

WATER MANAGEMENT SERVICES, INC.

250 John Knox Rd. # 4
Tallahassee, FL 32303
(850) 668-0440 Fax (850) 577-0441

June 27, 2012

HAND DELIVERY

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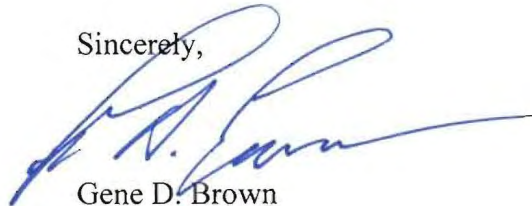
Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 110200-WU - Application for increase in water rates in Franklin
County by Water Management Services, Inc.

Dear Ms. Cole:

In a prior data request, the staff requested a copy of the Water Management Services, Inc.
2011 tax return. Enclosed is a copy of that return, which has been prepared but not filed.

Sincerely,



Gene D. Brown

Enclosure

cc: Martin S. Friedman, Esq.

04267 JUN 27 21
FPSC COMMISSION CLERK

A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>	TYPE OR PRINT	Name No., street, and room or suite no. City/town, state, and ZIP code WATER MANAGEMENT SERVICES INC. 250 JOHN KNOX ROAD #4 TALLAHASSEE FL 32303	B Employer identification no. 59-3449317 C Date incorporated 04-29-1997 D Total assets (see instructions) \$ 8,134,075
E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change <input type="checkbox"/>			

INCOME	1a Merchant card and third-party payments. For 2011, enter -0- 1a <input type="checkbox"/> b Gross receipts or sales not reported on line 1a (see instructions) 1b 1,379,225 c Total. Add lines 1a and 1b 1c 1,379,225 d Returns and allowances plus any other adjustments (see instructions) 1d <input type="checkbox"/> e Subtract line 1d from line 1c 1e 1,379,225		
	2 Cost of goods sold from Form 1125-A, line 8 (attach Form 1125-A) 2 0 3 Gross profit. Subtract line 2 from line 1e 3 1,379,225 4 Dividends (Schedule C, line 19) 4 <input type="checkbox"/> 5 Interest 5 781 6 Gross rents 6 <input type="checkbox"/> 7 Gross royalties 7 <input type="checkbox"/> 8 Capital gain net income (attach Schedule D (Form 1120)) 8 <input type="checkbox"/> 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9 <input type="checkbox"/> 10 Other income (see instructions -- attach schedule) 10 27,766 #2 11 Total income. Add lines 3 through 10 11 1,407,772		
DEDUCTIONS	12 Compensation of officers from Form 1125-E, line 4 (attach Form 1125-E) 12 104,785 13 Salaries and wages (less employment credits) 13 322,216 14 Repairs and maintenance 14 44,643 15 Bad debts 15 185 16 Rents 16 53,507 #3 17 Taxes and licenses 17 113,594 #4 18 Interest 18 314,745 19 Charitable contributions 19 0 20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere or return (attach Form 4562) ... 20 201,968 21 Depletion 21 <input type="checkbox"/> 22 Advertising 22 270 23 Pension, profit-sharing, etc., plans 23 107,671 24 Employee benefit programs 24 <input type="checkbox"/> 25 Domestic production activities deduction (attach Form 8903) 25 <input type="checkbox"/> 26 Other deductions (attach schedule) 26 548,362 #5 27 Total deductions. Add lines 12 through 26 27 1,811,946 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 28 -404,174		
LIMITATIONS	29a Net operating loss deduction (see instructions) 29a 0 b Special deductions (Schedule C, line 20) 29b <input type="checkbox"/> c Add lines 29a and 29b 29c 0		
TAXES & PAYMENTS	30 Taxable income. Subtract line 29c from line 28 (see instructions) 30 -404,174 31 Total tax (Schedule J, Part I, line 11) 31 0 32 Total payments and refundable credits (Schedule J, Part II, line 21) 32 <input type="checkbox"/> 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached 33 <input type="checkbox"/> 34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed 34 0 35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid 35 0 36 Enter amt. from line 35 you want: Credited to 2012 estimated tax ▶ 0 Refunded ▶ 0 36 0		

Prepared to be filed on or before Sept. 15, 2012

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

Signature of officer: [Signature] Date: 6-21-12 Title: Treas. Clerk

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

Paid Preparer Use Only	Print/Type preparer's name BARBARA S WITHERS	Preparer's signature <u>[Signature]</u>	Date 6-20-12	Check <input checked="" type="checkbox"/> if PTIN self-employed P00138982
	Firm's name ▶ LEONARD & WITHERS CPAs PL	Firm's EIN ▶ 45-4138976		
	Firm's address ▶ 411 LIVE OAK PLANTATION RD TALLAHASSEE FL 32312	Phone no. 04267 (850) 893-4080		

TFS-COMMISSION CLERK

Schedule C Dividends and Special Deductions (see instructions)		(a) Dividends received	(b)%	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	Total. Add lines 1 through 8. See instructions for limitation			0
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corps. under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 ▶	0		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			0

Schedule M Tax Computation and Payment (see instructions)

Part I--Tax Computation

Table with 11 rows for tax computation. Includes items like 'Check if the corporation is a member of a controlled group', 'Income tax', 'Alternative minimum tax', 'Foreign tax credit', 'Total credits', 'Personal holding company tax', 'Recapture of investment credit', 'Total tax'.

Part II--Payments and Refundable Credits

Table with 11 rows for payments and credits. Includes items like '2010 overpayment credited to 2011', '2011 estimated tax payments', '2011 refund applied for on Form 4466', 'Total payments', 'Refundable credits from', 'Total credits', 'Total payments and credits'.

Schedule K Other Information (see instructions)

Form with 4 main sections for other information. Section 1: Accounting method (Accrual checked). Section 2: Business activity (WATER UTILITIES). Section 3: Subsidiary status (Yes checked). Section 4: Ownership by foreign/domestic corporation (Yes checked).

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		453		-18,585
2a	Trade notes and accounts receivable	135,172		125,677	
b	Less allowance for bad debts	(28,240)	106,932	(28,425)	97,252
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	8,815,479		8,824,788	
b	Less accumulated depreciation	(4,310,722)	4,504,757	(4,531,890)	4,292,898
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		832,486		832,486
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach schedule)		2,797,178		2,930,024 #6
15	Total assets		8,241,806		8,134,075
Liabilities and Shareholders' Equity					
16	Accounts payable		471,632		636,849
17	Mortgages, notes, bonds payable in less than 1 year		2,859,129		2,934,296
18	Other current liabilities (attach schedule)		232,317		236,641 #7
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		5,236,908		5,265,026
21	Other liabilities (attach schedule)		11,030		10,430 #8
22	Capital stock: a Preferred stock				
	b Common stock	10,000	10,000	10,000	10,000
23	Additional paid-in capital		1,441,089		1,441,089 #10
24	Retained earnings -- Appropriated (attach sch.)				
25	Retained earnings -- Unappropriated		-2,219,643		-2,651,176
26	Adjustments to shareholders' equity (attach sch.)		199,344		250,920 #9
27	Less cost of treasury stock		()		()
28	Total liabilities and shareholders' equity		8,241,806		8,134,075

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

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more--see instructions

1	Net income (loss) per books	-431,533	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest	\$
3	Excess of capital losses over capital gains				
4	Inc. subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation	\$		a Depreciation	\$
b	Charitable contributions	\$		b Charitable contributions	\$
c	Travel and entertainment	\$			
	Other	27,359	#1		
6	Add lines 1 through 5	-404,174	9	Add lines 7 and 8	
			10	Income (page 1, line 28) -- line 6 less line 9	-404,174

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	-2,219,643	5	Distributions: a Cash	
2	Net income (loss) per books	-431,533		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	
4	Add lines 1, 2, and 3	-2,651,176	7	Add lines 5 and 6	
			8	Balance at end of year (line 4 less line 7)	-2,651,176

Form **1125-E**

(December 2011)

Department of the Treasury
Internal Revenue Service

Compensation of Officers

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-RIC.

▶ See separate instructions.

OMB No. 1545-2225

Name WATER MANAGEMENT SERVICES INC.	Employer identification number 59-3449317
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Note. Complete Form 1125-E only if total receipts are \$500,000 or more. See instructions for definition of total receipts.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	GENE D BROWN	[REDACTED]	95.0000 %	%	%	104,785
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
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			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					104,785
3	Compensation of officers claimed on Form 1125-A or elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return					104,785

2011 SCHEDULE M-1 EXPLANATION ATTACHMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

Computation of Net Income (Loss) Per Books
Form 1120, Schedule M-1, Line 1

Income (loss) (Schedule M-1, line 10) carries from Form 1120, page 1, line 28	<u>-404,174</u>
Increases:	
Deductions on return not charged against book income (Schedule M-1, line 8)	<u> </u>
Income recorded on books not included on return (Schedule M-1, line 7)	<u> </u>
Decreases:	
Expenses recorded on books not included on return (Schedule M-1, line 5)	<u>27,359</u>
Income subject to tax not recorded on books (Schedule M-1, line 4)	<u> </u>
Excess capital losses over capital gains (Schedule M-1, line 3)	<u> </u>
Federal income tax per books (Schedule M-1, line 2)	<u> </u>
Computed net income (loss) per books (Schedule M-1, line 1)	<u>-431,533</u>

**SCHEDULE G
(Form 1120)**

(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

**Information on Certain Persons Owning the
Corporation's Voting Stock**

▶ Attach to Form 1120.
▶ See instructions.

OMB No. 1545-0123

Name

Employer identification number (EIN)

WATER MANAGEMENT SERVICES INC.

59-3449317

Part I

Certain Entities Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership, (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
ST GEO ISLAND UT	59-1950858	PARTNERSHIP	US	85.0000

Part II

Certain Individuals and Estates Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

For Paperwork Reduction Act Notice, see the Instructions for Form 1120.

Schedule G (Form 1120) (Rev. 12-2011)

Depreciation and Amortization (Including Information on Listed Property)

2011

Department of the Treasury
Internal Revenue Service (99)

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

Attachment
Sequence No. **179**

Name(s) shown on return WATER MANAGEMENT SERVICES INC.	Business or activity to which this form relates FOR FORM 1120	Identifying number 59-3449317
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Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount (see instructions)	1	
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000
6 (a) Description of property (b) Cost (busn. use only) (c) Elected cost		
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	500,000
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 2012. Add lines 9 and 10, less line 12 ... ▶	13	

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

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

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	15,054

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

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2011	17	186,914
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B -- Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

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

Section C -- Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

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

Part IV Summary (See instructions.)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	201,968
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

2011 DETAIL STATEMENTS

WATER MANAGEMENT SERVICES INC.
59-3449317

STATEMENT #1 - Other Expen Not Deduc This Yr (1120/1120C M1 LINE 5c)

Fines/Penalties:

FINES & PENALTIES.....	15,344	
LIFE INSURANCE PREMIUMS.....	12,015	
TOTAL Fines/Penalties.....		27,359

TOTAL CARRIED TO 1120/1120C M1 LINE 5c..... 27,359

STATEMENT #2 - Other Income (FM 1120/H/1120C LN 10/7/9)

CIAC REVENUE.....		21,681
MISC SERVICE REVENUE.....		5,421
GUARANTEED REVENUE-AFPI.....		123
MISC. GAINS UTILITY PROPERTY.....		541

TOTAL CARRIED TO FM 1120/H/1120C LN 10/7/9..... 27,766

STATEMENT #3 - Rent (FM 1120/1120C LN 16/14)

Rent:

Rent - Tangible Property.....	33,616	
Rent - Real Property.....	19,891	
TOTAL Rent.....		53,507

TOTAL CARRIED TO FM 1120/1120C LN 16/14..... 53,507

STATEMENT #4 - Taxes & Licenses (1120/H/1120C 17/12/15)

Taxes & Licenses:

Payroll Tax.....	33,993	
Real Estate Tax.....	13,561	
Other Taxes.....	62,315	
Licenses.....	3,725	
TOTAL Taxes & Licenses.....		113,594

TOTAL CARRIED TO 1120/H/1120C 17/12/15..... 113,594

STATEMENT #5 - Other Deductions (1120/H/1120C 26/15/23)

Other Deductions:

Bank Charges.....	4,328	
Fuel.....	5,802	
Postage.....	8,711	
Supplies.....	15,475	
Telephone.....	10,369	
Travel.....	1,698	
Uniforms.....	3,365	
Utilities.....	2,113	

2011 DETAIL STATEMENTS

WATER MANAGEMENT SERVICES INC.
59-3449317

PURCHASED POWER.....	63,697	
CHEMICALS.....	12,562	
CONTRACTUAL SERVICES - ACCOUNTING....	11,181	
CONTRACTUAL SERVICES - LEGAL.....	9,775	
CONTRACTUAL SERVICES - OTHER.....	63,649	
CONTRACTUAL SERVICES - TESTING.....	6,270	
CONTRACTUAL SERVICES - ENG.....	27,170	
TRANSPORTATION EXPENSES.....	41,734	
DUES & SUBSCRIPTIONS.....	3,439	
CONTINUING EDUCATION.....	830	
AMORTIZATION BRIDGE MAIN & RATE CASE.	71,593	
ADDITIONAL DEPRECIATION.....	66,916	
AMORTIZATION LOAN FEES.....	13,369	
LOAN COSTS REQUIRED BY BANK.....	39,258	
NON-UTILITY EXPENSES.....	21,738	
TOTAL Other Deductions.....		505,042

Insurance:

INSURANCE GENERAL.....	26,001	
INSURANCE WORKMENS COMP.....	5,176	
INSURANCE FLOOD.....	5,162	
INSURANCE VEHICLES.....	6,981	
TOTAL Insurance.....		43,320

TOTAL CARRIED TO 1120/H/1120C 26/15/23..... 548,362

STATEMENT #6 - Other Assets (1120/1120C Sc L LN 14d/12)

	Beginning	Ending
PREPAID INSURANCE AND OTHER.....	19,847	19,030
DEFERRED LOAN, RATE CASE, BRIDGE/WW C	373,961	418,776
NET DISALLOWED INVESTMENT IN PLANT...	811,018	815,366
INVESTMENT IN ASSOCIATED COS.....	1,175,075	1,215,075
DIFF. IN RETAINED EARNINGS-PRIOR YRS		
DEPOSITS.....	12,696	12,696
NOTE RECEIVABLE ASSOCIATED COS		
CWIP - SYSTEM IMPROVEMENTS.....	61,300	123,281
NON-UTILITY PROPERTY - LAND.....	325,800	325,800
ACCOUNTS RECEIVABLE - OTHER.....	17,481	0

TOTAL CARRIED TO 1120/1120C Sc L LN 14d/12..... 2,797,178 2,930,024

STATEMENT #7 - Other Current Liabilities (1120/1120C LN 18/16)

	Beginning	Ending
CUSTOMER DEPOSITS.....	97,550	110,433
OTHER ACCRUALS - TAXES-INTEREST-ETC..	96,143	121,900
CUSTOMER REFUNDS - INTERIM RATES.....	38,624	0
ADVANCES - BMG.....	0	3,621
ACCTS PAYABLE 401K W/H.....	0	687

TOTAL CARRIED TO 1120/1120C LN 18/16..... 232,317 236,641

2011 DETAIL STATEMENTS

WATER MANAGEMENT SERVICES INC.
59-3449317

STATEMENT #8 - Other Liabilities (1120/1120C Sc L LN 21d/19)		
	Beginning	Ending
ADVANCES FOR CONSTRUCTION.....	11,030	10,430
TOTAL CARRIED TO 1120/1120C Sc L LN 21d/19.....	11,030	10,430
STATEMENT #9 - Adjust Shrhldrs' Equity (1120 PG 4 SCH J LINE 26)		
	Beginning	Ending
ADJUSTMENTS PER FL PUBLIC SERVICE COM	222,536	222,536
OTHER ADJUSTMENTS (REGULATORY & OTHER	-23,192	28,384
TOTAL CARRIED TO 1120 PG 4 SCH J LINE 26.....	199,344	250,920
STATEMENT #10 - Paid-in/Capital Surplus (1120/1120C Sc L LN 23d./21)		
	Beginning	Ending
PAID IN CAPITAL.....	1,236,650	1,236,650
CONTRIBUTED CAPITAL.....	200,000	200,000
ADDITIONAL CONTRIBUTION.....	4,439	4,439
TOTAL CARRIED TO 1120/1120C Sc L LN 23d./21.....	1,441,089	1,441,089

2011 NOL DEDUCTION SUMMARY STATEMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

Net Operating Losses Available in 2011.	1,766,216
Taxable Income (Before NOL Deduction, After Special Dedns) . .	-404,174
Total Net Operating Loss Deduction (Limited to Taxable Income)	0
Net Operating Losses Carried Forward to 2012	2,170,390

2011 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

CARRYOVER GENERATED FOR TAX YEAR 1997 . . . \$	20,591	
Total Amount Absorbed \$	20,591	
Available For Carryover To 2011 \$		0
CARRYOVER GENERATED FOR TAX YEAR 1998 . . . \$	95,240	
Amount Absorbed In 2003 . . . \$	36,022	
Amount Absorbed In 2004 . . . \$	59,218	
Total Amount Absorbed \$	95,240	
Available For Carryover To 2011 \$		0
CARRYOVER GENERATED FOR TAX YEAR 1999 . . . \$	124,048	
Amount Absorbed In 2004 . . . \$	52,285	
Total Amount Absorbed \$	52,285	
Available For Carryover To 2011 \$		71,763

2011 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

CARRYOVER GENERATED FOR TAX YEAR 2000 . . . \$ 128,593

Total Amount Absorbed \$

Available For Carryover To 2011 \$ 128,593

CARRYOVER GENERATED FOR TAX YEAR 2001 . . . \$ 87,462

Total Amount Absorbed \$

Available For Carryover To 2011 \$ 87,462

CARRYOVER GENERATED FOR TAX YEAR 2002 . . . \$ 136,518

Total Amount Absorbed \$

Available For Carryover To 2011 \$ 136,518

2011 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.

59-3449317

CARRYOVER GENERATED FOR TAX YEAR 2005 . . . \$ 39,981

Total Amount Absorbed \$

Available For Carryover To 2011 \$ 39,981

CARRYOVER GENERATED FOR TAX YEAR 2006 . . . \$ 124,782

Total Amount Absorbed \$

Available For Carryover To 2011 \$ 124,782

CARRYOVER GENERATED FOR TAX YEAR 2007 . . . \$ 103,664

Total Amount Absorbed \$

Available For Carryover To 2011 \$ 103,664

2011 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

CARRYOVER GENERATED FOR TAX YEAR 2008 . . . \$	292,506
Total Amount Absorbed \$	
Available For Carryover To 2011 \$	292,506
CARRYOVER GENERATED FOR TAX YEAR 2009 . . . \$	354,156
Total Amount Absorbed \$	
Available For Carryover To 2011 \$	354,156
CARRYOVER GENERATED FOR TAX YEAR 2010 . . . \$	426,791
Total Amount Absorbed \$	
Available For Carryover To 2011 \$	426,791

2011 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.
59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	1999
C.	NOL Amount	71,763
D(1).	Carryovers from Years Before Both A & B	0
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	0
3.	Subtract Line 2 from Line 1	-404,174
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	71,763

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	2000
C.	NOL Amount	128,593
D(1).	Carryovers from Years Before Both A & B	71,763
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	71,763
3.	Subtract Line 2 from Line 1	-475,937
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	128,593

2011 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.

59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	2001
C.	NOL Amount	87,462
D(1).	Carryovers from Years Before Both A & B	200,356
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	200,356
3.	Subtract Line 2 from Line 1	-604,530
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	87,462

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	2002
C.	NOL Amount	136,518
D(1).	Carryovers from Years Before Both A & B	287,818
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	287,818
3.	Subtract Line 2 from Line 1	-691,992
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	136,518

2011 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.
59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	2005
C.	NOL Amount	39,981
D(1).	Carryovers from Years Before Both A & B	424,336
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	424,336
3.	Subtract Line 2 from Line 1	-828,510
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	39,981

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	2006
C.	NOL Amount	124,782
D(1).	Carryovers from Years Before Both A & B	464,317
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	464,317
3.	Subtract Line 2 from Line 1	-868,491
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	124,782

2011 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.
59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	2007
C.	NOL Amount	103,664
D(1).	Carryovers from Years Before Both A & B	589,099
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	589,099
3.	Subtract Line 2 from Line 1	-993,273
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	103,664

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	2008
C.	NOL Amount	292,506
D(1).	Carryovers from Years Before Both A & B	692,763
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	692,763
3.	Subtract Line 2 from Line 1	-1,096,937
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	292,506

2011 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.
59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	2009
C.	NOL Amount	354,156
D(1).	Carryovers from Years Before Both A & B	985,269
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	985,269
3.	Subtract Line 2 from Line 1	-1,389,443
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	354,156

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2011
B.	NOL Year	2010
C.	NOL Amount	426,791
D(1).	Carryovers from Years Before Both A & B	1,339,425
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-404,174
2.	Amount From D(1)	1,339,425
3.	Subtract Line 2 from Line 1	-1,743,599
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	426,791