

SUPERIOR COURT
YAVAPAI COUNTY, ARIZONA

2008 DEC -5 PM 4: 05 ✓

JEANNE HICKS, CLERK

BY: Beth Blanton

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,)	
)	
vs.)	
)	Division 1
WALES ARNOLD, et ex., et al.,)	
)	
Defendants.)	NOTICE OF FILING ANNUAL REPORT
)	
)	
In the matter of the VERDE DITCH)	
COMPANY)	
_____)	

John Teague, John Reddell, Vernon Hilbers, Dugan McDonald and Albert Dupuy, Jr., the Commissioners of the Verde Ditch Company, pursuant to Section 11 of the Rules and Regulations for the operation of the Verde Ditch, dated October 17, 1989, hereby file with the Court copies of the following:

- a) Annual Meeting Agenda dated October 23, 2008 (Exhibit 1);
- b) 2008-2009 Winter Maintenance Plan (Exhibit 2);

Law Offices of
L. Richard Mabery, P.C.
234 North Montezuma Street
Prescott, Arizona 86301-3008
(928) 778-1116

- c) Verde Ditch Company's Income Statement for the 12 month period ending September 30, 2008 (Exhibit 3);
- d) Verde Ditch Company's Balance Sheet dated September 30, 2008 (Exhibit 4);
- e) Document entitled "Detail for the Ditch and Dam Repairs Statement" (Exhibit 5);
- f) Verde Ditch Company's Special Assessment Income Statement for the 12 month period ending September 30, 2008 (Exhibit 6);
- g) Verde Ditch Company's Special Assessment Balance Sheet for the 12 month period ending September 30, 2008 (Exhibit 7); and
- h) Minutes of Annual Shareholders Meeting on October 23, 2008 (Exhibit 8).

DATED this 5th day of December, 2008.

L. RICHARD MABERY, P.C.

By: 

L. Richard Mabery, Esq.

Law Offices of L. Richard Mabery, P.C.

234 North Montezuma Street

Prescott, Arizona 86301

Attorney for Verde Ditch Company

/lmh

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AGENDA
VERDE DITCH ANNUAL MEETING
THURSDAY OCTOBER 23, 2008
6:00PM

1. Call to Order
2. Read minutes from last years annual meeting.
3. New Business:
 - John Reddell to explain work schedule for winter maintenance.
 - Discuss Special Assessment-weather or not to charge for 2008
4. Old Business
5. Floor open to the Shareholders.
6. Adjourn

2008-2009 WINTER
MAINTENANCE PLAN

Mow weeds and grass along ditch bank:

Blackberry bushes on Proper's property
Bamboo at Infinia property
Bamboo at Canal Circle
Blackberry bushes at No Mans Land
And other areas as needed

Cut and level roadway at No Mans Land

Install gate and trim ditch at No Mans Land

Install rock and or block at Dennis Fuller's property, Mr. Fuller to remove culvert.

Cut trees and brush at main head gate

Repair Copper Canyon siphon

VERDE DITCH COMPANY
Income Statement
Current, YTD, and Ratios
12 Period(s) Ending September 30, 2008

	Year-to-Date	%
INCOME		
DITCH ASSESSMENTS	123,304.30	100.0
INTEREST INCOME	34.62	0

TOTAL INCOME	123,338.92	100.0
COST OF SALES		

GROSS PROFIT (LOSS)	123,338.92	100.0
EXPENSES		
DITCH LABOR	33,960.00	27.5
WORKMANS COMP EXPENSE	996.77	0.8
ACCOUNTING FEES	9,900.00	8.0
AUTO EXPENSE	2,424.34	2.0
BANK CHARGES	89.20	0.1
DITCH & DAM REPAIRS	46,021.56	37.3
EQUIPMENT RENTAL	105.51	0.1
EQUIPMENT REPAIR & MAIN	2,330.18	1.9
ENGINEERING	1,500.00	1.2
INSURANCE	4,907.00	4.0
LEGAL FEES	11,330.11	9.2
LICENSE & TAX	187.57	0.2
OFFICE EXPENSE	295.85	0.2
POSTAGE & FREIGHT	273.94	0.2
RENT	3,582.00	2.9
TELEPHONE	425.80	0.3
UTILITIES	4,583.43	3.7

TOTAL EXPENSES	122,913.26	99.7

NET INCOME (LOSS)	425.66	0.3
	=====	

VERDE DITCH COMPANY
Balance Sheet

September 30, 2008

ASSETS

ASSETS

BANK ACCT-BANK ONE	20,177.62	
TOTAL ASSETS		20,177.62

FIXED ASSETS

GENERAL EQUIPMENT	62,776.45	
LAPTOP COMPUTER	683.69	
FURNITURE & FIXTURES	470.51	
LAND	100.00	
TOTAL FIXED ASSETS		64,030.65

TOTAL ASSETS		84,208.27
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LIABILITIES

LIABILITIES
LONG TERM LIABILITIES

CAPITAL

CAPITAL STOCK	83,782.61	
NET PROFIT/LOSS	425.66	
TOTAL CAPITAL		84,208.27

TOTAL LIABILITIES AND CAPITAL		84,208.27
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DETAIL OF DITCH & DAM REPAIRS

CV LUMBER	12.98
FILL DIRT ON PROPER'S DITCH BANK	636.48
CV LUMBER-SUPPLIES	115.43
CV LUMBER-SUPPLIES	18.36
HAULING & EQUIP WORK VARIOUS LOCATIONS	1450.65
CV LUMBER-SUPPLIES	27.67
REBAR-WING WALL & HEAD WALL	437.08
HAUL & PLACE CONCRETE SLABS ON SIDE OF DITCH BANK	39,467.75
CV LUMBER-SUPPLIES	34.60
CV LUMBER-SUPPLIES	221.00
PIECE OF STEEL & WELDING	156.73
CONCRETE FOR WINGWALLS & HEADWALLS SJL CONSTRUCTION & SIMONTON	3402.00
CV LUMBER-SUPPLIES	20.28
FILL DIRT FOR GREG BLUE-DITCH BANK	1442.69
TRACTOR TO PLACE FILL DIRT ON BANK	747.50
YAVAPAI FENCE-REIMBURSED ALD & SIMONTON	2940.00
EQP WORK AT WINDY POINT & CHAULK HILL	2307.24
CV LUMBER-SUPPLIES	36.86
CV LUMBER-SUPPLIES	5.41
<u>BIG TREE REMOVAL-FT LINCOLN</u>	3880.85
REIMBURSEMENT-SJL CONSTURCTION	-1600.00
REIMBURSEMENT-SJL CONSTRUCTION	-1600.00
REIMBURSEMENT-ALD & SIMONTON	-2940.00
REIMBURSEMENT-SIMONTON	<u>-5200.00</u>
TOTAL	46,021.56

VERDE DITCH SPECIAL ASSESSMENT
Income Statement
Current, YTD, and Ratios
12 Period(s) Ending September 30, 2008

	Year-to-Date	%
INCOME		
INTEREST INCOME	582.07	100.0

Total INCOME	582.07	100.0
COST OF SALES		

Gross Profit (Loss)	582.07	100.0
EXPENSES		
ACCOUNTING FEES	450.00	77.3
BANK CHARGES	60.00	10.3
LEGAL FEES	2,140.52	367.7
MAPPING	1,868.75	321.1
SURVEY	28,945.00	****

Total EXPENSES	33,464.27	****

Net Income (Loss)	(32,882.20)	****
	=====	

VERDE DITCH SPECIAL ASSESSMENT
Balance Sheet

September 30, 2008

Assets

ASSETS

CHASE BANK-GENERAL ACCT
CHASE BANK-SAVINGS ACCT

2,577.36
46,138.65

Total ASSETS

48,716.01

FIXED ASSETS

Total Assets

48,716.01
=====

Liabilities

LIABILITIES
LONG TERM LIABILITIES

CAPITAL

CAPITAL STOCK
NET PROFIT/LOSS

81,598.21
(32,882.20)

Total CAPITAL

48,716.01

Total Liabilities and Capital

48,716.01
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MINUTES
ANNUAL SHAREHOLDERS
MEETING
OCTOBER 23, 2008

MEETING CALLED TO ORDER @6PM

COMMISSIONERS PRESENT: JOHN REDDELL
ALL DUPUY

MINUTES READ FOR LAST YEARS ANNUAL MEETING, AL TABLED
ACCEPTING THE MINUTES BECAUSE WE ONLY HAD 2 COMMISSIONERS.

JOHN REDDELL PRESENTED THE WINTER MAINTENANCE SCHEDULE.

AL EXPLAINED HE QUOTED THE DITCH \$65.00 PER HOUR FOR HIM TO RUN
HIS BRUSH HOG ALONG THE TOP OF THE DITCH BANK.

AL EXPLAINED WE WILL DEFINITELY NEED TO FIX COPPER CANYON.

SOME OF THE SHAREHOLDERS SUGGESTED THE IDEA TO REQUEST THE
SHAREHOLDERS ALONG THE DITCH TO VOLUNTEER AND HELP CLEAN
THEIR OWN PROPERTY SO THE DITCH DOESN'T HAVE TO SPEND MONEY
ON AS MANY HELPERS DURING THE WINTER MAINTENANCE. EVERYONE
DISCUSSED SENDING OUT A FLYER AND REQUESTING HELP.

AL AND JOHN FINISHED GOING DOWN THE LIST OF WINTER MAINTENANCE
AND EXPLAINING THE WORK. SHAREHOLDERS ASKED HOW MUCH WE
WERE BUDGETING FOR THE WINTER MAINTENANCE; WE EXPLAINED WE
WERE GETTING QUOTES.

AL TOUCHED ON THE BLUE PROPERTY AND EXPLAINED A LITTLE ABOUT
THE PIPELINE AND WHAT WE WERE TRYING TO NEGOTIATING WITH MR
BLUE.

CHARLOTTE SALSMAN ASKED IF HER PROPERTY WOULD BE FIXED WHEN
MR FULLER REMOVES HIS CULVERT. AL EXPLAINED TO HER, WHEN MR
FULLER FIXES HIS PROPERTY, HER PROPERTY WILL BE FIXED.

SHAREHOLDERS ASKED QUESTIONS ABOUT BLUE COSTS AND POSSIBLY
PUTTING OUT A SPECIAL ASSESSMENT TO COVER THE BLUE COSTS. WE
TRIED TO EXPLAIN WE JUST HAD AN INCREASE JAN 2008 AND WE DON'T
FEEL THE SHAREHOLDERS WILL BE HAPPY ABOUT ANOTHER INCREASE.

MR FLOYD FEELS THE COMMISSIONERS SHOULD MAKE ALL THE SHAREHOLDERS AWARE WHEN WE GET IN QUOTES ~~WE~~ THEY ARE AWARE OF THE COSTS AND THAT WE MIGHT NEED AN INCREASE. MR FLOYD DOESN'T FEEL THE COMMISSIONERS SHOULD BE MAKING DECISIONS ABOUT SPENDING THE SHAREHOLDERS MONEY WITHOUT CONSULTING THE SHAREHOLDERS. HE FEELS THE COMMISSIONERS SHOULD LET THE SHAREHOLDERS KNOW THAT AN INCREASE MIGHT KEEP A HUGE PROBLEM FROM HAPPENING ON THE BLUE PROPERTY. WE TRIED TO EXPLAIN WE PUT AN AD IN THE PAPER WE PUT THE MEETING ON THE BILLING CARD IT ISN'T OUR FAULT NO ONE COMES TO THE MEETINGS. AL TRIED TO EXPLAIN THAT THINGS HAPPEN DAILY ON THE BLUE PROPERTY AND DECISIONS NEED TO BE MADE HOW CAN WE LET ALL THE SHAREHOLDERS KNOW WHAT IS GOING ON AND LET THEM DECIDE ON INCREASE WHEN IT COULD ALL CHANGE THE NEXT DAY.

AL EXPLAINED WE WOULD GET BIDS ON ALL THE ITEMS ON THE WINTER MAINTENANCE. SHAREHOLDERS FEEL WE SHOULD GET SEVERAL BIDS ON OUR DITCH WORK. AL TRIED TO EXPLAIN WE WON'T SHOP MCDONALD BROTHERS, AL EXPLAINED RANDY IS THERE 24 HOURS A DAY, 7 DAYS A WEEK OUR LOYALTY IS WITH MCDONALD BROTHERS WE DON'T FEEL THEY HAVE EVER TAKEN ADVANTAGE OF THE DITCH COMPANY. AL EXPLAINED THE DITCH IS UNIQUE, THIS IS CONTAINING WATER, IF WE HAVE AN EMERGENCY RANDY IS THERE AND WHATEVER TYPE OF EQUIPMENT IS NEEDED. THIS ISN'T GET A QUOTE WAIT AROUND TO SEE WHO SHOWS UP. THIS IS ACTION NOW! AND RANDY HAS ALWAYS BEEN THERE, THATS WHY WE USE RANDY ON THE OTHER STUFF ALSO. AL STANDS BEHIND RANDY. A SHAREHOLDER STATED WE SHOULD GET OTHER PRICES ON THE WORK WE NEED TO DO THIS WINTER.

RONDA EXPLAINED THE SPECIAL ASSESSMENT BILLING PERIOD AND THAT WE DIDN'T COLLECT ANY MONEY THIS YEAR, ONLY SPENT IT. RICK WANTS US TO BE AWARE THAT THERE ARE SOMETHINGS COMING UP HE FEELS WE SHOULD HAVE SOME MONEY SAVED FOR LEGAL FEES. MR MCDONALD FEELS THE COMMISSIONERS SHOULD CONTROL WHAT RICK ATTENDS AND HOW HE SPENDS OUR MONEY. THE SHAREHOLDERS FEEL WITH 51% OF THE SHAREHOLDERS VOTE THEY CAN MAKE SOME CHANGES TO THE OPERATIONS OF THE VERDE DITCH. WE EXPLAINED AGAIN THAT THE VERDE DITCH IS UNDER THE SUPERIOR COURT AND WE HAVE A JUDGE AND A LAWYER AND THAT THE COMMISSIONERS DON'T PICK THE JUDGE OR THE LAWYER. AL TRIED TO CLARIFY, IN ONE SENTENCE THE SHAREHOLDERS DON'T WANT US TO SPEND MONEY AND THEN THE NEXT THEY WANT SOMETHING CLARIFIED WITH RICK. MR MCDONALD WANTS A REPORT FROM DUGAN HOW THE MAPPING IS COMING. MR MCDONALD WANTS DUGAN PUT ON THE NEXT MONTHS ADJENDA.

MR BURT SHATTUCK AT 255 HEREFORD REQUESTED WE PUT BACK A BRIDGE THAT SEEMS TO HAVE DISAPPEARED FROM BEHIND THEIR PROPERTY. AL SAID HE WOULD GO DOWN AND CHECK IT OUT. WE AREN'T SURE WHAT HE IS REQUESTING.

MR FLOYD ASKED SOME QUESTIONS ABOUT THE DITCH MAINTENANCE.

MEETING ADJOURN AT 7:40PM