

**ANNUAL REPORT**

Of

Company Name: Michael's Ranch Water Users' Association  
1 Michaels Ranch Dr.

Mailing Address: Sedona AZ  
86336

**RECEIVED  
BY EMAIL**

4/11/2024, 2:04 PM

**ARIZONA CORPORATION COMMISSION  
UTILITIES DIVISION**

Docket No.: W-02624A  
For the Year Ended: 12/31/2023

**WATER UTILITY**

To

Arizona Corporation Commission

**Due on April 15th**

Email: Util-Compliance@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: 3/30/2024

ARIZONA CORPORATION COMMISSION  
 WATER UTILITY ANNUAL REPORT  
 Michael's Ranch Water Users' Association  
 A Class  E Utility

For the Calendar Year Ended:

Primary Address:   
 City:  State:  Zip Code:

Telephone Number:

Date of Original Organization of Utility:

Person to whom correspondence should be addressed concerning this report:

Name:   
 Telephone No.:   
 Address:   
 City:  State:  Zip Code:   
 Email:

Name:   
 Telephone No.:   
 Address:   
 City:  State:  Zip Code:   
 Email:

Name:   
 Telephone No.:   
 Address:   
 City:  State:  Zip Code:   
 Email:


Name:   
 Telephone No.:   
 Address:   
 City:  State:  Zip Code:   
 Email:

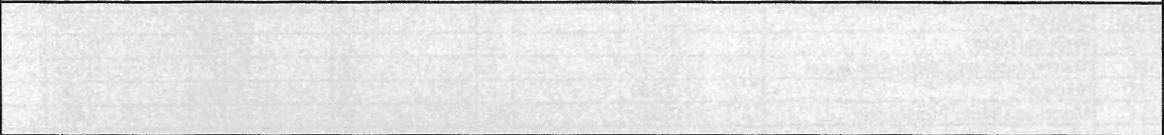
Name:   
 Telephone No.:   
 Address:   
 City:  State:  Zip Code:   
 Email:

Ownership:

Counties Served:

**Important changes during the year**

<b>no</b>	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year? If yes, please provide specific details in the box below.
	

<b>no</b>	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance? If yes, please provide specific details in the box below.
	

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	\$0	\$0	\$0	\$0
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	5,000	0	0	5,000	0	5,000
304	Structures and Improvements	33,558	0	0	33,558	31,785	1,773
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	32,785	2,640	0	35,425	32,174	3,251
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	21,508	0	0	21,508	11,288	10,220
311	Pumping Equipment	52,983	1,485	0	54,468	43,303	11,165
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	11,858	5,044	659	16,243	(1,960)	18,203
320.2	Solution Chemical Feeders	546	0	0	546	546	0
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	88,715	0	0	88,715	29,840	58,875
330.2	Pressure Tanks	20,730	0	0	20,730	20,730	0
331	Transmission and Distribution Mains	70,397	0	0	70,397	56,084	14,313
333	Services	3,500	0	0	3,500	3,500	0
334	Meters and Meter Installations	16,310	800	0	17,110	7,441	9,669
335	Hydrants	1,400	0	0	1,400	1,316	84
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	0	0	0	0	0	0
340.1	Computer & Software	0	0	0	0	0	0
341	Transportation Equipment	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	<b>Totals</b>	<b>\$359,290</b>	<b>\$9,969</b>	<b>\$659</b>	<b>\$368,600</b>	<b>\$236,047</b>	<b>\$132,553</b>



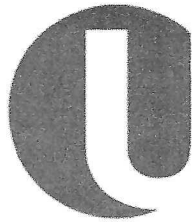
Michael's Ranch Water Users' Association  
 Annual Report  
 Depreciation Expense for the Current Year (Water)  
 12/31/2023

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	Depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0	0.00%	0
303	Land and Land Rights	5,000	0	0	5,000	5,000	0	0.00%	0
304	Structures and Improvements	33,558	0	0	33,558	0	33,558	3.33%	1,117
305	Collecting & Improving Reservoirs	0	0	0	0	0	0	2.22%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0	2.50%	0
307	Wells and Springs	32,785	2,640	0	35,425	32,000	3,425	3.33%	70
308	Infiltration Galleries	0	0	0	0	0	0	6.67%	0
309	Supply Mains	0	0	0	0	0	0	2.00%	0
310	Power Generation Equipment	21,508	0	0	21,508	0	21,508	5.00%	1,075
311	Pumping Equipment	52,983	1,485	0	54,468	34,348	20,120	12.50%	2,422
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	11,858	5,044	659	16,243	0	16,243	3.33%	469
320.2	Solution Chemical Feeders	546	0	0	546	546	0	20.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	88,715	0	0	88,715	0	88,715	2.22%	1,969
330.2	Pressure Tanks	20,730	0	0	20,730	20,730	0	5.00%	0
331	Transmission and Distribution Mains	70,397	0	0	70,397	0	70,397	2.00%	1,408
333	Services	3,500	0	0	3,500	3,500	0	3.33%	0
334	Meters and Meter Installations	16,310	800	0	17,110	3,581	13,529	8.33%	1,094
335	Hydrants	1,400	0	0	1,400	0	1,400	2.00%	28
336	Backflow Prevention Devices	0	0	0	0	0	0	6.67%	0
339	Other Plant and Misc. Equipment	0	0	0	0	0	0	6.67%	0
340	Office Furniture and Equipment	0	0	0	0	0	0	6.67%	0
340.1	Computer & Software	0	0	0	0	0	0	20.00%	0
341	Transportation Equipment	0	0	0	0	0	0	20.00%	0
342	Stores Equipment	0	0	0	0	0	0	4.00%	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0	5.00%	0
344	Laboratory Equipment	0	0	0	0	0	0	10.00%	0
345	Power Operated Equipment	0	0	0	0	0	0	5.00%	0
346	Communication Equipment	0	0	0	0	0	0	10.00%	0
347	Miscellaneous Equipment	0	0	0	0	0	0	10.00%	0
348	Other Tangible Plant	0	0	0	0	0	0	10.00%	0
	<b>Subtotal</b>	<b>\$359,290</b>	<b>\$9,969</b>	<b>\$659</b>	<b>\$368,600</b>	<b>\$99,705</b>	<b>\$268,895</b>		<b>\$9,653</b>

Contribution(s) in Aid of Construction (Gross)	\$28,099
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	<u>\$28,099</u>
Times: Proposed Amortization Rate	3.59%
<b>Amortization of CIAC</b>	<b>\$1,009</b>

Less: Amortization of CIAC \$1,009

**DEPRECIATION EXPENSE** **\$8,644**



# ULLMANN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4647 N. 32<sup>nd</sup> Street, Suite 220 • Phoenix, AZ 85018  
Phone (602) 224-0166 • Fax (602) 224-6062 • [www.ullmanncpa.com](http://www.ullmanncpa.com)

To the Board of Directors of  
Michael's Ranch Water Users' Association  
Sedona, Arizona

Management is responsible for the accompanying financial statements of Michael's Ranch Water Users' Association (a corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related water comparative income statements for the years then ended included in the accompanying prescribed form in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of the Arizona Corporation Commission, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

The supplementary information contained in pages 2-5 and 9-17 of the prescribed form is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information contained in pages 2, 4-5, 10, and 16-17 was subject to our compilation engagement. We have not audited or reviewed this supplementary information. The supplementary information contained in pages 3, 9, and 11-15 was not subject to our compilation engagement. We do not express an opinion, a conclusion, nor provide any assurance on any supplementary information.

This report is intended solely for the information and use of Michael's Ranch Water Users' Association and the Arizona Corporation Commission, and is not intended to be and should not be used by anyone other than these specified parties.

*Ullmann & Company*

ULLMANN & COMPANY, P.C.  
Certified Public Accountants

March 30, 2024

Michael's Ranch Water Users' Association  
 Annual Report  
 Balance Sheet Assets  
 12/31/2023

<b>Balance Sheet Assets</b>				
	<b>Assets</b>		<b>Balance at Beginning of Year (2023)</b>	<b>Balance at End of Year (2023)</b>
<b>Account No.</b>	<b>Current and Accrued Assets</b>			
131	Cash		\$26,280	\$26,798
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		781	477
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		1,303	574
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		27,581	26,015
	<b>Total Current and Accrued Assets</b>		<b>\$55,945</b>	<b>\$53,864</b>
<b>Account No.</b>	<b>Fixed Assets</b>			
101	Utility Plant in Service*		\$359,290	\$368,600
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(227,053)	(236,047)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	<b>Total Fixed Assets</b>		<b>\$132,237</b>	<b>\$132,553</b>
	<b>Total Assets</b>		<b>\$188,182</b>	<b>\$186,417</b>

\*Note these items feed automatically from AR3 UPIS Page 4

Michael's Ranch Water Users' Association  
Annual Report  
Balance Sheet Liabilities and Owners Equity

<b>Balance Sheet Liabilities and Owners Equity</b>				
	<b>Liabilities</b>		<b>Balance at Beginning of Year (2023)</b>	<b>Balance at End of Year (2023)</b>
<b>Account No.</b>	<b>Current Liabilities</b>			
231	Accounts Payable		\$491	\$258
232	Notes Payable (Current Portion)		3,900	4,015
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		2	2
236	Accrued Taxes		220	191
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	<b>Total Current Liabilities</b>		<b>\$4,613</b>	<b>\$4,466</b>
	<b>Long Term Debt</b>			
224	Long Term Debt (Notes and Bonds)		\$49,528	\$44,199
	<b>Deferred Credits</b>			
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		28,099	28,099
272	Less: Amortization of Contributions		(4,763)	(5,772)
281	Accumulated Deferred Income Tax		0	0
	<b>Total Deferred Credits</b>		<b>\$23,336</b>	<b>\$22,327</b>
	<b>Total Liabilities</b>		<b>\$77,477</b>	<b>\$70,992</b>
	<b>Capital Accounts</b>			
201	Common Stock Issued		\$0	\$0
211	Other Paid-In Capital		0	0
215	Retained Earnings		110,705	115,425
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	<b>Total Capital</b>		<b>\$110,705</b>	<b>\$115,425</b>
	<b>Total Liabilities and Capital</b>		<b>\$188,182</b>	<b>\$186,417</b>

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

Michael's Ranch Water Users' Association  
Annual Report  
Water Comparative Income Statement  
12/31/2023

<b>Water Comparative Income Statement</b>			
Account No.	Calendar Year	Current Year 01/01/2023 - 12/31/2023	Last Year 01/01/2022 - 12/31/2022
	<b>Operating Revenue</b>		
461	Metered Water Revenue	\$35,641	\$36,240
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	7,045	6,952
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	239	335
	<b>Total Revenues</b>	<b>\$42,925</b>	<b>\$43,527</b>
	<b>Operating Expenses</b>		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	240	281
615	Purchased Power	4,702	5,643
618	Chemicals	0	0
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	6,279	2,509
620.2	Office Supplies and Expense	163	285
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	6,300	6,254
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	4,560	4,690
635	Contractual Services - Water Testing	1,412	4,022
636	Contractual Services - Other	0	0
640	Rents	0	0
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	65	0
657	Insurance - General Liability	1,520	2,261
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	79	499
675	Miscellaneous Expense	75	0
403	Depreciation Expense (From Schedule AR4)	8,644	7,796
408	Taxes Other Than Income	0	250
408.11	Property Taxes	1,040	964
409	Income Taxes	1,616	1,625
427.1	Customer Security Deposit Interest	0	0
	<b>Total Operating Expenses</b>	<b>\$36,695</b>	<b>\$37,079</b>
	<b>Operating Income / (Loss)</b>	<b>\$6,230</b>	<b>\$6,448</b>
	<b>Other Income / (Expense)</b>		
419	Interest and Dividend Income	\$111	\$36
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	(1,621)	(1,736)
	<b>Total Other Income / (Expense)</b>	<b>(\$1,510)</b>	<b>(\$1,700)</b>
	<b>Net Income / (Loss)</b>	<b>\$4,720</b>	<b>\$4,748</b>

Michael's Ranch Water Users' Association  
 Annual Report  
 Full time equivalent employees  
 12/31/2023

**Full time equivalent employees**

	Direct Company	Allocated	Outside service	Total
President				0.0
Vice-president				0.0
Manager				0.0
Engineering Staff				0.0
System Operator(s)				0.0
Meter reader				0.0
Customer Service				0.0
Accounting				0.0
Business Office				0.0
Rates Department				0.0
Administrative Staff				0.0
Other				0.0
<b>Total</b>	0.0	0.0	0.0	0.0

Michael's Ranch Water Users' Association  
 Annual Report  
 Supplemental Financial Data (Long-Term Debt)  
 12/31/2023

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	1/24/2020	None	None	None
Source of Loan	WIFA	None	None	None
ACC Decision No.	77279	None	None	None
Reason for Loan	Improvements	None	None	None
Dollar Amt. Issued	\$65,220	None	None	None
Amount Outstanding	\$48,214	None	None	None
Date of Maturity	2/1/2035	None	None	None
Interest Rate	2.97%	None	None	None
Current Year Interest	\$1,621	None	None	None
Current Year Principal	\$5,214	None	None	None

Meter Deposit Balance at Test Year End:	\$0
---	-----

Meter Deposits Refunded During the Test Year:	\$0
---	-----

**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.**









Water Utility Plant Description (Continued)

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

<b>TREATMENT EQUIPMENT:</b>	Chlorinator pump 26 pop. RO units
<b>STRUCTURES:</b>	Building for pump station Enclosed yard with gated & locked fence
<b>OTHER:</b>	1.5 hp compressor 360 rpm 60kw generator 500 gal. propane tank - rental

**Provide a calculation used to determine the value of one water equivalent residential connection (ERC).**

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365
- (b) If no historical flow data are available, use:  
 $ERC = ( \text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day} )$

ERC 274.890  
 Method used: a

Customer and Other Information	
Name of the System:	MICHAELS RANCH
ADEQ Public Water System Number:	AZ0413109
ADWR PCC Number:	91-000661.0000

Month	Number of Customers				Other Non-Residential
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	
January	26			1	
February	26			1	
March	26			1	
April	26			1	
May	26			1	
June	26			1	
July	26			1	
August	26			1	
September	26			1	
October	26			1	
November	26			1	
December	26			1	

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?

What is the present system connection capacity (in ERCs \*) using existing lines?

What is the future system connection capacity (in ERCs \*) upon service area buildout?

Describe any plans and estimated completion dates for any enlargements or improvements of this system.

*Arsenic Remediation at well site - Fall-winter 2024*

\* an ERC is based on the calculation on the bottom of AR9 page 12.

Michael's Ranch Water Users' Association  
 Annual Report  
 Utility Shutoffs / Disconnects  
 12/31/2023

Utility Shutoffs / Disconnects		
Name of the System:	MICHAELS RANCH	
ADEQ Public Water System Number:		AZ0413109
ADWR PCC Number:		91-000661.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

Other (description):

**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.

Michael's Ranch Water Users' Association  
Annual Report  
Property Taxes  
12/31/2023

<b>Property Taxes</b>	
-----------------------	--

Amount of actual property taxes paid during Calendar Year 2023 was	\$1,040
--	---------

If no property taxes paid, explain why.

N/A

**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 Certification (Taxes)**

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

County of (county name): Yavapai  
Name (owner or official) title: Nancy Ruby, Water Liaison  
Company name: MICHAELS RANCH

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

FOR THE YEAR ENDING: 12/31/2023

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.

**Certification:** I CERTIFY THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

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

Nancy Ruby  
signature of owner/official

928-204-2824  
telephone no.

*Nancy Attached*  
WELLS FARGO BANK, N.A.  
SEDONA BRANCH  
2201 W SR 89A  
Sedona, AZ 86336



# Acknowledgment by Individual

State of

County of

ARIZONA

YAVAPAI

On this 11 day of APRIL, 20 24. Before me, GREG WOODS  
Name of Notary Public

the undersigned Notary Public, personally appeared

NANCY RUBY

Name of Signer(s)

Proved to me on the oath of \_\_\_\_\_

Personally known to me

Proved to me on the basis of satisfactory evidence DLIC AZ EXP 03/03/2026  
(Description of ID)

to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed it.



Notary Seal

[Signature]  
(Signature of Notary Public)

My commission expires April 30, 2026

Optional: A thumbprint is only needed if state statutes require a thumbprint.

## For Bank Purposes Only

Description of Attached Document

Type or Title of Document

### VERIFICATION AND CERTIFICATION (TAXES)

Document Date 04/11/2024 Number of Pages 1

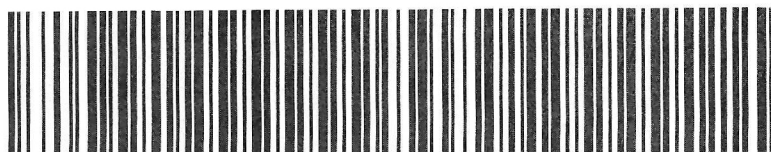
Signer(s) Other Than Named Above

NA

Account Number (if applicable)

NA

Right Thumbprint of Signer  
Top of thumb here



F001-00000DSG5350-01





**Check Number**

1156

**Date Posted**

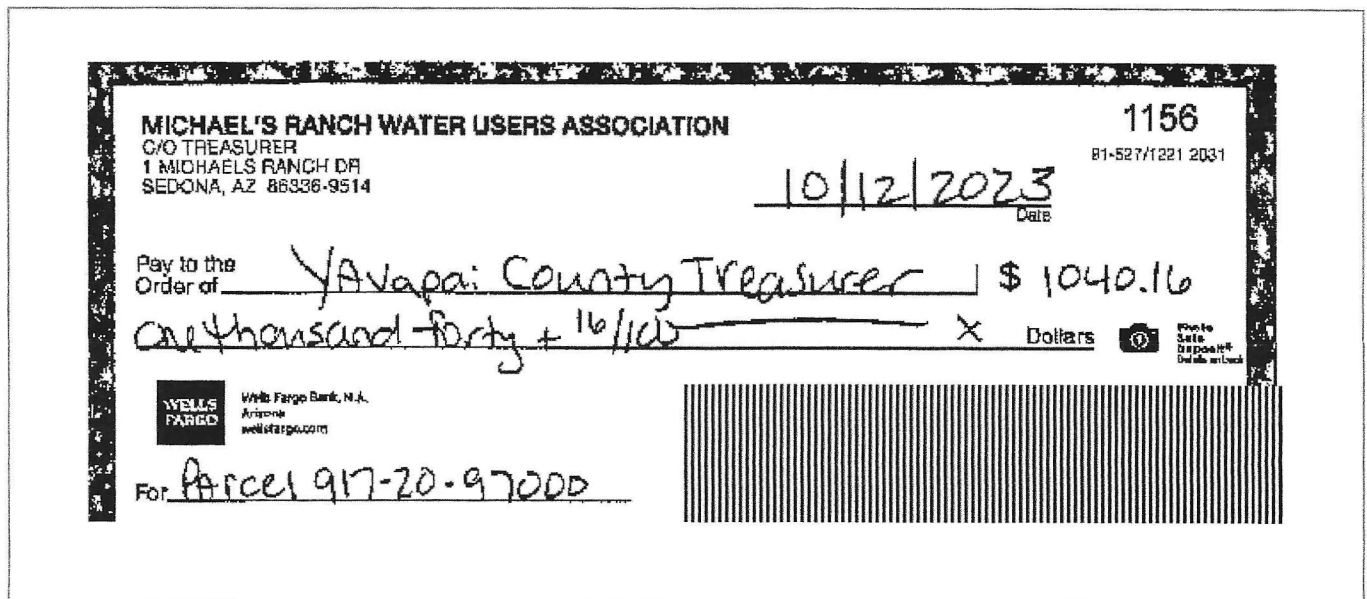
10/25/23

**Check Amount**

\$1,040.16

**Account Number**

BUSINESS CHECKING...8332



Flip

Zoom

A printer-friendly version of this image will automatically print when you print this image from your browser. You can also save the image to your computer by right-clicking on the image (or control-click on a Mac) and selecting "Save Picture As..." (Select "Download image to disk" on a Mac). You will need to create a name for the file.

