

1 GEORGE A. SCHADE, JR.  
State Bar No. 003289  
2 Special Master, Maricopa County Superior Court  
Central Court Building, Suite 5B  
3 201 West Jefferson  
Phoenix, Arizona 85003-2205  
4 Telephone (602) 372-4115  
schadeg099@superiorcourt.maricopa.gov  
5

6 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
IN AND FOR THE COUNTY OF MARICOPA  
7

8 IN RE THE GENERAL ADJUDICATION  
OF ALL RIGHTS TO USE WATER IN THE  
9 GILA RIVER SYSTEM AND SOURCE

DATE: January 31, 2012

W-1 (Salt)  
W-2 (Verde)  
W-3 (Upper Gila)  
W-4 (San Pedro)  
(Consolidated)

10  
11  
12 NOTICE OF FILING REPORT OF THE CLERK  
OF THE MARICOPA COUNTY SUPERIOR  
13 COURT CONCERNING A REVIEW OF THE  
FUND OF FILING FEES

14  
15 CONTESTED CASE NAME: None.

16 HSR INVOLVED: None.

17 DESCRIPTIVE SUMMARY: The Special Master files a copy of the report prepared by the Clerk  
of the Maricopa County Superior Court concerning a financial review of the fund of filing fees.

18 NUMBER OF PAGES: 2; Attachment A - 4; total 6 pages.

19 DATE OF FILING: January 31, 2012.  
20

21 The Clerk of the Maricopa County Superior Court ("Clerk") conducts a review of its records  
22 for depositing and disbursing monies from activities in the General Adjudication of All Rights to Use  
23 Water in the Gila River System and Source (internally designated the "Water Case"). Since the first  
24 audit was completed in 1993, the account has been audited in 1996, 2001, 2006, and 2011. The Clerk's

1 practice is to review the account every five years.

2 The Special Master files a copy of the Clerk's report dated December 23, 2011, which is  
3 attached to this notice as Attachment A. The Special Master's records, which include documents  
4 compiled by the Arizona Department of Water Resources, were used in the preparation of the report.

5 The report does not make any recommendations to implement actions.

6 DATED: January 31, 2012.

7

8 /s/ George A. Schade, Jr.  
9 GEORGE A. SCHADE, JR.  
Special Master

10

11 On January 31, 2012, the original notice was  
12 delivered to the Clerk of the Maricopa County  
Superior Court for filing and distributing a copy to  
13 all persons listed on the Court approved mailing list  
for the Gila River Adjudication, W-1, W-2, W-3,  
14 W-4 (Consolidated), dated July 25, 2011.

14

15 /s/ Barbara K. Brown  
Barbara K. Brown

16

17

18

19

20

21

22

23

24

**MEMO TO:** Michael Jeanes, Clerk of the Superior Court  
**FROM:** David Forde, Quality Assurance Auditor  
**SUBJECT:** Financial Review of the Water Case  
**DATE:** December 23, 2011

I have conducted a review of the records maintained by Document and Cash Management Services for depositing and disbursing monies from activities in the General Adjudication of All Rights to Use Water in the Gila River System and Source (Water Case). Audits of these accounts were performed in 1993, 1996, 2001 and 2006 and this review was conducted in order to update that information.

The scope of the review included verifying that all monies collected from the Water Case filings were properly deposited into bank accounts designated for such funds and that all expenditures of funds were properly disbursed from the same bank accounts. In addition, the Gila River General Stream Adjudication Docket (docket) maintained by the Clerk of the Superior Court, was reviewed to determine all receipts and expenditures were properly reflected. The audit procedures used in conducting this evaluation included comparing the records provided by the Special Master, Arizona General Stream Adjudication (Special Master), to the docket, and verifying the amounts of fees received and disbursements made to the applicable bank statements.

**BACKGROUND:**

The Clerk of the Court is responsible for processing all documents, securing all fees received with filings and disbursing monies as ordered under the Water Case. The first filings under this case were recorded in 1979 and continue through today. All monies are currently deposited in a Treasurer's Account (Fund 980) maintained solely for Water Case monies. Through October 2011 over \$2.1 million has been received with filings in the Water Case. Since 1979, more than \$1.6 million in interest has been earned on these deposits and over \$3.3 million has been disbursed from these accounts.

**SUMMARY OF AUDIT FINDINGS:**

1. All revenue and expenditure entries in the records of the Special Master were reconciled to the bank account records.
2. All filing fee and expenditure activities from the Water Case were properly recorded in the docket.
3. During the audit period, November 2006 through September 2011, the Water Case monies held in the Treasurer's Account earned an average of 2.7 % annual interest.

These findings were shared with George Schade, Becky Magana, Rich McHattie, Melanie Fay, and Jane Tewksbury. The detailed findings and recommendations are attached.

cc: Chris Kelly, Chief Deputy  
Becky Magana, Deputy Director, Document and Cash Management Services  
Rich McHattie, Deputy Director, Strategic Planning and Information Technology  
Melanie Fay, Administrator, Records Management Services  
George Schade, Special Master, Arizona General Stream Adjudication

Attachment A

**FINDING NO. 1: All revenue and expenditure entries in the records of the Special Master were reconciled to the bank account records.**

Records of revenues and expenditures relating to the Water Case were obtained from the Special Master. These entries were examined and reconciled to the banking records for Fund 980.

As of October 2011, the bank accounts reflect the following:

Filing Fees Collected	\$2,103,451
Interest Earned on Deposits	<u>\$1,539,957</u>
Funds Available	\$3,643,408
Funds Disbursed	<u>\$3,316,092</u>
Fund 980 Balance	\$ 327,316

**RECOMMENDATION:**

None, for information only.

**FINDING NO. 2:    All filing fee and expenditure activities in the Water Case were properly recorded in the docket.**

The docket is used to record all documents filed in the Superior Court relating to the Water Case. Per comparison of records of the Special Master to the docket, it was determined that all revenue and expenditure activities for the period of November 2006 through October 2011 were reflected in the record.

(<http://www.clerkofcourt.maricopa.gov/watercase.asp>)

**RECOMMENDATION:**

None, for information only.

**FINDING NO. 3: During the audit period, November 2006 through October 2011, the Water Case monies held in the Treasurer's Account earned an average of 2.7 % annual interest.**

The Clerk's Office currently maintains all Water Case monies in Treasurer's Fund 980 managed by the Maricopa County Treasurer. The monies in this fund are included in the Treasurer's Investment Pool which has as a primary objective, the safety of the principal balance. The pooled investments are made in accordance with Arizona Revised Statute §35-323 and the Maricopa County Treasurer Investment Policy and thus are restricted to a maximum maturity of five years and specified eligible investments. Monies are transferred from this account to the Clerk's Office checking account whenever expenditures are authorized by the Adjudication Court and the Water Master.

During the period of November 2006 through October 2011, the average monthly balance maintained in the Treasurer's Fund 980 was approximately \$645,000 and earned an average annual rate of interest of 2.7%.

**RECOMMENDATION:**

None, for information only.