

ANNUAL REPORT

Of

Company Name: Lake Verde Water Company, Inc.
PO Box 2777

Mailing Address: Camp Verde AZ
86322

Docket No.: W-01557A
For the Year Ended: 12/31/18

RECEIVED

APR 10 2019

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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: 4/10/2019

4-10-19

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Lake Verde Water Company, Inc.
A Class ☐ E Utility

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

2. Address:

738 S Parks Dr			
City:	Camp Verde	State:	Arizona
		Zip Code:	86322

3. Telephone Number:

928-567-8592

4. Date of Original Organization of Utility:

6/16/1994

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

Name:

Morgan Dubs

Telephone No. :

928-567-8592

Address:

738 S Parks Drive			
City:	Camp Verde	State:	Arizona
		Zip Code:	86322

Email:

morgan.heritagesurvey@gmail.com

6. On-Site Manager:

Name:

Alan Williams

Telephone No. :

928-300-0541

Address:

2180 E Amy Drive			
City:	Camp Verde	State:	Arizona
		Zip Code:	86322

Email:

alan@verdelakeswater.com

7. Ownership:

"S" Corporation

8. Counties Served:

Yavapai

Lake Verde 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	\$336	\$0	\$0	\$336	\$336	\$0
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	10,000	0	0	10,000	0	10,000
304	Structures and Improvements	103,418	0	0	103,418	3,444	99,974
305	Collecting & Improving Reservoirs	0	0	0	0	0	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0
307	Wells and Springs	5,016	0	0	5,016	5,016	0
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0
311	Pumping Equipment	4,582	0	0	4,582	573	4,009
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	34,800	0	0	34,800	1,159	33,641
320.2	Solution Chemical Feeders	144	0	0	144	29	115
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0
330.1	Storage Tanks	19,795	0	0	19,795	17	19,778
330.2	Pressure Tanks	2,500	0	0	2,500	125	2,375
331	Transmission and Distribution Mains	33,128	0	0	33,128	663	32,465
333	Services	0	0	0	0	0	0
334	Meters and Meter Installations	2,150	250	0	2,400	190	2,210
335	Hydrants	0	0	0	0	0	0
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0
340	Office Furniture and Equipment	708	0	0	708	47	661
340.1	Computer & Software	1,100	153	0	1,253	235	1,018
341	Transportation Equipment	3,331	0	3,331	0	0	0
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	2,255	0	0	2,255	95	2,160
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	461	0	0	461	0	461
347	Miscellaneous Equipment	312	0	0	312	0	312
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$224,036	\$403	\$3,331	\$221,108	\$11,929	\$209,179

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.

Lake Verde 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	\$336	\$0	\$0	\$336	\$336	0.00%	\$0
302	Franchises	0	0	0	0	0	0.00%	0
303	Land and Land Rights	10,000	0	0	10,000	10,000	0.00%	0
304	Structures and Improvements	103,418	0	0	103,418	0	3.33%	3,444
305	Collecting & Improving Reservoirs	0	0	0	0	0	2.50%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	2.50%	0
307	Wells and Springs	5,016	0	0	5,016	5,016	3.33%	0
308	Infiltration Galleries	0	0	0	0	0	6.67%	0
309	Supply Mains	0	0	0	0	0	2.00%	0
310	Power Generation Equipment	0	0	0	0	0	5.00%	0
311	Pumping Equipment	4,582	0	0	4,582	0	12.50%	573
320	Water Treatment Equipment	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	34,800	0	0	34,800	0	3.33%	1,159
320.2	Solution Chemical Feeders	144	0	0	144	0	20.00%	29
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	10.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	19,795	0	0	19,795	19,032	2.22%	17
330.2	Pressure Tanks	2,500	0	0	2,500	0	5.00%	125
331	Transmission and Distribution Mains	33,128	0	0	33,128	0	2.00%	663
333	Services	0	0	0	0	0	3.33%	0
334	Meters and Meter Installations	2,150	250	0	2,400	0	8.33%	190
335	Hydrants	0	0	0	0	0	2.00%	0
336	Backflow Prevention Devices	0	0	0	0	0	6.67%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	6.67%	0
340	Office Furniture and Equipment	708	0	0	708	0	6.67%	47
340.1	Computer & Software	1,100	153	0	1,253	0	20.00%	235
341	Transportation Equipment	3,331	0	3,331	0	0	20.00%	333
342	Stores Equipment	0	0	0	0	0	4.00%	0
343	Tools, Shop and Garage Equipment	2,255	0	0	2,255	361	5.00%	95
344	Laboratory Equipment	0	0	0	0	0	10.00%	0
345	Power Operated Equipment	0	0	0	0	0	5.00%	0
346	Communication Equipment	461	0	0	461	461	10.00%	0
347	Miscellaneous Equipment	312	0	0	312	312	10.00%	0
348	Other Tangible Plant	0	0	0	0	0	0.00%	0
	Subtotal	\$224,036	\$403	\$3,331	\$221,108	\$35,518		\$6,909

Contribution(s) in Aid of Construction (Gross)	\$100,000
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	\$100,000
Times: Proposed Amortization Rate	3.72%
Amortization of CIAC	\$3,722

Less: Amortization of CIAC \$3,722

DEPRECIATION EXPENSE \$3,186

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.

Lake Verde 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		\$1,948	\$1,855
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		5,054	5,643
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$7,002	\$7,498
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$225,788	\$221,108
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(31,669)	(11,929)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$194,119	\$209,179
	Total Assets		\$201,121	\$216,677

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

Lake Verde 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		\$1,900	\$516
232	Notes Payable (Current Portion)		4,484	9,201
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		0	0
236	Accrued Taxes		0	0
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		2,625	1,631
	Total Current Liabilities		\$9,009	\$11,348
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$43,373	\$43,884
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		0	0
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		100,000	100,000
272	Less: Amortization of Contributions		(1,667)	(3,722)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$98,333	\$96,278
	Total Liabilities		\$150,715	\$151,510
	Capital Accounts			
201	Common Stock Issued		\$90,000	\$90,000
211	Other Paid-In Capital		19,200	19,200
215	Retained Earnings		(58,794)	(44,033)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$50,406	\$65,167
	Total Liabilities and Capital		\$201,121	\$216,677

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!

Lake Verde 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	\$16,821	\$17,225
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	38,691	38,067
471	Miscellaneous Service Revenues	20	390
474	Other Water Revenue	0	0
	Total Revenues	\$55,532	\$55,682
	Operating Expenses		
601	Salaries and Wages	\$28,385	\$31,658
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	3,316	3,423
618	Chemicals	0	0
620	Materials and Supplies	1,343	815
620.1	Repairs and Maintenance	5,629	978
620.2	Office Supplies and Expense	1,691	1,849
630	Contractual Services	0	0
631	Contractual Services -Engineering	0	0
632	Contractual Services - Accounting	275	250
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	1,337	630
636	Contractual Services - Other	0	0
640	Rents	0	0
641	Rental of Building/Real Property	5,600	6,000
642	Rental of Equipment	0	0
650	Transportation Expenses	0	7
657	Insurance - General Liability	1,556	1,312
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	0	0
675	Miscellaneous Expense	745	607
403	Depreciation Expense (From Schedule AR4)	6,909	1,816
408	Taxes Other Than Income	0	2,960
408.11	Property Taxes	1,188	486
409	Income Taxes	0	0
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$57,974	\$52,791
	Operating Income / (Loss)	(\$2,442)	\$2,891
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$0	\$0
	Net Income / (Loss)	(\$2,442)	\$2,891

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.

Lake Verde Water Company, Inc.
 Annual Report
 Full time equivalent employees
 12/31/18

Full time equivalent employees

	Direct Company	Outside service	Total
President	1.0	0.0	1.0
Vice-president	1.0	0.0	1.0
Manager	0.0	0.0	0.0
Engineering Staff	0.0	0.0	0.0
System Operator(s)	1.0	0.0	1.0
Meter reader	0.0	0.0	0.0
Customer Service	0.0	0.0	0.0
Accounting	0.0	1.0	1.0
Business Office	0.0	0.0	0.0
Rates Department	0.0	0.0	0.0
Administrative Staff	1.0	0.0	1.0
Other	0.0	0.0	0.0
Total	4.0	1.0	5.0

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. A full-time employee is based on 2080 total hours per year. Please calculate partial employees using 2080 hours.

Lake Verde 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	11/1/2016	NA	NA	NA
Source of Loan	WIFA	0	0	0
ACC Decision No.	75159	0	0	0
Reason for Loan	Arsenic Removal	0	0	0
Dollar Amt. Issued	\$50,000	\$0	\$0	\$0
Amount Outstanding	\$46,213	\$0	\$0	\$0
Date of Maturity	7/1/2036	NA	NA	NA
Interest Rate	5.50%	0.00%	0.00%	0.00%
Current Year Interest	\$0	\$0	\$0	\$0
Current Year Principal	\$0	\$0	\$0	\$0

Meter Deposit Balance at Test Year End:	\$0
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Meter Deposits Refunded During the Test Year:	\$0
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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.

Lake Verde Water Company, Inc.
Annual Report
Well and Water Usage
12/31/18

[illegible]

Name of system water delivered to:	LAKE VERDE WATER COMPANY	
ADWR PCC Number:	91-000627.0000	
Source of water delivered to another system	Verde River	
Name of system water received from:	NA	
ADWR PCC Number:		
Source of water received	Verde River	
Well registry 55# (55-XXXXXX):	55-643838	

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	298,800	270,672	0	0	0	\$0	0
February	276,100	251,358	0	0	0	0	0
March	248,600	217,040	0	0	0	0	0
April	551,300	491,600	0	0	0	0	0
May	688,800	608,007	0	0	0	0	0
June	862,700	766,239	0	0	0	0	0
July	844,200	731,054	0	0	0	0	0
August	565,100	507,200	0	0	0	0	0
September	504,200	459,780	0	0	0	0	0
October	373,800	341,330	0	0	0	0	0
November	329,600	288,350	0	0	0	0	0
December	278,000	254,660	0	0	0	0	0
Totals	5,821,200	5,187,290	0	0	0	\$0	0

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

In January we had a main waterline break.

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:	LAKE VERDE WATER COMPANY	
ADEQ Public Water System Number:	AZ0413038	
ADWR PCC Number:	91-000627.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	Black Iron	5,220
3.00	Black Iron	0
4.00	Black Iron	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0

SERVICE LINES	
Material	Percent of system
PVC	100%
NA	0%
NA	0%
NA	0%
NA	0%

BOOSTER PUMPS		
Horsepower	GPM	Quantity
7 1/2	125	2
0	NA	0
0	NA	0
0	NA	0

STORAGE TANKS		
Capacity (gallons)	Material	Quantity
10,000	Poly	3
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0
NA	NA	0

CUSTOMER METERS	
Size (inches)	Quantity
5/8 X 3/4	63
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0
NA	0

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

PRESSURE/BLADDER TANKS		
Capacity (gallons)	Material	Quantity
5,000	Steel	1
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

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:	Arsenic Removal System
STRUCTURES:	Building holding the Arsenic Removal System 30x40
OTHER:	1 2" meter 1- 3 horsepower submersable pump 45 GPM 1- 21 cubic feet media tank 1- prefilter

Lake Verde Water Company, Inc.
Annual Report
Customer and Other Information
12/31/18

Customer and Other Information	
Name of the System:	LAKE VERDE WATER COMPANY
ADEQ Public Water System Number:	AZ0413038
ADWR PCC Number:	91-000627.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	63	0	0	0	0
February	63	0	0	0	0
March	63	0	0	0	0
April	63	0	0	0	0
May	63	0	0	0	0
June	63	0	0	0	0
July	63	0	0	0	0
August	63	0	0	0	0
September	63	0	0	0	0
October	63	0	0	0	0
November	63	0	0	0	0
December	63	0	0	0	0

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 (GCPCPD) 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.

Lake Verde Water Company, Inc.
Annual Report
Property Taxes
12/31/18

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2018 was	\$1,188

If no property taxes paid, explain why.

NA

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.

Lake Verde Water Company, Inc.
Annual Report
Verification and Sworn Statement (Taxes)
12/31/18

Verification and Sworn Statement (Taxes)

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APR 10 2019

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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

County of (county name): Yavapai
Name (owner or official) title: Dugan McDonald
Company name: Lake Verde 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.

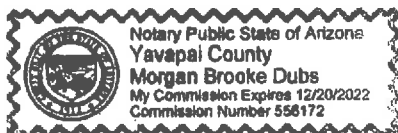
I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

[Signature]
signature of owner/official
928-567-8592
telephone no.

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

THIS 10th DAY OF Yavapai
April 2019
(month) and (year)

MY COMMISSION EXPIRES 12/20/2022
(date)



[Signature]
(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Yavapai
Name (owner or official) title: Dugan McDonald
Company name: Lake Verde Water Company, Inc.

RECEIVED

APR 10 2019

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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 (\$)

\$59,179

(The amount in the box above includes

\$3,519

in sales taxes
billed or collected)

[Signature]
signature of owner/official

928-567-8592
telephone no.

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

THIS

10th

DAY OF

Yavapai

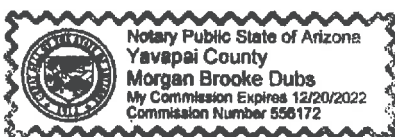
(county name)

April 2019

(month) and (year)

MY COMMISSION EXPIRES

12/20/22
(date)



[Signature]
(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):

Yavapai

Name (owner or official) title:

Dugan McDonald

Company name:

Lake Verde Water Company, Inc.

RECEIVED

APR 10 2019

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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 (\$)

\$59,179

(The amount in the box above includes

\$3,519

in sales taxes
billed or collected)

Dugan McDonald
signature of owner/official

928-567-8592

telephone no.

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

Yavapai

(county name)

THIS

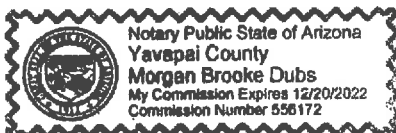
10th

DAY OF

April 2019
(month) and (year)

MY COMMISSION EXPIRES

12/20/2022
(date)



Morgan Brooke Dubs
(signature of notary public)