

**ANNUAL REPORT**

Of

Company Name: Management Systems, LLC dba Jake's Corner Water System  
211 W. Saddle Lane

Mailing Address: Payson AZ  
85541

Docket No.: W-20935A  
For the Year Ended: 12/31/18

**RECEIVED**  
**JUN 17 2019**  
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: Original Filing  
Application Date: 6/17/2019

6-25-19

ARIZONA CORPORATION COMMISSION  
WATER UTILITY ANNUAL REPORT  
Management Systems, LLC dba Jake's Corner Water System  
A Class  Utility

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

2. Address: 

PO BOX 2389			
City:	PRESCOTT	State:	Arizona
		Zip Code:	86301

3. Telephone Number: 928-445-5606

4. Date of Original Organization of Utility:

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

Name: CHERYL IBBOTSON  
Telephone No. : 928-445-5606  
Address: 302 W. WILLIS STREET, SUITE 203  
City: PRESCOTT State: Arizona Zip Code: 86301  
Email: jakescornerwater@gmail.com

6. On-Site Manager:

Name: MICHAEL ARMSTEAD  
Telephone No. : 928-951-4000  
Address: 211 SADDLE LANE  
City: PAYSON State: Arizona Zip Code: 85541  
Email: ymepayson@gmail.com

7. Ownership: Limited Liability Company ("LLC")

8. Counties Served: GILA

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	\$3,600	\$0	\$0	\$3,600	\$3,600	\$0
302	Franchises	0	\$0	\$0	0	0	0
303	Land and Land Rights	0	\$0	\$0	0	0	0
304	Structures and Improvements	0	\$0	\$0	0	0	0
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	15,000	\$0	\$0	15,000	15,000	0
308	Infiltration Galleries	5,000	\$0	\$0	5,000	5,000	0
309	Supply Mains	0	\$0	\$0	0	0	0
310	Power Generation Equipment	0	\$0	\$0	0	0	0
311	Pumping Equipment	0	\$0	\$0	0	0	0
320	Water Treatment Equipment	0	\$0	\$0	0	0	0
320.1	Water Treatment Plants	1,187	\$0	\$0	1,187	80	1,107
320.2	Solution Chemical Feeders	0	\$0	\$0	0	0	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	0	\$0	\$0	0	0	0
330.2	Pressure Tanks	300	\$0	\$0	300	79	221
331	Transmission and Distribution Mains	0	\$0	\$0	0	0	0
333	Services	0	\$0	\$0	0	0	0
334	Meters and Meter Installations	0	\$0	\$0	0	0	0
335	Hydrants	0	\$0	\$0	0	0	0
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>\$25,087</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,087</b>	<b>\$23,759</b>	<b>\$1,328</b>

**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.

Management Systems, LLC dba Jake's Corner Water System  
 Annual Report  
 Depreciation Expense for the Current Year (Water)  
 12/31/18

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	\$3,600	\$0	\$0	\$3,600	\$3,600	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	0	0	0	0	0	3.33%	0
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	15,000	0	0	15,000	15,000	3.33%	0
308	Infiltration Galleries	5,000	0	0	5,000	5,000	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	0	0	0	0	0	12.50%	0
320	Water Treatment Equipment	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	1,187	0	0	1,187	0	3.33%	40
320.2	Solution Chemical Feeders	0	0	0	0	0	20.00%	0
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	10.00%	0
330	Distribution Reservoirs and Standpipes	0	0	0	0	0	0.00%	0
330.1	Storage Tanks	0	0	0	0	0	2.22%	0
330.2	Pressure Tanks	300	0	0	300	0	5.00%	15
331	Transmission and Distribution Mains	0	0	0	0	0	2.00%	0
333	Services	0	0	0	0	0	3.33%	0
334	Meters and Meter Installations	0	0	0	0	0	8.33%	0
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	0	0	0	0	0	6.67%	0
340	Office Furniture and Equipment	0	0	0	0	0	6.67%	0
340.1	Computer & Software	0	0	0	0	0	20.00%	0
341	Transportation Equipment	0	0	0	0	0	20.00%	0
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	0	0	0	0	0	5.00%	0
346	Communication Equipment	0	0	0	0	0	10.00%	0
347	Miscellaneous Equipment	0	0	0	0	0	10.00%	0
348	Other Tangible Plant	0	0	0	0	0	0.00%	0
	<b>Subtotal</b>	<b>\$25,087</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,087</b>	<b>\$23,600</b>		<b>\$55</b>

Contribution(s) in Aid of Construction (Gross)	\$0
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	0
Amortizable Contribution(s)	\$0
Times: Proposed Amortization Rate	3.67%
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.

Management Systems, LLC dba Jake's Corner Water System  
 Annual Report  
 Balance Sheet Assets  
 12/31/18

Balance Sheet Assets			
	Assets	Balance at Beginning of Year (2018)	Balance at End of Year (2018)
Account No.	<b>Current and Accrued Assets</b>		
131	Cash	\$19	\$0
134	Working Funds	0	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	1,037	1,046
146	Notes Receivable from Associated Companies	0	0
151	Plant Material and Supplies	0	0
162	Prepayments	0	0
174	Miscellaneous Current and Accrued Assets	0	0
	<b>Total Current and Accrued Assets</b>	<b>\$1,056</b>	<b>\$1,046</b>
Account No.	<b>Fixed Assets</b>		
101	Utility Plant in Service*	\$25,087	\$25,087
103	Property Held for Future Use	0	0
105	Construction Work in Progress	0	0
108	Accumulated Depreciation (enter as negative)*	(23,627)	(23,759)
121	Non-Utility Property	0	0
122	Accumulated Depreciation - Non Utility	0	0
	<b>Total Fixed Assets</b>	<b>\$1,460</b>	<b>\$1,328</b>
	<b>Total Assets</b>	<b>\$2,516</b>	<b>\$2,374</b>

**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

Management Systems, LLC dba Jake's Corner Water System  
 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 (2018)</b>	<b>Balance at End of Year (2018)</b>
<b>Account No.</b>	<b>Current Liabilities</b>			
231	Accounts Payable		\$0	\$0
232	Notes Payable (Current Portion)		0	
234	Notes Payable to Associated Companies		0	
235	Customer Deposits		136	246
236	Accrued Taxes		0	
237	Accrued Interest		0	
242	Miscellaneous Current and Accrued Liabilities		0	36,038
	<b>Total Current Liabilities</b>		<b>\$136</b>	<b>\$36,284</b>
	<b>Long Term Debt</b>			
224	Long Term Debt (Notes and Bonds)		\$3,281	
	<b>Deferred Credits</b>			
251	Unamortized Premium on Debt		\$0	
252	Advances in Aid of Construction		0	
255	Accumulated Deferred Investment Tax Credits		0	
271	Contributions in Aid of Construction		0	
272	Less: Amortization of Contributions		0	
281	Accumulated Deferred Income Tax		0	
	<b>Total Deferred Credits</b>		<b>\$0</b>	<b>\$0</b>
	<b>Total Liabilites</b>		<b>\$3,417</b>	<b>\$36,284</b>
	<b>Capital Accounts</b>			
201	Common Stock Issued		\$0	
211	Other Paid-In Capital		0	
215	Retained Earnings		(901)	(33,910)
218	Proprietary Capital (Sole Props and Partnerships)			
	<b>Total Capital</b>		<b>(\$901)</b>	<b>(\$33,910)</b>
	<b>Total Liabilities and Capital</b>		<b>\$2,516</b>	<b>\$2,374</b>

**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!

Management Systems, LLC dba Jake's Corner Water System  
Annual Report  
Water Comparative Income Statement  
12/31/18

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2018 - 12/31/2018	Last Year 01/01/2017 - 12/31/2017
	<b>Operating Revenue</b>		
461	Metered Water Revenue	\$4,790	\$4,432
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	3,805	3,684
471	Miscellaneous Service Revenues	0	49
474	Other Water Revenue	130	0
	<b>Total Revenues</b>	<b>\$8,725</b>	<b>\$8,165</b>
	<b>Operating Expenses</b>		
601	Salaries and Wages		\$0
604	Employee Pensions and Benefits		0
610	Purchased Water		0
615	Purchased Power	940	797
618	Chemicals		0
620	Materials and Supplies	24	128
620.1	Repairs and Maintenance		1,344
620.2	Office Supplies and Expense	528	480
630	Contractual Services		0
631	Contractual Services -Engineering		1,800
632	Contractual Services - Accounting	1,106	918
633	Contractual Services - Legal		0
634	Contractual Services - Management Fees	6,000	6,000
635	Contractual Services - Water Testing	2,732	1,909
636	Contractual Services - Other	2,327	1,686
640	Rents		0
641	Rental of Building/Real Property		0
642	Rental of Equipment		0
650	Transportation Expenses	587	328
657	Insurance - General Liability	541	245
657.1	Insurance - Health and Life		0
665	Regulatory Commission Expense - Rate		0
670	Bad Debt Expense		0
675	Miscellaneous Expense		1,500
403	Depreciation Expense (From Schedule AR4)	55	27
408	Taxes Other Than Income		0
408.11	Property Taxes	2,506	1,896
409	Income Taxes		0
427.1	Customer Security Deposit Interest		6
	<b>Total Operating Expenses</b>	<b>\$17,345</b>	<b>\$19,064</b>
	<b>Operating Income / (Loss)</b>	<b>(\$8,619)</b>	<b>(\$10,899)</b>
	<b>Other Income / (Expense)</b>		
419	Interest and Dividend Income		\$0
421	Non-Utility Income	3	2
426	Miscellaneous Non-Utility (Expense)		0
427	Interest (Expense)	(3)	0
	<b>Total Other Income / (Expense)</b>	<b>\$0</b>	<b>\$2</b>
	<b>Net Income / (Loss)</b>	<b>(\$8,619)</b>	<b>(\$10,897)</b>

**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.

Management Systems, LLC dba Jake's Corner Water System  
 Annual Report  
 Full time equivalent employees  
 12/31/18

**Full time equivalent employees**

	Direct Company	Outside service	Total
President	0.0	1.0	1.0
Vice-president	0.0	0.0	0.0
Manager	0.0	1.0	1.0
Engineering Staff	0.0	0.0	0.0
System Operator(s)	0.0	0.0	0.0
Meter reader	0.0	1.0	1.0
Customer Service	0.0	2.0	2.0
Accounting	0.0	1.0	1.0
Business Office	0.0	0.0	0.0
Rates Department	0.0	0.0	0.0
Administrative Staff	0.0	0.0	0.0
Other	0.0	0.0	0.0
<b>Total</b>	0.0	6.0	6.0

**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.

Management Systems, LLC dba Jake's Corner Water System  
 Annual Report  
 Supplemental Financial Data (Long-Term Debt)  
 12/31/18

<b>Supplemental Financial Data (Long-Term Debt)</b>				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	N/A	N/A	N/A	N/A
Source of Loan	N/A	N/A	N/A	N/A
ACC Decision No.	N/A	N/A	N/A	N/A
Reason for Loan	N/A	N/A	N/A	N/A
Dollar Amt. Issued	N/A	N/A	N/A	N/A
Amount Outstanding	N/A	N/A	N/A	N/A
Date of Maturity	N/A	N/A	N/A	N/A
Interest Rate	N/A	N/A	N/A	N/A
Current Year Interest	N/A	N/A	N/A	N/A
Current Year Principal	N/A	N/A	N/A	N/A

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

Meter Deposits Refunded During the Test Year:	\$0
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<i>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 <u>not</u> be listed. Input 0 or none if there is nothing to report for that cell.</i>
--





<b>Water Utility Plant Description (Continued)</b>
--

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

<b>TREATMENT EQUIPMENT:</b>	N/A
-----------------------------	-----

<b>STRUCTURES:</b>	N/A
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<b>OTHER:</b>	Underground system has no maps and main line and services are unknown will need exploratory excavating and a mapping to provide this data
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Customer and Other Information	
Name of the System:	JAKES CORNER WATER SYSTEM
ADEQ Public Water System Number:	AZ0404029
ADWR PCC Number:	91-000832.0000

Month	Number of Customers				
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	Other Non-Residential
January	19	0	0	0	0
February	19	0	0	0	0
March	19	0	0	0	0
April	19	0	0	0	0
May	19	0	0	0	0
June	20	0	0	0	0
July	20	0	0	0	0
August	20	0	0	0	0
September	20	0	0	0	0
October	20	0	0	0	0
November	20	0	0	0	0
December	20	0	0	0	0

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 (GPCPD) requirement?

If yes, provide the GPCPD amount:

Is the Water Utility located in an ADWR Active Management Area (AMA)?

If yes, which AMA?

**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.

Management Systems, LLC dba Jake's Corner Water System  
Annual Report  
Property Taxes  
12/31/18

Property Taxes	
Amount of actual property taxes paid during Calendar Year 2018 was	\$0

If no property taxes paid, explain why.  
Underfunded - there is not sufficient cash to pay the current or delinquent property taxes. We have been told that all delinquent property taxes must be paid before any payments would be accepted for the current property taxes.

**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.

Management Systems, LLC dba Jake's Corner Water System  
Annual Report  
Verification and Sworn Statement (Taxes)  
12/31/18

Verification and Sworn Statement (Taxes)

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JUN 17 2019  
ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

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

County of (county name): Yavapai  
Name (owner or official) title: MICHAEL ARMSTEAD  
Company name: Management Systems, LLC dba Jake's Corner Water System

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.

*Michael Armstead*  
signature of owner/official

928-951-4000  
telephone no.

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

THIS \_\_\_\_\_ DAY OF \_\_\_\_\_  
(county name)  
(month) and (year)

MY COMMISSION EXPIRES \_\_\_\_\_  
(date)

\_\_\_\_\_  
(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: MICHAEL ARMSTEAD  
Company name: Management Systems, LLC dba Jake's Corner Water System

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JUN 17 2019  
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: 12/31/18

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 (\$)  
\$9,092  
(The amount in the box above includes  
\$367 in sales taxes  
billed or collected)



signature of owner/official

928-951-4000  
telephone no.

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

THIS \_\_\_\_\_ DAY OF \_\_\_\_\_  
(county name)  
(month) and (year)

MY COMMISSION EXPIRES \_\_\_\_\_  
(date)

\_\_\_\_\_  
(signature of notary public)



Company	Management Systems, LLC dba Jake's Corner		
Docket No.:	W-20935A		
Name of the System:	JAKES CORNER WATER SYSTEM		
ADEQ Public Water System Number:			AZ0404029
ADWR PCC Number:			91-000832.0000

2018 Utility Shutoffs / Disconnects			
Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	0	0
February	0	0	0
March	0	0	0
April	0	1	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
<b>Total</b>	<b>0</b>	<b>1</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.

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**JUN 13 2019**

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UTILITIES DIVISION – DIRECTOR'S OFFICE