

Annual Report



Bassano Dam Head Gates: April 21, 1914

Water First Diverted 1914



NOTICE OF ANNUAL MEETING



TAKE NOTE that the annual meeting of the irrigators of the Eastern Irrigation District will be held on Wednesday, March 25th, 2015 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 (Vice-Chair)
Division 1



Jim Culligan
Division 2



Ross Owen
Division 3



Bruce McKellar
Division 4



George Graham
Division 5



Carl Chomistek
Division 7

As we move forward into 2015 and review a few of the highlights from 2014, the most beneficial and crucial to our District and entire area is the Government of Alberta committing to a cost sharing of the Bassano Dam enhancement that is budgeted at 40 million dollars. The investment percentage split on this project mirrors our Infrastructure Rehabilitation Project funding which is currently set at 75 percent provincial, 25 percent EID.

The energy sector downturn and the resulting effects on the Province's revenues have recently put all proposed Government Capital Projects under financial scrutiny. The Board of Directors are hopeful that the risk and possible impacts of any future flooding, combined with the Province's continued funding of mitigation projects in the upper Bow River basin, will allow the financial support for the enhanced Bassano Dam spillway to remain in place.

The enhancement of the spillway at the Bassano Dam is second only to the development accomplished by the CPR in the early 1900's. As such, commencing September 1, the Board restructured the District management team and designated Earl Wilson as Manager of Special Projects to oversee and coordinate all facets of this improvement to our dam. Ivan Friesen has assumed the position of Interim General Manager.



Bassano Dam Headgates

The proposed Bow River Basin Flood Management Plan and subsequent releasing of late spring, early summer storage quantities along the upper reaches of the Bow River to accommodate potential future flooding events have been discussed with Alberta Environment and Sustainable Resource

Development. The Bow irrigation districts don't object to improved river flow management opportunities and possible preparedness for any flood events. The districts are, however, leery of reducing storage supplies to low levels and the repercussions of a non event, followed by a dry summer and the resulting impact on river flows as the irrigation season progresses. Discussions are ongoing with the hope that there will be flexibility in this flood control arrangement.

The Board had a change of Directors representing the Scandia/Rainier area, Allen Nielsen retired from his position after 21 years. Allen was also an employee with the District from 1960 through 1971, thus bringing a perspective to the Board table not normally presented. A sincere thank you goes out to Allen for all the time and energy he devoted to these positions at the EID and best wishes towards his retirement. The Board welcomes and looks forward to working with George Graham, the new representative of Division 5.

Rehabilitation of the District's infrastructure has been, and will continue to be, the primary focus and largest budget item that the Board of Directors approves. Since the year 2000, including the enhancement to Rolling Hills Reservoir, the EID has refurbished, redesigned and newly constructed over 320 million dollars worth of water storage, conveyance and automation systems. Early in 2015 the Board will be approving an updated 3 year Capital plan that will continue to focus on upgrading technologies, increasing efficiencies and, where possible, expanding irrigation opportunities.

Community enrichment support included a large project, namely the Brooks Gymnastic Center. The club approached the Board late in 2013 wanting to discuss the ongoing use of the District's old shop on 2nd Avenue West in Brooks. After touring the facility and reviewing the advantages to EID staff, ratepayers and the community of having a venue for our youth to be active, the Board approved an entire refurbishing of this building to better accommodate this purpose. After 20 years of making due with a retrofitted service shop, the improvements have created a spike in enrolment and subsequent usage of this resource. The Board thanks MPE Engineering for their donation of expert design skills to this

retrofit, the City of Brooks for the equipment budget provided, and the County of Newell for funding the new flooring throughout.

For some time now the Board has felt there is a need to have a permanent and dedicated staff position to fill the public relations and public education challenges that we face. This person's responsibilities would include promoting the benefits of irrigation and agriculture initially within our region but also eventually beyond our borders. As our society migrates away from the farm and into urban areas, the Board has seen the changes in understanding and support of our industry. Contained within our priority list and through discussions with Alberta Agriculture, the challenge of defending not only our water license but also our social license is up near the top. Margo Redelback who has worked at the EID for the past 9 years in different capacities has been promoted to lead this initiative.

Another priority of the EID is the Aquatic Invasive Species challenges. Mussels are the primary focus but there are numerous other species of plants and animals that pose a risk to our conveyance system. The Board and management have attended numerous conferences and discussion groups that have focussed on a "Made in Alberta" defence plan. Dialogue directed at prevention has taken center stage but a rapid response plan is also being finalized should detection become reality.

The mussels situation has the EID partnering financially with other irrigation districts and through Alberta Irrigation Projects Association sponsoring

educational signage and most recently detector dog training. These initiatives are not only to heighten the awareness of the risk but also to tighten the defence at Federal and Provincial borders. The City of Brooks and County of Newell have demonstrated incredible support by introducing resolutions at their respective Provincial Conferences that requested the Province get legislation in place that allows for mandatory inspections of watercraft. These resolutions passed with overwhelming support resulting in further attention from the Province.

The elk herds that are amassing on our eastern boundaries have become an issue for the District because of their inevitable impact on District grazing leases and irrigated crop lands. Population numbers that have been released range from 7 to 10 thousand head procreated from the 200 animals introduced in the early 90's. The reproduction rates are known to be close to 33% per year which without immediate intervention will have serious consequences for our area. These numbers are alarming alone but to add to our concern, a simple drought situation which is not uncommon in Southern Alberta, would accelerate the elk migration resulting in a detrimental strain on our native grass and water supplies then very quickly the irrigated land base. Our apprehension has been brought to the attention of the Provincial Environment Minister on several occasions.

The Board is pleased with the service levels witnessed at EIDnet and are confident that we are well positioned to compete and provide value as technology changes meet customer demands. Recent reductions in bandwidth costs have allowed

Population numbers that have been released range from 7 to 10 thousand head procreated from the 200 animals introduced in the early 90's.



Mussels

for better subscription value and enhanced internet speeds available to the water users. Just prior to the Christmas season, the Board approved that every

Water User be brought up to the 3Mbps internet speed allowing the opportunity to experience one level of the enhancements that are now available.



The Board of Directors look forward to continued success and constant improvements to our water and land resources. Thanks and recognition goes out to all Government Officials, elected and staff, along with District management and staff that help to generate and maintain the advantages our District enjoys.

Respectfully Submitted by:
Mr. Bob Chrumka, Chairman
Board of Directors



Nicole Baine



Leah Brummelhuis



Talon Chandler



Tique Chandler



Dustin Christensen



Garrett Dutton



Stephen Fabian



Kayla Hawkins



Renae Hemsing



Ashley Henrickson



Liam Hirch



Brett Kruger



Erin Larocque



Ebberly MacLagan



Nolan McIntyre



Riley McLellan

2014 Eastern Irrigation District Scholarship Recipients



Samantha Metcalf



Jo-Anna Meurs



Nestor Moyano



Desirae Neigum



Tanis Steinbach



Nathan Suik



Kendal Van Hall



Robyn Volek



Shira Wickenheiser



During the flood of 2013 a large piece of the concrete erosion apron on the Bassano Dam was observed to be broken off and stood up on end caused by the incredible velocity at the most westerly end of the spillway. In the early winter this area was dewatered and the

concrete apron was repaired by installing new dowelling into the existing apron and spillway, and pouring a new slab.

The 2014 water season started with a flood scare particularly in the southern watershed but for the Bow River it was a non-event when compared to 2013. The snow pack was average to above average and, as far as precipitation was concerned, some areas saw heavier rain and damaging storms, but generally it was an average year with approximately 9" falling in the Brooks area. The District delivered 294,600 acre feet with approximately 8" being delivered to the farm gate.

Our 2013/14 rehabilitation program included 14.5 km of rebuilding and armouring canals, 28 km of PVC pipelines and 11 km of enlarging and armouring drainage channels. The Rosemary pipeline project encountered numerous issues including weather which extended the schedule well past the water delivery date. The landowners on this project showed enormous patience and support to the District. Thank you. The drainage partnership with the County of Newell continued with the completion of the Scandia area project and the design and securing of right of ways in the Rainier area.

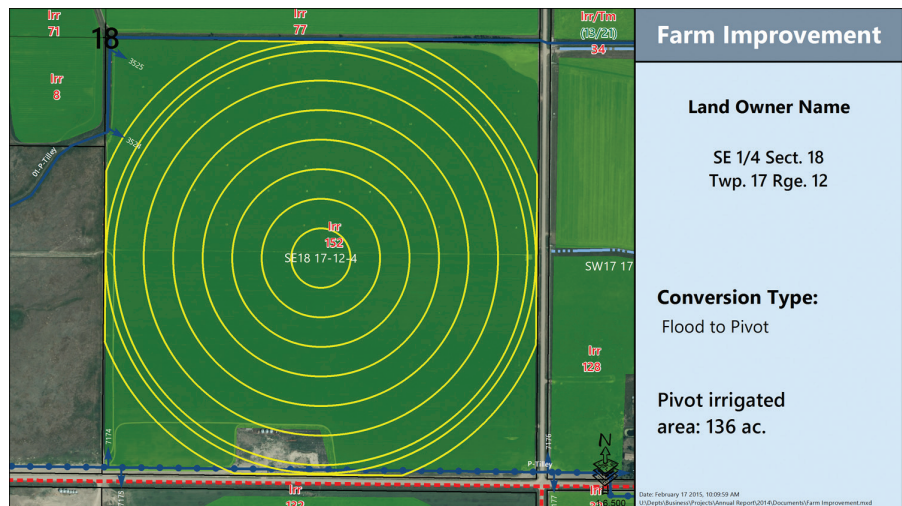
Our Farm Improvement Incentive Program continues to be utilized and its purpose is to promote more efficient methods of irrigating that conserves water. Some examples include conversion to low pressure pivot, eliminating spill past a pump and on-farm work to accommodate

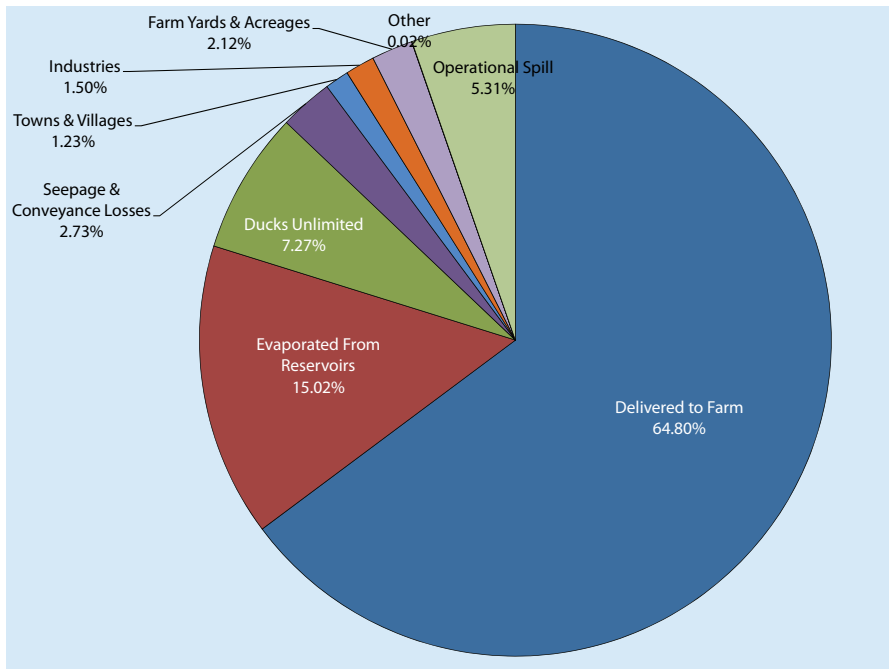
Water Balance (acre feet)

	2014	2013
Diversion	294,600	383,400
Delivered to Farm	189,800	216,000
Evaporation from Reservoirs	44,000	63,000
Ducks Unlimited	21,300	23,000
Seepage and Conveyance Losses	8,000	8,000
City, Towns and Villages	3,600	3,900
Industries	4,400	4,100
Farm Yards and Acreages	6,200	6,500
Change in Storage	1,700	5,950
Other Purposes	50	50
Operational Spill	15,550	52,900
Measured Return Flow	97,500	84,700
Operational Spill	15,550	52,900
Farm Spill and Run Off	81,950	31,800

more efficient irrigation. In 2014 the District, while less than the last number of years, approved 31 farm improvements, totaling \$194,000. The majority of these (27) were converting to low pressure pivots.

We added 1,313 acres to the assessment roll in 2014. Of this total, 17 acres were on existing parcels that converted to a more efficient method of irrigation and 1,296 were new irrigation acres. The District bought back 56 acres, converted 13 acres to Rural Water Use Purposes agreements





well sites were acquired on District owned land, with an additional 44 twinned wells to be drilled on existing leases. Other activities included 246 acres of pipeline acquisition and 33 miles of seismic work.

The threat of Aquatic Invasive Species, both plant and animal is very much a concern and the reality that is being faced. Policy, legislation, education, monitoring, inspection and response are the major aspects that need to be realized and/or continued.

The District would like to thank and recognize 6 long term employees for their dedication and work who retired in 2014 (Kevin Tebo

34 years, Claus Hansen 33 years, Allan Olson 32 years, Pat Shepherd 26 years, Darlene Fisher 14 years, Barry Nygard 13 years). Brad Biette, Anita Evison and Kerry Massie left the District and we welcomed Crystal Lintott, Skye Barg, Shawn Dahl, Arnes Buljubasic, Frank Klassen, Albert Hebig, Hans Kiefaber and Dale Wester to our staff in 2014.

Respectfully Submitted by:
Mr. Ivan Friesen, Interim General Manager

and converted 330 terminable acres. Our current assessment is 297,857 (Dec 31/14).

The trend in irrigation methods continues to show a higher percentage of low pressure pivot irrigation from year to year. Since 2002 to 2014 we have seen a 32% (99,800 acres) increase in acres being irrigated with low pressure pivots, with the largest percentage conversion coming from wheels, followed by flood irrigation.

These on farm changes have undoubtedly made the District more efficient, and it is estimated to have saved 16,000 acre feet over and above the increase in assessment. For the 2015 season, 1,295 acres have been approved, and potentially up to 2,500 acres for 2016. Of these 2,500 acres, 500 will be considered in areas without the reservoir support of Lake Newell and Crawling Valley.

A total of 16,214 head among the 10 grazing associations were turned out in May, June or August and returned home in October. Adequate moisture in most areas allowed for good grass growth and good carry over for the 2015 grazing season. Numbers for 2015 have increased to 84 head per member and are projecting to run approximately 17,000 head.

Oil and gas operations were still quite slow in 2014, but slightly more than last year. A total of 48 new

EID Long Term Service Awards



Ivan Friesen (20 Years)



Ryan Gagley (10 Years)

Method of Irrigation: 2014

As of End of 2014 Water Delivery Season

Low Pressure Pivot	185,800	62.38%
High Pressure Pivot	30,742	10.32%
Wheel Move	22,417	7.53%
Other Sprinkler	818	0.27%
Flood Irrigation (Leveled)	46,591	15.64%
Flood Irrigation (Not Leveled)	11,489	3.86%

Note: percentages shown are the percentages of total irrigation.

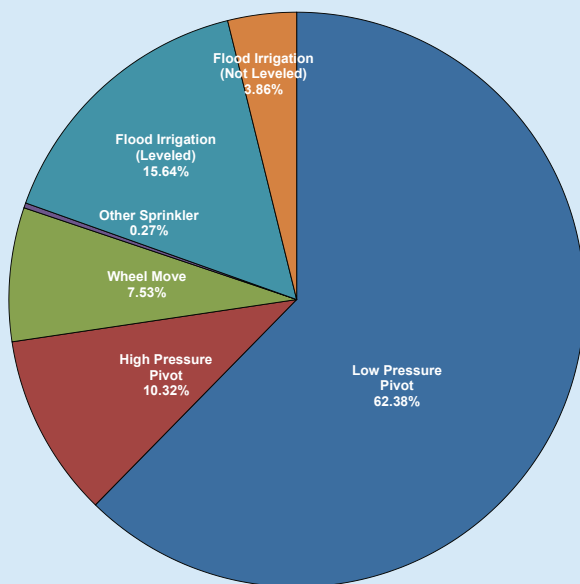
Method of Irrigation: 2002

As of End of 2002 Water Delivery Season

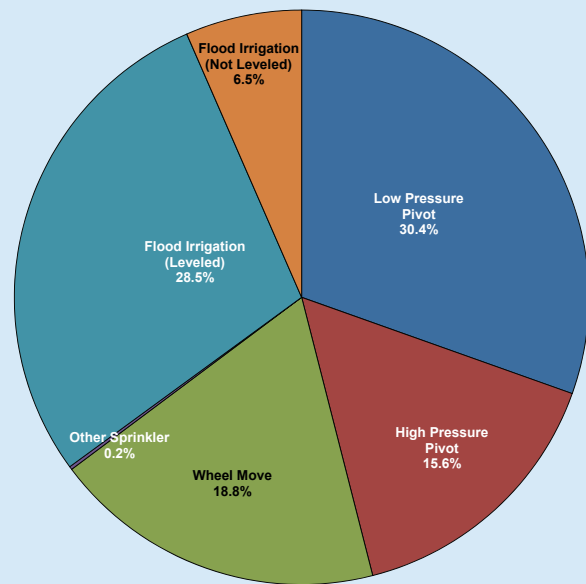
Low Pressure Pivot	86,000 Ac.	30.4%
High Pressure Pivot	44,000 Ac.	15.6%
Wheel Move	53,000 Ac.	18.8%
Other Sprinkler	500 Ac.	0.2%
Flood Irrigation (Leveled)	80,500 Ac.	28.5%
Flood Irrigation (Not Leveled)	18,500 Ac.	6.5%

Note: percentages shown are the percentages of total irrigation.

Acres by Method of Irrigation: 2014



Acres by Method of Irrigation: 2002



Low Pressure Pivot With Drop Tubes

Marshall Drain



Marshall Drain



2014 Crop Summary

Crop Class	Crop Type	Acres
Forage Crops	Alfalfa 2 Cuts	35,465
	Alfalfa 3 Cuts	1,368
	Alfalfa Hay	1,409
	Alfalfa Silage	1,247
	Barley Silage Under Seed	791
	Barley Silage	2,999
	Corn Silage	13,569
	Grass Hay	8,187
	Green Feed	5,920
	Millet	130
	Native Pasture	2,021
	Tame Pasture	42,160
	Timothy Hay	1,600
Cereals	Barley	15,629
	CPS Wheat	3,808
	Durum Wheat	143
	Grain Corn	9,186
	Hard Spring Wheat	52,624
	Oats	2,410
	Rye	673
	Soft Wheat	599
	Triticale	2,609
	Winter Wheat	1,095
Oil Seeds	Canola	29,169
	Flax	14,657
	Hyola	832
Non Irrigated	Miscellaneous	
	Non-Crop	124
	Summer Fallow	718

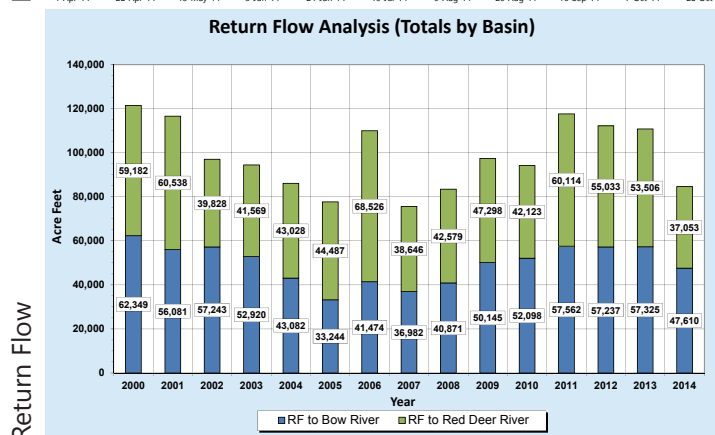
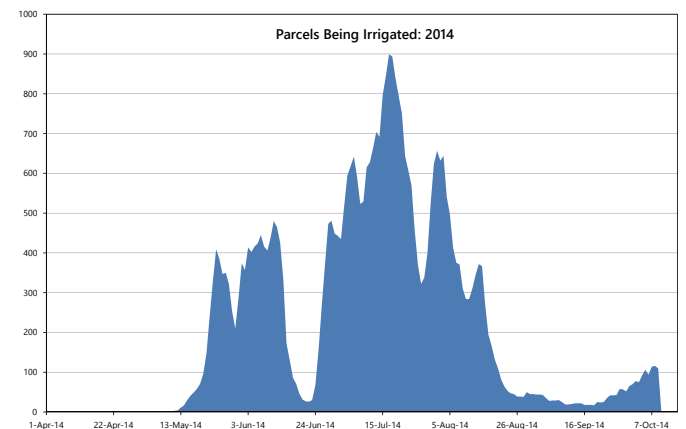
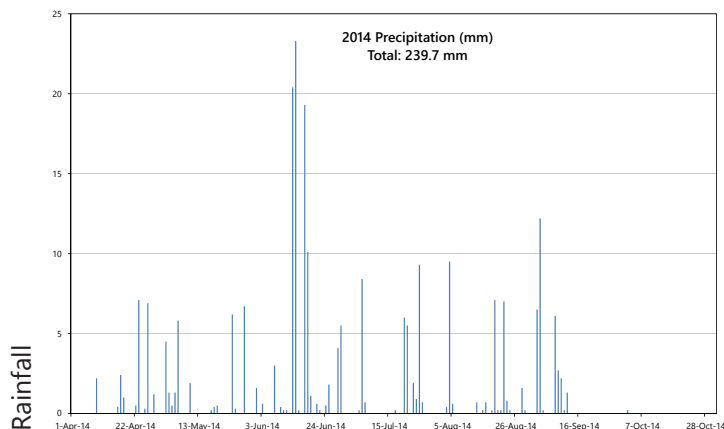
Crop Class	Crop Type	Acres
Specialty Crops	Alfalfa Seed	18,450
	Carrots	95
	Dry Beans	5,009
	Dry Peas	4,230
	Faba Beans	2,863
	Fresh Corn (Sweet)	45
	Fresh Peas	20
	Hemp	634
	Market Gardens	47
	Mint	250
	Nursery	432
	Potato	2,703
	Seed Canola	7,344
	Seed Potato	1,061
	Soy Beans	781
	Sugar Beets	697
	Sunflower	2,054

Total of All Crops (As of end of 2014 Water Delivery Season)		
	Crop Class	Total Acres
Summary	Forage Crops	116,866
	Cereal Crops	88,776
	Oil Seed Crops	44,658
	Specialty Crops	46,715
	Non-Irrigated	842
Total		297,857

2014 System Water Delivery Summary

As of End of 2014 Water Delivery Season

Block	WDS	Irrigated Area (acres)	Volume Delivered (acre feet)	Water Use/Acre (acre feet/acre)
District N1 Bassano	Beddows	17,654	10,300	0.58
District N2 Pitau	Isidoro	21,285	12,700	0.60
District N3 Gem	Kroschel	13,662	9,000	0.66
District N4 Rosemary	Marshall	22,056	12,600	0.57
District N5 Duchess	Kroschel	20,132	12,600	0.63
District N6 Cockerill	Leland	21,228	14,600	0.69
District N7 Millicent	Slomp	21,255	7,300	0.34
District N8 Patricia	Tryhorn	16,630	7,800	0.47
District S1 Antelope Creek/Brooks	Syvret	19,678	12,800	0.65
District S2 Kitsim	Currie	18,966	14,300	0.75
District S3 Bow Slope	Thiessen	21,245	17,500	0.82
District S4 Aqueduct/Bantry	Bobinski	13,397	8,700	0.65
District S5 Elizabeth	Canning	15,786	9,900	0.63
District S6 Tilley	Cleland	17,930	13,700	0.76
District S7 Rolling Hills North	Olund	18,850	15,200	0.81
District S8 Rolling Hills South	Stout	18,103	10,800	0.60
Totals:		297,857	189,800	0.64





Canal Construction Early 1900's

One Tree Canal Construction



One Tree Canal Armoured





2014 Rehabilitation

The District has continued to rehabilitate its water delivery and drainage system at a rapid pace with \$24,590,000 million spent in fiscal 2014. In this period the District rehabilitated nine (9) large scale projects. Of these projects, one (1) was tendered while the rest were constructed and project managed with District forces. This winter we are presently complete or in the process of constructing nine (9) large scale projects.

Our outlook for 2015 will maintain a similar pace in District rehabilitation and to continue the District and County of Newell drainage 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 2014 the Province provided \$5,355,000 (75%) and the District invested \$1,697,000 (25%). The 2014 expenditures amount to approximately \$6.781 million. The District completed the construction of approximately 14.5 km of canal in the winter of 2013/2014 and will be rehabilitating 27 km of pipeline in the fall 2014/spring 2015 construction period under the IRP program.

Irrigation Rehabilitation Program (IRP)

Project	Description	Engineer	Contractor	2014 Project Cost	Total Project Cost
Spring					
Various Prior Year Projects	--	--	--	--	--
Antelope Creek Canal	5.0 km Lined Canal	EID	EID	\$1,687,000	\$1,738,000
AH North Bantry	9.4 km Canal Rehab.	MPE	Contour Earth Moving	\$4,657,000	\$4,822,000
Irrigation Water Quality Assessment	--	--	--	\$319,000	--
21 North Branch	5.0 km Pipeline	EID	EID	\$32,000	--
25 North Branch	4.0 km Pipeline	EID	EID	\$13,000	--
J West Bantry	18.0 km Pipeline	EID	EID	\$73,000	--
Total:				\$6,781,000	\$6,560,000

Funds for this program are provided entirely from the District's Irrigation Works Reserve Fund. The 2014 expenditures amount to approximately \$17.809 million. In 2014 the District completed the installation of 28 km of pipeline and 13.5 km of drain rehabilitation. The fall of 2014/spring 2015 will see the construction of approximately 10 km of pipe and 10.5 km of drain rehabilitation under this program.

EID Capital Construction Program

Project	Description	Engineer	Contractor	2014 Project Cost	Total Project Cost
Various Years Projects	--	--	--	\$650,000	--
19 Rolling Hills	0.6 km pipeline	EID	EID	\$161,000	\$166,000
East Bantry Pump	10 km pipeline/pump	EID/MPE	EID	\$2,753,000	\$2,862,000
08 A Springhill	16 km pipeline	EID	EID	\$7,576,000	\$7,645,000
Summit Drain	8 km drain rehab.	EID	EID	\$1,545,000	\$1,576,000
One Tree Drain	3.0 km drain rehab.	EID	EID	\$1,245,000	\$1,269,000
17 G Springhill	1.3 km pipeline	EID	EID	\$131,000	\$131,000
17 G Springhill bore and drain	2.5 km drain rehab.	EID	EID	\$395,000	\$409,000
Structure Program	--	EID	EID	\$171,000	\$171,000
EID/County of Newell Drainage	--	EID	EID	\$446,000	
Bassano Dam including spillway	--	--	--	\$286,000	\$210,000
Rolling Hills/Gem acre development	--	--	--	\$678,000	\$679,000
Land Acquisition	--	--	--	\$772,000	--
Campground Construction	--	--	--	\$459,000	--
Cost Share Projects	--	--	--	\$273,000	--
2014/2015 Projects	--	--	--	\$268,000	--
Total:				\$17,809,000	\$15,118,000

EID Capital Construction Program: 2014/2015

Project	Description	Project	Description
Marshall Drain	2.5 km drain rehabilitation	10 B Springhill	3.5 km pipeline
Summit Drain	5.0 km drain rehabilitation	04 Bow Slope	3.0 km pipeline
One Tree Drain	3.0 km drain rehabilitation		
Summit Pipeline	3.5 km pipeline		



J West Bantry Pipeline Installation



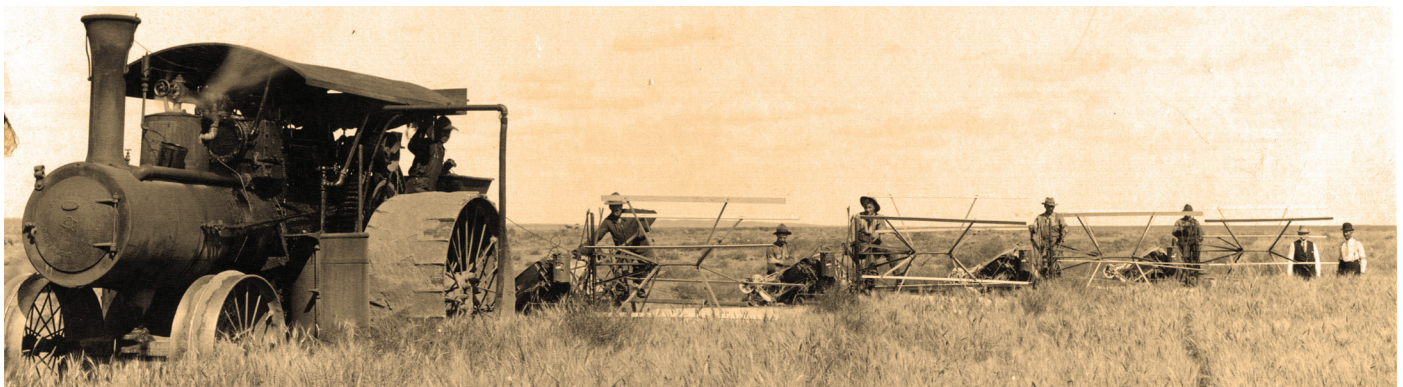
Bantry Summit Drain Rehabilitation

2014 was an average year for maintenance with costs slightly below the 5 year average. The more significant changes year over year were lower equipment costs while material costs were higher. Total cost for the year was \$2,728,000.

Maintenance of Irrigation Works As of End of 2014 Water Delivery Season

Maintenance Item	2010	2011	2012	2013	2014	Average
Canal cleaning, bank leveling and seeding	5 km	4 km	2 km	7.5 km	1.5 km	4 km
Drain cleaning, bank leveling and seeding	15 km	13 km	6 km	8 km	6.5 km	9.7 km
Drain and canal clipping	135 km	108 km	205 km	119 km	125 km	138.4 km
Gravel armour placed on canal side slopes	0 km	3 km	1 km	1.5 km	0.5 km	1.2 km
Gravel placed on canal banks	36 km	23 km	24 km	18.5 km	15 km	23.3 km
Canals fenced	1 km	1 km	0.5 km	2 km	0.5 km	1 km
Chemical weed control on canal banks	1,452 km	1,743 km	1,608 km	1,786 km	1686 km	1,655 km
Mowing of canal banks	620 km	730 km	1,090 km	745 km	620 km	761 km
Canal liner installed	0 km	0 km	0 km	0 km	0 km	0 km
Road crossing repairs and replacements	10	12	8	0	0	6
Replacement of farm turnouts	5	3	3	4	3	4
Flood well to riser conversion (on pipelines)	16	12	13	6	4	10
Maintenance Cost	2010	2011	2012	2013	2014	Average
Heavy equipment	\$1,214,221	\$1,438,168	\$1,242,380	\$1,191,413	\$1,009,561	\$1,219,149
Labour	\$894,995	\$869,369	\$870,124	\$900,623	\$958,220	\$898,665
Vehicles	\$232,462	\$199,479	\$186,770	\$163,974	\$181,589	\$192,855
Repairs to pump stations and control structures	\$216,299	\$152,844	\$161,165	\$198,020	\$234,142	\$192,494
Materials (culverts, gates, fence posts, etc.)	\$177,450	\$241,252	\$150,888	\$121,473	\$207,371	\$179,687
Chemical for broad leaf weed control	\$64,445	\$75,411	\$74,829	\$75,840	\$76,290	\$73,363
Maintenance of buildings and grounds	\$37,813	\$34,891	\$63,334	\$52,234	\$60,648	\$49,784
Total Costs:	\$2,837,685	\$3,011,414	\$2,749,490	\$2,703,577	\$2,727,821	\$2,805,997

Early 1900's Harvest





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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BEVAN AND PARTNERS CHARTERED ACCOUNTANTS

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Thomas A. (Andy) Rice, CGA
Vanda L. Marcy, CGA

* denotes professional corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Eastern Irrigation District

We have audited the accompanying financial statements of Eastern Irrigation District, which comprise the statement of financial position as at September 30, 2014 and the statements of operations and changes in fund balances and cash flows for the year then ended, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

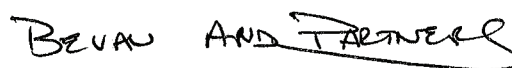
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eastern Irrigation District as at September 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Brooks, Alberta
January 27, 2015



CHARTERED ACCOUNTANTS

Statement of financial position

As at September 30, 2014

	General Fund	Irrigation Works Fund	2014 Total	2013 Total
ASSETS				
Current				
Cash	\$5,435,634	\$1,150,930	\$6,586,564	\$6,217,144
Short term deposits (Note 4)	6,158,041	19,802,594	25,960,635	17,054,909
Accounts receivable (Note 5)	2,454,789	668,560	3,123,349	3,750,891
Materials and supplies (Note 8)	1,404,928	0	1,404,928	1,266,722
Prepaid expenses	498,029	0	498,029	406,956
	15,951,421	21,622,084	37,573,505	28,696,622
Accounts receivable (Note 5)	0	2,077,711	2,077,711	1,441,261
Investments (Note 6)	0	40,414,271	40,414,271	47,401,221
Deposits	41,515	0	41,515	0
Trust funds held (Note 16)	207,269	0	207,269	215,309
	16,200,205	64,114,066	80,314,271	77,754,413
Property and Equipment (Note 7)				
Buildings and equipment, net	10,195,006	1,487,958	11,682,964	11,124,178
Irrigation works, net	0	362,524,952	362,524,952	352,336,063
Land (Note 2)	0	1,633,737	1,633,737	1,633,737
	10,195,006	365,646,647	375,841,653	365,093,978
	\$26,395,211	\$429,760,713	\$456,155,924	\$442,848,391
LIABILITIES				
Current				
Accounts payable	\$1,278,984	\$1,144,664	\$2,423,648	\$2,470,884
Goods and services tax payable	58,987	0	58,987	50,817
Unearned revenue (Note 2)	14,504,061	93,127	14,597,188	14,980,149
	15,842,032	1,237,791	17,079,823	17,501,850
Trust funds held (Note 16)	207,269	0	207,269	215,309
Provision for gravel pit closure and post closure (Note 17)	0	722,283	722,283	734,356
Unearned revenue (Note 2)	0	1,283,326	1,283,326	858,611
Deferred grants and contributions, net (Note 7)	28,387	118,807,912	118,836,299	119,436,420
	16,077,688	122,051,312	138,129,000	138,746,546
Commitments (Note 19)				
Contingencies (Note 20)				
FUND BALANCES				
Invested in property and equipment (Notes 7 & 10)	10,166,619	246,838,735	257,005,354	245,657,558
Unrestricted (Note 10)	0	0	0	0
Internally restricted, to be used for future community pasture development (Notes 2 & 10)	150,904	0	150,904	138,254
Internally restricted, to be used for future irrigation works additions (Notes 2 & 10)	0	47,429,046	47,429,046	45,330,586
Externally restricted by the Province of Alberta, to be used for Bassano Dam Spillway project (Notes 2 & 10)	0	0	0	0
Externally restricted by the Province of Alberta, to be used for future irrigation works additions (Notes 2 & 10)	0	13,441,620	13,441,620	12,975,447
	10,317,523	307,709,401	318,026,924	304,101,845
	\$26,395,211	\$429,760,713	\$456,155,924	\$442,848,391

Statement of operations & changes in fund balances

For the year ended September 30, 2014

	General Fund	Irrigation Works Fund	2014 Total	2013 Total
REVENUE				
WATER EARNINGS				
Water conveyance agreements	\$564,813	\$0	\$564,813	\$560,794
Oil and gas drilling water	220,900	0	220,900	215,383
Penalties	1,577	0	1,577	2,273
Irrigation rates (Note 11)	0	0	0	0
	787,290	0	787,290	778,450
Less discounts allowed	(61,820)	0	(61,820)	(60,530)
	725,470	0	725,470	717,920
LEASE REVENUE AND COMPENSATION				
Oil and gas well leases	23,450,201	0	23,450,201	22,513,227
Right of entry and initial consideration - oil and gas	1,374,201	0	1,374,201	1,226,794
Oil and gas administration fees	40,700	0	40,700	52,350
Right of entry and initial consideration - powerlines	307,094	0	307,094	700,338
Powerlines	80,864	0	80,864	71,141
Community grazing leases	956,044	0	956,044	993,421
Irrigated leases	1,069,109	0	1,069,109	906,286
Private grazing leases	191,621	0	191,621	225,525
Other lease revenues	81,372	0	81,382	80,751
OTHER REVENUE				
Amortization of deferred grants and contributions	0	5,952,187	5,952,187	5,834,859
Gain (loss) on sale of land, equipment and buildings	10,525	300,739	311,264	2,836,027
Investment income	825,015	1,014,379	1,839,394	1,890,331
Water license sale	0	0	0	400,001
Capital asset charges, net	0	827,800	827,800	275,900
Gravel royalties and miscellaneous	0	146,638	146,638	44,802
	29,112,216	8,241,743	37,353,959	38,769,673
EXPENSES				
Amortization of irrigation works and buildings	0	14,527,221	14,527,221	13,948,729
Operations and administration (Schedule 1)	7,291,551	0	7,291,551	6,669,228
Community grazing expenses (Note 12)	842,150	0	842,150	877,193
	8,133,701	14,527,221	22,660,922	21,495,150
Revenue over expenses (Deficiency), before special projects	20,978,515	(6,285,478)	14,693,037	17,274,523
Special projects, net (Note 14)	(652,513)	0	(652,513)	(454,081)
EIDNet, net (Note 15)	(115,445)	0	(115,445)	(39,371)
REVENUE OVER EXPENSES (DEFICIENCY)	20,210,557	(6,285,478)	13,925,079	16,781,071
TRANSFER TO IRRIGATION WORKS FUND	(19,904,998)	19,904,998	0	0
FUND BALANCES, BEGINNING OF YEAR	10,011,964	294,089,881	304,101,845	287,320,774
FUND BALANCES, END OF YEAR	\$10,317,523	\$307,709,401	\$318,026,924	\$304,101,845

Statement of cash flows

For the year ended September 30, 2014

	General Fund	Irrigation Works Fund	2014 Total	2013 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Revenue from water operations	\$725,470	\$0	\$725,470	\$717,920
Compensation from oil and gas operations	24,865,102	0	24,865,102	23,792,371
Compensation from powerline operations	387,958	0	387,958	771,479
Revenue from lease operations	2,298,146	0	2,298,146	2,205,983
Capital asset charges, net	0	827,800	827,800	275,900
Cash receipts from water license sale	0	0	0	400,001
Cash receipts from gravel royalties and miscellaneous	0	146,638	146,638	44,802
Operations and administration expenses (Schedule 1)	(7,291,551)	0	(7,291,551)	(6,669,228)
Community grazing expenses (Note 12)	(842,150)	0	(842,150)	(877,193)
Add: Amortization in expenses, not using cash	1,334,899	0	1,334,899	1,385,961
Net cash expenditure on special projects (Note 14)	(652,513)	0	(652,513)	(454,081)
Net cash expenditure on EIDNet	25,620	0	25,620	122,251
Investment income	825,015	1,014,379	1,839,394	1,890,331
Non-cash investment income	0	(866,093)	(866,093)	(1,199,464)
Change in GST receivable and payable	8,170	0	8,170	11,726
Change in non-cash current assets and liabilities	245,523	205,976	451,499	176,126
	21,929,689	1,328,700	23,258,389	22,594,885
CASH FLOWS USED IN FINANCING AND INVESTING ACTIVITIES				
Grants from Province of Alberta	0	5,355,220	5,355,220	5,302,995
Proceeds on sale of land, buildings and equipment	321,385	309,552	630,937	3,165,085
Purchase of land, buildings and equipment	(1,545,576)	(403,795)	(1,949,371)	(1,492,370)
Pasture development and reseeded (Note 13)	(534,159)	0	(534,159)	(189,054)
Expenditures on irrigation works (Note 7)	0	(24,590,157)	(24,590,157)	(24,885,150)
Change in non current accounts receivable	0	(636,450)	(636,450)	936,512
Change in irrigation works unearned revenue	0	(134,049)	(134,049)	(136,100)
Proceeds on sale of investments	0	25,524,899	25,524,899	21,504,246
Purchase of investments	0	(17,671,856)	(17,671,856)	(25,092,621)
Change in deposits	(41,515)	0	(41,515)	0
Change in provision for gravel pit closure and post closure (Note 17)	0	(12,073)	(12,073)	51,638
Change in irrigation works accounts payable	0	75,331	75,331	310,531
	(1,799,865)	(12,183,378)	(13,983,243)	(20,524,288)
NET INCREASE (DECREASE) IN CASH	20,129,824	(10,854,678)	9,275,146	2,070,597
Cash, beginning of year	11,368,849	11,903,204	23,272,053	21,201,456
Transfer from general fund	(19,904,998)	19,904,998	0	0
CASH, END OF YEAR	\$11,593,675	\$20,953,524	\$32,547,199	\$23,272,053
Cash is comprised of:				
Cash	\$5,435,634	\$1,150,930	\$6,586,564	\$6,217,144
Short term deposits	6,158,041	19,802,594	25,960,635	17,054,909
	\$11,593,675	\$20,953,524	\$32,547,199	\$23,272,053

Notes to the financial statements

September 30, 2014

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. 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.

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 149(1) of the Income Tax Act.

Notes to the financial statements

September 30, 2014

2. Significant Accounting Policies (continued)**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, 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.

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 and the District's share of the Bassano Dam Spillway project.

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.

Notes to the financial statements

September 30, 2014

3. 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 230,534 people and 418 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 11.39% of pensionable earnings up to the Canada Pension Plan's Maximum Pensionable Earnings and 15.84% for the excess. Total current service contributions by the District to the Local Authorities Pension Plan in 2014 were \$728,902 (2013 - \$665,282). Total current service contributions by the employees of the District to the Local Authorities Pension Plan in 2014 were \$671,660 (2013 - \$608,858). At December 31, 2013, the Plan disclosed an actuarial deficiency of \$4.86 billion (December 31, 2012 - \$4.98 billion).

4. Short Term Deposits

Short term deposits in the amount of \$25,960,635 (2013 - \$17,054,909) are maturing in the next 90 days and include GICs, term deposits and bonds at interest rates varying from 1.65% to 5.62% (2013 - 1.62% to 5.45%). At year end these deposits have an average annual interest rate of 3.0% and will mature within the next 90 days.

5. Accounts Receivable

Accounts receivable consist of:

	2014	2013
Lease rentals and seismic	\$1,677,067	\$1,473,175
Property and equipment	1,376,453	1,544,600
Reclassification agreements	1,315,191	748,801
Sundry debtors	380,515	938,606
Water rates and charges	271,079	347,779
Water conveyance agreements	169,188	161,548
Gravel and dirt	54,628	22,395
Less: Allowance for doubtful accounts	(43,061)	(44,722)
	\$5,201,060	\$5,192,182
Accounts receivable - current	\$3,123,349	\$3,750,921
Accounts receivable - non current	2,077,711	1,441,261
	\$5,201,060	\$5,192,182

6. Investments

Investments consist of:

	2014	2013
Term deposits	\$36,915,031	\$36,676,716
Provincial government bonds	2,194,967	2,104,395
Corporate bonds	1,195,672	3,223,760
Credit union common shares	108,601	105,956
Provincial utility bonds	0	5,290,394
	\$40,414,271	\$47,401,221
Fair market value at September 30	\$40,509,062	\$47,805,251

Notes to the financial statements

September 30, 2014

7. Property and Equipment

	Cost	Accumulated Amortization	2014 Net	2013 Net
General Fund:				
Equipment	\$16,287,665	\$8,761,999	\$7,525,666	\$7,579,488
Community pasture reseeding	3,845,121	1,175,781	2,669,340	2,325,762
Irrigation Works Fund:				
Buildings	6,925,728	5,437,770	1,487,958	1,218,928
Irrigation works	583,380,662	220,855,710	362,524,952	352,336,063
Land	1,633,737	0	1,633,737	1,633,737
	<u>\$612,072,913</u>	<u>\$236,231,260</u>	<u>375,841,653</u>	<u>365,093,978</u>
Deferred grants and contributions	<u>(\$240,788,796)</u>	<u>\$121,952,497</u>	<u>(118,836,299)</u>	<u>(119,436,420)</u>
Net assets invested in property and equipment			<u>\$257,005,354</u>	<u>\$245,657,558</u>

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

	2014	2013
Beginning of year	\$352,336,063	\$341,265,052
Additions to irrigation works:		
District projects	17,037,251	19,469,453
Province of Alberta cost share projects	6,781,206	4,749,538
Survey costs and easements	771,700	666,159
Amortization	(14,401,268)	(13,814,139)
End of year	<u>\$362,524,952</u>	<u>\$352,336,063</u>

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

	2014	2013
Beginning of year	\$119,436,420	\$119,971,788
Contributions from third parties	5,355,220	5,302,995
Amortization	(5,955,341)	(5,838,363)
End of year	<u>\$118,836,299</u>	<u>\$119,436,420</u>

Current year additions to irrigation works are as follows:

	District	Bassano Dam Spillway	Province of Alberta Cost Share	2014 Total	2013 Total
External Charges:					
Equipment and other services	\$5,929,138	\$0	\$1,124,150	\$7,053,288	\$6,339,492
Materials and supplies	5,715,760	0	880,337	6,596,097	8,653,149
Contract services	662,117	5,548	3,949,684	4,617,349	3,677,619
Contract services - engineering	158,698	64,432	217,062	440,192	382,570
Internal Charges:					
Equipment recovery	3,031,141	345	314,367	3,345,853	3,210,701
Labour recovery - other	1,084,297	0	154,002	1,238,299	1,468,303
Labour recovery - engineering	379,522	6,253	141,604	527,379	487,157
	<u>\$16,960,673</u>	<u>\$76,578</u>	<u>\$6,781,206</u>	<u>\$23,818,457</u>	<u>\$24,218,991</u>

Notes to the financial statements

September 30, 2014

8. Inventories

	2014	2013
Materials and supplies	\$1,404,928	\$1,266,722

The amount of inventories recognized as an expense during the year was \$508,207 (2013 - \$401,366).

9. 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, prepaids, accounts payable, 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.

Notes to the financial statements

September 30, 2014

10. Continuity of Fund Balances

	Invested in Property and Equipment	Unrestricted Funds	Internally Restricted Funds - Pasture Development	Internally Restricted Funds - Irrigation Works	Externally Restricted Funds - Bassano Dam Spillway Project	Externally Restricted Funds - Province of Alberta	Total Fund Balances
Beginning of year	\$245,657,558	\$0	\$138,254	\$45,330,586	\$0	\$12,975,447	\$304,101,845
Assets received from Province of Alberta	(5,355,220)	0	0	0	0	5,355,220	0
District contribution to cost share projects							
Irrigation Rehabilitation Program	0	0	0	(1,696,740)	0	1,696,740	0
Bassano Dam Spillway Project	0	0	0	(76,578)	76,578	0	0
Additions to property and equipment, net	26,754,015	(1,768,875)	0	(18,127,356)	(76,578)	(6,781,206)	0
Revenue over expenses (Deficiency) allocated	(10,050,999)	21,686,523	0	2,094,136	0	195,419	13,925,079
Transfer to (from) community pasture development reserve	0	(12,650)	12,650	0	0	0	0
Transfer to irrigation works fund from operations	0	(19,904,998)	0	19,904,998	0	0	0
End of year	\$257,005,354	\$0	\$150,904	\$47,429,046	\$0	\$13,441,620	\$318,026,924

The Board of Directors has authorized the transfer of \$19,904,998 from current year operations to internally restricted funds to be used for future irrigation works additions and \$12,650 for community pasture development. As well, authorization was given to use \$1,696,740 of internally restricted funds to pay for the District's 25% share of Province of Alberta cost share projects and to use \$76,578 of internally restricted funds to pay for the District's share of the Bassano Dam Spillway project.

11. Irrigation Rates

Irrigation rates consist of:

- 292,864 acres at \$0 per acre
- 5,020 acres at \$0 per acre terminable
- Minimum parcel rates and adjustments

	2014	2013
	\$0	\$0
	0	0
	0	0
	\$0	\$0

The cost to deliver water to the farm gate during the current year was \$23 per acre (2013 - \$21). 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 (2013 - \$0).

12. Community Grazing Expenses

Community grazing expenses consist of:

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

	2014	2013
	\$248,927	\$223,956
	175,285	173,825
	158,646	152,216
	111,602	176,010
	102,908	100,202
	32,500	43,405
	15,499	(595)
	(3,217)	8,174
	\$842,150	\$877,193

Notes to the financial statements

September 30, 2014

13. Community Grazing Property and Equipment Expenditures

Property and equipment expenditures include:

Grazing water pipeline and improvements
Pasture development and reseeding

2014	2013
\$534,159	\$41,332
0	147,722
\$534,159	\$189,054

14. Special Projects

Revenue:

Campgrounds

2014	2013
\$413,692	\$414,628

Expenses:

Campgrounds
Dam safety inspections
Rural water initiative
Farm improvement program
Partners in Habitat Development
Signs - Benefits of Irrigation and Aquatic Invasive Species
Environmental remediation - old truck shop property
Soil testing

(403,616)	(318,624)
(197,361)	(28,942)
(146,000)	(56,000)
(112,167)	(293,895)
(100,000)	(100,000)
(63,256)	0
(37,855)	(38,965)
(5,950)	(32,283)

Deficiency

(\$652,513)	(\$454,081)
--------------------	--------------------

15. EIDNet

Revenue:

Wireless subscription and miscellaneous revenue
Customer installation fees
Amortization of deferred grant

Total Revenue

2014	2013
\$719,948	\$649,869
41,316	57,282
3,154	3,504
764,418	710,655

Expenses:

Wages and operating costs
Amortization
Telecommunications and bandwidth
Customer installation expenses

Total Expenses

Deficiency

(547,908)	(410,669)
(144,219)	(165,126)
(107,011)	(95,006)
(80,725)	(79,225)
(879,863)	(750,026)
(\$115,445)	(\$39,371)

16. Trust Funds Held

Trust funds held include \$24,835 (2013 - \$32,340) in the Carl Anderson fund plus \$182,434 (2013 - \$182,969) 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.

17. Provision for Gravel Pit Closure and Post Closure

Beginning of year
Contributions
Reclamation activities

End of Year

2014	2013
\$734,356	\$682,718
100,091	61,638
(112,164)	(10,000)
\$722,283	\$734,356

Notes to the financial statements

September 30, 2014

18. 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:

	2014	2013
Amounts included in accounts receivable at year end:		
Lease rentals and seismic	\$26,001	\$0
Reclassification agreements	8,880	21,026
Water rates and charges	4,760	4,684
Water conveyance	2,446	0
Sundry debtors	0	8,148
Amounts included in accounts payable at year end:		
Unearned rent	(4,184)	0
Unearned EIDNet Fees	(1,848)	(924)
Accounts payable	(151)	0
Revenue:		
Private grazing, irrigated lease fees and cost recoveries	19,301	21,712
Reclassification loan payments	12,632	11,846
Water conveyance agreements	8,168	2,022
EIDNet fees	3,108	2,577
Capital assets charges	3,000	11,200
Gravel and dirt sales and miscellaneous	481	0
Irrigation works constructed by the District	0	9,835
Expenses:		
Salaries and benefits	(16,364)	(15,370)
Scholarships	(2,000)	(2,000)
Manure spreading and miscellaneous services	(322)	(59,633)
Irrigation works additions	0	(97,372)
Farm improvement program	0	(4,130)
Community grazing	0	(1,000)

19. Commitments

Uncompleted contracts:

The District has commitments in an estimated amount of \$nil (2013 - \$nil) 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 sale is completed as expected, will result in gross sale proceeds of approximately \$2,500 (2013 - \$3,770).

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.

20. Contingencies

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

21. 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.

22. Approval of Financial Statements

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



Eastern Irrigation District

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Schedule 1

Schedule of operations and administration expenses

For the year ended September 30, 2014

	Equipment Pool	Maintenance	Water Delivery	EID Land Administration	Administration and General	2014 Total	2013 Total
Salaries and benefits							
Salaries	\$1,732,652	\$885,187	\$1,621,568	\$312,442	\$1,257,213	\$5,809,062	\$5,803,387
Pension plans	263,990	81,603	270,644	65,208	195,052	876,497	805,131
Group insurance	74,565	21,969	75,564	18,648	56,267	247,013	242,703
Employment insurance and WCB	33,141	9,790	30,754	10,667	22,340	106,692	143,205
Equipment							
Amortization of equipment	994,249	0	0	0	91,724	1,085,973	1,162,005
Equipment rent (recovery), net	0	1,009,561	71,769	0	0	1,081,330	1,238,364
Heavy equipment expense	603,025	0	0	0	0	603,025	299,371
Vehicle expense (recovery), net	(278,594)	216,747	410,123	70,865	79,665	498,806	512,967
Other							
Irrigation pumps and structures	0	320,819	222,090	0	0	542,909	523,331
Materials and supplies	133,159	271,822	103,226	0	0	508,207	401,356
Buildings and grounds	110,407	53,590	77,198	22,918	60,105	324,218	272,393
Advertising and promotion	336	0	0	7,112	180,176	187,624	212,213
Directors per diems and CPP	0	0	0	0	180,364	180,364	166,898
Insurance	86,027	2,086	37,955	0	43,588	169,656	157,036
Professional fees	0	0	0	715	143,836	144,551	143,529
Office supplies and maintenance	0	0	0	0	142,094	142,094	82,913
Association fees	0	0	0	0	92,886	92,886	78,545
Telephone	12,371	4,972	31,795	3,521	25,555	78,214	78,378
Directors expenses	0	0	0	0	64,459	64,459	53,173
Miscellaneous and freight	240	1,715	4,723	2,057	17,443	26,178	21,980
Travel	0	1,992	0	1,942	14,056	17,990	14,992
Shop supplies and small tools	3,894	10,124	3,064	0	0	17,082	12,762
Private and irrigated leases	0	0	0	13,926	0	13,926	10,762
Total expenses	3,769,462	2,891,977	2,960,473	530,021	2,666,823	12,818,756	12,437,358
Less:							
Recovery from IRP capital construction	(344,379)	(16,574)	(104,906)	0	(149,079)	(614,938)	(106,737)
Recovery from other capital construction	(3,592,330)	(147,582)	(691,091)	(946)	(480,318)	(4,912,267)	(5,661,393)
	(\$167,247)	\$2,727,821	\$2,164,476	\$529,075	\$2,037,426	\$7,291,551	\$6,669,228

Notes

Eastern Irrigation District
P.O. Box 128
550 Industrial Road West
Brooks, Alberta
Canada T1R 1B2

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RETURN POSTAGE GUARANTEED / PORT DE RETOUR GARANTI

2015 Annual Meeting Agenda

- 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 26, 2014 Annual General Meeting
- 5.0 Business Arising from the Minutes:** March 26, 2014 Annual General Meeting
- 6.0 Bassano Dam Emergency Spillway Update:** Mr. Earl Wilson, Manager of Special Projects
- 7.0 Presentation of Reports**
 - 7.01 Chairman of the Board of Directors Report: Mr. Bob Chrumka
 - 7.02 General Manager's Report: Mr. Ivan Friesen, Interim General Manager
 - 7.03 Maintenance Report: Mr. Ivan Friesen, Interim General Manager
 - 7.04 Rehabilitation Report: Mr. Ivan Friesen, Interim General Manager
 - 7.05 Presentation of the Audited Financial Statements of the District
 - 7.05.1 Financial Statements: Mr. Kevin Bridges, Assistant General Manager, Administration
- 8.0 New Business**
 - 8.01 General Matters Raised from the Floor
 - 8.02 Report on Scheduled Elections:
 - Division 3: Mr. Ross Owen (Term Expired)
 - Division 6: Mr. Bob Chrumka (Term Expired)

Returning Officer: Mr. Ivan Friesen, Interim General Manager
- 9.0 Adjournment**

Minutes From Annual General Meeting March 26, 2014

March 26, 2014 ANNUAL GENERAL Meeting

The Eastern Irrigation District held its Annual General Meeting on Wednesday, March 26th, 2014, 1:30 p.m. at the Heritage Inn, in Brooks, Alberta. Approximately 110 people were in attendance.

The meeting was called to order by the Chair of the District, Mr. Bob Chrumka at 1:30 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 Bruce Niznik that Arno Doerksen be nominated for Chairman.

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

3.0 Adoption of the Agenda

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

Moved by Rients Palsma, Seconded by Allen Eastman that the agenda be adopted as presented.

Mr. Doerksen called for additions or deletions to the proposed agenda. No revisions were proposed.

The motion to adopt the agenda was carried.

4.0 Approval of the Minutes – March 27, 2013 Annual General Meeting

Mr. Doerksen called for a mover and a seconder to adopt the minutes from the March 27, 2013 Annual General Meeting.

Moved by Brad Niznik, Seconded by Wendell Rommens that the minutes of the 2013 Annual General Meeting be approved as distributed.

Mr. Doerksen 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. Doerksen called for items of business arising from the minutes of the 2013 Annual General Meeting. No items were raised.

6.0 Presentation of Reports

Mr. Chrumka requested that the regular reports be delayed in order for the guest presenter to address the crowd and meet other scheduled appointments. Mr. Chrumka welcomed Nicole Seitz, Water Research Specialist from the Water Quality Branch of Agriculture & Rural Development to the podium.

7.0 New Business**7.01 Aquatic Invasive Species – Nicole Seitz, Water Research Specialist**

Ms. Seitz pointed out the information pamphlets and display set up on the side of the room, and proceeded with her presentation expounding on the following:

- AIS (aquatic invasive species) are those species which are not native, pose significant threat, have no effective predators and spread or reproduce quickly.
- AIS have been introduced via cargo ships and further spread by smaller watercraft, any type of water activity, and even through aquariums.
- Zebra Mussel, Quagga Mussel and Eurasian Watermilfoil are AIS of greatest concern to southern

Minutes From Annual General Meeting March 26, 2014

Alberta irrigation districts.

- Zebra and Quagga mussels impact the environment by reproducing exponentially, living out of water for 30 days, outcompeting native species, and causing toxic algal blooms and increased plant growth.
- These mussels have an enormous economic impact on irrigation infrastructure by attaching to literally any hard surface, clogging outlets/intakes, pipelines, dam operations and other water infrastructure, becoming a huge costly maintenance issue. A continuous downstream spread would be imminent, with consequential risks to crop and food production, as well as drinking and waste water. It is estimated that each year invasive mussels are kept out of Alberta, it saves the province \$75 million in maintenance expenses.
- Zebra and Quagga mussels are prevalent in the eastern United States and Great Lakes, and have recently been discovered as close as Lake Winnipeg.
- Mechanical, biological and chemical control measures have been attempted, but prevention is the utmost strategy at this time which includes watercraft inspections, site monitoring, education, and policy/legislation. A response protocol is also being developed.
- The Clean – Drain – Dry program has been initiated, and it is being highly encouraged to begin education at the grass roots level.

After a few questions from the floor, Mr. Doerksen thanked Ms. Seitz for attending the meeting to shed light on this looming threat.

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 and giving additional comment:

- The historical flood of June 2013 pushed the District's infrastructure to its limits and started discussions on preparing for any such future events. A dam safety study indicates that the Bassano Dam structure was not compromised in any way, although there was some minor damage to the west concrete apron. Although the dam survived the flood and the fuse plug was not affected, engineering studies will be initiated to propose potential alternatives to relieving the risk of further such events. The Province is to be commended on the expediency of their mitigation plans; and the discussion of possible storage dams in the upper watershed is very positive. Discussions with the Province will also continue regarding any mitigation work upstream which may impact the EID.
- Irrigation development offered by auction for 20 year lease agreements averaged \$94/acre in Rolling Hills and \$148/acre in Gem. The 1,290 acres will bring in approximately \$142,000 annually.
- Efficiencies gained in non-reservoir supported regions of the District allowed for the applications of new acres, up to 500 acres/year for the next 3 years.
- Provincial program cutbacks reduced the IRP grant system \$570,000 in 2013; although confirmation has been given that \$450,000 of this has been gained back in the 2014 budget.
- It has been calculated that inclusive of wages, contractors, local purchases, etc. the District contributes approximately \$19 million to the local economy annually.
- In review of portions referencing irrigation districts, the EID is satisfied that the South Saskatchewan Regional Plan supports the District's purpose and mandate.
- The threat of Aquatic Invasive Species has become a serious concern for the District; as information presented to us by Ms. Seitz has explained.
- Another concern for the District are the ballooning numbers in the elk herd within CFB Suffield which are beginning to migrate westward.
- New Director Bruce McKellar replaced Neil Johnson in Division 4 – Cassils / Brooks.
- Appreciation is given to staff and especially long term employees who are retiring, for the vital

Minutes From Annual General Meeting March 26, 2014

contributions they have made to the District.

Moved by Bob Chrumka, Seconded by Rients Palsma that the 2013 Chairman of the Board of Directors Report be accepted as presented.

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

- Blaine Johnson asked if the elk were traveling along the Red Deer River and how many were estimated. Mr. Chrumka replied that numbers were large, although a firm count has not been tabulated. As well, the elk population is a province-wide concern, and there will be discussions with the Federal Government since the herd affecting the District is from a Canadian Forces Base.
- Brad Deschamps enquired if there had been any changes to the Community Grazing policy phasing out renters. Mr. Chrumka responded that there have been no changes to this ruling; an alternative practice to limit the abuse of the system has not been found to allow renters.

The motion to adopt the report was carried.

6.02 General Manager's Report – Mr. Earl Wilson

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

- The 2012/2013 rehab program included 6 km of rebuilding and armouring main canals, 1 large cast-in-place chute structure, 17 km of enlarging and armouring major spillways, and 27 km of PVC pipelining.
- The joint County/EID Drainage Program continued, completing the Scandia project, for a total of 30 km.
- The irrigation season began with an average snowpack and good river flows. Over 11" of rainfall and low irrigation demand until July was experienced, delivering 9"/acre to the farm gate. Only 383,000 acre feet (56%) of the District's license was diverted.
- The June flood impacted the Bassano Dam with flow rates 65% higher than any previous flood; peaking at 4,200 m³ or (148,000 cfs). The dam has a 400 m fuse plug built into the west end of the earth dam, meant to wash out to save the main spillway. The clay cap was removed and within .45 m of washing out, but in the end the decision was made to not pull the plug and the dam took the water 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 would have been out of water until 2014. If the main spillway was to wash out, the District would not be able to divert any water for numerous years, an unthinkable economic loss to the area.
- Dam safety inspection, reviews and repairs have been completed. The report recommends an additional spillway be constructed, with both spillways and the fuse plug having a total capacity of 9,000 – 10,000 m³/second. The 2 options being considered are a Roller Compacted Concrete (RCC) Spillway with a sand fuse plug overtop estimated at \$30 M; and the better option of a Cast-in-Place Gated Spillway estimated at \$40 M. Initial discussions with the provincial government look positive in funding measures for the secondary spillway.
- 46 Farm Improvement Grants were approved totaling \$280,000 for conversions to low pressure pivots, on-farm work to accommodate more efficient irrigation, and for eliminating spill past pumps.
- 2,148 new acres were added to the Water Roll; 150 acres were bought back by the District; 31 acres were converted to Rural Water Use Purposes Agreements, and 143 acres were converted from terminable to irrigation.
- In the last 11 years water users have converted 79,000 acres to more efficient methods of irrigation; low pressure pivot acres alone have increased from 86,000 to 178,682 (30% to 60%). An estimated 15,000 acre feet of water more than the increase in irrigated acres over the last 11 years, has been saved by on-farm changes. 2,000 additional acres have been approved for 2014, with the hopes of adding 2,500 acres for 2015.



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 24th day of April, 2015 for the purpose of electing Directors for Divisions 3 and 6 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 26, 2015.**

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 03

The boundaries of Division No. 3 shall enclose the following lands ("section(s)" refers to full or parts thereof):

Township 19 Range 11 W4M	All Sections
Township 19 Range 12 W4M	All Sections
Township 19 Range 13 W4M	All Sections
Township 19 Range 14 W4M	Sections 1, 12, 13, 24, 25 and 36
Township 20 Range 11 W4M	All Sections
Township 20 Range 12 W4M	All Sections
Township 20 Range 13 W4M	Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 34, 35 and 36
Township 21 Range 11 W4M	All Sections lying to the south of the Red Deer River
Township 21 Range 12 W4M	All Sections lying to the south and west of the Red Deer River
Township 21 Range 13 W4M	Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35 and 36
Township 22 Range 12 W4M	All Sections lying to the south and west of the Red Deer River
Township 22 Range 13 W4M	Sections 1, 2, 3, 10, 11 and 12 lying to the south of the Red Deer River

Division 06

The boundaries of Division No. 6 shall enclose the following lands ("section(s)" refers to full or parts thereof):

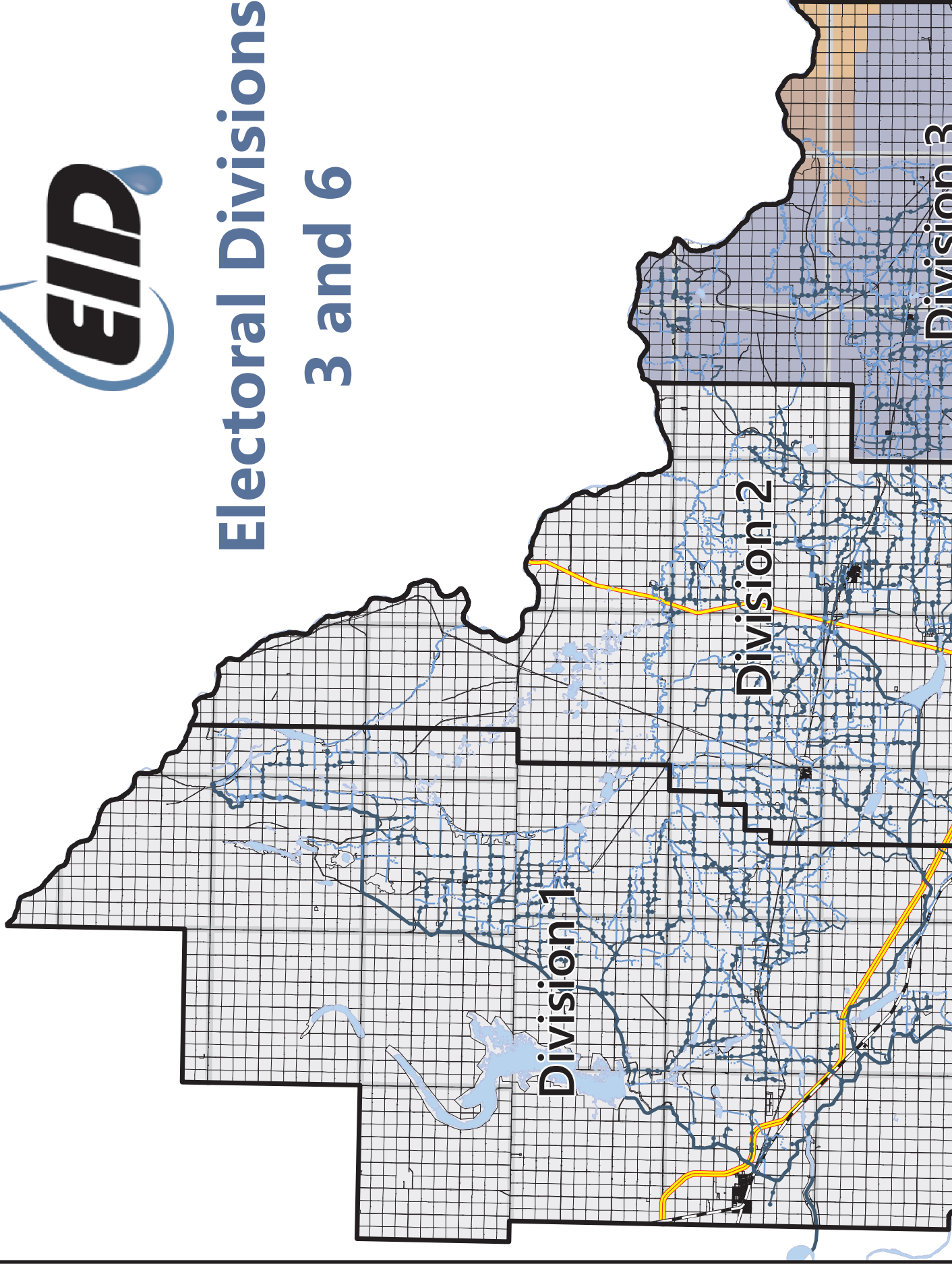
Township 16 Range 11 W4M	All Sections
Township 16 Range 12 W4M	All Sections
Township 16 Range 13 W4M	All Sections
Township 16 Range 14 W4M	All Sections
Township 17 Range 11 W4M	All Sections
Township 17 Range 12 W4M	All Sections
Township 17 Range 13 W4M	All Sections
Township 17 Range 14 W4M	Sections 1, 2, 3, 4, 5, 6, 12, 13, 24, 25 and 36
Township 18 Range 11 W4M	All Sections
Township 18 Range 12 W4M	All Sections
Township 18 Range 13 W4M	All Sections

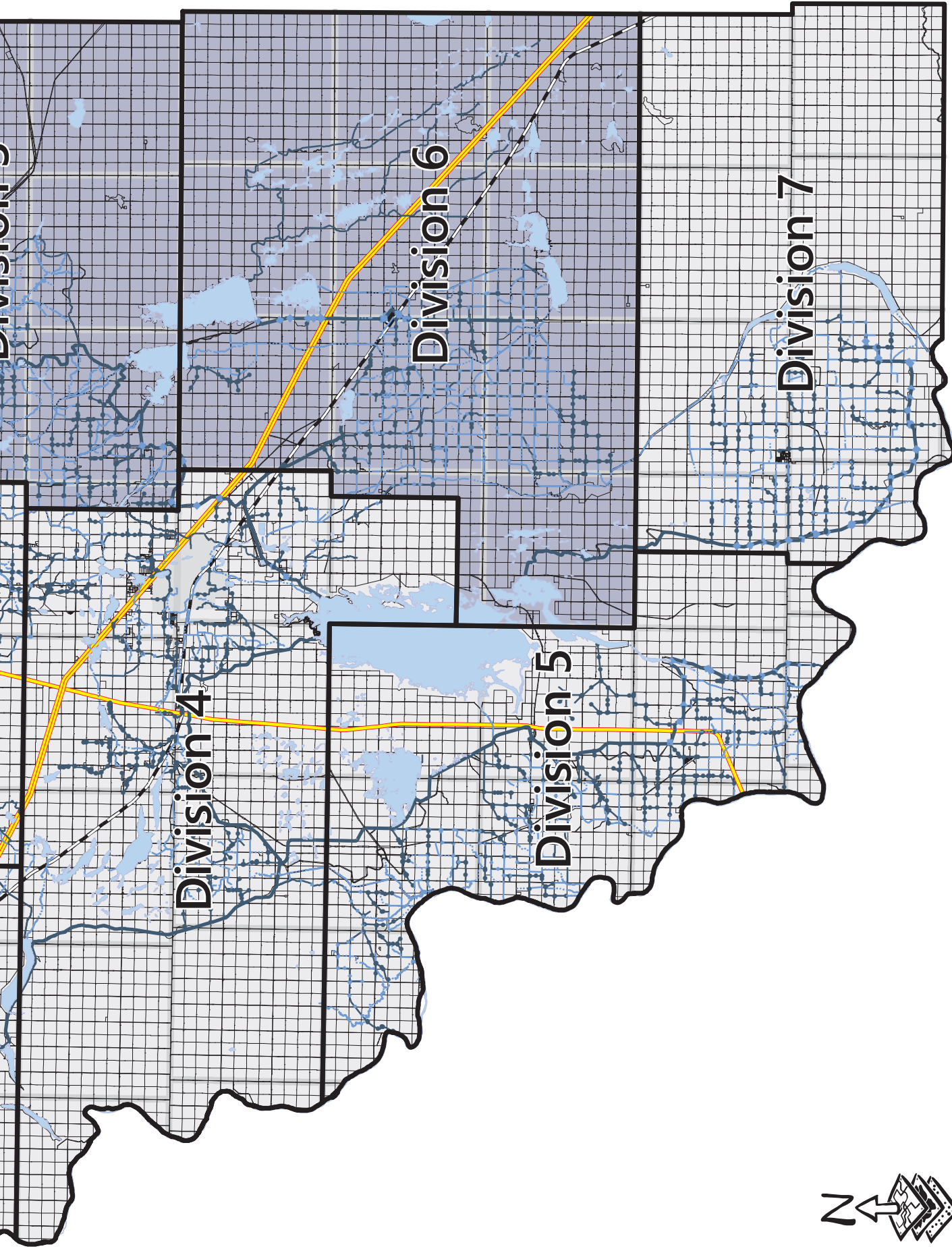
Nomination forms and additional information regarding the elections are available from the offices of the Eastern Irrigation District.

Ivan Friesen,
Returning Officer



Electoral Divisions 3 and 6





1:325,000



Nominations for Directors Form

i8

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

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) _____

Phone: (home/cell) _____

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 Friday, April 24, 2015.

Witnessed by our hands this _____ day of _____, 2015

**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".)

(signature) _____

(land location) _____

(signature) _____

(land location) _____

(signature) _____

(land location) _____

I hereby appoint: _____ to act on my behalf as Candidate's Official Agent;

(phone number, address) _____

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 26, 2015

Minutes From Annual General Meeting March 26, 2014

- Spring rains resulted in excellent grass growth. A total of 17,177 (80 head/member) were turned out in May and came home by October 31st. The District has good carryover grass to run 17,000 cows in 2014.
- There were only 48 new oil and gas leases taken in 2013 and an additional 30 wells drilled on existing leases. New pipeline easements totaled 174 km.
- 3 long term employees retired, 4 employees left the District, and 7 new staff were hired.

Moved by Earl Wilson, Seconded by George Graham that the 2013 General Manager's Report be accepted as presented.

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

- David Peltzer asked what this flood was rated as, and what the impact would have been if the dam were lost. Mr. Wilson responded that this flood at the Bassano Dam point was somewhere between 1 in 150, to 300 or 500 years. The consequences would have seen Bassano and Rosemary hauling potable water from other areas, with the rest of the District needing to hook up to the regional system. The remaining water in reservoirs would have been managed as best as possible.
- Don Jacobson enquired when the decision would be made on the additional spillway. Mr. Wilson replied that option 2 (cast-in-place gated spillway) is preferred, has been conveyed to the government, and that the government is acting very quickly and should have announcements in April.
- Wayne Slenders asked if the second option would increase the lifespan of the dam and help pass trash through its gates. Mr. Wilson responded that debris from houses was being passed without many problems, it was more the 300' trees that were piling up at the far east gates that were a concern. The additional spillway gates will be set lower than the original dam which will facilitate work at the main dam when needed.
- Don Jacobson enquired in case of a failure, how much water would be allowed in the areas which would still have access to water. Mr. Wilson replied that if the fuse plug was pulled, the District would be back to status quo in a year. If the dam went, it would have unimaginable effects to the area.
- George Niznik asked if there would need to be negotiations with Siksika Nation. Mr. Wilson confirmed that although there is presently a flood and seepage easement in place, negotiations for additional easement would likely be necessary.

The motion to adopt the report was carried.

6.03 Maintenance Report – Mr. Earl Wilson

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

- Less than the average number of crossings, etc. failed in 2013 as many were replaced in 2011.
- Maintenance costs were on par at \$2,703,577, just under the long term average.

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

Ivan Friesen, Engineering Manager, reviewed the 2013 Irrigation Rehabilitation Report covering the following areas, as well as presented pictures and overviews on current and future projects.

- In 2013, \$24.9 million was spent rebuilding the 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.
- Through the County/EID Drainage Program, 17 km of County road borrow ditches and 13 km of EID drainage infrastructure were completed.
- The scope of work for 2014 will be similar to recent years, with both District rehabilitation and County/EID Drainage Program.
- The Province provided \$5,302,955 (75%) and the District invested \$1,679,332 (25%) comprising the annual Irrigation Rehabilitation Program funds, completing the construction of 6 km of canal and a

Minutes From Annual General Meeting March 26, 2014

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.

- Approximately \$20 million from the District's Irrigation Works Reserve Fund was invested installing 27 km of pipeline and 17 km of drain rehabilitation. Approximately 28 km of pipe and 11 km of drain rehabilitation is planned for the following year.

Moved by Ivan Friesen, Seconded by Tony Brummelhuis that the 2013 Irrigation Works and Rehabilitation Report be accepted as presented.

Mr. Doerksen asked if there were any questions of the Assistant General Manager – Engineering.

- Rudy Peltzer asked if Marshall Drain could be pipelined. Mr. Friesen responded that pipelining drains in general does not work well due to freezing, capacity issues and beavers. Mr. Wilson added that silt issues from the City of Brooks operations have caused blockages and that the open canal rehab will solve these issues.
- Allen Eastman enquired about the Partners in Habitat Development (PHD) Program that the District offers. Mr. Wilson replied that this program plants trees and shrubs for private landowners and that there is a 1 ½ - 2 year waiting period. Rick Martin, Wildlife Projects Manager facilitates the program. The District established this program to help replace habitat that was being removed when rehabbing drains and canals, and installing pipeline; adding that the demand for this program exceeds the funding for it.

The motion to adopt the report was carried.

6.05 Presentation of the Audited Financial Statements of the District

6.05.1 Financial Statements – Mr. Kevin Bridges, Assistant General Manager, Administration

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

Compared to 2012:

- Changes in assets:
 - Current assets increased by \$2.5 million. This change is primarily made up of increases in short term deposits, accounts receivable and materials and supplies.
 - Non-current assets increased by \$3.8 million as a result of reductions in accounts receivable and trust funds and an increase in long term investments. Approximately \$1.0 million of the increase in long term investments is due to the change in our accounting policy whereby we now account for the investments on a cost basis.
 - Property and Equipment assets, in total, increased by \$10.7 million net of amortization expense.
 - Buildings and equipment changes involved some minor improvements at the EID's main office yard as well as the usual equipment replacements.
 - Land assets increased as a result of work done at the Brooks Rodeo Grounds site.
 - \$24.8 million were invested in irrigation works projects which was partially offset by an amortization expense of \$13.8 million.
- Accounts payable were up by \$250,000. This is a normal variation.
- Unearned revenues increased by \$570,000 primarily from surface leases for oil & gas and power lines.
- The change in deferred grants and contributions is made up of the \$5.3 million IRP grant received from the Province less the \$5.8 million of deferred grants that were drawn into income in 2013.

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Fund Balances:

- \$3,600 were added to the Pasture Development Fund resulting in a year-end balance of \$138,254.
- The Irrigation Works Fund started the year with a balance of \$42.2 million. \$1.67 million were withdrawn to pay the District's share of the Provincial IRP grant program. \$20.19 million were withdrawn to pay for land, building and capital projects funded solely by the District. \$4.8 million were added from capital assets charges, gravel royalties, the sale of a portion of the District's water license, the gain on the sale of land and buildings, and from interest earnings. \$20.15 million were contributed from current year operations. Over the year, the fund balance increased by about \$3.1 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 \$10.5 million. Additions to the Fund were made up of the \$5.3 million Provincial grant, the District's \$1.67 million contribution and interest income of \$178,000. \$4.7 million were spent on eligible capital projects. Over the year, this fund balance increased by \$2.4 million.

Statement of Operations:

- Oil & gas exploration activity was down in 2013; consequently oil & gas drilling water fees and right-of-entry and administration fees were also down. Oil & gas well lease fees were up due to higher lease rates and the growing number of surface leases.
- Right-of-entry fees for power lines were for the ATCO Electric line (\$666,000) and for the AltaLink line (\$49,000).
- Irrigation lease fees increased primarily due to increased rent from the Rolling Hills Reservoir irrigated land project.
- Private grazing lease fees increased in 2013 due to the receipt of some one-time lease renewal fees.
- The Gain on the sale of land, equipment and buildings is made up of:
 - A gain of \$75,978 from the sale of various pieces of equipment; and
 - A gain on the sale of land and buildings of \$2.76 million from the sale of land for the ATCO Electric substation, the sale of the Aqueduct Water District Supervisor acreage, an industrial land sale and the sale of various smaller parcels to the County and Alberta Transportation for road widenings.
- Investment income appears to be down, which is a result of adopting the new policy governing the way we account for investments. Adopting this policy had the effect of increasing 2012 investment income by \$560,000.
- In 2013, total operating and administration costs of \$12.4 million were incurred compared to \$12.6 million in 2012. Of the \$12.4 million, \$5.7 million were recovered from or charged to capital construction projects leaving net operating costs of \$6.6 million for a decrease in net costs of about 3.4% compared to 2012.
- Community grazing expenses increased by \$78,000 due primarily to increases in amortization, water and fencing expenses.
- The net cost of Special Projects increased in 2013 by \$76,000 as a result of decreases in campground, Old Truck Shop remediation and donation expenses which were partially offset by increases in Farm Improvement Grant, Rural Water Initiative, Soil Testing and Dam Safety Inspection expenses.
- The net cost of operating EIDNet decreased by \$163,000 due to a revenue increase of \$115,000 and reduced amortization expenses.

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Moved by Kevin Bridges, Seconded by Lammert Lyzenga that the 2013 Financial Statements be accepted as presented.

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

The motion to adopt the report was carried.

7.0 New Business cont'd.

7.02 General Matters Raised from the Floor

Mr. Doerksen asked if there were any other questions.

- David Peltzer reminded the Board to follow the order of the agenda and encouraged the proper use of rules of order in the meeting. Mr. Chrumka apologized for this oversight, and explained that it was an attempt to accommodate the guest speaker.
- Lammert Lyzenga remarked that some drain ditches in winter pose flooding problems due to the amount of snow and ice buildup causing banks to overflow and culverts to freeze solid, enquiring if anything could be done. Mr. Wilson responded that as the District owns roughly 2,000 km of drains, with half of them situated east-west which are more prone to these issues; it is only feasible to clear out those drains which pose a direct flooding risk to residences. More drainage work of this nature was carried out this year, as with the canal west of Rosemary to prevent flooding of the Village and with the EID hiring excavators in other areas.
- John Brummelhuis asked if the Alberta Government was considering adding additional upstream storage as part of their flood mitigation plans. Mr. Wilson answered that unfortunately there are not a lot of suitable sites upstream and proposed sites would be viewed quite negatively from environmental groups. That being said, there is a possibility of a storage dam being located in the Eyremore area which would be of considerable flood mitigation assistance to the City of Medicine Hat, and would also benefit the EID. This option will be looked into further.
- Brian Slenders questioned further as to the best practice for preventing the transfer of aquatic invasive species by watercraft. It was clarified that thorough and proper cleaning and drying of all cavities and surfaces upon exit at the source is strongly recommended. The same should also be applied to all water recreational gear.

7.03 Report on Scheduled Elections – Mr. Earl Wilson

Earl Wilson reported that the term of the members of the Board of Directors for Division 1 Gem/Bassano, and Division 5 Scandia/Rainier has been completed and therefore nominations are being accepted for these divisions. The nomination period will close Thursday, March 27, 2014, at 5:00 p.m. Nomination forms can be obtained from the District Office.

8.0 Adjournment

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

Moved by Brad Niznik that the annual meeting be adjourned at 3:48 p.m. CARRIED