

**JORDAN VALLEY WATER
CONSERVANCY DISTRICT**

**BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Years Ended June 30, 2011 and 2010

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Basic Financial Statements
For the Years Ended June 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Jordan Valley Water Conservancy District
West Jordan, Utah

We have audited the accompanying basic financial statements of Jordan Valley Water Conservancy District ("the District") as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the District as of June 30, 2010, were audited by other auditors whose report dated November 10, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of Management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Haugen, Bradshaw, Malmrose & Erickson, P.C.

October 26, 2011

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Management's Discussion and Analysis
June 30, 2011 and 2010

The following is a discussion and analysis of Jordan Valley Water Conservancy District's financial performance providing an overview of the District's financial activities for the year ended June 30, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The total assets and deferred outflows of the District exceeded its liabilities by \$196,355,611
- The District's net capital assets increased by \$52,964,794
- The District's long-term liabilities increased by \$11,188,417
- The District's total net assets increased by \$14,244,576
- The District's operating revenues decreased by \$882,986
- The District's operating expenses increased by \$478,838
- The District's capital contributions decreased by \$8,695,788

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are proprietary funds.

Proprietary funds

The District uses an enterprise fund to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is to recover the costs of providing goods or services to the general public on a continuing basis primarily through user charges.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes are part of the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2011 and 2010

Financial statement analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, total assets and deferred outflows exceeded liabilities by \$196,355,611 at the close of the most recent fiscal year.

Prior Period Adjustment

In recent years the District has been awarded federal grants in conjunction with various capital projects. These grants have been reported as revenue to the District when reimbursements were received. During the 2011 audit, it was determined that revenue on these projects should be reported in the year expenditures are incurred. As a result, the District has recorded prior period adjustments and restated the financial statements to reflect revenue in the appropriate period. The effect of these adjustments has increased net assets for the applicable period.

Changes in net assets

The following is a summary of the District's net assets as of June 30:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Other assets and deferred outflows	\$ 52,595,395	\$ 80,071,543	\$ 44,839,479
Capital assets, net	<u>353,419,762</u>	<u>300,455,018</u>	<u>280,466,083</u>
Total assets and deferred outflows	<u>406,015,157</u>	<u>380,526,561</u>	<u>325,305,562</u>
Current liabilities	16,134,566	16,078,963	13,747,554
Long-term liabilities	<u>193,524,930</u>	<u>182,336,513</u>	<u>153,655,711</u>
Total liabilities	<u>209,659,496</u>	<u>198,415,476</u>	<u>167,403,265</u>
Fund net assets:			
Invested in capital assets, net of related debt	158,118,905	130,174,447	124,926,488
Restricted	14,826,735	25,701,107	9,577,909
Unrestricted	<u>23,410,021</u>	<u>26,235,531</u>	<u>23,397,900</u>
Total fund net assets	<u>\$ 196,355,661</u>	<u>\$ 182,111,085</u>	<u>\$ 157,902,297</u>

The largest portion of the District's net assets (80.53% in 2011, 71.48% in 2010 and 79.12% in 2009) reflects its investment in capital assets (e.g. land, buildings, water systems, equipment, and water rights) less any related debt used to acquire those assets that is still outstanding.

An additional portion of the District's net assets (7.55% in 2011, 14.11% in 2010 and 6.07% in 2009) represents resources that are subject to external restrictions on how they may be used. The restricted balance is for capital projects and debt service reserve accounts.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2011 and 2010

Changes in net assets (continued)

Another portion of the District's net assets (11.92% in 2011, 14.41% in 2010 and 14.82% in 2009) are unrestricted and may be used to meet the District's obligations to customers, member agencies, employees and creditors.

The following is a summary of the District's changes in net assets as of the years ended June 30:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Operating revenues - charges for services	\$ 32,666,550	\$ 33,549,536	\$ 32,309,305
Other revenues:			
Property taxes	13,229,107	12,786,834	13,803,008
Interest income	554,056	632,613	1,301,658
Intergovernmental	603,224	39,586	-
Other non-operating revenue	<u>(114,415)</u>	<u>192,519</u>	<u>567,992</u>
Total other revenues	<u>14,271,972</u>	<u>13,651,552</u>	<u>15,672,658</u>
Total revenues	<u>46,938,522</u>	<u>47,201,088</u>	<u>47,981,963</u>
Expenses:			
Operating expenses - general government	36,118,766	35,639,928	33,171,515
Interest expense	<u>5,072,652</u>	<u>5,766,462</u>	<u>6,322,811</u>
Total expenses	<u>41,191,418</u>	<u>41,406,390</u>	<u>39,494,326</u>
Income before contributions	5,747,104	5,794,698	8,487,637
Capital contributions	<u>8,497,472</u>	<u>17,193,260</u>	<u>58,060</u>
Change in net assets	14,244,576	22,987,958	8,545,697
Net assets, beginning of year (as previously stated)	182,111,085	157,902,297	149,356,600
Prior period adjustment	<u>-</u>	<u>1,220,830</u>	<u>-</u>
Net assets, end of year	<u>\$ 196,355,661</u>	<u>\$ 182,111,085</u>	<u>\$ 157,902,297</u>

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2011 and 2010

The District's net assets increased by \$14,244,576 and \$22,987,958 for the years ended June 30, 2011 and 2010, respectively. Key elements of this increase are as follows:

- Operating revenues decreased by \$882,986 and increased by \$1,240,231 for the years ended June 30, 2011 and 2010, respectively, due to the amount of water delivered.
- Property taxes increased by \$442,273 and decreased by \$1,016,174 for the years ended June 30, 2011 and 2010, respectively, due to changes in taxable values.
- Interest income on investments decreased by \$78,557 and \$669,045 for the years ended June 30, 2011 and 2010, respectively, due to reductions in interest rates and lower investment balances.
- Interest expense decreased by \$693,810 and \$556,349 for the years ended June 30, 2011 and 2010, respectively, due to the fluctuation of variable interest rates and an increase in capitalized interest per GASB standards.
- Other non-operating revenue increased by \$256,704 and decreased by \$375,473 for the years ended June 30, 2011 and 2010, respectively.
- Capital contributions decreased by \$8,695,788 and increased by \$17,135,200 for the years ended June 30, 2011 and 2010, respectively due to the amounts received to help fund the Southwest Groundwater Treatment Plant.
- Increases in expenses closely paralleled inflation and growth in the demand for services.

Capital assets

The District's investment in capital assets for its governmental activities, as of June 30, 2011 and 2010, amounted to \$353,419,762 and \$300,455,018, respectively (net of accumulated depreciation). This investment in capital assets includes the water system, land, administrative buildings and equipment, aqueduct rights and privileges, and investments in surface water resources.

Major capital asset events during the years ended June 30, 2011 and 2010, respectively, included the following:

- Investments in surface water resources of \$13,449,932 and \$1,525,873
- Increase in water lines and equipment of \$11,561,791 and \$1,441,396
- Increase in wells and equipment assets of \$747,377 and \$471,649
- Increase in reservoir assets of \$138,646 and \$7,013,211
- Increase (decrease) in treatment plant of \$4,808,862 and \$(552,944)

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2011 and 2010

Capital assets (continued)

The following is a summary of the District's capital assets as of June 30:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Capital assets:			
Utility plant in service, net	\$ 209,079,453	\$ 196,235,526	\$ 190,874,282
Construction in progress	51,175,054	23,457,382	9,773,609
Aqueduct rights and privileges, net	27,810,414	28,857,201	29,439,156
Investments in surface water resources	<u>65,354,841</u>	<u>51,904,909</u>	<u>50,379,036</u>
 Total capital assets, net	 <u>\$ 353,419,762</u>	 <u>\$ 300,455,018</u>	 <u>\$ 280,466,083</u>

Additional information on the District's capital assets can be found in note 3 of the notes to the financial statements.

Long-term debt

The District had total debt outstanding, net of unamortized bond discount, premiums and deferred amounts of \$194,027,876 and \$182,995,254 as of June 30, 2011 and 2010, respectively. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and notes payable.

The following is a summary of the District's long-term debt as of June 30:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Long-term debt:			
Bonds payable	\$ 192,809,454	\$ 182,487,171	\$ 155,504,056
Notes payable	<u>1,218,422</u>	<u>508,083</u>	<u>606,790</u>
 Total long-term debt	 <u>\$ 194,027,876</u>	 <u>\$ 182,995,254</u>	 <u>\$ 156,110,846</u>

The District has issued a portion of its revenue bonds through the Utah Water Finance Agency. The Utah Water Finance Agency is a cooperative formed with other state water districts and cities that come together to obtain bonds in an effort to achieve better economies of scale on issuance and other related costs.

The District's financial outlook continues to remain solid. Standard & Poor's assigned rating for the District is AA+, Moody's Investors Service has assigned a rating of Aa2, and Fitch Ratings has assigned the District a rating of AA.

The District issued new revenue refunding bonds in November 2010 and January 2011 and new revenue bonds in November 2010 in the amounts of \$1,605,000, \$16,945,000 and \$15,550,000, respectively. The proceeds from the revenue refunding bonds refunded bonds in the amounts of \$1,465,000 and \$15,515,000. These new bonds bear fixed interest rates, and mature through 2013, 2025 and 2025, respectively. Additional information on the District's long-term debt can be found in note 4 of the notes to the financial statements.

**JORDAN VALLEY WATER CONSERVANCY DISTRICT
Management's Discussion and Analysis (Continued)
June 30, 2011 and 2010**

Requests for Information

This financial report is designed to provide a general overview of Jordan Valley Water Conservancy District's finances for all those with an interest. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the office of the District in care of the Controller at 8215 South 1300 West, West Jordan, Utah 84088.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Statements of Net Assets
June 30, 2011 and 2010

	2011	(restated) 2010
<u>ASSETS AND DEFERRED OUTFLOWS</u>		
Current assets:		
Cash and cash equivalents (note 2)	\$ 24,994,219	\$ 32,966,304
Accounts receivable:		
Salt Lake County Treasurer - property tax collections	213,804	205,114
Water - wholesale billings (note 9)	3,546,067	4,101,606
Water - retail billings	623,440	708,630
Federal grants (note 12)	192,356	1,260,416
Other	1,295,385	7,290,545
Inventories	431,757	225,496
Total current assets	31,297,028	46,758,111
Noncurrent assets:		
Restricted assets (notes 2, 4):		
Cash and cash equivalents	10,377,056	21,228,124
Investments	4,449,679	4,472,983
Total restricted assets	14,826,735	25,701,107
Capital assets, net (note 3)	353,419,762	300,455,018
Investments, long-term (note 2)	6,400	6,400
Bond issuance costs, net	1,392,364	1,330,596
Total noncurrent assets	369,645,261	327,493,121
Deferred outflows:		
Effective interest rate swaps (note 4)	5,072,868	6,275,329
Total assets and deferred outflows	\$ 406,015,157	\$ 380,526,561

(Continued)

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Statements of Net Assets (Continued)
June 30, 2011 and 2010

<u>LIABILITIES AND NET ASSETS</u>	<u>2011</u>	<u>(restated)</u> <u>2010</u>
Current liabilities:		
Accounts payable	\$ 6,424,859	\$ 5,411,822
Accrued interest payable	1,272,981	1,222,291
Accrued and other liabilities	589,731	603,625
Long-term debt, current portion (note 4)	7,378,903	8,227,661
Other long-term liabilities, current portion (notes 4, 11)	468,092	613,564
Total current liabilities	<u>16,134,566</u>	<u>16,078,963</u>
Long-term liabilities:		
Long-term debt, net of current portion (note 4)	186,648,973	174,767,593
Other long-term liabilities, net of current portion (notes 4, 11)	1,803,089	1,293,591
Fair value of interest rate swaps (note 4)	5,072,868	6,275,329
Total long-term liabilities	<u>193,524,930</u>	<u>182,336,513</u>
Total liabilities	<u>209,659,496</u>	<u>198,415,476</u>
Net assets:		
Invested in capital assets, net of related debt	158,118,905	130,174,447
Restricted (note 4):		
Renewal and replacement	334,875	334,377
Future debt service	14,491,860	11,281,146
Future capital projects	-	14,085,584
Unrestricted (note 5)	23,410,021	26,235,531
Total net assets	<u>196,355,661</u>	<u>182,111,085</u>
Total liabilities and net assets	<u>\$ 406,015,157</u>	<u>\$ 380,526,561</u>

The accompanying notes are an integral part of these financial statements.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Statements of Revenues, Expenses, and Changes in Fund Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	(restated) 2010
<u>REVENUE</u>		
Operating revenues:		
Metered sales of water:		
Wholesale	\$ 27,124,913	\$ 27,732,665
Retail	4,363,634	4,116,985
Other	1,178,003	1,699,886
	32,666,550	33,549,536
<u>EXPENSES</u>		
Operating expenses:		
Direct expenses:		
Water purchased	9,570,601	9,566,139
Operating and maintenance	9,508,161	8,962,892
General and administrative	10,178,435	10,167,786
Depreciation and amortization	6,861,569	6,943,111
	36,118,766	35,639,928
Operating loss	(3,452,216)	(2,090,392)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
General property taxes	13,229,107	12,786,834
Interest income on investments	554,056	632,613
Net (decrease) increase in the fair value of investments	(114,415)	98,710
Gain on sale of capital assets	-	93,809
Intergovernmental revenue	603,224	39,586
Interest expense	(5,072,652)	(5,766,462)
	9,199,320	7,885,090
Income before capital contributions	5,747,104	5,794,698
Capital contributions	8,497,472	17,193,260
Change in net assets	14,244,576	22,987,958
Net assets, beginning of year, as previously reported	182,111,085	157,902,297
Prior period adjustment (note 12)	-	1,220,830
Net assets, beginning of year, as restated	182,111,085	159,123,127
Net assets, end of year	\$ 196,355,661	\$ 182,111,085

The accompanying notes are an integral part of these financial statements.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Statements of Cash Flows
June 30, 2011 and 2010

	<u>2011</u>	<u>(restated)</u> <u>2010</u>
<u>Cash flows from operating activities</u>		
Cash received from customers (including cash deposits)	\$ 32,120,586	\$ 31,769,104
Other operating cash receipts	1,333,357	1,671,589
Payments to suppliers of goods and services	(15,782,468)	(18,040,303)
Payments to employees and other operating cash payments	(12,246,410)	(12,374,359)
Net cash provided by operating activities	<u>5,425,065</u>	<u>3,026,031</u>
<u>Cash flows from non-capital financing activities</u>		
Property tax revenue	13,229,107	12,786,834
Intergovernmental revenue	1,671,284	39,586
Net cash provided by non-capital financing activities	<u>14,900,391</u>	<u>12,826,420</u>
<u>Cash flow from capital and related financing activities</u>		
Bond issuance costs, net	(61,768)	(303,294)
Premiums / discounts on bonds, net	428,086	135,145
Proceeds from new bonds issued and note payable	37,628,000	33,975,000
Capital contributions	11,537,278	15,271,788
Principal paid on revenue bonds and other contracts	(24,327,184)	(8,138,707)
Interest paid on revenue bonds and other contracts	(4,989,653)	(5,273,235)
Acquisition and construction of capital assets	(59,826,313)	(26,001,874)
Proceeds from sale of capital assets	-	102,150
Net cash (used) provided by capital and related financing activities	<u>(39,611,554)</u>	<u>9,766,973</u>
<u>Cash flow from investing activities</u>		
Interest income on investments	439,641	731,323
Proceeds from maturity of long-term investments	-	45,200
Decrease in restricted investments	23,304	4,773,916
Net cash provided by investing activities	<u>462,945</u>	<u>5,550,439</u>
Net (decrease) increase in cash and cash equivalents	(18,823,153)	31,169,863
Cash and cash equivalents, beginning of year	<u>54,194,428</u>	<u>23,024,565</u>
Cash and cash equivalents, end of year	<u>\$ 35,371,275</u>	<u>\$ 54,194,428</u>

(Continued)

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Statements of Cash Flows (Continued)
June 30, 2011 and 2010

	2011	(restated) 2010
<u>Reconciliation of operating income to net cash provided by operating activities</u>		
Operating loss	\$ (3,452,216)	\$ (2,090,392)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	6,861,569	6,943,111
Decrease (increase) in accounts receivable	787,393	(3,809,491)
(Increase) decrease in inventories	(206,261)	55,531
Increase in accounts payable	1,013,037	1,556,156
Increase in accrued and other liabilities	421,543	371,116
Total adjustments	8,877,281	5,116,423
Net cash provided by operating activities	\$ 5,425,065	\$ 3,026,031
<u>Cash and cash equivalents, as reported</u>		
Cash and cash equivalents	24,994,219	32,966,304
Cash and cash equivalents, restricted	10,377,056	21,228,124
Total cash and cash equivalents	\$ 35,371,275	\$ 54,194,428
<u>Capital and related financing activities not affecting cash</u>		
Increase in long-term debt from interest added to capital appreciation bonds	\$ 880,477	\$ 1,073,285
Deferred gain on interest rate swap termination	\$ (71,411)	\$ (91,215)
Deferred interest on refunding debt	\$ 103,720	\$ 103,720
Change in fair value of investments	\$ 114,415	\$ (98,710)

The accompanying notes are an integral part of these financial statements.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements
June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jordan Valley Water Conservancy District, a Utah political subdivision, (“the District”) was organized on September 14, 1951, under the Utah Water Conservancy Act. The District encompasses an area of approximately 175 square miles in the western and southern regions of the Salt Lake Valley and the northern tip of Utah County in the State of Utah. The District changed its name in 1999 from Salt Lake County Water Conservancy District. The District is not a component unit of any other governmental entity, and it has one component unit, Jordan Valley Conservation Gardens Foundation.

The Jordan Valley Conservation Gardens Foundation (Foundation), a Utah 501(c)(3) not-for-profit organization, was organized on September 29, 2005. The Foundation was primarily organized to assist the District with development and operation of a regional education facility and resource on water conservation, and to expand the existing conservation demonstration gardens. The Foundation’s primary sources of revenues are grants and gifts. The Foundation is governed by the same Board of Trustees as the District, and is a component unit of the District, and its financial activity is reflected as a blended component unit in the District’s financial reports. There were no significant revenues or expenses in the Foundation for the years ended June 30, 2011 and 2010. A separate column to disclose the Foundation’s financial statements has not been included in this report as the amounts are considered to be immaterial. Separate financial statements for the Foundation may be obtained from the District’s headquarters.

The District is primarily a wholesaler of water to other agencies but also has a retail service area and provides irrigation water to the agricultural community. The main role of the District is to develop and purchase water where it is available, and treat and transport it to where it is needed, in order to ensure that an adequate water supply is available for its service area. The District has contracted with various cities and water improvement districts to supply water to them. Water is billed on the basis of the District's cost to provide such service.

The District is divided into eight divisions and is governed by a board of nine trustees from the divisions, one from each of seven divisions and two from the eighth division, who are appointed by the Governor of the State of Utah, subject to confirmation by the Utah State Senate.

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The District develops, purchases, treats, and sells water to retail and wholesale customers and operates in no other industry. The following is a summary of the more significant of such policies.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation

The District has adopted the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments: Omnibus, and GASB Statement No. 38, Certain Financial Statement Disclosures. These statements require governmental entities with more than one governmental activity to present additional accrual-based statements to better communicate the financial status of the entity. The significant changes to the District's financial statements resulting from the adoption of these statements are the Management's Discussion and Analysis and the titles and presentation of the financial statements to conform to the net asset presentation.

The District reports its water production, storage, and distribution operations as a proprietary fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of accounting

The District is an enterprise fund and its records are maintained on the accrual basis of accounting. The District follows all Governmental Accounting Standards Board (GASB) pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, except those that conflict with a GASB pronouncement, in accordance with GASB Statement No. 20.

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less, when purchased, to be cash equivalents.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost (on the first-in, first-out basis) or market.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement requires that investments be reported at fair value in the accounting balance sheet, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less. Such investments may be reported at amortized costs. All investment income, including changes in the fair value of investments, is to be recognized in the operating statement. The net change in the fair value of investments for the years ended June 30, 2011 and 2010 was a decrease of \$114,415 and an increase of \$98,710, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during the years.

Capital assets

Capital assets are stated at cost, except for donated capital assets, which are reported at their estimated fair value at the date of donation. Costs incurred for repairs and maintenance that do not extend the useful life of an asset are recorded as an expense in the statement of revenues, expenses, and changes in net assets. Additions, improvements, and betterments that provide future benefit and exceed the District's capitalization threshold of \$5,000 are recorded as capital assets in the balance sheet. Depreciation has been provided using the straight-line method over estimated useful lives as follows:

	<u>Life in Years</u>
Water lines and equipment	5 to 60 years
Treatment plant	40 years
Wells and equipment	40 years
Reservoirs	60 years
Telemetry	20 years
Office buildings	40 years
Office furniture and equipment	5 to 10 years
Vehicles and other equipment	4 to 10 years

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets (Continued)

No depreciation is provided on construction in progress until the asset is placed in service. Aqueduct rights and privileges are stated at cost. Amortization has been provided using the straight-line method over their estimated useful lives.

Investments in surface water resources represent investments in water stock and are stated at cost.

Bond issuance costs

Costs incurred in the issuance of bonds are deferred and amortized over the term of the related bonds using a method approximating the effective interest method.

Capital contributions

Capital contributions are comprised of both, the cost or appraised value of water lines installed by subcontractors, which become part of the water system at no cost to the District, as well as federal, state, and private grants. These grants are typically of a reimbursable nature after the District has incurred the cost, and are used for capital projects.

Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All general liability, real property, and vehicles are insured through commercial policies. The District has established a self-insurance reserve to fund deductibles on the commercial policies. The amount of settlements did not exceed insurance coverage for the past three years for all policies.

Compensated absences

The District accrues unpaid annual leave, up to 320 hours, when earned by the employee. The District also accrues unpaid compensatory leave and sick leave, a portion of which can be converted to cash or annual leave at the end of the year, when earned by the employee. The allocations to the current and long-term portions of these vested obligations were based on experience and projections of turnover.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted assets

Restricted assets are comprised of cash and investments restricted for future payments of principal and interest on debt service as well as bonds issued for capital construction purposes.

Property taxes

The property tax revenue of the District is levied, collected, and distributed by both Salt Lake and Utah Counties, as required by Utah State law. Utah statutes established the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 22. By July 22, the county auditor is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the county board of equalization between August 8 and August 22 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1, who also delivers the completed assessment rolls to the county treasurer on that same date. Tax notices have a due date of November 30.

Operating and non-operating revenues

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for services provided by the District. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interest rate swaps

The District may enter into interest rate swap agreements to modify interest rates on outstanding debt. Any gains or losses resulting from terminated interest rate swap agreements are deferred over the life of the related debt. The net interest expenditures resulting from these agreements and the deferred gain resulting from the termination of the interest rate swap are recorded as interest expense in the financial statements.

Impact fees

Impact fees are collected for use by the District for related capital projects. There were no outstanding impact fees collected for the years ended June 30, 2011 and 2010.

Reclassifications

Certain items from the prior year have been reclassified to conform to the current year presentation. The net change in net assets has remained unchanged due to such reclassifications.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the District's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council

Deposits

Cash and cash equivalents consisted of the following, as of June 30:

	2011	2010
Unrestricted:		
Cash on deposit - demand and money market	\$ 2,965,900	\$ 7,118,330
Utah Public Treasurer's Investment Fund (PTIF)	22,028,319	25,847,974
Total unrestricted cash and cash equivalents	\$ 24,994,219	\$ 32,966,304
Restricted:		
Utah Public Treasurer's Investment Fund (PTIF)	10,360,715	21,228,124
Money market funds	16,341	
Total restricted cash and cash equivalents	\$ 10,377,056	\$ 21,228,124
Total cash and cash equivalents	\$ 35,371,275	\$ 54,194,428

The District has committed, by board designation, cash and cash equivalents totaling \$24,461,454 and \$26,731,778, respectively, as of June 30, 2011 and 2010. The District maintains these committed funds for expenses related to operating and maintenance, revenue, development fee, capital projects, emergency reserve/self-insurance, conservation, general equipment, meter deposit, and Jordan Valley Conservation Gardens Foundation.

Certain of the District's assets are restricted by provisions of the revenue refunding bond and revenue bond resolutions (see Note 4). The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements or invested in securities representing direct obligations of, or guaranteed by, the United States Government.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

At June 30, 2011 and 2010, the District maintained cash balances of \$3,118,490 and \$8,021,670, respectively, in a local financial institution insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2011, all cash balances at this financial institution were insured by the FDIC.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; bankers' acceptances; obligations of the U.S. Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund. All investments held by the District at June 30, 2011 and 2010 comply with the provisions of the Act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses - net of administration fees of the PTIF, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

The District had the following investments and maturities at June 30, 2011:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>< 1 year</u>	<u>6 - 10 years</u>
Unrestricted:			
Investment contracts backed			
U.S. Government Securities	\$ 6,400	\$ -	\$ 6,400
Total unrestricted	<u>6,400</u>	<u>-</u>	<u>6,400</u>
Restricted:			
Corporate Bonds	3,406,239	3,406,239	-
U.S. Treasury Notes	<u>1,043,440</u>	<u>1,043,440</u>	<u>-</u>
Total restricted	<u>4,449,679</u>	<u>4,449,679</u>	<u>-</u>
Total investments	<u>\$ 4,456,079</u>	<u>\$ 4,449,679</u>	<u>\$ 6,400</u>

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

The District had the following investments and maturities at June 30, 2010:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>< 1 year</u>	<u>6 - 10 years</u>
Unrestricted:			
Investment contracts backed			
U.S. Government Securities	\$ 6,400	\$ -	\$ 6,400
Total unrestricted	6,400	-	6,400
Restricted:			
U.S. Treasury Notes	4,472,983	4,472,983	-
Total restricted	4,472,983	4,472,983	-
Total investments	\$ 4,479,383	\$ 4,472,983	\$ 6,400

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

The District had the following investments and quality ratings at June 30, 2011:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>AAA</u>	<u>Unrated</u>
Investment contracts backed			
U.S. Government Securities	\$ 6,400	\$ -	\$ 6,400
Corporate Bonds	3,406,239	3,406,239	-
U.S. Treasury Notes	1,043,440	-	1,043,440
	<u>\$ 4,456,079</u>	<u>\$ 3,406,239</u>	<u>\$ 1,049,840</u>
Total investments	<u>\$ 4,456,079</u>	<u>\$ 3,406,239</u>	<u>\$ 1,049,840</u>

The District had the following investments and quality ratings at June 30, 2010:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>AAA</u>	<u>Unrated</u>
Investment contracts backed			
U.S. Government Securities	\$ 6,400	\$ -	\$ 6,400
U.S. Treasury Notes	4,472,983	-	4,472,983
	<u>\$ 4,479,383</u>	<u>\$ -</u>	<u>\$ 4,479,383</u>
Total investments	<u>\$ 4,479,383</u>	<u>\$ -</u>	<u>\$ 4,479,383</u>

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

3. CAPITAL ASSETS

The following is the capital asset activity for the year ended June 30, 2011:

	07/01/10	Increases	Decreases	06/30/11
Capital assets, not depreciated:				
Water systems land	\$ 30,806,156	\$ 158,293	\$ -	\$ 30,964,449
Office land	700,958	-	-	700,958
Construction in progress	23,457,382	27,717,672	-	51,175,054
Investments in surface water resources	51,904,909	13,449,932	-	65,354,841
Total capital assets, not depreciated	106,869,405	41,325,897	-	148,195,302
Capital assets, depreciated:				
Jordan aqueduct system	51,508,106	-	(315,619)	51,192,487
Source of supply	16,346,413	460,734	(4,316)	16,802,831
Water lines and equipment	92,700,503	11,561,791	-	104,262,294
Treatment plant	57,504,493	4,808,862	-	62,313,355
Wells and equipment	39,684,639	747,377	-	40,432,016
Reservoirs	16,213,993	138,646	-	16,352,639
Telemetry	7,973,792	38,384	-	8,012,176
Office buildings	8,318,130	857,580	-	9,175,710
Office furniture and equipment	2,717,199	89,114	(1,004,330)	1,801,983
Vehicles and other equipment	3,582,282	146,092	(169,115)	3,559,259
Capitalized interest	4,029,742	-	-	4,029,742
Total capital assets, depreciated	300,579,292	18,848,580	(1,493,380)	317,934,492
Less: accumulated depreciation:				
Jordan aqueduct system	(22,650,905)	(731,168)	-	(23,382,073)
Source of supply	(6,698,650)	(933,055)	4,316	(7,627,389)
Water lines and equipment	(21,231,792)	(1,510,537)	-	(22,742,329)
Treatment plant	(30,729,871)	(1,187,554)	-	(31,917,425)
Wells and equipment	(9,973,199)	(953,441)	-	(10,926,640)
Reservoirs	(3,278,002)	(334,656)	-	(3,612,658)
Telemetry	(2,883,350)	(380,505)	-	(3,263,855)
Office buildings	(3,909,024)	(211,552)	-	(4,120,576)
Office furniture and equipment	(2,216,838)	(171,802)	1,004,330	(1,384,310)
Vehicles and other equipment	(2,598,406)	(331,130)	169,117	(2,760,419)
Capitalized interest	(823,642)	(148,716)	-	(972,358)
Total accumulated depreciation	(106,993,679)	(6,894,116)	1,177,763	(112,710,032)
Net business-type capital assets	\$300,455,018	\$ 53,280,361	\$ (315,617)	\$ 353,419,762

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

3. CAPITAL ASSETS (CONTINUED)

The following is the capital asset activity for the year ended June 30, 2010:

	07/01/09	Increases	Decreases	06/30/10
Capital assets, not depreciated:				
Water systems land	\$ 28,441,303	\$ 2,364,853	\$ -	\$ 30,806,156
Office land	700,958	-	-	700,958
Construction in progress	9,773,609	13,683,773	-	23,457,382
Investments in surface water resources	50,379,036	1,525,873	-	51,904,909
Total capital assets, not depreciated	89,294,906	17,574,499	-	106,869,405
Capital assets, depreciated:				
Jordan aqueduct system	51,360,043	148,063	-	51,508,106
Source of supply	15,725,197	621,216	-	16,346,413
Water lines and equipment	91,283,764	1,441,396	(24,657)	92,700,503
Treatment plant	58,057,437	-	(552,944)	57,504,493
Wells and equipment	39,212,990	471,649	-	39,684,639
Reservoirs	9,200,782	7,013,211	-	16,213,993
Telemetry	7,932,264	41,528	-	7,973,792
Office buildings	8,299,690	18,440	-	8,318,130
Office furniture and equipment	2,667,785	49,414	-	2,717,199
Vehicles and other equipment	3,694,529	120,472	(232,719)	3,582,282
Capitalized interest	4,029,742	-	-	4,029,742
Total capital assets, depreciated	291,464,223	9,925,389	(810,320)	300,579,292
Less: accumulated depreciation:				
Jordan aqueduct system	(21,920,887)	(730,018)	-	(22,650,905)
Source of supply	(5,825,983)	(872,667)	-	(6,698,650)
Water lines and equipment	(19,720,760)	(1,527,470)	16,438	(21,231,792)
Treatment plant	(29,524,251)	(1,205,620)	-	(30,729,871)
Wells and equipment	(9,034,227)	(938,972)	-	(9,973,199)
Reservoirs	(2,961,606)	(316,396)	-	(3,278,002)
Telemetry	(2,477,979)	(405,371)	-	(2,883,350)
Office buildings	(3,696,727)	(212,297)	-	(3,909,024)
Office furniture and equipment	(2,006,606)	(210,232)	-	(2,216,838)
Vehicles and other equipment	(2,449,094)	(381,909)	232,597	(2,598,406)
Capitalized interest	(674,926)	(148,716)	-	(823,642)
Total accumulated depreciation	(100,293,046)	(6,949,668)	249,035	(106,993,679)
Net business-type capital assets	<u>\$280,466,083</u>	<u>\$ 20,550,220</u>	<u>\$ (561,285)</u>	<u>\$ 300,455,018</u>

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

3. CAPITAL ASSETS (CONTINUED)

Aqueduct rights and privileges

The District has acquired a contractual right to approximately 71% of the carrying capacity of the Jordan Aqueduct of the Bonneville Unit of the Central Utah Project (the Aqueduct) from the United States Department of Interior, Bureau of Reclamation (the Bureau) which constructed the aqueduct and retains indefinite title thereto. Rights and privileges of this carrying capacity have been capitalized at the amounts originally payable to the Bureau for construction of the Aqueduct. Accumulated amortization was \$23,382,073 and \$22,650,905 at June 30, 2011 and 2010, respectively.

4. LONG-TERM DEBT

The District has the following long-term debt outstanding at June 30:

	2011	2010
Water revenue bonds		
Series 2000 revenue bonds payable, dated April 15, 2000; interest payable semi-annually at 4.50% to 5.38%; refunded during 2011 with the Series 2010B Bonds	\$ -	\$ 2,145,000
Series 2002C revenue bonds payable, dated October 31, 2002; interest payable semi-annually at 3.00% to 5.25%, maturing in annual installments through 2013	1,110,000	1,620,000
Series 2005B revenue bonds payable, dated July 27, 2005; interest payable semi-annually at 3.25% to 5.00%, maturing in annual installments through 2023	8,705,000	9,230,000
Series 2007B revenue bonds payable, dated August 9, 2007; interest payable semi-annually at 4.25% to 5.00%, maturing in annual installments through 2018	5,230,000	5,880,000
Series 2009 A & B revenue bonds payable, dated September 23, 2009; interest payable semi-annually at 2.5% to 6.530%, maturing in annual installments through 2040	26,340,000	26,850,000
Series 2009C revenue bonds payable, dated February 24, 2010; 0.00% interest rate; maturing in annual installments through 2035	3,600,000	3,600,000
Series 2010A revenue bonds payable, dated January 19, 2010; 1.64% interest rate; maturing in annual installments through 2021	3,000,000	3,000,000
Series 2010C revenue bonds payable, dated November 18, 2010; interest payable semi-annually at 3.50% to 5.21%; maturing in annual installments through 2026	15,550,000	-

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

4. LONG-TERM DEBT (CONTINUED)

	2011	2010
Water revenue refunding bonds		
Series 1992 revenue refunding bonds payable, dated March 1, 1992; interest at 6.00% to 7.00%, capital appreciation bonds issued without coupons, with interest added to the outstanding balance semi-annually, maturing in annual installments through 2016	12,263,014	15,182,537
Series 2001 revenue refunding bonds payable, dated March 15, 2001; interest payable semi-annually at 3.20% to 5.25%; partially refunded in 2011 by Series 2011A Bonds; maturing in annual installments through 2013	135,000	15,715,000
Series 2005A revenue refunding bonds payable, dated March 2, 2005; interest payable semi-annually at 3.25% to 5.00%, maturing in annual installments through 2024	19,220,000	20,655,000
Series 2007A revenue refunding bonds payable, dated April 18, 2007; interest payable semi-annually at 4.00% to 5.00%, maturing in annual installments through 2029	14,750,000	14,785,000
Series 2008 B-1 revenue refunding bonds payable, dated April 22, 2008; interest payable monthly at a variable weekly rate (0.09% at June 30, 2011), maturing in annual installments beginning 2018 through 2038	64,665,000	64,665,000
Series 2010B revenue refunding bonds payable, dated November 18, 2010; interest payable semi-annually at 2.00%; maturing in annual installments through 2014	1,605,000	-
Series 2011A revenue refunding bonds payable, dated January 26, 2011; interest payable semi-annually at 2.00% to 5.00%; maturing in annual installments through 2026	16,945,000	-
Total revenue and revenue refunding bonds	193,118,014	183,327,537
Other long-term debt		
Unamortized bond discount, premiums, & deferred amount on refundings	(308,560)	(840,366)
Notes payable, dated October 14, 2009; interest compounded monthly at 4.40%, maturing in annual installments through 2030	490,422	508,083
Notes payable, dated September 10, 2009; simple interest compounded at 4.00%, annual interest only payments, with one principal payment at maturity in 2021	728,000	-
Total long-term debt	194,027,876	182,995,254
Less: current portion	(7,378,903)	(8,227,661)
Total long-term debt, net of current portion	186,648,973	174,767,593
Other long-term liabilities, net of current portion (see table on next page)	1,803,089	1,293,591
	\$ 188,452,062	\$ 176,061,184

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

4. LONG-TERM DEBT (CONTINUED)

Long-term debt transactions for the fiscal year ended June 30, 2011 are as follows:

	07/01/10	Additions	Reductions	06/30/11	Due in One Year
Bonds Payable					
Revenue and revenue refunding bonds	\$ 183,327,537	\$ 34,100,000	\$ (24,309,523)	\$ 193,118,014	\$ 7,360,466
Other long-term debt					
Unamortized bond discount, premiums, and deferred amount on refundings	(840,366)	\$ 632,334	\$ (100,528)	(308,560)	-
Notes payable	508,083	728,000	(17,661)	1,218,422	18,437
Total long-term debt	<u>182,995,254</u>	<u>35,460,334</u>	<u>(24,427,712)</u>	<u>194,027,876</u>	<u>7,378,903</u>
Other long-term liabilities					
Compensated absences	1,041,512	712,588	(613,564)	1,140,536	468,092
Post-employment benefit obligation	674,967	387,427	(51,014)	1,011,380	-
Deferred gain on interest rate swap	190,676	-	(71,411)	119,265	-
Total other long-term liabilities	<u>1,907,155</u>	<u>1,100,015</u>	<u>(735,989)</u>	<u>2,271,181</u>	<u>468,092</u>
	<u>\$ 184,902,409</u>	<u>\$ 36,560,349</u>	<u>\$ (25,163,701)</u>	<u>\$ 196,299,057</u>	<u>\$ 7,846,995</u>

Long-term debt transactions for the fiscal year ended June 30, 2010 are as follows:

	07/01/09	Additions	Reductions	06/30/10	Due in One Year
Bonds Payable					
Revenue and revenue refunding bonds	\$ 156,319,251	\$ 33,450,000	\$ (6,441,714)	\$ 183,327,537	\$ 8,210,000
Other long-term debt					
Unamortized bond discount, premiums, and deferred amount on refundings	(815,195)	31,424	(56,595)	(840,366)	-
Notes payable	606,790	525,000	(623,707)	508,083	17,661
Total long-term debt	<u>156,110,846</u>	<u>34,006,424</u>	<u>(7,122,016)</u>	<u>182,995,254</u>	<u>8,227,661</u>
Other long-term liabilities					
Compensated absences	947,776	645,737	(552,001)	1,041,512	613,564
Post-employment benefit obligation	327,920	377,414	(30,367)	674,967	-
Deferred gain on interest rate swap	281,891	-	(91,215)	190,676	-
Total other long-term liabilities	<u>1,557,587</u>	<u>1,023,151</u>	<u>(673,583)</u>	<u>1,907,155</u>	<u>613,564</u>
	<u>\$ 157,668,433</u>	<u>\$ 35,029,575</u>	<u>\$ (7,795,599)</u>	<u>\$ 184,902,409</u>	<u>\$ 8,841,225</u>

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

4. LONG-TERM DEBT (CONTINUED)

Future maturities of long-term debt are as follows for the fiscal years ending June, 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 7,378,903	\$ 6,482,087	\$ 13,860,990
2013	8,646,468	6,078,457	14,724,925
2014	8,921,162	5,672,264	14,593,426
2015	6,850,012	5,338,166	12,188,178
2016	7,213,126	5,013,458	12,226,584
2017 - 2021	42,476,818	21,027,657	63,504,475
2022 - 2026	50,469,780	13,126,083	63,595,863
2027 - 2031	26,945,167	6,502,096	33,447,263
2032 - 2036	24,940,000	2,756,750	27,696,750
2037 - 2041	10,495,000	494,801	10,989,801
Total	<u>\$ 194,336,436</u>	<u>\$ 72,491,819</u>	<u>\$ 266,828,255</u>

Variable interest rate

As of June 30, 2011, the variable interest rate on the Series B-1 Revenue Bonds was set at the weekly rate as defined in the official bond statement. The interest rate determination method for the bonds can be changed by the District to a daily rate, a commercial paper rate, or a long-term interest rate (all of which are defined in the official bond statement). The effective date of any change shall be the first day of the first interest period during which the bonds of such series shall bear interest at a rate determined by the new method.

Interest rate swap agreements

The District's long-term debt strategy is to maintain a mixture of fixed and variable-rate debt to take advantage of the two markets in order to effectively manage its debt, and to reduce its exposure to interest rate risk.

In January 2000, the District entered into an interest rate swap agreement for its fixed rate 1992 Series Revenue Refunding Bonds. Under the terms of the interest rate swap, the District swapped its fixed interest rate for a variable rate. In March 2001, the interest rate swap was terminated resulting in a net gain of \$1,980,000. Gains and losses realized upon settlement of these bonds are deferred and amortized to interest expense over the period relevant to the underlying bond. Amortization of the deferred gain on the termination of the interest rate swap agreement reduced interest expense, for the years ended June 30, 2011 and 2010, by \$71,411 and \$91,215, respectively.

The District had previously entered into two swap agreements with AMBAC Financial Services to swap the variable rate for a fixed rate of interest. The swap amounts were \$16,200,000 and \$20,300,000 representing partial amounts of the \$64,665,000 Series B-1 bond. On August 19, 2009, The District terminated its swap agreements with AMBAC and negotiated replacement swap agreements with The Bank of New York Mellon (BNY). The BNY swap agreements are for the same amounts and maintains the same 3.356% and 3.790% fixed rates of interest.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

4. LONG-TERM DEBT (CONTINUED)

Fair Value

The District entered into two swap agreements related to the Series B-1 bonds, with fair values of \$(1,811,716) and \$(3,261,152) at June 30, 2011 and \$(2,355,439) and \$(3,919,890) at June 30, 2010, as calculated under the terms and conditions of the ISDA Master Agreement with its accompanying Schedule and Confirmation (the Swap Agreement). The swap provider, BNY, is the Calculation Agent.

Credit Risk

Credit risk is the risk that a counterparty will not fulfill its obligations. As of June 30, 2011, the District was exposed to credit risk in the amount of the swap's fair value (as noted above) in the event the swap agreements are terminated and BNY fails to make the termination payment. The obligations of BNY are covered by an insurance policy issued by the bank. As of June 30, 2011, BNY was rated Aaa and AA by Moody's Investor Service and Standard and Poor's, respectively. To mitigate credit risk, if BNY's credit quality falls below Aa/AA, respectively, the fair value of the swap would be fully collateralized with U.S. government securities. Collateral would be posted with the Trustee.

Basis Risk

Basis risk is the risk that the interest rate paid by the District on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The District bears basis risk on its swap. The swap has basis risk since the District receives a percentage of LIBOR to offset the actual variable bond rate the District pays on its bonds. The District is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the District pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

Termination Risk

The District may terminate the swap at any time. BNY may terminate the swap if the District fails to perform under the terms of the Swap Agreement. The District will be exposed to variable rates if the provider to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the District's making or receiving a termination payment based on market interest rates at the time of termination. If at the time of termination the swap has a negative fair value, the District would be liable to the counterparty for a payment equal to the swap's fair value.

Swap Payments and Associated Debt

Using rates as of June 30, 2011, debt service requirements of the Series B-1 bonds and the related net swap payments, assuming current interest rates remain the same, are shown in the table below. As rates vary, variable-rate bond interest payments and net swap payments will vary.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

4. LONG-TERM DEBT (CONTINUED)

Swap Payments and Associated Debt (Continued)

These payments below are included in the future maturities of long-term debt above, for the fiscal years ended, June 30:

	Variable-rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net Interest	
2012	\$ -	\$ 58,198	\$ 1,280,090	\$ 1,338,288
2013	-	58,198	1,280,090	1,338,288
2014	-	58,198	1,280,090	1,338,288
2015	-	58,198	1,280,090	1,338,288
2016	-	58,198	1,280,090	1,338,288
2017-2021	7,400,000	279,380	6,243,224	13,922,604
2022-2026	16,200,000	225,380	5,199,343	21,624,723
2027-2031	17,700,000	141,905	3,206,935	21,048,840
2032-2036	18,500,000	65,585	869,809	19,435,394
2037-2040	4,865,000	4,137	-	4,869,137
Total	\$ 64,665,000	\$ 1,007,377	\$ 21,919,761	\$ 87,592,138

Prior-year defeasance of debt

In prior years, the District defeased certain revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2011 and 2010, \$14,483,975 and \$29,332,400 of bonds outstanding are not included in the District's financial statements and are considered defeased, respectively.

New Bond Issuance

Over the years, the District has issued revenue bonds, pledging its revenues as security for payment. Neither the faith and credit nor the taxing power of the District is pledged for the payment of its bonds. Property constituting part of the District's water system is not pledged. On November 18, 2010, the District issued \$15,550,000 of new water revenue bonds, series 2010C. Proceeds from this issuance will be used to construct treatment facilities and improvements, new transmission and distribution pipelines, wells, water storage facilities, and various other water supply, treatment, pumping, and conveyance facilities and improvements.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

4. LONG-TERM DEBT (CONTINUED)

Current Refunding

On November 18, 2010, the District issued \$1,605,000 of revenue refunding bonds, series 2010B, with an interest rate of 2.00%, to refund \$1,465,000 of series 2000A water revenue bonds with an average interest rate of 5.34%. The series 2010B bonds mature in 2014. The unamortized premium and issuance costs of the refunded bonds were \$61,252 at the date of the refunding.

On January 26, 2011, the District issued \$16,945,000 of revenue refunding bonds, series 2011A, with an interest rate ranging from 2.00% - 5.00%, to partially refund \$15,515,000 of series 2001A water revenue refunding bonds with an average interest rate of 5.06%. The series 2011A bonds mature in 2026. The unamortized discount, prepaid interest from a prior advance refunding, and issuance costs of the refunded bonds were \$728,900 at the date of the refunding.

Optional redemption and redemption prices

Certain bonds are subject to redemption at the election of the District, in whole or in part, from such maturities or parts thereof as shall be selected by the District, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date. The following is a summary of the bonds that are subject to redemption, and when they may be redeemed.

Bond Series	Bonds subject to redemption: maturing on or after	Bonds may be redeemed on or after
2001A	October 01, 2011	October 01, 2011
2005A	October 01, 2015	April 01, 2015
2005B	October 01, 2016	October 01, 2015
2007A	October 01, 2018	October 01, 2017
2009AB	October 01, 2020	October 01, 2019

The District has the right to purchase bonds in lieu of certain redemptions, related to its series B-1 variable rate bonds. All redemptions and purchases in lieu of redemption will be paid in funds immediately available on the redemption or purchase date at a redemption or purchase price of 100% of the principal amount of the bonds being redeemed or purchased plus accrued interest, if any, to the relevant redemption or purchase date.

The following are selected provisions of the revenue refunding and revenue bond resolutions:

Pledge of the Bond Resolutions

The Bond Resolutions provide that the Bonds shall be special obligations of the District payable solely from and secured by: i) the proceeds of sale of the Bonds; ii) all revenues, connection fees, income, rents, and receipts attributable to the water supply and distribution system (the System), except taxes levied to provide for operation and maintenance costs, and income from investments of any monies held pursuant to the Resolutions, except monies held in the Construction Fund; and iii) all funds, other than the Operation and Maintenance Fund, established by the Resolutions. The Resolutions do not require the District to pledge any property constituting part of the System.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

4. LONG-TERM DEBT (CONTINUED)

Funds required by the Bond Resolutions

The Resolutions require that certain "funds" be established to account for the District's receipts and disbursements. Such "funds" are accounts within the District's records and are not separate funds or groups of self-balancing accounts. The amounts held in these funds are to be used for the purposes stipulated in the Resolutions as described below. Funds held by the trustee have been restricted and corresponding amounts of retained earnings have been reserved.

Revenue Fund (held by the District)

This fund initially receives revenues, excluding property taxes, and disburses them to the Principal and Interest Fund and then to the Renewal and Replacement Fund. Any remaining revenues may be applied at the determination of the District to: (1) the purchase or redemption of any Bonds and payment of expenses in connection with the purchase or redemption of any Bonds; (2) payments of principal or redemption price of an interest on any Bonds, including general obligation or junior lien revenue bonds of the District, issued to acquire improvements or extensions to the System; (3) payments into the bond project funds; (4) payment of the cost of capital improvements to the System and (5) any other lawful purpose of the issuer. The District is required to have, on deposit, 25 percent of total annual debt service at all times (\$3,546,356 at June 30, 2011). At June 30, 2011, the balance of cash and investments in the fund was \$4,446,001.

Operation and Maintenance Fund (held by the District)

This fund pays all costs of operations and maintenance as appropriated in the annual budget. The District is required to have, on deposit, sufficient funds to efficiently operate and maintain its system for three calendar months (\$2,800,000 at June 30, 2011). Property tax revenues are received directly into this fund. At June 30, 2011, the balance of cash and investments in the fund was \$2,439,119.

Renewal and Replacement Funds (held by the District)

These funds pay for extraordinary operation and maintenance costs, contingencies, and any other costs of additional facilities not covered by the proceeds of insurance or other recoverable monies. In the event a deficiency arises in the Principal and Interest Fund, monies in the Renewal and Replacement Funds shall be transferred to this fund to satisfy the deficiency. Any remaining funds not used to satisfy the deficiency, or not needed for any purpose for which this fund was established, shall be deposited into the Revenue Fund. At June 30, 2011, the balances of cash and investments in these funds were \$146,879 and \$106,720 held in bond renewal and replacement accounts.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

4. LONG-TERM DEBT (CONTINUED)

Principal and Interest Funds (held by the Trustee)

These funds hold any debt service reserve amounts and pay all interest and principal related to the Bonds. The debt service reserve requirement is equal to the average annual debt service on the bonds at the time of issuance. At June, 30 2011, the fair value balance of cash and investments in these funds consisted of \$2,376,278 in the 1992 debt service reserve fund, \$2,103,868 in the 2005A debt service reserve fund, \$4,759,342 in the B-1 debt service reserve fund, \$2,060,680 in the 2009AB debt reserve fund, \$1,571,847 in the 2010BC debt reserve fund, and \$1,609,428 in the 2011A debt reserve fund.

Bond Project Funds (held by the Trustee)

These funds hold and disburse bond proceeds for the acquisition costs of construction projects. At June 30, 2011, the balance of cash and investments was \$0.

Restricted assets

Restricted assets represent cash and investments and related accrued interest receivable restricted for purposes of the Renewal and Replacement Fund, Jordan Valley Water Treatment Plant Maintenance Fund, Jordan Aqueduct Maintenance Fund, Bond Projects Fund, Bond cash accounts, and Principal and Interest Funds (see Note 2).

Restricted net assets

Net assets for certain restricted assets have been reserved as follows for the year ended June 30:

	2011	2010
Renewal and Replacement Fund	\$ 146,879	\$ 146,661
Jordan Valley Water Treatment Plant Maintenance Fund	81,276	81,155
Jordan Aqueduct Maintenance Fund	106,720	106,561
Bond project funds	-	14,085,584
Bond cash accounts	10,417	141
Principal and Interest Funds:		
1992 Reserve	2,376,278	2,373,034
2005A Reserve	2,103,868	2,099,949
B-1 Reserve	4,759,342	4,747,261
2009A/B Reserve	2,060,680	2,060,761
2010B/C Reserve	1,571,847	-
2011A Reserve	1,609,428	-
	\$ 14,826,735	\$ 25,701,107

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

5. UNRESTRICTED NET ASSETS

The following “funds” have been established by board designation and the amounts held in these funds committed for the purposes stipulated. Such “funds” are accounts within the District’s records and are not separate funds or groups of self-balancing accounts.

Bond Covenant - Minimum Balances

As explained in the previous note, the District’s bond resolutions require that a minimum balance be maintained in the Revenue Fund and Operation and Maintenance Fund.

Development Fee Fund

This fund was established to receive retail connection fees that will be used to fund expansion or improvements to the retail system. The balance in this fund is determined by connection and development fees collected, less any expenditures.

Capital Projects Fund

Capital projects, authorized by the Board, are paid from this fund. Bond proceeds are transferred into the fund as projects are completed. Additional funding, as designated by the Board, may be made from other District funds.

Emergency Reserve / Self Insurance Fund

This fund was established to reserve assets to pay for all self-insured claims and supplemental insurance premiums. In addition, this fund will be used to begin repairs in the case of catastrophic events.

Conservation Fund

Programs related to the District’s water conservation plan and other conservation activities are paid from this fund. District funding and contributions from partner agencies for District-sponsored conservation programs are deposited in the fund.

General Equipment Fund

This fund facilitates the budgeting and funding of vehicles and other depreciable equipment. Expenditures from the fund are authorized by the Board during the budgeting process.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

5. UNRESTRICTED NET ASSETS (CONTINUED)

Meter Deposit Fund

This fund was established to receive deposits on new retail water accounts, specifically from commercial customers. When an account is terminated, a refund of the deposit amount will be made to the customer if there is no outstanding balance owing on the account. This fund is held in a separate, non-interest bearing, account.

Uncommitted Net Assets

The uncommitted net assets consisted of cash and cash equivalents from the Operation and Maintenance, and Revenue Funds that were in excess of the minimum balances from bond covenants, as well as other current assets and current liabilities. Uncommitted net assets may fluctuate from year to year based upon the balances in those accounts. Following approval of the audited financial statements, an amount approximating net income will be committed by board designation and transferred to various funds.

Unrestricted net assets are as follows as of June 30:

	<u>2011</u>	<u>2010</u>
Committed:		
Bond covenant - minimum balances	\$ 6,346,356	\$ 5,849,454
Capital projects fund	15,033,233	18,510,003
Emergency reserve / self-insurance fund	2,455,677	2,404,796
Conservation fund	87,380	982,726
General equipment fund	298,768	20,260
Meter deposit fund	36,954	36,654
Jordan Valley Conservation Gardens Foundation	203,087	188,301
Uncommitted	<u>(1,051,434)</u>	<u>(1,756,663)</u>
Total unrestricted net assets	<u>\$ 23,410,021</u>	<u>\$ 26,235,531</u>

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

6. RETIREMENT PLANS

Plan description

The District contributes to the Local Governmental Contributory Retirement System (Contributory System) and Retirement plans Local Governmental Noncontributory Retirement System (Noncontributory System), both of which are cost-sharing, multiple-employer, defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Systems and plans. Chapter 49 places the Systems, the Office, and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake District, Utah 84102 or by calling 1-800-365-8772.

Funding policy

Plan members of the Contributory System are required to contribute 6% of their covered salary (all or part may be paid by the employer) to the plan. The District was required to contribute 9.36% and 13.37% of covered salary to the Contributory and Noncontributory Systems, respectively. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The District's contributions to the various Systems for the years ended June 30, 2011 and 2010 and 2009 for the Contributory System were \$30,824, \$27,292, and \$25,870, respectively, and for the Noncontributory System the contributions were \$970,914, \$842,003, and \$784,060, respectively. The contributions were equal to the required contributions for each year.

Defined contribution money purchase pension plan

The District has a defined contribution retirement plan, in lieu of participation in the Social Security system, which is funded by contributions from the District and its employees. All permanent and full-time employees participate in the plan. The District's contribution rate to the retirement plan is the same contribution rate the Federal Insurance Contribution Act (FICA) requires for Social Security tax, as may be changed periodically by Congress. The plan is administered for the District by Fidelity Investments. The District's contribution to this plan was \$877,982 and \$959,239 for the years ended June 30, 2011 and 2010, respectively.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

7. DEFERRED COMPENSATION PLANS

The District offers its employees deferred compensation plans created in accordance with the Internal Revenue Code Sections 457 compensation and 401(k) and Roth IRA (the Plans). The Plans, administered by the Systems and available to all District employees, permits an employee to defer a portion of their salary until future years. The deferred compensation is not available to employees or their beneficiaries until termination, retirement, death, or unforeseeable emergency.

The employer contributions to the Plans for the years ended June 30, 2011 and 2010 for the 457 plan were \$33,026 and \$37,517, respectively and for the 401(k) plan the contributions were \$36,305 and \$30,674, respectively. The employee contributions to the Plans for the years ended June 30, 2011 and 2010 for the 457 plan were \$117,851 and \$122,866, respectively, and for the 401(k) plan the contributions were \$19,266 and \$19,381, respectively. The employee contributions to the Plans for the years ended June 30, 2011 and 2010 for the Roth IRA plan were \$5,718 and \$6,728, respectively.

The Plans are included in a publicly available financial report that includes financial statements and required supplementary information. A copy of the Systems' report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake District, Utah 84102 or by calling 1-800-365-8772.

8. COMMITMENTS AND CONTINGENT LIABILITIES

The District has an agreement to purchase municipal and industrial water (Project Water) from Central Utah Water Conservancy District (CUWCD) developed under the Bonneville Unit of the Central Utah Project. Under the agreement, the District will receive an average annual allotment of 50,000 acre-feet of Project Water, through eight individual block notices, at an estimated average price of \$146.00 per acre-foot, excluding various facility operating and maintenance costs, until the water allotted to the District by CUWCD is paid in full. This is expected to occur between the years 2037 and 2047, according to the individual block notices. The price of Project Water after the repayment period has not yet been estimated.

For the years ended June 30, 2011 and 2010, 41,734 and 44,065 acre-feet of Project Water was delivered to the District, respectively. Under a separate contract, the District has returned 6,300 acre-feet of Project Water to CUWCD each year for Provo River fishery flows to assist in meeting CUWCD's conservation goal under Section 207 of the Central Utah Completion Act. This has reduced the District's repayment obligation for Project Water proportional to the amount returned to CUWCD.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

8. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

The District executed an agreement with the Welby Jacob Water Users Company in 1988, and an amended agreement in 1991, to implement the Welby Jacob Exchange. Under the Welby Jacob Exchange, the District must deliver 40,000 acre-feet of water, either pumped Utah Lake water or Provo River water, to the Welby and Jacob canals each year. Under this amended agreement, the District delivered to the Welby and Jacob canals 29,463 and 28,873 acre-feet, of which, 15,115 and 12,143 acre-feet were pumped, for the years ended June 30, 2011 and 2010, respectively. In return, the District received approximately 35,175 and 43,094 acre-feet for the years ended June 30, 2011 and 2010, respectively, of high quality Provo River water for use in its municipal system or used for irrigation.

The District has an informal agreement with Metropolitan Water District of Salt Lake and Sandy (Metropolitan) to purchase, if available, surplus water. The District had water purchases of \$452,536 and \$565,270 for the years ended June 30, 2011 and 2010, respectively, under this agreement.

The District and Metropolitan executed an operation and maintenance agreement with Central Utah Water Conservancy District (CUWCD) in 1993, which provides for CUWCD to convey title to the Jordan Valley Water Treatment Plant (JVWTP) and Terminal Reservoir without further consideration to the District and Metropolitan by special warranty deed upon Jordanelle Reservoir becoming operational (when the United States Bureau of Reclamations block notices total 50,000 acre-feet), or upon completion of the Terminal Reservoir expansion, whichever occurs later. In July 2007, title to these two facilities was successfully conveyed by CUWCD to the District and Metropolitan. Under the terms of the special warranty deed, the District now owns 71.4% and Metropolitan now owns 28.6% of the JVWTP and Terminal Reservoir.

The agreement also provides for the operation and maintenance of the JVWTP and Terminal Reservoir by the District under the direction of a management committee, comprised of two members appointed by the District, two members appointed by Metropolitan, and one member appointed by CUWCD. Operation costs are apportioned on the basis of the volume of water (acre feet) treated and stored for the District and for Metropolitan, and maintenance costs are apportioned 71.4% to the District and 28.6% to Metropolitan. Capital improvement costs will require approval of the District and Metropolitan, and if incurred, will be apportioned on the basis of benefits as determined by the management committee.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

8. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

The District has entered into agreements with Kennecott Utah Copper (Kennecott), and the Trustee for Natural Resources for the State of Utah to jointly construct the Southwest Jordan Valley Groundwater Project (SWJVGP). The project will treat contaminated groundwater and distribute it to communities impacted by the contamination. As part of the project, Kennecott built and operates the Bingham Canyon Water Treatment Plant, which began operation in 2006, and annually produces approximately 3,500 acre-feet of treated groundwater delivered to the District. The District will build and operate the Southwest Groundwater Treatment Plant (SWGWTP), and related infrastructure, which will begin operation in 2012. The SWGWTP will annually produce approximately 4,735 acre-feet of high quality drinking water which will be distributed to the District's member agencies. The SWJVGP agreements require Kennecott and the District to operate both treatment plants for 40 years. The District intends to continue operating the SWGWTP beyond the 40-year term and may expand its capacity in the future as needed to meet demand.

As of June 30, 2011, the District was involved in various lawsuits in the normal course of its operations. The District's management believes the outcome of these lawsuits will not have a material adverse effect on the District's financial statements.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

9. MAJOR CUSTOMERS OR SUPPLIERS AND RELATED PARTIES

Significant transactions and balances with major customers or suppliers and related parties with common directors or officers not otherwise disclosed are as follows for the fiscal years ended June 30:

	2011	2010
Accounts receivable:		
City of South Jordan	\$ 831,341	\$ 725,768
Granger-Hunter Improvement District	776,610	858,214
City of West Jordan	740,604	1,243,979
Metropolitan Water District of Salt Lake and Sandy	720,648	779,484
Kearns Improvement District	546,948	395,616
Herriman City	167,839	217,006
Draper City	166,216	171,719
Taylorsville-Bennion Improvement District	147,400	134,776
Bluffdale City	83,500	90,213
Metered sales of water:		
Granger-Hunter Improvement District	6,619,906	7,214,743
City of West Jordan	6,087,447	5,709,886
City of South Jordan	4,909,451	4,785,328
Kearns Improvement District	3,140,729	3,107,056
Taylorsville-Bennion Improvement District	1,640,615	1,679,775
Herriman City	1,362,994	1,192,244
Draper City	1,310,059	1,284,156
Bluffdale City	618,713	570,908
Water purchase, treatment, and delivery:		
Central Utah Water Conservancy District	6,611,617	6,572,518
Metropolitan Water District of Salt Lake and Sandy	452,536	565,270
Kennecott Utah Copper	541,890	593,403

10. SUBSEQUENT EVENTS

The District evaluated all events or transactions that occurred after June 30, 2011 through October 26, 2011, the date the District issued these financial statements. During this period, the District did not have any additional material recognizable subsequent events.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

11. POSTRETIREMENT HEALTH CARE BENEFITS

Plan Description

In addition to the retirement benefits described in note 6, the District explicitly subsidizes retiree health care coverage for eligible employees until Medicare eligibility in accordance with plan provisions. The benefits and benefit levels are governed by District policy and can be amended at any time. The plan does not issue a separate report.

Funding Policy

The District currently pays for postemployment benefits on a "pay-as-you-go" basis. These financial statements assume that "pay-as-you-go" funding will continue.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASBS No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for the fiscal years ended June 30:

	<u>2011</u>	<u>2010</u>
Annual required contribution	\$ 387,252	\$ 377,329
Annual OPEB cost (expense)	387,427	377,414
Contributions made	<u>(51,014)</u>	<u>(30,367)</u>
Increase in net OPEB obligation	336,413	347,047
Net OPEB obligation—beginning of year	<u>674,967</u>	<u>327,920</u>
Net OPEB obligation—end of year	<u>\$ 1,011,380</u>	<u>\$ 674,967</u>

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

11. POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ending June 30, are as follows:

	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB</u>
2011	\$ 387,427	\$ 51,014	13.2%	\$ 336,413
2010	377,414	30,367	8.0%	347,047

Funded status and funding progress

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 3,958,948
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 3,958,948
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 7,775,140
UAAL as a percentage of covered payroll	50.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress above presents the results of OPEB valuations as of June 30, 2011 and looking forward, the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Notes to the Financial Statements (Continued)
June 30, 2011 and 2010

11. POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

In the June 30, 2011 actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included a 4.0% unfunded discount rate and an annual healthcare cost trend rate of 8.00% initially, reduced by decrements to an ultimate rate of 5.00% after 8 years. The actuarial value of assets was not determined as the District has not advance funded its obligations. The UAAL is being amortized as a level percentage of payroll over an open thirty year period.

12. PRIOR PERIOD ADJUSTMENT

The District was awarded various federal grants in 2006 through 2009, for which \$1,260,416 was expended in fiscal years ending prior to and including June 30, 2010. Each of these grants is funded through federal reimbursement, based on proof of expenditures. OMB Circular A-133 guidelines and U.S. generally accepted accounting principles require that revenue for these grants be recorded in the years in which the expenditures actually occurred. It was discovered during the year ended June 30, 2011, that revenue applicable to these grants was recorded when the reimbursements were received, rather than when the expenditures were incurred.

The District recorded a federal grants receivable as of June 30, 2009 for \$1,220,830 and increased net assets at that date for the same amount. The District also recorded additional grant revenue of \$39,586 during the year ended June 30, 2010 and restated the 2010 statement of revenues, expenses and changes in fund net assets.

SUPPLEMENTAL SCHEDULES

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Revenue Bond Debt Service Payments
Water Revenue Bonds

2002C Series Revenue Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 540,000	\$ 42,000	\$ 582,000	\$ 570,000
2013	570,000	14,250	584,250	-
Total	<u>\$ 1,110,000</u>	<u>\$ 56,250</u>	<u>\$ 1,166,250</u>	

2005B Series Revenue Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 555,000	\$ 375,603	\$ 930,603	\$ 8,150,000
2013	585,000	353,253	938,253	7,565,000
2014	610,000	330,359	940,359	6,955,000
2015	640,000	306,859	946,859	6,315,000
2016	665,000	281,984	946,984	5,650,000
2017	695,000	255,826	950,826	4,955,000
2018	730,000	224,718	954,718	4,225,000
2019	765,000	189,734	954,734	3,460,000
2020	800,000	153,000	953,000	2,660,000
2021	845,000	111,875	956,875	1,815,000
2022	885,000	68,625	953,625	930,000
2023	930,000	23,250	953,250	-
Total	<u>\$ 8,705,000</u>	<u>\$ 2,675,086</u>	<u>\$ 2,863,750</u>	

2007B Series Revenue Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 650,000	\$ 226,837	\$ 876,837	\$ 4,580,000
2013	680,000	198,575	878,575	3,900,000
2014	700,000	169,250	869,250	3,200,000
2015	750,000	138,438	888,438	2,450,000
2016	800,000	102,500	902,500	1,650,000
2017	800,000	62,500	862,500	850,000
2018	850,000	21,250	871,250	-
Total	<u>\$ 5,230,000</u>	<u>\$ 919,350</u>	<u>\$ 6,149,350</u>	

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Revenue Bond Debt Service Payments
Water Revenue Bonds (Continued)

2009A&B Series Revenue Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 535,000	\$ 1,003,406	\$ 1,538,406	\$ 25,805,000
2013	600,000	985,956	1,585,956	25,205,000
2014	575,000	972,018	1,547,018	24,630,000
2015	600,000	956,831	1,556,831	24,030,000
2016	605,000	936,731	1,541,731	23,425,000
2017	625,000	915,256	1,540,256	22,800,000
2018	650,000	892,881	1,542,881	22,150,000
2019	660,000	870,078	1,530,078	21,490,000
2020	680,000	849,734	1,529,734	20,810,000
2021	700,000	827,658	1,527,658	20,110,000
2022	725,000	803,706	1,528,706	19,385,000
2023	750,000	778,078	1,528,078	18,635,000
2024	780,000	750,746	1,530,746	17,855,000
2025	810,000	720,489	1,530,489	17,045,000
2026	840,000	687,617	1,527,617	16,205,000
2027	875,000	653,450	1,528,450	15,330,000
2028	910,000	617,888	1,527,888	14,420,000
2029	950,000	580,833	1,530,833	13,470,000
2030	985,000	542,283	1,527,283	12,485,000
2031	1,030,000	501,469	1,531,469	11,455,000
2032	1,070,000	458,267	1,528,267	10,385,000
2033	1,115,000	413,316	1,528,316	9,270,000
2034	1,165,000	366,411	1,531,411	8,105,000
2035	1,210,000	317,551	1,527,551	6,895,000
2036	1,265,000	265,812	1,530,812	5,630,000
2037	1,320,000	210,952	1,530,952	4,310,000
2038	1,375,000	153,757	1,528,757	2,935,000
2039	1,435,000	94,122	1,529,122	1,500,000
2040	1,500,000	31,834	1,531,834	-
Total	<u>\$ 26,340,000</u>	<u>\$ 18,159,130</u>	<u>\$ 44,499,130</u>	

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Revenue Bond Debt Service Payments
Water Revenue Bonds (Continued)

2009C Series Revenue Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 126,000	\$ -	\$ 126,000	\$ 3,474,000
2013	126,000	-	126,000	3,348,000
2014	126,000	-	126,000	3,222,000
2015	126,000	-	126,000	3,096,000
2016	126,000	-	126,000	2,970,000
2017	157,000	-	157,000	2,813,000
2018	157,000	-	157,000	2,656,000
2019	157,000	-	157,000	2,499,000
2020	157,000	-	157,000	2,342,000
2021	157,000	-	157,000	2,185,000
2022	157,000	-	157,000	2,028,000
2023	157,000	-	157,000	1,871,000
2024	157,000	-	157,000	1,714,000
2025	157,000	-	157,000	1,557,000
2026	157,000	-	157,000	1,400,000
2027	157,000	-	157,000	1,243,000
2028	157,000	-	157,000	1,086,000
2029	157,000	-	157,000	929,000
2030	157,000	-	157,000	772,000
2031	157,000	-	157,000	615,000
2032	157,000	-	157,000	458,000
2033	157,000	-	157,000	301,000
2034	157,000	-	157,000	144,000
2035	144,000	-	144,000	-
Total	<u>\$ 3,600,000</u>	<u>\$ -</u>	<u>\$ 3,600,000</u>	

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Revenue Bond Debt Service Payments
Water Revenue Bonds (Continued)

2010A Series Revenue Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 237,000	\$ 32,000	\$ 269,000	\$ 2,763,000
2013	241,000	29,454	270,454	2,522,000
2014	244,000	26,885	270,885	2,278,000
2015	249,000	24,283	273,283	2,029,000
2016	325,000	21,629	346,629	1,704,000
2017	330,000	18,165	348,165	1,374,000
2018	335,000	14,647	349,647	1,039,000
2019	341,000	11,076	352,076	698,000
2020	346,000	7,441	353,441	352,000
2021	352,000	3,752	355,752	-
Total	<u>\$ 3,000,000</u>	<u>\$ 189,332</u>	<u>\$ 3,189,332</u>	

2010C Series Revenue Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ -	\$ 478,655	\$ 478,655	\$ 15,550,000
2013	-	478,655	478,655	15,550,000
2014	-	478,655	478,655	15,550,000
2015	-	478,655	478,655	15,550,000
2016	-	478,655	478,655	15,550,000
2017	-	478,655	478,655	15,550,000
2018	80,000	477,745	557,745	15,470,000
2019	-	476,835	476,835	15,470,000
2020	1,360,000	459,332	1,819,332	14,110,000
2021	1,515,000	421,838	1,936,838	12,595,000
2022	1,465,000	381,089	1,846,089	11,130,000
2023	1,625,000	335,983	1,960,983	9,505,000
2024	2,655,000	270,132	2,925,132	6,850,000
2025	2,575,000	186,700	2,761,700	4,275,000
2026	4,275,000	72,386	4,347,386	-
Total	<u>\$ 15,550,000</u>	<u>\$ 5,953,970</u>	<u>\$ 21,503,970</u>	

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Revenue Bond Debt Service Payments
Water Revenue Refunding Bonds (Continued)

1992 Series Revenue Refunding Bonds

Year ended June 30,	Balance at Beginning of Year	Interest Added	Debt Service Payments	Balance at End of Year
2012	\$ 12,263,014	\$ 672,534	\$ 3,800,000	\$ 9,135,548
2013	9,135,548	449,780	3,800,000	5,785,328
2014	5,785,328	238,932	3,800,000	2,224,260
2015	2,224,260	110,966	1,175,000	1,160,226
2016	1,160,226	14,774	1,175,000	-
Total		<u>\$ 1,486,986</u>	<u>\$ 13,750,000</u>	

2001 Series Revenue Refunding Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 65,000	\$ 5,125	\$ 70,125	\$ 70,000
2013	70,000	1,750	71,750	-
Total	<u>\$ 135,000</u>	<u>\$ 6,875</u>	<u>\$ 141,875</u>	

2005A Series Revenue Refunding Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 1,490,000	\$ 907,800	\$ 2,397,800	\$ 17,730,000
2013	1,560,000	839,000	2,399,000	16,170,000
2014	1,645,000	758,875	2,403,875	14,525,000
2015	1,730,000	674,500	2,404,500	12,795,000
2016	1,810,000	586,000	2,396,000	10,985,000
2017	1,900,000	493,250	2,393,250	9,085,000
2018	2,000,000	395,750	2,395,750	7,085,000
2019	3,130,000	267,500	3,397,500	3,955,000
2020	715,000	171,375	886,375	3,240,000
2021	750,000	134,750	884,750	2,490,000
2022	790,000	96,250	886,250	1,700,000
2023	830,000	57,825	887,825	870,000
2024	870,000	19,575	889,575	-
Total	<u>\$ 19,220,000</u>	<u>\$ 5,402,450</u>	<u>\$ 24,622,450</u>	

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Revenue Bond Debt Service Payments
Water Revenue Refunding Bonds (Continued)

2007A Series Revenue Refunding Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 35,000	\$ 660,975	\$ 695,975	\$ 14,715,000
2013	40,000	659,475	699,475	14,675,000
2014	640,000	645,875	1,285,875	14,035,000
2015	670,000	616,325	1,286,325	13,365,000
2016	700,000	582,075	1,282,075	12,665,000
2017	740,000	546,075	1,286,075	11,925,000
2018	775,000	508,200	1,283,200	11,150,000
2019	800,000	471,825	1,271,825	10,350,000
2020	845,000	437,925	1,282,925	9,505,000
2021	880,000	403,425	1,283,425	8,625,000
2022	920,000	366,275	1,286,275	7,705,000
2023	965,000	325,013	1,290,013	6,740,000
2024	1,000,000	280,800	1,280,800	5,740,000
2025	1,045,000	234,787	1,279,787	4,695,000
2026	1,095,000	186,637	1,281,637	3,600,000
2027	1,150,000	136,125	1,286,125	2,450,000
2028	1,200,000	83,250	1,283,250	1,250,000
2029	1,250,000	28,125	1,278,125	-
Total	<u>\$ 14,750,000</u>	<u>\$ 7,173,187</u>	<u>\$ 21,923,187</u>	

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Revenue Bond Debt Service Payments
Water Revenue Refunding Bonds (Continued)

2008B-1 Series Revenue Refunding Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest*	Total	
2012	\$ -	\$ 1,338,288	\$ 1,338,288	\$ 64,665,000
2013	-	1,338,288	1,338,288	64,665,000
2014	-	1,338,288	1,338,288	64,665,000
2015	-	1,338,288	1,338,288	64,665,000
2016	-	1,338,288	1,338,288	64,665,000
2017	-	1,338,288	1,338,288	64,665,000
2018	1,000,000	1,337,838	2,337,838	63,665,000
2019	2,000,000	1,319,841	3,319,841	61,665,000
2020	2,200,000	1,282,806	3,482,806	59,465,000
2021	2,200,000	1,243,831	3,443,831	57,265,000
2022	2,400,000	1,202,916	3,602,916	54,865,000
2023	2,400,000	1,160,061	3,560,061	52,465,000
2024	3,600,000	1,100,337	4,700,337	48,865,000
2025	3,800,000	1,021,803	4,821,803	45,065,000
2026	4,000,000	939,606	4,939,606	41,065,000
2027	4,200,000	853,746	5,053,746	36,865,000
2028	4,400,000	764,223	5,164,223	32,465,000
2029	2,900,000	671,803	3,571,803	29,565,000
2030	3,000,000	578,163	3,578,163	26,565,000
2031	3,200,000	480,905	3,680,905	23,365,000
2032	3,200,000	380,075	3,580,075	20,165,000
2033	3,500,000	275,627	3,775,627	16,665,000
2034	3,700,000	165,621	3,865,621	12,965,000
2035	4,000,000	83,353	4,083,353	8,965,000
2036	4,100,000	30,718	4,130,718	4,865,000
2037	2,700,000	3,163	2,703,163	2,165,000
2038	2,165,000	974	2,165,974	-
Total	\$ 64,665,000	\$ 22,927,138	\$ 87,592,138	

* The Series 2008B-1 Revenue Refunding Bonds have a variable rate, and two interest rate swaps, resulting in synthetic fixed rates of 3.356% and 3.790%. The variable interest rate is reset weekly. This amortization schedule is based on the weekly variable rate as of June 30, 2011 (0.09%). Actual interest payments will vary from this schedule.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Revenue Bond Debt Service Payments
Water Revenue Refunding Bonds (Continued)

2010B Series Revenue Refunding Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ -	\$ 32,100	\$ 32,100	\$ 1,605,000
2013	805,000	24,050	829,050	800,000
2014	800,000	8,000	-	-
Total	<u>\$ 1,605,000</u>	<u>\$ 64,150</u>	<u>\$ 861,150</u>	

2011A Series Revenue Refunding Bonds

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ -	\$ 656,100	\$ 656,100	\$ 16,945,000
2013	-	656,100	656,100	16,945,000
2014	-	656,100	656,100	16,945,000
2015	1,000,000	644,850	1,644,850	15,945,000
2016	1,000,000	623,600	1,623,600	14,945,000
2017	2,100,000	584,725	2,684,725	12,845,000
2018	1,600,000	531,850	2,131,850	11,245,000
2019	1,170,000	487,200	1,657,200	10,075,000
2020	1,225,000	435,925	1,660,925	8,850,000
2021	1,350,000	378,300	1,728,300	7,500,000
2022	1,400,000	316,300	1,716,300	6,100,000
2023	1,435,000	245,425	1,680,425	4,665,000
2024	1,475,000	180,050	1,655,050	3,190,000
2025	1,540,000	115,900	1,655,900	1,650,000
2026	1,650,000	40,625	1,690,625	-
Total	<u>\$ 16,945,000</u>	<u>\$ 6,553,050</u>	<u>\$ 23,498,050</u>	

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Promissory Note Debt Service Payments

Harley Gillman Note

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ -	\$ 29,120	\$ 29,120	\$ 728,000
2013	-	29,120	29,120	728,000
2014	-	29,120	29,120	728,000
2015	-	29,120	29,120	728,000
2016	-	29,120	29,120	728,000
2017	-	29,120	29,120	728,000
2018	-	29,120	29,120	728,000
2019	728,000	29,120	757,120	-
Total	<u>\$ 728,000</u>	<u>\$ 232,960</u>	<u>\$ -</u>	

Utah and Salt Lake Canal Company

Year ended June 30,	Debt Service Payments			Balance at End of Year
	Principal	Interest	Total	
2012	\$ 18,437	\$ 21,563	\$ 40,000	\$ 471,985
2013	19,248	20,752	40,000	452,737
2014	20,094	19,906	40,000	432,643
2015	20,978	19,022	40,000	411,665
2016	21,900	18,100	40,000	389,765
2017	22,863	17,137	40,000	366,902
2018	23,868	16,132	40,000	343,034
2019	24,917	15,083	40,000	318,117
2020	26,013	13,987	40,000	292,104
2021	27,157	12,843	40,000	264,947
2022	28,351	11,649	40,000	236,596
2023	29,597	10,403	40,000	206,999
2024	30,899	9,101	40,000	176,100
2025	32,257	7,743	40,000	143,843
2026	33,676	6,324	40,000	110,167
2027	35,156	4,844	40,000	75,011
2028	36,702	3,298	40,000	38,309
2029	38,309	1,691	40,000	-
Total	<u>\$ 490,422</u>	<u>\$ 229,578</u>	<u>\$ 720,000</u>	

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Requirements of the Water Conservancy Revenue Bond Resolutions and
U.S. Department of Commerce, Economic Development Administration (EDA)

1. A Schedule of the Insurance Policies in Force at July 1, 2011 is at page 57.
2. An analysis of all funds established by the Resolution is at page 58.
3. "Net Revenues" for fiscal year 2011 exceed 1.0 times the "Aggregate Debt Service" for 2011 and "Net Revenues" and amounts maintained in the Revenue Fund for debt service for 2011 exceed 1.25 times the "Aggregate Debt Service" for 2011, as those terms are defined in the Resolution. The District met the minimum requirements as described on page 59.
4. An analysis of water billings and metered customers for the fiscal year ended June 30, 2011 is as follows:

	Retail	Wholesale	Total
Average number of metered customers	8,479	16	8,495
Amount billed for water and water service	\$ 4,363,634	\$ 27,124,913	\$ 31,488,547
Average amount billed per customer	\$ 515	\$ 1,695,307	
Average monthly amount billed per customer	\$ 43	\$ 141,276	

There were no unmetered water customers during 2011. The gross volume of water sold for the fiscal year ended June 30, 2011 was 79,375 acre-feet. In accordance with the Resolution, wholesale sales of water excludes any sales to Metropolitan Water District of Salt Lake and Sandy.

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Requirements of the Water Conservancy Revenue Bond Resolutions and
U.S. Department of Commerce, Economic Development Administration (EDA) (Continued)

5. The rate schedule at June 30, 2011 for water sold by the District was as follows:

Wholesale customers	\$271.14 to \$467.66 (winter rates) and \$339.68 to \$567.46 (summer rates) per acre-foot based on cost of service to customer plus a flat rate charge of \$10.00 per 1,000 gallons-per-minute of meter capacity per month.
Industrial customers	\$298.85 (winter rate) and \$368.46 (summer rate) per-acre foot based on cost of service to customer.
Retail customers	\$1.27 (winter rate) and \$1.59 (summer rate) per 1,000 gallons delivered plus a monthly meter base charge/flat fee based upon the size of the meter, ranging from \$2.50 to \$65.00.
Pumping surcharge	\$0.21 per 1,000 gallons is added to the retail rate in areas of the District where pumping is required to deliver the water.

6. The District's Board of Trustees is composed of the following as of June 30, 2011:

Steven L. Taggart	Chair
Margaret K. Peterson	Vice-Chair
Royce A. Gibson	Trustee - Chair of Finance Committee
Lyle C. Summers	Trustee - Chair of Conservation Committee
J. Lynn Crane	Trustee
Dale F. Gardiner	Trustee
W. Richard McDonald	Trustee
Ronald E. Sperry	Trustee
Gary C. Swensen	Trustee

Other District officers are as follows:

Richard P. Bay	CEO, General Manager, Clerk
David D. Martin	CFO / Treasurer, Assistant Clerk

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Insurance Policies in Force
June 30, 2011

Description	Coverage
<u>Commercial General Liability:</u> American Alternative Insurance Corporation (expires July 1, 2012)	\$1,000,000 each occurrence \$3,000,000 aggregate limit with \$100,000 self-insured retention
<u>Public Officials and Employees Liability:</u> American Alternative Insurance Corporation (expires July 1, 2012)	\$1,000,000 each occurrence \$3,000,000 aggregate limit with \$100,000 self-insured retention
<u>Business Auto Liability:</u> American Alternative Insurance Corporation (expires July 1, 2012)	\$1,000,000 limit per accident with \$100,000 self-insured retention
<u>Excess Liability:</u> American Alternative Insurance Corporation (expires July 1, 2012)	\$10,000,000 each occurrence \$10,000,000 aggregate limit
<u>Excess Liability 2nd Layer</u> Great American Insurance Co. (expires July 1, 2012)	\$10,000,000 each occurrence \$10,000,000 aggregate limit
<u>Combined Property Coverage:</u> National Union Fire Ins. Co. of Pittsburgh, PA (expires July 1, 2012)	\$175,000,000 limit with \$100,000 deductible
<u>Earthquake and Flood:</u> National Union Fire Ins. Co. of Pittsburgh, PA and (expires July 1, 2012)	\$100,000,000 limit for earthquake and \$10,000,000 limit for flood with \$100,000 deductible
<u>Fiduciary Insurance:</u> National Union Fire Ins. Co. of Pittsburgh, PA (expires July 1, 2012)	\$2,000,000 limit with \$0 deductible
<u>Crime and Director's & Officer's Liability:</u> Travelers (expires July 1, 2013)	\$1,000,000 limit
<u>Workers Compensation Insurance:</u> Workers Comp Fund of Utah (expires July 1, 2012)	\$500,000 each accident \$500,000 each employee \$500,000 policy limit
<u>Public Treasurer Bond:</u> Travelers (expires December 31, 2011)	\$1,500,000 each treasurer
District Self Insurance Fund:	\$2,455,677

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Changes in Funds Established by the Water Conservancy Revenue Bond Resolutions (Cash Basis)

	Principal and Interest Fund										Total
	Operations & Maintenance Fund	Revenue Fund	Capital Projects Fund*	Renewal and Replacement Fund	1992 Reserve	2005A Reserve	2008B-1 Reserve	2009A&B Reserve	2010B&C Reserve	2011A Reserve	
Balance, June 30, 2010											
Cash and investments	\$ 5,844,904	\$ 6,225,137	\$ 17,119,907	\$ 146,098	\$ 2,373,312	\$ 2,100,087	\$ 4,747,261	\$ 2,060,861	\$ -	\$ -	\$ 40,617,567
Additions:											
Investment income received	41,398	40,214	86,997	781	150,330	63,002	25,409	10,926	4,274	2,886	426,217
Property tax revenue	13,229,108										13,229,108
Revenue from water sales		31,488,547									31,488,547
Bond reserve proceeds								1,571,129	1,608,694		3,179,823
Other sources		1,768,808	12,618,690								14,387,498
Intergovernmental			1,671,284								1,671,284
Bond project fund			30,850,857								30,850,857
Revenue fund	15,500,000		4,509,412								20,009,412
Reserve accounts		10,006	226,719								236,725
Total additions	28,770,506	33,307,575	49,963,959	781	150,330	63,002	25,409	10,926	1,575,403	1,611,580	115,479,471
Deductions:											
Construction expenditures			(52,050,632)								(52,050,632)
Debt service		(13,770,398)									(13,770,398)
O&M expenditures	(32,176,290)										(32,176,290)
Other expenditures		(92,919)									(92,919)
O&M fund		(15,500,000)									(15,500,000)
Capital projects fund		(4,509,412)									(4,509,412)
Other capital funds		(815,815)			(147,364)	(59,220)	(13,328)	(6,808)			(1,042,535)
Self insurance fund		(398,167)									(398,167)
Revenue fund								(4,300)	(3,555)	(2,151)	(10,006)
Total deductions	(32,176,290)	(35,086,711)	(52,050,632)	-	(147,364)	(59,220)	(13,328)	(11,108)	(3,555)	(2,151)	(119,550,359)
Balance, June 30, 2011											
Cash and investments	\$ 2,439,120	\$ 4,446,001	\$ 15,033,234	\$ 146,879	\$ 2,376,278	\$ 2,103,869	\$ 4,759,342	\$ 2,060,679	\$ 1,571,848	\$ 1,609,429	\$ 36,546,679

* The Capital Projects Fund was not required by bond resolutions, but was established by Board resolution

JORDAN VALLEY WATER CONSERVANCY DISTRICT
Schedule of Net Revenues and Aggregate Debt Service

	2011	(restated) 2010
Net revenues:		
Total operating revenues	\$ 32,666,550	\$ 33,549,536
Other revenues	14,271,972	13,651,552
	46,938,522	47,201,088
Less: operating expenses (excluding depreciation and amortization)	(29,257,197)	(28,696,817)
Net revenues	17,681,325	18,504,271
Aggregate debt service:		
Principal	8,227,661	8,138,707
Interest	5,662,843	5,273,235
Aggregate debt service	\$ 13,890,504	\$ 13,411,942
<hr style="border: 1px solid black;"/>		
Net revenues divided by aggregate debt service	1.27	1.38
Minimum requirement	1.00	1.00
<hr style="border: 1px solid black;"/>		
Net revenue:	\$ 17,681,325	\$ 18,504,271
Amount maintained in revenue fund for debt service	3,546,356	3,049,454
Net revenues and amounts maintained in revenue fund for debt service	21,227,681	21,553,725
Aggregate debt service	13,890,504	13,411,942
<hr style="border: 1px solid black;"/>		
Net revenues and amounts maintained in revenue fund for debt service divided by aggregate debt service	1.53	1.61
Minimum requirement	1.25	1.25
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These debt service requirements are defined in the bond covenants