

SUPERIOR COURT  
YAVAPAI COUNTY, ARIZONA

2015 DEC -4 PM 4:07 ✓

DEPARTMENT CLERK

BY: \_\_\_\_\_  
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**State Bar I.D. No. 005188**

Attorney for Verde Ditch Company

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF YAVAPAI

GEORGE W. HANCE, et al., ) No. P1300CV4772

Plaintiffs, )

vs. )

WALES ARNOLD, et ex., et al., )

Defendants. )

Division 1

NOTICE OF FILING  
ANNUAL REPORT

In the matter of the VERDE DITCH )  
COMPANY )  
\_\_\_\_\_ )

Albert Dupuy, Jr., Vernon Hilbers, John Teague, Craig Cooley and David Myers,  
Commissioners of the Verde Ditch Company, pursuant to Section 11 of the Rules and Regulations  
of the Verde Ditch dated August 8, 1989, hereby file with the Court copies of the following:

1. Minutes of Annual Shareholders Meeting and Sign In Sheet - October 29, 2015 (Exhibit 1);
2. Annual Meeting Agenda dated October 29, 2015 (Exhibit 2);

Law Offices of  
L. Richard Mabery, P.C.  
234 North Montezuma Street  
Prescott, Arizona 86301-3008  
(928) 778-1116

3. Verde Ditch Company Profit & Loss Statement for October 2014 through September 2015 (Exhibit 3);
4. Verde Ditch Company Balance Sheet as of September 30, 2015 (Exhibit 4);
5. Verde Ditch Company Special Assessment Profit & Loss for the period October 31, 2014 through September 30, 2015 (Exhibit 5);
6. Verde Ditch Company Special Assessment Balance Sheet dated as of September 30, 2015 (Exhibit 6); and
7. Verde Ditch 2015/2016 Budget (Exhibit 7).

DATED this 4th day of December, 2015.

**L. RICHARD MABERY, P.C.**

By 

L. Richard Mabery, Esq.

*Law Offices of L. Richard Mabery, P.C.*

234 North Montezuma Street

Prescott, Arizona 86301

Attorney for Verde Ditch Company

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**VERDE DITCH  
ANNUAL SHAREHOLDERS MEETING  
OCTOBER 29, 20015  
6PM**

**MINUTES**

Meeting was called to order @6:02pm

Commissioners present: John Teague, Al Dupuy, Vern Hilbers, Dave Myers, Craig Cooley  
Also present: Rick Mabery and Ronda Aiuto

Minutes of the last meeting were read: Craig made a motion to accept as read, John seconded. All in favor

Financial Report: Ronda went over the Profit & Loss Statement, she explained to the shareholders the financials for this year 9/30/15 and last year 9/30/14 were included for the general account and the special assessment, so everyone could compare last year and this year income and expenses. There were a few questions on categories of the profit and loss and what types of things are included in those categories. Ronda answered those questions. A shareholder suggested we change the ditch maintenance labor to read wages or payroll, we explained we changed it to say that because someone last year didn't like it saying wages or payroll. A shareholder asked about budgeting our legal fees, we explained there is no way we can guess at the legal fees, we have legal fees as things come up. John explained our lawyer has to respond to all filings, letters, SRP and the YAN and the objections and shareholders lawyers.

Commissioner's Report: Craig gave his ditch report: Craig explained we needed to dig out the far end of the ditch. We need to place some heavies in a couple of areas. We didn't need to run the pump at all year. We need to have the pump re-built but that will be a huge expense. Al gave his ditch report: Al explained that the water levels have been pretty good, with all the improvements we have done helps keep the water at a consistent level. Al explained he is working on more government grant money. The current grant is almost finished we just need to finish a couple of things. Mr. Mollick asked about the financial statement for the grants. Ronda explained we have them, they are kept separately for government inspection and audit, since it isn't shareholder income and expenses it wasn't included in the annual meeting packet. When the grants are completed the records are submitted to the courts. Mr. Mollick asked questions about contractors working for the ditch, we should have certificate of insurance on file in the office. He asked if contractors working on the ditch should have commercial licenses. We agreed to check into it.

MOU update: Mr. Mabery explained that Judge Mackey signed to accept the MOU on 8/26/15 and within the 30 days allowed the US filed an appeal in the court of appeals in Phoenix. We can proceed with the MOU, but with the recommendation of the commissioners we have requested that Judge Mackey put the MOU in abeyance until we find about the appeal. We are now on hold with the MOU until we find out where the appeal is going. No use spending money on the MOU if it isn't going to happen. The verde ditch is still going to work on verifying the property owners and the historic water use on the proper parcel number. A shareholder commented that she is glad the ditch has their own opinion on whether a parcel is green, purple or orange. A shareholder asked about the water rights

under the roads. Robin Interpreter the Attorney for the YAN explained some of the objections they had with the original MOU and several things have been changed for the good. She likes the idea of the MOU, she just wants to make sure there isn't anything in the MOU that would be bad for the shareholders.

Open to Shareholders: Peter Mollick asked Mr. Mabery if he knew how the commissioners went from being voted on by the shareholders to being appointed by the courts. Mr. Mollick has been reading the old court documents and he can see where there was voting and then somewhere around 1989 the commissioners seem to be appointed by the Judge. Roger Bushnell said he is sure there are shareholders that would like to see the commissioners voted on. Sandy Ashton asked a question about a truck pumping water from the ditch into a water tank on the back of his truck, discussion between shareholders determined the man was a shareholder from the far end of the ditch filling a water trough for his cattle. A shareholder asked if we have insurance if someone falls in the ditch. We explained we have workmans comp for the employees, we have liability insurance. We don't know that someone falling in the ditch would be the ditches fault. Ed Erck asked about shareholders watering more acreage than they are paying for, we to explain that is part of the mapping and figuring out historic water right and making sure everyone is watering and paying for the proper acreage. Wally Wilburn asked if he could allow his cows in the ditch. Discussion opened about the cows destroying the ditch bank, and what if they end up down the ditch blocking a siphon or the double pipes, what about the contamination to the water. John suggested using a tank to water them and putting a fence at the toe of the ditch. Craig and John agreed they should go out and take a look at what is going on.

Dave made a motion to adjourn and Craig seconded

Meeting adjourned at 7:55pm

● Annual Shareholder Meeting  
10/29/15  
Sign In Sheet

Name	Property Address
Tim Williams	13067 E Highway 66 Valentine, AZ Bureau of Indian Affairs
CHIP NORTON	1825 MONROE AVE
KATHY DAVIS	" "
Edwin Eck	531 Dotoa DR
John Tenave	
Pete Mollis	canal circle
Connie Cowan	1226 W Petrusa Rd
Benny King	1246 W. Peterson rd
STEVE BORRISO	1925 S. Mountain Circle VIK
Bill Marwadeke	2425 S. Silver Rd.
Sonia Overholser	DOI, Solicitor's Office
Stanley Jim Ashta	1250 J. Res Verde Ln
Warren Campbell	1197 S. Canal Cr.
Robyn Interpreter	
CRANIE NISCH	2857 SALT MINE

## AGENDA

**The Verde Ditch Commissioners Annual Shareholders  
Meeting held on October 29, 2015. 6:00PM  
Verde Valley Judicial Center  
2840 N. Commonwealth Dr.  
Camp Verde, AZ  
1<sup>st</sup> Floor – Jury Assembly Room**

- 1. Call to order. 6 PM**
- 2. Roll call.**
- 3. Read and approve minutes of last meeting.**
- 4. Financial report.**
- 5. Commissioners ditch report.**
- 6. MOU update.**
- 7. Open to shareholders questions.**
- 8. Open to the public for questions.**
- 9. Adjourn. 8 PM**

# Verde Ditch Company

## Profit & Loss

October 2014 through September 2015

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Oct '14 - Sep 15

Income	
400 · Ditch Assessments	160,291.24
401 · Interest Income	3.72
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Total Income	160,294.96
Expense	
601 · Ditch Maintenance Labor	54,097.00
602 · FICA	4,138.41
603 · Futa Expense	93.66
604 · DES	601.52
605 · Workmans Comp	3,054.00
607 · Admin, Office, Books	10,800.00
609 · Auto Expense	8,674.57
610 · Bank Charges	63.60
611 · Ditch & Dam Repair	30,935.40
612 · Diesel Fuel	1,225.12
614 · Equipment Repair	5,575.28
617 · Ditch Flow Monitoring	1,504.68
618 · Insurance	4,281.00
620 · Legal Fees	4,513.20
625 · Office Expense	1,481.58
629 · Postage & Freight	245.60
630 · Rent	3,864.00
633 · Supplies	840.00
634 · Telephone	1,360.11
635 · Tools	912.66
638 · Utilities	1,276.91
639 · Website & Hosting	950.00
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Total Expense	140,488.30
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Net Income	19,806.66

# Verde Ditch Company

## Balance Sheet

As of September 30, 2015

	<u>Sep 30, 15</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
102 · Chase Bank	60,753.12
103 · Federal Grant Account	71.46
	<u>60,824.58</u>
Total Checking/Savings	60,824.58
Total Current Assets	60,824.58
Fixed Assets	
150 · General Equipment	
150-1 · Computer, Printer & Monitor	2,160.81
150-2 · John Deere Backhoe	35,600.00
150-3 · Vermeer Chipper	8,200.00
150-4 · Weed Sprayer & Water Pump	6,290.50
150-5 · Rammer	2,736.15
150-6 · Tractor/Mower	3,800.00
150 · General Equipment - Other	48,426.45
	<u>107,213.91</u>
Total 150 · General Equipment	107,213.91
152 · Furniture & Fixtures	470.51
153 · Land	100.00
	<u>107,784.42</u>
Total Fixed Assets	107,784.42
<b>TOTAL ASSETS</b>	<u><u>168,609.00</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
210 · Az Withholding	382.29
211 · Federal Withholding Payable	348.08
212 · FICA Payable	569.14
	<u>1,299.51</u>
Total Other Current Liabilities	1,299.51
Total Current Liabilities	<u>1,299.51</u>
Total Liabilities	1,299.51
Equity	
320 · Capital	147,502.83
Net Income	19,806.66
	<u>167,309.49</u>
Total Equity	167,309.49
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>168,609.00</u></u>



Verde Ditch Special Assessment  
Profit & Loss  
October 2014 through September 2015

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	<u>Oct '14 - Sep 15</u>
Income	
400 · Special Assessments	36,967.65
401 · Interest Income	5.07
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Total Income	36,972.72
Expense	
607 · Accounting Fees	2,500.00
609 · Auto Expense	79.40
610 · Bank Fees	43.60
619 · Homestead Patents	5,403.50
620 · Legal Fees	123,448.94
622 · Mailings to Shareholders	3,757.74
623 · Mapping	7,633.06
624 · Meetings	
624-1 · Meeting Meals	137.39
624 · Meetings - Other	11,062.95
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Total 624 · Meetings	11,200.34
625 · Office Expense	0.00
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Total Expense	154,066.58
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Net Income	<u><u>-117,093.86</u></u>

Verde Ditch Special Assessment  
Balance Sheet  
As of September 30, 2015

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	<u>Sep 30, 15</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
102 · Chase Bank - General Account	<u>5,430.10</u>
Total Checking/Savings	<u>5,430.10</u>
Total Current Assets	<u>5,430.10</u>
<b>TOTAL ASSETS</b>	<u><u>5,430.10</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Long Term Liabilities	
260 · Legal Fees Payable	<u>43,202.55</u>
Total Long Term Liabilities	<u>43,202.55</u>
Total Liabilities	43,202.55
Equity	
300 · Capital	79,321.41
Net Income	<u>-117,093.86</u>
Total Equity	<u>-37,772.45</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>5,430.10</u></u>

## Verde Ditch 2015/2016 Budget

Category Description	Budget
Ditch Assessments	\$165,000.00
Interest Income	\$5.00
	\$165,005.00
Contract Ditch Labor	\$500.00
Ditch Maintenance Labor	\$65,000.00
FICA 7.65% of Gross Wages	\$5,000.00
Futa Expense	\$500.00
DES	\$1,200.00
Workmans Comp	\$3,500.00
Admin. Office Books	\$10,800.00
Auto Expense	\$8,600.00
Bank Charges	\$100.00
Ditch and Dam Repair	\$30,000.00
Diesel Fuel	\$2,500.00
Equipment Rental	\$505.00
Equipment Repair	\$5,000.00
Ditch Flow Monitoring	\$1,600.00
Insurance	\$5,000.00
Legal Fees	\$11,000.00
Office Expenses	\$1,700.00
Postage and Freight	\$1,000.00
Rent	\$4,000.00
Supplies	\$1,000.00
Telephone	\$1,500.00
Tools	\$1,500.00
Meals and Meetings/Travel & Entertainment	\$0.00
Pump Utilities	\$2,000.00
Website & Hosting	\$1,500.00
	\$165,005.00