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BY: \_\_\_\_\_

**L. Richard Mabery, Esq.**  
**L. RICHARD MABERY, P.C.**  
**234 North Montezuma Street**  
**Prescott, Arizona 86301**  
**(928) 778-1116**

**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 AND BALANCE**  
 ) **SHEET OF VERDE DITCH COMPANY**  
**Defendants.** )  
 )

**GORDON WILLIAMS, 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, 2005, and Balance Sheet dated September 30, 2005, copies of which are  
attached hereto.

Law Offices of  
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(928) 778-1116  
Div 1 ✓

DATED this 24<sup>th</sup> day of October, 2005.

L. RICHARD MABERY, P.C.

By: 

L. Richard Mabery, Esq.  
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VERDE DITCH COMPANY  
Income Statement  
Current, YTD, and Ratios  
12 Period(s) Ending September 30, 2005

	Current	%	Year-to-Date	%
INCOME				
DITCH ASSESSMENTS	4,931.20	99.9	105,716.28	99.9
INTEREST INCOME	4.60	0.1	54.00	0.1
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TOTAL INCOME	4,935.80	100.0	105,770.28	100.0
COST OF SALES				
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GROSS PROFIT (LOSS)	4,935.80	100.0	105,770.28	100.0
EXPENSES				
DITCH LABOR	2,250.00	45.6	31,009.50	29.3
WORKMANS COMP EXPENSE	0.00	0	1,860.00	1.8
ACCOUNTING FEES	600.00	12.2	6,600.00	6.2
AUTO EXPENSE	209.70	4.2	2,285.61	2.2
BANK CHARGES	0.00	0	92.60	0.1
DITCH & DAMN REPAIR & M	4,031.04	81.7	20,614.64	19.5
DIESEL FUEL	0.00	0	573.78	0.5
EQUIPMENT REPAIR & MAIN	0.00	0	445.40	0.4
INSURANCE	963.25	19.5	3,688.00	3.5
LEGAL FEES	0.00	0	10,973.62	10.4
LICENSE & TAX	0.00	0	327.56	0.3
OFFICE EXPENSE	584.51	11.8	634.94	0.6
POSTAGE & FREIGHT	222.00	4.5	527.40	0.5
RENT	230.00	4.7	3,582.00	3.4
REPAIRS & MAINTENANCE	0.00	0	137.93	0.1
SUPPLIES	0.00	0	15.94	0
TELEPHONE	50.60	1.0	548.75	0.5
TRAVEL & ENTERTAINMENT	56.69	1.1	56.69	0.1
UTILITIES	0.00	0	227.47	0.2
QUAD & TRAILER	6,675.00	135.2	6,675.00	6.3
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TOTAL EXPENSES	15,872.79	321.6	90,876.83	85.9
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NET INCOME (LOSS)	(10,936.99)	221.6	14,893.45	14.1
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VERDE DITCH COMPANY  
Balance Sheet

September 30, 2005

ASSETS

ASSETS

BANK ACCT-BANK ONE	25,971.28	
TOTAL ASSETS		25,971.28

FIXED ASSETS

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

TOTAL ASSETS		89,318.24
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LIABILITIES

LIABILITIES

LONG TERM LIABILITIES

CAPITAL

CAPITAL STOCK	74,424.79	
NET PROFIT/LOSS	14,893.45	
TOTAL CAPITAL		89,318.24

TOTAL LIABILITIES AND CAPITAL		89,318.24
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