

SUPERIOR COURT
YAVAPAI COUNTY, ARIZONA
2006 NOV 22 AM 11:14
JEANNE HICKS, CLERK
BY: M. Banija

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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. CV 4772**

Plaintiffs,) **Division 1**

vs.

WALES ARNOLD, et us., et al.,) **NOTICE OF FILING ANNUAL**
In the matter of VERDE DITCH COMPANY) **INCOME STATEMENT (AMENDED)**
Defendants.) **AND BALANCE SHEET OF VERDE**
) **DITCH COMPANY; and VERDE DITCH**
) **SPECIAL ASSESSMENT INCOME**
) **STATEMENT AND BALANCE SHEET**

DUGAN McDONALD, JOHN TEAGUE, DAVID STUTZMAN, VERNON HILBERS
and JOHN REDDELL, the duly appointed Commissioners of the Verde Ditch Company, hereby
give notice of the filing of the Verde Ditch Company's Income Statement for the 12 month period
ending September 30, 2006, and Balance Sheet dated September 30, 2006, copies of which are
attached hereto as Exhibits 1 and 2, respectively.

The Commissioners further give notice of the filing of the Verde Ditch Company's Special
Assessment Income Statement for the 12 month period ending September 30, 2006, and Special

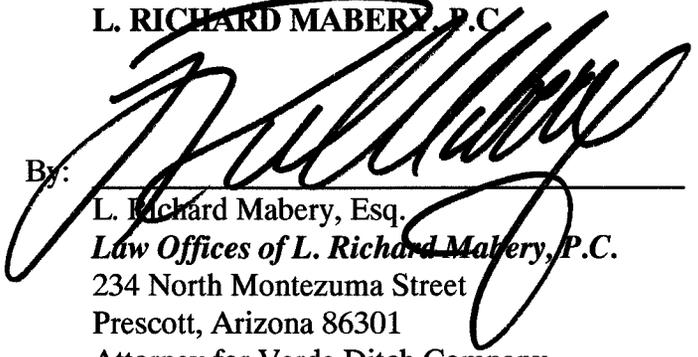
Law Offices of
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Assessment Balance Sheet dated September 30, 2006, copies of which are attached hereto as Exhibits 3 and 4, respectively.

The 2006 Income Statement has been amended to correct the coding on a deposit and by adding a second page to Exhibit 1 to furnish additional detail on the expenditures.

DATED this 21 day of November, 2006.

L. RICHARD MABERY, P.C.

By: 

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VERDE DITCH COMPANY
Income Statement
Current, YTD, and Ratios
12 Period(s) Ending September 30, 2006

	Year-to-Date	%
INCOME		
DITCH ASSESSMENTS	96,531.03	99.9
INTEREST INCOME	52.91	0.1

TOTAL INCOME	96,583.94	100.0
COST OF SALES		

GROSS PROFIT (LOSS)	96,583.94	100.0
EXPENSES		
DITCH LABOR	33,795.56	35.0
WORKMANS COMP EXPENSE	3,305.18	3.4
ACCOUNTING FEES	7,200.00	7.5
AUTO EXPENSE	2,778.41	2.9
BANK CHARGES	117.80	0.1
DITCH & DAM REPAIRS	18,248.82	18.9
DIESEL FUEL	765.76	0.8
EQUIPMENT RENTAL	1,240.00	1.3
EQUIPMENT REPAIR & MAIN	5,820.92	6.0
INSURANCE	3,611.66	3.7
LEGAL FEES	11,241.69	11.6
LICENSE & TAX	332.35	0.3
OFFICE EXPENSE	287.14	0.3
OUTSIDE SERVICE	1,140.00	1.2
POSTAGE & FREIGHT	245.10	0.3
RENT	3,592.00	3.7
SUPPLIES	93.39	0.1
TELEPHONE	609.31	0.6
TOOLS	1,118.16	1.2
TRAVEL & ENTERTAINMENT	80.00	0.1
UTILITIES	1,824.73	1.9

TOTAL EXPENSES	97,447.98	100.9

NET INCOME (LOSS)	(864.04)	0.9
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DITCH LABOR:

COMMISSIONERS	18,182.16
OTHER LABOR	<u>15,613.40</u>
TOTAL	33,795.56

WINTER MAINTENANCE & JUSTIN

DITCH & DAM REPAIRS:

ACE HARDWARE	2.55
MCDONALD BROTHERS	5,607.30
MCDONALD BROTHERS	3,193.49
BELL CEMENT	2,804.07
ACE HARDWARE	482.98
AZ JOBSITE CONCRETE	1,244.75
BELL CEMENT	353.51
AZ JOBSITE CONCRETE	4,890.50
BELL CEMENT	442.36
BELL CEMENT	92.52
ACE HARDWARE	383.95
MCDONALD BROTHERS	41,727.96
WAYNE REDDELL	4,372.13
AGT	200.00
ED SALIER	1,332.50
WAYNE REDDELL	11,520.00
AZ JOBSITE CONCRETE	17,388.24
WAYNE REDDELL	3,150.00
MCDONALD BROTHERS	1,729.11
MCDONALD BROTHERS	2,536.20
MCDONALD BROTHERS	11,078.92
MCDONALD BROTHERS	13,238.62
SEDONA WEST	272.70
ACE HARDWARE	446.48
REZZONICO WELDING	906.96
MCDONALD BROTHERS	27,372.97
MCDONALD BROTHERS	5,539.46
ACE HARDWARE	61.73
FRANK TOMPKINS	135.98
GILBERT PUMP	2,579.40
ACE HARDWARE	29.27
PARKER CONSTRUCTION	500.00
MCDONALD BROTHERS	700.13
LESS REIMBURSEMENT	-5,607.30
LESS REIMBURSEMENT	-41,727.96
LESS REIMBURSEMENT	-7,000.00
LESS REIMBURSEMENT	-26,853.75
LESS REIMBURSEMENT	-3,620.00
LESS REIMBURSEMENT	-40,496.45
LESS REIMBURSEMENT	-22,762.46
TOTAL	18,248.82

SUPPLIES
SIMONTON
CHAULK HILL, TURLEY & WINDY PT
REBAR, WIRE TIES, CONCRETE TOOL
SUPPLIES
CONCRETE
TIES
CONCRETE-WALL
REBAR
COMPOUND
SUPPLIES
SIMONTON-FINNIE FLAT SIPHONS
SIMONTON-HEADWALL
MOVE TRAILER
BACK FILL WALL
SIMONTON-SIPHON A & B
SIMONTON & WALL
SIMONTON-HEADWALL SIPHON B
WALL
SIMONTON
SIMONTON-SIPHON 2
SIMONTON-SIPHON 1
SEDONA WEST-REPAIR HEADGATE
SUPPLIES
HEAD GATE-PECAN FARM
SIMONTON-SIPHON 1, UTILITY CROSSING
SIMONTON-SIPHON 2
SUPPLIES
REPAIR HEADGATE
REPAIR PUMP
SUPPLIES
PULL AND RESET PUMP
FIX HOLE IN DAM
SIMONTON
SIMONTON, CHARTWELL, HAVEN, DUPUY
DUPUY
SIMONTON & DUPUY
TOWNHOUSES
DUPUY & HAVEN
CHARTWELL & SIMONTON

VERDE DITCH COMPANY
Balance Sheet

September 30, 2006

ASSETS

ASSETS

BANK ACCT-BANK ONE	25,107.24	
TOTAL ASSETS		25,107.24

FIXED ASSETS

GENERAL EQUIPMENT	62,776.45	
FURNITURE & FIXTURES	470.51	
LAND	100.00	
TOTAL FIXED ASSETS		63,346.96

TOTAL ASSETS		88,454.20
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VERDE DITCH COMPANY
Balance Sheet

September 30, 2006

LIABILITIES

LIABILITIES

LONG TERM LIABILITIES

CAPITAL

CAPITAL STOCK	89,318.24	
NET PROFIT/LOSS	(864.04)	
TOTAL CAPITAL		88,454.20

TOTAL LIABILITIES AND CAPITAL		88,454.20
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VERDE DITCH SPECIAL ASSESSMENT
Income Statement
Current, YTD, and Ratios
12 Period(s) Ending September 30, 2006

	Year-to-Date	%
INCOME		
DITCH ASSESSMENTS	69,226.35	99.9
INTEREST INCOME	88.65	0.1

Total INCOME	69,315.00	100.0
COST OF SALES		

Gross Profit (Loss)	69,315.00	100.0
EXPENSES		
ACCOUNTING FEES	1,800.00	2.6
BANK CHARGES	79.75	0.1
DITCH & DAM REPAIRS	1,553.34	2.2
LEGAL FEES	7,924.35	11.4
MAPPING	1,225.00	1.8
OFFICE EXPENSE	323.29	0.5
POSTAGE & FREIGHT	222.81	0.3

Total EXPENSES	13,128.54	18.9

Net Income (Loss)	56,186.46	81.1
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VERDE DITCH SPECIAL ASSESSMENT
Balance Sheet

September 30, 2006

Assets

ASSETS

BANK ACCT-BANK ONE

56,186.46

Total ASSETS

56,186.46

FIXED ASSETS

Total Assets

56,186.46
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Liabilities

LIABILITIES

LONG TERM LIABILITIES

CAPITAL

NET PROFIT/LOSS

56,186.46

Total CAPITAL

56,186.46

Total Liabilities and Capital

56,186.46
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