

SUPERIOR COURT

2011 DEC 13 PM 4:00

SANDRA W. HARRIS, CLERK
BY: *[Signature]*

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

Jeff Cochrane, Albert Dupuy, Jr., John Teague, Vernon Hilbers and David Myers, all of the Commissioners of the Verde Ditch Company, in compliance with Section 11 of the Rules and Regulations of the Verde Ditch dated August 8, 1989, hereby file with the Court copies of the following:

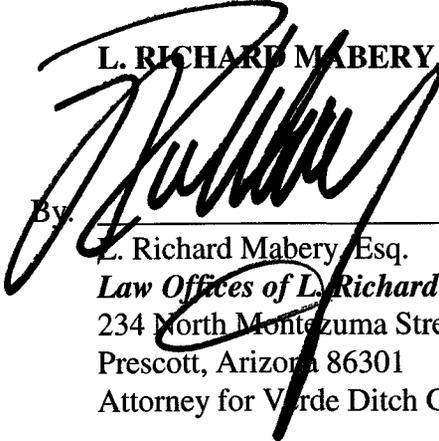
- a) Minutes of Annual Shareholders Meeting and Sign In Sheet - October 20, 2011 (Exhibit 1);
- b) Annual Meeting Agenda dated October 20, 2011 (Exhibit 2);

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- c) Verde Ditch Company's Income Statement for the 12 month period ending September 30, 2011 (Exhibit 3);
- d) Verde Ditch Company's Balance Sheet dated September 30, 2011 (Exhibit 4);
- e) Verde Ditch Company's Special Assessment Income Statement for the 12 month period ending September 30, 2011 (Exhibit 5);
- f) Verde Ditch Company's Special Assessment Balance Sheet dated September 30, 2011 (Exhibit 6);
- g) 2010-2011 Winter Maintenance Projects Proposed Budget (Exhibit 7);
- h) 2010/2011 Forest Serve Grant Projection of Costs and dependent upon grant funding (Exhibit 8); and
- i) Detail of Ditch and Dam Repairs (Exhibit 9).

DATED this 13th day of December, 2011.

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

/jn

**VERDE DITCH
ANNUAL SHAREHOLDERS
MEETING
OCTOBER 20, 2011
6:00PM
MINUTES**

Meeting was called to order 6:00pm

Commissioners present: Al Dupuy, Vern Hilbers, John Teague, Dave Myers

Minutes of the last annual meeting were read, John made a motion to accept minutes as read and Dave seconded.

Ronda presented the Profit & Loss statements for the general account and the special assessment account. She went over the expenses and explained a few things. Shareholders asked a couple of questions. Dave made a motion to accept the financial statements as presented and Vern seconded.

Al introduced Kim Schoenic from the Nature Conservancy. Al explained we built weirs so we can measure the water flows. Kim explained about the money we have been awarded from a Federal Grant. She explained the Telemetry we will install in 5 different areas. We will also install 5 new turnout gates. Also place heavies in several areas to slow down erosion, helps keep the sediment down in the river. Shareholders asked questions and Kim and Al answered them.

Al went over the winter maintenance projects and explained some of the things that need to be done. Shareholder asked questions about some of the work.

Mr. Wilburn requested a couple of heavies around his head gate.

Commissioners had open discussion as weather or not to keep the special assessment for another year. All commissioners agreed to keep the special assessment at \$25.00 and bill again in October 2012. John Teague made the motion and Dave Myers seconded.

Meeting Open to Shareholders

Ms Salsman thanked the commissioners for the work done along her property last winter.

Mr. Wilburn approached the commissioners again about not paying his irrigation because he doesn't farm it or harvest the pecans so he shouldn't be required to pay his bill. Again we explained he is the owner of the property and he gets the bill and is responsible for paying it. He should make arrangements with the people farming and harvesting to reimburse him for the irrigation. We explained again that he can file an Order to Show Cause if he feels the Commissioners are wrong.

Al made a motion to adjourn, Dave seconded.

Meeting adjourned 7:45 pm

VERDE DITCH ANNUAL
SHAREHOLDERS MEETING
OCTOBER 20, 2011

SIGN IN

<u>NAME</u>	<u>PROPERTY ADDRESS</u>
Neven Hilba	Salt mine Rd.
Manny yeard	1340 Rio Verde LANE CV
Elma Espinosa	342 W. Herford Drive
Edni Rich	Salt mine Rd
Wally Wilburn	Salt mine Rd
Charlotta Batista	
Wayne Reddell	Ranch Access ^{160 Chardras} Dr-
AL Dupuy	RANCH ACCESS

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

AGENDA

**The Verde Ditch Commissioners annual public meeting held on
October 20, 2011. 6:00PM**

1. Roll call.
2. Read/approve minutes of last annual shareholders meeting.
3. Present and review Balance and P&L statements.
4. Discuss 2011/2012 winter dry up projects and proposed budget.
5. Discuss and vote on Special Assessment.
6. Present a brief SRP update.
7. Discuss Forest Service Grant status.
8. Open to the public.
9. Adjourn.

VERDE DITCH COMPANY
Income Statement
Current, YTD, and Ratios
12 Period(s) Ending September 30, 2011

	Year-to-Date	%
INCOME		
DITCH ASSESSMENTS	133,048.80	100.0
INTEREST INCOME	5.38	0

TOTAL INCOME	133,054.18	100.0
COST OF SALES		

GROSS PROFIT (LOSS)	133,054.18	100.0
EXPENSES		
WAGES	39,452.00	29.7
FICA EXPENSE	3,018.05	2.3
FUTA EXPENSE	157.12	0.1
DES EXPENSE	593.99	0.4
WORKMANS COMP EXPENSE	2,152.19	1.6
ACCOUNTING FEES	10,800.00	8.1
AUTO EXPENSE	3,229.15	2.4
BANK CHARGES	90.00	0.1
DITCH & DAM REPAIRS	33,276.59	25.0
DIESEL FUEL	2,257.39	1.7
EQUIPMENT REPAIR & MAIN	6,392.05	4.8
ENGINEERING	10,216.00	7.7
INSURANCE	2,477.00	1.9
INTEREST EXPENSE	261.25	0.2
LEGAL FEES	13,545.32	10.2
OFFICE EXPENSE	334.90	0.3
POSTAGE & FREIGHT	386.48	0.3
RENT	3,264.00	2.5
SUPPLIES	160.67	0.1
TELEPHONE	421.92	0.3
TOOLS	399.28	0.3
UTILITIES	878.63	0.7

TOTAL EXPENSES	133,763.98	100.5

NET INCOME (LOSS)	(709.80)	0.5
	=====	

VERDE DITCH COMPANY
Balance Sheet

September 30, 2011

ASSETS

ASSETS

BANK ACCT-BANK ONE	42,611.48	
TOTAL ASSETS		42,611.48

FIXED ASSETS

GENERAL EQUIPMENT	47,776.45	
LAPTOP COMPUTER	683.69	
JOHN DEERE BACKHOE	35,600.00	
VERMEER CHIPPER	8,200.00	
FURNITURE & FIXTURES	470.51	
LAND	100.00	
TOTAL FIXED ASSETS		92,830.65

TOTAL ASSETS		----- 135,442.13 =====
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VERDE DITCH COMPANY
Balance Sheet

September 30, 2011

LIABILITIES

LIABILITIES

AZ WITHHOLDING PAYABLE	107.81	
FEDERAL WITHHOLDING PAYABLE	277.00	
FICA PAYABLE	1,102.95	
TOTAL LIABILITIES		1,487.76

LONG TERM LIABILITIES

TOTAL LIABILITIES		----- 1,487.76
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CAPITAL

CAPITAL STOCK	134,664.17	
NET PROFIT/LOSS	(709.80)	
TOTAL CAPITAL		133,954.37

TOTAL LIABILITIES AND CAPITAL		----- 135,442.13 =====
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VERDE DITCH SPECIAL ASSESSMENT
Income Statement
Current, YTD, and Ratios
12 Period(s) Ending September 30, 2011

	Year-to-Date	%
INCOME		
SPECIAL ASSESSMENTS	3,050.00	98.9
INTEREST INCOME	33.65	1.1

Total INCOME	3,083.65	100.0
COST OF SALES		

Gross Profit (Loss)	3,083.65	100.0
EXPENSES		
ACCOUNTING FEES	1,800.00	58.4
CONSTRUCTION OF WEIRS	11,473.70	372.1
FLOW MEASURING	4,517.75	146.5
LEGAL FEES	10,275.79	333.2
MAPPING	3,869.38	125.5
MAPPING-FIELD VISITS	1,985.00	64.4
OFFICE EXPENSE	1,517.73	49.2
POSTAGE & FREIGHT	87.00	2.8

Total EXPENSES	35,526.35	****

Net Income (Loss)	(32,442.70)	****
	=====	

VERDE DITCH SPECIAL ASSESSMENT
Balance Sheet

September 30, 2011

Assets

ASSETS

CHASE BANK-GENERAL ACCT

16,479.91

CHASE BANK-SAVINGS ACCT

28,246.84

Total ASSETS

44,726.75

FIXED ASSETS

Total Assets

44,726.75
=====

Liabilities

LIABILITIES

LONG TERM LIABILITIES

CAPITAL

CAPITAL STOCK

77,169.45

NET PROFIT/LOSS

(32,442.70)

Total CAPITAL

44,726.75

Total Liabilities and Capital

44,726.75
=====

2010/2011

Winter Maintenance Projects

Proposed Budget

Description	Dollars
Main head gate/Build and remove dam.	\$ 430.00
Mow and burn weeds at banks.	\$ 4,500.00
Install heavies on low side of ditch from Blue pipe to Holloman.	\$ 17,700.00
Re-build ditch bank at various locations.	\$ 4,650.00
Replace culvert and install larger headwalls at creek crossing at No man's Land.	\$ 3,520.00
Install heavies at swampland and re-dig ditch to end.	\$ 2,050.00
Start ditch.	\$ 1,450.00
TOTAL PROJECTED COSTS	\$ 34,300.00

2010/2011
Forest Service Grant Projects

Description	Dollars	
Purchase 4 gates.	\$ 22,500.00	
Replace turnout gate at Dickinson Circle.		Need Bid
Replace turnout gate at Carter Fuel.		Need Bid
Replace turnout gate at Copper Canyon.		Need Bid
Replace turnout gate at Windy Point.		Need Bid
Purchase and install three pressure transducers.	\$ 2,000.00	Appx.
Purchase and install telemetry system.	\$ 15,000.00	Appx.
Install heavies at outside bank at turns where eroding.	\$ 6,650.00	Appx.
TOTAL COSTS	\$ 46,150.00	

DETAIL OF DITCH & DAM REPAIRS

MISC SUPPLIES	454.59
WEED KILLER	92.55
PROPANE FOR WEED BURNER	19.35
HEAVIES FOR LINING DITCH	1,049.22
SUB-CONTRACTORS (misc. dirt work, hauling, excavator, dump truck re-build dam for pump, dirt, sand)	31,660.88