

ANNUAL REPORT

Of

Company Name:
PO Box 219

Mailing Address: Tempe AZ
85280-0219

Docket No.: W-02060A
For the Year Ended:

RECEIVED
APR 27 2018
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:
Application Date:

4-27-18

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Cordes Lakes Water Company
A Class Utility

1. For the Calendar Year Ended: 12/31/17

2. Address:

P.O. Box 219					
City:	Tempe`	State:	Arizona	Zip Code:	85208

3. Telephone Number:

480-966-5804

4. Date of Original Organization of Utility:

7/19/1974

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

Name:

Bradley Folkman

Telephone No. :

480-966-5804

Address:

P.O. Box 219					
City:	Tempe	State:	Arizona	Zip Code:	85280

Email:

support@arizonawaterworks.com

6. On-Site Manager:

Name:

Don Ross

Telephone No. :

928-713-1959

Address:

P.O. Box 219					
City:	Tempe	State:	Arizona	Zip Code:	85280

Email:

support@arizonawaterworks.com

7. Ownership:

"C" Corporation

8. Counties Served:

Yavapai

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	\$3,500	\$0	\$0	\$3,500	\$0	\$3,500
302	Franchises	0	0	0	0	0	0
303	Land and Land Rights	0	0	0	0	0	0
304	Structures and Improvements	6,657	0	0	6,657	3,862	2,795
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	167,349	6,621	0	173,970	113,453	60,517
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	93,783	20,405	10,000	104,188	49,157	55,031
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	1,433	0	0	1,433	851	582
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	141,632	0	0	141,632	87,199	54,433
330.2	Pressure Tanks	0	0	0	0	0	0
331	Transmission and Distribution Mains	584,317	743	0	585,060	566,220	18,839
333	Services	46,554	8,806	2,000	53,359	15,893	37,467
334	Meters and Meter Installations	74,180	5,983	2,000	78,163	55,028	23,135
335	Hydrants	0	0	0	0	0	0
336	Backflow Prevention Devices	0	0	0	0	0	0
339	Other Plant and Misc. Equipment	60,550	0	0	60,550	58,205	2,345
340	Office Furniture and Equipment	6,101	426	0	6,527	4,282	2,245
340.1	Computer & Software	1,437	0	0	1,437	431	1,006
341	Transportation Equipment	62,342	0	0	62,342	62,342	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	1,904	0	0	1,904	428	1,476
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	2,167	0	0	2,167	820	1,347
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$1,253,905	\$42,983	\$14,000	\$1,282,889	\$1,018,170	\$264,718

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.

Cordes Lakes 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	\$3,500	\$0	\$0	\$3,500	\$3,500	0.00%	\$0
302	Franchises	0	0	0	0	0	0.00%	0
303	Land and Land Rights	0	0	0	0	0	0.00%	0
304	Structures and Improvements	6,657	0	0	6,657	2,257	3.33%	147
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	167,349	6,621	0	173,970	15,370	3.33%	5,171
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	93,783	20,405	10,000	104,188	8,588	12.50%	10,675
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	1,433	0	0	1,433	0	20.00%	287
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	141,632	0	0	141,632	47,174	2.22%	2,097
330.2	Pressure Tanks	0	0	0	0	0	5.00%	0
331	Transmission and Distribution Mains	584,317	743	0	585,060	561,495	2.00%	464
333	Services	46,554	8,806	2,000	53,359	13,350	3.33%	1,186
334	Meters and Meter Installations	74,180	5,983	2,000	78,163	6,239	8.33%	5,825
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	60,550	0	0	60,550	0	6.67%	3,567
340	Office Furniture and Equipment	6,101	426	0	6,527	0	6.67%	421
340.1	Computer & Software	1,437	0	0	1,437	0	20.00%	288
341	Transportation Equipment	62,342	0	0	62,342	35,623	20.00%	2,672
342	Stores Equipment	0	0	0	0	0	4.00%	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	5.00%	0
344	Laboratory Equipment	0	0	0	0	0	10.00%	0
345	Power Operated Equipment	1,904	0	0	1,904	0	5.00%	95
346	Communication Equipment	0	0	0	0	0	10.00%	0
347	Miscellaneous Equipment	2,167	0	0	2,167	582	10.00%	158
348	Other Tangible Plant	0	0	0	0	0	0.00%	0
	Subtotal	\$1,253,905	\$42,983	\$14,000	\$1,282,889	\$694,178		\$33,052

Contribution(s) in Aid of Construction (Gross)	\$76,247
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	<u>\$76,247</u>
Times: Proposed Amortization Rate	5.61%
Amortization of CIAC	\$4,281

Less: Amortization of CIAC \$4,281

DEPRECIATION EXPENSE **\$28,771**

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.

Cordes Lakes 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		\$4,868	\$1,276
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		32,213	29,304
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	8,110
174	Miscellaneous Current and Accrued Assets		0	0
	Total Current and Accrued Assets		\$37,081	\$38,689
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,253,905	\$1,282,889
103	Property Held for Future Use		0	0
105	Construction Work in Progress		7,199	52,834
108	Accumulated Depreciation (enter as negative)*		(999,118)	(1,018,170)
121	Non-Utility Property		76,099	76,099
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$338,085	\$393,652
	Total Assets		\$375,166	\$432,341

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

Cordes Lakes 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		\$7,265	\$26,555
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		18,500	16,756
236	Accrued Taxes		5,931	8,023
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	0
	Total Current Liabilities		\$31,696	\$51,335
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$29,660
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		9,320	9,654
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		76,247	76,247
272	Less: Amortization of Contributions		(41,439)	(45,720)
281	Accumulated Deferred Income Tax		0	0
	Total Deferred Credits		\$44,128	\$40,181
	Total Liabilites		\$75,824	\$121,176
	Capital Accounts			
201	Common Stock Issued		\$100,000	\$100,000
211	Other Paid-In Capital		278,920	284,317
215	Retained Earnings		(79,577)	(73,152)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$299,343	\$311,165
	Total Liabilities and Capital		\$375,166	\$432,341

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.

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

Cordes Lakes 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	\$487,721	\$474,618
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	12,632	11,774
474	Other Water Revenue	0	0
	Total Revenues	\$500,354	\$486,392
	Operating Expenses		
601	Salaries and Wages	\$213,381	\$220,400
604	Employee Pensions and Benefits	30,572	30,308
610	Purchased Water	6,930	0
615	Purchased Power	39,453	37,765
618	Chemicals	1,301	2,188
620	Materials and Supplies	3,911	5,991
620.1	Repairs and Maintenance	5,151	4,815
620.2	Office Supplies and Expense	5,427	6,172
630	Contractual Services	0	0
631	Contractual Services -Engineering	3,924	0
632	Contractual Services - Accounting	10,256	12,858
633	Contractual Services - Legal	2,187	818
634	Contractual Services - Management Fees	0	0
635	Contractual Services - Water Testing	5,552	728
636	Contractual Services - Other	39,933	38,399
640	Rents	13,200	13,200
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	13,258	11,264
657	Insurance - General Liability	15,485	13,472
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	9,561	675
670	Bad Debt Expense	5,500	5,979
675	Miscellaneous Expense	3,243	7,507
403	Depreciation Expense (From Schedule AR4)	28,771	30,103
408	Taxes Other Than Income	15,341	14,719
408.11	Property Taxes	20,765	20,618
409	Income Taxes	50	50
427.1	Customer Security Deposit Interest	0	0
	Total Operating Expenses	\$493,152	\$478,027
	Operating Income / (Loss)	\$7,201	\$8,364
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility (Expense)	(775)	0
427	Interest (Expense)	0	(194)
	Total Other Income / (Expense)	(\$775)	(\$194)
	Net Income / (Loss)	\$6,426	\$8,171

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.

Cordes Lakes Water Company
 Annual Report
 Supplemental Financial Data (Long-Term Debt)
 12/31/17

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	9/22/2017	NA	NA	NA
Source of Loan	WIFA	NA	NA	NA
ACC Decision No.	76334	NA	NA	NA
Reason for Loan	System Improve	NA	NA	NA
Dollar Amt. Issued	\$29,660	NA	NA	NA
Amount Outstanding	\$29,660	NA	NA	NA
Date of Maturity	9/21/2020	NA	NA	NA
Interest Rate	1.00%	NA	NA	NA
Current Year Interest	\$0	NA	NA	NA
Current Year Principal	\$0	NA	NA	NA

Meter Deposit Balance at Test Year End:	\$16,756
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Meter Deposits Refunded During the Test Year:	\$14,570
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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:		Cordes Lakes Water Co.					
ADEQ Public Water System Number:		13-023					
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	1,337	3,801	5,578	0	10	NA	NA
February	1,341	3,238	4,791	0	10	NA	NA
March	1,341	3,984	5,623	0	12	NA	NA
April	1,353	4,933	6,154	0	10	NA	NA
May	1,355	4,873	7,064	0	14	NA	NA
June	1,350	6,564	7,955	108	10	NA	NA
July	1,349	4,876	7,102	0	12	NA	NA
August	1,352	4,528	6,856	0	10	NA	NA
September	1,349	5,341	6,610	0	12	NA	NA
October	1,348	4,723	6,660	0	12	NA	NA
November	1,353	4,550	5,661	0	10	NA	NA
December	1,347	4,252	5,587	0	10	NA	NA
Totals		55,663	75,640	108	132	\$0	0

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

Does the system have chlorination treatment? Yes

Is the Water Utility located in an ADWR Active Management Area (AMA)? No
 If yes, which AMA? NA

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement? No
 If yes, provide the GPCPD amount: NA

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
 Unmetered water used for main flushing and by fire department.

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.

Cordes Lakes Water Company
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/17

ADEQ System No. :	13-023
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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	5	0
February	0	11	0
March	0	10	0
April	0	12	0
May	0	13	0
June	0	13	0
July	0	5	0
August	0	19	0
September	0	14	0
October	0	15	0
November	0	12	0
December	0	7	0
Total	0	136	0

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.

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2017 was	\$20,765

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.

Cordes Lakes Water Company
Annual Report
Verification and Sworn Statement (Taxes)
12/31/17

RECEIVED

APR 27 2018

Verification and Sworn Statement (Taxes)

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

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

County of (county name): Maricopa
Name (owner or official) title: Bradley Folkman
Company name: Cordes Lakes 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

480-966-5804
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY Maricopa
THIS 26th DAY OF 04/2018
(month) and (year)

MY COMMISSION EXPIRES May 21, 2021
(date)

[Signature]
(signature) (public)
TIA LEE
Notary Public - Arizona
Maricopa County page 14
My Comm. Expires May 21, 2021

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Verification and Sworn Statement

Verification:

State of Arizona 1, the undersigned of the
(state name)

APR 27 2018

County of (county name): Maricopa
Name (owner or official) title: Bradley Folkman
Company name: Cordes Lakes Water Company

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: 12/31/17

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 (\$)
\$529,587
(The amount in the box above includes
\$31,206 in sales taxes
billed or collected)

[Signature]
signature of owner/official

480-966-5804
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY Maricopa
THIS 26th DAY OF 04/2018
(month) and (year)

MY COMMISSION EXPIRES May 21, 2021
(date)

[Signature]
(signature) Notary Public - Arizona
Maricopa County
My Comm. Expires May 21, 2021
Page 5

Verification and Sworn Statement (Residential Revenue)

RECEIVED

Verification:

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

APR 27 2018

County of (county name):

Maricopa

Name (owner or official) title:

Bradley Folkman

ARIZONA CORP COMMISSION
UTILITIES DIVISION - DIRECTOR'S OFFICE

Company name:

Cordes Lakes 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 (\$)

\$510,706

(The amount in the box above includes

\$30,050 in sales taxes
billed or collected)

[Handwritten Signature]

signature of owner/official

480-966-5804

telephone no.

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

Maricopa
(county name)

THIS

26th

DAY OF

04/2018
(month) and (year)

MY COMMISSION EXPIRES

May 21, 2021
(date)

[Handwritten Signature]

(signature of notary public)

