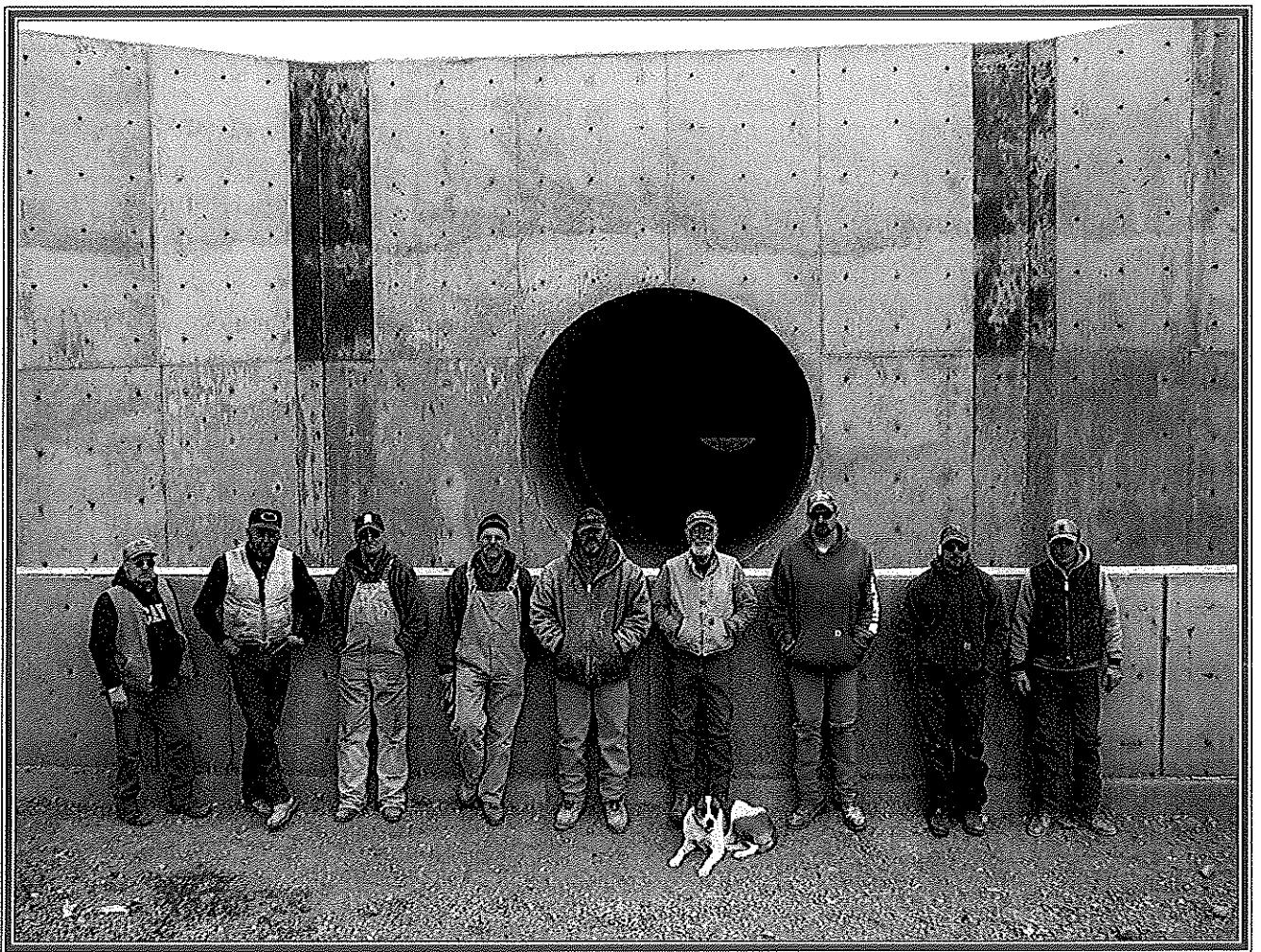


Midvale Irrigation District



MIDVALE CONSTRUCTION CREW STANDS IN FRONT OF NEW 2ND. DIVISION DROP HEADWALL

2011 ANNUAL REPORT

Midvale Irrigation District **2011 Annual Report**

PRESENTED BY:

Midvale Irrigation District **Board of Commissioners**

Gordon Medow, President
Lloyd Dechert, Vice President
Vince Dolbow, Secretary/ Treasurer
Janet Foxworthy, Member
Lyle David, Member

Compiled by the Midvale Staff and Management

Manager: Dick Johnson
Assistant Manager: Lourie Dunlavy
Office Manager: Pat Rorabaugh

Submittals:

Alan Moore, Auditor

Midvale Irrigation District
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ANNUAL MEETING ---FEBRUARY 9, 2012

**MIDVALE IRRIGATION DISTRICT
2011 ANNUAL REPORT**

OVERVIEW OF 2011

SNOWPACK

Early in January of 2011 the snowpack was at normal values for the 30 year average; during March and April higher than average temperatures reduced the snowpack to 71% by May 1st. During May we received an abundant amount of snow in the mountains accompanied by rainfall at the lower elevations; cool temperatures and record snowpack extended the runoff into July. Midvale's water model used to project the available amount of irrigation water for each season is based on snowpack at four sites in the Big Wind drainage and three sites in the Little Wind drainage; the Big Wind sites peaked at 141% of the 30 year average while the average for the Little Wind drainage topped out at 115%.

SNOWPACK	
% of 30 year average	
February	107%
March	103%
April	90%
May	71%
June	127%
July	147%

PRECIPITATION AT PAVILLION WY.

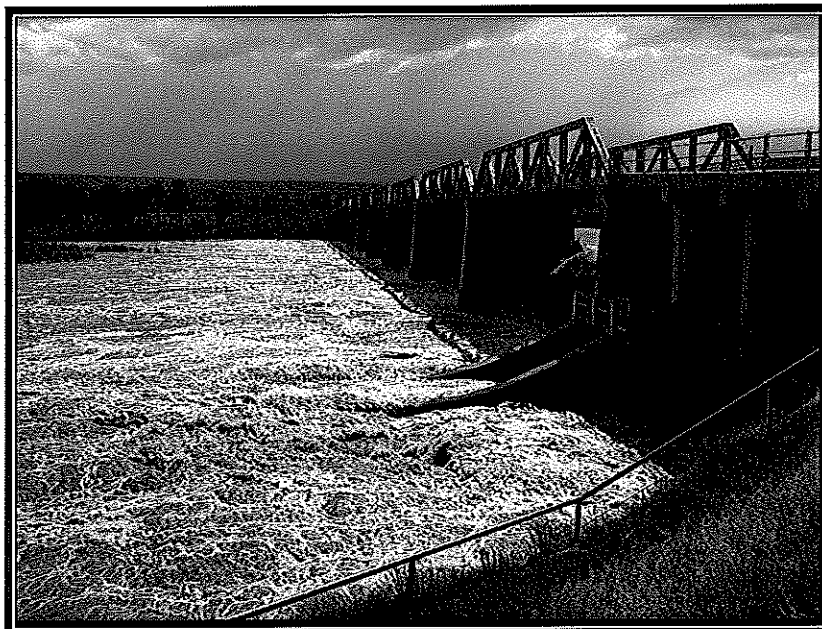
Month	2011	2010	2009	2008	2007	2006	2005	2004
January	0.17	0.14	0.31	0.48	0.20	0.34	1.50	0.25
February	0.27	0.19	0.00	0.07	0.03	0.21	0.00	1.50
March	0.07	0.27	0.56	0.06	0.39	0.11	0.23	0.00
April	0.47	0.69	1.75	0.44	0.00	0.29	1.59	1.89
May	3.84	4.54	1.21	3.67	0.95	0.1	4.00	0.45
June	0.43	1.19	2.82	0.41	0.81	0.08	0.65	1.11
July	0.5	0.16	1.07	0.59	0.83	0.12	0.85	2.30
August	0.17	0.15	0.67	0.51	0.97	0.59	0.12	0.98
Sept.	0.67	0.27	0.42	0.9	0.6	0.47	0.84	1.81
October	1.88	0.09	0.49	1.48	1.07	0.92	1.8	0.64
November	0.28	0.15	1.09	0.06	0.1	0.33	0.14	0.34
December	0.07	0.3	0.21	0.14	0.77	0.7	0.33	0.05
TOTAL	8.82	8.14	10.6	8.81	6.72	4.26	12.05	11.32

WATER DELIVERY

Midvale began irrigation water deliveries on May 2nd utilizing the available natural flow in the Wind River. Shortly after the start of water delivery, rain began to fall in the valley accompanied by snow on the mountains. If this scenario sounds familiar to 2010, you are right; for the second consecutive year we encountered periods of significant moisture shortly after the beginning of water delivery. The difference between water year 2010 and 2011 was the snow pack this year on the Wind River drainage above the confluence with Bull Lake Creek was 141% of the 30 year average. The drainage area above Bull Lake Reservoir peaked around 115% of average. Much of the snowpack was at high elevations, contributing to a late snow melt that pushed high river flows later into the summer season than normal. The peak flow on the Wind River above Diversion Dam occurred on June 28th, reaching 10,846 cubic feet per second. River flows exceeded 8000 cubic feet per second for 16 continuous days from June 24th thru July 9th. Rainfall amounts varied throughout the project, the Midvale office reported 3.84 inches of moisture in May beginning on the 11th and running through the end of the month, many landowners reported greater amounts

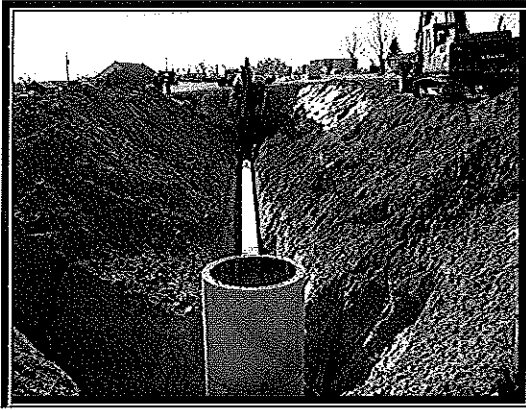
Diversions into Wyoming Canal were at or near 1000 cubic feet per second from May 27th to September 16th; peak flow was 1450 cubic feet per second on the 2nd of August. The maximum flow release from Bull Lake Reservoir occurred July 1st at a rate of 1958 cubic feet per second. During periods of rapid inflows to the reservoir Standing Operating Procedure determines the rate of release required for safely operating the dam; under normal operation, irrigation needs determine rate of flow being released from the reservoir.

Total diversion into Wyoming Canal for the irrigation season was 341,368 acre feet; 96% of average. A total of 194,329 acre feet of water was delivered to irrigators at an efficiency rate of 56.9%. Operational waste and unaccounted loss make up the difference between total diversions and delivered water. For the season the allotment was 3.5 acre feet of water per acre.



DIVERSION DAM—JUNE 28, 2011

OPERATION AND MAINTENANCE



PILOT 28.3 L—BURMA RD. PROJECT



CLEANING DEBRIS—DIVERSION DAM

Midvale maintenance crews had a busy year with normal system upkeep to the water delivery infrastructure as well as new construction to replace failing concrete structures. Regular maintenance chores include cleaning silt deposits from canals and laterals, replacing canal delivery gates, concrete repairs and repairs to District owned equipment and buildings. As in past years Midvale contracted with the Fremont County Weed and Pest for spraying canals and laterals for weeds.

New construction projects include changes to Pilot 26.3R lateral to facilitate reconstruction of Burma Road by the Fremont County Road and Bridge Department. Midvale crews lowered the pipeline crossing Burma Road thereby allowing a hill to be cut down to improve visibility on that section of road. Additionally, we installed new concrete pipe in Pilot 21.1 lateral where the lateral intersects Burma Road. The cost of these projects was borne by Fremont County as part of the construction project; High Country Construction acted as general contractor for this section of road.

As you may recall, Midvale has a materials only grant from the Wyoming Water Development Commission to replace a check/drop structure at mile marker 19.0 on Wyoming Canal. It was determined that during reconstruction, the check portion of this structure would be relocated upstream at mile marker 18.0; this work was completed prior to the 2010 irrigation season. Reconstruction of the drop structure began in October of 2011; the structure consists of an upstream headwall, 126 feet of 96 inch Reinforced Concrete Pipe (RCP), and an outlet box with a baffle to dissipate energy. At this point in time we have finished laying the concrete pipe, poured the outlet box and the inlet structure; we anticipate the date of completion to be late March. Due to unexpected delays, we were unable to begin construction on this project as early as had been anticipated. It has been through exemplary performance by Midvale's employees that this project has progressed so quickly; the Midvale Board of Commissioners and management wish to express our gratitude to the crews that have provided additional time and effort to complete this work in a timely fashion.

2011 CROP PRODUCTION

CROP PRODUCTION AND ESTIMATED VALUE						
CROP	ACRES	YIELD/ACRE	UNIT	\$/UNIT	\$/ACRE	TOTAL \$ VALUE
Alfalfa Hay	22734.40	3.31	Ton	\$ 95.00	\$ 314.45	\$7,148,832.08
Barley	256.20	27.45	Bushel	\$ 2.75	\$ 75.49	\$19,339.90
Malt Barley	1811.60	90.46	Bushel	\$ 9.25	\$ 836.76	\$1,515,865.36
Beans	2188.40	18.12	CWT	\$ 24.10	\$ 436.69	\$955,656.77
Hard Corn	310.50	100.79	Bushel	\$ 5.60	\$ 564.42	\$175,253.65
Oats	306.60	29.78	Bushel	\$ 3.25	\$ 96.79	\$29,674.28
Wheat	316.90	66.05	Bushel	\$ 5.97	\$ 394.32	\$124,959.53
Other Hay	8680.80	2.02	Ton	\$ 90.00	\$ 181.80	\$1,578,169.44
Ensilage	2160.10	13.66	Ton	\$ 33.00	\$ 450.78	\$973,729.88
Sugar Beets	1070.60	25.43	Ton	\$ 52.00	\$ 1,322.36	\$1,415,718.62
Seed Alfalfa	202.40	267.29	LBS	\$ 3.25	\$ 868.69	\$175,823.36
Irrigated Pasture	6421.00	1.21	UAUM	\$ 18.00	\$ 21.78	\$139,849.38
Corn Pasture	104.30	45.66	UAUM	\$ 18.00	\$ 821.88	\$85,722.08
Other Pasture	586.20	0.28	UAUM	\$ 18.00	\$ 5.04	\$2,954.45
TOTAL	47150.00					\$14,341,548.78

* CROPS TOTALING LESS THAN 40 ACRES OF PRODUCTION ARE NOT INCLUDED IN THIS REPORT DUE TO DIFFICULTIES ESTABLISHING A FAIR MARKET VALUE.

CURRENT WATER STORAGE



WYOMING WATER DEVELOPMENT COMMISSION PROJECTS

MIDVALE AUTOMATION PROJECT:

The Midvale Automation Project Agreement was signed in August of 2006, funds from this grant paid for the Pilot Reservoir gate stem replacement in December of that year. During the past two years we were able to install forty-two (42) sites that provide us with information to monitor water flow and the ability to remotely operate gates. This project was considered officially complete by the Wyoming Water Development Commission in December of 2011.

WYOMING 44.1 LATERAL:

Midvale Irrigation District had the opportunity to participate in an upgrade to the Wyoming 44.1 lateral in February of 2009. A landowner on this lateral obtained a cost share from the N.R.C.S. for a center pivot system and associated 15" pipeline to allow the system to operate on gravity pressure. This lateral has long been identified by Midvale as a pipeline with great potential for water savings, and has sufficient drop in elevation to allow conversion to center pivot irrigation. The Midvale Board of Commissioners agreed to participate in this project to allow the needed capacity to include all acres served by this lateral in an enclosed pipeline. The upper portion of this lateral was converted to 24" PVC pipe installed by Midvale's construction crew. The remainder of the project was accepted by the WWDC and was funded during the 2010 session of the Wyoming State legislature; this project will provide water to 477 acres and eliminate 25,000 feet of open ditch.

The Midvale construction crew completed construction prior to the start of the 2011 water season; following inspection by the Wyoming Water Development Commission the project was designated as complete.

MIDVALE CANAL REHABILITATION – 2ND. DIVISION DROP STRUCTURE

In the fall of 2008 Midvale requested funding for rehabilitation of the 2nd. Division check/drop structure from the Wyoming Water Development Commission; following acceptance of the project by the W.W.D.C., the project received a "materials only" grant during the 2009 legislative session.

It was decided that the check structure and drop structure would be constructed separately with the check being moved upstream approximately one mile to mile marker 18.0; this structure was built following the 2009 water season and has completed two seasons successfully. A notable feature of this structure is a Rubicon gate that regulates upstream bay levels, provides remote operation by radio telemetry and is solar powered.

PAVILLION MAIN E LATERAL:

This lateral has concrete lining that has deteriorated to the point that we can only provide about 65% of the design capacity. Terry Zenk (P.E.) of Apex Surveying Inc. has designed a replacement of the failing concrete with 36" PVC pipe; the project was submitted to the W.W.D.C. in November of 2010 and received funding of \$450,000 at the 2011 legislative session. Midvale expects to bid the pipe for this project in the near future; construction will take place primarily after the 2012 water season and will be completed prior to the 2013 water season.

WYOMING CANAL 15.1 LATERAL

This lateral serves 1,444 acres and has a design capacity of 31 cfs. The upper reach has concrete lining that is in poor to failing condition, several sections of concrete has been removed by the District and replaced with PVC pipe and Corrugated Metal Pipe (CMP) and a section of concrete chute. In recent years the maximum delivery rate has been 22 cubic feet per second, limiting delivery rate to irrigators. Midvale plans to replace the failing concrete on the upper 7600 feet of this lateral with 36 inch PVC pipe. This project was submitted to the W.W.D.C. in November of 2011 and currently awaits funding from the Wyoming State Legislature.

NEW CATERPILLAR 329 LONG REACH EXCAVATOR



NEW 329 CAT LONG FRONT COMPARED TO 1989 MODEL 690 JOHN DEERE

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 9, 2012

Management's discussion and analysis of the Midvale Irrigation District's financial performance provides an overview of the District's activities as well as its financial condition for the year ending June 30, 2011. This discussion and analysis should be read in conjunction with the financial statements.

Midvale Irrigation District was organized under Wyoming Statutes 41-7-101 et seq by the landowners within the District that own land susceptible to irrigation from a common source and who receive irrigation water through a common water delivery system. The powers and duties of the District are enumerated in State and Federal law and the "Amendatory Repayment Contract between the United States of America and the Midvale Irrigation District Covering All Lands of the Riverton Unit" executed in 1971 (contract No. 14-06-600-444A).

The Bureau of Reclamation, Department of the Interior, United States of America, pursuant to the 1971 repayment contract, retains title to all physical structures managed by the District. The District will retain control of the system as long as it conforms to the terms and conditions of the 1971 repayment contract. The United State's title to all physical structures includes right-of-way easements retained along or adjacent to all United States owned facilities. The 1890 Canal Act, the law interpreting same, and State Law, dictates the scope and uses of said rights-of-ways. In accordance with the 1890 canal act, the easements are not for public access.

Wyoming Statutes dictate the organizational structure of the District and the election and duties of its Commissioners and Officers. Wyoming law further dictates the method and procedure for the levying of operation and maintenance (O&M) and construction assessments on land within the District and grants an automatic lien upon the land for enforcement of the same. It further provides for the appropriation of water by diversion for beneficial use by the District.

The District's mission is to provide the maximum amount of available water to the District's constituents at the lowest reasonable cost each year. Beneficial use shall be the basis, measure, and limit to the right to use water at all times

During the 2009 General Session of the Wyoming Legislature, W.S. 16-4-125 was amended to require all governmental entities within the state, no matter how formed, to adopt a June 30th fiscal year end. In order to comply, Midvale Irrigation District had to adjust its whole financial structure – including filing an amended Budget for the new fiscal year ending June 30, 2011. The financial statements contained in this report are reflective of that time frame.

Assets

Current Assets	\$2,327,465.21
Capital Assets	\$ 580,894.27
Other Assets	<u>\$4,229,709.33</u>
Total Assets -----	\$7,138,068.81

Liabilities

Current Liabilities	\$ 231,548.70
Other Liabilities & Deferred Revenue	<u>\$3,665,311.67</u>
Total Liabilities & Deferred Revenue-----	\$3,896,860.37

Net Assets

Contributed Capital	\$ 62,976.70
Net Assets Invested in Capital Assets	\$ 580,894.27
Net Assets – Unrestricted	\$1,397,337.47
Net Assets – Restricted	<u>\$1,200,000.00</u>
Total Net Assets -----	\$3,241,208.44

Total Net Assets and Liabilities ----- \$7,138,068.81

Total Revenues: \$1,881,767.11
Total Expenses: \$1,649,506.88
\$ 232,260.23

Net operating income was \$232,260.23 representing the difference between total revenues and total expenses.

USING THIS ANNUAL REPORT:

A complete copy of Midvale's complete Financial Statement is available at the District's office.

The annual Financial Statements consist of the following series of financial information:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Statement of Net Assets
- Statement of Revenues and Expenditures and Changes in Net Assets
- Statement of Cash Flows
- Notes to Financial Statements

The Financial Statements include all assets and liabilities using the accrual basis of Accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or disbursed. Thus, revenues and expenses are reported in these statements for items that will impact cash flows in future fiscal periods (e.g. uncollected receivables and earned but unused vacation and sick leave).

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. When evaluated over a period of time, the changes in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Whereas the Statement of Revenues, Expenses, and Changes in Net Assets describes the net income or deficit of the District for the fiscal year, the Statement of Cash Flows describes the overall change in cash and cash equivalents position of the District for the same period of time.

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the audited financial statements.

CONDENSED FINANCIAL INFORMATION

The difference between assets and liabilities is one way to measure the District's financial health. As mentioned earlier, increases or decreases in net assets may be one indicator of whether the District's financial position is improving or deteriorating.

Consideration of non-financial factors, such as changes in District's participation in grants or condition of the District's infrastructure would also impact the overall health of the operations.

Midvale does not operate to show a profit as a private company would. In contrast, the District has two major financial goals, which are:

- Recovering the cost of providing services to its customers, and
- Securing the financial resources to maintain, improve, and expand as necessary, the capital facilities used in providing those services.

Midvale remains in a financially strong position and is rebuilding reserves lost during construction projects and unanticipated repairs. Unsettled economic conditions mandate prudent planning and budgeting to accomplish our goals.