



LETHBRIDGE NORTHERN IRRIGATION DISTRICT



Ninety - Seventh Annual Report 2017

**Annual General Meeting
April 11, 2018 at 1:30pm
Picture Butte Community Centre**

The Board of Directors

Klaas Slomp
Chairman



**Board Member since April 19, 2011;
Chairman since 2017.
Division 4: Includes East of Hwy. 23
to Park Lake & Coalhurst and part of
Keho / Barons.**

John Vandenberg
Vice Chairman



**Board Member since May 4, 1993;
Division 3: Includes East of Park
Lake & Coalhurst / West Lethbridge
to Shaughnessy & Diamond City.**

Brian Nauta



**Board Member since May 20, 1992;
Division 5: Includes Fort Macleod
East to Hwy. 23 and part of Keho/
Barons.**

Martin Van Diemen



**Board Member since June 10, 2008;
Division 2: Includes East of Piyami
Coulee / Picture Butte & East of Iron
Springs.**

Peter Bos



**Board Member since April 20, 2015;
Division 1: Includes Iron Springs
East to Turin.**

Mission Statement

To provide the best, most efficient water delivery system at the lowest possible cost to the water users, while ensuring good stewardship for the environment and our natural resources.

Water Quality Disclaimer

The District advises that the water in the irrigation system of the District may not be potable or may not be suitable for irrigation or other purposes, and the District makes no representation, warranty or guarantee, express or implied that the water delivered through its irrigation system is potable and fit for human consumption or suitable for irrigation purposes, livestock watering, recreational use or other purposes.

The District advises the Owners that the water delivered is in the condition in which it may be found in the irrigation system from time to time and the Owner is to provide such additional treatment or filtering as the Owner considers necessary, to ensure that the water is of usable quality.

The irrigation system of the District is an open ditch system subjecting the water therein to contamination from all manner of environmental, human and animal factors beyond the control of the District and the District does not regulate, control or monitor the quality of the water in its system.

Lethbridge Northern Irrigation District Organization

Effective January 2, 2018

ADMINISTRATION

Alan Harrold
Lawrence McCune, CPA, CMA
Janet Beck
Gary Burke
Su-Jin Huxley
Joanne Pohl
Maritza Suarez
Jenna Waters

General Manager
District Accountant
Land Agent
Classification / Network Technician
Accounting Technician
Administrative Assistant
Accountant
Payroll & Benefits

ENGINEERING

Stephen Van Essen, P. Eng.
Gary Cook
Shane Eyre, E.I.T.
Glade Roberts
Jack Shipton

District Engineer
Survey Technician
Project Design
Drafting Technologist
GIS Technologist

OPERATIONS AND MAINTENANCE

Brett Schafer
Dan Kubik
Bryce Schultz
Darcy Smith
Louie Tams
Wes Wakelin

Construction & Maintenance Foreman
Equipment / Weed Control Operator
Equipment Operator
Equipment Operator / Lead Hand
Inventory / Purchasing & Safety Coordinator
Equipment Operator

WATER OPERATIONS

WEST

| | |
|----------------|-----------------------------|
| William Smith | Water Master West |
| Garth Fischer | Assistant Water Master West |
| Dustin Gillies | Water District Supervisor |
| Shawn Graham | Water District Supervisor |

EAST

| | |
|--------------------|-----------------------------|
| Ryan Chogi | Water Master East |
| Walter Engels | Assistant Water Master East |
| John Degenstein | Water District Supervisor |
| Mike McCloud | Water District Supervisor |
| Tysen Sushelnitski | Water District Supervisor |

HOURLY SEASONAL STAFF

Jarryd Butler
Joey Memme
Peter Peters
Tim Sandham
Matthew Slomp
Kyle Uttley
Stuart Van Essen

Labourer
Labourer
Equipment Operator
Tandem Driver
Tandem Driver
Equipment Operator
Labourer

CHAIRMAN'S REPORT

The 2017 year was definitely challenging and demanding for the District. The LNID water utilization was the highest since 2001. The area of the District received very little rain after mid-June.

Staff was very diligent in meeting water orders and managing the system. Ratepayers were advised during the season of their water usage and adjustments were made.

With the experience of 2017, we are reminded of the finite water resource that we have access to in the Oldman Watershed. As water users, we must continue to demonstrate to the Government and public that we are committed to maximum efficiencies at the farm level and in the District.

The extremely dry year contributed to a significant number of applications being received for irrigation expansion in the District.

Considerable interest was expressed by landowners in the area west and north of the Keho/Barons system. Originally, the Board was informed that there was about 10,000 acres that were going to apply for irrigation in this area, however, applications increased to in excess of 24,000 acres. As a result, the Board commissioned Amec Foster Wheeler to conduct a Feasibility Study for an irrigation project which would include a pump station to irrigate these acres.

Based on the results of the Feasibility Study, the Board and the landowners' representatives have decided not to pursue this project plan, due to the estimated high cost per irrigation acre for water delivery.

Approximately 2,100 new irrigation acres, most of which are located along the Alberta Environment & Parks Main Canal, have been approved for 2018.

The Board continues to review our three (3) year and ten (10) year Capital Project plans. The Board is also required to file an updated five (5) year Seepage Control Plan every three (3) years. The updated plan for 2018 to 2022 has been filed with the Irrigation Secretariat.

In 2017, the District completed the Lateral H9 pipeline with a return flow line to the Oldman River. This pipeline was operational for water delivery in 2017. The Lateral B9 pipeline project northeast of Monarch is currently being constructed and will be operational for water delivery in 2018. The LNID construction crew has also completed the Lateral C2 pipeline and is planning to install some pipe in the Lateral 61C canal southeast of Coalhurst prior to the commencement of water delivery in 2018.

Snow Levels & Water Storage:

As of March 9, 2018, the three (3) snow pillows are:

| | |
|-------------------|------------|
| Upper Castle: | 130 – 150% |
| Upper Oldman: | 125 – 140% |
| Upper North Fork: | 125 – 130% |

The main storage reservoirs for the LNID as of March 9, 2018 as a percentage of full are:

| | |
|-------------------|-----|
| Oldman River Dam: | 50% |
| Keho Lake: | 91% |

Your Board will continue to monitor and analyse water supply availability and demand during 2018.

Aquatic Invasive Species (AIS) & Alberta Irrigation Projects Association (AIPA):

In letters to the Provincial Minister of Environment & Parks, Shannon Phillips, and the Federal Minister of Environment & Climate Change, Catherine McKenna, the AIPA has stressed the need to require mandatory decontamination of every watercraft passing into Alberta to protect our reservoirs. To assist with this being accomplished, the AIPA Executive Committee purchased a decontamination unit that is permanently stationed at an AIS inspection station.

The Government of Alberta's efforts to register potash as a treatment option for invasive mussels is proceeding. Final application for Pest Management Regulatory Agency (PMRA) is expected early this year, anticipating that it will take a minimum of 16 months for PMRA to review and grant registration of the product.

The AIPA Executive Committee contracted a consultant to conduct veliger (mussel larvae) sampling surveys of 11 irrigation water storage reservoirs. No veligers were detected within any of the samples taken over the summer season. The AIPA hopes to continue this sampling program.

The AIPA participated in a number of education and outreach activities that promoted the importance of irrigation to the general public. Presentations on the History of Irrigation were given to various groups over the course of the year. The AIPA published a picture book on Wetlands outlining the Irrigation Districts' involvement in creation and maintenance of these features and the importance of wetlands on the landscape. This booklet will be distributed to teachers and the general public along with the AIPA's previously published Recreation Guide.

Elections:

In April 2017, Board Members in Electoral Division #2, Martin Van Diemen, and Electoral Division #4, Klaas Slomp, were re-elected by acclamation for three (3) year terms.

In the Board of Director's continuing pursuit of excellence and efficiency, we have engaged Serecon Inc. to review the management and operations of the District. The review, when completed, will assist the Board in determining what measures are required to achieve the optimum structure.

The LNID would like to thank the Alberta Government for the IRP funding. Rehabilitation of District infrastructure requires increasingly large sums of funding. The LNID system is part of the overall irrigation infrastructure. It is imperative that the message of the benefits of irrigation continue to be accentuated with the Government of Alberta and the general public.

In addition, our appreciation goes out to AIPA, Irrigation Council and Irrigation Secretariat, Alberta Agriculture & Forestry, Alberta Environment & Parks and all other government departments that we work with. On behalf of the Board we acknowledge the good work of Alan Harrold, General Manager, the Management Team and staff.

It has been my pleasure to serve as Chairman and I thank my fellow Board Members for their valued support and commitment.

This is your District and we welcome your input, comments and feedback.

Wishing everyone all the best in 2018.

Respectively submitted,

Klaas Slomp
Chairman
On Behalf of the Board of Directors

| ASSESSED ACRES | 2016 | 2017 |
|---|------------------|------------------|
| Irrigation Acres | 179,767.5 | 181,893.9 |
| Terminable Water Agreements - Dryland Parcels | 405.0 | 400.0 |
| Terminable Water Agreements - Restricted | 1,983.4 | 2,005.4 |
| Subtotal | 182,155.9 | 184,299.3 |
| Annual Irrigation | 560.2 | 532.1 |
| TOTAL ASSESSED ACRES | 182,716.1 | 184,831.4 |

GENERAL MANAGER'S REPORT



Alan Harrold
General Manager

The 2017 irrigation season started out to be very promising. Storage reservoirs were relatively full, snow packs in the mountains were good and precipitation throughout the District was at least average with precipitation at Lethbridge totalling 134.7 mm during the period of April 1st to June 13th. Unfortunately, the weather changed very dramatically with only 20.8 mm of precipitation being received during the period of June 14th to September 30th. This extreme low amount of precipitation resulted in an increased demand for water deliveries to the farm turnouts, averaging 14.7 inches per acre compared to 10.6 inches in 2016, and 10.3 inches in 2015. During the period of 2007 to 2016, the highest amount of water delivered to the farm turnout was in 2008 at 11.6 inches. The 2017 irrigation season ended with the Oldman River Dam at approximately 50% full and Keho Reservoir at 90% full.

Water Diversion & Allocations:

The LNID currently has Water Licences totalling 334,450 acre-feet and agreements to convey 10,970 acre-feet to private water licence holders, for a total of 345,420 acre-feet of water that can be diverted from the Oldman River. In the 37 year period of 1980 to 2016 inclusive, the average annual diversion has been 170,544 acre-feet or 49.4% of total water licences. The 2017 diversion was 264,504 acre-feet or 76.6% of total water licences, being the second highest diversion in the last 38 years. The highest diversion year during this period of time was in 2001 when 308,236 acre-feet was diverted or 89.2% of total water licences.

The LNID Water Licences allow for an annual maximum allocation of 17.5 inches of water per irrigation acre. Since the Irrigation Districts Act was changed in 2000, permitting the District to allow annual allocations per acre to be temporarily transferred between parcels of land in the District, the LNID in past years only received 15 applications to transfer a total of 565 acre-feet or 6,780 acre-inches, averaging 4.1 inches per acre in 2003, and 1 application for 22 acre-feet or 264 acre-inches, averaging 14.3 inches per acre in 2007. During 2017, due to the lack of precipitation received, the District received 57 applications to transfer a total of 2,525 acre-feet or 30,300 acre-inches, averaging 4.2 inches per acre.

Water Conservation & Expansion:

The District and water users continue to make improvements to the water distribution system and on-farm water application systems. Together, we continue to conserve more water annually. It has been estimated that the annual water savings in the District, since the expansion plebiscite was approved in 2010, has been sufficient to supply the 8,880.8 irrigation acres that have been added to the Assessment Roll during the period of 2010 to 2017 inclusive, leaving the 39,068 acre-feet that had been saved prior to 2010, still available for other use purposes and additional irrigation expansion. This has also been the trend in other irrigation districts, as records show that more acres are being irrigated today than 10 years ago, with less water used today than was used to irrigate all irrigation district assessed acres of 10 years ago.

The District added 2,126.4 irrigation acres to the Assessment Roll in 2017 and has received applications to add more than 2,100 irrigation acres in 2018 and in excess of 20,000 irrigation acres proposed for new projects in the coming years.

Effective March 20, 2018, the current capital asset (water right) charge is \$1,600 per acre and the capital charge (access fee) to the District's Water Licence for Water Conveyance Agreements is \$1,500 per acre-foot.

Rehabilitation & Drainage:

The District continues to rehabilitate its water distribution infrastructure by replacing earthen, concrete, and lined and armoured ditches with pipelines for improved efficiency and water conservation. As a result, the District's responsibility is to backfill the ditch and return it to as close as possible to the current natural lay of the land, unless the adjacent landowners or the municipality take over responsibility for the ditch.

This would require whoever is taking over responsibility for the ditch to acquire drainage easements from the affected landowners and approval from Alberta Environment & Parks for a permit to divert drainage water. The District has no obligation to continue to accommodate drainage that the ditch previously intercepted and carried away as part of the District's water distribution system.

All landowners are requested to control the run-off from their land and restrict the type of run-off from entering the District's open channel water delivery system. We must all be cognizant of the likelihood that run-off drainage water may have contaminants that will affect the water quality for downstream users.

Staffing:

During 2017 the District only incurred one full-time staff change. On January 2nd, Shane Eyre was hired in the Engineering Department as Project Design to replace the employee who had left this position on November 4, 2016.

I would like to thank the Board of Directors for their continued commitment to improving the District and support they have provided for all management and staff. I would also like to thank all staff for their continued commitment and dedication to improving the operation and efficiency of the District.

On behalf of the District water users and staff, I would also like to thank the staff of Alberta Agriculture & Forestry and Alberta Environment & Parks for all of their help and assistance that they have provided to the District throughout 2017.

Respectfully submitted,

Alan Harrold
General Manager

| PARCELS ADDED TO THE DISTRICT IN 2017 | | | | | |
|---------------------------------------|------------|----|------------|----|------------|
| SE | 13-12-20-4 | SW | 36-12-24-4 | SW | 01-10-26-4 |
| NE | 13-12-20-4 | NW | 36-12-24-4 | NW | 01-10-26-4 |
| NW | 34-10-23-4 | SE | 11-11-25-4 | SE | 12-10-26-4 |
| NE | 34-10-23-4 | SW | 11-11-25-4 | SW | 12-10-26-4 |
| NW | 12-11-24-4 | NE | 11-11-25-4 | NW | 12-10-26-4 |
| SE | 26-12-24-4 | SE | 01-10-26-4 | NE | 12-10-26-4 |

| YEAR | ACRES APPLIED | ACRES APPROVED | ACRES WITHDRAWN | ADDED TO DISTRICT |
|--------------|-----------------|-----------------|-----------------|-------------------|
| 2010 | 2,534.5 | 1,729.5 | 1,121.0 | 143.5 |
| 2011 | 1,866.8 | 1,478.8 | 311.0 | 37.6 |
| 2012 | 4,442.5 | 1,771.5 | 2,573.9 | 1,553.9 |
| 2013 | 428.1 | 415.6 | 0.0 | 1,514.8 |
| 2014 | 731.0 | 731.0 | 0.0 | 731.0 |
| 2015 | 259.8 | 259.8 | 0.0 | 259.8 |
| 2016 | 2,667.9 | 2,667.9 | 0.0 | 2,569.9 |
| 2017 | 2,095.4 | 2,095.4 | 25.1 | 2,070.3 |
| TOTAL | 15,026.0 | 11,149.5 | 4,031.0 | 8,880.8 |

DISTRICT ENGINEER'S REPORT

**Stephen Van Essen, P. Eng.
District Engineer**



The Engineering Department has been involved in the rehabilitation of irrigation works, new construction projects, future planning, evaluating water right applications, and assisting with operation and maintenance issues.

The Alberta Government continued to provide funding for infrastructure rehabilitation in 2017 through the Irrigation Rehabilitation Program (IRP). Under this program the Provincial Government funds 75% of the cost of approved projects, with the remaining 25% contributed from the District. The 2017 contribution from the Province was \$2,082,255. The District's contribution of \$694,085 brought the 2017 total contribution to the IRP Cost-Sharing account to \$2,776,340.

The Lethbridge Northern Irrigation District (LNID) also maintains an Irrigation Works Reserve (IWR) account, which is used to fund additional construction projects. This is funded primarily from District capital assessments and budget allocations.

Thank you to all who have been involved in the implementation of District projects. Each project helps improve delivery to District water users and increases the efficiency of the District as a whole. The District appreciates the assistance of the Provincial Government in cost sharing some of these works. The landowner construction contributions to pipeline projects helps to extend the capital work that can be accomplished in the District.



2017 IRRIGATION REHABILITATION PROGRAM (IRP)

IRP #2302 LATERAL H9 LNID PROJECT #369-08 SECTIONS 28, 29, 30, 31, 32, 33, 34 of 10-20-4; 25, 35, 36 of 10-21-4; 1, 2 of 11-21-4

The Lateral H9 project services 41 parcels totalling 4,813 acres east of Picture Butte, primarily between Highway 519 and the Oldman River. It consists of 19 km of new pipeline serviced out of the Picture Butte Reservoir. The Lateral H9 pipeline also services existing pipelines including Laterals H5, H10, H12, H13 and H14 pipelines. Construction of this project commenced in the fall of 2016 and was substantially completed in 2017.

This pipeline replaced the existing Lateral H9 earthen ditch and the Lateral 62H canal and concrete ditch that serviced the area and discharged into the Battersea Drain in SE 1-11-20-4. Lateral 62H was the last remaining ditch out of the Picture Butte Reservoir, so a return flow pipeline to the Oldman River was installed in the summer of 2017. The total cost of the project is expected to be under the budget of \$7,975,000.



IRP #2330 LATERAL B9 LNID PROJECT #370-08
SECTIONS 9, 16, 17, 20, 21, 22, 28 of 10-23-4

This project includes 1,939 acres on 14 quarter sections northeast of Monarch that will be served by two (2) pipelines totalling 9 km, replacing 5 km of ditches. Both pipelines will be from the Monarch Branch Canal, with inlets in NW 20-10-23-4 and NW 28-10-23-4. Construction of this project was nearly complete by the end of 2017, ensuring it will be ready for use in the 2018 irrigation season. This project's budget was revised down to \$2,500,000.



2017 IRRIGATION WORKS RESERVE PROGRAM (IWR)

IWR #986 Lateral B1/B3 SECTIONS 15, 16, 20, 21, 22, 28, 29 of 10-24-4

This project includes 12 existing parcels totalling 1,339 acres and 4 potential quarter sections northwest of Monarch that are served by two (2) pipelines from the Monarch Branch Canal, at an estimated cost of \$1,600,000. Construction was substantially complete for the 2017 irrigation season. Backfilling of the 6 km of earthen ditches is ongoing.

IWR #907 Lateral C2 SECTIONS 20, 21 of 10-22-4

This project includes 4 quarter sections northwest of Park Lake that will be served by a buried PVC pipeline. This 1.8 km pipeline will replace 2 km of earthen laterals and 5 deliveries. Much of the design and construction of this project was completed in 2017. This project is scheduled to be completed for the 2018 irrigation season at an estimated cost of \$400,000.

2018 PROPOSED IRRIGATION WORKS RESERVE PROGRAM (IWR)

IWR #918 LATERAL B6 SECTIONS 34, 35, 36 of 9-23-4; 2, 3, 4, 5, 7, 8, 9, 18 of 10-23-4; 12, 13 of 10-24-4

This project includes numerous parcels of varying sizes surrounding Monarch that will be served by a buried PVC pipeline. The pipeline is proposed to start at the Monarch Branch Canal in NE 13-10-24-4, and extend to the existing Lateral B6 pump station in SE 3-10-23-4. Design of this project is underway with construction anticipated to begin in the fall of 2018 with an estimated budget of \$5,000,000.

The construction projects undertaken in 2017 were primarily completed by LNID labour and equipment. The District wishes to acknowledge the contractors who assisted the LNID as well. The District appreciates everyone's efforts this past year and look forward to another ambitious construction season.

Respectfully submitted,

Stephen Van Essen, P. Eng.
District Engineer

IRRIGATION REHABILITATION PROGRAM

EXPENDITURES FROM IRRIGATION REHABILITATION PROGRAM (IRP)
DECEMBER 31, 2017

| PROJECT NUMBER | PROJECT NAME | TOTAL TO DEC. 31/16 | 2017 EXPENDITURES | TOTAL TO DEC. 31/17 |
|----------------|--|-----------------------|---------------------|-----------------------|
| | Completed Capital Project Costs | \$ 119,379,185 | | \$ 119,379,185 |
| 368-08/2202 | Lateral H8 | 7,016,866 | \$ 4,010 | 7,020,876 |
| 368-03/2202 | Lateral H3 - Phase 1 & 2 | 11,597,740 | 22,631 | 11,620,371 |
| 369-08/2302 | Lateral H9 | 2,892,410 | 4,467,030 | 7,359,440 |
| 370-08/2330 | Lateral B9 | | 1,855,733 | 1,855,733 |
| | Write Off of Irrigation Works | | (3,588,522) | (3,588,522) |
| | | \$ 140,886,201 | \$ 2,760,882 | \$ 143,647,083 |

Note: Opening balance adjusted by \$ 1,882,223 for projects written off in 2016.

The following is a summary of the Alberta Government and District contributions to the IRP over the past five (5) years:

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Gov't. Grant 75% | \$ 2,247,789 | \$ 2,299,009 | \$ 2,067,418 | \$ 2,076,151 | \$ 2,082,255 |
| LNID 25% | 749,263 | 766,336 | 689,139 | 692,050 | 694,085 |
| TOTAL | \$ 2,997,052 | \$ 3,065,345 | \$ 2,756,557 | \$ 2,768,201 | \$ 2,776,340 |

PROPOSED IRP 3 YEAR PLAN

| YEAR | PROJECT | BUDGET |
|------|---|--------------|
| 2018 | Lateral H3 Pipeline (Phase 2) (Picture Butte) | \$ 200,000 |
| | Lateral H9 Pipeline (Picture Butte) | 200,000 |
| | Lateral B9 Pipeline (Nobleford) | 300,000 |
| 2019 | Lateral B9 Pipeline (Nobleford) | \$ 70,000 |
| | Lateral H1 Rehabilitation (Phase 1) (Picture Butte) | 100,000 |
| 2020 | Lateral H1 Rehabilitation (Phase 1) (Picture Butte) | \$ 7,000,000 |

IRRIGATION WORKS RESERVE

EXPENDITURES FROM IRRIGATION WORKS RESERVE (IWR) PROGRAM
DECEMBER 31, 2017

| PROJECT NUMBER | PROJECT NAME | TOTAL TO DEC. 31/16 | 2017 EXPENDITURES | TOTAL TO DEC. 31/17 |
|----------------|--|----------------------|-------------------|----------------------|
| | Completed Capital Project Costs | \$ 34,370,412 | | \$ 34,370,412 |
| 906-08 | Keho East Pump Station | 3,980,830 | \$ (145,790) | 3,835,040 |
| 907-08 | Lateral C2 | | 267,303 | 267,303 |
| 908-08 | Keho/Barons Expansion 2016 | | 128,734 | 128,734 |
| 914-08 | Picture Butte Camp - Office & Shop | | 106,035 | 106,035 |
| 921-08 | Lateral 62K Pump Delivery | 291,216 | 26,730 | 317,946 |
| 986-08 | Lateral B1/B3 | 1,128,757 | 352,621 | 1,481,378 |
| | Sale of Land | | (2,300) | (2,300) |
| | Write Off of Irrigation Works | | (149,829) | (149,829) |
| | | \$ 39,771,215 | \$ 583,504 | \$ 40,354,719 |

Note: Opening balance adjusted by \$ 373,967 for projects written off in 2016.

The following is a summary of IRP and IWR Expenditures over the past five (5) years:

| Funding Type | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Alberta (IRP) Cost-Sharing | \$ 1,855,464 | \$ 5,464,438 | \$ 4,983,136 | \$ 4,347,718 | \$ 6,349,404 |
| District (IWR) | 5,195,617 | 2,674,638 | 4,505,437 | 2,364,373 | 735,633 |
| TOTAL | \$ 7,051,081 | \$ 8,139,076 | \$ 9,488,573 | \$ 6,712,091 | \$ 7,085,037 |

SEEPAGE CONTROL PLAN

A Seepage Control Plan for the years 2015-2019 (inclusive) was filed with Irrigation Secretariat on December 31, 2014, which included the following seepage control projects to be addressed over the next five (5) years:

| | | Scheduled | Proposed Rehabilitation | Status |
|------------------|---|-----------|-------------------------|-------------|
| Project 1 | Lateral H3 Phase 1 NW 4, N ½ 5, N ½ 6, Sections 7, 8, W ½ 9 of 11-20-4; N ½ 1, N ½ 10, N ½ 11, Section 12, S ½ 13, S ½ 14, S ½ 15 of 11-21-4 | 2014 | Pipeline | Complete |
| Project 2 | Lateral K1 Sections 17, 18, 19, S ½ 30 of 12-19-4 | 2015 | Pipeline | Pending |
| Project 3 | Lateral H3 Phase 2 N ½ 1, N ½ 2, N ½ 3, NE 4 of 11-20-4 | 2015 | Pipeline | Complete |
| Project 4 | Lateral H9 NW 28, N ½ 29, N ½ 30, Sections 31, 32, 33, W ½ & NE 34 of 10-20-4; N ½ 25, Sections 35, 36 of 10-21-4; SW 4, S ½ 5, S ½ 6 of 11-20-4; S ½ 1, E ½ 2 of 11-21-4 | 2016 | Pipeline | Complete |
| Project 5 | Laterals B1 & B3 N ½ 15, N ½ 16, E ½ 20, Section 21, S ½ & NW 22, SW 27, SE 28 of 10-24-4 | 2017 | Pipeline | Complete |
| Project 6 | Lateral B9 NE 9, Section 16, NE 17, E ½ 20, Section 21, SW 22, SW 28 of 10-23-4 | 2017 | Pipeline | In Progress |
| Project 7 | Lateral B6 N ½ 34-9-23-4, S ½ 3, Sections 4, 5, SE & NW 7, S ½ 8, SW 9, S ½ 18 of 10-23-4; NE 12, E ½ 13 of 10-24-4 | 2018 | Pipeline | Pending |

OPERATIONS & MAINTENANCE REPORT

Billy Smith, Water Master West

Ryan Chogi, Water Master East

Brett Schafer, Construction & Maintenance Foreman

Alberta Environment & Parks began water diversion from the Oldman River Headworks on April 25, 2017. The start-up in 2016 was April 15th which was earlier than usual. The Keho Lake and Monarch Headgates were opened on May 1, 2017. All the main gates were closed on October 6, 2017.

A small amount of rain in April was just sufficient for some germination, which resulted in a normal start-up for the system. Time and resources were available to repair leaks and normal start-up problems. Demand was steady and average until June 21st, when Alberta Environment & Parks ramped up the flow to 1,570 cubic feet per second, for seven (7) consecutive weeks. During this period, demand outpaced supply for ten (10) days. The total water diversion out of the Oldman River was 33.8% more than in 2016.

Two (2) pipeline repairs had to be made on the Keho/Barons System causing a disruption in water deliveries. The District has since made some system upgrades to help minimize affected areas from a pipeline leak.

Rainfall amounts were very low in the 2017 growing season, with only 14.4 mm recorded as being received at the Lethbridge Demo Farm between July 1st and September 30th and 37.5 mm falling in the Lethbridge area on October 1st and 2nd.

The long dry growing season resulted in many more acres being seeded a second time for a forage crop, as well as a few areas realizing four (4) cuts of Alfalfa. LNID Management and staff would like to strongly encourage land owners who plan these practices in the future to expand their water storage or construct new storage ponds in strategic locations, allowing for early and late irrigation. Specialty crops should also consider this practice. Feedyard operators could also benefit with larger reservoirs as they expand operations. A cold late spring may delay the start-up of District operations.

The allocation of 17.5 inches of water in 2017 was exceeded on some parcels, resulting in a transfer of water allocation from other parcels of land for the acre-inches of water required. This is easily done if the owner has a larger land base, however transferring inches from one landowner to another can take a little longer to arrange. Landowners may want to consider this when planning spring seeding, as the maximum allocation per irrigation acre is set yearly depending on District storage levels in the spring.

Two (2) pipeline projects have been constructed in the Monarch and Park Lake areas, eliminating 7 km of open canal. The old canals were a mix of concrete lined, poly lined and earthen works. A major spillway was also closed. This allows the District to be more efficient with return flow water, but it also requires better monitoring to avoid flooding in the few drains that remain.

Ordering water on and off with plenty of lead time becomes more important each year as the District's open channel system is replaced with closed pipelines, thereby eliminating some drains from regular use.

Communication and cooperation between water users and water delivery staff can go a long way to making the 2018 season a success.

SYSTEM WATER DELIVERY SUMMARY FOR 2017

| WATER SUPERVISOR UNITS | ASSESSED ACRES | OTHER USE AC.FT. | WATER DELIVERED AC.FT. |
|------------------------|----------------|------------------------------|------------------------|
| Albion | 28,998 | 1,762 | 34,687 |
| Battersea | 22,071 | 1,313 | 31,358 |
| Butte | 4,965 | 720 | 5,260 |
| Macleod/Keho | 28,676 | 1,294 | 32,269 |
| Monarch | 19,450 | 5,107 | 23,690 |
| Newlands | 15,716 | 1,785 | 18,698 |
| Park Lake | 16,369 | 1,682 | 14,049 |
| Piyami | 28,728 | 1,614 | 38,829 |
| Turin | 19,326 | 1,149 | 26,290 |
| Total Assessed Acres: | 184,299 | Total Water Delivered: | 225,130 ac.ft. |
| | | Total Other Use Volume: | 16,426 ac.ft. |
| | | Return Flow & Losses: | 35,000 ac.ft. |
| | | Total Water Diverted: | 276,556 ac.ft. |
| | | Average Irrigation (Inches): | 14.7 |

Maintenance

| DESCRIPTION | 2017 |
|---|-------|
| Canal Cleaning | 4 km |
| Canal Erosion / Sloughing Repair | 300 m |
| Canal & Access Roads Graveling | 4 km |
| Canal & Access Roads Grading | 60 km |
| Canal Banks Mowing | 60 km |
| Canal Banks Weed Spraying | 55 km |
| Aquatic Weed Control | 20 km |
| Pipeline Repairs (Air Vents) | 30 |
| Pipeline Repairs (Valves) | 20 |
| Pipeline Repairs (Pipe Leaks) | 13 |
| Replacement of Farm Turnouts | 7 |
| Replacement of Road Crossings | 1 |
| Repairs to Gates & Hoists | 3 |
| Repairs to Pumps | 8 |
| Repairs / Maintenance to Water Meters | 16 |
| Repairs / Maintenance to Hydrometric Stations | 2 |
| Screener Rehabilitation | 4 |

Precipitation Recorded

| PRECIPITATION FOR 2017 (mm) | | | | |
|--------------------------------|---------------------------------|------------------------|--|----------------------------------|
| MONTH | AGCM Fort Macleod Station | AGCM Barons Station | IMCIN Lethbridge Demo Farm Station | IMCIN Iron Springs Station |
| APRIL | 60.6 | 63.5 | 27.7 | 33.5 |
| MAY | 33.6 | 28.8 | 45.1 | 34.7 |
| JUNE | 38.3 | 46.8 | 68.3 | 47.0 |
| JULY | 4.6 | 6.7 | 4.7 | 1.0 |
| AUGUST | 8.3 | 19.1 | 7.9 | 12.3 |
| SEPTEMBER | 4.5 | 2.6 | 1.8 | 7.2 |
| OCTOBER | 13.4 | 16.0 | 47.2 | 20.8 |
| Total | 163.3 | 183.5 | 202.7 | 156.5 |

Weed Control

| TYPE | 2017 (litres) | WEEDS SPRAYED |
|-------------|------------------|---------------|
| Start-Up | 210 | Non-Selective |
| Oracle | 620 | Broadleaf |
| MCPA | 1,020 | Broadleaf |
| Magnacide H | 3,191 | Aquatics |

CROP CLASSIFICATION INFORMATION

WEST

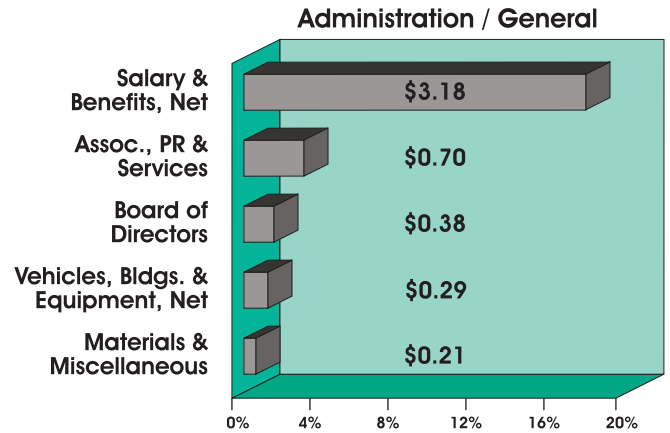
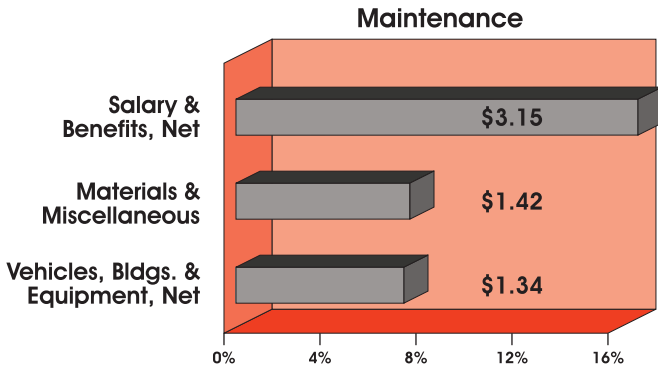
| CROP TYPE | MACLEOD/KEHO | MONARCH | NEWLANDS | PARK LAKE | PIYAMI |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| - CEREALS - | | | | | |
| Barley | 1,990 | 3,342 | 1,996 | 1,317 | 2,332 |
| CPS Wheat | 129 | | 140 | 78 | |
| Durum Wheat | 594 | 795 | 388 | 99 | 455 |
| Hard Spring Wheat | 451 | | 574 | 409 | 271 |
| Oats | | 78 | | 225 | |
| Soft Wheat | 994 | 103 | 146 | | |
| Triticale | | 144 | | 1,263 | |
| Miscellaneous | 19 | | | | |
| Subtotal of Cereals | 4,177 | 4,462 | 3,244 | 3,391 | 3,058 |
| - FORAGE - | | | | | |
| Alfalfa Hay | 7,147 | 4,337 | 1,945 | 1,555 | 1,035 |
| Alfalfa Silage | 129 | 141 | 426 | 201 | 3,231 |
| Barley Silage | 2,126 | 5,102 | 5,218 | 5,154 | 9,848 |
| Brome Hay | | 100 | | 142 | 70 |
| Corn Silage | 484 | 1,781 | 902 | 1,715 | 5,404 |
| Grass Hay | 644 | 813 | 41 | 476 | 1,102 |
| Native Pasture | | 30 | | | |
| Tame Pasture | 737 | 454 | 202 | 826 | 183 |
| Timothy Hay | 2,625 | 387 | | 116 | 100 |
| Miscellaneous | | | | 50 | |
| Subtotal of Forage | 13,892 | 13,145 | 8,734 | 10,235 | 20,973 |
| - OILS - | | | | | |
| Canola | 9,450 | 1,268 | 3,335 | 1,645 | 3,714 |
| Flax | 643 | 134 | | | 159 |
| Hyola | | | 157 | | |
| Mustard | | | | | |
| Subtotal of Oils | 10,093 | 1,402 | 3,492 | 1,645 | 3,873 |
| - OTHER - | | | | | |
| Dry Peas | 160 | | | 80 | |
| Hemp | | | | | 295 |
| Market Gardens | | | | 38 | |
| Miscellaneous | 354 | 428 | 246 | 340 | 191 |
| Nursery | | | | | 7 |
| Potato | | | | | |
| Sugar Beets | | | | 378 | 146 |
| Turf Sod | | 13 | | 262 | 185 |
| Subtotal of Other | 514 | 441 | 246 | 1,098 | 824 |
| TOTAL | 28,676 | 19,450 | 15,716 | 16,369 | 28,728 |

EAST

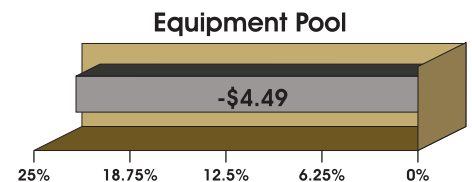
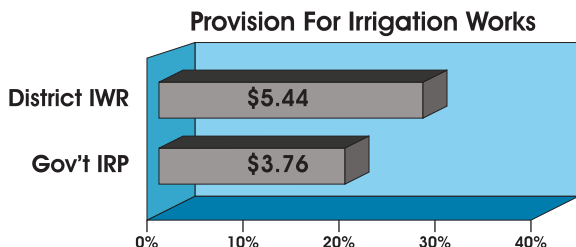
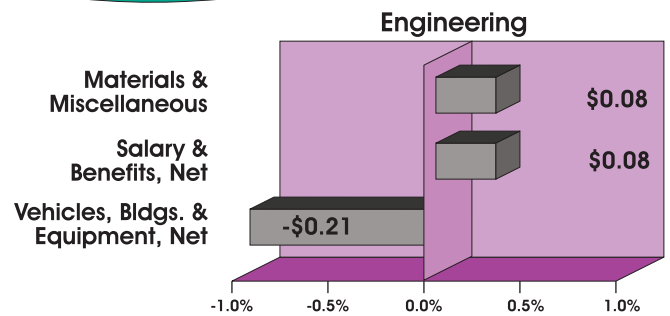
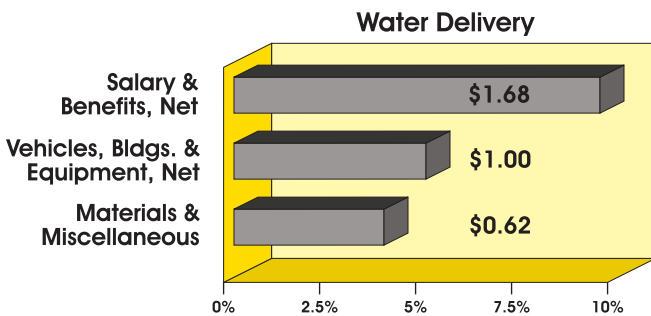
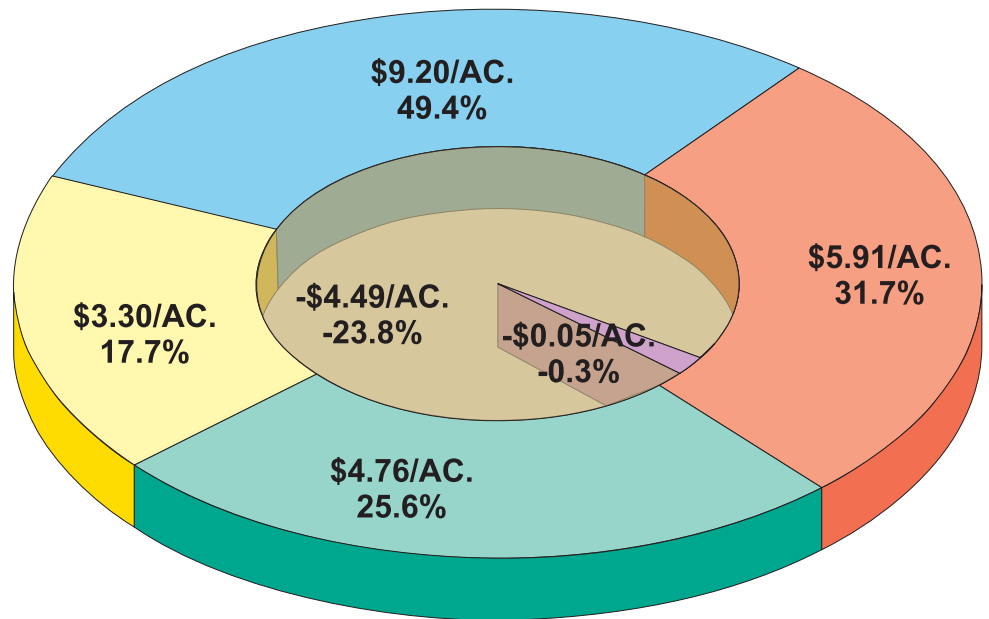
| CROP TYPE | ALBION | BATTERSEA | BUTTE | TURIN | TOTAL |
|----------------------------|---------------|---------------|--------------|---------------|----------------|
| - CEREALS - | | | | | |
| Barley | 2,234 | 456 | 700 | 1,998 | 16,365 |
| CPS Wheat | | | | | 347 |
| Durum Wheat | 2,322 | 239 | | 1,369 | 6,261 |
| Hard Spring Wheat | 1,132 | 958 | | | 3,795 |
| Oats | | | | | 303 |
| Soft Wheat | 468 | 2,966 | | | 4,677 |
| Triticale | | | | | 1,407 |
| Miscellaneous | 915 | 1,722 | | 149 | 2,805 |
| Subtotal of Cereals | 7,071 | 6,341 | 700 | 3,516 | 35,960 |
| - FORAGE - | | | | | |
| Alfalfa Hay | 3,521 | 1,329 | 415 | 2,898 | 24,182 |
| Alfalfa Silage | 483 | 998 | 46 | | 5,655 |
| Barley Silage | 5,741 | 1,658 | 415 | 2,833 | 38,095 |
| Brome Hay | | 91 | 68 | | 471 |
| Corn Silage | 7,093 | 4,084 | 1,154 | 5,049 | 27,666 |
| Grass Hay | 558 | 1,174 | | 651 | 5,459 |
| Native Pasture | | | | 214 | 244 |
| Tame Pasture | 173 | 801 | 49 | 967 | 4,392 |
| Timothy Hay | 75 | 201 | | 150 | 3,654 |
| Miscellaneous | | | | | 50 |
| Subtotal of Forage | 17,644 | 10,336 | 2,147 | 12,762 | 109,868 |
| - OILS - | | | | | |
| Canola | 1,971 | 3,251 | 1,953 | 2,143 | 28,730 |
| Flax | | 146 | | 66 | 1,148 |
| Hyola | | | | | 157 |
| Mustard | | | | | 0 |
| Subtotal of Oils | 1,971 | 3,397 | 1,953 | 2,209 | 30,035 |
| - OTHER - | | | | | |
| Dry Peas | 144 | | | | 384 |
| Hemp | 429 | 147 | | 497 | 1,368 |
| Market Gardens | 10 | | | | 48 |
| Miscellaneous | 408 | 288 | 6 | 29 | 2,290 |
| Nursery | | | | | 7 |
| Potato | 1,321 | 593 | | 156 | 2,070 |
| Sugar Beets | | 454 | 159 | 157 | 1,294 |
| Turf Sod | | 515 | | | 975 |
| Subtotal of Other | 2,312 | 1,997 | 165 | 839 | 8,436 |
| TOTAL | 28,998 | 22,071 | 4,965 | 19,326 | 184,299 |

OPERATIONAL COST / ACRE

Based on Total of Classified, Terminable, and Annual Agreement Acres Assessed (184,831.4 Acres)

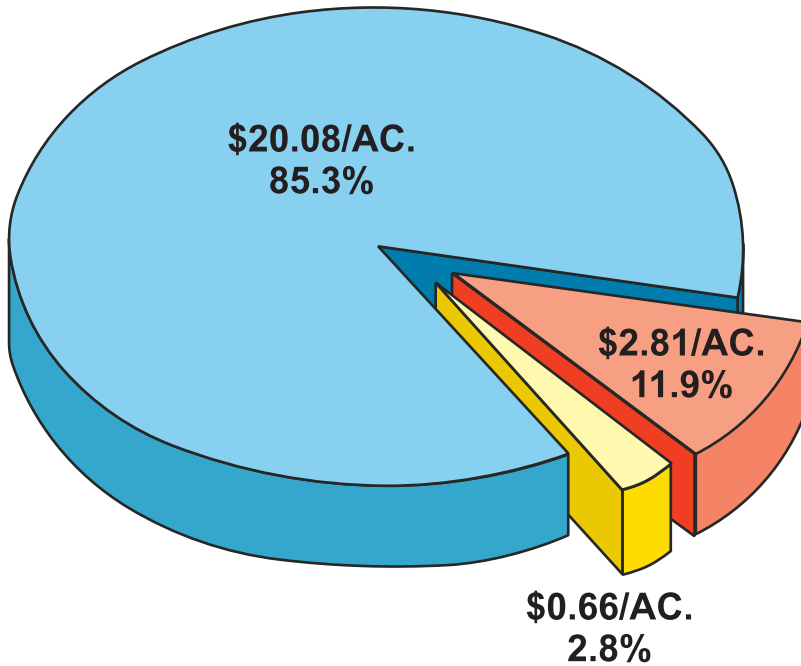


| | |
|--------------------|-----------------------|
| Provision | \$9.20 |
| Maintenance | 5.91 |
| Admin. / General | 4.76 |
| Water Delivery | 3.30 |
| Engineering | -0.05 |
| Equipment Pool | -4.49 |
| Cost / Acre | <u>\$18.63</u> |

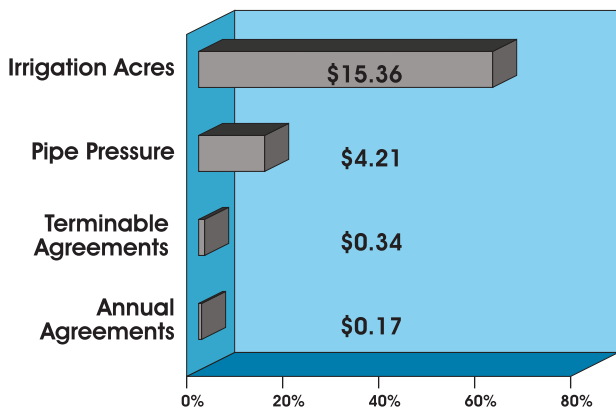


NET REVENUE / ACRE

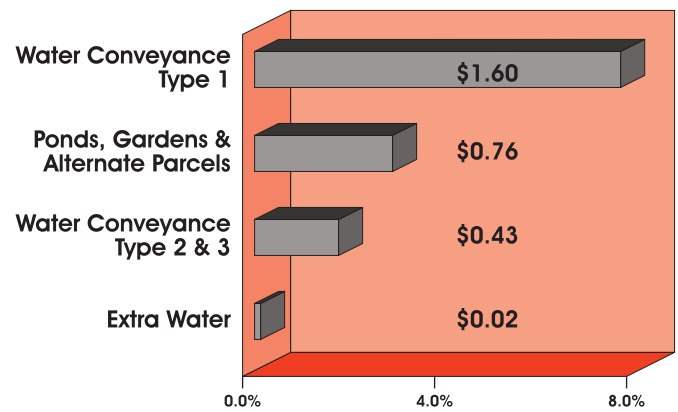
Based on Total of Classified, Terminable, and Annual Agreement Acres Assessed (184,831.4 Acres)



Irrigation Rates, Net

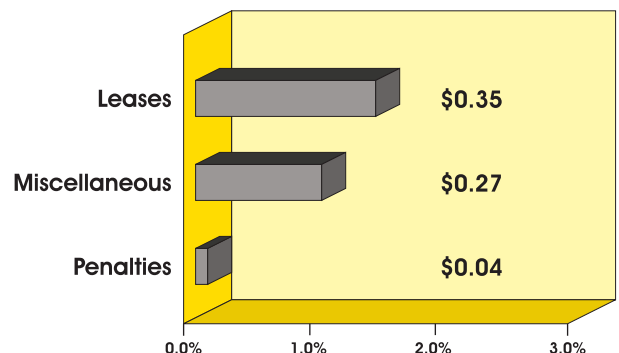


Water Agreements



| | |
|------------------------------------|-----------------------------|
| Irrigation Rates, Net of Discounts | \$20.08 |
| Water Agreements | 2.81 |
| Miscellaneous Income | <u>0.66</u> |
| Operating Revenue | 23.55 |
| Less: District Expense | <u>-18.63</u> |
| Surplus | <u><u>\$4.92</u></u> |

Miscellaneous Income



CLEAN + DRAIN + DRY YOUR BOAT



Props, boats and natural ecosystems can be ruined by zebra mussels and other aquatic invasive species. Take a few simple steps to preserve our lakes and fisheries: **CLEAN** off the plants and debris, **DRAIN** bilges and ballast, and **DRY** any wet areas of your boat.



ZEBRA MUSSELS



2.0 cm

QUAGGA MUSSELS



2.5 cm

EURASIAN WATERMILFOIL



DON'T LET THEM CATCH A RIDE

STOP AQUATIC HITCHHIKERS

TO REPORT INVASIVE SPECIES:
1-855-336-BOAT (2628)
esrd.alberta.ca



FINANCIAL STATEMENTS

**Lawrence McCune, CPA, CMA
District Accountant**



DECEMBER 31, 2017

Independent Auditors' Report

Statement of Financial Position

Statement of Operations and Fund Balances

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Operating Expenses

Schedule of Irrigation Works Capital Expenditures



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www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Lethbridge Northern Irrigation District

We have audited the accompanying financial statements of Lethbridge Northern Irrigation District (the "District"), which comprise the statement of financial position as at December 31, 2017, the statements of operations and fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lethbridge Northern Irrigation District as at December 31, 2017, and its results of operations and changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants

Lethbridge, Canada

February 27, 2018

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

| | GENERAL OPERATIONS | IRRIGATION WORKS | 2017 TOTAL | 2016 TOTAL |
|--|----------------------------|------------------------------|------------------------------|------------------------------|
| CURRENT ASSETS | | | | |
| Cash | \$ 794,499 | \$ 205,205 | \$ 999,704 | \$ 1,913,587 |
| Short term investments (Note 3) | 3,585,604 | 4,269,993 | 7,855,597 | 8,092,035 |
| Accounts receivable (Note 4) | 123,985 | 92,071 | 216,056 | 189,403 |
| Prepaid expenses and deposits | 239,847 | - | 239,847 | 182,531 |
| Inventory | 400,459 | - | 400,459 | 449,779 |
| Due from general operations | - | 2,595,885 | 2,595,885 | 4,299,430 |
| | <u>5,144,394</u> | <u>7,163,154</u> | <u>12,307,548</u> | <u>15,126,765</u> |
| Long term investments (Note 5) | - | 11,576,430 | 11,576,430 | 9,093,269 |
| Investments - Accrued interest receivable | - | 321,542 | 321,542 | 276,991 |
| Capital assets (Note 7) | <u>2,986,661</u> | <u>112,099,186</u> | <u>115,085,847</u> | <u>112,538,850</u> |
| | <u><u>\$ 8,131,055</u></u> | <u><u>\$ 131,160,312</u></u> | <u><u>\$ 139,291,367</u></u> | <u><u>\$ 137,035,875</u></u> |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 658,149 | \$ 23,354 | \$ 681,503 | \$ 249,651 |
| Deferred revenue (Note 12) | 109,554 | - | 109,554 | 58,382 |
| Construction costs and holdbacks payable (Note 13) | - | 134,300 | 134,300 | 276,062 |
| Water right deposits | - | 7,150 | 7,150 | 162,150 |
| Construction contributions and other deposits | - | 75,655 | 75,655 | 147,840 |
| Due to irrigation works | <u>2,595,885</u> | <u>-</u> | <u>2,595,885</u> | <u>4,299,430</u> |
| | <u>3,363,588</u> | <u>240,459</u> | <u>3,604,047</u> | <u>5,193,515</u> |
| FUND BALANCES | | | | |
| Capital (Note 7) | 2,986,661 | 112,099,186 | 115,085,847 | 112,538,850 |
| General Fund operating (Note 9) | 1,780,806 | - | 1,780,806 | 1,931,118 |
| Irrigation Works Fund: (Note 8) | | | | |
| District Irrigation Works fund | - | 26,647,170 | 26,647,170 | 21,617,175 |
| Alberta (IRP) Cost-Sharing | - | (8,239,591) | (8,239,591) | (4,673,067) |
| District pump fund | <u>-</u> | <u>413,088</u> | <u>413,088</u> | <u>428,284</u> |
| | <u>4,767,467</u> | <u>130,919,853</u> | <u>135,687,320</u> | <u>131,842,360</u> |
| | <u><u>\$ 8,131,055</u></u> | <u><u>\$ 131,160,312</u></u> | <u><u>\$ 139,291,367</u></u> | <u><u>\$ 137,035,875</u></u> |

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

COMMITMENTS (Note 14)

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT
STATEMENT OF OPERATIONS AND FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | GENERAL OPERATIONS | IRRIGATION WORKS | 2017 TOTAL | 2016 TOTAL |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| REVENUE | | | | |
| Water earnings: | | | | |
| Irrigation rates (Note 10) | \$ 3,799,698 | \$ - | \$ 3,799,698 | \$ 3,751,369 |
| Conveyance of excess and domestic water | 518,564 | - | 518,564 | 529,691 |
| Penalties | 7,049 | - | 7,049 | 5,178 |
| | <u>4,325,311</u> | <u>-</u> | <u>4,325,311</u> | <u>4,286,238</u> |
| Less: Discounts | 88,542 | - | 88,542 | 86,046 |
| | <u>4,236,769</u> | <u>-</u> | <u>4,236,769</u> | <u>4,200,192</u> |
| Lease revenue, net | 64,130 | - | 64,130 | 59,854 |
| Interest earnings | 43,937 | - | 43,937 | 84,352 |
| Miscellaneous | 6,457 | - | 6,457 | 11,042 |
| Pump fund revenues (Note 8) | - | 607,148 | 607,148 | 498,998 |
| Irrigation works fund revenues (Note 8) | - | 6,127,350 | 6,127,350 | 9,272,414 |
| Unrealized gain (loss) on financial instruments | - | 309,434 | 309,434 | 398,853 |
| | <u>4,351,293</u> | <u>7,043,932</u> | <u>11,395,225</u> | <u>14,525,705</u> |
| EXPENSES | | | | |
| Operating expenses (Schedule 1) | 1,742,048 | - | 1,742,048 | 1,889,208 |
| Pump fund expenses (Note 8) | - | 622,344 | 622,344 | 472,060 |
| Consulting fees, net (Note 8) | - | 196,302 | 196,302 | (51,493) |
| Cost of land and buildings sold (Note 7) | - | 2,300 | 2,300 | 1,079 |
| Amortization of irrigation works (Note 7) | - | 4,445,637 | 4,445,637 | 4,365,361 |
| Write off of irrigation works (Note 7) | - | 449,660 | 449,660 | 341,383 |
| Non-capital irrigation works expenses (Note 8) | - | 91,974 | 91,974 | 33,991 |
| | <u>1,742,048</u> | <u>5,808,217</u> | <u>7,550,265</u> | <u>7,051,589</u> |
| Excess of revenue over expenses | 2,609,245 | 1,235,715 | 3,844,960 | 7,474,116 |
| Interfund transfer - Provision for irrigation works | (1,700,000) | 1,700,000 | - | - |
| Fund surplus | 909,245 | 2,935,715 | 3,844,960 | 7,474,116 |
| Interfund transfer - Allocation for irrigation works | (700,000) | 700,000 | - | - |
| Fund balances, beginning of year | <u>4,558,222</u> | <u>127,284,138</u> | <u>131,842,360</u> | <u>124,368,244</u> |
| Fund balances, end of year | <u>\$ 4,767,467</u> | <u>\$ 130,919,853</u> | <u>\$ 135,687,320</u> | <u>\$ 131,842,360</u> |

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

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>GENERAL OPERATIONS</u> | <u>IRRIGATION WORKS</u> | <u>2017 TOTAL</u> | <u>2016 TOTAL</u> |
|---|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Cash provided by (used for) the following activities: | | | | |
| Operating activities: | | | | |
| Excess of revenue over expenses | \$ 2,609,245 | \$ 1,235,715 | \$ 3,844,960 | \$ 7,474,116 |
| Items not involving cash: | | | | |
| Unrealized (gain) loss on financial instruments | - | (309,434) | (309,434) | (398,853) |
| Amortization (Note 7, Schedule 1) | 454,241 | 4,445,637 | 4,899,878 | 4,764,730 |
| (Gain) loss on disposal of capital assets | (3,000) | - | (3,000) | (92,462) |
| (Gain) loss on disposal of land and building | - | (9,240) | (9,240) | (23,587) |
| Write off of irrigation works (Note 7) | - | 449,660 | 449,660 | 341,383 |
| | <u>3,060,486</u> | <u>5,812,338</u> | <u>8,872,824</u> | <u>12,065,327</u> |
| Change in non-cash working capital balances: | | | | |
| Accounts receivable | (21,318) | (5,335) | (26,653) | 99,422 |
| Prepaid expenses and deposits | (57,316) | - | (57,316) | (53,681) |
| Inventory | 49,320 | - | 49,320 | (19,581) |
| Accounts payable and accrued liabilities | 408,656 | 23,197 | 431,853 | (153,573) |
| Construction costs and holdbacks payable | - | (141,762) | (141,762) | (358,222) |
| Deferred revenue | 51,172 | - | 51,172 | 25,481 |
| Water right and other deposits | - | (227,185) | (227,185) | (6,160,380) |
| Due to irrigation works / from general operations | (1,703,545) | 1,703,545 | - | - |
| | <u>(1,273,031)</u> | <u>1,352,460</u> | <u>79,429</u> | <u>(6,620,534)</u> |
| Investing activities: | | | | |
| Accrued interest receivable | - | (44,551) | (44,551) | (42,603) |
| Purchase of capital assets | (1,022,991) | - | (1,022,991) | (1,062,190) |
| Proceeds from disposal of capital assets | 212,193 | - | 212,193 | 294,037 |
| Proceeds from sale of land and building | - | 11,540 | 11,540 | 24,666 |
| Additions to irrigation works | - | (7,085,037) | (7,085,037) | (6,712,091) |
| Increase (decrease) in investments | - | (2,173,728) | (2,173,728) | (196,951) |
| | <u>(810,798)</u> | <u>(9,291,776)</u> | <u>(10,102,574)</u> | <u>(7,695,132)</u> |
| Interfund transfers: | | | | |
| Provision for irrigation works | (1,700,000) | 1,700,000 | - | - |
| Allocation for irrigation works | (700,000) | 700,000 | - | - |
| | <u>(2,400,000)</u> | <u>2,400,000</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in cash and cash equivalents | (1,423,343) | 273,022 | (1,150,321) | (2,250,339) |
| Cash and cash equivalents, beginning of year | 5,803,446 | 4,202,176 | 10,005,622 | 12,255,961 |
| Cash and cash equivalents, end of year | <u>\$ 4,380,103</u> | <u>\$ 4,475,198</u> | <u>\$ 8,855,301</u> | <u>\$ 10,005,622</u> |
| Cash and cash equivalents comprise: | | | | |
| Cash | \$ 794,499 | \$ 205,205 | \$ 999,704 | \$ 1,913,587 |
| Short term investments | 3,585,604 | 4,269,993 | 7,855,597 | 8,092,035 |
| | <u>\$ 4,380,103</u> | <u>\$ 4,475,198</u> | <u>\$ 8,855,301</u> | <u>\$ 10,005,622</u> |

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

LETHBRIDGE NORTHERN IRRIGATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

Note 1 Purpose of the Organization

The Lethbridge Northern Irrigation District (hereinafter referred to as the "District") is charged with the responsibility of efficient and economical distribution of water to users in the District and operates as a Not-for-Profit Organization under the Irrigation Districts Act, Chapter I-11, Revised Statutes of Alberta 2000.

The District is part of the Alberta Crown, listed as a tax-exempt Government of Alberta agency, and included in the Province's constitutional tax immunity. As a result, the District pays no income taxes or goods and services tax on purchases, but is still required to collect and remit goods and services tax on services provided.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared using Canadian Accounting Standards for Not-for-Profit Organizations and follow the restricted fund method of accounting for contributions. Significant accounting policies include:

a) Fund Accounting:

The activities of the District have been disclosed as two distinct funds - the General Operations Fund and the Irrigation Works Fund:

General Operations Fund - Discloses the water management and delivery operations of the District, as well as certain special projects as designated by the Board of Directors from time to time. The General Operations Fund includes management of equipment and personnel, the costs of which are billed to the Irrigation Works Fund to the extent they relate to construction activities.

Irrigation Works Fund - Discloses receipts and expenses for new irrigation works and interest earned on such monies. Costs incurred in constructing new irrigation works and in replacing and rehabilitating existing structures are provided for from this fund. The Province of Alberta contributes to Irrigation Rehabilitation Program (IRP) projects 75% of the expenses and the District contributes 25%.

b) Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

c) Inventory:

Materials and supplies are valued at the lower of cost and replacement cost with cost determined by the first-in, first-out method.

d) Revenue Recognition:

Restricted contributions related to general operations are recognized as revenue of the General Operations Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Operations Fund in the year received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

All other revenue is recognized in the appropriate fund when earned.

e) Capital Assets:

Property and equipment are recorded at cost. Amortization of equipment is provided using the declining balance method at rates intended to amortize the cost of these assets over their estimated useful lives. The annual rates are as follows:

| | | | |
|------------|-----|-------|-----|
| Computer | 25% | Power | 15% |
| Automotive | 20% | Other | 10% |

Irrigation works assets are recorded at cost to the District. Items capitalized include the cost of easements and right-of-ways purchased. Irrigation works and buildings are amortized on a straight-line basis over their estimated average useful lives of 40 years.

f) Financial Instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The District has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the District determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the District expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

g) Use of Estimates:

The preparation of the financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and provisions for impairment of trade accounts receivable. Actual results could differ from those estimates.

h) Pension:

The District participates in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pensions for the District's participating employees, based on years of service and earnings.

The District does not have sufficient plan information on the LAPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expenses recorded for the LAPP are comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially predetermined amounts that are expected to provide the plan's future benefits.

Note 3 Short Term Investments

Short term investments are held in Notice Demand Accounts (funds are available with 31, 60 and 90 days notice) and high interest savings accounts:

| General Operations: | 2017 | 2016 |
|--|--------------|--------------|
| ATB Notice Demand Accounts | | |
| 31 days @ 1.40% | \$ 1,507,481 | \$ 5,281 |
| 60 days @ 1.45% | 2,033,000 | 2,029,354 |
| 90 days @ 1.50% | 45,123 | 2,030,374 |
| | 3,585,604 | 4,065,009 |
| Irrigation Works: | | |
| ATB Notice Demand Accounts | | |
| 90 days @ 1.50% (Pump Fund) | 412,496 | 406,358 |
| ATB High Interest Savings | | |
| Dec. 31, 2017 @ 1.2% (2016 @ 1.0%) | 3,657,497 | 3,620,668 |
| RBC Dominion Securities, 4.20% provincial bond, maturity in 2018 at amortized cost | 200,000 | - |
| | 4,269,993 | 4,027,026 |
| Total Short Term Investments | \$ 7,855,597 | \$ 8,092,035 |

Note 4 Accounts Receivable

| General Operations: | <u>2017</u> | <u>2016</u> |
|-----------------------------------|-------------------|-------------------|
| Water rates and charges | \$ 121,748 | \$ 97,553 |
| Other | 2,237 | 5,114 |
| | <u>123,985</u> | <u>102,667</u> |
| Irrigation Works: | | |
| Construction contribution charges | 40,377 | 68,940 |
| Water rights charges | 13,230 | - |
| Pump surcharges | 38,464 | 17,796 |
| | <u>92,071</u> | <u>86,736</u> |
| Total Accounts Receivable | <u>\$ 216,056</u> | <u>\$ 189,403</u> |

Note 5 Long Term Investments

Long term investments are comprised of fixed income investments including government-backed provincial issue strip bonds and other bonds and equity investments that trade in active markets. The fair value of investments is determined by the published price quotations.

Investments consist of the following:

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|---------------------|
| Equity Investments: | | |
| RBC Dominion Securities, at fair value | \$ 2,961,191 | \$ 2,820,807 |
| ATB Investor Services, at fair value | 7,080,690 | 4,609,396 |
| Fixed Income: | | |
| RBC Dominion Securities, 1.74% to 6.40% bonds, maturities from 2020 to 2041 at amortized cost | 1,034,550 | 963,067 |
| RBC Dominion Securities, 4.70% provincial bonds, maturities in 2019 at amortized cost | 499,999 | 699,999 |
| Total value | <u>\$ 11,576,430</u> | <u>\$ 9,093,269</u> |

Note 6 Loan

The District has a credit facility with ATB Financial to help finance operations. In accordance with By-Law #545-2016, the prevailing rate of interest is set by ATB Financial and is authorized to a maximum of \$5,000,000. The actual interest rate floats at 1/4% below the bank prime interest rate and the amount outstanding as at December 31, 2017 was \$ Nil (2016 - \$ Nil). The ATB Financial prime interest rate was 3.20% on December 31, 2017 (2016 - 2.70%).

Note 7 Capital Assets

| a) General Operations: | 2017 | | | 2016 |
|----------------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | Cost | Amortization | Net | Net |
| Computer | \$ 245,751 | \$ 213,715 | \$ 32,036 | \$ 41,649 |
| Automotive | 1,432,590 | 787,117 | 645,473 | 437,593 |
| Power | 3,395,283 | 1,385,558 | 2,009,725 | 1,876,116 |
| Other | 753,976 | 454,549 | 299,427 | 271,746 |
| | <u>5,827,600</u> | <u>2,840,939</u> | <u>2,986,661</u> | <u>2,627,104</u> |
| b) Irrigation Works: | | | | |
| Completed irrigation works | 179,533,938 | 71,260,483 | 108,273,455 | 105,988,632 |
| Buildings | 3,590,177 | 642,133 | 2,948,044 | 3,043,127 |
| Land | 877,687 | - | 877,687 | 879,987 |
| | <u>184,001,802</u> | <u>71,902,616</u> | <u>112,099,186</u> | <u>109,911,746</u> |
| Total Capital Assets | <u>\$ 189,829,402</u> | <u>\$ 74,743,555</u> | <u>\$ 115,085,847</u> | <u>\$ 112,538,850</u> |

| Irrigation Works: | 2017 | 2016 |
|--|-----------------------|-----------------------|
| Irrigation works, beginning of year | \$ 180,657,417 | \$ 176,202,595 |
| Additions to irrigation works | <u>7,085,037</u> | <u>6,712,091</u> |
| | <u>187,742,454</u> | <u>182,914,686</u> |
| Deduct: | | |
| Cost of land and building sold | 2,300 | 1,079 |
| Cost of irrigation works written off | <u>3,738,352</u> | <u>2,256,190</u> |
| | <u>3,740,652</u> | <u>2,257,269</u> |
| Irrigation works, end of year | <u>184,001,802</u> | <u>180,657,417</u> |
| Amortization of irrigation works, beginning year | <u>70,745,671</u> | <u>68,295,117</u> |
| Current year amortization | <u>4,445,637</u> | <u>4,365,361</u> |
| Deduct: | | |
| Amortization on projects written off | <u>3,288,692</u> | <u>1,914,807</u> |
| Amortization of irrigation works | <u>1,156,945</u> | <u>2,450,554</u> |
| Amortization of irrigation works, end of year | <u>71,902,616</u> | <u>70,745,671</u> |
| Irrigation Works, net book value | <u>\$ 112,099,186</u> | <u>\$ 109,911,746</u> |

The changes in the fund balance, invested in capital assets, reflects the same changes as above. Irrigation works that were not available for use were not amortized in 2017 and amount to \$2,123,035 (2016 - \$4,021,167). In 2017, various projects that have since been replaced with new works were written off. The net book value of \$348,746 for IRP projects and \$100,914 for IWR projects were written off, for a total of \$449,660 (2016 - \$341,383).

Note 8 Fund Balances

- a) The future use of a portion of the District's funds has been allocated to the following areas by restrictions made by the Board of Directors:

District Irrigation Works fund – Monies to be used for irrigation works additions and rehabilitation are internally restricted and include the District's 25% commitment to Province of Alberta Cost-Sharing projects.

Pump fund – Monies collected annually from the Keho/East and Keho/Barons Irrigation Projects water users and the Piyami Canal Rehabilitation Project water users, for pump maintenance and future pump replacement.

- b) Funds received from Alberta Agriculture and Forestry are externally restricted, must be used for specific cost-shared irrigation projects, and are included in the Alberta (IRP) Cost-Sharing fund.

Irrigation Works Fund:

| | 2017 | | | 2016 |
|---|---------------|-------------------------------|---------------|---------------|
| | District | Alberta (IRP) Cost-Sharing | Total | Total |
| Fund balance, beginning of year | \$ 21,617,175 | \$ (4,673,067) | \$ 16,944,108 | \$ 11,667,430 |
| Add: | | | | |
| Contributions received from Alberta Agriculture and Forestry | 124,800 | 2,082,255 | 2,207,055 | 2,076,151 |
| Interest earnings and realized gains | 453,837 | 6,540 | 460,377 | 300,793 |
| Contributions for new parcels and irrigation works | 728,953 | - | 728,953 | 4,177,616 |
| Proceeds from sale of irrigation works | 2,730,965 | - | 2,730,965 | 2,717,854 |
| Transfer from District to Province of Alberta Cost-Sharing | (694,085) | 694,085 | - | - |
| Total Irrigation Works Fund revenues | 3,344,470 | 2,782,880 | 6,127,350 | 9,272,414 |
| Unrealized gain (loss) on investments | 309,434 | - | 309,434 | 398,853 |
| Interfund transfers | 2,400,000 | - | 2,400,000 | 2,300,000 |
| Total additions | 6,053,904 | 2,782,880 | 8,836,784 | 11,971,267 |
| | 27,671,079 | (1,890,187) | 25,780,892 | 23,638,697 |
| Deduct: | | | | |
| Additions to irrigation works, Schedule 2 | 735,633 | 6,349,404 | 7,085,037 | 6,712,091 |
| Consulting fees, net | 196,302 | - | 196,302 | (51,493) |
| Other expenses from Irrigation Works Fund | 91,974 | - | 91,974 | 33,991 |
| Total deductions | 1,023,909 | 6,349,404 | 7,373,313 | 6,694,589 |
| Fund balance, end of year | \$ 26,647,170 | \$ (8,239,591) | \$ 18,407,579 | \$ 16,944,108 |

Pump Fund:

| | 2017 | | | 2016 | |
|--------------------------------------|------------------|--------------------|------------------|-------------------|-------------------|
| | <u>Keho/East</u> | <u>Keho/Barons</u> | <u>Piyami</u> | <u>Total</u> | <u>Total</u> |
| Fund balance, beginning of year | \$ 15,787 | \$ 350,901 | \$ 61,596 | \$ 428,284 | \$ 401,346 |
| Add: | | | | | |
| Assessments - pump and electrical | 193,072 | 299,369 | 107,427 | 599,868 | 491,106 |
| Investment income | 485 | 4,563 | 1,090 | 6,138 | 6,063 |
| Penalties | 1,142 | - | - | 1,142 | 1,829 |
| Total additions | <u>194,699</u> | <u>303,932</u> | <u>108,517</u> | <u>607,148</u> | <u>498,998</u> |
| | <u>210,486</u> | <u>654,833</u> | <u>170,113</u> | <u>1,035,432</u> | <u>900,344</u> |
| Deduct: | | | | | |
| Electrical | 177,231 | 280,335 | 96,370 | 553,936 | 455,605 |
| Maintenance | 640 | 67,375 | 393 | 68,408 | 16,455 |
| Total deductions | <u>177,871</u> | <u>347,710</u> | <u>96,763</u> | <u>622,344</u> | <u>472,060</u> |
| Fund balance, end of year | <u>\$ 32,615</u> | <u>\$ 307,123</u> | <u>\$ 73,350</u> | <u>\$ 413,088</u> | <u>\$ 428,284</u> |

Note 9 General Operations Fund

| a) General Fund operating: | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| General Fund operating, beginning of year | \$ 1,931,118 | \$ 2,226,132 |
| Adjustments to capital assets, net | (359,557) | (461,246) |
| Revenue over expenses allocated | 2,609,245 | 2,466,232 |
| Transfer to irrigation works fund from general operations | <u>(2,400,000)</u> | <u>(2,300,000)</u> |
| General Fund operating, end of year | <u>\$ 1,780,806</u> | <u>\$ 1,931,118</u> |

b) The General Operations Fund is comprised of:

| | <u>2017</u> | <u>2016</u> |
|------------------------|---------------------|---------------------|
| General Fund operating | \$ 1,780,806 | \$ 1,931,118 |
| General Fund capital | <u>2,986,661</u> | <u>2,627,104</u> |
| Total | <u>\$ 4,767,467</u> | <u>\$ 4,558,222</u> |

Note 10 Irrigation Rates

| | | <u>2017</u> | <u>2016</u> |
|-------------------------|--|----------------------------|----------------------------|
| 180,799.2 | irrigation acres @ \$16.00/acre (2016 – 178,643.4 ac. @ \$16.00) | \$ 2,892,787 | \$ 2,858,294 |
| 1,094.7 | irrigation acres – 81 parcels @ \$480.00/parcel minimum (2016 – 1,124.1 ac. – 84 @ \$480.00) | 38,880 | 40,320 |
| 345.0 | dryland terminable acres @ \$25.00/acre (2016 – 345.0 ac. @ \$25.00) | 8,625 | 8,625 |
| 55.0 | dryland terminable acres – 4 parcels @ \$480.00/parcel minimum (2016 – 60.0 ac. – 5 @ \$480.00) | 1,920 | 2,400 |
| 1,981.8 | restricted terminable acres @ \$25.00/acre (2016 – 1,959.8 ac. @ \$25.00) | 49,545 | 48,995 |
| 23.6 | restricted terminable acres – 2 parcels @ \$480.00/parcel minimum (2016 – 23.6 ac. – 2 @ \$480.00) | 960 | 960 |
| - | pipeline pressure delivery charge | <u>779,773</u> | <u>762,710</u> |
| <u>184,299.3</u> | (2016 – 182,155.9) | 3,772,490 | 3,722,304 |
| | Less: reclassification credits & rebates | <u>3,483</u> | <u>3,062</u> |
| | | <u>3,769,007</u> | <u>3,719,242</u> |
| | Add: annual agreements | | |
| 320.7 | annual acres @ \$50.00/acre (2016 – 387.0 ac. @ \$50.00) | 16,035 | 19,350 |
| 211.4 | annual acres – 28 parcels @ \$500.00/parcel minimum (2016 – 173.2 ac. – 24 @ \$500.00) | 14,000 | 12,000 |
| - | pipeline pressure delivery charge | <u>656</u> | <u>777</u> |
| <u>532.1</u> | (2016 – 560.2) | <u>30,691</u> | <u>32,127</u> |
| <u><u>184,831.4</u></u> | (2016 – 182,716.1) | <u><u>\$ 3,799,698</u></u> | <u><u>\$ 3,751,369</u></u> |

Note 11 Local Authorities Pension Plan (LAPP)

The District is required to make current service contributions to the LAPP of 11.39% (2016 - 11.39%) of pensionable earnings up to the Canada Pension Plan Years' Maximum Pensionable Earnings and 15.84% (2016 - 15.84%) for the excess. The employee contributions are based on rates of 10.39% (2016 - 10.39%) and 14.84% (2016 - 14.84%) respectively.

Total current service contributions by the District to the LAPP in 2017 were \$218,586 (2016 - \$208,460). Total current service contributions by the District employees in 2017 were \$200,854 (2016 - \$191,547).

At December 31, 2016, the LAPP served about 253,862 people (2015 - 244,621) and 417 employers (2015 - 426) and it disclosed an actuarial deficiency of \$637 million (2015 - \$923 million).

Note 12 Deferred Revenue

| | <u>2017</u> | <u>2016</u> |
|--------------------|-------------------|------------------|
| Prepaid water fees | <u>\$ 109,554</u> | <u>\$ 58,382</u> |

Note 13 Cost-Sharing Construction Costs and Holdbacks Payable

This liability consists of accounts and holdbacks payable for work undertaken pursuant to the cost-sharing agreement with the Province of Alberta and for District Irrigation Works projects.

Note 14 Commitments

The District has commitments in an amount of \$ Nil (2016 - \$167,250), in respect of uncompleted work and supply of materials under contract.

Note 15 Financial Risks and Concentration of Risksa) Credit Risk:

Credit risk associated with cash and short term deposits is minimized substantially by ensuring that these financial assets are placed with government-backed instruments and well-capitalized financial institutions.

The District does not have significant exposure to risk from any individual customer. The Irrigation Districts Act provides a mechanism to recover non-payment of capital construction contributions, irrigation rates, surcharges and capital assets (water rights).

b) Currency Risk:

The majority of purchases and sales are denominated in Canadian dollars with limited purchases denominated in foreign currencies.

c) Interest Rate Risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets, known as cash flow risk, and on the fair value of other financial assets, known as price risk.

The District is exposed to interest rate risk on its fixed interest rate financial instruments as a result of investments in bonds. Fixed interest instruments subject the District to a fair value risk, however the risk associated is reduced to a minimum since these assets are mainly in government securities.

The fair value risk of the long term investments is managed and mitigated in the Board's opinion by investing in a variety of risk based investments. Provincial issue strip bonds and high interest savings accounts are used to reduce the risk of the overall portfolio. Marketable securities are also invested in an attempt to increase the portfolio's overall return.

d) Liquidity Risk:

Liquidity risk is the risk that the District will not be able to meet its obligations as they become due. The District's approach to managing liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its operating requirements.

Note 16 Approval of Financial Statements

These financial statements were prepared and approved by management.

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Schedule 1

| | 2017 | | | | | 2016 |
|--------------------------------------|---------------------|---------------------------------------|-------------------|-------------------|-------------------------------|---------------------|
| | EQUIPMENT POOL | MAINTENANCE OF IRRIGATION WORKS | WATER DELIVERY | ENGINEERING | ADMINISTRATION AND GENERAL | TOTAL |
| Salaries and wages | \$ 483,379 | \$ 745,217 | \$ 233,471 | \$ 324,181 | \$ 662,887 | \$ 2,449,135 |
| Equipment expense | 253,895 | 176,340 | 171,197 | 15,356 | 4,849 | 621,637 |
| Employee benefits | 74,273 | 130,866 | 76,098 | 68,575 | 129,754 | 479,566 |
| Amortization of equipment | 342,624 | 74,736 | 2,013 | 12,942 | 21,926 | 454,241 |
| Materials and supplies | 7,688 | 228,098 | 3,927 | 3,834 | 13,400 | 256,947 |
| Vegetation, weed and pest control | - | 22,669 | 103,579 | - | - | 126,248 |
| Board of Directors fees and expenses | - | - | - | - | 69,529 | 69,529 |
| Equipment rental | 733 | 56,981 | 1,066 | 382 | 1,625 | 60,787 |
| Pumps and control structures | - | 8,141 | 52,639 | - | - | 60,780 |
| Buildings and grounds | 9,670 | 11,343 | 1,402 | 17,887 | 17,887 | 58,189 |
| Association fees and dues | - | - | - | 540 | - | 58,131 |
| Professional fees | - | - | - | - | 32,982 | 32,982 |
| Contracted services | - | - | - | 8,664 | 22,809 | 31,473 |
| Telephone | 2,020 | 5,392 | 8,867 | 7,418 | 6,433 | 30,130 |
| Insurance | - | - | - | - | 19,981 | 19,981 |
| Advertising and public relations | 285 | 285 | - | 278 | 13,409 | 14,257 |
| Staff training and conferences | 40 | 2,097 | - | 1,006 | 3,318 | 6,461 |
| Travel | - | 665 | 19 | 661 | 1,515 | 2,860 |
| Interest and bank charges | - | - | - | - | 1,377 | 1,377 |
| Easement rental | - | 704 | - | - | - | 704 |
| Crop and flood damage | - | 506 | - | - | - | 506 |
| (Gain) loss on disposal of equipment | (5,237) | 2,064 | - | 112 | 61 | (3,000) |
| Miscellaneous | 44 | 1,129 | 44 | 168 | 4,289 | 5,674 |
| Recoveries: | | | | | | |
| Equipment | (1,945,374) | (80,285) | - | (92,305) | (1,437) | (2,119,401) |
| Labour (including benefits) | (53,445) | (294,798) | - | (371,152) | (138,026) | (857,421) |
| Custom work | (632) | (240) | - | (7,615) | (66,222) | (74,709) |
| Pumps | - | - | (45,016) | - | - | (45,016) |
| Total 2017 | \$ (830,037) | \$ 1,091,910 | \$ 609,306 | \$ (9,068) | \$ 879,937 | \$ 1,742,048 |
| Total 2016 | \$ (745,961) | \$ 1,086,956 | \$ 699,309 | \$ 6,378 | \$ 842,526 | \$ 1,889,208 |

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT
SCHEDULE OF IRRIGATION WORKS CAPITAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>DISTRICT</u> | <u>ALBERTA (IRP) COST-SHARING</u> | <u>2017 TOTAL</u> | <u>2016 TOTAL</u> |
|---|-------------------|---------------------------------------|-----------------------|-----------------------|
| External Goods and Services | | | | |
| Materials and supplies | \$ 302,979 | \$ 3,160,791 | \$ 3,463,770 | \$ 3,615,081 |
| Contract services | | | | |
| Construction | (28,066) | 722,418 | 694,352 | 481,978 |
| Engineering | - | 16,161 | 16,161 | 26,195 |
| Land acquisition costs | 32,004 | 39,005 | 71,009 | 78,172 |
| Internal (District) Goods and Services | | | | |
| Labour recoveries (including benefits) | | | | |
| Engineering | 43,132 | 265,306 | 308,438 | 429,789 |
| Construction | 61,446 | 283,094 | 344,540 | 287,711 |
| Right-of-way | 20,360 | 76,701 | 97,061 | 142,516 |
| Equipment recoveries | 303,778 | 1,785,928 | 2,089,706 | 1,650,649 |
| Totals 2017 | <u>\$ 735,633</u> | <u>\$ 6,349,404</u> | <u>\$ 7,085,037</u> | |
| Totals 2016 | | <u>\$ 4,347,718</u> | | <u>\$ 6,712,091</u> |

LETHBRIDGE NORTHERN IRRIGATION DISTRICT

2017 ANNUAL GENERAL MEETING

PICTURE BUTTE COMMUNITY CENTRE

APRIL 11, 2018

1:30 P.M.

A G E N D A

1. Call to Order
2. Introduction of Guests
3. Moment of Silence
4. Agenda Approval
5. Minutes of the 2016 Annual General Meeting
6. Business Arising from the Minutes
7. Chairman's Report
8. General Manager's Report
9. District Engineer's Report
10. Operations & Maintenance Report
11. Financial Report
12. Other Business Arising from the Reports
13. New Business
14. Location for Next Meeting
15. Adjournment
16. Coffee and Doughnuts
(Courtesy of RBC Dominion Securities Inc.)

TUESDAY, APRIL 11, 2017

The 2016 (96th) Annual General Meeting was held on Tuesday, April 11, 2017 at the Cornerstone Community Evangelical Free Church, Picture Butte, Alberta, commencing at 1:30 p.m.

PRESENT

24 Water Users, **5** Board members representing the Water Users and **12** LNID staff (plus William Laycock, District Engineer-Retired). In addition, the following attended: **Irrigation Council:** Richard Stamp; **Irrigation Secretariat:** Jennifer Nitschelm; **AIPA.:** Ron McMullin; **Alberta Agriculture & Forestry:** Rod Bennett, Jollin Charest, Andrea Kalischuk, Derek Nalder, Lawrence Schinkel; **Alberta Environment & Parks:** Ray Conway, Scott Gerber, Dennis Matis, Josh Richardson; **ATB Financial:** Deb Chapman; **ATB Securities Inc.:** Sherry Davis; **KPMG:** Dan Bosters; **MPE Engineering Ltd.:** Kevin Whittmire; **RBC Dominion Securities:** Curt Saunders; **Southern Drip Irrigation Ltd.:** Kees Vanbeek; **Western Financial Group:** Deanna Tomlinson.

CALL TO ORDER

John Vandenberg, Chairman of the Board, called the meeting to order at 1:34 p.m. and introduced the Board of Directors and guests in attendance.

MOMENT OF SILENCE

J. Vandenberg, Chairman, asked that all in attendance observe a moment of silence for those who have passed away.

AGENDA APPROVAL

J. Vandenberg stated that the Board of Directors made the decision that he, as Chairman of the Board, would act as Chairman of the 2016 Annual Meeting.

J. Vandenberg asked for any additions/deletions/changes to the agenda. There were none.

Motion by Evert Van Essen, seconded by Bill Van Rootselaar to adopt the agenda as presented.

CARRIED

MINUTES OF 2015 ANNUAL GENERAL MEETING

J. Vandenberg asked if there were any errors or omissions. There were none.

Motion by Leighton Kolk, seconded by Evert Van Essen to approve the Minutes of the 2015 (95th) Annual General Meeting as presented.

CARRIED

BUSINESS ARISING OUT OF MINUTES

J. Vandenberg called for any business arising out of 2015 Minutes. No items were raised.

CHAIRMAN'S REPORT

J. Vandenberg, as presented in the Annual Report, read the Chairman's report. He discussed items concerning the Lateral B1 pipeline; the Lateral H9 pipeline will be operational for the 2017 water season, future projects including the Lateral B9 and Lateral B6 pipelines. J Vandenberg stated that the Capital Assets Charge (Water Rights) had been increased. He also discussed Government funding and the status of the three (3) snow pillows that supply the Oldman River Dam. J. Vandenberg introduced new District employee, Shane Eyre, Project Design.

J. Vandenberg stated that Aquatic Invasive Species (AIS) have been found in Montana, USA and asked Ron McMullin, AIPA Executive Director, to speak on this topic as written in the Chairman's report. R. McMullin reviewed the report including the AIPA sponsored MLA tour held on July 19, 2016. He stated that the tour, which included a fly-over of southern Alberta, a tour of area processing plants and a BBQ where MLAs met with irrigation district board members and personnel, was attended by eight (8) MLAs and was received positively.

J. Vandenberg thanked R. McMullin for his remarks.

J. Vandenberg asked for questions arising from the Chairman's report.

- ❖ Leighton Kolk asked the reason for raising the Capital Assets Charge (Water Rights) from \$1,250/irrigation acre to \$1,350/irrigation acre and discontinuing the practice of allocating up to 20% of any expansion acre capital asset assessment into a farmer cost share program to assist the landowner with infrastructure costs.

J. Vandenberg stated that the District compared its capital asset charge to other irrigation districts. St. Mary River Irrigation District (SMRID)'s capital asset charge is currently \$1,800/acre and Bow River Irrigation District (BRID)'s is \$900/acre.

A.L. Harrold stated that the last time the District increased the capital asset charge was in 2010 when the District held the expansion plebiscite. In 2017 the equivalent of the 2010 \$1,250/acre charge would equate to \$1,400/acre. The Board debated the issue and set the capital asset charge at \$1,350/acre.

J. Vandenberg stated that 20% farmer cost share generated a substantial amount of administrative work and not all landowners qualified for the program.

Motion by John Vandenberg, seconded by Morris Zeinstra to adopt the Chairman's Report as presented.

CARRIED

GENERAL MANAGER'S REPORT

Alan L. Harrold, General Manager, presented the General Manager's Report.

A.L. Harrold presented details of Drainage, Water Conservation, Expansion, Staffing and the outlook for the future. He stated that water turn on in 2016 was the earliest date on record. A.L. Harrold stated that the District considers various factors when deciding the water turn on date, including the fact that at -8 Celsius water in air vacs start to freeze.

J. Vandenberg asked for questions arising from the General Manager's Report.

- ❖ Bill Van Rootselaar asked what the District's long term plan included.

A.L. Harrold stated that the 2010 plebiscite approved the increase of 25,000 acres in Phase 1 and additional increments of 5,000 acres dependent on proof of District reduction of average return flows over a five (5) year period. He stated that the District should be able to increase two (2) 5,000 increments with the return flow efficiency improvements to date. At this point the capacity of the main canal could become a factor. A.L. Harrold stated that he has talked to Alberta Environment & Parks (AEP) concerning the capacity rating of the main canal. In the future, Keho Reservoir, which has 77,000 acre-feet of storage, will be operated more as a balancing pond to the District's system.

- ❖ Ed Schuld asked if there is any possibility of a balancing pond being installed further east in the District.

A.L. Harrold stated that a review has been done concerning one (1) location in the west portion of the District to determine if it would be beneficial. The problem would be the stored water would have to be pumped out. He stated that there would be no benefit of a collection pond further east near the end of the system.

- ❖ Morris Zeinstra asked what the plans were to rehabilitate the Albion Main Canal system.

A.L. Harrold stated that the Board talked about this area in their meeting this date. The District has completed three (3) years of the current 5 Year Plan. The Board will be re-prioritizing its 5-10 Year Plan. The capacity of the Albion Main Canal is a concern in planning expansion to the north.

M. Zeinstra stated that in the past, the Larsen Reservoir & Dam had been considered for storage for that area.

A.L. Harrold stated that one (1) issue to consider on the Larsen Reservoir & Dam is the actual storage capacity. The approvals process for a dam is a lengthy process. A.L. Harrold stated that this is still being considered as an option.

Motion by Morris Zeinstra, seconded by Ed Schuld to adopt the General Manager's report as presented.

CARRIED

DISTRICT ENGINEER'S REPORT

Stephen Van Essen, District Engineer, presented the District Engineer's report. He discussed the funding provided through the Alberta Government's Irrigation Rehabilitation Program (IRP). S. Van Essen reviewed the projects from 2016 and highlighted the projects planned for 2017.

J. Vandenberg asked for any questions arising from the report.

- ❖ Marguerite Paulsen asked if all projects were paid for out of District's investments.

S. Van Essen stated that there were a couple of funding options. The Alberta Government's IRP program in which the Government contributes 75% and the District 25%. Another source of funding is the District's Irrigation Works Reserve (IWR). This fund includes investments from the sale of water rights, landowner construction contributions and an allocation from the annual water rate assessments. The District's annual allotment from the IRP fund is not sufficient to cover the cost of a project, which necessitates that the District borrows money from itself until the IRP funding catches up.

- ❖ Morris Zeinstra asked what percentage of the District has been rehabilitated.

S. Van Essen stated that comparing pipelines to canals, approximately 60% of the District is in pipelines. He stated that rehabilitation is ongoing in the District and that at present 50% of the acres in the District are serviced by pressure pipelines.

M. Zeinstra asked that if an irrigation district has basically rehabilitated all its area, does it still qualify for the same IRP funding as other irrigation districts.

Jennifer Nitschelm stated that the IRP District Allocation Formula is based 50% on the number of irrigation acres in a district and 50% on the replacement cost of District capital infrastructure.

- ❖ Leighton Kolk asked how the District's construction crew's performance on pipeline installation compares to that of a contractor's.

S. Van Essen stated that on larger pipe installation the District's construction crew is very competitive. The District sub-contracts all the concrete work. He stated that if the District does not have the time to complete a project, the work may be sub-contracted. The District obtains multiple quotes and the Board awards the tender.

J. Vandenberg stated that since the District has started to install its own pipelines it has consistently shown a yearly surplus of approximately \$500,000.

S. Van Essen stated that installation of pipelines by the District's construction crew qualify for IRP funded projects.

Motion by Conrad Van Hierden, seconded by M. Zeinstra to adopt the District Engineer's Report as presented.

CARRIED

OPERATIONS & MAINTENANCE REPORT

The Operations and Maintenance report was presented by Ryan Chogi, Water Master East – Butte. He thanked the water users for continued communication with District staff.

J. Vandenberg asked for any questions arising from the report.

- ❖ Gerrit Van Asch asked if the District will require fewer maintenance staff with the conversion to more pipelines.

R. Chogi stated that the District will still require the proper maintenance staff to monitor its infrastructure including the pipeline systems, repair and replace items such as air valves and air vents, etc. and insure the timely and efficient delivery of water.

Motion by Conrad Van Hierden, seconded by Gerrit Van Asch to adopt the Operations & Maintenance Report as presented.

CARRIED

FINANCIAL REPORT

Lawrence McCune, District Accountant, presented the Financial Statements. He stated that KPMG LLP have audited the District's Financial Statements and found them to present fairly, in all material respects, the financial position of Lethbridge Northern Irrigation District as at December 31, 2016, and its results of operations and its cash flows for the year.

J. Vandenberg asked if there were any questions arising from the report.

- ❖ Ed Schuld asked where in the Financial Statements the construction contribution is listed.

L. McCune stated that the construction contribution is listed in the Statement of Financial Position on Page 21. The construction contributions balance at the end of 2016 was \$147,840 and for 2015 it was \$3,575,720. He stated that above that line is listed the Water right deposits balance of \$162,150 for 2016 and \$2,894,650 for 2015.

E. Schuld asked if that is landowner construction contributions on new projects.

L. McCune stated that was correct.

- ❖ Marguerite Paulsen asked if there was a plan for the approximate \$17,000,000 of the District's short term and long term investments.

L. McCune stated that the District's 5-10 Year Plan is to rehabilitate open ditches with pipelines. Concrete ditches do not have a very long life estimate.

Motion by Evert Van Essen, seconded by Alan Fraser to adopt the Financial Statements as presented.

CARRIED

OTHER BUSINESS ARISING FROM THE REPORTS

J. Vandenberg asked if there was any other business arising from the reports presented.

- ❖ Marguerite Paulsen stated that they own property on the boundary of Vulcan County. She stated that she understands that the District has approved providing 22 million gallons of water to a Hutterian Brethren Church wishing to establish a Colony in the area. M. Paulsen asked if there was a Board policy on approving this amount of water and if she could obtain a copy.

A.L. Harrold stated that the application was made for domestic water. The Board has not denied a request from an individual who requires water and meets the District's requirements to obtain that water. The District's water licence with Alberta Environment & Parks (AEP) allows for providing water for domestic purposes. There is no expense to the District as the landowner must pay all costs to connect to District works. The landowner is responsible for obtaining all right-of-ways, and easements with neighbours. Twenty two million gallons sounds like a lot of water but from a farming point of view, it is not a lot, there are landowners that use more than that. A.L. Harrold stated that the water will not be used for irrigation and the landowner will only have access to the water three (3) to four (4) times a year when less irrigation demand allows for it.

M. Paulsen stated that they installed the line so that they could irrigate.

A.L. Harrold stated that approval of this application would not affect their ability to irrigate.

M. Paulsen asked if there was a policy to support this Board decision.

A.L. Harrold stated there is a policy in that the District's water licence allows water allocation for this purpose. The applicant must pay to convey water from District works to their land.

- ❖ Marguerite Paulsen referred to the final recommendations of AEP for the Oldman River Dam concerning over allocating of the water and limiting expansion. She stated that her concern is the water in the Oldman River Dam comes from area snow packs. In drought situations, households and feedlots get water first and irrigators get water last.

Ron McMullin, AIPA, stated that on December 6, 2010 the AIPA made a Declaration re Sharing Water for Human Needs and Livestock Sustenance During Water Shortages that in times of drought, that priority was for water for people, livestock and then crops. The Town of Picture Butte uses the equivalent amount of water as that of a

quarter section of land. He stated that the water supplied to area communities is for friends and neighbours. Even supplying water to all the feedlots, which use a considerable amount of water, would not affect the District that much. R. McMullin stated that in 2001, which was a very dry year, the St Mary River Irrigation District's reservoir was drawn down, but people still got 60% of their allotment. He stated that he sits on the Alberta Water Council which administers the Alberta Government's Water For Life Program. Alberta water users were requested to reduce diversions from the river by 30%. R. McMullin stated that in 2015 he reported to the Council that the 13 Alberta irrigation districts had met that goal even though crop production had increased. As the irrigation districts install more pipelines, causing less evaporation and seepage, and water users install more low pressure pivots, the water diversion is lower.

M. Paulsen stated that the number one (1) priority is to maintain the integrity of the Oldman River.

R. McMullin stated that the first priority for the Alberta Government is to apportion 50% of the annual river flows to the Province of Saskatchewan. The province of Alberta has always met that obligation. The second priority is water conservation, to maintain a certain amount of water in the Oldman River. Alberta Environment & Parks (AEP) must administer various government Acts and there is continual negotiation between AEP and the irrigation districts to ensure that there is water for everyone.

J. Vandenberg stated that in any application for expansion the District must adhere to the conditions of its water licence with AEP. The District approves a water allocation each year. The District has capped its allocation at 17.5 inches, which allows for seepage and evaporation. J. Vandenberg stated that in 2001, which was a very dry year, the District did not have demand over 12 inches. One-half of the water that the District has a water licence for usually remains in the river.

- ❖ Conrad Van Hierden stated that there is not a lot of room for expansion on the Lateral A1 pipeline. He asked if a pressurized system could be put on the Lateral A1 pipeline.

A.L. Harrold stated a pressurized system would be the next option and that would be restricted by the size of pipe. At the time of design, the number of acres that could be added to the pipeline was considered. The pipeline was designed for what was adequate at that time. There has been a small amount of expansion on the pipeline.

C. Van Hierden asked how the District would accomplish expanding the Lateral A1 System.

A.L. Harrold stated that at the time the District looked at what areas could be expanded to and talked to individuals and they were not interested. It is such a long pipeline for the restricted number of users and there was not a lot of expansion that the District could foresee.

- ❖ Bill Van Rootselaar stated he had a three (3) part question:
 - #1. For every dollar spent on irrigation what is the return to the economy;
 - #2. The diversity of the cropping in the region that comes with irrigation;
 - #3. The enhanced opportunity for wildlife because of irrigation.

J. Vandenberg stated in answer to question #1 - for every dollar (\$1.00) invested in irrigation there is a three dollar (\$3.00) return to the Government.

A.L. Harrold stated in answer to question #2 – more specialty crops return more value back to southern Alberta. The return on a grain crop is obviously less than the higher intense value crops. As stated, for every one dollar (\$1.00) the Alberta Government invests in irrigation, the return is three dollars (\$3.00) to the government. It is positive to see the Alberta Government investing in schools, hospitals and highways, but how many places can you invest and see a three dollar (\$3.00) return for every one dollar (\$1.00) invested. The irrigation districts have approached the Alberta Government with this information and requested an increase in the IRP funding, but as yet the funding has not been increased.

J. Vandenberg stated that R. McMullin was hired by the AIPA to work collectively for all the irrigation districts to try to promote to the Alberta Government the benefits of irrigation in Alberta.

R. McMullin stated in answer to question #3 – he has created a booklet from the pictures he has taken of wildlife and wetlands. The 13 irrigation districts in Alberta have 82,430 acres of wetlands of which the LNID has 6,000 acres. R. McMullin stated that the economic study, Economic Value of Irrigation in Alberta, completed on behalf of

the Alberta Irrigation Projects Association (AIPA), reported that \$3,600,000 GDP (Gross Domestic Product) comes from irrigation each year. About \$1,700,000 of that is associated with food processing.

- ❖ Ed Schuld stated that as a water user of the LNID, we should commend Ron McMullin for what he has been doing in getting this information out to the general public. I think he has done a phenomenal job.

Met with round of applause.

- ❖ Case Brobbel asked if in case of drought that water users are not allowed to use the same system on their farms and divert to other quarters.

A.L. Harrold stated that every irrigation acre in the District is entitled to the same, amount of water, 17.5 inches of water per parcel, which is not dependent on the type of crop. He stated that a water user can transfer their entire water allocation, or portions thereof, to another parcel of land. The transfer can also be done from water user to water user. The transfer is only allowed to another irrigated parcel, not a dryland parcel.

- ❖ Gerrit Van Asch asked about the lifespan of a pipeline and how it would be replaced in the future.

S. Van Essen stated that there have been a couple of studies done by pipe suppliers on the lifespan of pipelines. The first pipe installed in the ground, is still operating. The study estimated the pipeline would have a 100 year lifespan. The LNID is working its way through the District rehabilitating smaller canals and there has been no evidence of material breakdown in the pipelines. There are cases where the pipeline is upgraded for greater capacity.

J. Vandenberg stated that the District has had issues with fittings. Particularly on the metal fittings on the Lateral G1 system. The District has pipelines installed in the 1970s and 1980s and there have been no problems with the pipe itself.

A.L. Harrold stated that the District dug up one (1) section of pipe that was no longer required and staff said that the condition of the inside of the pipe was the same as it was when installed 20 to 25 years earlier.

- ❖ Andrew Konynenbelt stated that the electrical bill from Keho East project was very high. He asked if the District put that out to power suppliers for tender.

A.L. Harrold stated that the District is at the end of a five (5) year contract. The District is in the process of negotiating a new power contract which will reduce the cost from approximately eight (8) cents per kilowatt hour (kwh) to approximately five (5) cents per kilowatt hour (kwh). The largest cost of the power bill is Fortis Alberta's line costs. The variable cost is significantly less in relation to the distribution and line charges.

J. Vandenberg stated that 25% of the bill is power charges and 75% is line costs.

- ❖ Evert Van Essen asked the status of the relationship between the District and the Lethbridge County.

J. Vandenberg stated that the Board of Directors has met with the Lethbridge County Council several times in the past year.

Morris Zeinstra, Lethbridge County Councillor, stated that the District and Council are working to resolve the issues.

- ❖ Wilf Scholten asked if the dissention between the District and the Lethbridge County affects the funding from the Alberta Government.

J. Vandenberg stated that he does not think that the issues between the District and the Lethbridge County affect the funding from the Alberta Government.

- ❖ Leighton Kolk asked if with the New Democrat Government in Alberta, is the Board looking at alternative energy. For example, generation of power through water pressure, solar or wind. The District should push towards being carbon neutral. L. Kolk asked that to do a beneficial job for the Alberta irrigators should the District be looking towards these power producing options in the future.

J. Vandenberg stated that the AIPA has been discussing this issue. He stated that power generation through water pressure is restricted by the number of months the water is flowing in an irrigation district.

A.L. Harrold stated that any power that the District would produce would go into the power pool. The District, in the 1970s – 1980s, explored the option to use the Turin drop line to produce power. A power company was seriously looking at this option but stated that the District would have to flow water full bore throughout the seven (7) month water season or they would not continue with this possibility. A.L. Harrold stated that the District did not consider it prudent to commit to all that water for power production.

Rod Bennett, Alberta Agriculture & Forestry (AAF), stated that the Alberta Government has provided additional funding from the carbon levy for producers in the *Growing Forward 2 Irrigation Efficiency* program. By investing in more efficient irrigation equipment the water users can save a portion of the energy costs. He stated that landowners can apply once each year for each parcel of land. Information and application forms are available on the *Growing Forward 2* website, www.growingforward.alberta.ca.

- ❖ Gerrit Van Asch asked if he was correct in that the District pressure charge is to a maximum of 65 psi.

J. Vandenberg stated that this was true.

G. Van Ash asked why the District does not drop that to a cap of 55 psi as the water users do not require 65 psi.

J. Vandenberg stated that the District has installed pipelines, for example the Lateral G1 pipeline that produces 80 psi, with higher pressure. The Board decided that the cap of 65 psi was reasonable.

G. Van Asch stated that it was not fair to the water users to have to pay for 10 psi that they don't need.

J. Vandenberg stated that the Board will revisit this issue.

AQUATIC INVASIVE SPECIES (AIS)

Andrea Kalischuk, M.Sc., P.Biol., Director, Water Quality Branch, Alberta Agriculture & Forestry (AAF), presented information on Aquatic Invasive Species (AIS).

- ❖ Imminent AIS threats to Alberta's waterways include Eurasian Watermilfoil (EWM), Zebra Mussels and Quagga Mussels.
- ❖ While not considered present in Alberta currently, invasive mussels and EWM are spreading, mainly on trailered watercraft among water bodies throughout much of North America, including western states and Manitoba. In November 2016 AIS were found in the Tiber Reservoir in Montana, USA.
- ❖ The Canadian Federal Government has closed Waterton Lake to any power boats and trailer-launched watercraft in an effort to prevent AIS from entering that water system.
- ❖ Implications of an infestation:
 - Clog water infrastructure, including irrigation pipelines, pumps, screens, intakes and other structures, resulting in reduced pumping capacity.
 - Establishment in an irrigation reservoir would result in continuous downstream branched delivery to canals and pipelines.
 - Once established, they are nearly impossible to eradicate and will become a permanent maintenance issue.
- ❖ AAF is partnering with several irrigation districts and other government agencies to:
 - Monitor mussel substrates: these are concrete-filled pieces of PVC pipe designed to attract juvenile and adult mussels, and are installed at reservoirs with major boating activity.
 - Install signs at boat launches: large colorful signs will alert and educate boaters, anglers, and other recreational users about the threat of AIS and how to properly clean their boats and gear.
 - Monitor mussel larvae: veligers are larval mussels that can't be seen with the naked eye. Sampling for veligers will allow for early detection of an infestation, after which response becomes critical. Water samples are collected at reservoirs with major boating activity.
- ❖ AAF is working on treatment options which include injecting potash into pipelines through the air vents. The potash is very friendly to fish and almost all other aquatic inverts, except for native mussels.
- ❖ An infestation would be devastating to Alberta's irrigation industry, potentially compromising 8,000 km of canals and pipelines worth an estimated \$3.5 billion, reduce water conveyance to crops, and cost millions of dollars annually to manage.
- ❖ Prevention is the best strategy.
- ❖ There is an Aquatic Invasive Species hot line: 1-855-336-BOAT (2628).

J. Vandenberg asked for any questions arising from the report.

- ❖ Rod Bennett asked how many total detections were there at the detection stations in the last little while, do you have any statistics.

A. Kalischuk stated that there are statistics available. She stated that it is fairly common to have detections on boats coming across the Alberta borders. The veligers, which are larval mussels, can't be seen with the naked eye. To detect the veligers, the Government has implemented a Conservation K-9 Program. A. Kalischuk stated that there are over 300 water bodies in Alberta to monitor. Boat inspection is a good tool, but it is not foolproof.

- ❖ Case Van't Land asked if the government is concerned about this situation.

A. Kalischuk stated that the Alberta Government is treating this as a serious issue. The Government has recently amended legislation to allow for fines to be levied against individuals, "skippers", who try to avoid boat inspections at Alberta borders.

- ❖ Case Van't Land asked if information is being shared between agencies in Alberta and the United States of America (USA) concerning prevention and treatment of AIS.

A. Kalischuk stated that there are places in the USA where the mussels are established. Members of AIPA and irrigation district board members have gone on tours in the USA. A. Kalischuk stated that unfortunately, Alberta has a world class, extensive irrigation system not seen anywhere else. Treatment options used in other places cannot be utilized in Alberta. In the USA they are using chlorine which cannot be used in Alberta because of pipe systems that feed back to river systems. Chlorine is very cost effective, but very toxic.

- ❖ Case Van't Land asked why the Federal Government closed Waterton Lake to power boats. He stated that more than pipelines are at risk and asked if the measures being implemented are sufficient.

A. Kalischuk stated that she has heard numerous suggestions from the public including not allowing boats to enter into Alberta from other locations and implementing boat inspections at individual lakes. Some irrigation districts in Alberta have reservoirs and are considering having inspections where boats are being launched. A. Kalischuk stated that there are lots of approaches that could be taken and anything that will prevent the AIS from becoming established in Alberta is a worthwhile endeavour.

- ❖ Ed Schuld stated that the District should consider banning boats from the Keho and Park Lake Reservoirs.

J. Vandenberg stated that Keho Reservoir is the responsibility of AEP but that the Board will take note of this issue.

J. Vandenberg thanked A. Kalischuk for all the work that she and her co-workers have done in regards to AIS. He stated that they have been excellent to work with. Met with round of applause.

NEW BUSINESS

J. Vandenberg asked if there was any new business. There was no new business.

LOCATION FOR NEXT MEETING

J. Vandenberg requested feedback for the location of the next meeting.

Motion by Evert Van Essen, seconded by Conrad Van Hierden that the location for the next Annual General Meeting be Picture Butte. Alberta. **CARRIED**

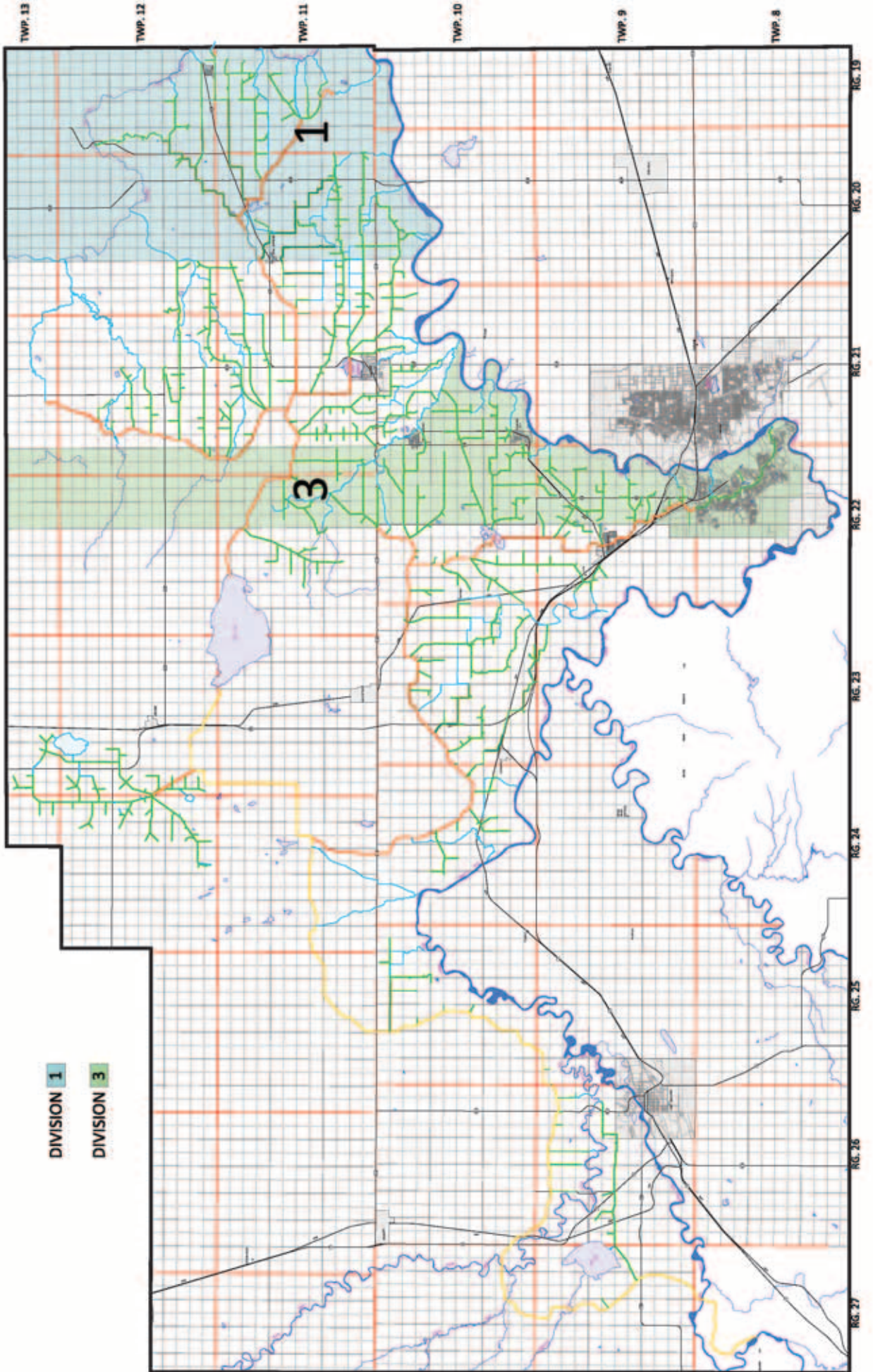
ADJOURNMENT

J. Vandenberg, on behalf of the water users, thanked the Board and staff for a job well done. Accepted by a round of applause.

Motion by Morris Zeinstra that the meeting be adjourned.

Meeting called adjourned at 3:20 p.m.

LNID Board Member Divisions





2018 BOARD ELECTION

An election for two (2) electoral divisions is scheduled for Thursday, May 10, 2018. The electoral divisions up for election for a three (3) year term this year are:

Electoral Division #1

Current Director: Peter Bos

Electoral Division #3

Current Director: John Vandenberg

Electoral Division 1:

Term Expires 2021

All that area of the Irrigation District in Parts of Townships 10, 11, 12 and 13 in Ranges 19 and 20 W4M lying to the East of the road known as "Iron Springs Road", extending from the N.W. corner of the N.W. quarter of Section 4 Township 13 Range 20 W4M, and South to the S.W. corner of the N.W. Quarter of Section 29 Township 10 Range 20 W4M.

Electoral Division 3:

Term Expires 2021

All that area of the Irrigation District in Parts of Townships 8, 9, 10, 11, 12 and 13 in Ranges 21 and 22 W4M lying South and West of the coulee known as "Piyami Coulee" or "12 Mile Coulee" and West of a direct line proceeding North from Highway 519 at the S.E. corner of the S.E. Quarter of Section 6 Township 11 Range 21 W4M to the N.E. corner of the N.E. Quarter of Section 6 Township 13 Range 21 W4M, East of a direct line extending from the N.W. corner of the N.W. Quarter of Section 2 Township 13 Range 22 W4M, South to Highway 519 and continuing South from the N.W. corner of the N.W. Quarter of Section 34 Township 10 Range 22 W4M, to Highway 3 at the S.W. corner of the S.W. quarter of Section 15 Township 9 Range 22 W4M, and South of the North boundaries of Sections 7, 8 and 9 Township 9 Range 22 W4M.

Nominations will close at 4:00 p.m. Monday, April 16, 2018.

A nomination form may be picked up from the LNID office or the following page may be printed from this report.



NOMINATION FORM FOR DIRECTOR

We, the undersigned Irrigators in the Lethbridge Northern Irrigation District, hereby nominate:

Name (Please Print)

Resident Land Location

as a candidate for the election to be held on Thursday, May 10, 2018 for Electoral Division # ____.

WITNESSED by our hands this _____ day of _____, A.D. 2018.

| | | |
|---------------------------------------|---|---------------------------|
| To be signed by at least two (2) |) | _____ |
| Irrigators of the Lethbridge Northern |) | Signature of Irrigator |
| Irrigation District who are eligible |) | _____ |
| to vote as described by Section 56 |) | Printed name of Irrigator |
| of the Irrigation Districts Act, |) | _____ |
| Chapter I-11, RSA 2000. |) | Signature of Irrigator |
| |) | _____ |
| |) | Printed name of Irrigator |

I hereby agree, if elected, to serve as a member of the Board of Directors of the Lethbridge Northern Irrigation District for the three (3) year term for which I am elected.

Candidate's Signature