

SUPERIOR COURT
YAVAPAI COUNTY, ARIZONA

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BY: M. Feichter

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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, all of the 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:

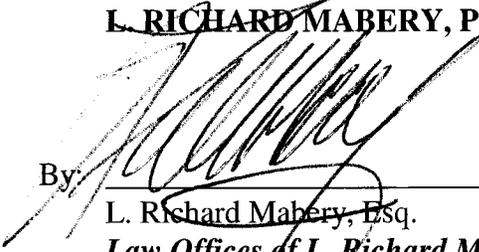
1. Minutes of Annual Shareholders Meeting and Sign In Sheet - October 16, 2014 (Exhibit 1);
2. Annual Meeting Agenda dated October 16, 2014 (Exhibit 2);

Law Offices of
L. Richard Mabery, P.C.
234 North Montezuma Street
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3. Verde Ditch Company's Profit & Loss Statement for October 31, 2013 through September 30, 2014 (Exhibit 3);
4. Verde Ditch Company's Balance Sheet as of September 30, 2014 (Exhibit 4);
5. Verde Ditch Company's Special Assessment Profit & Loss for the period October 31, 2013 through September 30, 2014 (Exhibit 5);
6. Verde Ditch Company's Special Assessment Balance Sheet dated as of September 30, 2014 (Exhibit 6);
7. Verde Ditch 2014-2015 Projected Budget (Exhibit 7); and
8. Details of Ditch & Dam Repairs (Exhibit 8).

DATED this 10th day of November, 2014.

L. RICHARD MABERY, P.C.

By: 

L. Richard Mabery, Esq.

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234 North Montezuma Street

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EXHIBIT 1

**VERDE DITCH
ANNUAL SHAREHOLDERS MEETING
OCTOBER 16, 2014
6PM
MINUTES**

Meeting was called to order at 6pm

All Commissioners were present: Al Dupuy, Vern Hilbers, John Teague, Dave Myers
Craig Cooley

Minutes of last year's meeting were read, John made a motion to accept and Dave seconded. Al in favor.

Ronda went over the Profit & Loss statements for the General Account and the Special Assessment account. Shareholders had a few questions. Asked about the legal fees and why they are so high. Explained to the shareholders that since the Verde Ditch is in the courts everything we do needs to go thru the lawyer and then to be signed by the Judge. John made a motion the accept Financials, Vern seconded. Al in favor.

Commissioners Report: Craig Cooley introduced himself He explained some of the areas with issues. He explained one of the big users at the end of the ditch didn't use water after June this year so that helped keep water flowing to the end this year, along with the fact we had a great monsoon season this year. John Teague explained one of the winter projects is to clear from the Noble property to the end of the ditch. He spoke to Ed Erck about working on his property. John explained we are installing a new pipeline at windy point. Al explained we received another federal grant and the pipeline won't be costing the ditch company any money. The funds from the grant are to be spent on an automated drop gate and placing heavies at some of the turns of the ditch to keep erosion down and the pipeline at windy point. Al explained we have had some trouble at the head of the ditch keeping the water level consistent. A shareholder from that area said Al is getting close on the adjustments of the head gate and the drop gate and the levels are getting better. Al explained the winter maintenance list and went over some of the areas and projects.

Shareholders expressed concern about the winter maintenance budget list adding up to more than we have to spend when you add in the general monthly overhead of the ditch. We tried to explain that the winter maintenance is more of a want list and its things we would like to do, money, weather and time permitting. It was agreed we should not have numbers on the winter maintenance list that are more than we have to spend.

Al explained that all the commissioners have agreed we should keep the special assessment going at the reduced amount of \$25.00 and continue to bill it every October.

Rick Mabery addressed the shareholders and gave them an update on the progress with SRP. Rick explained the commissioner have been meeting and working with SRP representatives and have been identifying parcels and historic water rights all along the verde ditch. Rick explained we are going to start having workshops and start bringing together the SRP agreed on water rights. Rick explained everything we do has to go thru the courts and the Judge. Rick explained the adjudication filing and that the verde water shed is the next area for the adjudication judge. Rick explained we are getting close on signing the MOU. Rick said there was good news and both sides are happy with the MOU and SRP is ready to move on. Shareholder asked about the water rights under the roads, Rick explained that is something that has been discussed for a long time and that is an issue to take up with the Town of Camp Verde.

Open to the Shareholders and public: Ed Erck asked us to take a look at the Jenner property. He says there used to be a spillway on that property but after we installed the weir it didn't get put back in. He feels we could have a big issue if that area gets a heavy rain fall. Commissioners agree to take a look at it.

Shareholder asked us to please clean up after we clean out the head gates. The trash and debris gets washed down copper canyon when it rains if we don't get it picked up fast enough.

John Teague made a motion to adjourn, Craig Cooley seconded.

Meeting Adjourned at 8:05pm

VERDE DITCH
ANNUAL SHAREHOLDERS MEETING
OCTOBER 16, 2014

SIGN IN SHEET

1. Charlotte Salsman
2. Doug Kade /
Darell Wellburn
- 3.
4. Alan R Cooley
5. Ed Eick
6. Dan Nushay
7. Joe Toledo
8. Jim Waco
9. Steve Van Kenningham
10. Dave Jones
11. Theresa Rose
12. Leroy Miller
13. Wa Hancock
- 14.
- 15.
- 16.
- 17.
- 18.
- 19.
- 20.
- 21.
- 22.
- 23.

EXHIBIT 2

Verde Ditch
P.O. Box 2345
Camp Verde, AZ 86322
928-567-4212

AGENDA

**The Verde Ditch Shareholders
Annual Meeting
October 16, 2014. 6:00PM
Yavapai County Court Complex
2840 Commonwealth Dr. Camp Verde
Room 101**

1. Roll call.
2. Read and approve minutes of last meeting.
3. 2013/2014 financial report.
4. 2013/2014 Commissioners report.
5. Commissioner's projected winter projects.
6. Presentation of 2014/2015 budget.
7. Consideration and vote on special assessment.
8. Attorney Mabery update on SRP.
9. Call to the shareholders.
10. Call to the public.
11. Adjourn

EXHIBIT 3

Verde Ditch Company
 Profit & Loss
 October 31, 2013 through September 30, 2014

	Oct 31, '13 - Sep 30, 14
Income	
400 · Ditch Assessments	165,399.18
401 · Interest Income	5.35
Total Income	165,404.53
Expense	
600 · Ditch Labor	812.50
601 · Wages	62,140.00
602 · FICA	4,761.72
603 · Futa Expense	488.98
604 · DES	1,140.71
605 · Workmans Comp	2,615.00
607 · Admin, Office, Books	10,800.00
609 · Auto Expense	7,327.70
610 · Bank Charges	72.00
611 · Ditch & Dam Repair	46,999.50
612 · Diesel Fuel	2,579.96
613 · Equipment Rental	195.00
614 · Equipment Repair	3,705.36
618 · Insurance	5,304.00
620 · Legal Fees	16,402.26
625 · Office Expense	1,589.63
629 · Postage & Freight	675.82
630 · Rent	3,934.00
633 · Supplies	770.00
634 · Telephone	1,322.79
637-1 · Meals for Meetings	17.44
638 · Utilities	1,310.84
639 · Website & Hosting	1,245.00
Total Expense	176,210.21
Net Income	-10,805.68

EXHIBIT 4

Verde Ditch Company
Balance Sheet
 As of September 30, 2014

Sep 30, 14

ASSETS	
Current Assets	
Checking/Savings	
102 · Chase Bank	16,206.51
103 · Federal Grant Account	24,421.46
Total Checking/Savings	40,627.97
Total Current Assets	40,627.97
Fixed Assets	
150 · General Equipment	
150-1 · Computer, Printer & Moni...	2,160.81
150-2 · John Deere Backhoe	35,600.00
150-3 · Vermeer Chipper	8,200.00
150-4 · Weed Sprayer & Water P...	6,290.50
150-5 · Rammer	2,736.15
150-6 · Tractor/Mower	3,800.00
150 · General Equipment - Other	48,426.45
Total 150 · General Equipment	107,213.91
152 · Furniture & Fixtures	470.51
153 · Land	100.00
Total Fixed Assets	107,784.42
TOTAL ASSETS	148,412.39
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
210 · Az Withholding	289.14
211 · Federal Withholding Paya...	198.12
212 · FICA Payable	422.30
Total Other Current Liabilities	909.56
Total Current Liabilities	909.56
Total Liabilities	909.56
Equity	
300 · Capital	158,308.51
Net Income	-10,805.68
Total Equity	147,502.83
TOTAL LIABILITIES & EQUITY	148,412.39

EXHIBIT 5

Verde Ditch Special Assessment
Profit & Loss
October 31, 2013 through September 30, 2014

	<u>Oct 31, '13 - Sep 30, 14</u>
Income	
400 · Special Assessments	31,604.31
401 · Interest Income	9.26
Total Income	<u>31,613.57</u>
Expense	
607 · Accounting Fees	2,500.00
610 · Bank Fees	118.29
620 · Legal Fees	31,130.96
623 · Mapping	3,483.10
625 · Office Expense	50.22
629 · Postage & Freight	204.00
Total Expense	<u>37,486.57</u>
Net Income	<u><u>-5,873.00</u></u>

EXHIBIT 6

Verde Ditch Special Assessment
Balance Sheet
As of September 30, 2014

	<u>Sep 30, 14</u>
ASSETS	
Current Assets	
Checking/Savings	
102 · Chase Bank - General Account	<u>79,321.41</u>
Total Checking/Savings	<u>79,321.41</u>
Total Current Assets	<u>79,321.41</u>
TOTAL ASSETS	<u><u>79,321.41</u></u>
LIABILITIES & EQUITY	
Equity	
300 · Capital	85,194.41
Net Income	<u>-5,873.00</u>
Total Equity	<u>79,321.41</u>
TOTAL LIABILITIES & EQUITY	<u><u>79,321.41</u></u>

EXHIBIT 7

**2014/2015 Projected Budget for Winter Maintenance
Projects and Irrigating Season Monitoring/Maintenance**

Description	Dollars
Install heavies to re-build dam at Main head gate.	\$ 560.00
Repair spillway gates.	\$ 3,800.00
Improvements to ditch along Doug Park Road to Dickison Road.	\$ 4,450.00
Improvements to ditch at Carter Fence to Holloman St.	\$ 8,900.00
Improvements to ditch at Fort Lincoln to Salt Mine and Silver roads.	\$ 5,860.00
Improvements to ditch at end of Windchester Trail to end of ditch.	\$ 7,550.00
Mow/burn/dig center of ditch.	\$ 8,800.00
Build and install two additional grates and modify one existing grate.	\$ 1,620.00
Restore access along ditch bank in several areas.	\$ 8,950.00
Telemetry monitoring.	\$ 750.00
Audit/Review	\$ 5,000.00
Start ditch.	\$ 1,535.00
Capital improvement fund. (Grants, etc.)	\$ 20,000.00
Irrigating season routine monitoring/maintaining of ditch and administrative work.	\$ 38,000.00
Catastrophic repair fund. (Diversion dams, blowouts, etc.)	\$ 25,000.00
TOTAL PROJECTED COSTS	\$ 140,775.00

EXHIBIT 8

DITCH & DAM REPAIRS

HEAVIES FOR LINING THE DITCH AND NARROWING IT UP, FILL DIRT TO FILL IN BEHIND THE HEAVIES.

HUGE TREES DOWN IN DITCH BLOCKING FLOW OF WATER.

A LOT OF CUTTING BRUSH ALONG DITCH BANKS AND CHIPPING. MOWING AND BURNING ALONG DITCH BANKS.

TRANSPORTING HEAVIES FROM SUPPLIER TO JOB LOCATION, HAULING AND DISPOSING OF DEBRIS FROM WINTER MAINTENANCE.

REPAIR DROPGATE AT WINCHESTER TRAIL.

BUILT UP DITCH BANK IN SEVERAL AREAS.

WORK ON UNDERGROUND PIPELINE.

BOULDERS FOR DAM AT PUMP SITE

MISC SUPPLIES