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W-00255A-07-0570

ORIGINAL

ION

Test Year Ended:

2006

57

Plant Additions and Retirements by Year

Acct. No.	Description	Year ____		Year ____	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment				
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT				

*** SEE ATTACHMENT ***
Page 13.1

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Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C respectively.

Arizona Corporation Commission
DOCKETED

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PLANT ADDITIONS AND RETIREMENTS BY YEAR

ACCT NO	DESCRIPTION	Year 2005		Year 2006	
		ADDITIONS	RETIREMENTS	ADDITIONS	RETIREMENTS
301.0	Organization	-	-	-	-
302.0	Franchises	-	-	-	-
303.0	Land & Land Rights	-	-	-	-
304.0	Structures & Improvements	1,900	-	240	-
307.0	Wells & Springs	-	-	-	-
311.0	Pumping Equipment	-	-	-	-
320.0	Water Treatment Equipment	-	-	-	-
320.1	Water Treatment Plants	-	-	-	-
320.2	Solution Chemical Feeders	-	-	-	-
330.0	Distribution Reservoirs & Standp	-	-	-	-
330.1	Storage Tanks	20,800	-	-	-
330.2	Pressure Tanks	-	-	-	-
331.0	Transmission & Distrib. Mains	-	-	-	-
333.0	Services	-	-	-	-
334.0	Meters & Meter Installations	4,743	-	6,745	13,861
335.0	Hydrants	-	-	-	-
336.0	Backflow Prevention Devices	-	-	-	-
339.0	Other Plant & Misc. Equipment	-	-	-	181
340.0	Office Furniture & Equipment	-	-	-	1,921
340.1	Computers & Software	-	-	1,637	2,074
341.0	Transportation Equipment	-	-	21,483	17,424
343.0	Tools, Shop & Garage Equip	-	-	-	4,681
344.0	Laboratory Equipment	-	-	-	-
345.0	Power Operated Equipment	-	-	400	-
346.0	Communication Equipment	-	-	-	-
347.0	Miscellaneous Equipment	-	-	-	618
348.0	Other Tangible Plant	-	-	-	-
TOTAL WATER PLANT		<u>27,443</u>	<u>-</u>	<u>30,505</u>	<u>40,760</u>

Company Name: YARNELL WATER IMPROVEMENT ASSOCIATION	Test Year Ended: 2006
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Plant Summary

Acct. No.	Description	Plant in Service Per Prior Decision <i>Column A</i>	Total Additions <i>Column B</i>	Total Retirements <i>Column C</i>	Test Year End Total <i>Column D*</i>
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment				
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT				

SEE ATTACHMENT *** SEE ATTACHMENT ***
 Page 14.1
 SEE ATTACHMENT *** SEE ATTACHMENT ***

Note: Please refer to the checklist on page 1 for the required attachments related to this schedule

** Column D = Column A + Column B - Column C*

PLANT COST SUMMARY

ACCT NO.	DESCRIPTION	Plant in Service Per Prior Decision <i>Column A</i>	Column A* Adjustment <i>Column A.1</i>	Total Additions <i>Column B</i>	Total Retirements <i>Column C</i>	Test Year end Total <i>Column D**</i>
301.0	Organization	78,340	(53,869)	-	-	24,471
302.0	Franchises	-	34,884	-	-	34,884
303.0	Land & Land Rights	20,752	2,980	-	-	23,732
304.0	Structures & Improvements	105,764	(48,292)	2,140	-	59,612
307.0	Wells & Springs	46,557	(44,773)	-	-	1,784
311.0	Pumping Equipment	42,713	38,564	-	-	81,277
320.0	Water Treatment Equipment	-	-	-	-	-
320.1	Water Treatment Plants	5,038	67,469	-	-	72,507
320.2	Solution Chemical Feeders	-	4,908	-	-	4,908
330.0	Distribution Reservoirs & Standp	-	-	-	-	-
330.1	Storage Tanks	250,641	(120,018)	20,800	-	151,423
330.2	Pressure Tanks	-	-	-	-	-
331.0	Transmission & Distrib. Mains	618,918	247,743	-	-	866,661
333.0	Services	56,136	(53,160)	-	-	2,976
334.0	Meters & Meter Installations	33,132	46,822	11,488	13,861	77,581
335.0	Hydrants	54,804	6,951	-	-	61,755
336.0	Backflow Prevention Devices	435	(435)	-	-	-
339.0	Other Plant & Misc. Equipment	465	33,521	-	181	33,805
340.0	Office Furniture & Equipment	2,999	1,963	-	1,921	3,041
340.1	Computers & Software	2,494	300	1,637	2,074	2,357
341.0	Transportation Equipment	9,900	7,524	21,483	17,424	21,483
343.0	Tools, Shop & Garage Equip	14,230	(4,264)	-	4,681	5,285
344.0	Laboratory Equipment	-	-	-	-	-
345.0	Power Operated Equipment	9,814	(9,814)	400	-	400
346.0	Communication Equipment	1,889	(1,889)	-	-	-
347.0	Miscellaneous Equipment	14,873	16,317	-	618	30,572
348.0	Other Tangible Plant	180,583	(79,468)	-	-	101,115
	TOTAL WATER PLANT	1,550,477	93,964	57,948	40,760	1,661,629

* SEE PAGE 14.2 PLANT COST ADJUSTMENT SCHEDULE

** Column D = Column A + Column A.1 + Column B - Column C

PLANT COST ADJUSTMENT

ACCT NO.	DESCRIPTION	Prior Test Year End Proposed Column A	Prior Test Year End ACC Audit Column B*	Test Year End Adjustment** Column C**
301	Organization	24,471	78,340	(53,869)
302	Franchises	34,884	-	34,884
303	Land & Land Rights	23,732	20,752	2,980
304	Structures & Improvements	57,472	105,764	(48,292)
307	Wells & Springs	1,784	46,557	(44,773)
311	Pumping Equipment	81,277	42,713	38,564
320	Water Treatment Equipment	-	-	-
320.1	Water Treatment Plants	72,507	5,038	67,469
320.2	Solution Chemical Feeders	4,908	-	4,908
330	Distribution Reservoirs & Standpipes	-	-	-
330.1	Storage Tanks	130,623	250,641	(120,018)
330.2	Pressure Tanks	-	-	-
331	Transmission & Distrib. Mains	866,661	618,918	247,743
333	Services	2,976	56,136	(53,160)
334	Meters & Meter Installations	79,954	33,132	46,822
335	Hydrants	61,755	54,804	6,951
336	Backflow Prevention Devices	-	435	(435)
339	Other Plant & Misc. Equipment	33,986	465	33,521
340	Office Furniture & Equipment	4,962	2,999	1,963
340.1	Computers & Software	2,794	2,494	300
341	Transportation Equipment	17,424	9,900	7,524
343	Tools, Shop & Garage Equip	9,966	14,230	(4,264)
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	9,814	(9,814)
346	Communication Equipment	-	1,889	(1,889)
347	Miscellaneous Equipment	31,190	14,873	16,317
348	Other Tangible Plant	101,115	180,583	(79,468)
	TOTAL WATER PLANT	1,644,441	1,550,477	93,964

* YWIA STRONGLY RECOMMENDS ACC TO ADOPT YWIA'S DEPRECIATION SCHEDULE AND ADJUST CLASS COSTS AND ACCUMULATED DEPRECIATION. ACC AUDIT DEPRECIATION SCHEDULE IS MATERIALLY INACCURATE WHEN COMPARED TO A DETAIL SCHEDULE DEVELOPED BY YWIA. INACCURACIES ARE CAUSED BY ERRORS IN ACCOUNTING FOR COST AND ACCUMULATED DEPRECIATION OF ASSETS DISPOSED AS TO, INCONSISTENT DEPRECIATION RATES, AND INCORRECT CLASSIFICATION OF ASSETS. THESE ERRORS APPARENTLY OCCURRED THROUGH MANY YEARS. FOR EXAMPLE, ASSET. YWIA'S SCHEDULE IS DETAILED AS TO EACH ASSET AND THE RESULTS BETWEEN THE SCHEDULES JUSTIFY THE ADJUSTMENT.

**Column C=Column A-Column B
1/15/2008

Company Name: YARNELL WATER IMPROVEMENT ASSOCIATION	Test Year Ended: 2006
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UTILITY PLANT IN SERVICE

Acct No.	Description	Original Cost	Accumulated Depreciation	OCLD
		<i>Column A</i>	<i>Column B</i>	<i>Column C**</i>
301	Organization			
302	Franchises			
303	Land & Land Rights			
304	Structures & Improvements			
307	Wells & Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs & Standpipes			
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains			
333	Services			
334	Meters & Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc. Equipment			
340	Office Furniture & Equipment			
340.1	Computers & Software			
341	Transportation Equipment			
343	Tools, Shop & Garage Equip.			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTAL WATER PLANT	*	*	

*** SEE ATTACHMENT ***
 PAGE 15.1
 *** SEE ATTACHMENT ***

* Must be the same as the amount reported on page 20

**Column C = Column A - Column B

UTILITY PLANT IN SERVICE

ACCT NO.	DESCRIPTION	Original Cost* <i>Column A</i>	Accumulated Depreciation* <i>Column B***</i>	OCLD <i>Column C**</i>
301.0	Organization	24,471	-	24,471
302.0	Franchises	34,884	-	34,884
303.0	Land & Land Rights	23,732	-	23,732
304.0	Structures & Improvements	59,612	44,922	14,690
307.0	Wells & Springs	1,784	1,784	-
311.0	Pumping Equipment	81,277	68,749	12,528
320.0	Water Treatment Equipment	-	-	-
320.1	Water Treatment Plants	72,507	72,507	-
320.2	Solution Chemical Feeders	4,908	4,908	-
330.0	Distribution Reservoirs & Standpi	-	-	-
330.1	Storage Tanks	151,423	92,131	59,292
330.2	Pressure Tanks	-	-	-
331.0	Transmission & Distrib. Mains	866,661	546,042	320,619
333.0	Services	2,976	2,976	-
334.0	Meters & Meter Installations	77,581	66,388	11,193
335.0	Hydrants	61,755	27,574	34,181
336.0	Backflow Prevention Devices	-	-	-
339.0	Other Plant & Misc. Equipment	33,805	27,196	6,609
340.0	Office Furniture & Equipment	3,041	2,588	453
340.1	Computers & Software	2,357	884	1,473
341.0	Transportation Equipment	21,483	2,148	19,335
343.0	Tools, Shop & Garage Equip	5,285	1,269	4,016
344.0	Laboratory Equipment	-	-	-
345.0	Power Operated Equipment	400	40	360
346.0	Communication Equipment	-	-	-
347.0	Miscellaneous Equipment	30,572	12,877	17,695
348.0	Other Tangible Plant	101,115	101,115	-
	TOTAL WATER PLANT	1,661,629	1,076,098	585,531

* Must be the same as the amount reported on page 20

**Column C=Column A-Column B

*** See Page 15.2

PLANT ACCUMULATED DEPRECIATION SUMMARY

ACCT NO.	DESCRIPTION	Plant in Service Per Prior Decision <i>Column A</i>	Column A* Adjustment <i>Column A.1</i>	Total Additions <i>Column B***</i>	Total Retirements <i>Column C***</i>	Test Year end Total <i>Column D**</i>
301.0	Organization	-	-	-	-	-
302.0	Franchises	-	-	-	-	-
303.0	Land & Land Rights	-	-	-	-	-
304.0	Structures & Improvements	101,529	(59,656)	3,049	-	44,922
307.0	Wells & Springs	46,557	(44,773)	-	-	1,784
311.0	Pumping Equipment	18,924	45,042	4,783	-	68,749
320.0	Water Treatment Equipment	-	-	-	-	-
320.1	Water Treatment Plants	3,985	67,314	1,208	-	72,507
320.2	Solution Chemical Feeders	-	4,908	-	-	4,908
330.0	Distribution Reservoirs & Standp	-	-	-	-	-
330.1	Storage Tanks	250,641	(165,009)	6,499	-	92,131
330.2	Pressure Tanks	-	-	-	-	-
331.0	Transmission & Distrib. Mains	618,918	(107,542)	34,666	-	546,042
333.0	Services	56,136	(53,307)	147	-	2,976
334.0	Meters & Meter Installations	33,132	46,020	1,097	13,861	66,388
335.0	Hydrants	47,838	(22,734)	2,470	-	27,574
336.0	Backflow Prevention Devices	156	(156)	-	-	-
339.0	Other Plant & Misc. Equipment	31	24,314	3,032	181	27,196
340.0	Office Furniture & Equipment	2,144	2,031	334	1,921	2,588
340.1	Computers & Software	1,536	420	1,002	2,074	884
341.0	Transportation Equipment	9,900	7,524	2,148	17,424	2,148
343.0	Tools, Shop & Garage Equip	6,555	(1,113)	508	4,681	1,269
344.0	Laboratory Equipment	-	-	-	-	-
345.0	Power Operated Equipment	9,814	(9,814)	40	-	40
346.0	Communication Equipment	1,889	(1,889)	-	-	-
347.0	Miscellaneous Equipment	2,596	5,229	5,670	618	12,877
348.0	Other Tangible Plant	180,583	(81,153)	1,685	-	101,115
	TOTAL WATER PLANT	1,392,864	(344,344)	68,338	40,760	1,076,098

* SEE PAGE 15.3 PLANT ACCUMULATED DEPRECIATION ADJUSTMENT SCHEDULE

** Column D=Column A+Column A.1+Column B-Column C

*** See Page 15.4

Company Name: **Yarnell Water Improvement Association** Test Year Ended: **December 31, 2006**

PLANT ACCUMULATED DEPRECIATION ADJUSTMENT

ACCT NO.	DESCRIPTION	Prior Test Year End Proposed <i>Column A</i>	Prior Test Year End ACC Audit <i>Column B*</i>	Test Year End Adjustment** <i>Column C**</i>
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land & Land Rights	-	-	-
304	Structures & Improvements	41,873	101,529	(59,656)
307	Wells & Springs	1,782	46,555	(44,773)
311	Pumping Equipment	63,966	18,924	45,042
320	Water Treatment Equipment	-	-	-
320.1	Water Treatment Plants	71,299	3,985	67,314
320.2	Solution Chemical Feeders	4,908	-	4,908
330	Distribution Reservoirs & Standpipes	-	-	-
330.1	Storage Tanks	85,632	250,641	(165,009)
330.2	Pressure Tanks	-	-	-
331	Transmission & Distrib. Mains	511,376	618,918	(107,542)
333	Services	2,828	56,135	(53,307)
334	Meters & Meter Installations	79,152	33,132	46,020
335	Hydrants	25,104	47,838	(22,734)
336	Backflow Prevention Devices	-	156	(156)
339	Other Plant & Misc. Equipment	24,345	31	24,314
340	Office Furniture & Equipment	4,175	2,144	2,031
340.1	Computers & Software	1,956	1,536	420
341	Transportation Equipment	17,424	9,900	7,524
343	Tools, Shop & Garage Equip	5,442	6,555	(1,113)
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	9,814	(9,814)
346	Communication Equipment	-	1,889	(1,889)
347	Miscellaneous Equipment	7,825	2,596	5,229
348	Other Tangible Plant	99,432	180,585	(81,153)
TOTAL WATER PLANT		1,048,519	1,392,863	(344,344)

* YWIA STRONGLY RECOMMENDS ACC TO ADOPT YWIA'S DEPRECIATION SCHEDULE AND ADJUST CLASS COSTS AND ACCUMULATED DEPRECIATION. ACC AUDIT DEPRECIATION SCHEDULE IS MATERIALLY INACCURATE WHEN COMPARED TO A DETAIL SCHEDULE DEVELOPED BY YWIA. INACCURACIES ARE CAUSED BY ERRORS IN ACCOUNTING FOR COST AND ACCUMULATED DEPRECIATION OF ASSETS DISPOSED AS TO, INCONSISTENT DEPRECIATION RATES, AND INCORRECT CLASSIFICATION OF ASSETS. THESE ERRORS APPARENTLY OCCURRED THROUGH MANY YEARS. FOR EXAMPLE, ASSET. YWIA'S SCHEDULE IS DETAILED AS TO EACH ASSET AND THE RESULTS BETWEEN THE SCHEDULES JUSTIFY THE ADJUSTMENT.

**Column C=Column A-Column B

Company Name: Yarnell Water Improvement Association	Test Year Ended: December 31, 2006
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PLANT ACCUMULATED DEPRECIATION ADDITIONS AND RETIREMENTS BY YEAR

ACCT NO.	DESCRIPTION	Year 2005		Year 2006	
		ADDITIONS	RETIREMENTS	ADDITIONS	RETIREMENTS
301.0	Organization	-	-	-	-
302.0	Franchises	-	-	-	-
303.0	Land & Land Rights	-	-	-	-
304.0	Structures & Improvements	1,804	-	1,245	-
307.0	Wells & Springs	-	-	-	-
311.0	Pumping Equipment	2,460	-	2,323	-
320.0	Water Treatment Equipment	-	-	-	-
320.1	Water Treatment Plants	1,208	-	-	-
320.2	Solution Chemical Feeders	-	-	-	-
330.0	Distribution Reservoirs & Standp	-	-	-	-
330.1	Storage Tanks	3,134	-	3,365	-
330.2	Pressure Tanks	-	-	-	-
331.0	Transmission & Distrib. Mains	17,333	-	17,333	-
333.0	Services	98	-	49	-
334.0	Meters & Meter Installations	309	-	788	13,861
335.0	Hydrants	1,235	-	1,235	-
336.0	Backflow Prevention Devices	-	-	-	-
339.0	Other Plant & Misc. Equipment	1,546	-	1,486	181
340.0	Office Furniture & Equipment	203	-	131	1,921
340.1	Computers & Software	559	-	443	2,074
341.0	Transportation Equipment	-	-	2,148	17,424
343.0	Tools, Shop & Garage Equip	260	-	248	4,681
344.0	Laboratory Equipment	-	-	-	-
345.0	Power Operated Equipment	-	-	40	-
346.0	Communication Equipment	-	-	-	-
347.0	Miscellaneous Equipment	2,835	-	2,835	618
348.0	Other Tangible Plant	1,685	-	-	-
	TOTAL WATER PLANT	34,669	-	33,669	40,760

Company Name: <i>YARNELL WATER IMPROVEMENT ASSOC.</i>	Test Year Ended: <i>December 31, 2006</i>
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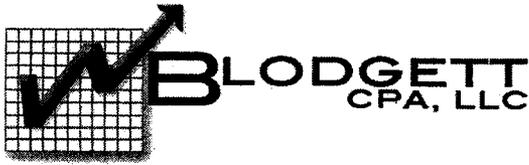
COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
461	Metered Water Revenue	\$ 218,687	\$ 227,919
460	Unmetered Water Revenue		
474	Other Water Revenues	2815	2,793
	TOTAL OPERATING REVENUES	\$ 221,502	\$ 230,712*
	OPERATING EXPENSES		
601	Salaries and Wages (See page 1, item 4)	\$ 104,290	\$ 107,578
610	Purchased Water (See page 1, item 5)		
615	Purchased Power (See page 1, item 6)	8,115	9,058
618	Chemicals		
620	Repairs and Maintenance (See page 1, item 7)	12,972	12,097
621	Office Supplies and Expense	14,230	16,172
630	Outside Services (See page 1, item 8)	11,601	4,773
635	Water Testing (See page 1, item 9)	3,894	4,290
641	Rents	473	1,400
650	Transportation Expenses	2,729	2,499
657	Insurance - General Liability	11,221	12,774
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	1,576	377
403	Depreciation Expense (From page 20)	34,671	33,669
408	Taxes Other Than Income	13,347	14,139
408.11	Property Taxes (See page 1, item 10)		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 219,119	\$ 218,821
	OPERATING INCOME/(LOSS)	\$ 2,383	\$ 11,891
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 1,455	\$ 873
421	Non-Utility Income	61	2,433
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	20,094	20,110
	TOTAL OTHER INCOME/(EXPENSE)	\$ <18,578>	\$ <16,804>
	NET INCOME/(LOSS)	\$ <16,195>	\$ <4,913>

Note: Do not include sales tax in revenue or expense. Please refer to the checklist on page 1 for the required attachments related to this schedule.

** This number must be identical to the number entered on page 6 "total operating revenues."*

SEE PAGES 19.1-1 THROUGH 19.1-3 FOR EXPANDED ACCOUNTS



Walter P. Blodgett, CPA CFP®

To the Board of Directors
Yarnell Water Improvement Association
Yarnell, Arizona

I have compiled the accompanying special-purpose balance sheet of

YARNELL WATER IMPROVEMENT ASSOCIATION
(a non-profit association)

as of December 31, 2006 and 2005 and the related special-purpose statements of income and expense for the fiscal years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The special-purpose financial statements have been prepared on the accounting basis used by the association for Arizona Corporation Commission reporting purposes, that is a comprehensive basis of accounting other than generally accepted accounting principles for non-profit organizations.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying special-purpose financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The accompanying special-purpose financial statements were prepared for the purpose of reporting on the activity of the non-profit association for the fiscal years ended December 31, 2006 and 2005. During the course of our compilation, no irregularities were noted and it appears the special-purpose financial statements correctly reflect the financial condition of the non-profit association at December 31, 2006 and 2005.

This report is intended solely for the information and use of the Board of Directors and management of Yarnell Water Improvement Association and the Arizona Corporation Commission, and should not be used for any other purposes. I am not independent with respect to Yarnell Water Improvement Association.

Blodgett CPA, LLC
January 14, 2008

YARNELL WATER IMPROVEMENT ASSOC
Statement of Income and Expenses
 January through December 2006

	Jan - Dec 06	Jan - Dec 05
Ordinary Income/Expense		
Income		
461 · Metered Water Revenues		
401 · Metered Customer Water Revenues	226,171	216,751
461.5 · Bad Debt Recovery	212	79
414 · AR RVS Adjustments	1,536	1,858
Total 461 · Metered Water Revenues	227,919	218,687
474 · Other Water Revenues		
405 · Turn On Fee/Un-Lock Fee	600	1,320
402 · Establishment Fees	1,960	560
406 · Installation Fee	0	910
474 · Other Water Revenues - Other	234	25
Total 474 · Other Water Revenues	2,794	2,815
Total Income	230,712	221,502
Expense		
615 · Purchased Power	9,058	8,115
650 · Transportation Expense		
642 · Vehicle Fuel	2,432	2,729
650 · Transportation Expense - Other	67	0
Total 650 · Transportation Expense	2,499	2,729
408 · Taxes Other Than Income		
408.11 · Property Taxes	14,112	13,347
638 · Sales Tax Expense	27	0
Total 408 · Taxes Other Than Income	14,139	13,347
601 · Salaries & Wages Expense		
601.1 · Salaries & Wages		
601.2 · Employee Insurance	2,599	2,382
601.1 · Salaries & Wages - Other	96,641	93,458
Total 601.1 · Salaries & Wages	99,240	95,840
601.4 · Payroll Tax Expense		
6751 · Employer FICA	7,592	5,810
6752 · FUTA Expense	219	1,346
6753 · SUTA Expense	527	1,294
601.4 · Payroll Tax Expense - Other	0	0
Total 601.4 · Payroll Tax Expense	8,337	8,450
Total 601 · Salaries & Wages Expense	107,577	104,290
403 · Depreciation Expense	33,669	34,671
612 · Amortization Expense	0	0
621 · Office Supplies & Expense		
655 · Computer Repairs & Maintenance	759	663
639 · Utilities		
758 · Propane	2,494	1,495
760 · Telephone	4,251	4,199
Total 639 · Utilities	6,746	5,693
684 · Dues and Subscriptions	1,147	1,261
683 · Printing and Reproduction	729	959
782 · Postage and Delivery	2,616	2,373
621 · Office Supplies & Expense - Other	4,175	3,281
Total 621 · Office Supplies & Expense	16,171	14,230

YARNELL WATER IMPROVEMENT ASSOC
Statement of Income and Expenses
 January through December 2006

	<u>Jan - Dec 06</u>	<u>Jan - Dec 05</u>
675 · Miscellaneous		
675.1 · Bad Debt Expense	0	343
624 · Employee Train, Seminars &	109	0
694 · Licenses and Permits	262	1,042
617 · Other Expense	0	160
7902 · Cr Card Recon Adjust	0	(93)
7901 · Checking Recon Adjust	0	65
675 · Miscellaneous - Other	0	59
Total 675 · Miscellaneous	<u>371</u>	<u>1,576</u>
641 · Rent		
695 · Equipment Rental	1,400	473
Total 641 · Rent	<u>1,400</u>	<u>473</u>
657 · Insurance-General Liability		
686 · Workers Comp	3,515	2,611
657 · Insurance-General Liability - Other	9,260	8,610
Total 657 · Insurance-General Liability	<u>12,774</u>	<u>11,221</u>
630 · Outside Services		
762 · Trash	220	228
627 · Professional Fees		
791 · Accounting	3,450	9,400
627 · Professional Fees - Other	0	825
Total 627 · Professional Fees	<u>3,450</u>	<u>10,225</u>
630.1 · Day Labor	1,059	920
712 · Bank Service Charges	44	228
Total 630 · Outside Services	<u>4,773</u>	<u>11,601</u>
620 · Repairs & Maintenance		
645 · Operations		
640 · Backhoe Fuel	238	381
644 · Maintenance Supplies	5,671	6,263
646 · Small Tools	1,990	2,211
645 · Operations - Other	54	0
Total 645 · Operations	<u>7,954</u>	<u>8,855</u>
651 · Building Repairs & Maintenance	597	2,053
652 · Equipment Repairs & Maintenance	2,786	1,108
620 · Repairs & Maintenance - Other	760	956
Total 620 · Repairs & Maintenance	<u>12,097</u>	<u>12,972</u>
635 · Water Test		
635.1 · Samples	4,290	3,894
Total 635 · Water Test	<u>4,290</u>	<u>3,894</u>
Total Expense	<u>218,821</u>	<u>219,119</u>
Net Ordinary Income	11,892	2,383
Other Income/Expense		
Other Income		
419 · Interest Income	873	1,455
421 · Misc Non Utility Income		
703 · Other Income	0	61
421.1 · Gain/Loss Sale of Assets	1,443	0
421 · Misc Non Utility Income - Other	990	0
Total 421 · Misc Non Utility Income	<u>2,433</u>	<u>61</u>
Total Other Income	3,305	1,516

YARNELL WATER IMPROVEMENT ASSOC
Statement of Income and Expenses
January through December 2006

	<u>Jan - Dec 06</u>	<u>Jan - Dec 05</u>
Other Expense		
427 · Interest Expense		
427.1 · Finance Charge	0	21
427.2 · Loan Interest	0	20,049
427 · Interest Expense - Other	20,110	25
Total 427 · Interest Expense	<u>20,110</u>	<u>20,094</u>
Total Other Expense	<u>20,110</u>	<u>20,094</u>
Net Other Income	<u>(16,804)</u>	<u>(18,578)</u>
Net Income	<u>(4,913)</u>	<u>(16,195)</u>

CALCULATION OF DEPRECIATION EXPENSE

ACCT NO.	DESCRIPTION	Original Cost Column A	Depreciation Percentage Column B	Depreciation Expense Column C*
301.0	Organization	24,471		-
302.0	Franchises	34,884		-
303.0	Land & Land Rights	23,732		-
304.0	Structures & Improvements	59,612	3.33%	796
307.0	Wells & Springs	1,784	3.33%	-
311.0	Pumping Equipment	81,277	12.50%	2,323
320.0	Water Treatment Equipment	-		-
320.1	Water Treatment Plants	72,507	3.33%	-
320.2	Solution Chemical Feeders	4,908	20.00%	-
330.0	Distribution Reservoirs & Standpipes	-		-
330.1	Storage Tanks	151,423	2.22%	3,365
330.2	Pressure Tanks	-	5.00%	-
331.0	Transmission & Distrib. Mains	866,661	2.00%	17,333
333.0	Services	2,976	3.33%	-
334.0	Meters & Meter Installations	77,581	8.33%	1,069
335.0	Hydrants	61,755	2.00%	1,235
336.0	Backflow Prevention Devices	-		-
339.0	Other Plant & Misc. Equipment	33,805	6.67%	1,425
340.0	Office Furniture & Equipment	3,041	6.67%	59
340.1	Computers & Software	2,357	20.00%	327
341.0	Transportation Equipment	21,483	20.00%	4,297
343.0	Tools, Shop & Garage Equip	5,285	5.00%	248
344.0	Laboratory Equipment	-	10.00%	-
345.0	Power Operated Equipment	400	20.00%	80
346.0	Communication Equipment	-	10.00%	-
347.0	Miscellaneous Equipment	30,572	10.00%	2,835
348.0	Other Tangible Plant	101,115	3.33%	-
	TOTAL WATER PLANT	1,661,629		35,392

Note: Use Test Year ending balances in Column A and approved depreciation rates in Column B

* See Page 20.1-1 through 20.1-3. Simply multiplying Col A with Col B may result in substantial negative OCLD due to non-consideration of fully depreciated assets accounts. YWIA STRONGLY RECOMMENDS ACC TO ADOPT YWIA'S DEPRECIATION SCHEDULE AND ADJUST CLASS COSTS AND ACCUMULATED DEPRECIATION. ACC AUDIT DEPRECIATION SCHEDULE IS MATERIALLY INACCURATE WHEN COMPARED TO A DETAIL SCHEDULE DEVELOPED BY YWIA. INACCURACIES ARE CAUSED BY ERRORS IN ACCOUNTING FOR COST AND ACCUMULATED DEPRECIATION OF ASSETS DISPOSED AS TO, INCONSISTENT DEPRECIATION RATES, AND INCORRECT CLASSIFICATION OF ASSETS. THESE ERRORS APPARENTLY OCCURRED THROUGH MANY YEARS. FOR EXAMPLE, ASSET YWIA'S SCHEDULE IS DETAILED AS TO EACH ASSET AND THE RESULTS BETWEEN THE SCHEDULES JUSTIFY THE ADJUSTMENT 20.1

YARNELL WATER IMPROVEMENT ASSOCIATION

AC#	RATE	ACQ YEAR	DISP YR	BOOK	DESCRIPTION	DEPRECIATION	2005	2005	2006	2006	2006	2006	2006	
AC#	RATE	YEAR	YR	GRP #	ASSET#	ADD D 5	COST 05	ADD 05	ADD C 6	DISP C 6	ADD D 6	DISP D 6	COST 06	ADD 06
303	0.00%	1975		1	1 WELL SITE PEEPLES VALLEY	-	5,126.85	-	0	0	-	0	5,126.85	-
303	0.00%	1975		1	2 Well sites 4&5	-	1,000.00	-	0	0	-	0	1,000.00	-
303	0.00%	1974		1	3 Trans & Dist Plant Land	-	4,011.00	-	0	0	-	0	4,011.00	-
303	0.00%	1975		1	4 General Plant & Land RT	-	3,814.00	-	0	0	-	0	3,814.00	-
303	0.00%	2002		1	5 Geo Physical Study	-	3,345.00	-	0	0	-	0	3,345.00	-
303	0.00%	2003		1	7 Geo Physical Study	-	3,455.00	-	0	0	-	0	3,455.00	-
320.1	3.33%	1975		2	1 Hood-Mercury	579.24	34,754.25	34,754.25	0	0	-	0	34,754.25	-
307	3.33%	1974		2	2 Wells Y4&Y5	-	1,783.57	1,783.57	0	0	-	0	1,783.57	-
320.1	3.33%	1975		2	3 Hood Mercury Estl.	629.22	37,752.93	37,752.93	0	0	-	0	37,752.93	-
331	2.00%	1975		2	4 See Wells Pay Estima	80.62	4,031.20	2,459.03	0	0	80.62	0	2,539.66	-
311	12.50%	1974		2	5 Production Well Meter L	-	768.97	768.97	0	0	-	0	768.97	-
331	2.00%	1975		2	6 See Wells Final Pay Estima	1,615.54	80,776.75	49,273.82	0	0	1,615.54	0	50,889.35	-
311	12.50%	1990		2	7 Wickenburg Pump	-	3,399.77	3,399.77	0	0	-	0	3,399.77	-
311	12.50%	1975		2	8 25hp Booster Pumps	-	14,224.00	14,224.00	0	0	-	0	14,224.00	-
311	12.50%	1974		2	9 Pumps from Well Y4	-	1,025.64	1,025.64	0	0	-	0	1,025.64	-
311	12.50%	1987		2	10 Process Equip Co New	-	12,788.41	12,788.41	0	0	-	0	12,788.41	-
311	12.50%	1988		2	11 Process Equip Co Rebuilt	-	11,010.80	11,010.80	0	0	-	0	11,010.80	-
311	12.50%	1989		2	12 Process Equip Co Well	-	14,177.10	14,177.10	0	0	-	0	14,177.10	-
311	12.50%	1984		2	13 Pump 65254AL2	-	2,525.44	2,525.44	0	0	-	0	2,525.44	-
347	10.00%	1975	1999	2	14 Gas Mask	-	-	-	0	0	-	0	-	-
320.2	20.00%	1975		2	15 Chlorinator W/2 Cylinde	-	1,456.00	1,456.00	0	0	-	0	1,456.00	-
320.2	20.00%	1992		2	16 Chlorinator	-	3,452.39	3,452.39	0	0	-	0	3,452.39	-
347	10.00%	1999		2	17 SCBA Breathing Apparatus	156.26	1,562.58	1,015.68	0	0	156.26	0	1,171.94	-
331	2.00%	1975		2	18 See Wells Final Pay	188.99	9,449.70	5,764.32	0	0	188.99	0	5,963.31	-
330.1	2.22%	1975		2	19 #1 40K Gal. #2 250K Gal	2,902.72	130,622.50	88,533.03	0	0	2,902.72	0	91,435.75	-
330.1	2.22%	2005		2	20 Tank Lining	231.11	20,800.00	231.11	0	0	462.22	0	693.33	-
339	6.67%	1983		2	21 Electrolysis	-	6,545.36	6,545.36	0	0	-	0	6,545.36	-
339	6.67%	1984		2	21 Electrolysis	-	1,551.95	1,551.95	0	0	-	0	1,551.95	-
339	6.67%	1996		2	22 Painting Tanks	1,166.67	17,500.00	11,083.33	0	0	1,166.67	0	12,250.00	-
331	2.00%	1975		2	23 New System Mains App	2,586.20	129,309.90	78,879.04	0	0	2,586.20	0	81,465.24	-
331	2.00%	1975		2	24 System Mains Sil PVC, Gi	8,299.58	414,978.89	253,137.12	0	0	8,299.58	0	261,436.70	-
331	2.00%	1975		2	25 Dist System Sl 1	148.00	7,400.00	4,514.00	0	0	148.00	0	7,400.00	-
334	8.33%	1974	2006	2	26 Meters & Services	-	2,922.11	2,922.11	0	0	-	0	2,922.11	-
334	8.33%	1974	2006	2	27 Yarnell Meters & Services	-	6,546.66	6,546.66	0	0	-	0	6,546.66	-
334	8.33%	1974	2006	2	28 100 5/8 & 3/4 Meters	-	4,392.65	4,392.65	0	0	-	0	4,392.65	-
334	8.33%	1975		2	29 Mic Fitting 100 Meter	-	209.50	209.50	0	0	-	0	209.50	-
334	8.33%	2005		2	30 75 Meter Boxes	-	787.50	787.50	0	0	-	0	787.50	-
334	8.33%	2005		2	31 Sees Wells Meter & Service	-	63,753.48	63,753.48	0	0	-	0	63,753.48	-
334	8.33%	2006		2	Master meter	197.64	4,743.37	197.64	0	0	395.28	0	592.92	-
334	8.33%	2006		2	6 meters	-	-	-	0	0	-	0	-	-
334	8.33%	2006		2	Box of 10 meters	-	-	-	0	0	-	0	-	-
334	8.33%	2006		2	6 meters	-	-	-	0	0	-	0	-	-
334	8.33%	2006		2	27 5/8 x3/4 meters	-	-	-	0	0	-	0	-	-
334	8.33%	2006		2	6 5/8 x3/4 meters	-	-	-	0	0	-	0	-	-
334	8.33%	2006		2	12 5/8 x3/4 meters	-	-	-	0	0	-	0	-	-
334	8.33%	2006		2	6 5/8 x3/4 meters	-	-	-	0	0	-	0	-	-
334	8.33%	2006		2	2 1" meters, 24 3/4 mts	-	-	-	0	0	-	0	-	-
334	8.33%	2006		2	12 5/8 x3/4 meters	-	-	-	0	0	-	0	-	-
334	8.33%	2006		2	6 5/8 x3/4 meters	-	-	-	0	0	-	0	-	-
333	3.33%	1975		2	32 Service Materials	0.76	45.56	45.56	0	0	-	0	45.56	-
333	3.33%	1976		2	33 Service Materials	55.75	1,672.40	1,644.53	0	0	27.87	0	1,672.40	-
333	3.33%	1976		2	34 Service Materials	41.94	1,237.13	1,237.13	0	0	20.97	0	1,258.10	-
334	8.33%	1999		2	35 Back Flow Preventer	36.22	434.61	235.41	0	0	36.22	0	271.63	-
334	8.33%	2000		2	36 5/8x3/4 Neptune Meter	75.55	906.60	415.53	0	0	75.55	0	491.08	-
335	2.00%	1975		2	37 75 Fire Hydrants	750.00	37,500.00	202,875.00	0	0	750.00	0	23,625.00	-

20.1-1

20.1-1

YARNELL WATER IMPROVEMENT ASSOCIATION

COMM AC #	ACCR RATE	ACQ YEAR	DISP YR	BOOK GRP #	ASSET #	DESCRIPTION	2005		2006		2005		2006	
							DEPRECIATION ADD D 5	COST 05	DEPRECIATION ADD D 6	COST 06	DEPRECIATION ADD D 5	COST 05	DEPRECIATION ADD D 6	COST 06
335	2.00%	1988	2	2	38	Fire Hydrant	11.27	563.49	197.22	480.00	11.27	563.49	197.22	480.00
335	2.00%	1994	2	2	39	Fire Hydrant	14.10	705.00	162.15	755.53	14.10	705.00	162.15	755.53
301	0.00%	1974	6	6	40	Fire Hydrant	14.16	708.22	162.89	583.00	14.16	708.22	162.89	583.00
302	0.00%	1974	5	5	1	Organization Costs	-	24,471.38	-	2,900.00	-	24,471.38	-	2,900.00
303	0.00%	1974	5	5	1	Franchise & Consents	-	34,883.56	-	2,900.00	-	34,883.56	-	2,900.00
304	0.00%	1974	5	5	2	Title Insurance & Misc.	-	2,980.00	-	181.08	-	2,980.00	-	181.08
304	3.33%	1974	2	2	48	Office Sign	-	20.20	-	25.00	-	20.20	-	25.00
304	3.33%	1975	2	2	49	Office Site Survey	-	320.00	-	2.00	-	320.00	-	2.00
304	3.33%	1975	2	2	50	Office Slab & Site Prep	-	8,220.00	-	68.62	-	8,220.00	-	68.62
304	3.33%	1976	2	2	51	Office Metal Building	-	8,000.00	-	95.08	-	8,000.00	-	95.08
304	3.33%	1976	2	2	52	Office Sheet Rook Install	-	15,000.00	-	96.60	-	15,000.00	-	96.60
304	3.33%	1976	2	2	53	Office Finishing	-	3,665.14	-	90.00	-	3,665.14	-	90.00
304	3.33%	1976	2	2	54	Building Material	-	270.32	-	2	-	-	-	2
304	3.33%	1976	2	2	55	Building Material & Sign	-	231.11	-	2	-	-	-	2
304	3.33%	1986	4	4	1	Russ Custom Concrete	-	6,707.50	-	68.62	-	6,707.50	-	68.62
304	3.33%	1986	4	4	2	Universal Drill	-	1,900.00	-	95.08	-	1,900.00	-	95.08
304	3.33%	1992	2	2	56	Heating & A/C	-	2,346.90	-	96.60	-	2,346.90	-	96.60
304	3.33%	1998	2	2	58	Fence Open Lot	-	2,835.00	-	90.00	-	2,835.00	-	90.00
304	3.33%	2000	4	4	3	Paved Roadway	-	3,500.00	-	840.00	-	3,500.00	-	840.00
304	3.33%	2006	4	4	94	Road Improve - riprap	-	240.00	-	20	-	-	-	20
304	3.33%	2003	2	2	94	Concrete Pad/Reta	-	148.55	-	16.00	-	148.55	-	16.00
304	3.33%	2005	2	2	88	Pump house road	-	1,900.32	-	25.18	-	1,900.32	-	25.18
311	12.50%	1994	2	2	88	Motor Saver Wick Pump	-	31.67	-	19.43	-	31.67	-	19.43
311	12.50%	1997	2	2	89	New Pump	-	577.50	-	25.18	-	577.50	-	25.18
311	12.50%	2003	2	2	95	Static Water Level	-	2,192.29	-	19.43	-	2,192.29	-	19.43
311	12.50%	2004	2	2	102	Replacement Pump	-	2,021.59	-	19.43	-	2,021.59	-	19.43
331	2.00%	1974	2	2	44	Road Crossing Sleeves	-	56.53	-	37.25	-	56.53	-	37.25
331	2.00%	1975	2	2	45	See Weils Other Trans Pla	-	2,826.31	-	166.91	-	2,826.31	-	166.91
331	2.00%	1975	2	2	46	Spare Material Purchase	-	2,700.00	-	1,862.35	-	2,700.00	-	1,862.35
331	2.00%	1975	2	2	60	60 Casbolt Line Extension	-	13,995.00	-	279.90	-	13,995.00	-	279.90
331	2.00%	1976	2	2	47	Spare Material	-	469.28	-	9.39	-	469.28	-	9.39
335	2.00%	1996	2	2	41	Parts for PV Fire Hydrant	-	52.05	-	494.48	-	52.05	-	494.48
335	2.00%	1996	2	2	42	4" PR Cla-Valve	-	195.87	-	1,860.73	-	195.87	-	1,860.73
335	2.00%	2000	2	2	43	2 6" 4 Bury Hydnt(9/29/00	-	30.35	-	1,517.34	-	30.35	-	1,517.34
335	2.00%	2004	2	2	91	Clay Valves	-	83.78	-	293.22	-	83.78	-	293.22
335	2.00%	2004	2	2	99	Clay Valve Rebuild	-	37.25	-	55.87	-	37.25	-	55.87
335	2.00%	2004	2	2	106	2 Fire Hydrants	-	2,313.34	-	69.40	-	2,313.34	-	69.40
339	6.67%	1986	2	2	76	Filke Meter	-	584.10	-	584.10	-	584.10	-	584.10
339	6.67%	1988	2	2	77	Motorcia Radios	-	1,930.25	-	1,930.25	-	1,930.25	-	1,930.25
339	6.67%	1988	2	2	79	Western Auto Lawn Mower	-	181.08	-	181.08	-	181.08	-	181.08
339	6.67%	1991	2	2	81	Generator	-	480.00	-	0	-	480.00	-	0
339	6.67%	1991	2	2	82	Probe	-	755.53	-	0	-	755.53	-	0
339	6.67%	1991	2	2	83	Electric Hammer	-	583.00	-	0	-	583.00	-	0
339	6.67%	1991	2	2	84	Control Meter	-	2,900.00	-	0	-	2,900.00	-	0
339	6.67%	1995	2	2	57	Black to Office Parking	-	193.33	-	0	-	193.33	-	0
339	6.67%	2002	2	2	92	Backflow Test Kit	-	65.01	-	0	-	65.01	-	0
340	6.67%	1974	3	3	1	Adding Machine & File Ca	-	204.23	-	204.23	-	204.23	-	204.23
340	6.67%	1974	3	3	2	Desk	-	25.00	-	25	-	25.00	-	25
340	6.67%	1975	3	3	3	Tash Can	-	2.00	-	2	-	2.00	-	2
340	6.67%	1975	3	3	4	Office Furniture	-	68.62	-	68.62	-	68.62	-	68.62
340	6.67%	1976	3	3	5	Desk & Other Equip	-	95.08	-	95.08	-	95.08	-	95.08
340	6.67%	1976	3	3	6	Office Furniture	-	96.60	-	96.60	-	96.60	-	96.60
340	6.67%	1976	3	3	7	Office Furniture	-	90.00	-	90.00	-	90.00	-	90.00
340	6.67%	1982	3	3	8	Typr Writer & Adding Ma	-	0	-	0	-	0	-	0
340	6.67%	1982	3	3	9	IBM Typewriter	-	840.00	-	840.00	-	840.00	-	840.00

20.1-2

YARNELL WATER IMPROVEMENT ASSOCIATION

COMM	ACCR	ACQ	DISP	BOOK	DESCRIPTION	DEPRECIATION	2005	2005	2005	2005	2006	2006	2006	2006
AC #	RATE	YEAR	YR	GRP #	ASSET #	ADD D 5	COST 05	ADD 05	ADD C 6	DISP C 6	DEPRECIATION	DISP D 6	COST 06	ADD 06
340	6.67%	1988	2006	3	10 Phones	-	499.64	499.64	0	0	-	499.64	-	-
340	6.67%	1989	2003	3	11 Copy Machine	-	881.34	881.34	0	0	-	0	-	-
340	6.67%	1991		3	12 Office Desk	58.76	1,267.92	1,225.66	0	0	29.38	0	881.34	881.34
340	6.67%	1991		3	13 Stockroom Typewriter	84.53	639.63	319.82	0	0	42.26	0	1,267.92	1,267.92
340	6.67%	1998		3	14 Typewriter IBM	42.64	252.16	58.84	0	0	16.81	0	639.63	362.46
340	6.67%	2002		3	18 Refrigerator	16.81	207.39	72.04	0	0	16.81	0	252.16	75.65
340.1	20.00%	1999	2003	3	15 Work Processor	-	2,073.92	1,866.53	0	0	-	0	-	-
340.1	20.00%	2001	2006	3	16 Gateway Computer	414.78	720.42	648.38	0	0	207.39	0	720.42	720.42
340.1	20.00%	2006		3	17 Lexmark Laser Printer	144.08	1,579.54	1,579.54	1636.79	0	163.68	0	1,636.79	163.68
343	5.00%	1974	2006	2	62 Tools, Pipe & Fitting	-	32.06	32.06	0	0	-	0	-	-
343	5.00%	1975	2006	2	63 Tools	-	621.91	621.91	0	0	-	0	-	-
343	5.00%	1975	2006	2	64 Tools, Pipe & Fitting	-	12.60	12.60	0	0	-	0	-	-
343	5.00%	1975	2006	2	65 Wrench	-	857.50	857.50	0	0	-	0	-	-
343	5.00%	1976	2006	2	66 Tools & Equipment	-	766.24	766.24	0	0	-	0	-	-
343	5.00%	1976	2006	2	67 Tools & Equipment	-	150.10	150.10	0	0	-	0	-	-
343	5.00%	1976	2006	2	69 Water Test Kit	-	143.00	143.00	0	0	-	0	-	-
343	5.00%	1978	2006	2	70 Utility Box	-	295.51	295.51	0	0	-	0	-	-
343	5.00%	1982	2004	2	71 Weed Eater	-	222.20	222.20	0	0	-	0	-	-
343	5.00%	1985	2006	2	72 Mechanical Compactor	-	17,424.23	17,424.23	21482.7	0	-	0	21,482.70	2,148.27
341	20.00%	1990	2006	2	74 Utility Box	5.55	50.00	50.00	0	0	-	0	-	-
341	20.00%	1990	2006	2	74 Ford Ranger	-	276.19	276.19	0	0	-	0	-	-
343	5.00%	1974		2	59 Toyota PU	-	588.83	588.83	0	0	-	0	-	-
343	5.00%	1985		2	61 Tapping Tool	-	52.78	52.78	0	0	-	0	-	-
343	5.00%	1985		2	75 Commercial Exhaust Fan	6.90	87.70	87.70	0	0	-	0	-	-
343	5.00%	1993		2	86 Floor Beam Scale	29.44	1,753.90	1,753.90	0	0	29.44	0	588.83	397.46
343	5.00%	2004		2	100 8 & 14 PC Socket Set W/	35.19	131.54	131.54	0	0	35.19	0	703.78	87.97
343	5.00%	2004		2	103 Cutoff Saw/Accessories	87.70	73.32	73.32	0	0	87.70	0	977.57	219.24
343	5.00%	2004		2	104 Deep Metric Socket Set W	48.88	935.78	70.18	0	0	48.88	0	977.57	122.20
343	5.00%	2004		2	105 Deep Metric Socket Set W	46.79	617.96	617.96	400	0	40.00	0	935.78	116.97
345	20.00%	2006		2	Riding Lawn Mower	-	295.00	295.00	0	0	-	0	-	-
347	10.00%	1984	2006	2	73 12" Backhoe Bucket	-	1,512.54	1,512.54	0	0	-	0	-	-
347	10.00%	1988		2	78 Dickinson Pressur Recor	-	418.95	418.95	0	0	-	0	-	-
347	10.00%	1990		2	80 Granger Mud Pump	-	482.29	482.29	0	0	-	0	-	-
347	10.00%	1993	2003	2	85 Backhoe 81 Case	-	741.99	741.99	0	0	-	0	-	-
347	10.00%	1993		2	87 Metal Detector	-	418.95	418.95	0	0	-	0	-	-
347	10.00%	1999		2	90 Traffic Signs	74.20	2,300.00	2,300.00	0	0	74.20	0	418.95	418.95
347	10.00%	2003		2	96 99 JCB Backhoe	2,300.00	116.10	116.10	0	0	-	0	-	-
347	10.00%	2003		2	97 Backhoe Tires	46.44	637.29	637.29	0	0	46.44	0	637.29	223.05
347	10.00%	2003		2	98 Honda Generator	63.73	1,939.32	1,939.32	0	0	63.73	0	1,939.32	484.83
347	10.00%	2004		2	101 Compactor/Vibratory Pl	193.93	101,115.30	101,115.30	0	0	193.93	0	1,939.32	484.83
348	3.33%	1975		2	93 Design & Inspection Main	1,685.26	-	-	0	0	-	0	-	-

1/14/2008

20.1-3

20.1-3

Company Name: <i>Lawrenceville Improvement Association</i>	Test Year Ended: <i>December 31, 2006</i>
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BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 981	\$ (136)
134	Working Funds	264	268
135	Temporary Cash Investments	53,885	41,576
141	Customer Accounts Receivable	18,322	17,332
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	4,405	-0-
174	Miscellaneous Current and Accrued Assets	206	-0-
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 78,063	\$ 59,040
	FIXED ASSETS		
101	Utility Plant in Service	\$ 4,671,885	\$ 1,461,629*
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant ("AD-UP")	(1,083,190)	(\$1,076,099)**
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility ("AD-NU")		(\$)
	TOTAL FIXED ASSETS	\$ 588,695	\$ 585,530
	TOTAL ASSETS	\$ 666,758	\$ 644,570

Note: Total Assets on this page should equal the sum of Total Liabilities and Total Capital on page 22. Also, numbers in parentheses should be subtracted. For example, Accounts 108 and 122 should be subtracted from Total Fixed Assets.

** Must equal page 15, original cost*

*** Must equal page 15, accumulated depreciation*

See PAGE 22.1-1 THROUGH 22.1-3 FOR EXPANDED ACCOUNTS

Company Name:

TARNEK WATER IMPROVEMENT ASSOCIATION

Test Year Ended:

DECEMBER 31, 2006

BALANCE SHEET (CONTINUED)

	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 3,763	\$ 1,397
232	Notes Payable (Current Portion)	32,900	39,636
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	20,181	16,969
236	Accrued Taxes	10,270	13,724
237	Accrued Interest	153	1,419
241	Miscellaneous Current and Accrued Liabilities	-0-	62
	TOTAL CURRENT LIABILITIES	\$ 67,267	\$ 73,207
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 308,792	\$ 285,575
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		\$ *
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction		\$ **
272	Less: Amortization of Contributions		(\$)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ -0-	\$ -0-
	TOTAL LIABILITIES	\$ 376,059	\$ 358,782
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value	591	594
215	Retained Earnings	290,108	285,194
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 290,699	\$ 285,788
	TOTAL LIABILITIES AND CAPITAL	\$ 666,758	\$ 644,570

Note: Account 272 should be subtracted from Total Deferred Credits.

* Must equal page 24, Total Advances in Aid of Constructions

** Must equal page 25, Total Advances

YARNELL WATER IMPROVEMENT ASSOC

Balance Sheet

As of December 31, 2006

	<u>Dec 31, 06</u>	<u>Dec 31, 05</u>
ASSETS		
Current Assets		
Checking/Savings		
131 · Cash		
100 · Petty Cash	100	100
102 · NBA Ck 390100228	(236)	881
Total 131 · Cash	(136)	981
134 · Working Funds		
107 · Stockman's MM 2103001893	268	264
Total 134 · Working Funds	268	264
135 · Temp Cash Investments		
104 · Meridian Bank CD 3121191	41,576	53,885
Total 135 · Temp Cash Investments	41,576	53,885
Total Checking/Savings	41,708	55,130
Accounts Receivable		
141 · Accounts Receivable		
144 · Reserve for Bad Debt	(673)	(622)
141 · Accounts Receivable - Other	18,005	18,944
Total 141 · Accounts Receivable	17,332	18,322
Total Accounts Receivable	17,332	18,322
Other Current Assets		
162 · Prepayments		
146 · Prepaid Insurance	0	4,405
Total 162 · Prepayments	0	4,405
174 · Misc Current & Accrued Assets		
145 · Accrued Interest Receivable	0	206
Total 174 · Misc Current & Accrued Assets	0	206
Total Other Current Assets	0	4,611
Total Current Assets	59,040	78,063
Fixed Assets		
101 · Utility Plant in Service		
301 · Organization Costs	24,471	24,471
302 · Franchise Costs	34,884	34,884
303 · Land & Land Rights	23,732	23,732
304 · Structures & Improvements	59,612	59,372
307 · Wells & Springs	1,784	1,784
311 · Pumping Equipment	81,277	81,277
320 · Water Treatment Equipment		
320.2 · Solution Chemical Feeders	4,908	4,908
320.1 · Water Treatment Plants	72,507	72,507
Total 320 · Water Treatment Equipment	77,416	77,416
330 · Distrib Reservoirs & Standpipes		
330.1 · Storage Tanks	151,423	151,423
Total 330 · Distrib Reservoirs & Standpipes	151,423	151,423
331 · Transmission & Distr Mains	866,661	866,661
333 · Services	2,976	2,976
334 · Meters & Meter Installations	77,580	84,696
335 · Hydrants	61,754	61,754
339 · Other Plant & Misc Equipment	33,805	33,986
340 · Office Furniture and Equip		
340.1 · Computer & Software	2,357	2,794
340 · Office Furniture and Equip - Other	3,041	4,962
Total 340 · Office Furniture and Equip	5,398	7,757

	<u>Dec 31, 06</u>	<u>Dec 31, 05</u>
341 · Transportation Equipment	21,483	22,105
343 · Tools, Shop & Garage Equip	5,286	5,286
345 · Power Operated Equipment	400	0
347 · Miscellaneous Equipment	30,572	31,190
348 · Other Intangible Plant	101,116	101,116
Total 101 · Utility Plant in Service	1,661,629	1,671,885
108 · Accum Depreciation - Plant	(1,076,099)	(1,083,190)
Total Fixed Assets	585,530	588,695
TOTAL ASSETS	644,570	666,758
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
231 · Accounts Payable	0	3,872
Total Accounts Payable	0	3,872
Credit Cards		
231.3 · Pitney Bowes Card Payable	1,053	0
231.1 · Cr Card Payable-Stockmen's Bank	211	(109)
231.2 · Cr Cd HSBC Business Solutions	132	0
Total Credit Cards	1,397	(109)
Other Current Liabilities		
232 · Current Portion - L/T Debt	39,636	32,900
236 · Accrued Taxes		
243 · Sales Tax Payable	1,053	665
238 · Payroll Tax Liabilities		
2384 · SUTA Payable	24	37
2383 · FUTA Payable	221	234
2382 · State W/H Payable	410	305
2381 · FICA/FWH Payable	2,669	2,566
Total 238 · Payroll Tax Liabilities	3,324	3,142
240 · Accrued Real Estate Tax	9,347	6,463
Total 236 · Accrued Taxes	13,724	10,270
233 · Refundable Meter Deposits	11,545	12,244
235 · Refundable Customer Deposits	5,424	7,937
237 · Accrued Interest Payable	1,419	153
241 · Misc Current & Accrued Liab		
241.6 · Workers Comp Payable	62	0
Total 241 · Misc Current & Accrued Liab	62	0
Total Other Current Liabilities	71,809	63,504
Total Current Liabilities	73,206	67,267
Long Term Liabilities		
224 · Long-Term Notes & bonds		
227 · N/P Ford Mtr- 06 Ford Serv Trk	18,059	0
225 · N/P GMAC 10216004	35,086	39,114
226 · GMAC Loan Payable	272,066	302,577
299 · Current Portion L/T Debt	(39,636)	(32,900)
Total 224 · Long-Term Notes & bonds	285,575	308,792
Total Long Term Liabilities	285,575	308,792
Total Liabilities	358,781	376,059

	<u>Dec 31, 06</u>	<u>Dec 31, 05</u>
Equity		
211 · Paid in Capital Excess of Par	594	591
216 · Prior Period Adjustment	0	80,511
325 · Unrestricted Net Assets	290,108	225,792
Net Income	(4,913)	(16,195)
Total Equity	<u>285,789</u>	<u>290,699</u>
TOTAL LIABILITIES & EQUITY	<u>644,570</u>	<u>666,758</u>

Yarnell Water Improvement Association
PO Box 727 – 22609 Looka Way
Yarnell, Arizona 85362
(928) 427-3321
Email: ywia@w3az.net

Docket No. W-0255A-0570
Test year ending 12/31/2006

On June 5, 2006 a motion was passed on Docket No. W-02255A-05-0678
Decision No. 68747

A compliance action be filed by December 31, 2006 with the ACC, a detailed plan demonstrating how the company will reduce it's water loss to less than 15%. Plus in concurrent with the company filling it's next rate increase, must file a plan for the water loss to be below 10%.

Prior to this decision Yarnell Water had started a water loss program that entails a meter change out schedule consisting of 2 to 4 cases of meters per month, depending on monthly expenses. As of May 30, 2006 we have reduced our water loss to 13.97% and are continuing with the meter change out program to further reduce our water loss. Also in June 2006 we will be deleting an existing 2" water line that has several leaks, thus assisting in reducing our water loss even further. Along with the replacement of aging meters, the existing hydrants are 33 years old with the exception of the 7 that have been replaced over the last few years. The cost for replacement of each hydrant will cost the water company approximately \$ 2,238.00. In order to see a substantial drop in water loss, at least 6 hydrants per year would have to be replaced costing \$ 13,428.00 per year. Over the next several years that cost will continue to increase.

As of December 31, 2006, Yarnell Water has replaced 93 meters including parts and labor, totaling \$12,872.22. With that added expense to the yearly budget we were forced to tap into our reserves to make our yearly loan payment.

. Without a rate increase Yarnell Water does not have the revenue to replace 6 hydrants a year or continue to replace a large amount of meters which would greatly reduce our water loss. With a rate increase, this would increase our yearly revenue but would take several years to regain the initial expense of replacing meters and hydrants.

Without an increase in current rates, the added expense is not cost effective to Yarnell Water.