

ANNUAL REPORT

Of

Company Name:
PO Box 350

Mailing Address: Chino Valley AZ
86323

Docket No.: W-02370A
For the Year Ended:

RECEIVED
MAY 04 2018
ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

WATER 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:

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Chino Meadows II Water 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:

Chino Meadows II Water Company
 Annual Report
 Utility Plant in Service (Water)
 12/31/17

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	\$6,843	\$0	\$0	\$6,843	\$6,507	\$336
302	Franchises	0	\$0	\$0	0	0	0
303	Land and Land Rights	15,204	\$0	\$0	15,204	0	15,204
304	Structures and Improvements	44,339	\$0	\$0	44,339	41,134	3,205
305	Collecting & Improving Reservoirs	4,350	\$0	\$0	4,350	3,541	809
306	Lake, River, Canal Intakes	0	\$0	\$0	0	0	0
307	Wells and Springs	27,987	\$0	\$0	27,987	26,818	1,169
308	Infiltration Galleries	0	\$0	\$0	0	0	0
309	Supply Mains	1,009	\$0	\$0	1,009	855	154
310	Power Generation Equipment	12,401	\$0	\$0	12,401	3,768	8,632
311	Pumping Equipment	63,035	\$0	\$0	63,035	50,281	12,754
320	Water Treatment Equipment	0	\$0	\$0	0	0	0
320.1	Water Treatment Plants	0	\$0	\$0	0	0	0
320.2	Solution Chemical Feeders	6,915	\$0	\$0	6,915	6,762	153
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	36,415	\$0	\$0	36,415	36,200	215
330.2	Pressure Tanks	15,269	\$0	\$0	15,269	15,269	0
331	Transmission and Distribution Mains	304,942	835	\$0	305,777	237,608	68,169
333	Services	30,067	\$0	\$0	30,067	26,693	3,374
334	Meters and Meter Installations	90,680	3,273	\$0	93,953	90,816	3,137
335	Hydrants	12,042	\$0	\$0	12,042	9,893	2,149
336	Backflow Prevention Devices	0	\$0	\$0	0	0	0
339	Other Plant and Misc. Equipment	16,728	\$0	\$0	16,728	13,713	3,015
340	Office Furniture and Equipment	6,534	\$0	\$0	6,534	489	6,045
340.1	Computer & Software	10,820	\$0	\$0	10,820	10,820	0
341	Transportation Equipment	55,820	6,791	\$0	62,611	54,169	8,442
342	Stores Equipment	0	\$0	\$0	0	0	0
343	Tools, Shop and Garage Equipment	1,961	\$0	\$0	1,961	1,132	829
344	Laboratory Equipment	0	\$0	\$0	0	0	0
345	Power Operated Equipment	30,461	\$0	\$0	30,461	21,753	8,708
346	Communication Equipment	17,200	\$0	\$0	17,200	15,196	2,004
347	Miscellaneous Equipment	3,975	\$0	\$0	3,975	2,186	1,789
348	Other Tangible Plant	0	\$0	\$0	0	0	0
	Totals	\$814,995	\$10,899	\$0	\$825,894	\$675,604	\$150,289

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.

Chino Meadows II Water Company
 Annual Report
 Depreciation Expense for the Current Year (Water)
 12/31/17

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	\$6,843	\$0	\$0	\$6,843	\$0	0.00%	\$0
302	Franchises	0	0	0	0	0	0.00%	0
303	Land and Land Rights	15,204	0	0	15,204	0	0.00%	0
304	Structures and Improvements	44,339	0	0	44,339	0	3.33%	1,476
305	Collecting & Improving Reservoirs	4,350	0	0	4,350	0	2.50%	109
306	Lake, River, Canal Intakes	0	0	0	0	0	2.50%	0
307	Wells and Springs	27,987	0	0	27,987	9,096	3.33%	629
308	Infiltration Galleries	0	0	0	0	0	6.67%	0
309	Supply Mains	1,009	0	0	1,009	0	2.00%	20
310	Power Generation Equipment	12,401	0	0	12,401	0	5.00%	620
311	Pumping Equipment	63,035	0	0	63,035	46,268	12.50%	2,096
320	Water Treatment Equipment	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	0	0	0	0	0	3.33%	0
320.2	Solution Chemical Feeders	6,915	0	0	6,915	6,406	20.00%	102
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	36,415	0	0	36,415	15,120	2.22%	473
330.2	Pressure Tanks	15,269	0	0	15,269	15,269	5.00%	0
331	Transmission and Distribution Mains	304,942	835	0	305,777	167,988	2.00%	2,747
333	Services	30,067	0	0	30,067	7,181	3.33%	762
334	Meters and Meter Installations	90,680	3,273	0	93,953	90,680	8.33%	136
335	Hydrants	12,042	0	0	12,042	0	2.00%	241
336	Backflow Prevention Devices	0	0	0	0	0	6.67%	0
339	Other Plant and Misc. Equipment	16,728	0	0	16,728	1,305	6.67%	1,029
340	Office Furniture and Equipment	6,534	0	0	6,534	0	6.67%	436
340.1	Computer & Software	10,820	0	0	10,820	10,820	20.00%	0
341	Transportation Equipment	55,820	6,791	0	62,611	55,820	20.00%	679
342	Stores Equipment	0	0	0	0	0	4.00%	0
343	Tools, Shop and Garage Equipment	1,961	0	0	1,961	0	5.00%	98
344	Laboratory Equipment	0	0	0	0	0	10.00%	0
345	Power Operated Equipment	30,461	0	0	30,461	18,377	5.00%	604
346	Communication Equipment	17,200	0	0	17,200	0	10.00%	1,720
347	Miscellaneous Equipment	3,975	0	0	3,975	0	10.00%	398
348	Other Tangible Plant	0	0	0	0	0	10.00%	0
	Subtotal	\$814,995	\$10,899	\$0	\$825,894	\$444,329		\$14,375

Contribution(s) in Aid of Construction (Gross)	\$37,608
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	<u>\$37,608</u>
Times: Proposed Amortization Rate	3.77%
Amortization of CIAC	\$1,417
Less: Amortization of CIAC	\$1,417
DEPRECIATION EXPENSE	\$12,958

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.

Chino Meadows II Water Company
 Annual Report
 Balance Sheet Assets
 12/31/17

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2017)	Balance at End of Year (2017)
Account No.	Current and Accrued Assets			
131	Cash		\$6,469	\$62,660
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		46,732	38,897
146	Notes Receivable from Associated Companies		3,880	1,847
151	Plant Material and Supplies		3,024	3,024
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$60,104	\$106,428
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$814,995	\$825,894
103	Property Held for Future Use		525	525
105	Construction Work in Progress		0	0
108	Accumulated Depreciation (enter as negative)*		(661,229)	(675,604)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$154,290	\$150,814
	Total Assets		\$214,395	\$257,242

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

Chino Meadows II Water Company
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2017)	Balance at End of Year (2017)
Account No.	Current Liabilities			
231	Accounts Payable		\$0	\$515
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		22,166	12,038
235	Customer Deposits		10,682	8,288
236	Accrued Taxes		5,598	1,995
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		1,419	1,787
	Total Current Liabilities		\$39,864	\$24,622
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		4,137	4,137
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		37,608	37,608
272	Less: Amortization of Contributions		(16,792)	(18,252)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$24,953	\$23,493
	Total Liabilities		\$64,817	\$48,116
	Capital Accounts			
201	Common Stock Issued		\$8,597	\$8,597
211	Other Paid-In Capital		91,875	91,875
215	Retained Earnings		(64,469)	(23,217)
218	Proprietary Capital (Sole Props and Partnerships)		113,574	131,872
	Total Capital		\$149,577	\$209,127
	Total Liabilities and Capital		\$214,395	\$257,242

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!

Chino Meadows II Water Company
Annual Report
Water Comparative Income Statement
12/31/17

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2017 - 12/31/2017	Last Year 01/01/2016 - 12/31/2016
	Operating Revenue		
461	Metered Water Revenue	\$376,386	\$349,752
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	0	0
474	Other Water Revenue	8,981	9,217
	Total Revenues	\$385,367	\$358,969
	Operating Expenses		
601	Salaries and Wages	\$135,183	\$151,958
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	24,744	26,598
618	Chemicals	956	758
620	Materials and Supplies	12,432	0
620.1	Repairs and Maintenance	0	12,324
620.2	Office Supplies and Expense	30,121	21,186
630	Contractual Services	9,243	12,199
631	Contractual Services -Engineering	6,715	0
632	Contractual Services - Accounting	0	0
633	Contractual Services - Legal	0	0
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	3,626	834
636	Contractual Services - Other	6,641	0
640	Rents	0	0
641	Rental of Building/Real Property	13,175	13,200
642	Rental of Equipment	703	1,119
650	Transportation Expenses	19,109	24,525
657	Insurance - General Liability	8,216	8,232
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	899	7,230
670	Bad Debt Expense	4,391	0
675	Miscellaneous Expense	12,525	9,067
403	Depreciation Expense (From Schedule AR4)	12,958	13,121
408	Taxes Other Than Income		(1,499)
408.11	Property Taxes	22,544	14,846
409	Income Taxes		0
427.1	Customer Security Deposit Interest		0
	Total Operating Expenses	\$324,182	\$315,699
	Operating Income / (Loss)	\$61,185	\$43,270
	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)	\$61,185	\$43,270

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.

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	None	None	None	None
Source of Loan	None	None	None	None
ACC Decision No.	None	None	None	None
Reason for Loan	None	None	None	None
Dollar Amt. Issued	None	None	None	None
Amount Outstanding	None	None	None	None
Date of Maturity	None	None	None	None
Interest Rate	None	None	None	None
Current Year Interest	None	None	None	None
Current Year Principal	None	None	None	None

Meter Deposit Balance at Test Year End:	\$8,288
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Meter Deposits Refunded During the Test Year:	\$10,669
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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.

Water Use Data Sheet								
Name of the System:		Chino Meadows II						
ADWC Public Water System Number:		AZ04-13-079						
Month	Number of Customers	Gallons Sold (thousands) ¹	Gallons Pumped (thousands) ²	Gallons Purchased (thousands) ³	Estimated Gallons Authorized Use (thousands) ⁴	Purchased Power Expense ⁵	Purchased Power (kWh) ⁶	
January	922	3,401	4,362	0	0	\$2,120	17,639	
February	929	3,202	4,681	0	0	1,801	14,669	
March	933	4,133	4,373	0	0	1,735	14,465	
April	934	3,854	5,292	0	0	1,765	14,626	
May	945	4,934	6,597	0	0	2,102	18,161	
June	959	6,659	7,258	0	0	2,216	19,299	
July	948	5,377	6,742	0	0	2,809	26,003	
August	946	5,237	6,045	0	0	2,087	17,557	
September	947	4,258	5,794	0	0	2,232	18,404	
October	951	4,112	4,823	0	0	2,109	17,080	
November	941	4,306	5,088	0	0	1,827	14,258	
December	937	3,297	4,726	0	0	1,941	15,369	
Totals		52,770	65,781	0	0	\$24,744	207,530	

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

Does the system have chlorination treatment?

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

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 If yes, provide the GPCPD amount:

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

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 Gallons sold - Total gallons from customer meters, and other sold gallons such as Construction water.
- 2 Gallons pumped - Total gallons from pumped sources.
- 3 Gallons purchased - Total gallons purchased from other sources.
- 4 Estimated gallons authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized use such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc.
- 5 Enter the total purchased power costs for the power meters associated with this system.
- 6 Enter the total purchased kWh used by the power meters associated with this system.

Chino Meadows II Water Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/17

ADEQ System No. :	AZ04-13-079
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Utility Shutoffs / Disconnects			
Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	16	0
February	0	21	0
March	0	11	0
April	0	13	0
May	0	4	0
June	0	13	0
July	0	12	0
August	0	1	0
September	0	10	0
October	0	15	0
November	0	14	0
December	0	9	0
Total	0	139	0

Other (description):

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<p>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.</p>
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Chino Meadows II Water Company
Annual Report
Property Taxes
12/31/17

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2017 was	\$22,544
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If no property taxes paid, explain why.

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 Sworn Statement (Taxes)

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

County of (county name): Yavapai
Name (owner or official) title: Paul D. Levie
Company name: Chino Meadows II Water Company

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

FOR THE YEAR ENDING: 12/31/17

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

928-717-2616
telephone no.

RECEIVED

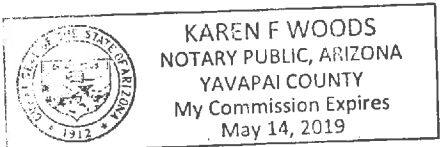
MAY 04 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

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

THIS 5th DAY OF Yavapai
April 2018
(month) and (year)

MY COMMISSION EXPIRES 5-14-19
(date)


KAREN F WOODS
NOTARY PUBLIC, ARIZONA
YAVAPAI COUNTY
My Commission Expires
May 14, 2019

[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: Paul D. Levie
Company name: Chino Meadows II Water Company

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

FOR THE YEAR ENDING: 12/31/17

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 (\$)

\$385,367

(The amount in the box above includes

\$37,929 in sales taxes

billed or collected)

RECEIVED

MAY 04 2018

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Paul D. Levie
signature of owner/official

0

telephone no.

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

THIS


5th

DAY OF

Yavapai
(county name)
April 2018
(month) and (year)

MY COMMISSION EXPIRES

5-14-19
(date)

 KAREN F WOODS
NOTARY PUBLIC, ARIZONA
YAVAPAI COUNTY
My Commission Expires
May 14, 2019

Karen F Woods
(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): Paul D. Levie
Name (owner or official) title: 0
Company name: Chino Meadows II Water Company

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

FOR THE YEAR ENDING: 12/31/17

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 (\$)

\$385,367

(The amount in the box above includes

\$37,929 in sales taxes
billed or collected)

RECEIVED

MAY 04 2018

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Paul D. Levie
signature of owner/official

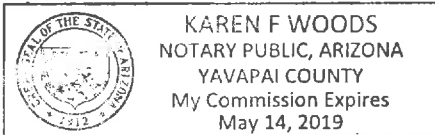
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telephone no.

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

Yavapai
(county name)

THIS 5th DAY OF April 2018
(month) and (year)

MY COMMISSION EXPIRES 5-14-19
(date)



Karen F Woods
(signature of notary public)