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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.)

NOTICE OF FILING
ANNUAL REPORT

In the matter of the VERDE DITCH) **(Ex Parte)**
COMPANY)
_____)

Albert Dupuy, Jr., Jake McCune, Craig Cooley, Reed McManus, and Cort Monroe,
Commissioners of the Verde Ditch Company, pursuant to Section 11 of the Rules and Regulations
of the Verde Ditch dated August 8, 1989, file with the Court copies of the following:

1. Minutes of the 2020 Verde Ditch Commissioners Meeting (Annual Meeting postponed - COVID) (Exhibit 1);

2. Annual Meeting Agenda dated October 21, 2021, (with Sign In Sheet) and the October 21, 2021 Annual Meeting Minutes (Exhibit 2);
3. Verde Ditch Company Profit & Loss Statement for October 2020 through September 2021 (Exhibit 3);
4. Verde Ditch Company Balance Sheet as of September 30, 2021 (Exhibit 4);
5. Verde Ditch Company Special Assessment Profit & Loss for the period October 2020 through September 2021 (Exhibit 5);
6. Verde Ditch Company Special Assessment Balance Sheet dated as of September 30, 2021 (Exhibit 6); and
7. Verde Ditch 2021/2022 Budget (Exhibit 7).

DATED this 20th day of December, 2021.

L. RICHARD MABERY, P.C.

By: _____

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234 North Montezuma Street
Prescott, Arizona 86301
Attorney for Verde Ditch Company

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VERDE DITCH COMMISSIONERS MEETING

MINUTES

MEETING NOVEMBER 30, 2020

MEETING CALLED TO ORDER 3:00PM

- COMMISSIONERS PRESENT; VERN HILBERS, CRAIG COOLEY, AL DUPUY, REED McMANUS, CORT MONROE
- MINUTES OF THE LAST MEETING READ, CRAIG MADE A MOTION TO ACCEPT, VERN SECONDED.
- 2021 BUDGET REVIEWED AND A MOTION WAS MADE BY CRAIG AND SECONDED BY VERN.
- AL STARTED THE MEETING BY PROPOSING DITCH SHUTDOWN DATE OF 1/4/21. ALL AGREED.
- PRE-MASTER MEETING WITH RICK TO BE 12/29/20.
- MEETING WITH NEW MASTER, JUDGE NAPPER TO BE 1/5/21.
- ALL COMMISSIONERS AGREED TO SERVE FOR ONE MORE YEAR. 2021.
- COMMISSIONERS AGREED TO START ON CREATING A MAP OF DITCH SHOWING APPROXIMATE LOCATION OF HEAD GATES.
- COMMISSIONERS DIRECTED AL TO START A SEARCH FOR A LARGER TRACTOR/MOWER AND THE DECISION WAS MADE TO CEASE ANY ADDITIONAL REPAIRS TO OLD TRACTOR/MOWER.
- CRAIG EXPLAINED THE SRP PURCHASE OF TWO PROPERTIES TO ASSIST IN RESOLVING THE CLAIMED "ORANGE" PROPERTIES.
- AL EXPLAINED A COOPERATIVE EFFORT WITH TNC TO SEND INFORMATION ON WATER CONSERVATION TO ALL CURRENT SHAREHOLDERS.
- WINTER MAINTENANCE PROJECTS WERE DISCUSSED AND PRIORITIZED.
- AL PRESENTED A JOINT PROJECT AT THE JENNER PROPERTY AND COMMISSIONERS AGREED TO PROCEED.
- ASSESSING THE SPECIALTY TRAILER AND EQUIPMENT WAS DISCUSSED. COMMISSIONERS DIRECTED AL TO INSPECT TRAILER AND EQUIPMENT AND PRESENT TO COMMISSIONERS ANY ITEM THAT HAS NOT BEEN USED OR WILL NO LONGER BE NECESSARY. THE DECISION TO SELL ITEMS WILL THEN BE MADE. PROCEEDS OF THE SALE OF ITEMS WILL BE USED TO ASSIST IN THE PURCHASE OF NEW TRACTOR/MOWER.

MEETING AJOURNED 4:15 PM

AGENDA

**The Verde Ditch Annual Shareholders Meeting
Held on October 21, 2021. 6:00PM
Verde Valley Judicial Center**

- 1. Call to order. 6 PM**
- 2. Roll call.**
- 3. Financial report.**
- 4. Introduction of new Master and Co-Master.**
- 5. SRP representative update.**
- 6. TNC representative update.**
- 7. Commissioner's ditch report.**
- 8. Proposed winter maintenance/improvement projects/equipment.**
- 9. Recognition of Vern Hilbers of 40 years of service to the Verde Ditch.**
- 10. Open to shareholders questions.**
- 11. Open to the public for questions.**
- 12. Adjourn. 8 PM**

Sign In Sheet 10/21/21

<u>Name</u>	<u>Address</u>	<u>email & phone</u>
Linda Buchanan	3470 S Hacienda CV	VerdeConfluenceConsulting@gmail
Ally Cooby	1697 S Moorock Ln CV	
Julie McCune	3405 S. Silver Rd CV	
Pete Mellick	Concl circle	pmellick@cox.net
Vernon Hilbers	706 Salt Mine Rd	
David Hilbers	" " "	hilbarn@gmail.com
LEONARD ROSEMAN	545 W Salt Mine Rd	len.roseman@gmail.com
Elizabeth Taylor	" " "	" "
MARIA CUYER	757 E MARINADOR	MISTYLOSER1947@gmail.com
Nancy Higginbotham	1495 & 1354 Rio Verde Ln	NLH1865@gmail.com
Ed Erck	Camp Verde	
Lucas Shaw	Conroy/MacMillan	lucas.shaw@sprnet.com
Adam Smith	CONROY/MACMILLAN	ADAM.SMITH@SPRNET.COM
Dave Spitzer	227 Salt Mine	
Hollie Gross	F ³⁶⁰ innic Flat	holliegross1604@gmail.com
Sharon DeVries	360 Eerie Flat #70	

MINUTES
VERDE DITCH
ANNUAL SHAREHOLDER MEETING
OCTOBER 21, 2021

Meeting was called to order at 6pm

Commissioners present: Al Dupuy, Craig Cooley, Reed McManus, Jake McCune, Cort Monroe

Minutes of the last Commissioner meeting were typed and presented in the meeting packet.

Financial statement was presented: Mr. Mollick asked about the legal fees, Mr. Mabery answered his questions. Craig made a motion to accept Financials, Reed seconded.

Al introduced our new Co-Master Judge Wallace and explained our new Master is Judge Napper.

Judge Wallace introduced herself and gave a little history about herself.

SRP representative Lucas Shaw shared some updates. Lucas explained that SRP purchased the Conroy & McMillian property with the intent to help the Verde Ditch with their water shares. These 2 properties have enough water shares to fix the Verde Ditch shares, claimed by SRP to be questionable.

Lucas explained they have a program offering Verde Ditch shareholder to sign the historic use agreement. Mr. Mollick asked if the shareholders should seek legal advice before signing the agreement. Lucas said that's up to the shareholder if they feel like they want legal advice.

Kim Schonek with TNC explained the several projects they are involved in thru out the Verde Valley. Al explained Kim has helped the Verde Ditch with some of the previous government grants we used to do improvements on the ditch. Al explained there is a large piping project out Salt Mine Rd that the TNC has offered to help us with. That area has had several bank failures. They have a cost sharing program. The total project cost is \$165,000.00, TNC will contribute \$135,000.00 and the Verde Ditch will contribute \$30,000.00

Commissioner Report- Al introduced Jake McCune as the new commissioner. Al asked the commissioners to talk about their section of the ditch. Al gave an approx. turn off date of end of November, 1st week of December, depends on the leaves falling. The water helps carry the leaves away. Al asked Rick to give an update on the adjudication. Rick explained that the Verde Valley would be the next area in the adjudication courts.

Recognition of Vern Hilbers- Craig presented a short history of Vern's Life and when he became a Verde Ditch commissioner. Vern served 47 years as a Verde Ditch Commissioner.

Open to shareholders-Mr. Mollick addressed Judge Wallace about the Verde Ditch Rules & Regs not allowing for the shareholders to vote on things and not able to vote on the commissioners. Mr. Mollick feels the Verde Ditch should send out notices 90 days in advance, announcing the annual meeting, date, place and time. Al agreed to try to announce the meeting better.

Linda Buchanan thanked the commissioners for the great job they do. Dave Apjones also thanked the commissioners.

Al thanked everyone for coming, Meeting adjourned 7:20pm-Craig seconded

Verde Ditch Company

Profit & Loss

October 2020 through September 2021

	<u>Oct '20 - Sep 21</u>
Income	
400 · Ditch Assessments	155,488.72
403 · Sale of Tractor	1,000.00
	<hr/>
Total Income	156,488.72
Expense	
601 · Ditch Maintenance Labor	67,570.00
602 · FICA	5,169.23
603 · Futa Expense	235.24
604 · DES	879.17
607 · Admin, Office, Books	10,800.00
609 · Auto Expense	12,297.15
610 · Bank Charges	20.00
611 · Ditch & Dam Repair	29,885.38
612 · Diesel Fuel	1,083.34
614 · Equipment Repair	4,893.22
617 · Ditch Flow Monitoring	1,071.36
618 · Insurance- Liab. / WC	6,293.00
620 · Legal Fees	12,959.06
621 · License & Tax	62.05
625 · Office Expense	1,845.80
629 · Postage & Freight	658.00
630 · Rent	4,380.00
633 · Supplies	889.05
634 · Telephone	1,358.77
637-1 · Meals for Meetings	113.85
638 · Utilities	2,880.08
639 · Website & Hosting	1,013.99
	<hr/>
Total Expense	166,357.74
Net Income	<hr/> <hr/> <u>-9,869.02</u>

Verde Ditch Company

Balance Sheet

As of September 30, 2021

	<u>Sep 30, 21</u>
ASSETS	
Current Assets	
Checking/Savings	
102 · Chase Bank	60,543.44
104 · Due from Grant Account	73.57
	<u>60,617.01</u>
Total Checking/Savings	60,617.01
Total Current Assets	60,617.01
Fixed Assets	
150 · General Equipment	
150-2 · John Deere Backhoe	35,552.77
150-3 · Vermeer Chipper	8,200.00
150-4 · Weed Sprayer & Water Pump	6,290.50
150-5 · Rammer	2,736.15
	<u>52,779.42</u>
Total 150 · General Equipment	52,779.42
199 · Accumulated Depreciation	-40,719.26
	<u>12,060.16</u>
Total Fixed Assets	12,060.16
TOTAL ASSETS	<u><u>72,677.17</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
210 · Az Withholding	319.76
211 · Federal Withholding Payable	125.26
212 · FICA Payable	426.90
	<u>871.92</u>
Total Other Current Liabilities	871.92
Total Current Liabilities	<u>871.92</u>
Total Liabilities	871.92
Equity	
320 · Capital	81,674.27
Net Income	-9,869.02
	<u>71,805.25</u>
Total Equity	71,805.25
TOTAL LIABILITIES & EQUITY	<u><u>72,677.17</u></u>

Verde Ditch Special Assessment
Profit & Loss
October 2020 through September 2021

	<u>Oct '20 - Sep 21</u>
Income	0.00
Expense	
620 · Legal Fees	<u>2,088.00</u>
Total Expense	<u>2,088.00</u>
Net Income	<u><u>-2,088.00</u></u>

Verde Ditch Special Assessment
Balance Sheet
As of September 30, 2021

	<u>Sep 30, 21</u>
ASSETS	
Current Assets	
Checking/Savings	
102 · Chase Bank - General Account	<u>117,933.34</u>
Total Checking/Savings	<u>117,933.34</u>
Total Current Assets	117,933.34
Fixed Assets	
150 · Office Equipment	<u>2,268.41</u>
Total Fixed Assets	<u>2,268.41</u>
TOTAL ASSETS	<u><u>120,201.75</u></u>
LIABILITIES & EQUITY	
Equity	
320 · Retained Earnings	122,289.75
Net Income	<u>-2,088.00</u>
Total Equity	<u>120,201.75</u>
TOTAL LIABILITIES & EQUITY	<u><u>120,201.75</u></u>

Verde Ditch ^2021/2022 Budget				
Item #	Category Description	Budget ^2020/2021	Actual 2020/2021	Budget ^2021/2022
Income				
400	Ditch Assesments	\$155,000.00	\$155,488.72	\$156,000.00
401	Interest Income	\$0.00	\$0.00	\$0.00
403	Sale Of Tractor	\$0.00	\$1,000.00	\$0.00
Total Income		\$155,000.00	\$156,488.72	\$156,000.00

Expenses	Description	Budget 2019/2020	Actual 2020/2021	Budget ^2021/2022
600	Contract Ditch Labor	\$600.00	\$0.00	\$0.00
601	Ditch Maintence Labor	\$55,000.00	\$67,570.00	\$65,000.00
602	FICA 7.6% of Gross Wages	\$4,500.00	\$5,169.23	\$4,940.00
603	Futa Expense	\$300.00	\$235.24	\$240.00
604	DES-Unemployment Tax AZ	\$300.00	\$879.17	\$500.00
607	Admin. Office Books	\$10,800.00	\$10,800.00	\$10,800.00
609	Auto Expense	\$10,500.00	\$12,297.15	\$12,300.00
610	Bank Charges	\$0.00	\$20.00	\$20.00
611	Ditch and Dam Repair	\$34,500.00	\$29,885.38	\$25,080.00
612	Diesel Fuel	\$2,080.00	\$1,083.34	\$1,500.00
613	Equipment Rental	\$100.00	\$0.00	\$0.00
614	Equipment Repair	\$8,500.00	\$4,893.22	\$6,000.00
617	Headgate Monitoring	\$800.00	\$1,071.36	\$1,000.00
618	Insurance-Liab/WC	\$9,100.00	\$6,293.00	\$7,000.00
620	Legal Fees	\$5,000.00	\$12,959.06	\$8,500.00
621	License & Tax	\$120.00	\$62.05	\$120.00
625	Office Expenses	\$1,500.00	\$1,845.80	\$2,000.00
629	Postage and Freight	\$600.00	\$658.00	\$700.00
630	Rent	\$5,000.00	\$4,380.00	\$4,500.00
633	Supplies	\$1,000.00	\$889.05	\$1,000.00
634	Telephone	\$1,500.00	\$1,358.77	\$1,500.00
638	Pump Utilities	\$2,100.00	\$2,880.08	\$2,200.00
639	Website & Hosting	\$1,100.00	\$1,013.99	\$1,100.00
Total		155,000.00	\$166,243.89	\$156,000.00
Income vs Budget		\$0.00	-\$9,755.17	\$0.00