



**LNID  
2821 - 18TH AVENUE NORTH  
LETHBRIDGE, AB T1H 6T5**

**[WWW.LNID.CA](http://WWW.LNID.CA)**



**LETHBRIDGE NORTHERN  
IRRIGATION DISTRICT**



**ONE HUNDRED AND FIRST  
ANNUAL REPORT 2021**

**ANNUAL GENERAL MEETING  
APRIL 21, 2022 AT 1:30PM  
PICTURE BUTTE COMMUNITY CENTRE**

# THE BOARD OF DIRECTORS

**John Vandenberg**  
Chairman



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

**Martin Van Diemen**  
Vice Chairman



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

**Peter Bos**



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

**Calvin Konynenbelt**



Board Member since April 28, 2020:  
Division 4: Includes Range 23 East to Park Lake and part of Keho / Barons.

**Sonny Wierenga**



Board Member since May 28, 2019:  
Division 5: Includes Fort Macleod East to Range 24 and part of Keho/ Barons.

# 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 4, 2022**

**ADMINISTRATION**

Alan Harrold  
Janet Beck  
Gary Burke  
Jennifer Dyck  
Su-Jin Huxley  
Joanne Pohl  
Jordan Nagy  
Maritza Suarez

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

**ENGINEERING**

Christopher Gallagher, P. Eng.  
Jeremy Chiu, E.I.T.  
Shawn Fontaine  
Glade Roberts

Executive Assistant  
Project Design Engineer  
Survey Technician  
Drafting Technologist

**OPERATIONS AND MAINTENANCE**

Brett Zielinski  
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      Water Master West  
Mike McCloud      Assistant Water Master West  
Matthew Coster      Water District Supervisor  
Zach Liska          Water District Supervisor

**EAST**

Ryan Chogi          Water Master East  
Walter Engels      Assistant Water Master East  
John Degenstein      Water District Supervisor  
Dustin Gillies      Water District Supervisor  
Tysen Sushelnitski      Water District Supervisor

**HOURLY SEASONAL STAFF**

Connor Butler  
Chad Lysak  
Trevor Nakamura  
Adam Derksen  
Chris Newton  
Tim Sandham  
Adam Matlock  
Stuart Van Essen

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

# CHAIRMAN'S REPORT

Last year was our 100<sup>th</sup> anniversary since we became a District, but we were unable to plan our celebration because of COVID-19. In 2023, it will be 100 years since we started to run water, so we hope to have our celebration then.

Last year we had lower water levels so we started with 12.0 inches. Later, we got rain above the dam so we were able to supply the full allocation of 17.5 inches. The Board feels it is better to start low rather than cut back in the summer.

The snow pack was high most of the winter but not much in March. Let's hope the snow does not melt too fast and we may be able to give the full 17.5 inches this year.

Thanks to irrigation, we were able to grow good crops compared to much of the prairies.

We were delayed in pipeline installation due to IPEX not being able to supply pipe and fittings on time. Our crews were able to finish Lateral H1 Phase 2, but Lateral J1 will not get done this spring due to delays in receiving pipe and fittings. It is a real disappointment for the farmers and the District. Thanks to Brett Zielinski and his crew for doing their best.

One big concern we have is a leak in the main canal which reduced our flow last summer and Keho Lake was drawn way down. Alberta Environment and Parks will monitor this for the summer. It is good to spend money on irrigation, but if we do not do repairs on time, we will follow the United States' example.

We hope to get \$1.3 million IRP funds and \$1.5 million from the AIM Program this year.

On behalf of the Lethbridge Northern Irrigation District (LNID), I would like to thank the Alberta Government for funding through IRP each year. Without this funding support we could not do the construction we do to improve our water distribution infrastructure. In addition, thank you to all Alberta Government departments and Irrigation Council for the support they provided to our District in 2021.

On behalf of the Board, I would like to thank Alan Harrold, General Manager, Chris Gallagher, Executive Assistant, Brett Zielinski, Construction and Maintenance Foreman, Ryan Chogi and Garth Fischer, Water Masters, and all the staff for their hard work in 2021.

Last year was a good crop year for most farmers in our District and may the Lord bless our labours in 2022 also.

Respectfully submitted on behalf of the Board of Directors

John Vandenberg  
Chairman of the Board

ASSESSED ACRES	2020	2021
Irrigation Acres	191,880.3	194,946.4
Terminable Water Agreements - Dryland Parcels	328.0	228.0
Terminable Water Agreements - Restricted	1,965.4	1,965.4
Subtotal	194,173.7	197,139.8
Annual Irrigation	889.6	1,017.9
<b>TOTAL ASSESSED ACRES</b>	<b>195,063.3</b>	<b>198,157.7</b>

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
2019	13,316.4	8,361.4	1,695.0	3,518.6
2020	6,037.0	6,037.0	3,890.0	3,384.5
2021	0.0	0.0	0.0	3,025.0
<b>TOTAL</b>	<b>43,875.3</b>	<b>30,513.8</b>	<b>9,616.0</b>	<b>21,573.6</b>

PARCELS ADDED TO THE DISTRICT IN 2021							
SE	30-10-21-4	NE	12-12-22-4	SW	03-13-24-4	SE	05-13-24-4
SE	30-12-21-4	SW	27-12-24-4	NW	03-13-24-4	SW	05-13-24-4
SW	30-12-21-4	NE	32-12-24-4	NE	03-13-24-4	SE	08-13-24-4
NW	30-12-21-4	NW	33-12-24-4	SE	04-13-24-4	SE	09-13-24-4
NE	30-12-21-4	NE	33-12-24-4	SW	04-13-24-4	SW	09-13-24-4
SW	31-12-21-4	SE	03-13-24-4	NE	04-13-24-4	NW	31-09-25-4
SE	12-12-22-4						



**Alan Harrold**  
**General Manager**

The 2021 irrigation season started off with soil conditions drier than the previous three years, which resulted in the Board of Directors' decision to start diverting water from the Oldman River on April 16, 2021. This was the earliest diversion date found on record. Precipitation throughout the District in April totalled to less than one inch and less than ten inches during the period of April to October. During 2021, a total diversion of 78.8% of District and other use purposes water licences were conveyed from the Oldman River through Alberta Environment and District infrastructure for water users. The average water delivery to farm turnouts in 2021 was 14.5" per irrigation acre compared to 8.1" in 2020, 10.8" in 2019 and 12.0" in 2018.

## **District Expansion:**

During 2021, the District commenced a three-phase approach to accepting water right applications. Phase One was to allow acres already being irrigated by an Annual Agreement or by an Alternate Parcel Agreement to make application for water rights by August 31, 2021 to convert these acres into irrigation acres, provided certain conditions were met. Phase Two, was to permit existing irrigation acre parcels to make application for additional water rights by December 31, 2021, to increase the irrigation acres on a parcel of land provided certain conditions were met, which included the requirement to provide a design and confirm that irrigation equipment was in place to irrigate the acres being added to the parcel of land. Phase Three, which would permit the District to accept water right applications on new parcels of land not currently being irrigated has been deferred for further review and consideration by the Board of Directors.

In 2021, the District added 3,066.1 irrigation acres to the Assessment Roll which resulted from previous letters of commitment and reclamation acres gained when converting irrigation ditches into water delivery pipelines. Approximately 2,900 irrigation acres will be added in 2022.

## **Automation and Control Structures:**

During 2021, the District continued to make improvements to its infrastructure by upgrading existing control structure automation and by adding automated controls to more structures, as well as making improvements to the District's communication system. This work will be continued throughout 2022 and should be near completion for the 2023 water season.

## **Canal Bank Watering:**

Landowner irrigation systems watering of canal banks is resulting in significant maintenance and repair costs being incurred by the District. There are places where this is causing the canal banks to slough into the canal causing potential flow restrictions and the need to rebuild canal banks, resulting in a very expensive capital project. Please make changes to your irrigation system to help prevent this from occurring.

### **Climate Change and On-Farm Water Storage:**

We have all experienced in recent years the effects of climate change, resulting in warmer temperatures and longer periods of time without precipitation when it is needed the most. As a result, it would be prudent for all landowners, wherever possible, to increase on-farm water storage. This will certainly be beneficial when there may be delays in water delivery or in times when the District storage reservoirs are lower than normal as a result of less winter snow pack in the mountains and during periods of less precipitation. The additional storage would help make it possible, if required, for a landowner to irrigate after the District's annual shut down or prior to the start of next season's water turn-on date.

### **Staffing:**

Staff changes to full-time positions during 2021 were as follows:

- On March 4, 2021, Shawn Graham, left District employment.
- On March 11, 2021, Shawn Fontaine was hired as surveyor to replace Gary Cook, who retired on March 31, 2021. We wish Gary and Deb many happy years of retirement together.
- On April 1, 2021, Zach Liska was transferred as Water District Supervisor to the Monarch/Keho Unit.
- On April 12, 2021, Matthew Coster was hired as Water District Supervisor – Macleod Unit.
- On June 18, 2021, Shane Eyre, Acting District Engineer, left District employment.
- On September 1, 2021, Christopher Gallagher, P. Eng., was hired as Executive Assistant.
- On November 12, 2021, Anita Wickersham, Manager – Finance and Administration, left District employment.
- On November 15, 2021, Jordan Nagy was hired as Administrative Assistant.

I would like to thank the Board of Directors for their continued commitment to improving the District and for the support they provide for all management and staff. I would also like to thank all staff for their continued commitment and contribution to improving the operations and efficiency in all areas of the District.

On behalf of the District staff and water users, I would like to thank the staff of Alberta Agriculture, Forestry and Rural Development and Alberta Environment and Parks for the assistance that they provided to District staff and water users throughout 2021.

Respectfully submitted

Alan Harrold  
General Manager

# DISTRICT ENGINEER'S REPORT



**Christopher W. Gallagher, P. Eng.  
Executive Assistant**

The Engineering Department is 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 2021 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 2021 contribution from the Province was \$1,326,734. The District's contribution of \$442,245 brought the total contribution to the IRP Cost-Sharing account to \$1,768,979. Any funds received in 2021 in excess of that spent will be used to recover funds loaned by LNID to the IRP cost share account.

The 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.

The Alberta Irrigation Modernization (AIM) Program started providing funding in 2021 toward acceleration of projects that LNID had already designated for rehabilitation. The AIM Program funding consists of a 30% Government of Alberta grant, a 50% long-term loan through the Canada Infrastructure Bank (CIB), and a 20% capital contribution from the irrigation district at the time of construction. In 2021, applicable project costs claimed were \$1,191,571, of which 80% or \$952,959 was accessed from the program funding share.

LNID accessed the Emergency Preparedness Program under the Canadian Agricultural Partnership (CAP), a joint Provincial/Federal funding program to enhance the agriculture sector. LNID received a cost share funding advance payment of \$43,000 towards eligible expenditures for the Picture Butte Dam EPP.

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 and sustainability of the District as a whole. The District appreciates the assistance of the Provincial Government, Federal Government and landowners in the cost sharing of these projects.

## **2021 IRRIGATION REHABILITATION PROGRAM (IRP)**

### **IRP #2335 LATERAL H1 LNID PROJECT #371-08 SECTIONS 16, 17, 18, 19, 20, 21-11-20-4; 13, 14, 15-11-21-4 (Phase 1)**

This two-phase project saw the completion of Phase 1 in 2021, the majority of which was completed in 2020. The project included the construction of the inlet and screen box structures, roughly 18.1 km of PVC pipe up to 54", a 36" isolation valve, and a manual drain valve and outlet structure. Phase 1 services 3,411.2 acres off this closed gravity system, with the majority of deliveries capable of eliminating their on-farm pumping systems by using the gravity pressure of this pipeline to run their irrigation systems. Expenditures on the project in 2021 were \$1,153,064, for a total project cost to date of \$9,274,881 under a revised budget of \$9,500,000. Phase 2 is funded under the AIM Program.

## **2021 IRRIGATION WORKS RESERVE PROGRAM (IWR)**

### **IWR #939      Lateral 62K – Structure 52 NE 28-11-20-4**

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This project involved assessment and then removal and replacement of the failed lower chute walls of an existing chute drop structure. The new, thicker walls include a spreader bar and, along with replacement of the wood bridge with a steel walkway, will extend the life of the structure by approximately 20 years. The work on this structure is scheduled to be done in early 2022 with an overall budget of \$60,000.



### **IWR #940      LATERAL B9B INTAKE REPLACEMENT NW 28-10-23-4**

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Following landowner concerns of debris entering the Lateral B9B pipeline, the existing rotating pressure backwash screen was replaced by LNID forces with a gabion wall infiltration system. The total project cost to date is \$34,869.



**IWR #989 LATERAL 62F REHABILITATION**  
**SECTIONS 25, 26, 27, 34 of 11-22-4**

The Lateral 62F canal, served from Alberta Environment and Parks' Keho Reservoir, is constructed mainly in cut and has experienced 14 identified sloughs, some of which are actively expanding. Tetra Tech Canada commissioned Unmanned Aerial Vehicle LiDAR scans (detailed elevation), conducted field investigation/sampling and laboratory soils analysis, and completed slope stability modelling and analysis to identify recommended repairs. Expenditures in 2021 were \$24,207, most of which went toward the \$57,000 budget for the study.

**2021 ALBERTA IRRIGATION MODERNIZATION (AIM) PROGRAM**

**AIM #971 LATERAL H1 PHASE 2 LNID PROJECT #971-08**  
**SECTIONS 13, 14, 15, 21, 22, 23, 27, 28 of 11-20-4 (Phase 2)**

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The majority of the Lateral H1 Phase 2 portion of this gravity pipeline services 3,186.4 acres out of the 6,597.6-acre H1 project total. This phase of the project will remove deliveries from the Lateral J12 canal and see its 11,935m length of open canal backfilled. All deliveries off of this portion of the project are expected to be able to eliminate their on-farm pumping systems and utilize the gravity pressure of the pipeline to operate their irrigation systems. Along with manual drains, an automated valve and associated outlet structure will help manage surges in the series of canal systems that converge NW of Picture Butte. Expenditures in 2021 were \$4,350,961 of an overall \$6.3M budget.

**AIM #937 AUTOMATION CONTROLS UPGRADE PROJECT LNID PROJECT #937-01**  
**VARIOUS LOCATIONS**

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This project involves upgrades to the SCADA (Supervisory Control and Data Acquisition) system that will allow for better communication and control of water throughout the District. Inefficiencies, repairs, and upgrades were identified and a scheduled plan was created for these upgrades. This will result in improved conveyance efficiencies and control of emergency and operational spill. Project Management for this project has been overseen by Gary Burke, in collaboration with Water Masters Ryan Chogi and Garth Fischer. Costs to date total \$217,140 of a \$900,000 budget.

**2021 CANADIAN AGRICULTURAL PROGRAM (CAP) EPP**

**CAP #932 PICTURE BUTTE DAM – EMERGENCY PREPAREDNESS PROGRAM**  
**SECTIONS 2,3 of 11-21-4**

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The 2018 Dam Safety Directive under the Water Act, administered by Alberta Environment and Parks Dam Safety branch, required upgrades on the documentation and associated studies related to Picture Butte Dam. MPE Engineering Ltd. in coordination with LNID, drafted a Dam Safety Management Plan, an Emergency Response Plan, an Emergency Preparedness Plan, a Dam Breach Inundation Study, a Geotechnical Stability Analysis, and completed a review and scenario exercises with local emergency responders. The bulk of this work was completed in 2021, with finalization of documentation and submission of the final report for March of 2022. Costs to date total \$93,151 of a \$172,000 budget.

## **2022 PROPOSED ALBERTA IRRIGATION MODERNIZATION (AIM) PROGRAM**

### **AIM #972 LATERAL J1 LNID PROJECT #972-08 SECTIONS 20, 19 of 11-20-4; 24, 23, 22 of 11-21-4**

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The Lateral J1 gravity pipeline project will include inlet and screen box structures, approximately 16 km of PVC pipe up to 36" with a manual drain, and service approximately 2,500 acres currently receiving water from the 62J pipeline and canal, and the J6 canal. The majority of deliveries off this pipeline will be able to eliminate their on-farm pumping systems and utilize the gravity pressure of this pipeline to run their irrigation systems. Delays in receiving PVC fittings may result in project completion for the 2023 irrigation season. The revised budget for the expanded project is \$5.75M.

### **AIM #936 LATERAL 61C LNID PROJECT #936-08 SECTIONS 28, 33 of 9-22-4; 4, 9 of 10-22-4**

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The Lateral 61C project replaces a combined 5.4 km of concrete-lined canal and open culvert, with a 9.7 km low pressure PVC pipeline. A large diameter twin PVC pipeline running south from Park Lake Reservoir will include a 3.2 km long east line to tie in with existing Lateral C12, and a 5.4 km long west line that would continue through to an outlet structure at the Kipp road. A little over 1 km of canal would remain in SW 28-9-22-4 to allow a low reach of the pipeline to be pumped out. Although deliveries directly off the project are only approximately 1,000 acres total service area, the tie-ins to existing pipelines brings the total to approximately 7,300 acres. A screen box or other weed exclusion system will collect and remove most debris coming from the reservoir. Installation is planned for the 2022/23 construction season. The estimated cost will exceed the original \$5M budget due to the extension beyond the originally anticipated pipeline end point.

### **AIM #973 LATERAL K1B LNID PROJECT #973-08 SECTIONS 3, 4, 5, 6 of 12-19-4; 1 of 12-20-4**

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Lateral K1B pipeline will replace 7.6 km of earthen canal with a 6.5 km low pressure PVC pipeline. A combined canal inlet and screener box will be constructed to feed an existing 950 m long HDPE pipe before connection to the new PVC. The project funding is based on a \$2.5M estimated cost and is anticipated to be constructed in the 2022/23 construction season.

### **AIM #974 LATERAL K2 LNID PROJECT #973-08 SECTIONS 2, 3, 4, 31, 32, 33, 34 of 12-19-4; 26, 35, 36 of 12-20-4**

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The Lateral K2 project will be a closed gravity low pressure PVC pipeline approximately 17 km long, replacing 17.8 km of an earthen canal to serve approximately 3,120 acres. The project funding is based on a \$7M estimated cost, with construction planned during the fall and winter of 2023/24.

The construction projects undertaken in 2021 were primarily completed by LNID labour and equipment, with assistance from local general and specialty contractors. I am grateful for the hard work and diligence that the Operations & Maintenance and Construction groups have demonstrated as we work through transitions, and the unique challenges brought in 2021.

I would like to welcome Jordan Veldman to the Engineering Department in his upcoming role as Jr. Engineering Technologist, and to also welcome Jeremy Chiu, E.I.T., as he works into his role as Project Engineer. I am encouraged by the dedication of the engineering team and look forward to working with them in 2022.

# IRRIGATION REHABILITATION PROGRAM

EXPENDITURES FROM IRRIGATION REHABILITATION PROGRAM (IRP)  
DECEMBER 31, 2021

PROJECT NUMBER	PROJECT NAME	TOTAL TO DEC. 31/20	2021 EXPENDITURES	TOTAL TO DEC. 31/21
371-08/2335	Completed Capital Project Costs Lateral H1 - Phase 1	\$ 141,077,719 8,121,817	1,153,064	\$ 141,077,719 9,274,881
Less permanent difference - Aerial Photography				-32,350
		\$ 149,199,536	\$ 1,153,064	\$ 150,320,250

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

	2017	2018	2019	2020	2021
Government Grant 75%	\$ 2,082,255	\$ 1,536,631	\$ 1,529,362	\$ 1,098,698	\$ 1,326,734
LNID 25%	694,085	512,210	509,787	366,233	442,245
<b>TOTAL</b>	<b>\$ 2,776,340</b>	<b>\$ 2,048,841</b>	<b>\$ 2,039,149</b>	<b>\$ 1,464,931</b>	<b>\$ 1,768,979</b>

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

Funding Type	2017	2018	2019	2020	2021
Alberta (IRP) Cost-Sharing	\$ 6,349,404	\$ 739,332	\$ 55,933	\$ 8,131,513	\$ 1,153,064
District (IWR)	735,633	3,524,268	9,316,354	6,858,125	12,514,044
<b>TOTAL</b>	<b>\$ 7,085,037</b>	<b>\$ 4,263,600</b>	<b>\$ 9,372,287</b>	<b>\$ 14,989,638</b>	<b>\$ 13,667,108</b>

## PROPOSED IRP 3 YEAR PLAN

YEAR	PROJECT	BUDGET
2021	Lateral H1 Pipeline Phase 1 (Picture Butte)	\$ 1,250,000
2022	Lateral H1 Pipeline Phase 1 (Picture Butte)	\$ 250,000

# IRRIGATION WORKS RESERVE

## EXPENDITURES FROM IRRIGATION WORKS RESERVE (IWR) PROGRAM DECEMBER 31, 2021

PROJECT NUMBER	PROJECT NAME	TOTAL TO DEC. 31/20	2021 EXPENDITURES	TOTAL TO DEC. 31/21
	<b>Completed Capital Project Costs</b>	<b>\$ 43,521,914</b>		<b>\$ 43,521,914</b>
917-08	Keho Barons Upgrade	636,425	\$ 114,498	750,923
918-08	Lateral B6	6,050,716	38,372	6,089,088
920-08	Lateral G11 & G12	6,070,510	-3,712	6,066,798
928-08	Office Land Development	0	337,088	337,088
929-08	Barons West 2	3,106,029	5,860,932	8,966,961
930-08	Lateral G8	244,194	1,334	245,528
934-08	Scada Upgrades	47,148	1,740	48,888
933-08	Automated Control Upgrades	0	217,140	217,140
939-08	Barons West 2 Drain	0	171,792	171,792
940-08	Lateral B9B - Intake Replacement	0	34,869	34,869
943-08	Lateral H3 Effect Analysis	0	8,502	8,502
971-08	Lateral H1 Phase 2	0	4,350,961	4,350,961
972-08	Lateral J1	0	270,039	270,039
978-08	Lateral E2 Heins	0	53,849	53,849
988-08	Lateral 62F Canal Bank Failures	0	1,032,433	1,032,433
988-01	Lateral 62F - Rehabilitation	0	24,207	24,207
	Sale of Land		-2,580	-2,580
	Permanent difference - Aerial Photography			32,350
		<b>\$ 59,676,936</b>	<b>\$ 12,511,464</b>	<b>\$ 72,220,750</b>

### SEEPAGE CONTROL PLAN

A Seepage Control Plan for the years 2021-2025 (inclusive) was filed with Irrigation Secretariat on December 31, 2020, which included the following seepage control projects to be addressed over the next five (5) years:

		Scheduled	Proposed Rehabilitation	Status
<b>Project 1</b>	<b>Lateral H1 Phase 1</b> Sections 16, 17, 18, SE 19, SE, SW & NE 20, W ½ 21-11-20-4; N ½ 13, N ½ 14, N ½ 15-11-21-4;	2020	Pipeline	Completed
<b>Project 2</b>	<b>Lateral H1 Phase 2</b> Sections 13, 14, 15, E ½ 21, Sections 22, 23, SE, SW & NE 27, S ½ 28-11-20-4;	2021	Pipeline	In Progress
<b>Project 3</b>	<b>Lateral J1</b> Section 19, NW 20-11-20-4; Section 22, SE, SW & NW 23, Section 24-11-21-4;	2021	Pipeline	In Progress
<b>Project 4</b>	<b>Lateral K1B</b> N ½ 31-11-19-4; W ½ 03, Section 04, SE, SW & NE 05, Section 06-12-19-4; NE 01-12-20-4;	2022	Pipeline	Pending
<b>Project 5</b>	<b>Lateral 61C</b> SW, NW & NE 28, Section 33-09-22-4; E ½ 04, SE 09-10-22-4;	2022	Pipeline	Pending
<b>Project 6</b>	<b>Lateral K2</b> NE 27, Sections 31, 32, 33, 34-11-19-4; NW 02, SE, SW & NE 03, S ½ 04-12-19-4; N ½ 26, SE 35, Section 36 -11-20-4;	2023	Pipeline	Pending

# OPERATIONS & MAINTENANCE REPORT

**Ryan Chogi, Water Master East**  
**Garth Fischer, Water Master West**  
**Brett Zielinski, Construction & Maintenance Foreman**

Alberta Environment & Parks (AEP) began water diversion from the Oldman River Headworks on April 16, 2021 and on April 19, 2021, the LNID opened our Monarch and Keho headgates to begin the 2021 water season. The Board of Directors allocated 12" to begin the season and then on June 29, 2021, the Board decided to raise the allocation to 17.5". This was due to having an ample supply of water in the Oldman Dam. Water start-up was earlier than usual due to the dry conditions and not receiving moisture in March.

It was an above average season for water usage, due to not receiving moisture in the form of rain. This resulted in water users transferring inches from other quarters to have enough inches in their allocation.

Barons West 2 Pump Station (BW-2) and pipeline were completed in April 2021, which is located West of Barons in the same compound as the Keho-Barons Pump Station (KB). This added 2,147 acres to the District, which included 15 new parcels. As a result, we made some alterations to the Water District Supervisor units to accommodate the addition of the new acres and pump station. Matthew Coster was hired in April 2021 to be the Water District Supervisor for the Fort Macleod-BW2 Unit. A new 8" drain line, 3km in length, was installed South of the BW-2 and the KB pump stations to help with the draining of both pump stations and pipelines. Gabion baskets were installed as well as a pump pad in the location of this drain line.

Most of the District was seeded a second time for forage crops, and the alfalfa crops were cut multiple times. LNID Management and Water District Supervisors strongly encourage landowners and water users who plan to continue with these practices, to expand existing or construct new storage ponds, which would allow for earlier and later irrigation. Feed lot yards would benefit from having larger reservoirs as they are expanding as well.

We must remind everyone of the importance of giving 24 hours' notice to their Water District Supervisors when ordering their water on and off. We work with Alberta Environment & Parks, and our Water Masters need to give them 36 hours of notice when any additions or deductions of water is needed from the AEP Main Canal. The District strongly encourages water conservation as the demand for water increases each year.

Please go to our LNID website ([www.lnid.ca](http://www.lnid.ca)) to find helpful information about the upcoming season and other related resources. This is also where you will find the contact information for the Water District Supervisor in your area and the staff of the LNID.

## SYSTEM WATER DELIVERY SUMMARY FOR 2021

WATER SUPERVISOR UNITS	ASSESSED ACRES	OTHER USE AC.FT.	WATER DELIVERED AC.FT.
Albion	30,279	1,511	40,146
Battersea	23,350	1,229	28,247
Butte	7,528	691	9,394
Macleod	26,097	1,142	30,884
Monarch/Keho	27,278	3,682	32,947
Nobleford	2,754	1,071	3,264
Park Lake	31,141	2,081	37,622
Piyami	28,209	2,012	31,753
Turin	20,504	984	24,469
Total Assessed Acres:	197,140	Total Water Delivered:	238,726 ac.ft.
		Total Other Use Volume:	14,403 ac.ft.
		Return Flow & Losses:	19,000 ac.ft.
		Total Water Diverted:	272,129 ac.ft.
		Average Irrigation (Inches):	14.5

## Maintenance

DESCRIPTION	2021
Canal Cleaning	24 km
Canal Erosion / Sloughing Repair	800 m
Canal & Access Roads Graveling	16 km
Canal & Access Roads Grading	50 km
Canal Banks Mowing	62 km
Canal Banks Weed Spraying	47 km
Aquatic Weed Control	22 km
Pipeline Repairs (Air Vents)	17
Pipeline Repairs (Valves)	8
Pipeline Repairs (Pipe Leaks)	10
Replacement of Road Crossings	0
Repairs to Gates & Hoists	5
Repairs to Pumps	2
Repairs / Maintenance to Water Meters	9
Repairs / Maintenance to Hydrometric Stations	1
Screener Rehabilitation	3

## Precipitation Recorded

PRECIPITATION FOR 2021 (mm)				
MONTH	AGCM Fort Macleod Station	AGCM Barons Station	IMCIN Lethbridge Demo Farm Station	IMCIN Iron Springs Station
APRIL	20.3	14.3	13.8	13.5
MAY	42.5	41.6	35.4	50.0
JUNE	26.1	22.7	13.2	24.8
JULY	24.0	51.2	8.5	37.9
AUGUST	57.3	47.4	36.8	49.7
SEPTEMBER	10.2	12.0	12.0	19.0
OCTOBER	38.8	41.2	34.0	38.2
<b>Total</b>	<b>219.2</b>	<b>230.4</b>	<b>153.7</b>	<b>233.1</b>

## Weed Control

TYPE	2021 (litres)	WEEDS SPRAYED
Start-Up	430	Non-Selective
Oracle Dicamba	20	
2,4-D Amine 600	62	Broadleaf
Magnacide H	3,290	Aquatics

# CROP CLASSIFICATION INFORMATION

## WEST

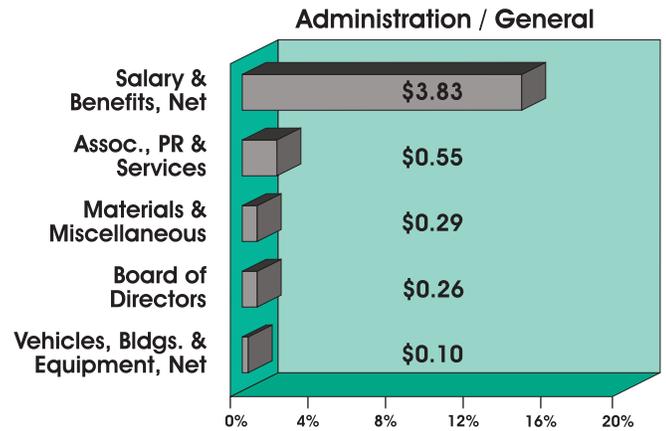
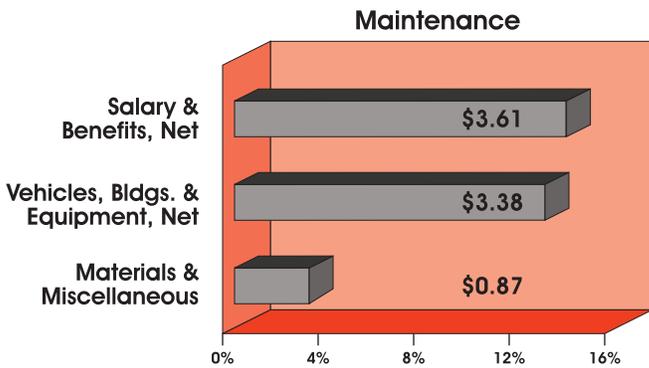
CROP TYPE	MACLEOD	MONARCH/KEHO	NOBLEFORD	PARK LAKE	PIYAMI
<b>- CEREALS -</b>					
Barley	3,261	2,146	507	4,768	3,201
CPS Wheat	262	140	128	236	
Durum Wheat	860	684	452	236	2,638
Hard Spring Wheat		133		544	723
Oats	155	78		225	
Soft Wheat	1,190	255	103		596
Triticale		139		1,189	
Winter Wheat					
Miscellaneous	238		146	230	
<b>Subtotal of Cereals</b>	<b>5,966</b>	<b>3,575</b>	<b>1,336</b>	<b>7,428</b>	<b>7,158</b>
<b>- FORAGE -</b>					
Alfalfa Hay	1,860	2,621	458	2,354	1,171
Alfalfa Silage	3,687	4,180		1,666	1,636
Barley Silage	1,989	4,704	426	7,649	7,127
Brome Hay		100		142	
Corn Silage	940	1,927		3,445	5,133
Grass Hay	940	531		518	696
Native Pasture			5	26	
Tame Pasture	548	374	36	971	26
Timothy Hay	4,647	804	190	336	
Miscellaneous				76	
<b>Subtotal of Forage</b>	<b>14,611</b>	<b>15,241</b>	<b>1,114</b>	<b>17,183</b>	<b>15,789</b>
<b>- OILS -</b>					
Canola	4,819	6,924	304	4,352	4,135
Flax	358	571			159
<b>Subtotal of Oils</b>	<b>5,177</b>	<b>7,495</b>	<b>304</b>	<b>4,352</b>	<b>4,294</b>
<b>- OTHER -</b>					
Dry Beans					
Dry Peas	135	159		80	14
Hemp	99			1,060	600
Market Gardens				38	
Nursery					7
Potato		302			
Sugar Beets				378	146
Turf Sod		13		322	185
Miscellaneous	109	493		300	16
<b>Subtotal of Other</b>	<b>343</b>	<b>967</b>	<b>0</b>	<b>2,178</b>	<b>968</b>
<b>TOTAL</b>	<b>26,097</b>	<b>27,278</b>	<b>2,754</b>	<b>31,141</b>	<b>28,209</b>

## EAST

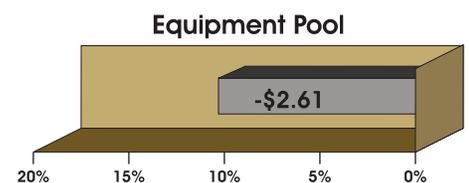
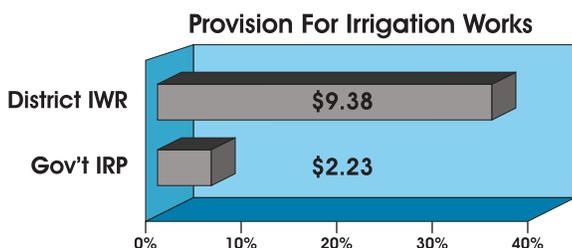
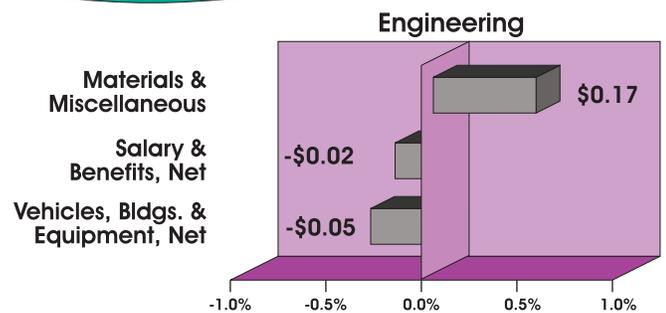
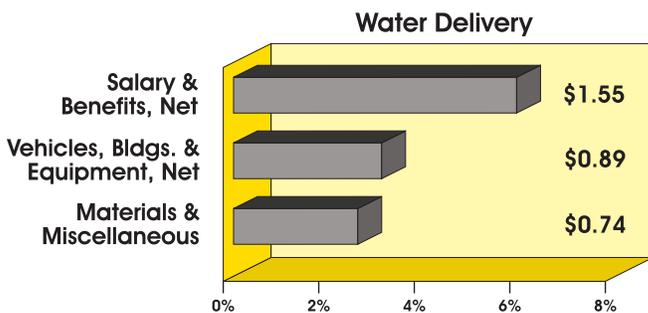
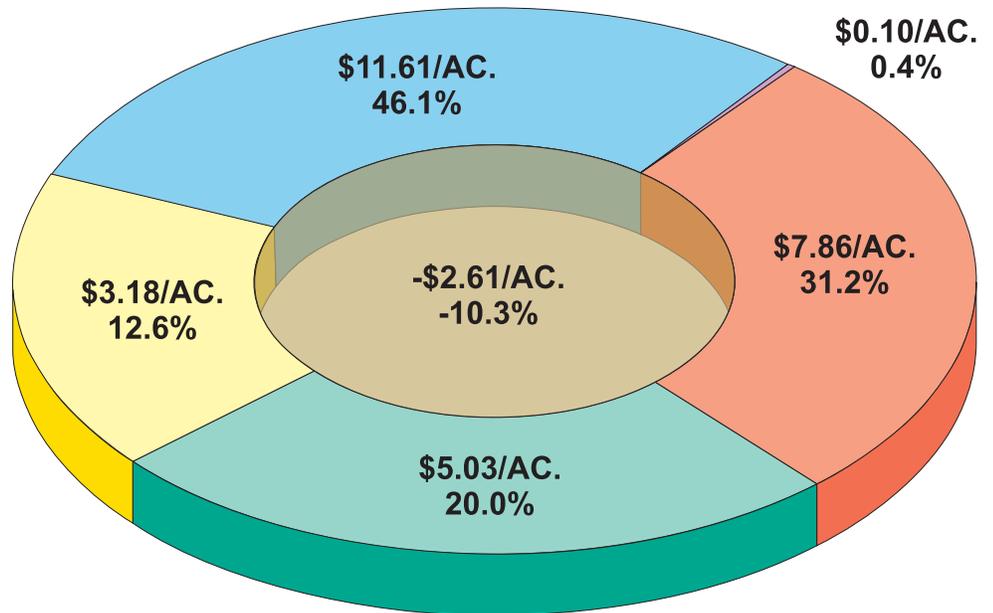
CROP TYPE	ALBION	BATTERSEA	BUTTE	TURIN	TOTAL
<b>- CEREALS -</b>					
Barley	394	1,057	957	1,853	18,144
CPS Wheat					766
Durum Wheat	3,305	431		1,268	9,874
Hard Spring Wheat		2,152	50		3,602
Oats	289				747
Soft Wheat	3,234	3,267	649	316	9,610
Triticale					1,328
Winter Wheat	702	2,384			3,086
Miscellaneous		605		149	1,368
<b>Subtotal of Cereals</b>	<b>7,924</b>	<b>9,896</b>	<b>1,656</b>	<b>3,586</b>	<b>48,525</b>
<b>- FORAGE -</b>					
Alfalfa Hay	2,040	607	554	1,863	13,528
Alfalfa Silage	2,829	2,351	282	1,533	18,164
Barley Silage	4,924	1,092	1,423	2,977	32,311
Brome Hay		92	68		402
Corn Silage	6,721	3,098	1,833	5,523	28,620
Grass Hay	127	909	159	632	4,512
Native Pasture				214	245
Tame Pasture	195	511	157	1,112	3,930
Timothy Hay		455		150	6,582
Miscellaneous	460				536
<b>Subtotal of Forage</b>	<b>17,296</b>	<b>9,115</b>	<b>4,476</b>	<b>14,004</b>	<b>108,829</b>
<b>- OILS -</b>					
Canola	2,576	2,089	1,393	2,350	28,942
Flax				66	1,154
<b>Subtotal of Oils</b>	<b>2,576</b>	<b>2,089</b>	<b>1,393</b>	<b>2,416</b>	<b>30,096</b>
<b>- OTHER -</b>					
Dry Beans	400	154			554
Dry Peas					388
Hemp				148	1,907
Market Gardens	10				48
Nursery					7
Potato		1,522		156	1,980
Sugar Beets	1,357	306		157	2,344
Turf Sod		150			670
Miscellaneous	716	118	3	37	1,792
<b>Subtotal of Other</b>	<b>2,483</b>	<b>2,250</b>	<b>3</b>	<b>498</b>	<b>9,690</b>
<b>TOTAL</b>	<b>30,279</b>	<b>23,350</b>	<b>7,528</b>	<b>20,504</b>	<b>197,140</b>

# OPERATIONAL COST / ACRE

Based on Total of Classified, Terminable, and Annual Agreement Acres Assessed (198,157.7 Acres)

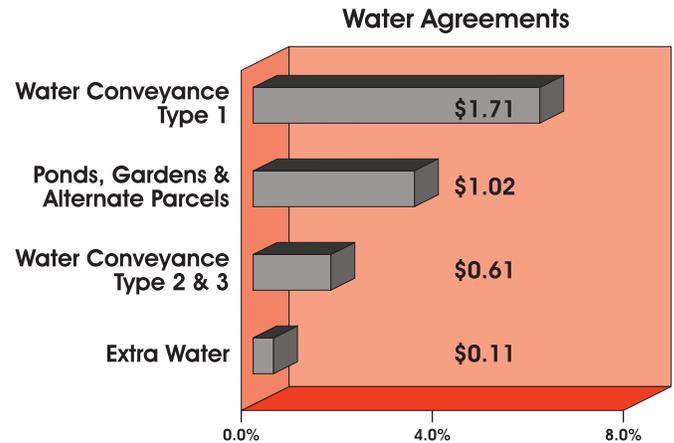
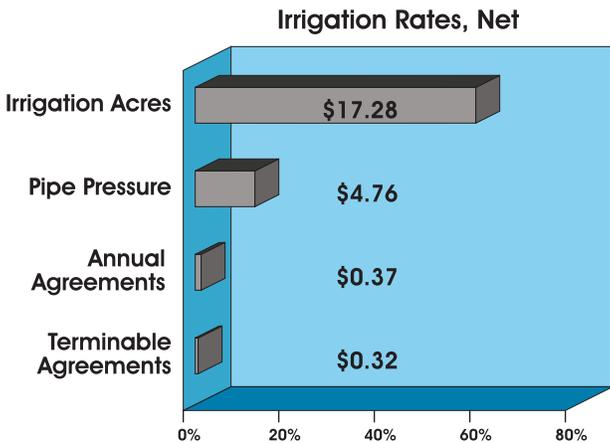
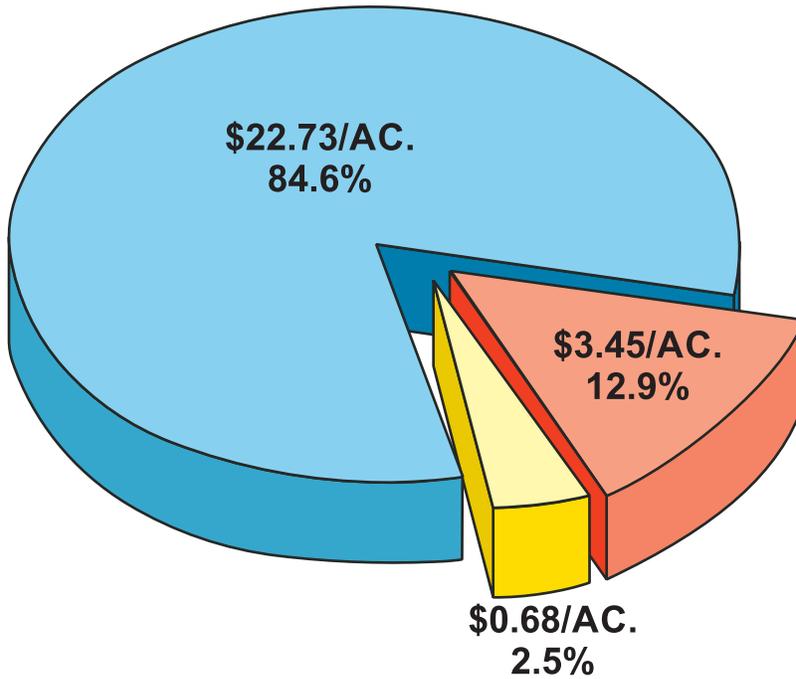


Provision	\$11.61
Maintenance	7.86
Admin. / General	5.03
Water Delivery	3.18
Engineering	0.10
Equipment Pool	-2.61
<b>Cost / Acre</b>	<b><u>\$25.17</u></b>



# NET REVENUE / ACRE

Based on Total of Classified, Terminable, and Annual Agreement Acres Assessed (198,157.7 Acres)



Irrigation Rates, Net of Discounts	\$22.73
Water Agreements	3.45
Miscellaneous Income	<u>0.68</u>
<b>Operating Revenue</b>	<b>26.86</b>
Less: District Expense	<u>-25.17</u>
<b>Surplus</b>	<b><u><u>\$1.69</u></u></b>



Year	Water Sent Through LNID Diversion by Alberta Environment (ac.ft.) *(includes other licences)	Percent of Total Licences	Return Flow & Other Losses (acft)
1980	133,767	38.7%	
1981	132,956	38.5%	
1982	142,685	41.3%	
1983	153,224	44.3%	
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	55.5%	
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%	~ 47,000
2000	263,413	76.2%	~ 49,000
2001	308,236	89.2%	~ 52,000
2002	112,143	32.5%	~ 38,000
2003	201,812	58.4%	~ 50,000
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
2019	207,086	59.9%	21,365
2020	167,486	48.5%	22,486
2021	272,129	78.8%	18,926
<b>Total of LNID Licences</b>	<b>334,450.0 AC.FT.</b>		
<b>Total of Private Licences</b>	<b>11,042.5 AC.FT.</b>		
<b>Total of All Licences</b>	<b>345,492.5 AC.FT.</b>		

# **FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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



KPMG LLP  
3410 Fairway Plaza Road South  
Lethbridge AB T1K 7T5  
Canada  
Tel 403-380-5700  
Fax 403-380-5760

## 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, 2021
- the statement of operations and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules 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, 2021, 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, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Lethbridge, Canada

April 5, 2022

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2021**

	GENERAL OPERATIONS	IRRIGATION WORKS	2021 TOTAL	2020 TOTAL
<b>CURRENT ASSETS</b>				
Cash	\$ 5,936,125	\$ 1,134,216	\$ 7,070,341	\$ 3,299,086
Short term investments (Note 3)	4,060,392	515,411	4,575,803	9,826,179
Accounts receivable (Note 4)	97,561	1,089,832	1,187,393	130,545
Prepaid expenses and deposits	175,132	-	175,132	222,034
Inventory	684,014	-	684,014	395,258
Due from general operations	-	8,055,582	8,055,582	10,929,339
	<u>10,953,224</u>	<u>10,795,041</u>	<u>21,748,265</u>	<u>24,802,441</u>
Long term investments (Note 5)	-	29,778,266	29,778,266	26,607,022
Capital assets (Note 8)	2,387,394	134,115,075	136,502,469	128,451,397
	<u>\$ 13,340,618</u>	<u>\$ 174,688,382</u>	<u>\$ 188,029,000</u>	<u>\$ 179,860,860</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities (Note 6)	\$ 425,612	\$ 1,476,081	\$ 1,901,693	\$ 3,950,693
Deferred revenue (Note 13)	30,770	21,935	52,705	80,050
Construction costs and holdbacks payable (Note 14)	-	21,946	21,946	86,113
Water right deposits (Note 15)	-	401,235	401,235	2,911,310
Construction contributions (Note 15)	-	677,134	677,134	4,857,529
Due to irrigation works	8,055,582	-	8,055,582	10,929,339
	<u>8,511,964</u>	<u>2,598,331</u>	<u>11,110,295</u>	<u>22,815,034</u>
Long-term debt (Note 7)	-	595,786	595,786	-
	<u>8,511,964</u>	<u>3,194,117</u>	<u>11,706,081</u>	<u>22,815,034</u>
<b>FUND BALANCES</b>				
Capital (Note 8)	2,387,394	133,519,289	135,906,683	128,451,397
General Fund operating (Note 10)	2,441,260	-	2,441,260	1,722,708
Irrigation Works Fund: (Note 9)				
District Irrigation Works fund	-	48,390,021	48,390,021	37,948,683
Alberta (IRP) Cost-Sharing	-	(10,994,146)	(10,994,146)	(11,610,062)
District pump fund (Schedule 3)	-	579,101	579,101	533,100
	<u>4,828,654</u>	<u>171,494,265</u>	<u>176,322,919</u>	<u>157,045,826</u>
	<u>\$ 13,340,618</u>	<u>\$ 174,688,382</u>	<u>\$ 188,029,000</u>	<u>\$ 179,860,860</u>

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

**COMMITMENTS (Note 16)**

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT  
STATEMENT OF OPERATIONS AND FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	GENERAL OPERATIONS	IRRIGATION WORKS	2021 TOTAL	2020 TOTAL
<b>REVENUE</b>				
Water earnings:				
Irrigation rates (Note 11)	\$ 4,611,142	\$ -	\$ 4,611,142	\$ 4,353,252
Conveyance of excess and domestic water	683,688	-	683,688	617,546
Penalties	2,326	-	2,326	3,714
	<u>5,297,156</u>	<u>-</u>	<u>5,297,156</u>	<u>4,974,512</u>
Less: Discounts	107,779	-	107,779	102,038
	<u>5,189,377</u>	<u>-</u>	<u>5,189,377</u>	<u>4,872,474</u>
Lease revenue, net	67,559	-	67,559	56,101
Interest earnings	52,433	-	52,433	145,298
Miscellaneous	14,134	-	14,134	8,058
Pump fund revenues (Schedule 3)	-	812,121	812,121	397,562
Irrigation works fund revenues (Note 9)	-	22,006,728	22,006,728	9,938,460
Unrealized gain (loss) on financial instruments	-	(220,317)	(220,317)	1,931,129
	<u>5,323,503</u>	<u>22,598,532</u>	<u>27,922,035</u>	<u>17,349,082</u>
<b>EXPENSES</b>				
Operating expenses (Schedule 1)	2,687,817	-	2,687,817	2,101,643
Pump fund expenses (Schedule 3)	-	766,120	766,120	364,477
Consulting fees (recovered), net (Note 9)	-	(227,687)	(227,687)	214,419
Cost of land and buildings sold (Note 8)	-	2,580	2,580	148
Amortization of irrigation works (Note 8)	-	5,230,590	5,230,590	4,785,225
Write off of irrigation works (Note 8)	-	-	-	227,858
Non-capital irrigation works expenses (Note 9)	-	185,522	185,522	64,409
	<u>2,687,817</u>	<u>5,957,125</u>	<u>8,644,942</u>	<u>7,758,179</u>
Excess of revenue over expenses	2,635,686	16,641,407	19,277,093	9,590,903
Interfund transfer - Provision for irrigation works	(2,300,000)	2,300,000	-	-
Fund surplus	335,686	18,941,407	19,277,093	9,590,903
Fund balances, beginning of year	4,492,968	152,552,858	157,045,826	147,454,923
Fund balances, end of year	<u>\$ 4,828,654</u>	<u>\$ 171,494,265</u>	<u>\$ 176,322,919</u>	<u>\$ 157,045,826</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, 2021**

	GENERAL OPERATIONS	IRRIGATION WORKS	2021 TOTAL	2020 TOTAL
Cash provided by (used for) the following activities:				
<b>Operating activities:</b>				
Excess of revenue over expenses	\$ 2,635,686	\$ 16,371,369	\$ 19,007,055	\$ 9,590,903
Items not involving cash:				
Unrealized loss (gain) on financial instruments	-	220,317	220,317	(1,931,129)
Amortization (Note 8, Schedule 1)	452,389	5,230,590	5,682,979	5,243,921
Loss (gain) on disposal of capital assets	(5,865)	-	(5,865)	11,747
Loss on disposal of land and building	-	2,580	2,580	148
Write off of irrigation works (Note 8)	-	-	-	227,858
	<u>3,082,210</u>	<u>21,824,856</u>	<u>24,907,066</u>	<u>13,143,448</u>
<b>Change in non-cash working capital balances:</b>				
Accounts receivable	(47,786)	(1,009,062)	(1,056,848)	1,539,190
Prepaid expenses and deposits	46,902	-	46,902	24,218
Inventory	(288,756)	-	(288,756)	120,524
Accounts payable and accrued liabilities	(27,966)	(2,021,034)	(2,049,000)	3,159,886
Construction costs and holdbacks payable	-	(64,167)	(64,167)	53,266
Deferred revenue	(17,480)	(9,865)	(27,345)	(22,534)
Water right deposits	-	(2,510,075)	(2,510,075)	(3,256,144)
Construction contributions	-	(4,180,395)	(4,180,395)	4,135,889
Due to irrigation works / from general operations	(2,873,757)	2,873,757	-	-
	<u>(3,208,843)</u>	<u>(6,920,841)</u>	<u>(10,129,684)</u>	<u>5,754,295</u>
<b>Investing activities:</b>				
Purchase of capital assets	(75,246)	-	(75,246)	(748,165)
Proceeds from disposal of capital assets	11,588	-	11,588	99,258
Additions to irrigation works	-	(13,397,070)	(13,397,070)	(14,989,638)
Decrease in investments	-	(3,391,561)	(3,391,561)	(725,190)
	<u>(63,658)</u>	<u>(16,788,631)</u>	<u>(16,852,289)</u>	<u>(16,363,735)</u>
<b>Financing activities:</b>				
Proceeds from long-term debt (Note 7)	-	595,786	595,786	-
<b>Interfund transfers:</b>				
Provision for irrigation works	(2,300,000)	2,300,000	-	-
Increase (decrease) in cash and cash equivalents	(2,490,291)	1,011,170	(1,479,121)	2,534,008
Cash and cash equivalents, beginning of year	12,486,808	638,457	13,125,265	10,591,257
Cash and cash equivalents, end of year	<u>\$ 9,996,517</u>	<u>\$ 1,649,627</u>	<u>\$ 11,646,144</u>	<u>\$ 13,125,265</u>
<b>Cash and cash equivalents comprise:</b>				
Cash	\$ 5,936,125	\$ 1,134,216	\$ 7,070,341	\$ 3,299,086
Short term investments	4,060,392	515,411	4,575,803	9,826,179
	<u>\$ 9,996,517</u>	<u>\$ 1,649,627</u>	<u>\$ 11,646,144</u>	<u>\$ 13,125,265</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, 2021

### 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 elected to carry fixed income securities including bonds and similar financial instruments at fair value. Changes in fair value are recognized in the statement of operations and changes in fund balances in the period incurred.

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.

i) Change in accounting policy:

On January 1, 2021, the District elected to carry fixed income securities including bonds and similar financial instruments at fair value with retrospective application. There was no effect on the carrying value of these financial instruments on the statement of financial position and this has not resulted in any change to opening fund balances or excess of revenue over expenses for 2020.

**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:

<b>General Operations:</b>	2021	2020
ATB Notice Demand Accounts		
31 days @ 0.80% (2020 @ 0.80%)	\$ 515,116	\$ 303,414
60 days @ 0.90% (2020 @ 0.90%)	707,046	1,542,245
90 days @ 1.00% (2020 @ 1.00%)	2,838,230	7,520,091
	4,060,392	9,365,750
 <b>Irrigation Works:</b>		
ATB Notice Demand Accounts (Pump Fund)		
90 days @ 1.00% (2020 @ 1.00%)	494,793	439,925
 ATB High Interest Savings		
Dec. 31, 2021 @ 0.55% (2020 @ 0.60%)	20,618	20,504
	515,411	460,429
 Total Short Term Investments	\$ 4,575,803	\$ 9,826,179

**Note 4 Accounts Receivable**

<b>General Operations:</b>	2021	2020
Water rates and charges	\$ 97,555	\$ 47,502
Other	6	2,273
	97,561	49,775
<b>Irrigation Works:</b>		
Construction contribution charges	1,088,707	23,287
Pump surcharges	1,125	57,483
	1,089,832	80,770
Total Accounts Receivable	\$ 1,187,393	\$ 130,545

**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:

	2021	2020
<b>Equity Investments:</b>		
RBC Dominion Securities, at fair value	\$ 5,129,605	\$ 4,591,912
ATB Investor Services, at fair value	21,657,617	19,267,536
<b>Fixed Income:</b>		
RBC Dominion Securities, 1.75% to 5.85% bonds, maturities from 2024 to 2051, at fair value	2,991,044	2,747,574
Total Long Term Investments	\$ 29,778,266	\$ 26,607,022

**Note 6 Accounts Payable and Accrued Liabilities**

Included in accounts payable are outstanding government remittances payable of \$49,177 (2020 - \$53,835).

## Note 7 Long-Term Debt & Operating Loan

The District has a credit facility with ATB Financial to help finance operations and Canada Infrastructure Bank (CIB) to help finance modernization projects. In accordance with By-Law #616-2020, the prevailing rate of interest is set by ATB Financial and is authorized to a maximum of \$5,000,000 (2020 - \$5,000,000) and CIB is authorized to a maximum of \$12,650,000. The ATB Financial actual interest rate floats at 1.00% above the bank prime interest rate and the amount outstanding as at December 31, 2021 was \$Nil (2020 - \$Nil). The ATB Financial prime interest rate was 2.45% on December 31, 2021 (2020 - 2.45%).

On December 18, 2020, the District entered into a Funding Agreement with Irrigating Alberta Inc., (the "SPV"- Special Purpose Vehicle) a related party of which the District has a pro-rata value of common shares. The SPV is a joint vehicle that has negotiated sources of funds to be made available to ten Irrigation Districts. The District funds negotiated by the SPV for projects amounting to \$25,300,000 will be funded as follows: 30% (\$7,590,000) of the funding is from a grant from the Province of Alberta; and 50% (\$12,650,000) of the funding is from a loan from Canadian Infrastructure Bank ("CIB"); and the remaining 20% (\$5,060,000) of the funding is from contributions by the District made by way of direct satisfaction of Applicable Project Costs.

The maximum amount of funds available to be borrowed by the District from SPV is \$12,650,000 at 1.0% per annum for 35 years, to be repaid with Incremental Revenues. The outstanding balance as at December 31, 2021 was \$595,786 (2020 - \$Nil).

Security on the SPV loan is a General Security Agreement on Incremental Revenues which includes the annual amount from capital asset charges levied on additional irrigation acres added to the District as a result of the New Assets ("Additional Acres"), the irrigation rates received on Additional Acres plus all other rates, charges, surcharges, fees or other operating revenues collected from Additional Acres and construction contributions for existing acres for the applicable Projects ("Incremental Revenues"), a limited recourse guarantee in favour of CIB equal to the District's share of the SPV's obligations to CIB and a pledge in favour of CIB for any equity or similar interests the District has in the SPV.

## Note 8 Capital Assets

a) General Operations:	2021			2020
	Cost	Amortization	Net	Net
Computer	\$ 333,755	\$ 250,772	\$ 82,983	\$ 104,003
Automotive	1,717,435	1,072,017	645,418	811,399
Power	3,579,416	2,264,265	1,315,151	1,547,236
Other	885,665	541,823	343,842	307,622
	<u>6,516,271</u>	<u>4,128,877</u>	<u>2,387,394</u>	<u>2,770,260</u>
b) Irrigation Works:				
Completed irrigation works	218,080,711	87,433,921	130,646,790	122,122,889
Buildings	3,590,177	992,003	2,598,174	2,685,559
Land	870,111	-	870,111	872,689
	<u>222,540,999</u>	<u>88,425,924</u>	<u>134,115,075</u>	<u>125,681,137</u>
Total Capital Assets	<u>\$ 229,057,270</u>	<u>\$ 92,554,801</u>	<u>\$ 136,502,469</u>	<u>\$ 128,451,397</u>

Irrigation Works:	2021	2020
Irrigation works, beginning of year	\$ 208,876,471	\$ 194,126,831
Additions to irrigation works	<u>13,667,108</u>	<u>14,989,638</u>
	<u>222,543,579</u>	<u>209,116,469</u>
Deduct:		
Cost of land and building sold	2,580	148
Cost of irrigation works written off	<u>-</u>	<u>239,850</u>
	<u>2,580</u>	<u>239,998</u>
Irrigation works, end of year	<u>222,540,999</u>	<u>208,876,471</u>
Amortization of irrigation works, beginning of year	<u>83,195,334</u>	<u>78,422,101</u>
Add:		
Amortization of irrigation works	<u>5,230,590</u>	<u>4,773,233</u>
Amortization of irrigation works, end of year	<u>88,425,924</u>	<u>83,195,334</u>
Irrigation Works, net book value	<u>134,115,075</u>	<u>125,681,137</u>
Deduct:		
Funding by Long-Term Debt	<u>595,786</u>	<u>-</u>
	<u>\$ 133,519,289</u>	<u>\$ 125,681,137</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 2021 and amount to \$4,418,539 (2020 - \$11,227,846).

## Note 9 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:

	2021			2020
	District	Alberta (IRP) Cost-Sharing	Total	Total
Fund balance, beginning of year	\$ 37,948,683	\$ (11,610,062)	\$ 26,338,621	\$ 26,237,498
Add:				
Contributions received from Alberta Agriculture and Forestry	366,001	1,326,734	1,692,735	1,171,948
Interest earnings and realized gains	3,397,051	1	3,397,052	682,605
Contributions for new parcels and irrigation works	10,267,161	-	10,267,161	2,062,778
Proceeds from sale of irrigation works	6,649,780	-	6,649,780	6,021,129
Transfer from District to Province of Alberta Cost-Sharing	(442,245)	442,245	-	-
Total Irrigation Works Fund revenues	20,237,748	1,768,980	22,006,728	9,938,460
Unrealized gain on investments	(220,317)	-	(220,317)	1,931,129
Interfund transfers	2,300,000	-	2,300,000	3,500,000
Proceeds from debt funding	595,786	-	595,786	-
Total additions	22,913,217	1,768,980	24,682,197	15,369,589
	60,861,900	(9,841,082)	51,020,818	41,607,087
Deduct:				
Additions to irrigation works, Schedule 2	12,514,044	1,153,064	13,667,108	14,989,638
Consulting fees (recovered), net	(227,687)	-	(227,687)	214,419
Other expenses from Irrigation Works Fund	185,522	-	185,522	64,409
Total deductions	12,471,879	1,153,064	13,624,943	15,268,466
Fund balance, end of year	\$ 48,390,021	\$ (10,994,146)	\$ 37,395,875	\$ 26,338,621

## Note 10 General Operations Fund

a) General Fund operating:	<u>2021</u>	<u>2020</u>
General Fund operating, beginning of year	\$ 1,722,708	\$ 2,420,884
Adjustments to capital assets, net	382,866	(178,464)
Revenue over expenses allocated	2,635,686	2,980,288
Transfer to irrigation works fund from general operations	<u>(2,300,000)</u>	<u>(3,500,000)</u>
General Fund operating, end of year	<u>\$ 2,441,260</u>	<u>\$ 1,722,708</u>

b) The General Operations Fund is comprised of:

	<u>2021</u>	<u>2020</u>
General Fund operating	\$ 2,441,260	\$ 1,722,708
General Fund capital	<u>2,387,394</u>	<u>2,770,260</u>
Total	<u>\$ 4,828,654</u>	<u>\$ 4,492,968</u>

## Note 11 Irrigation Rates

		<u>2021</u>	<u>2020</u>
193,918.9	irrigation acres @ \$18.00/acre (2020 – 190,852.8 ac. @ \$17.50)	\$ 3,490,540	\$ 3,339,924
1,027.5	irrigation acres – 76 parcels @ \$540.00/parcel minimum (2020– 1,027.5 ac. – 76 parcels @ \$525.00)	41,040	39,900
173.0	dryland terminable acres @ \$28.00/acre (2020 – 273.0 ac. @ \$27.00)	4,844	7,371
55.0	dryland terminable acres – 4 parcels @ \$540.00/parcel minimum (2020 – 55.0 ac. – 4 parcels @ \$525.00)	2,160	2,100
1,941.8	restricted terminable acres @ \$28.00/acre (2020 – 1,941.8 ac. @ \$27.00)	54,369	52,429
23.6	restricted terminable acres – 2 parcels @ \$540.00/parcel minimum (2020 – 23.6 ac. – 2 parcels @ \$525.00)	1,080	1,050
-	pipeline pressure delivery charge	<u>944,162</u>	<u>850,803</u>
<u>197,139.8</u>	(2020 – 194,173.7)	4,538,195	4,293,577
	Less: reclassification credits & rebates	<u>102</u>	<u>100</u>
		<u>4,538,093</u>	<u>4,293,477</u>
	Add: annual agreements		
797.6	annual acres @ \$65.00/acre (2020 –678.6 ac. @ \$60.00)	51,844	40,716
220.3	annual acres – 31 parcels @ \$650.00/parcel minimum (2020 – 211.0 ac. – 30 parcels @ \$600.00)	20,150	18,000
-	pipeline pressure delivery charge	<u>1,055</u>	<u>1,059</u>
<u>1,017.9</u>	(2020 –889.6)	<u>73,049</u>	<u>59,775</u>
<u><u>198,157.7</u></u>	(2020 – 195,063.3)	<u><u>\$ 4,611,142</u></u>	<u><u>\$ 4,353,252</u></u>

## Note 12 Local Authorities Pension Plan (LAPP)

The District is required to make current service contributions to the LAPP of 9.39% (2020 - 9.39%) of pensionable earnings up to the Canada Pension Plan Years' Maximum Pensionable Earnings and 13.84% (2020 - 13.84%) for the excess. The employee contributions are based on rates of 8.39% (2020 - 8.39%) and 12.84% (2020 - 12.84%) respectively.

Total current service contributions by the District to the LAPP in 2021 were \$180,951 (2020 - \$190,065). Total current service contributions by the District employees in 2021 were \$164,676 (2020 - \$168,600).

At December 31, 2020, the LAPP served about 275,863 people (2019 - 274,151) and 433 employers (2019 - 420) and it disclosed an actuarial surplus of \$5.0 billion (2019 - surplus of \$7.91 billion).

## Note 13 Deferred Revenue

<b>General Operations:</b>	<u>2021</u>	<u>2020</u>
Prepaid water fees	\$ 30,770	\$ 48,250
	<u>30,770</u>	<u>48,250</u>
<b>Irrigation Works:</b>		
Sale of Land	10,535	-
Water Access Fee	11,400	31,800
	<u>21,935</u>	<u>31,800</u>
Total Deferred Revenue	<u>\$ 52,705</u>	<u>\$ 80,050</u>

## Note 14 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 15 Water Right Deposits and Construction Contributions

During 2021, the District received deposits related to capital assets (water rights) for the Type "D", Applications, converting some Annual Irrigation Agreements to permanent irrigation acres, for parcels that currently have water rights. The deposits are recognized as revenue in the Irrigation Works Fund, as proceeds from sale of irrigation works. In addition, the District received deposits during 2021 related to construction contributions for capital projects scheduled to commence in subsequent years. Included in the 2021 deposits are construction contributions for the Lateral H1 Phase 2 and Lateral J1 Pipeline Projects.

## Note 16 Commitments

The District has commitments as at December 31, 2021 of \$414,534 (2020 - \$1,181,973), in respect of uncompleted work and supply of materials under contract.

## Note 17 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). There has been no change to the risk exposure from 2020.

### b) Currency Risk:

The District is exposed to currency risk as its investment portfolio includes investments in foreign equities. The risk associated is reduced as the District invests in foreign content according to its investment policy. There has been no change to the risk exposure from 2020.

### 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. There has been no change to the risk exposure from 2020.

### 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. There has been no change to the risk exposure from 2020.

## Note 18 Comparative Information

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

## Note 19 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, 2021**

Schedule 1

	2021					2020
	EQUIPMENT POOL	MAINTENANCE OF IRRIGATION WORKS	WATER DELIVERY	ENGINEERING	ADMINISTRATION AND GENERAL	TOTAL
Salaries and wages	\$ 504,753	\$ 787,302	\$ 231,476	\$ 313,272	\$ 755,631	\$ 2,593,006
Equipment expense	(34,786)	565,688	165,825	7,882	8,450	586,656
Employee benefits	69,986	134,645	75,020	72,141	128,184	486,246
Amortization of equipment	331,483	80,384	1,262	26,552	12,708	458,696
Materials and supplies	8,246	159,894	2,042	3,459	9,436	212,406
Vegetation, weed and pest control	-	(15,607)	133,366	-	-	186,238
Buildings and grounds	12,010	12,246	1,168	22,969	25,027	76,431
Association fees and dues	-	-	-	903	60,965	61,474
Board of Directors fees and expenses	-	-	-	-	58,425	73,211
Equipment rental	2,771	47,031	1,817	276	1,717	58,986
Contracted services	-	-	536	12,304	27,140	33,324
Professional fees	-	-	-	14,947	12,013	58,283
Telephone	1,693	3,335	6,363	7,250	5,901	23,120
Pumps and control structures	-	8,374	13,381	-	-	23,134
Crop and flood damage	-	18,384	-	-	-	624
Advertising and public relations	26	52	499	903	7,291	16,924
Insurance	-	-	-	-	4,775	3,969
Staff training and conferences	860	590	-	-	753	2,638
Travel	90	630	111	226	551	2,363
Interest and bank charges	-	-	-	-	1,588	1,152
Easement rental	-	567	-	-	-	569
(Gain) loss on disposal of equipment	(2,946)	(3,648)	386	165	178	11,747
Miscellaneous	443	289	60	155	3,430	4,495
	<u>894,629</u>	<u>1,800,156</u>	<u>633,312</u>	<u>483,404</u>	<u>1,124,163</u>	<u>4,935,664</u>
<b>Recoveries:</b>						
Equipment	(1,349,403)	(35,079)	-	(75,124)	(2,321)	(1,934,235)
Labour (including benefits)	(53,810)	(205,655)	-	(382,537)	(94,530)	(861,075)
Custom work	(7,864)	(1,435)	-	(6,500)	(31,122)	(75,517)
Pumps	-	-	(2,467)	-	-	(3,222)
	<u>(1,411,077)</u>	<u>(242,169)</u>	<u>(2,467)</u>	<u>(464,161)</u>	<u>(127,973)</u>	<u>(2,247,847)</u>
<b>Total 2021</b>	<u>\$ (516,448)</u>	<u>\$ 1,557,987</u>	<u>\$ 630,845</u>	<u>\$ 19,243</u>	<u>\$ 996,190</u>	<u>\$ 2,687,817</u>
<b>Total 2020</b>	<u>\$ (784,580)</u>	<u>\$ 1,290,906</u>	<u>\$ 607,099</u>	<u>\$ (10,095)</u>	<u>\$ 998,313</u>	<u>\$ 2,101,643</u>

**LETHBRIDGE NORTHERN IRRIGATION DISTRICT  
SCHEDULE OF IRRIGATION WORKS CAPITAL EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>DISTRICT</u>	<u>ALBERTA (IRP) COST-SHARING</u>	<u>2021 TOTAL</u>	<u>2020 TOTAL</u>
<b>External Goods and Services</b>				
Materials and supplies	\$ 5,172,064	\$ 266,298	\$ 5,438,362	\$ 9,688,085
Contract services				
Construction	4,793,620	463,731	5,257,351	2,145,214
Engineering	555,171	4,817	559,988	452,855
Land acquisition costs	53,496	100	53,596	55,287
<b>Internal (District) Goods and Services</b>				
Labour recoveries (including benefits)				
Engineering	458,497	33,042	491,539	330,729
Construction	184,272	75,520	259,792	340,122
Right-of-way	115,772	5,028	120,800	63,543
Equipment recoveries	1,181,152	304,528	1,485,680	1,913,803
<b>Totals 2021</b>	<u>\$ 12,514,044</u>	<u>\$ 1,153,064</u>	<u>\$ 13,667,108</u>	
<b>Totals 2020</b>	<u>\$ 6,858,125</u>	<u>\$ 8,131,513</u>		<u>\$ 14,989,638</u>

Schedule 3

LETHBRIDGE NORTHERN IRRIGATION DISTRICT  
 SCHEDULE OF PUMP FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Keho/Barons	Piyami	Keho East	Barons West 2	2021 TOTAL	2020 TOTAL
Fund balance, beginning of year	\$ 353,981	\$ 110,952	\$ 68,167	\$ -	\$ 533,100	\$ 500,015
Add:						
Assessments - pump and electrical	352,377	118,107	223,952	109,658	804,094	387,672
Investment income	2,745	727	164	(209)	3,427	7,864
Penalties	4,600	-	-	-	4,600	2,026
Total additions	359,722	118,834	224,116	109,449	812,121	397,562
	713,703	229,786	292,283	109,449	1,345,221	897,577
Deduct:						
Electrical	330,356	105,610	208,078	94,640	738,684	349,542
Maintenance	1,891	24,497	1,048	-	27,436	14,935
Total deductions	332,247	130,107	209,126	94,640	766,120	364,477
Fund balance, end of year	\$ 381,456	\$ 99,679	\$ 83,157	\$ 14,809	\$ 579,101	\$ 533,100



**LETHBRIDGE NORTHERN IRRIGATION DISTRICT**

**2021 ANNUAL GENERAL MEETING**

**Picture Butte Community Centre**

**April 21, 2022**

**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 2020 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, NOVEMBER 23, 2021**

The 2020 Annual General Meeting was held on Tuesday, November 23, 2021 at the Coalhurst & District Community Centre, commencing at 1:30 p.m.

**PRESENT**

21 Water Users, 5 Board members representing the Water Users and 7 LNID staff. In addition, the following attended: **Irrigation Council:** Mark Miyanaga; **Irrigation Secretariat:** Jennifer Nitschelm; **ATB Financial:** Jacy Rapke, Janice Hupper; **ATB Securities Inc.:** Sherry Davis; **KPMG LLP:** Dan Bosters.

**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:**

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

**AGENDA APPROVAL:**

John Vandenberg asked for any additions/deletions/changes to the Agenda. There were none.

Motion by Evert Van Essen, seconded by Jack Puurveen to adopt the Agenda as presented. **CARRIED**

**MINUTES OF 2019 ANNUAL GENERAL MEETING:**

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

Motion by Klaas Slomp, seconded by Peter Bos to approve the Minutes of the 2019 – 99<sup>th</sup> Annual General Meeting as presented. **CARRIED**

**BUSINESS ARISING OUT OF MINUTES**

John Vandenberg called for any business arising out of 2019 Minutes: No items were raised.

## **CHAIRMAN'S REPORT**

---

John Vandenberg, Chairman of the Board of Directors, presented the Chairman's Report which included information on completed and future projects, IRP Financing, long term lease with PepsiCo Canada ULC, etc. He thanked the construction crew for its work. J. Vandenberg stated that the construction crew was delayed a month in starting the 2021 construction season due to pipe delivery.

J. Vandenberg stated that in September 2021, Chris Gallagher was hired to the position of Executive Assistant, with the intention that he will assume the General Manager's position when Alan Harrold retires.

J. Vandenberg asked for questions arising from the Chairman's report. There were none.

Motion by Peter Kooy, seconded by Hugo Van Liere to adopt the Chairman's Report as presented.

**CARRIED**

## **GENERAL MANAGER'S REPORT**

---

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

A.L. Harrold presented details on the following items: District Expansion, Moratorium on Water Right Applications, Canal Bank: Sprinkling & Heavy Loads, On-Farm Water Storage, requests to extend the date that water delivery is available in the fall, Staffing and the outlook for the future.

A.L. Harrold asked for questions arising from the General Manager's Report.

- ❖ Stephen Van Essen asked if the District had any commitment to expansion in regards to the Alberta Government's new program.

A.L. Harrold stated that the initial scope of the Alberta Irrigation Modernization (AIM) Program was to get Albertans back to work. The scope was then changed to emphasize expansion. The District submitted projects already on its 10 Year Capital Projects Plan listing seepage acres, backfilling of ditches and obvious water saved.

Funding from the Government of Alberta and financing through the Canada Infrastructure Bank (CIB) has to fit within the criteria of the District's By-Law #441-2009 – District Expansion.

- ❖ Stephen Van Essen asked if the Board had water quality concerns on coal mining projects.

A.L. Harrold stated that the Board did not submit any comments on the coal mining situation. He stated that the Oldman Watershed Council (OWC) submitted an impartial report. A.L. Harrold stated that water quality is of great importance to the Board.

- ❖ Wilf Scholten asked how the Board can approve new expansion acres if it has already had to reduce the water allocation to existing irrigation acres. Do those expansion acres receive the same amount of water?

A.L. Harrold stated that when a landowner buys water rights for a parcel, those irrigation acres are subject to the same rules and privileges as those acres purchased in 1930. He stated that primarily due to on-farm low pressure drop tube irrigation systems, the District is irrigating more acres with less water.

A.L. Harrold stated that like all irrigation districts, the LNID is subject to water from the available snow in the mountains. The Board decided due to the Snow Pack and water levels in 2021 it was better to initially reduce the water allocation to 12 inches per irrigation acre, and then increase it as the conditions improved, rather than risk having to decrease the allocation if the conditions did not improve.

A.L. Harrold stated that the Board reviewed a Three (3) Phase *Water Right Application-Proposed Control Process* as prepared by District staff, approving Phase 1 (converting Annual & Alternate Agreements to permanent water rights) and Phase 2 (fill-in acres on existing irrigation parcels). The Board has deferred the decision on Phase 3 (dryland expansion acres) until November 2022.

❖ Lauren Eremenko asked if the District has investigated carbon credits.

A.L. Harrold stated that the District did investigate the Alberta Government's Agriculture carbon offsets program years ago when first announced. The District is not eligible to apply for carbon offsets as it is not the owner of the land. The District will monitor the situation to determine if there are any changes to the program.

Motion by Klaas Slomp, seconded by Jack Puurveen to adopt the General Manager's Report as presented. **CARRIED**

## **DISTRICT ENGINEER'S REPORT**

---

Chris Gallagher, P.Eng., Executive Assistant, presented the District Engineer's Report. He acknowledged the service of Shane Eyre, P. Eng., previous Acting District Engineer, and stated that S. Eyre's help in the transition was appreciated and very helpful.

C. Gallagher stated that Jeremy Chiu was hired to the position of Project Design Engineer, E.I.T., in June 2020 and Shawn Fontaine was hired to the position of Survey Technician in 2021.

C. Gallagher reviewed the Irrigation Rehabilitation Program (IRP) and Irrigation Works Reserve (IWR) programs. He stated that the Alberta Irrigation Modernization (AIM) Program was funded by a 30% Government Grant, 50% Canada Infrastructure Bank (CIB) Loan and 20% Landowner Construction Contribution.

C. Gallagher asked for any questions arising from the report.

❖ Stephen Van Essen asked if the District has plans for repairs to existing pipeline inlet structures.

C. Gallagher stated that District operations' staff is identifying pipeline inlet structures that have service issues that may require refurbishing and updating to ensure an acceptable level of service and reliability to the landowners.

- ❖ Stephen Van Essen asked if the District is considering modernizing inlet structures.

C. Gallagher stated that the Board has discussed the status of the District's inlet structures. It is important that landowners notify the District if they are experiencing problems so issues can be rectified. C. Gallagher stated that the District is reviewing the entire system to determine problems, the cause and then work to a solution to ensure the District is operating at an acceptable level of efficiency.

John Vandenberg thanked Chris Gallagher for his assistance on the Walk On The Wild Side Society (WOWS) project at the Picture Butte Reservoir.

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

## **OPERATIONS & MAINTENANCE REPORT**

---

Garth Fischer, Water Master West–Nobleford, presented the Operations and Maintenance Report.

G. Fischer asked for any questions arising from the report. There were none.

Motion by Jack Puurveen, seconded by Peter Kooy to adopt the Operations & Maintenance Report as presented. **CARRIED**

## **FINANCIAL REPORT**

---

John Vandenberg welcomed Dan Bosters, CA, Senior Manager, KPMG LLP, to the Meeting. D. Bosters presented the District's Financial Statements reviewing the *Independent Auditors' Report*, the *Statement of Financial Position*, COVID-19 market fluctuations, and highlights of the *Notes & Schedules*.

J. Vandenberg asked if there were any questions arising from the report. There were none.

Motion by Peter Kooy, seconded by Wilf Scholten to adopt the Financial Statements as presented. **CARRIED**

## **OTHER BUSINESS ARISING FROM THE REPORTS**

---

John Vandenberg, Chairman, asked if there was any other business arising from the reports presented.

- ❖ Dave Clifton, NW & Pt. NE 23-09-22-4 (60 & 82), stated that on the back cover of the Annual Report the District has a *Water Quality Disclaimer* advising it is not responsible for water quality. He then asked why the District flushed out the main canal from Park Lake full of drifted top soil into its pipelines. D. Clifton stated that due to soil getting into the District's Lateral C12 pipeline and then into his system, his pivot collapsed resulting in a down time of two (2) weeks for repairs.

Garth Fischer stated that the strong spring winds resulted in top soil drifting into the canals. He stated that the canal was first cleaned using a backhoe. When the system was flushed some of the soil got into the pipelines. He stated that there is always going to be remnants in the pipeline, even after the system is flushed. G. Fischer stated it is important for landowners to inform District staff of any problems encountered during spring flushing of the system.

## **NEW BUSINESS**

---

John Vandenberg asked if there was any new business.

- ❖ Peter Bos reviewed *The Economic Value of Alberta's Irrigation Districts* report commissioned by the Alberta Irrigation Districts Association (AIDA) and released this date, November 23, 2021. The entire Report is available on the AIDA Website.

P. Bos reviewed the highlights of report including:

- Analysis impact from 2011 to 2018
- 560,520 hectares (1,385,070 million acres) of irrigation land in Alberta's 13 irrigation districts
- Irrigated area represents 4.4% of Alberta's cultivated land base contributing to 28% of Alberta's Agri-Food GDP
- 29 specialty crops
- Irrigation contributes \$5.4 billion to Alberta's GDP
- 46,000 Full-Time equivalent jobs to Albertans
- Every \$1 invested by the Alberta Government in irrigation districts returns \$3.56 in revenue to the province

- ❖ Evert Van Essen asked the timeline for Chris Gallagher to transition into the General Manager's position.

J. Vandenberg stated that there is no set timeline. At present C. Gallagher is concentrating on the Engineering Department with assistance from Jeremy Chiu, Project Design Engineer, E.I.T. J. Vandenberg stated that the District is looking to hire a Junior Engineering Technician.

- ❖ Evert Van Essen asked if the District is planning to return to holding the Annual General Meeting in the spring.

J. Vandenberg stated that it will be dependent on the Alberta Government's COVID-19 restrictions in place at that time.

- ❖ Evert Van Essen asked how many acres the District will be able to sell in the future due to savings from conversion to pipelines.

Alan Harrold stated that with current data available the Board could consider adding 4,000 irrigation acres at this time. He stated that with proposed projects and the resulting water savings, the District could consider adding an additional 5,000 irrigation acres in four (4) to five (5) years.

- ❖ E. Van Essen asked if that would max out the District's licences from Alberta Environment & Parks (AEP).

A.L. Harrold stated that to achieve the last Phases of the Expansion By-Law, the District must have a five (5) year rolling average of recorded return flow totalling 13,000 acre-feet or less for Phase 5 (222,000 acres) and 6,000 acre-feet or less for Phase 6 (227,000 acres.) He stated that it is a dramatic reduction and questionable if the return flows are achievable. A.L. Harrold stated that the Board does have the option to take the issue to the landowners and have them vote on changing the return flow levels stated in the By-Law.

- ❖ Lauren Eremenko asked what the District rate is for purchasing water rights.

A.L. Harrold stated that currently the District rate is \$2,500/irrigation acre.

J. Vandenberg stated that there are irrigation districts that have set the water right rate at \$3,000/irrigation acre.

- ❖ Wilf Scholten stated that all the water efficiency methods and water savings is irrelevant if the Snow Pack is not sufficient to provide the yearly allotment.

J. Vandenberg stated that the District is irrigating more acres with less water than 10 years ago. Contributing to this is the landowners becoming more efficient in irrigation systems. J. Vandenberg stated that the District has not run short on water since 1992 with the construction of the Oldman River Dam.

- ❖ Jack Puurveen stated that if a major power outage occurs, the water ends up in the Picture Butte Reservoir, threatening water users in that area.

J. Vandenberg stated that with the advancement in the District's automation system, the Water Masters and Water District Supervisors can stop the flow of water to Keho Reservoir in a timely manner. The District does have minimal storage volume in Larsen Reservoir.



### **LOCATION FOR NEXT MEETING**

---

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

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

### **ADJOURNMENT**

---

John 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 Evert Van Essen that the meeting be adjourned.

Meeting called adjourned at 2:50 p.m.