

SUPERIOR COURT
YAVAPAI COUNTY, ARIZONA

2004 DEC 29 PM 4:16

JEANNE HOOKS, CLERK

BY: CG [Signature]

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State Bar I.D. No. 005188

Attorney for the 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 ux., et al.,)

NOTICE OF FILING ANNUAL
INCOME STATEMENT AND
MINUTES OF ANNUAL MEETING
FOR THE VERDE DITCH
COMPANY

In the Matter of)

THE VERDE DITCH COMPANY,)

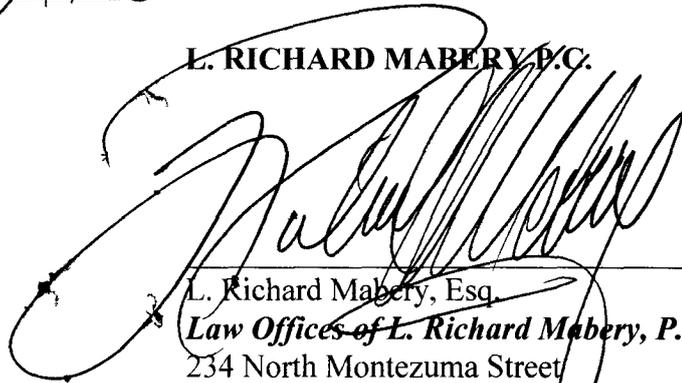
Defendants.)

_____)

The Annual Income Statement for the twelve (12) month period ending September 30, 2004,
Agenda, Sign In Sheet and Minutes of the October 21, 2004 Shareholder Meeting are filed herewith.

DATED this 29th day of December, 2004.

L. RICHARD MABERY, P.C.



L. Richard Mabery, Esq.
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234 North Montezuma Street
Prescott, Arizona 86301
Attorney for the Verde Ditch Company

DIV. 1

DEC 30 2004

Law Offices of
L. Richard Mabery, P.C.
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VERDE DITCH COMPANY
Income Statement
Current, YTD, and Ratios
12 Period(s) Ending September 30, 2004

	Current	%	Year-to-Date	%
INCOME				
DITCH ASSESSMENTS	7,798.55	99.9	105,365.08	100.0
INTEREST INCOME	5.70	0.1	43.67	0
	-----		-----	
TOTAL INCOME	7,804.25	100.0	105,408.75	100.0
COST OF SALES				
	-----		-----	
GROSS PROFIT (LOSS)	7,804.25	100.0	105,408.75	100.0
EXPENSES				
DITCH LABOR	3,825.00	49.0	29,117.00	27.6
WORKMANS COMP EXPENSE	232.00	3.0	1,382.00	1.3
ACCOUNTING FEES	1,200.00	15.4	7,200.00	6.8
AUTO EXPENSE	442.48	5.7	2,295.07	2.2
BANK CHARGES	0.00	0	179.76	0.2
DITCH & DAMN REPAIR & M	2,909.95	37.3	64,119.82	60.8
DIESEL FUEL	0.00	0	483.74	0.5
DONATION	0.00	0	1,982.46	1.9
EQUIPMENT RENTAL	0.00	0	432.73	0.4
EQUIPMENT REPAIR & MAIN	377.27	4.8	2,396.66	2.3
INSURANCE	828.50	10.6	3,263.00	3.1
LEGAL FEES	2,064.02	26.4	6,079.91	5.8
LICENSE & TAX	0.00	0	161.71	0.2
OFFICE EXPENSE	0.00	0	97.23	0.1
POSTAGE & FREIGHT	0.00	0	222.00	0.2
RENT	460.00	5.9	3,582.00	3.4
SUPPLIES	0.00	0	42.31	0
TELEPHONE	142.97	1.8	639.79	0.6
	-----		-----	
TOTAL EXPENSES	12,482.19	159.9	123,677.19	117.3
	-----		-----	
NET INCOME (LOSS)	(4,677.94)	59.9	(18,268.44)	17.3
	=====		=====	

VERDE DITCH COMPANY

Balance Sheet

September 30, 2004

ASSETS

ASSETS

BANK ACCT-BANK ONE

11,077.83

TOTAL ASSETS

11,077.83

FIXED ASSETS

GENERAL EQUIPMENT

62,776.45

FURNITURE & FIXTURES

470.51

LAND

100.00

TOTAL FIXED ASSETS

63,346.96

TOTAL ASSETS

74,424.79
=====

VERDE DITCH COMPANY
Balance Sheet

September 30, 2004

LIABILITIES

LIABILITIES

LONG TERM LIABILITIES

CAPITAL

CAPITAL STOCK

92,693.23

NET PROFIT/LOSS

(18,268.44)

TOTAL CAPITAL

74,424.79

TOTAL LIABILITIES AND CAPITAL

74,424.79

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AGENDA
VERDE DITCH ANNUAL MEETING
THURSDAY OCTOBER, 21, 2004
6:00 PM

1. Call to Order

2. Winter work schedule.

Cutting brush and trees on ditch bank.
Dig out ditch with backhoe from Windy Point
to River Bend-several bad areas \$5,000

Headgate at Ft. Lincoln \$1,000

Two short head walls at Salt River Farms

One short head wall at Beck property \$4,000

Three Wier measuring Locations

Bennett's-Horseshoe Bend

Ft River Caves-behind Hank Hoover's

Chalk Hill pump area \$1,500

Dam area-fixing flood damage on dam \$1,000

2005 projected expenses

Legal fees for preparing new water right filing
for shareholders \$10,000

Donation to Verde Valley Water Users \$5,000

3. Go over last years work and expenses.

4. Water turn out schedule-Approx Dec. 1, 2004 for 60 days.

5. Shareholders problems.

SHAREHOLDER
SIGN IN SHEET
OCTOBER 21, 2004

<u>NAME</u>	<u>ADDRESS</u>
Ken Smith	1383 Rio Verde Ln
Charlotte Robson	130 E Two Bit Trail
Randa J. Hinta	485 Heupad Drive
John Reddels	140 CHAROLAIS DR
Nelson Hilbers	706 Salt Mine Rd.

**ANNUAL SHAREHOLDER
MEETING
OCTOBER 21, 2004
MINUTES**

MEETING CALLED TO ORDER AT 6:10PM

JOHN WENT OVER THE PROFIT AND LOSS STATEMENT FOR LAST YEAR AND EXPLAINED SOME OF THE EXPENSES WE HAD THIS PAST YEAR.

JOHN WENT OVER HIS WORK SCHEDULE FOR 2005 AND EXPLAINED ALL THE DIFFERENT PROBLEM AREAS HE WOULD BE WORKING ON.

JOHN EXPLAINED ABOUT THE WEIRS AND HOW THEY MEASURED THE WATER FLOW AND HOW IT MIGHT HELP US IN THE FUTURE.

MEETING WAS OPENED TO THE SHAREHOLDERS FOR ANY QUESTIONS AND CONCERNS.

MEETING WAS ADJOURNED AT 6:40PM