



**LETHBRIDGE NORTHERN
IRRIGATION DISTRICT**

Ninety - Eighth Annual Report 2018

**Annual General Meeting
April 12, 2019 at 1:30pm
Picture Butte Elks Hall**

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, 2019**

ADMINISTRATION

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

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

ENGINEERING

Brent Smith, MBA, P. Eng.
Stephen Van Essen, P. Eng.
Gary Cook
Shane Eyre, P. Eng.
Glade Roberts

Manager – Engineering & Operations
District Engineer
Survey Technician
Project Engineer
Drafting Technologist

OPERATIONS AND MAINTENANCE

Brett Schafer
Dan Kubik
Peter Peters
Bryce Schultz
Darcy Smith
Louie Tams

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

WATER OPERATIONS

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
Zachary Liska
Adam Matlock
Trey McGrath
Tim Sandham
Matthew Silsbe
Matthew Slomp
Stuart Van Essen

Labourer
Labourer
Equipment Operator
Labourer
Tandem Driver
Labourer
Tandem Driver
Equipment Operator

CHAIRMAN'S REPORT

Water – the quintessential resource that is the lifeline of what we are in the District. We live in a province and country where the population is more urban and increasingly distant from agriculture and irrigation. We have been given the social licence to use this water resource. The message again is that we must continue to manage the resource as wisely and efficiently as possible. The message the general public needs to continue to be convinced of is that we are good stewards of this resource as demonstrated by what the District does.

The Board encourages all water users to commence filling ponds after Labour Day and then top them off once or twice before the District's water shut down.

In 2018, the District continued to see considerable interest in expansion. In view of all this interest and the trend to a dry cycle of weather, the Board has placed a moratorium on accepting any more applications for irrigation acres until the Board has had an opportunity to review some District infrastructure for capacity limitations.

There will be increasing pressure to fund more rehabilitation and capital projects from the District's own resources. The District is experiencing increased costs to construct and maintain infrastructure. The cost of water distribution continues to increase annually.

In the fall of 2018, construction began on the Lateral B6 pipeline project in the Monarch/Westview area. The District construction crew has experienced a series of delays on this project due to the high water table, which has caused issues with a high pressure gas line and other crossings.

The District had to relocate the Lateral C12 drain pipeline south of Diamond City. Major sloughing occurred from spring run-off which damaged the drain to the extent that another pipeline route had to be constructed.

The Lateral K1 pipeline project, north of Turin, is also underway. This project includes a new return flow pipeline to the Little Bow River which the District construction crew installed, however the District continues to wait for approval by Alberta Environment & Parks to install the outlet structure near the bed and shore. The Lateral K1 Pipeline installation for water delivery has been contracted to Tanex (2003) Inc. and is scheduled for completion prior to the 2019 irrigation season.

Smaller upgrades at Keho Barons and other areas of the District were also completed in 2018.

The organizational review of the Lethbridge Northern Irrigation District has resulted in the creation of a new position: Manager – Engineering & Operations. The Board will monitor and review this position. Additional strategic changes will be made.

Snow Levels (March 1, 2019)

All three (3) monitored snow pillows that concern the LNID are at the low to average levels.

Storage Reservoirs (March 11, 2019)

Oldman River Dam:	50% Full
Keho Lake:	97% Full

Aquatic Invasive Species

District staff continues to participate with Alberta Agriculture & Forestry staff in testing of District water storage in Keho Lake and Park Lake for Quagga and Zebra mussels. This is done by taking water samples to be tested for veligers (larvae mussels not visible to the naked eye) and by checking substrates that are suspended in the water at boat docks and District infrastructure. To date, no veligers have been detected in any of the water samples taken.

Alberta Irrigation Projects Association – Alberta Irrigation Districts Association

The Alberta Irrigation Projects Association (AIPA) finally changed its name to Alberta Irrigation Districts Association (AIDA). This better defines who the organization is.

The AIDA organized an inter-district tour in June 2018. AIDA Executive continue to work on achieving better electrical rates for irrigation. On request of Irrigation Council, AIDA will begin a process to rank possible new reservoirs for flood and drought control. AIDA also reaffirmed its statement of human and livestock use of water sustenance dedication to share water in drought years. John Vandenberg continues to be the LNID representative to AIDA.

The District thanks the Alberta Government for the Irrigation Rehabilitation Program funding and also acknowledges the AIDA, Irrigation Council and Irrigation Secretariat, Alberta Agriculture & Forestry, Alberta Environment & Parks and all other government departments that it works with.

Elections

In Division 1, Peter Bos, and Division 3, John Vandenberg were both re-elected by acclamation.

The District would like to recognize the service of Brian Nauta. He will be retiring from the Board after serving since 1992. His candor, wisdom and humour will be missed.

At this time I would thank the Board and staff for their valued support and work.

Respectfully submitted on behalf of the Board of Directors,

Klaas Slomp
Chairman of the Board

GENERAL MANAGER'S REPORT

Alan Harrold
General Manager



Thanks to a fair amount of snow accumulation in the mountains during February and March of 2018, a significant amount of the resulting snow melt was captured in the Oldman River Dam, which increased storage in the dam to more than 90% full. This amount of storage helped sustain water deliveries during the critical months of May to August; however at the rate of demand for water during this period of time, the District's total diversion was being projected to surpass that of 2017, which was the second highest diversion by the District over the last 31 year period. Fortunately, the District received some timely rainfall in late August and September to reduce demand for irrigation water deliveries. The end result was that the total District diversion in 2018 was the 5th highest in the past 32 years, being approximately 67% of the District's total Water Licence, which contributed to reducing the storage in the Oldman River Dam to near 50% full. The Keho Reservoir commenced and ended the irrigation season at more than 90% full. The 2018 average water delivery to the farm turnout was 12.0 inches per acre compared to 14.7 inches per acre in 2017.

Water Conservation

The District continues to make infrastructure improvements with the replacement of open channel ditches to pipeline water delivery, wherever possible. Along with an increase in automation on the major control structures in the canals, this has helped the District to conserve a large amount of water. The irrigators have also made a considerable contribution to saving water in our District by switching their irrigation systems to low-pressure drop tube pivot systems. The 2018 data reveals that 85.7% of District irrigation acres are irrigated by these pivot systems. We must all continue to work towards improving our water delivery and water application systems in order to conserve more of this most precious resource. We continue to ask for the cooperation of all irrigators by placing water orders for both turn-ons and turn-offs at least 24 hours in advance, so that better control and management of our irrigation water can be achieved.

District Expansion

In 2018, the District added a net 2,969.9 irrigation acres to the Assessment Roll and has sent out letters of approval with conditions to applicants for approximately an additional 5,600 acres to be added in 2019 and 2020. The District also has a number of additional applications pending review by the Board of Directors to ensure the District infrastructure has the capacity to deliver water to the applied for parcels of land. A contributing factor into the consideration on expansion is the water that has been saved by the District and in the reduction of return flows/spill water. In 2010, when the expansion plebiscite was approved by the irrigators, the District's average annual return flow was more than 24%. Since 2010, District improvements made to the water distribution system infrastructure, as well as the on-farm irrigation system improvements by the irrigators, have continued to save more water and reduced the return flows in the last two (2) water seasons to less than 10% of the water diverted for the District. We must continue to work with this joint venture to save more water, which will benefit District expansion and the environment.

Automation & Control Structures

The District continues to invest in the automation of infrastructure, which improves the control and delivery of water through the District's system to the irrigators. The District is planning to add automated control gates to about three control structures in 2019, as well as complete a review of all District major control structures and existing automated gates. This will determine if there are any immediate maintenance issues that should be attended to and also estimate the remaining life expectancy of the infrastructure. This information will then be added into the District Geospatial Information System (GIS) to help coordinate scheduled maintenance to be performed and an estimation of when replacement of the infrastructure should be included in the annual budgeting process.

Storage

In consideration of the apparent climate change trend to drier irrigation seasons in the coming years with less early spring snowfall accumulation being predicted by weather forecasters, irrigators should be re-evaluating their on-farm water storage. It may be prudent for landowners, especially those with livestock and specialty crop producers, to create additional storage on their land, possibly using dryland pivot corners or another location close in proximity to the eventual usage. Additional on-farm storage could help alleviate landowner concerns of wanting the District to start-up earlier in the spring or allow some additional irrigation to be applied to their land after the District has shut-down for the season. Likewise, additional storage for feedlot operators will help serve as a hedge against evaporation losses from windy and warmer winter conditions, and feedlot expansion.

Staffing

During 2018 the District encountered a few staff changes:

On October 15th, Peter Peters was promoted to a full-time equipment operator from his previous position as an hourly wage equipment operator.

On November 14th, Brent Smith was hired into a new full-time position as Manager – Engineering & Operations.

We welcome both of these new full-time staff members and wish them all the success in their positions and long-term employment with the District.

On December 31st, Billy Smith, Water Master – West/Newlands Unit retired from the District after nearly 33 years of full-time employment with the District. We all wish Billy and Jane many happy and enjoyable years of retirement.

I would like to express my appreciation to the Board of Directors for their continuing commitment to improving the District and for the support that they have provided to all management and staff. I would also like to express my gratitude to all staff for their contribution and dedication to improving all areas of operation and efficiency of the District.

On behalf of the District staff and irrigators, I would like to thank the staff of Alberta Agriculture & Forestry and Alberta Environment & Parks for their continuing assistance that they provided to the District throughout 2018.

Respectfully submitted,

Alan Harrold
General Manager

DISTRICT ENGINEER'S REPORT

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



The Engineering Department has been tasked with designing and monitoring construction projects. This includes rehabilitation of existing irrigation works, expansion projects, future planning, and providing technical support for operations and maintenance.

The Alberta Government provided funding for infrastructure rehabilitation in 2018 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 2018 contribution from the Province was \$1,536,631. The District's contribution of \$512,210 brought the 2018 total contribution to the IRP Cost-Sharing account to \$2,048,841.

The Lethbridge Northern Irrigation District (LNID) maintains an Irrigation Works Reserve (IWR), which is used to fund the majority of construction projects. This account is funded primarily from District capital assessments and budget allocations. Contributions from the landowners benefitting from projects also help extend the amount of capital work that can be accomplished in the District.

Thank you to all who have been involved in the implementation of District projects. Each project improves water delivery to District water users and increases the efficiency of the District as a whole. The District appreciates the assistance of the Provincial Government and landowners in the cost sharing of these works.



2018 IRRIGATION REHABILITATION PROGRAM (IRP)

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

This project included 1,976 acres on 14 quarter sections northeast of Monarch that are served by two (2) pipelines totalling 9 km, which replaced 5 km of ditches. Both pipelines start in the Monarch Branch Canal, with inlets in NW 20-10-23-4 and NW 28-10-23-4. Construction of this project was substantially complete in the spring of 2018, with a small amount of clean-up to be completed in 2019. This project's budget was revised lower to \$2,500,000.



2018 IRRIGATION WORKS RESERVE PROGRAM (IWR)

IWR #905 LATERAL K1 NORTH SECTIONS 7, 18, 19, 30 of 12-19-4; 12, 13, of 12-20-4

This project has two (2) major components; one (1) part is a return flow open pipeline to the Little Bow River, and the other is a gravity closed pipeline servicing 7 parcels near Turin. These pipelines are intended to pipe the final reach of the Lateral K1 canal, while upgrading spill capacity. LNID crews completed much of the return flow pipeline in the fall of 2018. Contractors are expected to install the closed pipeline in the spring of 2019. The budget for both portions was set at \$2,196,000.



IWR #916 KEHO BARONS UPGRADE
SECTIONS 25 of 12-24-4; 30, 31, 32 of 12-23-4

This project is intended to upgrade the reliability of the Keho Barons pipeline through additional cross drains, isolations valves and replacement of turnout risers. The budget for this project is \$1,000,000.

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 services 2,437 acres surrounding Monarch by a buried PVC pipeline. The inlet is in the Monarch Branch Canal in NE 13-10-24-4, and the pipeline incorporates the system previously serviced by the Lateral B6 pump station in SE 03-10-23-4. Construction of this project is underway with substantial completion anticipated for the spring of 2019. Additional parcels and challenging construction conditions raised the budget of this project to \$6,000,000.



IWR #920 LATERAL C12 DRAIN
SECTION 36 of 9-22-4

This project repaired a damaged return flow pipeline near Diamond City. The cost of this project was approximately \$210,000.

IWR #985 LATERAL 62F CANAL SLIPS
SECTION 26 of 11-22-4

This project repaired a portion of sloughing in the Lateral 62F Canal. The cost of this project was approximately \$240,000.

2019 PROPOSED IRRIGATION WORKS RESERVE PROGRAM (IWR)

IWR #925 LATERAL G11
SECTIONS 14, 20, 21, 22, 23, 24 of 12-21-4

This project intends to service parcels by a closed pipeline that are currently serviced by the Albion Drain. There are 7 parcels totaling 953 acres and potential new parcels will be investigated as well. The pipeline is proposed to start near the Larsen Reservoir which is in NW 20-12-21-4. Design of this project is underway with construction anticipated to begin in the fall of 2019 with an estimated base budget of \$1,500,000. The cost will increase if additional parcels are approved.

The construction projects undertaken in 2018 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.

Stephen Van Essen, P. Eng.
District Engineer



IRRIGATION REHABILITATION PROGRAM

EXPENDITURES FROM IRRIGATION REHABILITATION PROGRAM (IRP)
DECEMBER 31, 2018

PROJECT NUMBER	PROJECT NAME	TOTAL TO DEC. 31/17	2018 EXPENDITURES	TOTAL TO DEC. 31/18
368-03/2202	Completed Capital Project Costs	\$ 122,811,539		\$ 122,811,539
369-08/2302	Lateral H3 - Phase 1 & 2	11,620,371	\$ 100,442	11,720,813
370-08/2330	Lateral H9	7,359,440	114,594	7,474,034
	Lateral B9	1,855,733	524,296	2,380,029
Write Off of Irrigation Works			(1,419,700)	(1,419,700)
		\$ 143,647,083	\$ (680,368)	\$ 142,966,715

Note: Opening balance adjusted by \$3,588,522 for projects written off in 2017.

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

	2014	2015	2016	2017	2018
Government Grant 75%	\$ 2,299,009	\$ 2,067,418	\$ 2,076,151	\$ 2,082,255	\$ 1,536,631
LNID 25%	766,336	689,139	692,050	694,085	512,210
TOTAL	\$ 3,065,345	\$ 2,756,557	\$ 2,768,201	\$ 2,776,340	\$ 2,048,841

PROPOSED IRP 3 YEAR PLAN

YEAR	PROJECT	BUDGET
2019	Lateral H9 Pipeline (Picture Butte)	\$ 100,700
	Lateral B9 Pipeline (Nobleford)	100,000
	Lateral H1 Pipeline (Picture Butte)	100,000
2020	Lateral B9 Pipeline (Nobleford)	\$ 30,500
	Lateral H1 Pipeline (Picture Butte)	7,000,000
2021	Lateral H1 Pipeline (Picture Butte)	\$ 5,900,000

IRRIGATION WORKS RESERVE

EXPENDITURES FROM IRRIGATION WORKS RESERVE (IWR) PROGRAM DECEMBER 31, 2018

PROJECT NUMBER	PROJECT NAME	TOTAL TO DEC. 31/17	2018 EXPENDITURES	TOTAL TO DEC. 31/18
	Completed Capital Project Costs	\$ 38,371,269		\$ 38,371,269
905-08	Lateral K1 North		\$ 890,619	890,619
907-04	Lateral C2	267,303	60,778	328,081
908-04	Keho Barons Expansion 2016	128,734	996	129,730
911-08	Geographical Information System		177,185	177,185
914-08	Picture Butte Camp - Office & Shop	106,035	15,095	121,130
917-08	Keho Barons Upgrade		377,031	377,031
918-08	Lateral B6		1,456,297	1,456,297
920-08	Lateral C12 Drain		210,436	210,436
985-01	62F Canal Slips		239,850	239,850
986-08	Lateral B1/B3	1,481,378	95,981	1,577,359
Sale of Land			(4,813)	(4,813)
		\$ 40,354,719	\$ 3,519,455	\$ 43,874,174

Note: Opening balance adjusted by \$152,129 for sale of land and projects written off in 2017.

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

Funding Type	2014	2015	2016	2017	2018
Alberta (IRP) Cost-Sharing	\$ 5,464,438	\$ 4,983,136	\$ 4,347,718	\$ 6,349,404	\$ 739,332
District (IWR)	2,674,638	4,505,437	2,364,373	735,633	3,524,268
TOTAL	\$ 8,139,076	\$ 9,488,573	\$ 6,712,091	\$ 7,085,037	\$ 4,263,600

SEEPAGE CONTROL PLAN

A Seepage Control Plan for the years 2019-2024 (inclusive) was filed with Irrigation Secretariat on December 31, 2018, which included the following seepage control projects to be addressed over the next five (5) years:

		Scheduled	Proposed Rehabilitation	Status
Project 1	Lateral B9 NE 9, Section 16, NE 17, SE, NW & NE 20, Section 21, SW 22, SW 28 of 10-23-4;	2017	Pipeline	Complete
Project 2	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	In Progress
Project 3	Lateral K1 North Sections 17, 18, 19, S ½ 30 of 12-19-4;	2018	Pipeline	In Progress
Project 4	Lateral H1 Phase 1 Section 18, SE, SW & NW 19 of 11-20-4; N ½ 13, N ½ 14, NE 15, SE, NW & NE 22, S ½ 23, Section 24 of 11-21-4;	2019	Pipeline	Pending
Project 5	Lateral H1 Phase 2 Sections 13, 14, 15, 16, 17, SE, SW & NE 20, Sections 21, 22, 23, SE, SW & NE 27, SE 28 of 11-20-4;	2020	Pipeline	Pending

OPERATIONS & MAINTENANCE REPORT

Ryan Chogi, Water Master East
Garth Fischer, Assistant Water Master West
Brett Schafer, Construction & Maintenance Foreman

Alberta Environment & Parks began water diversion from the Oldman River Headworks on May 11, 2018. All the main gates were closed on October 4, 2018.

The Board of Directors allocated 17.5 inches of water for the 2018 water season.

The late thaw in the spring of 2018 made start-up challenging and many canals were breached. This resulted in damage to District infrastructure and repairs needed to be made early on for water start-up. Lethbridge Northern Irrigation District (LNID) management and staff would strongly recommend not putting the plowed snow into LNID infrastructure. This creates added ice damming when temperatures change abruptly and could potentially result in flooding. This was very challenging when water was not even running in the canals, yet they were already full.

There was very little rainfall during the 2018 water season, which resulted in Alberta Environment & Parks increasing the flow to above 1,440 cubic feet per second for 22 consecutive days during the hot dry period.

The long dry growing season resulted in many more acres being seeded a second time for forage crops and some alfalfa crops being cut up to four (4) times. LNID Management and staff strongly encourage landowners who plan these practices to expand their water storage or construct new storage ponds in strategic locations, allowing for early and late irrigation. Those with specialty crops should also consider this practice. Feed yards could also benefit with larger reservoirs as they expand operations. A cold late spring may delay the start-up of District operations.

New infrastructure was added to the District's system, Lateral B9 pipeline, Lateral B9B pipeline, Lateral C2 pipeline, Lateral K1 drain line, and a major slough in the Keho main canal was repaired. This should all help with the added demand for water. The District worked together with Alberta Environment & Parks installing a gabion basket to increase the water level from the Keho Main canal.

In order to control water flow throughout the District it is important to order water on and off with plenty of lead time especially with ditches being replaced by pipelines. The District is encouraging water conservation. As the level of water fluctuates yearly this is becoming increasingly important.

SYSTEM WATER DELIVERY SUMMARY FOR 2018

WATER SUPERVISOR UNITS	ASSESSED ACRES	OTHER USE AC.FT.	WATER DELIVERED AC.FT.
Albion	28,995	1,563	31,202
Battersea	22,168	1,155	22,819
Butte	4,965	632	5,570
Macleod/Keho	31,251	1,107	27,427
Monarch	19,764	4,311	18,716
Newlands	15,714	1,424	14,323
Park Lake	16,367	1,410	27,144
Piyami	28,651	1,459	20,385
Turin	19,394	1,014	20,257
Total Assessed Acres:		Total Water Delivered:	187,843 ac.ft.
		Total Other Use Volume:	14,075 ac.ft.
		Return Flow & Losses:	22,000 ac.ft.
		Total Water Diverted:	223,918 ac.ft.
		Average Irrigation (Inches):	12.0

Maintenance

DESCRIPTION	2018
Canal Cleaning	5 km
Canal Erosion / Sloughing Repair	600 m
Canal & Access Roads Graveling	4 km
Canal & Access Roads Grading	55 km
Canal Banks Mowing	55 km
Canal Banks Weed Spraying	50 km
Aquatic Weed Control	15 km
Pipeline Repairs (Air Vents)	30
Pipeline Repairs (Valves)	21
Pipeline Repairs (Pipe Leaks)	6
Replacement of Farm Turnouts	3
Replacement of Road Crossings	0
Repairs to Gates & Hoists	2
Repairs to Pumps	3
Repairs / Maintenance to Water Meters	17
Repairs / Maintenance to Hydrometric Stations	2
Screener Rehabilitation	4

Precipitation Recorded

PRECIPITATION FOR 2018 (mm)				
MONTH	AGCM Fort Macleod Station	AGCM Barons Station	IMCIN Lethbridge Demo Farm Station	IMCIN Iron Springs Station
APRIL	24.2	28.8	29.5	32.1
MAY	24.7	14.8	22.2	26.2
JUNE	55.8	34.8	47.1	57.6
JULY	22.8	35.4	25.4	31.1
AUGUST	18.7	23.3	20.6	24.2
SEPTEMBER	29.0	29.9	21.1	29.9
OCTOBER	21.7	19.6	13.8	17.1
Total	196.9	186.6	179.7	218.2

Weed Control

TYPE	2018 (litres)		WEEDS SPRAYED
Start-Up	310		Non-Selective
Oracle	600		Broadleaf
MCPA	840		Broadleaf
Magnacide H	3,820		Aquatics

CROP CLASSIFICATION INFORMATION

WEST

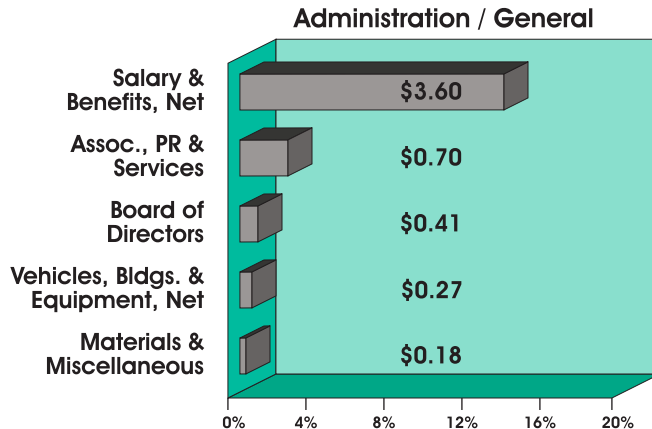
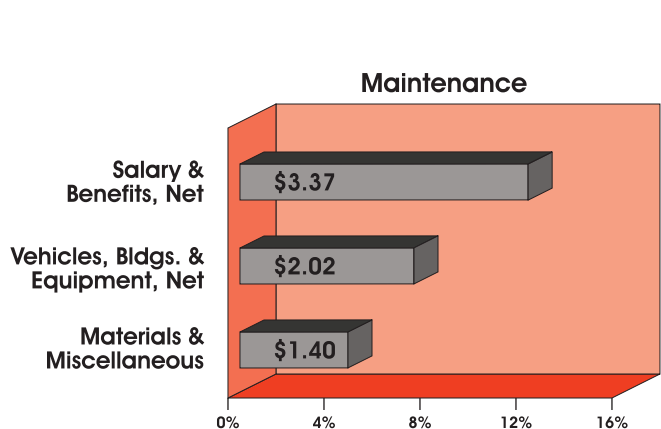
CROP TYPE	MACLEOD/KEHO	MONARCH	NEWLANDS	PARK LAKE	PIYAMI
- CEREALS -					
Barley	1,530	3,342	2,159	1,317	4,896
CPS Wheat	129		297	78	
Durum Wheat	629	795	241	99	1,662
Hard Spring Wheat	133		414	409	291
Oats		78		225	
Soft Wheat	1,054	103			
Triticale		139		1,189	
Miscellaneous	134		230		
Subtotal of Cereals	3,609	4,457	3,341	3,317	6,849
- FORAGE -					
Alfalfa Hay	2,385	3,471	297	698	583
Alfalfa Silage	5,335	1,018	2,064	1,058	2,198
Barley Silage	1,926	5,076	2,674	5,229	6,505
Brome Hay		100		142	70
Corn Silage	614	1,781	1,654	1,715	7,018
Grass Hay	388	813	92	476	1,370
Native Pasture		30			
Tame Pasture	669	454	98	823	183
Timothy Hay	3,054	387		116	
Miscellaneous			26	50	
Subtotal of Forage	14,371	13,130	6,905	10,307	17,927
- OILS -					
Canola	10,296	1,215	4,318	1,645	2,752
Flax	528	134			159
Hyola					
Mustard					
Subtotal of Oils	10,824	1,349	4,318	1,645	2,911
- OTHER -					
Dry Peas	294			80	
Hemp			1,060		430
Market Gardens				38	
Nursery					7
Potato	302				
Sugar Beets				378	311
Turf Sod		13		262	185
Miscellaneous	1,851	815	90	340	31
Subtotal of Other	2,447	828	1,150	1,098	964
TOTAL	31,251	19,764	15,714	16,367	28,651

EAST

CROP TYPE	ALBION	BATTERSEA	BUTTE	TURIN	TOTAL
- CEREALS -					
Barley	1,607	96	807	1,783	17,537
CPS Wheat					504
Durum Wheat	3,588	150		1,268	8,432
Hard Spring Wheat	847	771			2,865
Oats					303
Soft Wheat	2,818	3,237		316	7,528
Triticale					1,328
Miscellaneous	768	2,123		149	3,404
Subtotal of Cereals	9,628	6,377	807	3,516	41,901
- FORAGE -					
Alfalfa Hay	1,249	1,110	309	1,599	11,701
Alfalfa Silage	2,869	1,552	46	1,473	17,613
Barley Silage	4,745	1,807	415	2,898	31,275
Brome Hay		92	68		472
Corn Silage	7,079	3,464	1,154	5,259	29,738
Grass Hay	394	1,436		651	5,620
Native Pasture				214	244
Tame Pasture	173	648	49	967	4,064
Timothy Hay	75	152		150	3,934
Miscellaneous					76
Subtotal of Forage	16,584	10,261	2,041	13,211	104,737
- OILS -					
Canola	1,358	3,111	1,954	2,086	28,735
Flax				66	887
Hyola					0
Mustard					0
Subtotal of Oils	1,358	3,111	1,954	2,152	29,622
- OTHER -					
Dry Peas	264				638
Hemp	128			148	1,766
Market Gardens	10				48
Nursery					7
Potato		598		156	1,056
Sugar Beets	875	596	159	157	2,476
Turf Sod		515			975
Miscellaneous	148	710	4	54	4,043
Subtotal of Other	1,425	2,419	163	515	11,009
TOTAL	28,995	22,168	4,965	19,394	187,269

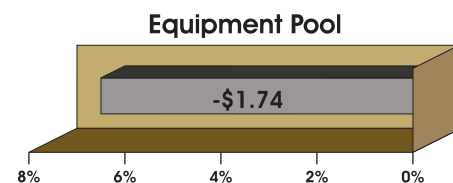
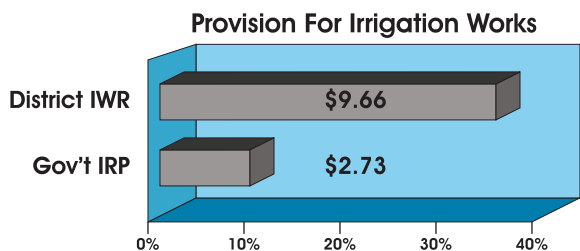
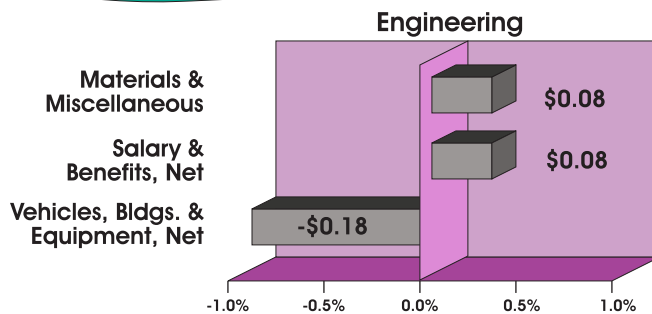
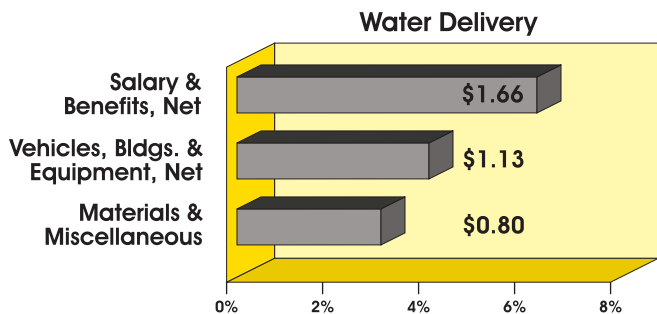
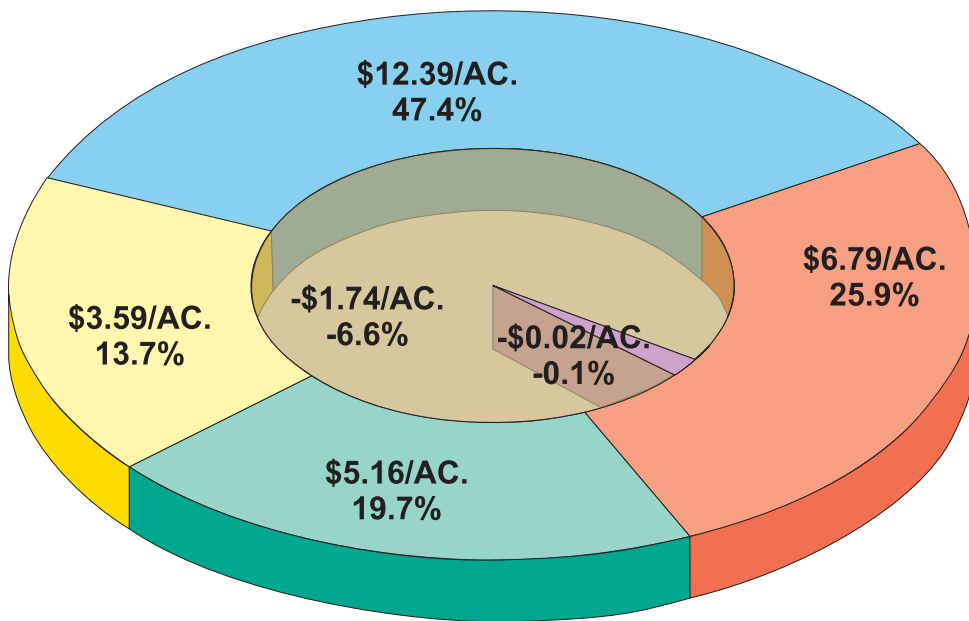
OPERATIONAL COST / ACRE

Based on Total of Classified, Terminable, and Annual Agreement Acres Assessed (187,984.6 Acres)



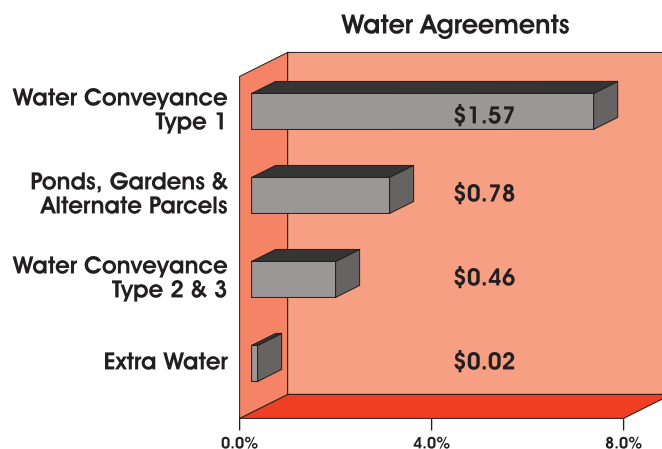
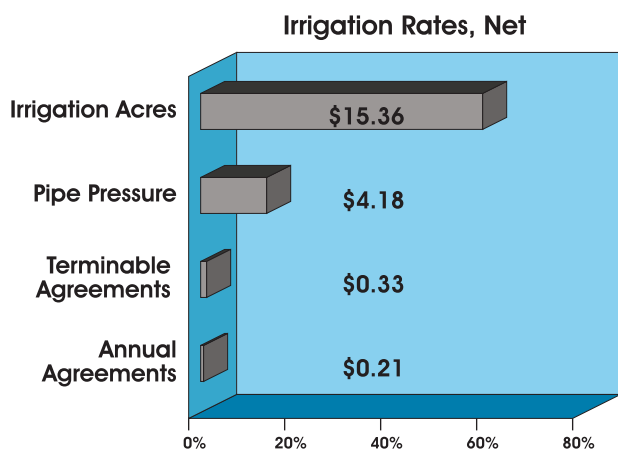
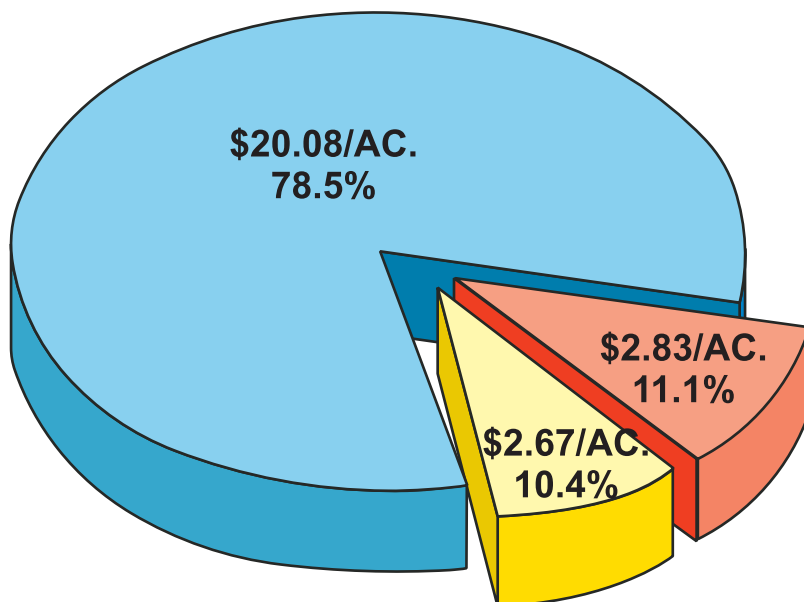
Provision	\$12.39
Maintenance	6.79
Admin. / General	5.16
Water Delivery	3.59
Engineering	-0.02
Equipment Pool	-1.74

Cost / Acre \$26.17

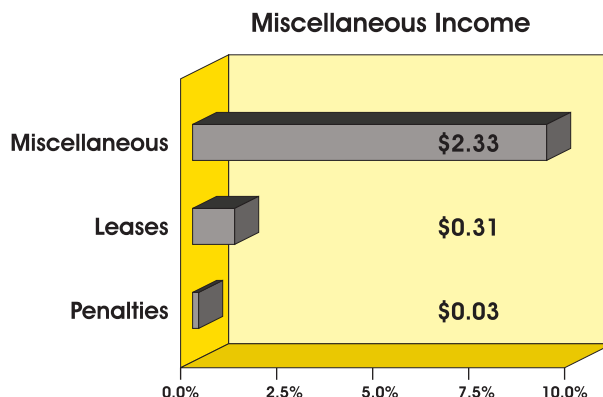


NET REVENUE / ACRE

Based on Total of Classified, Terminable, and Annual Agreement Acres Assessed (187,984.6 Acres)



Irrigation Rates, Net of Discounts	\$20.08
Water Agreements	2.83
Miscellaneous Income	2.67
Operating Revenue	25.58
Less: District Expense	-26.17
Shortfall	<u>-0.59</u>

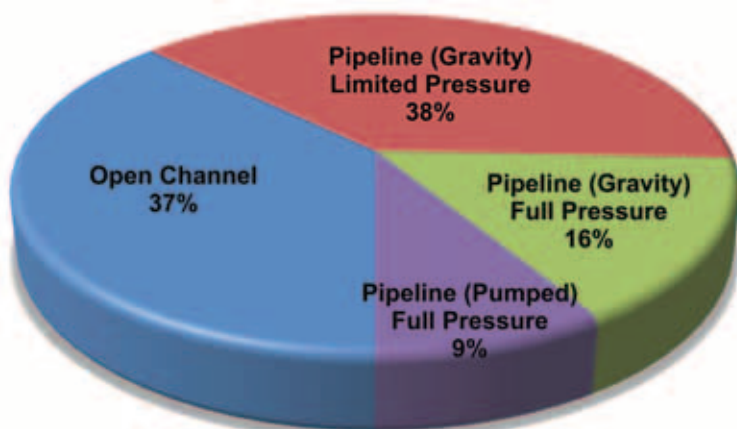


ASSESSED ACRES	2017	2018
Irrigation Acres	181,893.9	184,863.8
Terminable Water Agreements - Dryland Parcels	400.0	400.0
Terminable Water Agreements - Restricted	2,005.4	2,005.4
Subtotal	184,299.3	187,269.2
Annual Irrigation	532.1	715.4
TOTAL ASSESSED ACRES	184,831.4	187,984.6

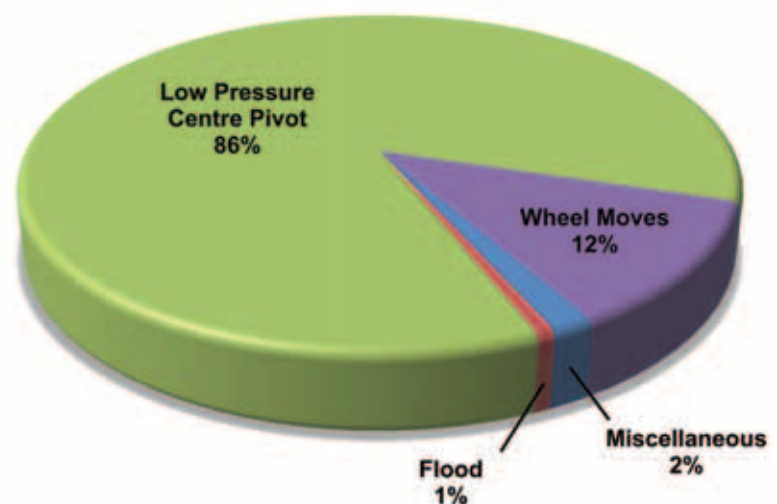
IRRIGATION ACRE EXPANSION				
YEAR	ACRES APPLIED	ACRES APPROVED	ACRES WITHDRAWN	ADDED TO THE DISTRICT
2010	2,534.5	1,729.5	1,121.0	143.5
2011	1,866.8	1,478.8	311.0	37.6
2012	4,442.5	1,771.5	2,573.9	1,544.9
2013	428.1	415.6	0.0	1,514.8
2014	731.0	731.0	0.0	721.5
2015	259.8	259.8	0.0	259.8
2016	2,667.9	2,667.9	0.0	2,569.9
2017	2,095.4	2,095.4	25.1	2,070.3
2018	9,495.9	4,965.9	0.0	2,783.2
TOTAL	24,521.9	16,115.4	4,031.0	11,645.5

PARCELS ADDED TO THE DISTRICT IN 2018							
NE	15-12-20-4	SE	31-11-24-4	NE	07-10-25-4	SE	12-11-25-4
NE	19-11-24-4	SW	31-11-24-4	SE	07-10-25-4	NE	13-11-25-4
SE	19-11-24-4	NE	32-11-24-4	NW	25-10-25-4	SE	13-11-25-4
NW	30-11-24-4	NW	32-11-24-4	NE	01-11-25-4	NE	04-10-26-4
NE	30-11-24-4	SE	32-11-24-4	NW	01-11-25-4	SE	04-10-26-4
SE	30-11-24-4	SW	32-11-24-4	SE	01-11-25-4		

DISTRICT DELIVERY METHODS (BY AREA)



IRRIGATION SYSTEM MIX (BY AREA)



Year	Water Sent Through LNID Diversion by Alberta Environment (ac.ft.) (includes other Licences)	Percent of Total Licences	Return Flow Volume (ac.ft.)
1980	133,767	38.7%	
1981	132,956	38.5%	
1982	142,685	41.3%	
1983	153,224	44.4%	
1984	177,545	51.4%	
1985	184,031	53.3%	
1986	182,159	52.7%	
1987	181,934	52.7%	
1988	222,936	64.5%	
1989	198,789	57.5%	
1990	191,899	55.6%	
1991	184,737	53.5%	
1992	136,925	39.6%	
1993	61,753	17.9%	
1994	179,663	52.0%	
1995	110,114	31.9%	
1996	206,206	59.7%	
1997	188,378	54.5%	
1998	157,758	45.7%	
1999	196,906	57.0%	
2000	263,413	76.3%	
2001	308,236	89.2%	
2002	112,143	32.5%	
2003	201,812	58.4%	
2004	166,276	48.1%	~ 49,000
2005	134,088	38.8%	~ 45,000
2006	165,752	48.0%	~ 54,000
2007	238,332	69.0%	~ 52,000
2008	175,412	50.8%	~ 44,000
2009	179,945	52.1%	~ 44,000
2010	71,950	20.8%	~ 24,000
2011	132,388	38.3%	28,500
2012	176,683	51.1%	23,050
2013	135,613	39.3%	25,017
2014	120,097	34.8%	22,225
2015	197,000	57.0%	27,220
2016	206,730	59.8%	28,640
2017	266,723	77.2%	26,370
2018	223,918	64.8%	20,040
Total of LNID Licences		334,450.0 ac.ft.	
Total of Private Licences		10,988.8 ac.ft.	
Total of All Licences		345,438.8 ac.ft.	

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DECEMBER 31, 2018

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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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Lethbridge Northern Irrigation District

Opinion

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, 2018
- the statement of operations and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2018, and its results of operations, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.



Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the *Annual Report*. The *Annual Report* is expected to be made available to us after the date of the auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

When we read the *Annual Report*, if we conclude that there is a material misstatement of this other information, we are required to report the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Lethbridge, Canada

March 4, 2019

LETHBRIDGE NORTHERN IRRIGATION DISTRICT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	GENERAL OPERATIONS	IRRIGATION WORKS	2018 TOTAL	2017 TOTAL
CURRENT ASSETS				
Cash	\$ 1,125,760	\$ 152,956	\$ 1,278,716	\$ 999,704
Short term investments (Note 3)	8,150,215	941,581	9,091,796	7,855,597
Short term accrued interest receivable	-	282,203	282,203	74,421
Accounts receivable (Note 4)	32,602	57,774	90,376	216,056
Prepaid expenses and deposits	243,095	-	243,095	239,847
Inventory	399,698	218,866	618,564	400,459
Due from general operations	-	8,383,053	8,383,053	2,595,885
	9,951,370	10,036,433	19,987,803	12,381,969
Long term investments (Note 5)	-	18,292,587	18,292,587	11,576,430
Long term accrued interest receivable	-	-	-	247,121
Capital assets (Note 7)	2,816,827	111,642,938	114,459,765	115,085,847
	<u>\$ 12,768,197</u>	<u>\$ 139,971,958</u>	<u>\$ 152,740,155</u>	<u>\$ 139,291,367</u>
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 411,052	\$ 257,800	\$ 668,852	\$ 681,503
Deferred revenue (Note 12)	217,110	-	217,110	109,554
Construction costs and holdbacks payable (Note 13)	-	7,607	7,607	134,300
Water right deposits (Note 14)	-	4,075,971	4,075,971	7,150
Construction contributions and other deposits	-	219,442	219,442	75,655
Due to irrigation works	8,383,053	-	8,383,053	2,595,885
	9,011,215	4,560,820	13,572,035	3,604,047
FUND BALANCES				
Capital (Note 7)	2,816,827	111,642,938	114,459,765	115,085,847
General Fund operating (Note 9)	940,155	-	940,155	1,780,806
Irrigation Works Fund: (Note 8)				
District Irrigation Works fund	-	30,235,670	30,235,670	26,647,170
Alberta (IRP) Cost-Sharing	-	(6,927,032)	(6,927,032)	(8,239,591)
District pump fund	-	459,562	459,562	413,088
	3,756,982	135,411,138	139,168,120	135,687,320
	<u>\$ 12,768,197</u>	<u>\$ 139,971,958</u>	<u>\$ 152,740,155</u>	<u>\$ 139,291,367</u>

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

COMMITMENTS (Note 15)

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT
STATEMENT OF OPERATIONS AND FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>GENERAL OPERATIONS</u>	<u>IRRIGATION WORKS</u>	<u>2018 TOTAL</u>	<u>2017 TOTAL</u>
REVENUE				
Water earnings:				
Irrigation rates (Note 10)	\$ 3,865,301	\$ -	\$ 3,865,301	\$ 3,799,698
Conveyance of excess and domestic water	531,441	-	531,441	518,564
Penalties	5,642	-	5,642	7,049
	<u>4,402,384</u>	<u>-</u>	<u>4,402,384</u>	<u>4,325,311</u>
Less: Discounts	90,154	-	90,154	88,542
	<u>4,312,230</u>	<u>-</u>	<u>4,312,230</u>	<u>4,236,769</u>
Lease revenue, net	58,738	-	58,738	64,130
Interest earnings	102,463	-	102,463	43,937
Miscellaneous	335,964	-	335,964	6,457
Pump fund revenues (Note 8)	-	578,647	578,647	607,148
Irrigation works fund revenues (Note 8)	-	7,183,976	7,183,976	6,127,350
Unrealized gain (loss) on financial instruments	-	(1,242,369)	(1,242,369)	309,434
	<u>4,809,395</u>	<u>6,520,254</u>	<u>11,329,649</u>	<u>11,395,225</u>
EXPENSES				
Operating expenses (Schedule 1)	2,591,103	-	2,591,103	1,742,048
Pump fund expenses (Note 8)	-	532,173	532,173	622,344
Consulting fees (recovered) (Note 8)	-	(234,686)	(234,686)	196,302
Cost of land and buildings sold (Note 7)	-	4,813	4,813	2,300
Amortization of irrigation works (Note 7)	-	4,500,813	4,500,813	4,445,637
Write off of irrigation works (Note 7)	-	214,221	214,221	449,660
Non-capital irrigation works expenses (Note 8)	-	240,411	240,411	91,974
	<u>2,591,103</u>	<u>5,257,745</u>	<u>7,848,848</u>	<u>7,550,265</u>
Excess of revenue over expenses	2,218,292	1,262,509	3,480,801	3,844,960
Interfund transfer - Provision for irrigation works	(2,328,777)	2,328,777	-	-
Fund surplus (deficit)	(110,485)	3,591,286	3,480,801	3,844,960
Interfund transfer - Allocation for irrigation works	(900,000)	900,000	-	-
Fund balances, beginning of year	4,767,467	130,919,852	135,687,319	131,842,360
Fund balances, end of year	<u>\$ 3,756,982</u>	<u>\$ 135,411,138</u>	<u>\$ 139,168,120</u>	<u>\$ 135,687,320</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, 2018

	GENERAL OPERATIONS	IRRIGATION WORKS	2018 TOTAL	2017 TOTAL
Cash provided by (used for) the following activities:				
Operating activities:				
Excess of revenue over expenses	\$ 2,218,292	\$ 1,262,509	\$ 3,480,801	\$ 3,844,960
Items not involving cash:			-	
Unrealized (gain) loss on financial instruments	-	1,242,369	1,242,369	(309,434)
Amortization (Note 7, Schedule 1)	471,494	4,500,813	4,972,307	4,899,878
(Gain) loss on disposal of capital assets	(1,438)	-	(1,438)	(3,000)
(Gain) loss on disposal of land and building	-	4,813	4,813	(9,240)
Write off of irrigation works (Note 7)	-	214,221	214,221	449,660
	<u>2,688,348</u>	<u>7,224,725</u>	<u>9,913,073</u>	<u>8,872,824</u>
Change in non-cash working capital balances:				
Accounts receivable	91,383	34,297	125,680	(26,653)
Prepaid expenses and deposits	(3,248)	-	(3,248)	(57,316)
Inventory	761	(218,866)	(218,105)	49,320
Accounts payable and accrued liabilities	(247,098)	234,446	(12,652)	431,853
Construction costs and holdbacks payable	-	(126,693)	(126,693)	(141,762)
Deferred revenue	107,556	-	107,556	51,172
Water right and other deposits	-	4,212,608	4,212,608	(227,185)
Due to irrigation works / from general operations	5,787,168	(5,787,168)	-	-
	<u>5,736,522</u>	<u>(1,651,376)</u>	<u>4,085,146</u>	<u>79,429</u>
Investing activities:				
Accrued interest receivable	-	39,339	39,339	(44,551)
Purchase of capital assets	(422,042)	-	(422,042)	(1,022,991)
Proceeds from disposal of capital assets	121,821	-	121,821	212,193
Proceeds from sale of land and building	-	-	-	11,540
Additions to irrigation works	-	(4,263,600)	(4,263,600)	(7,085,037)
Increase (decrease) in investments	-	(7,958,526)	(7,958,526)	(2,173,728)
	<u>(300,221)</u>	<u>(12,182,787)</u>	<u>(12,483,008)</u>	<u>(10,102,574)</u>
Interfund transfers:			-	
Provision for irrigation works	(2,328,777)	2,328,777	-	-
Allocation for irrigation works	(900,000)	900,000	-	-
	<u>(3,228,777)</u>	<u>3,228,777</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	4,895,872	(3,380,661)	1,515,211	(1,150,321)
Cash and cash equivalents, beginning of year	4,380,103	4,475,198	8,855,301	10,005,622
Cash and cash equivalents, end of year	<u>\$ 9,275,975</u>	<u>\$ 1,094,537</u>	<u>\$ 10,370,512</u>	<u>\$ 8,855,301</u>
Cash and cash equivalents comprise:				
Cash	\$ 1,125,760	\$ 152,956	\$ 1,278,716	\$ 999,704
Short term investments	8,150,215	941,581	9,091,796	7,855,597
	<u>\$ 9,275,975</u>	<u>\$ 1,094,537</u>	<u>\$ 10,370,512</u>	<u>\$ 8,855,301</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, 2018

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:	2018	2017
ATB Notice Demand Accounts		
31 days @ 2.30% (2017 @ 1.40%)	\$ 1,014,270	\$ 1,507,481
60 days @ 2.40% (2017 @ 1.45%)	3,058,238	2,033,000
90 days @ 2.50% (2017 @ 1.50%)	4,077,707	45,123
	<u>8,150,215</u>	<u>3,585,604</u>
Irrigation Works:		
ATB Notice Demand Account (Pump Fund)		
90 days @ 2.50% (2017 @ 1.50%)	421,634	412,496
ATB High Interest Savings		
Dec. 31, 2018 @ 1.75% (2017 @ 1.20%)	19,948	3,657,497
RBC Dominion Securities, 4.70% provincial bonds (4.20% in 2018), maturities in 2019, at amortized cost	499,999	200,000
	<u>941,581</u>	<u>4,269,993</u>
Total Short Term Investments	<u>\$ 9,091,796</u>	<u>\$ 7,855,597</u>

Note 4 Accounts Receivable

General Operations:	<u>2018</u>	<u>2017</u>
Water rates and charges	\$ 30,796	\$ 121,748
Other	<u>1,806</u>	<u>2,237</u>
	<u>32,602</u>	<u>123,985</u>
Irrigation Works:		
Construction contribution charges	43,914	40,377
Water rights charges	13,860	13,230
Pump surcharges	<u>-</u>	<u>38,464</u>
	<u>57,774</u>	<u>92,071</u>
Total Accounts Receivable	<u><u>\$ 90,376</u></u>	<u><u>\$ 216,056</u></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>2018</u>	<u>2017</u>
Equity Investments:		
RBC Dominion Securities, at fair value	\$ 3,066,455	\$ 2,961,191
ATB Investor Services, at fair value	13,843,503	7,080,690
Fixed Income:		
RBC Dominion Securities, 1.74% to 6.40% bonds, maturities from 2020 to 2041, at amortized cost	1,382,629	1,034,550
RBC Dominion Securities, provincial bonds (4.70% in 2018), at amortized cost	<u>-</u>	<u>499,999</u>
Total Long Term Investments	<u><u>\$ 18,292,587</u></u>	<u><u>\$ 11,576,430</u></u>

Note 6 Loan

The District has a credit facility with ATB Financial to help finance operations. In accordance with By-Law #560-2017, 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, 2018 was \$Nil (2017 - \$Nil). The ATB Financial prime interest rate was 3.95% on December 31, 2018 (2017 - 3.20%).

Note 7 Capital Assets

a) General Operations:	2018			2017
	Cost	Amortization	Net	Net
Computer	\$ 241,729	\$ 215,436	\$ 26,293	\$ 32,036
Automotive	1,372,495	859,090	513,405	645,473
Power	3,468,617	1,467,323	2,001,294	2,009,725
Other	758,658	482,823	275,835	299,427
	<u>5,841,499</u>	<u>3,024,672</u>	<u>2,816,827</u>	<u>2,986,661</u>
b) Irrigation Works:				
Completed irrigation works	182,377,838	74,468,267	107,909,571	108,273,455
Buildings	3,590,177	729,683	2,860,494	2,948,044
Land	872,873	-	872,873	877,687
	<u>186,840,888</u>	<u>75,197,950</u>	<u>111,642,938</u>	<u>112,099,186</u>
Total Capital Assets	<u>\$ 192,682,387</u>	<u>\$ 78,222,622</u>	<u>\$ 114,459,765</u>	<u>\$ 115,085,847</u>
Irrigation Works:	2018			2017
Irrigation works, beginning of year	\$ 184,001,802			\$ 180,657,417
Additions to irrigation works	4,263,600			7,085,037
	<u>188,265,402</u>			<u>187,742,454</u>
Deduct:				
Cost of land and building sold	4,813			2,300
Cost of irrigation works written off	1,419,701			3,738,352
	<u>1,424,514</u>			<u>3,740,652</u>
Irrigation works, end of year	<u>186,840,888</u>			<u>184,001,802</u>
Amortization of irrigation works, beginning year	71,902,616			70,745,671
Current year amortization	4,500,813			4,445,637
Deduct:				
Amortization on projects written off	1,205,479			3,288,692
Amortization of irrigation works	3,295,334			1,156,945
Amortization of irrigation works, end of year	<u>75,197,950</u>			<u>71,902,616</u>
Irrigation Works, net book value	<u>\$ 111,642,938</u>			<u>\$ 112,099,186</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 2018 and amount to \$2,346,916 (2017 - \$2,123,035). In 2018, various projects that have since been replaced with new works were written off. The net book value of \$214,221 for IRP projects and \$Nil for IWR projects were written off, for a total of \$214,221 (2017 - \$449,660).

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:

	2018			2017
	District	Alberta (IRP) Cost-Sharing	Total	Total
Fund balance, beginning of year	\$ 26,647,170	\$ (8,239,591)	\$ 18,407,579	\$ 16,944,108
Add:				
Contributions received from Alberta Agriculture and Forestry	1,991	1,536,631	1,538,622	2,207,055
Interest earnings and realized gains	889,142	3,050	892,192	460,377
Contributions for new parcels and irrigation works	689,755	-	689,755	728,953
Proceeds from sale of irrigation works	4,063,407	-	4,063,407	2,730,965
Transfer from District to Province of Alberta Cost-Sharing	(512,210)	512,210	-	-
Total Irrigation Works Fund revenues	5,132,085	2,051,891	7,183,976	6,127,350
Unrealized gain (loss) on investments	(1,242,369)	-	(1,242,369)	309,434
Interfund transfers	3,228,777	-	3,228,777	2,400,000
Total additions	7,118,493	2,051,891	9,170,384	8,836,784
	33,765,663	(6,187,700)	27,577,963	25,780,892
Deduct:				
Additions to irrigation works, Schedule 2	3,524,268	739,332	4,263,600	7,085,037
Consulting fees (recovered)	(234,686)	-	(234,686)	196,302
Other expenses from Irrigation Works Fund	240,411	-	240,411	91,974
Total deductions	3,529,993	739,332	4,269,325	7,373,313
Fund balance, end of year	\$ 30,235,670	\$ (6,927,032)	\$ 23,308,638	\$ 18,407,579

Pump Fund:

	2018				2017
	<u>Keho East</u>	<u>Keho/Barons</u>	<u>Piyami</u>	<u>Total</u>	<u>Total</u>
Fund balance, beginning of year	\$ 32,615	\$ 307,123	\$ 73,350	\$ 413,088	\$ 428,284
Add:					
Assessments - pump and electrical	191,975	273,341	101,091	566,407	599,868
Investment income	958	6,479	-	7,437	6,138
Penalties	1,141	1,961	1,701	4,803	1,142
Total additions	194,074	281,781	102,792	578,647	607,148
	226,689	588,904	176,142	991,735	1,035,432
Deduct:					
Electrical	176,087	262,445	89,793	528,325	553,936
Maintenance	2,431	601	816	3,848	68,408
Total deductions	178,518	263,046	90,609	532,173	622,344
Fund balance, end of year	<u>\$ 48,171</u>	<u>\$ 325,858</u>	<u>\$ 85,533</u>	<u>\$ 459,562</u>	<u>\$ 413,088</u>

Note 9 General Operations Fund

a) General Fund operating:	<u>2018</u>	<u>2017</u>
General Fund operating, beginning of year	\$ 1,780,806	\$ 1,931,118
Adjustments to capital assets, net	169,834	(359,557)
Revenue over expenses allocated	2,218,292	2,609,245
Transfer to irrigation works fund from general operations	<u>(3,228,777)</u>	<u>(2,400,000)</u>
General Fund operating, end of year	<u>\$ 940,155</u>	<u>\$ 1,780,806</u>
b) The General Operations Fund is comprised of:	<u>2018</u>	<u>2017</u>
General Fund operating	\$ 940,155	\$ 1,780,806
General Fund capital	<u>2,816,827</u>	<u>2,986,661</u>
Total	<u>\$ 3,756,982</u>	<u>\$ 4,767,467</u>

Note 10 Irrigation Rates

		2018	2017
183,778.4	irrigation acres @ \$16.00/acre (2017 – 180,799.2 ac. @ \$16.00)	\$ 2,940,454	\$ 2,892,787
1,085.4	irrigation acres – 79 parcels @ \$480.00/parcel minimum (2017 – 1,094.7 ac. – 81 @ \$480.00)	37,920	38,880
345.0	dryland terminable acres @ \$25.00/acre (2017 – 345.0 ac. @ \$25.00)	8,625	8,625
55.0	dryland terminable acres – 4 parcels @ \$480.00/parcel minimum (2017 – 55.0 ac. – 4 @ \$480.00)	1,920	1,920
1,981.8	restricted terminable acres @ \$25.00/acre (2017 – 1,981.8 ac. @ \$25.00)	49,545	49,545
23.6	restricted terminable acres – 2 parcels @ \$480.00/parcel minimum (2017 – 23.6 ac. – 2 @ \$480.00)	960	960
-	pipeline pressure delivery charge	785,819	779,773
<u>187,269.2</u>	(2017 – 184,299.3)	3,825,243	3,772,490
	Less: reclassification credits & rebates	164	3,483
		<u>3,825,079</u>	<u>3,769,007</u>
	Add: annual agreements		
489.7	annual acres @ \$50.00/acre (2017 – 320.7 ac. @ \$50.00)	24,485	16,035
225.7	annual acres – 30 parcels @ \$500.00/parcel minimum (2017 – 211.4 ac. – 28 @ \$500.00)	15,000	14,000
-	pipeline pressure delivery charge	737	656
<u>715.4</u>	(2017 – 532.1)	<u>40,222</u>	<u>30,691</u>
<u>187,984.6</u>	(2017 – 184,831.4)	<u>\$ 3,865,301</u>	<u>\$ 3,799,698</u>

Note 11 Local Authorities Pension Plan (LAPP)

The District is required to make current service contributions to the LAPP of 10.39% (2017 - 11.39%) of pensionable earnings up to the Canada Pension Plan Years' Maximum Pensionable Earnings and 14.84% (2017 - 15.84%) for the excess. The employee contributions are based on rates of 9.39% (2017 - 10.39%) and 13.84% (2017 - 14.84%) respectively.

Total current service contributions by the District to the LAPP in 2018 were \$210,974 (2017 - \$218,586). Total current service contributions by the District employees in 2018 were \$192,508 (2017 - \$200,854).

At December 31, 2017, the LAPP served about 259,714 people (2016 - 253,862) and 420 employers (2016 - 417) and it disclosed an actuarial surplus of \$4.84 billion (2016 - deficiency of \$637 million).

Note 12 Deferred Revenue

	2018	2017
Prepaid water fees	\$ 217,110	\$ 109,554

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 Water Right Deposits

During 2018, the District received deposits related to capital assets (water rights) for expansion acres. The deposits will be recognized as revenue in the Irrigation Works Fund, as proceeds from sale of irrigation works, when all the conditions are met and the parcels are added to the assessment rolls.

Note 15 Commitments

The District has commitments in an amount of \$460,114 (2017 - \$Nil), in respect of uncompleted work and supply of materials under contract.

Note 16 Financial Risks and Concentration of Risks

a) 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 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 17 Comparative Information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

Note 18 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, 2018**

Schedule 1

	2018					2017	
	EQUIPMENT POOL	MAINTENANCE OF IRRIGATION WORKS	WATER DELIVERY	ENGINEERING	ADMINISTRATION AND GENERAL	TOTAL	TOTAL
Salaries and wages	\$ 390,892	\$ 739,389	\$ 230,535	\$ 338,510	\$ 709,185	\$ 2,408,511	\$ 2,449,135
Equipment expense	135,098	257,474	200,657	11,296	5,447	609,972	621,637
Employee benefits	69,194	125,569	81,283	73,782	137,714	487,542	479,566
Amortization of equipment	371,612	69,524	1,973	10,856	17,529	471,494	454,241
Materials and supplies	5,021	234,773	2,273	4,703	9,259	256,029	256,947
Vegetation, weed and pest control	-	14,111	120,738	-	-	134,849	126,248
Equipment rental	672	86,995	911	285	1,348	90,211	60,787
Board of Directors fees and expenses	-	-	-	-	77,132	77,132	69,529
Pumps and control structures	-	8,545	60,745	-	-	69,290	60,780
Buildings and grounds	10,348	14,266	2,590	18,118	18,117	63,439	58,189
Association fees and dues	-	-	-	1,079	54,808	55,887	58,131
Professional fees	-	-	-	634	39,226	39,860	32,982
Contracted services	-	-	-	7,488	17,732	25,220	31,473
Telephone	898	3,937	5,752	6,895	5,852	23,334	30,130
Insurance	-	-	-	-	20,050	20,050	19,981
Advertising and public relations	-	66	-	72	14,632	14,770	14,257
Staff training and conferences	253	2,608	-	295	3,414	6,570	6,461
Travel	40	603	161	557	3,076	4,437	2,860
Crop and flood damage	-	3,930	-	-	-	3,930	506
Interest and bank charges	-	-	-	-	1,357	1,357	1,377
Easement rental	-	586	-	-	-	586	704
(Gain) loss on disposal of equipment	(134)	(1,969)	58	188	419	(1,438)	(3,000)
Miscellaneous	77	77	77	168	3,842	4,241	5,674
Recoveries:							
Equipment	(1,257,729)	(51,614)	-	(81,471)	(778)	(1,391,592)	(2,119,401)
Labour (including benefits)	(50,568)	(230,431)	-	(383,668)	(121,374)	(786,041)	(857,421)
Custom work	(3,226)	(1,572)	-	(12,507)	(48,466)	(65,771)	(74,709)
Pumps	-	-	(32,766)	-	-	(32,766)	(45,016)
Total 2018	\$ (327,552)	\$ 1,276,867	\$ 674,987	\$ (2,720)	\$ 969,521	\$ 2,591,103	
Total 2017	\$ (830,037)	\$ 1,091,910	\$ 609,306	\$ (9,068)	\$ 879,937		\$ 1,742,048

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT
SCHEDULE OF IRRIGATION WORKS CAPITAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>DISTRICT</u>	<u>ALBERTA (IRP) COST-SHARING</u>	<u>2018 TOTAL</u>	<u>2017 TOTAL</u>
External Goods and Services				
Materials and supplies	\$ 1,491,635	\$ 122,801	\$ 1,614,436	\$ 3,463,770
Contract services			-	
Construction	161,489	115,895	277,384	694,352
Engineering	24,853	-	24,853	16,161
Land acquisition costs	28,026	27,061	55,087	71,009
Internal (District) Goods and Services				
Labour recoveries (including benefits)				
Engineering	495,541	34,259	529,800	308,438
Construction	209,113	67,336	276,449	344,540
Right-of-way	78,777	4,770	83,547	97,061
Equipment recoveries	1,034,834	367,210	1,402,044	2,089,706
Totals 2018	<u>\$ 3,524,268</u>	<u>\$ 739,332</u>	<u>\$ 4,263,600</u>	
Totals 2017	<u>\$ 735,633</u>	<u>\$ 6,349,404</u>		<u>\$ 7,085,037</u>

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LETHBRIDGE NORTHERN IRRIGATION DISTRICT

2018 ANNUAL GENERAL MEETING

PICTURE BUTTE ELKS HALL

APRIL 12, 2019

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 2017 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 ATB Financial & ATB Wealth Inc.)

WEDNESDAY, APRIL 11, 2018

The 2017 Annual General Meeting was held on Wednesday, April 11, 2018 at the Picture Butte Community Centre, Picture Butte, Alberta, commencing at 1:30 p.m.

PRESENT

19 Water Users, **4** Board Members representing the Water Users and **11** LNID staff. In addition, the following attended: **Irrigation Council:** Brian Brewin; **Irrigation Secretariat:** Jennifer Nitschelm; **Alberta Agriculture & Forestry:** Rod Bennett; **Alberta Environment & Parks:** John Mahoney, Josh Richardson; **ATB Financial:** Deb Chapman; **ATB Securities Inc.:** Sherry Davis; **KPMG LLP:** Dan Bosters; **MPE Engineering Ltd.:** Jeff Hust, Kevin Whittmire; **RBC Dominion Securities:** Curt Saunders.

CALL TO ORDER

Klaas Slomp, Chairman of the Board, called the meeting to order at 1:35 p.m. and introduced the Board of Directors and guests in attendance.

MOMENT OF SILENCE

K. Slomp, Chairman, asked that all in attendance observe a moment of silence for those who have passed away in the District and also the members of the Humboldt Broncos hockey team.

AGENDA APPROVAL

K. Slomp stated that the Board of Directors made the decision that he, as Chairman of the Board, would act as Chairman of the 2017 Annual Meeting.

K. Slomp asked for any additions/deletions/changes to the agenda.

Motion by Evert Van Essen, seconded by Henry Heinen to adopt the agenda as presented.

CARRIED

MINUTES OF 2016 ANNUAL GENERAL MEETING

K. Slomp asked if there were any errors or omissions. There were none.

Motion by Ed Schuld, seconded by Evan Konynenbelt to approve the Minutes of the 2016 - 96th Annual General Meeting as presented.

CARRIED

BUSINESS ARISING OUT OF MINUTES

K. Slomp called for any business arising out of 2016 Minutes. The following items were raised.

- ❖ Ed Schuld stated that in the 2016 Minutes, Gerrit Van Asch, asked why the District does not drop the maximum pressure charge from 65 psi to 55 psi as the water users do not require 65 psi. E. Schuld asked if there was any change to the pressure charge cap.

A.L. Harrold stated that there has been no change and for 2018 the maximum pressure charge will be 65 psi.

- ❖ Evert Van Essen stated that in the 2016 Minutes he had asked the status of the relationship between the Lethbridge County and the District. A meeting was going to be scheduled. Was the meeting held and what were the results of that meeting.

K. Slomp stated that the Board has met with Lethbridge County Council since the last Annual General Meeting and the next meeting is scheduled for May 7, 2018.

- ❖ Lauren Eremenko stated that the District charges penalties of 8% in January and 2% in July on any outstanding accounts. He asked that it be reversed and the penalty charge be 2% in January and 8% in July.

K. Slomp stated that the Board has reviewed the penalty charges and the charges will remain at 8% charged on January 1st and 8% charged on July 1st.

CHAIRMAN'S REPORT

Brian Nauta introduced K, Slomp, Chairman of the Board of Directors. K. Slomp, as presented in the Annual Report, read the Chairman's Report including Snow Levels & Water Storage, Aquatic Invasive Species & AIPA, Board Elections, etc.

B. Nauta asked for questions arising from the Chairman's Report:

- ❖ Adrian Sinke asked what the *Management Review* conducted by Serecon Inc. addressed.

B. Nauta stated that the consultant was hired to conduct a review of the operational practices of the District.

Motion by Henry Heinen, seconded by Adrian Sinke to adopt the Chairman's Report as presented.

CARRIED

GENERAL MANAGER'S REPORT

B. Nauta introduced Alan Harrold, General Manager. A.L. Harrold presented the General Manager's Report with details of Water Diversion & Allocations, Water Conservation & Expansion, Rehabilitation & Drainage, Staffing and the outlook for the future.

A.L. Harrold stated that the District has addressed transferring responsibility for abandoned ditches over to a county or a municipality. The process would involve the county or municipality acquiring right-of-ways from affected landowners as the District's easements are specifically for irrigation District use and cannot be transferred to another entity or person. A.L. Harrold stated that when the District is running water through its infrastructure, any drainage water or over-land flow entering the infrastructure becomes part of the irrigation distribution system. When the ditch is no longer used for District water delivery then the District backfills the ditch and the water flows across to another location, or a permit is required from Alberta Environment & Parks (AEP) to leave the ditch in place for drainage purposes. A.L. Harrold stated that the District requests landowners to control the water on their own land and not to contribute contaminated water into the District's water supply.

B. Nauta asked for questions arising from the General Manager's Report.

- ❖ Lauren Eremenko stated that the rate for new irrigation acres (water rights) in 2017 was \$1,250 per acre and this year the rate has been set at \$1,600 per acre. He asked why the steep increase.

B. Nauta stated that last year was a very dry year and there has been an increased interest in purchasing water rights.

L. Eremenko stated that this increase makes it quite expensive for cattle producers.

Motion by A.L. Harrold, seconded by Evert Van Essen to adopt the General Manager's Report as presented. **CARRIED**

DISTRICT ENGINEER'S REPORT

John Vandenberg introduced Stephen Van Essen, District Engineer. S. Van Essen presented the District Engineer's Report. He discussed the Alberta Government's Irrigation Rehabilitation Program (IRP). S. Van Essen reviewed the projects from 2017 and highlighted the projects planned for 2018. He stated that there are always numerous turnout structures to be installed in the canal and requested that landowners provide designs to the District in advance.

J. Vandenberg asked for any questions arising from the District Engineer's Report.

- ❖ Adrian Sinke asked the status of the Lateral B9 pipeline project.

S. Van Essen stated that there were deep cuts on the Lateral B9 pipeline project and soil and weather conditions were constantly changing. He stated that the Lateral B9 pipeline will be completed and ready for water delivery in the 2018 water season.

- ❖ Ed Schuld asked if the District charges a landowner construction contribution on all projects.

S. Van Essen stated that yes the District does charge a landowner construction contribution on all of its pipeline projects.

Motion by Stephen Van Essen, seconded by Ed Schuld to adopt the District Engineer's Report as presented. **CARRIED**

OPERATIONS & MAINTENANCE REPORT

J. Vandenberg introduced Ryan Chogi, Water Master East - Butte. R. Chogi presented the Operations and Maintenance Report. He thanked the water users for continued communication with District staff and reminded them to ensure that ponds are of sufficient size to meet demand for land and livestock.

R. Chogi asked for any questions arising from the Operations & Maintenance Report. There were none.

Motion by Ryan Chogi, seconded by Gerald Slomp to adopt the Operations & Maintenance Report as presented. **CARRIED**

FINANCIAL REPORT

Peter Bos introduced Lawrence McCune, District Accountant. L. McCune presented the 2017 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, 2017, and its results of operations and its cash flows for the year.

L. McCune asked if there were any questions arising from the Financial Statements.

- ❖ Lauren Eremenko stated that he had received a Newsletter from the District which had no date on it. He stated that he had consulted the dictionary and "household" and "domestic" have the same meaning. He asked why the District lists a "Household Purposes Agreement" for \$200 and a "Domestic Water Agreement" for \$400.

L. McCune stated that a "Household Purposes Agreement" is for one (1) acre-foot of water and a "Domestic Water Agreement" is for three (3) acre-feet of water.

L. Eremenko asked if you have a "Household Purposes Agreement" can you use the water all year round.

L. McCune stated that if you have a pond on your property and a "Domestic Water Agreement" with the District, you have access to water all year.

L. McCune stated that the Newsletter included the date listed as "March 2018".

Motion by Lawrence McCune, seconded by Evan Konynebelt to adopt the Financial Statements as presented. **CARRIED**

OTHER BUSINESS ARISING FROM THE REPORTS

P. Bos asked if there was any other business arising from the reports presented. There was none.

NEW BUSINESS

P. Bos asked if there was any new business.

- ❖ Ed Schuld stated that with the water movement in the last three (3) weeks the District and the Lethbridge County must coordinate drainage. He stated that A.L. Harrold has stated that the District is not responsible for drainage, but the LNID does have ditches that take away water. E. Schuld stated that if the LNID does not want to take responsibility for drainage it should transfer the land title over to someone who will take care of the drainage.

P. Bos stated that this year has been unusual with the amount of weather events and the cold temperatures.

E. Schuld stated that this is the third (3rd) year in a row.

P. Bos stated that the District is working on the issue with the Lethbridge County.

- ❖ Gerald Slomp stated that he was unaware of the date of this year's Annual General Meeting and would not have known about today's meeting if he had not phoned the District office yesterday.

P. Bos stated that the District mailed a Newsletter to each water user on March 23, 2018. The information was also listed on the District's Website and published in the Lethbridge Herald on March 23, 2018 and the Sunny South News on March 27, 2018.

G. Slomp stated that the District should update its procedures and email the water users.

P. Bos stated that the District will review its procedures for next year.

- ❖ Peter Schuld stated that there are reports that the Alberta Government has reduced the IRP funding to the irrigation districts. He asked how this impacts the LNID.

P. Bos stated that the IRP was at \$19,000,000 last year. This figure has now been reduced to \$14,000,000 for 2018 and 2019 and will then be further reduced to \$10,000,000 in 2020.

L. McCune stated that the IRP funding is divided amongst the 13 Alberta irrigation districts.

J. Vandenberg stated that last year the 2017 75% contribution from the Government was approximately \$2,000,000 with the District's 25% contribution approximately \$700,000.

- ❖ Ed Schuld asked how the new IRP funding will affect the LNID.

P. Bos stated that the District will receive \$2 to \$3 less per irrigation acre.

- ❖ Lauren Eremenko asked if the LNID was subject to carbon tax.

P. Bos stated that the District is only subject to the carbon tax on Natural Gas bills.

- ❖ Evan Konynenbelt asked if there was any conversation with the Government concerning carbon tax on power for irrigation. The line charges are exorbitant. He stated that he had made inquiries to Government departments but that a group might have more of an impact on the issue.

J. Vandenberg stated that AIPA has hired Joe Peters, Peters Energy Solutions Inc., as a power intervener to try and set a more reasonable rate with power suppliers. Information provided stated that if irrigators were given a better rate than house owners, rates would have to rise to compensate. Many water users have changed to low pressure irrigation systems. Recommendations were made to contact your power supplier to see if better rates are available. Those water users with demand meters pay on that demand.

P. Bos stated that once the peak time (can be for a period of only 15 minutes) is set, you will pay on that usage rate for the rest of the year. He stated that the line charges represent $\frac{3}{4}$ of the bill. P. Bos stated that information received advised power users to determine if the transformer is over-sized.

E. Konynenbelt stated that he was told that demand is re-set each season.

J. Vandenberg stated that if you are on a contract with your power supplier and your usage is reduced, you should contact the power supplier to ensure that the rate is adjusted.

- ❖ Damon Postman stated that if the new rate of \$1,600 per acre for new irrigation acres (water rights) is based on supply and demand, if the demand goes down will the rate be reduced.

P. Bos stated no the rate for new irrigation acres (water rights) will not be reduced if demand decreases. He stated that the Board evaluates the current price of land and rates charged by the other irrigation districts. P. Bos stated that the Board has maintained the current water rates even though it was a hard year.

D. Postman asked where is the extra money from the sale of new irrigation acres (water rights) allocated.

P. Bos stated that the money is allocated to the District's Irrigation Works Reserve (IWR). It does not go into the District's Operating Fund. He stated that the District currently has investments that are doing well and therefore the Board made the decision to maintain the same water rate for 2018. P. Bos stated that the water rate for the St. Mary River Irrigation District (SMRID) is currently set at \$22 per acre.

- ❖ Jordan Kolk stated that he would like to thank the Board and management for the time and effort they spend on running the District. He stated that sometimes it can be a thankless job.

- ❖ Rod Bennett, Section Head On-Farm Irrigation Management, Alberta Agriculture and Forestry (AAF), stated that the Alberta Government has initiated a new program, Canadian Agricultural Partnership (CAP) similar to the *Growing Forward 2* program that just expired. Potential funding is \$18,000,000 over the next five (5) years. Both underground and over ground systems qualify. The funding is a grant of \$15,000 per parcel for a new system with a limit of \$150,000 per producer per fiscal year. The funding is solid for the next five (5) years. For information visit the website: CAP.alberta.ca/cap

P. Bos thanked R. Bennett for the information.

LOCATION FOR NEXT MEETING

P. Bos requested feedback for the location of the next Annual General Meeting.

Motion by Henry Heinen, seconded by Evert Van Essen that the location for the 2018 Annual General Meeting be Picture Butte on either Wednesday, April 10, 2019 or Wednesday, April 17, 2019. **CARRIED**

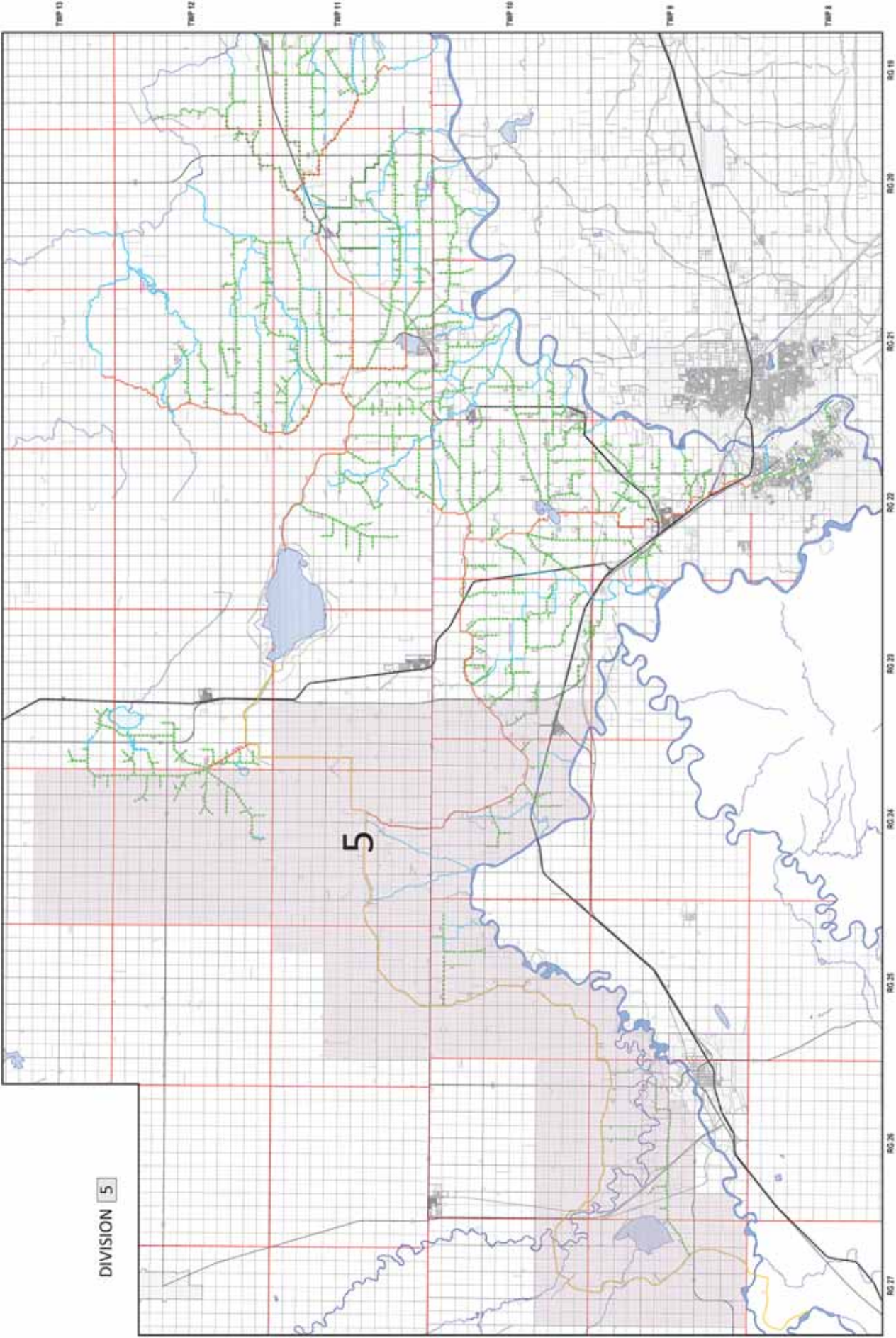
ADJOURNMENT

P. Bos, on behalf of the water users, thanked the Board and staff for a job well done. Accepted by a round of applause. Thank you to RBC Dominion Securities Inc. for supplying refreshments.

Motion by Ed Schuld that the meeting be adjourned.

Meeting called adjourned at 2:37 p.m.

LNID Board Member Divisions



DIVISION 5



2019 BOARD ELECTION

An election for one (1) electoral division is scheduled for Thursday, May 9, 2019. The electoral division up for election is:

Electoral Division #5 (3 year term)

Current Director: Brian Nauta

Electoral Division #5:

Term Expires 2022

All that area of the Irrigation District in Parts of Townships 9, 10 and 11 in Ranges 23, 24, 25, 26 and 27 W4M lying West of Highway 23 South from the North boundary of the N.W. Quarter of Section 33 Township 11 Range 23 W4M and its extension South to the Oldman River, and all that area in Townships 12 and 13 Ranges 24 and 25 W4M.

Nominations will close at 4:00 p.m. Thursday, April 11, 2019.

A nomination form may be picked up from the LNID office, printed from the LNID website at www.lnid.ca or the adjoining page may be removed 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 May 9, 2019 for Electoral Division # 5.

WITNESSED by our hands this _____ day of _____, A.D. 2019.

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