ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

R

WS-02676A
Rio Rico Utilities Inc. (water)
1060 Yavapai Dr. Suite #9
Rio Rico AZ 85648

APR 11 2005

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004

RECEIVED
APR 08 2005
RIO RICO UTILITIES

FOR COMMISSION USE

ANN04	04

COMPANY INFORMATION

Company Name (Business Name) RIO RICO UTILITIES, INC

Mailing Address 1060 Yavapai Dr. - Suite #9
(Street)

Rio Rico (City) AZ (State) 85648 (Zip)

(520) 281-7000 Telephone No. (Include Area Code) (520) 281-7433 Fax No. (Include Area Code) Pager/Cell No. (Include area Code)

Email Address

Local Office Mailing Address Same as above
(Street)

(City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include area Code)

Email Address

MANAGEMENT INFORMATION

Management Contact: Donald R. Baker (Name) Manager (Title)

1060 Yavapai Dr - Suite #9 (Street) Rio Rico (City) AZ (State) 85648 (Zip)

(520) 281-7000 Telephone No. (Include Area Code) (520) 281-7433 Fax No. (Include Area Code) Pager/Cell No. (Include area Code)

Email Address

On Site Manager : Same as above
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include area Code)

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: M H R V B Service Corp
(Name)

3003 No Central Ave (Street) | Phoenix (City) | AZ (State) | 85012 (Zip)

(602) 604-2200
Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Incl Area Code)

Attorney: Moyes, Storey et al
(Name)

3003 No Central Ave - #1250 (Street) | Phoenix (City) | AZ (State) | 85012 (Zip)

(602) 604-2200
Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Incl Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company :

- ☐ Sole Proprietor (S)
- ☐ Partnership (P)
- ☐ Bankruptcy (B)
- ☐ Receivership (R)
- ☐ Other (Describe)
- ☒ C Corporation (C) (Other than Association/Co-op)
- ☐ Subchapter S Corporation (Z)
- ☐ Association/Co-op (A)
- ☐ Limited Liability Company

COUNTIES SERVED

Check the box below for the county (ies) in which you are certificated to provide service:

☐ APACHE	☐ COCHISE	☐ COCONINO
☐ GILA	☐ GRAHAM	☐ GREENLEE
☐ LA PAZ	☐ MARICOPA	☐ MOHAVE
☐ NAVAJO	☐ PIMA	☐ PINAL
☒ SANTA CRUZ	☐ YAVAPAI	☐ YUMA
☐ STATEWIDE		

COMPANY NAME: RIO RICO UTILITIES, INC (WATER)

UTILITY PLANT IN SERVICE

Acct No.	DESCRIPTION	Original Cost (OC)	Accumulated Deprec. (AD)	O.C.L.D. (OC less AD)
301	Organization	5,785		5,785
302	Franchises	417		417
303	Land & Land Rights	44,194		44,194
304	Structures & Improvements	688,795	112,190	576,605
307,308,309	Wells & Springs	679,511	134,636	544,875
310,311	Pumping Equipment	2,079,255	653,533	1,425,722
320	Water Treatment Equipment	333,865	117,860	216,005
330	Dist. Reservoirs & Standpipes	441,444	127,497	313,947
331	Trans. & Distr. Mains	19,665,228	6,397,872	13,267,356
333	Services	1,567,042	513,567	1,053,475
334	Meters & Meter Installations	579,707	126,671	453,036
335	Hydrants	475,203	144,217	330,986
336	Backflow Prev. Devices			
339	Other Plant & Misc Equipment	655	294	361
340	Office Furniture & Equipment	93,801	40,272	53,529
341	Transportation Equipment	2,925	2,925	
342,343	Tools, Shop & Garage Equip	15,035	6,811	8,224
344	Laboratory Equipment	3,061	1,335	1,726
345	Power Operated Equipment			
346	Communication Equipment	141,859	36,187	105,672
347	Misc. Equipment	7,046	3,199	3,847
348	Other Tangible Plant			
	TOTALS	26,824,828	8,419,066	18,405,762

This amount goes on the Balance Sheet - Acct #108 ----------|

COMPANY NAME: RIO RICO UTILITIES, INC (WATER)

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct No.	DESCRIPTION	Original Cost (1) * (YE Avge)	Depr. % (2)	Depreciation Expense (1x2)
301	Organization	5,785		
302	Franchises	417		
303	Land & Land Rights	44,194		
304	Structures & Improvements	688,795	1.99%	13,707
307-309	Wells & Springs	615,364	3.15%	19,384
310,311	Pumping Equipment	1,961,092	3.99%	78,247
320	Water Treatment Equipment	301,266	3.99%	12,021
330	Dist. Reservoirs & Standpipes	422,525	1.99%	8,408
331	Trans. & Distr. Mains	19,449,365	1.99%	322,806
333	Services	1,539,936	2.49%	38,344
334	Meters & Meter Installations	564,301	2.49%	14,051
335	Hydrants	467,476	1.99%	9,303
336	Backflow Prev. Devices			
339	Other Plant & Misc Equipment	655	4.00%	26
340	Office Furniture & Equipment	93,140	4.80%	4,471
341	Transportation Equipment	2,925	7.20%	(43)
342,343	Tools, Shop & Garage Equip	15,035	4.01%	856
344	Laboratory Equipment	3,061	4.01%	123
345	Power Operated Equipment			
346	Communication Equipment	141,859	5.03%	7,136
347	Misc. Equipment	7,046	4.01%	283
348	Other Tangible Plant			
	TOTALS	26,324,237		529,123

This amount goes on Comparative Statement of Income & Expense _____/
Acct No. 403

* NOTE - Depreciation is calculated on year-end average balance
Refer to Page 4 for total original cost

COMPANY NAME: RIO RICO UTILITIES, INC (WATER)

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT & ACCRUED ASSETS		
131	Cash	$ 35,475	$ 278,076
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	103,576	163,342
146	Notes/Receivables from Assoc Companies		
151	Plant Material and Supplies	37,423	36,334
162	Prepayments	85,691	111,784
174	Misc. Current and Accrued Assets	443,588	225,064
	TOTAL CURRENT & ACCRUED ASSETS	$ 705,753	$ 814,600
	FIXED ASSETS		
101	Utility Plant in Service	$ 25,823,647	$ 26,824,828
103	Property Held for Future Use		
105	Construction Work in Progress	410,213	911,754
108	Accumulated Depreciation - Utility Plant	(7,910,668)	(8,419,066)
121	Non-Utility Property	(1) 11,806,905	(1) 11,736,202
122	Accumulated Depr. - Non Utility Property	(2) (3,485,443)	(2) (3,851,232)
	TOTAL FIXED ASSETS	$ 26,644,654	$ 27,202,486
	TOTAL ASSETS	$ 27,350,407	$ 28,017,086

NOTE: The Assets on this page should be equal to Total Liabilities & Capital on the following page.

(1) Wastewater Plant plus CWIP-Wastewater, plusTotal Acquisition Adjustment

(2) Wastewater Plant Deprec. plus Total Amortization of Acquisition Adjustment

COMPANY NAME: RIO RICO UTILITIES, INC (WATER)

BALANCE SHEET

Acct No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	$ 11,248	$ 36,025
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Assoc. Companies	1,214,245	1,401,013
235	Customer Deposits	181,792	221,843
236	Accrued Taxes Payable	7,885	8,271
237	Accrued Interest Payable	1,796	2,308
241	Misc. Current & Accrued Liabilities	53,235	52,315
	TOTAL CURRENT LIABILITIES	$ 1,470,201	$ 1,721,775
	LONG TERM DEBT (Over 12 Months)		
224	Long-Term Notes & Bonds	$ 0	$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	$	$
252	Advances in Aid of Construction	114,238	124,898
255	Accum. Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	22,614,128	23,346,852
272	Less: Amortization of Contributions	(5,501,583)	(6,067,772)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	$ 17,226,783	$ 17,403,978
	TOTAL LIABILITIES	$ 18,696,984	$ 19,125,753
	CAPITAL ACCOUNTS		
201	Common Stock Issued	1	1
211	Paid in Capital in Excess of Par Value	8,997,515	8,997,515
215	Retained Earnings	(344,093)	(106,183)
218	Proprietary Capital (Sole Props & Partnerships)		
	TOTAL CAPITAL	$ 8,653,423	$ 8,891,333
	TOTAL LIABILITIES & CAPITAL	$ 27,350,407	$ 28,017,086

COMPANY NAME: RIO RICO UTILITIES, INC (WATER)

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	$ 1,117,221	$ 1,282,390
460	Unmetered Water Revenue		
474	Other Water Revenue	28,586	33,219
	TOTAL REVENUES	$ 1,145,807	$ 1,315,609
	OPERATING EXPENSES		
601	Salaries & Wages	183,955	196,425
610	Purchased Water		
615	Purchased Power	211,641	298,533
618	Chemicals	4,513	4,325
620/677	Supplies / Repairs & Maintenance	16,246	24,587
621	Office Supplies & Expense	10,539	4,720
636	Outside Services	168,750	218,828
635	Water Testing	11,697	13,097
641/642	Rents	10,846	21,443
650	Transportation Expense	62,155	62,450
657	Insurance - General Liability	30,897	52,784
659	Insurance - Health & Life		
666	Regulatory Commission Exp-Rate Case		4,620
675	Miscellaneous Expense	64,425	68,580
403	Depreciation Expense	488,454	529,123
408	Taxes Other Than Income (P/R Tax)	15,536	14,612
408.11	Property Taxes	65,309	67,636
409	Income Tax		
	TOTAL OPERATING EXPENSES	$ 1,344,963	$ 1,581,763
	OPERATING INCOME/(LOSS)	$ (199,156)	$ (266,154)
	OTHER INCOME/(EXPENSE)		
419	Interest & Dividend Income	$	$
421	Non-Utility Income	(1) 422,840	434,363
426	Misc. Non-Utility Expenses	(2) 40,470	40,470
427	Interest Expense	4,752	5,336
	TOTAL OTHER INCOME/(EXPENSE)	$ 377,618	$ 388,557
	NET INCOME/(LOSS)	$ 178,462	$ 122,403

(1) Misc. Income plus Amortization of CIAC

(2) Amortization of Acquisition Adjustment plus Other Non-Operating Expense

COMPANY NAME	RIO RICO UTILITIES INC (water)

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 Amount Issued	$	$	$	$
Amount Outstanding	$	$	$	$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	$	$	$	$
Current Year Principle	$	$	$	$

Meter Deposit Balance at Test Year End $ 97,772.71

Meter Deposits Refunded During the Test Year $ 16,833.90

COMPANY NAME: RIO RICO UTILITIES, INC (WATER)

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number *	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (feet)	Casing Diameter	Meter Size (inches)	Year Drilled
55-502579	200	1100	650	16	8	
55-619359	75	625	250	10	6	
55-604302	20	N/A		16	2	
55-604364	75	625	251	10	6	
55-604363	75	650	603	12	8	
55-604366	20	N/A		10	2	
55-587292	200	975	605	16	10	2003

* Arizona Dept of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
		294	0
See Schedule "A"			

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
See Schedule "C"		See Schedule "B"	

RIO RICO UTILITIES INC
ATTACHMENT FOR ANNUAL REPORT

SCHEDULE "A"	BOOSTER PUMPS
HORSEPOWER	QUANTITY
40	2
30	8
25	13
20	8
15	10
10	3
7.5	9
3	2

SCHEDULE "B"	PRESSURE TANKS
CAPACITY, GALLONS	QUANTITY
8,000	1
5,000	11
3,000	1
1,500	4
1,000	5
200	4
50	0

SCHEDULE "C"	STORAGE TANKS
CAPACITY, MILIONS GALLONS	QUANTITY
0.640	1
0.200	1
0.150	1
0.100	1
0.010	4

COMPANY NAME: RIO RICO UTILITIES, INC (WATER)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		
4" and under	Various	322,698
Over 4"	Various	1,452,444

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	4,843
3/4	0
1	63
1-1/2	15
2	50
Comp. 3	2
Turbo 3	9
Comp. 4	5
Turbo 4	0
Comp. 6	1
Turbo 6	0

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

TREATMENT EQUIPMENT:

Gas Chlorination System using 150# cylinders

STRUCTURES:

(2) 20' x 20' Storage Shed

(5) 8' x 8' Chlorination Buildings (at well sites)

OTHER:

N/A

COMPANY NAME: RIO RICO UTILITIES, INC (WATER)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED (Thousands)
JANUARY	4,660	49,829	52,916
FEBRUARY	4,697	43,159	49,940
MARCH	4,732	45,586	57,411
APRIL	4,773	54,377	57,621
MAY	4,789	66,375	81,598
JUNE	4,827	81,987	91,397
JULY	4,842	75,764	77,483
AUGUST	4,879	61,687	65,483
SEPTEMBER	4,901	66,932	74,265
OCTOBER	4,938	62,375	63,410
NOVEMBER	4,945	49,666	53,819
DECEMBER	4,988	48,539	51,252
TOTAL	N/A	706,276	776,595

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

(X) Yes ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

(X) Yes ( ) No

If yes, provide the GPCPD amount : 172

What is the level of arsenic for each well on your system?

(If more than one well, please list each separately)

Well # 5 .0032 mg

Well #8 .0047 mg

Well #15 .0050 mg

Well #52 .0047 mg

Well #86 .0040 mg

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

COMPANY NAME RIO RICO UTILITIES, INC (WATER) **YEAR ENDING 12/31/2004**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: $ 67,715.36

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why.

THIS DOCUMENT CONTAINS BLEED THRU NUMBERING AND MICROPRINTING IN SIGNATURE LINES

RIO RICO UTILITIES, INC.
4837 Swift Road, Suite 100
Sarasota, Florida 34231
(941) 925-3088

BANK OF AMERICA
Sarasota, Florida

63-27
631

002532

10/13/2004

PAY TO THE ORDER OF Caesar Ramirez, Treasurer $ **107,604.72

One Hundred Seven Thousand Six Hundred Four and 72/100********** DOLLARS

Caesar Ramirez, County Treasurer
P.O. Box 250
Nogales, AZ 85628
VOID AFTER 90 DAYS

Michael E. Murphy

MEMO Rio Rico Taxes

⑈002532⑈ ⑆063100277⑆ 3603037332⑈ ⑈0010760472⑈

$107,604.72 – Check # 2532

Less: Sewer <39,731.74>

67,872.98

Less Refund rec'd from Ramirez 11/16/04 <157.62>

$67,715.36

B(a)

ENDORSE HERE

X

DO NOT WRITE, STAMP OR SIGN BELOW
IN SPACE PORT NATIONAL INSTITUTION USE

0237829862
10272004
0630-0019-9
ENT=0284 TRC=0284 PK=02

10262004 2150 CREDIT TO PAYEE'S ACCT
21285 0027 ENDORSEMENT GUARANTEED
BANK OF AMERICA, NA JAX
0630-0019-9 PAYEE'S ACCT
10/27/04 111901831
6640325812 5340841392

VS DATE 10/27/04
P01 C 046 CF

*FEDERAL RESERVE BANK REGULATION CC

The security features on this document include Micro-Print Signature Lines, Void Feature Pantograph and Artificial Watermark. Absence of these features may indicate alteration.

13 (b)

2004 TAX NOTICE JAN. 1, 2004 TO DEC. 31, 2004 **COUNTY OF** SANTA CRUZ **ARIZONA** ADDRESS: P O BOX 250 NOGALES AZ 85628

EGAL DESCRIPTION: SECTION TWN RNG ACRES USE 5500
TOTAL VALUE OF OPERATING PROPERTY

TAX ROLL NUMBER	40670
PARCEL IDENTIFICATION	938-02-830 1
TAX AREA CODE	2830

IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR 2004 TAX NOTICE AND PAYMENT INSTRUCTIONS.

938-02-830 1 40670

RIO RICO UTILITIES INC
MICHAEL MURPHY/CONTROLLER
4837 SWIFT ROAD, #100
SARASOTA FL 34231

06-3387

13 (e)

2004 TAX SUMMARY (3)	
PRIMARY AD VALOREM TAX	664.64
LESS STATE AID TO EDUCATION	.00
NET PRIMARY AD VALOREM TAX	664.64
SECONDARY AD VALOREM TAX	180.04
SPECIAL DISTRICT TAX	.00

PAY TOTAL OR HALF TAX

TOTAL TAX DUE ➡	844.68
HALF TAX ➡	422.34

DELINQUENT DATES
1st HALF NOV. 1, 2004
2nd HALF MAY 1, 2005

THIS IS THE ONLY NOTICE YOU WILL RECEIVE
NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (1)

ITEM	LIMITED VALUE	ASSMT.%	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND,BLDGS,ETC.	0	25.0	0	0	11.7927	.00
PERSONAL PROPERTY	22544	25.0	5636	0	11.7927	664.64
TOTALS ➡	22544		5636	0		664.64

SECONDARY PROPERTY TAX CALCULATION (2)

ITEM	FULL CASH VALUE	ASSMT.%	ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND	0	25.0	0	0	3.8058	.00
BLDGS,ETC.	0	0	0	0	0	.00
PERSONAL PROPERTY	22544	25.0	5636	0	3.1943	180.04
TOTALS ➡	22544		5636	0		180.04

2003-2004 TAX COMPARISON (4)

TAX CODE	TAX JURISDICTION	2004 PRIMARY	2004 SECONDARY	2004 TOTAL	2003 TOTAL	DIFFERENCE

THIS DOCUMENT CONTAINS BLEED THRU NUMBERING AND MICROPRINTING IN SIGNATURE LINES

RIO RICO UTILITIES, INC.
4837 Swift Road, Suite 100
Sarasota, Florida 34231
(941) 925-3088

BANK OF AMERICA
Sarasota, Florida

63-27
631

002532

10/13/2004

PAY TO THE ORDER OF Caesar Ramirez, Treasurer $ **107,604.72

One Hundred Seven Thousand Six Hundred Four and 72/100********** DOLLARS

Caesar Ramirez, County Treasurer
P.O. Box 250
Nogales, AZ 85628
VOID AFTER 90 DAYS

MP Michael E. Murphy

MEMO Rio Rico Taxes MP

⑈002532⑈ ⑆063100277⑆ 3603037332⑈ ⑈0010760472⑈

Property Taxes

Water 67,872.98

Sewer 39,731.74

107,604.72

13(h)

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE

APR 11 2005

INTRASTATE REVENUES ONLY

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) SANTA CRUZ	
NAME (OWNER OR OFFICIAL) DONALD R. BAKER	TITLE VICE PRESIDENT GENERAL MANAGER
COMPANY NAME RIO RICO UTILITIES INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

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 40-401.01, 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 CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

$ 1,049,239.59

(THE AMOUNT IN BOX AT LEFT INCLUDES $ 59,348.54 IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

(520) 281-7000
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 8 th **DAY OF**

NOTARY PUBLIC NAME DARA MORA	
COUNTY NAME SANTA CRUZ	
MONTH APRIL	,2005

(SEAL)

OFFICIAL SEAL
DARA MORA
Notary Public - State of Arizona
SANTA CRUZ COUNTY
My Comm. Expires Jan. 2, 2006

MY COMMISSION EXPIRES

X Dara Mora
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

04/01/05

Rio Rico Utilities Inc
Balance Sheet
As of December 31, 2004

			Dec 31, '04
ASSETS			
Current Assets			
Checking/Savings			
13104 · Bank of America			272,476.07
13115 · Working Funds - Imprest Acct			5,000.00
13400 · Working Funds - Petty Cash			600.00
Total Checking/Savings			278,076.07
Accounts Receivable			
14100 · Accounts Receivable Customers			172,397.73
Total Accounts Receivable			172,397.73
Other Current Assets			
14300 · Allowance for Uncoll- A/R			(9,056.38)
Total Other Current Assets			(9,056.38)
Total Current Assets			441,417.42
Fixed Assets			
10000 · Total Plant			
10100 · Plant in Service - Total			
10180 · Plant in Service-Water		26,824,827.97	
10181 · Plant in Service - Wastewater		9,745,483.87	
Total 10100 · Plant in Service - Total		36,570,311.84	
10500 · CWIP			
10580 · CWIP - Water		911,754.06	
10581 · CWIP - Wastewater		47,549.83	
Total 10500 · CWIP		959,303.89	
10700 · Util Plant Acquisition Adj			
10780 · Util Plant Acquis. Adj-Water		1,537,878.96	
10781 · Util Plant Aquis. Adj-Sewer		405,288.95	
Total 10700 · Util Plant Acquisition Adj		1,943,167.91	
10790 · Accum Amort-Plant Acq Adj.			
10791 · Amort Plant Acq Adj-Water		(405,593.59)	
10792 · Amort Plant Acq Adj-Sewer		(105,766.01)	
Total 10790 · Accum Amort-Plant Acq Adj.		(511,359.60)	
Total 10000 · Total Plant			38,961,424.04

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Rio Rico Utilities Inc
Balance Sheet
As of December 31, 2004

		Dec 31, '04
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
23100 · Accounts Payable		
23101 · A/P Unisource	24,830.57	
23100 · Accounts Payable - Other	11,194.37	
Total 23100 · Accounts Payable		36,024.94
Total Accounts Payable		36,024.94
Other Current Liabilities		
23500 · Customer Deposits		
23501 · Customer Account Deposits	124,070.45	
23502 · Refundable Meter Advances	97,772.71	
Total 23500 · Customer Deposits		221,843.16
23600 · Taxes Other Than Income		
23601 · Arizona Corporation Tax	483.57	
23602 · State Sales Tax Payable	6,147.32	
23603 · County Sales Tax Payable	554.90	
23604 · Water Quality Assessment Tax	314.81	
23611 · Accrued FICA Tax Payable	770.43	
Total 23600 · Taxes Other Than Income		8,271.03
24100 · Other Current Liabilities		
23725 · Interest Payable-Cust Deposits	2,308.11	
24110 · Accrued Expenses	25,800.00	
24113 · Accrued Payroll	19,314.78	
24215 · Unclaimed Checks	1,164.46	
24216 · Misc Other Liabilities	6,036.11	
Total 24100 · Other Current Liabilities		54,623.46
24314 · I/C Payable-Avatar Holdings		1,401,012.57
Total Other Current Liabilities		1,685,750.22
Total Current Liabilities		1,721,775.16

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Rio Rico Utilities Inc
Balance Sheet
As of December 31, 2004

			Dec 31, '04
Long Term Liabilities			
25200 · Construction Adv-Customers			
25201 · Customer Adv - Water		108,301.17	
25202 · Customer Adv - Sewer		16,596.41	
Total 25200 · Construction Adv-Customers			124,897.58
27000 · Net CIAC			
27100 · Construction Adv-CIAC			
27101 · CIAC - Water	19,301,968.04		
27102 · CIAC - Sewer	4,044,883.82		
Total 27100 · Construction Adv-CIAC		23,346,851.86	
27200 · Accum Amortization-CIAC			
27201 · Amortization of CIAC-Water	(4,686,995.47)		
27202 · Amortization of CIAC-Sewer	(1,380,776.47)		
Total 27200 · Accum Amortization-CIAC		(6,067,771.94)	
Total 27000 · Net CIAC			17,279,079.92
Total Long Term Liabilities			17,403,977.50
Total Liabilities			19,125,752.66
Equity			
35100 · Common Stock			1.00
36100 · Add'tl Paid-in Capital			8,997,515.48
39999 · Retained Earnings			(344,093.29)
Net Income			237,909.75
Total Equity			8,891,332.94
TOTAL LIABILITIES & EQUITY			**28,017,085.60**

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Rio Rico Utilities Inc
Profit & Loss-Water
January through December 2004

		Jan - Dec '04
Ordinary Income/Expense		
Income		
46100 · Revenues - Water Customers		
Res. **46110 · Residential**		987,052.32
46120 · Commercial		291,201.96
46140 · Public Authority		463.99
Res. **46150 · Multi-Family**		2,838.73
46220 · Fire Lines		832.18
47100 · Misc Service Rev - Water		33,219.33
Total 46100 · Revenues - Water Customers		1,315,608.51
Total Income		1,315,608.51
Gross Profit		1,315,608.51
Expense		
60000 · Total Expenses - Water		
60010 · Source/Collections O&M		
60001 · Source/Collection Oper		
60101 · Salaries & Wages - SSO	31,653.13	
61501 · Purchased Power - SSO	194,410.85	
62001 · Materials & Supplies - SSO	168.79	
63601 · Contract Serv - Other - SSO	5,564.50	
65001 · Transp Expense - SSO	13,089.11	
68701 · Misc Other - SSO	6,276.54	
Total 60001 · Source/Collection Oper	251,162.92	
60002 · Source/Collection Maint		
62002 · Materials & Supplies - SSM	236.88	
63602 · Contract Serv - Other - SSM	1,951.83	
67702 · R & M Equip - SSM	1,094.89	
Total 60002 · Source/Collection Maint	3,283.60	
Total 60010 · Source/Collections O&M		254,446.52
60030 · Treatment O&M		
60003 · Treatment - Oper		
61803 · Chemicals - TRO	4,324.55	
Total 60003 · Treatment - Oper	4,324.55	
Total 60030 · Treatment O&M		4,324.55

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Rio Rico Utilities Inc
Profit & Loss-Water
January through December 2004

		Jan - Dec '04
60050 · Trans & Distrib. O&M		
60005 · Trans. & Distr. - Oper		
60105 · Salaries & Wages - TDO	14,049.17	
61505 · Purchased Power - TDO	101,218.84	
62005 · Materials & Supplies - TDO	15,377.76	
63505 · Contract Serv - Testing - TDO	13,097.35	
63605 · Contract Serv - Other - TDO	33,593.81	
64205 · Rental - Equipment - TDO	2,921.38	
65005 · Transp Expense - TDO	5,679.62	
67705 · R & M Equip - TDO	78.40	
Total 60005 · Trans. & Distr. - Oper		186,016.33
60006 · Trans. & Distr. - Maint.		
60106 · Salaries & Wages - TDM	55,680.31	
62006 · Materials & Supplies - TDM	633.47	
63606 · Contract Serv - Other - TDM	1,880.82	
64206 · Rental - Equipment - TDM	5,877.95	
65006 · Transp Expense - TDM	24,180.75	
67506 · Telephone Serv - TDM	2,771.64	
67706 · R & M Equip. & Bldgs-TDM	780.44	
Total 60006 · Trans. & Distr. - Maint.		91,805.38
Total 60050 · Trans & Distrib. O&M		277,821.71
60070 · Customer Acctg-O&M		
60007 · Customer Acctg - Oper.		
60107 · Salaries & Wages - CAO	95,042.28	
61507 · Purchased Power - CAO	2,903.60	
62007 · Materials & Supplies - CAO	4,626.21	
63607 · Contract Serv - Other - CAO	98,514.50	
64107 · Rent-Bldgs/Prop - CAO	12,644.37	
65007 · Transp Expense - CAO	19,500.06	
67007 · Bad Debt Expense - CAO	7,736.06	
67507 · Telephone Serv - CAO	7,968.47	
67607 · Postage - CAO	1,645.50	
67707 · R&M Equip & Bldgs - CAO	6,216.39	
67907 · Training Travel & Meals - CAO	3,372.73	
68007 · Dues & Subscriptions - CAO	832.04	

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Rio Rico Utilities Inc
Profit & Loss-Water
January through December 2004

		Jan - Dec '04
68107 · Bank Charges - CAO	4,376.52	
68707 · Misc Other - CAO	4,162.89	
Total 60007 · Customer Acctg - Oper.	269,541.62	
Total 60070 · Customer Acctg-O&M		269,541.62
60080 · Gen & Admin - O&M		
60008 · Gen & Admin - Oper.		
60408 · Pension & Benefits	28,243.68	
60608 · Payroll Tax Expense	14,612.48	
62008 · Materials & Supplies	94.44	
63308 · Contract Services - Legal	77,321.55	
65608 · Insurance-Vehicles	9,976.62	
65708 · Ins-General Liability	34,757.60	
65808 · Ins-Worker's Comp	2,777.92	
65908 · Ins-Property	5,270.71	
66608 · Rate Case Expense Amortization	4,619.59	
67608 · Postage	1,514.18	
68708 · Misc Other Expense	(320.55)	
Total 60008 · Gen & Admin - Oper.	178,868.22	
Total 60080 · Gen & Admin - O&M		178,868.22
Total 60000 · Total Expenses - Water		985,002.62
Total Expense		985,002.62
Net Ordinary Income		330,605.89
Other Income/Expense		
Other Expense		
80300 · Depreciation Expense		
80301 · Deprec. Exp - Water	529,123.19	
Total 80300 · Depreciation Expense		529,123.19
80310 · Amortization of CIAC Exp		
80311 · Amort. CIAC Exp - Water	(434,363.11)	
Total 80310 · Amortization of CIAC Exp		(434,363.11)

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Rio Rico Utilities Inc
Profit & Loss-Water
January through December 2004

	Jan - Dec '04
80610 · Amort. of Plant Acquis Adj	
80611 · Amort of Plant Acq Adj-Water	40,470.48
Total 80610 · Amort. of Plant Acquis Adj	40,470.48
80810 · Property Tax Expense	
80811 · Property Tax Exp - Water	67,635.89
Total 80810 · Property Tax Expense	67,635.89
82750 · Interest Exp-Customer Deposits	5,336.49
Total Other Expense	208,202.94
Net Other Income	(208,202.94)
Net Income	**122,402.95**