

- c) Verde Ditch Company's Income Statement for the 12 month period ending September 30, 2010 - (Exhibit 3);
- d) Verde Ditch Company's Balance Sheet dated September 30, 2010 - (Exhibit 4);
- e) Verde Ditch Company's Special Assessment Income Statement for the 12 month period ending September 30, 2010 - (Exhibit 5);
- f) Verde Ditch Company's Special Assessment Balance Sheet dated September 30, 2010 - (Exhibit 6);
- g) 2010-2011 Winter Maintenance Projects - (Exhibit 7);
- h) Document entitled "Detail for the Ditch and Dam Repairs" - (Exhibit 8).

2. Dugan McDonald has resigned and is no longer a Commissioner of the Verde Ditch Company.

DATED this 8th day of November, 2010.

L. RICHARD MABERY, P.C.

By: 

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**VERDE DITCH
ANNUAL SHAREHOLDERS
MEETING
OCTOBER 21, 2010
6:00PM
MINUTES**

Meeting called to order 6:00pm

Commissioners present: Al Dupuy, Vern Hilbers, John Teague, Jeff Cochrane

Minutes of last years meeting were read, Vern made a motion to accept and John seconded.

Opened the floor to the shareholders to ask questions of Rick Mabery, since he was here and met with the commissioners. Mr. McDonald asked Rick what kind of services the Verde Ditch receives for his fees. Rick explained all the different things he does for the Verde Ditch and for the Special Assessment and fighting for our water rights. Rick explained where we stand with the Adjudication, thing are still moving ahead but slowly because AZ Dept of water resources has had budget cuts and employee lay offs.

Ronda went over the financial statements for the general account and the special assessment account. Shareholders asked some questions about the expenses.

Vern went over things that have been going on up and down the ditch. Vern explained everything seems pretty good right now and everyone seems happy with the water.

Al went over the winter maintenance project and explained some of the things that need to be done and explained some of the different locations to the shareholders that don't know where these areas are. Shareholders asked questions about some of the work.

Mrs Salsman asked the commissioners to work on the ditch bank along her property during the winter dry up. Al and Vern tried to explain to John what was going on out her way and what we think needs to be done. John agreed to meet Mrs Salsman next week and go over the problems she is having, they exchanged phone numbers and agreed to meet.

Vern made a motion to adjourn, John seconded.

Meeting adjourned @ 7:10pm

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

AGENDA

**The Verde Ditch Commissioners annual public meeting held on
October 21, 2010. 6:00PM**

1. Read/approve minutes of last meeting.
2. 30 minute question and answer session with attorney Rick Mabery.
3. Financial report.
4. Report on general ditch operations.
5. Winter maintenance plans.
6. Long term plans for major improvements to selected sections of ditch.
7. Ditch bank issue at Salsman residence
8. Resignation of Commissioner McDonald.
9. Open to the public.
10. Adjourn.

VERDE DITCH COMPANY
Income Statement
Current, YTD, and Ratios
12 Period(s) Ending September 30, 2010

	Year-to-Date	%
INCOME		
DITCH ASSESSMENTS	121,568.74	100.0
INTEREST INCOME	5.05	0

TOTAL INCOME	121,573.79	100.0
COST OF SALES		

GROSS PROFIT (LOSS)	121,573.79	100.0
EXPENSES		
LEASED EMPLOYEES-REDI H	4,292.48	3.5
WAGES	16,415.00	13.5
FICA EXPENSE	1,255.78	1.0
DES EXPENSE	217.35	0.2
WORKMANS COMP EXPENSE	947.27	0.8
ACCOUNTING FEES	10,800.00	8.9
AUTO EXPENSE	2,431.06	2.0
BANK CHARGES	43.60	0
DITCH & DAM REPAIRS	16,822.97	13.8
DIESEL FUEL	490.80	0.4
EQUIPMENT RENTAL	615.00	0.5
EQUIPMENT REPAIR & MAIN	768.45	0.6
INSURANCE	2,287.00	1.9
INTEREST EXPENSE	972.19	0.8
LEGAL FEES	3,464.00	2.8
LICENSE & TAX	73.87	0.1
OFFICE EXPENSE	286.22	0.2
POSTAGE & FREIGHT	375.52	0.3
RENT	3,289.00	2.7
SUPPLIES	0.00	0
TELEPHONE	485.88	0.4
TOOLS	22.95	0
UTILITIES	861.83	0.7

TOTAL EXPENSES	67,218.22	55.3

NET INCOME (LOSS)	54,355.57	44.7
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VERDE DITCH COMPANY
Balance Sheet

September 30, 2010

ASSETS

ASSETS

BANK ACCT-BANK ONE	59,734.59	
TOTAL ASSETS		59,734.59

FIXED ASSETS

GENERAL EQUIPMENT	47,776.45	
LAPTOP COMPUTER	683.69	
JOHN DEERE BACKHOE	35,600.00	
FURNITURE & FIXTURES	470.51	
LAND	100.00	
TOTAL FIXED ASSETS		84,630.65

TOTAL ASSETS		144,365.24
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VERDE DITCH COMPANY
Balance Sheet

September 30, 2010

LIABILITIES

LIABILITIES

AZ WITHHOLDING PAYABLE	70.05	
FEDERAL WITHHOLDING PAYABLE	129.00	
FICA PAYABLE	779.75	
TOTAL LIABILITIES		978.80

LONG TERM LIABILITIES

LOAN PAYABLE-AL DUPUY-BACKHOE	8,722.27	
TOTAL LONG TERM LIABILITIES		8,722.27

TOTAL LIABILITIES		9,701.07
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CAPITAL

CAPITAL STOCK	80,308.60	
NET PROFIT/LOSS	54,355.57	
TOTAL CAPITAL		134,664.17

TOTAL LIABILITIES AND CAPITAL		144,365.24
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VERDE DITCH SPECIAL ASSESSMENT
Income Statement
Current, YTD, and Ratios
12 Period(s) Ending September 30, 2010

	Year-to-Date	%
INCOME		
SPECIAL ASSESSMENTS	32,296.22	99.9
INTEREST INCOME	32.41	0.1

Total INCOME	32,328.63	100.0
 COST OF SALES		

Gross Profit (Loss)	32,328.63	100.0
 EXPENSES		
ACCOUNTING FEES	1,950.00	6.0
BANK CHARGES	38.40	0.1
LEGAL FEES	6,609.68	20.4
MAPPING	910.00	2.8
POSTAGE & FREIGHT	112.00	0.3
RENT	370.40	1.1

Total EXPENSES	9,990.48	30.9

Net Income (Loss)	22,338.15	69.1
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VERDE DITCH SPECIAL ASSESSMENT
Balance Sheet

September 30, 2010

Assets

ASSETS

CHASE BANK-GENERAL ACCT 48,953.05
CHASE BANK-SAVINGS ACCT 28,216.40

Total ASSETS

77,169.45

FIXED ASSETS

Total Assets

77,169.45
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Liabilities

LIABILITIES

LONG TERM LIABILITIES

CAPITAL

CAPITAL STOCK 54,831.30
NET PROFIT/LOSS 22,338.15

Total CAPITAL

77,169.45

Total Liabilities and Capital

77,169.45
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2010/2011 Winter Maintenance Projects

Description	Dollars
Main head gate/Build and remove dam.	\$ 210.00
Repair primary ditch bank upstream from spillway.	\$ 1,040.00
Repair turnout gate at Dickinson Circle, Carter Fuel and Copper Canyon.	\$ 1,500.00
Cut bamboo/Grade bank at Infinal.	\$ 1,400.00
Cut road from Blue to Carter fence.	\$ 3,000.00
Cut and fill road from Babe's to townhouses.	\$ 3,800.00
Buy herbicide	\$ 1,500.00
Heavies at Blake Lane.	\$ 660.00
Saltmine/Vista bank erosion.	\$ 1,600.00
Mow/Burn if funds available.	\$ 3,000.00
Start ditch.	\$ 810.00
TOTAL COSTS	\$ 18,520.00

2010/2011 WINTER MAINTENANCE

MAIN HEADGATE DAM			
Description	Quantity	Rate	SubTotal
End of irrigation season.			
Labor	4	\$ 25.00	\$ 100.00
Diesel	4	\$ 3.50	\$ 14.00
Beginning of irrigation season.			
Labor	4	\$ 20.00	\$ 80.00
Diesel	4	\$ 3.50	\$ 14.00
			\$ -
Project Total			\$ 208.00

SPILLWAY DITCH BANK			
Description	Quantity	Rate	SubTotal
Labor	16	\$ 25.00	\$ 400.00
Labor	8	\$ 18.00	\$ 144.00
6' heavy	1	\$ 35.00	\$ 35.00
4' heavy	9	\$ 30.00	\$ 270.00
Fill Dirt	10	\$ 15.00	\$ 150.00
Diesel	10	\$ 3.50	\$ 35.00
			\$ -
Project Total			\$ 1,034.00

DICKISON/CARTER/COPPER CANYON			
Description	Quantity	Rate	SubTotal
Labor	32	\$ 25.00	\$ 800.00
Labor	24	\$ 18.00	\$ 432.00
Concrete	3	\$ 60.00	\$ 180.00
Diesel	15	\$ 3.50	\$ 52.50
			\$ -
Project Total			\$ 1,464.50

INFINIA BAMBOO			
Description	Quantity	Rate	SubTotal
Labor	30	\$ 25.00	\$ 750.00
Labor	32	\$ 18.00	\$ 576.00
Labor			\$ -
Diesel	10	\$ 3.50	\$ 35.00
			\$ -
Project Total			\$ 1,361.00

BLUE/CARTER FENCE			
Description	Quantity	Rate	SubTotal
Labor	60	\$ 25.00	\$ 1,500.00
Labor	40	\$ 18.00	\$ 720.00
Dump cuttings	16	\$ 25.00	\$ 400.00
Dump cuttings	16	\$ 18.00	\$ 288.00
Diesel	10	\$ 3.50	\$ 35.00
Gas (chainsaw)	5	\$ 3.00	\$ 15.00
Chain	1	\$ 15.00	\$ 15.00
			\$ -
Project Total			\$ 2,973.00

BABE'S TO TOWNHOUSES			
Description	Quantity	Rate	SubTotal
Labor	40	\$ 25.00	\$ 1,000.00
Labor	40	\$ 18.00	\$ 720.00
Fill dirt	20	\$ 90.00	\$ 1,800.00
Burn cuttings	12	\$ 18.00	\$ 216.00
Diesel	10	\$ 3.50	\$ 35.00
Gas (chainsaw)	5	\$ 3.00	\$ 15.00
Chain	1	\$ 15.00	\$ 15.00
			\$ -
Project Total			\$ 3,801.00

BLAKE LANE HEAVIES			
Description	Quantity	Rate	SubTotal
Labor	10	\$ 25.00	\$ 250.00
Labor	10	\$ 20.00	\$ 200.00
6' heavy	5	\$ 35.00	\$ 175.00
Diesel	10	\$ 3.50	\$ 35.00
			\$ -
Project Total			\$ 660.00

SALTMINE/MISTA EROSION			
Description	Quantity	Rate	SubTotal
Materials	2	\$533.00	\$ 1,066.00
Labor	16	\$ 18.00	\$ 288.00
Labor	16	\$ 12.00	\$ 192.00
Diesel	8	\$ 3.50	\$ 28.00
			\$ -
Project Total			\$ 1,574.00

MOW/BURN BANK			
Description	Quantity	Rate	SubTotal
Labor	32	\$ 55.00	\$ 1,760.00
Labor	32	\$ 20.00	\$ 640.00
Labor	32	\$ 15.00	\$ 480.00
Diesel	20	\$ 3.50	\$ 70.00
			\$ -
Project Total			\$ 2,950.00

START DITCH			
Description	Quantity	Rate	SubTotal
Labor	12	\$ 25.00	\$ 300.00
Labor	16	\$ 18.00	\$ 288.00
Labor	16	\$ 12.00	\$ 192.00
Diesel	8	\$ 3.50	\$ 28.00
			\$ -
Project Total			\$ 808.00

DETAIL OF DITCH & DAM REPAIRS

SUPPLIES	16.24
SUPPLIES	62.19
HEAVIES-SILVER ROAD	260.04
THREADED ROD FOR GATE	100.00
SUPPLIES	88.30
SUPPLIES	11.90
WELD HEAD GATE	70.00
SUPPLIES	38.98
HEAVIES FOR DITCH BANK	2,112.83
VARIOUS, HAULING, FILL DIRT, BACKHOE EXCAVATOR, DUMP TRUCK, TRANSPORT HEAVIES. FEBRUARY – MAY 2010	11,361.03
SUPPLIES	34.65
REPAIR DAM FOR PUMP	620.56
MOVE HEAVIES FOR STORAGE	1,365.75
BLOCK	130.02
REPAIR WASH OUT AT FLOOD GATE	320.18
SUPPLIES	15.30
PROPANE FOR WEED BURNER	215.00
 TOTAL	 16,822.97