

ANNUAL REPORT

Of

Company Name:
PO Drawer 9

Mailing Address: Ajo AZ
85321

Docket No.:
For the Year Ended:

RECEIVED

APR 14 2017

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

WASTEWATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: rdefuente@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:
Application Date:

4-25-17

ARIZONA CORPORATION COMMISSION
WASTEWATER UTILITY ANNUAL REPORT
Ajo Improvement Company
A Class Utility

1. For the Calendar Year Ended:

2. Address:
City: State: Zip Code:

3. Telephone Number:

4. Date of Original Organization of Utility:

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

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

6. On-Site Manager:

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

7. Ownership:

8. Counties Served:

Ajo Improvement Company
 Annual Report
 Utility Plant in Service (Wastewater)
 12/31/16

Utility Plant in Service (Wastewater)				
Account No.	Description	Original Cost	Accumulated Depreciation	OC/LD (OC less AD)
351	Organization			\$0
352	Franchises			0
353	Land and Land Rights			0
354	Structures and Improvements			0
355	Power Generation Equipment			0
360	Collections Wastewater - Force	13,243,606	1,960,001	11,283,605
361	Collections Wastewater - Gravity	6,101,464	360,342	5,741,122
362	Special Collecting Structures			0
363	Services to Customers			0
364	Flow Measuring Devices			0
365	Flow Measuring Installations			0
367	Reuse Meters & Meter Installations			0
370	Receiving Wells			0
371	Pumping Equipment			0
374	Reuse Distribution Reservoirs			0
375	Reuse Trans. And Distr. Equipment			0
380	Treatment and Disposal Equipment	1,823,144	303,857	1,519,287
381	Plant Sewers			0
382	Outfall Sewer Lines			0
389	Other Plant and Misc. Equipment			0
390	Office Furniture and Equipment			0
390.1	Computer & Software			0
391	Transportation Equipment	43,500	40,393	3,107
393	Tools, Shop and Garage Equipment	30,284	30,284	0
394	Laboratory Equipment			0
395	Power Operated Equipment			0
396	Communication Equipment			0
397	Miscellaneous Equipment			0
398	Other Tangible Plant			0
	Totals	\$21,241,998	\$2,694,877	\$18,547,120

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.

Ajo Improvement Company
 Annual Report
 Depreciation Expense for the Current Year (Wastewater)
 12/31/16

Depreciation Expense for the Current Year (Wastewater)								
Account No.	Description	Original Cost	Current Year Additions	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
351	Organization	\$0	\$0	\$0	\$0	\$0	0.00%	\$0
352	Franchises	0	0	0	0	0	0.00%	0
353	Land and Land Rights	0	0	0	0	0	0.00%	0
354	Structures and Improvements	0	0	0	0	0	0.00%	0
355	Power Generation Equipment	0	0	0	0	0	0.00%	0
360	Collections Wastewater - Force	13,243,606	0	13,243,606	1,960,001	11,283,605	3.33%	408,406
361	Collections Wastewater - Gravity	6,101,464	0	6,101,464	360,342	5,741,122	2.06%	122,029
362	Special Collecting Structures	0	0	0	0	0	0.00%	0
363	Services to Customers	0	0	0	0	0	0.00%	0
364	Flow Measuring Devices	0	0	0	0	0	0.00%	0
365	Flow Measuring Installations	0	0	0	0	0	0.00%	0
367	Reuse Meters & Meter Installations	0	0	0	0	0	0.00%	0
370	Receiving Wells	0	0	0	0	0	0.00%	0
371	Pumping Equipment	0	0	0	0	0	0.00%	0
374	Reuse Distribution Reservoirs	0	0	0	0	0	0.00%	0
375	Reuse Trans. And Distr. Equipment	0	0	0	0	0	0.00%	0
380	Treatment and Disposal Equipment	1,823,144	0	1,823,144	303,857	1,519,287	3.64%	60,771
381	Plant Sewers	0	0	0	0	0	0.00%	0
382	Outfall Sewer Lines	0	0	0	0	0	0.00%	0
389	Other Plant and Misc. Equipment	0	0	0	0	0	0.00%	0
390	Office Furniture and Equipment	0	0	0	0	0	0.00%	0
390.1	Computer & Software	0	0	0	0	0	0.00%	0
391	Transportation Equipment	43,500	0	43,500	40,393	3,107	26.66%	6,214
393	Tools, Shop and Garage Equipment	30,284	0	30,284	30,284	0	0.00%	0
394	Laboratory Equipment	0	0	0	0	0	0.00%	0
395	Power Operated Equipment	0	0	0	0	0	0.00%	0
396	Communication Equipment	0	0	0	0	0	0.00%	0
397	Miscellaneous Equipment	0	0	0	0	0	0.00%	0
398	Other Tangible Plant	0	0	0	0	0	0.00%	0
	Subtotal	\$21,241,998	\$0	\$21,241,998	\$2,694,877	\$18,547,120		\$597,419

Contribution(s) in Aid of Construction (Gross) \$286,932
 Less: Non Amortizable Contribution(s) 0
 Fully Amortized Contribution(s) 9,564
 Amortizable Contribution(s) \$277,367
 Times: Proposed Amortization Rate 3.22%
Amortization of CIAC \$8,934

Less: Amortization of CIAC 8934.250343

DEPRECIATION EXPENSE \$588,485

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.

Ajo Improvement Company
Annual Report
Balance Sheet Assets
12/31/16

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2016)	Balance at End of Year (2016)
Account No.	Current and Accrued Assets			
131	Cash		\$10,288	\$114,484
132	Special Deposits		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		25,553	30,837
142	Other Accounts Receivable		0	0
143	Accumulated Provision for Uncollectable Accounts		0	0
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		4,795	4,754
162	Prepayments		0	0
173	Accrued Utility Revenue		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$40,636	\$150,075
	Deferred Debits			
186.1	Deferred Rate Case Expense		\$0	\$0
	Total Deferred Debits		\$0	\$0
	Fixed Assets			
101	Utility Plant in Service*		\$21,241,998	\$21,241,998
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(2,097,456)	(2,694,877)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$19,144,542	\$18,547,120
	Total Assets		\$19,185,178	\$18,697,195

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.

Ajo Improvement Company
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2016)	Balance at End of Year (2016)
Account No.	Current Liabilities			
231	Accounts Payable		\$14,340	\$9,566
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		4,039,757	3,557,995
235	Customer Deposits		0	0
236	Accrued Taxes		6,702	696
237	Accrued Interest		0	0
241	Miscellaneous Current and Accrued Liabilities		0	0
253	Other Deferred Credits		0	0
	Total Current Liabilities		\$4,060,799	\$3,568,258
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Total Long Term Debt		\$0	\$0
	Deferred Credits			
252	Advances in Aid of Construction		0	0
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		286,932	286,932
272	Less: Amortization of Contributions		(3,826)	(9,564)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$283,106	\$277,367
	Total Liabilities		\$4,343,905	\$3,845,625
	Capital Accounts			
201	Common Stock Issued		\$392,000	\$39,200
211	Other Paid-In Capital		24,275,043	24,275,043
215	Retained Earnings		(9,825,750)	(9,462,673)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$14,841,293	\$14,851,570
	Total Liabilities and Capital		\$19,185,198	\$18,697,195

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!

Ajo Improvement Company
Annual Report
Wastewater Comparative Income Statement
12/31/16

Wastewater Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2016 - 12/31/2016	Last Year 01/01/2015 - 12/31/2015
	Operating Revenue		
521	Flat Rate Revenues	\$230,597	\$229,780
522	Measured Revenues	0	0
534	Rents from Wastewater Property	0	0
539	Other Wastewater Revenues	0	0
	Total Revenues	\$230,597	\$229,780
	Operating Expenses		
701	Salaries and Wages	\$49,649	\$47,128
704	Employee Pensions and Benefits	0	0
710	Purchased Wastewater Treatment	0	0
711	Sludge Removal Expense	0	0
715	Purchased Power	35,867	27,956
716	Fuel for Power Production	0	0
718	Chemicals	3,213	3,640
720	Materials and Supplies	7,072	5,107
721	Office Expense	0	0
731	Contractual Services -Engineering	0	105,869
732	Contractual Services - Accounting	26,064	0
733	Contractual Services - Legal	0	0
734	Contractual Services - Management Fees	0	0
735	Contractual Services - Testing	3,430	0
736	Contractual Services - Other	36,753	0
740	Rents - Building	15,000	15,144
742	Rents - Equipment	0	0
750	Transportation Expenses	14,244	5,948
757	Insurance - General Liability	3,356	4,126
758	Insurance - Worker's Compensation	0	0
759	Insurance - Other	0	0
760	Advertising Expense	0	0
766	Regulatory Commission Expense - Rate Case	0	0
767	Regulatory Commission Expense - Other	0	0
770	Bad Debt Expense	0	0
775	Miscellaneous Expense	19,748	25,553
403	Depreciation Expense (From Schedule AR4)	588,485	591,836
408	Taxes Other Than Income	0	0
408.11	Property Taxes	12,061	3,752
408.12	Payroll Taxes	0	0
409	Income Taxes	0	0
	Total Operating Expenses	\$814,941	\$836,059
	Operating Income / (Loss)	(\$584,344)	(\$606,279)
	Other Income / (Expense)		
414	Gain (Loss) on Dispositions	\$0	\$0
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)	(\$584,344)	(\$606,279)

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.

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	1/0/1900	1/0/1900	1/0/1900	1/0/1900
Source of Loan	0	0	0	0
ACC Decision No.	0	0	0	0
Reason for Loan	0	0	0	0
Dollar Amt. Issued	\$0	\$0	\$0	\$0
Amount Outstanding	\$0	\$0	\$0	\$0
Date of Maturity	1/0/1900	1/0/1900	1/0/1900	1/0/1900
Interest Rate	0.00%	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.

Wastewater Utility Plant Description

Name of System:	ADEQ Public Water System Number: 10-001
Wastewater Inventory Number (if applicable):	10-001
Type of Treatment	Extended Aeration
Design Capacity of Plant (Gallons per day)	400,000

LIFT STATION FACILITIES				
Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
11th Street	2	5	125	2,844
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

FORCE MAINS		
Size	Material	Length (Feet)
4 inch	Ductile Iron	1,655
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

MANHOLES	
Type	Quantity
Standard	296
Drop	0

CLEANOUTS
Quantity
1,100
0
0
0

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

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.

Wastewater Utility Plant Description (Continued)					
COLLECTION MAINS			SERVICES/LATERALS		
Sizes (inches)	Material	Length (feet)	Size (inches)	Material	Quantity
4	Fiberglass line transite	2,700	4	PVC	1,200
6	Fiberglass line transite	9,468	6	0	0
8	PVC	58,600	8	0	0
10	PVC	2,990	12	0	0
12	PVC	1,820	15	0	0
15	0	0	0	0	0
18	0	0	0	0	0
21	0	0	0	0	0
24	0	0	0	0	0
30	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

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

SOLIDS PROCESSING AND HANDLING FACILITIES	Waste Treatment Plant
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	None
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	None
STRUCTURES (Buildings, Fences, Etc.)	6 inch chain link enclosed
Other (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	Utility pickup, 10,000 storage tank, 2 centrifugal effluent pumps

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

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.

Ajo Improvement Company
 Annual Report
 Wastewater Flows
 12/31/16

Wastewater Flows			
Month	Number of Services	Total Monthly Sewage Flow	Sewage Flow on Peak Day
January	1,046	3,583,700	223,100
February	1,046	3,010,400	151,300
March	1,051	2,931,800	124,800
April	1,037	2,836,800	140,400
May	1,026	2,415,700	114,000
June	1,026	2,018,700	81,800
July	1,015	2,278,300	117,500
August	1,014	3,405,200	145,700
September	1,015	2,572,650	112,700
October	1,018	3,239,850	150,000
November	1,027	2,983,700	141,500
December	1,032	3,455,900	172,300
	Totals	34,732,700	1,675,100

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	Evaporation Ponds
Groundwater Permit Number	None
ADEQ Aquifer Protection Permit ("APP") Number	P-101678
ADEQ Reuse Permit Number	None
EPA NPDES Permil Number	None
APP Effluent Treatment Requirement (Class)?	None

None

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

Ajo Improvement Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/16

Name of System:	ADEQ Public Water System Number: 10-001
Wastewater Inventory Number (if applicable):	10-001

Utility Shutoffs / Disconnects			
Month	Termination without Notice R14-2-609.B	Termination with Notice R14-2-609.C	Other
January	0	5	0
February	0	5	0
March	0	6	0
April	0	5	0
May	0	0	0
June	0	3	0
July	0	5	0
August	0	5	0
September	0	5	0
October	0	7	0
November	0	7	0
December	0	0	0
Total	0	53	0

Other (description):

None

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.

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2015 was	\$12,061
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If no property taxes paid, explain why.

NA

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.

Verification and Statement (Taxes)

RECEIVED

APR 14 2017

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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

County of (county name): Pima
Name (owner or official) title: Roy Archer, President
Company name: 0

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

FOR THE YEAR ENDING: 12/31/16

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.

Roy Archer
signature of owner/official

520-387-2010
telephone no.

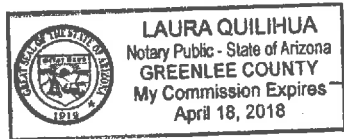
SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

State of Arizona

Greenlee

THIS 12th DAY OF April 2017
(month) and (year)

MY COMMISSION EXPIRES April 18, 2018
(date)



Laura Quilihua
(signature of notary public)

Verification and Statement

Verification:

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

County of (county name): Pima

Name (owner or official) title: Roy Archer, President

Company name: 0

RECEIVED
APR 14 2017
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: 12/31/16

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.

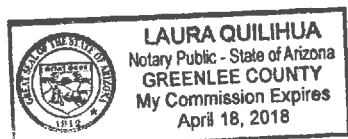
Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$244,031
(The amount in the box above includes
\$13,434 in sales taxes
billed or collected)

Roy Archer
signature of owner/official
520-387-2010
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY State of Arizona
Greenlee
(county name)
THIS 12TH DAY OF April 2017
(month) and (year)

MY COMMISSION EXPIRES April 18, 2018
(date)



Laura Quilihua
(signature of notary public)

Verification and Statement (Residential Revenue)

Verification:

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

County of (county name): Pima
Name (owner or official) title: Roy Archer, President
Company name: Ajo Improvement Company

RECEIVED

APR 14 2017

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: 12/31/16

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 (\$)

\$185,582

(The amount in the box above includes

\$10,670 in sales taxes
billed or collected)

Roy Archer
signature of owner/official

520-387-2010
telephone no.

State of Arizona

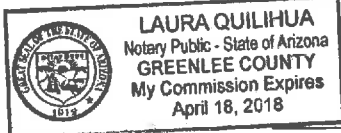
SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

Greenlee
(county name)

THIS 12TH DAY OF April 2017
(month) and (year)

MY COMMISSION EXPIRES

April 18, 2018
(date)



Laura Quilhua
(signature of notary public)