

ANNUAL REPORT

Of

Company Name: **Martinez Lake Sewer Company**

SW-04123 A

Mailing Address: 10430 E. Martinez Lake Road
Yuma, AZ 85365

Docket No.:

For the Year Ended: 12/31/18

RECEIVED

MAY 08 2019

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

WASTEWATER 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: 1/22/2019

ARIZONA CORPORATION COMMISSION
WASTEWATER UTILITY ANNUAL REPORT

A Class Utility

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

2. Address:

10430 E. Martinez Lake Road			
City:	Yuma	State:	AZ
		Zip Code:	85365

3. Telephone Number:

928-783-9589

4. Date of Original Organization of Utility:

7/2/2002

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

Name:

Laura Guth

Telephone No. :

619-895-5115

Address:

10430 E. Martinez Lake Road			
City:	Yuma	State:	AZ
		Zip Code:	85365

Email:

info@martinezlake.com

6. On-Site Manager:

Name:

Laura Guth

Telephone No. :

619-895-5115

Address:

10430 E. Martinez Lake Road			
City:	Yuma	State:	AZ
		Zip Code:	85365

Email:

info@martinezlake.com

7. Ownership:

John W. and Gail W. Guth Family Trust 9/1/99
--

8. Counties Served:

Yuma

WILLIAM M. CLEMENTS

CERTIFIED PUBLIC ACCOUNTANT

1421 S. Fifth Avenue
Yuma, Arizona 85364
(928) 782-7503
FAX (928) 782-6845
wmccpa@c2i2.com

To Management
Martinez Lake Sewer Company
Yuma, AZ

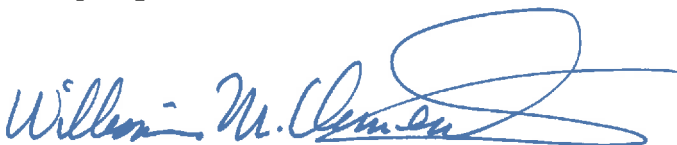
April 30, 2019

Management is responsible for the accompanying financial statements of Martinez Lake Sewer Company (a corporation), which comprises the balance sheet as of December 31, 2018 and 2017, and the related statements of income and supplementary information for the years then ended, included in the accompanying prescribed form in accordance with accounting principles generally accepted in the United States of America. I have preformed a compilation engagement in accordance with Statements of Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements included in the accompanying prescribed form nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, not provide any form of 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.

This report is intended solely for the information and use of Martinez Lake Sewer Company and the Arizona Corporation Commission, and is not intended to be and should not be used by anyone other than these specified parties.

I am not independent with respect to Martinez Lake Sewer Company.



William M. Clements
Certified Public Accountant

Utility Plant in Service (Wastewater)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
351	Organization				\$0		\$0
352	Franchises				0		0
353	Land and Land Rights				0		0
354	Structures and Improvements				0		0
355	Power Generation Equipment				0		0
360	Collections Wastewater - Force				0		0
361	Collections Wastewater - Gravity				0		0
362	Special Collecting Structures				0		0
363	Services to Customers				0		0
364	Flow Measuring Devices				0		0
365	Flow Measuring Installations				0		0
366	Reuse Services				0		0
367	Reuse Meters & Meter Installations				0		0
370	Receiving Wells				0		0
371	Pumping Equipment				0		0
374	Reuse Distribution Reservoirs				0		0
375	Reuse Trans. And Distr. Equipment				0		0
380	Treatment and Disposal Equipment				0		0
381	Plant Sewers				0		0
382	Outfall Sewer Lines				0		0
389	Other Plant and Misc. Equipment				0		0
390	Office Furniture and Equipment				0		0
390.1	Computer & Software				0		0
391	Transportation Equipment				0		0
392	Stores Equipment				0		0
393	Tools, Shop and Garage Equipment				0		0
394	Laboratory Equipment				0		0
395	Power Operated Equipment				0		0
396	Communication Equipment				0		0
397	Miscellaneous Equipment				0		0
398	Other Tangible Plant				0		0
	Totals	\$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.

0
 Annual Report
 Depreciation Expense for the Current Year (Wastewater)
 12/31/18

Depreciation Expense for the Current Year (Wastewater)

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
351	Organization	\$0	\$0	\$0	\$0			\$0
352	Franchises	0	0	0	0			0
353	Land and Land Rights	0	0	0	0			0
354	Structures and Improvements	0	0	0	0			0
355	Power Generation Equipment	0	0	0	0			0
360	Collections Wastewater - Force	0	0	0	0			0
361	Collections Wastewater - Gravity	0	0	0	0			0
362	Special Collecting Structures	0	0	0	0			0
363	Services to Customers	0	0	0	0			0
364	Flow Measuring Devices	0	0	0	0			0
365	Flow Measuring Installations	0	0	0	0			0
366	Reuse Services	0	0	0	0			0
367	Reuse Meters & Meter Installations	0	0	0	0			0
370	Receiving Wells	0	0	0	0			0
371	Pumping Equipment	0	0	0	0			0
374	Reuse Distribution Reservoirs	0	0	0	0			0
375	Reuse Trans. And Distr. Equipment	0	0	0	0			0
380	Treatment and Disposal Equipment	0	0	0	0			0
381	Plant Sewers	0	0	0	0			0
382	Outfall Sewer Lines	0	0	0	0			0
389	Other Plant and Misc. Equipment	0	0	0	0			0
390	Office Furniture and Equipment	0	0	0	0			0
390.1	Computer & Software	0	0	0	0			0
391	Transportation Equipment	0	0	0	0			0
392	Stores Equipment	0	0	0	0			0
393	Tools, Shop and Garage Equipment	0	0	0	0			0
394	Laboratory Equipment	0	0	0	0			0
395	Power Operated Equipment	0	0	0	0			0
396	Communication Equipment	0	0	0	0			0
397	Miscellaneous Equipment	0	0	0	0			0
398	Other Tangible Plant	0	0	0	0			0
	Subtotal	\$0	\$0	\$0	\$0	\$0		\$0

Contribution(s) in Aid of Construction (Gross)
 Less: Non Amortizable Contribution(s)
 Fully Amortized Contribution(s)
 Amortizable Contribution(s)
 Times: Proposed Amortization Rate
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.

Balance Sheet Assets				
Account No.	Assets		Balance at Beginning of Year (2018)	Balance at End of Year (2018)
Current and Accrued Assets				
131	Cash		232	10,011
132	Special Deposits			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		31,465	36,387
142	Other Accounts Receivable			
143	Accumulated Provision for Uncollectable Accounts			
146	Notes Receivable from Associated Companies		129,736	161,191
151	Plant Material and Supplies			
162	Prepayments			
173	Accrued Utility Revenue			
174	Miscellaneous Current and Accrued Assets			
	Total Current and Accrued Assets		161,433	207,589
			\$0	\$0
Deferred Debits				
186.1	Deferred Rate Case Expense			
	Total Deferred Debits		\$0	\$0
Fixed Assets				
101	Utility Plant in Service*		\$0	\$0
103	Property Held for Future Use			
105	Construction Work in Progress			
108	Accumulated Depreciation (enter as negative)*			0
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	Total Fixed Assets		\$0	\$0
	Total Assets		161,433	207,589
			\$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.

Note these items feed automatically from the adjusted end of year balance from AR4.

0
 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		1,500	
232	Notes Payable (Current Portion)		156,273	184,130
234	Notes Payable to Associated Companies			
235	Customer Deposits			
236	Accrued Taxes		622	4,999
237	Accrued Interest			
241	Miscellaneous Current and Accrued Liabilities		575	897
253	Other Deferred Credits			
	Total Current Liabilities		158,970	\$0
				190,026
				\$0
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)			
	Total Long Term Debt		\$0	\$0
	Deferred Credits			
252	Advances in Aid of Construction			
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		\$0	\$0
	Total Liabilities		\$0	\$0
	Capital Accounts			
201	Common Stock Issued		1,000	1,000
211	Other Paid-In Capital			
215	Retained Earnings		1,463	16,563
218	Proprietary Capital (Sole Props and Partnerships)			
	Total Capital		2,463	\$0
	Total Liabilities and Capital		161,433	\$0
				17,563
				\$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.

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

0
Annual Report
Wastewater Comparative Income Statement
12/31/18

Wastewater Comparative Income Statement					
Account No.	Calendar Year	Current Year		Last Year	
		01/01/2018 - 12/31/2018		01/01/2017 - 12/31/2017	
	Operating Revenue				
521	Flat Rate Revenues		33,321		31,442
522	Measured Revenues				
534	Rents from Wastewater Property				
536	Other Wastewater Revenues				
	Total Revenues		33,321	\$0	31,442
					\$0
	Operating Expenses				
701	Salaries and Wages				
704	Employee Pensions and Benefits				
710	Purchased Wastewater Treatment		3,600		3,600
711	Sludge Removal Expense				
715	Purchased Power				344
716	Fuel for Power Production				
718	Chemicals				
720	Materials and Supplies				
720.1	Repairs and Maintenance				6,188
720.2	Office Supplies and Expense				23
721	Office Expense				
731	Contractual Services -Engineering				
732	Contractual Services - Accounting		2,720		1,550
733	Contractual Services - Legal				
734	Contractual Services - Management Fees				
735	Contractual Services - Testing				
736	Contractual Services - Other Sewage transfer				6,467
740	Rents - Building				
742	Rents - Equipment				
750	Transportation Expenses				
757	Insurance - General Liability				
758	Insurance - Worker's Compensation				
759	Insurance - Other				
760	Advertising Expense				
766	Regulatory Commission Expense - Rate Case				
767	Regulatory Commission Expense - Other				
770	Bad Debt Expense				
775	Miscellaneous Expense				9
403	Depreciation Expense (From Schedule AR4)				
408	Taxes Other Than Income		45		45
408.11	Property Taxes				
408.12	Payroll Taxes				
409	Income Taxes		4,999		1,337
	Total Operating Expenses		11,364	\$0	19,563
					\$0
	Operating Income / (Loss)		21,957	\$0	11,879
					\$0
	Other Income / (Expense)				
414	Gain (Loss) on Dispositions				
419	Interest and Dividend Income				
421	Non-Utility Income				
426	Miscellaneous Non-Utility (Expense)				
427	Interest (Expense)		(6,857)		(6,213)
	Total Other Income / (Expense)		(6,857)	\$0	(6,213)
					\$0
	Net Income / (Loss)		15,100	\$0	5,666
					\$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.

0

Annual Report

Full time equivalent employees

12/31/18

Full time equivalent employees

	Direct Company	Outside service	Total
President			0.0
Vice-president			0.0
Manager			0.0
Engineering Staff			0.0
System Operator(s)			0.0
Customer Service			0.0
Accounting			0.0
Business Office			0.0
Rates Department			0.0
Administrative Staff			0.0
Other			0.0
Total	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. A full-time employee is based on 2080 total hours per year. Please calculate partial employees using 2080 hours.

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:

Meter Deposits Refunded During the Test Year:

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.

Annual Report
Wastewater Flows
12/31/18

Wastewater Flows					
Month	Number of Services	Total Monthly Sewage Flow	Sewage Flow on Peak Day	Purchased Power Expense ¹	Purchased Power (kWh) ²
January	71	189,300	*		
February	72	192,000	*		
March	71	189,300	*		
April	72	192,000	*		
May	73	194,700	*		
June	77	205,400	*		
July	76	202,700	*		
August	79	210,700	*		
September	81	216,000	*		
October	80	213,400	*		
November	84	224,000	*		
December	83	221,400	*		
	Totals	2,450,900 0	0	\$0	0

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	
Groundwater Permit Number	
ADEQ Aquifer Protection Permit ("APP") Number	
ADEQ Reuse Permit Number	
EPA NPDES Permil Number	
APP Effluent Treatment Requirement (Class)?	
Permitted Flow Rate	
Permitted Organic Capacity	
Hydraulic Capacity	
Type of Biological Treatment	

In the space below, list all violations within the past 12 months:

Note: If you are filing for more than one system, please provide separate sheets for each system.

1 Enter the total purchased power costs for the power meters associated with this system.

2 Enter the total purchased kWh used by the power meters associated with this system.

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

* Estimated monthly sewage flows - Meter broke. Fisher's Landing, who processes the sewage, has agreed to accept \$300 per month for processing sewage. The meter was obsolete and parts to repair the motor have not been found. Page 12

0

Annual Report
Property Taxes
12/31/18

Property Taxes

Amount of actual property taxes paid during Calendar Year 2018 was

If no property taxes paid, explain why.

No property is owned by Martinez Lake Sewer Company

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): Yuma
Name (owner or official) title: Laura Guth, Vice President
Company name: Martinez Lake Sewer Company

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.

Laura Guth

signature of owner/official

619-895-5115

telephone no.

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

THIS

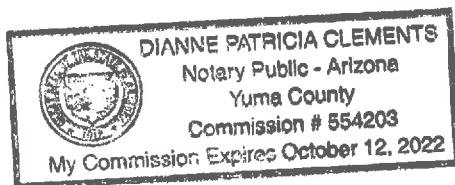
28th

DAY OF

Yuma
(county name)
April 2019
(month) and (year)

MY COMMISSION EXPIRES

Oct 12, 2022
(date)



Dianne Patricia Clements
(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Yuma
Name (owner or official) title: Laura Guth, Vice President
Company name: Martinez Lake Sewer Company

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 (\$)

33,321

(The amount in the box above includes

-0-

in sales taxes

billed or collected)

Laura Guth

signature of owner/official

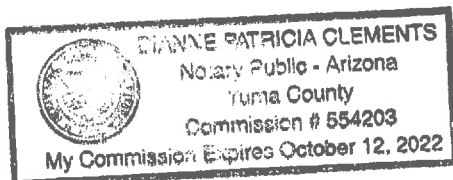
619-895-5115

telephone no.

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

THIS 28th DAY OF April 2019
(month) and (year)

MY COMMISSION EXPIRES Oct. 12, 2022
(date)



Dianne Patricia Clements

(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): Yuma
Name (owner or official) title: Laura Guth, Vice President
Company name: Martinez Lake Sewer Company

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 (\$)

28,747

(The amount in the box above includes

-0- in sales taxes
billed or collected)

Laura Guth

signature of owner/official

619-895-5115

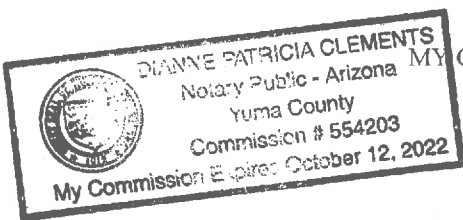
telephone no.

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

Yuma
(county name)

THIS 28th

DAY OF April 2019
(month) and (year)



MY COMMISSION EXPIRES

Oct. 12, 2022
(date)

Dianne Patricia Clements
(signature of notary public)