

RECEIVED
UTILITIES DIVISION

2019 APR 25 A 10:05

ANNUAL REPORT

Of

ARIZONA CORPORATION
COMMISSION

Company Name: Lagoon Estates Water Company, Inc.
2600 N. 44th St., Ste. 203

Mailing Address: Phoenix AZ
85008

Docket No.: W-01825A
For the Year Ended: 12/31/18

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: rdelafuente@azcc.gov, mail or deliver the completed Annual Report to:
Arizona Corporation Commission
Compliance Section - Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Application Type: Original Filing
Application Date: 4/23/2019

4-25-19

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Lagoon Estates Water Company, Inc.
A Class ☒ Utility

1. For the Calendar Year Ended: 12/31/18

2. Address:

2600 N. 44TH ST, STE 203			
City:	PHOENIX	State:	Arizona
		Zip Code:	85008

3. Telephone Number:

602-275-0211

4. Date of Original Organization of Utility:

1/1/1977

5. Person to whom correspondence should be addressed concerning this report:

Name:

TERRY GEMAR

Telephone No. :

602-275-0211

Address:

2600 N. 44TH ST., STE 203			
City:	PHOENIX	State:	Arizona
		Zip Code:	85008

Email:

SHERRILLFARMSI@MSN.COM

6. On-Site Manager:

Name:

KAREN BRERETON

Telephone No. :

928-768-3384

Address:

1795 E POPLAR DR			
City:	MOHAVE VALLEY	State:	Arizona
		Zip Code:	86440

Email:

SHERRILLFARMSI@MSN.COM

7. Ownership:

"S" Corporation

8. Counties Served:

Mohave

Lagoon Estates Water Company, Inc.
Annual Report
Utility Plant in Service (Water)
12/31/18

Utility Plant in Service (Water)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization				\$0		\$0
302	Franchises				0		0
303	Land and Land Rights	28,262			28,262		28,262
304	Structures and Improvements	43,779			43,779	42,171	1,608
305	Collecting & Improving Reservoirs				0		0
306	Lake, River, Canal Intakes				0		0
307	Wells and Springs	89,697	15,607		105,304	92,944	12,360
308	Infiltration Galleries				0		0
309	Supply Mains				0		0
310	Power Generation Equipment				0		0
311	Pumping Equipment	107,710	9,839		117,549	117,549	0
320	Water Treatment Equipment				0		0
320.1	Water Treatment Plants	21,241			21,241	18,182	3,059
320.2	Solution Chemical Feeders				0		0
320.3	Point-of-Use Treatment Devices				0		0
330	Distribution Reservoirs and Standpipes				0		0
330.1	Storage Tanks	64,377			64,377		64,377
330.2	Pressure Tanks				0		0
331	Transmission and Distribution Mains	240,666	974		241,640	226,154	15,486
333	Services				0		0
334	Meters and Meter Installations	47,763	5,856		53,619	51,986	1,633
335	Hydrants	448			448		448
336	Backflow Prevention Devices				0		0
339	Other Plant and Misc. Equipment	7,661			7,661	2,390	5,271
340	Office Furniture and Equipment	12,810			12,810	12,810	0
340.1	Computer & Software				0		0
341	Transportation Equipment	4,387			4,387		4,387
342	Stores Equipment				0		0
343	Tools, Shop and Garage Equipment				0		0
344	Laboratory Equipment				0		0
345	Power Operated Equipment				0		0
346	Communication Equipment				0		0
347	Miscellaneous Equipment				0		0
348	Other Tangible Plant				0		0
	Totals	\$668,801	\$32,276	\$0	\$701,077	\$564,186	\$136,891

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Lagoon Estates Water Company, Inc.
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/18

Depreciation Expense for the Current Year (Water)								
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Fully Depreciated/Non- depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	\$0	\$0	\$0	\$0			\$0
302	Franchises	0	0	0	0			0
303	Land and Land Rights	28,262	0	0	28,262			0
304	Structures and Improvements	43,779	0	0	43,779		3.33%	1,458
305	Collecting & Improving Reservoirs	0	0	0	0			0
306	Lake, River, Canal Intakes	0	0	0	0			0
307	Wells and Springs	89,697	15,607	0	105,304		3.33%	3,247
308	Infiltration Galleries	0	0	0	0			0
309	Supply Mains	0	0	0	0			0
310	Power Generation Equipment	0	0	0	0			0
311	Pumping Equipment	107,710	9,839	0	117,549		12.50%	14,079
320	Water Treatment Equipment	0	0	0	0			0
320.1	Water Treatment Plants	21,241	0	0	21,241		10.00%	2,124
320.2	Solution Chemical Feeders	0	0	0	0			0
320.3	Point-of-Use Treatment Devices	0	0	0	0			0
330	Distribution Reservoirs and Standpipes	0	0	0	0			0
330.1	Storage Tanks	64,377	0	0	64,377		2.22%	1,429
330.2	Pressure Tanks	0	0	0	0			0
331	Transmission and Distribution Mains	240,666	974	0	241,640		2.00%	4,823
333	Services	0	0	0	0			0
334	Meters and Meter Installations	47,763	5,856	0	53,619		8.33%	4,223
335	Hydrants	448	0	0	448			0
336	Backflow Prevention Devices	0	0	0	0			0
339	Other Plant and Misc. Equipment	7,661	0	0	7,661		6.67%	511
340	Office Furniture and Equipment	12,810	0	0	12,810		6.67%	854
340.1	Computer & Software	0	0	0	0			0
341	Transportation Equipment	4,387	0	0	4,387			0
342	Stores Equipment	0	0	0	0			0
343	Tools, Shop and Garage Equipment	0	0	0	0			0
344	Laboratory Equipment	0	0	0	0			0
345	Power Operated Equipment	0	0	0	0			0
346	Communication Equipment	0	0	0	0			0
347	Miscellaneous Equipment	0	0	0	0			0
348	Other Tangible Plant	0	0	0	0			0
	Subtotal	\$668,801	\$32,276	\$0	\$701,077	\$0		\$32,748

Contribution(s) in Aid of Construction (Gross)	\$0
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	\$0
Times: Proposed Amortization Rate	4.67%
Amortization of CIAC	\$0

Less: Amortization of CIAC

DEPRECIATION EXPENSE

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Lagoon Estates Water Company, Inc.
Annual Report
Balance Sheet Assets
12/31/18

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2018)	Balance at End of Year (2018)
Account No.	Current and Accrued Assets			
131	Cash		\$56,355	\$40,887
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable			
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies		5,729	5,729
162	Prepayments			
174	Miscellaneous Current and Accrued Assets		100	(948)
	Total Current and Accrued Assets		\$62,184	\$45,668
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$668,801	\$701,077
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation (enter as negative)*		(554,975)	(564,186)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$113,826	\$136,891
	Total Assets		\$176,010	\$182,559

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

*Note these items feed automatically from AR3 UPIS Page 3

Lagoon Estates Water Company, Inc.
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2018)	Balance at End of Year (2018)
Account No.	Current Liabilities			
231	Accounts Payable			\$1
232	Notes Payable (Current Portion)			
234	Notes Payable to Associated Companies			
235	Customer Deposits		25,958	26,515
236	Accrued Taxes		3,929	5,614
237	Accrued Interest			
242	Miscellaneous Current and Accrued Liabilities		2,004	138
	Total Current Liabilities		\$31,891	\$32,269
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)			
	Deferred Credits			
251	Unamortized Premium on Debt			
252	Advances in Aid of Construction		35,494	35,423
255	Accumulated Deferred Investment Tax Credits			
271	Contributions in Aid of Construction			
272	Less: Amortization of Contributions			
281	Accumulated Deferred Income Tax			
	Total Deferred Credits		\$35,494	\$35,423
	Total Liabilities		\$67,385	\$67,692
	Capital Accounts			
201	Common Stock Issued		\$75,214	\$75,215
211	Other Paid-In Capital		101,471	101,471
215	Retained Earnings		(68,060)	(61,818)
218	Proprietary Capital (Sole Props and Partnerships)			
	Total Capital		\$108,625	\$114,868
	Total Liabilities and Capital		\$176,010	\$182,560

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Note: Total liabilities and Capital must match total assets for the beginning and end of the year!

Lagoon Estates Water Company, Inc.
Annual Report
Water Comparative Income Statement
12/31/18

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2018 - 12/31/2018	Last Year 01/01/2017 - 12/31/2017
	Operating Revenue		
461	Metered Water Revenue	\$198,925	\$188,875
460	Unmetered Water Revenue		
462	Fire Protection Revenue		
469	Guaranteed Revenues (Surcharges)		
471	Miscellaneous Service Revenues	8,510	
474	Other Water Revenue	1,417	24,949
	Total Revenues	\$208,852	\$213,824
	Operating Expenses		
601	Salaries and Wages	\$77,808	\$71,706
604	Employee Pensions and Benefits		
610	Purchased Water		
615	Purchased Power	12,641	10,308
618	Chemicals	1,832	2,049
620	Materials and Supplies		
620.1	Repairs and Maintenance	14,648	27,911
620.2	Office Supplies and Expense	13,889	13,125
630	Contractual Services		
631	Contractual Services -Engineering		
632	Contractual Services - Accounting		
633	Contractual Services - Legal		
634	Contractual Services - Management Fees	10,400	10,400
635	Contractual Services - Water Testing	6,174	3,386
636	Contractual Services - Other		
640	Rents	10,400	10,400
641	Rental of Building/Real Property		
642	Rental of Equipment		
650	Transportation Expenses	2,744	2,262
657	Insurance - General Liability	7,129	5,613
657.1	Insurance - Health and Life	7,924	7,561
665	Regulatory Commission Expense - Rate		
670	Bad Debt Expense		
675	Miscellaneous Expense	7,201	9,196
403	Depreciation Expense (From Schedule AR4)	32,748	32,060
408	Taxes Other Than Income	10,951	11,103
408.11	Property Taxes	9,188	8,583
409	Income Taxes		
427.1	Customer Security Deposit Interest	68	34
	Total Operating Expenses	\$225,746	\$225,697
	Operating Income / (Loss)	(\$16,894)	(\$11,873)
	Other Income / (Expense)		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility (Expense)		
427	Interest (Expense)		
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	(\$16,894)	(\$11,873)

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Lagoon Estates Water Company, Inc.
Annual Report
Supplemental Financial Data (Long-Term Debt)
12/31/18

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amt. Issued				
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest				
Current Year Principal				

Meter Deposit Balance at Test Year End:	\$5,099
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Meter Deposits Refunded During the Test Year:	\$1,363
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List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed. Input 0 or none if there is nothing to report for that cell.

[illegible]

Name of system water delivered to:	
ADWR PCC Number:	
Source of water delivered to another system	

Name of system water received from:		
ADWR PCC Number:		
Source of water received		
Well registry 55# (55-XXXXXX)		

Month	Water withdrawn (acre ft) ¹	Water sold (acre ft) ²	Water delivered (sold) to other systems (acre ft) ³	Water received (purchased) from other systems (acre ft) ⁴	Estimated authorized use (acre ft) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh)
January	8.771	8.754				\$581	2,999
February	5.343	4.150				633	3,232
March	6.463	6.269				584	3,040
April	8.258	7.106			0.399	773	3,554
May	3.744	3.837				734	2,903
June	11.591	8.848			0.384	773	3,495
July	14.774	10.379			0.442	979	6,497
August	11.533	7.853			0.322	1,026	7,464
September	6.997	14.278				1,505	14,938
October	7.727	6.898			0.368	1,173	9,807
November	5.094	4.775			0.445	920	6,594
December	4.950	4.938				547	3,196
Totals	95,246	88,084	0.000	0.000	2.360	\$10,228	67,719

If applicable, in the space below please provide a description for all un-metered water use along with amounts:

NON AUTHORIZED USE - 1,207,000

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

- 1 Water withdrawn - Total acre feet of water withdrawn from pumped sources.
- 2 Water sold - Total acre feet from customer meters, and other sales such as construction water.
- 3 Water delivered (sold) to other systems - Total acre feet of water delivered to other systems.
- 4 Water received (purchased) from other systems - Total acre feet of water purchased/received from other systems.
- 5 Estimated authorized use - Total estimated acre feet from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
- 6 Enter the total purchased power costs for the power meters associated with this system.
- 7 Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description

Name of the System:	LAGOON ESTATES WATER CO UNIT 7		
ADEQ Public Water System Number:	AZ0408021		
ADWR PCC Number:	91-000317.0000		

[illegible]

SERVICE LINES	
Material	Percent of system

[illegible]

BOOSTER PUMPS		
Horsepower	GPM	Quantity

FIRE HYDRANTS	
Type	Quantity
Standard *	7
Other	5 Jonesheads

[illegible]

PRESSURE/BLADDER TANKS		
Capacity (gallons)	Material	Quantity
5,000		3

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
--

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	RETAIL SINGLE CYCLINDER GAS CHLORINATOR, CLORINE ALARM SYSTEM
STRUCTURES:	SHOP BUILDING
OTHER:	SECURITY CYCLONE FENCING, SECURITY LIGHTING, NATURAL GAS OAN GENARATOR

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

Customer and Other Information	
Name of the System:	LAGOON ESTATES WATER CO UNIT 7
ADEQ Public Water System Number:	AZ0408021
ADWR PCC Number:	91-000317.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	331	0	0	0	3
February	332	0	0	0	5
March	330	0	0	0	5
April	333	0	0	0	5
May	367	0	0	0	5
June	339	0	0	0	4
July	335	0	0	0	3
August	337	0	0	0	4
September	330	0	0	0	4
October	329	0	0	0	4
November	327	0	0	0	4
December	332	0	0	0	2

If the system has fire hydrants, what is the fire flow requirements? GPM for hrs.

Does the system have chlorination treatment?

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

If yes, provide the GPCPD amount:

Is the Water Utility located in an ADWR Active Management Area (AMA)?
If yes, which AMA?

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

Property Taxes	
----------------	--

Amount of actual property taxes paid during Calendar Year 2018 was
--

\$9,188

If no property taxes paid, explain why.

They were paid.

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Verification and Sworn Statement (Taxes)

Verification: State of Arizona I, the undersigned of the
(state name)

County of (county name): Mohave
Name (owner or official) title: Stanley Miller, Controller
Company name: Lagoon Estates Water Company, Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/18

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

RECEIVED
UTILITIES DIVISION
2019 APR 25 A 10:05
ARIZONA CORPORATION COMMISSION

signature of owner/official

602-275-5402

telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS

23rd

DAY OF

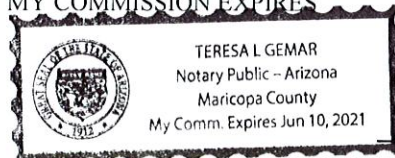
Maricopa

(county name)

April 2019

(month) and (year)

MY COMMISSION EXPIRES



6/10/2021
(date)

(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)

County of (county name):

Mohave

Name (owner or official) title:

Stanley Miller, Controller

Company name:

Lagoon Estates Water Company, Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/18

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$208,851

(The amount in the box above includes

\$10,951

in sales taxes
billed or collected)



signature of owner/official

602-275-5402

telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS

23rd

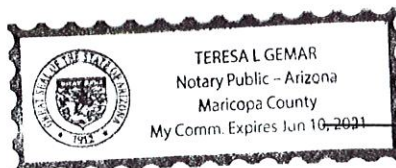
DAY OF

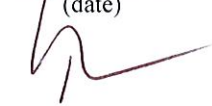
Maricopa
(county name)

April 2019
(month) and (year)

MY COMMISSION EXPIRES

6/10/2021
(date)




(signature of notary public)

Verification and Sworn Statement (Residential Revenue)

Verification:

State of Arizona I, the undersigned of the
(state name)

County of (county name): Mohave
Name (owner or official) title: Stanley Miller, Controller
Company name: Lagoon Estates Water Company, Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/18

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$208,851
(The amount in the box above includes
\$10,951 in sales taxes
billed or collected)

RECEIVED
UTILITIES DIVISION
2019 APR 25 A 10:05
ARIZONA CORPORATION
COMMISSION



signature of owner/official

602-275-5402
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

Maricopa
(county name)

THIS

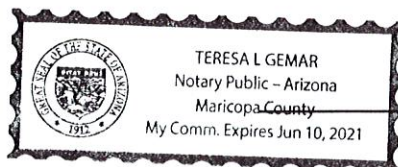
23rd

DAY OF

April 2019
(month) and (year)

MY COMMISSION EXPIRES

h
(date)



h
(signature of notary public)