

9/20/2

LAW OFFICES

ROSE, SUNDSTROM & BENTLEY

A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

2548 BLAIRSTONE PINES DRIVE

TALLAHASSEE, FLORIDA 32301

(904) 877-8555

ORIGINAL  
FILE COPY

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TALLAHASSEE, FLORIDA 32302-1567  
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February 26, 1996

VIA HAND DELIVERY

Ms. Roli Okome  
Division of Water and Wastewater  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399

Re: Arredondo Utility Corporation, Inc.; PSC Docket No. 951234-WS  
Application for Staff Assisted Rate Increase  
Our File No. 30034.01

Dear Roli:

Attached are the exhibits that were left off of our audit response. These have been marked with reference to the audit exception and exhibit number for your ready reference.

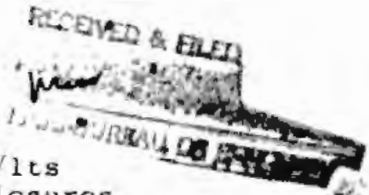
Should you have any further questions or if we can provide any further information which you need to support our responses, please let us know as soon as possible.

Sincerely,

ROSE, SUNDSTROM & BENTLEY

F. Marshall Deterding  
For The Firm

- ACK
- AFA 2
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG 1
- LIP 5
- OP \_\_\_\_\_
- ROH \_\_\_\_\_
- SEC 1
- WAS Okome
- OTH \_\_\_\_\_



FMD/lts  
Enclosures  
cc: Ms. Stephanie Wallen  
Robert C. Nixon, CPA  
Ylanca Bayo w/15 copies

DOCUMENT NUMBER-DATE

02339 FEB 26 96

FPSC-RECORDS/REPORTING

ARREDONDO UTILITY CO., INC.

Docket No. 951234-WS

RESPONSE TO AUDIT EXCEPTION #1

General Ledger Account List With Handwritten  
NARUC Account Conversion Provided to the PSC Auditor

EXHIBIT 1

NUMERIC G/L ACCOUNT LIST

Ranges: All Accounts Selected  
All Profit Centers

(Compress Codes Are: N=None, D=Date, P=Per)

NARUC CONVERSION

Account-No Description

1005-0000 Petty Cash  
1010-0000 GSB / Checking  
1050-0000 GSB / Escrow Acct.  
1055-0000 Escrow Interest  
1222-0000 Returned Checks

} CASH

1240-0000 Utilities - A/R- 141

1600-0000 Depreciable Property  
1600-3043 Structures & Improves - Water  
1600-3072 Wells & Springs  
1600-3092 Supply Mains  
1600-3102 Power Generation Equipment  
1600-3112 Pumping Equipment  
1600-3203 Water Treatment Equipment  
1600-3304 Dist Reservoirs & Stand.  
1600-3314 Trunk & Dist Mains  
1600-3334 Services  
1600-3344 Meters / Meter Installation  
1600-3354 Hydrants  
1600-3394 Other Plant & Misc. Equip.  
1600-3415 Transportation Equip.  
1600-3425 Tools, Shop & Garage Equip.  
1600-3485 Other Tangible Property

Depr Prop: 1st 3 digits of suffix  
(Utility Plant + CIAC)

WATER ↑  
SEWER ↓

1600-3544 Structures & Improves - Sewer  
1600-3612 Collection Sewers / Gravity  
1600-3632 Services to Customers  
1600-3652 Flow Measuring Devices  
1600-3713 Pumping Equipment  
1600-3804 Treat & Disposal Equip.  
1600-3894 Other Plant / Misc. Equip.  
1600-3915 Transportation Equip.  
1600-3925 Tools, Shop & Garage Equip.  
1600-3985 Other Plant

1650-0000 Accumulated Depreciation  
1650-1081 Accumulated Deprec./ Water  
1650-1082 Accumulated Deprec./ Sewer  
1700-0000 Land  
1700-3032 Land & Land Rights / Water  
1700-3532 Land & Land Rights / Sewer  
1800-2711 Imputed CIAC Mains / Water  
1800-2712 Imputed CIAC Mains / Sewer  
1800-2713 CIAC / Meter fees  
1900-2721 Accoa Annot Input CIAC / Water  
1900-2722 Accoa Annot Input CIAC / Sewer

} 271 -  
272

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NUMERIC A/L ACCOUNT LIST

NARUC CONVERSION

| Account No           | Description                        |           |
|----------------------|------------------------------------|-----------|
| 1900-2723            | Accou. Monthly / Meter Fees        | 272       |
| 1900-0000            | Prepaid Auto Insurance             |           |
| <del>2100-0000</del> | <del>'77 Trust - RT</del>          |           |
| 2110-0000            | CLB, Inc. / RMS 11009              | 224       |
| 2200-0000            | Management Fees / LSI              | 224       |
| 2220-0000            | Officers Salaries                  |           |
| 2221-0000            | Ofcr's. FICA / Water               |           |
| 2222-0000            | Ofcr's. FICA / Sewer               | 631       |
| 2223-0000            | Ofcr's. Medicare / Water           |           |
| 2224-0000            | Ofcr's. Medicare / Sewer           |           |
| <del>2200-0000</del> | <del>Prepaid Auto Insurance</del>  |           |
| 2400-0000            | Water Deposits                     | 235       |
| 2420-0000            | Suspense Account                   | 231       |
| 2423-0000            | Employee Medicare                  | 236       |
| 2425-0000            | FICA Payable                       | 256       |
| 2427-0000            | FUI / Federal Unemploy Ins.        |           |
| 2430-0000            | Withholding Payable                | 231       |
| 2440-0000            | County Sales Tax Payable           | 231       |
| 2450-0000            | Reg. Assess Fee Payable            | 230       |
| 2500-0000            | '77 Trust / RMS 13154              | 224       |
| 2600-0000            | Int. Payable / '77 Trust           | 257       |
| 2610-0000            | Int. Payable / CLB, Inc.           |           |
| 3000-0000            | Stock                              | 201       |
| 3001-0000            | Additional Paid in Capital         | 211       |
| 3005-0000            | Retained Earnings                  | 215       |
| 3010-0000            | Ret. Earnings / PSC Adjusts.       |           |
| 3100-0000            | Ret. Earnings / Accrued A/E's      |           |
| 4110-0000            | Loss / Abandonment of Gas Sys.     |           |
| 4350-0000            | Interest / Other                   | 421       |
| <del>4400-0000</del> | <del>Late Charges</del>            |           |
| 4420-0000            | Miscellaneous Income               | 474 / 536 |
| 4450-0000            | Repairs & Maint. / Water System    |           |
| 4455-0000            | Repairs & Maint. / Sewer System    |           |
| 4460-0000            | Returned Check Charges             |           |
| 4480-0001            | Ret. Check Charges / Water         | } 474     |
| 4480-0002            | Ret. Check Charges / Sewer         |           |
| 4500-0000            | Utility Sales Tax                  |           |
| 4600-0000            | Water Installations                |           |
| 4600-0000            | Sewer Income / A. Faras            | 522.1     |
| 4601-0000            | Commercial Sewer / A. Faras        | 522.2     |
| 4620-0000            | Water Income / A. Faras            | 461.1     |
| 4621-0000            | Commercial Water / A. Faras        | 461.2     |
| 4630-0000            | Water Income / Estates             | 461.1     |
| 4640-0000            | Water Hookup (\$15.00)             |           |
| 4640-0001            | Hook-up Fees / Water               | 474       |
| 4640-0002            | Hook-up Fees / Sewer               | 536       |
| 4645-0000            | Prem Visit & Disc. (110-115)       |           |
| 4645-0001            | Prem Visit & Disc. (110-115) Water | 474       |

NUMERIC G/L ACCOUNT LIST

NARUC CONVERSION

| Account-No | Description                     |         |
|------------|---------------------------------|---------|
| 4645-0002  | Prog Visit & Disc. (510-515)    | 536     |
| 5060-0003  | Bad Debt                        | 470     |
| 5061-0003  | Bad Debt / Sewer                | 770     |
| 5050-0003  | Bank Charges / Water            | 675     |
| 5051-0003  | Bank Charges / Sewer            | 775     |
| 5130-0003  | Charitable Contributions        |         |
| 5140-0003  | Chlorine Gas / Water            | 618     |
| 5141-0003  | Chlorine Gas / Sewer            | 718     |
| 5170-0003  | Contract Labor                  | 630     |
| 5171-0003  | Contract Labor / Sewer          | 730     |
| 5180-0000  | Depreciation                    |         |
| 5180-4021  | Depreciation / Water            |         |
| 5180-4022  | Depreciation / Sewer            |         |
| 5185-0000  | Diesel                          | 616     |
| 5186-0000  | Diesel / Sewer                  | 716     |
| 5190-0000  | Dues & Subscriptions            | 675     |
| 5191-0000  | Dues & Sub / Sewer              | 775     |
| 5230-0000  | Electricity / Farm Sewer Sys.   | 715     |
| 5240-0000  | Electricity / Estates Water     | 615     |
| 5250-0000  | Electricity / Farm Water Sys.   | 615     |
| 5310-0000  | Gas / Water                     | 650     |
| 5311-0000  | Gas / Sewer                     | 750     |
| 5350-0000  | Insurance / Auto                | 655     |
| 5351-0000  | Insurance - Auto / Sewer        | 755     |
| 5360-0000  | Insurance / Employee Medical    | 604     |
| 5361-0000  | Ins. - Employee Medical / Sewer | 704     |
| 5370-0000  | Insurance / Liability           | 655     |
| 5371-0000  | Ins. - Liability / Sewer        |         |
| 5380-0000  | Insurance / Property Damage     | 655/755 |
| 5381-0000  | Ins. / Property Damage - Sewer  |         |
| 5390-0000  | Insurance / Worker's Comp.      |         |
| 5391-0000  | Ins. - Worker's Comp. / Sewer   |         |
| 5400-0000  | Interest                        |         |
| 5405-0000  | Interest / Arredondo Estates    | 427     |
| 5410-0000  | Interest / Arredondo Farms      |         |
| 5430-0000  | Lab Fees / Estates Water        |         |
| 5432-0000  | Lab Fees / Farm Water System    |         |
| 5434-0000  | Lab Fees / Farm Sewer System    | 630/730 |
| 5450-0000  | Land Maintenance / Water        |         |
| 5451-0000  | Land Maintenance / Sewer        |         |
| 5470-0000  | Management Fees / Water         |         |
| 5471-0000  | Management Fees / Sewer         |         |
| 5480-0000  | Miscellaneous                   |         |
| 5520-0000  | Office Expense / Water          | 675/775 |
| 5521-0000  | Office Expense / Sewer          |         |
| 5570-0000  | Permits & Licenses - Water      |         |
| 5571-0000  | Permits & Licenses / Sewer      | 236     |
| 5580-0000  | Petty Cash Over/Short           | 675     |

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NUMERIC G/L ACCOUNT LIST

NARUC CONVERSION

| Account No | Description                     |         |
|------------|---------------------------------|---------|
| 5582-0000  | Plant Operator / Faras Sewer    | 730     |
| 5584-0000  | Plant Operator / Faras Water    | 630     |
| 5586-0000  | Plant Operator / Estates Water  |         |
| 5595-0000  | Postage & Mailing / Water       | 675/775 |
| 5596-0000  | Postage & Mailing / Sewer       |         |
| 5600-0000  | Professional fees / Water       |         |
| 5601-0000  | Professional fees / Sewer       | 630/730 |
| 5632-0000  | Repairs & Maintenance / A/c     | 650/750 |
| 5633-0000  | Repairs & Maint. - A/c / Sewer  |         |
| 5635-0000  | Repairs & Maint./Estates Water  |         |
| 5640-0000  | Repairs & Maint./ Faras Water   |         |
| 5643-0000  | Repairs & Maint./ Elec. Meters  |         |
| 5644-0000  | Rep. & Maint. - Motors / Sewer  |         |
| 5645-0000  | Repairs & Maint./ General       | 620/720 |
| 5646-0000  | Rep. & Maint. - General / Sewer |         |
| 5648-0000  | Repairs & Maint./ Elcters       |         |
| 5650-0000  | Repairs & Maint./ Faras Sewer   |         |
| 5655-0000  | R & Maint./ Generator -Estates  |         |
| 5656-0000  | R & Maint./ Generator-WF Water  |         |
| 5657-0000  | R & Maint./ Generator-WF Sewer  |         |
| 5658-0000  | Repairs & Maint./ Golf Cart     |         |
| 5660-0000  | Salaries & Wages / Water        | 601/701 |
| 5661-0000  | Salaries & Wages / Sewer        |         |
| 5662-0000  | Salaries - Officers / Water     |         |
| 5662-0001  | Salaries / Ofcns. - Water A/P   | 603/703 |
| 5663-0000  | Salaries - Officers / Sewer     |         |
| 5663-0001  | Salaries / Ofcns. - Sewer A/P   |         |
| 5664-0000  | Salaries - Meter Install.       |         |
| 5665-0000  | Sewer & Drain Service           | 711     |
| 5668-0000  | Sewer Prapout / A. Faras        |         |
| 5670-0000  | Small Tools                     | 620     |
| 5680-0000  | Supplies                        | 620/720 |
| 5681-0000  | Supplies / Sewer                |         |
| 5730-0000  | Taxes - Reg. Assess / Water     |         |
| 5731-0000  | Taxes - Reg. Assess / Sewer     |         |
| 5740-0000  | Taxes / Intangible              |         |
| 5770-0000  | Taxes - Payroll / Water         |         |
| 5770-0001  | Taxes / Payroll - Water A/P     | 236     |
| 5771-0000  | Taxes - Payroll / Sewer         |         |
| 5771-0001  | Taxes / Payroll - Sewer A/P     |         |
| 5775-0000  | Taxes / Property                |         |
| 5776-0000  | Taxes - Property / Sewer        |         |
| 5780-0000  | Taxes / Utility                 |         |
| 5782-0000  | Telephone / Water               | 675/775 |
| 5783-0000  | Telephone / Sewer               |         |

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ARREDONDO UTILITY CO., INC.

Docket No. 951234-WS

RESPONSE TO AUDIT DISCLOSURE #8

Management Fees Allocation

EXHIBIT 2

LOAN SERVICES, INC. MANAGEMENT FEE ALLOCATION

12/21/82

Totals

| Employee                                 | Loan Services         | C L B Inc.      | 1977 Trust      | Spec Inv. Inc.  | Arredondo Utility, Inc. | Canopy Pk., Inc. | Brice/Mincy    | GTC            | Brice Const.    | Mt. Gisard     | Meadows         | NRP            | Ranch           | Timber Reserves | Branford Pine  |
|--|-----------------------|-----------------|-----------------|-----------------|-------------------------|------------------|----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------|----------------|
| Beth, Accts Rec                          | 40.00                 | 5               | 5               | 4.5             | 2                       | 0.5              | 1              | 1              | 6.25            | 0.5            | 7.25            | 1.5            | 4.5             | 0.5             | 0.5            |
| Beverly, Adm'n Asst                      | 40.00                 | 5.5             | 4               | 4.75            | 4.25                    | 2                | 0.75           | 2.25           | 2.5             | 0.5            | 9               | 0.75           | 2.25            | 0.5             | 1              |
| Carla, Officer                           | 40.00                 | 7               | 8.25            | 5.5             |                         | 0.75             | 0.25           | 0.75           | 3.25            | 0.25           | 10.25           | 0.75           | 2.5             | 0.25            | 0.25           |
| Diane, Bookkeeper                        | 40.00                 | 7.5             | 5.5             | 3               | 6.5                     | 2                | 0.5            | 1.5            | 4.25            | 0.5            | 8               | 0.5            | 1.5             | 0.25            | 0.5            |
| Sherna, Oper Mgr                         | 40.50                 | 1               | 1.5             | 0.75            | 31.75                   | 0.5              | 0.25           | 0.5            | 0.75            | 0.25           | 2               | 0.25           | 0.5             | 0.25            | 0.25           |
| Shirley, Acct Pay                        | 40.00                 | 4.5             | 6               | 4.5             | 3.75                    | 2.75             | 1.25           | 2.25           | 5               | 0.25           | 4.5             | 1.25           | 2.5             | 0.25            | 1.25           |
| Steph, Controller                        | 29.00                 | 3.25            | 1.5             | 1.5             | 6.5                     | 1.5              | 0.5            | 0.5            | 5.25            | 0.25           | 5               | 0.5            | 1               | 0.25            | 0.5            |
| <b>Total Man hrs per week</b>            | <b>269.50</b>         | <b>33.75</b>    | <b>31.75</b>    | <b>24.50</b>    | <b>54.75</b>            | <b>10.00</b>     | <b>4.50</b>    | <b>8.75</b>    | <b>27.25</b>    | <b>2.50</b>    | <b>45.00</b>    | <b>5.50</b>    | <b>14.75</b>    | <b>2.25</b>     | <b>4.25</b>    |
| <b>x 52 = Annual hrs total hours</b>     | <b>14014</b><br>14014 | <b>1755</b>     | <b>1651</b>     | <b>1274</b>     | <b>2847</b>             | <b>520</b>       | <b>234</b>     | <b>455</b>     | <b>1417</b>     | <b>130</b>     | <b>2340</b>     | <b>286</b>     | <b>767</b>      | <b>117</b>      | <b>221</b>     |
| <b>% of Annual hrs</b>                   | <b>1</b>              | <b>0.13</b>     | <b>0.12</b>     | <b>0.09</b>     | <b>0.203</b>            | <b>0.04</b>      | <b>0.02</b>    | <b>0.03</b>    | <b>0.10</b>     | <b>0.01</b>    | <b>0.17</b>     | <b>0.02</b>    | <b>0.05</b>     | <b>0.01</b>     | <b>0.02</b>    |
| <b>LSI '94 exp (personnel-exp), RENT</b> | <b>\$199,226</b>      | <b>\$24,949</b> | <b>\$23,471</b> | <b>\$18,111</b> | <b>\$40,473</b>         | <b>\$7,392</b>   | <b>\$3,327</b> | <b>\$6,468</b> | <b>\$20,144</b> | <b>\$1,848</b> | <b>\$33,265</b> | <b>\$4,066</b> | <b>\$10,904</b> | <b>\$1,663</b>  | <b>\$3,142</b> |
| <b>OFC SUPPLIES</b>                      | <b>\$3,605</b>        | <b>4,835</b>    | <b>4,633</b>    | <b>3,510</b>    | <b>7,758</b>            | <b>1,432</b>     | <b>645</b>     | <b>1,253</b>   | <b>3,903</b>    | <b>358</b>     | <b>6,446</b>    | <b>788</b>     | <b>2,113</b>    | <b>322</b>      | <b>609</b>     |
| <b>TOTAL MGMT FEE ASSESSED</b>           | <b>\$240,831</b>      | <b>\$30,160</b> | <b>\$28,457</b> | <b>\$21,901</b> | <b>\$48,834</b>         | <b>\$8,936</b>   | <b>\$4,021</b> | <b>\$7,819</b> | <b>\$24,351</b> | <b>\$2,234</b> | <b>\$40,213</b> | <b>\$4,915</b> | <b>\$13,181</b> | <b>\$2,011</b>  | <b>\$3,798</b> |



Comparison between what Arredondo  
Utility would pay for office space  
if they had to set-up an office  
(expenses not currently recognized)  
and the management fee being paid

ARREDONDO UTILITY CO., INC.  
Estimates for Alternative Office Space

| EXPENSES  | COST ESTIMATE             | STAND-ALONE OFFICE (ANN. COST) | SHARED OFFICE SPACE/EQUIP. | CURRENT MGMT. FEE PAID | NOTES/COMMENTS  |
|---|---------------------------|--------------------------------|----------------------------|------------------------|---|
| <b>HARDWARE** (Use expectancy=10yrs.)</b>   |                           |                                |                            |                        |   |
| Office Space (annual)<br>approx. 750 sq.ft.   | \$7,500<br>or<br>\$15,000 | \$7,500                        | \$15,000                   |                        | Anywhere from \$9 to \$12 per sq.ft. solo<br>or \$18 to \$25 per sq.ft. sharing basic equipment   |
| Desk  | \$400                     | \$40                           | \$40                       |                        | Reception desk w/computer station, etc.   |
|   | 2 @ \$250                 | \$50                           | \$50                       |                        | or smaller back office desk (w/computer station)  |
| Chair   | 3 @ \$65                  | \$20                           | \$20                       |                        | *   |
| Copier  | \$850                     | \$85                           |                            |                        | *   |
| Fax   | \$275                     | \$28                           |                            |                        | *   |
| Adding Machine  | 2 @ \$80                  | \$12                           | \$12                       |                        | *   |
| Typewriter  | \$150                     | \$15                           | \$15                       |                        | Basic features including correction   |
| Phone (ea.)   | 3 @ \$100                 | \$30                           | \$30                       |                        | Need 2-line minimum & intercom (plus tax)   |
| Computer  | 3 @ \$2,000               | \$600                          | \$600                      |                        |   |
| Printer   | \$500                     | \$50                           |                            |                        |   |
| File Cabinets (2)   | \$275                     | \$28                           | \$28                       |                        | 1 4-Drawer Letter & 1 4-Drawer Legal  |
| <b>SOFTWARE</b>   |                           |                                |                            |                        |   |
| Word Processing   | \$100                     | \$10                           | \$10                       |                        |   |
| Accounting  | \$160                     | \$18                           | \$18                       |                        |   |
| <b>SERVICES</b>   |                           |                                |                            |                        |   |
| Phones  | \$840                     | N/A****                        | N/A                        |                        | Main phone = \$35 Fax = \$35 per month  |
| Utilities   | \$1,800                   | \$1,800                        | N/A                        |                        | Elec. = \$100 Water = \$50 per month  |
| Insurance   | \$300                     | \$300                          | \$300                      |                        | Contents/Liability  |
| Janitorial  | \$1,200                   | \$1,200                        | N/A                        |                        | Office = \$25 per month (not incl lawn &/or outside)  |
| Pest Control  | \$300                     | \$300                          | N/A                        |                        | \$25 per month  |
| Answer Service  | \$1,044                   | N/A                            | N/A                        |                        | Ans. Serv. = \$47.00 Pager = \$40 per month   |
| <b>SUPPLIES</b>   |                           |                                |                            |                        |   |
| General Office  | \$800                     | \$800                          | \$800                      |                        | Est. \$50 per month   |
| <b>PERSONNEL (incl. employer paid tax and health insurance)***</b>  |                           |                                |                            |                        |   |
| Receptionist/Cashier >>***  | \$18,784                  | \$18,784                       | \$18,784                   |                        | Receive all incoming calls and walk-ins; Answer basic questions; accept routine pymnts., etc.   |
| Op. Manager >>  |                           |                                |                            |                        | Handle work requests; schedule turn ons/off, meter readings, contract operators;  |
| Bookkeeper/Billing .50 F.T.E.***  | \$12,622                  | \$12,622                       | \$12,622                   |                        | Post Payments, pay bills, bank reconciliation<br>gen journal entries to general ledger, reconciliation<br>of billing program to gen ledger, monthly financial statement |
| <b>TOTAL ANNUAL COST:</b>   |                           | <u>\$44,288</u>                | <u>\$48,326</u>            | <u>\$48,552</u>        |   |
| * Equipment cost estimates based on minimum acceptable features. Prices from discount supplier (Office Dep. 1 catalog) well below list. |                           |                                |                            |                        |   |
| ** Annual hardware costs reflect the annual depreciation that would be allowed.   |                           |                                |                            |                        |   |
| ***N/A represents expenses currently being paid by Arredondo Utility and therefore excluded from this comparison.                       |                           |                                |                            |                        |   |

ARREDONDO UTILITY CO., INC.

Docket No. 951234-WS

RESPONSE TO AUDIT DISCLOSURE #10

Officers' Salaries Allocation

EXHIBIT 3

OFFICER'S SALARY ALLOCATION

lpsclsiau

|                                   | Loan Services | C L B Inc | 1977 Trust | Spec Inv. Inc. | Arredondo Utility, Inc. | Canopy Pk., Inc | Brice/ Mincy | GTC     | Brice Const. | Mt. Gilead | Meadows  | NRE   | Ranch    | Timber Reserves | 02/15/96 Branford Pine |
|-----------------------------------|---------------|-----------|------------|----------------|-------------------------|-----------------|--------------|---------|--------------|------------|----------|-------|----------|-----------------|------------------------|
| Officer                           |               |           |            |                |                         |                 |              |         |              |            |          |       |          |                 |                        |
| D Miller                          | 40 00         | 10 00     | 5 75       | 3 50           | 4 50                    | 1 00            | 0 00         | 2 75    | 2 25         | 0 25       | 7 25     | 0 25  | 2 25     | 0 25            | 0 00                   |
| x 52=Ann Man hours                | 2 080 00      | 520       | 299        | 182            | 234                     | 52              | 0            | 143     | 117          | 13         | 377      | 13    | 117      | 13              | 0                      |
| % of Ann hrs                      | 1             | 0 25      | 0 14       | 0 09           | 0 11                    | 0 03            | 0 00         | 0 07    | 0 08         | 0 01       | 0 18     | 0 01  | 0 08     | 0 01            | 0 00                   |
| D Miller Ann Salary               | \$71 690      | \$17 923  | \$10 305   | \$6 273        | \$8 065                 | \$1 792         | \$0          | \$4 929 | \$4 033      | \$448      | \$12 994 | \$448 | \$4 033  | \$448           | \$0                    |
| T Hicks                           | 40 00         | 2 00      | 0 50       | 1 00           | 8 00                    | 0 50            | 0 00         | 3 00    | 8 00         | 0 00       | 9 00     | 0 00  | 8 00     | 0 00            | 0                      |
| x 52=Ann Man hours                | 2 080 00      | 104       | 26         | 52             | 416                     | 26              | 0            | 156     | 416          | 0          | 468      | 0     | 416      | 0               | 0                      |
| % of Ann hrs                      | 1             | 0 05      | 0 01       | 0 03           | 0 20                    | 0 01            | 0 00         | 0 08    | 0 20         | 0 00       | 0 23     | 0 00  | 0 20     | 0 00            | 0 00                   |
| T Hicks Ann Salary                | \$52 008      | \$2 600   | \$650      | \$1 300        | \$10 402                | \$650           | \$0          | \$3 901 | \$10 402     | \$0        | \$11 702 | \$0   | \$10 402 | \$0             | \$0                    |
| Summary                           |               |           |            |                |                         |                 |              |         |              |            |          |       |          |                 |                        |
| D Miller Ann Salary               | \$71 690      | \$17 923  | \$10 305   | \$6 273        | \$8 065                 | \$1 792         | \$0          | \$4 929 | \$4 033      | \$448      | \$12 994 | \$448 | \$4 033  | \$448           | \$0                    |
| T Hicks Ann Salary                | \$52 008      | \$2 600   | \$650      | \$1 300        | \$10 402                | \$650           | \$0          | \$3 901 | \$10 402     | \$0        | \$11 702 | \$0   | \$10 402 | \$0             | \$0                    |
| TOTAL OFFICER'S SALARY ALLOCATION | \$123 698     | \$20 523  | \$10 955   | \$7 573        | \$18 467                | \$2 442         | \$0          | \$8 829 | \$14 434     | \$448      | \$24 696 | \$448 | \$14 434 | \$448           | \$0                    |

ARREDONDO UTILITY CO., INC.

Docket No. 951234-WS

RESPONSE TO AUDIT DISCLOSURE #4

- 1) Closing Statement on Sale
- 2) Journal Entry on Sale
- 3) 1989 Depreciation Schedule from 77 Trust Tax Return
- 4) 1989 Gain/Loss on Sale of Property Taken from 77 Trust Tax Return

Philip A. DeLaney, Esquire  
Scruggs & Carmichael, P.A.  
P.O. Drawer C  
Gainesville, FL 32602

CLOSING STATEMENT

Seller: C.L. Brice 1977 Trust  
Purchaser: Arredonda Utility Company, Inc., a Florida corporation  
Property: Water and wastewater plant, lines, fee title, easements, equipment and inventory located in Section 28, Township 10 South, Range 19 East, Alachua County, Florida.  
Date: May 4, 1989

|                            |                   |
|----------------------------|-------------------|
| Purchase Price             | \$156,000.00      |
| Less Buyer's Credit:       |                   |
| Purchase Money Mortgage    | <u>136,000.00</u> |
| Cash Due Seller at closing | \$ 20,000.00      |

Note: Buyer agrees to pay all ad valorem taxes and assessments, and all tangible personal property taxes, for year 1989.

|                                    |    |              |
|------------------------------------|----|--------------|
| Closing Costs To Be Paid By Buyer: |    |              |
| State Documentary deed stamp tax   | \$ | 858.00       |
| Intangible tax                     |    | 272.00       |
| Doc. Stamp tax                     |    | 204.00       |
| Recording release                  |    | 51.00        |
| Recording deed                     |    | 33.00        |
| Recording mortgage                 |    | 33.00        |
| Corporate Kit                      |    | 47.50        |
| Recording easement                 |    | <u>24.00</u> |
| TOTAL                              | \$ | 1,522.50     |

45 West 1st Floor  
45 West 1st Floor  
MADE IN U.S.A.

5/5/59

|    |      |   |           |            |
|----|------|---|-----------|------------|
| 1  |      |   |           |            |
| 2  | 1500 | Depreciable Property - Water & Sewer Systems - Village      |           | 3250000 ✓  |
| 3  | 1500 |   |           | 18395000 ✓ |
| 4  | 1500 | - Fence around Sewer Plant                                  |           | 147500 ✓   |
| 5  | 1500 | - Ditch for Sewer Plant                                     |           | 82950 ✓    |
| 6  | 1500 | - Pump - East well Arredondo Village                        |           | 290297 ✓   |
| 7  | 1025 | Land - Water & Sewer System                                 |           | 924874 ✓   |
| 8  | 1520 | Accumulated Depreciation - Water & Sewer System             | 1270888   |            |
| 9  | 1520 |   | 6234003   |            |
| 10 | 1520 | - Fence around Sewer Plant                                  | 85560     |            |
| 11 | 1520 | - Poles   | 4112      |            |
| 12 | 1520 | - Pump - East well Arredondo Village                        | 700000    |            |
| 13 |      |   |           | 23599221   |
| 14 | 10   | Stock - Arredondo Utility Co.                               | 2000000   |            |
| 15 | 1200 | Mortgage Receivable Control - TRMS E 3154 Arredondo Utility | 13600000  |            |
| 16 | 4050 | Gain/Loss on Sale of Depreciable Property                   | 358543    |            |
| 17 |      |   |           |            |
| 18 |      | To record Sale of Utility Assets to Arredondo Utility.      |           |            |
| 19 |      | Closing statement attached.                                 |           |            |
| 20 |      |   |           |            |
| 21 |      |   |           |            |
| 22 |      | Sale of Utility Assets to Arredondo Utility:                |           |            |
| 23 |      | (Sale of Arredondo Farms)                                   |           |            |
| 24 |      | Sale Price  |           | 15600000   |
| 25 |      | Cost/Basis of Assets  | 23599221  |            |
| 26 |      | Less:   | (7000000) |            |
| 27 |      | Adjusted Basis  |           | 15958543   |
| 28 |      | Gain (Loss)   |           | (358543)   |
| 29 |      |   |           | 5288       |
| 30 |      |   |           | 353255     |

Ⓢ

1-4-11

C. L. BRICE 1977 TRUST  
DEPRECIATION SCHEDULE

| X IF TYP | DATE ACQUIRED | DESCRIPTION               | METHOD         | LIFE | COST                 | ACCUMULATED DEPRECIATION THRU 12/31/88 | 1989 RATE  | 1989 DEPRECIATION | ACCUMULATED DEPRECIATION THRU 12/31/89 | BOOK VALUE 12/31/89 |
|----------|---------------|---------------------------|----------------|------|----------------------|--|------------|-------------------|--|---------------------|
|          | 12/31/77      | MOBILE HOMES              | SL             | 15   | 6,000.00             | 4,266.67                               | 0.0667     | 400.00            | 4,666.67                               | 1,333.33            |
| X        | 12/31/77      | WATER SYSTEM-ESTATES      | SL             | 20   | 65,576.50            | 35,917.11                              | 0.0500     | 3,278.03          | 39,195.54                              | 26,380.56           |
| X        | 02/01/78      | FILE CABINET              | SL             | 10   | 260.00               | 260.00                                 | N/A        | 0.00              | 260.00                                 | 0.00                |
| X        | 08/03/79      | AIR CONDITIONER           | SL             | 10   | 700.00               | 659.17                                 | 0.1000     | 40.83             | 700.00                                 | 0.00                |
| X        | 09/24/79      | STARTER FOR WATER SYS     | SL             | 3    | 366.60               | 366.60                                 | N/A        | 0.00              | 366.60                                 | 0.00                |
| X        | 11/11/80      | CHILDRENATOR              | SL             | 5    | 938.11               | 938.11                                 | N/A        | 0.00              | 938.11                                 | 0.00                |
| X        | 04/08/81      | FIREPROOF FILE CABINET    | ACRS           | 3    | 375.00               | 375.00                                 | N/A        | 0.00              | 375.00                                 | 0.00                |
| X        | 12/01/82      | AIR COND-COMFORT MAST     | ACRS           | 5    | 767.67               | 767.67                                 | N/A        | 0.00              | 767.67                                 | 0.00                |
| X        | 01/31/83      | IBM TYPEWRITER            | ACRS           | 5    | 500.00               | 500.00                                 | N/A        | 0.00              | 500.00                                 | 0.00                |
| X        | 12/12/83      | WATER & SEWER SYS-RRR VIL | SL             | 15   | 37,500.00            | 12,708.33                              | N/A        | 0.00              | 12,708.33                              | 24,791.67           |
| X        | 12/01/83      | WATER & SEWER SYS-RRR VIL | SL             | 15   | 183,956.00           | 62,340.63                              | N/A        | 0.00              | 62,340.63                              | 121,615.27          |
| X        | 11/12/83      | FENCE                     | ACRS           | 5    | 626.42               | 626.42                                 | N/A        | 0.00              | 626.42                                 | 0.00                |
| X        | 11/15/83      | BLINDS FOR OFFICE         | ACRS           | 5    | 708.75               | 708.75                                 | N/A        | 0.00              | 708.75                                 | 0.00                |
| X        | 12/01/81      | 1981 OLDS OUTLASS         | N/A            | N/A  | 8,478.76             | 0.00                                   | N/A        | 0.00              | 0.00                                   | 8,478.76            |
| X        | 12/31/80      | 1981 OLDS OMEGA           | N/A            | N/A  | 9,243.56             | 0.00                                   | N/A        | 0.00              | 0.00                                   | 9,243.56            |
| X        | 01/27/84      | GALLEY                    | ACRS           | 5    | 115.00               | 115.00                                 | N/A        | 0.00              | 115.00                                 | 0.00                |
| X        | 06/08/84      | STOVE FOR RENTAL          | ACRS           | 5    | 308.49               | 308.49                                 | N/A        | 0.00              | 308.49                                 | 0.00                |
| X        | 10/08/84      | DUMPSTER                  | ACRS           | 5    | 575.00               | 575.00                                 | N/A        | 0.00              | 575.00                                 | 0.00                |
| X        | 04/27/79      | VOGUE MOBILE HOME #154    | SL             | 10   | 7207.75              | 3603.88                                | 0.1000     | 720.78            | 4,324.66                               | 2,883.09            |
| X        | 04/27/79      | VOGUE MOBILE HOME         | SL             | 10   | 7207.75              | 3603.88                                | 0.1000     | 720.78            | 4,324.66                               | 2,883.09            |
| X        | 04/27/79      | VOGUE MOBILE HOME         | SL             | 10   | 7207.75              | 3603.88                                | 0.1000     | 720.78            | 4,324.66                               | 2,883.09            |
| X        | 04/27/79      | VOGUE MOBILE HOME         | SL             | 10   | 7207.75              | 3603.88                                | 0.1000     | 720.78            | 4,324.66                               | 2,883.09            |
| X        | 01/01/84      | MISC PROPERTY             | ACRS           | 5    | 945.71               | 945.71                                 | N/A        | 0.00              | 945.71                                 | 0.00                |
| X        | 02/21/85      | PUMP-EAST HELL ESTATES    | ACRS           | 5    | 1,644.00             | 1,644.00                               | 0.2100     | 345.24            | 1,644.00                               | 0.00                |
| X        | 03/14/85      | WATER METERS              | ACRS           | 5    | 12,813.20            | 10,122.42                              | 0.2100     | 2,690.78          | 12,813.20                              | 0.00                |
| X        | 08/22/85      | FRIDGE FOR RENTAL         | ACRS           | 3    | 325.00               | 325.00                                 | N/A        | 0.00              | 325.00                                 | 0.00                |
| X        | 10/17/85      | LAWN MOWER                | ACRS           | 3    | 308.80               | 308.80                                 | N/A        | 0.00              | 308.80                                 | 0.00                |
| X        | 01/10/86      | FENCE AROUND SEWER PLANT  | ACRS           | 5    | 1,475.00             | 1,475.00                               | 0.2100     | 0.00              | 1,475.00                               | 149.50              |
| X        | 02/03/86      | FRIDGE FOR RENTAL         | ACRS           | 3    | 200.00               | 200.00                                 | N/A        | 0.00              | 200.00                                 | 0.00                |
| X        | 09/02/86      | FRIDGE FOR RENTAL         | ACRS           | 3    | 175.00               | 175.00                                 | N/A        | 0.00              | 175.00                                 | 0.00                |
| X        | 09/26/86      | STOVE FOR RENTAL 2442     | ACRS           | 3    | 150.00               | 150.00                                 | N/A        | 0.00              | 150.00                                 | 0.00                |
| X        | 09/30/86      | BLOWER FOR SEWER PLANT    | ACRS           | 5    | 829.50               | 481.12                                 | 0.2100     | 0.00              | 481.12                                 | 348.38              |
| X        | 11/21/86      | FRIDGE                    | ACRS           | 3    | 125.00               | 125.00                                 | N/A        | 0.00              | 125.00                                 | 0.00                |
| X        | 11/24/86      | FRIDGE                    | ACRS           | 3    | 250.00               | 250.00                                 | N/A        | 0.00              | 250.00                                 | 0.00                |
| X        | 06/01/87      | KEPO MOBILE HOME-BROWN    | N/A            | N/A  | 746.01               | 0.00                                   | N/A        | 0.00              | 0.00                                   | 746.01              |
| X        | 06/19/87      | SNAPPER MOWER             | MACRS          | 3    | 1,496.25             | 1,067.20                               | 0.4333     | 429.57            | 1,496.25                               | 0.00                |
| X        | 05/26/89      | FRIDGE FOR RENTAL 2440    | MACRS, SL, 1/2 | 5    | 212.00               | 212.00                                 | 0.2000     | 42.40             | 63.60                                  | 148.40              |
| X        | 10/18/88      | PUMP-NEST HELL RRR VILL   | MACRS, SL, 1/2 | 10   | 2,742.87             | 74.09                                  | 0.1000     | 0.00              | 74.09                                  | 2,668.69            |
| X        | 09/06/88      | AIR COMPRESSOR-ESTATES    | MACRS, SL, 1/2 | 5    | 270.72               | 27.09                                  | 0.2000     | 54.15             | 81.23                                  | 189.54              |
| X        | 11/01/80      | LOT 60-4 & MOBILE HOME    | N/A            | N/A  | 14,605.45            | 0.00                                   | N/A        | 0.00              | 0.00                                   | 14,605.45           |
|          |               |                           |                |      | GRAND TOTAL 12/31/89 | 342,049.57                             | 155,479.55 | 10,184.37         | 160,123.92                             | 226,525.15          |

# 1977 Trust Depreciation Schedule

AD 4-12

| X IF TPP           | DATE ACQ' IRED | DESCRIPTION               | METHOD         | LIFE | COST       | ACCUMULATED DEPRECIATION THRU 12/31/88 | 1988 RATE  | 1989 DEPRECIATION | ACCUMULATED DEPRECIATION THRU 12/31/89 | BOOK VALUE 12/31/89 |           |
|--------------------|----------------|---------------------------|----------------|------|------------|--|------------|-------------------|--|---------------------|-----------|
| BALANCE 12/31/88   |                |                           |                |      |            | 392,649.57                             | 155,959.55 | 10,164.37         | 166,123.92                             | 226,525.65          |           |
| 1989 ADDITIONS     |                |                           |                |      |            |  |            |                   |  | 0.00                |           |
| X                  | 06/23/89       | FRIDGE FOR 2440           | MACRS, SL, 1/2 | 5    | 470.64     |  | 0.1000     | 546.47.06         | 47.06                                  | 423.58              |           |
|                    | 09/21/89       | 1989 FORD F-150           | MACRS, SL, 1/2 | 5    | 13,888.21  |  | 0.1000     | 267.76.83         | 1,308.83                               | 12,499.49           |           |
| X                  | 10/16/89       | MOBILE PHONE FOR F-150    | MACRS, SL, 1/2 | 5    | 792.65     |  | 0.1000     | 79.27             | 79.27                                  | 713.38              |           |
| X                  | 11/01/89       | TOOL BOX FOR F-150        | MACRS, SL, 1/2 | 5    | 265.00     |  | 0.1000     | 26.50             | 26.50                                  | 238.50              |           |
| TOTAL ADDITIONS    |                |                           |                |      |            | 15,416.55                              | 0.00       | 0.40              | 1,541.66                               | 1,541.66            | 13,874.89 |
| 1989 DISPOSITIONS  |                |                           |                |      |            |  |            |                   |  | 0.00                |           |
|                    | 12/01/81       | 1981 OLDS CUTLASS         | N/A            | N/A  | 8,478.76   | 0.00                                   | N/A        | 0.00              | 0.00                                   | 8,478.76            |           |
|                    | 12/31/80       | 1981 OLDS OMEGA           | N/A            | N/A  | 9,243.56   | 0.00                                   | N/A        | 0.00              | 0.00                                   | 9,243.56            |           |
| X                  | 12/12/83       | WATER & SEWER SYS-ARR VIL | SL             | 15   | 37,500.00  | 12,708.33                              | N/A        | 0.00              | 12,708.33                              | 24,791.67           |           |
| X                  | 12/01/83       | WATER & SEWER SYS-ARR VIL | SL             | 15   | 183,956.00 | 62,340.63                              | N/A        | 0.00              | 62,340.63                              | 121,615.37          |           |
|                    | 01/10/86       | FENCE AROUND SEWER PLANT  | ACRS           | 5    | 1,475.00   | 855.50                                 | 0.2100     | 0.00              | 855.50                                 | 619.50              |           |
| X                  | 09/30/86       | BLOWER FOR SEWER PLANT    | ACRS           | 5    | 829.50     | 481.12                                 | 0.2100     | 0.00              | 481.12                                 | 348.38              |           |
| X                  | 10/18/88       | PUMP-HEAT WELL ARR VILL   | MACRS, SL, N/A | 10   | 2,962.97   | 74.00                                  | 0.1000     | 0.00              | 74.00                                  | 2,888.97            |           |
|                    | 04/27/79       | VOGUE MOBILE HOME         | SL             | 10   | 7207.75    | 3603.88                                | 0.1000     | 0.00              | 3,603.88                               | 3,603.87            |           |
| X                  | 11/01/88       | LOT 60-4 & MOBILE HOME    | N/A            | N/A  | 14,605.45  | 0.00                                   | N/A        | 0.00              | 0.00                                   | 14,605.45           |           |
| TOTAL DISPOSITIONS |                |                           |                |      |            | 266,250.99                             | 80,063.54  | 0.00              | 80,063.54                              | 186,187.45          |           |
| BALANCE 12/31/89   |                |                           |                |      |            | 141,807.13                             | 75,896.01  | 11,706.03         | 87,602.04                              | 54,205.09           |           |

Land 1,600.00  
 -----  
 Total 156,203.81



ALFE

1977 Trust - GAIN/LOSS on Sale of Property

| LEAS NUMBER | NOTE                       | DATE OF  | BRN TYPE         | SALE PRICE | COST       | RECOGN DEPREC | ADJUSTED BASIS | GRN (LBS)  | GROSS PROFIT % | DOWN PAYMENT | MORTGAGE BALANCE 01/01/89 | 1989 PAYMENTS | MORTGAGE BALANCE 12/31/89 | UNREALIZED GAIN 01-01-89 | GAIN RECOGNIZED 1989 | UNREALIZED GAIN 12-31-89 |
|-------------|----------------------------|----------|------------------|------------|------------|---------------|----------------|------------|----------------|--------------|---------------------------|---------------|---------------------------|--------------------------|----------------------|--------------------------|
| 23          | GRNCH                      | 08-01-84 | SECT 1231        |            |            |               |                |            | 67.56          |              | 6,092.70                  | 4,190.20      | 0.00                      | 4,087.81                 | 4,087.81             | 0.00                     |
| 24          | NOTES                      | 05-09-83 | SECT 1231        |            |            |               |                |            | 68.40          |              | 143,768.00                | 1,429.81      | 142,338.99                | 98,355.68                | 97,788.24            | 0.00                     |
| 24          | ARREARAGE UTILITY (NOTE 4) | 05-04-89 | SECT 1231        | 154,000.00 | 285,998.21 | (79,459.66)   | 154,530.34     | (1,532.55) |                |              | 194,000.00                | 1,929.66      | 194,000.00                | 0.00                     | 1,532.55             | 0.00                     |
|             |                            |          |                  |            |            |               |                |            |                |              |                           |               |                           |                          |                      | 0.00                     |
| 3151        | MOORS (NOTE 3)             | 06/02/89 | SECT 1231        | 4,000.00   | 7,307.78   | (1,603.80)    | 2,396.20       | 2,894.18   |                | 1,000.00     | 5,000.00                  | 785.19        | 4,214.81                  | 0.00                     | 2,196.13             | 0.00                     |
|             |                            |          |                  |            |            |               |                |            |                |              |                           |               |                           |                          |                      | 0.00                     |
|             |                            |          | TOTAL 1231 GAINS | 162,000.00 | 249,199.96 | (80,963.46)   | 161,236.50     | (1,136.42) |                | 1,000.00     | 240,068.20                | 9,645.50      | 230,422.70                | 102,443.49               | 7,481.15             | 97,378.24                |
| 3143        | WYMCY-LGN                  | 04/13/87 | N/A              |            |            |               |                |            | N/A            |              | 2,523.97                  | 490.82        | 2,033.15                  | 0.00                     | 0.00                 | 0.00                     |
| 3145        | BOWEN-LGN                  | 09/24/87 | N/A              |            |            |               |                |            | N/A            |              | 126.72                    | 126.72        | 0.00                      | 0.00                     | 0.00                 | 0.00                     |
| 3146        | BELL                       | 03/03/88 | N/A              |            |            |               |                |            | N/A            |              | 10,998.17                 | 229.79        | 10,768.38                 | 0.00                     | 0.00                 | 0.00                     |
| 3147        | CATCHPOLE                  | 07/05/88 | N/A              |            |            |               |                |            | N/A            |              | 14,717.61                 | 353.82        | 14,363.79                 | 0.00                     | 0.00                 | 0.00                     |
| 3148        | COCORNE                    | 07/07/88 | N/A              |            |            |               |                |            | N/A            |              | 11,218.85                 | 361.43        | 10,857.42                 | 0.00                     | 0.00                 | 0.00                     |
| 3149        | CLOUSE-LGN                 | 10/25/88 | N/A              |            |            |               |                |            | N/A            |              | 864.29                    | 134.99        | 729.30                    | 0.00                     | 0.00                 | 0.00                     |
| 3150        | MOORS                      | 06/02/89 | N/A              |            |            |               |                |            | N/A            |              | 340.00                    | 203.15        | 136.85                    | 0.00                     | 0.00                 | 0.00                     |
| 3152        | LANGLEY-LGN                | 06/26/89 | N/A              |            |            |               |                |            | N/A            |              | 541.60                    | 172.20        | 369.40                    | 0.00                     | 0.00                 | 0.00                     |
| 3154        | CHUB-LGN                   | 07/13/89 | N/A              |            |            |               |                |            | N/A            |              | 244.85                    | 48.88         | 195.97                    | 0.00                     | 0.00                 | 0.00                     |
| 3158        | FOYE-LGN                   | 11/05/89 | N/A              |            |            |               |                |            | N/A            |              | 1,200.00                  | 132.13        | 1,067.87                  | 0.00                     | 0.00                 | 0.00                     |
|             |                            |          | TOTAL LOSSES     |            |            |               |                |            |                |              | 18,044.16                 | 2,241.28      | 15,802.88                 | 0.00                     | 0.00                 | 0.00                     |
|             |                            |          | GRAND TOTAL      |            |            |               |                |            |                |              | 877,167.62                | 25,182.81     | 727,984.81                | 102,443.49               | 7,481.15             | 97,378.24                |

NOTE 1: PROPERTY RETROSSED IN 1989. GRN IS REPO GRN.  
 NOTE 2: PER TRNTR 88, GAINS FROM SALES BETWEEN 3/1/84 AND 1/1/89 ARE RECOGNIZED EQUALLY OVER 4 YEARS.  
 NOTE 3: ALL GAINS FROM 1988 & 1989 SALES ARE RECOGNIZED IN THE YEAR OF SALE.  
 NOTE 4: SECTION 267 (RELATED PARTY) LOSSES DISALLOWED.

1989 77T return

1989: acquisition (purchase) of Farms utility system from 77 Trust  
 year before transfer of estates under system by 77 Trust

Form 1120 (1989) **Arredondo Utility Company, Inc.** 59-2946010 Page 4

| Description  | Beginning of the year |     | End of the year |          |
|--|-----------------------|-----|-----------------|----------|
|  | 00                    | 01  | 00              | 01       |
| <b>Assets</b>  |                       |     |                 |          |
| 1 Cash   |                       |     |                 | 779      |
| 2a Trade notes and accounts receivable                 |                       |     |                 |          |
| b Less allowance for bad debts                         |                       |     |                 |          |
| 3 Inventories  |                       |     |                 |          |
| 4 U.S. government obligations                          |                       |     |                 |          |
| 5 Tax-exempt securities (see instructions)             |                       |     |                 |          |
| 6 Other current assets (attach schedule)               |                       |     |                 |          |
| 7 Loans to stockholders                                |                       |     |                 |          |
| 8 Mortgage and real estate loans                       |                       |     |                 |          |
| 9 Other investments (attach schedule)                  |                       |     |                 |          |
| 10a Buildings and other depreciable assets             |                       |     | 168,777         |          |
| b Less accumulated depreciation                        |                       |     | 6401            | 162,376  |
| 11a Depreciable assets                                 |                       |     |                 |          |
| b Less accumulated depletion                           |                       |     |                 |          |
| 12 Land (net of any amortization)                      |                       |     |                 |          |
| 13a Intangible assets (amortizable only)               |                       |     |                 |          |
| b Less accumulated amortization                        |                       |     |                 |          |
| 14 Other assets (attach schedule) <i>Advance</i>       |                       |     |                 | 515      |
| 15 <b>Total assets</b>                                 |                       | -0- |                 | 163,160  |
| <b>Liabilities and Stockholders' Equity</b>            |                       |     |                 |          |
| 16 Accounts payable <i>to utilities</i>                |                       |     |                 | 110      |
| 17 Mortgages, notes, bonds payable in less than 1 year |                       |     |                 | 6,600    |
| 18 Other current liabilities (attach schedule)         |                       |     |                 |          |
| 19 Loans from stockholders                             |                       |     |                 |          |
| 20 Mortgages, notes, bonds payable in 1 year or more   |                       |     |                 | 142,235  |
| 21 Other liabilities (attach schedule)                 |                       |     |                 |          |
| 22 Capital stock: a Preferred stock                    |                       |     | 25,000          | 25,000   |
| b Common stock   |                       |     |                 |          |
| 23 Paid-in or capital surplus                          |                       |     |                 |          |
| 24 Retained earnings—Appropriated (attach schedule)    |                       |     |                 |          |
| 25 Retained earnings—Unappropriated                    |                       |     |                 | (10,235) |
| 26 Less cost of treasury stock                         |                       |     |                 |          |
| 27 <b>Total liabilities and stockholders' equity</b>   |                       | -0- |                 | 163,160  |

**Reconciliation of Income per Books With Income per Return** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

|   |          |  |          |
|---|----------|--|----------|
| 1 Net income per books  | (10,235) | 7 Income recorded on books this year not included on this return (itemize):      |          |
| 2 Federal income tax  |          | a Tax-exempt interest \$   |          |
| 3 Excess of capital losses over capital gains                                 |          | b Deductions on this return not charged against book income this year (itemize): |          |
| 4 Income subject to tax not recorded on books this year (itemize):            |          | a Depreciation \$  |          |
| 5 Expenses recorded on books this year not deducted on this return (itemize): |          | b Contributions carryover \$   |          |
| a Depreciation \$   |          | c Total of lines 7 and 8   |          |
| b Contributions carryover \$  |          | 10 Income (line 26, page 1) less line 9  | (10,235) |
| c Travel and entertainment \$   |          |  |          |
| 6 Total of lines 1 through 5  | (10,235) |  |          |

**Analysis of Unappropriated Retained Earnings per Books** (Line 25, Schedule L) (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

|                                |          |  |          |
|--------------------------------|----------|--|----------|
| 1 Balance at beginning of year | -0-      | 8 Distributions:                               |          |
| 2 Net income per books         | (10,235) | a Cash   |          |
| 3 Other increases (itemize):   |          | b Stock  |          |
| 4 Total of lines 1, 2, and 3   | (10,235) | c Property                                     |          |
|                                |          | 9 Other decreases (itemize):                   |          |
|                                |          | 10 Total of lines 8 and 9                      |          |
|                                |          | 8 Balance at end of year (line 4 less line 10) | (10,235) |

Form **4562**

### Depreciation and Amortization

See separate instructions.

Attach this form to your return.

OMB No. 1545-0172

**1989**

REG-10-67

Department of the Treasury  
Internal Revenue Service

Handling number

59-2940114

Name (do not include an return)

**Arredondo Utility Company, Inc.**  
**Utility Service - Water & Sewer**

Business or activity to which this form relates

**Depreciation (Use Part III for automobiles, certain other vehicles, computers, and property used for entertainment, recreation, or amusement.)**

#### Section A.—Section 179 Depreciable Assets (Section 179)

|   |   |           |
|---|---|-----------|
| 1 Maximum dollar limitation   | 1 | \$10,000  |
| 2 Total cost of section 179 property placed in service during the tax year (see instructions)   | 2 |           |
| 3 Unadjusted cost of section 179 property before reduction in limitation                        | 3 | \$800,000 |
| 4 Reduction in limitation (collected line 3 from line 2, but do not enter less than -0-)        | 4 |           |
| 5 Dollar limitation for tax year (collected line 4 from line 1, but do not enter less than -0-) | 5 |           |
| 6   |   |           |

|  |    |  |
|--|----|--|
| 7 Listed property—Enter amount from line 25  | 7  |  |
| 8 Tentative deduction (Enter the lesser of: (a) line 6 plus line 7; or (b) line 5.)                    | 8  |  |
| 9 Taxable income limitation (Enter the lesser of (a) Taxable income; or (b) line 8) (see instructions) | 9  |  |
| 10 Carryover of disallowed deduction from 1988 (see instructions)                                      | 10 |  |
| 11 Section 179 expn deduction (Enter the lesser of: (a) line 8 plus line 10; or (b) line 9.)           | 11 |  |
| 12 Carryover of disallowed deduction to 1990 (Add lines 6 and 10, less line 11.)                       | 12 |  |

#### Section B.—MACRS Depreciation

| (a) Description of property   | (b) Date placed in service | (c) Basis for depreciation (Determine net entry—see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|---|----------------------------|---|---------------------|----------------|------------|----------------------------|
| <b>13 General Depreciation System (GDS) (see instructions): For assets placed in service ON or after the year beginning in 1989</b>     |                            |   |                     |                |            |                            |
| a 3-year property   |                            |   |                     |                |            |                            |
| b 5-year property   |                            |   |                     |                |            |                            |
| c 7-year property   |                            | 1,254   | 7                   | 1/2 year       | DOE        | 179                        |
| d 10-year property  |                            |   |                     |                |            |                            |
| e 15-year property  |                            |   |                     |                |            |                            |
| f 20-year property  |                            | 167,513   | 20                  | 1/2 year       | 150 DOE    | 5,282                      |
| g Residential rental property   |                            |   | 27.5 yrs.           | NO             | S/L        |                            |
| h Nonresidential real property  |                            |   | 31.5 yrs.           | NO             | S/L        |                            |
| <b>14 Alternative Depreciation System (ADS) (see instructions): For assets placed in service ON or after the year beginning in 1989</b> |                            |   |                     |                |            |                            |
| a Class life  |                            |   |                     |                |            | S/L                        |
| b 12-year   |                            |   | 18 yrs.             |                | S/L        |                            |
| c 40-year   |                            |   | 40 yrs.             | NO             | S/L        |                            |
| 15 Listed property—Enter amount from line 27  |                            |   |                     |                |            | 18                         |
| 16 GDS and ADS deductions for assets placed in service before 1989 (see instructions)   |                            |   |                     |                |            | 18                         |

#### Section C.—ACRS and/or Other Depreciation

|  |    |  |
|--|----|--|
| 17 Property subject to section 1800(A) election (see instructions) | 17 |  |
| 18 ACRS and/or other depreciation (see instructions)               | 18 |  |

#### Section D.—Summary

|   |    |         |
|---|----|---------|
| 19 Total (Add deductions on line 11 and lines 13 through 18.) Enter here and on the appropriate line of your return (Partnerships and S corporations—see instructions.) | 19 | 104,161 |
| 20 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs (see instructions).          | 20 |         |

For Depreciation Recapture and Rollovers, see page 1 of the separate instructions. Form 4562 (1989)

1990: 1/90 transfer of Estate's water system from 77 Trust to Au.  
 - Year after occupancy of FARMS allowed from 77T.

AU 90.1

Form 1120 (1962)

Amador Utility Company, Inc.

54-2941011

Page 4

| Balance Sheet   | Beginning of tax year |          | End of tax year |          |
|---|-----------------------|----------|-----------------|----------|
|   | 00                    | 00       | 00              | 00       |
| <b>Assets</b>   |                       |          |                 |          |
| 1 Cash  |                       | 779      |                 | 2,284    |
| 2a Trade notes and accounts receivable                  |                       |          |                 |          |
| b Less allowance for bad debts                          |                       |          |                 |          |
| 3 Inventories   |                       |          |                 |          |
| 4 U.S. government obligations                           |                       |          |                 |          |
| 5 Tax-exempt securities (see instructions)              |                       |          |                 |          |
| 6 Other current assets (attach schedule)                |                       |          |                 |          |
| 7 Loans to stockholders                                 |                       |          |                 |          |
| 8 Mortgages and real estate loans                       |                       |          |                 |          |
| 9 Other investments (attach schedule)                   |                       |          |                 |          |
| 10a Buildings and other depreciable assets              | 108,777               |          | 244,360         |          |
| b Less accumulated depreciation                         | (642)                 | 148,516  | (70,576)        | 167,810  |
| 11a Depreciable assets                                  |                       |          |                 |          |
| b Less accumulated depletion                            |                       |          |                 |          |
| 12 Land (net of any amortization)                       |                       |          |                 | 6,000    |
| 13a Intangible assets (amortizable only)                |                       |          |                 |          |
| b Less accumulated amortization                         |                       |          |                 |          |
| 14 Other assets (attach schedule)                       |                       | 515      |                 | 1394     |
| 15 <b>Total assets</b>                                  |                       | 143,161  |                 | 177,493  |
| <b>Liabilities and Stockholders' Equity</b>             |                       |          |                 |          |
| 16 Accounts payable                                     |                       | 110      |                 | 209      |
| 17 Mortgages, notes, bonds payable (a less than 1 year) |                       | 6,500    |                 | 17,300   |
| 18 Other current liabilities (attach schedule)          |                       |          |                 |          |
| 19 Loans from stockholders                              |                       |          |                 |          |
| 20 Mortgages, notes, bonds payable (1 year or more)     |                       | 142,235  |                 | 128,441  |
| 21 Other liabilities (attach schedule)                  |                       |          |                 | 220      |
| 22 Capital stock: a Preferred stock                     | 25,000                | 25,000   | 25,000          | 25,000   |
| b Common stock  |                       |          |                 |          |
| 23 Paid-in or capital surplus                           |                       |          |                 | 26,570   |
| 24 Retained earnings—Appropriated (attach schedule)     |                       |          |                 |          |
| 25 Retained earnings—Unappropriated                     |                       | (10,235) |                 | (30,247) |
| 26 Less cost of treasury stock                          |                       |          |                 |          |
| 27 <b>Total liabilities and stockholders' equity</b>    |                       | 143,161  |                 | 177,493  |

**Reconciliation of Income per Books With Income per Return** (This schedule does not have to be completed if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

|   |          |  |          |
|---|----------|--|----------|
| 1 Net income per books  | (20,237) | 7 Income recorded on books this year not included on this return (Reasons):      |          |
| 2 Federal income tax  |          | a Tax-exempt interest \$   |          |
| 3 Excess of capital losses over capital gains                                 |          |  |          |
| 4 Income subject to tax not recorded on books this year (Reasons):            |          | 8 Deductions on this return not charged against book income this year (Reasons): |          |
| 5 Expenses recorded on books this year not deducted on this return (Reasons): |          | a Depreciation \$  |          |
| a Depreciation \$   |          | b Contributions carryover \$   |          |
| b Contributions carryover \$  |          |  |          |
| c Travel and entertainment \$   |          | 9 Total of lines 7 and 8   |          |
|   |          | 10 Income (line 25, page 1)—line 6 less line 9                                   | (20,237) |
| 6 Total of lines 1 through 5  | (20,237) |  |          |

**Analysis of Unappropriated Retained Earnings per Books** (Line 25, Schedule L) (This schedule does not have to be completed if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

|                                     |          |   |          |
|-------------------------------------|----------|---|----------|
| 1 Balance at beginning of year      | (10,235) | 5 Distributions: a Cash                       |          |
| 2 Net income per books              | (20,237) | b Stock                                       |          |
| 3 Other increases (Reasons):        |          | c Property                                    |          |
| Cost of Depreciation Exp. from 1969 |          | 6 Other decreases (Reasons):                  |          |
|                                     |          |   |          |
|                                     | 215      | 7 Total of lines 5 and 6                      |          |
| 4 Total of lines 1, 2, and 3        | (30,247) | 8 Balance at end of year (line 4 less line 7) | (30,247) |

AU 90.2

Form **4562**

**Depreciation and Amortization**  
(including information on Listed Property)

OMB No. 1545-0172

**1990**

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.

▶ Attach this form to your return.

Attachment  
Form No. 97

Name(s) shown on return

Identifying number

Arredondo Utility Company, Inc.

59-2946016

Business or activity to which this form relates

Utility Service - Water & Sewer

**Section 179 Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "Listed Property," also complete Part V.)**

|   |          |                  |
|---|----------|------------------|
| 1 Maximum dollar limitation (see instructions)  | 1        | <u>319,000</u>   |
| 2 Total cost of section 179 property placed in service during the tax year (see instructions) | 2        |                  |
| 3 Tentative cost of section 179 property before reduction in limitation                       | 3        | <u>2000,000</u>  |
| 4 Reduction in limitation—Subtract line 3 from line 2, but do not enter less than -0-         | 4        |                  |
| 5 Dollar limitation for tax year—Subtract line 4 from line 1, but do not enter less than -0-  | 5        |                  |
| 6 Description of property   | (a) Cost | (b) Elected cost |
| 7 Listed property—Enter amount from line 26   | 7        |                  |
| 8 Total elected cost of section 179 property—Add amounts in column (c), lines 6 and 7         | 8        |                  |
| 9 Tentative deduction—Enter the lesser of line 5 or line 8                                    | 9        |                  |
| 10 Carryover of disallowed deduction from 1989 (see instructions)                             | 10       |                  |
| 11 Taxable income limitation—Enter the lesser of taxable income or line 9 (see instructions)  | 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 1991—Add lines 9 and 10, less line 12 ▶ 13            | 13       |                  |

Note: Do not use Part II or Part III below for automobiles, certain other vehicles, cellular telephones, computers, or property used for entertainment, recreation, or amusement (listed property). Instead, use Part V for listed property.

**MACRS Depreciation For Assets Placed in Service ONLY During Year 1990 Tax Year (Do Not Include Listed Property)**

| (a) Classification of property                                      | (b) lbs. and yr. placed in service | (c) Basis for depreciation (Excess cost only—see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|---|------------------------------------|--|---------------------|----------------|------------|----------------------------|
| <b>14 General Depreciation System (GDS) (see instructions):</b>     |                                    |  |                     |                |            |                            |
| a 3-year property   |                                    |  |                     |                |            |                            |
| b 5-year property   |                                    |  |                     |                |            |                            |
| c 7-year property   |                                    |  |                     |                |            |                            |
| d 10-year property  |                                    |  |                     |                |            |                            |
| e 15-year property  |                                    |  |                     |                |            |                            |
| f 20-year property  |                                    |  |                     |                |            |                            |
| g Residential rental property                                       |                                    |  | 37.5 yrs.           | RM             | SL         |                            |
| h Nonresidential real property                                      |                                    |  | 31.5 yrs.           | RM             | SL         |                            |
| <b>15 Alternative Depreciation System (ADS) (see instructions):</b> |                                    |  |                     |                |            |                            |
| a Class life  |                                    |  |                     |                |            |                            |
| b 12-year   |                                    |  | 18 yrs.             | RM             | SL         |                            |
| c 40-year   |                                    |  | 40 yrs.             | RM             | SL         |                            |

**Other Depreciation (Do Not Include Listed Property)**

|  |    |               |
|--|----|---------------|
| 16 GDS and ADS deductions for assets placed in service in tax years beginning before 1990 (see instructions) | 16 | <u>12,022</u> |
| 17 Property subject to section 169(f)(1) election (see instructions)   | 17 |               |
| 18 ACRS and other depreciation (see instructions)  | 18 | <u>3,279</u>  |

**Summary**

|  |    |               |
|--|----|---------------|
| 19 Listed property—Enter amount from line 26   | 19 |               |
| 20 Total—Add deductions on line 12, lines 14 and 15 in column (g), and lines 16 through 19. Enter here and on the appropriate lines of your return. (Partnerships and S corporations—see instructions) | 20 | <u>15,301</u> |
| 21 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 253A costs (see instructions)  | 21 |               |

1988: Year before sale of Farms which return to A.U. 77788.1

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

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

OMB No. 1545-0047

**1988**

Department of the Treasury  
Internal Revenue Service

Partnerships, Joint Ventures, Etc., Must File Form 1065.

Attachment  
Requirement No. 09

▶ Attach to Form 1040, Form 1041, or Form 1041-E. ▶ See Instructions for Schedule C (Form 1040).

Name of proprietor: 1977 Irrevocable Trust

Social security number (SSN):

A Principal business or profession, including product or service (see instructions):  
Utility Service - Water and Power

B Principal business code (from Part IV) ▶ 60092

C Business name and address ▶ Arredondo Estates

D Employer ID number (Plan 8090)  
590002880

E Method(s) used to value closing inventory:  
(1)  Cost (2)  Lower of cost or market (3)  Other (attach explanation)

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

G Was there any change in determining quantities, costs, or valuations between opening and closing inventory? (If "Yes," attach explanation.)

H Are you deducting expenses for business use of your home? (If "Yes," see Instructions for Restrictions.)

I Did you "materially participate" in the operation of this business during 1988? (If "No," see Instructions for Restrictions on losses.)

J If this schedule includes a loss, credit, deduction, income, or other tax benefit relating to a tax shelter required to be registered, check here.   
If you check this box, you MUST attach Form 8371.

**Income**

|   |    |        |
|---|----|--------|
| 1a Gross receipts or sales  | 1a | 78,629 |
| b Less: Returns and allowances  | 1b |        |
| c Subtract line 1b from line 1a. Enter the result here.   | 1c | 78,629 |
| 2 Cost of goods sold and/or services (from Part III, line 8)  | 2  |        |
| 3 Subtract line 2 from line 1c and enter the gross profit here.   | 3  | 79,429 |
| 4 Other income (including withdrawal profit tax credit or refund received in 1988) <u>misc. chgs. &amp; misc.</u> | 4  | 2,626  |
| 5 Add lines 3 and 4. This is the gross income.  | 5  | 81,053 |

**Deductions**

|   |     |        |  |        |        |
|---|-----|--------|--|--------|--------|
| 6 Advertising   | 6   |        | 22 Papers  | 22     | 12,890 |
| 7 Bad debts from sales or services (see instructions)                               | 7   |        | 24 Supplies (not included in Part III)                             | 24     | 691    |
| 8 Bank service charges  | 8   | 147    | 25 Taxes   | 25     | 0,000  |
| 9 Car and truck expenses  | 9   | 1,888  | 26 Travel, meals, and entertainment:                               |        |        |
| 10 Commissions  | 10  |        | a Travel   |        |        |
| 11 Depreciation   | 11  |        | b Meals and entertainment  |        |        |
| 12 Depreciation and section 179 deduction from Form 4562 (not included in Part III) | 12  | 21,754 | c Enter 20% of line 26b subject to limitations (see instructions). |        |        |
| 13 Dues and publications  | 13  | 217    | d Subtract line 26c from 26b                                       | 26d    | 591    |
| 14 Employee benefit programs  | 14  |        | 27 Utilities and telephone   | 27     |        |
| 15 Freight (not included in Part III)   | 15  |        | 28a Wages  | 28a    | 29,945 |
| 16 Insurance  | 16  | 5,064  | b Jobs credit  |        |        |
| 17 Interest:  |     |        | c Subtract line 28b from 28a                                       | 28c    | 29,945 |
| a Mortgage (paid to banks, etc.)  | 17a |        | 29 Other expenses (list type and amount):                          |        |        |
| b Other   | 17b |        | Electricity  | 16,240 |        |
| 18 Laundry and cleaning   | 18  |        | Oil  | 2,531  |        |
| 19 Legal and professional services  | 19  |        | Landscaping  | 87     |        |
| 20 Office expense, (incl. attorney fees)  | 20  | 13,117 | Laundry and cleaning   | 1,500  |        |
| 21 Pension and profit-sharing plans   | 21  |        | Travel   | 400    |        |
| 22 Rent on business property  | 22  |        | Small tools  | 155    |        |
|   |     |        |  | 29     | 18,911 |

30 Add amounts in columns for lines 6 through 29. These are the total deductions. ▶ 30 111,143

31 Net profit or (loss). Subtract line 30 from line 5. If a profit, enter here and on Form 1040, line 12, and on Schedule SE, line 2. If a loss, you MUST go on to line 32. (For details, see instructions.) 31 (30,090)

32 If you have a loss, you MUST check the box that describes your investment in this activity (see instructions):  
32a  All investment is at risk.  
32b  Some investment is not at risk.

If you checked 32a, enter the loss on Form 1040, line 12, and Schedule SE, line 2. If you checked 32b, you MUST attach Form 6198.

4562

Depreciation and Amortization

OMB No. 1545-0177

1988

Department of the Treasury Internal Revenue Service Form 4562

Department of the Treasury Internal Revenue Service (7)

See separate instructions. Attach this form to your return.

Name(s) as shown on return

1977 Irrevocable Trust

Identifying number 59-4642580

Business or activity to which this form relates

Schedule C - Utility Service

**Part I Depreciation (Use Part III for automobiles, certain other vehicles, computers, and property used for entertainment, recreation, or amusement.)**

**Section A.—Election To Expense Depreciable Assets (Section 179)**

| (a) Description of property   | (b) Date placed in service | (c) Cost | (d) Expense deduction |
|---|----------------------------|----------|-----------------------|
| 1   |                            |          |                       |
| 2 Listed property—Enter total from Part III, Section A, column (h).   |                            |          |                       |
| 3 Total (add lines 1 and 2, but do not enter more than \$10,000)  |                            |          |                       |
| 4 Enter the amount, if any, by which the cost of all section 179 property placed in service during this tax year is more than \$200,000 |                            |          |                       |
| 5 Subtract line 4 from line 3. If less than zero, enter zero. (See instructions for other limitations.)                                 |                            |          |                       |

**Section B.—Depreciation**

| (a) Class of property   | (b) Date placed in service | (c) Basis for depreciation (Excludes any cost—see instructions) | (d) Recovery period | (e) Method of figuring depreciation | (f) Deduction |
|---|----------------------------|---|---------------------|-------------------------------------|---------------|
| 6 Modified Accelerated Cost Recovery System (MACRS) (see instructions): For assets placed in service ONLY during tax year beginning in 1988 |                            |   |                     |                                     |               |
| a 3-year property   |                            |   |                     |                                     |               |
| b 5-year property   |                            | 271   | 5                   | SL 1/2                              | 27            |
| c 7-year property   |                            |   |                     |                                     |               |
| d 10-year property  |                            | 2903  | 10                  | SL 7/2                              | 74            |
| e 15-year property  |                            |   |                     |                                     |               |
| f 20-year property  |                            |   |                     |                                     |               |
| g Residential rental property   |                            |   |                     |                                     |               |
| h Nonresidential real property  |                            |   |                     |                                     |               |
| 7 Alternative Depreciation System (ADS)   |                            |   |                     |                                     |               |

8 Listed property—Enter total from Part III, Section A, column (g).  
 9 MACRS deduction for assets placed in service prior to 1988 (see instructions)

**Section C.—ACRS and/or Other Depreciation**

10 Property subject to section 168(f)(1) election (see instructions)  
 11 ACRS and/or other depreciation (see instructions) 21,754

**Section D.—Summary**

12 Total (add deductions on lines 5 through 11). Enter here and on the Depreciation line of your return (Partnerships and S corporations—Do NOT include any amounts entered on line 5.) 21,754  
 13 For assets above placed in service during the current year, enter the portion of the basis attributable to section 263A costs. (see instructions)

**Part II Amortization**

| (a) Description of property  | (b) Date acquired | (c) Cost or other basis | (d) Code section | (e) Amortization period or percentage | (f) Amortization for this year |
|--|-------------------|-------------------------|------------------|---------------------------------------|--------------------------------|
| 1 Amortization for property placed in service only during tax year beginning in 1988 |                   |                         |                  |                                       |                                |
| 2 Amortization for property placed in service prior to 1988                          |                   |                         |                  |                                       |                                |
| 3 Total. Enter here and on Other Deductions or Other Expenses line of your return    |                   |                         |                  |                                       |                                |

See Paperwork Reduction Act Notice on page 1 of the separate instructions.

Form 4562 (1988)

**SCHEDULE C**  
(Form 1040)

1989 - A Form's w/air system sold to A. Utility  
your **Profit or Loss From Business** to AU.  
(Sole Proprietorship)  
Partnership, Joint Venture, Etc. Must File Form 1081.

Department of the Treasury  
Internal Revenue Service (2)

OMB No. 1545-0047  
Schedule C (Form 1040)  
1989

1977 Irrevocable Trust  
Principal business code: U11912  
(These page 2) U11912

Utility Service  
B Employer ID number (OMB 1545-0047)

C Business name and address: Arceffondo, Katois,  
Box 5, W. Archer Rd, Greenville, FL 32328  
B Employer ID number (OMB 1545-0047) 519111112151510

F Method(s) used to value closing inventory: (1)  Cost (2)  Lower of cost or market (3)  Other (specify) (4)  Cost and apply to closing inventory.

G Accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) \_\_\_\_\_

H Was there any change in determining quantities, costs, or valuations between opening and closing inventory? (If "Yes," attach explanation.)  Yes  No

I Are you deducting expenses for business use of your home? (If "Yes," see instructions for limitations.)  Yes  No

J Did you "materially participate" in the operation of this business during 1989? (If "Yes," see instructions for limitations on losses.)  Yes  No

K Did this schedule include a loan, credit, deduction, income, or other tax benefit relating to a tax shelter required to be registered. Check here.  Yes  No

**INCOME**

|   |  |   |        |        |
|---|--|---|--------|--------|
| 1 | Gross receipts or sales  | 1 | 37,843 |        |
| 2 | Returns and allowances   | 2 |        | 37,843 |
| 3 | Subtract line 2 from line 1. (Enter the result here)   | 3 |        | 37,843 |
| 4 | Cost of goods sold and/or expenses (from line 20 on page 2)  | 4 |        | 37,843 |
| 5 | Subtract line 4 from line 3 and enter the gross profit here  | 5 |        | 0.000  |
| 6 | Other income, including Federal and state gasoline or fuel tax credit or refund (see instructions) | 6 |        |        |
| 7 | Add lines 5 and 6. This is your gross business income  | 7 |        | 42,403 |

**EXPENSES**

|    |  |    |        |    |                                       |    |       |
|----|--|----|--------|----|---------------------------------------|----|-------|
| 8  | Advertising  | 8  |        | 22 | Repairs                               | 22 | 1,117 |
| 9  | Bail bonds from sales or services (Use instructions)   | 9  |        | 23 | Supplies (not included on Part III)   | 23 | 857   |
| 10 | Car and truck expenses   | 10 | 1,310  | 24 | Taxes                                 | 24 | 2,581 |
| 11 | Commissions  | 11 |        | 25 | Trent, travel, and entertainment      | 25 |       |
| 12 | Depletion  | 12 |        | 26 | Trip                                  | 26 |       |
| 13 | Depreciation and Section 179 deduction (from Form 4562 (not included on Part III))   | 13 | 5,335  | 27 | Travel and entertainment              | 27 |       |
| 14 | Employee benefit programs (other than on line 20)  | 14 |        | 28 | Other expenses (list type and amount) | 28 |       |
| 15 | Freight (not included on Part III)   | 15 |        | 29 | Bank charges                          | 29 | 119   |
| 16 | Insurance (other than health)  | 16 | 7,497  | 30 | Printing                              | 30 | 444   |
| 17 | Interest   | 17 |        | 31 | Repairs and maintenance               | 31 | 30    |
| 18 | Meals (use line 20)  | 18 |        | 32 | Tools                                 | 32 | 119   |
| 19 | Legal and professional services  | 19 | 79     | 33 | Travel                                | 33 | 1635  |
| 20 | Office expenses  | 20 | 11,843 | 34 | Telephone                             | 34 | 1099  |
| 21 | Person and profit-sharing plans  | 21 |        | 35 | Travel                                | 35 | 1099  |
| 22 | Rent or lease  | 22 |        | 36 | Travel                                | 36 | 1099  |
| 23 | Recreation and education   | 23 |        | 37 | Travel                                | 37 | 1099  |
| 24 | Other business property  | 24 |        | 38 | Travel                                | 38 | 1099  |
| 25 | Auto (amount) in columns for lines 8 through 24. These are your total expenses   | 25 |        | 39 | Travel                                | 39 | 1099  |
| 26 | Net profit or (loss). Subtract line 25 from line 7. If a profit, enter here and on Form 1040, line 12, and on Schedule SE, line 3. If a loss, you MUST enter on line 31. (Checkboxes, see instructions.) | 26 |        | 40 | Travel                                | 40 | 1099  |

31a  All investments in oil, coal, or natural gas. 57,421  
31b  None included in net of int.

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule C (Form 1040) 1989



Form **4562**  
Department of the Treasury  
Internal Revenue Service (22)

# Depreciation and Amortization

▶ See separate instructions.  
▶ Attach this form to your return.

OMB No. 1545-0172  
**1989**  
Assessment  
Exemption No. 67

Name(s) as shown on return: 1977 Irrevocable Trust Identifying number: 59-0666850

Business or activity to which this form relates: Schedule C - Utility Service

**Part I** Depreciation (Use Part III for automobiles, certain other vehicles, computers, and property used for entertainment, recreation, or amusement.)

### Section A.—Section 179 Expense Depreciable Assets (Section 179)

|    |   |                            |           |                   |
|----|---|----------------------------|-----------|-------------------|
| 1  | Maximum dollar limitation   | 1                          | \$10,000  |                   |
| 2  | Total cost of section 179 property placed in service during the tax year (see instructions)           | 2                          |           |                   |
| 3  | Threshold cost (if section 179 property before reduction in limitation)                               | 3                          | \$500,000 |                   |
| 4  | Reduction in limitation (Subtract line 3 from line 2, but do not enter less than -0-)                 | 4                          |           |                   |
| 5  | Dollar limitation for tax year (Subtract line 4 from line 1, but do not enter less than -0-)          | 5                          |           |                   |
| 6  | (a) Description of property   | (b) Date placed in service | (c) Cost  | (d) Deducted cost |
| 7  | 7   | 7                          | 7         | 7                 |
| 8  | Tentative deduction (Enter the lesser of: (a) line 5 plus line 7; or (b) line 6.)                     | 8                          |           |                   |
| 9  | Taxable income limitation (Enter the lesser of: (a) Taxable income; or (b) line 5) (see instructions) | 9                          |           |                   |
| 10 | Carryover of disallowed deduction from 1988 (see instructions)  | 10                         |           |                   |
| 11 | Section 179 expense deduction (Enter the lesser of: (a) line 8 plus line 10; or (b) line 9.)          | 11                         |           |                   |
| 12 | Carryover of disallowed deduction to 1990 (Add lines 8 and 10, less line 11.)                         | ▶ 12                       |           |                   |

### Section B.—MACRS Depreciation

| (a) Classification of property  | (b) Date placed in service   | (c) Basis for depreciation (Business use only—see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|---|--|---|---------------------|----------------|------------|----------------------------|
| <b>13 General Depreciation System (GDS) (see instructions): For assets placed in service ONLY during tax year beginning in 1989</b>     |  |   |                     |                |            |                            |
| a   | 3-year property  |   |                     |                |            |                            |
| b   | 5-year property  | 105B  | 5                   | 1/2            | SL         | 106                        |
| c   | 7-year property  |   |                     |                |            |                            |
| d   | 10-year property   |   |                     |                |            |                            |
| e   | 15-year property   |   |                     |                |            |                            |
| f   | 20-year property   |   |                     |                |            |                            |
| g   | Residential rental property  |   | 27.5 yrs.           | MM             | 5/2        |                            |
| h   | Nonresidential real property   |   | 31.5 yrs.           | MM             | 5/2        |                            |
| <b>14 Alternative Depreciation System (ADS) (see instructions): For assets placed in service ONLY during tax year beginning in 1989</b> |  |   |                     |                |            |                            |
| a   | Class life   |   |                     |                | 5/2        |                            |
| b   | 12-year  |   | 12 yrs.             |                | 5/2        |                            |
| c   | 40-year  |   | 40 yrs.             | MM             | 5/2        |                            |
| 15  | Listed property—Enter amount from line 27  |   |                     |                |            | 1300                       |
| 16  | GDS and ADS deductions for assets placed in service before 1989 (see instructions) |   |                     |                |            | 236                        |

### Section C.—ACRS and/or Other Depreciation

|    |   |    |        |
|----|---|----|--------|
| 17 | Property subject to section 168(k)(1) election (see instructions) | 17 |        |
| 18 | ACRS and/or other depreciation (see instructions)                 | 18 | 19,314 |

### Section D.—Summary

|    |  |    |       |
|----|--|----|-------|
| 19 | Total (Add deductions on line 11 and lines 13 through 18.) Enter here and on the appropriate line of your return (Partnerships and S corporations—see instructions.) | 19 | 6,225 |
| 20 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs (see instructions)           | 20 |       |

For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

777 90.1

1990 to 4/90 transfer of Estate's under to Arrandale ability year after sale of Farms advised

**SCHEDULE C**  
**Form 1040**

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

Partnerships, Joint Ventures, Etc., Must File Form 1065.

▶ Attach to Form 1040 or Form 1041. ▶ See instructions for Schedule C (Form 1040).

**1990**

OMB No. 1545-0047

Department of the Treasury  
Internal Revenue Service (C)

**Name of proprietor:** 1977 Irrevocable Trust

**Principal business or profession, including product or service (see instructions):** Utility Service

**Business name and address (include suite or room no.):** Arrandale Estates  
5500 SW Archer Rd Gainesville FL 32608

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

**Method(s) used to value closing inventory:** (1)  Cost (2)  Lower of cost or market (3)  Other (attach explanation) (4)  Does not apply if checked, go to line 14

**Was there any change in determining quantities, costs, or valuations between opening and closing inventory? (If "Yes," attach explanation.)**  Yes  No

**Are you deducting expenses for business use of your home? (If "Yes," see instructions for limitations.)**  Yes  No

**Did you "materially participate" in the operation of this business during 1990? (If "Yes," see instructions for limitations on losses.)**  Yes  No

**If this is the first Schedule C filed for this business, check here:**  **Business**  **Residence**

|   |                          |   |       |
|---|--------------------------|---|-------|
| <b>1</b> Gross receipts or sales. <b>Caution:</b> If this income was reported to you on Form 1099 and the "Statutory employee" box on that form was checked, see the instructions and check here. | <input type="checkbox"/> | 1 | 2,074 |
| <b>2</b> Returns and allowances   |                          | 2 |       |
| <b>3</b> Subtract line 2 from line 1. Enter the result here.  |                          | 3 | 2,074 |
| <b>4</b> Cost of goods sold (from line 38 on page 2)  |                          | 4 |       |
| <b>5</b> Subtract line 4 from line 3 and enter the gross profit here.   |                          | 5 |       |
| <b>6</b> Other income, including Federal and state gasoline or fuel tax credit or refund (see instructions).<br><i>Late charges 440, Form 99, Misc. 25</i>  |                          | 6 | 715   |
| <b>7</b> Add lines 5 and 6. This is your gross income.  |                          | 7 | 2,789 |

| Expenses  |     |  |           |
|---|-----|--|-----------|
| <b>8</b> Advertising  | 8   | <b>21</b> Repairs and maintenance                                  | 21 910    |
| <b>9</b> Bad debts from sales or services (see instructions)  | 9   | <b>22</b> Supplies (not included in Part III)                      | 22 40     |
| <b>10</b> Car and business (attach Form 4062)   | 10  | <b>23</b> Taxes and licenses                                       | 23        |
| <b>11</b> Commissions and fees  | 11  | <b>24</b> Travel, meals, and entertainment:                        |           |
| <b>12</b> Depreciation  | 12  | a Travel   | 24a       |
| <b>13</b> Depreciation and section 179 expense deduction (not included in Part III) (see instructions). | 13  | b Meals and entertainment  | 24b       |
| <b>14</b> Employee benefit programs (other than on line 17)   | 14  | c Enter 50% of line 24b subject to instructions (see instructions) | 24c       |
| <b>15</b> Insurance (other than health)   | 15  | <b>4</b> Subtract line 24c from line 24b                           | 4 201     |
| <b>16</b> Interest:   |     | <b>25</b> Utilities  | 25 1,277  |
| a Mortgage (paid to banks, etc.)  | 16a | <b>26</b> Wages (and job credit)                                   | 26        |
| b Other   | 16b | <b>27a</b> Other expenses (list type and amount):                  |           |
| <b>17</b> Legal and professional services   | 17  | Gas 100.1  | 198       |
| <b>18</b> Office expense  | 18  | Rent   | 27        |
| <b>19</b> Pension and profit-sharing plans  | 19  | Auto Cash short  | 19        |
| <b>20</b> Rent or lease (see instructions):   |     | Small Tools  | 177       |
| a Vehicles, machinery, and equip.   | 20a | Permit & Lab Fees  | 309       |
| b Other business property   | 20b | <b>27b</b> Total other expenses                                    | 27b 1,310 |

|  |  |    |       |
|--|--|----|-------|
| <b>28</b> Add amounts in columns for lines 8 through 27b. These are your total expenses.   |  | 28 | 2,987 |
| <b>29</b> Net profit or (loss). Subtract line 28 from line 7. If a profit, enter here and on Form 1040, line 12. Also enter the net profit on Schedule SE, line 2 (statutory employee, see instructions). If a loss, you MUST go on to line 30 (Instructions, see instructions). |  | 29 | (198) |

**30** If you have a loss, you MUST check the box that describes your investment in this activity (see instructions).  
 All investment is at risk.  
 Loss treatment is not at risk.  
 If you checked 30a, enter the loss on Form 1040, line 12, and Schedule SE, line 2 (statutory employee, see instructions). If you checked 30b, you MUST attach Form 6198.

ARREDONDO UTILITY CO., INC.

Docket No. 951234-WS

RESPONSE TO AUDIT DISCLOSURE #4

- 1) 1990 Capital Contribution Schedule Taken from 77 Trust Tax Return File
- 2) 1990 Depreciation Schedule Taken from 77 Trust Tax Return File
- 3) Journal Entry Recording the Contribution of the Estates Water System to Arredondo Utility Co., Inc.

EXHIBIT 5

A7-1-14

CAPITAL CONTRIBUTION TO ARREDONDO UTILITY, INC.  
YEAR ENDED 12/31/90

| TAX<br>SCH/FORM       | DATE<br>ACQUIRED | DATE<br>CONTRIB | DESCRIPTION            | SCHEDULE<br>FOR COST | COST      | ACCUMULATED<br>DEPRECIATION | BOOK<br>VALUE |
|-----------------------|------------------|-----------------|------------------------|----------------------|-----------|-----------------------------|---------------|
| NONE                  | 12/31/77         | 01/01/90        | WATER SYSTEM-ESTATES   | 1500                 | 65,576.50 | 39,195.94                   | 26,380.56     |
| NONE                  | 09/24/79         | 01/01/90        | STARTER FOR WATER SYS  | 1500                 | 366.60    | 366.60                      | 0.00          |
| NONE                  | 11/11/80         | 01/01/90        | CHLORINATOR            | 1500                 | 938.11    | 938.11                      | 0.00          |
| NONE                  | 02/21/85         | 01/01/90        | PUMP-EAST WELL ESTATES | 1500                 | 1,644.30  | 1,644.30                    | 0.00          |
| NONE                  | 03/14/85         | 01/01/90        | WATER METERS           | 1500                 | 12,813.20 | 12,813.20                   | 0.00          |
| NONE                  | 09/06/88         | 01/01/90        | AIR COMPRESSOR-ESTATES | 1500                 | 270.77    | 81.23                       | 189.54        |
| TOTAL CONTRIB TO CORP |                  |                 |                        |                      | 81,609.48 | 55,039.38                   | 26,570.10     |

1989 Contributions 28,532.55

Balance 12/31/90 55,102.05

AD 4-15

C. L. BRICE 1977 TRUST  
DEPRECIATION SCHEDULE

| K IF<br>TYP                     | SOLD<br>REF | DATE<br>ACQUIRED | DESCRIPTION                                | METHOD        | LIFE | COST              | ACCUMULATED<br>DEPRECIATION<br>THRU 12/31/89 | 1990<br>DATE | 1990<br>DEPRECIATION | ACCUMULATED<br>DEPRECIATION<br>THRU 12/31/90 | BORG<br>VALUE<br>12/31/90 |
|---------------------------------|-------------|------------------|--|---------------|------|-------------------|--|--------------|----------------------|--|---------------------------|
|                                 |             | 12/31/77         | MOBILE HOMES                               | SL            | 15   | 6,000.00          | 4,646.67                                     | 72           | 400.00               | 5,046.67                                     | 633.33                    |
| X                               | 1           | 12/31/77         | WATER SYSTEM-ESTATES                       | SL            | 20   | 65,576.50         | 39,195.94                                    | N/A          | 0.00                 | 39,195.94                                    | 26,380.56                 |
| X                               |             | 02/01/79         | FILE CABINET                               | SL            | 10   | 260.00            | 260.00                                       | N/A          | 0.00                 | 260.00                                       | 0.00                      |
| X                               |             | 08/03/79         | AIR CONDITIONER                            | SL            | 10   | 700.00            | 700.00                                       | N/A          | 0.00                 | 700.00                                       | 0.00                      |
| X                               | 2           | 09/24/79         | STARTER FOR WATER SYS                      | SL            | 3    | 366.40            | 366.40                                       | N/A          | 0.00                 | 366.40                                       | 0.00                      |
| X                               | 3           | 11/11/80         | CHELATOR                                   | SL            | 5    | 930.11            | 930.11                                       | N/A          | 0.00                 | 930.11                                       | 0.00                      |
| X                               |             | 04/06/81         | FIRE/ROOF FILE CABINET                     | ACRS          | 3    | 375.00            | 375.00                                       | N/A          | 0.00                 | 375.00                                       | 0.00                      |
| X                               |             | 12/01/82         | AIR COND-COMFORT MAST                      | ACRS          | 5    | 767.67            | 767.67                                       | N/A          | 0.00                 | 767.67                                       | 0.00                      |
| X                               |             | 01/31/83         | 100 TYPEWRITER                             | ACRS          | 5    | 500.00            | 500.00                                       | N/A          | 0.00                 | 500.00                                       | 0.00                      |
| X                               |             | 11/12/83         | FENCE                                      | ACRS          | 5    | 626.42            | 626.42                                       | N/A          | 0.00                 | 626.42                                       | 0.00                      |
| X                               |             | 11/15/83         | BLINDS FOR OFFICE                          | ACRS          | 5    | 706.75            | 706.75                                       | N/A          | 0.00                 | 706.75                                       | 0.00                      |
| X                               |             | 01/27/84         | GALLEY                                     | ACRS          | 5    | 115.00            | 115.00                                       | N/A          | 0.00                 | 115.00                                       | 0.00                      |
| X                               |             | 06/08/84         | STOVE FOR RENTAL                           | ACRS          | 5    | 368.49            | 368.49                                       | N/A          | 0.00                 | 368.49                                       | 0.00                      |
| X                               |             | 10/08/84         | DUMPSTER                                   | ACRS          | 5    | 575.00            | 575.00                                       | N/A          | 0.00                 | 575.00                                       | 0.00                      |
| X                               |             | 04/27/79         | VISAGE MOBILE HOME                         | SL            | 10   | 7207.75           | 4,324.14                                     | 102          | 720.75               | 5,045.44                                     | 2,162.31                  |
| X                               |             | 04/27/79         | VISAGE MOBILE HOME                         | SL            | 10   | 7207.75           | 4,324.14                                     | 102          | 720.75               | 5,045.44                                     | 2,162.31                  |
| X                               |             | 04/27/79         | VISAGE MOBILE HOME                         | SL            | 10   | 7207.75           | 4,324.14                                     | 102          | 720.75               | 5,045.44                                     | 2,162.31                  |
| X                               | 4           | 03/01/84         | WISC PROPERTY                              | ACRS          | 5    | 948.71            | 948.71                                       | N/A          | 0.00                 | 948.71                                       | 0.00                      |
| X                               | 5           | 02/21/85         | PUMP-CHST WELL ESTATES                     | ACRS          | 5    | 1,644.30          | 1,644.30                                     | N/A          | 0.00                 | 1,644.30                                     | 0.00                      |
| X                               | 6           | 03/14/85         | WATER METERS                               | ACRS          | 5    | 12,813.20         | 12,813.20                                    | N/A          | 0.00                 | 12,813.20                                    | 0.00                      |
| X                               | 7           | 08/22/85         | FRIDGE FOR RENTAL                          | ACRS          | 3    | 325.00            | 325.00                                       | N/A          | 0.00                 | 325.00                                       | 0.00                      |
| X                               |             | 10/17/85         | LAUNDRER                                   | ACRS          | 3    | 300.00            | 300.00                                       | N/A          | 0.00                 | 300.00                                       | 0.00                      |
| X                               | 8           | 02/03/86         | FRIDGE FOR RENTAL                          | ACRS          | 3    | 200.00            | 200.00                                       | N/A          | 0.00                 | 200.00                                       | 0.00                      |
| X                               |             | 09/02/86         | FRIDGE FOR RENTAL                          | ACRS          | 3    | 175.00            | 175.00                                       | N/A          | 0.00                 | 175.00                                       | 0.00                      |
| X                               |             | 09/26/86         | STOVE FOR RENTAL 2442                      | ACRS          | 3    | 150.00            | 150.00                                       | N/A          | 0.00                 | 150.00                                       | 0.00                      |
| X                               |             | 11/21/86         | FRIDGE                                     | ACRS          | 3    | 125.00            | 125.00                                       | N/A          | 0.00                 | 125.00                                       | 0.00                      |
| X                               |             | 11/24/86         | FRIDGE                                     | ACRS          | 3    | 250.00            | 250.00                                       | N/A          | 0.00                 | 250.00                                       | 0.00                      |
| X                               |             | 06/01/87         | REPO MOBILE HOME-DROWN                     | N/A           | N/A  | 746.91            | 0.00   | N/A          | 0.00                 | 746.91                                       | 0.00                      |
| X                               |             | 06/19/87         | SHAMPER PUMPER                             | ACRS          | 3    | 1,496.25          | 1,496.25                                     | N/A          | 0.00                 | 1,496.25                                     | 0.00                      |
| X                               | 9           | 05/26/88         | FRIDGE FOR RENTAL 2440                     | ACRS, SL, 1/2 | 5    | 212.00            | 67.10  | N/A          | 0.00                 | 67.10  | 140.90                    |
| X                               | 10          | 09/06/88         | AIR CONDRESSOR-ESTATES                     | ACRS, SL, 1/2 | 5    | 270.77            | 81.23  | N/A          | 0.00                 | 81.23  | 189.54                    |
| X                               |             | 06/23/89         | FRIDGE FOR 2440                            | ACRS, SL, 1/2 | 5    | 470.64            | 47.16  | 202          | 94.13                | 141.19                                       | 329.45                    |
| X                               |             | 09/21/89         | 1989 FORD F-150                            | ACRS, SL, 1/2 | 5    | 13,808.26         | 1,380.83                                     | 202          | 2,771.65             | 4,156.48                                     | 9,221.78                  |
| X                               |             | 10/16/89         | MOBILE HOME FOR F-150                      | ACRS, SL, 1/2 | 5    | 792.65            | 79.27  | 202          | 158.53               | 217.80                                       | 554.85                    |
| X                               |             | 11/01/89         | TOOL BOX FOR F-150                         | ACRS, SL, 1/2 | 5    | 265.00            | 26.50  | 202          | 53.00                | 79.50  | 185.50                    |
| <b>BALANCE FORWARD 12/31/89</b> |             |                  |  |               |      | <b>141,807.13</b> | <b>87,601.04</b>                             |              | <b>5,645.65</b>      | <b>93,247.14</b>                             | <b>48,559.44</b>          |
| X                               |             | 04/03/90         | 1990 ADDITIONS<br>AIR CONDITIONER LOT 2426 | ACRS, SL, 1/2 | 5    | 850.00            |  | 102          | 85.00                | 935.00                                       | 765.00                    |
| X                               |             | 12/17/90         | CAR PHONE                                  | ACRS, SL, 1/2 | 5    | 457.69            |  | 102          | 45.77                | 503.46                                       | 411.69                    |
| X                               | 11          | 02/26/90         | LOT 30 UNIT 2A LOT 6 PH                    |               |      | 32,682.50         |  | N/A          | 0.00                 | 32,682.50                                    |                           |
| X                               |             | 02/13/90         | CHAINLINK FENCE AT ARCHER/TOWER            | ACRS, SL, 1/2 | 10   | 629.00            |  | 52           | 31.25                | 660.25                                       | 599.75                    |
| <b>TOTAL 1990 ADDITIONS</b>     |             |                  |  |               |      | <b>34,615.19</b>  | <b>0.00</b>                                  |              | <b>162.02</b>        | <b>162.02</b>                                | <b>34,453.17</b>          |
| <b>1990 DISPOSITIONS</b>        |             |                  |  |               |      |                   |  |              |                      |  |                           |
| X                               | 1           | 12/31/77         | WATER SYSTEM-ESTATES                       | SL            | 20   | 65,576.50         | 39,195.94                                    | 52           | 0.00                 | 39,195.94                                    | 26,380.56                 |
| X                               | 2           | 09/24/79         | STARTER FOR WATER SYS                      | SL            | 3    | 366.40            | 366.40                                       | N/A          | 0.00                 | 366.40                                       | 0.00                      |
| X                               | 3           | 11/11/80         | CHELATOR                                   | SL            | 5    | 930.11            | 930.11                                       | N/A          | 0.00                 | 930.11                                       | 0.00                      |
| X                               | 4           | 04/27/79         | VISAGE MOBILE HOME                         | SL            | 10   | 7,207.75          | 4,324.14                                     | 102          | 0.00                 | 4,324.14                                     | 2,883.61                  |
| X                               | 5           | 02/21/85         | PUMP-CHST WELL ESTATES                     | ACRS          | 5    | 1,644.30          | 1,644.30                                     | 132          | 0.00                 | 1,644.30                                     | 0.00                      |
| X                               | 6           | 03/14/85         | WATER METERS                               | ACRS          | 5    | 12,813.20         | 12,813.20                                    | 232          | 0.00                 | 12,813.20                                    | 0.00                      |
| X                               | 7           | 08/22/85         | FRIDGE FOR RENTAL                          | ACRS          | 3    | 325.00            | 325.00                                       | N/A          | 0.00                 | 325.00                                       | 0.00                      |
| X                               | 8           | 02/03/86         | FRIDGE FOR RENTAL                          | ACRS          | 3    | 200.00            | 200.00                                       | N/A          | 0.00                 | 200.00                                       | 0.00                      |
| X                               | 9           | 09/02/86         | FRIDGE FOR RENTAL 2440                     | ACRS, SL, 1/2 | 5    | 175.00            | 175.00                                       | 132          | 0.00                 | 175.00                                       | 140.00                    |
| X                               | 10          | 09/26/86         | STOVE FOR RENTAL 2442                      | ACRS, SL, 1/2 | 5    | 150.00            | 150.00                                       | 132          | 0.00                 | 150.00                                       | 109.54                    |
| X                               | 11          | 09/26/86         | FRIDGE FOR RENTAL 2440                     | ACRS, SL, 1/2 | 5    | 125.00            | 125.00                                       | 132          | 0.00                 | 125.00                                       | 140.00                    |
| X                               | 12          | 11/24/86         | FRIDGE                                     | ACRS, SL, 1/2 | 5    | 250.00            | 250.00                                       | 132          | 0.00                 | 250.00                                       | 189.54                    |
| <b>TOTAL 1990 DISPOSITIONS</b>  |             |                  |  |               |      | <b>122,236.73</b> | <b>14,982.64</b>                             |              | <b>0.00</b>          | <b>53,352.64</b>                             | <b>62,204.09</b>          |
| <b>BALANCE 12/31/90</b>         |             |                  |  |               |      | <b>64,185.59</b>  | <b>27,149.90</b>                             |              | <b>5,007.77</b>      | <b>37,407.67</b>                             | <b>26,729.52</b>          |

1970-7777 Nelson

1/1/90

|    |      |                    |                         |                  |         |
|----|------|--------------------|-------------------------|------------------|---------|
| 1  |      |                    |                         |                  |         |
| 2  | 1500 | Deprec Property    | - Estate Water System   | 6557650          |         |
| 3  |      |                    | - Starter for Water Sys | 366660           |         |
| 4  | ✓    | ✓                  | - Chlorinator           | 93811            |         |
| 5  | ✓    | ✓                  | - Pump East well        | 164430           |         |
| 6  | ✓    | ✓                  | - Water Meters          | 1281320          |         |
| 7  | ✓    | ✓                  | - Air Compressor        | 27077            |         |
| 8  |      |                    |                         | 3160945          |         |
| 9  |      |                    |                         |                  |         |
| 10 | 1520 | Accumulated Deprec | - Water Sys             | 3919594          |         |
| 11 |      | ✓                  | ✓                       | - Starter        | 366660  |
| 12 |      | ✓                  | ✓                       | - Chlorinator    | 93811   |
| 13 |      | ✓                  | ✓                       | - Pump East well | 164430  |
| 14 |      | ✓                  | ✓                       | - Meters         | 1281320 |
| 15 |      | ✓                  | ✓                       | - Compressor     | 8123    |
| 16 |      |                    |                         | 6503935          |         |
| 17 | 1112 | Stock              | - Arredondo Utility     | 2657010          |         |
| 18 |      |                    |                         |                  |         |
| 19 |      |                    |                         |                  |         |
| 20 |      |                    |                         |                  |         |
| 21 |      |                    |                         |                  |         |
| 22 |      |                    |                         |                  |         |
| 23 |      |                    |                         |                  |         |
| 24 |      |                    |                         |                  |         |
| 25 |      |                    |                         |                  |         |
| 26 |      |                    |                         |                  |         |
| 27 |      |                    |                         |                  |         |
| 28 |      |                    |                         |                  |         |
| 29 |      |                    |                         |                  |         |
| 30 |      |                    |                         |                  |         |
| 31 |      |                    |                         |                  |         |
| 32 |      |                    |                         |                  |         |
| 33 |      |                    |                         |                  |         |
| 34 |      |                    |                         |                  |         |
| 35 |      |                    |                         |                  |         |
| 36 |      |                    |                         |                  |         |
| 37 |      |                    |                         |                  |         |
| 38 |      |                    |                         |                  |         |
| 39 |      |                    |                         |                  |         |
| 40 |      |                    |                         |                  |         |
| 41 |      |                    |                         |                  |         |

To record contribution of water system  
in Arredondo Estates to Arredondo Utility.

AD 4-10