

Annual Report

EASTERN IRRIGATION DISTRICT

2013



NOTICE OF ANNUAL MEETING

TAKE NOTE that the annual meeting of the irrigators of the Eastern Irrigation District will be held on Wednesday, March 26th, 2014 at 1:30 in the afternoon at the Heritage Inn, 1217 2nd Street West, Brooks, Alberta.



The Eastern Irrigation District (EID) operates an extensive water supply, storage and drainage network. Water diverted from the Bow River at the Bassano Dam provides water for:

- Irrigated agriculture
- Household and livestock water uses
- Municipal and industrial water requirements
- Many recreational needs and enhanced environmental conditions

The EID was organized under Alberta legislation in 1935. The formation of the District made it possible for the irrigators to take over the irrigation project started by the Canadian Pacific Railway Company in the early 1900's. The vision of these early settlers and agricultural entrepreneurs has created a long-lasting and positive legacy for the region.

The EID is governed by a Board of Directors, elected from and by the irrigators in the District. The main office of the District is located in the City of Brooks.

In addition to the water management functions of the District, the EID owns and is responsible for the operation and management of large tracts of native and improved pasture lands. These lands are primarily used in support of the beef cattle industry.

The management of water and land resources is conducted with an integrated and sustainable approach. This approach allows the District and these important natural resources to act as a catalyst to support important regional economic development initiatives.

In the truest sense, water is more than agriculture. The Eastern Irrigation District is a place where "WATER WORKS WONDERS"!

Eastern Irrigation District

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Bob Chrumka (Chairman)
Division 6

Members of the Board of Directors are elected by the irrigators. The Eastern Irrigation District has adopted a practice of staggered elections, in which two directors are elected in one year, two directors are elected the next year and three directors are elected in the following year. This method of elections provides for long-term stability in the governance, administration and operation of the District.



Floyd George
Division 1



Jim Culligan
Division 2



Ross Owen
Division 3



Bruce McKellar
Division 4



Allen Nielsen (Vice-Chair)
Division 5



Carl Chomistek
Division 7

The historical flood within the Bow River Watershed in June of 2013 was a major event that produced wide spread destruction in the upper reaches, pushed the District's infrastructure to its limits and started discussions on preparing for any such future events. We are not going to eliminate the risk of events like this from reoccurring but planning to reduce the impact of any future floods is high on the Boards' agenda.

It is a marvel that a dam designed and built in the early 1900's was able to withstand the surges that were witnessed on June 21st and 22nd. Initial indications from a dam safety study indicate that the structure itself was not compromised in any way; there was some minor damage to the cement apron on the leading corner of the dam but nothing of major consequence.

Although the Bassano Dam thankfully survived the flood and the fuse plug was not affected, the Board has instructed staff to initiate engineering studies that will offer options on preparing for any possible similar events. One potential proposal of interest for these studies is a redesigned fuse system that would enhance the alternatives available should future water levels increase beyond acceptable risk heights. Debris management possibilities will also be investigated. A more detailed description of the day's events and options researched is included in

Earl Wilson's General Managers Report.

The Board does commend the Province on the expediency proposed to design and build mitigating structures within the upper watershed. The discussion of possible storage dams being constructed in the upper watershed is very positive. The opportunity to store water at any location above major licensed diversion locations on the river has been a request of the irrigation districts for some time.

The Province's initial plans to build new berms around High River and tunnels under the City of Calgary are very concerning. These may be viewed as improvements for those areas but it is those very flood plains that saved the Bassano Dam. The waters going out across the flood plains reduced the initial impact of the flow but lengthen the timeframe as the water had to recede from these areas once the flow rates subsided. The District is in discussion with the Province as to consideration of impacts on our infrastructure from any possible changes within the watershed upstream of our dam.

Although the floods were the highlight for 2013 some of the other occurrences include Bruce McKellar replacing Neil Johnson on the Board of Directors for Division 4. The Board welcomes Bruce and would like to sincerely thank Neil for his 21 years of devoted service and wish him all the best in the future.

New District lands suited for irrigation development and located in reservoir supported areas were offered through rental contracts at an auction on October 17. Quarter section parcels totalling 913 acres in Rolling Hills averaging \$94.43/acre and 377 acres in Gem area averaging \$148.33/acre were included. The resulting revenues for the EID will be approximately \$142,000 annually.

The Board and staff also reviewed the efficiencies gained in non reservoir supported regions of the District and concluded that there was some room

Bassano Dam:
Trash backing up in front of gates 1, 2 and 3



for expansion without increasing the overall risk to existing irrigation. This assessment allowed for applications to be accepted from these areas and an increase of 500 acres resulting from those applications. The District will continue to accept annual applications for those areas at the rate of 500 acres for the next three years.

Provincial program cutbacks meant that while working through budget numbers the Board and staff had to consider reductions in IRP funding of approximately \$1.5 million and a \$45,000 shortfall from the fuel tax rebate. Although these cuts are substantial, the IRP reduction was made up by previous balances in the District's IRP accounts and going forward the capital rehabilitation may need to be cut back slightly. The fuel tax credit involved an increase in the budgeted amount for the District's fuel expense.

Another interesting figure is the financial contribution that the District makes within the county region, that sum is approximately \$19 million. This total is inclusive of wages, contractors, local purchase and other such expenditures. These would have various financial multipliers added to them to calculate the actual economic impacts and benefits that ultimately results from the District's expenditures.

Directors and management have attended and

provided input at numerous venues to assist the Province in developing the South Saskatchewan Regional Plan. We strongly support the Province's claim that "This is our land, and it's up to us to ensure the aspects of this province that we enjoy are there for current and future generations". Any and all aspects of the draft that impact irrigation districts have been reviewed and scrutinized, culminating with necessary opinions put forward. Unless there are drastic unforeseen changes to the final release of this plan, we are satisfied that the District's purpose and mandate are supported throughout.

A topic of serious concern to the District is the threat of the possible introduction of an invasive species, namely Quagga and Zebra mussels. Rather than going into great detail with the limited space in this report, the Board has included a YouTube link on the District's home web page, an insert with this report and will have a presentation by an expert from the Government of Alberta at the annual meeting in March.

As 2013 closes the Board of Directors would like to thank all of the District staff for their immense contribution to the EID. Special recognition is also in order for those retiring in 2013 and in the near future as well, special thanks for your assistance in maintaining the high standards that you have helped to create.



Bassano Dam June 22, 2013 7:30pm

EID Scholarship Award Recipients



Back Row, Left to Right: Stephen Treiber, Cody Torkelson, Dennis Unruh, Justin Latrace, Adam Kaczanowski, Jordan Bain
 Center Row, Left to Right: LeAnn Wasylshen, Vanessa Rice, Kaylee Getz, Braylee Nickel, Carlie Palaschak, Cidney Stinnissen, Tyler Troidl
 Front Row, Left to Right: Sara Ketchmark, Carla Chomistek, Kaley Wolfer, Jennifer Cosh, Jalaina Jakobsen, Mallory Owen, Cassidy Latrace



Megan McCaig, Jasmine Hemsing



Erin Tateson



Larissa Plett

2013

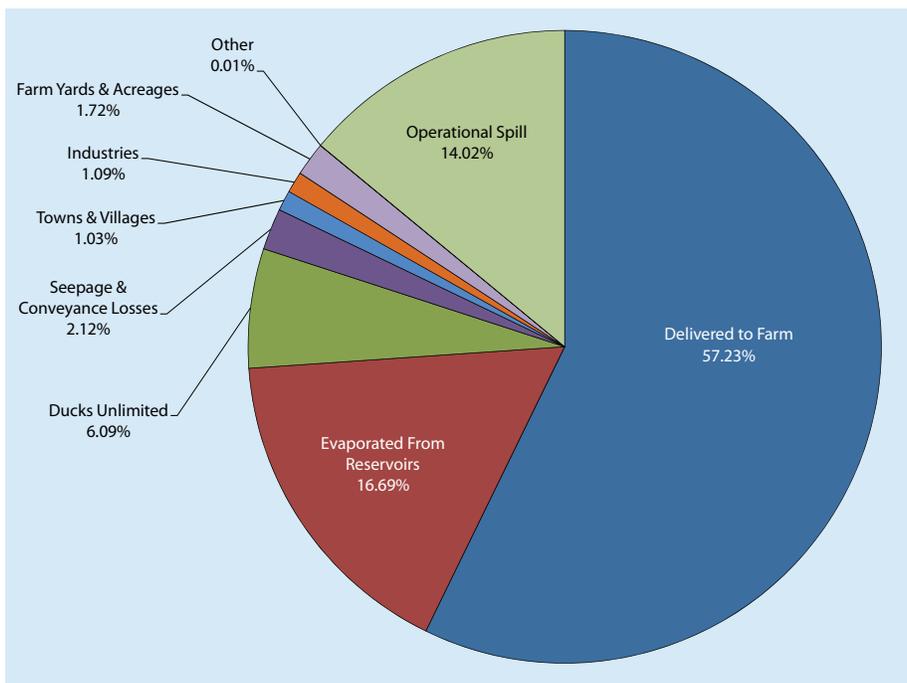


Our 2012/2013 Rehabilitation Program included 6 km of rebuilding and armouring main canals, one large cast-in-place chute drop structure, 17 km of enlarging and armouring major spillways and 27 km of PVC pipeline. The fall and winter were average

for construction and all projects were completed ahead of schedule. In the summer and early fall we continued our small drain rehabilitation project in partnership with the County of Newell, completing the Scandia project, a total of 30 km.

We had an average snow pack resulting in good river flows. With over 11" of rainfall, most in May and June, our demand for irrigation was low until July, with average demand for the rest of the season, delivering 9"/acre to the farm gate. We only diverted 383,000 acre feet (56% of our license).

Water Balance (acre feet)		
	2013	2012
Diversion	383,400	343,200
Delivered to Farm	216,000	209,000
Evaporation from Reservoirs	63,000	44,000
Ducks Unlimited	23,000	19,500
Seepage and Conveyance Losses	8,000	8,000
City, Towns and Villages	3,900	3,700
Industries	4,100	4,200
Farm Yards and Acreages	6,500	6,000
Change in Storage	5,950	2,700
Other Purposes	50	0
Operational Spill	52,900	41,100
Measured Return Flow	84,700	110,800
Operational Spill	52,900	41,100
Farm Spill and Run Off	31,800	69,700



General Manager's Report



The June flood on the Bow River gave the Bassano Dam its biggest test in its 100 years of operation. The highest flow rate passed over the Bassano Dam previously was 2,540 m³/sec (90,000 cfs) in 1929; the 2013 flood peaked at 4,200 m³ (148,000 cfs), almost 65% higher than any previous floods. The spillway has a capacity of 3,400 m³/sec (120,000 cfs) at the normal operating level on the upstream side of the dam; at the peak the water level on the upstream side was 1.4 m (4.6 ft) above the normal operating level. The dam has a 400 m (1/4 mile) long fuse plug built into the west end of the earth dam, this is meant to wash out and create a second channel to save the main spillway. We took the clay cap off the top of a portion of the fuse plug; the water level was within 0.45 m (18") of washing out the

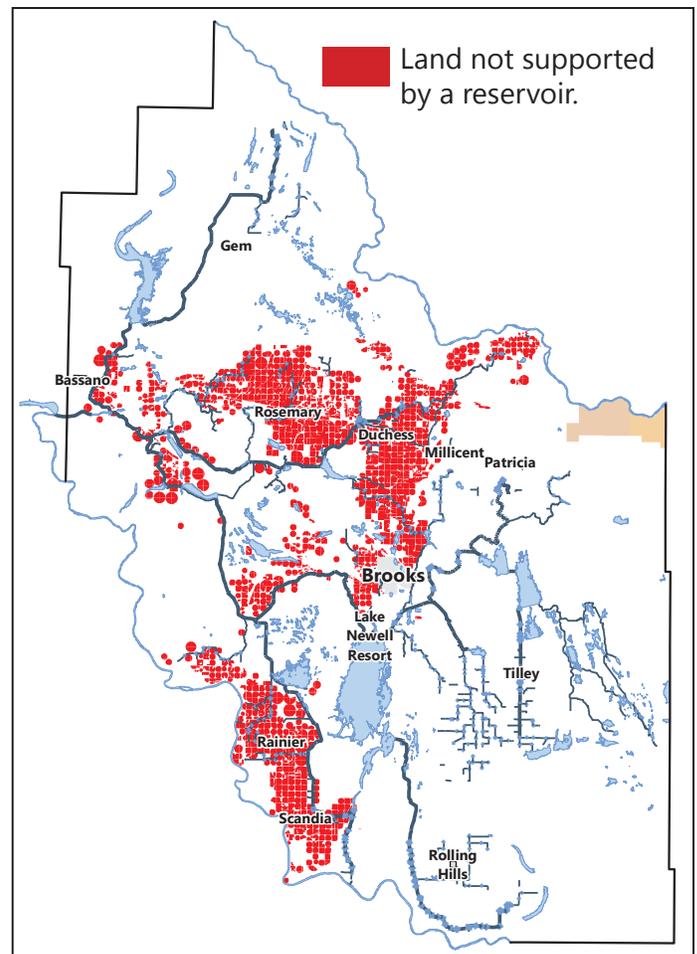
fuse plug, approximately 5 to 10% more flow would have washed this out. The dam safety reviews we have had done in the past have recommended to excavate a bit lower to cause the fuse plug to wash out if the main spillway was in jeopardy and we did consider this numerous times but in the end we decided to operate as per the original design and the spillway took the flow with only a few hundred thousand dollars in damage.

If the fuse plug would have washed out, Bassano, Rosemary and half of the farms in the District (see map below) would have been out of water until 2014. If the main spillway was to wash out we would not be able to divert any water for numerous years, an unthinkable economic loss to the area.

Bassano Dam:
Vortex at west end of dam



Bassano Dam:
Damaged caused by high flows



The District has had a dam safety inspection and complete review of the dam completed since the flood. With the repairs done, the dam is back in good shape.

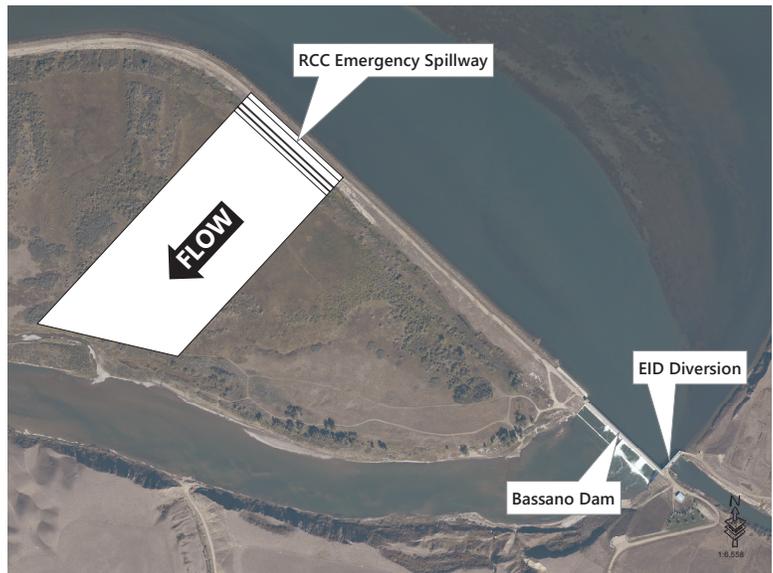
The existing spillway and with the fuse plug washed out down to the bottom of the sand, the dam has a capacity of 5,500 m³/sec; with the fuse plus washed out deeper and wider a capacity of 6,500 – 7,500 m³/sec.

The report recommends the District construct an additional spillway so that the existing spillway and the new spillway have the ability to pass 6,500 to 7,000 m³/sec in a controlled way, and if needed, with the existing fuse plug washed out a total capacity of 9,000 to 10,000 m³/sec.

The two best options for this new spillway are:

- A Roller Compacted Concrete (RCC) spillway with a sand fuse plug overtop:
 - This controls how deep and wide the washout will be and allows us to rebuild the fuse plug shortly after the flood.
 - The estimated cost is approximately \$30,000,000; and is the most feasible.

- The better option is a Cast-in-Place, Gated Spillway:
 - This would allow both gated spillways to be operated to allow us to pass trash to a much higher flow rate than today and keep the water level on the upstream side of the dam at normal operating levels to a flow rate of 4,500 m³/sec, and 6,300 m³/sec at the level experienced in 2013 (50% increase).
 - The estimated cost of this option is \$40,000,000.



General Manager's Report

Bassano Dam:
Removing the clay top from the fuse plug



Bassano Dam:
Upstream water level June 22, 2013



The District approved 46 Farm Improvement Grants totalling \$280,000 for conversions to low pressure pivots, on farm work to accommodate more efficient irrigation, and for eliminating spill past pumps.

We added 2,148 new acres to the assessment roll, bought back 150 acres, converted 31 acres to Rural Water Use Purposes agreements, and converted 143 acres of terminable water rights to 1st water rights.

In the last 11 years the water users have converted 79,000 acres to more efficient methods of irrigation.

We have seen the acres being irrigated by low pressure pivot go from 86,000 to 178,682 (30% to 60%), while the acres being flood irrigated or irrigated by wheels or high pressure pivot have dropped (see table below).

We estimate that these on-farm changes have saved 15,000 acre feet more than the increase in irrigated area in the last 11 years. 2,000 additional acres have been approved for 2014, and we hope to add an additional 2,500 acres for 2015.

Method of Irrigation: 2013

As of End of 2013 Water Delivery Season

Low Pressure Pivot	178,682	60.22%
High Pressure Pivot	31,103	10.48%
Wheel Move	24,873	8.38%
Other Sprinkler	844	0.28%
Flood Irrigation (Leveled)	49,648	16.73%
Flood Irrigation (Not Leveled)	11,559	3.90%

Note: percentages shown are the percentages of total irrigation.

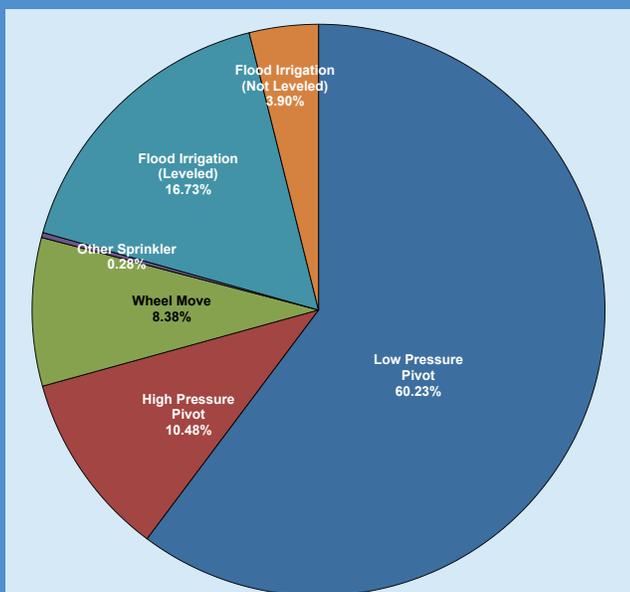
Method of Irrigation: 2002

As of End of 2002 Water Delivery Season

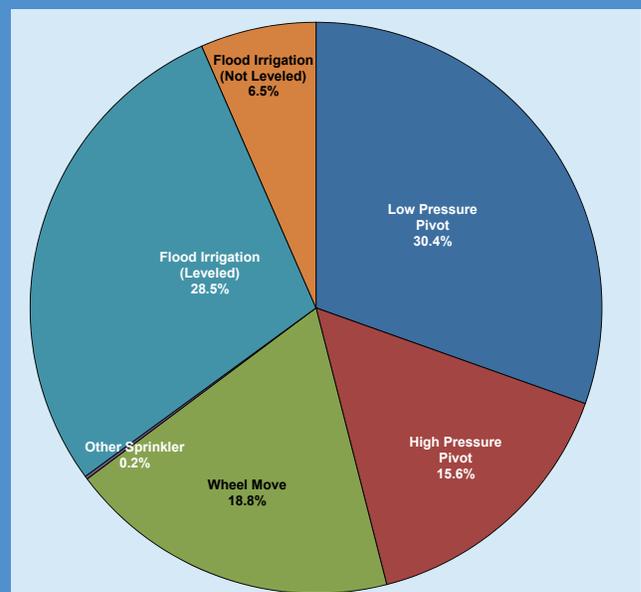
Low Pressure Pivot	86,000 Ac.	30.4%
High Pressure Pivot	44,000 Ac.	15.6%
Wheel Move	53,000 Ac.	18.8%
Other Sprinkler	500 Ac.	0.2%
Flood Irrigation (Leveled)	80,500 Ac.	28.5%
Flood Irrigation (Not Leveled)	18,500 Ac.	6.5%

Note: percentages shown are the percentages of total irrigation.

Acres by Method of Irrigation: 2013



Acres by Method of Irrigation: 2002



General Manager's Report

With all the spring rains we had excellent grass growth. A total of 17,177 (80 head/member) were turned out in May and came home by October 31st. We have good carryover grass and plan to run 17,000 cows in 2014.

Oil and gas development continues to be very slow with only 48 new leases taken and an additional 30 wells were drilled on existing leases. New pipelines totalled 174 km.

The District had 3 long term employees retire in 2013 (Duane Lindsay – 33 years, Rex Tryhorn – 28 ½ years, and Rod Svenson – 27 ½ years). Emmett Aldis, Josey Brodoway, Tanis Jensen and Dan Olson left the District, and we welcomed John Wieler, Ray Henderson, Rob Elliott, Danny Just, Jason Thompson, Ryan Flaterud and Will Allaby to our staff in 2013.

EID Long Term Service Awards



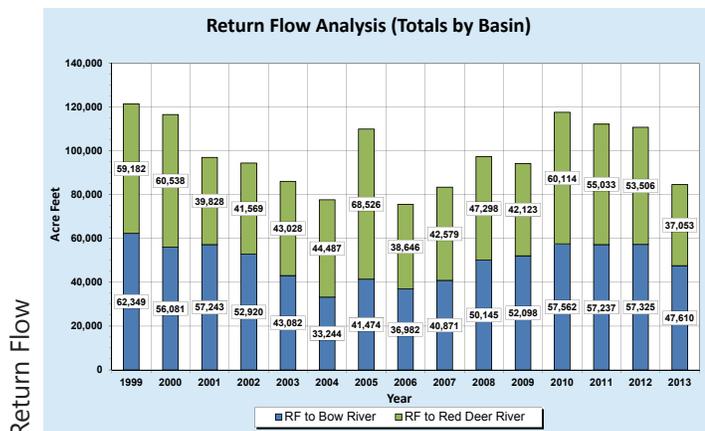
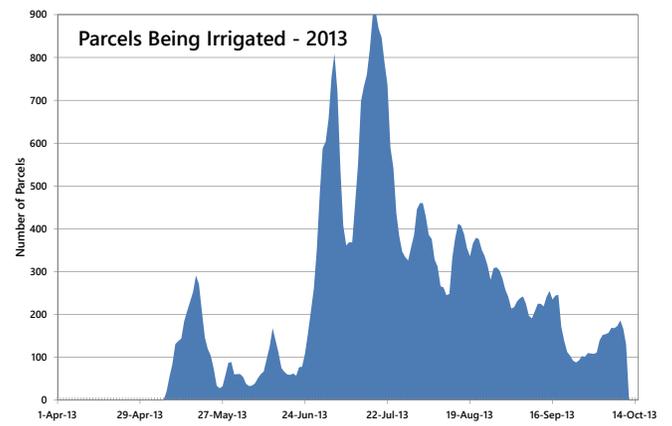
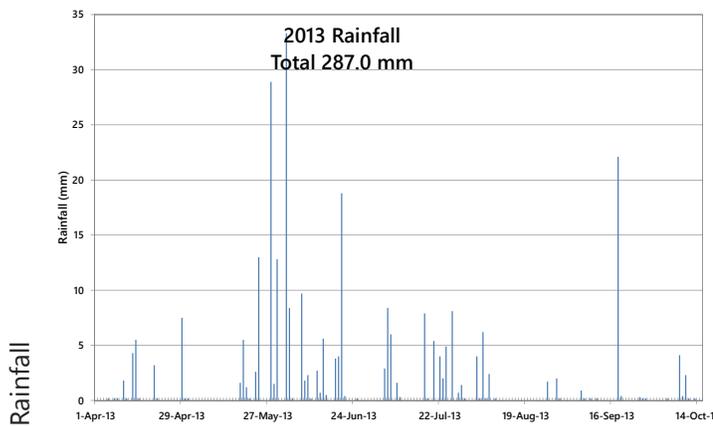
Back Row: Dirk Senneker (25 Years), Mike Stout (10 Years), Lorna Smith (15 Years), Kevin Bridges (10 Years)
Front Row: Vic Getz (30 Years), Alex Bischke (30 Years), Carol Philpott (20 Years), Bill Kazimir (25 Years), Pat Shepherd (25 Years)

2013 Crop Summary						
Crop Class	Crop Type	Acres		Crop Class	Acres	
Forage Crops	Alfalfa 2 Cuts	31,832		Specialty Crops	Alfalfa Seed	16,438
	Alfalfa 3 Cuts	1,754			Carrots	202
	Alfalfa Hay	3,636			Dill	125
	Alfalfa Silage	2,677			Dry Beans	3,553
	Barley Silage Under Seed	318			Dry Peas	3,294
	Barley Silage	2,302			Faba Beans	1,210
	Corn Silage	13,412			Fresh Corn (Sweet)	10
	Grass Hay	8,152			Fresh Peas	45
	Green Feed	3,577			Hemp	344
	Millet	417			Lentils	68
	Native Pasture	2,628			Market Gardens	47
	Oats Silage	142			Mint	1,375
	Tame Pasture	42,986			Nursery	434
	Timothy Hay	625			Potato	2,533
Cereals	Barley	20,556	Safflower	115		
	CPS Wheat	2,093	Seed Canola	9,951		
	Durum Wheat	1,294	Seed Potato	1,388		
	Grain Corn	4,670	Soy Beans	685		
	Hard Spring Wheat	55,493	Sugar Beets	706		
	Malt Barley	95	Sunflower	1,161		
	Oats	1,328				
	Rye	135				
	Soft Wheat	1,496				
	Triticale	1,465				
	Winter Wheat	2,252				
Oil Seeds	Canola	32,492	Total of All Crops			
	Flax	13,152	(As of end of 2013 Water Delivery Season)			
	Hyola	1,260				
Non Irrigated	Miscellaneous	0	Summary	Crop Class	Total Acres	
	Non-Crop	124		Forage Crops	114,458	
	Summer Fallow	662		Cereal Crops	90,877	
		Oil Seed Crops		46,904		
		Specialty Crops		43,684		
		Non-Irrigated	786			
		Total	296,709			

2013 System Water Delivery Summary

As of End of 2013 Water Delivery Season

Block	WDS	Irrigated Area (acres)	Volume Delivered (acre feet)	Water Use/Acre (acre feet/acre)
District N1 Bassano	Beddows	17,589	9,500	0.54
District N2 Pitau	Isidoro	21,217	12,100	0.57
District N3 Gem	Kroschel	13,624	8,700	0.64
District N4 Rosemary	Marshall	21,881	10,600	0.48
District N5 Duchess	Kroschel	20,155	10,700	0.53
District N6 Cockerill	Leland	21,173	13,200	0.62
District N7 Millicent	Slomp	20,896	14,400	0.69
District N8 Patricia	Tryhorn	16,610	15,600	0.94
District S1 Antelope Creek/Brooks	Syvret	19,678	12,600	0.64
District S2 Kitsim	Currie	18,983	15,300	0.81
District S3 Bow Slope	Thiessen	20,810	22,800	1.10
District S4 Aqueduct/Bantry	Bobinski	13,479	10,500	0.78
District S5 Elizabeth	Canning	15,710	11,800	0.75
District S6 Tilley	Cleland	17,924	15,500	0.86
District S7 Rolling Hills North	Olund	18,877	19,900	1.05
District S8 Rolling Hills South	Stout	18,103	12,800	0.71
Totals:		296,709	216,000	0.73



Rainfall

Parcels Irrigating

Return Flow

Pivot Irrigation



2013 Rehabilitation

In 2013, \$24.9 million was spent rebuilding District’s water delivery and drainage systems.

18 large scale projects were constructed during the year, including 10 projects from the 2012/13 construction period and 8 projects underway in the winter 2013/14 construction period. In addition to our rehabilitation projects the District in cooperation with the County of Newell completed approximately 30 km of EID drainage canals and road ditches, of which 17 km were County road borrow ditches and 13 km were EID drainage infrastructure.

Our outlook for 2014 will be similar to recent years in District rehabilitation and in the District and County of Newell cooperative.

Irrigation Rehabilitation Program (IRP)

This is an Alberta Government sponsored program for irrigation districts in southern Alberta. It is a cost shared program based on a 75:25 cost sharing agreement.

In 2013 the Province provided \$5,302,955 (75%) and the District invested \$1,679,332 (25%). The 2013 expenditures amount to approximately \$4.75 million. The District completed the construction of 6 km of canal and a large cast-in-place structure in the winter of 2012 and will be rehabilitating 14.5 km of canal in the fall 2013/spring 2014 construction period under the IRP program.

Irrigation Rehabilitation Program (IRP)					
Project	Description	Engineer	Contractor	2013 Project Cost	Total Project Cost
Spring					
Various prior year projects	--	--	--	\$312,000	--
Secondary 'B' Springhill	5.8 km canal rehab.	MPE	Brooks Asphalt and Aggregate	\$2,673,000	\$2,770,000
1064 Check/Chute	Cast-in-place structure	MPE	Charmar	\$1,368,000	\$1,398,000
Irrigation water quality assessment	--	--	--	\$208,000	\$627,000
Fall					
Antelope Creek Canal	5.0 km lined canal rehab.	MPE	EID	\$25,000	--
AH North Bantry	9.4 km canal rehab.	EID	Contour Earth-moving	\$164,000	--
Total:				\$4,750,000	

EID Capital Construction Program

Funds for this program are provided entirely from the District's Irrigation Works Reserve Fund. The 2013 expenditures amount to approximately \$20 million. In 2013 the District completed the installation of 27 km of pipeline and 17 km of drain rehabilitation. The fall of 2013/spring 2014 will see the construction of approximately 28 km of pipe, and 11 km of drain rehabilitation under this program.

EID Capital Construction Program					
Project	Description	Engineer	Contractor	2013 Project Cost	Total Project Cost
Various previous years projects		--	--	\$151,000	--
D Springhill	18 km pipeline	EID	EID	\$7,918,000	\$8,042,000
21 Springhill	5 km pipeline	EID	EID	\$1,929,000	\$1,948,000
20 Springhill	1.5 km pipeline	EID	EID	\$581,000	\$594,000
13 and 14 Rolling Hills	1.5 km pipeline	EID	EID	\$311,000	\$311,000
Sauki Spillway	9 km drain rehab.	EID	EID	\$2,205,000	\$2,235,000
One Tree	4 km drain rehab.	EID	EID	\$1,635,000	\$1,753,000
Marshall Drain	3.5 km drain rehab.	EID	EID	\$1,170,000	\$1,187,000
Baer Pipeline	1.0 km pipeline	EID	EID	\$119,000	\$119,000
Structures Program	--	EID	EID	\$174,000	\$175,000
EID/County Drainage	--	EID	EID	\$1,328,000	--
Land Acquisition	--	--	--	\$666,000	--
Campground Construction	--	--	--	\$1,151,000	--
Cost Share Projects	--	--	--	\$240,000	--
2013/2014 Projects	--	--	--	\$558,000	--
			--		
Total:				\$20,136,000	\$16,364,000

EID Capital Construction Program: 2013/2014			
Project	Description	Project	Description
19 Rolling Hills	0.6 km pipeline	One Tree	3.0 km drain rehab.
East Bantry Pump	10 km pipeline	17 G Springhill extension	1.3 km pipeline
08 A Springhill	16 km pipeline	--	--
Summit Drain	7.9 km drain rehab.	--	--



Antelope Creek Canal
Placing armour on plastic liner



Rehab work on AH North Bantry

Maintenance of Irrigation Works

There was nothing out of the ordinary in the type or amount of maintenance work done in 2013. The large run off a few years ago washed out many culverts, canals and drains, now that those are all fixed, we had less than average failures of road crossings etc. in 2013. See the table below that summarizes our 2013 maintenance work.

Maintenance of Irrigation Works As of End of 2013 Water Delivery Season						
Maintenance Item	2009	2010	2011	2012	2013	Average
Canal cleaning, bank leveling and seeding	7 km	5 km	4 km	2 km	7.5 km	5.1 km
Drain cleaning, bank leveling and seeding	9 km	15 km	13 km	6 km	8 km	10.2 km
Drain and canal clipping	114 km	135 km	108 km	205 km	119 km	136.2 km
Gravel armour placed on canal side slopes	1 km	0 km	3 km	1 km	1.5 km	1.3 km
Gravel placed on canal banks	20 km	36 km	23 km	24 km	18.5 km	24.3 km
Canals fenced	6 km	1 km	1 km	0.5 km	2 km	2.1 km
Chemical weed control on canal banks	1,345 km	1,452 km	1,743 km	1,608 km	1,786 km	1,586.8 km
Mowing of canal banks	460 km	620 km	730 km	1,090 km	745 km	729 km
Canal liner installed	0 km	0 km	0 km	0 km	0 km	0 km
Road crossing repairs and replacements	14	10	12	8	0	9
Replacement of farm turnouts	15	5	3	3	4	6
Flood well to riser conversion (on pipelines)	23	16	12	13	6	14
Maintenance Cost	2009	2010	2011	2012	2013	Average
Heavy equipment	\$906,685	\$1,214,221	\$1,438,168	\$1,242,380	\$1,191,413	\$1,198,574
Labour	\$878,219	\$894,995	\$869,369	\$870,124	\$900,623	\$822,666
Vehicles	\$180,000	\$232,462	\$199,479	\$186,770	\$163,974	\$192,537
Repairs to pump stations and control structures	\$209,443	\$216,299	\$152,844	\$161,165	\$198,020	\$187,554
Materials (culverts, gates, fence posts, etc.)	\$375,041	\$177,450	\$241,252	\$150,888	\$121,473	\$213,221
Chemical for broad leaf weed control	\$64,871	\$64,445	\$75,411	\$74,829	\$75,840	\$71,079
Maintenance of buildings and grounds	\$20,070	\$37,813	\$34,891	\$63,334	\$52,234	\$41,668
Total Costs:	\$2,634,329	\$2,837,685	\$3,011,414	\$2,749,490	\$2,703,577	\$2,787,299

Rehab work on AH North Bantry





Financial Report

The Eastern Irrigation District operates under the authority of the *Irrigation Districts Act* (c. I-11, RSA 2000). Each year the District appoints an auditor to prepare an audit of the District’s financial statements. The audit is prepared in accordance with the form and the reporting standards for not for profit organizations as recommended by the Canadian Institute of Chartered Accountants.

The auditor reports to the Board of Directors. A copy of the District’s financial statements and the auditor’s report are subsequently provided to the Irrigation Council as required under the *Irrigation Districts Act*.

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Auditor's Report

BEVAN AND PARTNERS CHARTERED ACCOUNTANTS

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* denotes professional corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Irrigation District, which comprise the statements of financial position as at September 30, 2013, September 30, 2012 and October 1, 2011, and the statements of operations and changes in fund balances and cash flows for the years ended September 30, 2013 and September 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

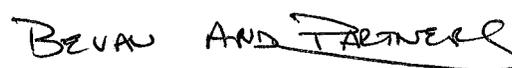
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eastern Irrigation District as at September 30, 2013, September 30, 2012 and October 1, 2011, and the results of its operations and its cash flows for the years ended September 30, 2013 and September 30, 2012 in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

January 28, 2014
Brooks, AB



Chartered Accountants



Statement of financial position

As At September 30, 2013

	General Fund	Irrigation Works Fund	2013 Total September 30	2012 Total September 30	2011 Total October 1
ASSETS					
Current					
Cash	\$5,344,722	\$872,422	\$6,217,144	\$20,061,929	\$19,917,584
Short term deposits (Note 5)	6,024,127	11,030,782	17,054,909	1,139,527	1,854,232
Accounts receivable (Note 6)	2,876,355	874,536	3,750,891	3,493,721	3,798,064
Goods and services tax receivable	30	0	30	0	0
Materials and supplies (Note 9)	1,266,722	0	1,266,722	1,124,495	1,377,109
Prepaid expenses	406,956	0	406,956	386,905	377,528
	15,918,912	12,777,740	28,696,652	26,206,577	27,324,517
Accounts receivable (Note 6)	0	1,441,261	1,441,261	2,377,772	2,335,551
Investments (Note 7)	0	47,401,221	47,401,221	42,613,382	44,180,070
Trust funds held (Note 17)	215,309	0	215,309	237,750	244,239
	16,134,221	61,620,222	77,754,443	71,435,481	74,084,377
Property and Equipment (Note 8)					
Buildings and equipment, net	9,905,250	1,218,928	11,124,178	11,484,621	11,342,200
Irrigation works, net	0	352,336,063	352,336,063	341,265,052	324,546,713
Land (Note 3)	0	1,633,737	1,633,737	1,606,605	1,516,794
	9,905,250	355,188,728	365,093,978	354,356,278	337,405,707
	\$26,039,471	\$416,808,950	\$442,848,421	\$425,791,759	\$411,490,084
LIABILITIES					
Current					
Accounts payable	\$1,452,399	\$1,069,332	\$2,521,731	\$2,270,864	\$2,728,433
Goods and services tax payable	0	0	0	39,091	15,581
Unearned revenue (Note 3)	14,328,259	651,890	14,980,149	13,715,300	13,749,907
	15,780,658	1,721,222	17,501,880	16,025,255	16,490,921
Trust funds held (Note 17)	215,309	0	215,309	237,750	244,239
Provision for gravel pit closure and post closure (Note 18)	0	734,356	734,356	682,718	596,371
Unearned revenue (Note 3)	0	858,611	858,611	1,553,474	809,557
Deferred grants and contributions, net (Note 8)	31,540	119,404,880	119,436,420	119,971,788	119,814,525
	16,027,507	122,719,069	138,746,576	138,470,985	137,955,613
Commitments (Note 20)					
Contingencies (Note 21)					
FUND BALANCES					
Invested in property and equipment (Notes 8 & 11)	9,873,710	235,783,848	245,657,558	234,384,490	217,591,182
Unrestricted (Note 11)	0	0	0	0	0
Internally restricted, to be used for future community pasture development (Notes 3 & 11)	138,254	0	138,254	134,654	128,954
Internally restricted, to be used for future irrigation works additions (Notes 3 & 11)	0	45,330,586	45,330,586	42,237,698	46,256,294
Externally restricted by the Province of Alberta, to be used for future irrigation works additions (Notes 3 & 11)	0	12,975,447	12,975,447	10,563,932	9,558,041
	10,011,964	294,089,881	304,101,845	287,320,744	273,534,471
	\$26,039,471	\$416,808,950	\$442,848,421	\$425,791,759	\$411,490,084

Statement of operations & changes in fund balances

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For The Year Ended September 30, 2013

	General Fund	Irrigation Works Fund	2013 Total	2012 Total
REVENUE				
WATER EARNINGS				
Water conveyance agreements	\$560,794	\$0	\$560,794	\$486,813
Oil and gas drilling water	215,383	0	215,383	328,167
Penalties	2,273	0	2,273	2,478
Irrigation rates (Note 12)	0	0	0	0
	778,450	0	778,450	817,458
Less discounts allowed	(60,530)	0	(60,530)	(59,810)
	717,920	0	717,920	757,648
LEASE REVENUE AND COMPENSATION				
Oil and gas well leases	22,513,227	0	22,513,227	21,484,288
Right of entry and initial consideration - oil and gas	1,226,794	0	1,226,794	2,198,704
Oil and gas administration fees	52,350	0	52,350	78,420
Right of entry and initial consideration - powerlines	700,338	0	700,338	512,708
Powerlines	71,141	0	71,141	63,142
Community grazing leases	993,421	0	993,421	962,312
Irrigated leases	906,286	0	906,286	419,854
Private grazing leases	225,525	0	225,525	189,917
Other lease revenues	80,751	0	80,751	52,914
OTHER REVENUE				
Amortization of deferred grants and contributions	0	5,834,859	5,834,859	5,713,956
Gain (loss) on sale of land, equipment and buildings	75,978	2,760,049	2,836,027	597,254
Investment income	384,886	1,505,445	1,890,331	2,143,283
Water license sale	0	400,001	400,001	0
Capital asset charges, net	0	275,900	275,900	147,000
Gravel royalties and miscellaneous	0	44,802	44,802	110,406
	27,948,617	10,821,056	38,769,673	35,431,806
EXPENSES				
Amortization of irrigation works and buildings	0	13,948,729	13,948,729	13,362,978
Operations and administration (Schedule 1)	6,669,228	0	6,669,228	6,902,646
Community grazing expenses (Note 13)	877,193	0	877,193	798,659
	7,546,421	13,948,729	21,495,150	21,064,283
Revenue over expenses (Deficiency), before special projects	20,402,196	(3,127,673)	17,274,523	14,367,523
Special projects, net (Note 15)	(454,081)	0	(454,081)	(378,215)
EIDNet, net (Note 16)	(39,371)	0	(39,371)	(203,005)
REVENUE OVER EXPENSES (DEFICIENCY)	19,908,744	(3,127,673)	16,781,071	13,786,303
TRANSFER TO IRRIGATION WORKS FUND	(20,157,168)	20,157,168	0	0
FUND BALANCES, BEGINNING OF YEAR	10,260,388	277,060,386	287,320,774	274,995,471
FUND BALANCES, END OF YEAR	\$10,011,964	\$294,089,881	\$304,101,845	\$287,320,774



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Eastern Irrigation District

Statement of cash flows

For The Year Ended September 30, 2013

	General Fund	Irrigation Works Fund	2013 Total	2012 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Revenue from water operations	\$717,920	\$0	\$717,920	\$757,648
Compensation from oil and gas operations	23,792,371	0	23,792,371	23,761,412
Compensation from powerline operations	771,479	0	771,479	575,850
Revenue from lease operations	2,205,983	0	2,205,983	1,624,997
Capital asset charges, net	0	275,900	275,900	147,000
Cash receipts from water license sale	0	400,001	400,001	0
Cash receipts from gravel royalties and miscellaneous	0	44,802	44,802	110,406
Operations and administration expenses (Schedule 1)	(6,669,228)	0	(6,669,228)	(6,902,646)
Community grazing expenses (Note 13)	(877,193)	0	(877,193)	(798,659)
Add: Amortization in expenses, not using cash	1,385,961	0	1,385,961	1,375,220
Net cash expenditure on special projects (Note 15)	(454,081)	0	(454,081)	(378,215)
Net cash expenditure on EIDNet	122,251	0	122,251	663
Investment income	384,886	1,505,445	1,890,331	2,143,283
Non-cash investment income	0	(1,199,464)	(1,199,464)	(560,552)
Change in non-cash current assets and liabilities	719,151	(531,299)	187,852	1,251,130
	22,099,500	495,385	22,594,885	23,107,537
CASH FLOWS USED IN FINANCING AND INVESTING ACTIVITIES				
Grants from Province of Alberta	0	5,302,995	5,302,995	5,875,112
Proceeds on sale of land, buildings and equipment	383,813	2,781,272	3,165,085	1,030,005
Purchase of land, buildings and equipment	(1,414,338)	(78,032)	(1,492,370)	(1,945,369)
Pasture development and reseeded (Note 14)	(189,054)	0	(189,054)	(448,524)
Expenditures on irrigation works (Note 8)	0	(24,885,150)	(24,885,150)	(29,935,188)
Change in non current accounts receivable	0	936,512	936,512	(42,222)
Change in irrigation works unearned revenue	0	(136,100)	(136,100)	(146,354)
Proceeds on sale of investments	0	21,504,246	21,504,246	9,044,584
Purchase of investments	0	(25,092,621)	(25,092,621)	(6,917,344)
Change in provision for gravel pit closure and post closure (Note 18)	0	51,638	51,638	86,347
Change in irrigation works accounts payable	0	310,531	310,531	(278,944)
	(1,219,579)	(19,304,709)	(20,524,288)	(23,677,897)
NET INCREASE (DECREASE) IN CASH	20,879,921	(18,809,324)	2,070,597	(570,360)
Cash, beginning of year	10,646,096	10,555,360	21,201,456	21,771,816
Transfer from general fund	(20,157,168)	20,157,168	0	0
CASH, END OF YEAR	\$11,368,849	\$11,903,204	\$23,272,053	\$21,201,456
Cash is comprised of:				
Cash	\$5,344,722	\$872,422	\$6,217,144	\$20,061,929
Short term deposits	6,024,127	11,030,782	17,054,909	1,139,527
	\$11,368,849	\$11,903,204	\$23,272,053	\$21,201,456

Notes to the financial statements

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September 30, 2013

1. Purpose of the Organization

The Eastern Irrigation 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.

2. Basis of Presentation and Transition to Accounting Standards for Not-For-Profit Organizations

Effective October 1, 2011, the District elected to adopt Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board. These are the District's first financial statements prepared in accordance with ASNPO and the transitional provisions of Section 1501, First-time Adoption have been applied. The accounting policies set out in the following significant accounting policies note have been applied in preparing the financial statements for the year ended September 30, 2013, the comparative information presented in these financial statements for the year ended September 30, 2012 and in the preparation of an opening ASNPO balance sheet at October 1, 2011 (the District's date of transition). Subject to certain transition elections, the accounting policies selected under the accounting policies selected under the framework have been applied consistently and retrospectively as if these policies had always been in effect.

The District issued financial statements for the year ended September 30, 2011 using Canadian generally accepted accounting principles (GAAP). The adoption of ASPNO did result in adjustments to the previously reported assets, liabilities or net assets of the District. There were adjustments recorded to the previously reported net earnings or cash flows at September 30, 2012. The District has elected not to apply the following transitional elections available:

- a) Fair value election - measure capital assets at fair value
- b) Financial instruments - designate at fair market value

Adjustments resulting from adopting Part III, including the use of exemptions under Section 1501, have been recognized directly in net assets at October 1, 2011 with a reduction in Long term investments and Internally restricted funds - Irrigation works of \$1,461,006.

For the year ended September 30, 2012 there was an increase in investment income for \$560,552 as a result of the accounting change from fair value to cost.

3. Significant Accounting Policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund Accounting

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

General Fund - Discloses the water management and delivery operations, EIDNet operations and land lease operations of the District, as well as certain special projects as designated by the Board of Directors from time to time. The general 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 expenditures 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 this fund 75% of the expenditures on projects approved by the Irrigation Council.

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future years could be significant. Significant areas requiring use of management estimates relate to the useful lives of assets for amortization purposes, provision for gravel pit closure and post closure costs and the amount of allowance required for uncollectible accounts receivable.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General 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 Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

3. Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost. Amortization of buildings and equipment is provided using the declining balance method (except for grazing pasture reseeding which uses the straight-line method) at rates intended to amortize the cost of these assets over their estimated useful lives. The annual rates are as follows:

Computer and radio equipment	25%
Mobile equipment	20%
Agricultural equipment	15%
Buildings	10%
Other equipment	10%
Grazing pasture reseeding	7%

Irrigation works assets are recorded at cost to the District. Additions to irrigation works are capitalized only if the cost of the individual project exceeds \$10,000. Items capitalized include the cost of easements and rights of way purchased. Irrigation works are amortized on a straight-line basis over their estimated average useful lives of 40 years.

Land

Land is recorded at cost to the District. Approximately 574,000 acres of land that were transferred from the Canadian Pacific Railway Company in 1935 are recorded at zero cost.

Income Taxes

The District is exempt from income taxes under section 1491(l) of the Income Tax Act.

Materials and Supplies

Materials and supplies are carried at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis.

Financial Instruments

The District initially measures its financial assets and liabilities at fair value; it subsequently measures all its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash and short term investments, accounts receivable and prepaids. The financial instruments measured at amortized cost include accounts payable and accrued liabilities and deferred revenue.

Impairment

At the end of each reporting period, the District assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. When there is an indication of impairment, the District determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. Any impairment to the financial asset is charged to income in the period in which the impairment is determined. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the period the reversal occurs.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and member deposits with maturities of less than 30 days.

Unearned Revenue

Annual compensation related to oil and gas well leases is charged to the lessee at the beginning of each lease year. These monies are recognized as revenue on a straight-line basis over the succeeding twelve months. At year-end, the unamortized portion of such leases is reflected on the Statement of Financial Position as unearned revenue. The outstanding balance from land sale agreements is reflected on the Statement of Financial Position as unearned revenue. Land sale revenue is recognized in the period in which the payment is received.

Pension Plan

The District is a member of the Local Authorities Pension Plan, a multi-employer defined benefit pension plan. This Plan is accounted for by the defined contribution method.

Notes to the financial statements

September 30, 2013

3. Significant Accounting Policies (continued)

Deferred Grants and Contributions

Grants and contributions from third parties received to finance construction of irrigation works and the EIDNet towers and sector radios are deferred and amortized to income on the same basis as the irrigation works and the EIDNet assets to which they relate. Amortization of deferred grants related to irrigation works is provided on a straight-line basis over a 40 year period. Amortization of deferred grants related to EIDNet assets is provided using the declining balance method (sector radios at 25%; towers at 10%).

Gravel Pit Closure and Post Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the District is required to fund the closure of its gravel pits and provide for post closure care. Closure and post closure activities include contouring the site, replacing the soil, re-establishing vegetation and submitting the final reclamation report. The accrued liability is based on an estimate of future costs.

Internally Restricted Net Assets

The future use of a portion of the District's net assets has been restricted by the Board of Directors. Monies have been allocated to the following areas:

Irrigation works additions - monies to be used for future irrigation works additions and rehabilitation, including the District's 25% commitment to Province of Alberta Cost Share Projects.

Community pasture development - monies to be used for future improvements or expansion of community grazing pastures.

Externally Restricted Net Assets

Funds received from the Province of Alberta must be used for specific cost share irrigation projects. These monies and interest earned on their investment are disclosed separately as externally restricted net assets.

4. Local Authorities Pension Plan

Employees of the District participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 223,643 people and 428 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. The District is required to make current service contributions to the Plan of 10.43% of pensionable earnings up to the Canada Pension Plan's Maximum Pensionable Earnings and 14.47% for the excess. Total current service contributions by the District to the Local Authorities Pension Plan in 2013 were \$665,282 (2012 - \$596,233). Total current service contributions by the employees of the District to the Local Authorities Pension Plan in 2013 were \$608,858 (2012 - \$545,432). At December 31, 2012, the Plan disclosed an actuarial deficiency of \$4.98 billion (December 31, 2011 - \$4.64 billion).

5. Short Term Deposits

Short term deposits in the amount of \$17,054,909 (2012 - \$1,139,527) are maturing in the next 90 days and include GICs, term deposits and bonds at interest rates varying from 1.62% to 5.45% (2012 - 1.80% to 5.10%). At year end these deposits have an average annual interest rate of 2.25% and will mature within the next 90 days.

6. Accounts Receivable

Accounts receivable consist of:

	2013	2012
Property and equipment	\$1,544,600	\$1,652,757
Lease rentals and seismic	1,473,175	1,444,661
Sundry debtors	938,606	1,228,001
Reclassification agreements	748,801	1,012,093
Water rates and charges	347,779	317,627
Water conveyance agreements	161,548	166,645
Gravel and dirt	22,395	56,159
Less: Allowance for doubtful accounts	(44,722)	(6,450)
	\$5,192,182	\$5,871,493
Accounts receivable - current	\$3,750,921	\$3,493,721
Accounts receivable - non current	1,441,261	2,377,772
	\$5,192,182	\$5,871,493

7. Investments

Investments consist of:

	2013	2012
Term deposits	\$36,676,716	\$15,037,451
Provincial utility bonds	5,290,394	13,938,257
Corporate bonds	3,223,760	11,520,478
Provincial government bonds	2,104,395	2,013,823
Credit union common shares	105,956	103,373
	<u>\$47,401,221</u>	<u>\$42,613,382</u>
Fair market value at September 30	<u>\$47,805,251</u>	<u>\$43,513,836</u>

8. Property and Equipment

	Cost	Accumulated Amortization	2013 Net	2012 Net
General Fund:				
Equipment	\$15,925,994	\$8,346,506	\$7,579,488	\$7,818,675
Community pasture reseeded	3,310,962	985,200	2,325,762	2,342,104
Irrigation Works Fund:				
Buildings	6,583,250	5,364,322	1,218,928	1,323,842
Irrigation works	558,790,505	206,454,442	352,336,063	341,265,052
Land	1,633,737	0	1,633,737	1,606,605
	<u>\$586,244,448</u>	<u>\$221,150,470</u>	<u>365,093,978</u>	<u>354,356,278</u>
Deferred grants and contributions	(\$235,433,576)	\$115,997,156	(119,436,420)	(119,971,788)
Net assets invested in property and equipment			<u>\$245,657,558</u>	<u>\$234,384,490</u>

Changes in irrigation works assets, net of amortization are as follows:

	2013	2012
Beginning of year	\$341,265,052	\$324,546,713
Additions to irrigation works:		
District projects	19,469,453	22,040,850
Province of Alberta cost share projects	4,749,538	6,876,406
Survey costs and easements	666,159	1,017,932
Amortization	(13,814,139)	(13,216,849)
End of year	<u>\$352,336,063</u>	<u>\$341,265,052</u>

Changes in deferred grants and contributions, net of amortization are as follows:

	2013	2012
Beginning of year	\$119,971,788	\$119,814,525
Contributions from third parties	5,302,995	5,875,112
Amortization	(5,838,363)	(5,717,849)
End of year	<u>\$119,436,420</u>	<u>\$119,971,788</u>

Notes to the financial statements

September 30, 2013

8. Property and Equipment (continued)

Current year additions to irrigation works are as follows:

	District	Province of Alberta Cost Share	2013 Total	2012 Total
External Charges:				
Materials and supplies	\$8,121,312	\$531,837	\$8,653,149	\$8,085,934
Equipment and other services	6,003,109	336,383	6,339,492	7,681,029
Contract services	284,573	3,393,046	3,677,619	7,698,338
Contract services - engineering	1,035	381,535	382,570	634,107
Internal Charges:				
Equipment recovery	3,167,089	43,612	3,210,701	3,176,023
Labour recovery - other	1,452,435	15,868	1,468,303	1,178,930
Labour recovery - engineering	439,900	47,257	487,157	462,895
	\$19,469,453	\$4,749,538	\$24,218,991	\$28,917,256

9. Inventories

	2013	2012
Materials and supplies	\$1,266,722	\$1,124,495

The amount of inventories recognized as an expense during the year was \$401,366 (2012 - \$491,387).

10. Financial Instruments and Risk Management

The District is exposed to the following risks as a result of holding financial instruments.

Currency Risk

The District has limited exposure to currency risk as most all of the District's transactions are denominated in Canadian dollars.

Fair Value

The District's financial instruments consist of cash and short term investments, accounts receivable, prepaid, accounts payable and accrued liabilities and deferred revenue. The fair values of these financial instruments approximate their carrying values due to their relatively short term to maturity.

Interest Rate Risk

The District is exposed to interest rate risk dependent upon the balance of its cash and cash equivalents.

Credit Risk

The District is exposed to credit risk on its cash, fixed income investments and accounts receivable.

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.

11. Continuity of Fund Balances

	Invested in Property and Equipment	Unrestricted Funds	Internally Restricted Funds - Pasture Development	Internally Restricted Funds - Irrigation Works	Externally Restricted Funds - Province of Alberta	Total Fund Balances
Beginning of year	\$234,384,490	\$0	\$134,654	\$42,237,698	\$10,563,932	\$287,320,774
Assets received from Province of Alberta	(5,302,995)	0	0	0	5,302,995	0
District contribution to cost share projects	0	0	0	(1,679,332)	1,679,332	0
Additions to property and equipment, net	26,237,516	(1,295,558)	0	(20,192,420)	(4,749,538)	0
Revenue over expenses (Deficiency) allocated	(9,661,453)	21,456,326	0	4,807,472	178,726	16,781,071
Transfer to (from) community pasture development reserve	0	(3,600)	3,600	0	0	0
Transfer to irrigation works fund from operations	0	(20,157,168)	0	20,157,168	0	0
End of year	\$245,657,558	\$0	\$138,254	\$45,330,586	\$12,975,447	\$304,101,845

The Board of Directors has authorized the transfer of \$20,157,168 from current year operations to internally restricted funds to be used for future irrigation works additions and \$3,600 for community pasture development. As well, authorization was given to use \$1,679,332 of internally restricted funds to pay for the District's 25% share of Province of Alberta cost share projects.

12. Irrigation Rates

Irrigation rates consist of:

- 291,325 acres at \$0 per acre
- 5,294 acres at \$0 per acre terminable
- Minimum parcel rates and adjustments

	2013	2012
	\$0	\$0
	0	0
	0	0
	\$0	\$0

The cost to deliver water to the farm gate during the current year was \$21 per acre. The Board of Directors approved using other District revenues to pay this cost so that the water rate charged to the irrigators could be set at \$0 per acre.

13. Community Grazing Expenses

Community grazing expenses consist of:

- Amortization of equipment and reseeded pastures
- Water
- Fences
- Property taxes
- Pasture management fees
- Fire guards
- Irrigated pastures
- Swing fields and miscellaneous

	2013	2012
	\$223,956	\$203,462
	176,010	131,644
	173,825	152,949
	152,216	149,339
	100,202	99,257
	43,405	35,810
	8,174	17,583
	(595)	8,615
	\$877,193	\$798,659

Notes to the financial statements

September 30, 2013

14. Community Grazing Property and Equipment Expenditures

	2013	2012
Property and equipment expenditures include:		
Pasture development and reseeded	\$147,722	\$406,765
Grazing water pipeline and improvements	41,332	41,759
	<u>\$189,054</u>	<u>\$448,524</u>

15. Special Projects

	2013	2012
Revenue:		
Campgrounds	\$414,628	\$336,270
Expenses:		
Campgrounds	(318,624)	(269,718)
Farm improvement program	(293,895)	(202,840)
Partners in Habitat Development	(100,000)	(100,000)
Rural water initiative	(56,000)	0
Environmental remediation - old truck shop property	(38,965)	(41,927)
Soil testing	(32,283)	0
Dam safety inspections	(28,942)	0
Brooks Regional Ballpark donation	0	(100,000)
Deficiency	<u>(\$454,081)</u>	<u>(\$378,215)</u>

16. EIDNet

	2013	2012
Revenue:		
Wireless subscription and miscellaneous revenue	\$649,869	\$545,111
Customer installation fees	57,282	46,283
Amortization of deferred grant	3,504	3,894
Total Revenue	<u>710,655</u>	<u>595,288</u>
Expenses:		
Wages and operating costs	(410,669)	(432,432)
Amortization	(165,126)	(207,562)
Telecommunications and bandwidth	(95,006)	(91,374)
Customer installation expenses	(79,225)	(66,925)
Total Expenses	<u>(750,026)</u>	<u>(798,293)</u>
Deficiency	<u>(\$39,371)</u>	<u>(\$203,005)</u>

17. Trust Funds Held

Trust funds held include \$32,340 (2012 - \$40,077) in the Carl Anderson fund plus \$182,969 (2012 - \$197,673) for the Partners in Habitat Development program. The Carl Anderson fund's principal and annual interest earnings will be disbursed to local libraries over 10 years beginning in 2008 and ending in 2017. The District manages and administers habitat development work for the Partners in Habitat Development program and the funds held will be spent on that program.

18. Provision for Gravel Pit Closure and Post Closure

	2013	2012
Beginning of year	\$682,718	\$596,371
Contributions	61,638	86,347
Reclamation activities	(10,000)	0
End of Year	<u>\$734,356</u>	<u>\$682,718</u>

19. Related Party Transactions

The members of the District's board of directors are related parties by virtue of their influence. The District entered into transactions with the Directors in the normal course of business and on the same terms as are applicable to transactions with unrelated parties.

These transactions are recorded at their fair value, as follows:

	2013	2012
Amounts included in accounts receivable at year end:		
Reclassification loans	\$21,026	\$27,306
Sundry debtors	8,148	0
Water rates and charges	4,684	8,866
Amounts included in accounts payable at year end:		
Unearned EIDNet Fees	(924)	(635)
Manure spreading	0	(8,710)
Deposits	0	(5,000)
Unearned rent	0	(3,125)
Revenue:		
Private grazing, irrigated lease fees and cost recoveries	21,712	20,163
Reclassification loan payments	11,846	666
Capital assets charges	11,200	0
Irrigation works constructed by the District	9,835	11,437
EIDNet fees	2,577	2,251
Other revenues	2,022	830
Expenses:		
Irrigation works additions	(97,372)	0
Manure spreading and miscellaneous services	(59,633)	(10,060)
Salaries and benefits	(15,370)	(11,600)
Farm improvement program	(4,130)	0
Scholarships	(2,000)	(2,000)
Community grazing	(1,000)	0
Rights-of-way purchased by the District	0	(353)

20. Commitments

Uncompleted contracts:

The District has commitments in an estimated amount of \$nil (2012 - \$39,830) in respect of uncompleted work under contracts on approved projects.

The District has entered into agreements to sell land which, if all sale conditions are satisfied and the sales are completed as expected, will result in gross sale proceeds of approximately \$3,770 (2012 - \$2,623,640).

Leases with option to purchase provisions:

The District has leased 28 parcels of land for irrigation development purposes. The lease agreements have a 10 year term and contain an option to purchase provision which can be exercised, dependent upon the agreement, during the 6th to the 10th years of the term. Revenue and any gain from the sale of these parcels will be recognized if or when the option is exercised.

21. Contingencies

There is still some contamination at the old truck shop location. The cost of remediation, if required, cannot be determined at this time.

22. Comparative Amounts

Certain of the comparative amounts presented in these financial statements have been reclassified to conform to the presentation adopted in the current year.

23. Approval of Financial Statements

These financial statements were approved by management and the Board of Directors.



Eastern Irrigation District Schedule 1

31

Schedule of operations & administration expenses

For The Year Ended September 30, 2013

	Equipment Pool	Maintenance	Water Delivery	EID Land Administration	Administration and General	2013 Total	2012 Total
Salaries and benefits							
Salaries	\$1,841,371	\$894,365	\$1,570,586	\$326,108	\$1,170,957	\$5,803,387	\$5,726,766
Pension plans	243,794	75,322	234,806	60,782	190,427	805,131	747,132
Group insurance	73,278	22,740	71,195	18,516	56,974	242,703	247,019
Employment insurance and WCB	44,915	13,279	41,552	14,532	28,927	143,205	221,017
Equipment							
Equipment rent (recovery), net	0	1,191,414	46,950	0	0	1,238,364	1,309,574
Amortization of equipment	1,048,461	0	0	0	113,544	1,162,005	1,171,759
Vehicle expense (recovery), net	(261,703)	215,314	411,024	68,010	80,322	512,967	599,967
Heavy equipment expense	299,371	0	0	0	0	299,371	218,604
Other							
Irrigation pumps and structures	0	270,675	252,656	0	0	523,331	499,883
Materials and supplies	131,690	189,510	80,156	0	0	401,356	491,387
Buildings and grounds	105,892	39,029	54,442	22,660	50,370	272,393	279,018
Insurance	123,918	8,417	30,576	0	49,302	212,213	226,338
Advertising and promotion	680	0	0	8,274	157,944	166,898	180,353
Directors per diems and CPP	0	0	0	0	157,036	157,036	152,083
Office supplies and maintenance	0	0	0	0	143,529	143,529	161,985
Professional fees	0	0	0	1,932	80,981	82,913	107,245
Telephone	12,369	4,787	32,902	3,867	24,620	78,545	73,540
Association fees	0	0	0	0	78,378	78,378	62,715
Directors expenses	0	0	0	0	53,173	53,173	60,163
Miscellaneous and freight	678	1,366	2,696	260	16,980	21,980	23,237
Private and irrigated leases	0	0	0	14,992	0	14,992	16,312
Shop supplies and small tools	6,110	6,437	215	0	0	12,762	19,832
Travel	0	0	0	1,058	9,668	10,726	10,664
Total expenses	3,670,824	2,932,655	2,829,756	540,991	2,463,132	12,437,358	12,606,593
Less:							
Recovery from IRP capital construction	(40,845)	(4,362)	(11,252)	0	(50,278)	(106,737)	(165,005)
Recovery from other capital construction	(3,965,916)	(224,716)	(911,655)	0	(559,106)	(5,661,393)	(5,538,942)
	(\$335,937)	\$2,703,577	\$1,906,849	\$540,991	\$1,853,748	\$6,669,228	\$6,902,646

Eastern Irrigation District
P.O. Bag 8
550 Industrial Road West
Brooks, Alberta
Canada T1R 1B2

R P G / P R G

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Cover Photo:
Bassano Dam Record Flows, June 22, 2013
Inset: Normal summer flows

2014 Annual Meeting Agenda

Wednesday, March 26, 2014

Page: i1

- 1.0 Welcome and Opening Remarks** – Mr. Bob Chrumka, Chairman, Board of Directors
- 2.0 Election of a Chair for the Annual General Meeting** – Mr. Bob Chrumka
- 3.0 Adoption of the Agenda**
- 4.0 Approval of the Minutes** – March 27, 2013 Annual General Meeting
- 5.0 Business Arising from the Minutes** – March 27, 2013 Annual General Meeting
- 6.0 Presentation of Reports**
 - 6.01 Chairman of the Board of Directors Report – Mr. Bob Chrumka
 - 6.02 General Manager’s Report – Mr. Earl Wilson
 - 6.03 Maintenance Report – Mr. Earl Wilson
 - 6.04 Rehabilitation Report - Mr. Ivan Friesen, Assistant General Manager, Engineering
 - 6.05 Presentation of the Audited Financial Statements of the District
 - 6.04.1 Financial Statements – Mr. Kevin Bridges, Assistant General Manager, Administration
- 7.0 New Business**
 - 7.01 Aquatic Invasive Species - Nicole Seitz
 - 7.02 General Matters Raised from the Floor
 - 7.03 Report on Scheduled Elections:
 - Division 1 – Mr. Floyd George (Term Expired)
 - Division 5 – Mr. Allen Nielsen (Term Expired)
 - Returning Officer – Mr. Earl Wilson, General Manager
- 8.0 Adjournment**



March 27, 2013 ANNUAL GENERAL Meeting

The Eastern Irrigation District held its Annual General Meeting on Wednesday, March 27th, 2013, 1:30 p.m. at the Heritage Inn, in Brooks, Alberta. Approximately 70 people were in attendance.

The meeting was called to order by the Chair of the District, Mr. Bob Chrumka at 1:34 p.m.

1.0 Welcome and Opening Remarks

Mr. Chrumka welcomed those in attendance at the annual meeting and introduced the Board of Directors of the Eastern Irrigation District.

2.0 Election of a Chair for the Annual General Meeting

Mr. Chrumka called for nominations for the election of a Chairman.

Moved by Neil Johnson that Lloyd Rommens be nominated for Chairman.

Mr. Rommens accepted the nomination. Mr. Chrumka called two more times for nominations. There were no further nominations. Mr. Rommens assumed the chair.

3.0 Adoption of the Agenda

Mr. Rommens called for a mover and a seconder to adopt the agenda.

Moved by Brian de Jong, Seconded by Allen Eastman that the agenda be adopted as presented.

Mr. Rommens called for additions or deletions to the proposed agenda. Mr. Wilson requested that comments on the Provincial Budget and an Update of 2003 Irrigation Expansion Plan be added to the agenda.

The motion to adopt the agenda with additions was carried.

4.0 Approval of the Minutes – March 27, 2012 Annual General Meeting

Mr. Rommens called for a mover and a seconder to adopt the minutes from the March 27, 2012 Annual General Meeting.

Moved by Art Eckert, Seconded by Wendell Rommens that the minutes of the 2012 Annual General Meeting be approved as distributed.

Mr. Rommens called for any revisions to the draft minutes. No revisions were proposed.

The motion to approve the minutes was carried.

5.0 Business Arising from the Minutes

Mr. Rommens called for items of business arising from the minutes of the 2012 Annual General Meeting. No items were raised.

6.0 Presentation of Reports

6.01 Chairman of the Board of Directors Report – Mr. Bob Chrumka

Mr. Chrumka presented the Chairman's Report, highlighting the following:

- Above average precipitation levels enabled the District to divert close to just 50% of its license in 2012.
- The Irrigation Districts Act was reviewed by Irrigation Council with input from all districts; no major changes were brought forward. The actual legislative review has yet to take place.
- Irrigation Council also re-examined the Irrigation Rehabilitation Program funding formula and decided that the current formula was fair and working well.
- The District's "Policy Governing Eligibility and Operation of Community Pastures" was discussed between the Board of Directors and the Grazing Advisory Committee and brought up to date to more accurately align the intent of the policy with the cattle producer of today.
- Support of community initiatives included a financial commitment to the EID Historical Museum in

Scandia for the Carl Anderson history video, and \$100,000 to the quad ball diamond project on the east side of Brooks.

- Improvements are almost complete on the Silver Sage Regional Agribition Grounds, a partnership between the EID, City of Brooks, County of Newell, Kinsmen and Silver Sage Agricultural Society.
- The University of Alberta Rangeland Research Institute - Mattheis Ranch has approached the EID to consider potential areas of collaboration.
- iDaRS (Irrigation Data Recording System), an internet based water usage viewer that was developed in-house, is available for access by water users by contacting the District Office. Access can be gained by home computer, laptop, tablet or smart phone.
- A land trade with the Bow City Hutterian Brethren was negotiated for ownership of a gravel source, resolving an ongoing legal challenge.
- The Board is confident the District is well positioned for future demands for water, while being able to sustain the current agricultural base.
- The January 30, 2013 plebiscite requesting that 1,000 acre feet of license be transferred from the EID to the County, with a further 460 acre feet available at a future date, has passed.

Moved by Bob Chrumka, Seconded by Tom Livingston that the 2012 Chairman of the Board of Directors Report be accepted as presented.

Mr. Rommens asked if there were any questions of the Board Chairman.

- Rudy Peltzer asked for an explanation on the revised grazing policy, in particular the elimination of renters, and why all water users were not informed of the discussions. Harry Philipsen, Lammert Lyzenga and Art Eckert echoed these concerns. Directors and administration responded that the Board took several months to review the policy, met with the Grazing Advisory Committee on two occasions, and asked for input from all grazing associations who were to talk to their membership. Most of the changes were small updates. Significant changes implemented to curb and try to stop abuses of the eligibility requirements included the following:
 - Renters will be given 5 years to become eligible by purchasing land.
 - Family brands are also being phased out in 5 years.
 - The minimum amount of irrigation acres was increased from 40 acres to 60 acres.

Once revised, copies of the policy were sent out to associations to distribute to every community grazing member.

The motion to adopt the report was carried.

7.0 New Business

7.01 University of Alberta Rangeland Research Institute, Mattheis Ranch

Edward Bork, Mattheis Chair of the University of Alberta Rangeland Research Institute was invited to address the meeting. Mr. Bork explained that the U of A has a long tradition of rangeland research and training undergraduates, and that in recent years they have desired to increase their profile in cow/calf production systems. With the new opportunities through acquiring the Mattheis Ranch north of Duchess, the Institute is planning to extend their research in plant community, productivity, wetlands, forage production, rangeland management, ecology, hydrology, climate change, invasive species, wildlife, prairie reclamation and now irrigation. A "Research Update" event will be held Monday, April 15th at the Duchess Hall including talks on several topics. To obtain further information or to register for the event please call (780) 492-8126 or go to <http://www.ales.ualberta.ca/FacultyResearch/MattheisRanchResearchDay.aspx>

6.0 Presentation of Reports cont'd.

6.02 General Manager's Report – Mr. Earl Wilson



Mr. Wilson presented the General Manager’s Report, highlighting the following:

- The 2011/2012 rehab program included 16 km of rebuilding and armouring main canals, 19 km of enlarging and armouring major spillways, and 40 km of pipelining.
- The joint County/EID Drainage Program continued, completing the Cassils and west Rolling Hills projects, and starting the Scandia project for a total of 42 km.
- The irrigation season began with good river flows, over 10” of rainfall and low irrigation demand until July, and average from then on, delivering 9”/acre to the farm gate. Only 343,000 acre feet (50%) of the District’s license was diverted.
- 57 Farm Improvement Grants were approved totaling \$382,500; 45 of them were for converting to low pressure pivot, the remainder were for land leveling, converting to wheels, gated pipe, and relocating drains to accommodate pivots.
- 294 new acres were added to the Water Roll; 68 acres were bought back by the District; 16 acres were converted to Rural Water Use Purposes Agreements, and 507 acres were converted from terminable to irrigation.
- In the last 10 years water users have converted 69,400 acres to more efficient methods of irrigation; low pressure pivot acres alone have increased from 86,000 to 167,264 (30% to 57%). An estimated 9,900 acre feet of water more than the increase in irrigated acres over the last 10 years, has been saved by on-farm changes.
- The District was granted an amendment to its license in 2010 allowing the conveyance of up to 5,000 acre feet of water for other purposes:

• Municipal (country residential raw water):	2,000 acre feet
• Agriculture (large cattle operators greater than 20 acre feet):	1,200 acre feet
• Commercial (golf courses, campgrounds, oil & gas drilling):	500 acre feet
• Industrial (value added processors, etc.):	750 acre feet
• Habitat (wetlands, field shelterbelts, etc.):	500 acre feet
• Recreation (fair grounds, community halls, etc.):	50 acre feet
- The amendment was appealed but upheld, and the process to transfer 1,000 acre feet of license to the County of Newell has begun, demonstrating the sharing of conserved water.
- Spring rains resulted in excellent grass growth. A total of 16,750 (75 head/member) were turned out in May and came home by October 30th. The District has good carryover grass to run 17,000 cows in 2013.
- There were 84 new oil and gas leases taken in 2012 and an additional 54 wells drilled on existing leases. New pipeline easements totaled 294 acres (49 miles).
- 3 long term employees retired, 1 employee left the District, and 4 new staff were hired.

6.02.1 Maintenance of Irrigation Works Report

Mr. Wilson presented the Maintenance of Irrigation Works Report, highlighting the following:

- The very large spring runoff in 2011 caused a lot of damage to the canal and drainage system, but has mostly been repaired over the last 2 years.
- Maintenance costs were down \$260,000 from 2011, close to long term average.

Moved by Earl Wilson, Seconded by George Graham that the 2012 General Manager’s Report be accepted as presented.

Mr. Rommens asked if there were any questions of the General Manager.

- Art Eckert enquired about the snowpack. Mr. Wilson advised that it is currently rated as

Notice of Elections



Time for Filing Nominations

Irrigation Districts Act, Part II [c. I-11, RSA 2000] and Local Authorities Election Act, Part I [c. L-27, RSA 2000]

Take notice that an election will be held on the 22nd day of April, 2014 for the purpose of electing Directors for Divisions 1 and 5 to the Board of Directors of the Eastern Irrigation District. **The time for the filing of nominations expires at 5:00 p.m. MDT on Thursday, March 27, 2014.**

Nominations are by electoral division [a candidate can only be nominated for the division in which the majority of his/her irrigation acres are classified on the assessment roll] and must be in the prescribed form. All nominations of candidates for the election must be signed by at least 2 irrigators of the District and shall contain a signed statement by the candidate consenting to the nomination.

For the purposes of this election the descriptions of the boundaries of the electoral divisions are as follows:

Division 01

The boundaries of Division No. 1 shall enclose the following lands ["section(s)" refers to full or parts thereof]:

Township 20 Range 16 W4M	Sections 4, 5, 6, 7, 8, 9,16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32 and 33
Township 20 Range 17 W4M	All Sections
Township 20 Range 18 W4M	All Sections lying to the north and east of the Bow River
Township 21 Range 16 W4M	Sections 4, 5, 6, 7, 8, 9, W1/2 15, 16, 17, 18, 19, 20, 21, 22, W1/2 23, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35
Township 21 Range 17 W4M	All Sections
Township 21 Range 18 W4M	All Sections
Township 22 Range 16 W4M	All Sections
Township 22 Range 17 W4M	All Sections
Township 22 Range 18 W4M	All Sections
Township 23 Range 15 W4M	Sections 5, 6, 7, 8, 17,18, 19, 20, 29, 30, 31 and 32
Township 23 Range 16 W4M	All Sections
Township 23 Range 17 W4M	All Sections
Township 23 Range 18 W4M	All Sections
Township 24 Range 15 W4M	Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31 and 32
Township 24 Range 16 W4M	All Sections
Township 24 Range 17 W4M	All Sections
Township 25 Range 15 W4M	Sections 5, 6, 7, 8 and 18 lying to the south and west of the Red Deer River
Township 25 Range 16 W4M	All Sections lying to the south and west of the Red Deer River
Township 25 Range 17 W4M	Sections 1, 2, 3, 4, 5, and 6
Township 26 Range 16 W4M	Sections 4, 5, 6, 7 and 8 lying to the south and west of the Red Deer River

Division 05

The boundaries of Division No. 5 shall enclose the following lands ["section(s)" refers to full or parts thereof]:

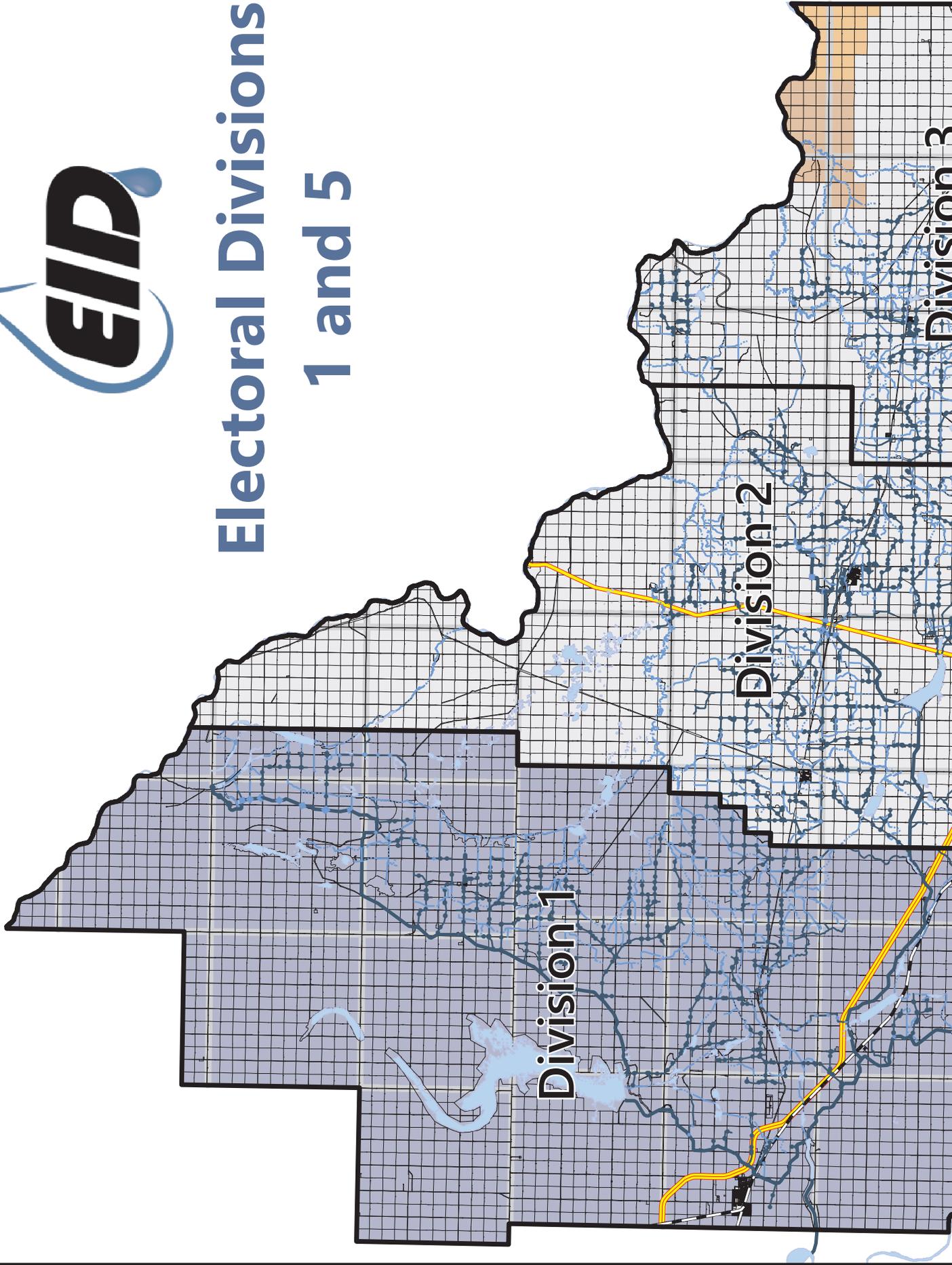
Township 14 Range 14 W4M	Sections 29, 30, 31 and 32 lying to the north and east of the Bow River
Township 14 Range 15 W4M	All Sections lying to the north of the Bow River
Township 14 Range 16 W4M	All Sections lying to the north and east of the Bow River
Township 15 Range 14 W4M	Sections 4, 5, 6, 7,8, 9, 16, 17, 18,19, 20, 21, 28, 29, 30, 31, 32 and 33
Township 15 Range 15 W4M	All Sections
Township 15 Range 16 W4M	All Sections lying to the north and east of the Bow River
Township 16 Range 15 W4M	All Sections
Township 16 Range 16 W4M	All Sections lying to the east of the Bow River
Township 17 Range 15 W4M	All Sections
Township 17 Range 16 W4M	All Sections lying to the north and east of the Bow River
Township 17 Range 17 W4M	All Sections lying to the north and east of the Bow River
Township 17 Range 18 W4M	Section 36 lying to the north of the Bow River

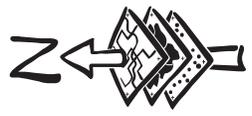
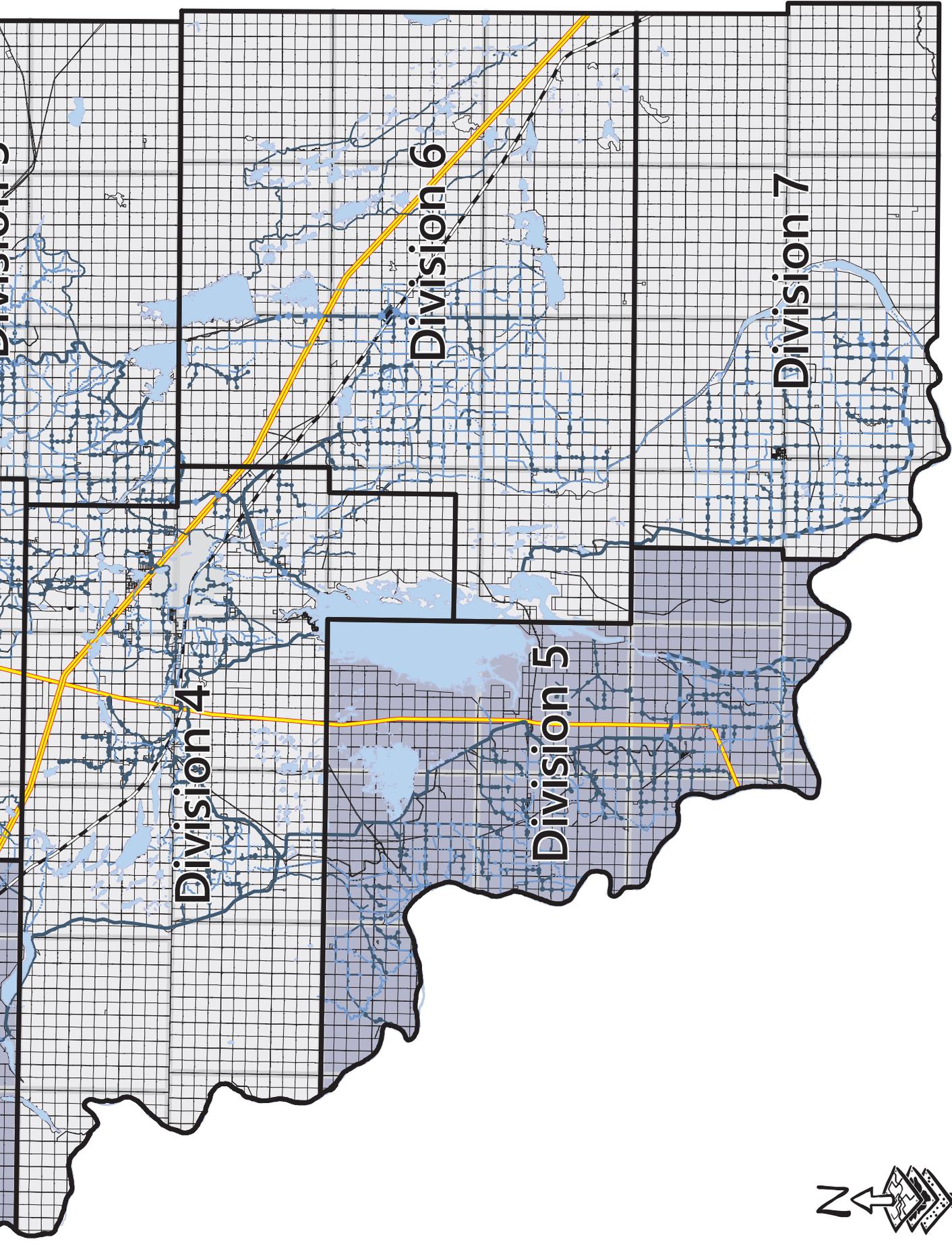
Nomination forms and additional information regarding the elections are available from the offices of the Eastern Irrigation District. Dated at Brooks this 10th day of March, 2014.

Earl Wilson,
Returning Officer



Electoral Divisions 1 and 5





1:325,000



Nominations for Directors Form

Irrigation Districts Act, s. 58 [c. I-11, RSA 2000]



Page: i8

We, the undersigned "irrigators", qualified to vote in an Election of Directors in the Eastern Irrigation District, do hereby nominate:

Electoral Division: _____

Name: (Please Print) _____

Land Locations: _____

(Majority of lands classified as irrigation acres on the assessment roll of the District)

Occupation: _____

a person eligible to hold office as Director of the Eastern Irrigation District for the above noted electoral division, as candidate for the election to be held on Tuesday, April 22, 2014.

Witnessed by our hands this _____ day of _____, 2014

To be signed by at least two (2) "irrigators" of the Eastern Irrigation District who are eligible to vote.

(Include land location with acres assessed as "irrigation acres".)

I hereby agree, if elected, to serve as a Director of the Eastern Irrigation District for the term for which I am elected.

Signature of Candidate: _____

NOTE: The time for filing nominations expires at 5:00 p.m. MDT on Thursday, March 27, 2014

average although the following month usually is one of the heaviest for snowfall, adding that the cool spring will mean a slow melt which is good for the river.

- Harry Philipsen enquired about conversion charges. Mr. Wilson stated that the capital asset charge for converting from terminable acres to irrigation acres is \$100/acre. New irrigation acres on existing parcels (efficiencies) are \$300/acre up to 50 acres; acres over 50 and those for dry parcels are \$700/acre.

The motion to adopt the report was carried.

6.03 Rehabilitation Report – Mr. Ivan Friesen, Assistant General Manager, Engineering

Ivan Friesen, Engineering Manager, reviewed the 2012 Irrigation Rehabilitation Report covering the following areas, as well as presented pictures and overviews on current and future projects.

- 17 large scale projects were completed in 2012 and 7 are being constructed in the fall of 2012 / spring of 2013 construction period.
- The District called 1 earthwork tender, 1 concrete tender, and hired out 2 spillway projects. The remaining projects were constructed with District equipment and crews.
- 2013 will be similar to recent years, with a mix of pipeline, canal and large drain rehabs.
- The District will also be continuing the cooperative drainage program with the County.
- The Province provided \$5,875,112 (75%) and the District invested \$1,870,037 (25%) of Irrigation Rehabilitation Program funds, completing the construction of 16 km of canal in the winter of 2012. The District will also be completing 5.8 km of canal and a large cast-in-place structure in the fall of 2012 / spring 2013 under the IRP program.
- Approximately \$23 million from the District's Irrigation Works Reserve Fund was invested installing 36.7 km of pipeline and 18.8 km of drain rehabilitation. Approximately 26 km of pipe and 16.5 km of drain rehabilitation is planned for the following year.

Moved by Ivan Friesen, Seconded by Clint Henrickson that the 2012 Irrigation Works and Rehabilitation Report be accepted as presented.

Mr. Rommens asked if there were any questions of the Assistant General Manager – Engineering. None were raised.

The motion to adopt the report was carried.

6.04 Presentation of the Audited Financial Statements of the District

6.04.1 Financial Statements – Mr. Kevin Bridges, Assistant General Manager,

Administration

Kevin Bridges, Assistant General Manager, presented the audited financial statements, highlighting the following:

Compared to 2011:

- Changes in assets:
 - Current assets decreased by \$1.1 million. This change is primarily made up of reductions in short term deposits, accounts receivable and materials and supplies. Long term investments are down by about \$2.1 million. The reduction in short term and long term investments is a result of the increased investment in Property and Equipment assets.
 - Property and Equipment assets, in total, increased by \$16.9 million net of amortization expense.
 - Buildings and equipment changes involved some minor improvements at the EID's main shop and yard as well as the usual equipment replacements.



- Land assets increased as a result of work done at the Brooks Rodeo Grounds site.
- \$29 million were invested in irrigation works projects which were partially offset by an amortization expense of \$13.3 million.
- Accounts payable were down by \$434,000. This is a normal variation.
- Unearned revenues increased by \$712,000 primarily from surface leases for oil & gas and power lines.
- The change in deferred grants and contributions is made up of the \$5.8 million IRP grant received from the Province less the \$5.7 million of deferred grants that were drawn into income in 2012.

Fund Balances:

- \$5,700 were added to the Pasture Development Fund resulting in a year-end balance of \$134,654.
- The Irrigation Works Fund started the year with a balance of \$47.7 million. \$1.87 million were withdrawn to pay the District's share of the Provincial IRP grant program. \$23.18 million were withdrawn to pay for equipment purchases and for capital projects funded solely by the District. \$1.9 million were added from capital assets charges, gravel royalties, the gain on the sale of land, equipment and buildings, and from interest earnings. \$18.5 million were contributed from current year operations. Over the year, the fund balance decreased by about \$4.6 million.
- The Externally Restricted Fund, which holds a combination of grant money from the Province plus the District's 25% share, started the year at \$9.6 million. Additions to the Fund were made up of the \$5.8 million Provincial grant, the District's \$1.87 million contribution and interest income of \$137,000. \$6.8 million were spent on eligible capital projects. Over the year, this fund balance increased by \$1.0 million.

Statement of Operations:

- Oil & gas exploration activity was down in 2012; consequently oil & gas drilling water fees and right-of-entry fees were also down. Oil & gas well lease fees were up due to higher lease rates and the growing number of surface leases.
- Power line right-of-entry fees decreased in 2012 because the majority of the fees for the Cassils to Bowmanton line were received in 2011. Power line rental fees increased in 2012 because the Bowmanton line started paying annual rent.
- Irrigation lease fees increased in 2012 primarily due to rent from the Rolling Hills Reservoir irrigated land project.
- Investment income is down due to the reduction in investments, lower interest rates and the market value adjustment.
- The Gain on the sale of land, equipment and buildings is made up of:
 - A gain of \$120,694 from the sale of various pieces of equipment; and
 - A gain on the sale of land and buildings of \$476,560 from the sale of land at Lake Newell Resort, various smaller parcels to the County for road widenings and the Kitsim Water District Supervisor acreage.
- In 2012, total operating and administration costs of \$12.6 million were incurred compared to \$12.3 million in 2011. Of the \$12.6 million, \$5.7 million were recovered from or charged to capital construction projects leaving net operating costs of \$6.9 million for a decrease in net costs of about 1% compared to 2011.
- The net cost of Special Projects decreased in 2012 by \$275,000 as a result of decreases in campground and Old Truck Shop remediation expenses which was partially offset by increases

in Farm Improvement Grant expenses and the donation to the Brooks Regional Ballpark project.

- The net cost of operating EIDNet decreased by \$150,000 in 2012 due to a revenue increase of \$85,000 and reduced amortization and customer installation expenses.

Moved by Kevin Bridges, Seconded by Harley Tateson that the 2012 Financial Statements be accepted as presented.

Mr. Rommens asked if there were any questions of the Assistant General Manager – Administration.

- Harley Tateson asked various questions about the District's donation to the Brooks Regional Ballpark. Administration and Directors replied that this donation was for one of two lighted fields, that the Board has been generous with other large community minded projects such as the Rodeo Grounds and Centennial Regional Arena, that partnerships with others such as the County and City do occur, and that projects are examined individually as they come up.
- David Peltzer asked for clarification on the water expenses under Community Grazing. Mr. Wilson responded that most of the expense is due to pumping costs for water lines, as well labour and equipment costs for digging and cleaning dugouts.

The motion to adopt the report was carried.

7.0 New Business cont'd.

7.02 Update of 2003 Irrigation Expansion Plan – Mr. Earl Wilson

Mr. Wilson gave a presentation on water savings and irrigation development over the last 10 years:

- In 2003 a plebiscite passed for the expansion limit to be raised from 286,000 acres to 311,000 acres.
- It was projected that 71,500 acres would have to convert to a more efficient method of irrigation to add 12,000 acres; with 10,000 new acres being allowed below Crawling Valley and Lake Newell, and 3,000 off return flows.
- By 2012, farmers had converted 69,400 acres to more efficient methods, and 1,600 acres have been developed off return flow channels.
- The change in irrigation methods has saved 9,900 acre feet of water.
- 6,600 acres can be added to the assessment roll to be back to the same water usage as in 2003.
- 10,000 acres could also be added below Lake Newell and Crawling Valley, and 1,400 off return flows; this would put the total up to 313,000 acres.
- Farmers have already made enough changes to allow the District to add 16,000 acres to reach the expansion limit, and with pipelining and automation of the District's system additional water has been saved that can be used for other purposes and further expansion, if a new expansion limit is set.
- A review of the changes in forage, cereal, oil seed and specialty crops was given, with a trend shown of less forages and more oil seed and specialty crops.
- The District is taking the moratorium off for water users applying for acres off-river.
- A newsletter will be sent out notifying water users of the opportunity to apply for new acres, and outlining the District's irrigation development projects for fall of 2014 such as:
 - North Gem
 - Rolling Hills Reservoir Pump Station
 - Bow Slope
 - West Rolling Hills and Southeast Rolling Hills

Mr. Wilson asked if there were any questions in response to this proposal.



- Harley Tateson asked what the limitations were for water users and the District. Mr. Wilson replied that water users are limited to 150 new acres from June 1, 2003, with the exception of those below Crawling Valley Reservoir, Lake Newell and off 12 Mile Coulee being eligible for a maximum of 600 acres. District land that is developed for irrigation is sold by auction to water users and therefore does not have a set limitation.

7.03 Provincial Budget – Mr. Earl Wilson

Mr. Wilson announced that as an outcome of the Provincial budget cuts the Farm Fuel Distribution Allowance portion of the Alberta Farm Fuel Benefit Program has been discontinued. The loss of the 6 cents per litre rebate translates to an approximate \$45,000 loss per year to the District. In addition, the Provincial Government also cut funding for the Irrigation Rehabilitation Program by 12.5%, resulting in the EID receiving \$700,000 less for this year, for an anticipated total of approximately \$5.1 million. These cuts will not affect the IRP program this year, but the next. Mr. Wilson added that the irrigation districts have been well supported in the past and trust that this support will return.

7.04 General Matters Raised from the Floor

Mr. Rommens asked if there were any other questions.

- Tony Brummelhuis asked how the District was enforcing the pivot track maintenance requirements for the Kitsim Pivots that were bid for lease last fall, commenting that he found the information to be unclear in the bid package and that it appeared that the tracks were now cultivated. Mr. Wilson and Mr. Hale responded that the improved portions of the tracks were not to be disturbed, as outlined in the agreement included in the bid package. Brad Niznik and George Graham responded that they understood the requirements in this way as well.
- Blaine Johnson asked what the District foresees in electrical costs for the high capacity pump sites. Mr. Wilson replied that he has no numbers as of yet, but expect costs to definitely be going up, adding that he had hoped the Province might limit the increase but can't see that happening now.

7.05 Report on Scheduled Elections

Earl Wilson reported that the term of the members of the Board of Directors for Division 2, Rosemary/Duchess, Division 4, Cassils, and Division 7, Rolling Hills has been completed and therefore nominations are being accepted for these divisions. The nomination period will close Thursday, March 28, 2013, at 5:00 p.m. Nomination forms can be obtained from the District Office.

8.0 Adjournment

Mr. Rommens asked if there were any further business. Being none, Mr. Rommens called for a motion to adjourn the meeting.

Moved by Tim Doerksen that the annual meeting be adjourned at 3:08 p.m. CARRIED