3)  Name change (4)  Address change

<b>Income</b>	1	a Gross receipts or sales	512,572.	b Less returns and allowances		c Bal	1c	512,572.
	2	Cost of goods sold (Schedule A, line 8)					2	
	3	Gross profit. Subtract line 2 from line 1c					3	512,572.
	4	Dividends (Schedule C, line 19)					4	
	5	Interest					5	218.
	6	Gross rents					6	
	7	Gross royalties					7	
	8	Capital gain net income (attach Schedule D (Form 1120))					8	
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	
	10	Other income (attach schedule)					10	
	11	<b>Total income.</b> Add lines 3 through 10					11	512,790.
<b>Deductions (See instructions for limitations on deductions.)</b>	12	Compensation of officers (Schedule E, line 4)					12	
	13	Salaries and wages (less employment credits)					13	142,474.
	14	Repairs and maintenance					14	27,519.
	15	Bad debts					15	
	16	Rents					16	3,600.
	17	Taxes and licenses	SEE STATEMENT 1				17	33,987.
	18	Interest					18	17,002.
	19	Charitable contributions					19	
	20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)					20	27,534.
	21	Depletion					21	
	22	Advertising					22	
	23	Pension, profit-sharing, etc., plans					23	
	24	Employee benefit programs					24	
	25	Domestic production activities deduction (attach Form 8903)					25	
	26	Other deductions (attach schedule)	SEE STATEMENT 2				26	236,897.
	27	<b>Total deductions.</b> Add lines 12 through 26					27	489,013.
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	23,777.
29	Less: a Net operating loss deduction	STATEMENT 3		29a	23,777.			
	b Special deductions (Schedule C, line 20)			29b		29c	23,777.	
30	<b>Taxable income.</b> Subtract line 29c from line 28 (see instructions)					30	0.	
31	<b>Total tax</b> (Schedule J, line 10)					31	0.	
<b>Tax and Payments</b>	32 a	2005 overpayment credited to 2006	32a					
		b 2006 estimated tax payments	32b					
	c 2006 refund applied for on Form 4466	32c			d Bal	32d		
	e Tax deposited with Form 7004				32e			
	f Credits: (1) Form 2439 (2) Form 4136				32f			
	g Credit for federal telephone excise tax paid (attach Form 8913)				32g	175.	32h	175.
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached					33	
	34	<b>Amount owed.</b> If line 32h is smaller than the total of lines 31 and 33, enter amount owed					34	0.
35	<b>Overpayment.</b> If line 32h is larger than the total of lines 31 and 33, enter amount overpaid					35	175.	
36	Enter amount from line 35 you want: <b>Credited to 2007 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>					36	175.	

**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 taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	Title	May the IRS discuss this return with the preparer shown below? <input type="checkbox"/> Yes <input type="checkbox"/> No
----------------------	------	-------	--

<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN P00018034
	Firm's name (or yours if self-employed), address, and ZIP code	ULLMANN & COMPANY, P.C. 2400 E. ARIZONA BILTMORE CIR, STE 1220 PHOENIX, AZ 85016		EIN 26 0015374 Phone no. (602) 224-0166



**Schedule J Tax Computation** (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	0.
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		0.
5a	Foreign tax credit (attach Form 1118)		
5b	Qualified electric vehicle credit (attach Form 8834)		
5c	General business credit. Check applicable box(es): <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8835, Section B <input type="checkbox"/> Form 8844		
5d	Credit for prior year minimum tax (attach Form 8827)		
5e	Bond credits from: <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912		
6	<b>Total credits.</b> Add lines 5a through 5e		
7	Subtract line 6 from line 4		0.
8	Personal holding company tax (attach Schedule PH (Form 1120))		
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)		
10	<b>Total tax.</b> Add lines 7 through 9. Enter here and on page 1, line 31		0.

**Schedule K Other Information** (see instructions)

	Yes	No		Yes	No
1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual				
c	<input type="checkbox"/> Other (specify) _____				
2	See the instructions and enter the:				
a	Business activity code no. <b>221300</b>				
b	Business activity <b>PUBLIC UTILITY</b>				
c	Product or service <b>WATER</b>				
3		X	7		X
At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.			At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If "Yes," enter: (a) Percentage owned _____ and (b) Owner's country _____		
4		X	c		
Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation _____			The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____		
5	X		8		
At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) <b>STATEMENT 4</b> If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned <b>100.00</b>			Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
6		X	9		
During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.			Enter the amount of tax-exempt interest received or accrued during the tax year <b>\$ _____</b>		
			10		
			Enter the number of shareholders at the end of the tax year (if 100 or fewer) <b>1</b>		
			11		
			If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.		
			12		
			Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) <b>\$ 35,075.</b>		
			13		X
			Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. <b>\$ _____</b>		

**Note:** If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		55,986.		24,260.
2a Trade notes and accounts receivable	31,478.		25,836.	
b Less allowance for bad debts	( )	31,478.	( )	25,836.
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (att. sch.) <b>STMT 5</b>		15,707.		13,743.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (att. sch.)				
10a Buildings and other depreciable assets	1,407,959.		1,448,430.	
b Less accumulated depreciation	( 1,010,408.)	397,551.	( 1,082,057.)	366,373.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)		32,585.		32,585.
13a Intangible assets (amortizable only)				
b Less accumulated amortization	( )		( )	
14 Other assets (att. sch.) <b>STMT 6</b>		386,347.		424,530.
15 Total assets		919,654.		887,327.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable		8,158.		8,876.
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (att. sch.) <b>STMT 7</b>		64,136.		70,663.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		206,490.		167,939.
21 Other liabilities (att. sch.) <b>STMT 8</b>		164,120.		177,439.
22 Capital stock: a Preferred stock				
b Common stock	20,000.	20,000.	20,000.	20,000.
23 Additional paid-in capital		25.		25.
24 Retained earnings - Appropriated (attach schedule)				
25 Retained earnings - Unappropriated		456,725.		442,385.
26 Adjustments to shareholders' equity (attach schedule)				
27 Less cost of treasury stock		( )		( )
28 Total liabilities and shareholders' equity		919,654.		887,327.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return	
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions	
1 Net income (loss) per books	<14,340.>
2 Federal income tax per books	
3 Excess of capital losses over capital gains	
4 Income subject to tax not recorded on books this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):	
a Depreciation \$ 68,914.	
b Charitable contributions \$	
c Travel and entertainment \$ 461.	
6 Add lines 1 through 5	55,035.
7 Income recorded on books this year not included on this return (itemize):	
Tax-exempt interest \$	
<b>STMT 9</b> 3,724.	3,724.
8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$ 27,534.	
b Charitable contributions \$	
9 Add lines 7 and 8	31,258.
10 Income (page 1, line 28) - line 6 less line 9	23,777.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)	
1 Balance at beginning of year	456,725.
2 Net income (loss) per books	<14,340.>
3 Other increases (itemize):	
4 Add lines 1, 2, and 3	442,385.
5 Distributions: a Cash	
b Stock	
c Property	
6 Other decreases (itemize):	
7 Add lines 5 and 6	
8 Balance at end of year (line 4 less line 7)	442,385.

**Depreciation and Amortization**  
(Including Information on Listed Property) **OTHER**

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return <b>GOLDEN SHORES WATER COMPANY, INC.</b>	Business or activity to which this form relates <b>OTHER DEPRECIATION</b>	Identifying number <b>86-0364894</b>
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**Part I Election To Expense Certain Property Under Section 179** Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses .....	<b>1</b>	<b>108,000.</b>
2 Total cost of section 179 property placed in service (see instructions) .....	<b>2</b>	
3 Threshold cost of section 179 property before reduction in limitation .....	<b>3</b>	<b>430,000.</b>
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- .....	<b>4</b>	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions .....	<b>5</b>	
<b>6</b> (a) Description of property (b) Cost (business use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29 .....	<b>7</b>	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 .....	<b>8</b>	
9 Tentative deduction. Enter the smaller of line 5 or line 8 .....	<b>9</b>	
10 Carryover of disallowed deduction from line 13 of your 2005 Form 4562 .....	<b>10</b>	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 .....	<b>11</b>	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 .....	<b>12</b>	
13 Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12 .....	<b>13</b>	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year .....	<b>14</b>	
15 Property subject to section 168(f)(1) election .....	<b>15</b>	
16 Other depreciation (including ACRS) .....	<b>16</b>	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**

<b>Section A</b>	
17 MACRS deductions for assets placed in service in tax years beginning before 2006 .....	<b>24,833.</b>
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>	

**Section B - Assets Placed in Service During 2006 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		290.	5 YRS.	HY	200DB	58.
c 7-year property		526.	7 YRS.	HY	200DB	75.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		39,655.	25 yrs.	HY	S/L	793.
h Residential rental property	/		27.5 yrs.	MM	S/L	
	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

**Section C - Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System**

20a Class life						
b 12-year			12 yrs.			
c 40-year	/		40 yrs.	MM	S/L	

**Part IV Summary (see instructions)**

21 Listed property. Enter amount from line 28 .....	<b>21</b>	<b>1,775.</b>
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr. ....	<b>22</b>	<b>27,534.</b>
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs .....	<b>23</b>	

**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)  
**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

24a Do you have evidence to support the business/investment use claimed?  Yes  No 24b If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use:								
		%						
SEE STATEMENT: 11		%					1,775.	
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	1,775.
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No										
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? <b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year:					
43 Amortization of costs that began before your 2006 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec.	Life or rate	Line No.					
	OFFICE EQUIPMENT								
16	01	0188	200DB	5.00	17	318.		294.	0.
93	FURNITURE & FIXTURES								
	01	0187	SL	5.00	17	667.		667.	0.
94	FURNITURE & FIXTURES								
	01	0187	200DB	5.00	17	1,883.		1,883.	0.
95	PAVING/EXCAVATION								
	01	0187	SL	10.00	17	1,960.		1,960.	0.
96	GENERAL OFFICE EQUIPMENT								
	01	0190	200DB	5.00	17	6,801.		6,547.	0.
97	OFFICE EQUIPMENT								
	06	3091	150DB	20.00	17	2,295.		2,295.	0.
98	OFFICE EQUIPMENT-1992 VINTAGE								
	06	3092	150DB	20.00	17	2,316.		1,643.	104.
99	OFFICE EQUIPMENT-1992 VINTAGE								
	06	3092	200DB	5.00	17	135.		135.	0.
100	OFFICE EQUIPMENT								
	06	3093	200DB	5.00	17	1,886.		1,886.	0.
101	OFFICE EQUIPMENT-1994								
	06	3094	200DB	5.00	17	535.		535.	0.
102	OFFICE EQUIPMENT-1995								
	06	3095	200DB	5.00	17	1,750.		1,750.	0.
103	OFFICE EQUIPMENT-1996								
	06	3096	200DB	5.00	17	4,569.		4,569.	0.
104	EQUIPMENT								
	07	0197	200DB	5.00	17	2,293.		2,293.	0.
105	OFFICE EQUIPMENT								
	07	0198	200DB	5.00	17	2,894.		2,894.	0.
136	OFFICE EQUIPMENT								
	07	0199	200DB	5.00	17	1,692.		1,692.	0.
144	OFFICE EQUIPMENT								
	07	0100	200DB	5.00	17	1,589.		1,589.	0.
149	OFFICE EQUIPMENT								
	07	0101	200DB	5.00	17	1,815.	1,815.		0.
157	COMMUNICATION EQUIPMENT								
	07	0102	200DB	5.00	17	1,340.	402.	776.	108.
158	EQUIPMENT								
	07	0102	200DB	5.00	17	2,183.	655.	1,264.	176.
161	OFFICE EQUIPMENT								
	07	0103	200DB	5.00	17	1,377.	689.	490.	79.
165	OFFICE EQUIPMENT								
	07	0104	200DB	5.00	17	1,078.	539.	280.	104.
169	OFFICE EQUIPMENT								
	07	0105	200DB	5.00	17	290.		58.	93.
171	COMMUNICATION EQUIPMENT								
	07	0105	200DB	5.00	17	494.		99.	158.
173	OFFICE EQUIPMENT								
	07	0106	200DB	5.00	19B	290.			58.
	* OTHER TOTAL - OFFICE EQUIPMENT								
						42,450.	4,100.	35,599.	880.
	TRANSPORTATION								

616261  
05-01-06

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec.	Life or rate	Line No.					
18	TRANSPORTATION EQUIPMENT								
	010192	200DB	5.00	21		6,335.		6,335.	0.
19	VEHICLES-1994								
	063094	200DB	5.00	21		3,465.		3,465.	0.
20	VEHICLES-1995								
	063095	200DB	5.00	21		5,400.		5,400.	0.
21	TRANSPORTATION EQUIPMENT								
	070197	200DB	5.00	21		4,263.		4,263.	0.
145	VEHICLES								
	070100	200DB	5.00	21		20,899.		16,235.	1,775.
166	VEHICLES								
	070104	200DB	5.00	17		8,356.	4,178.	2,173.	802.
	* OTHER TOTAL - TRANSPORTATION								
						48,718.	4,178.	37,871.	2,577.
	TOOLS & EQUIPMENT								
22	LINE LOCATOR								
	010182	SL	5.00	16		995.		995.	0.
23	UTILITY TRAILOR								
	010182	SL	5.00	16		1,021.		1,021.	0.
24	1985 HONDA 4 WHL								
	010184	SL	5.00	16		1,351.		1,351.	0.
25	VARIOUS								
	010184	SL	5.00	16		102.		102.	0.
26	HONDA 4 WHL								
	010185	SL	5.00	16		1,200.		1,200.	0.
27	CB RADIO								
	010186	SL	5.00	16		160.		160.	0.
28	VARIOUS								
	010186	SL	5.00	16		1,272.		1,272.	0.
29	VARIOUS								
	010186	SL	5.00	16		412.		412.	0.
30	VARIOUS								
	010186	SL	5.00	16		226.		226.	0.
31	3 WHEELER								
	010187	SL	5.00	17		950.		950.	0.
32	VARIOUS								
	010187	SL	5.00	17		284.		284.	0.
33	GENERAL EQUIPMENT								
	010188	200DB	5.00	17		1,383.		1,383.	0.
34	GENERAL PLANT								
	010188	150DB	20.00	17		3,356.		2,967.	156.
35	TOOLS & EQUIPMENT								
	010191	200DB	5.00	17		1,228.		1,213.	0.
36	TOOLS & EQUIPMENT								
	063092	200DB	5.00	17		859.		859.	0.
37	TOOLS & EQUIP-1992 VINTAGE								
	063092	200DB	5.00	17		21.		21.	0.
38	TOOLS & EQUIPMENT								
	063093	150DB	20.00	17		413.		274.	19.
39	MISC EQUIPMENT								
	063093	150DB	20.00	17		49.		31.	2.
40	TOOLS & EQUIPMENT-1994								
	063094	150DB	20.00	17		1,577.		1,577.	0.

818261  
05-01-06

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec.	Life or rate	Line No.					
41	MISC EQUIPMENT-1995								
	063095	150DB	20.00	17		1,342.		1,342.	0.
42	TOOLS & EQUIPMENT								
	070197	SL	25.00	17		31,244.		10,625.	1,250.
43	TOOLS & EQUIPMENT								
	070198	SL	25.00	17		15,000.		7,117.	600.
137	TOOLS & EQUIPMENT								
	070199	200DB	7.00	17		1,275.		1,218.	57.
146	TOOLS & EQUIPMENT								
	070100	200DB	7.00	17		791.		685.	71.
150	TOOLS & EQUIPMENT								
	070101	200DB	7.00	17		300.	300.		0.
162	TOOLS & EQUIPMENT								
	070103	200DB	7.00	17		1,795.	898.	505.	112.
167	TOOLS & EQUIPMENT								
	070104	200DB	7.00	17		1,083.	542.	210.	95.
170	TOOLS & EQUIPMENT								
	070105	200DB	7.00	17		556.		80.	136.
174	TOOLS & EQUIPMENT								
	070106	200DB	7.00	19C		526.			75.
	* OTHER TOTAL - TOOLS & EQUIPMENT								
						70,771.	1,740.	38,080.	2,573.
	GENERAL PLANT								
44	GENERAL PLANT								
	010189	150DB	20.00	17		4,445.		3,470.	279.
45	GENERAL EQUIPMENT								
	063091	150DB	20.00	17		75.		75.	0.
46	MISCELLANEOUS EQUIP-1992 VINTAGE								
	063092	150DB	20.00	17		680.		482.	30.
47	CAPITALIZED REPAIRS & MAINTENANCE								
	063093	150DB	20.00	17		36,051.		27,333.	1,162.
48	CAPITALIZED R&M - 1995								
	063095	150DB	20.00	17		16,274.		12,078.	442.
163	CAPITALIZED REPAIRS & MAINTENANCE								
	070103	SL	25.00	17		27,929.	13,965.	1,398.	559.
	* OTHER TOTAL - GENERAL PLANT								
						85,454.	13,965.	44,836.	2,472.
	HYDRANTS								
49	HYDRANTS								
	063093	150DB	20.00	17		326.		217.	15.
50	HYDRANTS-1996								
	063096	200DB	5.00	17		219.		219.	0.
	* OTHER TOTAL - HYDRANTS								
						545.		436.	15.
	LAND								
51	LAND								
	010187	L				14,100.			0.
52	LAND FOR FUTURE USE								
	070197	L				1,000.			0.
	* OTHER TOTAL - LAND								
						15,100.		0.	0.

616261  
05-01-06

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property							
	Date placed in service	Method/IRC sec.	Life or rate	Line No.	Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
<b>T&amp;D MAINS</b>								
53	01,01,80	SL	15.00	16	8,365.		8,365.	0.
54	01,01,81	SL	15.00	16	6,629.		6,629.	0.
55	01,01,82	SL	15.00	16	13,160.		13,160.	0.
56	01,01,83	SL	15.00	16	2,539.		2,539.	0.
57	01,01,84	SL	15.00	16	4,345.		4,199.	0.
58	01,01,85	SL	15.00	16	5,776.		5,628.	0.
59	01,01,86	SL	15.00	16	1,610.		1,556.	0.
60	01,01,87	SL	15.00	17	508.		508.	0.
61	01,01,87	SL	15.00	17	4,040.		1,719.	0.
62	01,01,87	SL	15.00	17	802.		802.	0.
63	01,01,90	150DB	20.00	17	44,605.		35,602.	2,001.
64	06,30,91	150DB	20.00	17	1,996.		1,996.	0.
65	06,30,92	150DB	20.00	17	1,273.		906.	56.
66	06,30,92	150DB	20.00	17	1,427.		1,014.	64.
67	06,30,92	150DB	20.00	17	15,989.		11,351.	714.
68	06,30,92	150DB	20.00	17	181.		128.	8.
133	07,01,99	SL	25.00	17	6,683.		1,736.	267.
151	07,01,00	SL	25.00	17	349.			14.
153	07,01,01	SL	25.00	17	1,356.	1,356.		0.
* OTHER TOTAL - T&D MAINS					121,633.	1,356.	97,838.	3,124.
<b>WATER METERS</b>								
69	01,01,80	SL	15.00	16	1,090.		1,017.	0.
70	01,01,81	SL	15.00	16	6,126.		6,126.	0.
71	01,01,82	SL	15.00	16	4,515.		4,515.	0.
72	01,01,83	SL	15.00	16	6,452.		6,452.	0.
73	01,01,84	SL	15.00	16	6,890.		6,661.	0.

616261  
05-01-06

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/ IRC sec.	Life or rate	Line No.					
74	METERS	010185	SL	15.00	16	7,490.		7,370.	0.
75	METERS	010186	SL	15.00	16	7,830.		7,713.	0.
76	METERS	010187	SL	15.00	16	4,694.		4,538.	0.
77	METERS	010187	SL	15.00	16	2,207.		2,133.	0.
78	METERS	010188	150DB	20.00	17	5,207.		4,471.	294.
79	METERS	010189	200DB	5.00	17	5,964.		5,964.	0.
80	METERS	010190	150DB	20.00	17	11,921.		9,516.	534.
81	METERS	063091	150DB	20.00	17	4,809.		4,809.	0.
82	METERS-1992 VINTAGE	063092	150DB	20.00	17	1,749.		1,241.	78.
83	SERVICES-1992 VINTAGE	063092	150DB	20.00	17	1,237.		877.	55.
84	METERS-1992 VINTAGE	063092	150DB	20.00	17	4,678.		3,323.	208.
85	METERS-1992 VINTAGE	063092	150DB	20.00	17	791.		560.	36.
86	METERS	063093	150DB	20.00	17	4,394.		2,924.	196.
87	METERS	063093	150DB	20.00	17	2,219.		1,476.	99.
88	METERS-1994	063094	150DB	20.00	17	2,449.		2,449.	0.
89	METERS-1995	063095	150DB	20.00	17	1,276.		1,090.	20.
90	METERS-1996	063096	150DB	20.00	17	1,404.		747.	63.
91	METERS	070197	SL	25.00	17	1,174.		399.	47.
92	METERS	070198	SL	25.00	17	850.		255.	34.
135	METERS	070199	SL	25.00	17	1,214.		319.	49.
143	METERS	070100	SL	25.00	17	729.		160.	29.
148	METERS	070101	SL	25.00	17	882.	882.		0.
152	METERS	070100	SL	25.00	17	430.			17.
154	METERS	070101	SL	25.00	17	2,430.	2,430.		0.
155	METERS	070102	SL	25.00	17	4,150.	1,245.	406.	116.
160	METERS	070103	SL	25.00	17	6,156.	3,078.	308.	123.
164	METERS	070104	SL	25.00	17	29,549.	14,775.	887.	591.

616261  
05-01-06

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec.	Life or rate	Line No.					
168	METERS								
	070105	SL	25.00	17		30,803.		616.	1,232.
172	METERS								
	070106	SL	25.00	19G		39,655.			793.
	* OTHER TOTAL - WATER METERS								
						213,414.	22,410.	89,322.	4,614.
	POWER OPERATED EQUIPMENT								
106	DITCH WITCH								
	010179	SL	7.00	16		4,900.		4,900.	0.
108	POWER OPERATED EQUIPMENT								
	063093	150DB	20.00	17		417.		278.	19.
109	POWER OPERATED EQUIPMENT-1994								
	063094	150DB	20.00	17		674.		674.	0.
	* OTHER TOTAL - POWER OPERATED EQUIPMENT								
						5,991.		5,852.	19.
	PUMPING EQUIPMENT								
110	PUMP								
	010182	SL	5.00	16		4,741.		4,741.	0.
111	PUMP COMPRESSOR								
	010186	SL	5.00	16		1,477.		1,477.	0.
112	WELLS & SPRINGS-1992 VINTAGE								
	063092	150DB	20.00	17		521.		369.	23.
139	ELECTRIC PUMPING EQUIPMENT								
	070199	SL	25.00	17		47,649.	19,000.	7,449.	1,146.
	* OTHER TOTAL - PUMPING EQUIPMENT								
						54,388.	19,000.	14,036.	1,169.
	RESEVOIR								
113	PRESSURE TANK								
	010182	SL	5.00	16		130.		130.	0.
114	TANK								
	010184	SL	15.00	16		36,665.		31,473.	0.
115	WATER STORAGE TANK								
	010187	SL	15.00	17		351.		351.	0.
116	RESERVOIRS-1992 VINTAGE								
	063092	150DB	20.00	17		60.		44.	2.
140	DISTRIBUTION RESERVOIRS								
	070199	SL	25.00	17		2,999.		780.	120.
	* OTHER TOTAL - RESEVOIR								
						40,205.		32,778.	122.
	SERVICES								
117	SERVICES								
	063093	150DB	20.00	17		1,894.		1,260.	85.
118	SERVICES-1994								
	063094	150DB	20.00	17		4,395.		4,395.	0.
119	SERVICES-1995								
	063095	150DB	20.00	17		1,785.		1,785.	0.
120	SERVICES-1996								
	063096	150DB	20.00	17		1.			0.
134	SERVICES								
	070199	SL	25.00	17		11,487.		2,984.	459.

616261  
05-01-06

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec.	Life or rate	Line No.					
142	SERVICES								
	070100	SL	25.00	17	228.		50.	9.	
147	SERVICES								
	070101	SL	25.00	17	159.	159.		0.	
159	SERVICES								
	070103	SL	25.00	17	1,860.	930.	93.	37.	
	* OTHER TOTAL - SERVICES								
					21,809.	1,089.	10,567.	590.	
	STRUCTURE								
121	STRUCTURES & IMPROVEMENTS								
	100188	SL	31.50	17	5,361.		3,304.	170.	
122	STRUCTURES & IMPROVEMENTS								
	100189	SL	31.50	17	4,343.		2,259.	138.	
123	BUILDING IMPROVEMENTS								
	010189	200DB	5.00	17	450.		450.	0.	
124	STRUCTURES & IMPROVEMENTS								
	030190	SL	31.50	17	799.		398.	25.	
125	STRUCTURES & IMPROVEMENTS								
	110292	SL	31.50	17	363.		155.	12.	
126	STRUCTURES & IMPROVEMENTS								
	070197	SL	25.00	17	36,018.		29,168.	1,441.	
127	STRUCTURES & IMPROVEMENTS								
	070198	SL	25.00	17	15,829.		15,829.	0.	
	* OTHER TOTAL - STRUCTURE								
					63,163.		51,563.	1,786.	
	TANKS								
128	TANKS-1995								
	063095	150DB	20.00	17	50,293.		28,977.	2,244.	
138	TANKS								
	070199	SL	25.00	17	30,835.		8,015.	1,233.	
	* OTHER TOTAL - TANKS								
					81,128.		36,992.	3,477.	
	WELLS								
129	WELLS, PUMPS ETC.								
	010179	SL	15.00	16	75,703.		75,703.	0.	
130	WELLS IMPROVEMENT								
	010187	SL	15.00	17	294.		294.	0.	
131	WELLS								
	010189	150DB	20.00	17	210.		177.	9.	
132	WELLS & SPRINGS-1992 VINTAGE								
	063092	150DB	20.00	17	2,197.		1,559.	98.	
141	WELLS								
	070100	SL	25.00	17	120,235.	20,000.	22,050.	4,009.	
	* OTHER TOTAL - WELLS								
					198,639.	20,000.	99,783.	4,116.	
	* GRAND TOTAL OTHER DEPRECIATION								
					1,063,408.	87,838.	595,553.	27,534.	

616261  
05-01-06

# - Current year section 179 (D) - Asset disposed

▶ Attach to your income tax return.

Name(s) as shown on your income tax return

Identifying number

**GOLDEN SHORES WATER COMPANY, INC.**

**86-0364894**

Enter the federal telephone excise tax billed during each period as listed in column (a) of lines 1-14 below.

By filing this form, you are certifying that you (1) have not received from your service provider a credit or refund of the tax paid on long distance service or bundled service billed after February 28, 2003, and before August 1, 2006, and (2) will not ask your provider for a credit or refund or have withdrawn any request submitted to the provider for a credit or refund.

**Caution.** See the instructions for explanations of the services that qualify for a credit or refund of the federal telephone excise tax.

**Amount of federal excise tax on long distance or bundled service only**

(a) Bills dated during:	(b) Long distance service	(c) Bundled service	(d) Tax credit or refund (add columns (b) and (c))	(e) Interest (see instructions)
1 March, April, and May 2003	\$	\$	\$ 11.	\$ 3.
2 June, July, and August 2003			11.	3.
3 September, October, and November 2003			11.	3.
4 December 2003; January and February 2004			11.	2.
5 March, April, and May 2004			11.	2.
6 June, July, and August 2004			11.	2.
7 September, October, and November 2004			11.	2.
8 December 2004; January and February 2005			11.	2.
9 March, April, and May 2005			11.	2.
10 June, July, and August 2005			11.	1.
11 September, October, and November 2005			11.	1.
12 December 2005; January and February 2006			11.	1.
13 March, April, and May 2006			11.	1.
14 June and July 2006			7.	
<b>15</b> Add lines 1 - 14 in columns (d) and (e) .....			\$ 150.	\$ 25.
<b>16</b> Total credit or refund requested. Add columns (d) and (e) on line 15. Enter here and on Form 1040, line 71; Form 1040A, line 42; Form 1040EZ, line 9; Form 1040EZ-T, line 1a; Form 1040NR, line 69; Form 1040NR-EZ, line 21; Form 1120, line 32g; Form 1120-A, line 28g; Form 1120S, line 23d; Form 1041, line 24f; Form 1041-N, line 17; Form 1065, line 23; Form 990-T, line 44f; or the proper line of other returns .....				\$ 175.

LHA For Paperwork Reduction Act Notice, see the instructions.

Form **8913** (2006)

FORM 1120	TAXES AND LICENSES	STATEMENT	1
DESCRIPTION		AMOUNT	
TAXES OTHER THAN INCOME			33,942.
ARIZONA TAXES - BASED ON INCOME			45.
TOTAL TO FORM 1120, LINE 17			33,987.

FORM 1120	OTHER DEDUCTIONS	STATEMENT	2
DESCRIPTION		AMOUNT	
PUMPING POWER			45,905.
WATER ANALYSIS			3,968.
OFFICE SUPPLIES & EXPENSE			8,990.
OUTSIDE SERVICES			93,260.
TRANSPORTATION EXPENSES			9,493.
INSURANCE			57,977.
GENERAL OPERATING			16,843.
MEALS AND ENTERTAINMENT			461.
TOTAL TO FORM 1120, LINE 26			236,897.

NET OPERATING LOSS DEDUCTION	STATEMENT	3
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TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	AVAILABLE THIS YEAR
12/31/02	4,298.	4,298.	0.	0.
12/31/03	39,017.	25,259.	13,758.	13,758.
12/31/04	18,324.		18,324.	18,324.
12/31/05	2,993.		2,993.	2,993.
NOL CARRYOVER AVAILABLE THIS YEAR			35,075.	35,075.

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OTHER INFORMATION	50% OR MORE OF VOTING STOCKS OWNED BY	STATEMENT	4
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(A) NAME	LINDA BOYER
ADDRESS	P.O. BOX 697 TOPOCK, AZ 86436
IDENTIFYING NUMBER	569-48-9611
(B) PERCENT OF STOCK	100.00%

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SCHEDULE L	OTHER CURRENT ASSETS	STATEMENT	5
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DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
MATERIALS AND SUPPLIES	15,707.	13,743.
TOTAL TO SCHEDULE L, LINE 6	15,707.	13,743.

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SCHEDULE L	OTHER ASSETS	STATEMENT	6
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DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
CONSTRUCTION WORK IN PROGRESS	347,475.	379,519.
DEFERRED TAXES	36,001.	39,725.
DEFERRED LOAN FEES	2,871.	2,396.
DEFERRED RATE CASE EXPENSE		2,890.
TOTAL TO SCHEDULE L, LINE 14	386,347.	424,530.

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SCHEDULE L	OTHER CURRENT LIABILITIES	STATEMENT	7
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DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
ACCRUED OTHER TAXES	16,998.	22,226.
ACCRUED PROPERTY TAXES	12,439.	11,050.
CURRENT PORTION OF L/T DEBT	34,699.	37,387.
TOTAL TO SCHEDULE L, LINE 18	64,136.	70,663.

SCHEDULE L	OTHER LIABILITIES	STATEMENT	8
DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR	
CUSTOMER DEPOSITS	82,097.	98,151.	
CONTRIBUTIONS IN AID OF CONSTRUCTION	41,023.	38,288.	
ADVANCES IN AID OF CONSTRUCTION	41,000.	41,000.	
TOTAL TO SCHEDULE L, LINE 21	164,120.	177,439.	

SCHEDULE M-1	OTHER INCOME RECORDED ON BOOKS NOT INCLUDED IN THIS RETURN	STATEMENT	9
DESCRIPTION		AMOUNT	
DEFERRED INCOME TAXES		3,724.	
TOTAL TO SCHEDULE M-1, LINE 7		3,724.	

FORM 4626	ALTERNATIVE MINIMUM TAX NOL DEDUCTION		STATEMENT	10
TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	
12/31/02	3,460.		3,460.	
12/31/03	38,286.		38,286.	
12/31/04	17,310.		17,310.	
12/31/05	9,577.		9,577.	
AMT NOL CARRYOVER AVAILABLE THIS YEAR			68,633.	

FORM 4562, PART V LISTED PROPERTY INFORMATION-MORE THAN 50% STATEMENT 11

(A) DESCRIPTION	(B) DATE	(C) BUS. %	(D) COST	(E) BASIS	(F) LIFE	(G) MTH/CV	(H) DEDUCTION	(I) 179 ELECTED
(J) AUTO NO	(K) TOTAL MILES	(L) BUSINESS MILES	(M) COMMUTING MILES	(N) PERSONAL MILES	(O) WAS VEH. AVAIL.? Y N	(P) > 5% OWNER? Y N	(Q) ANOTHER VEH. AVAILABLE? Y N	
TRANSPORTAT 01/01/92 ON EQUIPMENT								
		100.00	6,335.	6,335.	5.00	200DB-HY		
VEHICLES-19 06/30/94 4								
		100.00	3,465.	3,465.	5.00	200DB-HY		
VEHICLES-19 06/30/95 5								
		100.00	5,400.	5,400.	5.00	200DB-HY		
TRANSPORTAT 07/01/97 ON EQUIPMENT								
		100.00	4,263.	4,263.	5.00	200DB-HY		
VEHICLES 07/01/00 100.00 20,899. 20,899. 5.00 200DB-HY 1,775.								
TOTAL TO FORM 4562, PART V, LINE 26							1,775.	

For the calendar year 2006 or fiscal year beginning \_\_\_\_\_ and ending \_\_\_\_\_

Mail to: Arizona Department of Revenue, PO Box 29079, Phoenix AZ 85038-9079

CHECK ONE  
Calendar year  Fiscal year

Business telephone number	Type or Print	Name <b>GOLDEN SHORES WATER COMPANY, INC.</b>	Employer identification number (EIN) <b>86-0364894</b>
Business activity code number (from federal Form 1120) <b>221300</b>		Number and street or PO Box <b>P.O. BOX 37</b>	AZ transaction privilege tax number
		City, or town, state, and ZIP code <b>TOPOCK, AZ 86436</b>	

**68** Check box if:  This is a first return  Name change  Address change  Yes  No

**A** Is FEDERAL return filed on a consolidated basis?  Yes  No  
If yes, list EIN of common parent from consolidated return \_\_\_\_\_

**B ARIZONA filing method:** (Check only one) See instruction pages 1-2  
 1  Separate company    2  Combined (unitary group)    3  Consolidated

**C** If ARIZONA filing method is combined or consolidated, see Form 51 instructions  
Are there any additions or deletions on Form 51?  Yes  No

**D** Is this the corporation's final ARIZONA return?  Yes  No  
If yes, check one: Dissolved  Withdrawn  Merged/Reorganized   
List EIN of the successor corporation, if any \_\_\_\_\_

**82** CHECK BOX IF:  
Federal extension used to file return. 82 F

FOR DOR USE ONLY

**81** \_\_\_\_\_ **66** \_\_\_\_\_

1 Taxable income - per attached federal return	1	0	00
2 Additions to taxable income - from page 2, Schedule A, line A13	2	51,356	00
3 Total taxable income - add lines 1 and 2	3	51,356	00
4 Subtractions from taxable income - from page 2, Schedule B, line B13	4	30,206	00
5 Adjusted income - subtract line 4 from line 3. WHOLLY ARIZONA CORPORATIONS GO TO LINE 13	5	21,150	00
6 Arizona adjusted income - from line 5. MULTISTATE CORPORATIONS ONLY	6		00
7 Nonapportionable or allocable amounts - from page 3, Schedule D, line D8. Multistate corporations only	7		00
8 Adjusted business income - subtract line 7 from line 6. Multistate corporations only	8		00
9 Arizona apportionment ratio - from Schedule C or Schedule ACA	9		
10 Adjusted business income apportioned to Arizona - line 8 multiplied by line 9. Multistate corporations only	10		00
11 Other income allocated to Arizona - from page 3, Schedule E, line E7. Multistate corporations only	11		00
12 Adjusted income attributable to Arizona - add lines 10 and 11. Multistate corporations only	12		00
13 Arizona income before NOL - from line 5 or line 12	13	21,150	00
14 Arizona basis net operating loss carryover - attach computation schedule	14	21,150	00
15 Arizona taxable income - subtract line 14 from line 13	15	0	00
16 Enter tax. Tax is 6.968 percent of line 15 or fifty dollars (\$50), whichever is greater	16	50	00
17 Tax from recapture of tax credits - from Form 300, Part II, line 24	17		00
18 Subtotal - add lines 16 and 17	18	50	00
19 Clean Elections Fund Tax Reduction. Check this box to send \$5 to the fund and reduce the tax (line 18) by \$5. Enter the amount of the tax reduction	19	5	00
20 Nonrefundable tax credits - from Arizona Form 300, Part II, line 45	20		00
21 Credit type - enter form number for each nonrefundable credit claimed	21	3	3
22 Tax liability - subtract the sum of lines 19 and 20 from line 18	22	45	00
23 Clean Elections Fund Tax Credit. SEE INSTRUCTIONS BEFORE COMPLETING THIS LINE	23		00
24 Tax liability after Clean Elections Fund tax credit - subtract line 23 from line 22	24	45	00
25 Refundable remainder of the retroactive consolidated election tax credit - see instructions	25		00
26 Extension payment made with Form 120EXT - see instructions	26		00
27 Estimated tax payments - see instructions	27		00
28 Total payments - see instructions	28		00
29 Balance of tax due - If line 24 is larger than line 28, enter balance of tax due. Skip line 30	29	45	00
30 Overpayment of tax - If line 28 is larger than line 24, enter overpayment of tax	30	0	00
31 Penalty and interest	31		00
32 Estimated tax underpayment penalty. If Form 220 is attached, check box	32		00
33 Donation to Citizens Clean Elections Fund - see instructions	33		00
34 TOTAL DUE - payment must accompany return	34	45	00
35 OVERPAYMENT - see instructions	35		00
36 Amount of line 35 to be applied to 2007 estimated tax	36		00
37 Amount to be refunded - subtract line 36 from line 35	37		00



**Schedule D - Non-apportionable Income and Expenses (Multistate Corporations Only)**

D1 Nonbusiness dividends and interest income:

a. Total nonbusiness dividends not deducted on page 2, Schedule B	D1a		00
b. Interest from nonbusiness sources	D1b		00
c. Total nonbusiness dividends and interest - add lines D1a and D1b	D1c		00
D2 Net royalties from nonbusiness patents and copyrights - attach schedule	D2		00
D3 Net income from rental of nonbusiness assets - attach schedule	D3		00
D4 Net gain or (loss) from sale or exchange of nonbusiness assets utilized for production of nonbusiness income - attach schedule	D4		00
D5 Other income or (loss) - attach schedule	D5		00
D6 Subtotal - add lines D1c through D5	D6		00
D7 Expenses attributable to income derived from a foreign corporation which is not itself subject to Arizona income tax - attach schedule	D7		00
D8 Total - subtract line D7 from line D6. Enter total here and on page 1, line 7	D8		00

**Schedule E - Other Income Allocated to Arizona (Multistate Corporations Only)**

E1 Gain or (loss) from sale or exchange of real estate and other tangible assets utilized for the production of nonbusiness income - attach schedule	E1		00
E2 Net income or (loss) from rental of nonbusiness assets - attach schedule	E2		00
E3 Net royalties from nonbusiness patents and copyrights - attach schedule	E3		00
E4 Net income or (loss) from intangible property specifically allocable to Arizona - attach schedule	E4		00
E5 Federal income tax refunds received in the taxable year - see instructions	E5		00
E6 Other income or (loss) directly allocable to Arizona - attach schedule	E6		00
E7 Total - add lines E1 through E6. Enter total here and on page 1, line 11	E7		00

**Schedule F - Schedule of Tax Payments**

Name of corporation	EIN	Date of payment	Type of payment	Amount of payment
Total				

AZ Form 120 (2006) Page 4

Schedule G - Other Information

G 1 Date business began in Arizona or date income was first derived from Arizona sources 09/07/1978

G 2 Address at which tax records are located for audit purposes:

G 3 The taxpayer designates the individual listed below as the person to contact to schedule an audit of this return and authorizes the disclosure of confidential information to this individual. (See instruction page 14)

Name and title \_\_\_\_\_ Phone # \_\_\_\_\_

G 4 List prior taxable years for which a federal examination has been finalized

NOTE: ARS § 43-327 requires the taxpayer, within ninety days after final determination, to report these changes under separate cover to the Arizona Department of Revenue or to file amended returns reporting these changes. (See instruction page 4)

G 5 List the taxable years for which federal examinations are now in progress, or final determination of past examinations is still pending

G 6 List the taxable years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire

G 7 Amount of Arizona taxable income for prior taxable year (2005 Form 120, line 15) <6,361>

G 8 Indicate tax accounting method: Cash [ ] Accrual [X] Other [ ] (Specify method) \_\_\_\_\_

Multistate taxpayers:

G 9 Are the nonbusiness items reported on Schedule D, lines D1 through D5, and the apportionment factor items reported on Schedule C, column B, treated consistently on all state tax returns filed under the Uniform Division of Income for Tax Purposes Act?

Yes [ ] No [ ] If no, the taxpayer must disclose the nature and extent of the variance upon request by the department.

G 10 Has the taxpayer changed the way income is apportioned or allocated to Arizona from prior taxable year returns?

Yes [ ] No [ ] If yes, attach explanation.

Certification The following certification must be signed by one or more of the following officers (president, treasurer, or any other principal officer).

Under penalties of perjury, I (we), the undersigned officer(s) authorized to sign this return, declare that I (we) have examined this return, including the accompanying schedules and statements, and to the best of my (our) knowledge and belief, it is a true, correct and complete return, made in good faith, for the taxable year stated pursuant to the income tax laws of the State of Arizona.

Please Sign Here Officer's signature Title Date Officer's signature Title Date

Paid Preparer's Preparer's signature Date

Use Only ULLMANN & COMPANY, P.C. P00018034 Firm's name (or preparer's, if self-employed) Preparer's TIN

2400 E. ARIZONA BILTMORE CIR, STE 1220 PHOENIX, AZ 85016 Firm's address Zip code

AZ 120 ARIZONA BASIS NET OPERATING LOSS CARRYFORWARD STATEMENT 1

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/02	2,188.	0.	2,188.
12/31/03	20,428.	0.	20,428.
12/31/04	970.	0.	970.
12/31/05	6,361.	0.	6,361.
NET OPERATING LOSS CARRYFORWARD AVAILABLE			29,947.
CURRENT TAXABLE INCOME (FORM 120, LINE 13)		21,150.	
CURRENT YEAR LIMITATION (NOT LESS THAN ZERO)		21,150.	
NET OPERATING LOSS CURRENTLY APPLIED (FORM 120, PG 1, LN 14)			21,150.

**U.S. Corporation Income Tax Return**  
For calendar year 2005 or tax year

**2005**

beginning \_\_\_\_\_, ending \_\_\_\_\_

<b>A Check if:</b> 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 required (attach Sch. M-3) <input type="checkbox"/>	<b>Use IRS label. Otherwise, print or type.</b>	<b>Name</b> GOLDEN SHORES WATER COMPANY, INC. <b>Number, street, and room or suite no. If a P.O. box, see instructions.</b> P.O. BOX 37 <b>City or town, state, and ZIP code</b> TOPOCK, AZ 86436	<b>B Employer identification number</b> 86-0364894 <b>C Date incorporated</b> 09/07/1978 <b>D Total assets (see instructions)</b> \$ 919,654.
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**E Check if:** (1)  Initial return (2)  Final return (3)  Name change (4)  Address change

<b>Income</b>	1	a Gross receipts or sales <b>510,256.</b>	b Less returns and allowances		c Bal ▶		1c	510,256.
	2	Cost of goods sold (Schedule A, line 8)					2	
	3	Gross profit. Subtract line 2 from line 1c					3	510,256.
	4	Dividends (Schedule C, line 19)					4	
	5	Interest					5	619.
	6	Gross rents					6	
	7	Gross royalties					7	
	8	Capital gain net income (attach Schedule D (Form 1120))					8	
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	<380.>
	10	Other income (attach schedule)					10	
	11	<b>Total income.</b> Add lines 3 through 10					11	510,495.
<b>Deductions</b>	12	Compensation of officers (Schedule E, line 4)					12	
	13	Salaries and wages (less employment credits)					13	157,094.
	14	Repairs and maintenance					14	40,437.
	15	Bad debts					15	
	16	Rents					16	4,400.
	17	Taxes and licenses	SEE STATEMENT 1				17	39,071.
	18	Interest					18	19,688.
	19	Charitable contributions					19	
	20a	Depreciation (attach Form 4562)	27,015.	20a			20c	27,015.
		b Less depreciation claimed on Schedule A and elsewhere on return		20b				
	21	Depletion					21	
	22	Advertising					22	
	23	Pension, profit-sharing, etc., plans					23	
	24	Employee benefit programs					24	
	25	Domestic production activities deduction (attach Form 8903)					25	
	26	Other deductions (attach schedule)	SEE STATEMENT 2				26	225,783.
	27	<b>Total deductions.</b> Add lines 12 through 26					27	513,488.
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	<2,993.>	
29	<b>Less: a Net operating loss deduction</b> STATEMENT 3		29a	0.		29c		
	b Special deductions (Schedule C, line 20)		29b					
30	<b>Taxable income.</b> Subtract line 29c from line 28 (see instructions if Schedule C, line 12, was completed)					30	<2,993.>	
31	<b>Total tax</b> (Schedule J, line 11)					31	0.	
<b>Tax and Payments</b>	32	<b>Payments:</b> a 2004 overpayment credited to 2005	32a					
		b 2005 estimated tax payments	32b					
		c Less 2005 refund applied for on Form 4466	32c					
		d Tax deposited with Form 7004	32d					
		e Credits: (1) Form 2439 (2) Form 4136	32e					
		f	32f					
		g	32g					
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached					33		
34	<b>Tax due.</b> If line 32g is smaller than the total of lines 31 and 33, enter amount owed					34	0.	
35	<b>Overpayment.</b> If line 32g is larger than the total of lines 31 and 33, enter amount overpaid					35		
36	Enter amount of line 35 you want: <b>Credited to 2006 estimated tax</b> Refunded					36		

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 taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below?  
 Yes  No

**Sign Here**

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

**Paid Preparer's Use Only**

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed  Preparer's SSN or PTIN P00018034  
 Firm's name (or yours if self-employed), address, and ZIP code ULLMANN & COMPANY, P.C.  
 2400 E. ARIZONA BILTMORE CIR, STE 1220  
 PHOENIX, AZ 85016  
 EIN 26 0015374  
 Phone no. (602) 224-0166



**Schedule J Tax Computation** (see instructions)

1 Check if the corporation is a member of a controlled group  **Important:** Members of a controlled group, see instructions.

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):  
 (1) \$ \_\_\_\_\_ (2) \$ \_\_\_\_\_ (3) \$ \_\_\_\_\_

b Enter the corporation's share of:  
 (1) Additional 5% tax (not more than \$11,750) \$ \_\_\_\_\_  
 (2) Additional 3% tax (not more than \$100,000) \$ \_\_\_\_\_

3 Income tax. Check if a qualified personal service corporation (see instructions)  **3** 0.

4 Alternative minimum tax (attach Form 4626) **4**

5 Add lines 3 and 4 **5** 0.

6a Foreign tax credit (attach Form 1118) **6a**

b Possessions tax credit (attach Form 5735) **6b**

c Credits from:  Form 8834  Form 8907, line 23 **6c**

d General business credit. Check box(es) and indicate which forms are attached:  
 Form 3800  Form(s) (specify) \_\_\_\_\_ **6d**

e Credit for prior year minimum tax (attach Form 8827) **6e**

f Bond credits from:  Form 8860  Form 8912 **6f**

7 **Total credits.** Add lines 6a through 6f **7**

8 Subtract line 7 from line 5 **8** 0.

9 Personal holding company tax (attach Schedule PH (Form 1120)) **9**

10 Other taxes. Check if from:  Form 4255  Form 8611  Form 8697  
 Form 8866  Form 8902  Other (attach schedule) **10**

11 **Total tax.** Add lines 8 through 10. Enter here and on page 1, line 31 **11** 0.

**Schedule K Other Information** (see instructions)

	Yes	No		Yes	No
1 Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____			7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If "Yes," enter: (a) Percentage owned _____ and (b) Owner's country _____		<input checked="" type="checkbox"/>
2 See the instructions and enter the: a Business activity code no. <b>221300</b> b Business activity <b>PUBLIC UTILITY</b> c Product or service <b>WATER</b>			c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		<input checked="" type="checkbox"/>	8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation _____		<input checked="" type="checkbox"/>	9 Enter the amount of tax-exempt interest received or accrued during the tax year \$ _____		
5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) <b>STATEMENT 4</b> If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned <b>100.00</b>	<input checked="" type="checkbox"/>		10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) <b>1</b>		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.		<input checked="" type="checkbox"/>	11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.		
			12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) \$ <b>32,082.</b>		
			13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. \$ _____		<input checked="" type="checkbox"/>

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		279,564.		55,986.
2a Trade notes and accounts receivable	32,607.		31,478.	
b Less allowance for bad debts	( )	32,607.	( )	31,478.
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (att. sch.) <b>STMT 5</b>		3,426.		15,707.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (att. sch.)				
10a Buildings and other depreciable assets	1,360,655.		1,407,959.	
b Less accumulated depreciation	( 959,598.)	401,057.	( 1,010,408.)	397,551.
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)		32,585.		32,585.
13a Intangible assets (amortizable only)				
b Less accumulated amortization	( )		( )	
14 Other assets (att. sch.) <b>STMT 6</b>		175,827.		386,347.
15 Total assets		925,066.		919,654.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable		4,576.		8,158.
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (att. sch.) <b>STMT 7</b>		58,026.		64,136.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		248,194.		206,490.
21 Other liabilities (att. sch.) <b>STMT 8</b>		99,722.		164,120.
22 Capital stock: a Preferred stock				
b Common stock	20,000.	20,000.	20,000.	20,000.
23 Additional paid-in capital		25.		25.
24 Retained earnings - Appropriated (attach schedule)				
25 Retained earnings - Unappropriated		494,523.		456,725.
26 Adjustments to shareholders' equity (attach schedule)				
27 Less cost of treasury stock		( )		( )
28 Total liabilities and shareholders' equity		925,066.		919,654.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)	
1 Net income (loss) per books	<37,798.>
2 Federal income tax per books	
3 Excess of capital losses over capital gains	
4 Income subject to tax not recorded on books this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):	
a Depreciation \$ 67,456.	
b Charitable contributions \$	
c Travel and entertainment \$ 716.	
<b>STMT 9</b>	3,960.
6 Add lines 1 through 5	72,132.
7 Income recorded on books this year not included on this return (itemize):	
Tax-exempt interest \$	
<b>STMT 10</b>	9,932.
8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$ 27,015.	
b Charitable contributions \$	
<b>STMT 11</b>	380.
9 Add lines 7 and 8	27,395.
10 Income (page 1, line 28) - line 6 less line 9	37,327.
	<2,993.>

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)	
1 Balance at beginning of year	494,523.
2 Net income (loss) per books	<37,798.>
3 Other increases (itemize):	
4 Add lines 1, 2, and 3	456,725.
5 Distributions: a Cash	
b Stock	
c Property	
6 Other decreases (itemize):	
7 Add lines 5 and 6	
8 Balance at end of year (line 4 less line 7)	456,725.

**Alternative Minimum Tax - Corporations**

**2005**

▶ See separate instructions.  
 ▶ Attach to the corporation's tax return.

Name <b>GOLDEN SHORES WATER COMPANY, INC.</b>		Employer identification number <b>86-0364894</b>
<p><b>Note:</b> See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).</p>		
1	Taxable income or (loss) before net operating loss deduction	<b>1</b> <b>&lt;2,993.&gt;</b>
2	<b>Adjustments and preferences:</b>	
a	Depreciation of post-1986 property	<b>2a</b> <b>1,695.</b>
b	Amortization of certified pollution control facilities	<b>2b</b>
c	Amortization of mining exploration and development costs	<b>2c</b>
d	Amortization of circulation expenditures (personal holding companies only)	<b>2d</b>
e	Adjusted gain or loss	<b>2e</b> <b>&lt;1,722.&gt;</b>
f	Long-term contracts	<b>2f</b>
g	Merchant marine capital construction funds	<b>2g</b>
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	<b>2h</b>
i	Tax shelter farm activities (personal service corporations only)	<b>2i</b>
j	Passive activities (closely held corporations and personal service corporations only)	<b>2j</b>
k	Loss limitations	<b>2k</b>
l	Depletion	<b>2l</b>
m	Tax-exempt interest income from specified private activity bonds	<b>2m</b>
n	Intangible drilling costs	<b>2n</b>
o	Other adjustments and preferences	<b>2o</b>
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o	<b>3</b> <b>&lt;3,020.&gt;</b>
4	<b>Adjusted current earnings (ACE) adjustment:</b>	
a	ACE from line 10 of the ACE worksheet in the instructions	<b>4a</b> <b>&lt;11,763.&gt;</b>
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	<b>4b</b> <b>&lt;8,743.&gt;</b>
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	<b>4c</b> <b>6,557.</b>
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). <b>Note:</b> You <b>must</b> enter an amount on line 4d (even if line 4b is positive)	<b>4d</b> <b>28,051.</b>
e	ACE adjustment. <ul style="list-style-type: none"> <li>If line 4b is zero or more, enter the amount from line 4c</li> <li>If line 4b is less than zero, enter the <b>smaller</b> of line 4c or line 4d as a negative amount</li> </ul>	<b>4e</b> <b>&lt;6,557.&gt;</b>
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT	<b>5</b> <b>&lt;9,577.&gt;</b>
6	Alternative tax net operating loss deduction (see instructions) <b>STATEMENT 12</b>	<b>6</b>
7	<b>Alternative minimum taxable income.</b> Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions	<b>7</b>
8	<b>Exemption phase-out</b> (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):	
a	Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	<b>8a</b>
b	Multiply line 8a by 25% (.25)	<b>8b</b>
c	Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	<b>8c</b>
9	Subtract line 8c from line 7. If zero or less, enter -0-	<b>9</b>
10	Multiply line 9 by 20% (.20)	<b>10</b>
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)	<b>11</b>
12	Tentative minimum tax. Subtract line 11 from line 10	<b>12</b>
13	Regular tax liability before applying all credits except the foreign tax credit and possessions tax credit	<b>13</b>
14	<b>Alternative minimum tax.</b> Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 4, or the appropriate line of the corporation's income tax return	<b>14</b>

**Adjusted Current Earnings (ACE) Worksheet**

▶ See ACE Worksheet Instructions.

1 Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626		1	<3,020.>
2 ACE depreciation adjustment:			
a AMT depreciation	2a	25,320.	
b ACE depreciation:			
(1) Post-1993 property	2b(1)	18,867.	
(2) Post-1989, pre-1994 property	2b(2)	6,070.	
(3) Pre-1990 MACRS property	2b(3)	1,145.	
(4) Pre-1990 original ACRS property	2b(4)		
(5) Property described in sections 168(f)(1) through (4)	2b(5)		
(6) Other property	2b(6)		
(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)	2b(7)	26,082.	
c ACE depreciation adjustment. Subtract line 2b(7) from line 2a		2c	<762.>
3 Inclusion in ACE of items included in earnings and profits (E&P):			
a Tax-exempt interest income	3a		
b Death benefits from life insurance contracts	3b		
c All other distributions from life insurance contracts (including surrenders)	3c		
d Inside buildup of undistributed income in life insurance contracts	3d		
e Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)	3e		
f Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e		3f	
4 Disallowance of items not deductible from E&P:			
a Certain dividends received	4a		
b Dividends paid on certain preferred stock of public utilities that are deductible under section 247	4b		
c Dividends paid to an ESOP that are deductible under section 404(k)	4c		
d Nonpatronage dividends that are paid and deductible under section 1382(c)	4d		
e Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)	4e		
f Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e		4f	
5 Other adjustments based on rules for figuring E&P:			
a Intangible drilling costs	5a		
b Circulation expenditures	5b		
c Organizational expenditures	5c		
d LIFO inventory adjustments	5d		
e Installment sales	5e		
f Total other E&P adjustments. Combine lines 5a through 5e		5f	
6 Disallowance of loss on exchange of debt pools		6	
7 Acquisition expenses of life insurance companies for qualified foreign contracts		7	
8 Depletion		8	
9 Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property		9	<7,981.>
10 Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626		10	<11,763.>

**Depreciation and Amortization**  
 (Including Information on Listed Property) **OTHER**

**2005**

Attachment  
 Sequence No. 67

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return: **GOLDEN SHORES WATER COMPANY, INC.**  
 Business or activity to which this form relates: **OTHER DEPRECIATION**  
 Identifying number: **86-0364894**

**Part I Election To Expense Certain Property Under Section 179** Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	105,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	420,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	24,387.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

**Section B - Assets Placed in Service During 2005 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property	784.	5 YRS.	HY	200DB	157.
c	7-year property	556.	7 YRS.	HY	200DB	80.
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property	30,803.	25 yrs.	HY	S/L	616.
h	Residential rental property	/	27.5 yrs.	MM	S/L	
		/	27.5 yrs.	MM	S/L	
i	Nonresidential real property	/	39 yrs.	MM	S/L	
		/		MM	S/L	

**Section C - Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System**

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year	/	40 yrs.	MM	S/L	

**Part IV Summary (see instructions)**

21	Listed property. Enter amount from line 28	21	1,775.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	27,015.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)  
**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

24a Do you have evidence to support the business/investment use claimed?  Yes  No 24b If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use:								
		%						
SEE STATEMENT 13		%					1,775.	
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	1,775.
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No										
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? <b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2005 tax year:					
43 Amortization of costs that began before your 2005 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec.	Life or rate	Line No.					
	OFFICE EQUIPMENT								
16	01,01,88	200DB	5.00	17		318.		294.	0.
93	01,01,87	SL	5.00	17		667.		667.	0.
94	01,01,87	200DB	5.00	17		1,883.		1,883.	0.
95	01,01,87	SL	10.00	17		1,960.		1,960.	0.
96	01,01,90	200DB	5.00	17		6,801.		6,547.	0.
97	06,30,91	150DB	20.00	17		2,295.		2,295.	0.
98	06,30,92	150DB	20.00	17		2,316.		1,540.	103.
99	06,30,92	200DB	5.00	17		135.		135.	0.
100	06,30,93	200DB	5.00	17		1,886.		1,886.	0.
101	06,30,94	200DB	5.00	17		535.		535.	0.
102	06,30,95	200DB	5.00	17		1,750.		1,750.	0.
103	06,30,96	200DB	5.00	17		4,569.		4,569.	0.
104	07,01,97	200DB	5.00	17		2,293.		2,293.	0.
105	07,01,98	200DB	5.00	17		2,894.		2,894.	0.
136	07,01,99	200DB	5.00	17		1,692.		1,692.	0.
144	07,01,00	200DB	5.00	17		1,589.		1,497.	92.
149	07,01,01	200DB	5.00	17		1,815.	1,815.		0.
157	07,01,02	200DB	5.00	17		1,340.	402.	668.	108.
158	07,01,02	200DB	5.00	17		2,183.	655.	1,088.	176.
161	07,01,03	200DB	5.00	17		1,377.	689.	358.	132.
165	07,01,04	200DB	5.00	17		1,078.	539.	108.	172.
169	07,01,05	200DB	5.00	19B		290.			58.
171	07,01,05	200DB	5.00	19B		494.			99.
	* OTHER TOTAL - OFFICE EQUIPMENT					42,160.	4,100.	34,659.	940.
	TRANSPORTATION								
17	06,30,90	200DB	5.00	21		13,000.		13,000.	0.

516261  
05-01-05

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec.	Life or rate	Line No.					
18	TRANSPORTATION EQUIPMENT								
	010192	200DB	5.00	21		6,335.		6,335.	0.
19	VEHICLES-1994								
	063094	200DB	5.00	21		3,465.		3,465.	0.
20	VEHICLES-1995								
	063095	200DB	5.00	21		5,400.		5,400.	0.
21	TRANSPORTATION EQUIPMENT								
	070197	200DB	5.00	21		4,263.		4,263.	0.
145	VEHICLES								
	070100	200DB	5.00	21		20,899.		14,460.	1,775.
166	VEHICLES								
	070104	200DB	5.00	17		8,356.	4,178.	836.	1,337.
	* OTHER TOTAL - TRANSPORTATION								
						61,718.	4,178.	47,759.	3,112.
	TOOLS & EQUIPMENT								
22	LINE LOCATOR								
	010182	SL	5.00	16		995.		995.	0.
23	UTILITY TRAILOR								
	010182	SL	5.00	16		1,021.		1,021.	0.
24	1985 HONDA 4 WHL								
	010184	SL	5.00	16		1,351.		1,351.	0.
25	VARIOUS								
	010184	SL	5.00	16		102.		102.	0.
26	HONDA 4 WHL								
	010185	SL	5.00	16		1,200.		1,200.	0.
27	CB RADIO								
	010186	SL	5.00	16		160.		160.	0.
28	VARIOUS								
	010186	SL	5.00	16		1,272.		1,272.	0.
29	VARIOUS								
	010186	SL	5.00	16		412.		412.	0.
30	VARIOUS								
	010186	SL	5.00	16		226.		226.	0.
31	3 WHEELER								
	010187	SL	5.00	17		950.		950.	0.
32	VARIOUS								
	010187	SL	5.00	17		284.		284.	0.
33	GENERAL EQUIPMENT								
	010188	200DB	5.00	17		1,383.		1,383.	0.
34	GENERAL PLANT								
	010188	150DB	20.00	17		3,356.		2,811.	156.
35	TOOLS & EQUIPMENT								
	010191	200DB	5.00	17		1,228.		1,213.	0.
36	TOOLS & EQUIPMENT								
	063092	200DB	5.00	17		859.		859.	0.
37	TOOLS & EQUIP-1992 VINTAGE								
	063092	200DB	5.00	17		21.		21.	0.
38	TOOLS & EQUIPMENT								
	063093	150DB	20.00	17		413.		256.	18.
39	MISC EQUIPMENT								
	063093	150DB	20.00	17		49.		29.	2.
40	TOOLS & EQUIPMENT-1994								
	063094	150DB	20.00	17		1,577.		1,577.	0.

516261  
05-01-05

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec.	Life or rate	Line No.					
41	MISC EQUIPMENT-1995								
	063095	150DB	20.00	17		1,342.		1,342.	0.
42	TOOLS & EQUIPMENT								
	070197	SL	25.00	17		31,244.		9,375.	1,250.
43	TOOLS & EQUIPMENT								
	070198	SL	25.00	17		15,000.		6,517.	600.
137	TOOLS & EQUIPMENT								
	070199	200DB	7.00	17		1,275.		1,104.	114.
146	TOOLS & EQUIPMENT								
	070100	200DB	7.00	17		791.		615.	70.
150	TOOLS & EQUIPMENT								
	070101	200DB	7.00	17		300.	300.		0.
162	TOOLS & EQUIPMENT								
	070103	200DB	7.00	17		1,795.	898.	348.	157.
167	TOOLS & EQUIPMENT								
	070104	200DB	7.00	17		1,083.	542.	78.	132.
170	TOOLS & EQUIPMENT								
	070105	200DB	7.00	19C		556.			80.
	* OTHER TOTAL - TOOLS & EQUIPMENT								
						70,245.	1,740.	35,501.	2,579.
	GENERAL PLANT								
44	GENERAL PLANT								
	010189	150DB	20.00	17		4,445.		3,191.	279.
45	GENERAL EQUIPMENT								
	063091	150DB	20.00	17		75.		75.	0.
46	MISCELLANEOUS EQUIP-1992 VINTAGE								
	063092	150DB	20.00	17		680.		451.	31.
47	CAPITALIZED REPAIRS & MAINTENANCE								
	063093	150DB	20.00	17		36,051.		26,171.	1,162.
48	CAPITALIZED R&M - 1995								
	063095	150DB	20.00	17		16,274.		11,636.	442.
163	CAPITALIZED REPAIRS & MAINTENANCE								
	070103	SL	25.00	17		27,929.	13,965.	839.	559.
	* OTHER TOTAL - GENERAL PLANT								
						85,454.	13,965.	42,363.	2,473.
	HYDRANTS								
49	HYDRANTS								
	063093	150DB	20.00	17		326.		203.	14.
50	HYDRANTS-1996								
	063096	200DB	5.00	17		219.		219.	0.
	* OTHER TOTAL - HYDRANTS								
						545.	0.	422.	14.
	LAND								
51	LAND								
	010187	L				14,100.			0.
52	LAND FOR FUTURE USE								
	070197	L				1,000.			0.
	* OTHER TOTAL - LAND								
						15,100.	0.	0.	0.
	T&D MAINS								

516261  
05-01-05

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property							
	Date placed in service	Method/IRC sec.	Life or rate	Line No.	Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
53	PIPELINES							
	01,0180	SL	15.00	16	8,365.		8,365.	0.
54	PIPELINE							
	01,0181	SL	15.00	16	6,629.		6,629.	0.
55	PIPELINE							
	01,0182	SL	15.00	16	13,160.		13,160.	0.
56	PIPELINES							
	01,0183	SL	15.00	16	2,539.		2,539.	0.
57	PIPELINES							
	01,0184	SL	15.00	16	4,345.		4,199.	0.
58	PIPELINE							
	01,0185	SL	15.00	16	5,776.		5,628.	0.
59	PIPELINES							
	01,0186	SL	15.00	16	1,610.		1,556.	0.
60	MAINS							
	01,0187	SL	15.00	17	508.		508.	0.
61	MAINS & METERS							
	01,0187	SL	15.00	17	4,040.		1,719.	0.
62	MAINS & METERS							
	01,0187	SL	15.00	17	802.		802.	0.
63	MAINS							
	01,0190	150DB	20.00	17	44,605.		33,601.	2,001.
64	MAINS							
	06,3091	150DB	20.00	17	1,996.		1,996.	0.
65	MAINS-1992 VINTAGE							
	06,3092	150DB	20.00	17	1,273.		849.	57.
66	HYDRANTS-1992 VINTAGE							
	06,3092	150DB	20.00	17	1,427.		951.	63.
67	MAINS(LINE EXT)-1992 VINTAGE							
	06,3092	150DB	20.00	17	15,989.		10,638.	713.
68	MAINS(LEGAL EXPENSE)-1992 VINTAGE							
	06,3092	150DB	20.00	17	181.		120.	8.
133	MAINS							
	07,0199	SL	25.00	17	6,683.		1,469.	267.
151	MAINS							
	07,0100	SL	25.00	17	349.			14.
153	MAINS							
	07,0101	SL	25.00	17	1,356.	1,356.		0.
	* OTHER TOTAL - T&D MAINS							
					121,633.	1,356.	94,729.	3,123.
	WATER METERS							
69	METERS							
	01,0180	SL	15.00	16	1,090.		1,017.	0.
70	METERS							
	01,0181	SL	15.00	16	6,126.		6,126.	0.
71	METERS							
	01,0182	SL	15.00	16	4,515.		4,515.	0.
72	METERS							
	01,0183	SL	15.00	16	6,452.		6,452.	0.
73	METERS							
	01,0184	SL	15.00	16	6,890.		6,661.	0.
74	METERS							
	01,0185	SL	15.00	16	7,490.		7,370.	0.

516261  
05-01-05

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property							
	Date placed in service	Method/ IRC sec.	Life or rate	Line No.	Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
75	METERS							
	01,0186	SL	15.00	16	7,830.		7,713.	0.
76	METERS							
	01,0187	SL	15.00	16	4,694.		4,538.	0.
77	METERS							
	01,0187	SL	15.00	16	2,207.		2,133.	0.
78	METERS							
	01,0188	150DB	20.00	17	5,207.		4,176.	295.
79	METERS							
	01,0189	200DB	5.00	17	5,964.		5,964.	0.
80	METERS							
	01,0190	150DB	20.00	17	11,921.		8,981.	535.
81	METERS							
	063091	150DB	20.00	17	4,809.		4,809.	0.
82	METERS-1992 VINTAGE							
	063092	150DB	20.00	17	1,749.		1,163.	78.
83	SERVICES-1992 VINTAGE							
	063092	150DB	20.00	17	1,237.		822.	55.
84	METERS-1992 VINTAGE							
	063092	150DB	20.00	17	4,678.		3,114.	209.
85	METERS-1992 VINTAGE							
	063092	150DB	20.00	17	791.		525.	35.
86	METERS							
	063093	150DB	20.00	17	4,394.		2,728.	196.
87	METERS							
	063093	150DB	20.00	17	2,219.		1,377.	99.
88	METERS-1994							
	063094	150DB	20.00	17	2,449.		2,449.	0.
89	METERS-1995							
	063095	150DB	20.00	17	1,276.		1,070.	20.
90	METERS-1996							
	063096	150DB	20.00	17	1,404.		684.	63.
91	METERS							
	07,0197	SL	25.00	17	1,174.		352.	47.
92	METERS							
	07,0198	SL	25.00	17	850.		221.	34.
135	METERS							
	07,0199	SL	25.00	17	1,214.		270.	49.
143	METERS							
	07,0100	SL	25.00	17	729.		131.	29.
148	METERS							
	07,0101	SL	25.00	17	882.	882.		0.
152	METERS							
	07,0100	SL	25.00	17	430.			17.
154	METERS							
	07,0101	SL	25.00	17	2,430.	2,430.		0.
155	METERS							
	07,0102	SL	25.00	17	4,150.	1,245.	290.	116.
160	METERS							
	07,0103	SL	25.00	17	6,156.	3,078.	185.	123.
164	METERS							
	07,0104	SL	25.00	17	29,549.	14,775.	296.	591.
168	METERS							
	07,0105	SL	25.00	19G	30,803.			616.

516261  
05-01-05

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property							
	Date placed in service	Method/IRC sec.	Life or rate	Line No.	Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	<b>* OTHER TOTAL - WATER METERS</b>							
					173,759.	22,410.	86,132.	3,207.
	<b>POWER OPERATED EQUIPMENT</b>							
106	<b>DITCH WITCH</b>							
	01/01/79	SL	7.00	16	4,900.		4,900.	0.
107	<b>(D) DITCH WITCH</b>							
	01/01/90	150DB	20.00	17	12,840.		9,672.	288.
108	<b>POWER OPERATED EQUIPMENT</b>							
	06/30/93	150DB	20.00	17	417.		260.	18.
109	<b>POWER OPERATED EQUIPMENT-1994</b>							
	06/30/94	150DB	20.00	17	674.		674.	0.
	<b>* OTHER TOTAL - POWER OPERATED EQUIPMENT</b>							
					18,831.	0.	15,506.	306.
	<b>PUMPING EQUIPMENT</b>							
110	<b>PUMP</b>							
	01/01/82	SL	5.00	16	4,741.		4,741.	0.
111	<b>PUMP COMPRESSOR</b>							
	01/01/86	SL	5.00	16	1,477.		1,477.	0.
112	<b>WELLS &amp; SPRINGS-1992 VINTAGE</b>							
	06/30/92	150DB	20.00	17	521.		346.	23.
139	<b>ELECTRIC PUMPING EQUIPMENT</b>							
	07/01/99	SL	25.00	17	47,649.	19,000.	6,303.	1,146.
	<b>* OTHER TOTAL - PUMPING EQUIPMENT</b>							
					54,388.	19,000.	12,867.	1,169.
	<b>RESEVOIR</b>							
113	<b>PRESSURE TANK</b>							
	01/01/82	SL	5.00	16	130.		130.	0.
114	<b>TANK</b>							
	01/01/84	SL	15.00	16	36,665.		31,473.	0.
115	<b>WATER STORAGE TANK</b>							
	01/01/87	SL	15.00	17	351.		351.	0.
116	<b>RESERVOIRS-1992 VINTAGE</b>							
	06/30/92	150DB	20.00	17	60.		41.	3.
140	<b>DISTRIBUTION RESERVOIRS</b>							
	07/01/99	SL	25.00	17	2,999.		660.	120.
	<b>* OTHER TOTAL - RESEVOIR</b>							
					40,205.	0.	32,655.	123.
	<b>SERVICES</b>							
117	<b>SERVICES</b>							
	06/30/93	150DB	20.00	17	1,894.		1,176.	84.
118	<b>SERVICES-1994</b>							
	06/30/94	150DB	20.00	17	4,395.		4,395.	0.
119	<b>SERVICES-1995</b>							
	06/30/95	150DB	20.00	17	1,785.		1,785.	0.
120	<b>SERVICES-1996</b>							
	06/30/96	150DB	20.00	17	1.			0.
134	<b>SERVICES</b>							
	07/01/99	SL	25.00	17	11,487.		2,525.	459.
142	<b>SERVICES</b>							
	07/01/00	SL	25.00	17	228.		41.	9.

516261  
05-01-05

# - Current year section 179 (D) - Asset disposed

Depreciation and Amortization Detail OTHER DEPRECIATION

OTHER

Asset Number	Description of property							
	Date placed in service	Method/ IRC sec.	Life or rate	Line No.	Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
147	SERVICES							
	070101	SL	25.00	17	159.	159.		0.
159	SERVICES							
	070103	SL	25.00	17	1,860.	930.	56.	37.
	* OTHER TOTAL - SERVICES							
					21,809.	1,089.	9,978.	589.
	STRUCTURE							
121	STRUCTURES & IMPROVEMENTS							
	100188	SL	31.50	17	5,361.		3,134.	170.
122	STRUCTURES & IMPROVEMENTS							
	100189	SL	31.50	17	4,343.		2,121.	138.
123	BUILDING IMPROVEMENTS							
	010189	200DB	5.00	17	450.		450.	0.
124	STRUCTURES & IMPROVEMENTS							
	030190	SL	31.50	17	799.		373.	25.
125	STRUCTURES & IMPROVEMENTS							
	110292	SL	31.50	17	363.		143.	12.
126	STRUCTURES & IMPROVEMENTS							
	070197	SL	25.00	17	36,018.		27,727.	1,441.
127	STRUCTURES & IMPROVEMENTS							
	070198	SL	25.00	17	15,829.		15,829.	0.
	* OTHER TOTAL - STRUCTURE							
					63,163.	0.	49,777.	1,786.
	TANKS							
128	TANKS-1995							
	063095	150DB	20.00	17	50,293.		26,733.	2,244.
138	TANKS							
	070199	SL	25.00	17	30,835.		6,782.	1,233.
	* OTHER TOTAL - TANKS							
					81,128.	0.	33,515.	3,477.
	WELLS							
129	WELLS, PUMPS ETC.							
	010179	SL	15.00	16	75,703.		75,703.	0.
130	WELLS IMPROVEMENT							
	010187	SL	15.00	17	294.		294.	0.
131	WELLS							
	010189	150DB	20.00	17	210.		167.	10.
132	WELLS & SPRINGS-1992 VINTAGE							
	063092	150DB	20.00	17	2,197.		1,461.	98.
141	WELLS							
	070100	SL	25.00	17	120,235.	20,000.	18,041.	4,009.
	* OTHER TOTAL - WELLS							
					198,639.	20,000.	95,666.	4,117.
	* GRAND TOTAL OTHER DEPRECIATION							
					1,048,777.	87,838.	591,529.	27,015.

516261  
05-01-05

# - Current year section 179 (D) - Asset disposed

Form **4797**

Department of the Treasury  
Internal Revenue Service (99)

**Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))  
▶ Attach to your tax return.

OMB No. 1545-0184

**2005**

Attachment  
Sequence No. **27**

Name(s) shown on return

Identifying number

**GOLDEN SHORES WATER COMPANY, INC.**

**86-0364894**

1 Enter the gross proceeds from sales or exchanges reported to you for 2005 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2 DITCH WITCH	010190	093005	1,500.	9,960.	12,840.	<1,380.>

3 Gain, if any, from Form 4684, line 42	3
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5
6 Gain, if any, from line 32, from other than casualty or theft	6
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: <b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. <b>Individuals, partners, S corporation shareholders, and all others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.	7 <1,380.>
8 Nonrecaptured net section 1231 losses from prior years (see instructions)	8
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9

**Part II Ordinary Gains and Losses**

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


11 Loss, if any, from line 7	11 ( 1,380.)
12 Gain, if any, from line 7 or amount from line 8, if applicable	12
13 Gain, if any, from line 31	13 1,000.
14 Net gain or (loss) from Form 4684, lines 34 and 41a	14
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824	16
17 Combine lines 10 through 16	17 <380.>
18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: <b>a</b> If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions	18a
<b>b</b> Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b

JWA For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2005)

518001  
11-14-05

**Part III** Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A 1990 FORD PICKUP	063090	083105
B		
C		
D		

These columns relate to the properties on lines 19A through 19D.		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	1,000.			
21	Cost or other basis plus expense of sale	13,000.			
22	Depreciation (or depletion) allowed or allowable	13,000.			
23	Adjusted basis. Subtract line 22 from line 21	0.			
24	Total gain. Subtract line 23 from line 20	1,000.			
25	<b>If section 1245 property:</b>				
a	Depreciation allowed or allowable from line 22	13,000.			
b	Enter the smaller of line 24 or 25a	1,000.			
26	<b>If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975				
b	Applicable percentage multiplied by the smaller of line 24 or line 26a				
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e				
d	Additional depreciation after 1969 and before 1976				
e	Enter the smaller of line 26c or 26d				
f	Section 291 amount (corporations only)				
g	Add lines 26b, 26e, and 26f				
27	<b>If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses				
b	Line 27a multiplied by applicable percentage				
c	Enter the smaller of line 24 or 27b				
28	<b>If section 1254 property:</b>				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs				
b	Enter the smaller of line 24 or 28a				
29	<b>If section 1255 property:</b>				
a	Applicable percentage of payments excluded from income under section 126				
b	Enter the smaller of line 24 or 29a				

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	1,000.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	1,000.
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 36. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

**Part IV** Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions.)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	
34	Recomputed depreciation (see instructions)	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	

ALTERNATIVE MINIMUM TAX

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

Attach to your tax return.

OMB No. 1545-0184

2005

Attachment Sequence No. 27

Form 4797

Department of the Treasury Internal Revenue Service (99)

Name(s) shown on return: **GOLDEN SHORES WATER COMPANY, INC.** Identifying number: **86-0364894**

1 Enter the gross proceeds from sales or exchanges reported to you for 2005 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) **1**

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2 DITCH WITCH	010190	093005	1,500.	8,238.	12,840.	<3,102.>

3 Gain, if any, from Form 4684, line 42 **3**

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 **4**

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 **5**

6 Gain, if any, from line 32, from other than casualty or theft **6**

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: **7 <3,102.>**

**Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions) **8**

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) **9**

**Part II Ordinary Gains and Losses**

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


11 Loss, if any, from line 7 **11 ( 3,102.)**

12 Gain, if any, from line 7 or amount from line 8, if applicable **12**

13 Gain, if any, from line 31 **13 1,000.**

14 Net gain or (loss) from Form 4684, lines 34 and 41a **14**

15 Ordinary gain from installment sales from Form 6252, line 25 or 36 **15**

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 **16**

17 Combine lines 10 through 16 **17 <2,102.>**

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions **18a**

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 **18b**

**Part III** Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A 1990 FORD PICKUP	063090	083105
B		
C		
D		

These columns relate to the properties on lines 19A through 19D.		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20 1,000.			
21	Cost or other basis plus expense of sale	21 13,000.			
22	Depreciation (or depletion) allowed or allowable	22 13,000.			
23	Adjusted basis. Subtract line 22 from line 21	23 0.			
24	Total gain. Subtract line 23 from line 20	24 1,000.			
25	<b>If section 1245 property:</b>				
a	Depreciation allowed or allowable from line 22	25a 13,000.			
b	Enter the smaller of line 24 or 25a	25b 1,000.			
26	<b>If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 and before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g			
27	<b>If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage	27b			
c	Enter the smaller of line 24 or 27b	27c			
28	<b>If section 1254 property:</b>				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs	28a			
b	Enter the smaller of line 24 or 28a	28b			
29	<b>If section 1255 property:</b>				
a	Applicable percentage of payments excluded from income under section 126	29a			
b	Enter the smaller of line 24 or 29a	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30 1,000.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31 1,000.
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 36. Enter the portion from other than casualty or theft on Form 4797, line 6	32

**Part IV** Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions.)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33
34	Recomputed depreciation (see instructions)	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35

FORM 1120	TAXES AND LICENSES	STATEMENT	1
DESCRIPTION		AMOUNT	
TAXES OTHER THAN INCOME		39,026.	
ARIZONA TAXES - BASED ON INCOME		45.	
TOTAL TO FORM 1120, LINE 17		39,071.	

FORM 1120	OTHER DEDUCTIONS	STATEMENT	2
DESCRIPTION		AMOUNT	
PUMPING POWER		41,455.	
WATER ANALYSIS		8,566.	
OFFICE SUPPLIES & EXPENSE		7,210.	
OUTSIDE SERVICES		96,729.	
TRANSPORTATION EXPENSES		11,019.	
INSURANCE		46,839.	
GENERAL OPERATING		13,248.	
MEALS AND ENTERTAINMENT		717.	
TOTAL TO FORM 1120, LINE 26		225,783.	

NET OPERATING LOSS DEDUCTION		STATEMENT	3
------------------------------	--	-----------	---

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/02	4,298.	4,298.	0.
12/31/03	39,017.	25,259.	13,758.
12/31/04	18,324.		18,324.
NOL CARRYOVER AVAILABLE THIS YEAR			32,082.

OTHER INFORMATION 50% OR MORE OF VOTING STOCKS OWNED BY STATEMENT 4

(A) NAME LINDA BOYER  
 ADDRESS P.O. BOX 697 TOPOCK, AZ 86436  
 IDENTIFYING NUMBER 569-48-9611  
 (B) PERCENT OF STOCK 100.00%

SCHEDULE L OTHER CURRENT ASSETS STATEMENT 5

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
MATERIALS AND SUPPLIES	3,426.	15,707.
TOTAL TO SCHEDULE L, LINE 6	3,426.	15,707.

SCHEDULE L OTHER ASSETS STATEMENT 6

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
CONSTRUCTION WORK IN PROGRESS	146,412.	347,475.
DEFERRED TAXES	26,069.	36,001.
DEFERRED LOAN FEES	3,346.	2,871.
TOTAL TO SCHEDULE L, LINE 14	175,827.	386,347.

SCHEDULE L OTHER CURRENT LIABILITIES STATEMENT 7

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
ACCRUED OTHER TAXES	13,655.	16,998.
ACCRUED PROPERTY TAXES	12,580.	12,439.
CURRENT PORTION OF L/T DEBT	31,791.	34,699.
TOTAL TO SCHEDULE L, LINE 18	58,026.	64,136.

SCHEDULE L	OTHER LIABILITIES	STATEMENT	8
DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR	
CUSTOMER DEPOSITS	55,965.	82,097.	
CONTRIBUTIONS IN AID OF CONSTRUCTION	43,757.	41,023.	
ADVANCES IN AID OF CONSTRUCTION	0.	41,000.	
TOTAL TO SCHEDULE L, LINE 21	99,722.	164,120.	

SCHEDULE M-1	OTHER EXPENSES RECORDED ON BOOKS NOT DEDUCTED IN THIS RETURN	STATEMENT	9
DESCRIPTION		AMOUNT	
LOSS ON SALE OF ASSETS		3,960.	
TOTAL TO SCHEDULE M-1, LINE 5		3,960.	

SCHEDULE M-1	OTHER INCOME RECORDED ON BOOKS NOT INCLUDED IN THIS RETURN	STATEMENT	10
DESCRIPTION		AMOUNT	
DEFERRED INCOME TAXES		9,932.	
TOTAL TO SCHEDULE M-1, LINE 7		9,932.	

SCHEDULE M-1	OTHER DEDUCTIONS IN THIS RETURN NOT CHARGED AGAINST BOOK INCOME	STATEMENT	11
DESCRIPTION		AMOUNT	
LOSS ON SALE OF ASSETS		380.	
TOTAL TO SCHEDULE M-1, LINE 8		380.	

FORM 4626 ALTERNATIVE MINIMUM TAX NOL DEDUCTION STATEMENT 12

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/02	3,460.		3,460.
12/31/03	38,286.		38,286.
12/31/04	17,310.		17,310.
AMT NOL CARRYOVER AVAILABLE THIS YEAR			59,056.

FORM 4562, PART V LISTED PROPERTY INFORMATION-MORE THAN 50% STATEMENT 13

(A) DESCRIPTION	(B) DATE	(C) BUS. %	(D) COST	(E) BASIS	(F) LIFE	(G) MTH/CV	(H) DEDUCTION	(I) 179 ELECTED
(J) AUTO NO	(K) TOTAL MILES	(L) BUSINESS MILES	(M) COMMUTING MILES	(N) PERSONAL MILES	(O) WAS VEH. AVAIL.? Y N	(P) > 5% OWNER? Y N	(Q) ANOTHER VEH. AVAILABLE? Y N	
1990 FORD PICKUP	06/30/90	100.00	13,000.	13,000.	5.00	200DB-HY		
TRANSPORTAT ON EQUIPMENT	01/01/92	100.00	6,335.	6,335.	5.00	200DB-HY		
VEHICLES-19 4	06/30/94	100.00	3,465.	3,465.	5.00	200DB-HY		
VEHICLES-19 5	06/30/95	100.00	5,400.	5,400.	5.00	200DB-HY		
TRANSPORTAT ON EQUIPMENT	07/01/97	100.00	4,263.	4,263.	5.00	200DB-HY		
VEHICLES	07/01/00	100.00	20,899.	20,899.	5.00	200DB-HY	1,775.	
TOTAL TO FORM 4562, PART V, LINE 26							1,775.	

For taxable year beginning 01/01/2005, and ending 12/31/2005

Mail to: Arizona Department of Revenue, PO Box 29079, Phoenix AZ 85038-9079

CHECK ONE  
Calendar year  Fiscal year

Business telephone number	Type or Print	Name <b>GOLDEN SHORES WATER COMPANY, INC.</b>	Employer identification number (EIN) <b>86-0364894</b>
		Number and street or PO Box <b>P.O. BOX 37</b>	AZ transaction privilege tax number
		City, or town, state, and ZIP code <b>TOPOCK, AZ 86436</b>	

**68** Check box if:  This is a first return  Name change  Address change

**A** Is FEDERAL return filed on a consolidated basis?  Yes  No  
If yes, list EIN of common parent from consolidated return \_\_\_\_\_

**B ARIZONA filing method:** (Check only one) See instruction pages 1-2  
 1  Separate company    2  Combined (unitary group)    3  Consolidated

**C** If ARIZONA filing method is combined or consolidated, see Form 51 instructions  
Are there any additions or deletions on Form 51?  Yes  No

**D** Is this the corporation's final ARIZONA return?  Yes  No  
If yes, check one: Dissolved  Withdrawn  Merged/Reorganized

List EIN of the successor corporation, if any \_\_\_\_\_

**82** CHECK BOX IF:  
Federal extension used to file return. 82 F

FOR DOR USE ONLY

**81** **66**

1 Taxable income - per attached federal return	1	<2,993>	00
2 Additions to taxable income - from page 2, Schedule A, line A13	2	27,060	00
3 Total taxable income - add lines 1 and 2	3	24,067	00
4 Subtractions from taxable income - from page 2, Schedule B, line B13	4	30,428	00
5 Adjusted income - subtract line 4 from line 3. WHOLLY ARIZONA CORPORATIONS GO TO LINE 13	5	<6,361>	00
6 Arizona adjusted income - from line 5. MULTISTATE CORPORATIONS ONLY	6		00
7 Nonapportionable or allocable amounts - from page 3, Schedule D, line D8. Multistate corporations only	7		00
8 Adjusted business income - subtract line 7 from line 6. Multistate corporations only	8		00
9 Arizona apportionment ratio - from Schedule C or Schedule ACA	9		
10 Adjusted business income apportioned to Arizona - line 8 multiplied by line 9. Multistate corporations only	10		00
11 Other income allocated to Arizona - from page 3, Schedule E, line E7. Multistate corporations only	11		00
12 Adjusted income attributable to Arizona - add lines 10 and 11. Multistate corporations only	12		00
13 Arizona income before NOL - from line 5 or line 12	13	<6,361>	00
14 Arizona basis net operating loss carryover - attach computation schedule <b>SEE STATEMENT 1</b>	14	0	00
15 Arizona taxable income - subtract line 14 from line 13	15	<6,361>	00
16 Enter tax. Tax is 6.968 percent of line 15 or fifty dollars (\$50), whichever is greater	16	50	00
17 Tax from recapture of tax credits - from Form 300, Part II, line 20	17		00
18 Subtotal - add lines 16 and 17	18	50	00
19 Clean Elections Fund Tax Reduction. Check this box to send \$5 to the fund and reduce the tax (line 18) by \$5. Enter the amount of the tax reduction _____ 19 A <input checked="" type="checkbox"/>	19	5	00
20 Nonrefundable tax credits - from Arizona Form 300, Part II, line 39	20		00
21 Credit type - enter form number for each nonrefundable credit claimed <b>21</b> 3 3 3 3	21		
22 Tax liability - subtract the sum of lines 19 and 20 from line 18	22	45	00
23 Clean Elections Fund Tax Credit. SEE INSTRUCTIONS BEFORE COMPLETING THIS LINE	23		00
24 Tax liability after Clean Elections Fund tax credit - subtract line 23 from line 22	24	45	00
25 Refundable tax credits - see instructions	25		00
26 Credit type - enter form number for each refundable credit claimed <b>26</b> 3 3	26		
27 Retroactive consolidation tax payment credit - see instructions	27		00
28 Extension payment made with Form 120EXT - see instructions	28		00
29 Estimated tax payments - see instructions	29		00
30 Total payments - see instructions	30		00
31 Balance of tax due - If line 24 is larger than line 30, enter balance of tax due. Skip line 32	31	45	00
32 Overpayment of tax - If line 30 is larger than line 24, enter overpayment of tax	32	0	00
33 Penalty and interest	33		00
34 Estimated tax underpayment penalty. If Form 220 is attached, check box 34 A <input type="checkbox"/>	34		00
35 Donation to Citizens Clean Elections Fund - see instructions	35		00
36 TOTAL DUE - payment must accompany return	36	45	00
37 OVERPAYMENT - see instructions	37		00
38 Amount of line 37 to be applied to 2006 estimated tax	38		00
39 Amount to be refunded - subtract line 38 from line 37	39		00



**Schedule D - Non-apportionable Income and Expenses (Multistate Corporations Only)**

D1 Nonbusiness dividends and interest income:			
a. Total nonbusiness dividends not deducted on page 2, Schedule B	D1a		00
b. Interest from nonbusiness sources	D1b		00
c. Total nonbusiness dividends and interest - add lines D1a and D1b	D1c		00
D2 Net royalties from nonbusiness patents and copyrights - attach schedule	D2		00
D3 Net income from rental of nonbusiness assets - attach schedule	D3		00
D4 Net gain or (loss) from sale or exchange of nonbusiness assets utilized for production of nonbusiness income - attach schedule	D4		00
D5 Other income or (loss) - attach schedule	D5		00
D6 Subtotal - add lines D1c through D5	D6		00
D7 Expenses attributable to income derived from a foreign corporation which is not itself subject to Arizona income tax - attach schedule	D7		00
D8 Total - subtract line D7 from line D6. Enter total here and on page 1, line 7	D8		00

**Schedule E - Other Income Allocated to Arizona (Multistate Corporations Only)**

E1 Gain or (loss) from sale or exchange of real estate and other tangible assets utilized for the production of nonbusiness income - attach schedule	E1		00
E2 Net income or (loss) from rental of nonbusiness assets - attach schedule	E2		00
E3 Net royalties from nonbusiness patents and copyrights - attach schedule	E3		00
E4 Net income or (loss) from intangible property specifically allocable to Arizona - attach schedule	E4		00
E5 Federal income tax refunds received in the taxable year - see instructions	E5		00
E6 Other income or (loss) directly allocable to Arizona - attach schedule	E6		00
E7 Total - add lines E1 through E6. Enter total here and on page 1, line 11	E7		00

**Schedule F - Schedule of Tax Payments**

Name of corporation	EIN	Date of payment	Type of payment	Amount of payment
Total				

AZ Form 120 (2005) Page 4

Schedule G - Other Information

G 1 Date business began in Arizona or date income was first derived from Arizona sources 09/07/1978

G 2 Address at which tax records are located for audit purposes:

G 3 The taxpayer designates the individual listed below as the person to contact to schedule an audit of this return and authorizes the disclosure of confidential information to this individual. (See instruction page 14)

Name and title \_\_\_\_\_ Phone # \_\_\_\_\_

G 4 List prior taxable years for which a federal examination has been finalized

NOTE: ARS § 43-327 requires the taxpayer, within ninety days after final determination, to report these changes under separate cover to the Arizona Department of Revenue or to file amended returns reporting these changes. (See instruction page 4)

G 5 List the taxable years for which federal examinations are now in progress, or final determination of past examinations is still pending

G 6 List the taxable years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire

G 7 Amount of Arizona taxable income for prior taxable year (2004 Form 120, line 15) <970>

G 8 Indicate tax accounting method: Cash [ ] Accrual [X] Other [ ] (Specify method) \_\_\_\_\_

Multistate taxpayers:

G 9 Are the nonbusiness items reported on Schedule D, lines D1 through D5, and the apportionment factor items reported on Schedule C, column B, treated consistently on all state tax returns filed under the Uniform Division of Income for Tax Purposes Act?

Yes [ ] No [ ] If no, the taxpayer must disclose the nature and extent of the variance upon request by the department.

G 10 Has the taxpayer changed the way income is apportioned or allocated to Arizona from prior taxable year returns?

Yes [ ] No [ ] If yes, attach explanation.

Certification The following certification must be signed by one or more of the following officers (president, treasurer, or any other principal officer).

Under penalties of perjury, I (we), the undersigned officer(s) authorized to sign this return, declare that I (we) have examined this return, including the accompanying schedules and statements, and to the best of my (our) knowledge and belief, it is a true, correct and complete return, made in good faith, for the taxable year stated pursuant to the income tax laws of the State of Arizona.

Please Sign Here Officer's signature Title Date Officer's signature Title Date

Paid Preparer's signature Date

Preparer's Use Only ULLMANN & COMPANY, P.C. P00018034 Firm's name (or preparer's, if self-employed) Preparer's TIN

2400 E. ARIZONA BILTMORE CIR, STE 1220 PHOENIX, AZ 85016 Firm's address Zip code

AZ 120 ARIZONA BASIS NET OPERATING LOSS CARRYFORWARD STATEMENT 1

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/02	2,188.	0.	2,188.
12/31/03	20,428.	0.	20,428.
12/31/04	970.	0.	970.
NET OPERATING LOSS CARRYFORWARD AVAILABLE			23,586.
CURRENT TAXABLE INCOME (FORM 120, LINE 13)		<6,361.>	
CURRENT YEAR LIMITATION (NOT LESS THAN ZERO)		0.	
NET OPERATING LOSS CURRENTLY APPLIED (FORM 120, PG 1, LN 14)			0.

# **Exhibit 3**



## ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Frank Napolitano, Governor

Stephen A. Owens, Director

January 10, 2007

GOLDEN SHORES WATER CO  
PO BOX 697  
TOPOCK, AZ 86436

Re: Monitoring Assistance Program - Sampling Fee  
Account Number: 10858  
Invoice Number: 63771  
Calendar Year: 2007

Pursuant to A.R.S. § 49-360 and A.A.C. R18-4-224 through R18-4-226, "The director shall establish fees for the centralized monitoring program to be collected from all public water systems..."

The 2007 Annual Monitoring Fee was due on December 18, 2006. As of January 8, 2007, we have not received payment in full. Pursuant to A.R.S. 49-113, interest has been charged and continues to be charged because full payment was not received by the specified due date.

Return the completed, signed invoice with your remittance immediately. Enclosed is a duplicate invoice for your convenience.

If you have already sent your invoice, send a copy of the completed invoice with a copy of your cancelled check.

If you dispute the amount due, please return the invoice with a letter stating why you dispute the amount. The letter should be sent to:

Michael D. Clark, Chief Financial Officer  
1110 W Washington St  
Phoenix, AZ 85007-2935

To reduce interest costs on an unpaid invoice you may remit an amount that you believe is not in dispute. However, if nonpayment is due to wilful neglect, you may suffer an additional five percent penalty of up to twenty-five percent of the amount due for each month or fraction of a month the amount is past due.

If you have any questions, please contact Carlos Toro at (602) 771-4701. Thank you.

1110 West Washington Street, Phoenix, Arizona 85007



**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
MONITORING ASSISTANCE PROGRAM  
ANNUAL SAMPLING FEE INVOICE**

1-2 (12-10)  
CK # 15284

\* Pursuant to A.R.S. § 49-113, interest will be charged if full payment is not received by the specified due date. If you dispute the amount billed, please contact ADEQ as soon as possible. To reduce interest costs on an unpaid invoice, you may remit an amount that you believe is not in dispute. However, if nonpayment is due to willful neglect, you may suffer an additional five percent penalty of up to twenty-five percent of the amount due for each month or fraction of a month the amount is past due.

If you have any questions about your invoice, contact W. Scott Steinhagen at (602) 771-4445 or toll-free within Arizona at (800) 234-5677, extension 771-4445.

Pursuant to A.R.S. § 49-360 F and A.A.C. R18-4-224 through R18-4-226, "The director shall establish fees for the monitoring assistance program to be collected from all public water systems..."

Owner Id #: 10858	Invoice Number 63771
To: GOLDEN SHORES WATER CO PO BOX 697 TOPOCK, AZ 86436	Public Water System ID #: 08024
	Billing for Calendar Year: 2007
	Due Date: December 18, 2006 2nd Notice! Past Due!
	Total Amount Due ..... \$ 4,099.89
	Amount Paid ..... \$

↑ Keep the top portion for your records. ↑ ADEQ Federal Tax #866004791

↓ This entire bottom portion must be returned to ADEQ. ↓

Annual Sampling Fee Invoice

ADEQ Federal Tax #866004791  
Invoice # 63771

GOLDEN SHORES WATER CO PO BOX 697 TOPOCK, AZ 86436	Owner Id #: 10858	MAP
08024 - Golden Shores Water Co	Billing for Calendar Year: 2007	
	Due Date: 12/18/2006 Past Due!	

**ANNUAL SAMPLING FEE WORKSHEET**

Base Fee (all MAP systems) .....	\$	250.00
Fee per Connection in 2007. .... 1,490 connections X \$ 2.57 .....	\$	3,829.30
Total Sampling Fee .....	\$	4,079.30
Plus Paid Interest Charges and/or Other Adjustments .....	\$	0.00
Plus Unpaid Interest Charges as of 11/10/2007. ✓ .....	\$	20.59
Minus Payments Received and/or Other Adjustments .....	\$	-0.00
Amount Due .....	\$	4,099.89
Amount received by ADEQ (Make check payable to State of Arizona) .....	\$	

\* A \$12 fee will be charged for any check not cleared by the bank. Do not write below this line.

Make your check or money order payable to State of Arizona  
**THIS FORM MUST ACCOMPANY YOUR REMITTANCE.**

Mail to: Arizona Department of Environmental Quality  
PO Box 228  
Phoenix, AZ 85001-0228

Check Number:	
Received:	
Postmarked:	
Entered:	

01/18/2007  
WMS3106

# **Exhibit 4**

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
**DRINKING WATER INORGANIC CHEMICAL ANALYSIS REPORT**

\*\*\*SAMPLES TO BE TAKEN AT POE ONLY\*\*\*

08024	Golden Shores Water Co
SYSTEM ID	SYSTEM NAME
3/8/2007	9:32
SAMPLE DATE	SAMPLE TIME (24 HR CLOCK)
JOHN CLAYTON	928-565-4663
OWNER/CONTACT PERSON NAME	OWNER/CONTACT PERSON PHONE NUMBER
POE001	OWNER/CONTACT FAX NUMBER
SAMPLING SITE ID	

<b>SAMPLE COLLECTION POINT</b> <input type="text" value="001"/> POINT OF ENTRY ID NUMBER	<b>SAMPLE TYPE</b> <input checked="" type="checkbox"/> COMPLIANCE MONITORING
<b>FOR MCL OR COMPOSITE LEVEL EXCEEDANCE</b>	
Original Violation Specimen Number <hr/>	<b>SAMPLE TYPE</b> <input type="checkbox"/> CONFIRMATION-MCL <input type="checkbox"/> CONFIRMATION FOR COMPOSITE

**INORGANIC CHEMICAL ANALYSIS**

>>>TO BE FILLED OUT BY LABORATORY PERSONNEL<<<

ANALYSIS METHOD	MCL	REPORTING LIMIT	CONTAMINANT NAME	CONT. CODE	ANALYSIS RUN DATE	RESULT	EXCEEDS MCL	EXCEEDS REPORTING LIMIT
EPA200.8	0.01	0.01	Arsenic	1005	03/16/07	0.0073		
EPA200.8	2	2	Barium	1010	03/16/07	0.0449		
EPA200.8	0.005	0.005	Cadmium	1015	03/16/07	<0.0020		
EPA200.8	0.1	0.1	Chromium	1020	03/16/07	0.0122		
EPA300	4	2	Fluoride	1025	03/21/07	0.93		
	0.002	0.002	Mercury	1035				
EPA353.2	10	5	Nitrate (as N)	1040	03/20/07	6.5		YES
M 4500-NO2	1	0.5	Nitrite (as N)	1041	03/09/07	<0.020		
EPA200.8	0.05	0.05	Selenium	1045	03/16/07	0.0063		
EPA200.8	0.006	0.006	Antimony	1074	03/17/07	<0.0020		
EPA200.8	0.004	0.004	Beryllium	1075	03/16/07	<0.0005		
	0.2	0.2	Cyanide (as free cyanide)	1024				
EPA200.8	No MCL		Nickel*	1036	03/16/07	<0.0050		
EPA200.8	0.002	0.002	Thallium	1085	03/16/07	<0.0005		
	No MCL		Sodium*	1052				

**LABORATORY INFORMATION**

>>>>>TO BE FILLED OUT BY LABORATORY PERSONNEL<<<<<

Specimen Number: 0703230-01A

Lab ID Number: AZ0133 Name: Transwest GeoChem

Comments: \_\_\_\_\_

Authorized Signature: *R. Neshes*

Date Public Water System Notified: \_\_\_\_\_

**\*\*All units must be reported in milligrams per liter (mg/L)**

\*Unregulated contaminants

All units must be reported in milligrams per liter (mg/l).

DWAR 2IN: Revised 2003

**MAP 2007**

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
**DRINKING WATER INORGANIC CHEMICAL ANALYSIS REPORT**

\*\*\*SAMPLES TO BE TAKEN AT POE ONLY\*\*\*

08024  
 SYSTEM ID  
 3/8/2007  
 SAMPLE DATE  
 JOHN CLAYTON  
 OWNER/CONTACT PERSON NAME  
 POE002  
 SAMPLING SITE ID

Golden Shores Water Co  
 SYSTEM NAME  
 9:43  
 SAMPLE TIME (24 HR CLOCK)  
 928-565-4663  
 OWNER/CONTACT PERSON PHONE NUMBER  
 OWNER/CONTACT FAX NUMBER

SAMPLE COLLECTION POINT  
 POINT OF ENTRY ID NUMBER  
 002

SAMPLE TYPE  
 COMPLIANCE MONITORING

FOR MCL OR COMPOSITE LEVEL EXCEEDANCE

Original Violation Specimen Number

SAMPLE TYPE  
 CONFIRMATION-MCL  
 CONFIRMATION FOR COMPOSITE

**INORGANIC CHEMICAL ANALYSIS**

>>>TO BE FILLED OUT BY LABORATORY PERSONNEL<<<<

ANALYSIS METHOD	MCL	REPORTING LIMIT	CONTAMINANT NAME	CONT. CODE	ANALYSIS RUN DATE	RESULT	EXCEEDS MCL	EXCEEDS REPORTING LIMIT
EPA200.8	0.01	0.01	Arsenic	1005	03/23/07	0.0068		
EPA200.8	2	2	Barium	1010	03/23/07	0.0442		
EPA200.8	0.005	0.005	Cadmium	1015	03/23/07	<0.0020		
EPA200.8	0.1	0.1	Chromium	1020	03/23/07	0.0106		
EPA300	4	2	Fluoride	1025	03/18/07	0.95		
	0.002	0.002	Mercury	1035				
EPA353.2	10	5	Nitrate (as N)	1040	03/20/07	1.5		
M 4500-NO2	1	0.5	Nitrite (as N)	1041	03/09/07	<0.020		
EPA200.8	0.05	0.05	Selenium	1045	03/23/07	<0.0020		
EPA200.8	0.006	0.006	Antimony	1074	03/24/07	<0.0020		
EPA200.8	0.004	0.004	Beryllium	1075	03/23/07	<0.0005		
	0.2	0.2	Cyanide (as free cyanide)	1024				
EPA200.8	No MCL		Nickel*	1036	03/23/07	<0.0050		
EPA200.8	0.002	0.002	Thallium	1085	03/23/07	<0.0005		
	No MCL		Sodium*	1052				

**LABORATORY INFORMATION**

>>>>TO BE FILLED OUT BY LABORATORY PERSONNEL<<<<<<

Speciman Number: 0703230-02A  
 Lab ID Number: AZ0133 Name: Transwest GeoChem  
 Comments:  
 Authorized Signature: R Mosher

Date Public Water System Notified:

\*All units must be reported in milligrams per liter (mg/L)

\*Unregulated contaminants

All units must be reported in milligrams per liter (mg/l).

DWAR 21N: Revised 2003

**MAP 2007**

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
**DRINKING WATER INORGANIC CHEMICAL ANALYSIS REPORT**

\*\*\*SAMPLES TO BE TAKEN AT POE ONLY\*\*\*

08024  
 \_\_\_\_\_  
 SYSTEM ID  
 3/8/2007  
 \_\_\_\_\_  
 SAMPLE DATE  
 JOHN CLAYTON  
 \_\_\_\_\_  
 OWNER/CONTACT PERSON NAME  
 POE003  
 \_\_\_\_\_  
 SAMPLING SITE ID

Golden Shores Water Co  
 \_\_\_\_\_  
 SYSTEM NAME  
 9:50  
 \_\_\_\_\_  
 SAMPLE TIME (24 HR CLOCK)  
 928-565-4663  
 \_\_\_\_\_  
 OWNER/CONTACT PERSON PHONE NUMBER  
 \_\_\_\_\_  
 OWNER/CONTACT FAX NUMBER

**SAMPLE COLLECTION POINT**  
 POINT OF ENTRY ID NUMBER

**SAMPLE TYPE**  
 COMPLIANCE MONITORING

**FOR MCL OR COMPOSITE LEVEL EXCEEDANCE**

Original Violation Specimen Number \_\_\_\_\_

**SAMPLE TYPE**  
 CONFIRMATION-MCL  
 CONFIRMATION FOR COMPOSITE

**INORGANIC CHEMICAL ANALYSIS**

>>>TO BE FILLED OUT BY LABORATORY PERSONNEL<<<<

ANALYSIS METHOD	MCL	REPORTING LIMIT	CONTAMINANT NAME	CONT. CODE	ANALYSIS RUN DATE	RESULT	EXCEEDS MCL	EXCEEDS REPORTING LIMIT
EPA200.8	0.01	0.01	Arsenic	1005	03/16/07	0.0079		
EPA200.8	2	2	Barium	1010	03/16/07	0.0414		
EPA200.8	0.005	0.005	Cadmium	1015	03/16/07	<0.0020		
EPA200.8	0.1	0.1	Chromium	1020	03/16/07	0.0099		
EPA300	4	2	Fluoride	1025	03/17/07	1.0		
	0.002	0.002	Mercury	1035				
EPA353.2	10	5	Nitrate (as N)	1040	03/20/07	2.2		
M 4500-NO2	1	0.5	Nitrite (as N)	1041	03/09/07	<0.020		
EPA200.8	0.05	0.05	Selenium	1045	03/16/07	<0.0020		
EPA200.8	0.006	0.006	Antimony	1074	03/17/07	<0.0020		
EPA200.8	0.004	0.004	Beryllium	1075	03/16/07	<0.0005		
	0.2	0.2	Cyanide (as free cyanide)	1024				
EPA200.8	No MCL		Nickel*	1036	03/16/07	<0.0050		
EPA200.8	0.002	0.002	Thallium	1085	03/16/07	<0.0005		
	No MCL		Sodium*	1052				

**LABORATORY INFORMATION**

>>>>>TO BE FILLED OUT BY LABORATORY PERSONNEL<<<<<<

Speciman Number: 0709230-03A  
 Lab ID Number: AZ0133 Name: Transwest GeoChem  
 Comments: \_\_\_\_\_

Authorized Signature: R. Masher

Date Public Water System Notified: \_\_\_\_\_

\*\*All units must be reported in milligrams per liter (mg/L)

\*Unregulated contaminants

All units must be reported in milligrams per liter (mg/l).

DWAR 2IN: Revised 2003

**MAP 2007**

# **Exhibit 5**

Golden Shores Water Company  
Present and Proposed Rates  
Test Year Ended June 30, 2006

Line No.	Meter and Service Line Charges	Present Meter Installation Charge	Present Service Line Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Installation Charge	Total Proposed Charge
1				\$ 410.00	\$ 385.00	\$ 135.00	\$ 520.00
2	5/8 x 3/4 Inch			455.00	385.00	215.00	600.00
3	3/4 Inch			520.00	435.00	255.00	690.00
4	1 Inch			740.00	470.00	465.00	935.00
5	1 1/2 Inch			NA	630.00	965.00	1,595.00
6	2 Inch Turbo			1,800.00	630.00	1,690.00	2,320.00
7	2 Inch, Compound			NA	805.00	1,470.00	2,275.00
8	3 Inch Turbo			2,340.00	845.00	2,265.00	3,110.00
9	3 Inch, compound			NA	1,170.00	2,350.00	3,520.00
10	4 Inch Turbo			3,405.00	1,230.00	3,245.00	4,475.00
11	4 Inch, compound			Cost	N/A	N/A	N/A
12	5 Inch			NA	1,730.00	4,545.00	6,275.00
13	6 Inch Turbo			6,510.00	1,770.00	6,280.00	8,050.00
14	6 Inch, compound			NA	At Cost	At Cost	At Cost
15	8 Inch			NA	At Cost	At Cost	At Cost
16	10 Inch			NA	At Cost	At Cost	At Cost
17	12 Inch			NA	At Cost	At Cost	At Cost

Other Charges:

Establishment	\$ 30.00		\$ 30.00
Establishment (After Hours)	\$ 45.00		\$ 45.00
Reconnection (Delinquent)	\$ 45.00		\$ 45.00
Reconnection (Delinquent) after hours	\$ 45.00		\$ 45.00
Meter Test	PER RULE		PER RULE
Deposit	PER RULE		PER RULE
Deposit Interest	PER RULE		PER RULE
Re-establishment (Within 12 months)	PER RULE		PER RULE
NSF Check	\$ 10.00		\$ 10.00
Deferred Payment per month	1.5%		1.5%
Meter Re-read	\$ 15.00		\$ 15.00
Late Fee (a)	1.5%		1.5%
Customer requested Meter Test	\$ 30.00		\$ 30.00
Sprinkler Service	(b)		(b)

RULES	Establishment (R14-2-403.D.1)	Establishment (After Hours) (R14-2-403.D.2)	Meter Test (R14-2-408.F)	Deposit (R14-2-403.B)	Deposit Interest (R14-2-403.B.3)	Re-establishment (R14-2-403.D.1)	NSF Check (R14-2-409.F.1)	Deferred Payment (R14-2-409.G.6)	Meter Re-read (R14-2-408.C.2)
	\$ 30.00	\$ 45.00	\$ 45.00	\$ 45.00	PER RULE	PER RULE	\$ 10.00	1.5%	\$ 15.00
					PER RULE	PER RULE		1.5%	\$ 30.00
									(b)

(a) 1.5% of unpaid balance  
(b) 1% of monthly minimum for a comparable sized meter connection, but no less than \$5.00 per month.